

Norway Real Estate Investment Volumes Q3 2023



YTD Volume

kr 36.9bn

Year-1: kr 80.1bn

No. Transactions

178

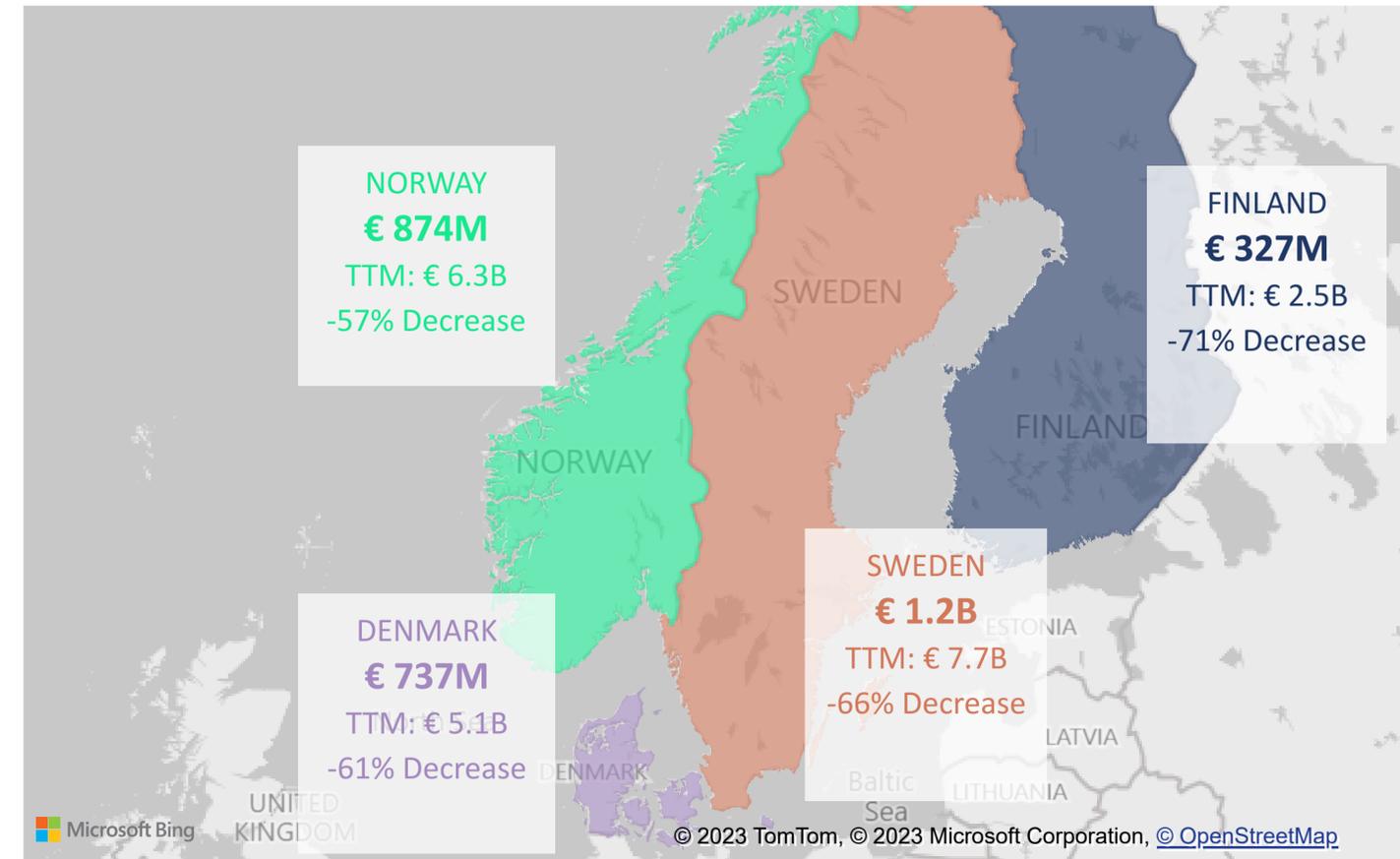
Year-1: 403

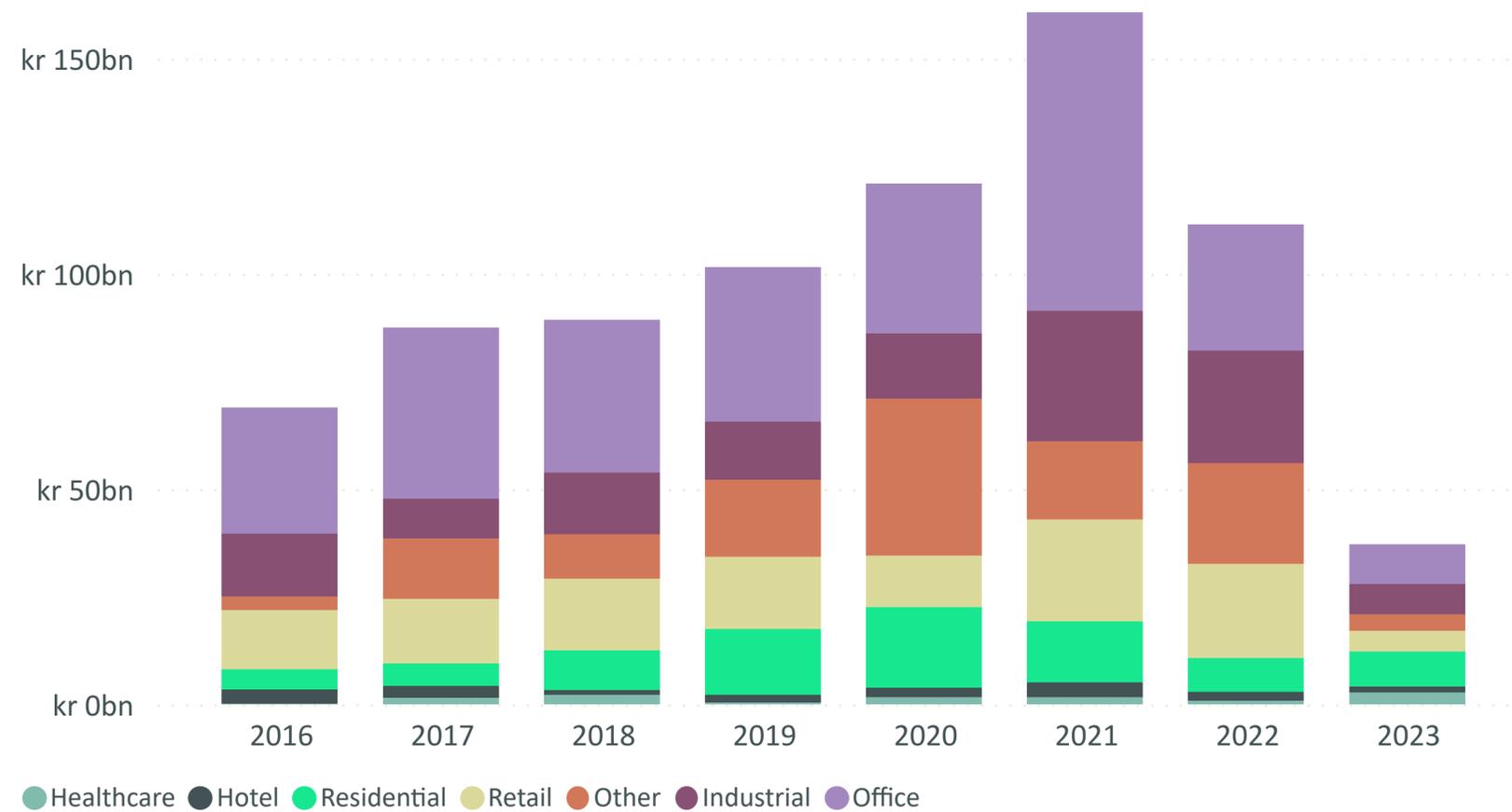
Norwegian commercial real estate (CRE) investment activity fell for the third quarter in a row as total volume dipped below NOK 10 billion for the first time in a decade. Total investments of 9.97 billion in Q3 represent a decrease of 21.5 percent YoY. Investment volumes for the initial three quarters of 2023 reached NOK 36.9 billion, down 53.9 percent YoY.

The Healthcare and Retail sectors dominated the third quarter, accounting for over fifty percent of the total volume. Meanwhile, the historically major sectors - office, industrial, and retail - have experienced a decrease of 60, 70, and 71 percent respectively, in the current year. Noteworthy transactions for the third quarter included the sale of a hospital near Gardermoen airport by SBB for NOK 2.8 billion, and a Pareto syndicate's acquisition of the Lade Arena shopping centre from DNB Livsforsikring.

			QoQ change	YoY YTD change
OTHER		1.4bn YTD: kr 3.8bn	▼	-52.2%
OFFICE		1.4bn YTD: kr 9.2bn	▼	-59.7%
RETAIL		2.5bn YTD: kr 4.8bn	▲	-71.3%
INDUSTRIAL		0.9bn YTD: kr 7.0bn	▼	-69.8%
RESIDENTIAL		0.6bn YTD: kr 8.2bn	▼	38.2%
HEALTHCARE		2.8bn YTD: kr 2.9bn	▲	N/A
HOTELS		0.5bn YTD: kr 1.2bn	▲	-35.0%

Investment Volumes in Nordics Region





Surprisingly, the Consumer Price Index (CPI) inflation dropped to 3.3 percent in September, a reduction from 4.8 percent in the previous month. The decline is primarily attributed to base effects and lower energy costs, and we anticipate a rise in CPI inflation in the next months. Norges Bank has increased the Key Policy Rate by 50 basis points in the third quarter to the current level of 4.25 percent and signaled the likelihood of one more hike before the end of the year.

Entra's most recent consensus report underscores a significant challenge in the present market. The consensus forecast suggests that the prime yield for office spaces in Oslo will reach its peak at 4.7 percent in 2024 before experiencing a gradual decrease. For this prediction to materialize, a drastic reduction in interest rates is necessary. As of mid-October, the interest rate market indicates a NOK 5-year swap rate above four percent in five years. CBRE anticipates a further yield softening in the upcoming quarters.

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