



MARKETBEAT

NORWAY INDUSTRIAL SNAPSHOT

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Q2 2009

OVERVIEW

The Norwegian industrial market has remained subdued into the second quarter of the year. With the market closely linked to the domestic economy, occupier demand has declined in line with the economic difficulties. However, rents have held firm for the fourth consecutive quarter, a possible indication that the bottom of cycle has been reached.

OCCUPIER FOCUS

The occupational market continued to move down over the quarter. The Norwegian export sector is still contracting while manufacturing production is also declining. Therefore, occupiers will delay or postpone any expansion plans, while others try to rationalise the space currently in use.

There is currently little available industrial stock and it is expected that rents will remain under pressure. However, with remaining unchanged, it is probable that landlords' incentives are increasing in order to try and attract tenants.

INVESTMENT FOCUS

The investment market remained largely subdued and there have been very few deals over the quarter. Yields which had been moving out consistently since the end of 2007 have recently shown some signs of stabilizing over the year thus far, however, it is likely that further falls in capital values will be recorded during the year.

OUTLOOK

Rental levels will remain under pressure as occupier demand levels are still low. The domestic economy will remain at the forefront of any potential recovery, although at the current time a short term improvement is not anticipated. On the investment side, yields are expected to move out further, with market conditions and the lack of investable product keeping transaction levels low.

MARKET ACTIVITY

The principal airport in Norway, Gardermoen in Oslo, has recently extended the size of its passenger terminal. However, the plans for a new terminal and ancillary development that were scheduled to start this year have been postponed by at least a year.

MARKET OUTLOOK

PRIME RENTS:	Rents will remain under downward pressure.	↘
PRIME YIELDS:	Yields will continue to move out, as investors keep low and finance is hard to acquire.	↗
SUPPLY:	Set to remain stable, with no new projects in the pipeline.	→
DEMAND:	Expected to decline steadily as occupiers rationalize space.	↘

PRIME INDUSTRIAL RENTS – Jun 2009

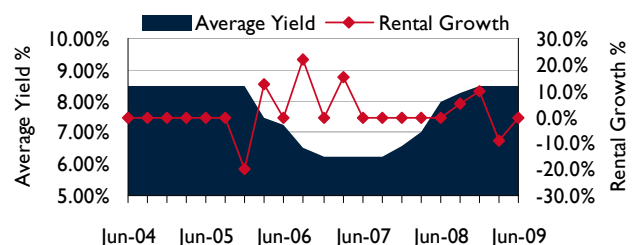
	NOK sq.m/yr	Prime Rent € sq.m/yr	US\$ sq.ft/yr	Compound(p.a) % Growth 5yr	1yr
Oslo	1,000	111	14.4	5.9	5.3

PRIME INDUSTRIAL YIELDS – Jun 2009

	Current Quarter	Prime Yield (%) Last Quarter	Last Year	10 year High	Low
Oslo	8.50	8.50	8.00	12.00	6.25

With respect to the yield data provided, in light of the lack of recent comparable market evidence in many areas of Europe and the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

RECENT PERFORMANCE



Source: Cushman & Wakefield LLP, 2009

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