

MARKETBEAT

NORWAY RETAIL SNAPSHOT

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION



Q2 2009

OVERVIEW

Consumer confidence has improved since hitting historic lows in the last quarter of 2008. However, annual retail sales growth is still negative, and inflation of 3.0% in May is doing little to increase consumer spending power. Furthermore unemployment is likely to rise from April's rate of 3.1%, and therefore an annual contraction in consumer spending is still expected. According to the latest figures from the Statistics Norway, May seasonally adjusted retail sales volume recorded negative growth of 0.6% (y-o-y). Sales of household equipment were down 8.7% on a year earlier whilst food sales were down by 1.9%. A number of major high street retailers have reported significant downturns in turnover in recent months.

OCCUPIER FOCUS

Whilst prime rents look more sustainable for the best high street locations and good quality shopping centres with proven track records, most retailers are under pressure and are increasingly risk-averse. Some retailers have been asking for rent reductions and many are seeking opportunities to negotiate better terms with landlords. The retail warehouse sector has so far been most affected by the economic downturn. Some retail parks, in particular secondary schemes, are experiencing increasing vacancy rates. In the current economic climate, upward pressure on rental level in the short term is unlikely, although there is still relatively stable demand from some international retailers.

INVESTMENT FOCUS

The retail investment market has been quiet over the last few months, with no major transactions completed. There has been limited investment activity of any significance. Leasing activity remains down on 2008 in the absence of more positive news on the economy and with business and consumer confidence remaining fragile.

OUTLOOK

The retail market is expected to continue to be downbeat over the course of 2009. Rents for the best high streets, shopping centres and retail warehouses are expected to remain stable while yields are expected to show signs of stabilization

MARKET ACTIVITY

Sjælsø Norge AS has signed an agreement with a Norwegian investment company for the sale of three retail properties totalling 13,500 sq.m in Gjøvik, Moss and Porsgrunn.

MARKET OUTLOOK

PRIME RENTS:	Prime rents for high street and shopping centre are relatively more sustainable.	➔
PRIME YIELDS:	Generally stable across all retail sub-sectors until the end of 2009.	➔
SUPPLY:	Not a particularly strong shopping centre pipeline for 2009/10.	➔
DEMAND:	Retailer interest has yet to translate in to actual leasing deals.	➔

PRIME HIGH STREET RETAIL RENTS – Jun 2009

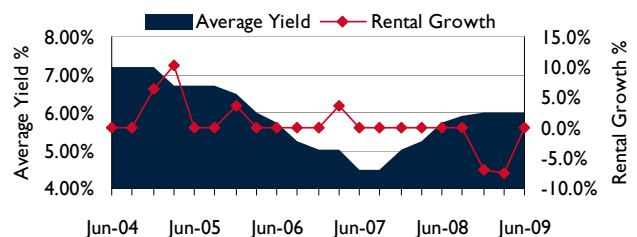
	Nkr sq.m/lyr	Prime Rent € sq.m/lyr	US\$ sq.ft/lyr	Compound (p.a) % Growth 5yr	1yr
Oslo					
Karl Johan Gate	15,000	1,661	217	0.7	-6.3
Bogstad Street	10,000	1,108	144	3.3	-23.1

PRIME HIGH STREET RETAIL YIELDS – Jun 2009

	Current Quarter	Prime Yield (%) Last Quarter	Last Year	10 Year High	10 Year Low
Oslo					
Karl Johan Gate	6.00	6.00	5.75	9.00	4.50
Bogstad Street	6.00	6.00	5.75	8.50	4.50

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

For further information, please contact our Research Department:

Cushman & Wakefield LLP
43-45 Portman Square
London W1A 3BG

www.cushmanwakefield.com

This report has been produced by Cushman & Wakefield LLP for use by those with an interest in commercial property solely for information purposes. It is not intended to be a complete description of the markets or developments to which it refers. The report uses information obtained from public sources which Cushman & Wakefield LLP believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate and complete. No warranty or representation, express or implied, is made as to the accuracy or completeness of any of the information contained herein and Cushman & Wakefield LLP shall not be liable to any reader of this report or any third party in any way whatsoever. All expressions of opinion are subject to change.

Our prior written consent is required before this report can be reproduced in whole or in part.

Should you not wish to receive information from Cushman & Wakefield LLP or any related company, please email unsubscribe@eur.cushwake.com with your details in the body of your email as they appear on this communication and head it "Unsubscribe".

©2009 Cushman & Wakefield LLP All rights reserved.