

Malling

Market report
Summer 2026

Geopolitical opportunities

Income growth must do the heavy lifting

Only six months after the previous Market Report, the global economy has again been hit by geopolitical volatility, renewed uncertainty and another round of cost pressures. For commercial real estate, this matters because the macro backdrop is not passive. It is actively reshaping financing costs, tenant demand, sector performance and investor appetite.

At Malling, we firmly believe that the macroeconomic and financial conditions are decisive for the outlook of the commercial real estate market. In an environment where shocks arrive more frequently and the range of outcomes remains wide, forming a view and decision framework around probable scenarios is more important than ever.

Economic conditions accentuate sector differences

The key message from this report is that value growth within commercial real estate will have to come from operational improvement and stronger income growth, not from yields doing investors a favour. While the war in Iran remains fluid, a new round of cost push inflation is underway on top of already too high domestically produced inflation. As a response, Norges Bank has hiked the policy rate once, and we foresee one more hike after the summer. The result is higher real interest rates for longer. Our forecast revisions imply higher inflation and somewhat lower economic growth over the coming years.

The geopolitical situation creates new opportunities

Higher commodity prices improve Norway's terms of trade, which over the past years have contributed to higher wage growth in Norway than among our closest trading partners. Despite high inflation and mortgage rates, household purchasing power has improved, while demand has shifted from housing investment towards goods and services consumption. This should make net operating income growth within household related commercial real estate sectors more robust in the years ahead. We expect the highest annualised total returns within retail, logistics and hotels.

Structural opportunities

Demographic ageing, defence and tighter public budgets will give rise to new CRE opportunities. Increased public investment in defence and preparedness points to higher demand for well located, secure and flexible logistics facilities.

The ageing population also strengthens the case for more public-private cooperation. As the public sector funding gap widens and municipal finances remain under pressure, the public sector may increasingly focus on service delivery, regulation and quality control, while private capital contributes buildings and infrastructure.

A stronger case for portfolio diversifying

As the office sector continues to face headwinds from low employment growth, moderate rent growth, high capex intensity and potential AI-related demand risks, the case for diversifying beyond traditional office exposure is strengthening. Adding logistics and retail to a standard office portfolio is expected to enhance value growth, reduce volatility and improve liquidity, while technology may also support efficiency gains and cost discipline in several non-office sectors. Over time, diversification builds resilience to structural demand shifts, which are already clearly underway.

Higher office yields as unleveraged capital fades

Unleveraged life insurers and pension funds have played an important role in the Norwegian transaction market, helping keep activity high and office yields stable despite higher real financing costs. Strong returns across equities and fixed income, combined with solid pension premium inflows, lifted assets under management and pushed commercial real estate allocation demand to record levels in 2025. Our data suggests that this support is now set to fade. Lower allocation demand, together with signs of rotation toward other sectors, suggests that office yields will need to adjust toward levels that again attract leveraged buyers. As a consequence, we have now raised our prime office yield to 4.75%.

Within the office segment, yield dynamics are equally noteworthy. Persistently elevated long-term rates are expected to drive the spread between normal and prime yields wider. We expect prime office yields to rise to 5.0% and normal office yields to 6.25% in 2027, with further upside risk should long rates remain elevated. Rising replacement costs are expected to provide some floor for prime asset values, as limited new supply supports the pricing of existing high-quality assets. At the same time, relative pricing is shifting in favour of logistics and retail, where structural demand, defence related spillovers and stronger household consumption make yields look more resilient than for offices.

Transaction volumes in 2026 are on track for about NOK 85 billion, as demand continues to tilt away from offices toward more household related sectors. Based on our projections, annual transaction volumes will increase toward NOK 110 billion by 2028.

Feel free to reach out if we can assist you. Our extensive in-house data warehouse is, as always, open for exploration or visit our website for our latest research and reports.

Malling's scheduled sector reports

September	Retail
October	Office
November	Market report Winter 2026
December	Residential

Editors of this report:

Kjetil Martinsen
Head of Research and Partner
kjetil.martinsen@mallings.no

Stine Thomle Karlsen
Senior Analyst
stine.thomle.karlsen@mallings.no



analyse.mallings.no

Table of Contents

The House View	4
Investment Market	11
The World Around Us	15
Norway	20
Sectors	25
Regions	31
Team	36

The House View

Malling & Co Næringsmegling represented Canica Eiendom AS as letting agent for Grensen 17–19, signing Tine SA to a lease of approximately 11,000 sqm of office space.



The House View

Macro & Markets

One step closer to stagflation as Norges Bank is hitting the brakes

The Norwegian economy is expected to slow below trend growth over the coming years. A new round of cost push inflation lifts prices, interest rates and uncertainty, while weighing on mainland activity. Still, the shock is not broad enough to be labelled stagflation. Consumption remains resilient, supported by solid wage growth and improving real purchasing power, although higher inflation and mortgage rates dampen the impulse.

The sector mix continues to broaden. We now expect oil and gas investment to remain high for a longer period due to rising commodity prices, delaying the downturn we previously anticipated. Housing investment is expected to bottom out, but the subsequent recovery will likely be sluggish due to rising financing and construction costs, alongside slowing house price growth. Business investment remains moderate, and public demand continues to support activity.

Inflation is projected to hover around 3% over the coming years. Headline CPI will remain below core inflation, suppressed by *Norgespris* and temporarily lower gasoline taxes. In contrast, construction costs are less insulated and are expected to outpace CPI. Meanwhile, wage growth will remain high at 4.6% in 2026 before decelerating more noticeably in the following years.

Norges Bank now appears willing to sacrifice more growth to bring inflation back to target. We expect one more rate hike this year to 4.50%, lifting our policy rate path by 50bps through the forecast horizon relative to our previous projections. Rate cuts are delayed until late 2027 and are likely to proceed gradually. Longer dated swap yields should ease somewhat, but real rates will remain high by historical standards. EURNOK is expected to decline a little further next year.

Slower growth as Norges Bank is hitting the brakes

Real economy projections

	2025	2026e	2027e	2028e
Mainland GDP	1,7	1,2	1,3	1,5
Output gap, level	0,0	-0,2	-0,4	-0,4
Employment	0,7	0,5	0,4	0,5
NAV u.rate, level	2,1	2,1	2,3	2,3
AKU u.rate, level	4,5	4,6	4,5	4,5

Annual change in %, if not otherwise stated
Sources: SSB, NAV, Malling & Macrobond

Inflation re-accelerating on war and wages

Prices and cost projections

	2025	2026e	2027e	2028e
CPI	3,1	3,3	2,9	2,3
CPI-ATE	3,1	3,2	3,3	2,5
Wages	4,9	4,6	3,7	3,4
Construction costs	4,0	4,4	3,5	2,9
House prices	5,9	4,4	3,3	5,0

Annual change in %, if not otherwise stated
Sources: SSB, Eiendom Norge, Malling & Macrobond

Consumption still the main driver of growth

Detailed real economic projections

	2025	2026e	2027e	2028e
Consumption	2,7	1,8	3,0	2,4
Housing inv.	-3,6	0,5	3,5	4,8
Business inv.	2,7	1,7	2,0	1,9
Petroleum inv.	7,2	0,3	1,1	-2,9
Public demand	1,4	1,3	2,1	1,8
Exports	5,8	1,0	-0,5	1,1
Imports	3,7	3,4	2,3	1,5

Annual change in %, if not otherwise stated
Sources: SSB, Malling & Macrobond

We see one more rate hike this year, krone stronger

Financial market projections

	2025	2026e	2027e	2028e
Policy rate	4,0	4,5	4,3	3,8
3m Nibor	4,1	4,8	4,5	4,0
5y swap	3,9	4,4	4,2	3,8
CRE bank spread, pp.	1,8	1,8	1,9	1,9
EURNOK, level	11,8	10,8	10,5	10,5

%, if not otherwise stated. End of year
Sources: Norges Bank, Malling & Macrobond

The House View

Commercial Real Estate

Office sector takes the backseat as capex-light, household related sectors top

A new cost-push environment is emerging, driven by higher interest rates, financing costs and geopolitical spillovers. Nonetheless, solid household income growth and a shift in public prioritisations are expected to generate new opportunities across the Norwegian CRE market. Our projections cover the five major commercial real estate sectors and national transaction volumes. Though calibrated to our principal regions, findings are broadly applicable.

The office sector faces a period of slow employment growth, supporting only moderate rent growth. Elevated construction and financing costs continue to constrain new supply, limiting vacancy pressure from sub-trend employment. Solid retail demand and high inflation, above all in necessity categories, sets the stage for continued rental growth. Along with improved investor interest, we expect yields to be steady.

The hospitality sector remains strong, though ADR and RevPAR growth is expected to moderate from high levels, as new room supply is absorbed. Residential is expected to see sustained rental price growth, driven by continued selloffs limiting available supply, a dynamic bolstered by challenging construction economics, keeping new supply slow and selective.

Investment trends are shifting, with investor appetite rotating towards capex-light and household-related sectors. With lower demand from unleveraged investors, office yields are expected to underperform other sectors, together with a larger difference between prime and secondary office yields. An increased yield gap improves the attractiveness from foreign capital and participation is expected to rebound gradually.

Office: Moderate rental growth and higher yields

Office sector

	2025	2026e	2027e	2028e
Average rent*	5,3	2,4	3,7	3,2
Vacancies*, %	7,7	8,2	7,9	7,9
Floor area supply**	214,0	118,0	25,0	47,0
Prime yield*, %	4,5	4,8	5,0	4,8
Normal yield*, %	5,2	5,8	6,3	6,0

Annual change in % if not stated otherwise. *Greater Oslo, **Net,1000m2
Sources: Arealstatistikk, Malling & Macrobond

Industrial & logistics: Trade and consumption tailwinds

Industrial & logistics sector

	2025	2026e	2027e	2028e
Average rent*	-1,7	2,8	2,0	2,9
Vacancies*, %	5,0	4,8	4,8	4,6
Floor area supply**	270,0	235,0	320,0	225,0
Prime yield*, %	5,5	5,4	5,4	5,2
Normal yield*, %	6,3	6,1	6,1	6,0

Annual change in % if not stated otherwise. *Greater Oslo, **Net,1000m2
Sources: Malling & Macrobond

Hospitality: Slower growth outlook, but still bright

Hospitality sector

	2025	2026e	2027e	2028e
ADR*	6,6	6,0	5,0	4,0
Occupancy rate*, %	66,5	66,5	66,5	66,0
RevPAR*	10,0	7,6	5,0	3,2
Room supply*, ***	0,6	1,0	1,5	2,0
Prime yield**, %	4,8	4,8	4,8	4,8

Annual change in %, if not stated otherwise.*Travel regions, **Oslo data,
***Net, in 1000s. Sources: SSB, Malling & Macrobond

Retail: Boosted by consumption growth

Retail sector

	2025	2026e	2027e	2028e
Average rent	5,0	4,5	4,0	4,0
Cap. utilisation, %	15,0	17,0	17,0	17,0
Prime yield*, %	5,7	5,6	5,6	5,4
Normal yield*, %	6,7	6,6	6,6	6,5

Annual change in %, if not stated otherwise. *Oslo data
Sources: Norges Bank, Malling & Macrobond

Transactions: Recovering toward historical levels

Transaction volumes

	2025	2026e	2027e	2028e
Norway	90,0	85,0	95,0	110,0

bn NOK
Sources: Malling & Macrobond

Residential: Selloffs fuelling rental price

Residential sector

	2025	2026e	2027e	2028e
Average rent*	4,5	6,5	5,0	4,5
Secondary share*, %	13,5	10,5	10,0	9,8
Housing starts, sqm*	11,6	-10,0	2,0	12,0
Prime yield*, %	3,8	4,0	4,1	4,1

Annual change in %, if not stated otherwise. *Oslo data
Sources: Eiendom Norge, NEF, Ambita, SSB, Malling & Macrobond

The House View

The Malling Matrix

CRE sectors are facing different market conditions

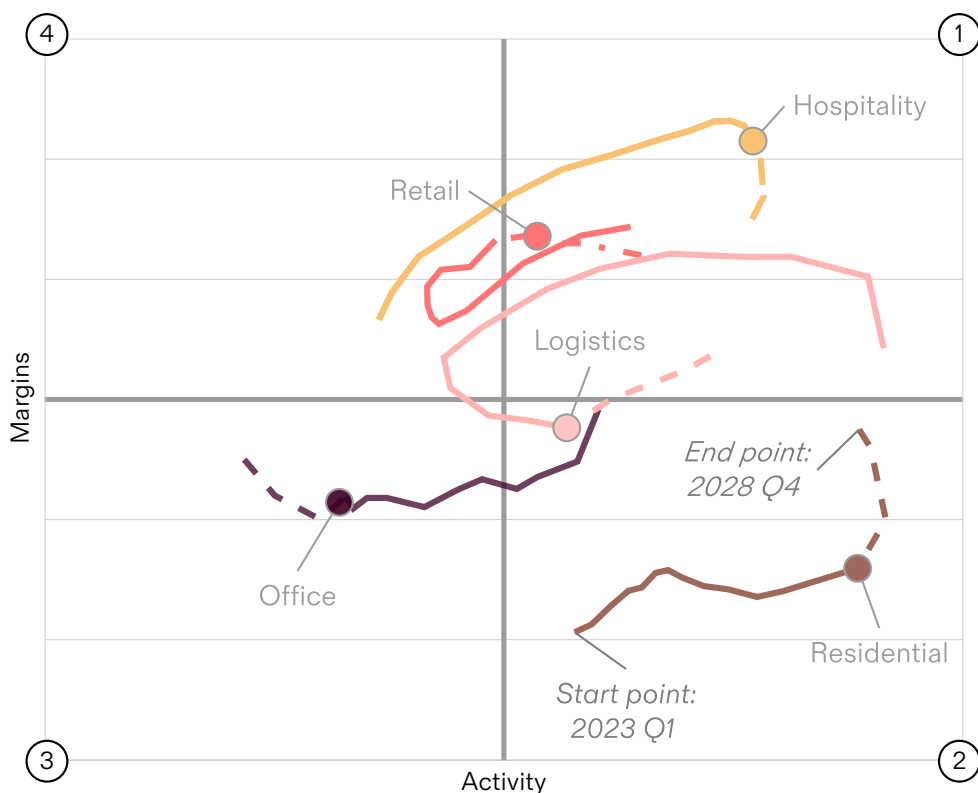
The purpose of the matrix is to identify which sectors are currently operating in a more favourable environment, combining strong demand and healthy margins, and which face cyclical or structural headwinds. Our aim is to allow investors and property owners to track how shifts in macroeconomic conditions affect sector performance and to reposition portfolios accordingly. However, it is not a measure of financial performance, including valuation, cash flow or balance-sheet strength, nor of tax-related issues.

This framework positions the main commercial real-estate sectors, office, industrial & logistics, hospitality, retail, and residential, within a two-dimensional matrix that captures market activity and operating margins based on our projections from the previous pages. Each sector's relative position reflects the interplay between demand dynamics

(vacancies, capacity utilisation or market share) and profitability conditions (rental income relative to construction, operating and financing costs).

The overall outlook remains clear: household-related sectors are poised to outperform over the coming years. This growth will be led by retail and hospitality, both of which benefit from relatively favourable market conditions despite a projected compression in margins. Logistics is also set to ride the retail tailwinds, though existing spare capacity must be absorbed before margins expand. Conversely, the office sector will face headwinds, as elevated vacancies and sluggish employment growth dampen overall performance. Finally, in the residential sector, a sharp decline in secondary-market shares has drastically tightened conditions- driving up rental prices and margins, albeit from a historically weak baseline.

The Malling Matrix: The four quadrants of commercial real estate performance



Framework design

X-axis, market activity: Captures the economic pulse of each segment, such as vacancies, occupancy rates, market shares or capacity utilisation.

Y-axis, margins: Reflecting the profitability environment, with the relationship between income and operating costs.

The four quadrants:

- 1) Scarce capacity, strong margins: expansionary phase.
- 2) Scarce capacity, weak margins: overheating phase.
- 3) Ample capacity, weak margins: contraction phase.
- 4) Ample capacity, strong margins: defensive phase.

Each indicator is normalised to a historical average. **Solid lines** are last four years, **round dot** is current situation, and **broken lines** are our projections for the next three years.

Indicator methodology

Each sector's activity and margin position is derived from time-series indicators that capture its underlying fundamentals. In the calculation of costs, we assume a 50 % loan-to-value ratio to capture the impact of financing costs. The series is updated quarterly, using publicly available data and Malling's extensive in-house datasets. The approach is intentionally simplified to avoid unnecessary technical complexity.

Activity indicators: *Office:* Vacancy rate, Greater-Oslo. *Retail:* Norges Bank's regional network survey, national. *Hospitality:* Occupancy rate, national. *Logistics:* Vacancy rate, Greater-Oslo. *Residential:* Secondary homes' market share, Oslo.

Margin indicators: *Office:* Average rent / cost ratio, Greater-Oslo. *Retail:* EBITDA and turnover rents / cost ratio, national. *Hospitality:* EBITDA and RevPAR / cost ratio, national. *Logistics:* Average rent / cost ratio, Greater-Oslo. *Residential:* Rental price / cost ratio, Oslo.

The House View

Scenarios: Income, Cost & Activity

Macroeconomic uncertainty calls for alternative scenarios and their implications

Given the uncertainty regarding developments in the Norwegian economy going forward, we highlight two scenarios that could unfold in addition to our baseline scenario (70% probability).

Scenario A (10% probability): Inflation expectations de-anchoring. Macroeconomic character: Intensifying cost pressures are driving up inflation, accelerating wage growth, and prompting expansionary fiscal policy. With inflation expectations at risk of de-anchoring, Norges Bank is projected to push the policy rate above 5% in pursuit of higher long-term real rates, effectively forcing a downturn across the mainland private sector.

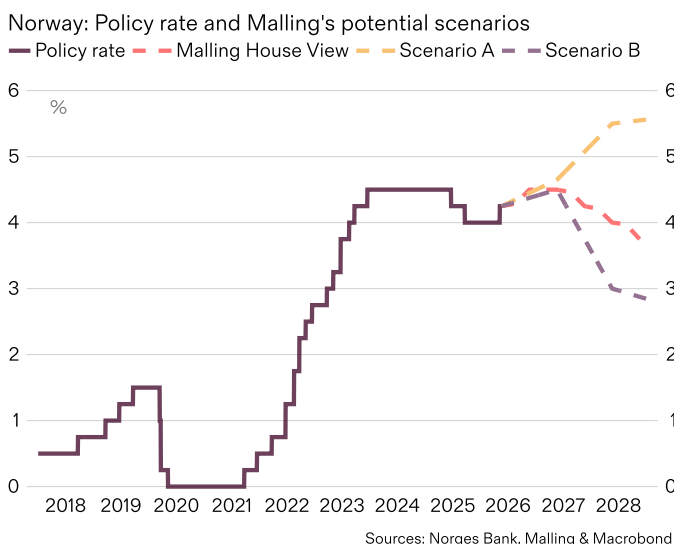
Scenario A tilts the sector positions downward, as costs rise relative to income, and left due to lower activity for most sectors. Margins compress across interest rate-sensitive assets, while activity diverges between oil-linked regions and those dependent on private mainland demand. The relative winners

are necessity-linked goods within retail and logistics, with office and luxury goods lagging. Hospitality faces reduced domestic demand and remain sensitive to a stronger NOK.

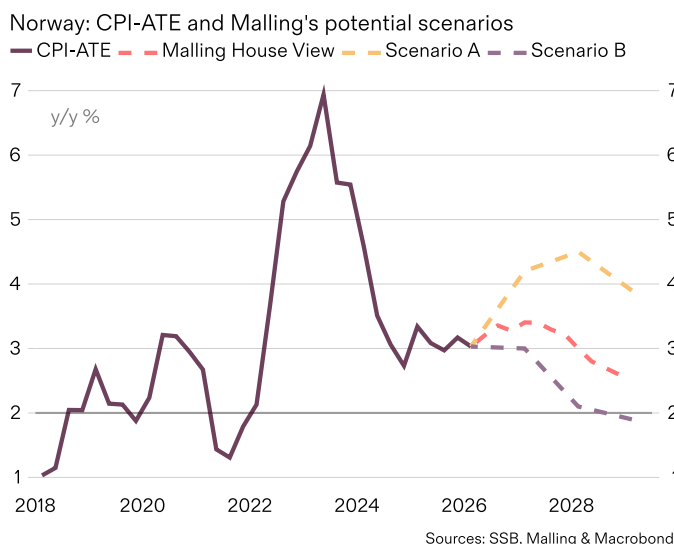
Scenario B (20% probability): Global cost-push slowdown. Macroeconomic character: Persistent cost pressures are expected to excel a global economic slowdown, even with a Hormuz reopening. The resulting decline in global policy rates will inevitably feed through to lower Norwegian swap rates. Domestically, wage growth is set to slow dramatically while inflation undershoots expectations, prompting Norges Bank to ease the policy rate toward 3% over the forecast horizon.

Scenario B shifts the positions upward and to the right: margins improve, and activity recovers. Hotels face weaker foreign demand together with turnover-based rent within retail. Residential is the relative winner, together with office.

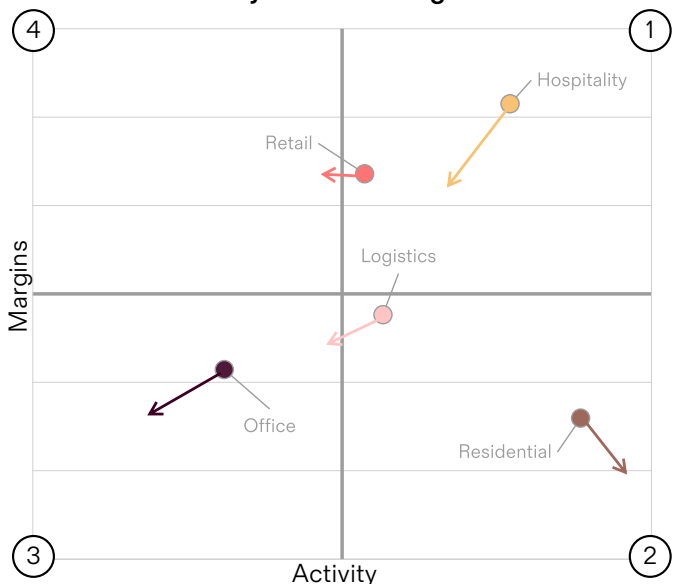
Policy rate: A) more hikes vs. B) more cuts



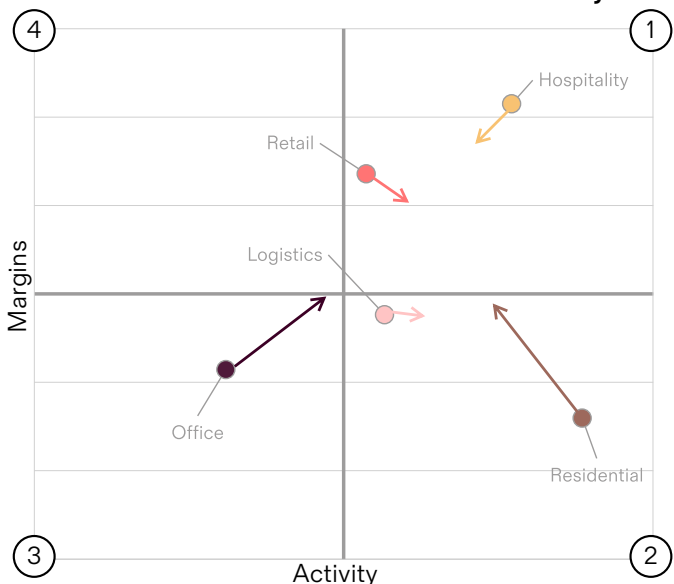
Inflation: A) Surpassing 4% vs. B) falling to 2% target



Scenario A: Necessity winners on high real rates



Scenario B: Interest rate sensitive-driven recovery



The House View

Portfolio Management

Diversifying beyond office properties could lift values and liquidity

CRE demand is shifting faster than before. With office yields rising in both absolute and relative terms, AI potentially challenging office demand but lifting efficiency elsewhere, and household demand remaining firm across retail, logistics and hotels, the case for diversifying beyond traditional office exposure is strengthening.

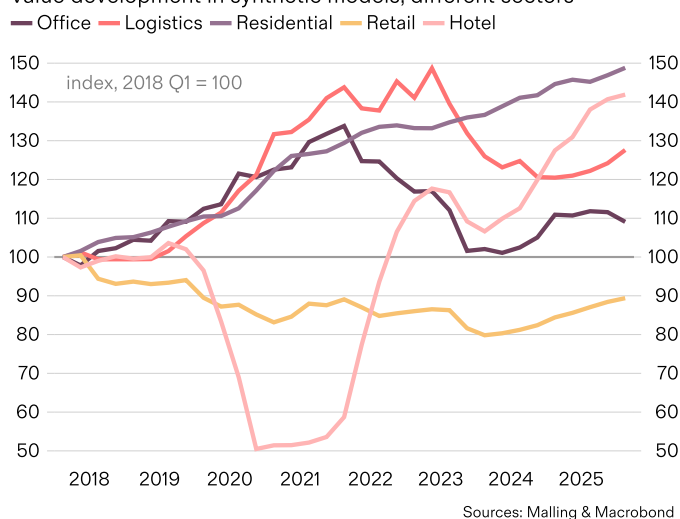
To illustrate this, we have created a synthetic model for each of the following sectors: office, logistics, retail (grocery and shopping centre), hotel and residential. Each apply a uniform capital structure, starting in 2018 with NOK 100 million in enterprise value, a 50% LTV and a five-year rolling interest rate hedge (50%). This allows us to isolate the effect of differing market assumptions. By translating sector specific rent, yield and cost developments into financial statements, we track performance through the cycle, including NOI, value growth, FFO, ICR and LTV.

Our House View identifies retail, hotel and logistics as the highest returning sectors over the next three years, underpinned by stronger demand growth, revenue-based rents and lower capex intensity relative to offices. Notably, retail shifts from the weakest sector in the prior cycle to the strongest in our forecast period.

Portfolio results reinforce this conclusion, adding logistics and retail to a standard office portfolio is expected to enhance value growth, reduce volatility and improve liquidity. Over time, diversification builds resilience to structural demand shifts, reduces dependence on a single yield cycle and improve the balance between income growth, liquidity and capital preservation.

Value growth varies considerably across sectors

Value development in synthetic models, different sectors

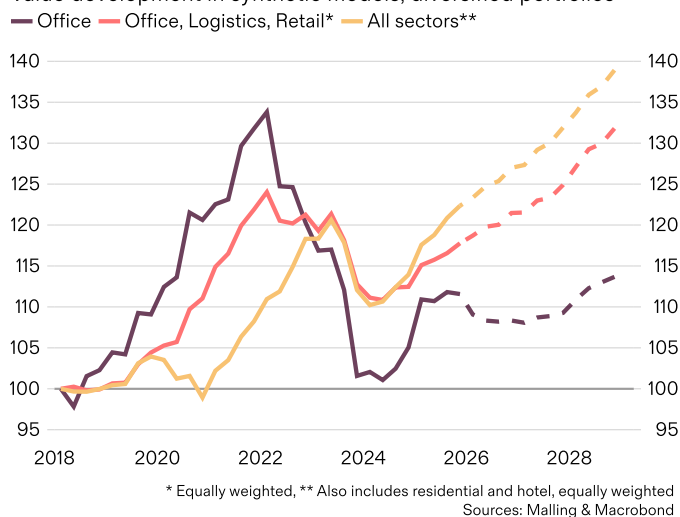


Large differences in expected annual total return

Sector	CAGR, 2018-'25	CAGR, 2026-'28
Office	5.4 %	5.5 %
Logistics	7.7 %	10.1 %
Retail	3.6 %	12.6 %
Hotel	8.9 %	11.1 %
Residential	8.8 %	8.6 %

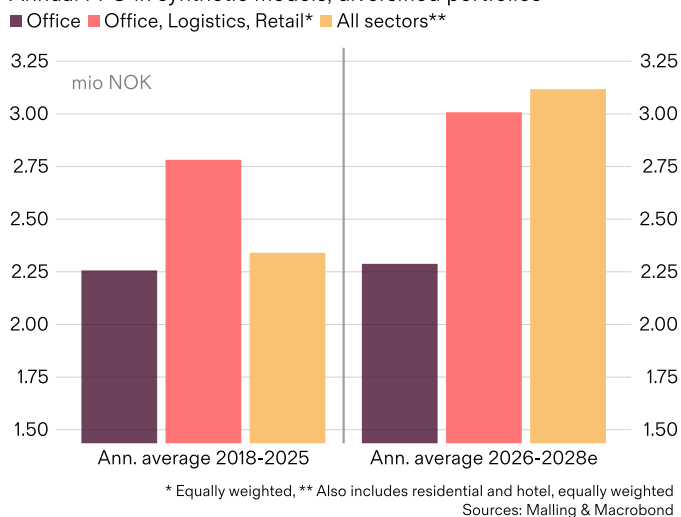
Expected value growth is positive outside office

Value development in synthetic models, diversified portfolios



A diversified strategy is likely to strengthen cash flow

Annual FFO in synthetic models, diversified portfolios



The House View

Structural Opportunities

Ageing, defence and tighter budgets shift property demand

Norway is facing a shifting demographic and fiscal landscape. An aging population is driving up dependency ratios, while the public sector funding gap continues to widen. Compounding these structural challenges are sharply rising defence expenditures and mounting municipal pressures driven by elevated interest costs, escalating operating expenses, and weakening financial positions.

If the state and municipalities must refocus on core services, demand should shift toward assets that support essential public functions. Industrial and logistics stand out, particularly around defence clusters, emergency preparedness and civil contingency. More inventory, more redundancy and stronger national resilience point to higher demand for well located, secure and flexible logistics facilities.

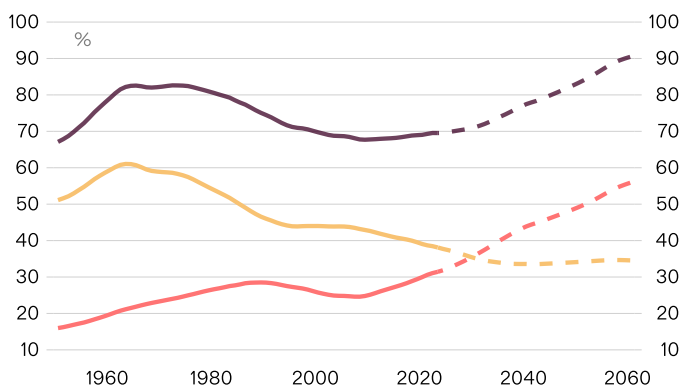
An aging population underscores the growing necessity for public-private cooperation. Demand for healthcare, elderly care, education, and student housing is surging as public balance sheets face tightening constraints. Moving forward, the public sector may increasingly pivot toward service delivery, regulation, and quality control, leveraging private capital to fund essential facilities and infrastructure.

For investors, the strongest opportunities are likely to come in logistics and storage linked to defence and preparedness, health care and elderly care facilities, education related assets and student housing. In these areas, public sector pressure may not reduce demand but rather change the ownership model.

With an aging population, dependency ratios will rise...

Norway: Dependency ratios, medium fertility projections

- Dependents (0-19 and 65+) per working-age adult (20-64)
- Senior share (65+) per working-age adult (20-64)
- Youth (0-19) per working-age adult (20-64)

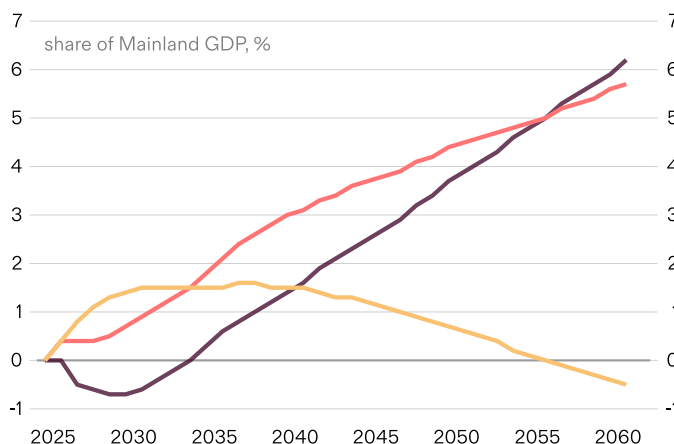


Sources: UNDESA, Malling & Macrobond

... and so will the public sector funding gap

Norway: Funding gap, public expenditure and revenues

- Funding gap
- Expenditure
- Revenues

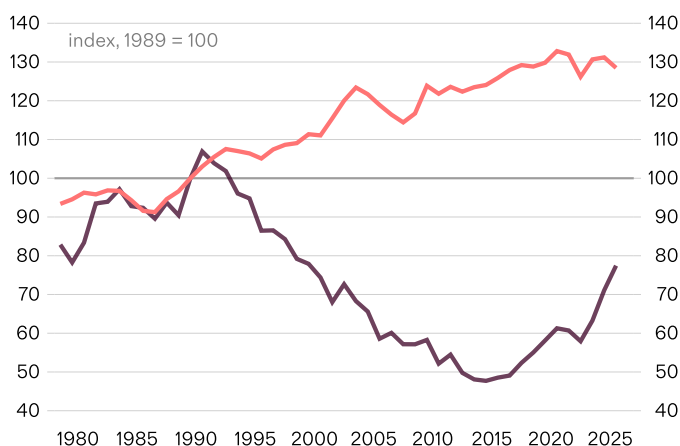


Sources: Ministry of Finance, Malling & Macrobond

Focus is shifting as defence spending is increasing...

Norway: Public expenditure as a share of Mainland GDP

- Defence
- Health, social care and education

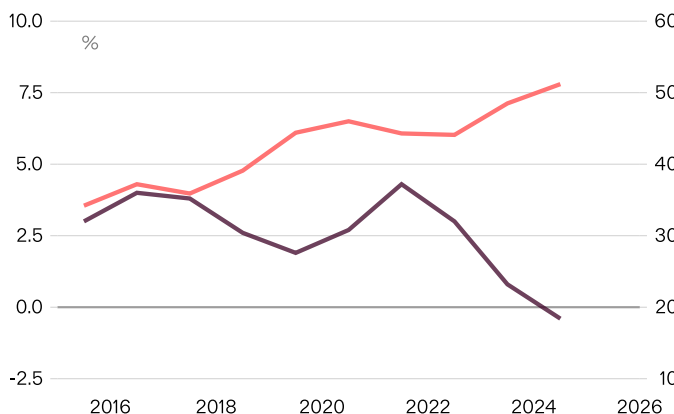


Sources: SSB, Malling & Macrobond

... and municipalities are struggling with high costs

Norway: Municipalities' economic performance

- Net operating profit as share of gross operating income, lhs
- Net interest exposure as share of gross operating income, rhs



Sources: SSB, Malling & Macrobond

Investment Market

Malling & Co Corporate Real Estate, along with Hadrian Eiendom, are engaged by Steen & Strøm and Storebrand to manage the sales process of Økern Sentrum – one of Oslo's largest urban development opportunities. Strategically located directly above the Økern public transport hub, the project offers a development potential of approx. 213,000 sqm, including an estimated 1,450 residential units.



Investment Market Unleveraged Funds

Capital inflows are ebbing, leaving office yields vulnerable

Unleveraged investors like life insurers and pension funds (L&P) have had a large impact on the Norwegian CRE transaction market in recent years. Strong returns from global equity and fixed income allocations and solid net pension premium inflows lifted assets under management sharply, helping these funds reach record high CRE transaction volumes in 2025.

To estimate their CRE allocation demand over time, we have simulated an average life insurer and pension fund invested across global and domestic equities, fixed income and Norwegian commercial real estate. With quarterly rebalancing and inflows from net pension premiums, assets under management have grown by more than 10% annually since 2012.

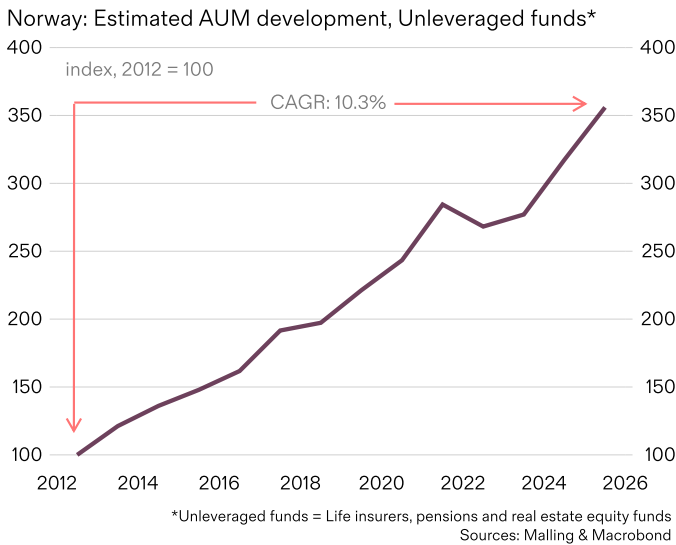
Our estimates show that these funds' allocation demand for CRE has tracked their actual property transactions closely,

with a lag of around one year. This suggests that 2025 was a distinct volume outlier, whereas momentum into 2026 and beyond reflects a normalization of allocations, a trend supported by year-to-date transaction data.

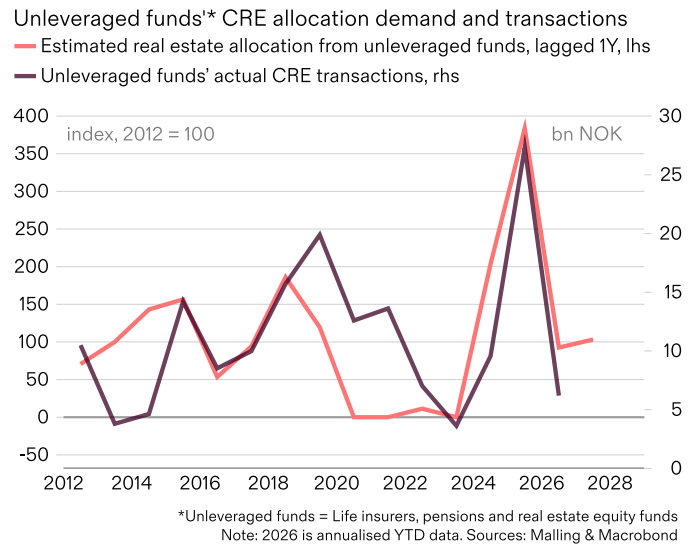
The effect on pricing has been significant. As unleveraged, open-ended capital, life insurers and pension funds can clear deals at yields that debt-dependent buyers cannot match. In years with strong allocation demand, our data suggests a wider yield gap between these funds and other investors. This likely helped keep office yields stable through much of last year, despite higher real financing costs.

That institutional support now appears to weaken. Waning allocation demand, paired with early signs of sector rotation, suggests that office yields may need to expand toward levels that can once again attract debt-financed buyers.

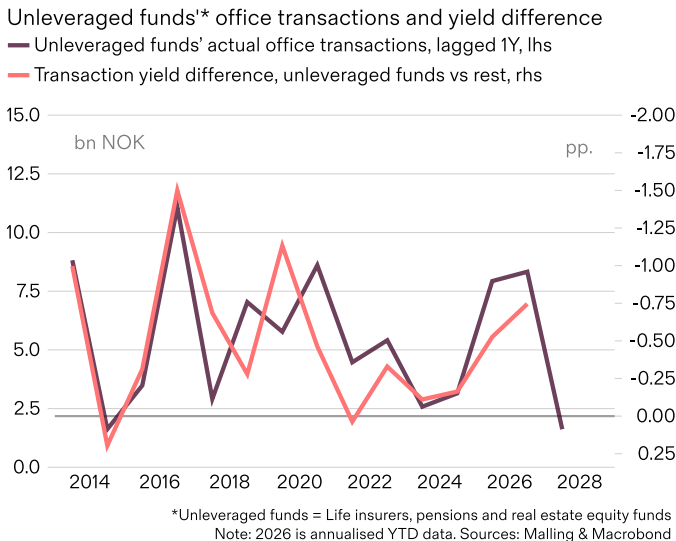
Strong returns from equities increase the need for CRE



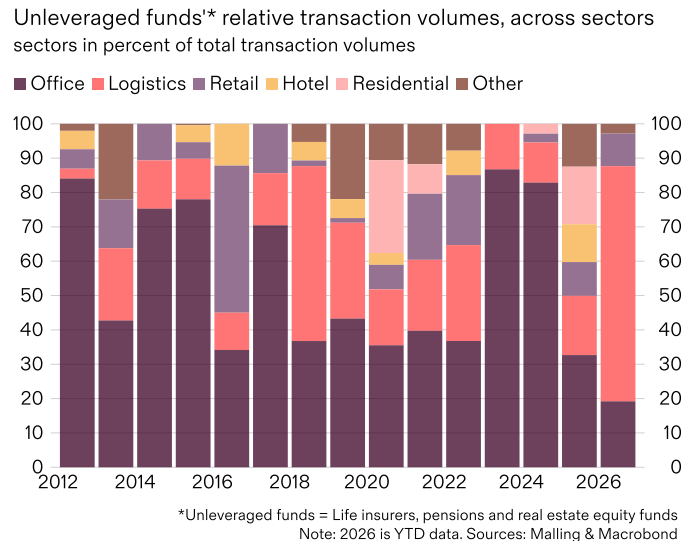
CRE allocation demand and transactions correlate well



Office yields held down from high demand from L&P



But now they are likely rotating more to other sectors



Investment Market Yields

Office repricing as investor sentiment shifts

Office valuations have increasingly diverged from macro-economic fundamentals as real interest rates have climbed. This necessary correction has been postponed by a wave of unleveraged capital and anticipated policy easing, both of which insulated prime asset yields. However, this support is now waning. With long-term real borrowing costs showing no signs of significant retreat, a correction toward fundamentally justified yield levels looks all but inevitable.

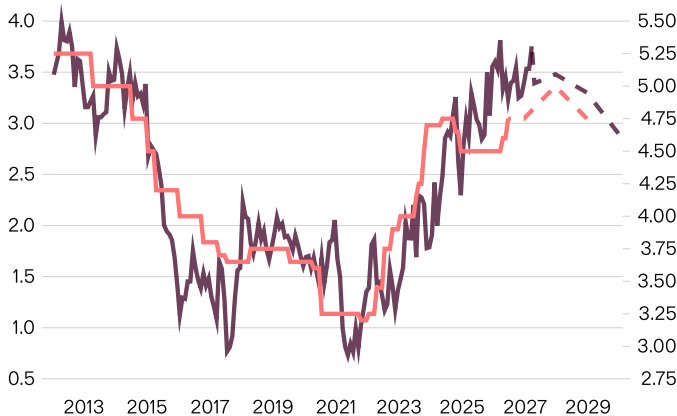
Within the office segment, yield dynamics are equally noteworthy. Stubbornly elevated long-term rates are expected to drive the spread between normal and prime yields wider, as investors demand higher risk premia and debt-reliant capital requires greater return compensation to remain active. We expect prime office yields to rise to 5.0% and normal office yields to 6.25% in 2027, with further upside risk should long rates remain elevated.

We are also seeing a realignment in relative sector pricing. Logistics is capitalising on a combination of structural and cyclical drivers, namely resilient consumer demand, supply chain adjustments, and defence-related economic spillovers. This backdrop should insulate logistics yields, keeping them stable while office yields adjust upward, ultimately narrowing the historical spread between the two sectors.

Retail is also becoming more attractive relative to offices. Historically, the spread between big box retail and office prime yields has moved closely with the consumption share of mainland GDP. As consumption becomes a more important growth driver, investor interest should continue to rotate toward retail-related assets. With office prime yields rising and household demand still supported by real income growth, retail yields look well positioned to remain robust relative to offices.

Office yields to track fundamentals in the coming years

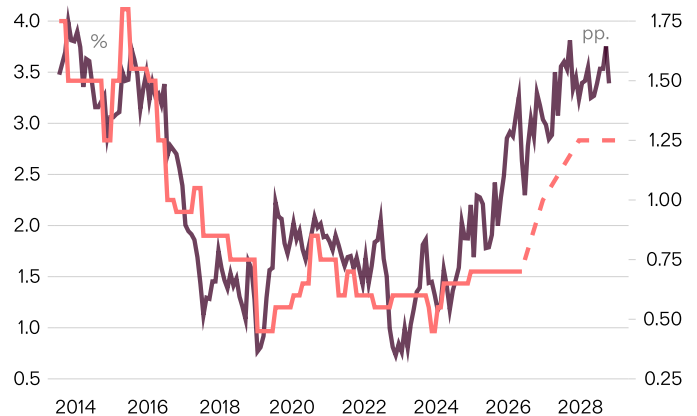
Office: Prime yield and calculated 10-year real funding cost
 — Real 10Y NOK swap yield + bank funding margin (lagged 4Qs), lhs
 — Office Oslo CBD Prime Yield, rhs



Sources: Norges Bank, SEB, Malling & Macrobond

Higher funding cost widen the normal-prime yield spread

Office: Yield spread and calculated 10-year real funding cost
 — Real 10Y NOK swap yield + bank funding margin (lagged 10Qs), lhs
 — Difference between Normal and Prime yield, Office Oslo CBD, rhs



Sources: Norges Bank, SEB, Malling & Macrobond

A tightening in spread between office and logistics yield

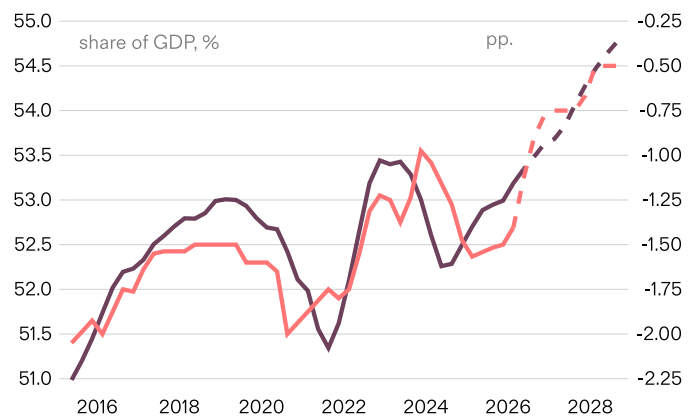
Norway: Vacancies and yield differential, Offices vs logistics
 — Oslo vacancies: offices vs logistics, lhs
 — Prime yield: Berger logistics vs Oslo CBD office, rhs



Sources: Malling & Macrobond

Higher consumption growth benefits retail related yields

Norway: Consumption share and yield differentials
 — Consumption share of Mainland GDP, lhs
 — Oslo Prime yield: CBD Office vs Big Box, rhs



Sources: SSB, Malling & Macrobond

Investment Market Transactions

Unleveraged funds turning net sellers and foreign share of transactions is low

Total transactions in the Norwegian commercial real estate market currently stand at around NOK 30bn year to date, while our estimate for the full year is closer to NOK 85bn. Since the trough in 2023, marked by sharp interest rate increases and rising costs, transaction volumes have gradually normalised since, although remaining at subdued levels. Beneath the headline figures, however, there are notable shifts in both sector composition and investor profiles.

Office transactions, which have historically made up around 40% of total volume, account for only about 28% so far this year. By contrast, the retail segment has increased its relative share and is currently tied with office as the largest segment this year. Residential continues to be in demand, driven by tax-related reasons, but also against the outlook for higher rent growth. Industrial and logistics have been in demand

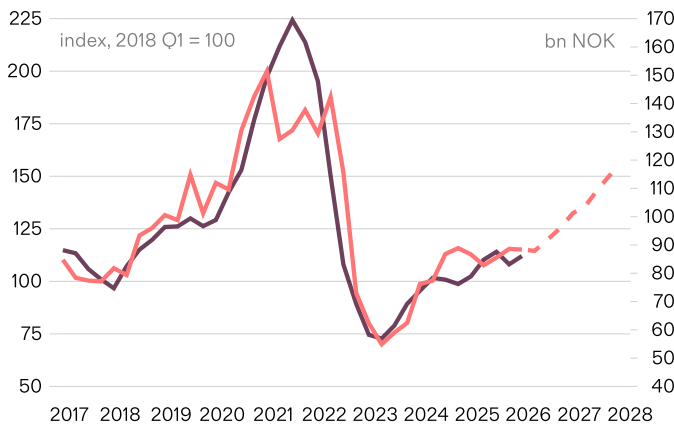
among investors over the past years and continue to have a high share of the transaction volume.

The investor mix has also shifted, after 2025 marked a year of high unleveraged capital market share. Excluding syndicates, unleveraged funds have been net sellers so far this year. Although this is likely a temporary feature, it underscores the reduced demand from these funds and likely a shift in portfolio composition. Additionally, we have only registered one single fully foreign transaction this year, within retail, taking the foreign transaction share down to 1%.

Based on our synthetic model companies and cross-checked with current market trends, our transaction model points to a gradual rise in transaction volumes in the coming years, surpassing NOK 110 billion by 2028 as the market normalises and leveraged funds regain shares.

Value growth points to rising transaction volumes

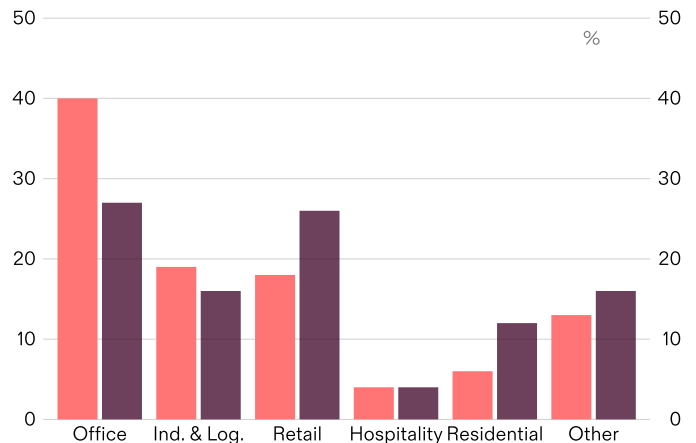
Norway: Malling CRE transaction model
 — Actual CRE transactions, rhs — Model*, lhs



* Model is a regression of value development from five synthetic model companies for each sector
 Sources: Malling & Macrobond

Retail transactions equally large as office YTD

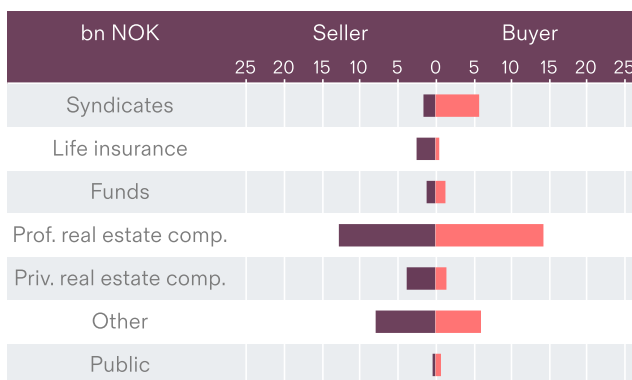
Norway: Transaction volumes, shares per sector
 ■ 2026 YTD ■ Average 2012-2025



Sources: Malling & Macrobond

Unleveraged funds (ex. syndicates) net sellers this year

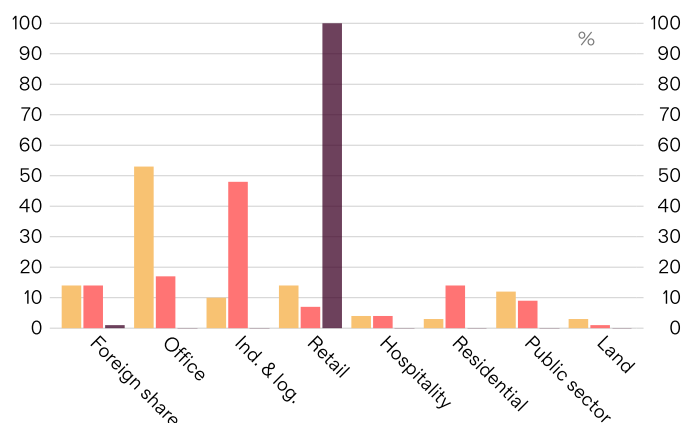
Norway: Transactions by investor type, 2026 YTD



Sources: Malling & Macrobond

Only one foreign transaction registered this year

Norway: Foreign transaction shares, total and across sectors*
 ■ 2026 YTD ■ Average 2021-2025 ■ Average 2016-2020



*Sectors summarises to 100%. Only transactions where foreigners take 100% is counted
 Sources: Malling & Macrobond

The World Around Us

Nye Vakåsvei, Asker, Malling & Co Eiendomsutvikling AS is managing the project on behalf of Holmen Eiendoms Invest AS. The project is in a phase of processing a building permit and includes both a complete rehabilitation and construction of a new adjacent building of a total 8,000 sqm.



The World Around Us

Norway vs Trading Partners

Higher Norwegian wages lead to higher inflation, but not stronger real growth

Comparing Norway to its main trading partners is rarely straightforward given differing data methodologies and definitions. Yet, one clear message stands out: the nation's massive terms-of-trade windfall from high commodity prices has fuelled nominal indicators, driving up wages, inflation, and policy rates, while failing to translate into stronger real GDP growth.

As a small open economy, Norway has been hit by many of the same global shocks as its trading partners. Inflation and growth therefore moved broadly in line through the pandemic years. The picture changed after Russia's full-scale invasion of Ukraine and the subsequent rise in energy and commodity prices. Norway received a positive income shock through stronger export prices, while most trading partners faced a negative purchasing power shock through higher import costs.

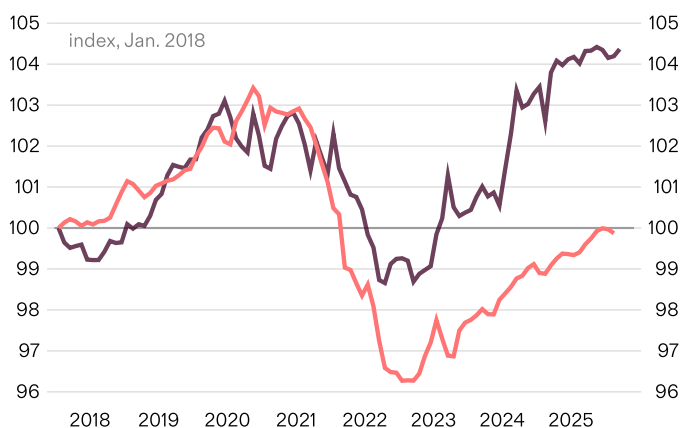
The result is visible in the data. Norwegian real wages have recovered faster and are now clearly above trading partner levels, while core inflation has remained more stubborn. At the same time, GDP growth has been broadly similar. The difference lies in the composition. Norwegian activity has been supported by strong oil investment and public demand, while private mainland activity has been weaker.

This also explains why Norges Bank has kept policy rates higher than most trading partners, and hence also the average mortgage rate on outstanding loans. Monetary policy has had to lean against domestic inflation pressures, even if the interest rate sensitive parts of the economy have already slowed. With a new supply shock underway, the outlook is for further divergence between Norway and the trading partners and as well as the domestic economy.

Better terms of trade has led to higher Norwegian wages

Norway vs. Trading partners: Real wages

— Norway — Trading partners*

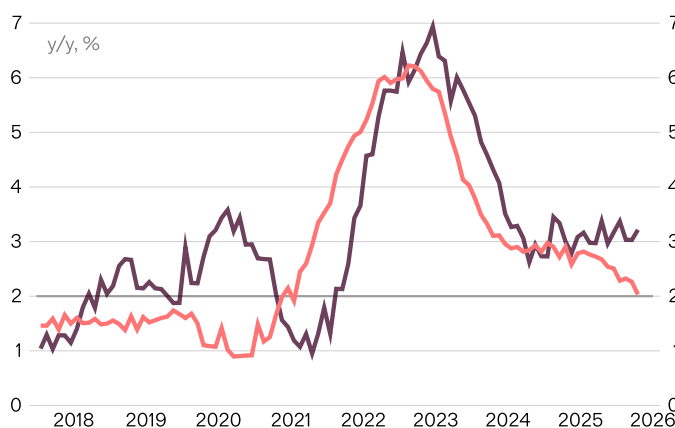


* Trading partners: import-weighted average of Sweden, EMU, UK & US
Sources: SSB, Eurostat, BLS, Malling & Macrobond

Inflation remaining stubbornly around 3% in Norway

Norway vs. Trading partners: Core inflation

— Norway — Trading partners

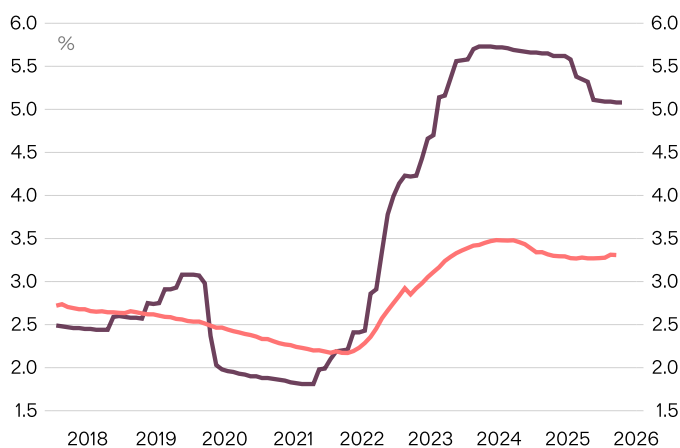


* Trading partners: import-weighted average of Sweden, EMU, UK & US
Sources: SSB, Eurostat, BLS, Malling & Macrobond

Mortgage rate in Norway diverging from trading partners

Norway vs Trading partners: Mortgage rate on outstanding loans

— Norway — Trading partners

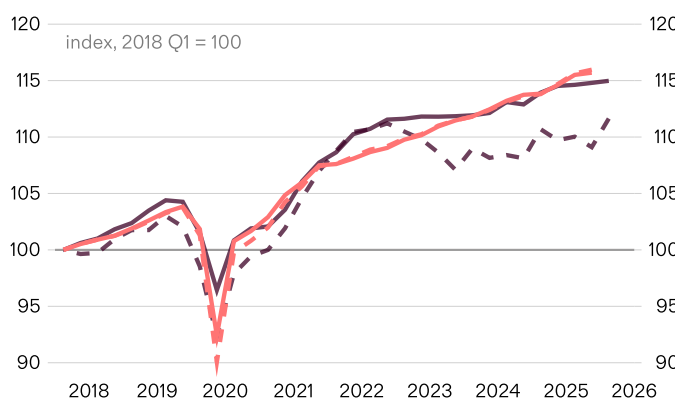


Sources: SSB, Malling & Macrobond

Growth has been similar, but not the driving factors

Norway vs. Trading partners: GDP growth

— Norway, M-GDP — Norway, M-GDP excl. public and oil investments
— Trading partners, GDP — Trading partners, GDP excl. public



* Trading partners: export-weighted average of Sweden, EMU, UK & US
Sources: SSB, Eurostat, BLS, Malling & Macrobond

The World Around Us

Commodities

Another round of cost shocks underway. But hitting differently this time

Commodity markets have again moved into a more volatile phase, but the shock is different from 2021 and 2022. Back then, the main story was a broad energy squeeze that hit households, industry and construction at the same time. Today, the pressure is more uneven. Oil prices have increased primarily due to the Iran war, while European gas prices remain far below the crisis peaks and appear better contained by storage, LNG supply and weaker industrial demand. The final impact will depend heavily on how long the Strait of Hormuz remains closed and how quickly global trade flows can gradually normalise.

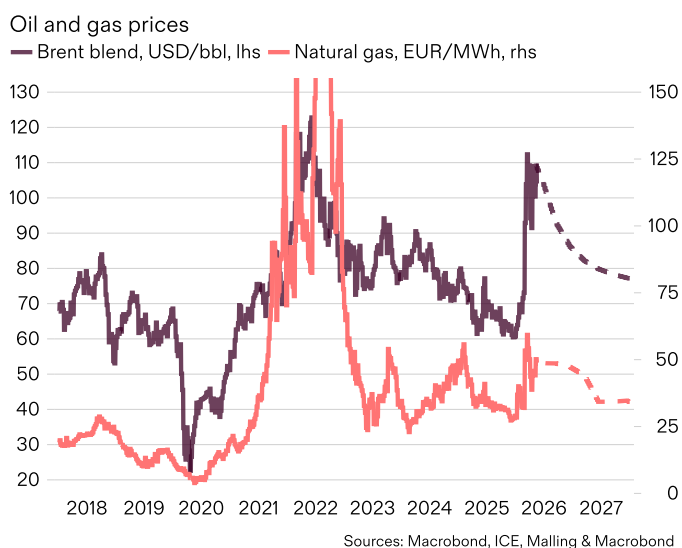
Supply chains are also starting to send a warning signal and producer price inflation looks set to pick up from very low levels. This does not yet look like a repeat of the post pandemic bottleneck shock, but it suggests that the disinflationary impulse from global goods may be fading.

For Norway, this will be partly countered by a stronger NOK but imported goods prices are likely set to increase somewhat faster.

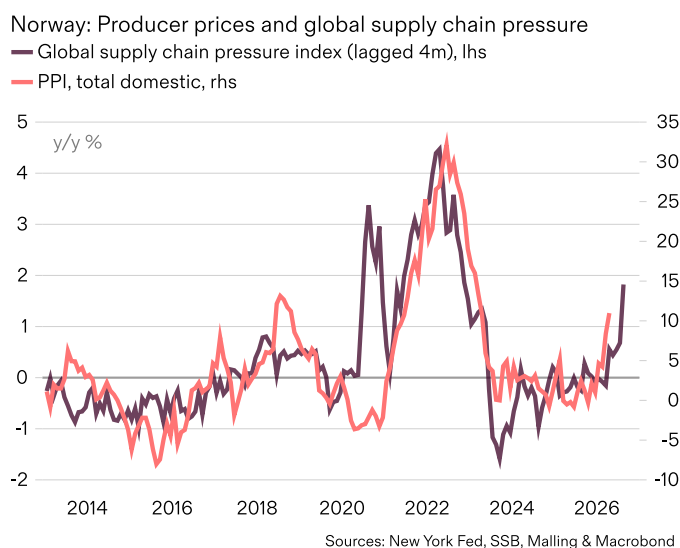
Electricity and gasoline are the main differences for households. The introduction of *Norgespris* and reduced gasoline taxes should shield consumers from the largest swings and dampen the direct effect on headline inflation and purchasing power. For businesses, however, price volatility and regional power differences still matter.

Construction material costs are again expected to rise and with labour cost growth remaining firm, geopolitical risks will add further uncertainty to input cost trajectories. The risk is tilted toward a renewed acceleration in construction cost growth rather than further normalisation.

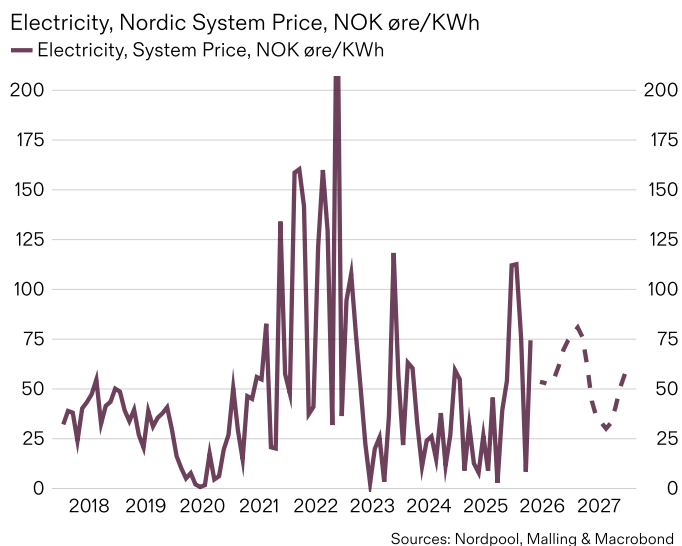
Oil prices back up to above 100 USD on Iran war



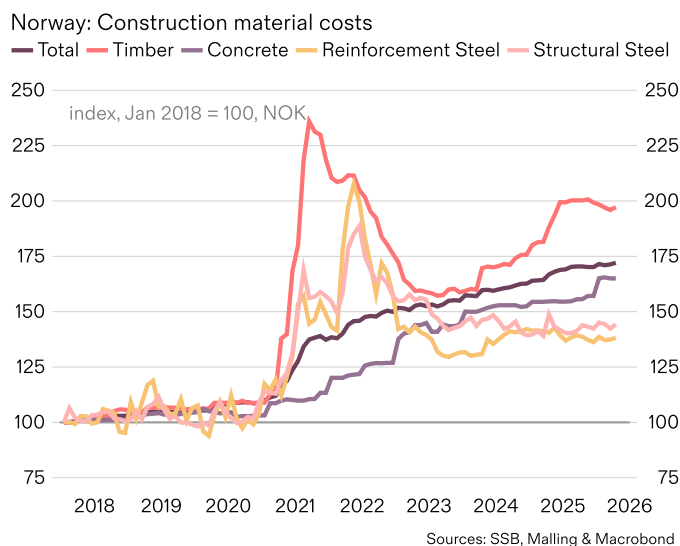
Supply chains suggest goods price pressures underway



Electricity prices volatile, Norgespris shields consumers



Construction material cost growth expected to pick up



The World Around Us

Financial Markets

Expensive markets meet higher rates and a stronger NOK

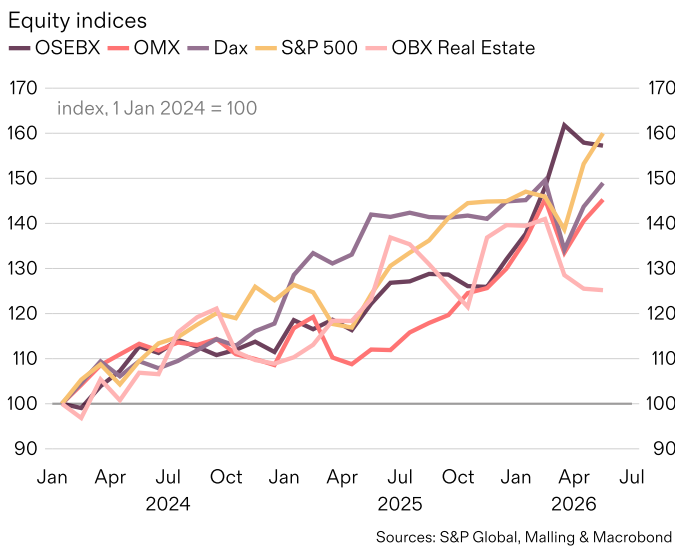
Financial markets have again absorbed a major geopolitical shock better than feared. The Iran war has lifted geopolitical risk indicators and created renewed uncertainty around energy markets and global trade, yet equity volatility has normalised quickly. At the same time, global equities have continued to trade close to all time highs, helped by strong earnings and AI related optimism despite higher policy rate expectations. This leaves markets resilient, but also expensive and vulnerable to disappointment.

Oslo Børs has reached new highs, boosted by oil, defence and shipping related sectors, thriving in the current environment. Real-estate stocks have underperformed, reflecting a sharp repricing of long-dated swap yields and a weakening office market marked by rising vacancies and prime yield.

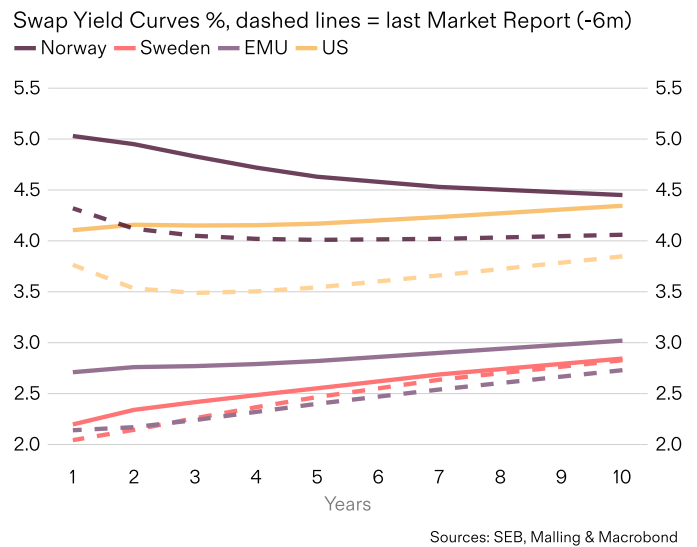
Norwegian swap yields remain the highest among close trading partners across the curve. Norges Bank has resumed tightening, and we expect one more hike this year to 4.50%. The most prominent downside risk to swap yields, is stemming from abroad and is concentrated around the view that the cost shock could feed into weaker growth outlook. This could potentially sway other central banks from responding to rising inflation.

The Norwegian krone (NOK) has traded strongly following the invasion of Iran, both against the EUR and USD. On a trade-weighted basis, the I-44 is at the strongest level in four years. Looking ahead, we expect some further strengthening of the NOK, as capital flows and interest rate differentials both point to tailwinds.

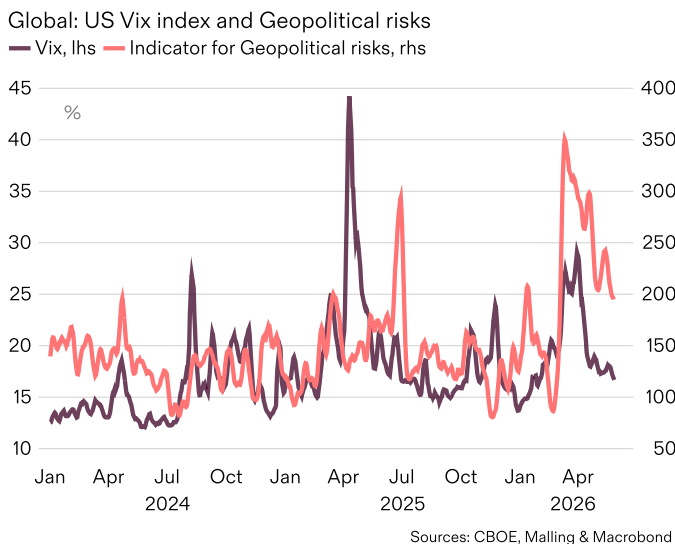
Lofty equity valuations, with ATHs many places



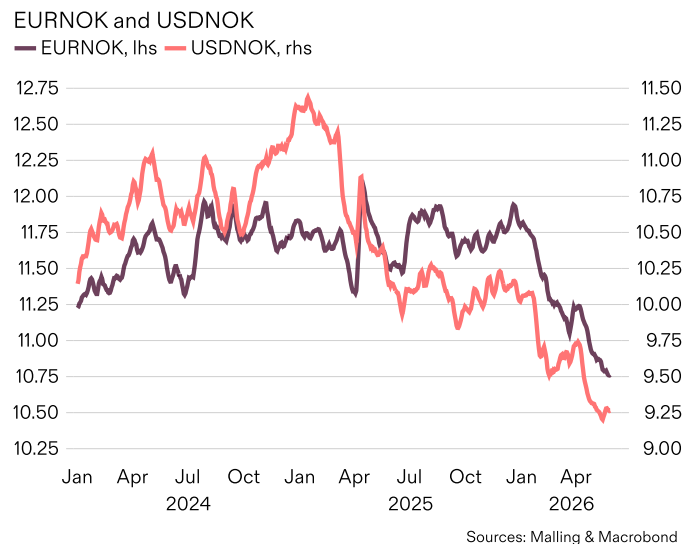
Norwegian swap yield highest across the tenors



Elevated geopolitical risks, normalised equity volatility



Markedly stronger NOK post Iran war



The World Around Us

Commercial Real Estate

Real estate markets performance clearly divergent

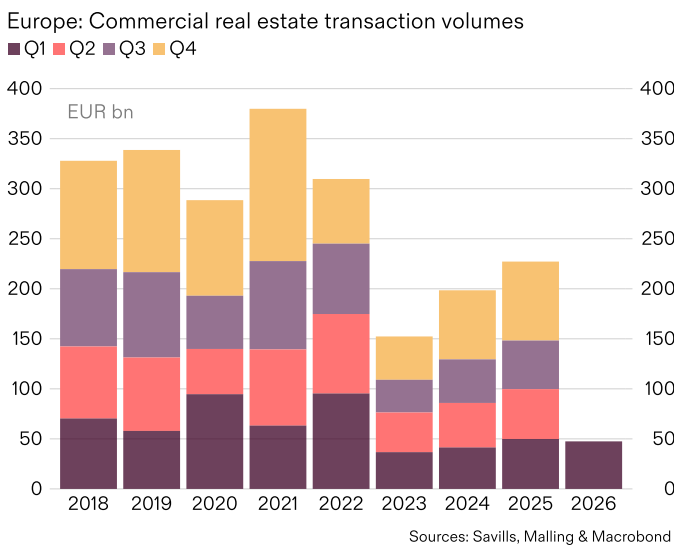
Nordic commercial real estate activity is improving, but only gradually. Transaction volumes have increased from the lows of 2023 yet remain well below the levels seen before the sharp rise in interest rates. Sweden stands out in the Nordics, with volumes continuing to recover at a healthier pace than in neighbouring markets. Prime yields are broadly stable, with Stockholm CBD offices just below 4% and logistics around 4.9%. With rate cuts already delivered, liquidity should continue to improve through 2026, especially for core assets and secure income streams.

Across Europe, the year has started roughly in line with 2025, with Q1 volumes close to EUR 50 billion. Prime office yields in core Western European markets have compressed marginally, but the recent repricing of longer dated swap yields suggests that further yield compression may be limited for now.

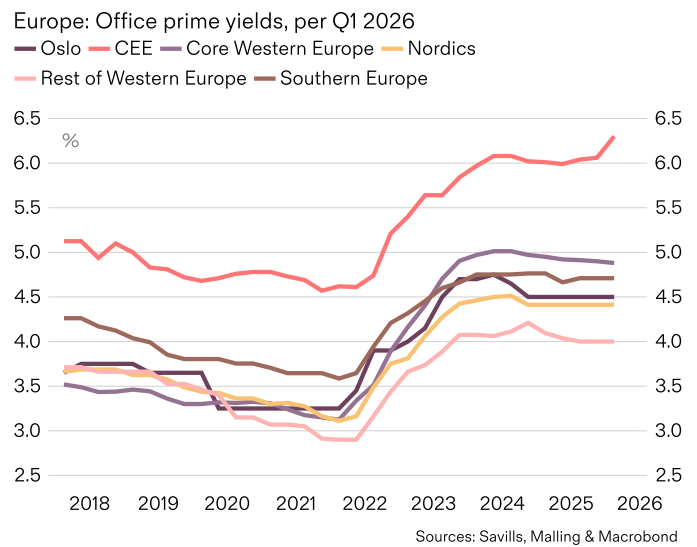
The North American office market is also recovering from very low levels, with Q1 investment volumes rising by 38% year-on-year. Market conditions are seen to remain heavily bifurcated, with tenant demand concentrated in best-in-class assets.

Globally, real estate stocks show increasingly divergent trends. The composite MSCI REIT is up 13% over the last year, driven by strong returns for retail and industrial sectors. On the other hand, the office sector is down by roughly 15%. Higher swap yields have also weighted on Swedish and Norwegian real estate equity indices, so far clearly underperforming versus local overall equity markets.

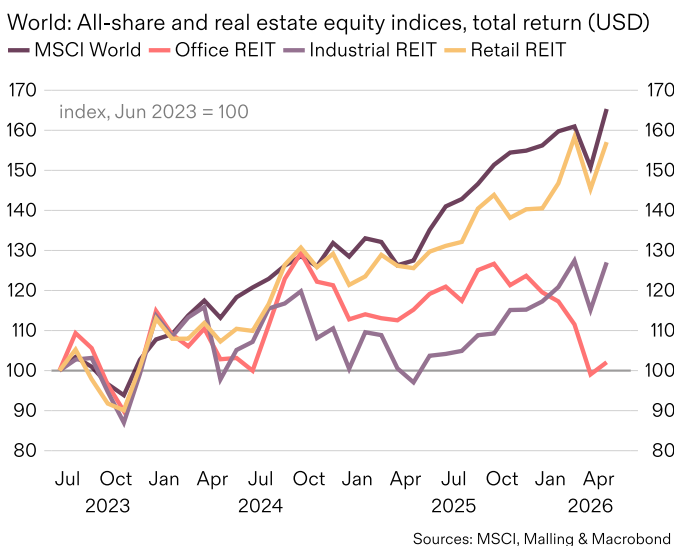
Transaction volumes for Q1 at same level as 2025



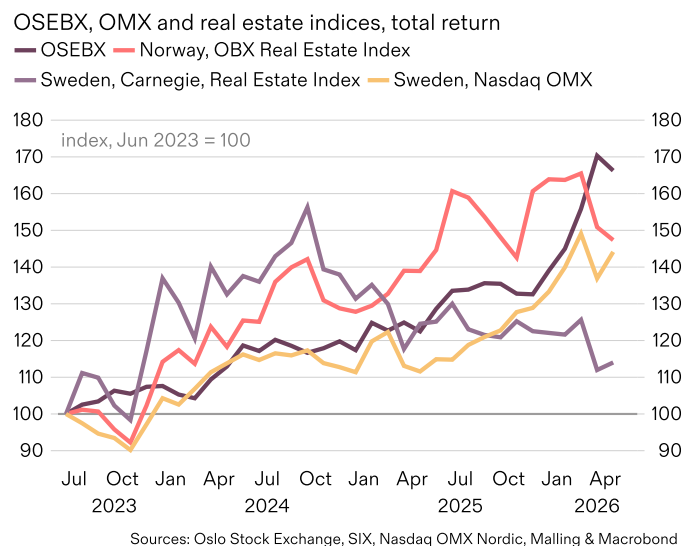
Office prime yields in Europe are levelling out



Retail on the rise, office out of fashion



Real estate indices underperform the broader market



Norway

Malling Leietakerrådgivning has advised Tine Gruppa on the signing of a new lease agreement for 11,000 sqm in Grensen 17-19. In addition, Malling Leietakerrådgivning has been appointed as project manager to ensure a successful fit-out and relocation for the 600 employees in Tine Gruppa.



Norway

Real Economy

Another income shock delaying the sector rotation from oil to domestic demand

2026 was meant to mark the big shift in Norway's growth drivers, from oil investments toward more interest rate sensitive domestic demand. The Iran war complicated that picture. Higher oil prices have improved income generation and investment prospects in the oil sector, while Norges Bank's renewed rate hikes and rising cost pressures are likely to delay the recovery in private domestic demand. Business surveys still point to robust activity, although the outlook remains divergent and uncertain.

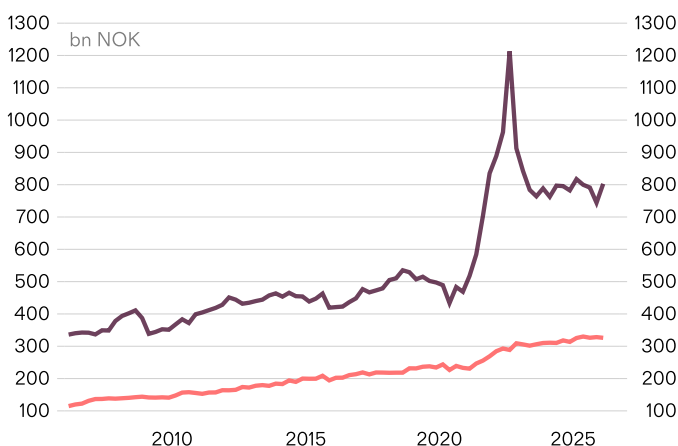
Households remain central to the economic outlook. Real disposable incomes have recovered and continue to rise, supported by strong wage growth. A new round of higher mortgage rates will likely prolong the ongoing deleveraging as debt-to-income ratios are declining and leaving more room for goods and services spending, boosting retail and hospitality earnings.

The housing investment recovery is also being pushed further out. Higher construction costs, higher mortgage rates and more moderate house price growth make it harder to bring the new-build premium down to levels that unlock a stronger demand response. Housing starts are therefore likely to recover only gradually.

Overall, mainland growth should remain moderate and broadly sustainable. The two strongest impulses in the economy, oil investment and public demand, look set to last longer than previously expected. The rest of the mainland economy may therefore face another period of weak momentum. The main risk is that Norges Bank must tighten too much to contain inflation, with larger spillovers to housing investment, consumption and eventually the labour market.

Norway never been richer, but income is concentrated

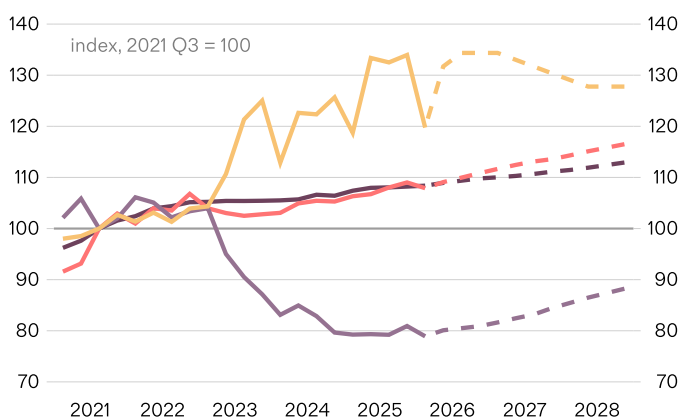
Estimated EBITDA for Norway and private mainland economy



Sources: SSB, Malling & Macrobond

Slower downturn in oil, slower upswing in housing

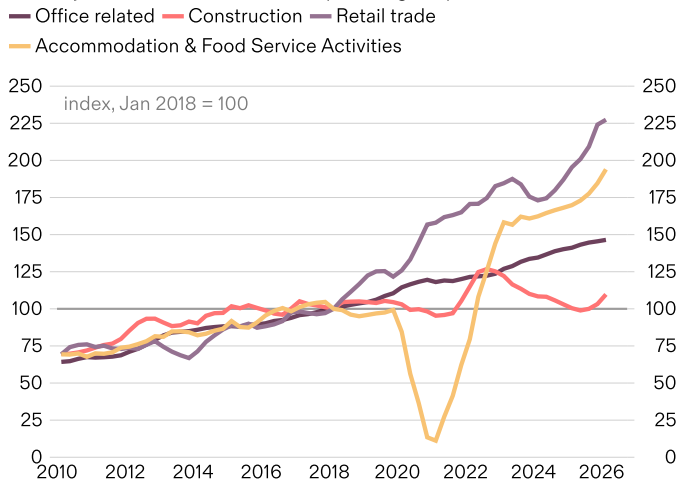
Norway: Mainland GDP components



Sources: SSB, Malling & Macrobond

Continued divergence between CRE-related sectors

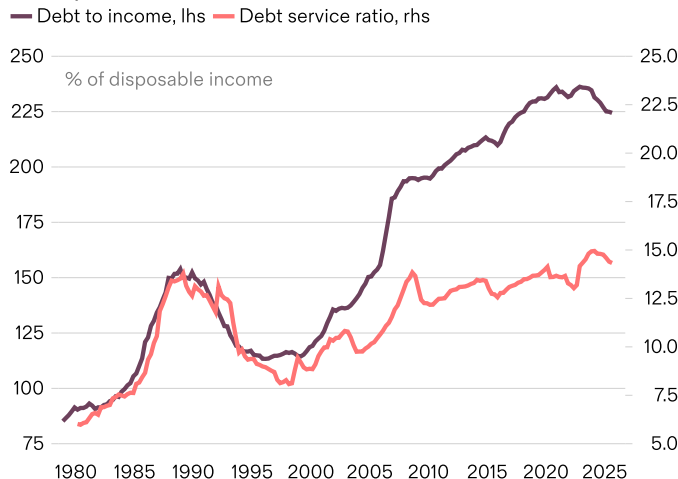
Norway: Mainland businesses' operating surplus (EBITDA)



Sources: SSB, Malling & Macrobond

Households are cautiously hitting the debt brakes

Norway: Household debt to income and debt service ratio



Sources: SSB, BIS, Malling & Macrobond

Norway

Labour Market

Overall normalising, flat office employment fourth year running

Employment is still expected to grow, but at a slower pace than trend. Mainland activity remains positive, and hospitality employment is rising strongly, supported by household spending and tourism. At the same time, hiring momentum is more selective. Office related employment has been flat for the past three years, mirroring weak private domestic demand developments.

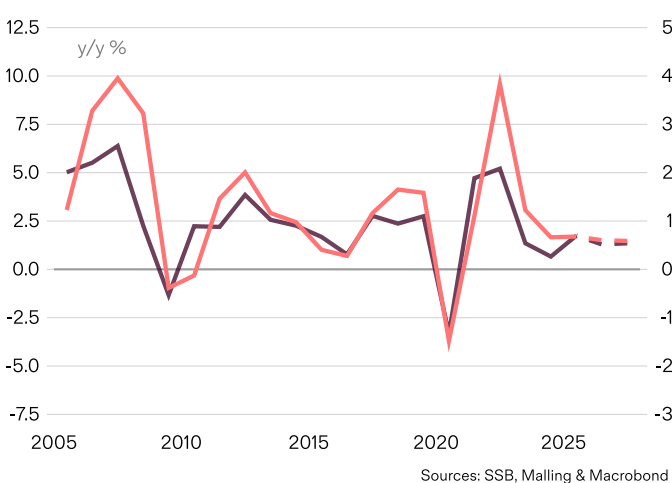
The debate on labour market tightness is more nuanced than the headline numbers suggest. NAV unemployment remains low, while AKU unemployment and vacancy indicators have painted a softer picture. NAV captures registered jobseekers, while AKU is survey based and includes students actively searching without necessarily registering at NAV. Our in-house indicator of labour market tightness excludes the youngest cohorts, and this indicator now suggests labour markets have normalised, but are not yet weak.

Wage growth is boosted by strong income generation in the frontline sector, propagating through the rest of the economy. In recent years, wage growth has exceeded levels implied by the historical link with labour market tightness, adding to stagflationary vibes in the mainland economy as Norges Bank is responding with high policy rates. Despite a cooling labour market, wage growth is expected to hold around 4.6% this year.

The risk is that renewed rate hikes cool housing, consumption, and hiring more than expected. The baseline is still normalisation, not a labour market downturn, but household-related CRE sectors are likely to outperform office related employment.

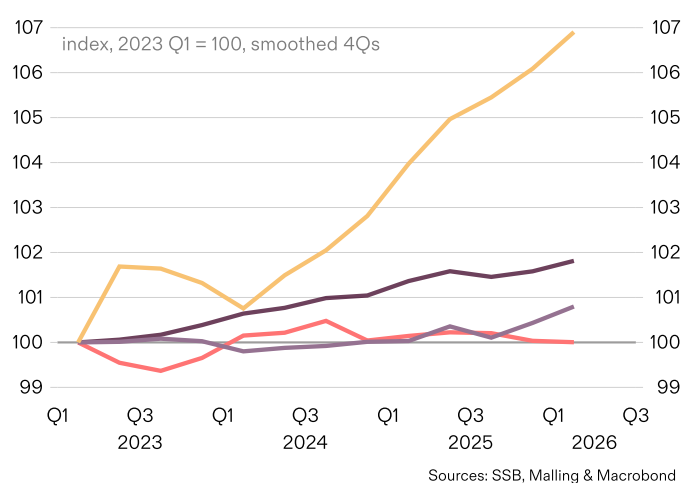
Employment is expected to grow a little below trend

Norway: Growth in Mainland GDP and employment



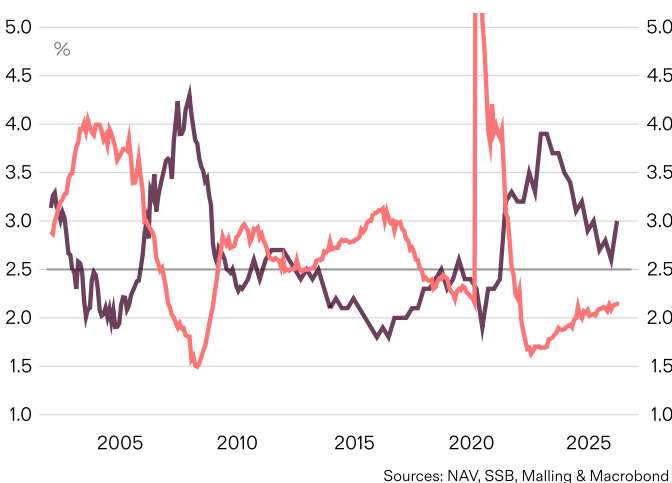
Hospitality employment is rising like never before

Norway: National employment, total and per CRE-related sector



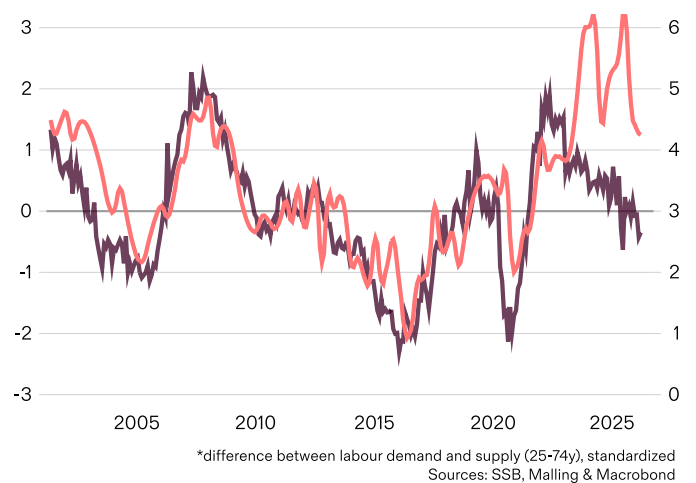
We expect a continued normalisation of labour markets

Norway: Unemployment and vacancy rates



Labour market has softened, but wage growth is high

Norway: Labour market tightness and wage growth



Norway

Inflation

Iran war likely to lift domestic core inflation the most

The Iran war has changed the inflation story, although Norway already had a domestic inflation problem before the new cost shock arrived. It may seem natural to expect higher commodity prices and supply disruptions to hit headline and imported inflation the hardest. In Norway, however, the impact is likely to show up mainly in domestic core inflation. This reflects how the CPI is constructed, stronger NOK, the speed and size of price effects, and government subsidies.

Electricity and gasoline are the obvious channels from higher energy prices, but both are outside CPI-ATE and partly shielded by government support. This limits the direct effect on headline inflation. Within CPI-ATE, only a few categories are classified as imported by SSB, even though imported inputs matter across many sectors. As a result, several of the largest and fastest effects are likely to appear in domestic groups, especially food, transport, restaurants and hotels.

Imported inflation should remain more contained. A stronger NOK reduces the margin squeeze for retailers and dampens the price impulse from imported consumer goods. At the same time, domestic inflation is likely to stay sticky, supported by high wage growth, higher input costs and renewed supply disruptions.

Looking ahead, we expect core inflation to rise more than headline CPI and peak next year. The divergence between domestic and imported inflation is likely to widen, with stronger NOK effects holding down imported prices while cost and wage pressures lift domestic components. The key risks are the duration of the Iran war, the closure of the Strait of Hormuz, commodity prices, supply chain disruption and the strength of the NOK.

Assessment of Iran war impact on Norwegian inflation

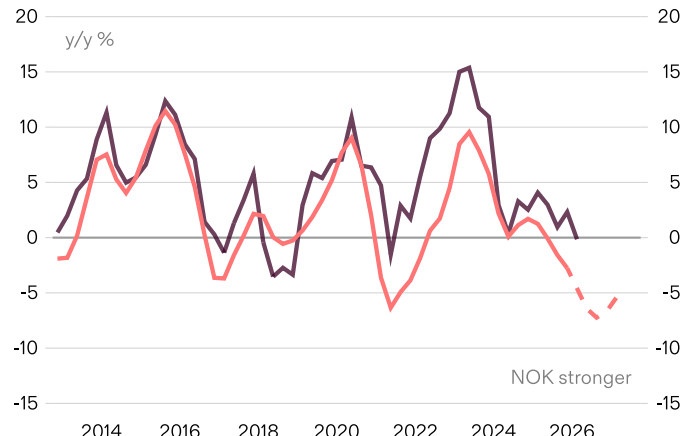
CPI-ATE Group	Weight, %	Magnitude	Speed	Treated as "Imported"?	Government subsidies?
Furnishings, etc.	5,9	Moderate	Slow	Yes	No
Communication	5,3	Small	Slow	Yes	No
Clothing & footwear	4,3	Moderate	Medium	Yes	No
Housing rents	27,5	Moderate	Slow	No	No
Transport	12,4	Large	Fast	No	No
Food & non-alc. bev.	10,5	Large	Medium	No	No
Recreation & culture	8,5	Moderate	Medium	No	No
Restaurants & hotels	5,9	Large	Medium	No	No
Miscellaneous	4,8	Moderate	Medium	No	No
Alc. bev. & tobacco	3,4	Moderate	Slow	No	No
Health	3,2	Small	Slow	No	No
Insurance & fin. serv.	2,7	Small	Slow	No	No
Education	0,6	Small	Slow	No	No

CPI specific groups	Weight, %	Magnitude	Speed	Treated as "Imported"?	Government subsidies?
Electricity	3,7	Large	Fast	n/a	Yes
Gasoline	1,4	Large	Fast	n/a	Yes

NOK with the strongest inflation impact in a decade

Norway: Import prices and NOK

— Prices consumer goods, at the border — NOK index (I44)

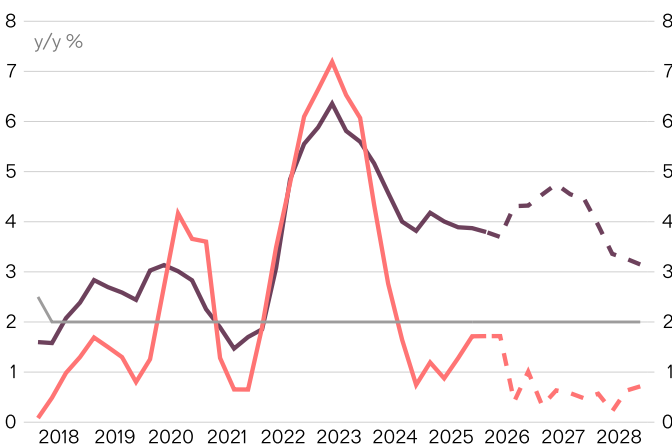


Sources: SSB, Malling & Macrobond

Domestic and imported inflation likely to diverge

Norway: CPI-ATE inflation, domestic and imported

— Domestic inflation — Imported inflation

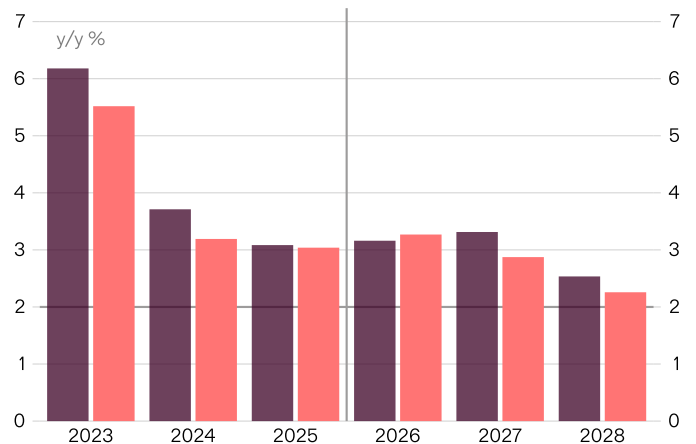


Sources: SSB, Malling & Macrobond

Core inflation to hit 3.3% next year

Norway: CPI and CPI-ATE inflation

■ CPI ■ CPI-ATE



Sources: SSB, Malling & Macrobond

Norway

Interest Rates

Norges Bank likely to hike once more. Rate cuts could be delayed

Norges Bank hiked the policy rate in May, and we factor in one more increase this autumn to 4.50%. Inflation will remain above target for longer, driven by strong wage growth and renewed global cost pressures. Norges Bank has been clear on the risk of inflation expectations becoming unanchored and appears more willing to do what is needed to bring inflation down. Markets have adjusted accordingly, pricing almost two more hikes this year, while 5Y swap yields have risen by around 50bps since our last Market Report.

Our baseline is slightly more hawkish than Norges Bank's latest rate path. With core inflation expected to remain elevated through next year, we see the first rate cut coming only in late 2027, followed by two further cuts in 2028, taking the policy rate to 3.75%. The uncertainty is unusually high, mainly linked to the Iran war. At the same time, we assume

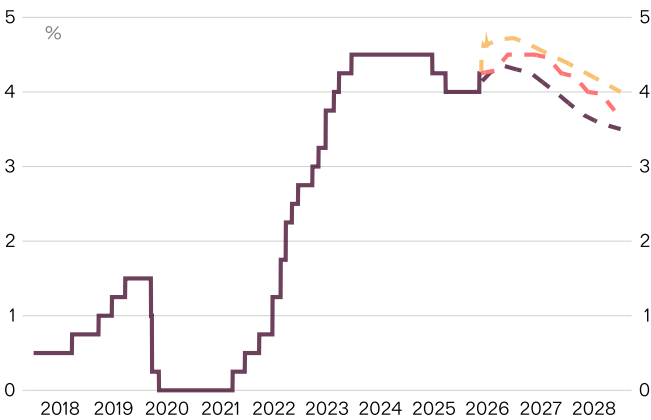
somewhat lower wage growth than consensus from next year, reflecting the debate around how the frontline wage settlement feeds through to the broader economy.

Long dated swap yields also look broadly consistent with macro fundamentals. The 10Y swap rate has moved back in line with the average of nominal GDP growth, global long yields and Norges Bank's rate endpoint. This suggests limited scope for a large decline unless growth weakens or global rates fall.

On the banking side, subdued credit demand, limited losses and a push to expand loan books continue to compress margins on secured commercial real estate lending. We expect margins to remain near current levels ahead, leaving swap yields as the main driver of financing costs.

Norges Bank is seen to hike once more this autumn

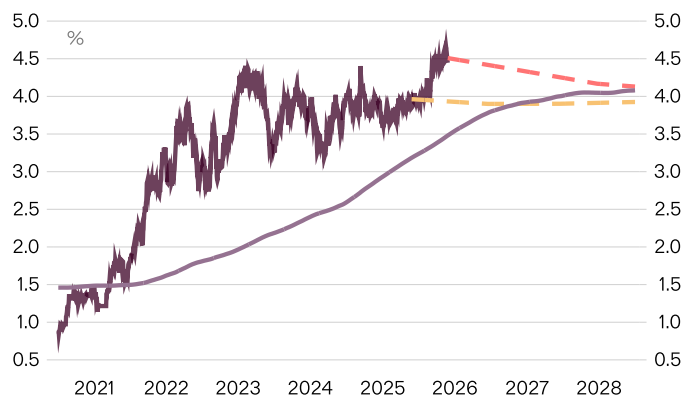
Norway: Norges Bank's policy rate and projected path
 — Norges Bank policy rate and rate path — Current market pricing
 - - - Malling House View



Sources: Norges Bank, Malling & Macrobond

As a result, longer-dated swap yields will stay elevated

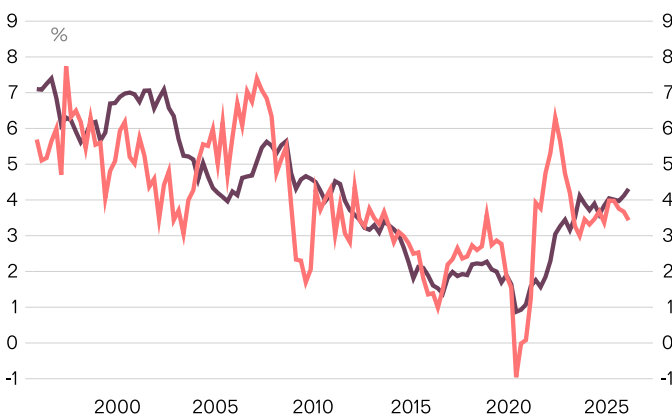
Norway: 5Y swap interest rate with forwards
 — 5Y swap interest rate - - - Market pricing — ... Nov. 2025
 — Rolling 5Y swap hedging portfolio



Swap interest rates based on 3m Nibor
 Sources: Tradition Data, Malling & Macrobond

Longer-dated swap yields in line with fundamentals

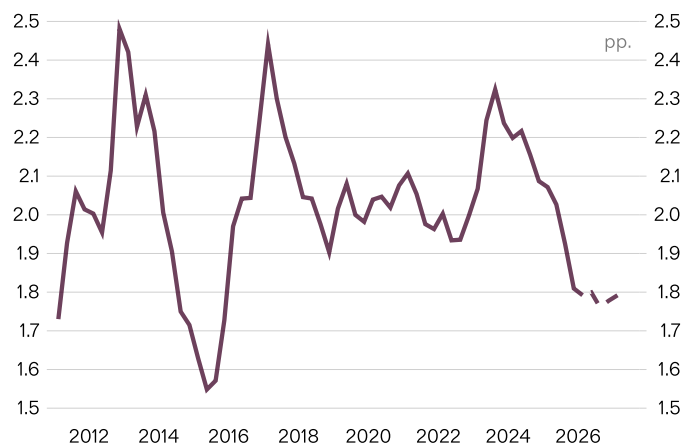
Norway: Nominal Mainland GDP and long yields
 — NOK 10Y swap interest rate
 - - - Average of nominal GDP, global 10y yields and NoBa rate path endpoint



Sources: Norges Bank, SSB, Malling & Macrobond

Banks demand low credit margins for real estate

Malling's Bank Margin Indicator, secured CRE loans
 — CRE loans secured on dwellings



Sources: Norges Bank, SSB, Malling & Macrobond

Sectors

Malling Hotelia has been appointed by Bane NOR Eiendom to identify a new operator for a planned new developed apartment hotel in Grønlandskvartalet in Drammen. The project includes approximately 130 apartments and outward-facing commercial spaces at street level. Malling Hotelia has also been tasked by Tollbugata 25 AS to identify a new operator for the hotel following the planned complete renovation. The building, with a total of 4,800 sqm, will undergo a full refurbishment and repositioning. Illustrations: DRMA, on behalf of Bane NOR Eiendom



Sectors Office

Dampened demand, modest rent growth and repricing yields

Activity in the office market has slowed markedly, both in leasing activity and in underlying supply and demand dynamics. Employment growth has been subdued over the past three years and is not expected to accelerate materially in the near term, reflecting moderate growth prospects in private office related sectors. We expect office employment growth in Greater Oslo to remain below the national benchmark throughout the forecast period.

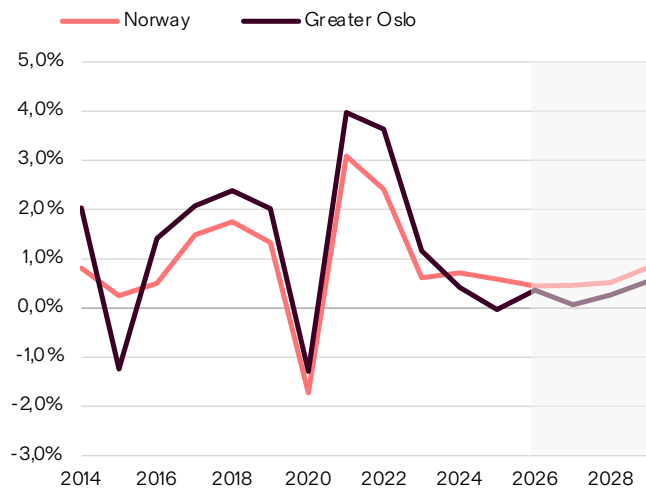
Despite weak employment growth, office space use per employee has proved sticky. The post pandemic reduction in space use has been modest, suggesting that hybrid work has not led to a one-off collapse in demand. Historically, higher utilisation has tended to follow stronger employment growth. With hiring expected to remain soft, office demand should remain broadly stable rather than recover meaningfully.

Recent rent growth appears to have been driven more by costs than by demand. The divergence between rental growth and employment growth points to CPI indexation, higher construction costs and rising capex requirements as key explanations. Real rents have moved more in line with employment trends, while nominal rents have been lifted by inflation. This suggests that the inflation hedge properties of office leases have been more visible in recent years than previously assumed, including in newly signed agreements.

Investor sentiment has shifted. Elevated interest rates, higher competing asset yields and weaker occupational momentum point to a repricing of office assets. We expect prime office yields to rise toward 5.0%, and as yields adjust, improved risk compensation should gradually bring capital into the sector, but the recovery will be selective and centred on assets with strong locations, low capex needs and resilient tenants.

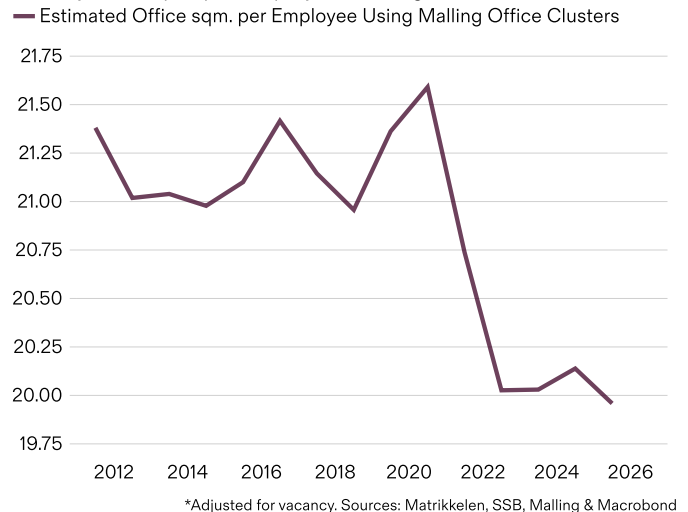
Employment growth expected to remain at low levels

Norway: Employment growth estimates Norway and Greater Oslo



The utilisation of office space is at its highest

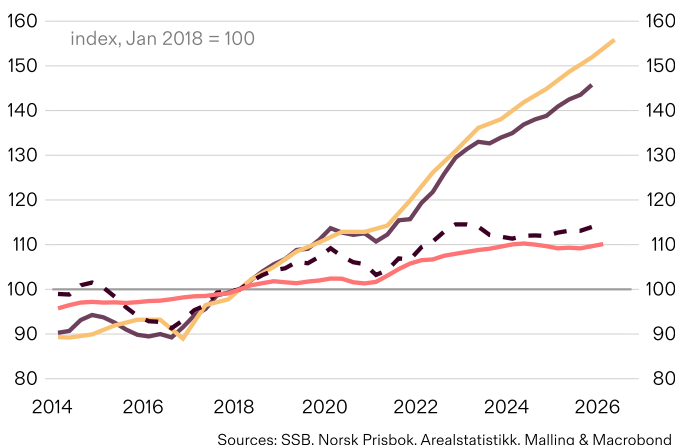
Norway: Est. Sq m per Employee, Malling Oslo office clusters



Rental growth from CPI and cost contributions

Norway: Real office rental prices and contributors

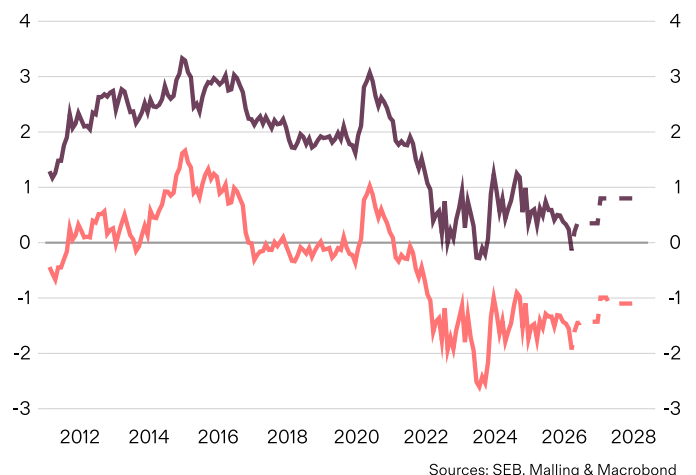
— Rental prices, Greater Oslo — "Norsk PrisBok" Office
 - - Real rental prices, Greater Oslo — Office employment



A slight improvement from the negative yield gap

Norway: Yield spread prime office yield

— Prime yield- 5yr swap — Prime yield - 5yr swap & bank margin



Sectors

Industrial & Logistics

Structural tailwinds: trade-driven demand and sustained low logistics vacancies

Household consumption represents the single largest contributor to mainland GDP, with growth increasingly expected to rotate from petroleum investment toward consumer-oriented industries. Real wage growth is projected to continue, despite elevated inflation. Combined with persistently high interest rates and a gradual deleveraging relative to income, these dynamics suggest households may favour consumption over investment in the near term.

Heightened geopolitical uncertainty and an improved consumption outlook are expected to generate positive spillover effects across the warehouse and logistics market. While the full magnitude remains uncertain, nearshoring, defence-related investment and contingency stockpiling are expected to provide meaningful additional support to logistics demand over the medium term.

Trade flows have emerged as a key indicator of warehouse and logistics market pressure. As illustrated, growth in total imports and exports, excluding oil, gas, ships and offshore platforms, correlates closely with logistics vacancy rates and rental growth in Greater Oslo. Periods of elevated year-on-year trade growth have historically preceded falling vacancies, while the subsequent rental response, observed with approximately a one-year lag, underscores the direct transmission from trade activity to occupier demand.

With trade volumes expected to recover over the forecast period, underpinned by restocking activity and rising household consumption, import and export flows are anticipated to remain a primary driver of logistics space demand. This supports the fundamental positive outlook for the sector going forward.

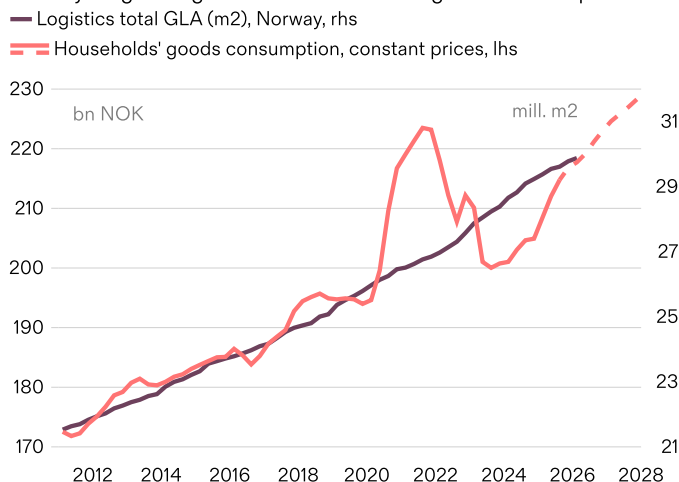
Households' purchasing power likely to increase ahead

Norway: Real income and household consumption



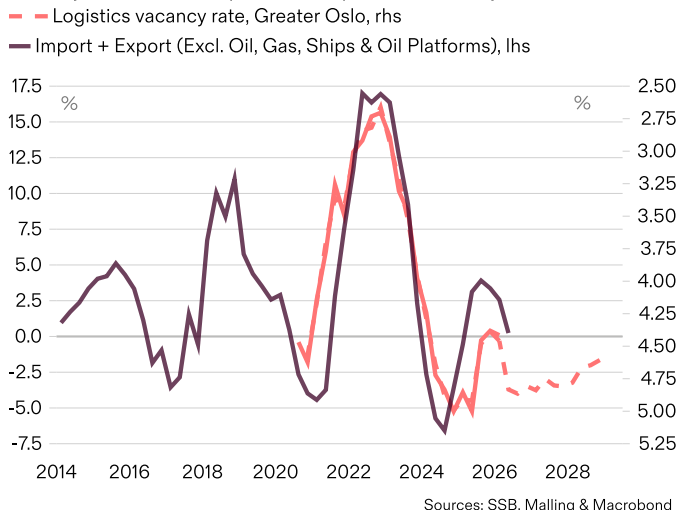
Goods consumption outlook suggests more GLA needed

Norway: Logistics gross leasable area and goods consumption



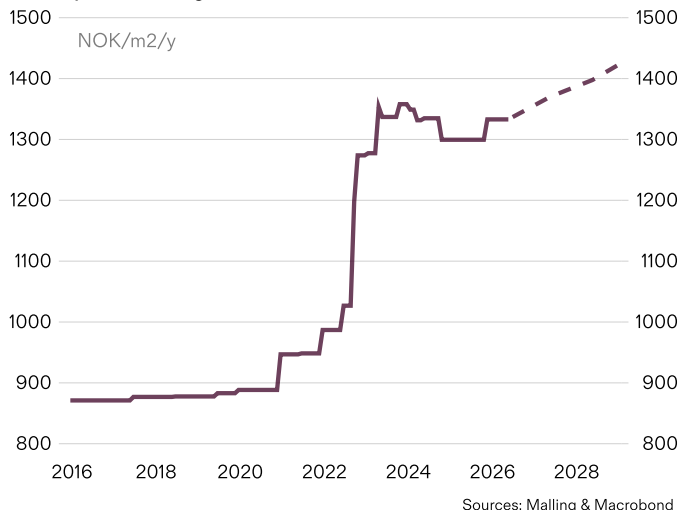
Rising trade activity is sustaining low logistics vacancies

Norway: Combined import and export vs. vacancy rates



Higher capacity utilisation will support rent growth

Norway: Normal logistic rents, Greater Oslo



Sectors

Retail

Positive outlook for bread-and-butter segments

The retail sector spans several subsegments, including shopping centres, big box retail, high streets and grocery. Household consumption remains the key demand driver, and purchasing power is expected to improve moderately. Higher mortgage rates will still weigh on households, but real wage growth should support resilient nominal consumption. This favours debt light retail spending and provides a supportive backdrop for rental growth.

With continued spending growth, capacity utilisation is expected to remain around normal levels. Demand conditions are improving, while the supply side is relatively flexible. Still, utilisation is higher than before the pandemic, giving retailers and landlords somewhat greater pricing power. Over time, retail rents have tracked nominal consumption closely, suggesting further upside if spending remains firm. The margin outlook is also helped by slower imported goods

inflation and a weaker USD ahead, but this could also weigh on turnover growth.

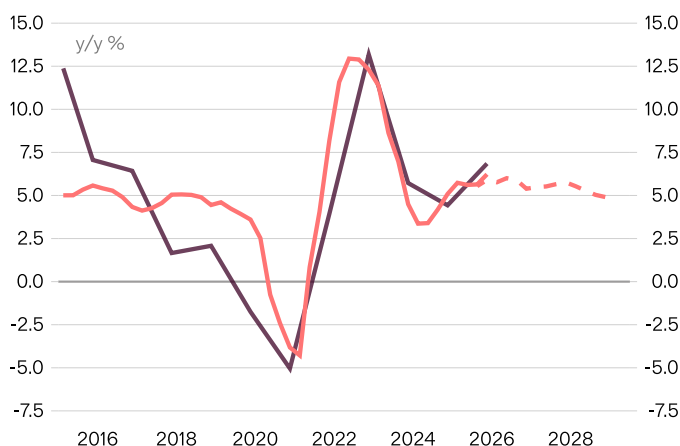
Grocery and convenience retail should deliver the most resilient performance. These segments benefit from stable, non-cyclical demand and are less exposed to shifts in discretionary spending, online competition and geopolitical uncertainty. Trade volumes may remain cyclical, but total turnover should continue to rise as price and wage growth support nominal spending.

Historically, the spread between big-box retail and office prime yields has tracked the consumption share of mainland GDP closely, with tighter yield differential consistently foreshadowing stronger retail performance. With office prime yields expected to rise and consumption growth providing a structural tailwind, retail yields are well-positioned to remain robust relative to office in the period ahead.

Rents tracking nominal consumption growth over time

Norway: Nominal consumption and retail rents

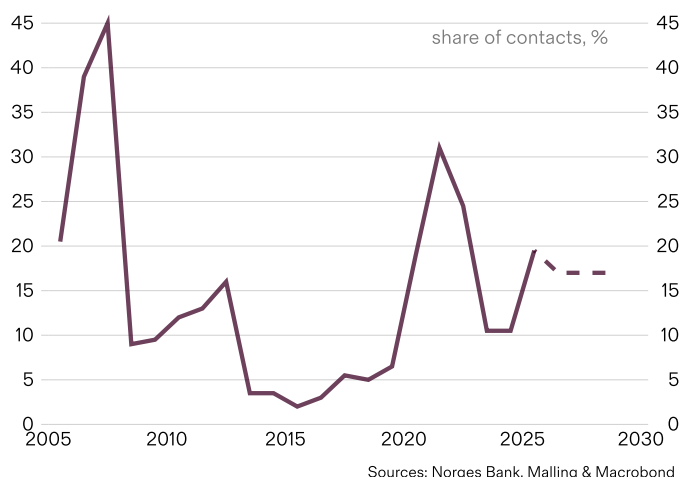
— Retail rents — Nominal consumption



Capacity utilisation is set to hover around normal levels

Norway: Norges Bank's regional network, capacity utilisation, retail

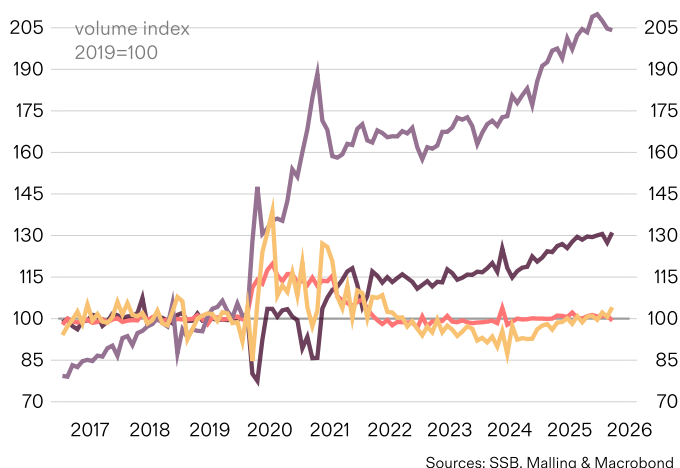
— Average of capacity utilisation and lack of labour



Continued strong increase in internet sales

Norway: Retail sales, sectors

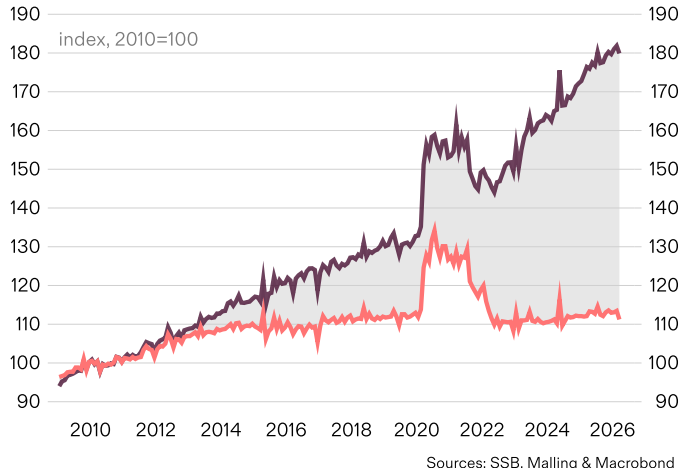
— Clothing — Grocery — Internet sales — Sport, recreation



Grocery turnover rise on stable volumes

Norway: Grocery retail in the retail trade index

■ Price growth — Turnover (NOK) — Trade volume (number of units)



Sectors Hospitality

Continued growth, but currency headwinds may be a risk

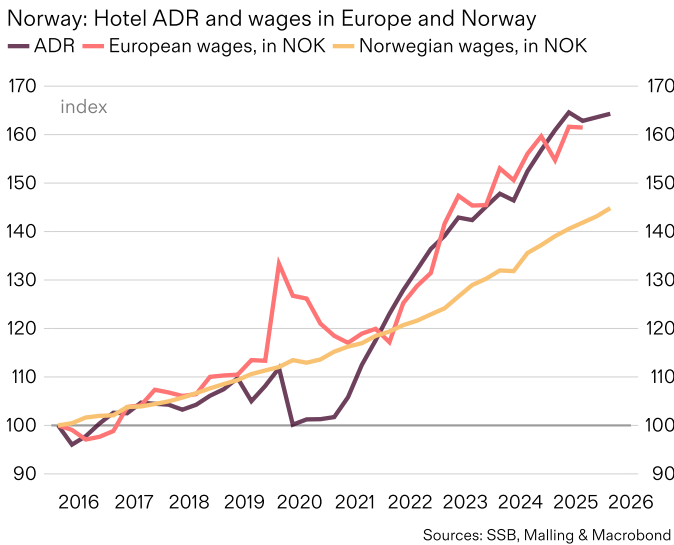
The Norwegian hospitality sector has enjoyed a strong four-year run, driven by the post-pandemic rebound and Norway's emergence as a leading "coolcation" destination. Performance has been closely tied to the NOK's decade-long depreciation, which has materially boosted foreign tourism by reducing the relative cost of vacationing in Norway while simultaneously curbing Norwegians' propensity to travel abroad. Average daily rates (ADR) have risen broadly in line with European wage growth in NOK terms, reflecting the stronger purchasing power of foreign visitors and underpinning sustained demand.

The recent NOK appreciation introduces a new uncertainty, and the key question is how persistently travel trends will adjust to a stronger currency environment. The NOK is however expected to stabilise around current levels, broadly in line with 2022 levels and still materially weaker than pre-pandemic,

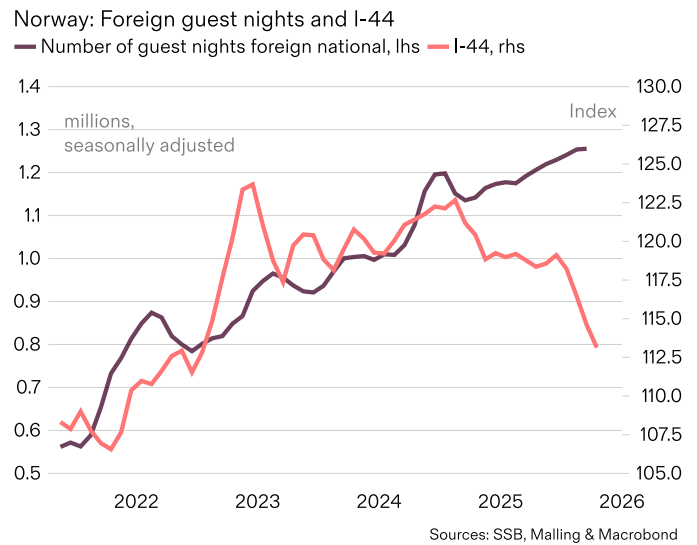
preserving Norway's relative price competitiveness and continuing to attract foreign travellers. RevPAR growth has been driven predominantly by foreign guest nights rather than domestic demand, a dynamic that warrants monitoring as currency conditions evolve. Foreign guest nights are nonetheless expected to remain broadly steady in the near term, supporting both RevPAR resilience and yield stability.

Although the projected hotel pipeline includes approximately 1,000 new rooms this year and 1,500 in 2027, we expect the additional supply to be absorbed within the respective periods, supported by sustained demand growth and solid occupancy fundamentals. A potential stricter regulation of Airbnb and other short-stay activity remains an upside risk for the sector, while the forthcoming tourist tax may dampen both demand and price growth.

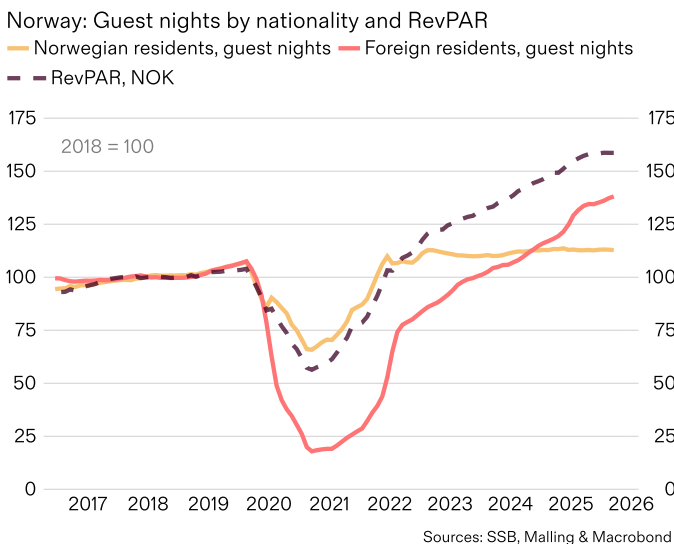
Hotel room prices rising in line with European wages



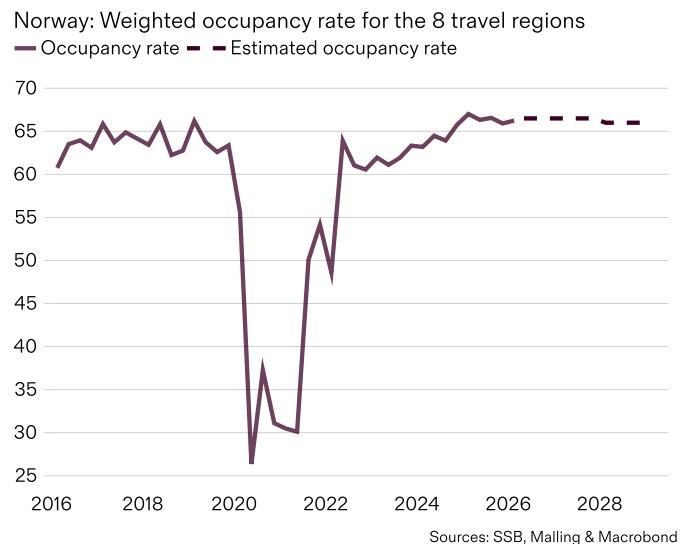
Stronger NOK has not impacted foreign guest nights, yet



Foreign demand driving RevPAR growth



The new supply will be absorbed also in years ahead



Sectors

Residential

Apartments sales put strong upward pressure on rents, but not on new-builds

In Oslo, the share of secondary housing is plummeting. At 11.1% in Q1 this year, the number of lettable apartments has fallen to levels never seen before. Financing and operating costs, combined with stricter tax rules, have increased faster than rents, leaving many owners with negative cash flow or only thin coverage of expenses. A continued conversion of apartment buildings into housing cooperatives and sale of individual units is expected, but at a slower pace.

The combination of fewer rental units and high margin pressure have led to rents increasing by 7.5% in Q1, year-over-year. With demand likely to remain firm and rental supply set to edge lower, we expect rental growth to markedly outpace wage growth in the near term. This, on the other hand, could result in a higher supply in rental units further out in time as the economics improve.

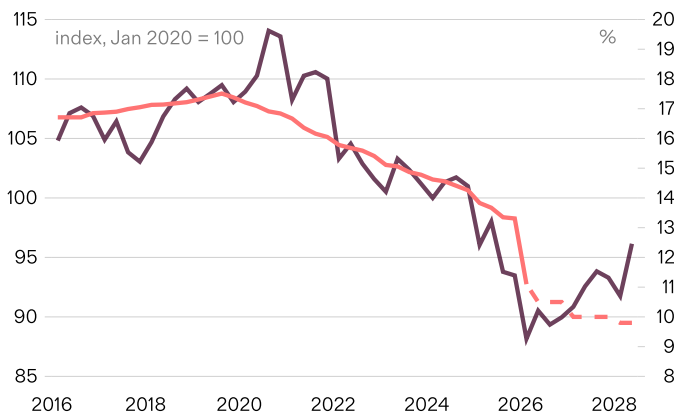
Used house prices in Oslo are expected to grow, but at a more moderate pace. Higher mortgage rates limit the upside, even as real income growth improves gradually. This creates a challenging backdrop for new builds. The new-build premium remains high, and few households are willing or able to pay that gap.

Construction activity is therefore likely to stay subdued for longer. Even if resale prices rise, higher financing and construction costs keep project margins tight. A gradual recovery in housing starts is possible, but the threshold for new projects remains high. The strongest near-term effect of apartment sales is therefore higher rents, not a meaningful lift in new housing supply.

Higher owner costs have made rentals less lucrative

Norway: Housing rent to cost and secondary housing share in Oslo

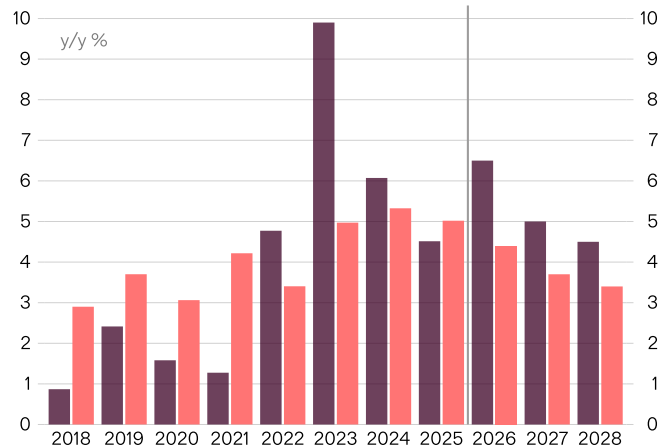
- Housing rent to cost (lagged 2Y), lhs
- Secondary housing share, Oslo, rhs



Rents expected to rise slightly faster than wages

Norway: Housing rental price and wage growth

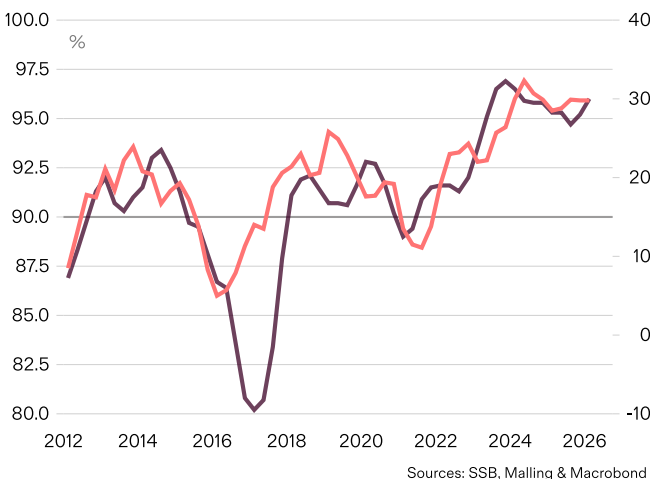
- Wage growth
- Housing rents, Oslo



High new-build premium leads to few sales

Oslo: New-build premium and share of existing-home sales

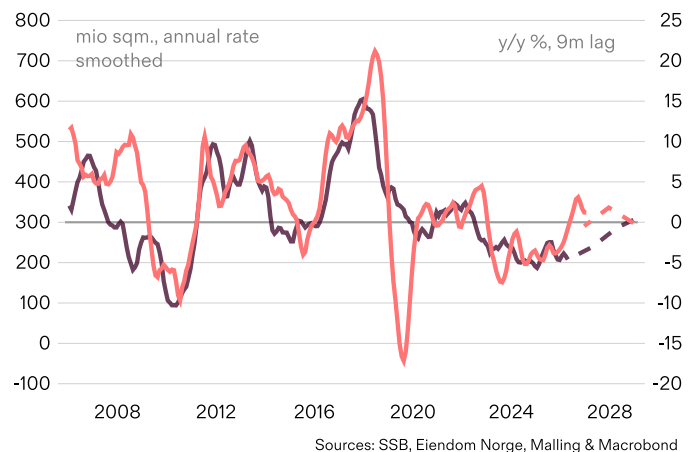
- Share of existing-home sales, lhs
- New-build premium, rhs



... and keeping new housing supply subdued for longer

Norway: Oslo construction and house prices

- Construction starts, lhs
- Difference between growth in selling prices and construction costs, rhs



Regions

Malling Drammen acted as letting advisor for Borgeskogen 59 in Borgeskogen, owned by H.I.G. The property comprises approx. 5,000 sqm of building space and approx. 15,000 sqm of outdoor area and has been let in entirety to Yutong Buss.



Regions

Trondheim

Strong transaction activity and resilient office market

Transaction activity in Trøndelag has recorded strong performance year to date, with NOK 6.3 billion across 10 deals including 27 assets. The transaction volume marks an improvement from 2025 volumes of NOK 2.9 billion.

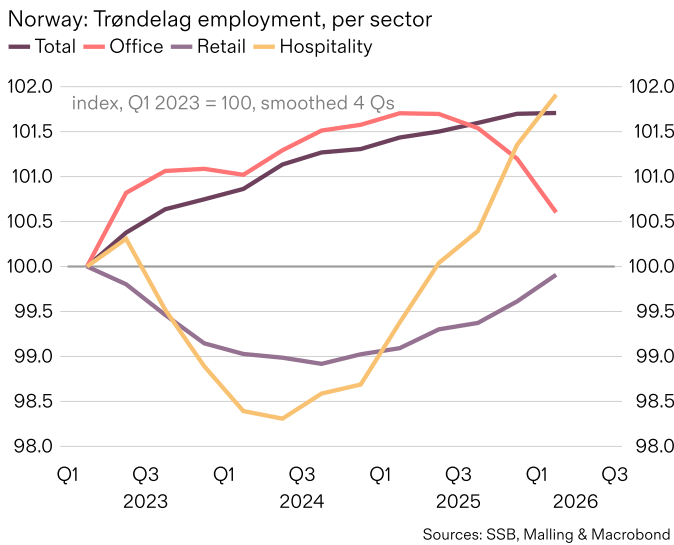
Despite a moderation in office employment from the second half of 2025, Trondheim recorded the strongest office rental price growth in Norway, with signed leases rising 7.5% year-on-year. Overall demand has remained modestly positive, driven by mid-sized and larger occupiers, while public sector take-up has contracted. Vacancy has edged upward from historically low levels, affording tenants greater optionality than in prior years. Limited new supply is expected to sustain upward pressure on rents, provided occupier demand holds. However, a material gap between prime rents and typical project rents continues to constrain new development

viability, and a meaningful rental uplift will be required before a marked increase in new office buildings becomes feasible. Comparable dynamics are evident in the broader Trondheim logistics market, where constrained supply and limited affordably priced locations continue to underpin rental price pressure.

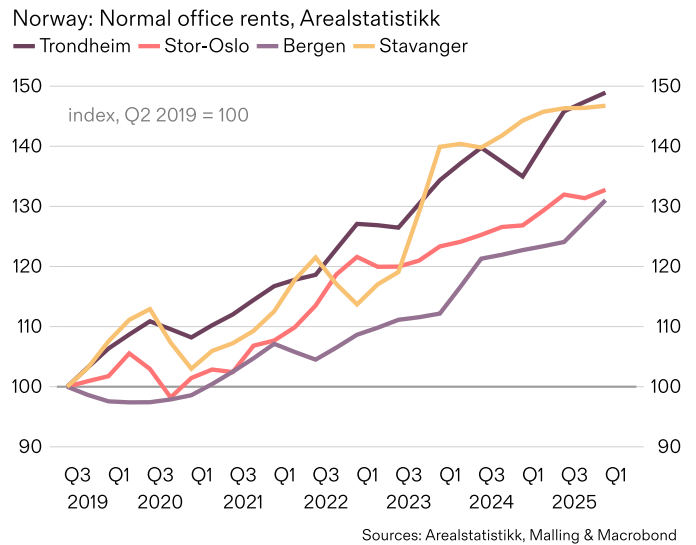
The hospitality market in Trondheim delivered strong growth in 2025, with RevPAR up 16.2%, driven by surging leisure and international demand. The year began with a mild softening, as subdued conference activity weighed on occupancy in the opening months.

Residential prices, meanwhile, have been broadly flat for five years, reflecting a balanced market in which rental yields are higher, and sell-offs less frequent, than in Oslo.

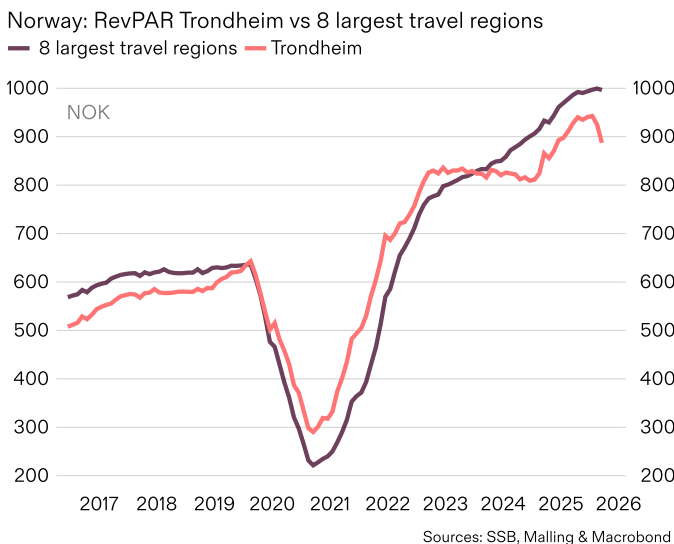
Office employment softened from second half of 2025



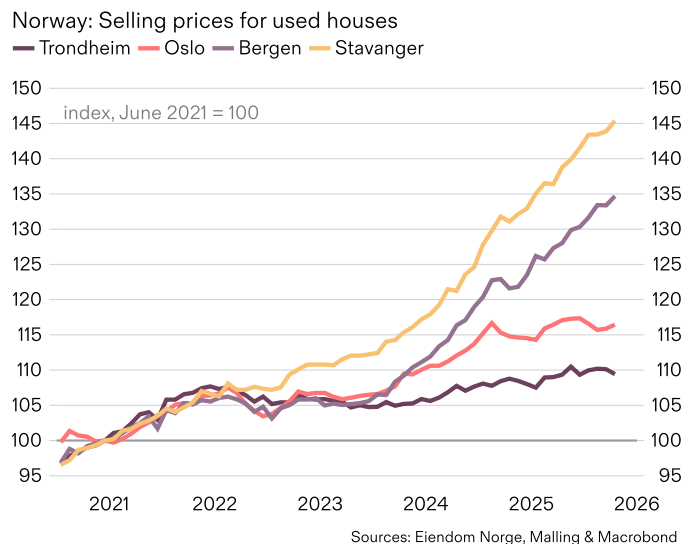
Office rents rise, matching oil-fuelled Stavanger



Small correction in RevPAR led by lower occupancy rate



Trondheim house prices have barely moved in five years



Regions Bergen

Parts of this section have been provided by WPS Næringsmegling in Bergen.
To check out more detail about the CRE market in Bergen → wps.no

Private strength, rising prime rents and transaction activity

Strong private-sector momentum continues to underpin office demand, with employment expected to remain stable over the next year, supported by continued, albeit slower, investment in oil, gas, and power supply.

Bergen's office market has delivered solid rental price growth, underpinned by a resilient labour market and a pipeline of significant refurbishment projects, where larger occupiers are demonstrating a willingness to pay a premium for high-quality, full-service assets. Vacancy has remained broadly stable over the past twelve months, hovering around historical averages. Looking ahead, vacancy is expected to remain contained, supported by healthy demand and a moderate supply pipeline, positioning Bergen favourably relative to the broader market. Further rental growth in the prime segment is anticipated as refurbishment and new-build activity continues, while secondary assets may experience

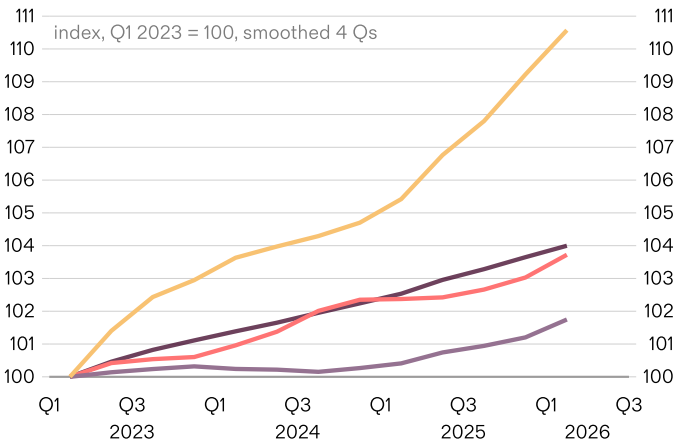
flat or declining rents, suggesting a widening polarisation between prime and secondary stock.

The hospitality segment has continued its positive trajectory, driven primarily by leisure demand, though the market is absorbing a material increase in accommodation capacity.

Bergen's transaction market recorded a solid 2025, with approximately NOK 9 billion, near its historical average of NOK 8-9 billion. Retail and residential continue the 2025 trend as the most transacted segment. The transaction volume year to date is recorded at approximately NOK 3.3 billion, with retail, hospitality and residential accounting for 56% of the total transaction volume. Retail stands out, comprising 30% of transactions, almost double its historical share, supported by investor confidence in rising real wages and improving retail fundamentals.

Job figures are strengthening in regional market

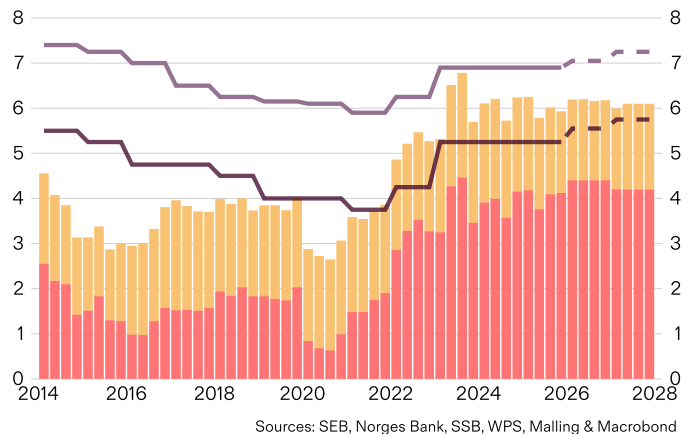
Norway: Vestland employment, per sector
— Total — Office — Retail — Hospitality



Improved credit access in prime assets as yields widen

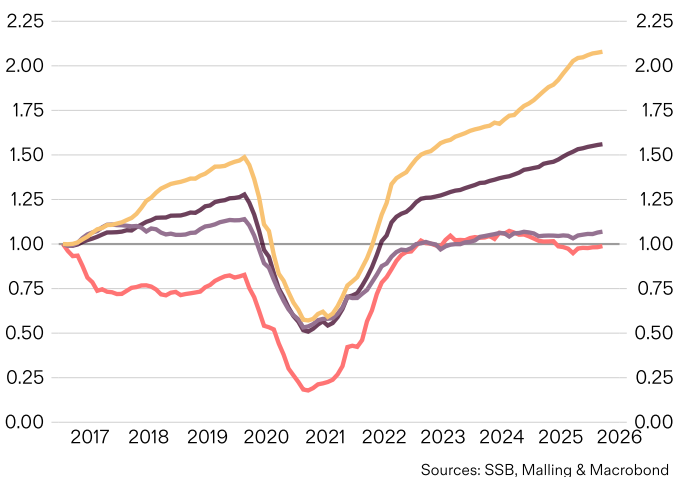
5 year swap rates + bank margins vs Bergen yields

■ 5 year swap yield ■ Malling CRE Bank Margin indicator
— WPS Bergen Normal Yield — WPS Bergen Prime Yield



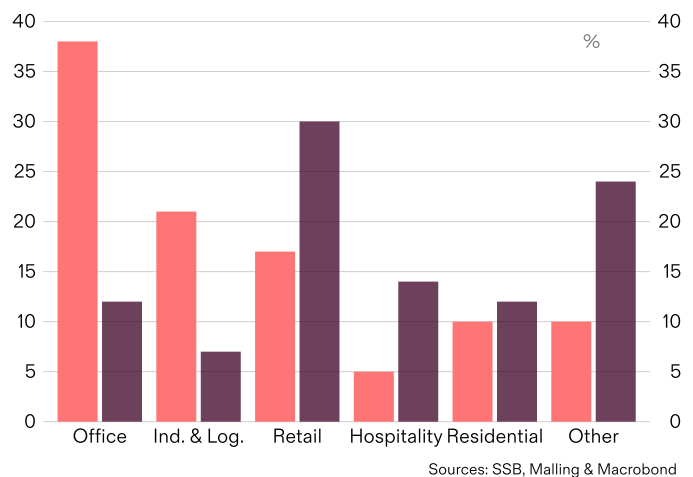
Positive trajectory led by leisure and ADR growth

Norway: Hotel guest nights by purpose, Bergen
— Guest nights — Conference — Occupation — Holiday



Retail and residential continue the positive 2025 trend

Norway: Transaction volumes, shares per sector
■ Bergen 2026 YTD ■ Bergen average 2016-2025



Regions

Stavanger

Oil cycle easing points to gradual market normalisation

Overall employment growth in Rogaland has remained stable, with private sector growth of just 0.8% and only 0.1% across the Stavanger, Sandnes and Sola municipalities, with most regional growth concentrated in Randaberg and the hospitality sector. The region remains heavily influenced by oil and offshore activity, and the surge in oil investment since 2020 has boosted energy-related employment and generated spillover effects across office demand, business services, house prices and local consumption. However, this engine looks set to slow, with oil investment plans pointing to a gradual decline following the current peak and a fading of the temporary tax relief effects.

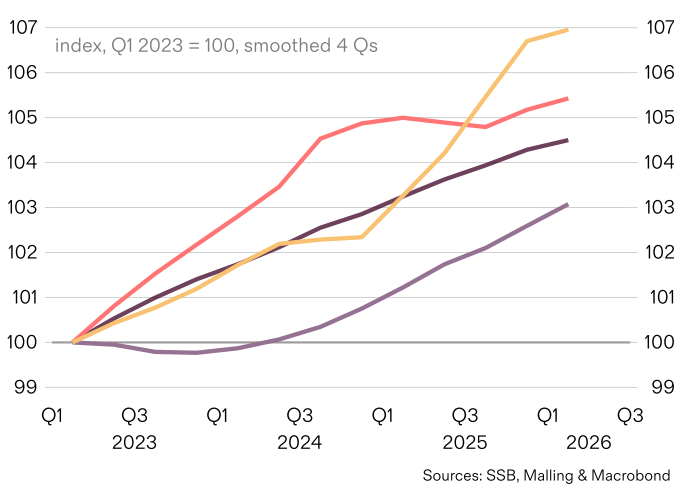
Employment linked to the oil sector is expected to ease with a lag, potentially softening office demand and nudging

vacancy rates modestly higher. Prime office yields in Stavanger converged with Oslo during the boom, and some spread widening appears likely as oil activity decelerates, though probably in measured steps.

While residential prices outpace construction costs, which historically would encourage new supply, actual construction starts are slowing as oil-sector momentum cools. Strikingly, oil companies appear to have anticipated the temporary nature of this cycle far better than in 2014, which should limit the severity of a broader downturn and shield the real estate market from severe negative spillovers. Mirroring the wider Norwegian outlook, logistics and retail are set to remain resilient, while the hospitality sector continues to enjoy strong prospects with holiday and international guest-night bookings.

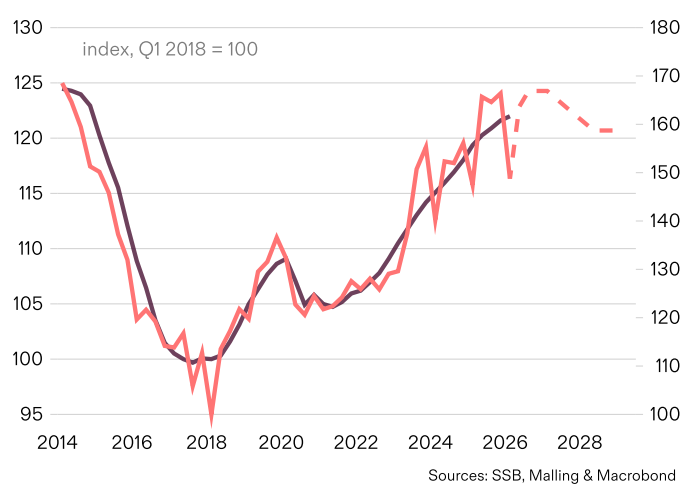
Office employment growth has been strong in Rogaland

Norway: Rogaland employment, per sector



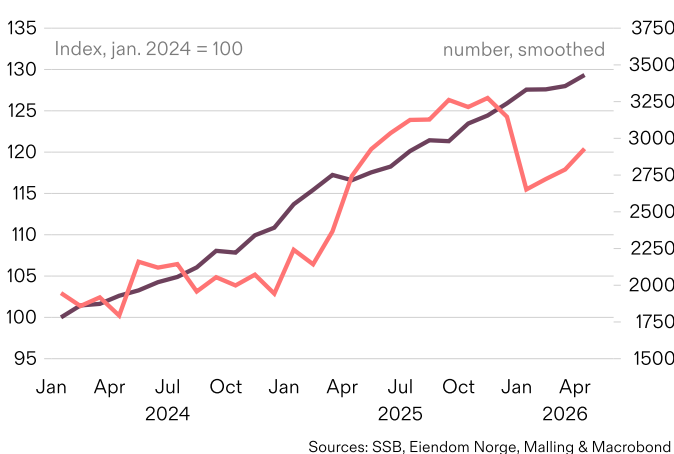
Much of the increase is credited to the oil boom

Norway: Oil investments and oil-related employment



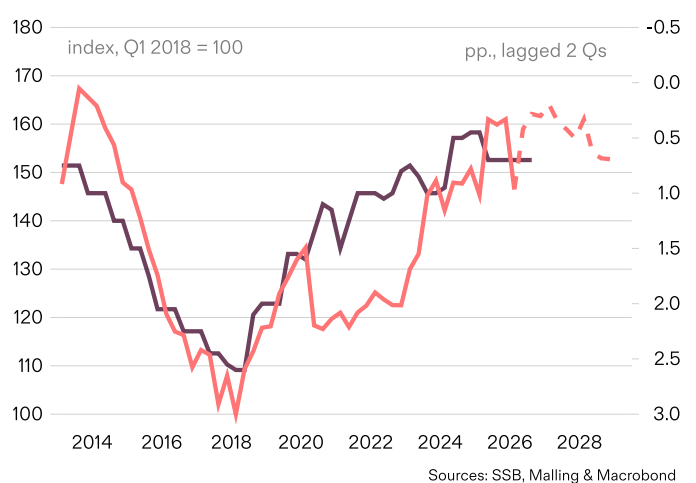
Construction starts diverge from house price growth

Norway: Greater-Stavanger house prices & Rogaland construction



Outlook for a widening in prime office yields as in Oslo

Norway: Office yields in Stavanger vs Oslo and oil investments



Regions

Drammen

Stable growth and strategically located between Kongsberg and Oslo

Despite modest employment growth, the Drammen office market remains stable with steady enquiries across both public and private occupiers. The market remains two-sided; rate-sensitive occupiers and construction sector tenants face demand and liquidity challenges, while higher-paying occupiers, are seeking larger premises, having grown from satellite offices into established regional operations. Vacancy is predominantly concentrated in older stock, with refurbished, good-quality assets letting well while older, low energy-rated buildings remain vacant.

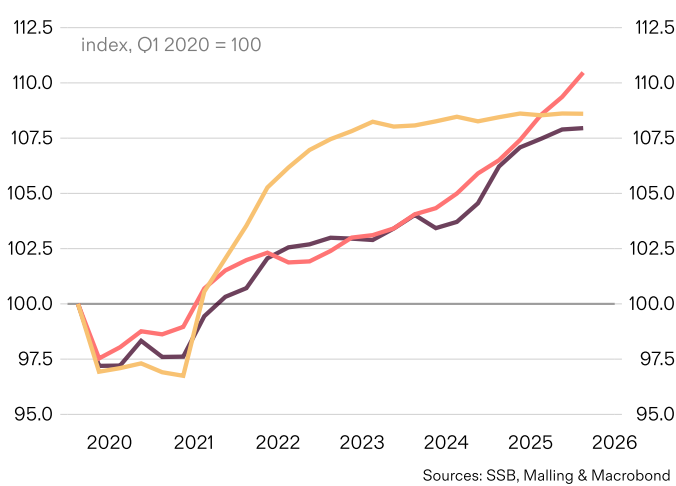
Prime office asset values in Drammen have largely followed national trends, with unlevered investors still maintaining some support for prime yields. The market remains selective yet active, with the yield difference to Oslo attracting investors to Drammen and Oslo fringe areas. Office yields show a gradient, rising with distance from Oslo Central Station, a reflection of location-driven risk and return dynamics.

Year to date, the transaction activity in Drammen has been sluggish with very few transactions registered. Following the yield increase in Oslo office assets, we have maintained the spread relative to Oslo and adjusted the Drammen office yield correspondingly.

An emerging trend is the growing interest from defence-related occupiers and data centre supply chain companies, drawn by Drammen's proximity to the Kongsberg defence cluster while offering sufficient distance to operate independently and recruit broadly. This dynamic is equally evident in the logistics sector, where anticipated growth in the Kongsberg area is expected to support stronger demand for combination space. Drammen's strategic location and competitive pricing underpin continued market interest, with rents expected to rebound toward post-pandemic levels, though leasing activity remains fragmented.

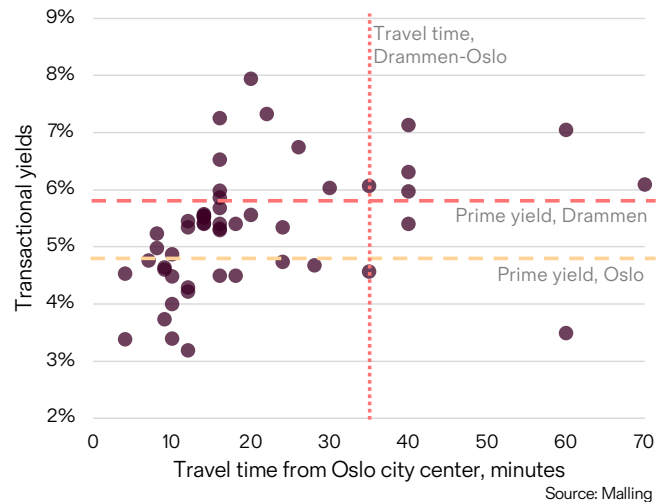
Employment growth has been on the rise in Drammen

Norway: Employment growth in Drammen, Kongsberg and Oslo



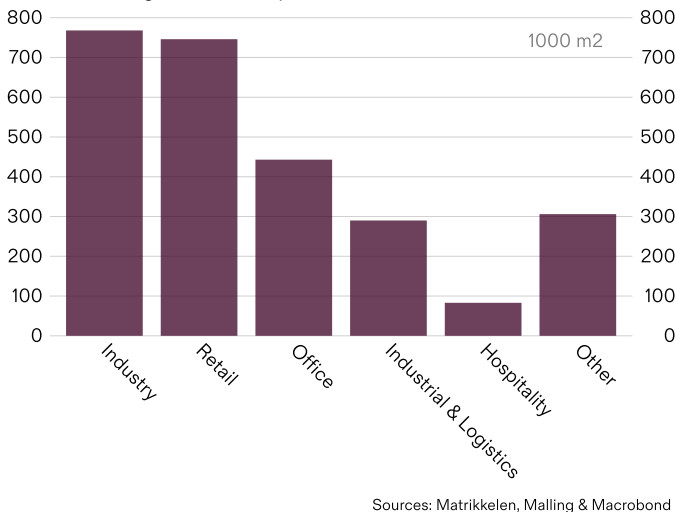
Office yields increase with travel distance to Oslo

Norway: Office transaction yields and travel to Oslo city centre, 2025 and 2026 YTD



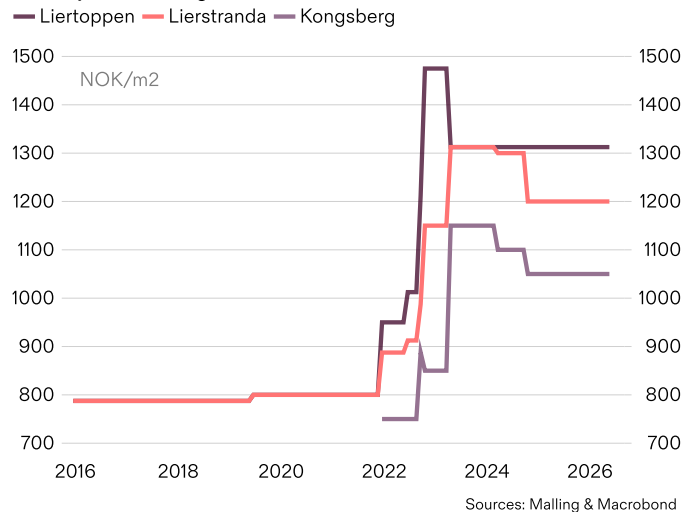
Logistics remain strategically important around Drammen

Drammen: Registered area per sector



We expect logistics rents to rise again

Norway: Normal logistics rents in Drammen area



Team

Malling acts as advisor to Bryn Eiendom, having developed an ESG strategy for their portfolio of over 200,000 sqm, as well as conducting property-level assessments to ensure sustainable development.



Malling & Co Research and Valuation Research



Kjetil Martinsen
Partner/Head of Research
+47 924 47 209
kjetil.martinsen@mallings.no



Jenny Andresen
Junior Analyst
+47 991 23 171
jenny.andresen@mallings.no



Jesper Myrholt
Analyst
+47 976 83 013
jesper.myrholt@mallings.no



Jon Mjølhus
Senior Economist
+47 934 33 550
jon.mjolhus@mallings.no



Jørgen Holand
Analyst
+47 918 69 915
jorgen.holand@mallings.no



Stian Aleksander Bøyum Røstgård
Senior BI Developer
+47 962 38 841
stian.rostgard@mallings.no



Stine Thomle Karlsen
Senior Analyst
+47 938 43 386
stine.thomle.karlsen@mallings.no



Tor Einar Ludvigsen
Junior Analyst
+47 930 40 122
tor.einar.ludvigsen@mallings.no



co.mallings.no/analyse

Malling & Co Research and Valuation

Valuation & Advisory



Andreas Staubo Boasson
Partner/Head of Advisory
+47 986 05 209
andreas.staubo.boasson@mallings.no



Francis Emil Westerlund
Analyst
+47 996 02 605
francis.emil.westerlund@mallings.no



Jens Waaktaar Opland
Senior Analyst (Trondheim)
+47 938 90 125
jens.opland@mallings.no



Lars Wiken
Senior Analyst
+47 476 00 857
lars.wiken@mallings.no



Ludvig Nordby
Analyst
+47 988 59 501
ludvig.nordby@mallings.no



Peder Olrud Fjellvang
Senior Analyst
+47 905 74 766
peder.olrud.fjellvang@mallings.no

What we offer at Malling & Co Research and Valuation

Malling & Co Research and Valuation is an integrated division of Malling, the market's most innovative and complete commercial real estate advisor. The division consists of 14 analysts and advisors who manage our research product and house view and support clients both directly and in collaboration with the firm's Capital Markets, Investments, and Property Management divisions.

Working across the entire Malling organisation provides us with deep insight into all aspects of the commercial real estate market, as well as a strong commercial understanding that underpins our research, valuation and advisory services. Our extensive coverage of the Norwegian commercial real estate market serves as the foundation for our work.

Core services include:

- Strategic advisory for single assets and portfolios
- Tailored market research
- Certified valuation services for all types of commercial and development properties
- Market data at property and cluster level
- Bespoke financial modelling
- Commercial advisory
- Rental value assessments
- Profitability and scenario analyses

We tailor the scope and complexity of our deliverables to each property and client's needs. Our objective is to create value by identifying opportunities and challenges and proposing initiatives that drive value creation.

Eiendomshuset Malling & Co

T: +47 24 02 80 00

E: post@malling.no

malling.no

Bergen in cooperation with:

W | P | S
NÆRINGSMEGLING



An International
Associate of Savills