

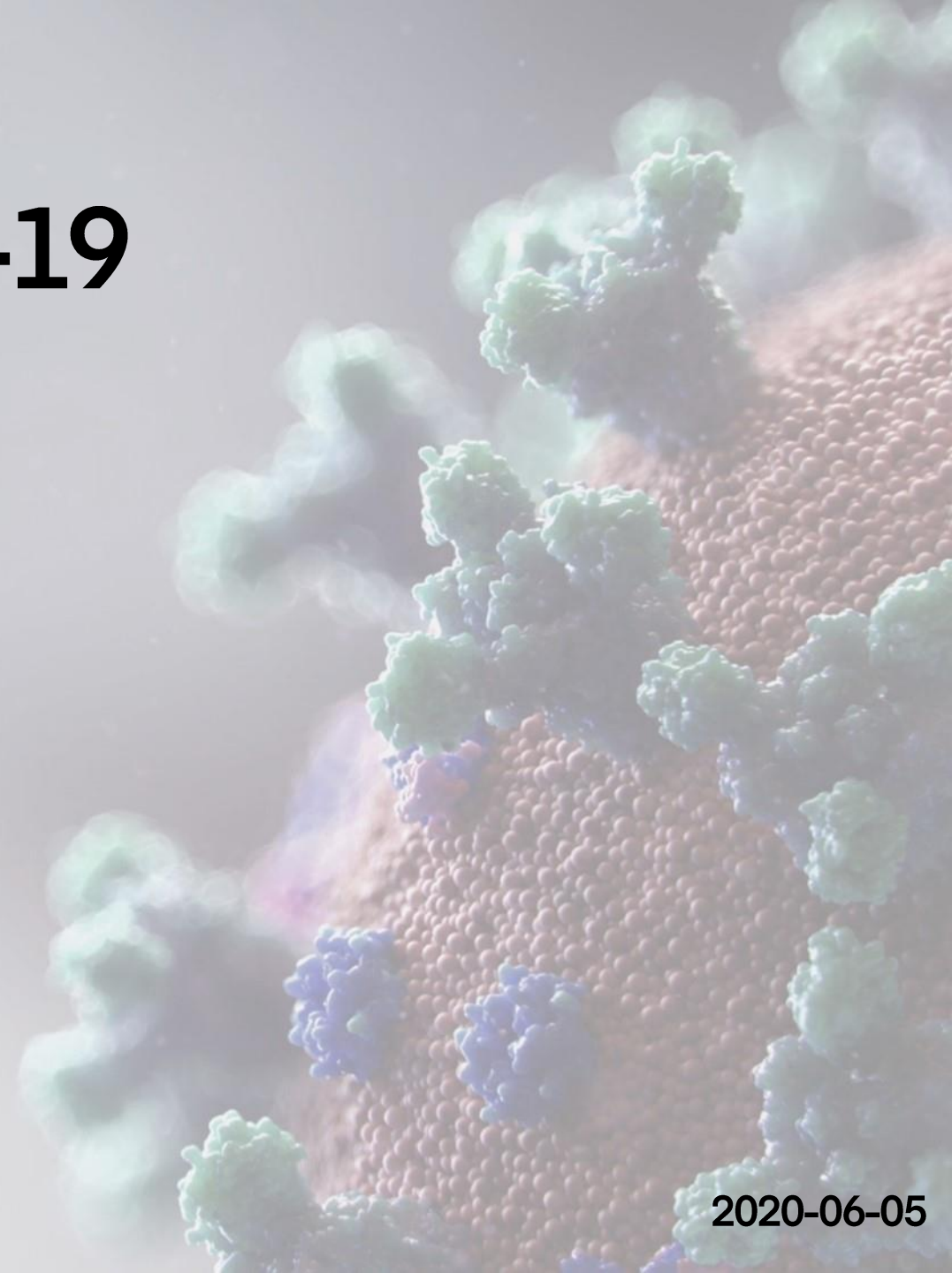


Market impacts of COVID-19

Nordic commercial real estate



May 2020





Introduction

Due to the recent outbreak of covid-19 disease, we conducted a survey in March 2020 sent to selected community members in the Nordic region. The results provided an interesting insight into how the Nordic commercial real estate sector might be affected.

Even though buyers were still open for new investments, vendors was a bit more reluctant due to uncertain yield level expectations. Retail and Hotel was expected to hit high vacancy rates and rent losses. Our members also indicated a long time before the market had fully recovered again.

Two months later, in May 2020, the Nordic countries has had challenges with the effects of covid-19. We decided to perform yet another survey to monitor any changes in attitude and expectations for the future among brokers and investors.

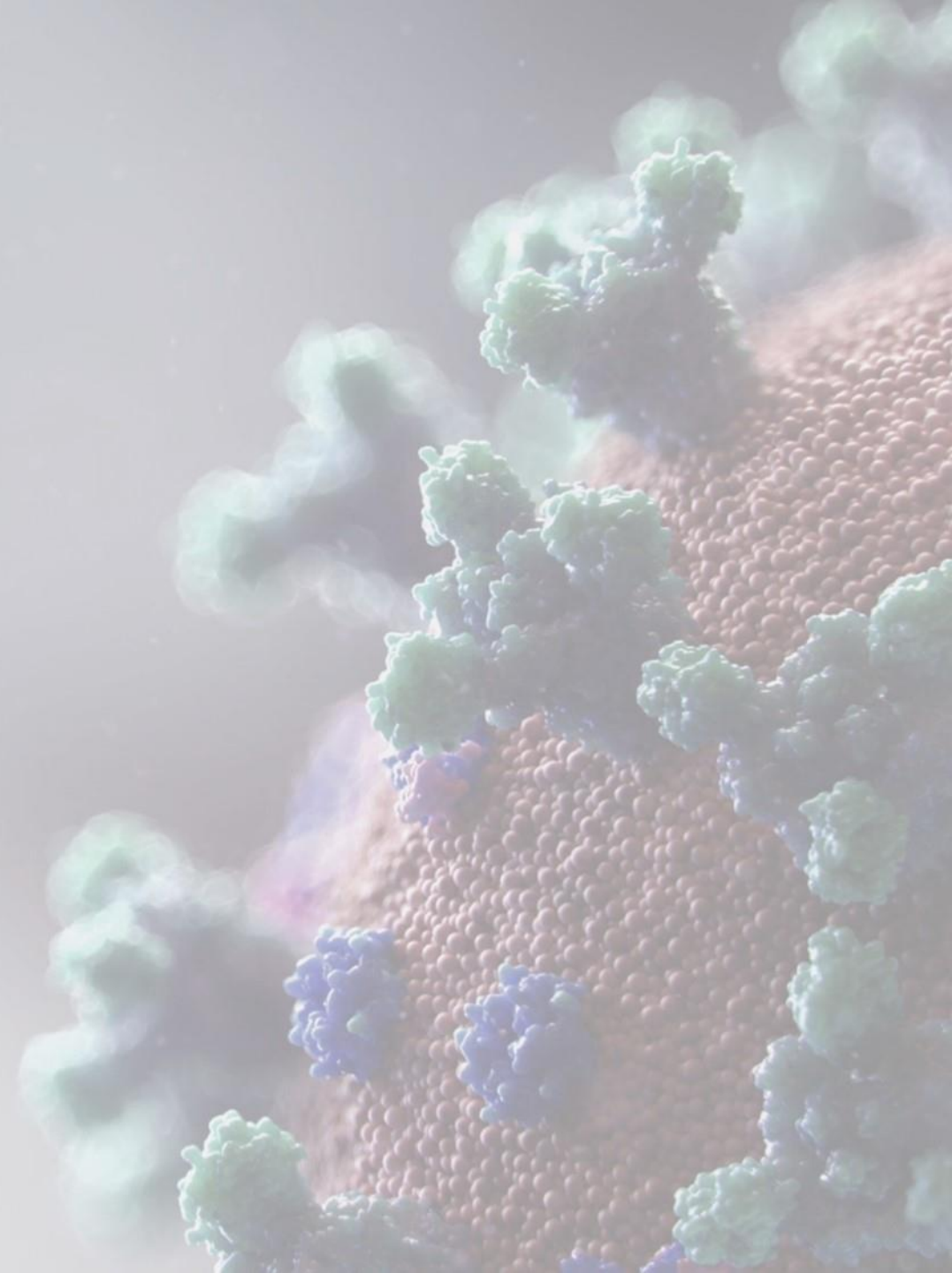


Key takeaways

- investment appetite has increased, vendors are slowly coming back
- slightly less impact on hotels and retail than first anticipated
- slightly more impact on offices than first anticipated
- even longer recovery time expected
- brokers indicate worse access to bank financing
- brokers anticipate less cross-border investments
- people are coming back into the offices



Market update – Q&A's with Propstreet community members

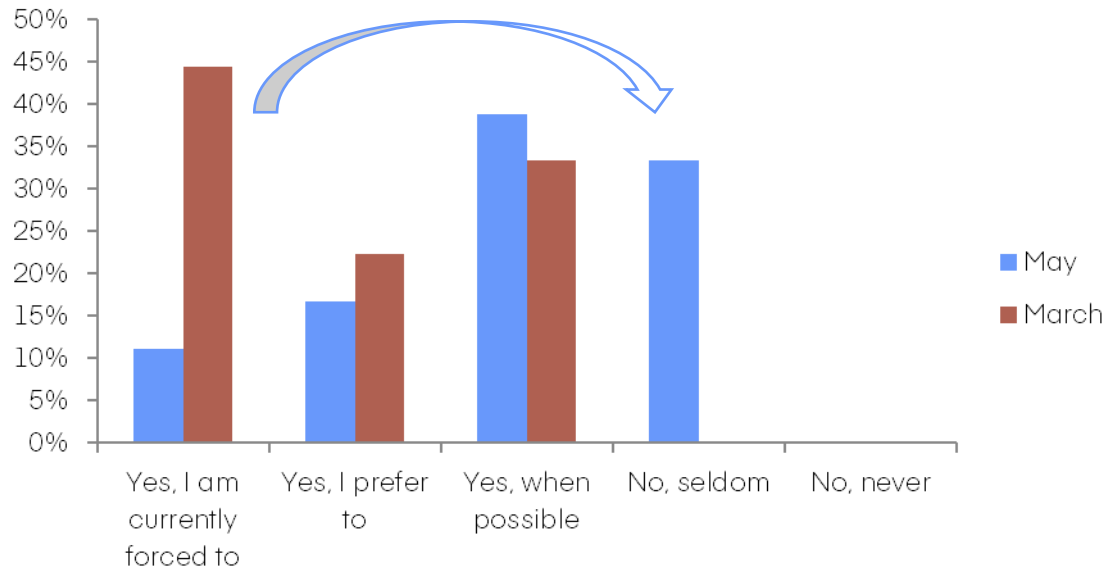




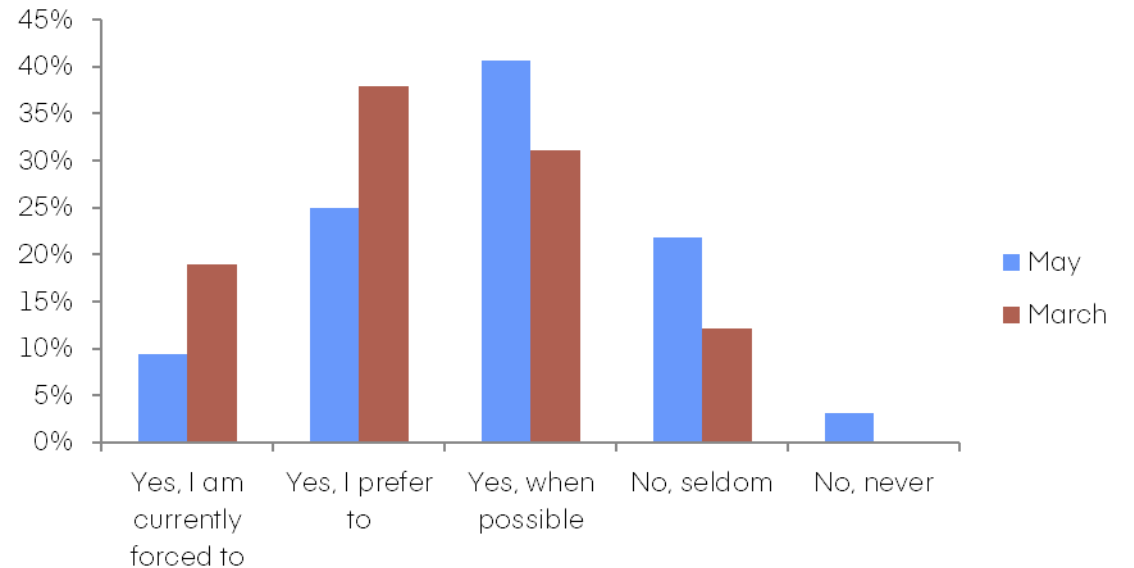
Are you working remotely?

People that in March were forced to work from home, have now started to come back into the offices.

Brokers



Investors

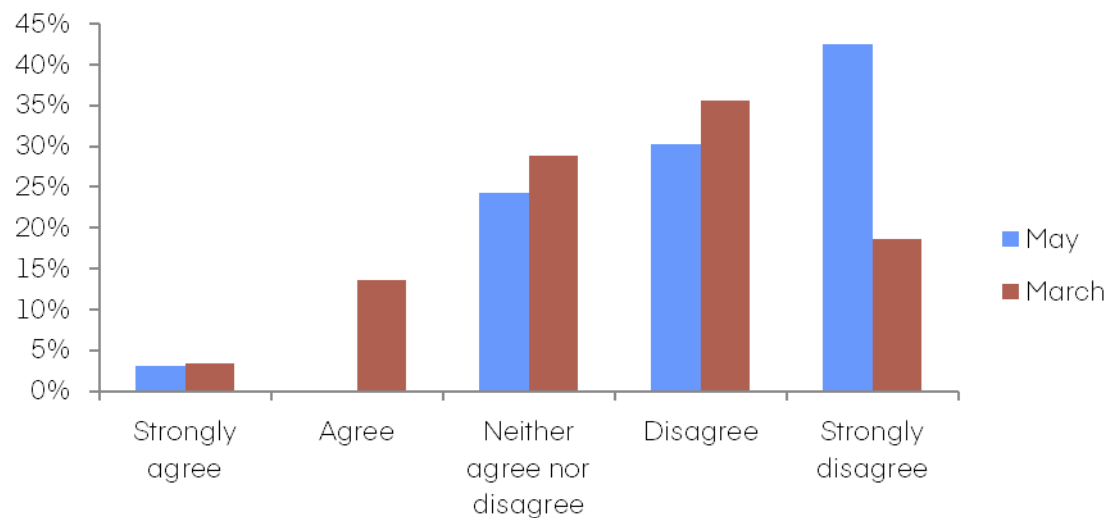




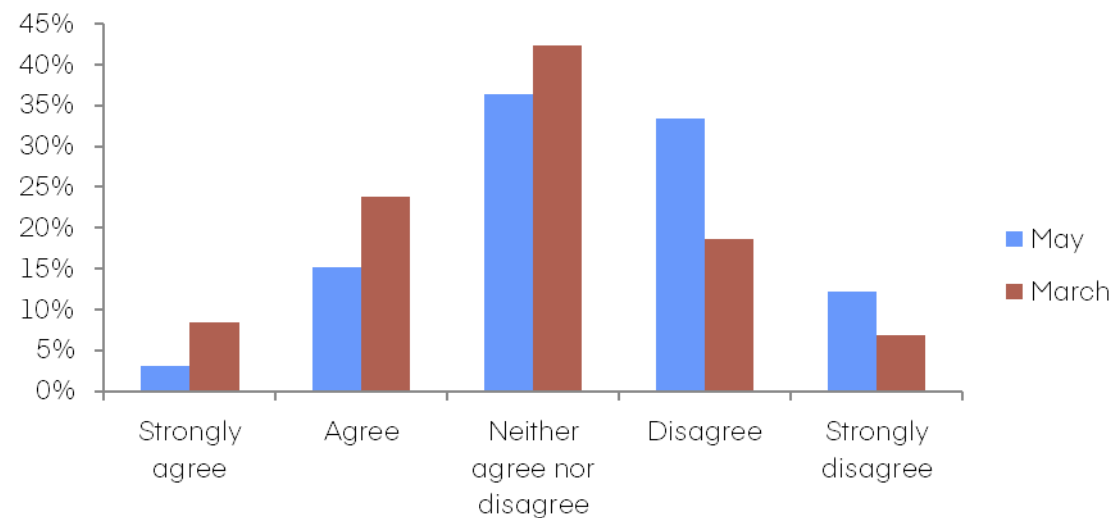
The transaction market

Investment appetite has increased, vendors are slowly coming back.

I will currently not consider making any investments



I will currently not consider making any divestments



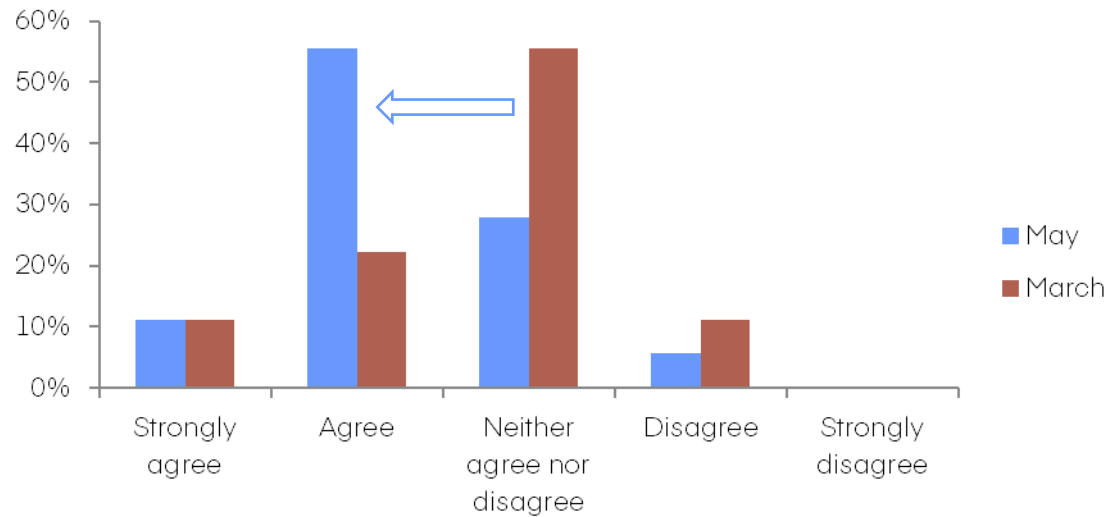


Cross-border investments

Brokers anticipate less cross-border investments, investors are slightly more positive.

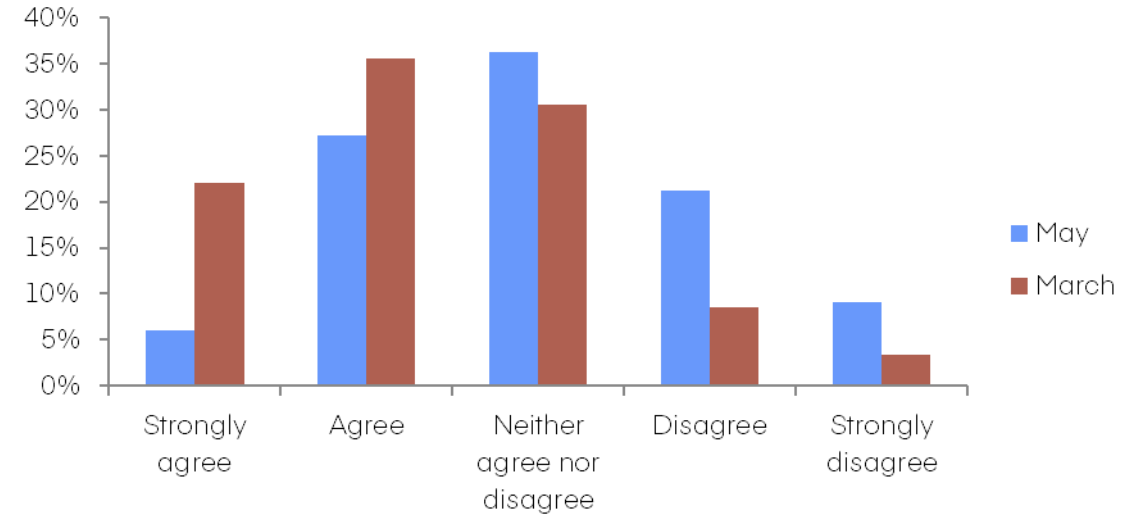
Brokers

Investors are currently less interested in cross-border investments



Investors

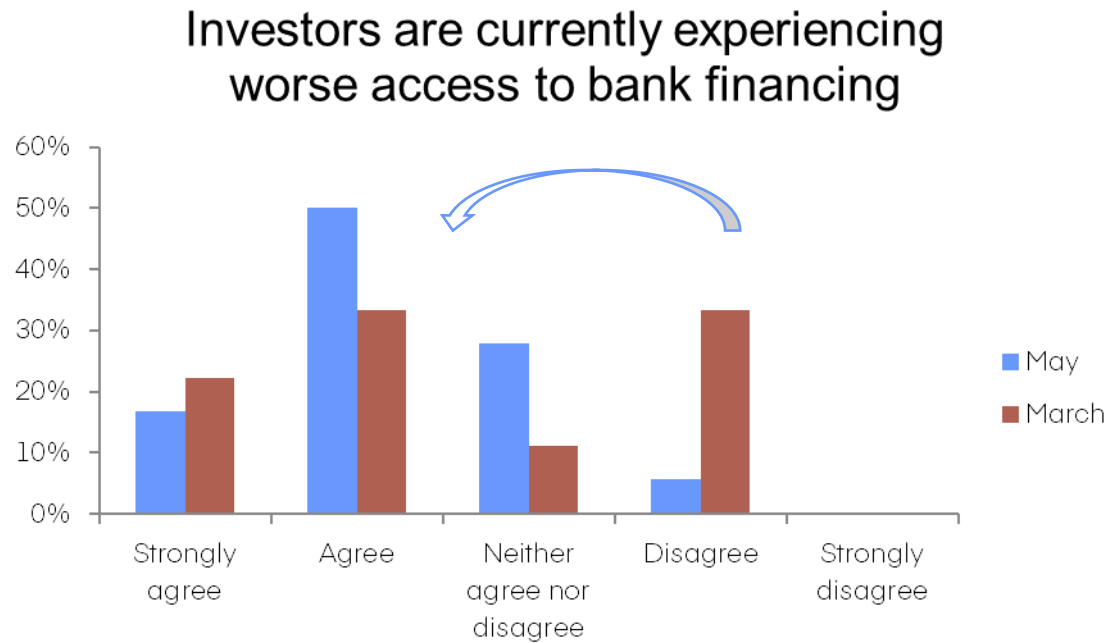
I am currently less interested in cross-border investments





Bank financing

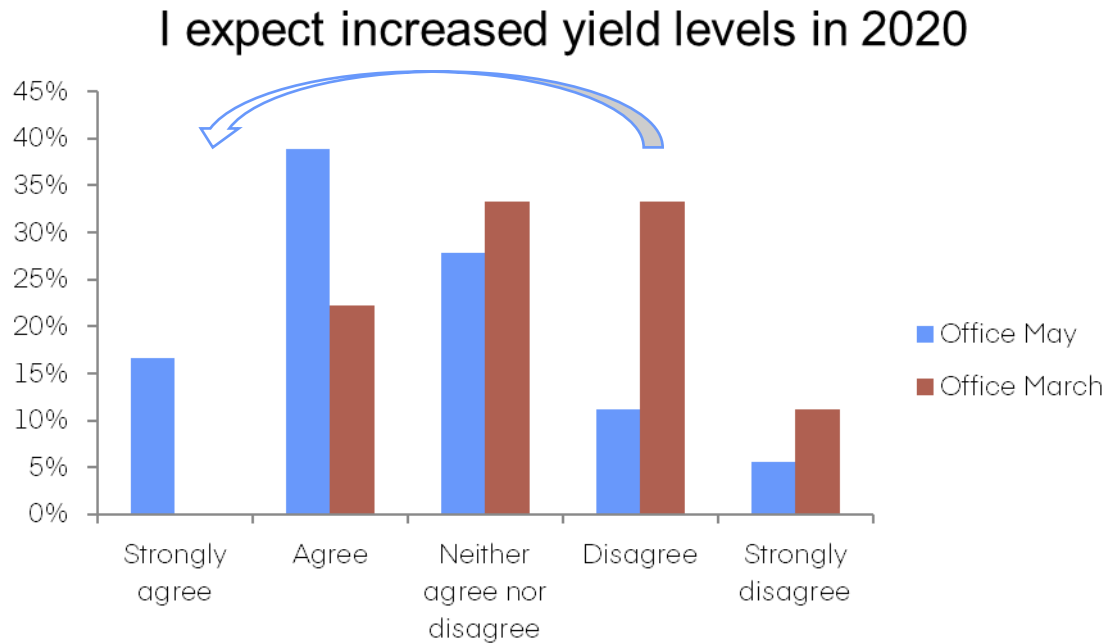
Brokers indicate worse access to bank financing.





Office yields

Slightly more impact on offices than first anticipated.

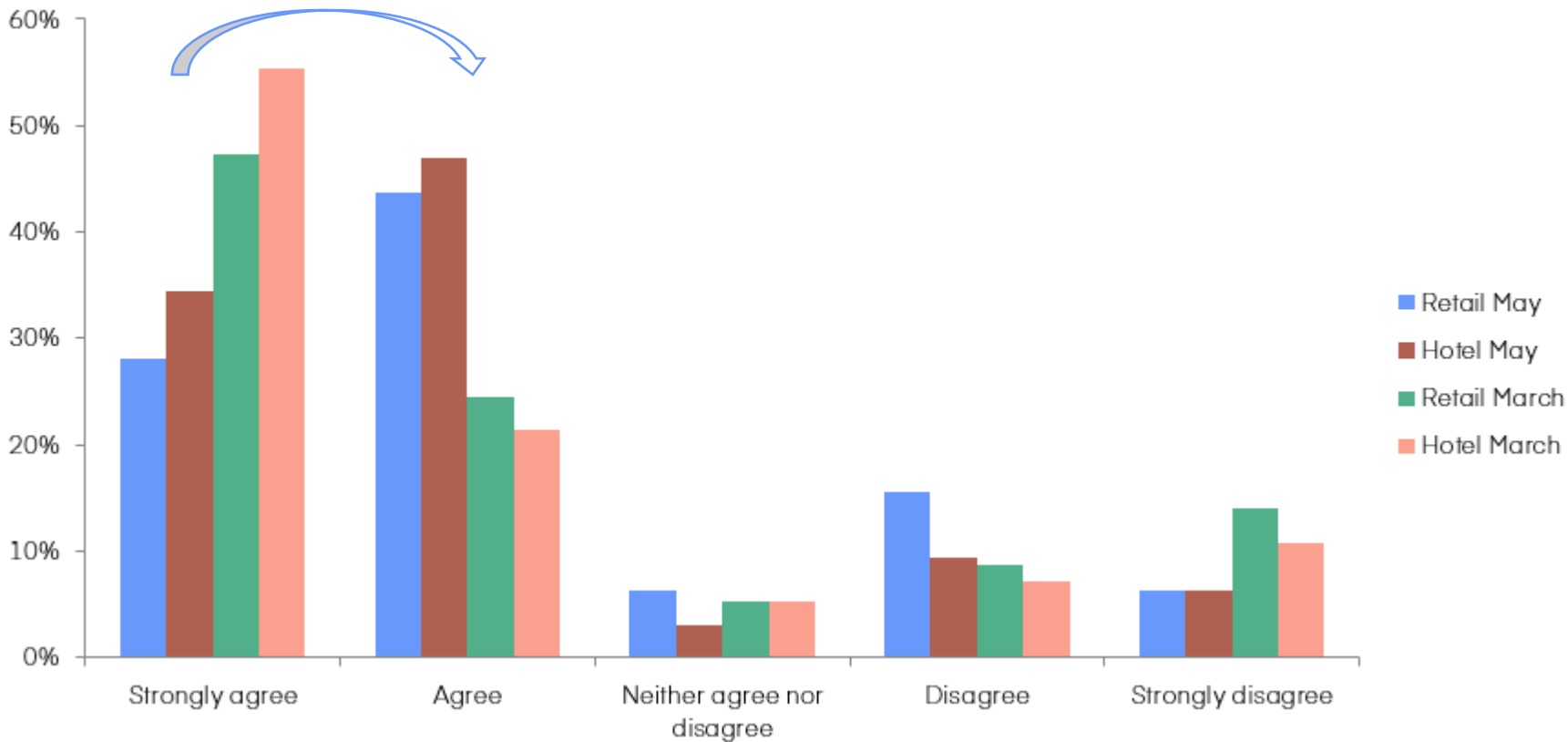




Hotels and Retail

Slightly less impact on hotels and retail than first anticipated.

I expect increased yield levels in 2020





The future

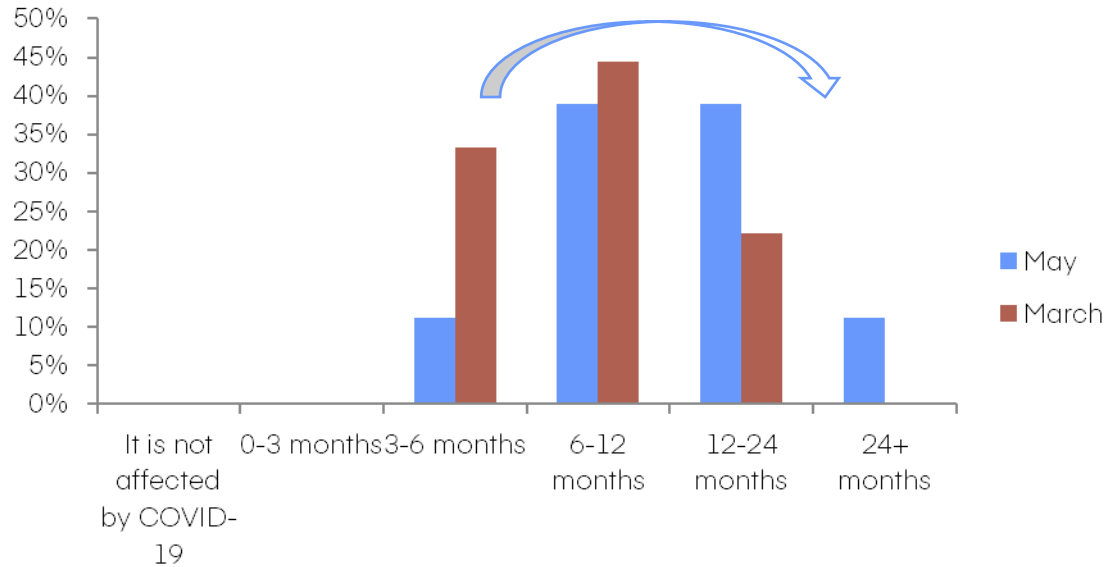




When will the real estate market will be recovered from COVID-19?

Even longer recovery time expected from both brokers and investors.

Brokers



Investors

