

NORWAY

Cushman & Wakefield

Global Cities Retail Guide



Norway has quietly evolved into one of Europe's most dynamic and successful countries. Consistently high within economic performance tables, it has an unsurpassed reputation for social stability, cultural innovation and lifestyle freedoms.

The country benefits from the world's largest sovereign wealth fund and has no net debt which ensures an enviable level of fiscal flexibility. The unemployment rate at 3% (1.9% in Oslo) is the lowest in Europe and Norway has a strong GDP per capita compared with the rest of Europe.

A combination of high population growth with consistently low inflation and interest rates has generated a healthy appetite for consumer spending among the population. Successive governments have managed to harness the benefits of the nation's natural resources whilst also ensuring that Norway is well placed to increase national consumption during times of price volatility.



NORWAY OVERVIEW

NORWAY

ECONOMIC OVERVIEW

ECONOMIC SUMMARY

ECONOMIC INDICATORS*	2017F	2018F	2019F	2020F	2021F
GDP growth	2.3	2.3	2.1	1.9	1.8
Consumer spending	2.5	2.6	2.1	2.0	1.9
Industrial production	3.3	1.1	0.2	0.7	0.0
Investment	4.0	4.4	2.7	2.0	1.9
Unemployment rate (%)	4.2	4.0	3.8	3.6	3.5
Inflation	1.8	1.2	2.0	2.1	2.3
Krone/€ (average)	9.3	9.5	9.3	9.1	9.1
Krone/US\$ (average)	8.2	7.9	7.7	7.6	7.5
Interest rates Short Term (%)	0.5	0.5	0.6	1.2	1.8
Interest rates 10-year (%)	1.6	1.7	2.1	2.7	3.1

ECONOMIC BREAKDOWN

Population	5.3 Million (2017F)
GDP (nominal)	US\$ 400 Billion (2017F)
Public Sector Balance	2.4% of GDP (2017F)
Public Sector Debt	45.3% of GDP (2017F)
Current Account Balance	5.2% of GDP (2017F)
Parliament	Centre-right Conservatives
Head of State	King Harald V
Prime Minister	Erna Solberg
Election Date	September 2017

RETAIL SALES GROWTH: % CHANGE ON PREVIOUS YEAR

NORWAY	2017F	2018F	2019F	2020F	2021F
Retail Volume*	3.6	3.8	2.9	2.4	1.4

NOTE: *annual % growth rate unless otherwise indicated. Figures are based on local currency and real terms. E estimate F forecast.

CITY	POPULATION
Oslo (Greater)	975,744
Bergen	252,722
Stavanger (Greater)	213,313
Trondheim	177,617
Drammen	115,137
Fredrikstad (Greater)	109,907
Skien (Greater)	92,001
Kristiansand	61,037



NORWAY LARGEST CITIES

NORWAY

RETAIL OVERVIEW

MAJOR DOMESTIC FOOD RETAILERS

Meny, Kiwi, Joker, Spar (owned and operated by NorgesGruppen with 44% market share), Rema1000 (Owned and operated by Reitan), COOP

MAJOR DOMESTIC NON-FOOD RETAILERS

Dressman, Bik Bok, Volt (owned and operated by Varner Group), Vita (Cosmetics), Ark, Norli Libris, Tanum (Books), XXL, G-sport, Anton Sport, Sport 1, Home & Cottage (Home & Home improvement), Skeidar, Maxbo, Eplehuset (Apple-retailer), Power (Electronics), Elkjøp (Electronics)

INTERNATIONAL RETAILERS IN NORWAY (Selection)

H&M, Bestseller, Inditex, KappAhl, Lindex, Gina Tricot, Nilson Group, Clas Ohlson, Monsoon/ Accessorize, Kicks, Specsavers, Foot Locker, Body Shop, Rituals, Sandro, Maje, Tommy Hilfiger, Burberry, Mulberry, Gucci, Bottega Veneta, Saint Laurent, Moncler, Hermes, Louis Vuitton, Michael Kors, Hugo Boss, IKEA, Rusta, Jula, Toys r Us, Biltema, Jem&Fix, THansen

FOOD AND BEVERAGE OPERATORS

Kaffebrenneriet, Baker Hansen, EspressoHouse, Joe & The Juice, Lett, Starbucks, Olivia, Villa Paradiso, Peppes Pizza, McDonalds, BurgerKing, Jamies Italian, Maemo, Noodee, Ling Ling, Hanami

TYPICAL HOURS OPENING HOURS

MONDAY - FRIDAY

10.00-19.00

SATURDAY

10.00-18.00

SUNDAY

Closed – non-food retailers are not allowed to trade on Sundays, with the exception of home improvement/ gardening centres.

Grocery stores <100 sqm open 10.00-20.00



NORWAY

RETAIL SCENE

With a purchasing power of almost double that of the EU average, the retail market is rapidly expanding. Factor in a strong, stable economy and Norway offers a great investment opportunity.

Retail sales in Norway remain buoyant while overall wealth is steadily increasing, as is the size of the population. Norway is set to overtake Denmark and Finland in terms of population size by 2040.

Historically shopping centres have been the strongest retail markets. Norway has a high provision of space in shopping centres per '000 population. The top five players control some 80% of the market. The top ten centres in Norway all have turnovers of above NOK 1Bn.

Norway has been increasing and developing its retail market in recent years. More and more international retailers are considering to enter the Norwegian market, and there has been an increase in international retailers within luxury products, mass market concepts and restaurants/cafés.

As in other Scandinavian countries, Norwegian people are technological frontrunners, and physical retail has lost somewhat 12-14% market share to e-commerce. Many retailers have online purchasing options, and the market for online shops are continuously developing.

It is possible to enter the Norwegian retail market directly, though many retailers also franchise and enter via concessions or shop-in-shops.

There are no restrictions on foreign companies buying or renting property in Norway. Although it is possible to occupy a new building within a few weeks, it is more realistic to expect that on average it will take 8-12 months from initialising the property search to taking occupation of an existing property. For the best locations in Karl Johans gate it can take years. This includes time for considering location options, the identification of buildings or sites, negotiating leasehold or freehold terms and drafting the appropriate legal documentation.



NORWAY

SHOPPING CENTRES

TOP TEN SHOPPING CENTRES BY SIZE

NAME	CITY	SIZE (GLA SQM)	YEAR OPENED
Amfi Moa	Ålesund	69,544	2000
Jekta Storsenter	Tromsø	65,000	1997
Sartor Storsenter	Straume	58,500	1978
Sandvika Storsenter	Sandvika	56,000	1993
Sørlandssenteret	Kristiansand	55,000	1987
Vestkanten Storsenter	Loddefjord	54,600	1973
Lade Arena	Trondheim	52,000	2014
Strømmen Storsenter	Strømmen	52,000	1985
Metro Senter	Lørenskog	51,590	1988
City Nord	Bodø	50,800	1994

NORWAY

KEY FEATURES OF LEASE STRUCTURE

KEY FEATURES OF LEASE	
ITEM	COMMENT
Lease Terms	3-10 years is typical. Quoted in NOK per year on a square metre basis. Break options negotiable. Options to prolong is negotiable. No restrictive user clauses.
Rental Payment	Monthly / Quarterly (latter most common). In retail leases the rent is sometimes linked to the lessee's turnover. Rent deposit 6-12 months, or a bank guaranty (on demand). Premium/ key money is rarely paid. In shopping centres rents are mainly turnover-based, with a minimum fixed rent.
Rent Review	Annual indexation to Consumer Price Index (usually with minimum level). There is a statutory right to renew.
Service Charges, Repairs and Insurance	Landlord is responsible for external repairs and building insurance. Tenant for internal repairs. Service charges are not included in the rent, they are added on. Whether or not utilities are included varies from property to property, but normally you need your own electricity subscription as a minimum.
Property Taxes and other costs	Property tax "kommunale avgifter" is charged directly to the landlord by the authorities. Most leases allow for the recuperation of the amount from the tenant. VAT 25%, voluntary
Disposal of a Lease	Assignment/Sub-letting - normally yes (subject to landlord approval). Early termination only by break clause. Tenant's Building Reinstatement Responsibilities at lease end original condition, allowing for wear & tear, as per contract.
Valuation Methods	Floor space is measured on a 'gross internal area' basis + a percentage of the common area (varies between 10-25%).
Legislation	"Husleieloven" regulates lease contracts, but usually the parts involved can finalise a lease without regards to the legislation, There is a standard lease that is used by some landlords although the majority of landlords have their own standard lease. The lease is legally binding on both parties.

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