

# MARKETBEAT FINLAND



## Investment Q1 2020

|                                      | YoY Chg | 12-Mo. Forecast |
|--------------------------------------|---------|-----------------|
| <b>3.2%</b><br>Prime Yield           | ▼       | ▲               |
| <b>€2.80bn</b><br>Total Volume       | ▲       | ▼               |
| <b>€1.03bn</b><br>Office Volume      | ▼       | ▼               |
| <b>€0.38bn</b><br>Residential Volume | ▼       | —               |
| <b>€0.28bn</b><br>Retail Volume      | ▼       | ▼               |

### ECONOMIC OVERVIEW:

According to Oxford Economics, the ongoing COVID-19 pandemic is expected to have a powerful negative impact on the Finnish economy. Finnish GDP is expected to contract -2.7% in 2020 with a deep recession in H1 and a strong recovery in H2. The recovery is estimated to continue in 2021 with 2.7% GDP growth. The negative effects are mostly focused on Q2, but there still remains a great uncertainty of the impacts of COVID-19 and a risk of prolonged containment measures.

### INVESTMENT OVERVIEW:

Pre-COVID-19 the investment market continued the trend according to the three previous strong years. In Q1 2020 the total transaction volume reached €2.80 billion – 100% increase compared to Q1 2019 and all time highest Q1 volume. The office sector continued to attract investors, and the office sector accounted to over 37% of the total transaction volume.

The share of international investors has been increasing significantly during the previous years. However, in 2019 the share was lower than 2017 and 2018. In Q1/2020 the share of international investors increased and was approximately 56%, due to few major deals done by international investors (listed on page 2).

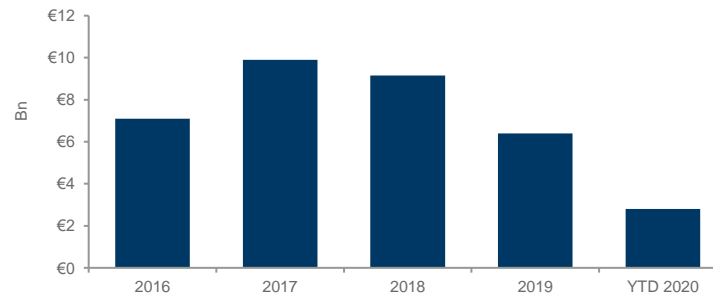
COVID-19 restrictions have forced many investment transactions to be put on hold, due to limited capability to make decisions. Decision making is especially limited for international investors who are not allowed to travel for asset inspections. Moreover, banks are very cautious in financing transactions. Investment activity expected to rekindle after restrictions will be lifted e.g. H2 2020.

### ECONOMIC INDICATORS Q1 2020

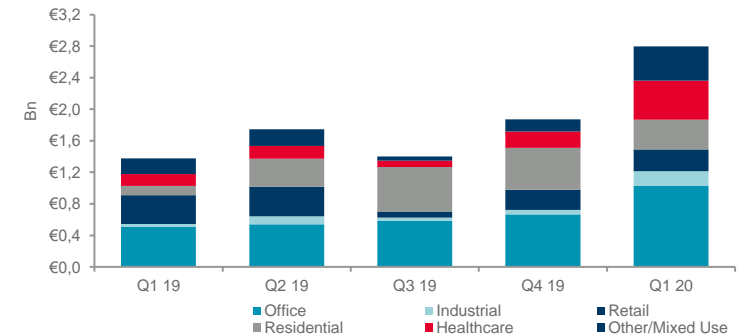
|                                       | YoY Chg | 12-Mo. Forecast |
|---------------------------------------|---------|-----------------|
| <b>-1.81%</b><br>GDP, % change YoY    | ▼       | ▲               |
| <b>7.51%</b><br>Unemployment Rate     | ▲       | ▲               |
| <b>-0.04%</b><br>10-Yr Treasury Yield | ▼       | —               |

Source: Oxford Economics, Bank of Finland

### INVESTMENT SALES VOLUME



### INVESTMENT SALES VOLUME BY SECTOR



# MARKETBEAT FINLAND

## Investment Q1 2020



### INVESTMENT ACTIVITY

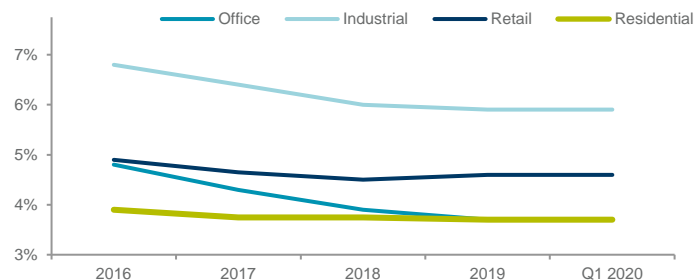
| PROPERTY TYPE   | NUMBER OF TRANSACTIONS | SALES VOLUME (EUR)    |
|-----------------|------------------------|-----------------------|
| Office          | 9                      | €1,029,800,000        |
| Industrial      | 5                      | €185,500,000          |
| Residential     | 6                      | €378,800,000          |
| Retail          | 9                      | €275,000,000          |
| Healthcare      | 2                      | €493,800,000          |
| Other/Mixed Use | 3                      | €436,100,000          |
| <b>TOTAL</b>    | <b>34</b>              | <b>€2,799,000,000</b> |

### SIGNIFICANT SALES

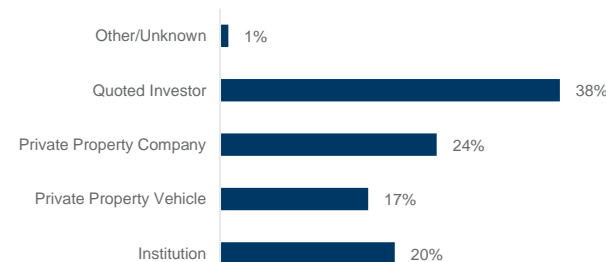
| PROPERTY NAME               | TYPE        | BUYER  | SELLER                        | TOTAL SQM | PURCHASE PRICE | PRICE / UNIT (€/sqm) | MARKET               |
|-----------------------------|-------------|--|-------------------------------|-----------|----------------|----------------------|----------------------|
| OP Group Headquarters       | Office      | Varma/<br>NH Investment &<br>Securities/<br>Shinhan Investment<br>Corp | OP Group                      | 74,000    | €480,000,000   | 6,486                | Vallila, Helsinki    |
| Ruoholahti Office portfolio | Office      | Antilooppi   | Sponda                        | 100,000   | n.a.           | n.a.                 | Ruoholahti, Helsinki |
| Portfolio of 676 apartments | Residential | Kojamo   | SRV                           | 28,500    | €197,000,000   | 6,912                | Helsinki Region      |
| Shares of Hoivatilat        | Care        | Aureit Holding (Aedifica)  | Shareholders of<br>Hoivatilat | n.a.      | €480,000,000   | n.a.                 | Multiple             |
| Hemfosa Finland             | Mixed use   | SBB i Norden AB  | Shareholders of<br>Hemfosa    | n.a.      | €369,000,000   | n.a.                 | Multiple             |

Sources: Cushman & Wakefield

### PRIME YIELD TREND



### TOTAL ACQUISITIONS BY CAPITAL SECTOR



### VILLE SUOMINEN

Director, Valuation & Research

+358 10 836 8455

[ville.suominen@cushwake.fi](mailto:ville.suominen@cushwake.fi)

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