

YoY Chg 12-Mo. Forecast

3.4%
Prime Yield (office)



€0.72bn
Total Volume, Q3



€3.98bn
Total Volume, YTD



€1.43bn
Office Volume, YTD



€0.70bn
Residential Volume, YTD



Sources: Cushman & Wakefield, KTI

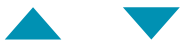
ECONOMIC INDICATORS Q3 2020

YoY Chg 12-Mo. Forecast

3.2%
GDP growth, QoQ, Q3 2020



8.2%
Unemployment Rate in Q3



-0.34%
10-Yr Gov. Bond in Q3



Source: Oxford Economics, Bank of Finland

ECONOMIC OVERVIEW:

Finnish economy experienced a less severe GDP contraction than most European economies in the first half of 2020. However, the GDP is still expected to contract 3.7% in 2020. The recovery is already underway and the latest high frequency data shows economic growth in June and July although it is still weighted down as high unemployment and slow recoveries in Finland's key trading partners persist. Finland's economy should be back on the growth track by next year with an GDP growth forecast of 1.8% in 2021. The economy has already started to recover from the lows of April. Consumer spending has significantly improved as restrictions were eased through May. Industrial production and retail sales fell less than eurozone average.

INVESTMENT OVERVIEW:

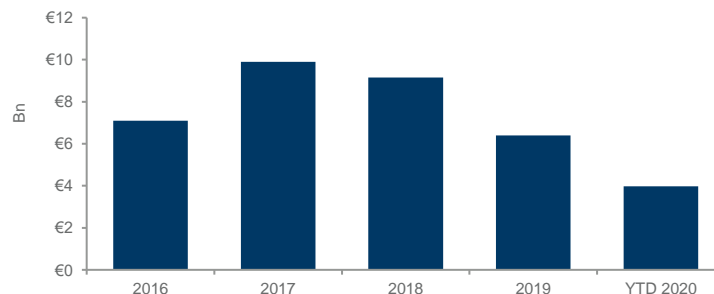
In Q3 the volume reached over €700mn (KTI). The activity was halted due to uncertainties in the market. Owners looking to divest were cautious about entering the market as pricing remained a question mark due to lack of comparable transactions and travel restrictions for international buyers created a risk of not being able to conduct site visits.

Existing residential and logistics are very actively sought after, and demand is exceeding supply pushing yields to record levels. Office and Retail have experienced more uncertainty and in these asset classes long leases are now preferred. Office assets with short leases have experienced a slight price decrease due to uncertainties of short-term market rent growth.

The most traded sector in 2020 so far has been the office sector, and the residential sector the second most traded. The share of international investors was some 50% in Q1-Q3 2020.

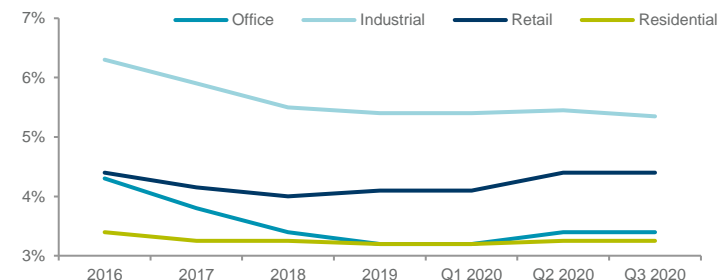
The amount of capital raised by investors, low interest rates and positive economic outlook for the Nordics compared to Southern Europe is expected to fuel active investment market as soon as Covid-19 restrictions are eased. There is good office demand, but processes are slow due to uncertainty of when working as the office is fully allowed.

INVESTMENT SALES VOLUME



Source: Cushman & Wakefield, KTI

PRIME YIELD TREND



Source: Cushman & Wakefield

MARKETBEAT FINLAND

Investment Q3 2020



INVESTMENT ACTIVITY (YTD)

PROPERTY TYPE	NUMBER OF TRANSACTIONS	SALES VOLUME (EUR)
Office		€1,430,000,000
Industrial		€410,000,000
Residential		€700,000,000
Retail		€650,000,000
Healthcare		€680,000,000
Other		€110,000,000
TOTAL	150-159	€3,980,000,000

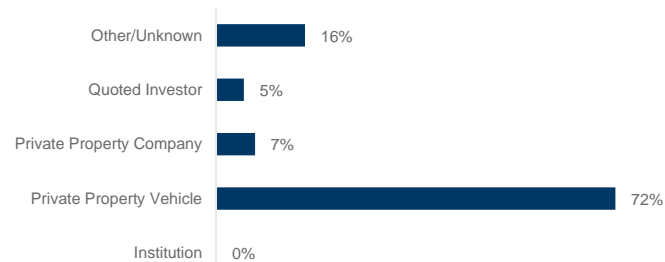
Sources: KTI

SIGNIFICANT SALES (Q3)

PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQM	PURCHASE PRICE	PRICE / UNIT (€/sqm)	MARKET
Arkadiankatu 23	Office	LaSalle Investment Management	OP-Henkivakuutus Oy	10,800	€45,500,000	4,200	Töölö/city centre, Helsinki
Next (under dev. Fiskars HQ)	Office	Warburg-HIH Invest	NCC Property Development	10,000	n.a.	n.a.	Keilaniemi, Helsinki
Hermia 5 & 6	Office	Quadoro Investment GmbH	n.a.	30,000	€57,000,000	1,900	Hervanta, Tampere
Residential portfolio (over 600 apartments)	Residential	Company formed by YIT & Erikoissijoitusrahasto OP Vuokratuotto	YIT	n.a.	€130,000,000	n.a.	Multiple
Residential portfolio (306 apartments)	Residential	Morgan Stanley Real Estate Investing	Merimieseläkekassa & Nuorisosäätiö	n.a.	n.a.	n.a.	HMA

Sources: Cushman & Wakefield, KTI

TOTAL ACQUISITIONS BY CAPITAL SECTOR (Q3)



Source: Cushman & Wakefield

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