

	YoY Chg	12-Mo. Forecast
-3.0% Exports, QoQ	▼	▼
5.4% Prime yield, NIY	▼	▬
€9.25 Prime rent, PSM/m	▬	▬

FINLAND ECONOMIC INDICATORS Q1 2020

	YoY Chg	12-Mo. Forecast
-1.8% GDP Growth Q1 2020	▼	▲
7.5% Finland Unemployment Rate	▲	▲

Source: Oxford Economics

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.

Occupier focus

There were signs of improving occupier demand pre-COVID-19. No immediate impact on the industrial occupier market was recorded in Q1. Export driven businesses can see difficulties due to the pandemic. Then again, e-commerce saw a healthy boost, which can increase the demand for selected logistics premises.

In Q1 2020 there were no new logistics completions in the Helsinki Metropolitan Area. Currently there are a 10,000 sq.m logistics building under construction in Vantaa. The development is constructed by SRV and has been forward purchased by Sagax in Q4 2019. Further, in Kerava, Sipoo and Järvenpää a total of 50,000 sq. m of logistics (gross) space is currently under construction. The developments consist mostly of build-to-suit buildings, although part of the premises are built speculatively.

Investment focus

The amount of published deals was some €185mn in Q1 2020. Prime yields in Q1 2020 were at 5.4% in Helsinki and are around 40-110 bps higher in the regional markets. There were no clear evidence on yield movement in Q1 and the possible COVID-19 impact will be seen in the coming quarters.

Outlook

Weak overall trade environment and slow growth with Finland's key trading partners combined with the pandemic are major challenges for Finnish exports and industrial sector in the coming years. The occupier demand is expected to improve in selected logistics segments going forward as the consumers have been forced to get accustomed to e-commerce even for grocery shopping.

PRIME YIELD & PRIME RENT



MARKETBEAT

FINLAND

Industrial Q1 2020



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