

YoY Chg 12-Mo. Forecast

8.4%
Exports, QoQ



5.35%
Prime yield, NIY



€9.25
Prime rent, PSM/m



FINLAND ECONOMIC INDICATORS Q3 2020

YoY Chg 12-Mo. Forecast

3.2%
GDP Growth
QoQ, Q3 2020



8.2%
Finland
Unemployment Rate



Source: Oxford Economics

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 recovery of the Finnish economy depends significantly on global trade conditions. Exports, especially service, fell sharply in H1. Recovery in H2 is expected through recovering global trade, however, significant risk on weak external demand remains as virus cases rise and tourism remains low.

Occupier focus

No immediate impact on the industrial occupier market was recorded in H1. Export driven businesses can see difficulties due to the pandemic. On the other hand, e-commerce saw a healthy boost during Q2-Q3, which will increase the demand for selected logistics premises. There were no signs for rent level movement in Q3.

In 2020 so far, some 10,000 sq.m of new logistics premises have been completed in the Helsinki Metropolitan Area. The completed development is located in Viinikkala, Vantaa and the main users are Thomeko and Sto Finexter. Also, 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 Sipoo some 20,000 sq. m of logistics (gross) space was completed in Q3, and additional 20,000 sq.m is currently under construction Kerava. The developments consist mostly of build-to-suit buildings, although part of the premises are built speculatively.

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 Q3 2020



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