

| | YoY Chg | 12-Mo. Forecast |
|-----------------------------------|---------|-----------------|
| -9.1% Exports, 2020 | ▼ | ▲ |
| 4.75% Prime yield, NIY | ▼ | ▼ |
| €9.25 Prime rent, PSM/m | ▬ | ▬ |

FINLAND ECONOMIC INDICATORS 2020

| | YoY Chg | 12-Mo. Forecast |
|--|---------|-----------------|
| -3.8% GDP Growth | ▼ | ▲ |
| 7.8% Finland Unemployment Rate | ▲ | ▼ |

Source: Bank of Finland

Overview

Finnish economy experienced a less severe downturn than most European economies in 2020 but a challenging winter is still ahead. The vaccinations are expected to gradually slow down the pandemic during 2021. With the economy slowly returning towards normal, household consumption is expected to drive growth of 2.2% in 2021 and 2.5% in 2022. The economy has seen a strong recovery from the spring lows, but challenging conditions still persist. High unemployment, and the strong second wave of the pandemic in Finland's key trading partners are risking economic growth for the coming months. The challenges in the export market are expected to gradually recover but not contribute significantly to the growth forecast for the coming years.

Occupier focus

Occupier market in the industrial and the logistics sectors remained mainly stable and unchanged during the 2020. As the Finnish economy overall, the industrial operators in general survived the first waves of the pandemic solidly and unscathed. There is no evidence of rent level movement during 2020.

In 2020, some 10,000 sq.m of new logistics premises was 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 some 30,000 sq.m of logistics premises under construction in Vantaa. Further, in Sipoo some 20,000 sq. m of logistics (gross) space was completed in Q3, and additional 20,000 sq.m was completed in Q4 in Kerava. The developments consist mostly of build-to-suit buildings, although part of the premises are built speculatively.

Outlook

Export driven businesses, but also industries solely based on domestic markets, might still face severe challenges due to the pandemic and the overall slowing economy with trading partners during H1 and H2 2021. The outlook for the industrial properties remains therefore misty, as the individual operators often occupying the properties alone, might experience the remaining COVID-19 related challenges rather differently. 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 Q4 2020



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