

# MARKETBEAT FINLAND



## Investment Q1 2021

YoY Chg      12-Mo. Forecast

**3.4%**  
Prime Yield (office)



**€0.8bn**  
Total Volume, Q1 2021



**€3.5bn**  
Total Volume, rol. 12m



**€0.34bn**  
Residential Volume, Q1



**€0.2bn**  
Office Volume, Q1



Sources: Cushman & Wakefield, KTI

### ECONOMIC INDICATORS Q1 2021

YoY Chg      12-Mo. Forecast

**0.04%**  
GDP growth, Q-to-Q



**8.8%**  
Unemployment Rate



**-0.09%**  
10-Yr Gov. Bond



Source: Moody's Analytics, Bank of Finland

### ECONOMIC OVERVIEW:

Finnish GDP growth beat expectations in the last quarter of 2020 and the economy is set for a recovery in 2021. However, new covid-19 restrictions and a slow vaccine rollout continue to weigh down growth at the first half of the year. Wider vaccination rollout and accelerating GDP will boost the recovery in the second half of 2021. GDP decreased -3.2% in 2020 and is set to grow 2.6% in 2021 and 2.3% in 2022. The growth is mainly driven by upturn in global economy and increased exports. Secondly the growth is boosted by bottled-up private consumption and replenished service sector. Finland has navigated well through the pandemic. Low infection rates have allowed Finland to remain mostly open without major lockdowns or harsh restrictions.

### INVESTMENT OVERVIEW:

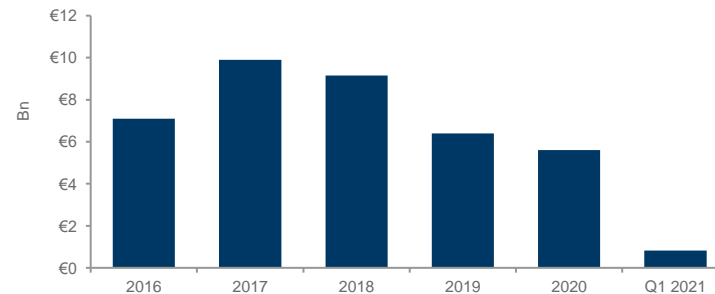
In Q1 2021 the total investments were only €830mn mainly due to lockdown restrictions caused by the 3rd wave of the COVID-19 pandemic. Due to the restrictions, selected investment segments were relatively inactive. Office divestments were mainly on hold related to uncertainty related to future office occupier demand, and difficulty to arrange travels and asset inspections for international investors. On the other hand, industrial / logistics assets and residential investments have been actively marketed and very sought after, resulting in record low yields in recently completed transactions.

Existing residential, logistics, and public use properties are very actively sought after, and demand is exceeding supply pushing yields to record levels.

The most traded sectors in Q1 2021 was the residential (41%), office (23%), and public use (17%) sectors. The share of international investors was some 50% in the first quarter of 2021.

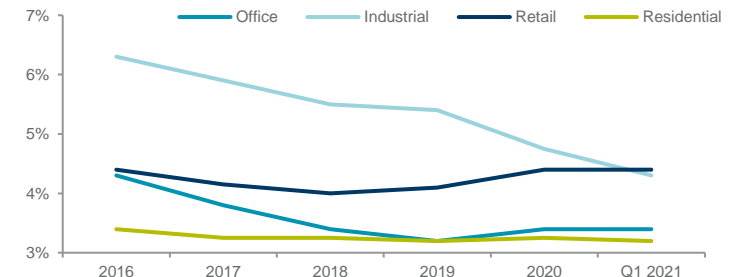
According to discussions with active investors, capital allocation targets for the Nordics & the Finnish market are very ambitious for the rest of 2021. This combined with well progressing vaccination rollout raises the expectation on the Finnish investment activity to a high level for 2021.

### INVESTMENT SALES VOLUME



Source: Cushman & Wakefield, KTI

### PRIME YIELD TREND



Source: Cushman & Wakefield

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## Investment Q1 2021



### INVESTMENT ACTIVITY (YTD 2021)

PROPERTY TYPE	NUMBER OF TRANSACTIONS	SALES VOLUME (EUR)
Office		€190,000,000
Industrial		€110,000,000
Residential		€340,000,000
Retail		€50,000,000
Healthcare		€40,000,000
Other		€100,000,000
<b>TOTAL</b>	<b>49</b>	<b>€830,000,000</b>

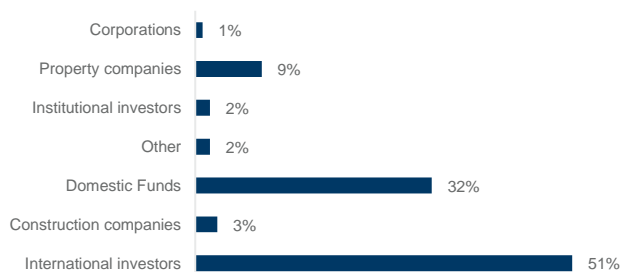
Sources: KTI

### SIGNIFICANT SALES (Q1)

PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQM	PURCHASE PRICE	PRICE / UNIT (€/sqm)	MARKET
Metsä Group and Mela HQ	Office	NREP	Metsäliitto Cooperative Farmers' Social Insurance Institution Mela	20,000	€90,000,000	4,500	Tapiola, Espoo
400 rental apartments	Residential	Avara Residential Fund II Ky	FIM Asuntorahasto I Ky FIM Asuntotuotto Erikoissijoitusrahasto (managed by SBank)	20,000	n.a.	n.a.	Multiple
Hyperion	Residential	Unilmmo	Skanska	10,500	€74,000,000	7,050	Vuosaari, Helsinki
Logistics/industrial property	Industrial	AB Sagax	HKScan Oyj	51,000	€77,000,000	1,510	Vantaa

Sources: KTI

### PROFILE OF BUYERS (Q1 2021)



Source: KTI

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