

MARKETBEAT FINLAND



Investment Q3 2021

3.2%

Prime Yield (office)

YoY
Chg



12-Mo.
Forecast



€4.7bn

Total Volume, 2021



€6.3bn

Total Volume, rol. 12m



€1.7bn

Residential Volume, 2021



€1.5bn

Office Volume, 2021



Sources: Cushman & Wakefield, KTI

ECONOMIC OVERVIEW:

Finnish economy is picking up its pace on the path towards full recovery from the recession. New pandemic restrictions continued to weigh down growth in the first half of the year, but the successful vaccination rollout has set the economy on track for a fast recovery. The second quarter already showed the signs of strengthening and the output is set to further accelerate on Q3. The recovery is forecasted to remain strong into next year until settling for moderate growth. GDP decreased -2.9% in 2020 and is set to grow 3.2% in 2021 and 2.6% in 2022. Businesses and consumers are the main drivers of the economy over the near term. A significant contribution to GDP growth will be attributed to private consumption, improved consumer sentiment and a release of held back demand.

INVESTMENT OVERVIEW:

In Q3 2021 the total investments were approximately €2.0bn, resulting to some €4.7bn transaction volume for the YTD 2021. Existing logistics & public use added with both standing and under construction residential properties are very actively sought after. The demand is exceeding supply in these sectors pushing yields to record levels. The demand for office properties has continued to grow in Q3 as major office deals were completed. As a result, office prime yield returned to pre-COVID level. In addition, the demand in regional cities has increased leading to yield compression in multiple markets and sub-markets in Finland. In addition, activity in the retail segment has gained some momentum, especially in grocery store assets and big box units – although still behind the volumes of pre-COVID years.

The most traded sectors in Q1-Q3 2021 was the residential (37%), office (32%) and public use (11%) sectors. The share of international investors was some 52% in 2021 so far.

According to recent completed transactions and ongoing processes, capital allocation targets for the Nordics and the Finnish markets are very ambitious for the rest of 2021. This combined with open borders for investor visits and lifted restrictions for day-to-day life raises the expectation on the Finnish investment activity to a high level for 2021.

ECONOMIC INDICATORS Q3 2021

0.79%

GDP growth, Q-to-Q

YoY
Chg



12-Mo.
Forecast



7.7%

Unemployment Rate



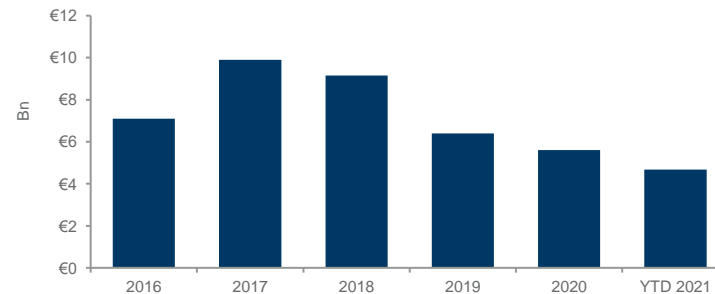
0.02%

10-Yr Gov. Bond



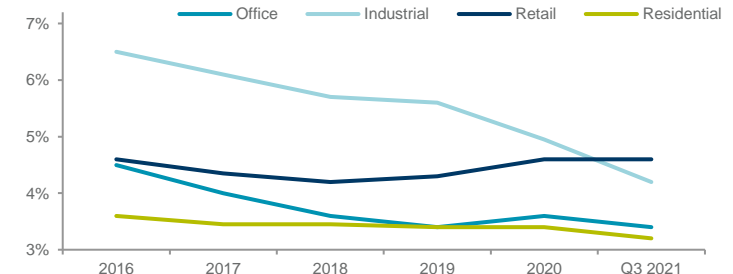
Source: Moody's Analytics, Bank of Finland

INVESTMENT SALES VOLUME



Source: Cushman & Wakefield, KTI

PRIME YIELD TREND



Source: Cushman & Wakefield

MARKETBEAT FINLAND

Investment Q3 2021



INVESTMENT ACTIVITY (YTD 2021)

PROPERTY TYPE	NUMBER OF TRANSACTIONS	SALES VOLUME (EUR)
Office		€1,490,000,000
Industrial		€510,000,000
Residential		€1,730,000,000
Retail		€370,000,000
Healthcare		€240,000,000
Other		€320,000,000
TOTAL	215	€4,670,000,000

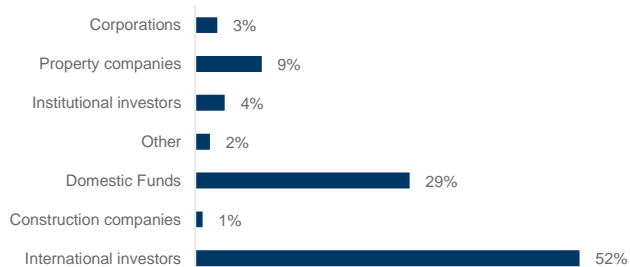
Sources: KTI

SIGNIFICANT SALES (Q3)

PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQM	PURCHASE PRICE	PRICE / UNIT (€/sqm)	MARKET
Kielo AB (22 office properties)	Office	Castellum	Blackstone Tactical Opportunities, Brunswick Real Estate	237,000	€640,000,000	2,700	Multiple
9 office properties	Office	Brunswick Real Estate, Nyfosa	Castellum	67,000	€208,000,000	3,100	Jyväskylä
461 rental apartments	Residential	PATRIZIA	Taaleri Asuntorahasto VI Ky	25,000	€145,000,000	5,800	HMA
257 rental apartments	Residential	Fund managed by DWS Real Estate GmbH	SRV Yhtiöt Oyj	n.a.	€82,000,000	n.a.	Helsinki region

Sources: KTI, Cushman & Wakefield

PROFILE OF BUYERS (YTD 2021)



Source: KTI

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