

MARKETBEAT FINLAND



Investment Q4 2021

	YoY Chg	12-Mo. Forecast
3.0% Prime Yield (office)	▼	▼
€7.0bn Total Volume, 2021	▲	▬
€2.2bn Total Volume, 2021 Q4	▲	▬
€2.3bn Residential Volume, 2021	▬	▬
€2.0bn Office Volume, 2021	▬	▬

Sources: Cushman & Wakefield, KTI

ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
0.27% GDP growth, Q-to-Q	▲	▲
7.0% Unemployment Rate	▼	▼
0.07% 10-Yr Gov. Bond	▲	▬

Source: Moody's Analytics, Bank of Finland

ECONOMIC OVERVIEW:

Finnish economy has reached full recovery in output and employment is well ahead of European peers. Thus, the Finnish economy will moderate over the year 2022. After the -2.9% GDP decrease in 2020 the GP grew by 3.5% in 2021. The estimated growth for 2022 is 2.4%. The Finnish economy has been considerably more resilience than predicted throughout 2021. Although, the COVID-19 transmissions have periodically elevated, the performance has exceeded expectations. Consumers will be the main driver of the short-term growth. Employment bounced back to pre-pandemic levels in mid-2021, well before the euro zone average.

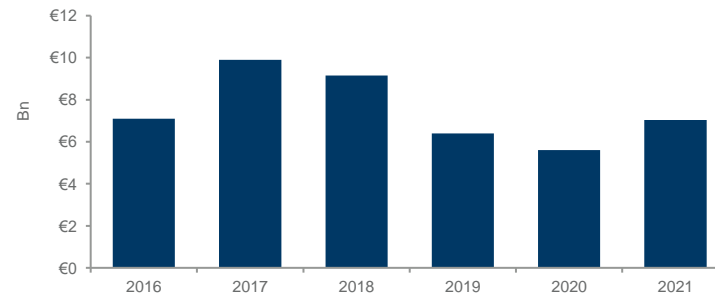
INVESTMENT OVERVIEW:

In Q4 2021 the total investments were approximately €2.2bn, resulting to some €7.0bn transaction volume for the FY 2021. The investor demand towards the Finnish property market continued its strong growth in Q4. Residential, public use, and logistics sectors has been the most sought after during the pandemic, however in H2 2021 the demand towards office sector has clearly rekindled. Also, during 2021 the demand towards light industrial assets has increased notably. Retail sector has seen activity, as well, but still behind the demand that was present prior COVID-19. Yield compression has been evident in multiple sectors and sub-markets, leading to record low yield levels in office, logistics, residential, and public use sectors. Also, the yield levels in retail park/big box segment has beaten the pre-COVID levels.

The most traded sectors in 2021 was the residential (33%), office (29%) and industrial properties (15%) sectors. The share of international investors was some 54% in 2021.

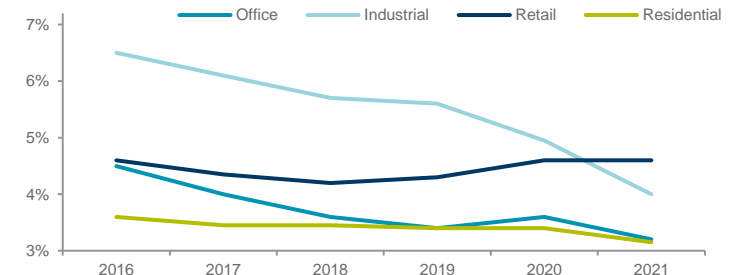
According to recent completed transactions and ongoing processes, capital allocation targets for the Nordics and the Finnish markets are ambitious for 2022. This combined with open borders for investors to visit and lifted restrictions for day-to-day life raises the expectation on the Finnish investment activity to a high level for 2022.

INVESTMENT SALES VOLUME



Source: Cushman & Wakefield, KTI

PRIME YIELD TREND



Source: Cushman & Wakefield

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INVESTMENT ACTIVITY (2021)

PROPERTY TYPE	NUMBER OF TRANSACTIONS	SALES VOLUME (EUR)
Office		€2,030,000,000
Industrial		€1,050,000,000
Residential		€2,310,000,000
Retail		€700,000,000
Healthcare		€470,000,000
Other		€440,000,000
TOTAL	338	€7,000,000,000

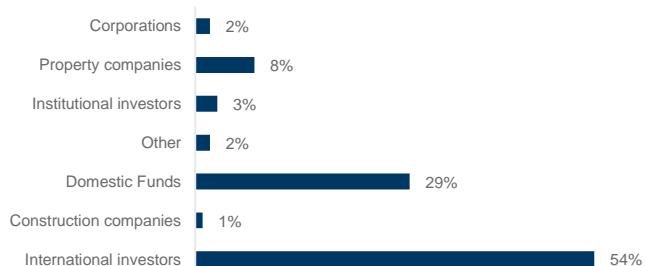
Sources: KTI

SIGNIFICANT SALES (Q4)

PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQM	PURCHASE PRICE	PRICE / UNIT (€/sqm)	MARKET
Public use property portfolio	Public use	Erikoissijoitusrahasto eQ Yhteiskuntakiinteistöt	City of Jyväskylä	55,000	€141,000,000	2,560	Jyväskylä
Helsingin Atlas (288 apartments)	Residential	Unilmmo: Global	Skanska Oy	15,952	€100,000,000	6,270	Helsinki
Columbus SC	Retail	NREP	Citycon Oyj	20,000	€106,200,000	5,310	Helsinki
Fredriksberg D	Office	Fund managed by abrdn	NCC Property Development	8,500	€75,000,000	8,824	Helsinki

Sources: KTI, Cushman & Wakefield

PROFILE OF BUYERS (2021)



Source: KTI

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