

MARKETBEAT FINLAND



Investment Q3 2022

3.25%

Prime Yield (office)

YoY
Chg



12-Mo.
Forecast



€8.1bn

Total Volume, Roll. 12m



€6.0bn

Total Volume, 2022 YTD



€1.9bn

Resi. Volume, 2022 YTD



€1.08bn

Retail Volume, 2022 YTD



Sources: Cushman & Wakefield, KTI

ECONOMIC OVERVIEW:

Economic growth in H1 2022 in Finland was on a healthy level, mostly due to pent up demand and the recovery of the service sector from the pandemic, which both continue to support the growth in 2022. However, the risks that Finland falls into recession over the next 12 months are rising. Finland has been seen, however, to be better positioned compared to the rest of euro zone due to diverse industrial structure. Finland's economy is expected to grow 2.5% this year and 0.9% in 2023. Consumer price index is forecasted to be 6.8% in 2022 and, due to high energy prices, remain above target at 4.4% in 2023. (Moody's Analytics)

INVESTMENT OVERVIEW:

In Q3 2022 the total investments were approximately €1.5bn – rolling 12-month investment volume being €8.1bn. The most traded sectors in 2022 YTD was residential (32%), retail (18%), and healthcare properties (18%) sectors. The share of international investors was some 45% in 2022 YTD.

Very volatile interest rate movement and increased cost of debt capital has put all yields under pressure. Investment appetite remains high, as there are major sources of capital to be allocated to the market and Finland still offers returns compared to the Central European markets, although investors seem to homogeneously move up the risk curve from core to core+ and even to value add, to compensate for the high cost of loan capital.

Raised energy costs put pressure on operating costs, whilst it remains unclear whether owners will be able to apply full indexation during 2023, as CPI is expected to end up at close to 7% in Finland for 2022. This will further put pressure on property values.

ECONOMIC INDICATORS Q3 2022

-0.06%

GDP growth, Q-to-Q

YoY
Chg



12-Mo.
Forecast



7.06%

Unemployment Rate



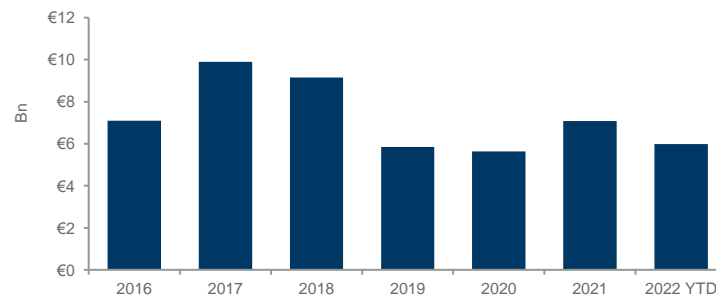
2.78%

10-Yr Gov. Bond



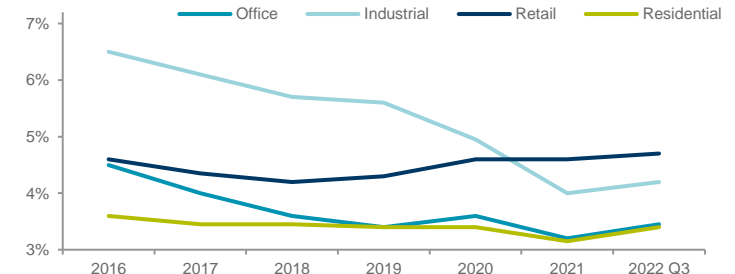
Source: Moody's Analytics, Bank of Finland

INVESTMENT SALES VOLUME



Source: Cushman & Wakefield, KTI

PRIME YIELD TREND



Source: Cushman & Wakefield

MARKETBEAT FINLAND

Investment Q3 2022



INVESTMENT ACTIVITY (2022 YTD)

PROPERTY TYPE	NUMBER OF TRANSACTIONS	SALES VOLUME (EUR)
Office		€897,000,000
Industrial		€837,000,000
Residential		€1,914,000,000
Retail		€1,076,000,000
Healthcare		€1,060,000,000
Other		€196,000,000
TOTAL	209	€5,980,000,000

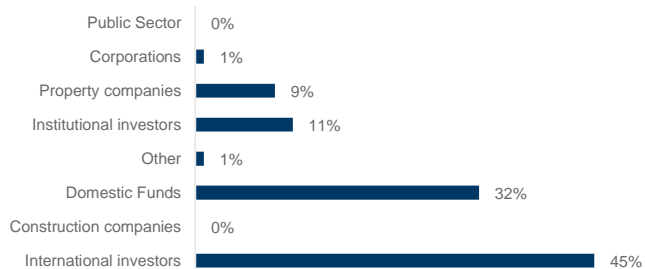
Sources: KTI

SIGNIFICANT SALES (2022 Q3)

PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQM	PURCHASE PRICE	PRICE / UNIT (€/sqm)	MARKET
2,200 rental apartments	Residential	GIC, Orange Capital Partners (OCP)	Starwood capital group in partnership with Avara Ltd	n.a.	€165,600,000	n.a.	Oulu
Shopping Centre Kaari	Retail	Keva	Niam	100,000	€137,000,000	1,370	Multiple
SaKa Portfolio	Industrial	Partners Group AG	Kaleva Mutual Insurance Company, Mandatum Life	66,000	€120,000,000	1,820	HMA
Pasilan Visio	Office	Funds managed by Swiss Life Asset Managers Nordic	Fennia Mutual Insurance Company	6,036	€58,000,000	9,610	Helsinki, Jätkäsaari

Sources: KTI, Cushman & Wakefield

PROFILE OF BUYERS (2022 YTD)



Source: KTI

VILLE SUOMINEN

Director, Valuation & Research

+358 10 836 8455

ville.suominen@cushwake.fi

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and approximately 60 countries. In 2021, the firm had revenue of \$9.4 billion across core services of property, facilities and project management, leasing, capital markets, and valuation and other services.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com