

# MARKETBEAT FINLAND



## Investment Q2 2023

	YoY Chg	12-Mo. Forecast
<b>4.00%</b> Prime Yield (office)	▲	▲
<b>€4.2bn</b> Total Volume, Roll. 12m	▼	▼
<b>€1.4bn</b> Total Volume, H1 2023	▼	▲
<b>€0.58bn</b> Resi. Volume, H1 2023	▼	▲
<b>€0.28bn</b> Industrial Volume, H1 2023	▼	▲

Sources: Cushman & Wakefield, KTI

### ECONOMIC INDICATORS Q2 2023

	YoY Chg	12-Mo. Forecast
<b>0.04%</b> GDP growth, Q-to-Q	▼	▲
<b>6.79%</b> Unemployment Rate	▼	▼
<b>2.92%</b> 10-Yr Gov. Bond	▲	—

Source: Moody's Analytics, Bank of Finland

### ECONOMIC OVERVIEW:

The Finnish economy is expected to see some accelerated growth in H2 of 2023. The Finnish economy expanded in the first quarter of the year and the annual total GDP growth is expected to land at 1.7% in 2023. Improved conditions in the energy market have lowered prices helping reduce overall inflation which is expected to fall below European Central Bank's 2% target by 2024. The labor market has remained steady through the challenges and as price pressure eases, there is an expected increase in household consumption and consumer confidence in the second half-year. Real investment spending was at its lowest levels in years during Q1 due to increasing interest rates, elevated input costs and uneven global demand. While there is some expected improvement within the variables, business confidence is trending downwards, and growth will be uneven in the near future. (Moody's Analytics)

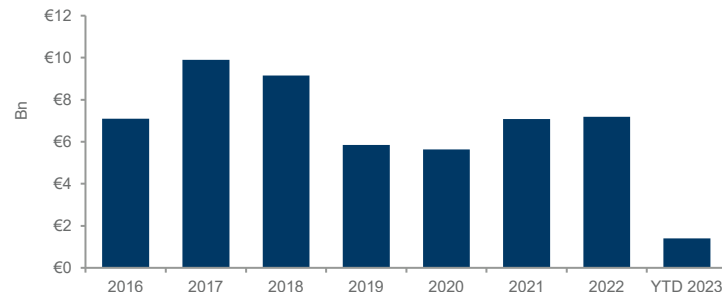
### INVESTMENT OVERVIEW:

In Q2 2023 the total investment volume was approximately €1.0bn. Thus, a clear increase from Q1 when the volume was only some €0.4bn. However, still behind the 10-year quarterly average volume of €1.5bn. The most traded sectors in the first half of 2023 were residential (41%), industrial (20%), and office (14%). The share of international investors was some 56% in H1 2023, compared to 43% in 2022.

Volatility in the interest rate market continued through the first half of 2023 leading cautiousness among investors and low activity in the investment market. Investment appetite remains at healthy level. Investor return requirements and seller price expectations are approaching each other, although still at a different level.

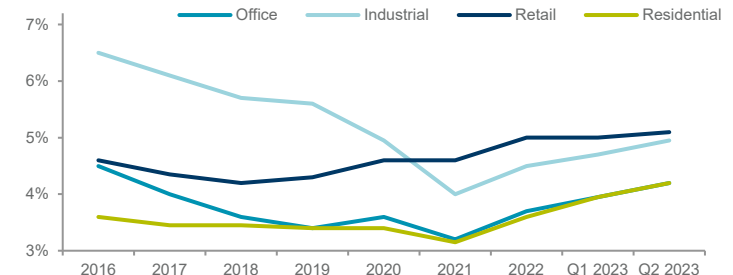
Outlook for the second half of the year is anticipating, as there is still quite a lot of uncertainty related macro indicators. Inflation needs to start approaching FED / EBC targets before interest rate corrections and there is still a risk of an American recession ahead. On the other hand, different strategies have been able to raise equity to be able to quickly activate right after or slightly before the market opens on a larger scale.

### INVESTMENT SALES VOLUME



Source: Cushman & Wakefield, KTI

### PRIME YIELD TREND



Source: Cushman & Wakefield

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## Investment Q2 2023



### INVESTMENT ACTIVITY (YTD 2023)

PROPERTY TYPE	NUMBER OF TRANSACTIONS	SALES VOLUME (EUR)
Office		€196,000,000
Industrial		€280,000,000
Residential		€574,000,000
Retail		€126,000,000
Public use		€196,000,000
Other		€14,000,000
<b>TOTAL</b>	<b>97</b>	<b>€1,400,000,000</b>

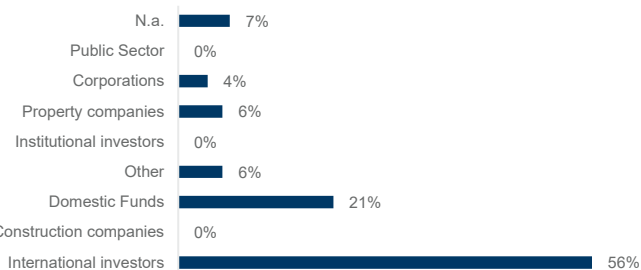
Sources: KTI

### SIGNIFICANT SALES (YTD 2023)

PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQM	PURCHASE PRICE	PRICE / UNIT (€/sqm)	MARKET
Kalasataman Horisontti	Office	Niam	SRV	11,700	n.a.	n.a.	Helsinki, Kalasatama
Logistics property (PostNord)	Industrial	Blackstone	Fund managed by abrdn	31,200	n.a.	n.a.	Vantaa
1200 rental apartments	Residential	Avant Capital Partners, KKR	Kruunuasunnot Oy	n.a.	n.a.	n.a.	Helsinki, Tampere, Turku
226 rental apartments	Residential	NREP	Erikoissijoitusrahasto S-Pankki Asunto	n.a.	n.a.	n.a.	Espoo, Vantaa
Office property	Office	NREP	Fund managed by AXA	17,300	n.a.	n.a.	Helsinki, Keilaniemi

Sources: KTI, Cushman & Wakefield

### PROFILE OF BUYERS (YTD 2023)



Source: KTI

### VILLE SUOMINEN

Head of Valuation

+358 10 836 8455

[ville.suominen@cushwake.fi](mailto:ville.suominen@cushwake.fi)

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