

MARKETBEAT FINLAND



Investment Q3 2023

YoY Chg 12-Mo. Forecast

4.25%

Prime Yield (office)



€3.1bn

Total Volume, Roll. 12m



€1.8bn

Total Volume, YTD 2023



€0.60bn

Resi. Volume, YTD 2023



€0.40bn

Office Volume, YTD 2023



Sources: Cushman & Wakefield, KTI

ECONOMIC INDICATORS Q3 2023

YoY Chg 12-Mo. Forecast

0.50%

GDP growth, Q-to-Q



6.97%

Unemployment Rate



3.56%

10-Yr Gov. Bond



Source: Moody's Analytics, Bank of Finland

ECONOMIC OVERVIEW:

According to the data and forecast updated in September, the Finnish economy expanded slightly in H1 2023 due to strong demand in the service sector and increased industrial production. Growth in the latter half of 2023 is set to remain stable and growth for the whole year is forecasted at 0.7%. Inflation has reduced from peak levels mostly due to improved situation in the energy markets and is forecasted to continue reducing in the latter half of 2023 before reaching ECB's 2% target by 2024. Household consumption is expected continue minor growth despite low levels of consumer confidence. The labor market has remained steady throughout the year although unemployment rate is forecasted to increase slightly in late 2023. Interest rates increased in Q3 2023, which has affected investment spending, but ECB's interest rates have likely hit their peak levels. Overall, the short-term market outlook is clouded with uncertainty as multiple sectors notably building and industrial sectors have been struggling recently. (Moody's Analytics)

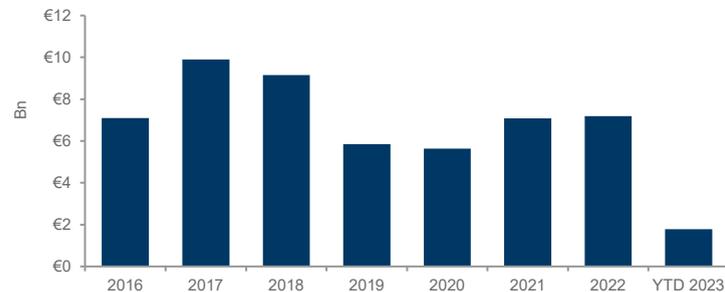
INVESTMENT OVERVIEW:

In Q3 2023 the total investment volume was approximately €0.4bn. Thus, a clear decrease from Q2 when the volume was some €1.0bn. The 10-year quarterly average volume is €1.6bn. The most traded sectors in YTD 2023 were residential (34%), office (22%), and industrial (19%). The share of international investors was some 55% in YTD 2023, compared to 45% in 2022.

In Q3 there was lack of quality investment product and reversed capital flow has limited the number of active buyers, leading to low activity in the investment market. Investor return requirements and seller price expectations are approaching each other, although still at a different level.

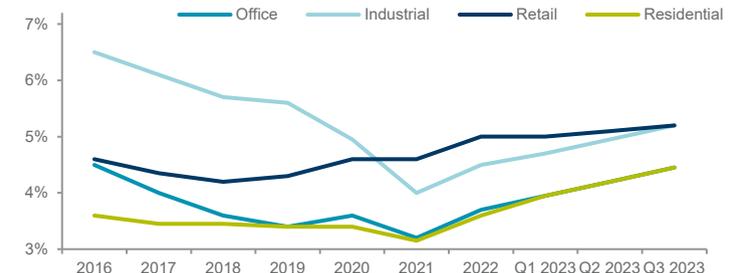
In Q4 there is a healthy amount of investment product on the market, although it remains to be seen, whether the limited number of active buyers can digest all opportunities available. War in the middle east puts pressure on the decreasing European inflation and increases the uncertainty related to the highly anticipated interest decrease scenario.

INVESTMENT SALES VOLUME



Source: Cushman & Wakefield, KTI

PRIME YIELD TREND



Source: Cushman & Wakefield

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Investment Q3 2023



INVESTMENT ACTIVITY (YTD 2023)

PROPERTY TYPE	NUMBER OF TRANSACTIONS	SALES VOLUME (EUR)
Office		€400,000,000
Industrial		€330,000,000
Residential		€600,000,000
Retail		€170,000,000
Public use		€250,000,000
Hotels		€30,000,000
TOTAL	126	€1,780,000,000

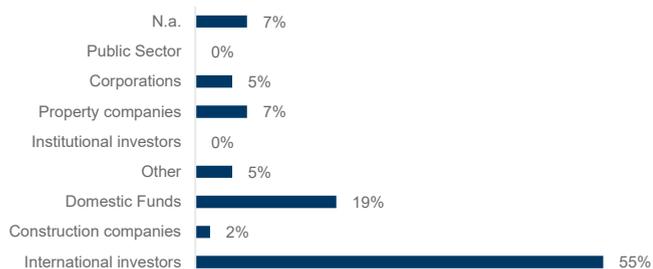
Sources: KTI

SIGNIFICANT SALES (Q3 2023)

PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQM	PURCHASE PRICE	PRICE / UNIT (€/sqm)	MARKET
Lyra	Office	Niam	Ylva/Varma	10,400	n.a.	n.a.	Helsinki, Kallio
Logistics property	Industrial	VVT Property Fund II Ky	OP Real Estate Asset Management	17,000	n.a.	n.a.	Tuusula
Maistraatinportti	Office	Fennia Mutual Insurance Company	YIT	12,400	n.a.	n.a.	Helsinki, Pasila
Voimatalo	Office	GNRE Fund III	Schroder Nordic Real Estate Fund	9,300	n.a.	n.a.	Helsinki, Kamppi
Shopping centre Espoontori	Retail	Kesko Oyj	Cerberus Capital Management, L.P.	n.a.	n.a.	n.a.	Espoo

Sources: KTI, Cushman & Wakefield

PROFILE OF BUYERS (YTD 2023)



Source: KTI

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