

MARKETBEAT FINLAND



Investment Q4 2023

	YoY Chg	12-Mo. Forecast
4.6% Prime Yield (office)	▲	▲
€2.6bn Total Volume, Roll. 12m	▼	▲
€2.6bn Total Volume, 2023	▼	▲
€0.71bn Resi. Volume, 2023	▼	▲
€0.59bn Industrial Volume, 2023	▼	▲

Sources: Cushman & Wakefield, KTI

ECONOMIC INDICATORS Q4 2023

	YoY Chg	12-Mo. Forecast
0.19% GDP growth, Q-to-Q	▼	▲
7.22% Unemployment Rate	▲	▼
2.77% 10-Yr Gov. Bond	▼	—

Source: Moody's Analytics, Bank of Finland

ECONOMIC OVERVIEW:

The Finnish economy decreased slightly in 2023 with sectors significantly affected by the increased interest rates throughout 2023 suffering the most. Investments, building sector and the housing market saw major decreases in 2023 and weak development of the global economy has affected the export sector negatively. This trend is expected to continue in 2024. The labor market has been relatively steady although there has been a slight increase in the unemployment rate in 2023.

Inflation reduced rapidly in Finland during H2/2023 and this trend is set to continue in the early stages of 2024 before reaching and stabilizing around the ECB target level of 2% in the second half of 2024. Key ECB interest rates have likely seen their peak with first interest rate cuts expected at the end of H1/2024. Despite low level of consumer confidence, private consumption has remained relatively stable with some growth in Q4. Both are trending upwards after the pressure from the high interest rates eases off. Overall, there is optimism in the market and the Finnish economy is projected for minor growth in 2024 although there is still uncertainty regarding the future.

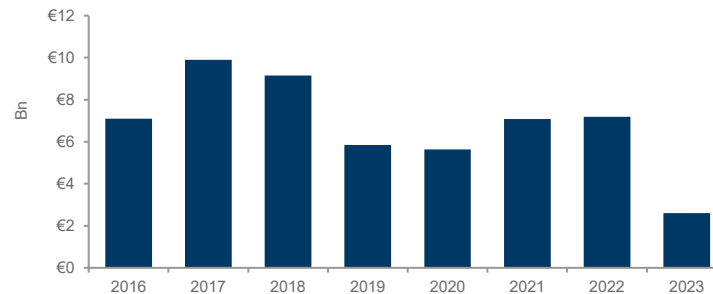
INVESTMENT OVERVIEW:

In Q4 2023 the total investment volume was approximately €0.8bn. Thus, a clear increase from Q3 when the volume was some €0.4bn. The 10-year quarterly average volume is €1.6bn. The most traded sectors in 2023 were residential (27%), public use (22%), and industrial (22%). The share of international investors was some 55% in 2023, compared to 45% in 2022.

The decrease in SWAP-rates combined with increased number of available product sparked the activity for the last quarter. Pricing correction is still a work in progress, but deal are going through with higher hit-rate compared to previous quarters, so the pricing gap is getting smaller.

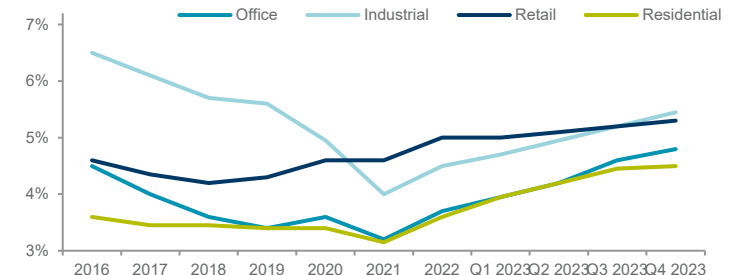
Outlook is looking cautiously positive with additional investment opportunities entering the market, with close eye on possible signals related to the direction of inflation and interest rates.

INVESTMENT SALES VOLUME



Source: Cushman & Wakefield, KTI

PRIME YIELD TREND



Source: Cushman & Wakefield

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INVESTMENT ACTIVITY (2023)

PROPERTY TYPE	NUMBER OF TRANSACTIONS	SALES VOLUME (EUR)
Office		€442,000,000
Industrial		€586,000,000
Residential		€711,000,000
Retail		€258,000,000
Care		€340,000,000
Other		€267,000,000
TOTAL	176	€2,604,000,000

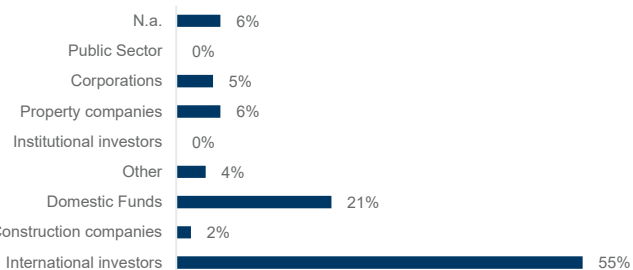
Sources: KTI

SIGNIFICANT SALES (Q4 2023)

PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQM	PURCHASE PRICE / €mn	PRICE / UNIT (€/sqm)	MARKET
17 care properties	Care	Nrep	eQ	29,000	100.00	n.a.	Multi
Tennispalatsi	Retail	Niam	City of Helsinki	17,000	30.00	n.a.	Helsinki
15 care properties	Care	Northern Horizon Capital	eQ	20,000	75.00	n.a.	Helsinki, Turku, Tampere
350 rental apartments	Residential	Catella	S-Bank	14,200	n.a.	n.a.	Espoo, Kerava, Tampere, Turku
Five logistics properties	Industrial	Goldman Sachs	n.a.	134,000	n.a.	n.a.	Kuopio, Oulu, Pirkkala, Tampere, Tuusula

Sources: KTI, Cushman & Wakefield

PROFILE OF BUYERS (2023)



Source: KTI

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