

	YoY Chg	12-Mo. Forecast
-3.43% Exports, 2024 forecast	▼	▲
5.25% Prime yield, NIY	▲	▲
€11.00 Prime rent, PSM/m	▲	▲

Source: Moody's Analytics, Cushman & Wakefield

FINLAND ECONOMIC INDICATORS Q4 2023

	YoY Chg	12-Mo. Forecast
0.19% GDP Growth, Q-to-Q	▼	▲
7.22% Unemployment Rate	▲	▼
-4.06% Exports, Q-to-Q	▼	▲

Source: Moody's Analytics

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.

After healthy growth in year-end 2021 for the export sector, in 2022 there was up and down movement throughout the year resulting to a slightly decreased export sector which has continued in 2023. In H1 of 2023 the decrease in exports was limited to 0.17% but has heightened in H2 2023 with exports decreasing by 5.5%. Early 2024 is expected to still see minor decrease with slight increase forecasted for rest of the year. The 2021 Q4 levels in the export sector are forecasted to be reached in 2027. (Moody's Analytics)

Occupier focus

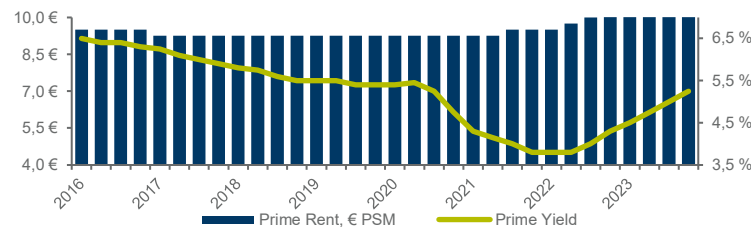
Solid demand for industrial premises continued throughout 2023. Due to the strong demand, occupancies are high and an increase in rental levels has been noted in light industrial, warehouse, and logistics premises in the most sought-after submarkets.

In 2023, some 110,000 sq.m of new logistics premises has been completed in the Helsinki Region, from which some 20,000 sq.m in Helsinki Metropolitan Area. In addition, there are currently some 230,000 sq.m of logistics premises under construction in the Helsinki Region. Largest projects under construction are located in Hyvinkää, Tuusula and Sipoo. The developments are estimated to be completed during 2024-2025. Moreover, close to 150,000 sq.m of other industrial space is currently under construction. The developments consist mostly of build-to-suit buildings, although some parts of the premises in developments are built speculatively.

Outlook

The occupier demand is expected to stay strong in primary logistics submarkets going forward as the e-commerce trend continues going forward. Especially in Vantaa, and other prime logistics areas in the Helsinki Metropolitan area, the rental growth has been strong due to the scarcity of prime logistics premises and available land. Due to strong demand and scarcity of opportunities, the vacancies are at all-time low levels. Furthermore, in the HMA and other large cities, the population growth is seen to increase the demand for urban services supporting the demand for logistics and light industrial premises. The outlook for the industrial and logistics properties in primary locations is seen to be relatively positive despite the challenging market conditions.

PRIME YIELD & PRIME RENT



KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SQ.M.	PRICE/€mn
Five logistics properties	Kuopio, Oulu, Pirkkala, Tampere, Tuusula	n.a. / Goldman Sachs	134,000	n.a.
Industrial property	Turku	n.a. / Nordisk Renting	29,000	n.a.
Warehouse property	Vantaa	OP Life Assurance Company Ltd / AB Sagax	14,300	11.80

LEASE TRANSACTIONS YTD 2023

PROPERTY	SUBMARKET	TENANT/TENANT TYPE	SQ.M.	TYPE
Rykmentinpuisto	Tuusula	Logistics	38,000	Lease
Rahtiraitti	Sipoo	Logistics	15,200	Lease

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