

MARKETBEAT FINLAND



Investment Q1 2024

	YoY Chg	12-Mo. Forecast
4.85% Prime Yield (office)	▲	▬
€2.7bn Total Volume, Roll. 12m	▼	▲
€0.46bn Total Volume, 2024 Q1	▲	▲
€0.13bn Indust. Volume, 2024 Q1	▲	▲
€0.07bn Office Volume, 2024 Q1	▼	▲

Sources: Cushman & Wakefield, KTI

ECONOMIC INDICATORS Q1 2024

	YoY Chg	12-Mo. Forecast
0.01% GDP growth, Q-to-Q	▲	▲
7.25% Unemployment Rate	▲	▲
2.89% 10-Yr Gov. Bond	▬	▬

Source: Moody's Analytics, Bank of Finland

ECONOMIC OVERVIEW:

The Finnish economy suffered slight recession in 2023 as multiple sectors were affected by the increased interest rates and the Finnish GDP reducing by 1%. Early 2024 has continued challenging as economic growth has been stagnated by strikes in multiple sectors and a reduction in private consumption. Unemployment is expected to increase throughout 2024, especially in the building sector. Consumer confidence has remained low but increased real income during 2024 will help private consumption to recover and increase household purchasing power.

Inflation has continued reducing in early 2024, although slightly slower than predicted, but is expected to reach and stabilize around 2% in the later stages of 2024. ECB has kept their key interest rates at 4% since last fall and the first decrease is expected during the summer. Despite a challenging start to the year and risks regarding future development the Finnish economy should start recovering and minor growth is projected, mostly during the later stages of 2024. (Moody's Analytics)

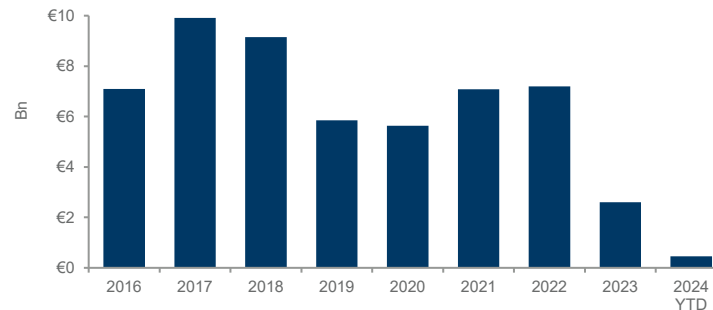
INVESTMENT OVERVIEW:

In Q1 2024 the total investment volume was approximately €0.5bn. Compared to the previous year a small increase in activity was seen as the total investment volume reached a level of €0.4bn in 2023 Q1. The most traded sectors in the first quarter of 2024 were industrial (28%), office (14%) and residential (12%). In Q1 2024 the share of international investors was some 37% compared to 55% during 2023.

Quality product available in the residential, L&I and retail sparked activity in the first quarter of 2024. Pricing gap is starting to close down, although some residential processes have been stalled due to low indications. The stabilized SWAP-rate environment has enabled investors to proceed with more normal process structure as it is likely that interest rate hikes will not increase drastically over-night.

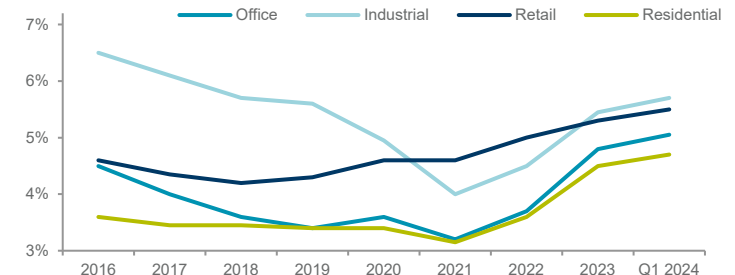
Outlook is looking cautiously positive with additional investment opportunities entering the market, with close eye on possible signals related to the first interest rate decreases. There are also investors out on the market with new capital recently raised with aggressive deployment targets for the upcoming quarters.

INVESTMENT SALES VOLUME



Source: Cushman & Wakefield, KTI

PRIME YIELD TREND



Source: Cushman & Wakefield

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INVESTMENT ACTIVITY (2024 Q1)

PROPERTY TYPE	NUMBER OF TRANSACTIONS	SALES VOLUME (EUR)
Office		€70,000,000
Industrial		€130,000,000
Residential		€50,000,000
Retail		n.a.
Care		n.a.
Other		€210,000,000
TOTAL	36	€460,000,000

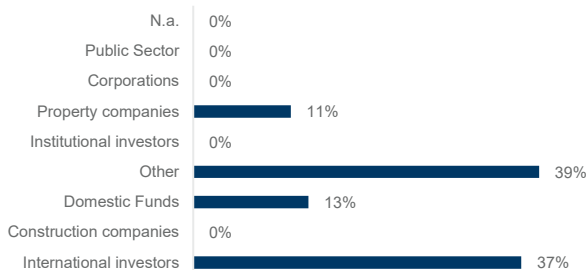
Sources: KTI

SIGNIFICANT SALES (Q1 2024)

PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQM	PURCHASE PRICE / €mn	PRICE / UNIT (€/sqm)	MARKET
2 retail properties	Retail	Kesko Oyj	eQ	19,800	n.a.	n.a.	Espoo, Salo
Retail Park Vantaaportti	Retail	Tallberg	eQ	24,600	n.a.	n.a.	Vantaa
Hospital and healthcare property	Care	Keva	Hartela Oy	14,000	n.a.	n.a.	Turku
Office property	Office	VVT Property Fund II Ky	Sponda Oyj	13,000	n.a.	n.a.	Tampere
Logistics property	Industrial	Barings	n.a.	39,000	n.a.	n.a.	Vantaa

Sources: KTI, Cushman & Wakefield

PROFILE OF BUYERS (2024 Q1)



Source: KTI

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