

-1.50%

Exports, 2024 forecast

YoY Chg



12-Mo. Forecast



5.50%

Prime yield, NIY



€11.25

Prime rent, PSM/m



Source: Moody's Analytics, Cushman & Wakefield

FINLAND ECONOMIC INDICATORS Q1 2024

0.01%

GDP Growth, Q-to-Q

YoY Chg



12-Mo. Forecast



7.25%

Unemployment Rate



0.05%

Exports, Q-to-Q



Source: Moody's Analytics

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.

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. The export sector decreased by 4.7% in 2023 due to lower demand and weak development of the global economy. The export sector is expected to see a slight increase in 2024, especially during the later stages of the year, but the wide-ranging strikes in Finland and sluggish economic development in EU might slow down growth in the export sector. The 2021 Q4 levels in the export sector are forecasted to be reached in 2026.

Occupier focus

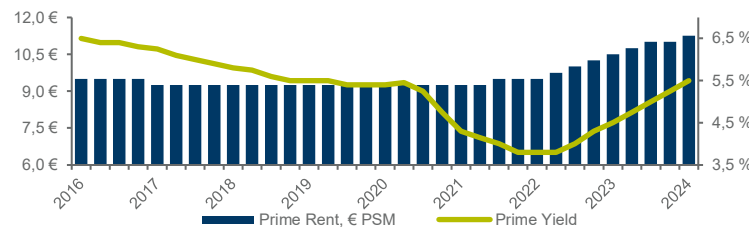
Due to the high demand of light industrial and logistics space and the diminishing built stock, the rents have been on the rise in the key locations. Also, the vacancies have been decreasing throughout the HMA and are currently at all-time low levels.

In Q1 2024, some 70,000 sq.m of new logistics premises has been completed in the Helsinki Region. In addition, there are currently some 190,000 sq.m of logistics premises under construction in the Helsinki Region. Largest projects under construction are located in Hyvinkää and Tuusula. 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. 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 positive.

PRIME YIELD & PRIME RENT



KEY SALES TRANSACTIONS Q4 2023 / Q1 2024

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 properties	Tampere	n.a. / AB Sagax Oy	n.a.	34.00
Logistics centre	Vantaa	n.a. / Barings	39,000	n.a.

LEASE TRANSACTIONS 2023/2024

PROPERTY	SUBMARKET	TENANT/TENANT TYPE	SQ.M.	TYPE
Rykmentinpuisto	Tuusula	Logistics	38,000	Lease
Piispankylä	Vantaa	Logistics	8,000	Lease
Pirkkala Airport	Pirkkala	Logistics	5,100	Lease

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RESEARCH PUBLICATION

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