

MARKETBEAT FINLAND



Investment Q2 2024

	YoY Chg	12-Mo. Forecast
5.00% Prime Yield (office)	▲	▬
€2.5bn Total Volume, Roll. 12m	▼	▲
€1.29bn Total Volume, 2024 H1	▼	▲
€0.49bn Resi. Volume, 2024 H1	▼	▲
€0.40bn Indust. Volume, 2024 H1	▲	▲

Sources: Cushman & Wakefield, KTI

ECONOMIC INDICATORS Q2 2024

	YoY Chg	12-Mo. Forecast
0.28% GDP growth, Q-to-Q	▼	▲
8.03% Unemployment Rate 2024 forecast	▲	▼
3.06% 10-Yr Gov. Bond	▬	▬

Source: Moody's Analytics, Bank of Finland

ECONOMIC OVERVIEW:

In 2023 the Finnish economy decreased moderately but a gradual recovery is expected during 2024 and an estimated GDP growth of 1-2% in 2025. The recovery is driven by an expected increase in the export sector and growth in disposable real incomes that help boost private consumption and consumption demand. The economy has seen minor growth in H1 2024 despite the uncertainty at the start of the year caused by the strikes in multiple sectors. In the labour market increasing layoffs are leading to a rise in unemployment rate in 2024 before a recovery in 2025. Investments have been the weak link in the economy with construction investments decreasing by -8.5% in 2023.

Inflation has continued reducing in early 2024 with 1.5% recorded in May. A temporary spike is expected in August, but inflation should settle at 2% by the end of the year. ECB interest rates were lowered to 3.75% in June as expected and while no further reductions were announced, the markets anticipate 1-2 additional cuts during 2024 which is promising for the recovery of the Finnish economy. (Moody's Analytics)

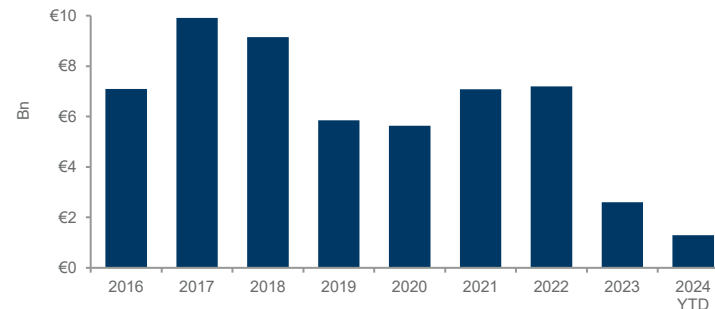
INVESTMENT OVERVIEW:

In Q2 2024 the total investment volume was approximately €0.83bn. There has been an increase in activity compared to Q1 when the transaction volume was some 0.46 bn. The most traded sectors in the first half of 2024 were residential (38%), industrial (31%) and retail (15%). In H1 2024 the share of international investors was some 50%.

During Q2, the transaction market showed signs of improvement, with significant deals seen particularly in the residential and logistics sectors. The retail segment also appears to be showing signs of recovery. Buyers include both international and domestic entities.

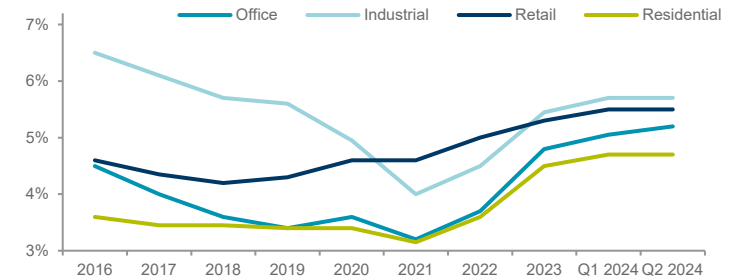
A stabilized interest rate market and valuations that have dropped to acceptable levels have helped boost market activity. The outlook is that this activity will continue into the autumn, as we are aware of significant real estate transactions currently being prepared for sale.

INVESTMENT SALES VOLUME



Source: Cushman & Wakefield, KTI

PRIME YIELD TREND



Source: Cushman & Wakefield

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INVESTMENT ACTIVITY (2024 Q2)

PROPERTY TYPE	NUMBER OF TRANSACTIONS	SALES VOLUME (EUR)
Office		€80,000,000
Industrial		€400,000,000
Residential		€490,000,000
Retail		€200,000,000
Care		€100,000,000
Other		€20,000,000
TOTAL	36	€1,290,000,000

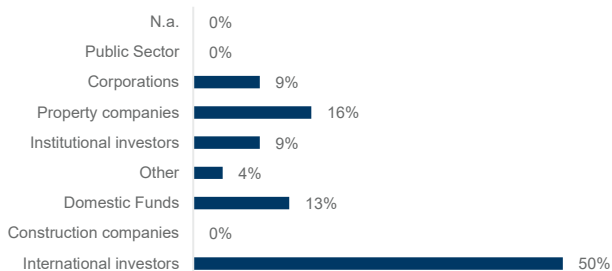
Sources: KTI

SIGNIFICANT SALES (Q2 2024)

PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQM	PURCHASE PRICE / €mn	PRICE / UNIT (€/sqm)	MARKET
22 light industrial properties	Industrial	Blackstone	Aktiivihallit Ky	133,000	135.00	1,015	Espoo, Helsinki, Tampere, Vantaa
10 residential properties	Residential	Slättö	OP	26,000	n.a.	n.a.	Espoo, Helsinki, Tampere, Vantaa
243 rental apartments	Residential	Catella	Oivat Kaupunkikodit Ky	11,000	50.00	4,545	Helsinki, Tampere, Turku, Vantaa
Shopping centre Niitty	Retail	HOK-Elanto	OP	13,000	n.a.	n.a.	Espoo
Two logistics properties	Industrial	Logian	OP	32,500	n.a.	n.a.	Tuusula

Sources: KTI, Cushman & Wakefield

PROFILE OF BUYERS (2024 H1)



Source: KTI

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