

-5.85%

Exports, 2024 forecast

YoY Chg



12-Mo. Forecast



5.50%

Prime yield, NIY



€11.5

Prime rent, PSM/m



Source: Moody's Analytics, Cushman & Wakefield

FINLAND ECONOMIC INDICATORS Q2 2024

0.28%

GDP Growth, Q-to-Q

YoY Chg



12-Mo. Forecast



8.03%

Unemployment Rate 2024 forecast



0.53%

Exports, Q-to-Q



Source: Moody's Analytics

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)

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 4.4% in 2023 due to lower demand and weak development of the global economy. The export sector is expected to recover especially in the later stages of 2024, but the wide-ranging strikes in Finland during early parts of 2024 are slowing down the growth in the sector.

Occupier focus

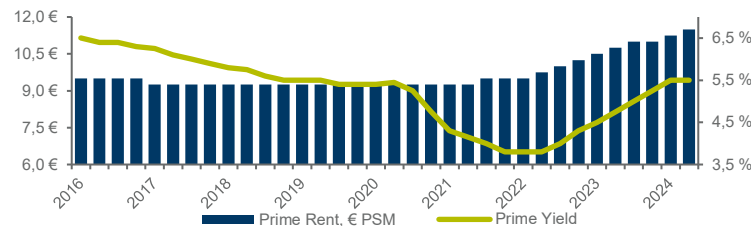
Due to the high demand of light industrial and logistics space and the diminishing built stock, the rents have been on the rise in the key locations. Vacancies have stabilized and remain at all time low levels.

In H1 2024, approximately 80,000 sq.m of new logistics premises has been completed in the Helsinki Region. In addition, there are currently some 210,000 sq.m of logistics premises under construction in the Helsinki Region. Largest projects under construction are located in Hyvinkää, Järvenpää and Tuusula. The developments are estimated to be completed during 2024-2025. Moreover, over 110,000 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 Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SQ.M.	PRICE/€mn
22 Light industrial properties	Espoo, Helsinki, Tampere, Vantaa	Aktiivihallit Ky / Fund managed by Blackstone	133,000	135.00
Two logistics properties	Tuusula	Funds managed by OP / Logjan	32,500	n.a.
Four industrial properties	Kuopio, Salo, Sastamala	KMC Properties / Logistea	30,793	n.a.

LEASE TRANSACTIONS 2024

PROPERTY	SUBMARKET	TENANT/TENANT TYPE	SQ.M.	TYPE
Hakkila	Vantaa	Logistics	7,600	Lease
Hervanta	Tampere	Logistics	n.a.	Lease
Pirkkala Airport	Pirkkala	Logistics	5,100	Lease

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