

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
5.00% Prime Yield (office)	▲	▬
€2.2bn Total Volume, Roll. 12m	▼	▲
€2.22bn Total Volume, 2024	▼	▲
€0.69bn Indust. Volume, 2024	▲	▲
€0.58bn Resi. Volume 2024	▼	▲

(Source: Cushman & Wakefield, KTI)

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
0.50% GDP Growth Q-to-Q	▲	▲
8.27% Unemployment Rate 2024	▲	▼
3.01% 10-Yr Gov. Bond	▲	▬

Source: Moody's Analytics, Bank of Finland

ECONOMIC OVERVIEW

While the Finnish GDP decreased by an estimate of 0.5% in 2024, there were signs of growth throughout the year leading to an expected recovery in 2025 and 2026 with GDP growth estimated at 1-2% for both years. The ECB has implemented four interest rate cuts in 2024, with more anticipated in the first half of 2025 as interest rate is expected to settle around 2.25% in 2025, easing the pressure on business investments and households. The decreased interest rates have positively impacted the housing market as the number of sales is approaching normal levels. The pressure on inflation is low, with forecasts of inflation remaining below the ECB target of 2% in 2025 and 2026.

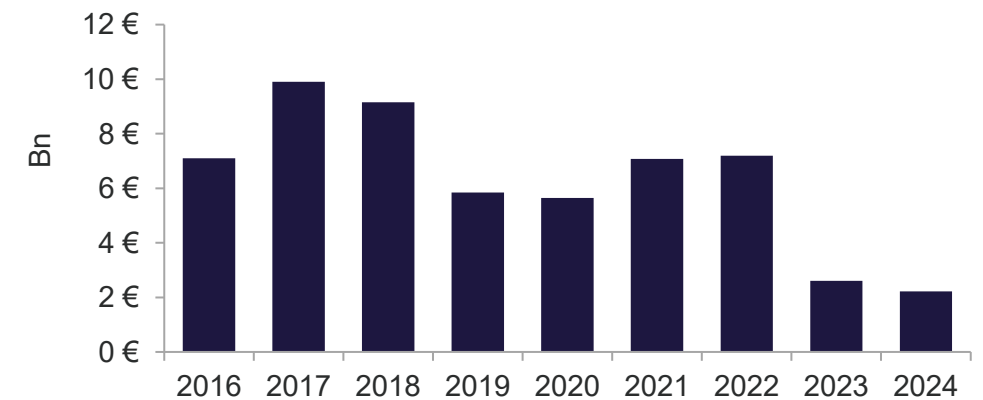
Weak consumer confidence, increased household saving and high levels of unemployment reduced private consumption in 2024, but low inflation, growth in real disposable income and reduced interest rates is expected to boost household consumption and accelerate growth in 2025. Export sector experienced growth in 2024 and the outlook remains positive as European demand should increase, but the impact of possible U.S. tariffs brings uncertainty to the market.

INVESTMENT OVERVIEW

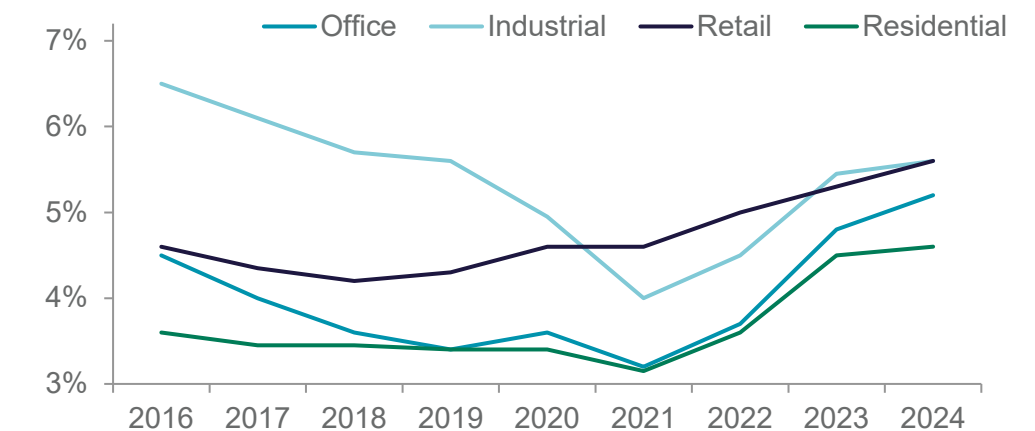
Despite positive signs, Finland didn't follow the path of recovery seen in most parts of Europe and Q4/2024 volume amounted to some €540 million resulting in a total volume of approx. €2.2 billion for 2024 (-17% from 2023). Although some momentum seen at the end of the year is expected to create strong activity in Q1/2025. The most traded sectors in 2024 were industrial (31%), residential (26%) and public use (21%). In 2024 the share of international investors was some 45%.

The Helsinki metropolitan area is experiencing strong population growth, while the supply of new construction in BTR and BTS remains limited, suggesting potential for strong returns in the coming years. Inflation has stabilized, interest rates have decreased, and financing is more accessible, though capital constraints still prevent full market engagement. Investors with access to private equity are positioned as winners, as they can benefit from future lending opportunities. Social infrastructure and logistics segments remain strong, driven by genuine demand for new, functional spaces. Living and retail sectors are expected to follow suit. The outlook remains cautiously optimistic as we head into the new year, with a call for core investors to re-enter the market.

INVESTMENT SALES VOLUME



PRIME YIELD TREND



INVESTMENT ACTIVITY 2024

PROPERTY TYPE	NUMBER OF TRANSACTIONS	SALES VOLUME (EUR)
Office	10-19	€150,000,000
Industrial	50-59	€690,000,000
Residential	20-29	€580,000,000
Retail	20-29	€270,000,000
Public use	20-29	€460,000,000
Other	10-19	€50,000,000
TOTAL	167	€2,200,000,000

SIGNIFICANT SALES Q4 2024

PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQM	PURCHASE PRICE / €mn	PRICE / UNIT (€/sqm)	MARKET
240 rental apartments	Residential	Sirius	Toivo Group	8,400	35.00	n.a.	Järvenpää, Kirkkonummi
Logistics property	Industrial	Funds managed by Swiss Life Asset Managers	Nordic Logistics Club Deal	47,000	n.a.	n.a.	Hyvinkää
Fab9 office property	Office	Colony	KanAm Grund Group	7,600	n.a.	n.a.	Helsinki
Public use properties portfolio	Public use	eQ	Ilmarinen	13,900	n.a.	n.a.	Espoo, Helsinki, Vantaa
2 logistics properties	Industrial	UrbanLight	Nordea	27,000	n.a.	n.a.	Vantaa

Sources: KTI, Cushman & Wakefield

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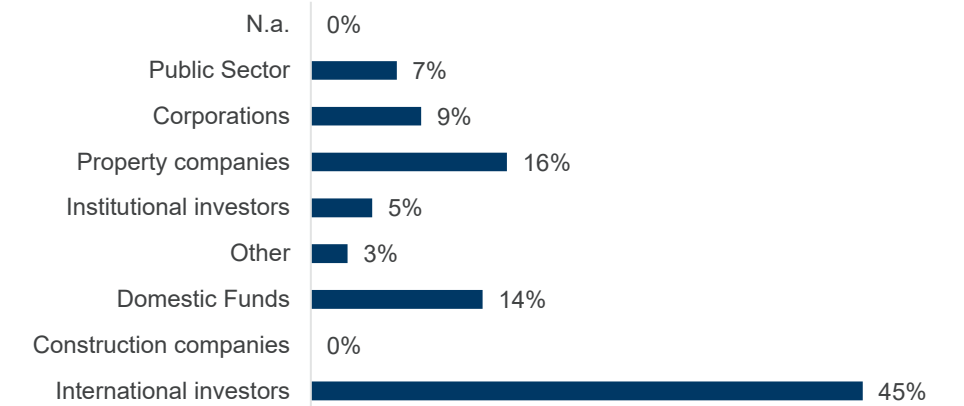
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PROFILE OF BUYERS



Source: KTI