

MARKETBEAT FINLAND



Investment Q4 2020

	YoY Chg	12-Mo. Forecast
3.4% Prime Yield (office)	▲	■
€1.5bn Total Volume, Q4	▼	▲
€5.6bn Total Volume, 2020	▼	▲
€1.8bn Office Volume, 2020	▼	▲
€1.0bn Residential Volume, 2020	▼	▲

Sources: Cushman & Wakefield, KTI

ECONOMIC INDICATORS 2020

	YoY Chg	12-Mo. Forecast
-3.8% GDP growth	▼	▲
7.8% Unemployment Rate	▲	▲
-0.40% 10-Yr Gov. Bond in Q4	▼	■

Source: Bank of Finland

ECONOMIC OVERVIEW:

Finnish economy experienced a less severe downturn than most European economies in 2020 but a challenging winter is still ahead. The vaccinations are expected to gradually slow down the pandemic during 2021. With the economy slowly returning towards normal, household consumption is expected to drive growth of 2.2% in 2021 and 2.5% in 2022. The economy has seen a strong recovery from the spring lows, but challenging conditions still persist. High unemployment, and the strong second wave of the pandemic in Finland's key trading partners are risking economic growth for the coming months.

INVESTMENT OVERVIEW:

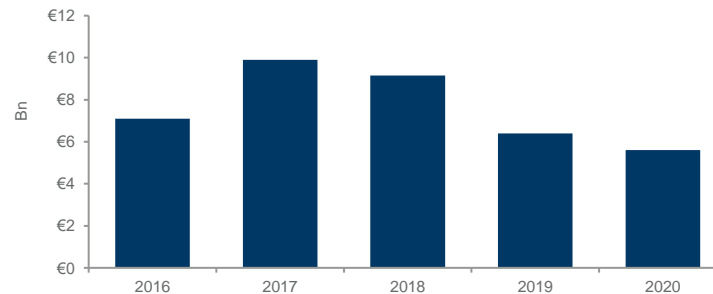
Towards the year end 2020 the investment activity increased and in Q4 the volume reached €1.5bn (KTI). Projects discontinued during the spring / summer were restarted with good number of resources available to conclude transactions by the end of the year. Despite good efforts to close by end of Q4 many transactions were rolled over to be completed in Q1 2021 as the fall term was virtually shorter as usual (delayed start / difficulty of running processes online). Additionally, travel restrictions increased difficulty of conducting site visits for international buyers.

Existing residential, logistics, and public use properties are very actively sought after, and demand is exceeding supply pushing yields to record levels. As the number of goods ordered online increased drastically during the pandemic-ridden year, the e-commerce industry saw a healthy boost. This in turn had a positive effect on the demand on logistics assets, and the prime logistics yields compressed to record low levels.

The most traded sectors in 2020 was the office (32%), public use (23%), and residential (18%) sectors. The share of international investors was some 53% in 2020.

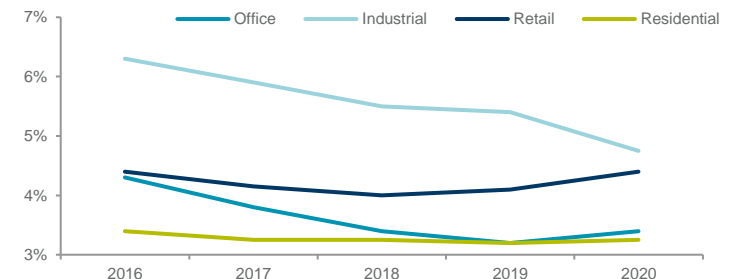
The amount of capital raised by investors, low interest rates and positive economic outlook for the Nordics compared to Southern Europe is expected to fuel active investment market as soon as Covid-19 vaccination program progresses, and restrictions are eased. There is good office demand, but processes are slow due to uncertainty of when working at the office is fully allowed.

INVESTMENT SALES VOLUME



Source: Cushman & Wakefield, KTI

PRIME YIELD TREND



Source: Cushman & Wakefield

INVESTMENT ACTIVITY (2020)

PROPERTY TYPE	NUMBER OF TRANSACTIONS	SALES VOLUME (EUR)
Office		€1,792,000,000
Industrial		€560,000,000
Residential		€1,008,000,000
Retail		€952,000,000
Healthcare		€810,000,000
Other		€478,000,000
TOTAL	247	€5,600,000,000

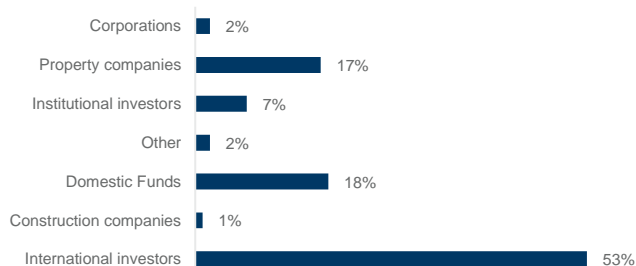
Sources: KTI

SIGNIFICANT SALES (Q4)

PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQM	PURCHASE PRICE	PRICE / UNIT (€/sqm)	MARKET
Lindström Invest Oy (5 assets)	Office	Castellum	Shareholders of Lindström Invest Oy	36,000	€150,000,000	4,170	Kalasadama, Helsinki
55 care properties	Care	SBB i Norden AB	eQ Hoivakiinteistöt	71,000	€222,000,000	3,130	Multiple
630 rental apartments	Residential	M&G European Property Fund	ÅB Kodit Ky	n.a.	€148,500,000	n.a.	Multiple
7 retail properties	Retail	Cibus Nordic Real Estate AB	eQ Liikekiinteistöt	n.a.	€102,000,000	n.a.	Multiple

Sources: KTI

PROFILE OF BUYERS (2020)



Source: KTI

VILLE SUOMINEN

Director, Valuation & Research
+358 10 836 8455
ville.suominen@cushwake.fi

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com