

MARKETBEAT FINLAND



Investment Q2 2021

YoY Chg 12-Mo. Forecast

3.3%
Prime Yield (office)



€2.5bn
Total Volume, H1 2021



€4.7bn
Total Volume, rol. 12m



€1.0bn
Residential Volume, H1



€0.45bn
Office Volume, H1



Sources: Cushman & Wakefield, KTI

ECONOMIC INDICATORS Q2 2021

YoY Chg 12-Mo. Forecast

1.35%
GDP growth, Q-to-Q



7.7%
Unemployment Rate



-0.02%
10-Yr Gov. Bond



Source: Moody's Analytics, Bank of Finland

ECONOMIC OVERVIEW:

Finnish economy has hit a minor slowdown at the start of 2021 after already recovering towards the end of last the year. The modest recovery is set to continue in the second half of 2021. The spring lockdowns were a success and sent covid-19 cases into a steep decline while vaccination rollout accelerated. GDP decreased -2.7% in 2020 and is set to grow 2.7% in 2021 and 2.4% in 2022. Together with GDP, CPI is set to accelerate in H2 but to remain below 2%. Finland has navigated well through the pandemic, but the economy is not completely in the clear yet. Low infection rates have allowed Finland to remain mostly open without major lockdowns or harsh restrictions. A significant contribution to GDP growth will be attributed to private consumption, improved consumer sentiment and a release of held back demand.

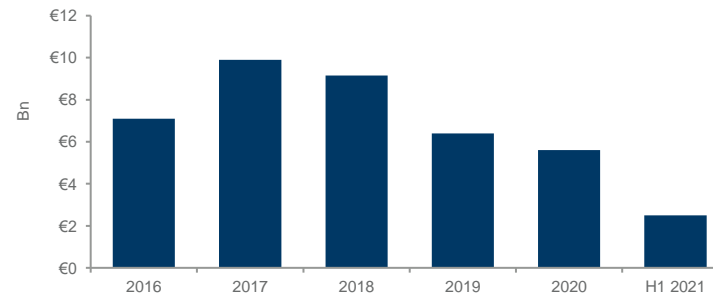
INVESTMENT OVERVIEW:

In Q2 2021 the total investments were approximately €1.7bn, resulting to some €2.5bn transaction volume for the first half of 2021. Existing residential, logistics, and public use properties are very actively sought after, and demand is exceeding supply pushing yields to record levels. Also, appetite for office transactions has returned to a healthy level with international players completing multiple deals during Q2. In addition, activity in the retail segment has gained some momentum, especially in grocery store assets and big box units – although still behind the volumes of pre-COVID years.

The most traded sectors in H1 2021 was the residential (42%), office (18%), and public use (16%) sectors. The share of international investors was some 40% in the first half of 2021.

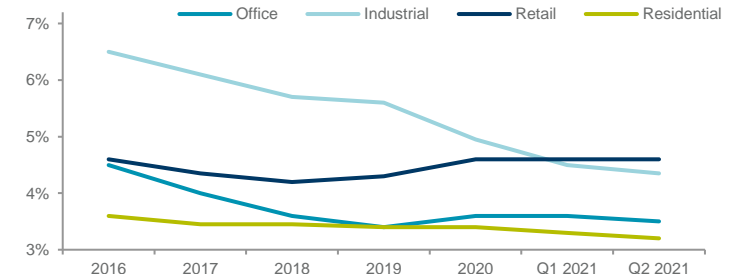
According to recent completed transactions and discussions with active investors, capital allocation targets for the Nordics & the Finnish market are very ambitious for the rest of 2021. This combined with well progressing vaccination rollout raises the expectation on the Finnish investment activity to a high level for 2021.

INVESTMENT SALES VOLUME



Source: Cushman & Wakefield, KTI

PRIME YIELD TREND



Source: Cushman & Wakefield

MARKETBEAT FINLAND

Investment Q2 2021



INVESTMENT ACTIVITY (YTD 2021)

| PROPERTY TYPE | NUMBER OF TRANSACTIONS | SALES VOLUME (EUR) |
|---------------|------------------------|-----------------------|
| Office | | €400,000,000 |
| Industrial | | €300,000,000 |
| Residential | | €1,000,000,000 |
| Retail | | €300,000,000 |
| Healthcare | | €230,000,000 |
| Other | | €270,000,000 |
| TOTAL | 49 | €2,500,000,000 |

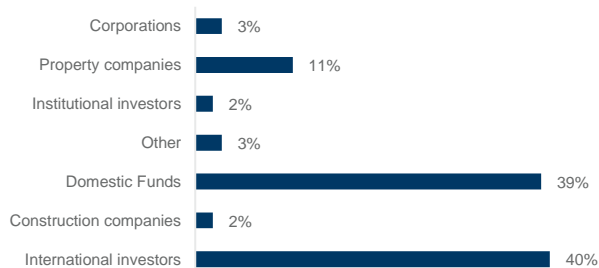
Sources: KTI

SIGNIFICANT SALES (Q2)

| PROPERTY NAME | TYPE | BUYER | SELLER | TOTAL SQM | PURCHASE PRICE | PRICE / UNIT (€/sqm) | MARKET |
|--------------------------|-------------|--|---------------------------------|--------------------------------|----------------|----------------------|----------|
| 21 public use properties | Public use | Kinland AS | Social Infrastructure Invest AS | n.a. | n.a. | n.a. | Multiple |
| 1,854 rental apartments | Residential | CapMan Nordic Residential Real Estate Fund | ICECAPITAL Housing Fund IV Ky | 88,279 | >€500,000,000 | >5,600 | Multiple |
| 72 retail properties | Retail | Cibus Nordic Real Estate AB | AB Sagax | 42,000 | €71,600,000 | 1,700 | Multiple |
| HQ of Ramboll Finland Oy | Office | Altaal | Keva | 20,000 | ~€70,000,000 | 3,500 | Espoo |
| Logistics property | Industrial | Fund managed by Barings Real Estate Advisers | Fund managed by NRP Wilfast | 40,000 (+170,000 outdoor area) | €86,000,000 | 2,150 | Hyvinkää |

Sources: KTI, Cushman & Wakefield

PROFILE OF BUYERS (H1 2021)



Source: KTI

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