

MARKETBEAT FINLAND



Investment Q2 2022

3.0%

Prime Yield (office)

YoY
Chg



12-Mo.
Forecast



€8.7bn

Total Volume, Roll. 12m



€4.4bn

Total Volume, 2022 H1



€1.3bn

Resi. Volume, 2022 H1



€0.94bn

Care Volume, 2022 H1



Sources: Cushman & Wakefield, KTI

ECONOMIC OVERVIEW:

Economic growth in Finland was on a healthy level, mostly due to pent-up demand and the recovery of the service sector from the pandemic. However, going forward the high inflation, tightening monetary policy, and slowing export sector will put pressure on the economy. Finland's economy is expected to grow 2% this year and 0.5% in 2023. Inflation in 2022 will be at its highest since 1990 – prices are estimated to increase by 6.4% in 2022. (OP Group, Moody's Analytics)

INVESTMENT OVERVIEW:

In Q2 2022 the total investments were approximately €2.2bn – rolling 12-month investment volume being €8.7bn. This was the fourth consecutive quarter when transaction volume exceeded EUR 2 billion. Rising interest rates, the war in Ukraine and increasing construction costs have put yields under pressure also in the Finnish market. There is some evidence of increased yields in the residential market where yields were approaching sub-three-levels, and which hasn't fully recovered from the slight leasing shock caused by the COVID-19 pandemic. Appetite for prime offices remained on a healthy level and no yield compression was evident. In the public use and industrial sectors the demand continued strong and there was no visible yield movement in Q2.

The most traded sectors in the first half of 2022 was residential (29%), healthcare (21%), and retail properties (19%) sectors. The share of international investors was some 43% in 2022 H1.

The NATO joining process is ongoing for Finland and Sweden and it is likely to ease entry for market entrants during the fall period, despite the ongoing war in Ukraine. Through recent completed transactions and ongoing processes, it is evident that capital allocation targets for the Nordics and the Finnish markets are still ambitious for 2022.

ECONOMIC INDICATORS Q2 2022

0.30%

GDP growth, Q-to-Q

YoY
Chg



12-Mo.
Forecast



6.12%

Unemployment Rate



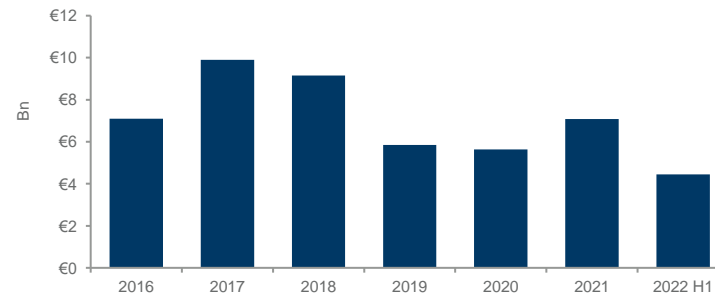
2.02%

10-Yr Gov. Bond



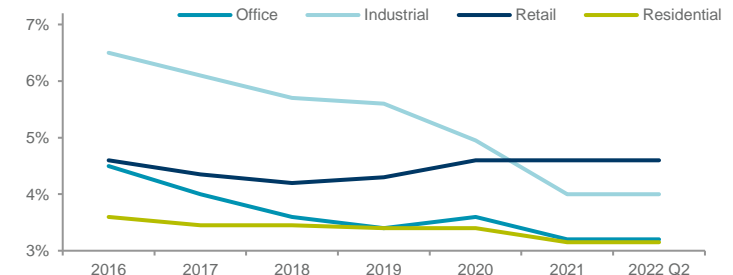
Source: Moody's Analytics, Bank of Finland

INVESTMENT SALES VOLUME



Source: Cushman & Wakefield, KTI

PRIME YIELD TREND



Source: Cushman & Wakefield

MARKETBEAT FINLAND

Investment Q2 2022



INVESTMENT ACTIVITY (2022 YTD)

PROPERTY TYPE	NUMBER OF TRANSACTIONS	SALES VOLUME (EUR)
Office		€666,000,000
Industrial		€577,000,000
Residential		€1,288,000,000
Retail		€844,000,000
Healthcare		€940,000,000
Other		€126,000,000
TOTAL	145	€4,440,000,000

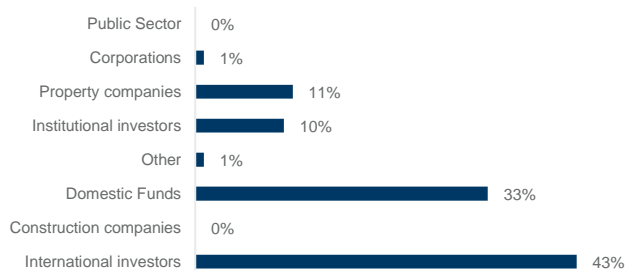
Sources: KTI

SIGNIFICANT SALES (2022 Q2)

PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQM	PURCHASE PRICE	PRICE / UNIT (€/sqm)	MARKET
Public use portfolio	Public use	Erikoissijoitusrahasto eQ Yhteiskuntakiinteistöt	City of Oulu	n.a.	€165,600,000	n.a.	Oulu
17 commercial properties	Multiple	Nyfosa Finland	n/a	100,000	€137,000,000	1,370	Multiple
Akiva Kiinteistöt	Industrial	Blackstone	Akiva Kiinteistöt shareholders	66,000	€120,000,000	1,820	HMA
HQ office property	Office	Union Investment Real Estate	SRV	6,036	€58,000,000	9,610	Helsinki, Jätkäsaari

Sources: KTI, Cushman & Wakefield

PROFILE OF BUYERS (2022 YTD)



Source: KTI

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