CBRE

Slow quarter for industrial & logistics

I&L INVESTMENT VOLUME IN Q4 2022

€912 mn TTM

▼ -7% (y-o-y %)

€159 mn Q4/2022

▼ -65% (Y-o-Y %)

INVESTMENT MARKET KEY FIGURES IN Q4 2022

Cross-border share	Share of total investment	Number of transactions	HMA Share	Prime yield
▲ 72%	▲ 14%	▼ 9	▼ 16%	▲ 4.75%
Vs. 64% (5-year avg.)	Vs. 12% (10-year avg.)	Vs. 16 (5-year avg.)	Vs. 44% (5-year avg.)	Vs. 4.10% in Q3 2022

Investment market

- In the fourth quarter of 2022, I&L investment volumes decreased by 65% (y-o-y) to €159 million. 72% of transactions were cross-border indicating that international investors were still active, while 16% of investments took place in the Helsinki Metropolitan Area.
- There is continued high activity in the I&L Investment market, particularly in the Greater Helsinki area. Increased financing costs and greater uncertainty have caused a change in the pricing environment for the I&L sector, and the prime yield surged by 65 bps to 4.75% in the fourth quarter. There is further decompression expected as investors are carefully analysing the impact of pricing before committing capital to the market.
- Two notable deals in the fourth quarter were Allianz's purchase of DHL Logistic centre in Sipoo and Onvest Development Oy's acquisition of production facility construction project from SSA Rakennus in Vantaa.

NOTABLE I&L TRANSACTIONS IN Q4 2022

DHL LOGISTICS CENTRE IN SIPOO

Sale price: Conf.

Sale date: 11/2022

Buyer: Allianz Real Estate

Seller: DHL

Area: 44,000 sqm

Location: Sipoo

PRODUCTION FACILITY PROJECT IN VIINIKKALA

Sale price: Conf.

Sale date: 12/2022

Buyer: Onvest Development Oy

Seller: SSA Rakennus

Area: 8,000 sqm

Location: Vantaa

Source: CBRE Research.

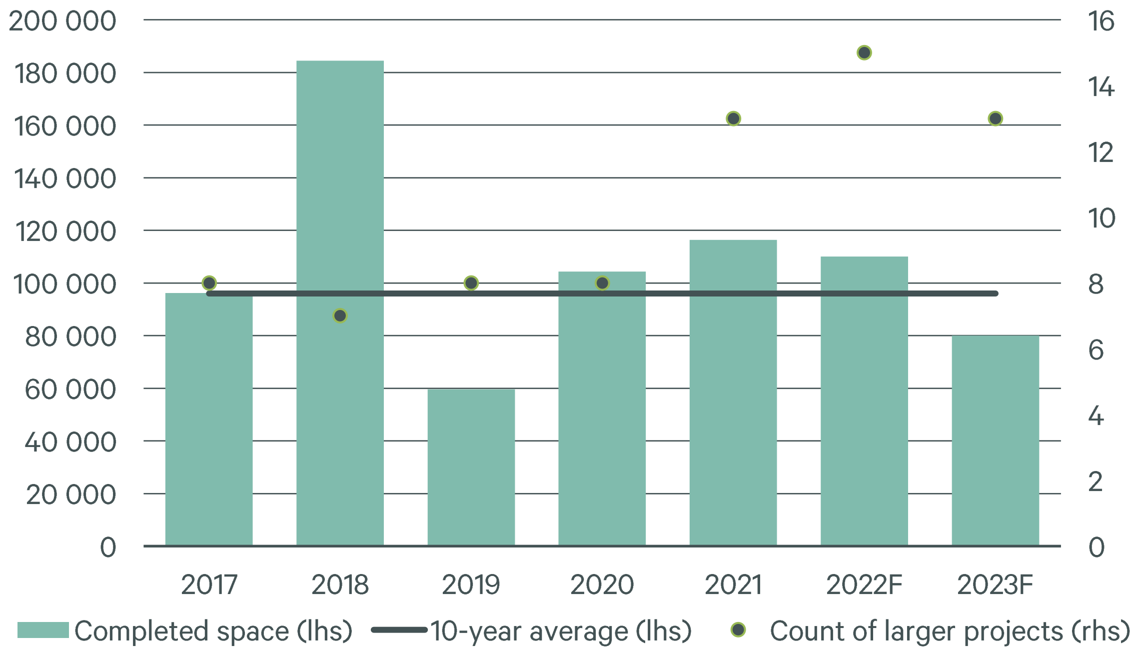
HELSINKI METROPOLITAN AREA KEY FIGURES

New I&L completions (01/2022-10/2022)	Development pipeline (2023)	Prime gross rent (Q4 2022)	Vacancy rate (Q4 2022)
▼ 98,000 m^2	▼ 80,000 m^2	▶ 13 €/m^2/mth	▼ <4.00%
116,000 m^2 (2021)	96,000 m^2 (10-year average)		

Occupier market & construction activity

- There is still a shortage of modern warehouses and logistics assets, which places pressure on rent rises in the HMA region as demand remain high. The vacancy rate is below 4% and firsthand buildings larger than 10,000 square metres are almost completely occupied.
- The biggest completion in the fourth quarter was the 6,300 sqm Pelican Self Storage property, by YIT in Nöykkiö, Espoo. Total of 98,000 sqm of new I&L space were completed until November 2022. Total of 80,000 sqm new I&L stock is forecasted to be completed in 2023.
- Although, the material shortage and supply shock have subsided, and cost inflation has reached its peak, spiking inflation remains a key challenge for the occupier market. Construction costs were up 5.5% (y-o-y) in November.

I&L CONSTRUCTION ACTIVITY IN THE HELSINKI METROPOLITAN AREA



Source: CBRE Research, Statistics Finland.

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