

# Flight to quality trend evident in the market

## OFFICE INVESTMENT VOLUME IN Q4 2022

€1.07bn TTM

▼ -51% (y-o-y %)

€270mn Q4/2022

▼ -64% (Y-o-Y %)

## INVESTMENT MARKET KEY FIGURES IN Q4 2022

Cross-border share

▼ 44%

Vs. 82% (FY2021)

Share of total investment

▼ 24%

Vs. 30% (5-year avg.)

Number of transactions

▼ 7

Vs. 13 (5-year avg.)

HMA Share

▲ 95%

Vs. 76% (5-year avg.)

Prime yield

▲ 3.85%

Vs. 3.25% in Q3 2022



### Office investment market

- Office investment volume in the fourth quarter was €270 million, down 51% (y-o-y). Vast majority of the transactions (95%) landed in the capital city region, and 44% of total volumes came from international investors.
- Prime office yield increased 60 basis points to 3.85% on the back of higher interest rates and financing costs, and investors remain more selective in allocating new capital under the current market conditions. There is an element of flight to quality in the office market, and the difference between grade A and secondary office assets and locations is evident. Both investment and occupier demand is more centred on modern higher quality office buildings with green credentials in strong transport locations and submarkets.
- Largest office transactions in the fourth quarter of 2022 were NREP’s purchase of the landmark Eteläesplanadi 2 office building in the CBD from Allianz and Colony’s acquisition of Finnair’s headquarters in Aviapolis.

### NOTABLE OFFICE TRANSACTIONS IN Q4 2022

**ETELÄESPLANADI 2  
OFFICE BUILDING**

**Sale price:** Conf.

**Sale date:** 11/2022

**Buyer:** NREP

**Seller:** Allianz

**Size:** 14,000 sqm

**Location:** CBD, Helsinki

**SALE OF FINNAIR HQ**

**Sale price:** Conf.

**Sale date:** 10/2022

**Buyer:** Colony

**Seller:** Antilooppi

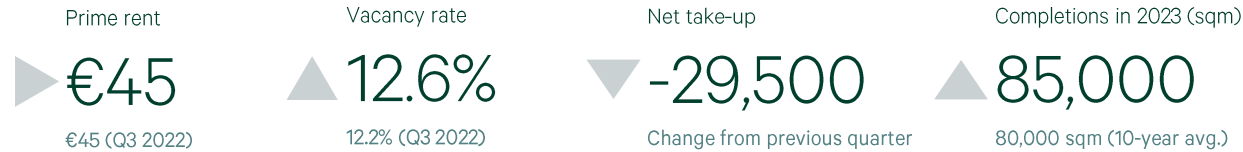
**Size:** 19,000 sqm

**Location:** Aviapolis, Helsinki

Source: CBRE Research.

FIGURES | FINLAND OFFICE | Q4 2022

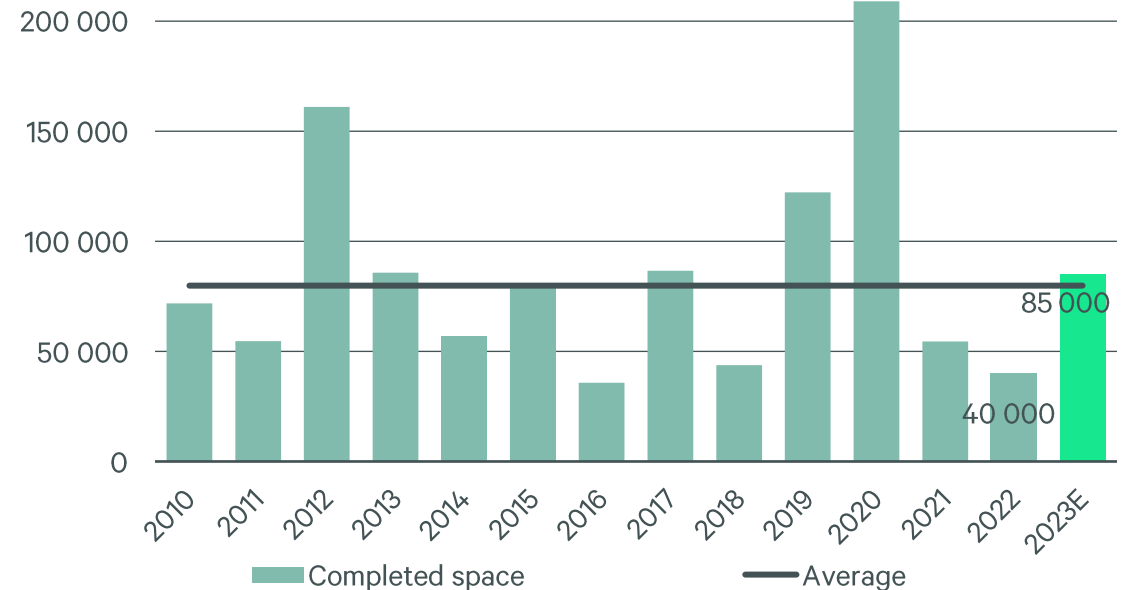
HELSINKI METROPOLITAN AREA KEY FIGURES



Office occupier market

- Vacancy rate increased by 0.4% -points to 12.6%, and net take-up was -29,500 sqm in the fourth quarter. CBD office stock temporarily decreased by 12,000 sqm due to new redevelopment projects. Leppävaara saw a net take-up of 1,300 sqm, and positive trend in leasing was also seen in Pasila and Hakaniemi. Pasila office vacancy rate decreased to 4.20%, and it remains one of the most sought-after office submarkets in HMA along with Keilaniemi, where vacancy rate is below 7%. Aviapolis recorded the largest negative net take-up (-4,000 sqm), when numerous larger office premises became available towards the end of the year.
- Development projects were postponed over to 2023, and the fourth quarter saw only 5,200 sqm of new office completions bringing the 2022 total amount of new office completions to 40,000 sqm. The office pipeline is forecasted to be 85,000 sqm for 2023, slightly above the average level of 80,000 sqm per annum. However, the activity might be further slowed down by increased uncertainty and high inflation.

NEW OFFICE COMPLETIONS IN THE HELSINKI METROPOLITAN AREA



Source: CBRE Research, KTI Property Information Ltd, Helsinki Research Forum, Statistics Finland.



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