

FIGURES | FINLAND RESIDENTIAL | Q3 2023

Dry quarter for residential investment

RESIDENTIAL INVESTMENT VOLUME YTD

€0.57bn TTM
 ▼ -78% (y-o-y %)
€459mn YTD/2023
 ▼ -77% (y-o-y %)

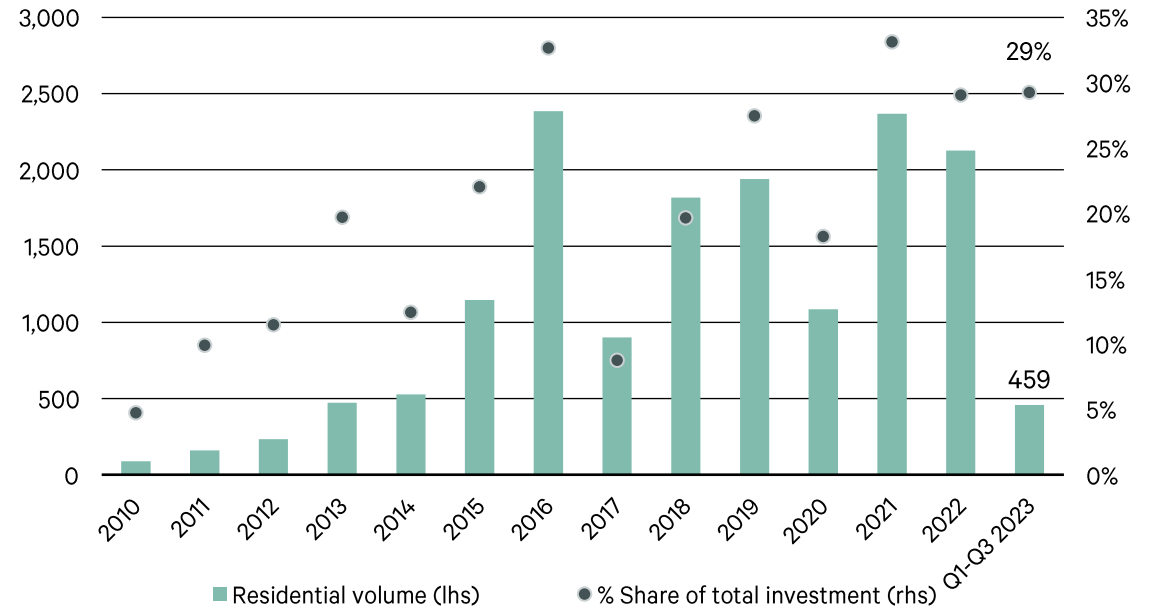
INVESTMENT MARKET KEY FIGURES YTD

Cross-border share	Share of total investment	Number of transactions	HMA Share	Prime yield
▲ 59%	▲ 29%	▼ 16	▶ 60%	▲ 4.10%
Vs. 42% (5-year avg.)	Vs. 27% (5-year avg.)	Vs. 44 (5-year avg.)	Vs. 60% (5-year avg.)	Vs. 4.00% in Q2 2023

Investment market

- The Finnish residential investment market recorded the lowest quarter volume in a decade as investors remain selective in making investment decisions under current market conditions. Despite low Q3 volume, the residential sector has the highest share of total volume (29%) in 2023, with €459 million. A total of 59% of the volume came from international investors, and 60% landed in HMA in 2023.
- Despite the slow quarter, there are active deals in the pipeline, and investors are looking to deploy a considerable amount of capital into the market. However, there remains uncertainty over the timing of the recovery in investment volumes as transaction processes take more time in under current market environment.
- Residential prime yields experienced decompression by 10 bps to 4.10% in the Helsinki Metropolitan Area. Prime yields saw similar movement in Tampere and Turku and increased to 4.60% during the third quarter. Buyers and sellers have started to agree on the current pricing dynamics after the peak-to-trough movement of 120 basis points since early-2022.

Residential investment volumes and share of total volume



Source: CBRE Research.

FIGURES | FINLAND RESIDENTIAL | Q3 2023

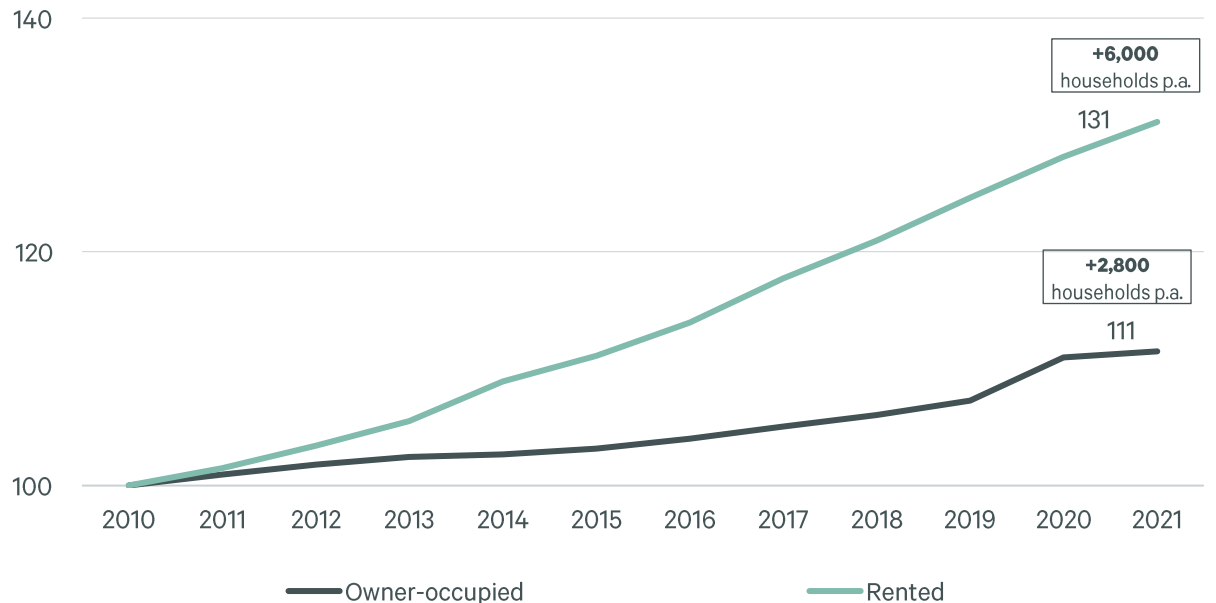
HELSINKI METROPOLITAN AREA KEY FIGURES



Rental market & construction activity

- The average sales price of old dwellings in HMA decreased by 7.5% in August, while prices decreased by 7.1% and 3.9% in Tampere and Turku, respectively. Price compression has been steeper in smaller apartments as the demand has cooled down due to the spike in interest rates and the apartment completions being more positioned towards smaller apartments.
- Average rents increased by 0.5% in the capital city region, 2.1% in Turku, and 2.2% in Tampere (y-o-y) in Q3. The HMA demonstrated a strong shift towards rental living during the last decade as the number of households living in rental apartments has increased by 31% (6,000 p.a.) in 2010–2021.
- Increased lending costs have affected the relative affordability of rental housing compared to owning. Also, lower levels of new completions and population growth support rental growth in the mid-term. The capital city region is facing the greatest population growth in decades – its population grew by almost 22,000 inhabitants (+1.8%) between June 2022 and 2023.

HMA – Rented vs. owner-occupied dwellings growth index, (2010=100)



Source: CBRE Research, Statistics Finland

FIGURE 1 – POPULATION GROWTH IN THE HMA SINCE 1990



FIGURE 2 – HMA – PRICE VS. RENT GROWTH IN DWELLINGS, INDEX (2015=100)

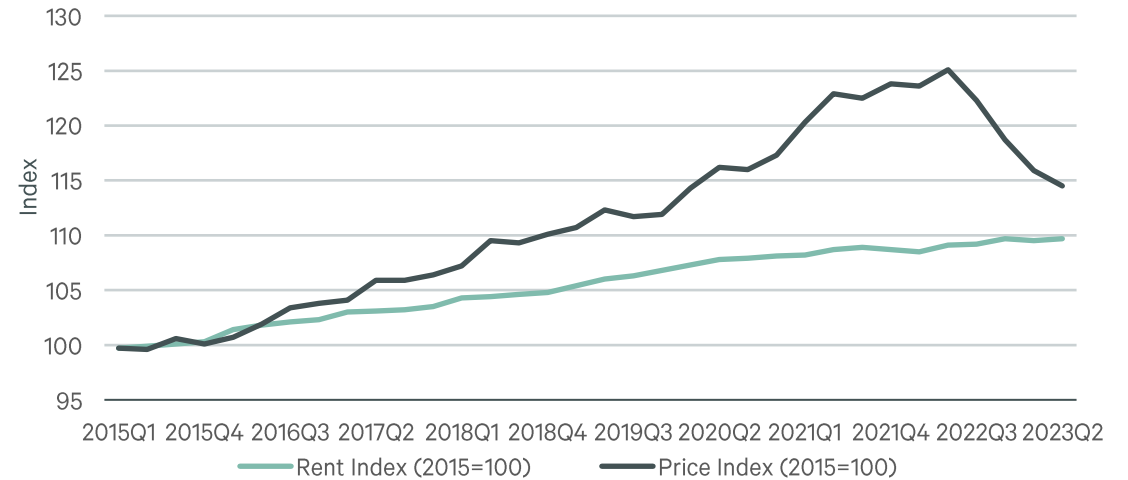


FIGURE 3 – CONSTRUCTION STARTS AND COMPLETIONS – HMA (TTM)

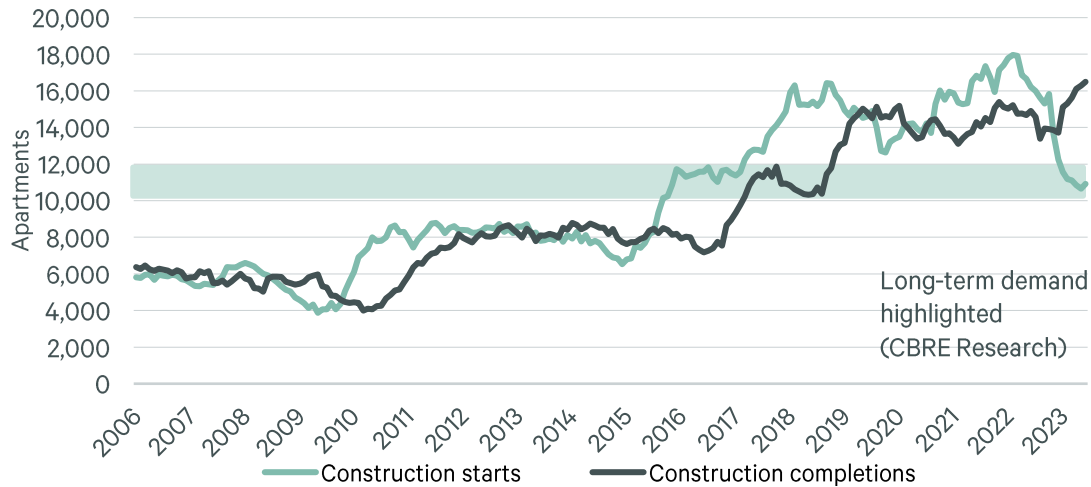
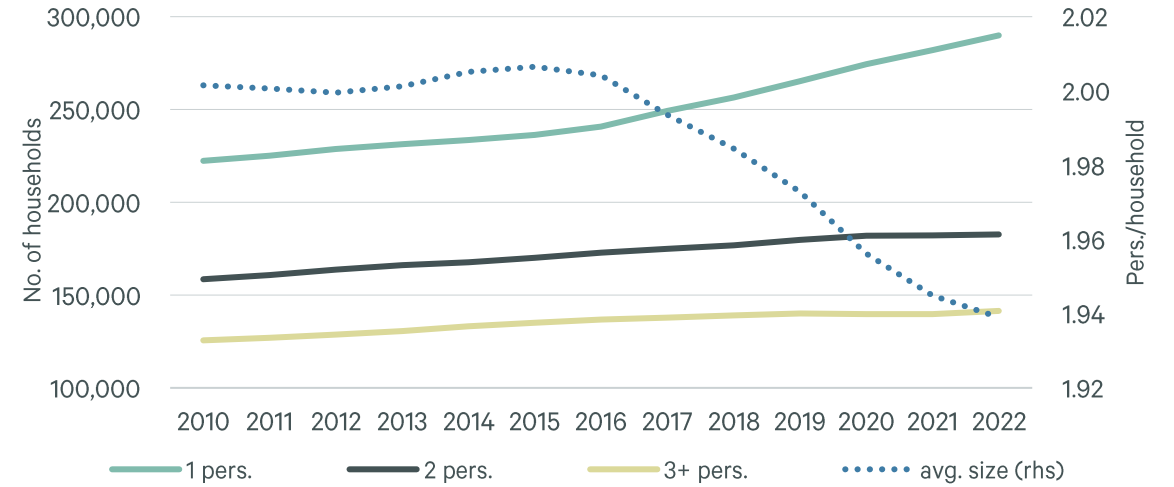


FIGURE 4 – HOUSEHOLD SIZE DEVELOPMENT IN THE HMA



Source: CBRE Research, Statistics Finland.

CONTACTS



Jussi Niemistö

Head of Research,
Finland & the Nordics
m +358 40 537 5760
jussi.niemisto@cbre.com



Olli Kantanen

Head of Valuation
& Advisory
m +358 50 540 0805
olli.kantanen@cbre.com



Linda Anttila

Director, Capital Markets |
Residential
m +358 40 535 6490
linda.anttila@cbre.com



Ilpo Münster

Head of Investment
Properties
m +358 40 748 9213
ilpo.munster@cbre.com



Jouni Levo

Head of Capital Markets
m +358 50 083 4983
jouni.levo@cbre.com

Looking for the underlying data? If you are an active CBRE ERIX subscriber, log in to the CBRE ERIX platform and access the underlying CBRE proprietary data. For more information on becoming a CBRE ERIX subscriber, contact jos.tromp@cbre.com.

© Copyright 2023 All rights reserved. Information contained herein, including projections, has been obtained from sources believed to be reliable, but has not been verified for accuracy or completeness. CBRE, Inc. makes no guarantee, warranty or representation about it. Any reliance on such information is solely at your own risk. This information is exclusively for use by CBRE clients and professionals and may not be reproduced without the prior written permission of CBRE's Global Chief Economist.

Photos herein are the property of their respective owners. Use of these images without the express written consent of the owner is prohibited.

CBRE and the CBRE logo are service marks of CBRE, Inc. All other marks displayed on this document are the property of their respective owners, and the use of such logos does not imply any affiliation with or endorsement of CBRE.