

FIGURES | FINLAND I&L | Q1 2023

Slow start for industrial & logistics investments

I&L INVESTMENT VOLUME IN Q1 2023

€876 mn TTM
 ▼ -3% (y-o-y %)
 € 97 mn Q1/2023
 ▼ -24% (Y-o-Y %)

INVESTMENT MARKET KEY FIGURES IN Q1 2023

Cross-border share	Share of total investment	Number of transactions	HMA Share	Prime yield
▼ 54%	▲ 23%	▼ 5	▼ 11%	▲ 4.80%
Vs. 66% (5-year avg.)	Vs. 10% (5-year avg.)	Vs. 12 (5-year avg.)	Vs. 50% (5-year avg.)	Vs. 4.75% in Q4 2022

Investment market

- In the first quarter of 2023, I&L investment volumes decreased by 24% (y-o-y) to €97 million. More than half of total investment (54%) came from cross-border investors, and 11% of the investment landed in the Helsinki Metropolitan Area.
- Industrial and logistics sector remains active across different subsectors, ranging from logistics to warehouses and light industrial properties. The Greater Helsinki area continues as the hotspot for both investor and occupier activity. In the first quarter prime logistics yield increased by 5 bps to 4.80%, resulting a total of 100bps surge in the past 12 months. Prime warehouse and light industrial yields increased by 50 bps to 6.00% and 6.75%, respectively in Q1.
- Two notable transactions in the first quarter were NREP Logicenter's purchase of Alfaroc's 38,000 sqm logistics warehouse development project in Tuusula and Evli's acquisition of two industrial properties in Tampere and Pirkkala.

NOTABLE I&L TRANSACTIONS IN Q1 2023

ALFAROC LOGISTICS WAREHOUSE IN TUUSULA

Sale price: Conf.
Sale date: 3/2023
Buyer: NREP Logicenters
Seller: Alfaroc
Area: 38,000 sqm
Location: Tuusula

TWO INDUSTRIAL PROPERTIES IN TAMPERE

Sale price: € 11m
Sale date: 3/2023
Buyer: Evli
Seller: Private
Area: 6,300 sqm
Location: Tampere, Pirkkala

Source: CBRE Research.

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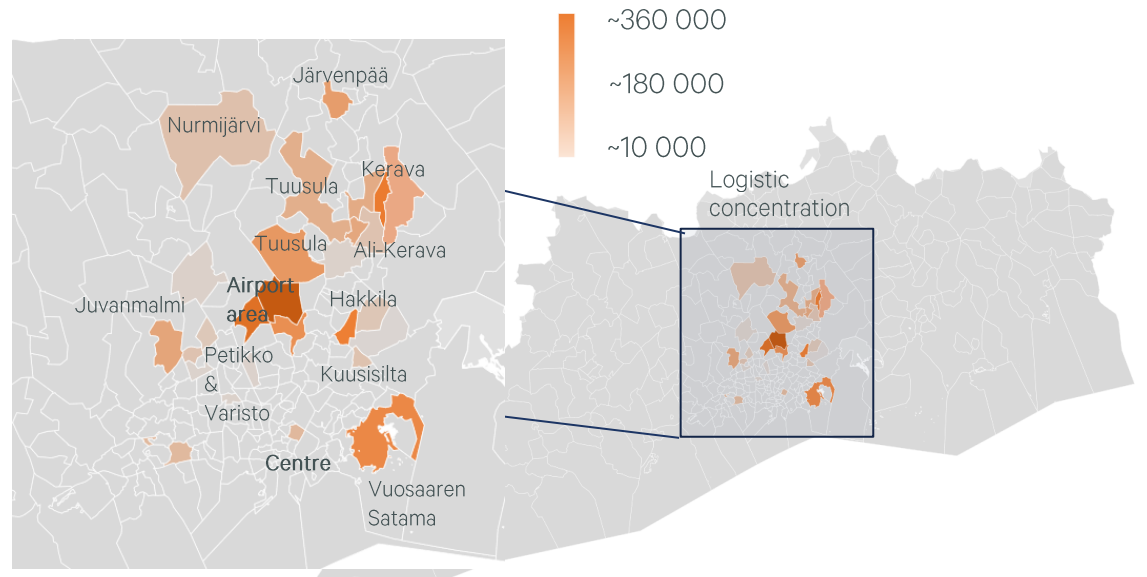
HELSINKI METROPOLITAN AREA KEY FIGURES



Occupier market & construction activity

- Occupier market remains active despite softer economic conditions, and shortage of modern warehouses and logistics premises is driving rent levels higher. Prime rent increased from 13 €/m² to 13.5€/m² during Q1. The vacancy rate is around 4% and close to zero for modern over 10,000 sqm logistics assets. Regional I&L, such as Turku and Tampere, are also seeing high occupier activity. Notable leasing deal in the first quarter was DS Smith occupying a new 7,000 sqm logistics center in Pirkkala, which replaces the company’s old logistics center in Turku.
- Total of 114,000 sqm of new I&L space were completed in 2022 and total of 75,000 sqm new I&L stock is expected to be completed in 2023. Shortage of land plots and lack of zoning in HMA drives new development projects and construction activity into other regional areas such as Tuusula, Kerava and Nurmijärvi. Regional municipalities construction activity has already surpassed HMA construction levels.
- Elevated inflation remain as a major challenge for the occupier market resulting in OPEX growth. Construction costs were up 6.5% (y-o-y) in March.

Greater Helsinki Logistics concentrations Warehouse SQM 2022*



Source: CBRE Research, Statistics Finland.



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