

Slow start to the year in office investment

OFFICE INVESTMENT VOLUME IN Q1 2023

€0.97bn TTM

▼ -55% (y-o-y %)

€131mn Q1/2023

▼ -42% (y-o-y %)

INVESTMENT MARKET KEY FIGURES IN Q1 2023

Cross-border share

▲ 69%

Vs. 59% (2022)

Share of total investment

▲ 31%

Vs. 30% (5-year avg.)

Number of transactions

▼ 6

Vs. 13 (5-year avg.)

HMA Share

▼ 66%

Vs. 76% (5-year avg.)

Prime yield

▲ 4.00%

Vs. 3.85% in Q4 2022



Office investment market

- Finnish investment market slowed down in the first quarter of 2023 as rising interest rates and shift in the pricing environment limited the number of closed transactions. Office investment volume in the first quarter was €131 million, down 42% year-over-year. Total of 66% of the transaction volume landed in the capital city region, and 69% of total volume came from international investors.
- Prime office yield increased 15 basis points to 4.00% and prime yield outside CBD by 25 bps to 4.75% amidst the shift in pricing environment. Investors remained selective in allocating new capital under current market conditions. Polarization between prime and secondary assets continues to widen and higher quality offices with green credentials are likely to attract more capital despite the current market sentiment.
- Notable office transactions in the first quarter of 2023 were NIAM’s purchase of development project of Finland’s tallest office tower covering total of 11,000 sqm office space from SRV and Corum’s acquisition of Fellowmind’s headquarters in Pitäjänmäki.

NOTABLE OFFICE TRANSACTIONS IN Q1 2023

OFFICE SKYSCRAPER IN KALASATAMA

Sale price: Conf.

Sale date: 3/2023

Buyer: NIAM

Seller: SRV

Size: 11,000 sqm

Location: Kalasatama, Helsinki

SALE OF HQ OFFICE BUILDING

Sale price: Conf.

Sale date: 3/2023

Buyer: Corum

Seller: Antilooppi

Size: 5,000 sqm

Location: Pitäjänmäki, Helsinki

Source: CBRE Research.

FIGURES | FINLAND OFFICE | Q1 2023

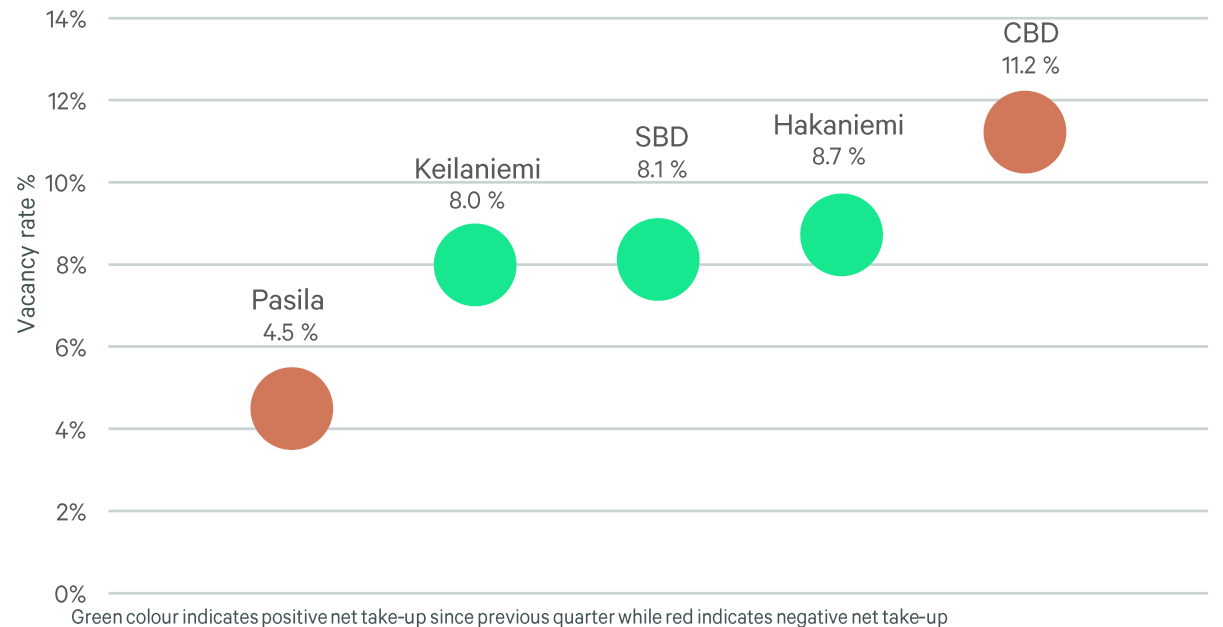
HELSINKI METROPOLITAN AREA KEY FIGURES



Office occupier market

- Vacancy rate increased by 0.1% - points to 12.6%, and net take-up was 4,500 sqm in the first quarter of 2023. Strongest leasing activity was seen in Vallila (7,100 sqm), Hakaniemi (5,700 sqm) and Keilaniemi (4,700 sqm). There remains strong differences in vacancy rates between modern and obsolete office stock and the HMA office submarkets, where rising prime office areas outside the CBD of Pasila, Keilaniemi, and secondary business district (SBD) are seeing positive tailwinds and traction from occupiers and developers. These submarkets have the lowest vacancy rates of 4.5%, 8.0%, and 8.1%, respectively. On the other end Pitäjänmäki and Sörnäinen have the highest vacancy rates with 24.9% and 18.5%, respectively.
- The first quarter of the year saw 15,000 sqm of new office completions as office building Lyyra located in Hakaniemi and Life Science Center extension in Keilaniemi were completed during Q1. Total development pipeline for the year is estimated at 73,000 sqm, slightly below the average level of 80,000 sqm per annum.

LOWEST OFFICE SUBMARKET VACANCY RATES IN HELSINKI METROPOLITAN AREA



Green colour indicates positive net take-up since previous quarter while red indicates negative net take-up

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



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