

FIGURES | FINLAND RESIDENTIAL | Q1 2023

Short-term softness, but long-term drivers intact

RESIDENTIAL INVESTMENT VOLUME IN Q1 2023

€1.65bn TTM
 ▼ -36% (y-o-y %)
€97mn Q1/2023
 ▼ -83% (y-o-y %)

INVESTMENT MARKET KEY FIGURES IN Q1 2023

Cross-border share	Share of total investment	Number of transactions	HMA Share	Prime yield
▼ 5%	▼ 23%	▼ 8	▼ 69%	▲ 3.80%
Vs. 4.2% (5-year avg.)	Vs. 27% (5-year avg.)	Vs. 14 (5-year avg.)	Vs. 60% (5-year avg.)	Vs. 3.60% in Q4 2022

Investment market

- Finnish residential investment volumes were €97 million in the first quarter, down 83% (y-o-y). Investments were mainly domestic as 5% of the investment volume came from international investors and sector share of the total investment volume was 23%.
- Largest transaction in the first quarter was JM Suomi selling a 128-apartment portfolio to Icecapital. Despite uncertainty in the market, there are active deals in the pipeline for 2023 and investors continue to view Finnish residential sector as an attractive market for long-term investments as fundamentals of the market remain intact. The lack of regulation and high transparency are major advantages of the Finnish residential market.
- Higher interest rates and increased cost of capital have resulted in prime residential yield decompression and yields increased by 20 bps to 3.80% in Helsinki Metropolitan Area and to 4.30% in Tampere and Turku during the first quarter.

NOTABLE RESIDENTIAL TRANSACTIONS IN Q1 2023

SALE OF 128 APARTMENTS

Sale price: Conf.
Sale date: 1/2023
Buyer: Icecapital
Seller: JM Suomi
Apartments: 128 apartments
Location: Espoo

SALE OF 50 APARTMENTS

Sale price: Conf.
Sale date: 1/2023
Buyer: Private
Seller: Seafarers' pension fund
Apartments: 50 apartments
Location: Helsinki, Jätkäsaari

Source: CBRE Research.

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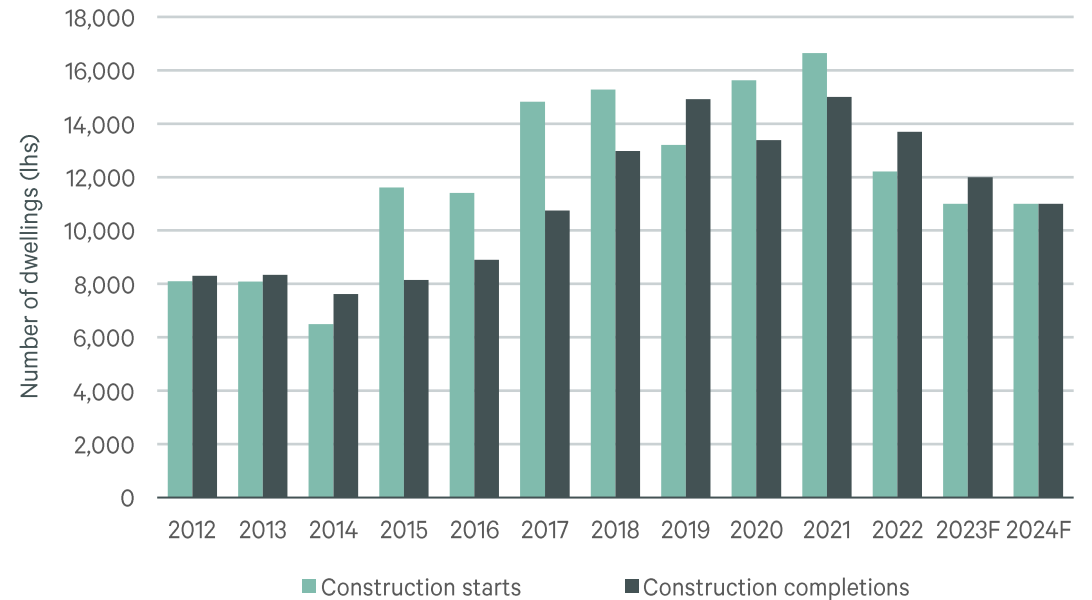
HELSINKI METROPOLITAN AREA KEY FIGURES



Rental market & construction activity

- Average sales prices of old dwellings in HMA decreased by 6.4% in February, while prices saw declines of 6.3% and 4.6% in Tampere and in Turku, respectively. Prices are expected to further decrease in 2023 driven by increased costs and interest rates. The trend is expected to shift to growth in 2024 as interest rates are expected to stabilize, new completions contract and population growth continues in growth centers.
- Average rents increased by 0.9% in the capital city region, 2.3% in Turku and 2.8% in Tampere (y-o-y) during the first quarter. Maintenance costs have increased by 11% (y-o-y), yet rent levels have remained below inflation. Population growth in growth centers, shrinking level of completions, relative affordability of rental housing are main drivers of rent growth in mid-term. However, high availability of rental housing moderates the pressure in short-term.
- New completions remain on high level, however high inflation and rising interest rates have limited construction activity in the past year, and construction starts decreased to lowest level since 2016 in HMA.

CONSTRUCTION ACTIVITY IN THE HELSINKI METROPOLITAN AREA



Source: CBRE Research, Statistics Finland

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FIGURE 1

Old apartments prices per sqm 2015-2022

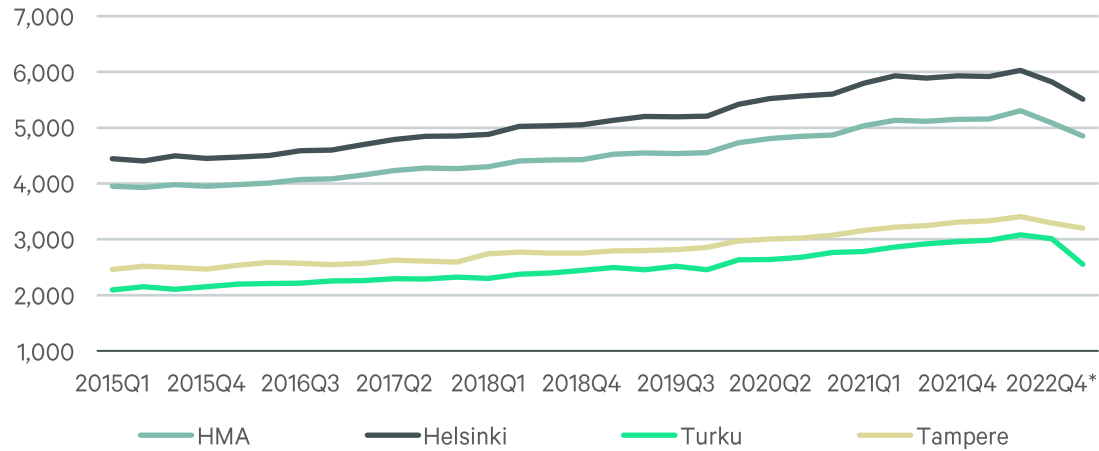


FIGURE 3

Old apartments sales 2015-2022

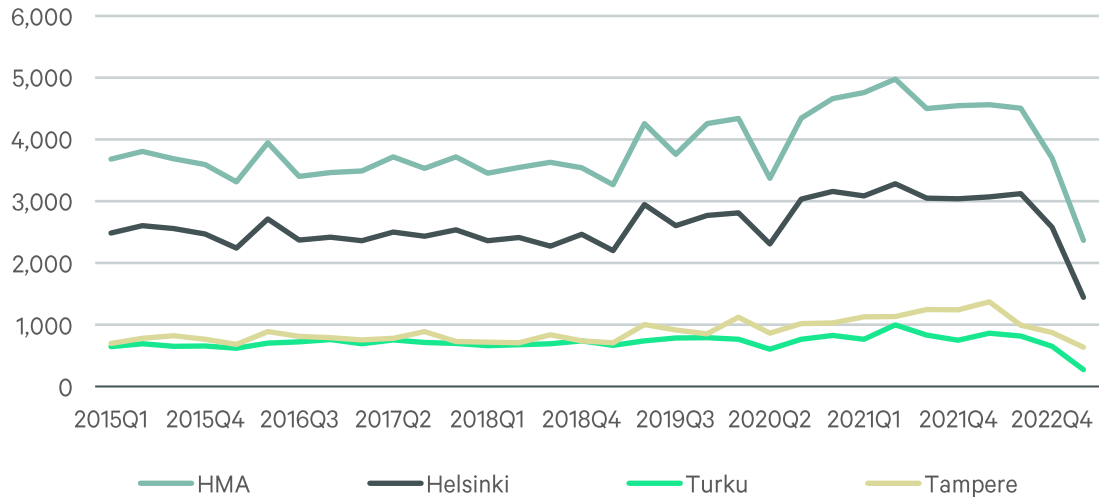


FIGURE 2

Old apartments availabilities 2019-2022

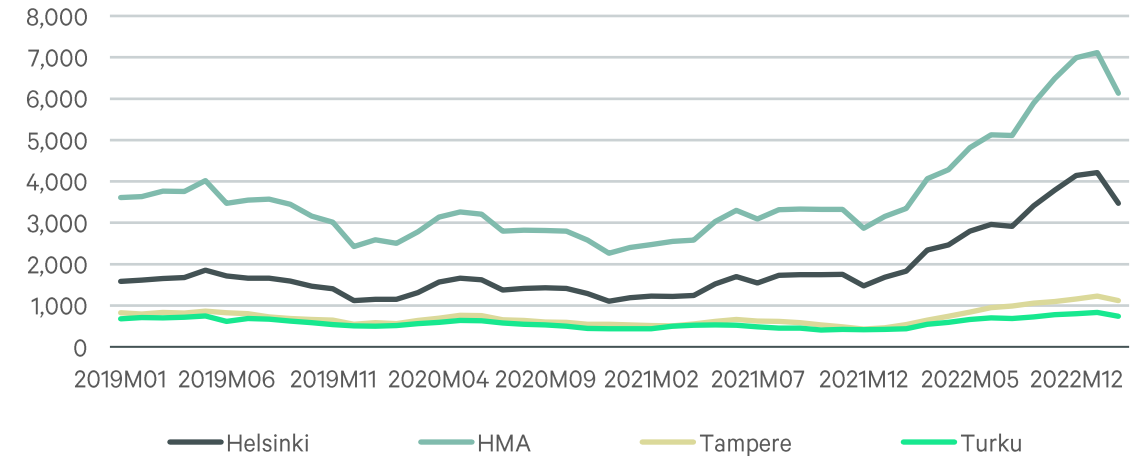
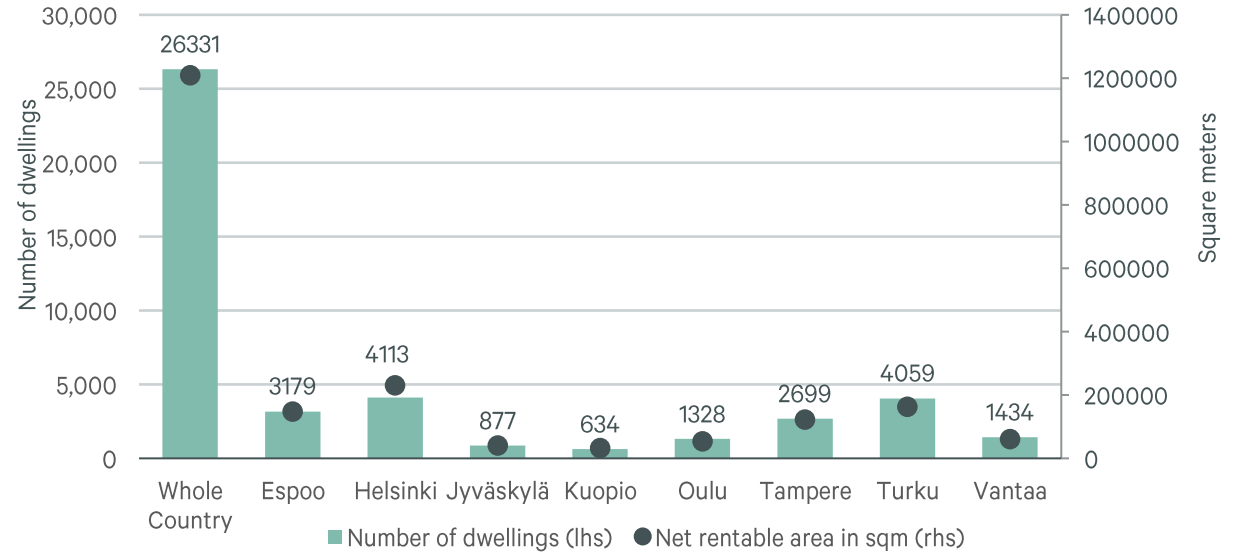


FIGURE 4

TTM Dwelling construction starts (February 2023)



Source: CBRE Research, Statistics Finland.



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