Subdued investment continues in the office market

OFFICE INVESTMENT VOLUME IN Q1-Q3 2024

€0.13bn TTM
-80% (y-o-y %)

€103mn Q1-Q3/2024
-75% (y-o-y %)

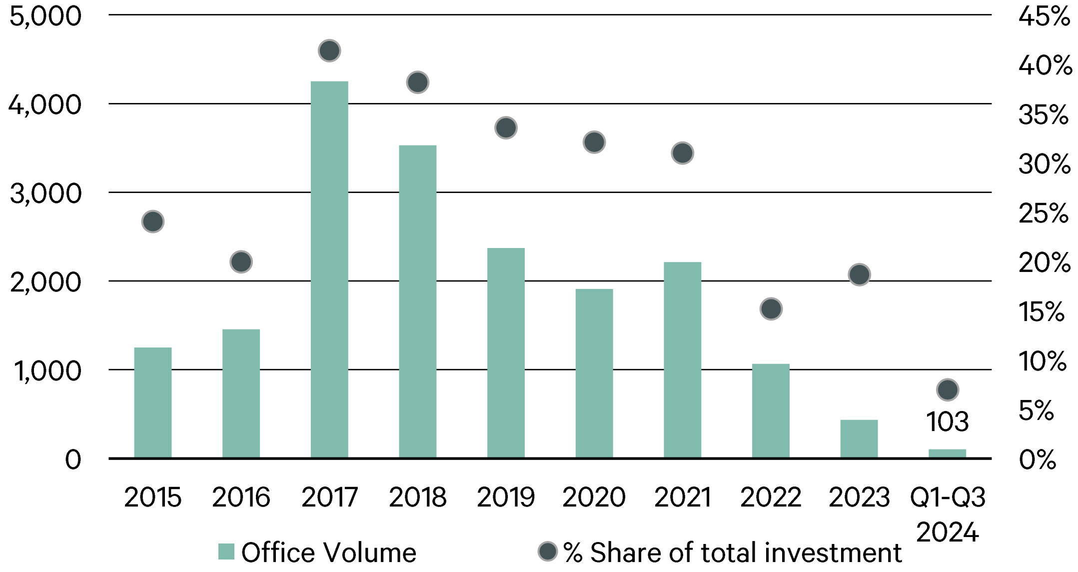
INVESTMENT MARKET KEY FIGURES IN Q1-Q3 2024

Cross-border share	Share of total investment	Number of transactions	HMA Share	Prime yield
37%	7%	7	22%	5.25%
Vs. 67% (5-year avg.)	Vs. 27% (5-year avg.)	Vs. 22 (5-year avg.)	Vs. 76% (5-year avg.)	Vs. 5.25% in Q2 2024

Office investment market

- The office market did not see investment activity in the third quarter of the year, as investors remain selective in allocating capital to this sector. The only office-related transaction was Varma's acquisition of a land plot in Keski-Pasila for €31 million, where The Node, a 43,000 sqm office tower, will be constructed.
- The repricing of the office market is getting more stabilized with prime yield remaining at 5.25% and the prime yield outside of the CBD at 6.00%. Office market volume is expected to remain low in 2024. However, investor sentiment regarding office investments is gradually shifting toward a more positive direction. Office yields have experienced the most severe repricing, presenting appealing investment opportunities as financing costs decline and the availability of capital increases. The long-term outlook for office investment remains solid, as office-based employment is projected to increase and sentiment towards returning to the office is strengthening.

OFFICE INVESTMENT VOLUME AND SHARE OF TOTAL INVESTMENT 2015-2024



Source: CBRE Research.

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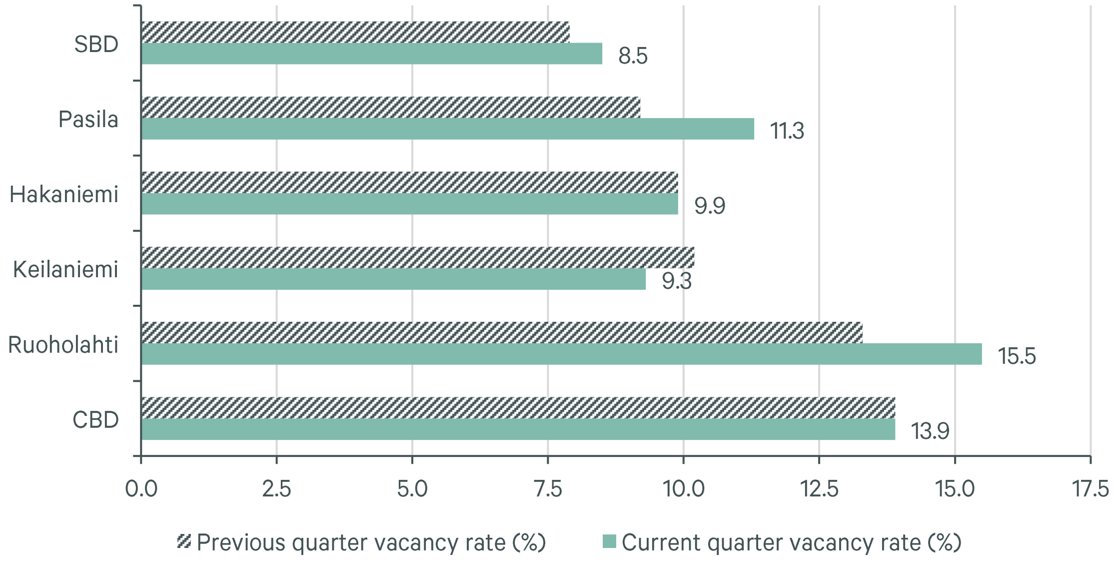
HELSINKI METROPOLITAN AREA KEY FIGURES

Prime rent	Vacancy rate	Net take-up (sqm)	Pipeline in 2024 (sqm)
€52	15.2%	16,400	119,000
€52 (Q2 2024)	14.8% (Q2 2024)	-19,600 sqm (Q2 2024)	80,000 sqm (10-year avg.)

Office occupier market

- The HMA office vacancy rate increased by 0.4 percentage points to 15.2%, and net take-up was 16,400 sqm in Q3. This positive net take-up was primarily due to the completion of new office buildings and the arrival of new tenants. The strongest percentage point decreases in vacancy rates were in Aviapolis (-1.6%) and Ruoholahti (-0.9%), while Pasila saw the highest increase in vacancy rate (2.1%).
- The trend of returning to the office is strengthening, with many companies recently establishing minimum requirements for in-person workdays to enhance team cohesion and collaboration. According to a survey conducted by Talouselämä, the most common policy among large Finnish companies is three office-based days per week. However, various organizations underscore the importance of flexibility, autonomy, and hybrid work models in establishing a modern office working culture.
- Katajanokan Laituri, the head office of Stora Enso and Konelabra are the most recently completed projects in the quarter. Konelabra, located in SBD, attracted multiple tenants, including Sony Music Finland and Interior Input Finland. Sampo also announced relocating to new premises in Fabian 21 in 2025.

VACANCY RATES IN SELECTED SUBMARKETS 2024 Q2-Q3



Source: CBRE Research, Helsinki Research Forum, Talouselämä

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