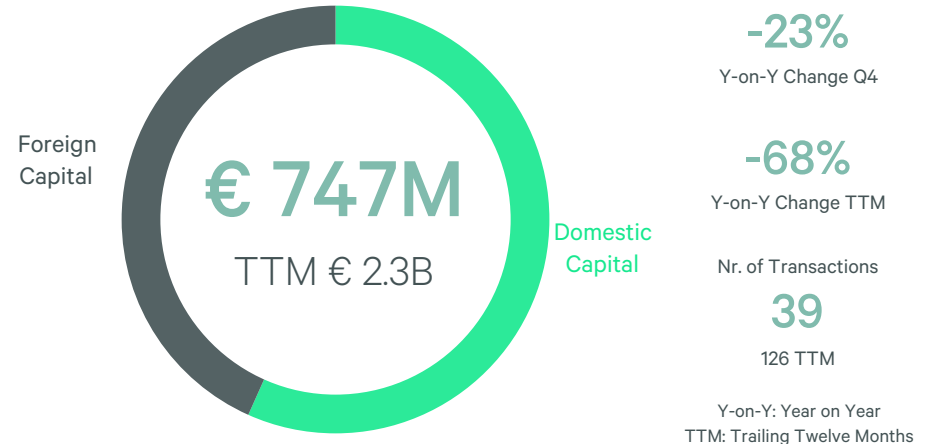


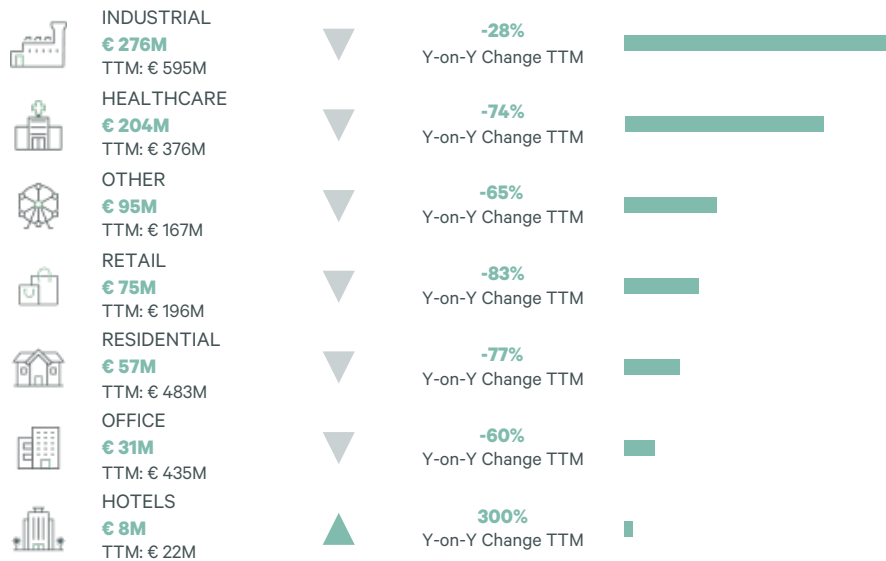
# Finland Real Estate Investment Volumes Q4 2023

Low investment activity through tightened financial conditions in 2023  
 Finnish investment market slowed down in 2023 on the back of higher interest rates and increased cost of capital. Investment volumes reached €2.3 billion, a 68% decrease year-over-year and the lowest volume since 2012. International investors continued to be active in the Finnish market and 56% of total investment came from cross-border investors. The capital city region attracted 39% of total volume, marking the first time in over ten years that the Helsinki Metropolitan Area's share was below 50% of total investment.

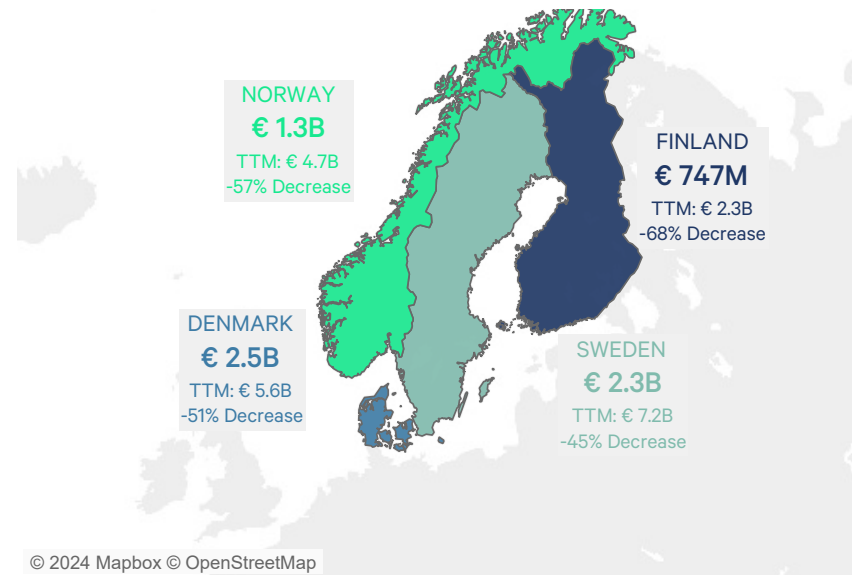
The largest transaction in 2023 was KKR's market entry to the Finnish market, the acquisition of over 1,200 apartments from Kruunuasunnot in May. Other notable transactions included Goldman Sachs purchasing a logistics portfolio from Macquarie and Northern Horizon acquiring 15 care properties from eQ in December. NREP was the most active net buyer in 2023, and the Nordic investor acquired a 17-asset care portfolio for €100 million from eQ in December and the Tieto-Evry HQ office property from AXA in June to name a few. Overall, the Nordic private equity players as well as sector specialists, such as Kinland and Aedifica, were active during the year. On the sell-side, the open-ended real estate funds were the most active net sellers as the redemption pressure built up towards the end of 2023.



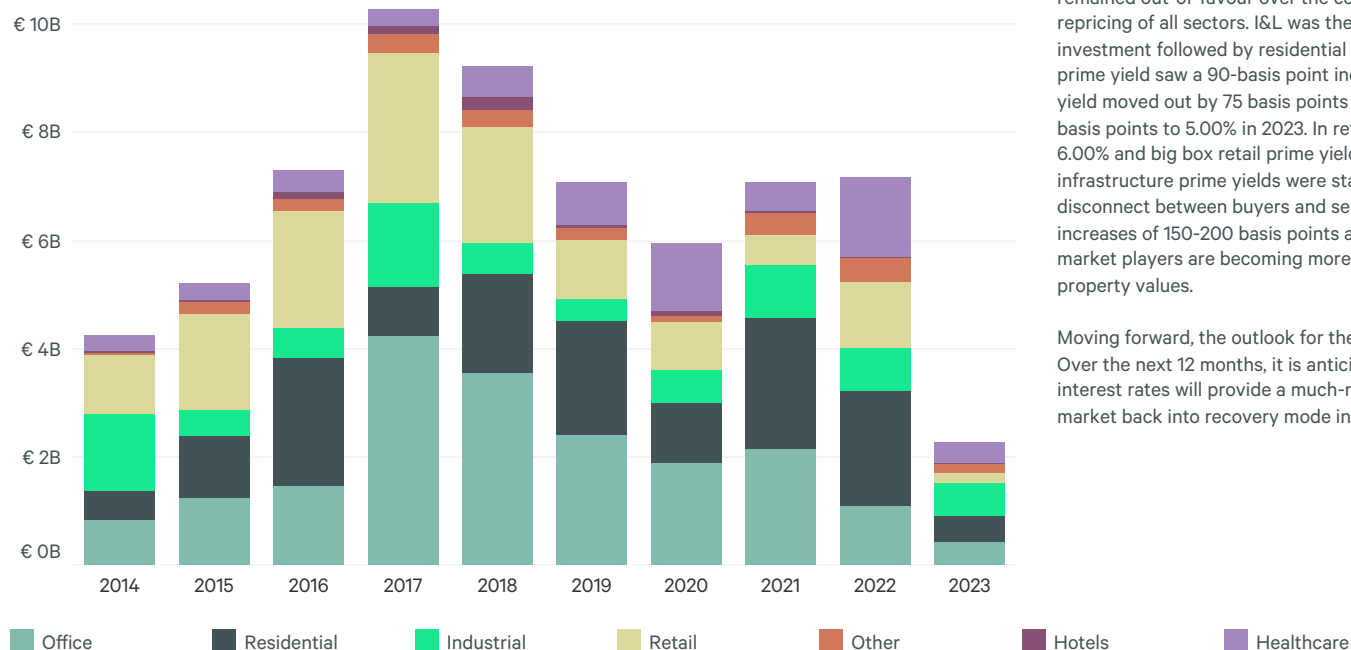
## Investment Volumes by Sector (Finland)



## Investment Volumes in Nordics region



### Investment Volumes Annual by Sector (Finland)



Note: 2023 annual numbers account till 12/31/2023

Investors preferred I&L, residential and social infrastructure properties, while offices remained out-of-favour over the course of 2023 as the sector saw the most significant repricing of all sectors. I&L was the largest sector in the Finnish market with 26% of total investment followed by residential (22%) and social infrastructure (22%). Residential prime yield saw a 90-basis point increase to 4.50% during 2023, while logistics prime yield moved out by 75 basis points to 5.50%. The prime office yield decompressed by 115 basis points to 5.00% in 2023. In retail, shopping centre prime yield decompressed to 6.00% and big box retail prime yield to 7.25%, respectively. Hotel and social infrastructure prime yields were standing at 5.50% at the end of the year. The disconnect between buyers and sellers is starting to unravel as prime yields have seen increases of 150-200 basis points across sectors from the lows in early 2022, and the market players are becoming more and more aware and realistic about the current property values.

Moving forward, the outlook for the Finnish market is cautiously optimistic for 2024. Over the next 12 months, it is anticipated that the cooling of inflation and stabilization of interest rates will provide a much-needed boost to the market, pulling the investment market back into recovery mode in the second half of the year.

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