

FIGURES | FINLAND RESIDENTIAL | Q4 2023

Challenging year for residential sector

RESIDENTIAL INVESTMENT VOLUME YTD

€0.52bn TTM
 ▼ -76% (y-o-y %)
 €57mn Q4/2023
 ▼ -49% (y-o-y %)

INVESTMENT MARKET KEY FIGURES 2023

Cross-border share	Share of total investment	Number of transactions	HMA Share	Prime yield
▲ 61% Vs. 42% (5-year avg.)	▼ 22% Vs. 27% (5-year avg.)	▼ 19 Vs. 44 (5-year avg.)	▼ 57% Vs. 60% (5-year avg.)	▲ 4.50% Vs. 4.10% in Q3 2023

Investment market

- In 2023, the Finnish residential market experienced a slowdown with volume reaching €517 million, down 76% (y-o-y). A total of 61% of the volume came from international investors, and 57% landed in the Helsinki Metropolitan Area (HMA). Foreign investors increased their share of the Finnish residential market as all vendors were Finnish investors.
- Residential prime yields increased by 40 bps to 4.50% in the Helsinki Metropolitan Area. Prime yields saw similar movement in Tampere and Turku and increased to 5.00% during the fourth quarter. Despite the challenging year, there are active deals in the pipeline, and investors are looking to deploy a considerable amount of capital into the market as the interest rate cycle turns and the pricing environment becomes clearer.
- The most notable deal of the year was KKR’s entry into the Finnish residential market, with Avant acquiring over 1,200 apartments residential portfolio from Kruunuasunnot. Another notable deal was Catella’s purchase of 350 residential apartments from S-Bank.

NOTABLE RESIDENTIAL TRANSACTIONS IN 2023

SALE OF 1,200 APARTMENTS PORTFOLIO

Sale price: Conf.
Sale date: 5/2023
Buyer: KKR & Avant
Seller: Kruunuasunnot
Apartments: 1,247
Location: Nationwide

SALE OF 350 RESIDENTIAL APARTMENTS

Sale price: Conf.
Sale date: 12/2023
Buyer: Catella
Seller: S-Bank
Apartments: 350
Location: Espoo, Kerava, Tampere and Turku

Source: CBRE Research.

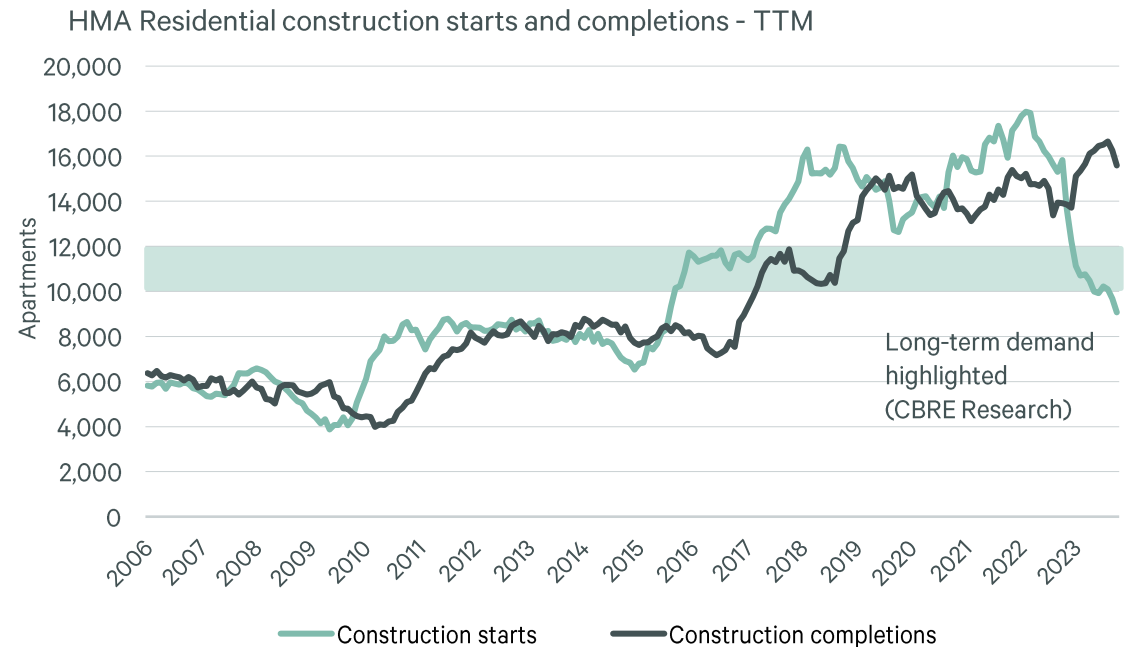
FIGURES | FINLAND RESIDENTIAL | Q4 2023

HELSINKI METROPOLITAN AREA KEY FIGURES



Rental market & construction activity

- The average sales price of old dwellings in HMA decreased by 4.9% in November, while prices decreased by 2.0% and 6.6% in Tampere and Turku, respectively. The prices are expected to shift to growth in H2 2024. The growth is supported by expected declines in interest rates, a decrease in new housing and record level of population growth in Helsinki, Turku and Tampere.
- Average rents increased modestly by 0.1% in the capital city region, 2.0% in Turku, and 1.6% in Tampere (y-o-y) in Q4. The rental increases have been tempered by high availability of rental apartments. However, there are strong long-term factors indicating rental growth, such as relative affordability of rental living compared to ownership, population growth and low levels of construction starts. The HMA has seen considerable growth in rental living over the past decade (31%).
- Construction starts dropped sharply by 38% (y-o-y), influenced by increased interest rates and decreased sales volumes. Construction activity is expected to remain low for the current year. However, activity is projected to pick up in the following years to meet long-term demand once the oversupply leaves the market.



Source: CBRE Research, Statistics Finland

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