

FIGURES | FINLAND OFFICE | Q4 2023

# Office market repricing continues

## OFFICE INVESTMENT VOLUME IN Q4 2023

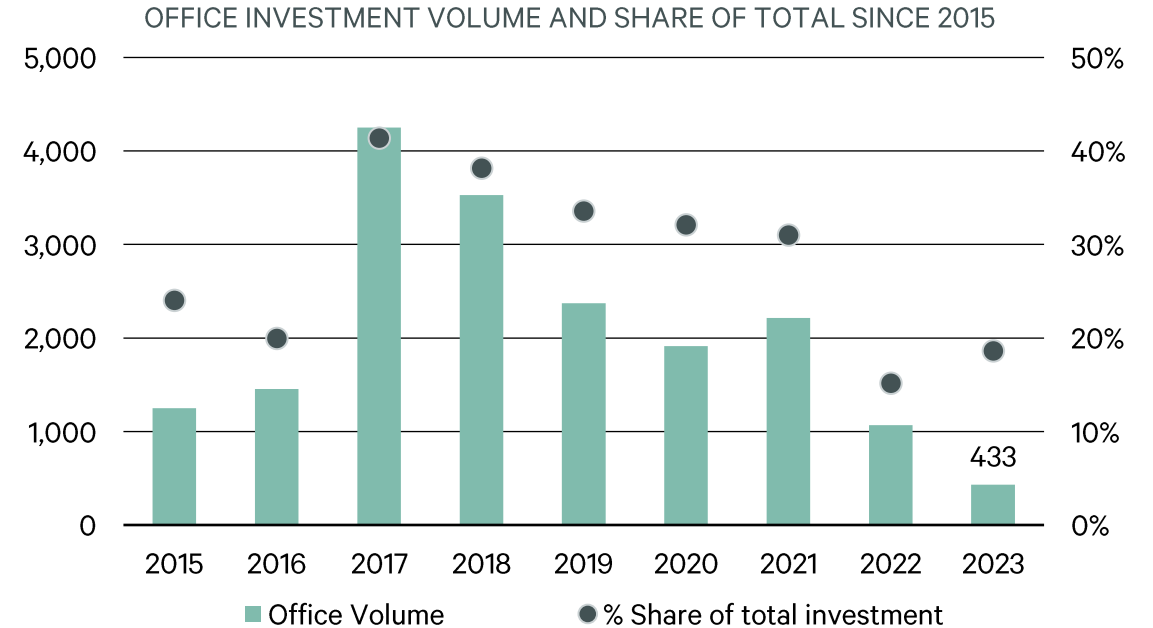
€0.43bn YTD  
 ▼ -59% (y-o-y %)  
 €31mn Q4/2023  
 ▼ -89% (y-o-y %)

## INVESTMENT MARKET KEY FIGURES IN 2023

Cross-border share	Share of total investment	Number of transactions	HMA Share	Prime yield
▲ 60%	▼ 19%	▼ 17	▼ 57%	▲ 5.00%
Vs. 59% (2022)	Vs. 30% (5-year avg.)	Vs. 52 (5-year avg.)	Vs. 83% (5-year avg.)	Vs. 4.50% in Q3 2023

### Office investment market

- The Finnish investment market ended the year with a low transaction volume. The year was characterized by challenging market conditions and illiquidity. 57% of the transaction volume landed in the capital city region, and 60% came from cross-border investors in 2023.
- The prime yield shifted 50 basis points to 5.00%, and the prime yield outside CBD saw a similar shift to 5.75% amidst the change in pricing environment in Q4. The flight to quality theme was evident in 2023, and the spread between prime and secondary assets continued to widen. Prime assets with robust tenant credits and green credentials located in well-connected submarkets attracted investor interest and 80% of the volume came from purchases of prime assets in central areas.
- Key office transactions in 2023 included CBRE-advised deals such as Nrep's purchase of an office building in Keilaniemi and Fennia's acquisition of the fully refurbished office building Maistraatinportti in Pasila. Another notable deal was Niam's purchase of a development project for Finland's tallest office tower in Kalasatama.



Source: CBRE Research.

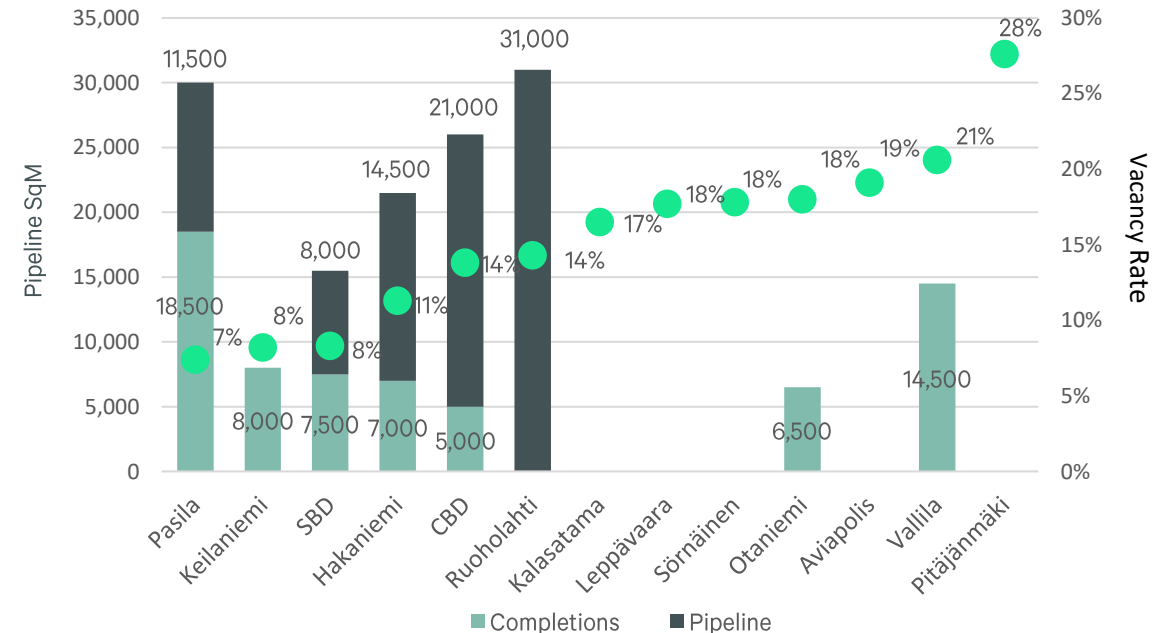
HELSINKI METROPOLITAN AREA KEY FIGURES



Office occupier market

- The vacancy rate increased by 0.2 percentage points to 14.6%, and the net take-up was -10,600 sqm in the last quarter of 2023. During the year, the vacancy rate increased a total of 2.0%, and the net take-up was -49,000 sqm. The strongest performing submarkets with the highest net take-up were Vallila (9,100), SBD (7,000), and Keilaniemi (4,400). On the other end, Pitäjänmäki (-20,200), CBD (-14,400), and Leppävaara (-14,300) saw increasing amount of available space.
- In 2023, occupiers were active in downsizing and subleasing unused office space to optimize space usage in a hybrid work environment. Key trends in the market were an increased focus on quality office premises in prime locations with ESG credentials.
- In 2023, a total of 70,000 sqm of new office space was completed, and it is expected that 119,000 sqm of new stock will be completed in the next year. However, delays in project completions may arise due to market uncertainty. The vast majority of new developments will take place in submarkets with below-average vacancy rates, such as Pasila, SBD, Hakaniemi, CBD, and Ruoholahti.

COMPLETIONS, PIPELINE (2023-2024) AND VACANCY RATES IN HMA



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

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