

FIGURES | FINLAND RESIDENTIAL | Q1 2024

Active residential market despite slow first quarter

RESIDENTIAL INVESTMENT VOLUME

€0.49bn TTM

▼ -70% (y-o-y %)

€73mn Q1/2024

▼ -25% (y-o-y %)

INVESTMENT MARKET KEY FIGURES Q1 2024

Cross-border share

▲ 51%

Vs. 4.0% (5-year avg.)

Share of total investment

▼ 15%

Vs. 28% (5-year avg.)

Number of transactions

▼ 5

Vs. 12 (5-year avg.)

HMA Share

▼ 45%

Vs. 60% (5-year avg.)

Prime yield

▶ 4.50%

Vs. 4.50% in Q4 2023

Investment market

- The Finnish residential market started the year slow with transaction volume reaching a mere €73 million in the first quarter. Half of the total investment came from international investors, and 45% of the transactions took place in the Helsinki Metropolitan Area. On a positive note, the upward movement of residential prime yields stabilized, and the bond market opened up with large residential names, such as Kojamo and SATO, successfully organizing new financing packages in the first quarter of 2024.
- The most notable deals of the first quarter were the CORE Properties' acquisition of a new fully rented residential property in Turku, and Elo's purchase of two residential properties in Kallio and Töölö. There are several residential deals in the pipeline, and the remainder of 2024 is expected to be more active through the decreases in interest rates helping the investment market propel back. The residential sector remains in crosshairs for both domestic and international investors, and according to CBRE's 2024 Nordic investor intention Survey, residential is the second most popular sector right after I&L with 25% of Nordic investors preferring the sector.

NOTABLE TRANSACTIONS IN Q1 2024

SALE OF RESIDENTIAL PROPERTY IN TURKU

Sale price: Conf.

Sale date: 1/2024

Buyer: CORE Properties

Seller: FinCap

Apartments: 29

Location: Kirstinpuisto, Turku

SALE OF TWO RESIDENTIAL PROPERTIES IN HELSINKI

Sale price: Conf.

Sale date: 2/2024

Buyer: Elo

Seller: Paavo Nurmen Säätiö

Apartments: 94

Location: Kallio and Töölö, Helsinki

Source: CBRE Research.

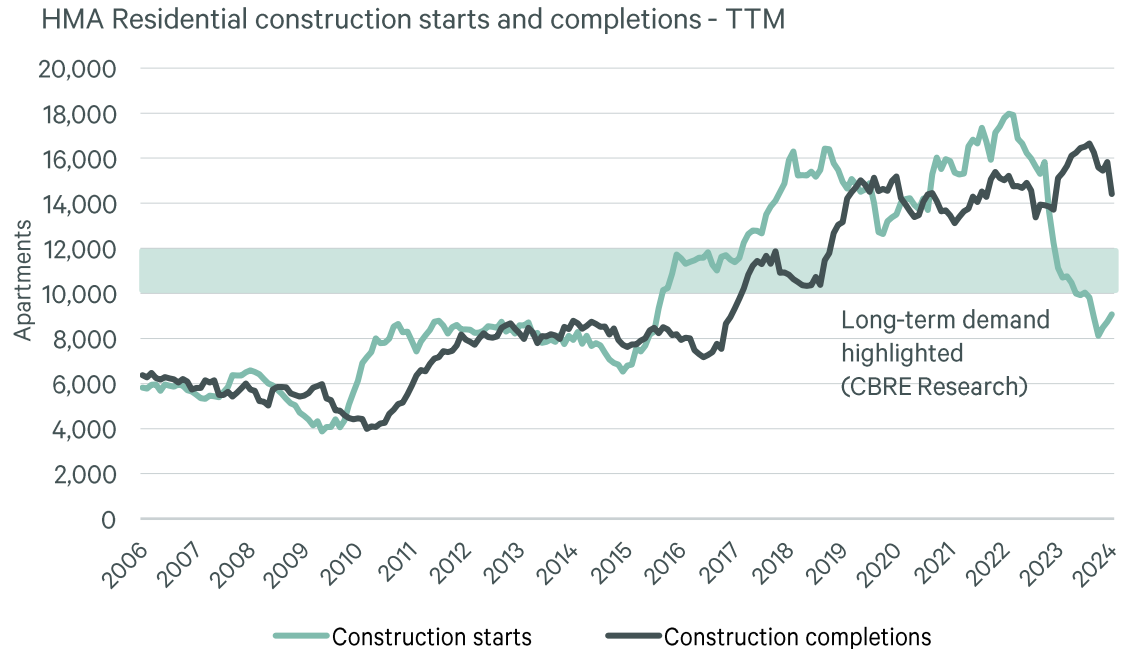
FIGURES | FINLAND RESIDENTIAL | Q1 2024

HELSINKI METROPOLITAN AREA KEY FIGURES



Rental market & construction activity

- The sales prices of old dwellings in HMA, Tampere, and Turku saw a year-over-year decrease of 6.7%, 3.6%, and 4.5% respectively in February. Sales prices are projected to rise moderately towards the end of the year, but the prices are not expected to recover before 2025.
- Average rents increased modestly by 0.4% in the capital city region, 2.2% in Turku, and 2.3% in Tampere (y-o-y) in the first quarter. The highest oversupply is in HMA which is softening the rental growth in the short-term. The demand and supply are more in balance in Tampere and Turku indicating higher rental growth expectations for these regions.
- Construction starts fell by 19% (y-o-y), reflecting the weakened economic conditions. A 39% drop in construction permits signals no near-term recovery. According to The Confederation of Finnish Construction Industries RT, construction activity may decrease to 16,000 starts at the country level in 2024, while the number of completed housing units is expected to plummet at lag.



Source: CBRE Research, Statistics Finland.

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