

Office investment recovery underway

OFFICE INVESTMENT VOLUME IN Q4 2021

€2.21bn TTM
 ▲ +15% (y-o-y %)
€741mn Q4/2021
 ▲ +117% (Y-o-Y %)

INVESTMENT MARKET KEY FIGURES IN Q4 2021

Cross-border share	Share of total investment	Number of transactions	HMA Share	Prime yield
▲ 79%	▼ 31%	▼ 15	▼ 61%	▼ 3.00%
Vs. 66% (FY2020)	Vs. 32% (5-year avg.)	Vs. 16 (5-year avg.)	Vs. 81% (5-year avg.)	Vs. 3.25% in Q3 2021



Office investment market

- Office real estate investment continues to recover in the Finnish market, and investment volume reached €2.21 billion in 2021, up 15% from the previous year. Last quarter saw strong 117% year-over-year growth with €741 million of transactions taking place before the end of the year.
- Higher quality and modern offices with strong transport locations and green credentials have remained in crosshairs for various investors, and prime office yields have compressed below the pre-pandemic level in Finland. Prime office yield for Helsinki CBD decreased 25 basis points to 3.00% and prime yield for offices outside CBD decreased 20 basis points to 3.80% in the last quarter of the year.
- Notable office transactions in the last quarter of 2021 were Union Investment’s sale of the Metso Outotec office in Espoo and Aberdeen’s acquisition of a modern office property located in the submarket of Vallila in Helsinki.

NOTABLE OFFICE TRANSACTIONS IN Q4 2021

SALE OF METSO OUTOTEC OFFICE IN ESPOO

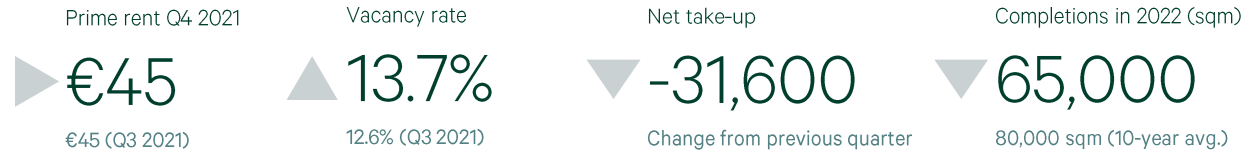
Sale price: Conf.
Sale date: 12/2021
Buyer: Corum Asset Management
Seller: Union Investment
Size: 14,300 sq m
Location: Espoo

SALE OF OFFICE PROPERTY IN VALLILA

Sale price: €75 million
Sale date: 12/2021
Buyer: Aberdeen
Seller: NCC
Size: 8,500 sq m
Location: Helsinki

Source: CBRE Research.

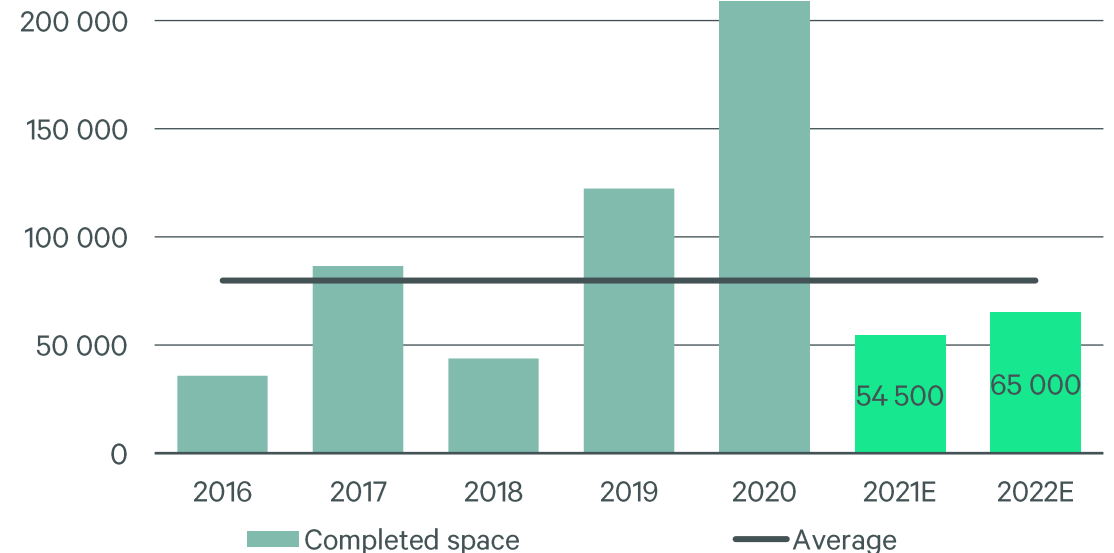
HELSINKI METROPOLITAN AREA KEY FIGURES



Office occupier market

- Office leasing market remained active in the last quarter of 2021 and the strengthening occupational demand was led by IT & technology, management consulting and other professional services (law, finance) companies. Ålandsbanken, a banking group, signed a lease with Varma for a new +2,000 sqm office space in the outskirts of CBD. Other large lease transactions (>1,500 sqm) during the last quarter were the transactions of technology company Futurice in the outskirts of CBD and marketing agency Dentsu in Hakaniemi.
- Last quarter saw 20,000 sqm of new office completions and the total amount of completed office space was 54,500 sqm in 2021. It is estimated that Helsinki Metropolitan Area will see 65,000 sqm of new office completions in 2022, slightly below the long-term average of 80,000 sqm. The continued high rate of inflation and labour market difficulties as well as supply chain problems may slow down and delay office construction in 2022.

NEW OFFICE COMPLETIONS IN THE HELSINKI METROPOLITAN AREA



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



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