



FINLAND
OFFICE MARKET
Q1/2021

CBRE RESEARCH
NORDICS REAL ESTATE
MARKET SNAPSHOT

CBRE

FINNISH OFFICE MARKET KEY FIGURES IN Q1 2021

SLOW START TO THE YEAR

The year started off relatively quiet in the investment market with transaction volume of €269 million, 80% lower than the record high comparable volumes in the same period last year.

Despite a slow start, there remains a significant amount of deployable capital in the market and investors continue to favour well-located offices with strong infrastructural fundamentals. The investment sentiment is currently focusing more on the core and higher quality, environmentally certified office assets with strong inner-city locations and robust tenant credits.

Office market remains very international with a nearly 80% cross-border share in the first quarter. The largest transactions in the first quarter were NREP's acquisition of the Metsä Group and MELA headquarters in Tapiola for €90 million and DWS' purchase of two modern office properties from Regenero in Keilaniemi.

Investment Volume

€873mn TTM

▼ -72% (y-o-y %)

€269mn Q1/2021

▼ -80% (Y-o-Y %)



**SALE OF METSÄ GROUP
& MELA HQ IN TAPIOLA**

Sales price: €90 million

Sale date: 1/2021

Buyer: NREP

Seller: Metsäliitto & MELA

Size: 21,925 sq m

Location: Espoo

**SALE OF 2 PROPERTIES
IN KEILANIEMI**

Sales price: Conf.

Sale date: 3/2021

Buyer: DWS

Seller: Regenero

Size: 11,623 sq m

Location: Espoo

Source: CBRE Research

Key Figures in Q1 2021



Cross-border share

79%

▼ 66% (2020)



Share of total investment

24%

▼ 32% (10-year avg.)



Number of transactions

9

▼ 16 (5-year quarterly avg.)



HMA share

95%

▲ 81% (5-year avg.)



Prime yield

3.5%

▲ +/- 0 bps vs. Q4 2020

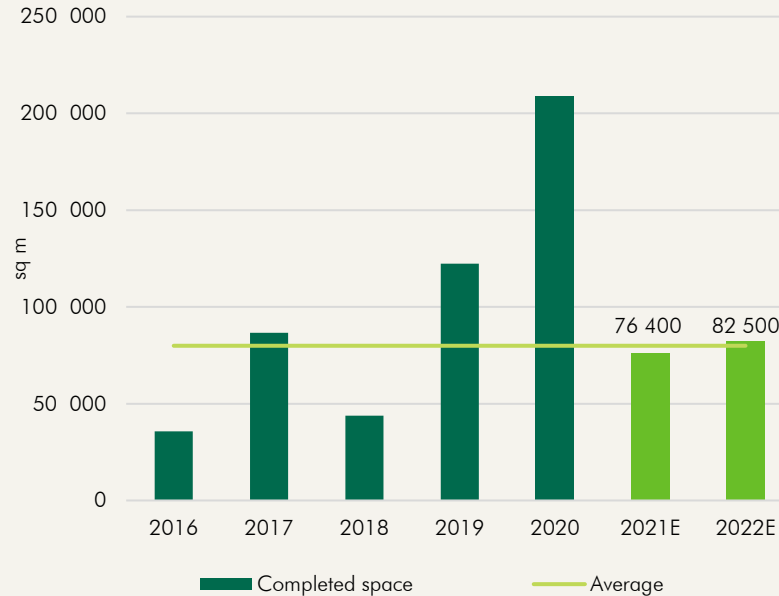
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OCCUPIER MARKET

Companies are optimistic about the second half of 2021 as vaccinations are well under way in Finland and economy is expected to be reopened after summer. There is more activity in smaller spaces, but occupiers are already taking actions towards post-COVID workplace strategies. The discussions revolve around the objective and assumption of 1-2 WFH days being the new normal in remote working after the pandemic.

Occupiers continue optimize their current office spaces by downsizing and short-term lease extensions. Flexible and 'On-Demand' offices are a growing trend in the occupier market as well as the growing demand for more sustainable and certified office spaces. There were no new office completions in the first quarter of 2021 in the Helsinki Metropolitan Area and the new office completions in 2021 are expected to be in-line with the long-term annual average of 80,000 sq m.

New office completions in HMA



Source: CBRE Research, KTI Property Information Ltd.

Helsinki Metropolitan Area Key Figures



Development Pipeline
FY2021
76,400 sq m
▼ 80,000 sq m
(annual 10-year avg.)



New Office Completions
Q1 2021
0 sq m
▼ vs. 56,770 sq m
(H2 2020)



Prime Rent
Q1 2021
42 €/sq m



Vacancy rate
12.6%

CONTACT DETAILS



**JUSSI
NIEMISTÖ**

Head of Research

T +358 40 537 5760
JUSSI.NIEMISTO@CBRE.COM



**OLLI
KANTANEN**

Head of Valuation
& Research

T +358 50 540 0805
OLLI.KANTANEN@CBRE.COM



**HENRIK
CALTON**

Head of Capital Markets

T +358 40 820 8235
HENRIK.CALTON@CBRE.COM



**KRISTA
RUIGENDIJK**

Head of A&T

T +358 40 653 1835
KRISTA.RUIGENDIJK@CBRE.COM

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