

Recovery continues for offices

OFFICE INVESTMENT VOLUME IN Q3 2021

€1.81bn TTM
 ▼ -23% (y-o-y %)
€982mn Q3/2021
 ▲ +346% (Y-o-Y %)

INVESTMENT MARKET KEY FIGURES IN Q3 2021

Cross-border share	Share of total investment	Number of transactions	HMA Share	Prime yield
▲ 92% Vs. 66% (FY2020)	▲ 56% Vs. 32% (5-year avg.)	▼ 10 Vs. 16 (5-year avg.)	▼ 36% Vs. 81% (5-year avg.)	▶ 3.25% Unchanged



Office investment market

- The recovery in the economy and the easing of traveling is giving way to strong increase in investment activity. In the third quarter, Finnish market saw highest office transaction volumes since the start of the pandemic with €982 million and the best third quarter since 2017.
- Largest transaction was the Blackstone and Brunswick's sale of the €640 million Kiello office portfolio to Castellum in July. There continues to be high amount of deployable capital looking to invest in core office properties in Finland and both domestic and international investors actively searching for core and higher quality, environmentally certified office assets.
- The recovery will continue, and the investment pipeline is looking healthy in the Finnish office market. The investment demand continues to focus on the capital city region and larger university cities.

NOTABLE OFFICE TRANSACTIONS IN Q3 2021

SALE OF KIELO (22 PROPERTIES)

Sale price: €640 million
Sale date: 7/2021
Buyer: Castellum
Seller: Blackstone & Brunswick
Size: 237,000 sq m
Location: HMA, Tampere, Turku, Jyväskylä and Lahti

OFFICE PROPERTY IN SÖRNÄINEN

Sale price: Conf.
Sale date: 8/2021
Buyer: NREP
Seller: Cobbleyard Real Estate
Size: 13,500 sq m
Location: Helsinki

Source: CBRE Research.

FIGURES | FINLAND OFFICE | Q3 2021

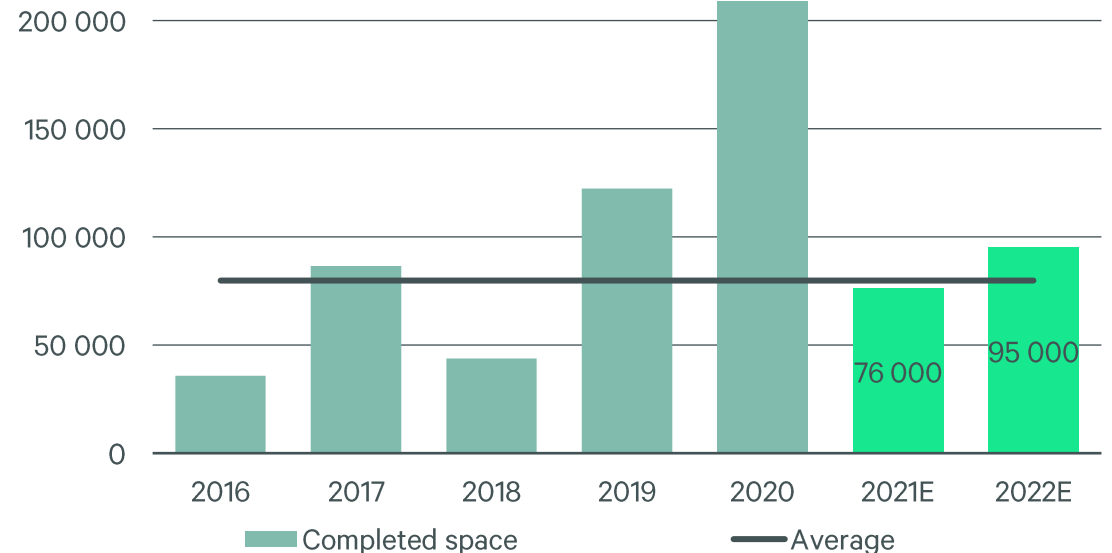
HELSINKI METROPOLITAN AREA KEY FIGURES



Office occupier market

- The occupier market is showing clear indication of recovery with office leasing returning in both small and large spaces. Prime rent in Helsinki CBD has increased from €42/sqm/month to €45/sqm/month during the third quarter.
- Office leasing has picked up and office portfolio strategies and plans have been brought back from the long 'wait-and-see' period during the pandemic. Companies are returning to the office and making plans to restore the connection to the workforce.
- There is 40,000 sqm of new office space to be completed in the last quarter of 2021 and it is estimated that Helsinki Metropolitan Area will see 95,000 sqm of new office completions in 2022, above the long-term average of 80,000 sqm. Cost inflation and difficulties of getting labour and materials may limit the office construction in the following quarters.

NEW OFFICE COMPLETIONS IN THE HELSINKI METROPOLITAN AREA



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



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