

Record high H1 office transaction volume for a decade

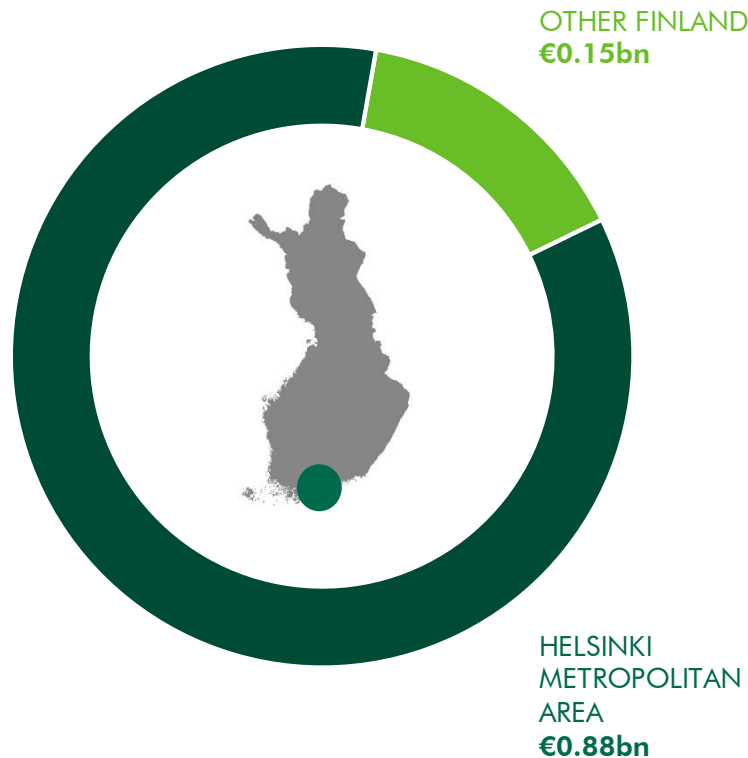
THE OFFICE MARKET REMAINS THE MOST ATTRACTIVE SECTOR

The Finnish office real estate investment volume totalled over €1.03 billion in H1 2019, the highest volume recorded during the first half of the year after the financial crisis of 2008. Strong international demand and increased transaction average size were the main drivers behind the growth.

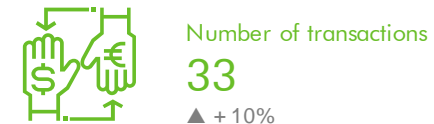
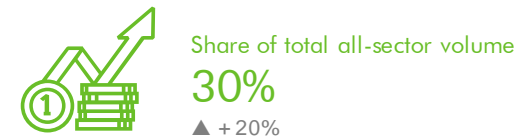
Office investment market was the most attractive sector for capital, comprising almost a third of the total real estate investment volume during the period. The majority of the transactions in the sector were focused on the Helsinki Metropolitan Area (86%). International investors showed an increased interest in the Finnish office sector, contributing 68% of the total office investment volume.

Although the first half of the year did not see any large portfolio transactions in the office market, there were several significant single asset transactions such as the acquisition of Helsinki Courthouse by Hemsö for €200 million and the European Chemical Agency's headquarters by Hansainvest for €135 million.

OFFICE TRANSACTION VOLUME BY REGION, H1 2019



FINLAND OFFICE REAL INVESTMENT MARKET KEY FIGURES, H1 2019



Source: CBRE Research

Prime office rents expected to grow moderately

HIGH OCCUPIER DEMAND FOR MODERN OFFICES

Prime office rent per sq m per month remains at a record high as occupier demand for Helsinki CBD and modern office properties still exceeds supply as shown by ca. 55,000¹ sq m net take-up in H1 2019.

As prime rents are trending upwards in the long run and the rent cycle is at its late phase, prime office rents are expected to grow moderately in 2019-2020. Current occupier market sentiment also indicates modest growth pressure in rents for Helsinki CBD and modern office premises.

As total office stock in the Helsinki Metropolitan Area has grown by 72,600 sq m during H1 2019 and vacant stock has remained stable, the office vacancy rate has decreased during the period. This trend is expected to continue especially in Helsinki CBD due to high occupier demand and low office supply.

In H1 2019, two notable office buildings were completed: the first phase of K-Kampus in Kalasamata and the headquarter of Ramboll Finland Oy in Leppävaara. In total, they increased office stock by over 40,000 sq m.

¹Source: KTI Property Information Ltd

FINLAND OFFICE OCCUPIER MARKET KEY FIGURES, H1 2019



Total HMA office stock
8.9bn sq m



Prime yield
3.4%



Vacancy rate
12.6%



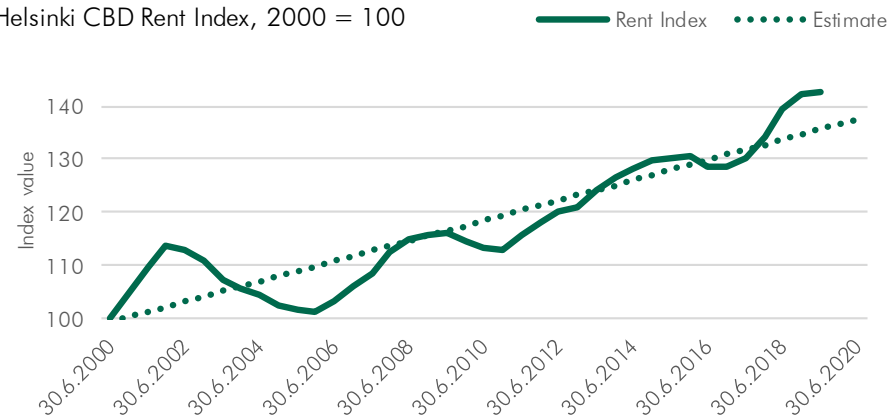
Prime rent per sq m/mth
€40



Office investment volume in H1
€1.03bn

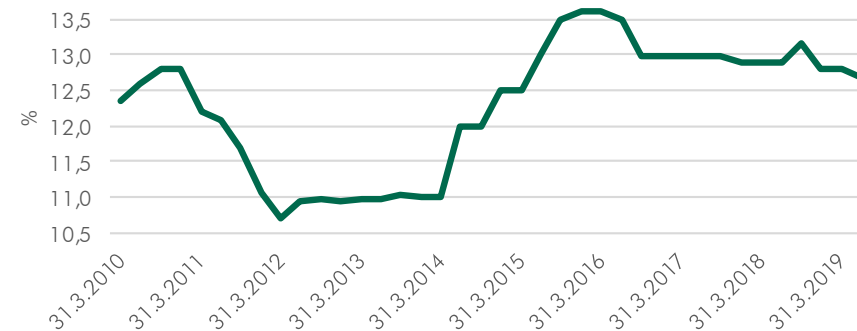
Source: CBRE Research

Helsinki CBD Rent Index, 2000 = 100



Source: CBRE Research, KTI Property Information Ltd

Office Vacancy Rate in Helsinki Metropolitan Area



Source: CBRE Research

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