

# Real Estate Market

## Finland

Office Q2 | 2024

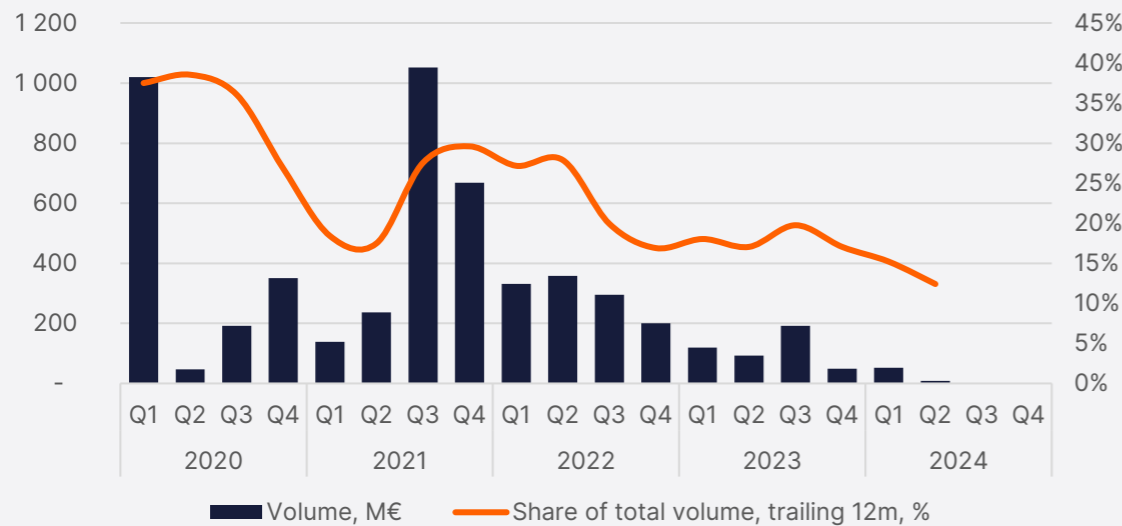


# Offices Q2 2024

## Investment highlights

<b>9 M€</b> Volume -62% YoY LTM	<b>2</b> Transactions -13% YoY LTM	<b>0%</b> International Investors vs 69% 2023	<b>1%</b> Share of Total Volume vs 17% 2023
<b>5.10%</b> Prime Yield ↑20bps from Q1	<b>50€/sqm/month</b> Prime Rent 2€ from Q1	<b>10.3%</b> Helsinki CBD Vacancy +0.1% from Q1	<b>124,300 sqm</b> Net take-up Q2

Quarterly transaction volume 2020-2024



LTM = Last Twelve Months  
HMA = Helsinki Metropolitan Area (Helsinki, Espoo, Vantaa)

# The attractiveness of the CBD is reflected in the rentals.

## Q2 Key Takeaways

Office transaction volume was EUR 9 million in Q2, leading to a EUR 61 million H1 volume in 2024. This represents a 71% year-over-year decline and a 91% drop from the previous 5-year average for H1 office investments.

Investors and lenders have reduced their exposure to offices, resulting in subdued investment demand. Current market conditions, including hybrid work and a weak economy, show no signs of improvement in office transactions.

Yield decompression continues in the office segment due to higher interest rates, increased financing costs, and weak office demand. Yields for top offices in Helsinki have risen to 5.1% in the CBD and 6.1% in prime suburbs.

Despite this, demand for high-quality office space in the CBD has driven rents up, keeping vacancy relatively stable. The gap between prime and secondary areas is widening in both user appreciation and rental levels. Prime rent is at EUR 50 (+6% YoY), while prime suburban rent remains at EUR 27, unchanged for two years.

Vacancy in Helsinki CBD stood at 10.3% in Q2, down 0.8 percentage points YoY, but up 3.4 percentage points from pre-COVID levels.

## Investment Monitor

- Uncertainty in the office market increased further. Capital constraints and access to finance are weighing on investment demand. Market still cautious of offices due to active hybrid work.
- Investors have recalibrated their allocations, resulting in subdued demand for offices. Core investors and international investors are currently taking no new exposure to offices.
- A clear market turning point for offices is not in sight in 2024, and office liquidity is not expected to recover in 2024.

## Occupier Market

- The occupier flight to quality explains why the prime rental growth edged up again in the second quarter of 2024.
- There is activity in the leasing market as Covid “bridge contracts” are nearing their term.
- Newsec leasing observes that for large companies, the number of office users is around 30-40% at a time in the office.

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## Make use of the even more detailed property market data!

Newsec produces the most diverse, high-quality and up-to-date real estate market data in Finland. We conduct regional research on rental levels, vacancy and tenant demand trends. We monitor the local, Nordic and international real estate investment market and trends among investors and financiers. We use the data internally, in our client work and in the accompanying market reports, among other things.

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### Helsinki Office Market Report

Helsinki Metropolitan Area Office market report contains key market data from the 27 sub-market areas in the Helsinki Metropolitan Area.

### Southern Finland Logistics Market Report

Southern Finland Logistics Market report contains market data from the 9 most important sub-market areas.

### Residential Market Report

Residential Market Report provides comprehensive data for the 38 most important submarkets in Finland, located in the Helsinki Metropolitan Area, Turku and Tampere.

## Newsec in Finland

- Properties in asset management services worth EUR 28,5 billion
- Valuations worth EUR 20 billion/year
- Over 33 000 rental apartments under management
- 15 000 residential leases signed
- 215 000 sqm of commercial property leases signed
- Advisor in real estate transactions worth EUR 266 million/year
- 700 professionals

## Newsec in Northern Europe

- Properties in asset management services worth EUR 99 billion
- Valuations worth EUR 333 billion/year
- 700 0000 sqm of leases signed
- Advisor in real estate transactions worth EUR 1,8 billion/year
- Over 76 renewable energy and energy transition transactions
- 2500 professionals

Figures are for 2023 Renewable energy projects last 15 years.



## More information

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