

Real Estate Market Finland

Residential Q2 | 2024

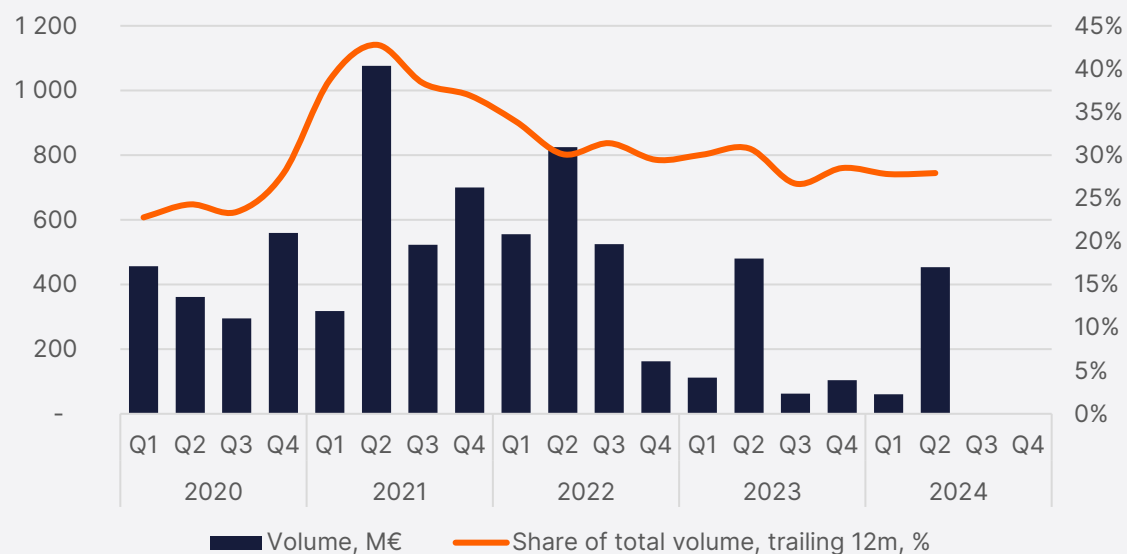


Residential Q2 2024

Investment highlights

453 M€ Volume -6% YoY	18 Transactions +38% YoY	20% International Investors vs 46% 2023	55% Share of Total Volume vs 29% 2023
4.30% Prime Yield ↓ 30 bps from Q1	4.31% Avg. mortgage rate* -0.08pp YoY	21 €/sqm/m Average rent HMA** +0.2% YoY	6,286 units Completions 1-5/24*** -51% YoY

Quarterly transaction volume 2020-2024



Solid fundamentals support the residential segment

Q2 Key Takeaways

Residential transaction volume was €453 million in Q2, leading to a €513 million volume for the first half of 2024, a 13% decrease from the previous year. However, the number of transactions increased by 38% year-over-year, making it the largest segment in Q2.

International investors accounted for 20% of investments, with the Helsinki Metropolitan Area capturing 85% of the deal volume in Q2. Investments in new stock represent 36% of the year-to-date 2024 volume.

Significant Q2 transactions included Slättö's purchase of 772 apartments from OP-vuokratuotto and the Seafarer's Pension Fund for €130 million, and Catella IM's acquisition of a €50 million residential portfolio of 243 apartments from eQ.

In the Helsinki Metropolitan Area, the annual average rent increase was just 0.2% in Q2, reflecting market oversupply. In contrast, Tampere and Turku saw annual rent increases of 3.2% and 3.6%, respectively.

Prime yield in the HMA compressed to 4.3% in Q2, indicating growing investor interest. Despite the oversupply, reduced new supply and ongoing urbanization create promising long-term opportunities attracting investor interest.

Investment Monitor

- Long-term fundamentals remain promising. Urbanization and the growth of households supports outlook.
- Economic uncertainty and immigration has increased demand for rental housing, but the possibility for indexed rent increases has remained challenging in HMA with a high number of housing completions. The expectation is that this will turn.
- Current oversupply and the new development from current building permits is to be absorbed into the market by 2026-2027.

Occupier Market

- In Espoo, apartment rentals are now doing better than before. This is particularly true for 1 room apartments. The previously challenging new developments are now also in a better position.
- The cut in housing subsidies is not yet fully reflected on the rental side. But applicants are looking for somewhat cheaper housing now. This has benefited the rental of older housing stock.

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LTM = Last Twelve Months / HMA = Helsinki Metropolitan Area (Helsinki, Espoo, Vantaa)
* Average interest rate on new housing loans
** Non subsidized
*** Block of flats

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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