



# Catella Market Indicator

FINLAND  
SPRING 2025

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The services of the Valuation and Consulting unit now include valuation reports based on the valuation standards of RICS (Royal Institution of Chartered Surveyors).

**Cover photo:**

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# About Catella

Catella is a financial advisor and asset manager specialized in property markets. Catella holds a leading position in the property sector and has a strong local presence in Europe. Our property advisory services in Finland consist of Transactions, Capital Markets, Valuation and Consulting, Letting in Growth Centres, and Asset Management. Catella employs 500 persons in 12 countries. Catella is a leading advisor in the Finnish real estate market, employing 38 professionals in four locations.

## Transactions

- Single and portfolio transactions
- Sale-and-leaseback transactions
- Acquisition advisory
- Real estate development projects

## Capital Markets

- Debt advisory
- Equity raising
- Restructuring

## Valuation and Consulting

- Authorised valuation reports
- Authorised single asset valuation
- Authorised portfolio valuation and analysis
- Strategic and financial analysis
- Market rent analysis
- Market area analysis

## Letting in Growth Centres

- Letting of commercial properties
- Letting advisory and space comparisons
- Project letting and campaigns
- Tenant representation

## Asset Management

- Customised asset management services
- Real estate development
- Investment Management
- Leasing and sales



# The market uncertainty continues

The downward trend in real estate transaction volume continued in 2024. Since the increase in interest rates, which began in the summer of 2022, transaction volumes have been exceptionally low, and capital allocation into real estate has been minimal compared to previous years. The real estate transaction volume was only around EUR 2.0 billion in 2024, matching levels seen in the years following the financial crisis.

Property values continued to decline last year due to higher yield requirements, but the first signs of stabilizing yield requirements have now been witnessed for residential properties. Prime residential properties traded at yield levels of approximately 3.0% in 2021. Thereafter, the yields for prime residential properties increased to approximately 5.0%, but during 2024, the prime residential yields stabilized to 4.5%-5.0% based on several transactions.

The most active buyers were international investors, including Blackstone/Mileway, Slättö, Niam, and Swiss Life, who made several acquisitions in 2024. The most active domestic buyers were Keva and Sirius Capital Partners. The most active sellers were domestic special investment funds. The largest transaction in 2024 was Nrep's divestment of a light industrial portfolio to Blackstone for EUR 135 million.

## Residential, logistics, and social infrastructure properties lead, office liquidity hits record low

The largest asset types measured by transaction volume were residential, industrial & logistics, and social infrastructure properties, which are perceived as safe havens among investors. For the fourth year in a row, residential apartments were the most traded asset type with a volume of approximately EUR 610 million. Industrial & logistics volume accounted for approximately EUR 550 million and social infrastructure properties accounted for approximately EUR 440 million. These asset types are likely to attract investor interest also this year, while office and retail transaction volumes are likely to remain weaker than usual.

Within industrial & logistics segment, there was greater polarization than before in pricing of new modern logistics properties and older light industrial properties. There is still core/core+ investor demand for the best logistics assets, but for older light industrial properties the investor demand is more value-add type demand and hence the yield requirements are significantly higher for light industrial properties.

The popularity of remote working is still high initiated by the Covid-19 pandemic, and it has impacted office occupancy



rates negatively. Currently there are almost 1.4 million vacant office square meters in the Helsinki metropolitan area, corresponding to 16.4% of the total office stock — a record-high level. In addition to the pandemic, Finland's weak economy is also adding uncertainty to office occupancy rates and rental levels. Since investors are unsure how remote working will ultimately affect the need for office space and in which locations the change will be greatest, hence the number of active office investors remains low and, as a result, last year's office volume was record-low at approximately EUR 140 million.

## The economy is expected to pick up and interest rate cuts in Europe are expected to continue

Finland's economy contracted by an estimated 0.5% in 2024, and economic growth between 1.0% and 2.0% is estimated for this year. In Europe, as inflation is currently moderate and economic growth is generally weak, the European Central Bank's interest rate cuts are expected to continue in 2025. The expected rate cuts will also support the real estate investment market as the yield gap between real estate and bonds will increase.

Therefore, we estimate that the peak of real estate yield requirements will soon be reached. As a result, price perceptions between buyers and sellers could narrow, and transaction activity should pick up. However, the eventual pick-up in the market will be slowed down by the decrease in active core/core+ buyers, as domestic open-ended funds and some foreign investors cannot acquire properties, at least for now. However, it is important to remember that the market turnaround is closer than before, and even in a challenging investment environment, excellent long-term acquisitions are possible.

# Investment market

TEXT: EVERT REPONEN



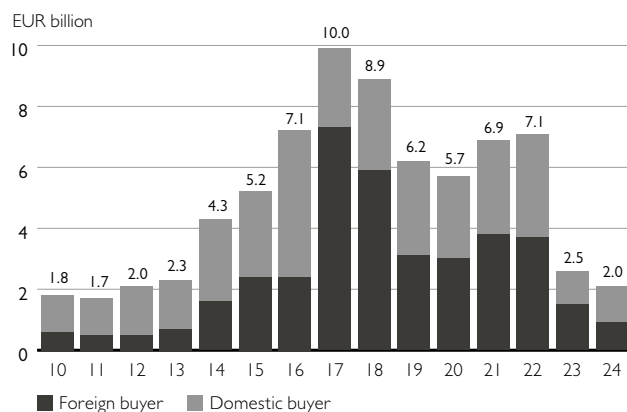
## A new low in transaction volume

The transaction volume of the Finnish property investment market continued to decline last year, ultimately reaching EUR 2.0 billion. The volume relative to the size of the market was approximately 2%, the lowest figure of the 2000s. The volume trend was also not positive, as market activity decreased towards the end of the year. The volume in the first half of the

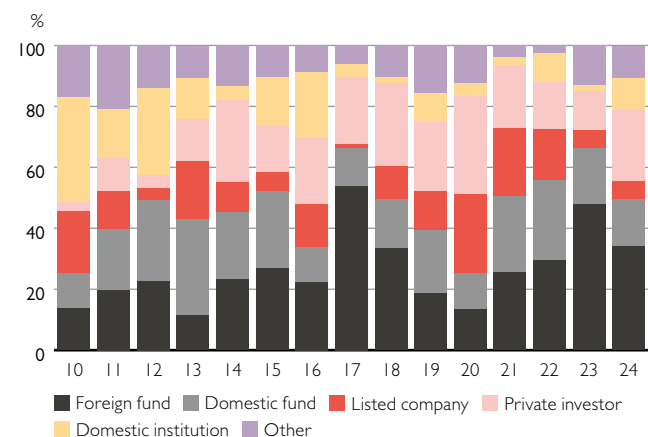
year was EUR 1.2 billion, while in the second half, it dropped to EUR 0.9 billion. The transaction market was extremely quiet in the autumn, and although there was a volume spike in December, it was not as large as in many previous years.

Last year's volume was 71% lower in euro terms compared to 2022, while the number of transactions decreased by only 47% over the same period. In addition to declining property values,

Transaction volume in Finland



Share of transaction volume by investor type (acquisitions)



one explanation for this phenomenon is likely the decrease in the average size of sold real estate portfolios. For example, the largest residential portfolio transaction in 2022 included approximately 2,200 apartments, in 2023 about 1,200 apartments, and in 2024 around 800 apartments.

#### Foreign funds were the most active buyer group

The most active buyer group last year were foreign funds, which were particularly prominent in larger deals. Foreign funds purchased properties worth nearly EUR 700 million, with net acquisitions totaling almost EUR 400 million. Swedish investors were active, and funds managed by Niam and Slättö, in particular, made significant acquisitions. However, purchases by foreign funds and other international players declined compared to the previous year. In 2023, the share of foreign buyers was 58% of the total volume, but it now dropped to 42%.

There were few domestic buyers in the market. One notable exception was Keva, which acquired a hospital and medical center project in Turku's Kupittaa from Hartela, as well as significant logistics properties through the joint venture Logian. Additionally, Elo purchased residential properties from the Paavo Nurmi Foundation and Pohjola Rakennus. The decreased price level also attracted some end-users to purchase properties for themselves. For example, HOK-Elanto acquired the Niitty shopping center from OP-Rental Yield, and Kesko bought two retail properties in Espoo and Salo from eQ Commercial Properties.

#### Residential remained the most traded asset type for the fourth consecutive year

Residential maintained its position as the most transacted asset type, with a volume of approximately EUR 610 million. However, the gap to the second most traded asset type, industrial and logistics, was small this time. Residential properties accounted for about 30% of the total volume, and over 3,200 units were sold. Notably, most residential transactions took place early in the year – in the second half, the volume was only around EUR 100 million.

The most significant residential portfolio transaction of the year occurred in the second quarter when Slättö, together with domestic institutions, acquired around 800 apartments in two separate deals totaling EUR 130 million. Other active buyers included Sirius Capital Partners, which acquired apartments worth approximately EUR 100 million, and Icecapital, which was involved in five different transactions. Additionally, the US-based Nuveen made its first residential investment in Finland, purchasing 141 family apartments from Toivo Group for about EUR 42 million.

#### Industrial and logistics the second most active category

The volume of industrial and logistics properties remained nearly unchanged from the previous year at approximately EUR 550 million, representing about 27% of the total volume. Measured by the number of transactions, industrial and logistics was the most active asset type of the year, with 15 more deals completed than in the second most active category, residential properties.

The largest transaction of the year occurred in the third quarter when Blackstone acquired 22 assets from Aktiivital's first industrial-focused fund for EUR 135 million. Another significant buyer was Logian, a joint venture between Keva and Mrec Investment Management, which acquired logistics assets from OP and Abridn for approximately EUR 100 million.

#### Social infrastructure properties accounted for 21% of the total volume

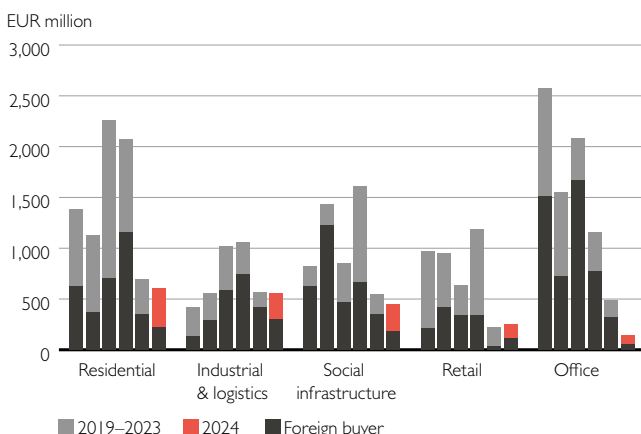
The social infrastructure property sector saw little change compared to the previous year. The volume declined by about 18% to EUR 440 million, yet social infrastructure properties remained the third most transacted asset type.

The most significant social infrastructure property transaction of the year occurred in the third quarter when Niam acquired three medical center properties from eQ Community Properties. Other major acquisitions included the hospital center in Turku's Kupittaa, purchased by Keva, and a healthcare property in central Oulu, acquired by Swiss Life Asset Managers. Additionally, a major property exchange took place between the Kanta-Häme wellbeing services county and the City of Hämeenlinna, in which the city acquired the Ahvenisto hospital area in exchange for four social and healthcare properties and nearly EUR 29 million in additional compensation.

#### Limited activity in other asset types

Office transaction volume had already collapsed to a historically low level in 2023, but last year the office market came to an almost complete standstill. Office volume was only EUR 140 million, representing 7% of the total volume. Only two significant office transactions occurred during the year. The first took place in the first quarter when Sponda sold the office building Ratina in Tampere to VVT. The second occurred at the end of the year when KanAm sold Fabianinkatu 9 in Helsinki's Kaartinkaupunki to Colony.

Transaction volume by asset type



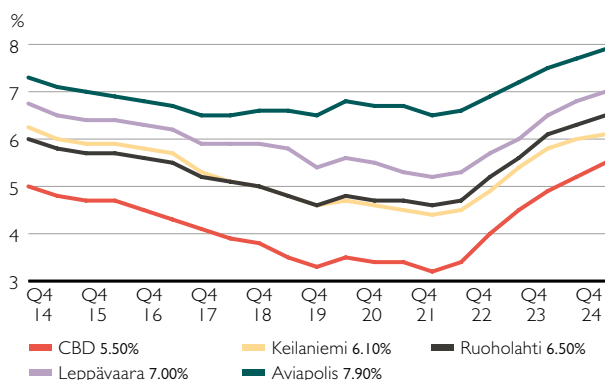
Retail property volume increased by 11% from the previous year to EUR 250 million. eQ Commercial Properties was the seller in three major transactions, including Bredis Laajalahti, Vantaanportti Retail Park, Sinikallio shopping center, and K-Citymarket Salo. Other notable transactions included the sales of Tennispalatsi and the Niitty shopping center.

### Prime yields kept climbing excluding residential

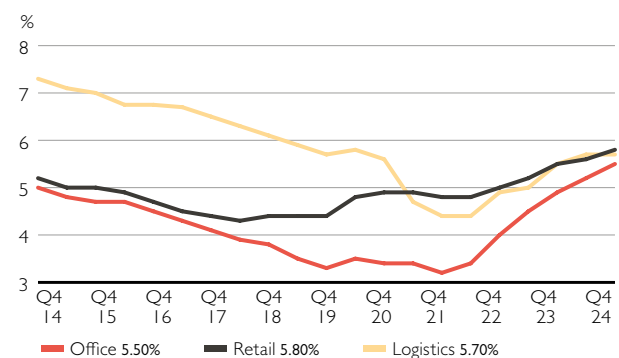
The office prime yield rose by 0.6 percentage points last year, ending at 5.5%. The risk premium relative to Finland's 10-year government bond yield was approximately 2.6 percentage points at year-end, slightly above the 2000s average. The office prime yield has risen by 2.3 percentage points from the record-low level three years ago.

In other asset types, the yield expansion has been more moderate. The logistics prime yield rose by 0.2 percentage points over the year and was 5.7% in the fourth quarter. Retail prime yield grew by 0.3 percentage points to 5.8%. Due to strong investor demand, residential prime yield remained unchanged last year. There were significantly more buyer candidates than in other asset types, keeping the prime yield at 4.4%.

Prime office yields in the Helsinki Metropolitan Area



Prime yields in the Helsinki Metropolitan Area

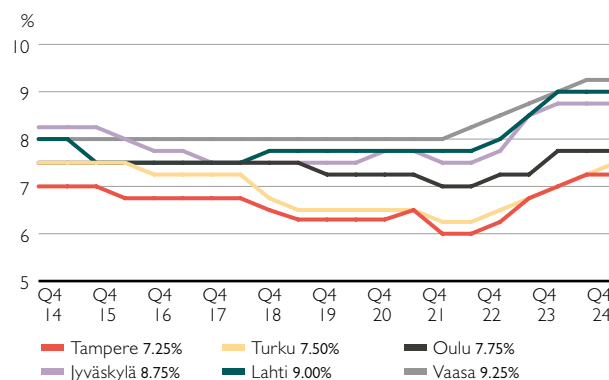


### Buyer's market continues

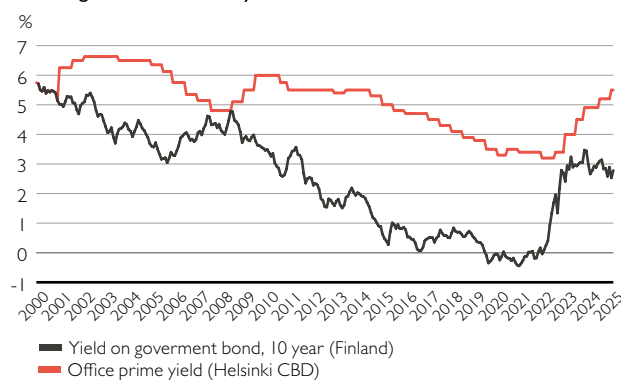
A year ago, many market participants predicted that the transaction market would recover by the autumn of 2024, supported by factors such as declining interest rates. However, these predictions did not materialize, and market activity ultimately declined in the latter part of the year. The year ended with OP announcing a suspension of redemptions and subscriptions of its open-ended real estate funds, which gained significant media attention. Several other open-ended funds had already restricted redemptions earlier.

Challenges faced by domestic open-ended real estate funds create short-term uncertainty in the transaction market, as these funds own a significant share, approximately 10%, of Finland's commercial properties. However, the projected economic growth and the anticipated continuation of ECB's policy rate cuts may act as positive counterforces, increasing the attractiveness of real estate investments compared to fixed-income investments and narrowing valuation gaps between buyers and sellers. As a result, the current year may offer excellent opportunities for buyers with available capital.

Prime office yields in growth centres



Yield gap between Helsinki prime office and 10-year Finnish government bond yield



# Transactions in Finland in 2024

Selection of portfolio transactions in Finland						
Property	Location	Seller	Buyer	Price (MEUR)	Quarter	Asset type
Aktiivihallit Ky (22 industrial properties)	HMA, Tampere	Nrep	Blackstone	135	Q3	Industrial
800 apartments	Helsinki, Tampere	OP-Rental Yield & Seafarers' Pension Fund	Slättö & domestic institutions	130	Q2	Residential
Three medical center properties	Helsinki, Pori	eQ Community Properties	Niam	n/a	Q3	Soc. infra.
Two modern logistics properties	Tuusula	OP	Logian	n/a	Q2	Logistics
243 apartments	Helsinki, Vantaa, Tampere, Turku	eQ	Catella Residential Investment Management	50	Q2	Residential
251 apartments	Helsinki, Vantaa, Tampere, Turku	eQ	Sirius Capital Partners	45	Q2	Residential
141 apartments	Helsinki, Espoo, Vantaa	Toivo Group	Nuveen Real Estate	42	Q2	Residential
151 apartments	Helsinki	JM Finland	Kusin Kapital	n/a	Q2	Residential
Two grocery stores	Espoo, Salo	eQ Commercial Properties	Kesko	n/a	Q1	Retail
240 apartments	Kirkkonummi, Järvenpää	Toivo Group	Sirius Capital Partners	35	Q4	Residential

Selection of transactions in the Helsinki Metropolitan Area						
Property	Location	Seller	Buyer	Price (MEUR)	Quarter	Asset type
Retail park Bredis	Espoo	eQ Commercial Properties	Swiss Life AM	n/a	Q1	Retail
Logistics center	Vantaa	DWS	Barings	n/a	Q1	Logistics
Wihuri's logistics center	Vantaa	Abrdn	Logian	n/a	Q3	Logistics
Fab9 office property	Helsinki	KanAm	Colony	n/a	Q4	Office
DB Schenker's logistics center and industrial property	Vantaa	Nordea Henkivakuutus	UrbanLight	n/a	Q4	Logistics
Tennispalatsi	Helsinki	City of Helsinki	Niam	30	Q1	Retail
Vantaanportti Retail park	Vantaa	eQ Commercial Properties	Julius Tallberg Kiinteistöt	n/a	Q1	Retail
Shopping Centre Niitty	Espoo	OP-Rental Yield	HOK-Elanto	n/a	Q2	Retail
K-Auto's damage repair unit	Vantaa	Varte	OP	n/a	Q4	Industrial

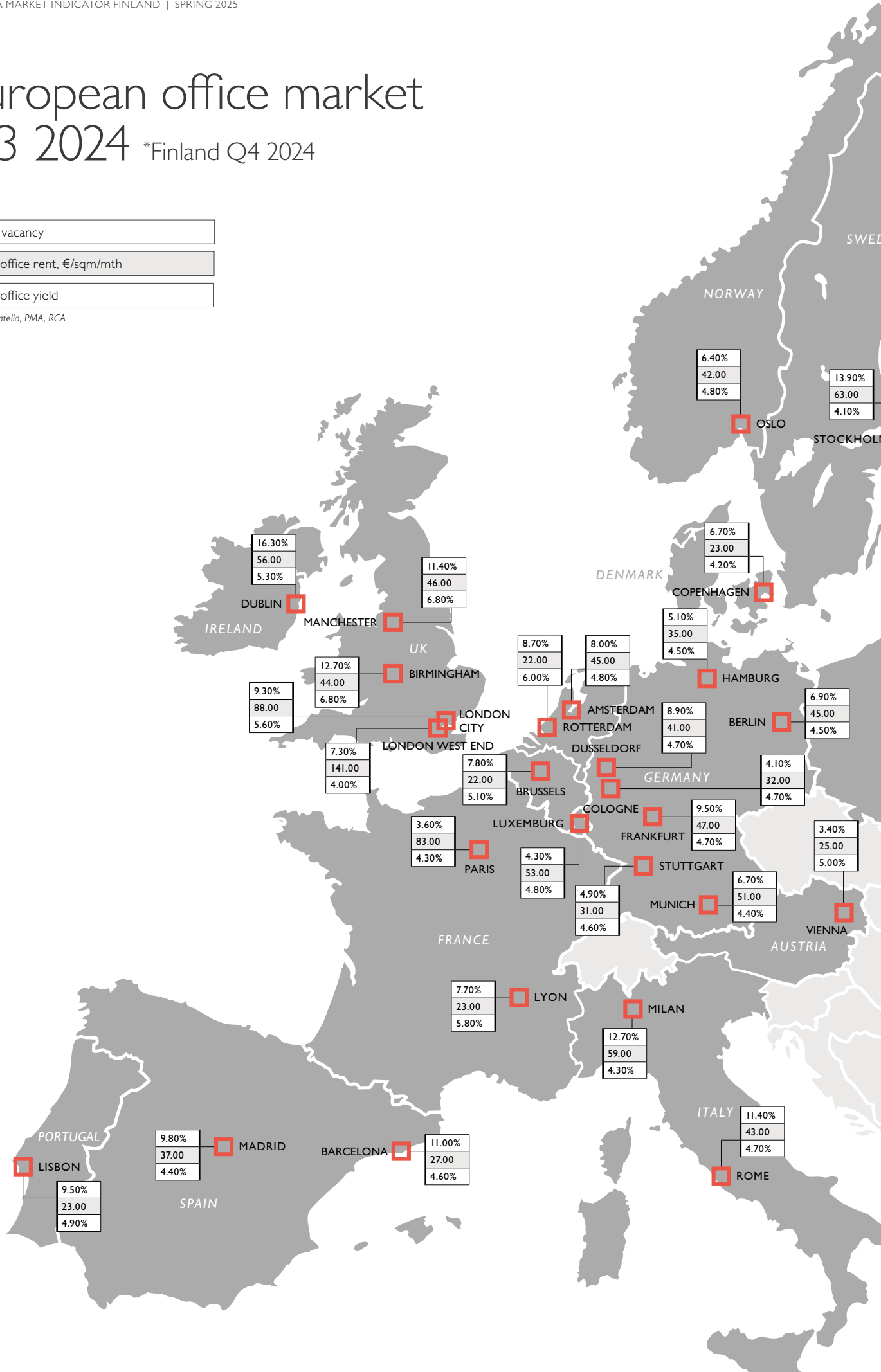
Selection of transactions in other cities						
Property	Location	Seller	Buyer	Price (MEUR)	Quarter	Asset type
Terveystalo's hospital and medical center	Turku	Hartela	Keva	n/a	Q1	Soc. infra.
Ratina office building	Tampere	Sponda	VVT Property Fund II	n/a	Q1	Office
Health center	Oulu	Ilmarinen	Swiss Life AM	n/a	Q2	Soc. infra.
Cargotec's office and production facility	Tampere	W. P. Carey	Sagax Finland	n/a	Q1	Industrial
Social and healthcare station	Tampere	Danske Bank	City of Tampere	25.7	Q4	Soc. infra.
Nokia Arena's car park	Tampere	Tampereen Tornit Ky	AIF Capital Group	11.5	Q4	Other
Social and healthcare properties in Kuusamo	Kuusamo	City of Kuusamo	Koy Terveystaloon toimitilat V & Suomen Care ja Asunto Oy	10	Q3	Soc. infra.
Hospital properties in Forssa	Forssa	Forssan seudun hyvinvointikuntayhtymä	Wellbeing services county of Kanta-Häme	8.3	Q3	Soc. infra.

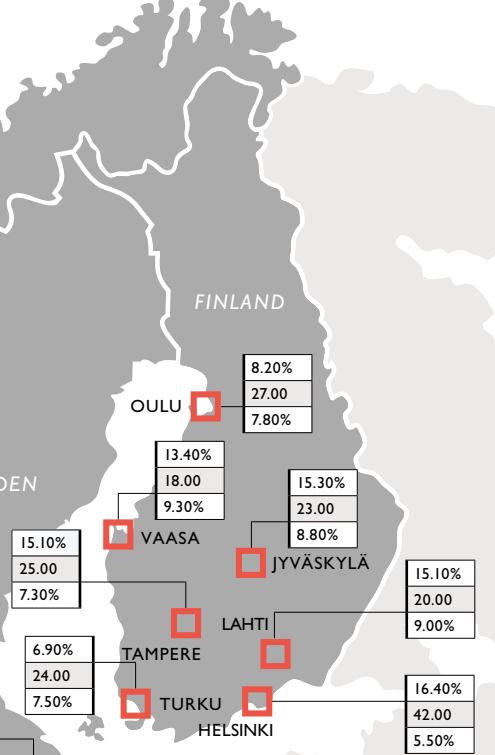
# European office market

## Q3 2024 <sup>\*Finland Q4 2024</sup>

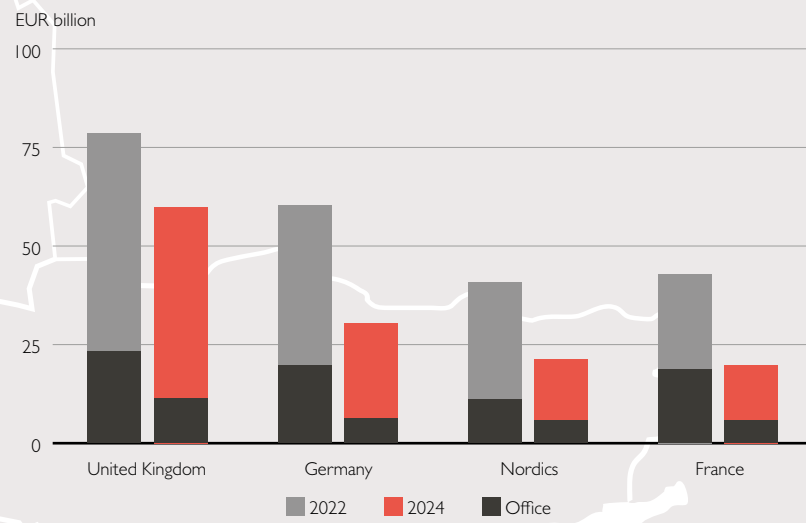
Office vacancy
Prime office rent, €/sqm/mth
Prime office yield

Sources: Catella, PMA, RCA





Transaction volumes in Europe, 2022 vs. 2024



# Catella CREDI Real Estate Debt Survey – Q4 2024

TEXT: LAURI RUOKONEN AND PAAVO KUOSMANEN



Real estate debt financing improved in the second half of the year

Catella CREDI is a survey of real estate investors and financiers' views on the real estate debt market. The results of the study are presented in index numbers. An index score below 50 points indicates a weakening market, and an index score above 50 points indicates an improving market.

## CREDI Main Index

The main index increased by over nine points from the previous survey, reaching the highest recorded level in measurement history at 65.8 points, indicating an improving real estate financing market. Improvement was seen both in the past six months, with an index value of 65.3 points, and for the upcoming six months, with an index value of 66.2 points. Investors were more optimistic in their assessments than financiers, which has been a consistent trend throughout measurement history.

## CREDI Sub-Indices

According to the survey, the most significant improvement among the sub-indices was in credit availability. Nearly all other sub-indices also showed improvement. The biggest change occurred in the loan-to-value (LTV) sub-index, which rose by over 20 points in six months.

Respondents predicted that credit availability would continue to improve, with the sub-index reaching 74 points for the next six months. A year ago, credit availability was one of the weakest sub-indices. However, financing for new developments remains challenging due to issues faced by construction companies.

According to respondents, margins decreased last autumn, and most believe they will remain at the same level or decline further during the spring. Loan-to-value ratios also showed some positive development in the autumn, with about one-third of respondents expecting further improvement in the spring.

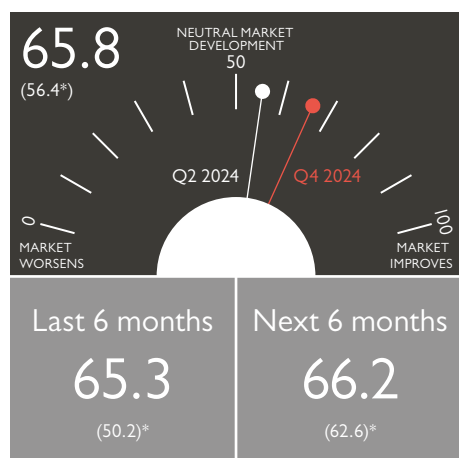
In recent years, loan-to-value ratios have faced downward pressure, partly because property valuations have not declined sufficiently in relation to increased financing costs. This has led banks to lower their loan-to-value ratios to ensure adequate interest coverage ratios (ICR). Regarding loan maturities, most responses indicated stability, with a small portion suggesting a lengthening of maturities. As the interest rate market has stabilized, taking out longer-term loans has likely become a more attractive option, particularly from an investor's perspective.

The majority of respondents felt that non-bank financing had either remained at the same level or slightly increased during the autumn. Forecasts for this sub-index align with this trend. However, fewer respondents in this survey believed in significant growth in non-bank financing compared to previous surveys. The growth of the sector has been a long-discussed topic, but it appears that domestic investors still prefer traditional bank financing over alternatives such as debt funds.

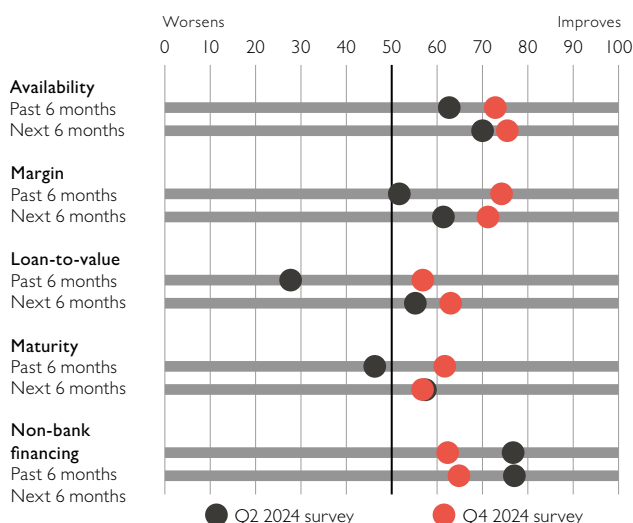
## Summary

In conclusion, survey respondents perceived a clear improvement in the real estate debt market. We believe this improvement in the debt market will have a positive impact on the transaction market, although potential challenges still burden the transaction market.

## CREDI Main index



\* = Q2 2024



Catella CREDI (Catella Real Estate Debt Indicator) is a market sentiment indicator for the real estate financing market in Finland. CREDI consist of two indicators: an indicator reflecting the change of the real estate financing market during the past six months and a forward-looking indicator reflecting the expectations of the short term future situation of the real estate financing market. CREDI is based on a survey answered by real estate investors and real estate debt financiers and on public market information. The CREDI indices are generated based on the survey responses with the neutral level standing at 50, which indicates a stable market.

# Helsinki Metropolitan Area

TEXT: LAURI RUOKONEN



## Winds of change are blowing in the commercial real estate market

The commercial real estate market is being reshaped by phenomena such as technological development, remote and hybrid work, and demographic changes. These trends do not destroy our real estate market but transform it. In some segments, space demand decreases, while in others, it grows. Although demand for office space has declined due to remote work, on the other hand, demand for logistics and data center premises is expected to increase.

## Companies' hybrid work practices are taking shape

Hybrid work practices vary between companies, but the general trend is that employees have been in favor of flexible working methods, while employers have highlighted the benefits of working in the office.

Currently, some large companies require employees to be present in the office two or three days a week. Examples include Kesko, Valmet, and Metsä Group. On the other hand, some companies have adopted team-specific practices without corpo-

rate-level guidelines, as seen at Tietoevry, Nokia, and ABB. Particularly in internationally operating companies, more flexible hybrid work practices have been found beneficial when teams work across different time zones. Finnish companies' guidelines are relatively light compared to those of many US companies, where employees are required to work in the office every day. Examples include Amazon, Tesla, and Goldman Sachs.

## Demand for prime spaces has sustained new office construction

Efforts have been made to attract employees to workplaces, particularly with comfortable office premises in central locations. Occupier demand for prime spaces has supported the construction of new offices, even as vacancy rates have risen. Currently, about 110,000 sqm of new office space is under construction in the Helsinki metropolitan area, with most projects located in the established office districts. Notable ongoing projects include Signe in Helsinki city center, Node in Pasila, and Keilaniemen Portti in Keilaniemi, with PwC, Elisa, and Metsä Group as the main tenants. Although new office projects have been consist-

ently completed in the Helsinki metropolitan area in recent years, the share of new office buildings in the total stock has decreased since the 2000s. In 2008, modern offices completed within the last 10 years accounted for about 18% of the stock, whereas currently the share is 8%.

### Office vacancy rates continue to rise

The growth of office vacancy continued in the Helsinki metropolitan area. Currently, there are approximately 1.4 million square meters of vacant office space, corresponding to a 16.4% vacancy rate. Overall, office leasing activity has remained strong, but tenants are often seeking smaller premises than before. Differences between submarkets have increased in recent years. While vacancy rates in areas near Helsinki city center and Keilaniemi are below 10%, more challenging submarkets like Aviapolis, Vallila-Kalasatama, and Pitäjänmäki have rates exceeding 20%. As the office market becomes more polarized, rents for the best spaces have continued to rise. A year ago, the effective prime rent in Helsinki's city center was €40/sqm/month, and it is now €42/sqm/month. Nominal rents are often even higher, but tenant incentives such as rent-free months have become standard in lease agreements.

### The construction of industrial and logistics premises has remained active

The construction of new industrial and logistics properties has remained active in recent years. In 2024, approximately 80,000 sqm of new industrial and logistics space was completed in the Helsinki metropolitan area, with a similar amount expected to be completed in 2025. Notable projects scheduled for 2025 include DHL's new logistics and parcel distribution terminal near Helsinki-Vantaa Airport and the Kaupunkiliikenne tram maintenance facility in Mellunkylä. In addition to the Helsinki metropolitan area, new space is also being built along highways in Greater Helsinki, where over 200,000 sqm of space is under construction.

The vacancy rate for industrial and logistics premises in the Helsinki metropolitan area continued to rise and now stands at 4.3%. The prime gross rent for industrial and logistics premises

increased to €12.5/sqm/month, which may already pose challenges for some smaller operators. Rental levels for logistics premises in Finland are relatively high compared to many other European countries, largely due to the higher construction costs in Finland.

### Several data center projects under planning

The growing volume of data, cloud services, and advancements in artificial intelligence have increased the need for new data centers. Finland currently has relatively few data centers compared to Central Europe, but interest in the Nordics from data center operators has grown. This is partly due to limited availability of land and electricity in other parts of Europe. Finland's strengths for data centers include a cool climate, a reliable electricity transmission grid, and a skilled workforce. Currently, Microsoft is working on a data center project in Hepokorvenkaari, Espoo. Additionally, the company has data center projects in Kirkkonummi and Vihti. In the Helsinki metropolitan area and its surrounding municipalities, data center projects totaling approximately 150,000 sqm are in the planning stages.

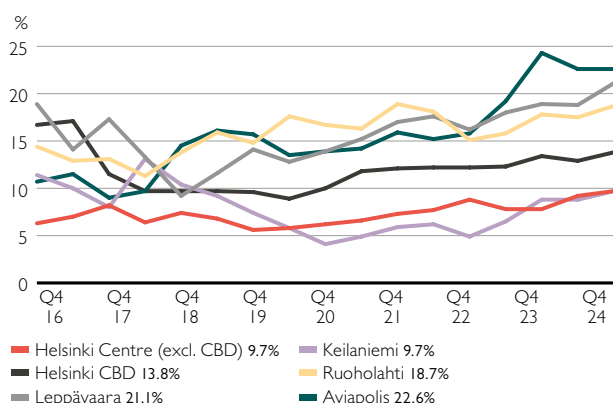
### Vacant retail spaces remain scarce in the Helsinki metropolitan area

The vacancy rate for retail premises in the Helsinki metropolitan area has remained low and is currently at 3.3%. Prime retail rents in Helsinki's city center have continued to decline and are now at €100/sqm/month. Meanwhile, rents for big box properties have risen, with net rents at €13/sqm/month.

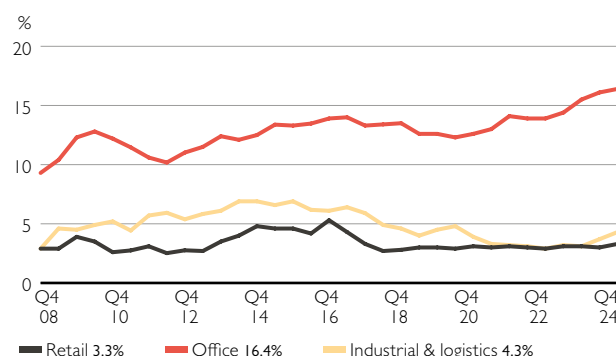
### Demographics and the financial situation of wellbeing services counties driving demand in the social infrastructure segment

The healthcare reform, implemented in 2023, has had a significant impact on the real estate market. The tight financial situation of wellbeing services counties has led to efforts to reduce facility costs by consolidating operations, abandoning unnecessary premises, and seeking lower rental rates. In smaller towns, recruiting care personnel can also present challenges, further accelerating migration to growing areas.

Office vacancy rates of selected submarkets in the HMA



Vacancy rates in the HMA by asset type





## Major projects under construction, Spring 2025

### HELSINKI

- 1 Signe
- 2 Kalasataman Horisontti
- 3 The Node

### ESPOO

- 4 Keilaniemen Portti
- 5 Innopoli IV 3rd phase
- 6 EriCa Green Chemistry Park
- 7 Microsoft Data Center

### VANTAA

- 8 Kivistö Commercial Center
- 9 DHL Express Logistics Center

Vacancy rate and vacant space in the Helsinki Metropolitan Area

	Vacancy rate (%)		Vacant space (sqm)	
	Q4 24	Q2 24	Q4 24	Q2 24
<b>HELSINKI</b>				
Retail	3.9	3.8	80,000	79,000
Office	16.4	16.1	950,000	926,000
Industrial & logistics	2.3	2.7	80,000	94,000
<b>ESPOO</b>				
Retail	1.6	1.5	16,000	15,000
Office	17.0	16.1	284,000	269,000
Industrial & logistics	4.3	4.1	56,000	53,000
<b>VANTAA</b>				
Retail	3.7	2.6	35,000	25,000
Office	15.5	16.0	147,000	149,000
Industrial & logistics	6.5	4.7	218,000	155,000

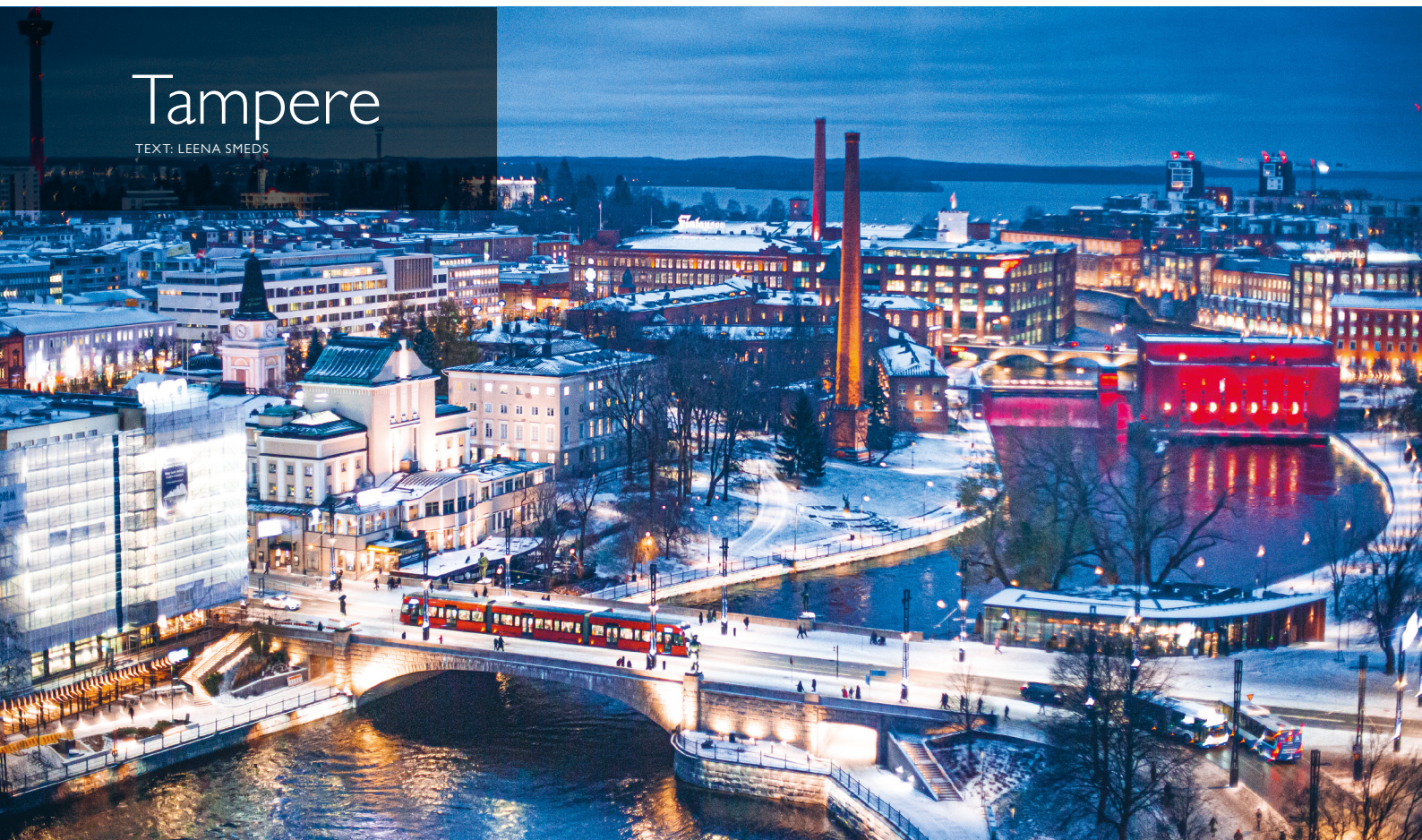
- Particularly long lease agreements currently decrease yields by approximately 0.1–0.5% points in the Helsinki CBD and 0.1–0.7% points in other submarkets.  
- Effective gross rent EUR/sqm/mth (VAT 0%), new leases.

Helsinki Metropolitan Area office market

	Upper gross rental level Q4 24 EUR/sqm/mth	Prime yield Q4 24 %	Vacant space Q4 24 sqm	Vacancy rate Q4 24 %	Vacancy rate Q4 24–Q2 24 change%-points
Helsinki City Centre					
- Helsinki CBD	42.00	5.50	84,000	13.8	+0.9
- Helsinki Centre (excl. CBD)	31.00	5.80	75,000	9.7	+0.5
Hakaniemi – Sörnäinen	29.00	6.50	77,000	18.7	+3.0
Vallila – Kalasatama	26.50	6.60	133,000	19.6	-0.4
Pasila	29.50	6.30	83,000	18.6	+1.0
Ruoholahti	26.00	6.50	70,000	18.7	+1.2
Keilaniemi	30.00	6.10	22,000	9.7	+0.9
Otaniemi – Pohjois-Tapiola	23.00	7.00	48,000	21.9	+0.3
Tapiola	23.00	7.00	22,000	17.5	+2.4
Matinkylä – Niittykumpu	20.00	8.00	39,000	23	+2.1
Leppävaara	24.00	7.00	60,000	21.1	+2.3
Aviapolis	21.00	7.90	53,000	22.6	0.0
Helsinki Metropolitan Area			1,381,000	16.4	+0.3

# Tampere

TEXT: LEENA SMEDS



## Office users prioritize quality

Office demand remains cautious. Companies are optimizing space by moving to smaller premises or downsizing their existing premises. Vacancy is particularly high in the Hermia area and in older, lower-quality office properties in the city center.

The completion of new office spaces in the city center is expected to take years. This is partly due to the long construction period of the Asemakeskus project. It is scheduled to begin next spring, reducing accessibility in the surrounding area during construction. The Visio 24 tower project, planned for the same location, is still awaiting commencement after receiving legal approval. Another factor affecting connectivity is the extension of the Pirkkala–Linnainmaa tram line, scheduled for construction from 2024 to 2028.

## Development in retail spaces

Retail construction has been mostly grocery-driven. Current projects include a new S-market in Lamminpää, a Lidl in Tesoma, and Leinola's Sale expanding into a full-sized S-market. Ideapark is expanding with a 7,000-square-meter K-Citymarket, set to open in June 2025. Tampere's third Motonet store is under construction in Linnainmaa, with 3,500 square meters expected to be completed by late summer.

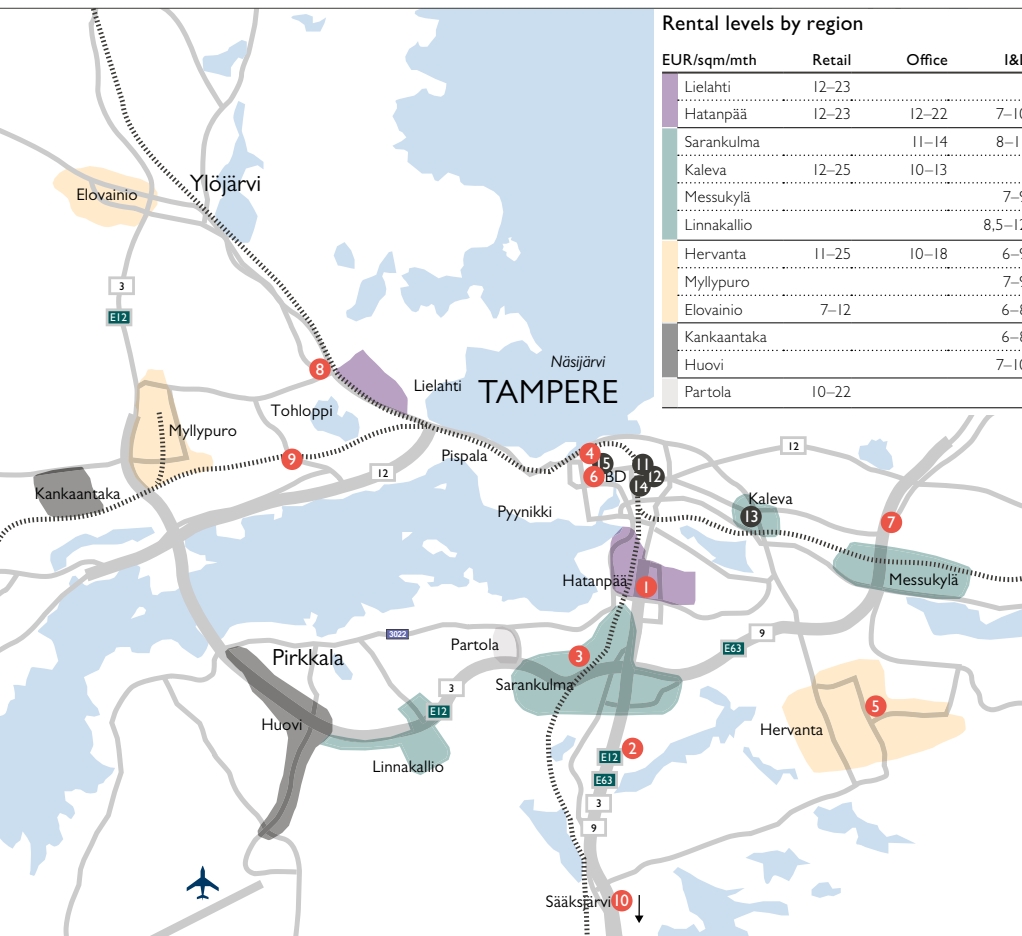
There is also an 8,000-square-meter V55 Sport Station under construction in Nekala, featuring a climbing center and a skate park.

Industrial and logistics properties remain in strong demand, with new projects progressing despite challenging market conditions. In 2023, 2,500 square meters of logistics space were completed in Höytämö, Lempäälä, while a 1,200-square-meter facility was built in Pirkkala for YES-EU, a company specializing in electric busses and heavy transport electrification. Currently, Logicens is constructing a 29,000-square-meter logistics center in Hervanta. Also, 3,000-square-meter premises in Nekala are under construction for Ahlsell.

## Awaiting recovery in the transaction market

Tampere's transaction market remained inactive. The two largest deals last year occurred in the first half of the year: Sponda sold a 13,000-square-meter office building in Ratina, occupied by Elisa, to VVT, while W. P. Carey sold Cargotec's facility in Rusko to Sagax.

Several portfolio transactions have taken place in the Tampere region, with residential properties drawing the most interest. At the end of last year, the municipality of Pirkkala announced the acquisition of the Nuoliala daycare center from Nordisk Renting for EUR 3.6 million. Larger commercial real estate transactions remain limited due to market uncertainty.



#### UNDER CONSTRUCTION

- 1 Police station
- 2 Lokomotion technology center
- 3 Insta's production facilities
- 4 Uumen Hotels project
- 5 Logicens logistics center
- 6 Frenckell office
- 7 Motonet department store
- 8 S-market Lamminpää
- 9 Lidl Tesoma
- 10 Citymarket Ideapark

#### IN PLANNING

- 11 Railway station redevelopment
- 12 Visio-24
- 13 Prisma extension and Hakametsä Sport Campus
- 14 Extension of Hotel Torni
- 15 Frenckell office and hotel project

#### City Centre

EUR/sqm/mth

Retail	60
Office (modern office/renovated)	24.5
Retail	25
Office	17
Retail	20
Office	16



#### Prospects and development projects

Several major development projects are underway in Tampere. In Nekala, a 24,000-square-meter police station is under construction, along with new facilities for Tampere's Central Fire Station. In the city center, the renovation of the Frenckellin Konttori building is progressing, with some parts already completed. The project includes restaurant premises, and some areas are being converted to offices. The expansion of P-Hämpi and the transformation of Frenckell's office spaces into office-hotel use are also advancing.

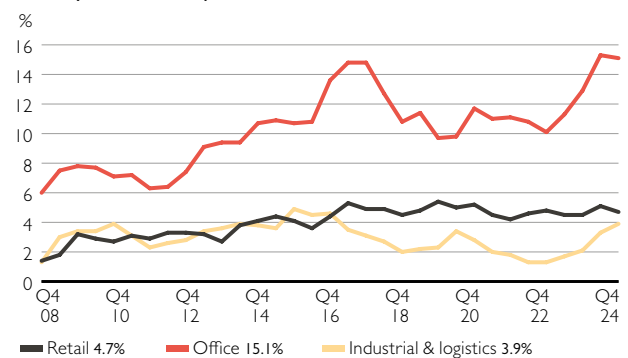
Several hotel projects are also in planning. A new high-rise hotel is planned next to the Torni Hotel on Ratapihankatu. The developer is pension insurance company Elo which is also the owner of Torni Hotel. Meanwhile, in the historic Finlayson area, Varma and Uumen Hotels are developing a 100-room compact hotel, set to open in May 2025.

#### Vacant space, prime yields and prime rents

	Retail	Office	I&L
Vacant space, sqm	55,000	143,000	83,000
Prime yield, %	7.5	7.25	7.75
Prime rent, EUR/sqm/mth	60.00	24.50	9.50

Rental levels excluding the first leases of new constructions

#### Vacancy rates in Tampere



#### Selection of transactions in Tampere 2024

Property	Seller	Buyer	Price (MEUR)	Quarter	Asset type
Office and production facility	W. P. Carey	Sagax Finland	n/a	Q1	Industrial
Industrial building	n/a	Sagax Finland	n/a	Q1	Industrial
Ratina Office building	Sponda	VVT Property Fund II	n/a	Q1	Office
Industrial building	WALLS4U	Nyfos	4.7	Q1	Industrial
Industrial building	A5 Group	n/a	1.2	Q2	Industrial
28 Apartments	Arkta	Tampereen vuokra-asunnot	n/a	Q3	Residential
Social and healthcare station	Danske Bank	City of Tampere	25.7	Q4	Soc. infra.

# Turku

TEXT: MARI ROUVALI



## No changes in the office market – new projects in Kupittaa and Itäharju

The office vacancy rate in Turku has remained practically unchanged throughout 2024, currently standing at 6.9%.

A ten-story building is being constructed in Kupittaa for Terveystalo's hospital and medical center. Terveystalo is expected to relocate to the new premises during the summer of 2027. Most of Terveystalo's operations in Turku, including the Pulssi medical center and hospital on Humalistonkatu, will move to Kupittaa. Keva acquired the property in early 2024, and the construction is being carried out by Hartela.

In the Itäharju area, new facilities for Turun Vesihuolto are under construction, consisting of an office building and an industrial facility. The project is being developed by Turun Teknologia- ja teollisuus Oy, and the entire complex is being built using wood.

## Turku's hotel market undergoing changes

Strawberry Hotels, expanding into Turku, has been confirmed as the operator of the hotel connected to the Ratapiha Arena project. The full-service hotel is set to open at the end of 2028. In the summer of 2024, the Bob W Turku City Centre apartment hotel opened near the market square. Additionally, a new hotel has been planned for the Phoenix Hotel site also by the market square.

Kesko is building a new K-Supermarket on Nosturinkatu. The project received a construction permit at the end of 2024 and is expected to be completed by late 2025.

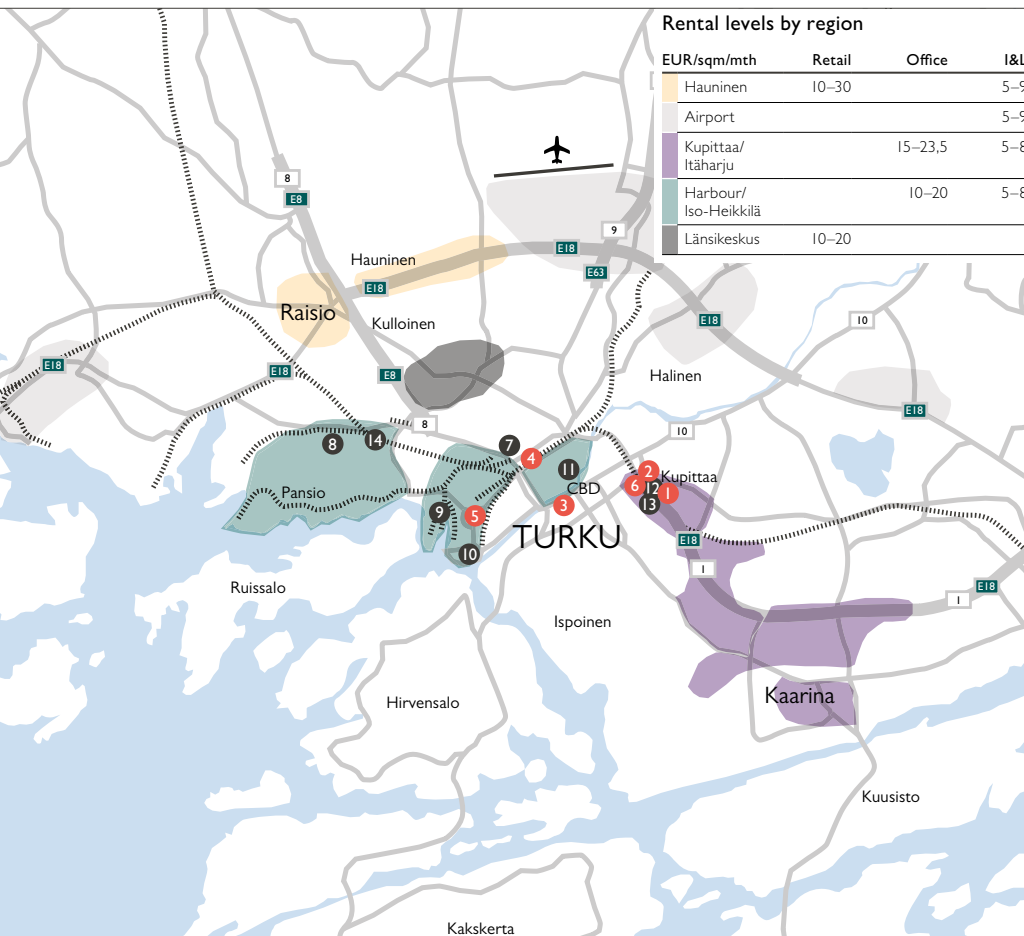
A new facility for Meltex, a building materials supplier, is under construction along the ring road in Metsämäki. The facility is scheduled for completion in early spring 2025.

## Inactive transaction market

A few transactions were completed in the Turku region last year. Mandatum's fund acquired a retail property leased to Puuilo in Piispanristi, Kaarina, from Evli's fund. Additionally, several residential apartment buildings were sold as part of a larger residential portfolio.

The start of Kupittaa-Kärki's construction was postponed. According to the revised schedule, the zoning plan is expected to be legally approved in early summer 2025, with the Taito Campus and infrastructure projects starting in autumn 2025. This project will create a hub for housing, services, and jobs around the Kupittaa station. Furthermore, the Kupittaa and Itäharju areas will be linked by the Tiedepuisto Deck, which will be built over Helsinki Highway and the railway.

Besides Kupittaa-Itäharju, the Ratapiha area is also set for significant development in the coming years. Alongside a world-class event arena, the area will include retail spaces, restaurants, offices, residences, and hotels. The total investment, including housing, amounts to EUR 700 million. The arena project will commence once the preliminary groundwork for Ratapiha is completed.



#### UNDER CONSTRUCTION

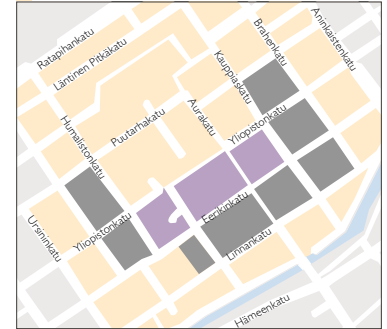
- 1 Akvacity industrial and office building
- 2 Pharmaceutical factory for Biovian
- 3 Music centre
- 4 Logomo Hub
- 5 K-Supermarket Nosturinkatu
- 6 Terveystalo Kupittaa

#### IN PLANNING

- 7 Adventure park of Ratapiha
- 8 Blue Industry Park
- 9 Joint passenger terminal
- 10 Museum of History
- 11 Wiklund's block
- 12 Taito Campus
- 13 Linkcity office project and Kupittaaan Kärki project
- 14 Sports center to Artukainen

#### City Centre

EUR/sqm/mth	
Retail	45
Office (modern office/renovated)	23.5
Retail	30
Office	16
Retail	20
Office	13



Turku Railway Station's services will be temporarily relocated to Logomo and from 2026, to the Logohub parking facility. A new travel center, envisioned as a major commercial hub, is expected to be completed by the end of the decade, possibly covering the entire railway area. The partial master plan for Ratapiha designates the travel center's location northeast of the future Logohub.

In the city center, plans around the Turku Concert Hall's lot include the construction of housing for nearly 400 residents. The City of Turku aims to preserve some of the existing school buildings on the site, including the old Concert Hall and Candolinien palvelukoti care center. Four apartment buildings are planned for the plot.

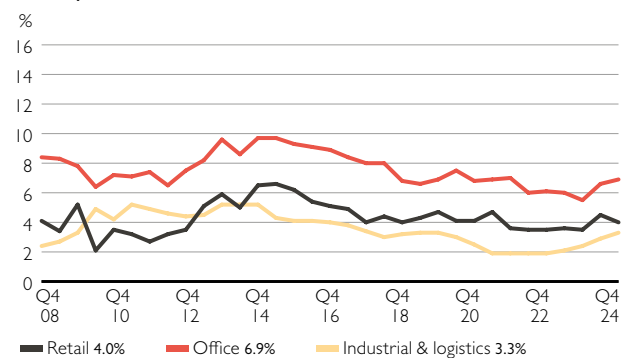
The Artukainen district is evolving into a hub for sports services. A 13,000-square-meter sports center is planned for the Turku Fair Center property, expected to open by late 2026 or early 2027. Additionally, the city council has decided to replace Impivaara Ice Hall with a new twin-rink ice arena at the D-Hall site of the Fair Center, with a preliminary construction schedule set for late 2025.

#### Vacant space, prime yields and prime rents

	Retail	Office	I&L
Vacant space, sqm	40,000	61,000	75,000
Prime yield, %	8.00	7.50	7.50
Prime rent, EUR/sqm/mth	45.00	23.50	9.50

Rental levels excluding the first leases of new constructions

#### Vacancy rates in Turku



#### Selection of transactions in Turku 2024

Property	Seller	Buyer	Price (MEUR)	Quarter	Asset type
Apartment Building	Fincap	Private real estate company	n/a	Q1	Residential
Over 500 parking spaces	Varma	Private	n/a	Q2	Other
Terveystalo's new hospital center	Hartela	Keva	n/a	Q1	Public

# Oulu

TEXT: JUKKA UUSITALO



## Shortage of modern office spaces in the city center

In the city center, demand for modern office spaces has exceeded supply for some time, and rents for modern spaces have increased. Oulu already has one of the highest prime office rents among growth centers. Employers are attracting workers back to the office with high-quality, centrally located spaces. Some companies are also moving into smaller premises, allowing them to reduce rental costs.

The vacancy rate for ground-floor retail spaces in the city center has remained low. Demand has slightly recovered, but this has not yet been reflected in rents, which have remained stable for the past few years. Demand is particularly strong for spaces between 80 and 180 square meters, especially along pedestrian streets. However, the availability of such spaces is very limited.

The market for industrial and warehouse spaces remains stable, with both supply and demand being scarce. Occupancy rates are high, and obtaining modern spaces often requires new construction. Rising construction costs and economic uncertainty are delaying investments.

## Transaction activity has slowed down

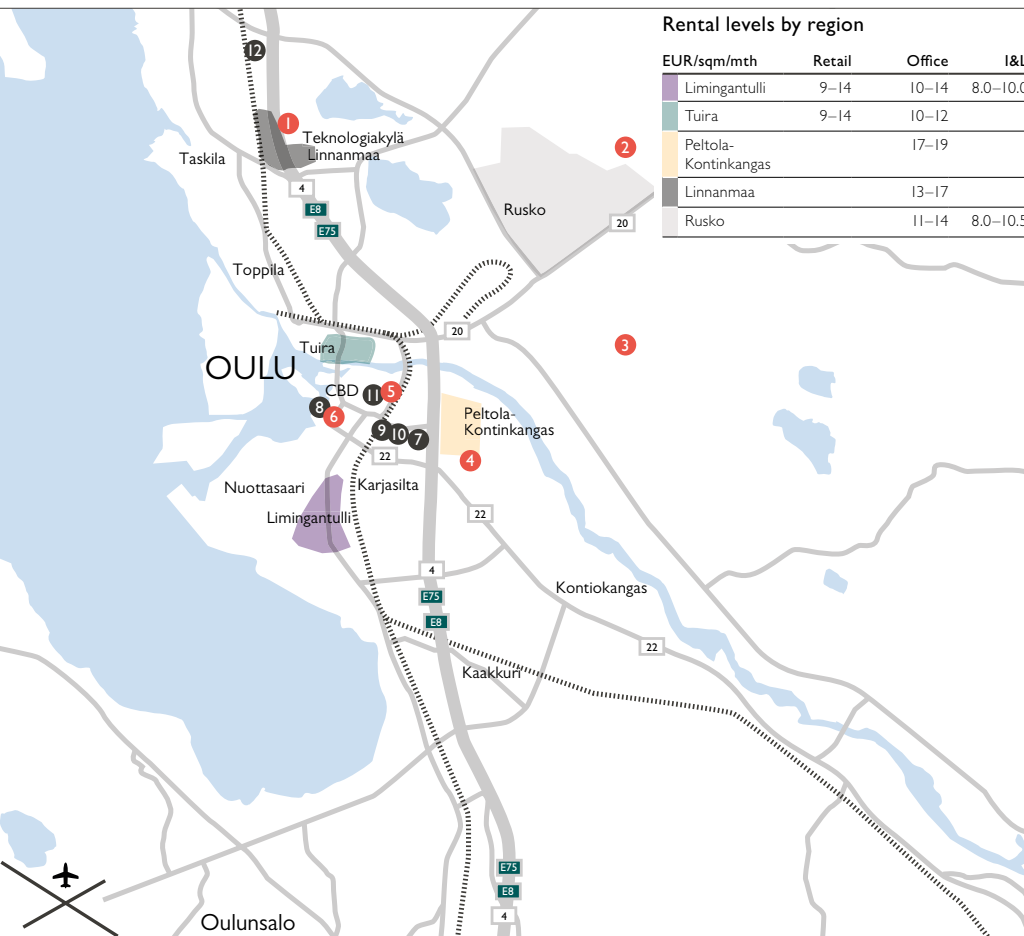
Some large real estate transactions were completed in Oulu last year, but the transaction volume was significantly lower than

in the past few years. In the city center, Ilmarinen sold a health center property to Swiss Life Asset Managers, and Kaleva sold its Karjasilta office building to Oulun Energia. In addition, a few transactions were made involving development properties in the city center. Older commercial and office buildings are often demolished, and plots are rezoned for residential construction. Two smaller retail properties were also sold in Limingantulli.

## Construction continues

Commercial construction remains active. Nokia's EUR 220 million campus project is progressing in Linnanmaa, as is the construction of a new hospital in Kontinkangas. The A and B buildings of the Tulevaisuuden sairaala project were completed last year, and phase C is moving forward with demolition work. In the city center, the construction of Pohjola Osuuspankki's new headquarters is advancing, which will also include residential units.

Several commercial projects have also been initiated in business areas outside the city center. The new main police station and prison, developed by Senaatti-kiinteistöt, are both scheduled for completion in 2025–2026. One of Oulu's largest municipal investments is the construction of a new swimming hall in Raksila, as well as the expansion of the



#### UNDER CONSTRUCTION

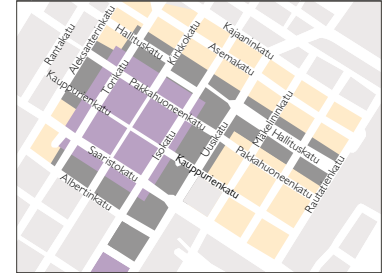
- 1 Nokia Campus
- 2 Police station and prison
- 3 Jääkärikangas community center
- 4 University hospital
- 5 Museum and science center
- 6 Osuuspankki HQ

#### IN PLANNING

- 7 Raksila swimming hall
- 8 Terwa Tower
- 9 Railway station redevelopment
- 10 Raksila market area
- 11 Kasarmitie office projects
- 12 Ritaportin commercial area

#### City Centre

EUR/sqm/mth	
Retail	50
Office (modern office/renovated)	27
Retail	18
Office	15
Retail	15
Office	15



Tietomaa museum and science center and the development of the community center in Jääkärikangas, Hiukkavaara. These investments are being driven by Oulu's selection as the 2026 European Capital of Culture.

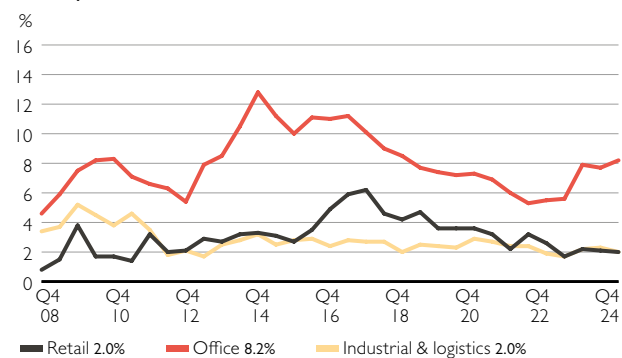
Scandic is set to become the operator of the Torihotelli, but the project's completion depends on securing an investor. The Terwa Tower hotel project planned for Torinranta has been appealed to the administrative court, causing delays in construction. Regarding Heinäpää's new football stadium, the Supreme Administrative Court of Finland declined to review the zoning appeals, removing legal obstacles for the project. The multipurpose arena project planned for the Asemakeskus area in Raksila is progressing, with a competitive bidding process currently underway between three corporate consortia, with a winner expected to be announced in spring 2025. The project also includes the construction of a new station center and broader regional development.

#### Vacant space, prime yields and prime rents

	Retail	Office	I&L
Vacant space, sqm	16,000	54,000	30,000
Prime yield, %	8.00	7.75	8.25
Prime rent, EUR/sqm/mth	50.00	26.50	10.00

Rental levels excluding the first leases of new constructions

#### Vacancy rates in Oulu



#### Selection of transactions in Oulu 2024

Property	Seller	Buyer	Price (MEUR)	Quarter	Asset type
Office building	Kaleva Media	Oulun Energia	n/a	Q1	Office
Health center	Ilmarinen	Swiss Life AM	n/a	Q2	Soc. infra.
Car dealership	Ilmarinen	Park Invest Oy (J. Rinta-Jouppi)	n/a	Q4	Retail

# Lahti

TEXT: MATTI SISTO



## Supply of office space has decreased

The amount of rentable office space in the city has decreased after Spatium sold a 2,700-square-meter office building on Saimaankatu for residential development a year ago. Additionally, the old 6,000-square-meter office building previously occupied by Kela is awaiting demolition. The city has signed a preliminary purchase agreement for the property for EUR 2.25 million. The city's land use department will relocate from BW Tower to the Fellmannia premises when its lease expires in October 2025.

## Paavola hypermarket project progresses

The region's largest retail construction project is the new K-Citymarket in Paavola, set for completion by autumn with approximately 9,500 square meters of new retail space. In Laune, the long-vacant former Spar supermarket was reoccupied when R-market opened a 3,000-square-meter store in summer 2024. Additionally, Terveystalo signed an agreement with Citycon to establish a 4,000-square-meter medical center and hospital in the Trio shopping center. Construction will begin in the fall, with Terveystalo relocating from its current site near the market square.

At the end of last year, Layher completed its new facilities in the Asko area, including 5,900 square meters of warehouse space and 1,300 square meters of office and training space. Woodio has also moved into Jokimaa business park, where Spatium Toimitilat Oy, the city's property company, built over 4,400

square meters of facilities. Spatium is also constructing new industrial space in Nastola to replace a demolished facility for Dieffenbacher Panelboard. Among property types, industrial space remains the most active.

In residential construction, ongoing projects mainly consist of subsidized housing. New student apartments are being built in Niemi, while senior housing is being developed in the Isku block. The city is prioritizing detached and row house areas, as its stock of apartment plots is secured for the long term.

## Investments and development projects across Lahti

In the investment market, the city and its affiliates were involved in key transactions. The largest deal last year took place in Kiveriö, where Spatium sold a nearly 10-hectare industrial property to FCDC Corp for EUR 6 million. The buyer plans a multi-billion-euro data center, utilizing waste heat recovery from the nearby Lahti Energia power plant. Earlier, the city completed an internal transfer of ownership for large exhibition and event halls for about EUR 20 million.

Osuuskauppa Hämeenmaa agreed to purchase the Mukkula S-market plot and an adjacent lot from the city for EUR 820,000 to secure future development opportunities. Hämeenmaa is also seeking a zoning change to double the size of the Holma Prisma in a project valued at around EUR 20 million. Lidl purchased the old Ruola shopping center site in late 2023, with long-term plans to demolish existing buildings and replace them with

### Cooperating partner:

Suomen Toimitila Oy  
www.ttilaa.fi

### Rental levels by region

EUR/sqm/mth	Retail	Office	I&L
North	6–9	6–8	4–6
South	7–13	6–8	5–6
East	6–8	6–8	4–6
West	6–8	5–7	4–6

### UNDER CONSTRUCTION

- 1 Citymarket Paavola
- 2 Isku block
- 3 Saimaankatu 64 residential conversion
- 4 Woodio's factory
- 5 Metroauto commercial building
- 6 Central hospital phase 8

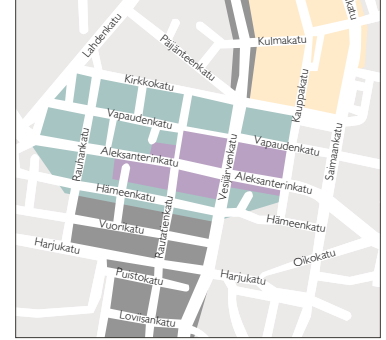
### IN PLANNING

- 7 Fazer confectionery factory
- 8 Data center project
- 9 Alatori tower hotel
- 10 Multipurpose arena
- 11 Lidl grocery stores

### City Centre

EUR/sqm/mth

Retail	40
Office (modern office/renovated)	19
Retail	12
Office	9
Retail	12
Retail	15



a 2,000-square-meter store, pending zoning approval. Another similar Lidl store is planned near Karisto, close to the Karisma shopping center.

Fazer's planned factory investment, worth hundreds of millions, has been put on hold due to changes in Finnish taxation on confectionery products. Meanwhile, the hydrogen plant planned near the Kymijärvi power plant has received legally binding zoning approval, an environmental permit, and financial support from both the Finnish government and the Euro-pean Hydrogen Bank. If a construction permit is approved, the project could be completed in 2027.

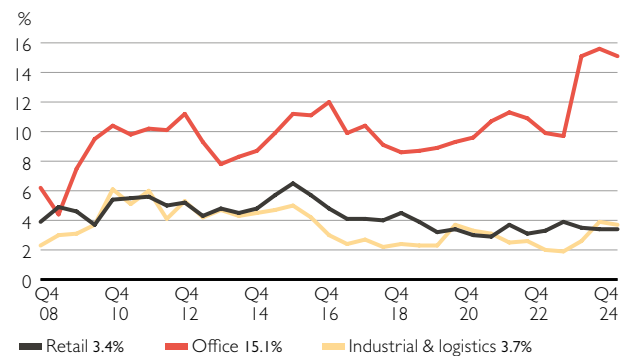
Among public projects, construction has begun on the EUR 71 million eighth phase of the central hospital expansion. Additionally, funding has been secured for the Kausala bypass on Highway 12, which will further strengthen the city's logistical position.

### Vacant space, prime yields and prime rents

	Retail	Office	I&L
Vacant space, sqm	27,000	43,000	73,000
Prime yield, %	9.00	9.00	8.50
Prime rent, EUR/sqm/mth	40.00	20.00	7.00

Rental levels excluding the first leases of new constructions

### Vacancy rates in Lahti



### Selection of transactions in Lahti 2024

Property	Seller	Buyer	Price (MEUR)	Quarter	Asset type
Industrial building	Monni-invest	LJJ Invest	1.3	Q1	Industrial
Industrial building	Spatium	FCDC Corp	6	Q2	Industrial
Lahti Truck workshop	Lahden Rekkapaja	Wetteri	1.4	Q2	Industrial
Office building	Kela	City of Lahti	2.25	Q4	Office
Industrial building	A.Ahlström Kiinteistöt	Onniasunnot	1.9	Q4	Industrial

# Jyväskylä

TEXT: MIKKO HIRVI



## The office rental market is settling into a new normal

After years of reduced activity due to remote work, office users have become more active over the past year. The growing demand for modern office spaces appears to be continuing into the current year. From the users' perspective, the selection of office space is influenced by similar values and attributes across industries. Comfort, quality, and modernity are becoming increasingly important. Leasing older, basic-condition office buildings is more challenging. Tenants are willing to pay higher rent per square meter for smaller but high-quality spaces. Many companies are consolidating operations into a single location following acquisitions. The conversion of hard-to-lease office spaces for other uses is becoming increasingly relevant. Some development projects are in the planning stage, where old office spaces will primarily be converted into residential units.

## The city center competes with Seppälä

Uncertainty in consumer behavior is reflected in the city center's retail spaces. Public discussion continues regarding the city center's attractiveness, aiming to draw more consumers to the area. The completion of P-Paraati at the end of 2024 has improved accessibility for consumers traveling by car. The change in ownership of Jyväskylä's Forum is bringing activity to the retail space market. Many retail tenants need to update and downsize their premises to better align with cur-

rent consumer needs. The Seppälä market area has maintained strong appeal. High-quality retail spaces would see even more demand in the area, and new development projects are on the horizon. However, aligning capital rent levels between investors and tenants remains challenging, particularly in areas where property prices add additional pressure to the equation.

The economic downturn and the slowdown in exports are impacting the industrial market, where previously planned new developments remain on hold. Depending on the industry, subcontractors are also monitoring market trends while continuing operations in their existing premises. However, developments in the logistics sector are driving positive demand for high-quality warehouse and logistics spaces. In the Jyväskylä region, there is still a shortage of high-quality cross-dock terminal facilities. From a leasing perspective, a key challenge is the short maturity periods of tenants' service agreements, limiting their willingness to commit to new developments.

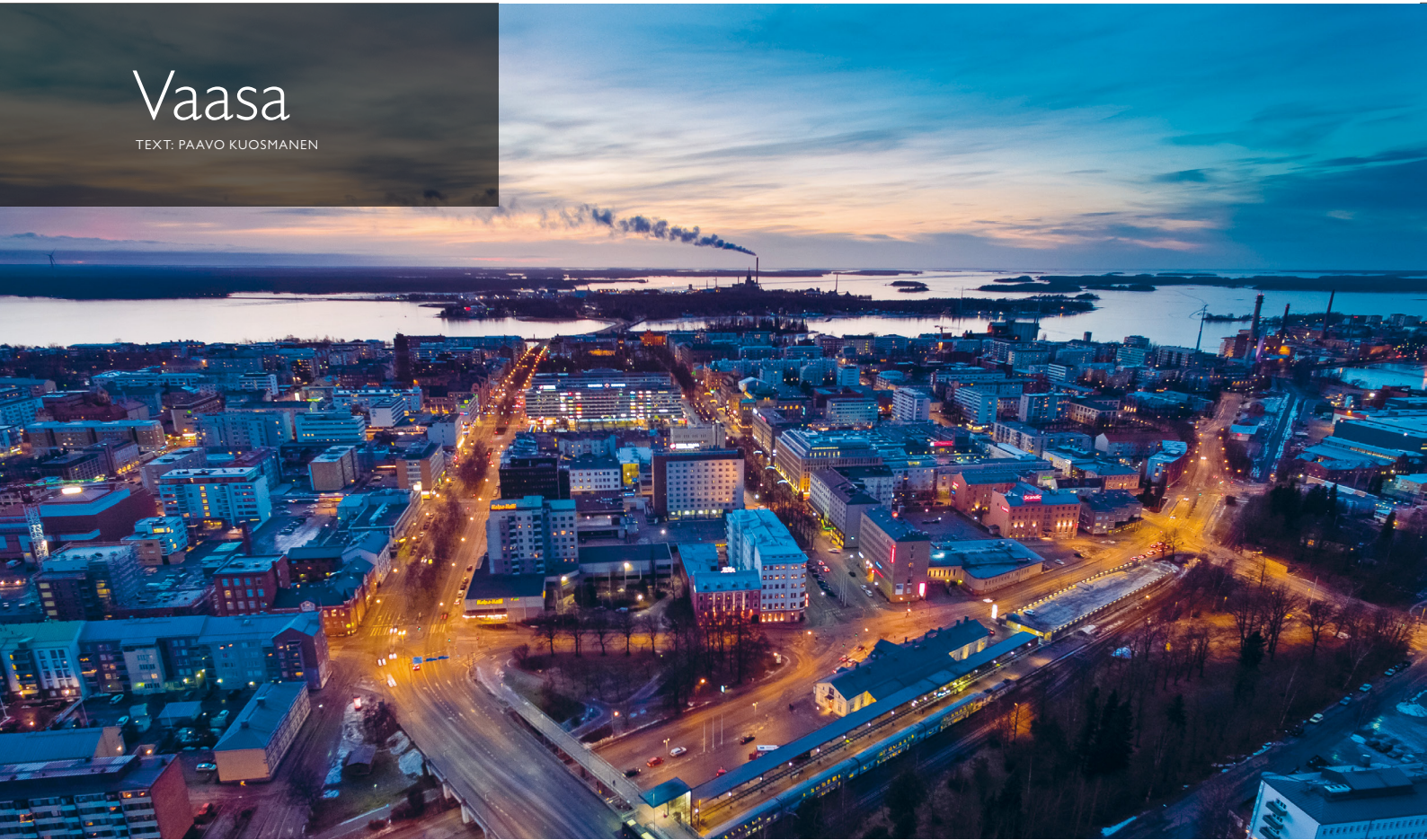
## Investment market – from stagnation to transactions?

At the end of the year, several properties in the Seppälä area changed ownership. Carrols Properties acquired a plot on Ahjokatu for Hesburger, Broman Group purchased a neighboring property for expansion and parking space, and a plot for a new development for Ahlsell was sold to the project's operator.



# Vaasa

TEXT: PAAVO KUOSMANEN



## Development in Vaasa's real estate market

The diverse development of Vaasa's real estate market has continued throughout 2024. The significant 2,500-square-meter expansion of the K-Citymarket in Kivihaka was completed in the first half of the year, increasing the total area of K-Citymarket Kivihaka to 13,500 square meters. In addition to the expansion, the store underwent renovations and was upgraded to be more energy efficient. In total, the expansion and renovation costs amounted to EUR 22 million.

Vaasa-based energy company VEO has invested millions of euros in expanding its factory in Runsor. The expansion of the factory building will enhance product testing capabilities. VEO is one of the most significant employers in Vaasa, and this investment demonstrates the company's intent to continue growing.

The construction of the Mustasaari Central School is progressing rapidly, with the first phase expected to be completed in early 2025.

## Balder acquired three properties in Vaasa

In the second quarter, Balder acquired a portfolio of four production and commercial properties, three of which are located in the Vaasa region. The portfolio covers a total area of 11,200 square meters, and the transaction was valued at approximately EUR 12 million. The seller, Wasa ST-invest Ltd Oy, is one of the largest property owners in the region. The properties' tenants include well-known companies such as Havator,

Lassila & Tikanoja, and Volvo Construction Equipment. This transaction increased Balder's leased space in the Vaasa and Kokkola regions to over 100,000 square meters, strengthening the company's position in Ostrobothnia.

During the same quarter, the City of Vaasa acquired an industrial property in the Klemettilä industrial area from Scania Real Estate Finland. This 4,750-square-meter property was purchased for EUR 1.2 million, supporting the city's strategic development goals in the industrial and logistics sectors.

## Industry and innovation continue to strengthen

Vaasa appears to be in a continued growth phase in terms of development projects. The ongoing Hitachi Campus is a clear example of this trend. The new 30,000-square-meter campus, scheduled for completion in 2027, will include modern production and testing lines for transformer manufacturing in addition to office spaces.

A 5,500-square-meter new hospital building is under construction on the site of the Old Vaasa Hospital, increasing the hospital's capacity to 200 patients. Wärtsilä's technology center expansion in Vaskiluoto is also underway, further strengthening Wärtsilä's already significant position as one of Ostrobothnia's largest employers.

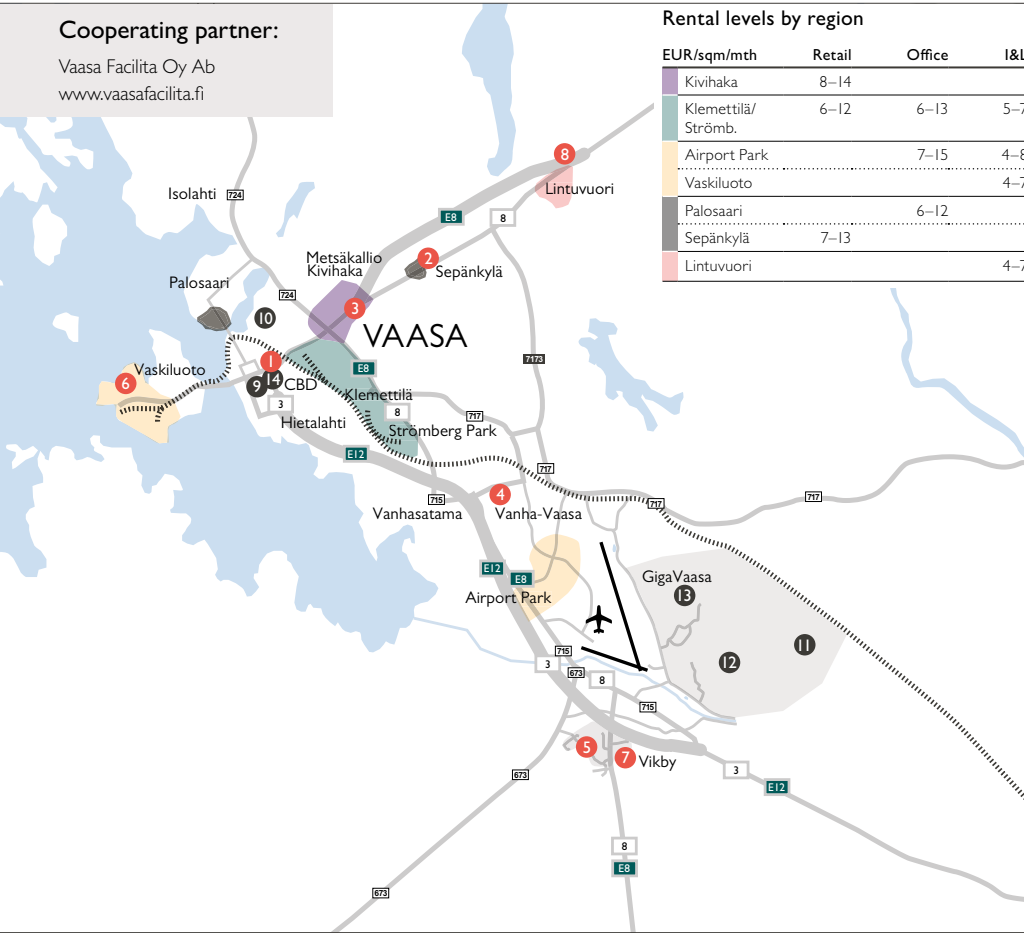
Projects within the GigaVaasa industrial zone are also advancing. The area is set to become a key hub for battery production in Finland, creating a substantial number of new jobs.

### Cooperating partner:

Vaasa Facilita Oy Ab  
www.vaasafacilita.fi

### Rental levels by region

EUR/sqm/mth	Retail	Office	I&L
Kivihaka	8–14		
Klemettilä/ Strömberg	6–12	6–13	5–7
Airport Park		7–15	4–8
Vaskiluoto			4–7
Palosaari		6–12	
Sepänkylä	7–13		
Lintuvuori			4–7



### RAKENTEILLA OLEVA HANKE

- 1 Renovation of Original Sokos Hotel Royal
- 2 Mustasaari Central School
- 3 Kivikila project
- 4 New building of Old Vaasa's hospital
- 5 Hitachi production and technology campus
- 6 Extension of Wärtsilä's technology center
- 7 Storage property in Vikby
- 8 Circle's Edge

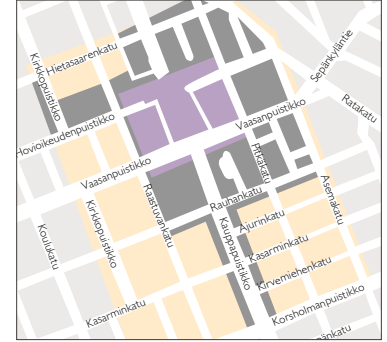
### SUUNNITTEILLA OLEVA HANKE

- 9 Renovation of Parish Center
- 10 Vöyrinkaupunki new development
- 11 Shanshan anode material factory
- 12 Epsilon Advanced Materials anode material factory
- 13 Freyr Battery's cathode material factory
- 14 Rauhankatu 24 renovation and extension

### City Centre

EUR/sqm/mth

Retail	37.5
Office (modern office/renovated)	17.5
Retail	18
Office	13
Retail	13
Office	12



The planned Shanshan and Epsilon Advanced Materials anode material plants are still in the pipeline. According to preliminary estimates, both plants should be operational by 2027.

The most advanced project in GigaVaasa, the Freyr Battery's cathode material plant, is progressing on a 40-hectare site, with EUR 122 million in funding secured from the European Investment Fund. The factory's environmental permit was legally approved in summer 2024. However, Freyr Battery withdrew from a separate 130-hectare battery cell manufacturing site at the end of last year. The City of Vaasa and Mustasaari Municipality are actively working to attract more companies specializing in the battery value chain to the region.

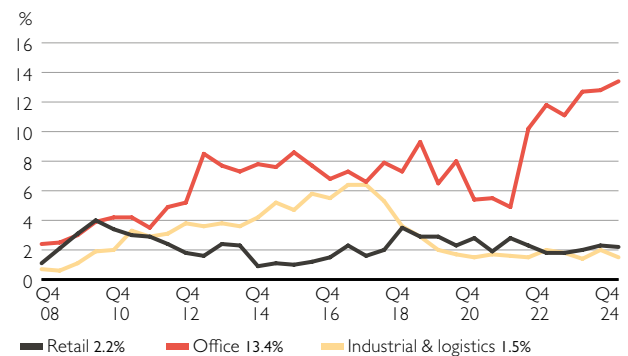
Additionally, a new commercial and business complex is being developed along the E8 highway in Lintuvuori. The Circle's Edge project, located on the outskirts of Vaasa, began its second phase in 2024. The project's building permit covers approximately 8,000 square meters, aiming to promote circular economy-focused business operations.

### Vacant space, prime yields and prime rents

	Retail	Office	I&L
Vacant space, sqm	12,000	42,000	13,000
Prime yield, %	9.00	9.25	9.00
Prime rent, EUR/sqm/mth	37.50	17.50	9.00

Rental levels excluding the first leases of new constructions

### Vacancy rates in Vaasa



### Selection of transactions in Vaasa 2024

Property	Seller	Buyer	Price (MEUR)	Quarter	Asset type
Industrial property	Scania Real Estate Finland	City of Vaasa	1.2	Q2	Industrial
3 commercial properties	Wasa St-Invest Ltd	Balder Finland	12	Q2	Industrial

# Other growth centres

TEXT: PAAVO KUOSMANEN



## Transaction activity in Kuopio continues

As in the year before, despite the low transaction volume nationwide, a good number of real estate transactions were completed in Kuopio during 2024. In the Haapaniemi area, Ovaro acquired a 14,000-square-meter property on Teollisuuskatu, with plans to convert its use from industrial and office space to retail. The transaction was valued at EUR 2.7 million. Other projects in the area are also underway, including Kesko's new K-Citymarket being built on an adjacent plot.

Near the city center, Savilahti area continues to see infrastructure improvements, with renovations ongoing on Neulanientie and Yliopistonranta. Among public sector projects, construction of the new school in Pirtti is in progress, while planning for Minna Canth School is advancing. Additionally, Kuopio University Hospital's Uusi Sydän 2025 project includes a renovation of the old hospital tower and the construction of a new ten-story extension, further strengthening healthcare services in the region.

## Askonkylä's commercial buildings sold in Pori

A multipurpose building under construction on Ahlaistentie is set to be completed by August 2025, while the Itä-Pori daycare center, being built on the Uusikoivisto's school site, will open in January 2026. Additionally, the new courthouse set to be com-

pleted in early 2025 will house Satakunta District Court, Vaasa Court of Appeal hearings, the Enforcement Agency, the Prosecution Authority, and the Criminal Sanctions Agency. The city is also investing in transportation infrastructure, including improvements to Alinenpuisto and Hyveläntie pedestrian pathways.

Regarding real estate transactions, Pori has seen several significant deals. Niam acquired a healthcare property on Itsenäisyydenkatu, and Cibus Nordic Real Estate AB purchased Askonkylä's commercial buildings from Mandatum Finland Properties II fund for EUR 4.2 million.

## Quiet transaction year in Seinäjoki

From a real estate market perspective, 2024 was quiet in Seinäjoki, with no major transactions reported. This may reflect investors' increasing caution in the current market climate or a lack of attractive, modern commercial properties. On the other hand, the city is currently focusing on infrastructure and residential area development. Niemistö and Soukkajoki residential expansions are underway, and renovations in the Seinäjoki railway station area will continue in spring 2025. Additionally, plans to improve pedestrian and cycling routes, such as the Kivistöntie and Auneksentie projects, aim to enhance connectivity and the appeal of residential areas.

### Selection of transactions in other growth centres 2024

Property	City	Seller	Buyer	Price (MEUR)	Quarter	Asset type
Commercial and industrial property	Kuopio	Cobbleyard Real Estate	Ovaro Kiinteistösjointus	2.7	Q1	Retail
Four production and factory properties	Salo, Sastamala, Kuopio	KMC Properties	Logistea	n/a	Q2	Industrial
Medical clinic property	Pori	eQ Community properties	Niam	n/a	Q3	Soc. infra.
Retail property	Kuopio	Hallman Oy	PeeÄssä	n/a	Q3	Retail
Social infrastructure properties	Kuusamo	City of Kuusamo	KOY Terveystieteiden toimitilat V	10	Q3	Soc. infra.
185 apartments	Oulu, Jyväskylä, Kuopio, Rovaniemi	Majakkalahden Kiinteistöt OY	Sibvest & Sijoitusasunnot.com	n/a	Q4	Residential
Retail property	Pori	Mandatum AM Finland Properties II	Cibus Nordic Real Estate AB	4.2	Q4	Retail
Retail property	Lappeenranta	Suni Oy	Kaakkois-Suomen Liiketilä Oy	1.5	Q4	Retail
Sokos hotel Vaakuna	Rovaniemi	Keva	Osuuskauppa Arina	n/a	Q4	Hotel

### Building projects in other growth centres

Project	City	Developer	Main contractor	Completion	Asset type
Courthouse	Pori	Senate Properties	Hartela	H1 2025	Soc. infra.
Vaaranlampi Multipurpose Building	Rovaniemi	City of Rovaniemi	Sakela Rakennus	H1 2025	Soc. infra.
Napsu Multipurpose Building	Rovaniemi	City of Rovaniemi	NCC	H2 2025	Soc. infra.
Sammontalo Multipurpose Building	Lappeenranta	City of Lappeenranta	SRV	H2 2025	Soc. infra.
Jynkän päiväkot	Kuopio	City of Kuopio	Lapti	H2 2025	Soc. infra.
Häkinvaara daycare center	Rovaniemi	City of Rovaniemi	Oulun Rakennusteho	H2 2025	Soc. infra.
Renovation of City Hall	Rovaniemi	City of Rovaniemi	Sakela Rakennus	H1 2026	Soc. infra.
Indoor sports hall	Lappeenranta	City of Lappeenranta	YIT	H1 2026	Soc. infra.
K-Citymarket Haapaniemi	Kuopio	Kesko	Jalon Rakentajat	H1 2026	Retail
Pirtti elementary school	Kuopio	City of Kuopio	Jalon Rakentajat	H2 2026	Soc. infra.
Minna Canth school	Kuopio	City of Kuopio	Lapti	H2 2027	Soc. infra.

Seinäjoen appeal is further enhanced by Ideapark, where the department store chain Kärkkäinen will open a new store in spring 2026. The store will have a total area of 15,000 square meters, and its opening is expected to create up to 200 new jobs in Seinäjoki.

#### Osuuskauppa Arina acquires Sokos Hotel Vaakuna in Rovaniemi

The Napsu multipurpose building in Nivavaara is progressing as planned and is expected to be completed by August 2025. Meanwhile, the renovation of a school near Napsu will begin in summer 2025, with an estimated completion in 2026. The Vaaranlampi multipurpose building in Korkalovaara is also scheduled for completion in August 2025. Additionally, the Häkinvaara daycare center, located north of Hirvas, is under construction and is expected to open in fall 2025. The city hall renovation, which began in the fall of 2024, is scheduled for completion in 2026.

One notable real estate transaction in Rovaniemi in 2024 was Keva's sale of Sokos Hotel Vaakuna to Osuuskauppa Arina.

#### Sammontalo's construction progresses in Lappeenranta

Construction projects have been a focal point in Lappeenranta. Sammontalo, which will house primary education, pre-school

education, and sports and youth services, is set for completion by the end of the year. The city is also planning the construction of a new indoor sports hall and evaluating the feasibility of a multipurpose arena. A EUR 80 million budget has been allocated for these projects over the next four years.

In the real estate market, one notable transaction in Lappeenranta was Suni Oy's sale of a commercial property to Kaakkois-Suomen Liiketilä Oy for EUR 1.5 million. While transaction volumes remain modest, the city's investment in infrastructure and services is expected to lay the foundation for increased market activity in the future.

# Finnish real estate market Spring 2025


Helsinki  
(HMA)


Tampere



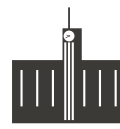
Turku



Oulu



Lahti



Jyväskylä



Vaasa

## OFFICE MARKET (Q4 2024)

→ Forecast (Q2 2025)

Stock (sqm):	8,420,000	940,000	880,000	660,000	280,000	410,000	310,000
Vacancy (%):	16.4 ↗	15.1 ↗	6.9 ↗	8.2 ↗	15.1 ↗	15.3 ↗	13.4 ↗
Prime yield (%):	5.50 →	7.25 →	7.50 →	7.75 →	9.00 →	8.75 →	9.25 →
Prime rent (EUR/sqm/mth):	42.00 →	24.50 ↗	23.50 →	26.50 →	20.00 →	23.00 →	17.50 →

## RETAIL MARKET (Q4 2024)

→ Forecast (Q2 2025)

Stock (sqm):	4,000,000	1,150,000	980,000	810,000	780,000	970,000	530,000
Vacancy (%):	3.3 →	4.7 →	4.0 →	2.0 →	3.4 →	2.7 →	2.2 →
Prime yield (%):	5.80 →	7.50 →	8.00 →	8.00 →	9.00 →	8.75 →	9.00 →
Prime rent (EUR/sqm/mth):	100.00 →	60.00 →	45.00 →	50.00 →	40.00 →	40.00 →	37.50 →

## INDUSTRIAL & LOGISTICS MARKET (Q4 2024)

→ Forecast (Q2 2025)

Stock (sqm):	8,140,000	2,130,000	2,270,000	1,530,000	1,970,000	1,260,000	870,000
Vacancy (%):	4.3 →	3.9 →	3.3 →	2.0 →	3.7 →	3.2 →	1.5 →
Prime yield (%):	5.70 →	7.75 →	7.50 →	8.25 →	8.50 →	9.00 →	9.00 →
Prime rent (EUR/sqm/mth):	12.50 →	9.50 →	9.50 →	10.00 →	7.00 →	10.00 →	9.00 →

### Prime yield levels are based on the following criteria:

- Initial yield. Good location in the target market. High quality building. New development excluded.
- Retail: For example shopping centre or other retail property with well-known domestic or international tenants. 3–5 years' weighted average unexpired lease term.
- Office: Stable anchor tenants. 3–5 years weighted average unexpired lease term.
- Industrial and logistics: Medium-sized property. One user. Stable tenant with a 5–7 years' lease agreement.
- Particularly long lease agreements currently decrease yields by ca. 0.1–0.5 percentage points in the Helsinki CBD and 0.1–0.7 percentage points in other submarkets.

### Prime rental levels are based on the following the criteria:

- Effective gross rents. Good location in the target market. High quality premises. New development excluded.
- Retail: Street level retail premises. Approx. 150 sqm
- Office: Approx. 500 sqm in the HMA, approx. 300 sqm in the growth centres.
- Industrial and logistics: Approx. 1,000–3,000 sqm

Transaction volume does not include daily real estate companies stock trading.

# Some of Catella's transactions in 2024

## Sale of logistics properties in Tuusula

Catella acted as the financial advisor to the funds managed by OP in the sale of two modern logistics properties. The buyer was Logian, a joint venture between Keva and Mrec Investment Management Oy. The properties are located in Tuusula, near Helsinki-Vantaa Airport. Constructed in 2018–2019, the properties have a total lettable area of approximately 32,500 square meters and are fully leased to the Finnish logistics operator Logitri Oy. The properties are LEED Gold certified and have an EPC rating A.



## Sale of a healthcare property in Oulu city center

Catella acted as the exclusive financial advisor to Ilmarinen Mutual Pension Insurance Company in the sale of a modern health center in the heart of Oulu. The property, completed in 2015, has nearly 8,000 square meters of leasable area, with Mehiläinen, a private health and social services provider, as its anchor tenant. The property also includes several retail spaces on the ground floor. The buyer was a fund managed by Swiss Life Asset Managers, which is dedicated to pan-European healthcare investments.



## Sale of a social infrastructure property portfolio in the Helsinki Metropolitan Area

Catella acted as the financial advisor to Ilmarinen Mutual Pension Insurance Company in the sale of four properties. The buyer was the special investment fund eQ Community Properties. The portfolio included a health center in Espoo, a daycare property in Vantaa, an elementary school in Helsinki, and a parking facility property in Helsinki. The total lettable area of the first three properties is approximately 13,900 square meters, while the parking facility offers 120 parking spaces. The portfolios tenants include the City of Helsinki, the City of Vantaa, the Western Uusimaa Wellbeing Services County, and Aimo Park Oy.



## Sale of two historic residential properties in Helsinki

Catella acted as the exclusive financial advisor of Paavo Nurmi Foundation in the sale of two residential properties. The properties are located in Töölö (Linnankoskenkatu) and Kallio (Fleminginkatu) in Helsinki. Originally built in 1938 and 1912, the residential buildings have been renovated over the years to meet the current standards. The Kallio property underwent a major renovation in 2018. The buildings have in total 94 apartments and 7 retail premises, with a total lettable area of approximately 4,500 square meters. The transaction was completed in February 2024, with Elo Mutual Pension Insurance Company as the buyer.



## Sale of Tennispalatsi

Catella acted as financial advisor to the City of Helsinki in the sale process of Tennispalatsi, located in Kamppi. The City of Helsinki sold Tennispalatsi to Niam, which won the competitive bidding process held in 2022 with a EUR 30 million offer. The ownership of the plot remained with the city, but the new owner has the option to purchase the plot. Tennispalatsi's largest tenant is Finnkino, which has Finland's largest cinema complex within the property, featuring 14 theaters and over 2,500 customer seats. The building has a total lettable area of approximately 16,000 square meters.



# A selection of references

## TRANSACTIONS & CORPORATE FINANCE

FINLAND | DECEMBER 2024

Advisor to Ilmarinen in the sale of four properties with a lettable area of 13,900 sqm in the Helsinki metropolitan area

ILMARINEN



AMOUNT NOT DISCLOSED

FINLAND | DECEMBER 2024

Advisor to City of Kuusamo in the sale of healthcare properties with a lettable area of 15,000 sqm



PRIVATE INVESTOR

EUR 10 MILLION

FINLAND | DECEMBER 2024

Advisor to Ilmarinen in the sale of a car retail property with a lettable area of 3,000 sqm in the city of Oulu

ILMARINEN

J. RINTA-JOUppi

AMOUNT NOT DISCLOSED

FINLAND | JULY 2024

Advisor to eQ Community Properties in the sale of a healthcare property with lettable area of 5,800 sqm in Pori



NIAM

AMOUNT NOT DISCLOSED

FINLAND | JUNE 2024

Advisor to funds managed by OP in the sale of two modern logistics properties with a leasable area of 32,500 sqm



AMOUNT NOT DISCLOSED

FINLAND | JUNE 2024

Advisor to Ilmarinen in the sale of a modern healthcare property with a leasable area of 8,000 sqm in Oulu

ILMARINEN



AMOUNT NOT DISCLOSED

FINLAND | FEBRUARY 2024

Advisor to Paavo Nurmen Säätiö in the sale of two residential properties in the inner city of Helsinki



AMOUNT NOT DISCLOSED

FINLAND | FEBRUARY 2024

Advisor to City of Helsinki in the sales process of Tennispalatsi in Helsinki city centre



NIAM

EUR 30 MILLION

FINLAND | DECEMBER 2023

Advisor to Ålandsbanken Asuntorahasto Erikoissijoitusrahasto in the sale of two new-built residential properties in Espoo

ÅLANDSBANKEN

CapMan

AMOUNT NOT DISCLOSED

FINLAND | DECEMBER 2023

Advisor to Kojamo in the sale of a historic property with a building area of 5,000 sqm in Helsinki

kojamo



AMOUNT NOT DISCLOSED

FINLAND | AUGUST 2023

Advisor to Schroder Real Estate in the sale of a landmark office property in Helsinki centre

Schroders



AMOUNT NOT DISCLOSED

FINLAND | JUNE 2023

Advisor to Kruunuasunnot in the divestment of a significant portfolio of over 1,200 apartments in Finland



FOREIGN INVESTOR

AMOUNT NOT DISCLOSED

## VALUATION

FINLAND | 2024

Annual valuation of a residential portfolio in Finland for Toivo Group



FINLAND | 2024

Annual valuation of residential portfolios in Finland for LähiTapiola's funds



FINLAND | 2024

Valuation of multiple retail properties in Finland for Innovestor

INNOVESTOR

FINLAND | 2024

Valuation of shopping centre Hansakortteli in Turku



FINLAND | 2024

Valuation of 30 commercial properties in Finland for Hesburger



FINLAND | 2024

Valuation of a residential portfolio in Tampere for Pirkan Opiskelija-asunnot



FINLAND | 2024

Valuation of a commercial property portfolio for Sandvik Eläkesäätiö



FINLAND | 2024

Valuation of residential plots for Municipality of Pirkkala



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