



FINLAND

HELSINKI

Investors are looking towards traditional markets outside CBD for yield gain



NEW DEVELOPMENT IS SLOWING IN HELSINKI AFTER 2020

Office construction is slowing down as economic growth expectations fall. More than 100,000 sqm of new office premises will complete in the Helsinki Metropolitan Area this year, but the pace of this growth will slow considerably in subsequent years.

The most significant office projects being completed this year in the Helsinki Metropolitan Area include the Tripla Workery office properties in Pasila; the Urban Environment House in Kalasatama; and Fredriksberg's B and C office buildings in Vallila, which NCC has sold to a fund managed by the German KanAm Grund Group for approximately €64m.

HIGH DEMAND FOR PRIME SUBMARKETS OUTSIDE CBD

The low yields in the Helsinki city centre led international and domestic investors to turn towards other strong and traditional submarkets. The Leppävaara and Perkkää office markets, for example, were active in 2019; there were 12 major office transactions with a total volume exceeding €300m. A major deal

at the end of last year occurred when Special Investment Fund eQ Real Estate bought the Alberga Business Park buildings B and C from a fund managed by Amundi Real Estate.

The traditional prime office market, Keilaniemi, is also attracting investors, as it will develop in the future as a new mixed-use service hub. Here in autumn 2019, Construction Company YIT and HGR Property Partners' joint venture Regenero sold the Accountor Tower, Keilalampi and the Keilaniemenranta pavilions located in Keilaniemi to an international investor. In addition, at the end of last year, HANSAINVEST sold the 7,300 sqm current

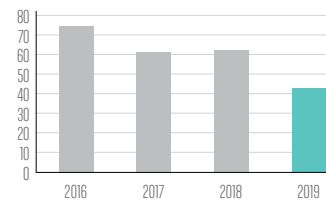
headquarter of Kone Corporation to Evli Rental Yield (AIF) Fund.

Union Investment acquired office and retail property located in the CBD from Sponda. The property comprises 8,300 sqm and transaction price was approximately €148m. In addition, Union Investment bought 5,700 sqm office property in Eteläesplanadi 12 in CBD from OP Life Assurance Company Ltd for approximately €50m.

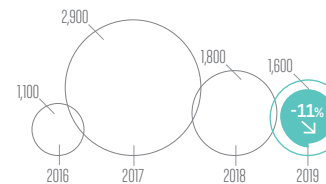
The outcome of these deals mean that the yield level for prime office properties in Helsinki CBD decreased close to 3%.

3.0%
PRIME OFFICE YIELD IN HELSINKI

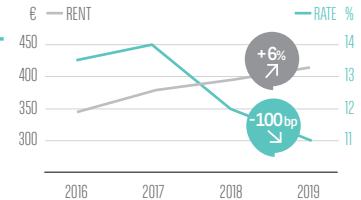
NET ABSORPTION (HMA*) thousands of sqm



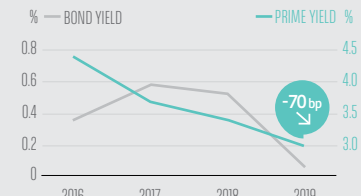
OFFICE INVESTMENT € million



OFFICE PRIME RENT & VACANCY RATE



OFFICE PRIME YIELD & BOND YIELD



* Helsinki Metropolitan Area

MAIN OFFICE TRANSACTIONS: LETTING & SALES

Occupier	Space (m ²)	Building-address	Submarket
Fiskars Group	10,000	Next (planned)	Keilaniemi
Trimble	10,000	OOPS (under construction)	Leppävaara
Deloitte	6,000	We Land (planned)	Ruoholahti

MAIN OFFICE TRANSACTIONS: INVESTMENT

Buyer	Price (€ m)	Building-address	Submarket
Union Investment	148	Aleksanterinkatu 19, Helsinki	CBD
HANSAINVEST	135	Telakkakatu 6, Helsinki	Southern Helsinki
Fleming Properties AB (Pareto Securities)	130	Fleminginkatu 34, Helsinki	Vallila

Disclaimer: BNP Paribas Real Estate cannot be held responsible if the information contained in the present report turns out to be inaccurate or incomplete. The information is dedicated to the exclusive use of BNPPRE clients. This report and the information contained may not be copied or reproduced without prior permission from BNP Paribas Real Estate.



An alliance member of
BNP PARIBAS REAL ESTATE

OFFICES IN EUROPE

Sustained office demand is creating historic lows in Europe's CBD vacancy rates

THE OFFICE MARKET REMAINS DYNAMIC IN EUROPE DESPITE A SLOWER ECONOMY

The European office market was still thriving in 2019, with take-up amounting to 12.73m sqm, barely 3% down on a very active 2018, and still well above the long-term average. Occupier momentum is still sufficiently great, even with economic slowdown, for many city markets to perform extremely well and achieve new highs in take-up. Records were broken last year in Milan (+25% vs. 2018), Rome (+60%), Brussels (+42%, best performance since 2007), Barcelona (+6%, best result since 2005) and Lyon (+33%). Another all-time high was in Berlin, where transacted volumes stood at 1.02m sqm (+22%). Berlin's result is the first time ever that any German city reported take-up in excess of 1m sqm. Berlin allowed the combined four main cities of the country to reach 2.93m sqm, despite a dip in Munich (-21%), Hamburg (-9%) and Frankfurt (-6%). Leasing activity in Central London slowed compared to 2018 (-18%) and was below its long-term average, despite the good demand from media-tech companies and the finance sector. The lack of deals for large units

(> 5,000 sqm) hampered the market in Central Paris, which was 6% below its 2018 result. However, the overall demand level remained good in the French capital as take-up was above its 10-year average.

LOW VACANCY AND COMPETITION FOR THE BEST SPACE IS PUSHING UP RENTAL VALUES

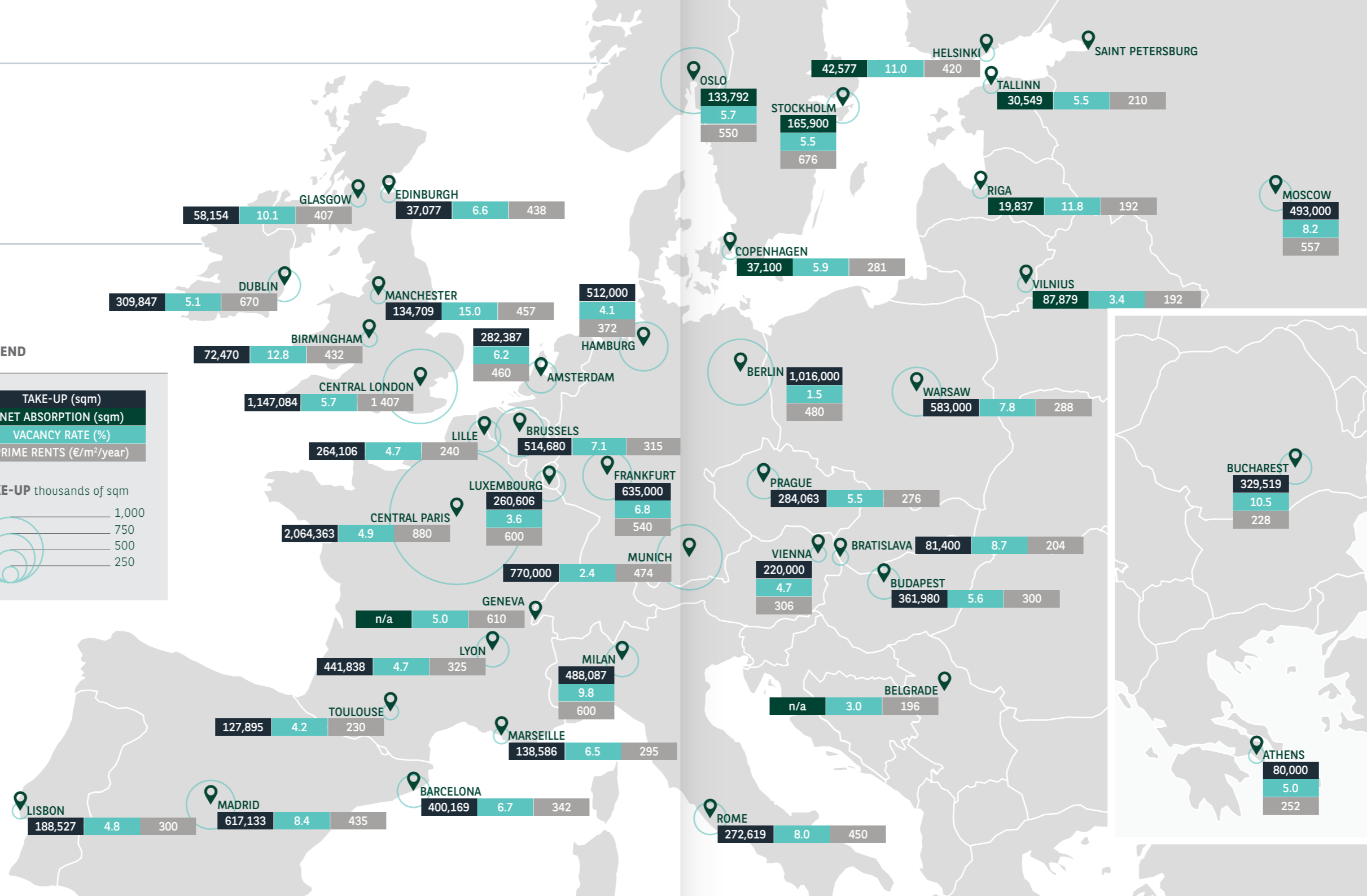
The overall office vacancy in Europe reached 5.8% at the end of 2019, 40 bps down on 2018. With only 1.5% of empty offices, representing 304,000 sqm, Berlin displays the lowest vacancy on the continent, followed by Munich (2.4%), Vilnius (3.4%) and Luxembourg (3.6%). Other markets saw important drops in vacancy year-on-year, such as Barcelona (-210 bps) and Budapest (-170 bps). It is unlikely that Europe will see large increases in vacancy over the next five years: the restrained construction pipeline and strength of demand mitigate against that scenario occurring. The lack of supply pushed up prime rental values over 2019, especially for the prime assets located in the best-located business districts in Europe. Big increases in rents occurred in Lisbon (+19%), Berlin (+11%) and Barcelona (+10%), all among Europe's liveliest office markets.

TAKE-UP IN EUROPE AMOUNTED TO **12.73m sqm**

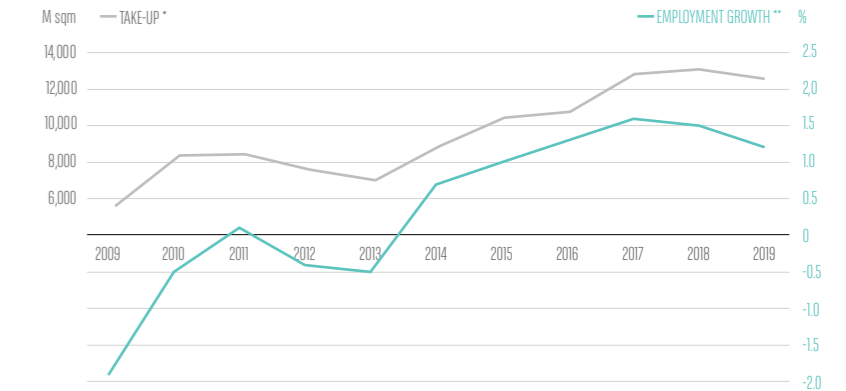
LEGEND

TAKE-UP (sqm)
NET ABSORPTION (sqm)
VACANCY RATE (%)
PRIME RENTS (€/m ² /year)

TAKE-UP thousands of sqm



EUROPEAN OFFICE DEMAND



* 30 cities - ** Eurozone

TAKE-UP sqm

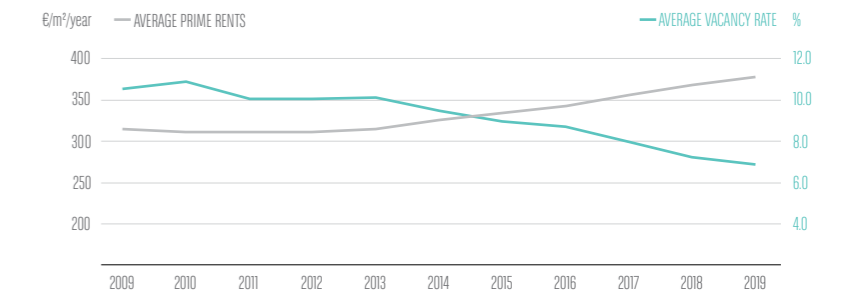
13,084,367
2018

12,728,214
2019

-2.7%

OFFICE TAKE-UP IN THE MAIN EUROPEAN CITIES REACHED 12.73m SQM, SLIGHTLY DOWN ON 2018.

EUROPEAN OFFICE PRIME RENT AND VACANCY (42 CITIES)



VACANCY RATE %

6.2
2018

5.8
2019

-40 bp

PRIME RENTS €/m²/year

406
2018

418
2019

+3%

THE VACANCY RENT CONTINUED TO DIMINISH ON AVERAGE IN THE MAIN EUROPEAN CITIES WHILE PRIME RENTAL VALUES INCREASED.

INVESTMENT MARKET

Investment in offices is still booming

MANY EUROPEAN CITIES POST NEW HIGHS FOR OFFICE INVESTMENT

The total commercial real estate investment volume in Europe reached €281bn in 2019, a 3% increase compared to 2018. Offices were the most sought-after asset with their share representing 47% of the total volume.

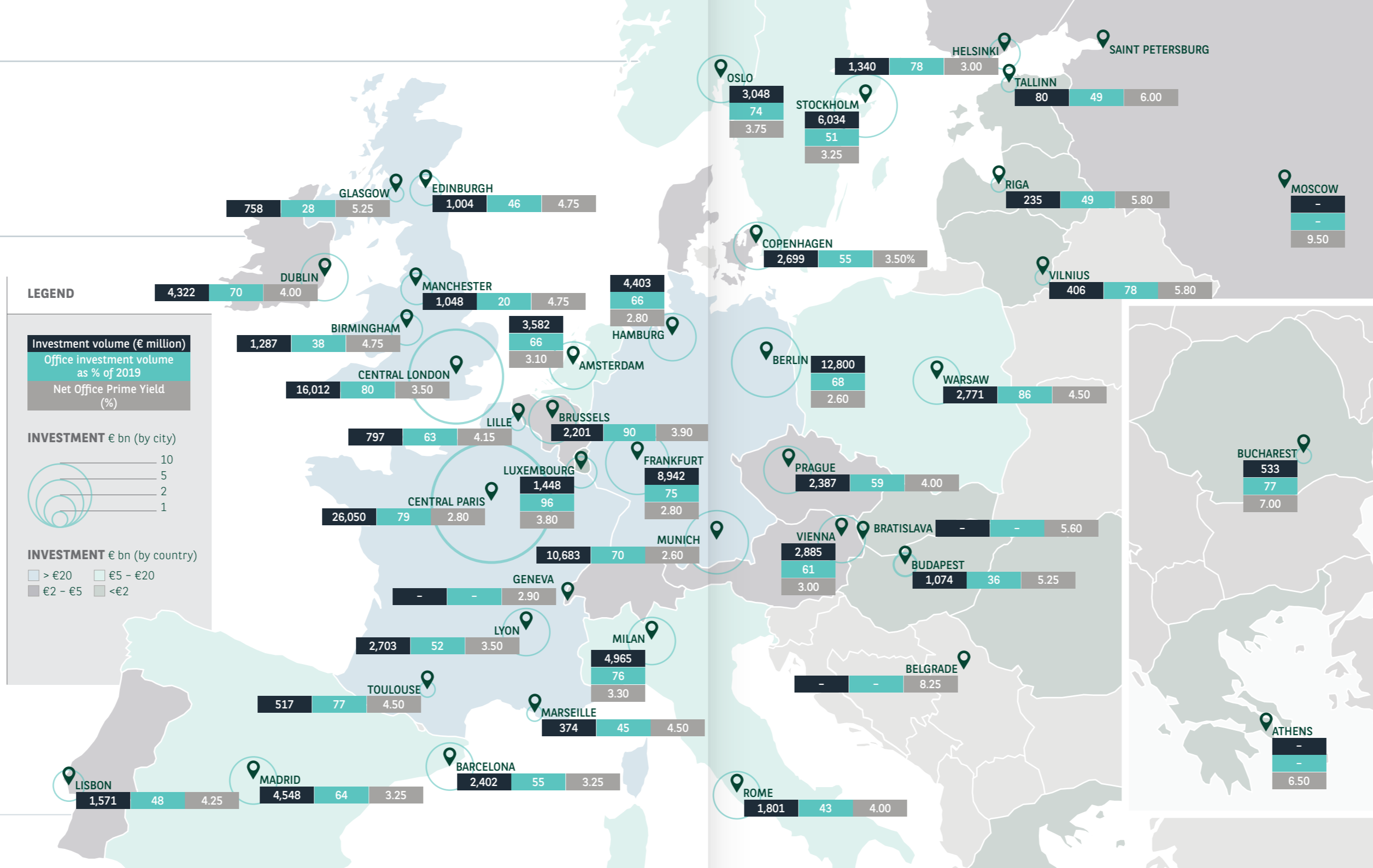
Central Paris remained the leading European city market by far, despite the lack of products for sale. Office investment of €20.6bn (+7% vs. 2018) comes from a high number of huge deals, with 57 transactions for over €100m signed in 2019. Investors from South Korea were particularly active in the French capital. Central London retained its second place despite a subdued market. The £13.8bn investment volume decreased 27% compared to 2018, falling to its lowest level since 2011. In contrast, Berlin saw €8.7bn invested in offices, more than twice the volumes of 2018. The increased activity is an outcome of the

booming occupational market and higher construction activity, which provides more products for sale. Intense office investment activity was also recorded in Milan with €3.8bn (best year ever on record), in Dublin (+103% compared to 2018) and Stockholm (+56%) with more than €3bn each.

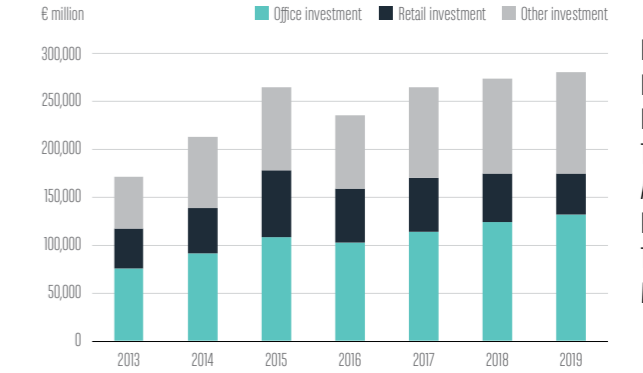
FURTHER COMPRESSION IN PRIME OFFICE YIELDS

In this context, prime office yields decreased again throughout Europe last year and stood on average at 4.22% (-26 bps vs. 2018) for the 40 markets analyzed in this report. Among the largest office markets, Berlin and Munich remained the most expensive in Europe, with the prime office yield at 2.60% (-10 bps), followed by Hamburg and Central Paris (2.80%). Geneva was the other market below 3%, with 2.90%. Significant yield compression occurred in Warsaw, Brussels, Prague, Amsterdam, Vienna and Budapest.

€281bn
INVESTED
IN EUROPE
IN 2019



COMMERCIAL REAL ESTATE INVESTMENT VOLUME IN EUROPE



TOTAL INVESTMENT COUNTRIES

€ million
273,728
2018

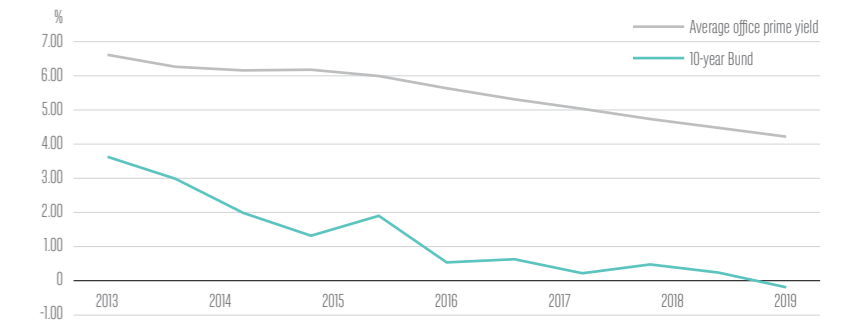
TOTAL INVESTMENT CITIES

€ million
129,700
2018

281,467
2019 (+3%)

137,709
2019 (+6%)

EUROPEAN OFFICE PRIME YIELD VS 10-YEAR BUND



PRIME YIELD %

4.48
2018

4.22
2019 (-26 bp)

OFFICE PRIME YIELDS SAW FURTHER COMPRESSION DURING 2019, WITH BERLIN BEING THE MOST EXPENSIVE MARKET.

KEY FIGURES OFFICE MARKET

	Take-up (sqm)			Vacancy Rate (%)			Prime Rents (€/sqm/year)		
	2019	2018	2017	Q4 2019	Q4 2018	Q4 2017	2019	2018	2017
Central Paris	2,064,363	2,206,488	2,364,163	4.9%	5.5%	6.2%	880	850	850
Central London	1,147,084	1,400,461	1,177,744	5.7%	5.0%	6.2%	1 407	1 407	1 439
Berlin	1,016,000	831,000	913,000	1.5%	1.7%	2.0%	480	432	396
Munich	770,000	975,000	995,000	2.4%	2.3%	3.3%	474	468	444
Frankfurt	635,000	678,000	796,000	6.8%	7.4%	8.9%	540	528	492
Hamburg	512,000	563,000	613,000	4.1%	4.5%	5.1%	372	348	318
Warsaw	583,000	657,000	600,000	7.8%	8.6%	13.4%	288	270	264
Brussels	514,680	361,423	400,347	7.1%	7.9%	8.3%	315	310	310
Madrid	617,133	533,595	552,982	8.4%	9.6%	10.2%	435	420	372
Bucharest	329,519	292,019	322,100	10.5%	8.3%	8.9%	228	222	216
Milan	488,087	389,530	353,984	9.8%	10.6%	11.7%	600	590	550
Prague	284,063	340,504	398,053	5.5%	5.1%	7.5%	276	264	252
Vienna	220,000	270,000	175,000	4.7%	5.3%	5.2%	306	306	318
Amsterdam	282,387	377,798	407,379	6.2%	7.2%	10.3%	460	425	410
Lyon	441,838	331,910	270,426	4.7%	5.5%	6.0%	325	300	300
Barcelona	400,169	354,569	304,345	6.7%	8.8%	10.1%	342	312	282
Budapest	361,980	385,787	278,484	5.6%	7.3%	7.5%	300	288	276
Dublin	309,847	359,480	342,595	5.1%	6.4%	8.1%	670	670	650
Lille	264,106	277,691	212,747	4.7%	4.7%	4.3%	240	240	230
Stockholm*	165,900	180,750	184,000	5.5%	5.5%	6.0%	676	648	573
Luxembourg	260,606	247,882	204,351	3.6%	3.7%	4.6%	600	600	600
Bratislava	81,400	106,100	117,000	8.7%	6.0%	6.2%	204	198	192
Toulouse	127,895	177,888	161,773	4.2%	4.7%	5.4%	230	220	220
Helsinki*	42,577	62,416	61,128	11.0%	12.0%	14.0%	420	396	372
Lisbon	188,527	206,428	166,980	4.8%	5.8%	8.6%	300	252	246
Rome	272,619	172,529	217,854	8.0%	8.7%	8.1%	450	440	420
Manchester	134,709	163,649	112,227	15.0%	11.7%	14.3%	457	438	425
Marseille	138,586	124,634	145,287	6.5%	6.1%	5.9%	295	320	320
Geneva*	n/a	n/a	-80,540	5.0%	4.8%	3.4%	610	620	630
Vilnius*	87,879	36,201	74,001	3.4%	3.7%	3.4%	192	192	192
Edinburgh	37,077	68,019	93,898	6.6%	7.5%	8.8%	438	425	413
Athens	80,000	70,000	59,000	5.0%	8.0%	9.5%	252	250	250
Copenhagen*	37,100	-77,778	189,478	5.9%	6.0%	5.7%	281	288	261
Birmingham	72,470	70,155	93,374	12.8%	12.4%	13.5%	432	413	413
Glasgow	58,154	91,829	46,155	10.1%	9.5%	11.0%	407	406	388
Oslo*	133,792	134,093	19,108	5.7%	5.9%	7.1%	550	506	485
Tallinn*	30,549	76,230	5,893	5.5%	6.9%	8.5%	210	210	210
Riga*	19,837	17,149	20,210	11.8%	6.0%	6.6%	192	192	186
Belgrade*	n/a	n/a	n/a	3.0%	4.0%	6.0%	196	n/a	198

NOTE *: Net absorption instead of take-up

Constant Exchange Rate (Q4 2019 average) €/£: 1.1620 - €/CHF: 0,9124 - €/DKK: 0.1339 - €/SEK: 0,0939 - €/NOK: 0,0991

6 BUSINESS LINES in Europe

A 360° vision

Main locations*

EUROPE

FRANCE

Headquarters
167, Quai de la Bataille
de Stalingrad
92867 Issy-les-Moulineaux
Tel.: +33 1 55 65 20 04

BELGIUM

Avenue Louise 235
1050 Brussels
Tel.: +32 2 290 59 59

CZECH REPUBLIC

Ovocný trh 8
110 00 Prague 1
Tel.: +420 224 835 000

GERMANY

Goetheplatz 4
60311 Frankfurt
Tel.: +49 69 298 99 0

HUNGARY

Váci út 117-119 A Building
H - 1138 Budapest
Tel.: +36 1 688 4400

IRELAND

20 Merrion Road,
Ballsbridge, Dublin 4
Tel.: +353 1 66 11 233

ITALY

Piazza Lina Bo Bardi, 3
20124 Milano
Tel.: +39 02 58 33 141

LUXEMBOURG

Kronos Building
10 rue Edward Steichen
L-2540 Luxembourg
Tel.: +352 34 94 84

NETHERLANDS

Antonio Vivaldistraat 54
1083 HP Amsterdam
Tel.: +31 20 305 97 20

POLAND

Al. Jana Pawła II 25
Atrium Tower
00-854 Warsaw
Tel.: +48 22 653 44 00

PORTUGAL

Avenida da República, 90
Piso 1, Fracção 1
1600-206 Lisboa
Tel.: +351 939 911 125

ROMANIA

4-8 Nicolae Titulescu Blvd
America House
Bucharest 011141
Tel.: +40 21 312 7000

SPAIN

C/ Emilio Vargas, 4
28043 Madrid
Tel.: +34 91 454 96 00

UNITED KINGDOM

5 Aldermanbury Square
London EC2V 7BP
Tel.: +44 20 7338 4000

MIDDLE EAST / ASIA

DUBAI

Emaar Square
Building n° 1, 7th Floor
P.O. Box 7233, Dubai
Tel.: +971 44 248 277

HONG KONG

63rd/F, Two International
Finance Centre,
8 Finance Street, Central,
Hong Kong
Tel.: +852 2909 8888

SINGAPORE

Pte Ltd 20 Collyer
Quay, #17-04
Singapore 049319
Tel.: +65 8189 2762

Alliances*

ALGERIA

AUSTRIA

CYPRUS

DENMARK

ESTONIA

FINLAND

GREECE

HUNGARY **

JERSEY

LATVIA

* March 2019

** Coverage In Transaction, Valuation
& Consulting

LITHUANIA

NORTHERN IRELAND

NORWAY

PORTUGAL **

SERBIA

SWEDEN

SWITZERLAND

USA

Contacts

International Investment Group

Larry Young
Tel.: +33(0)1 47 59 20 11
larry.young@bnpparibas.com

International Advisory & Alliances

Lou Cellier
Tel.: +33(0)1 47 59 18 03
lou.cellier@bnpparibas.com

International Research

Vincent Voute
Tel.: +33(0)1 47 59 17 45
vincent.voute@bnpparibas.com



KEEP UP-TO-DATE WITH
BNP PARIBAS REAL ESTATE'S NEWS,
WHEREVER YOU ARE



www.realestate.bnpparibas.com

#BEYONDBUILDINGS

PROPERTY DEVELOPMENT | TRANSACTION | INVESTMENT MANAGEMENT | PROPERTY MANAGEMENT | VALUATION | CONSULTING



**BNP PARIBAS
REAL ESTATE**

Real Estate for a changing world