



## Finnish Property Barometer

- ▶ Investor Sentiment Survey,
  - ▶ Spring 2011

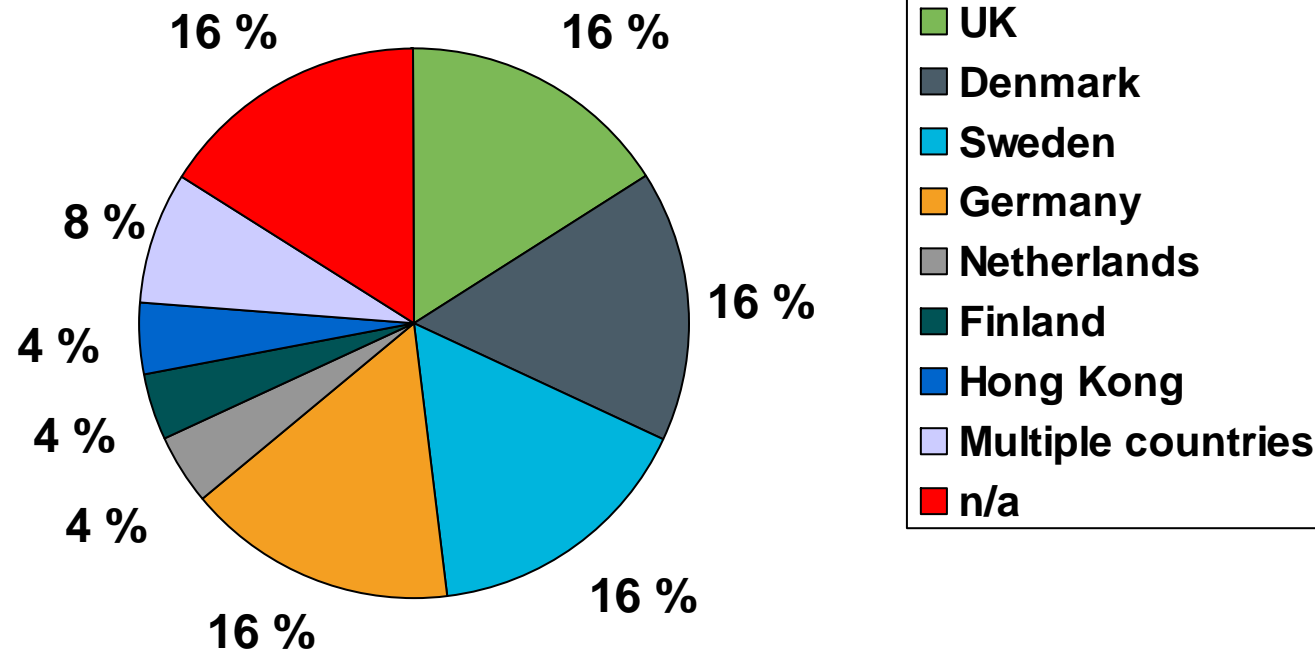
in co-operation with:







## In which country are you based? % of respondents



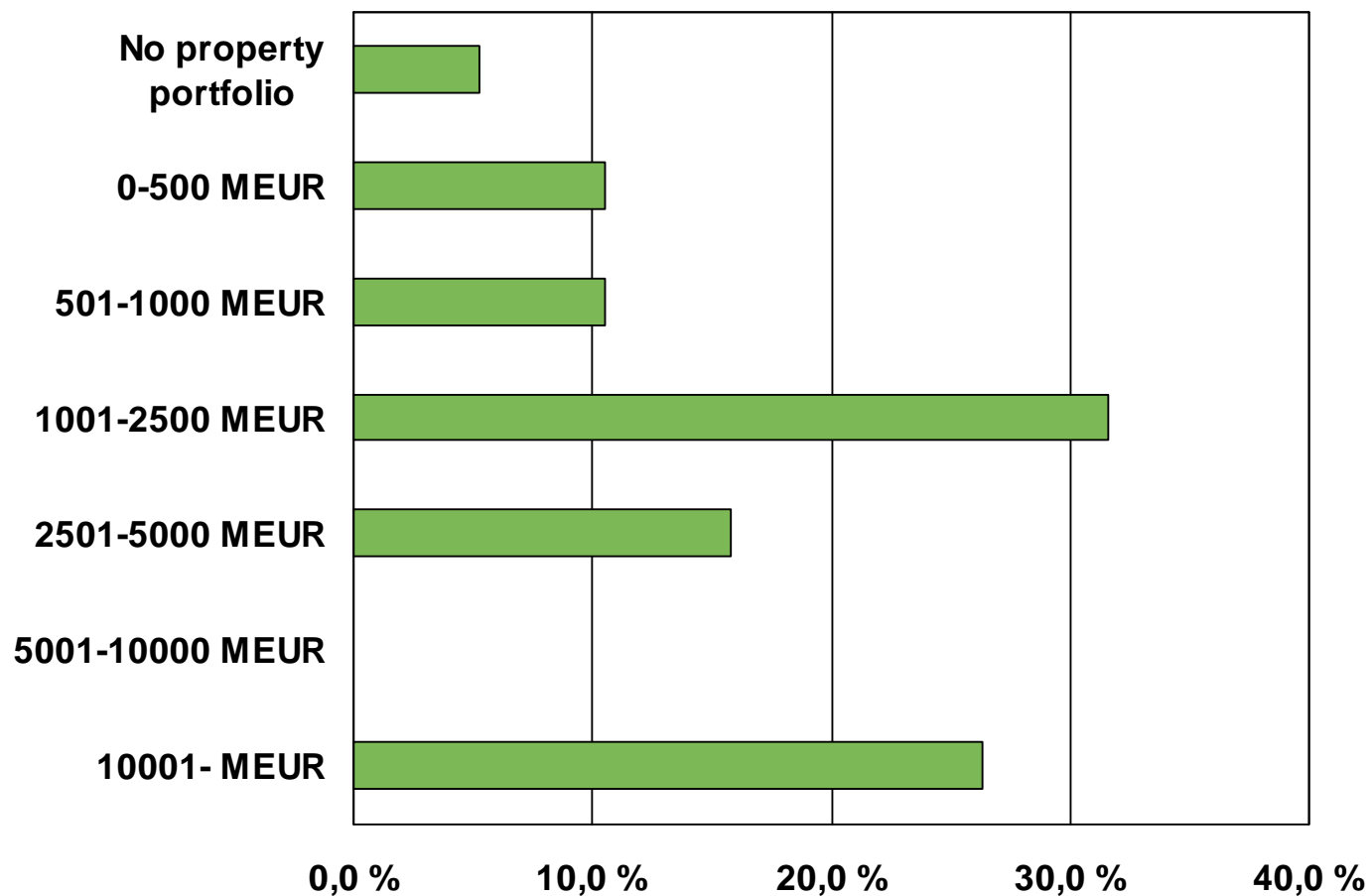
Source: Finnish Property Barometer

KTI in co-operation with: Aberdeen Asset Management Finland and NCC Property Development





## Total size of property portfolio % of respondents

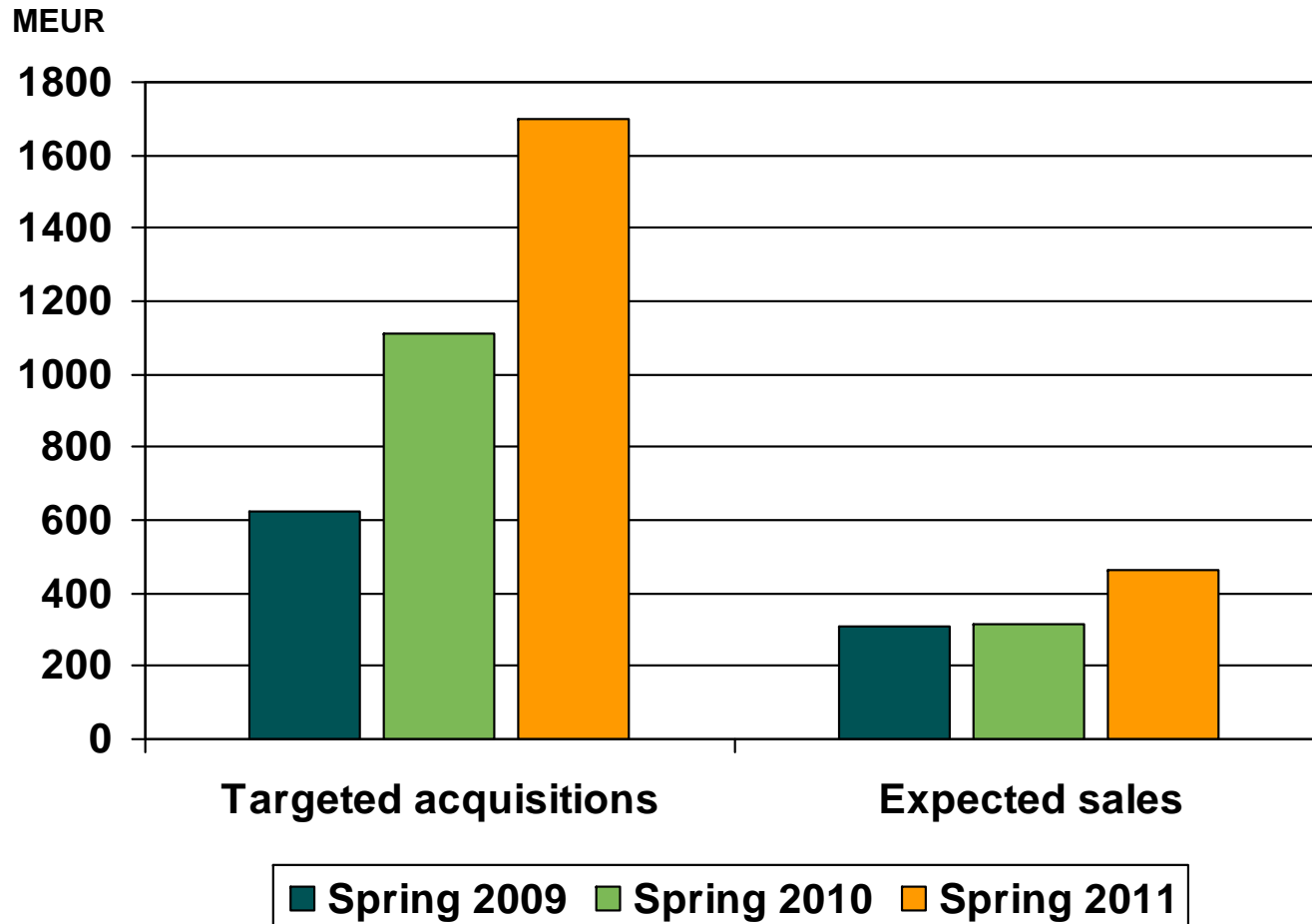


Source: Finnish Property Barometer  
KTI in co-operation with: Aberdeen Asset Management Finland and NCC Property Development





## Expected net investment in Finland (during the next 12 months)



Source: Finnish Property Barometer

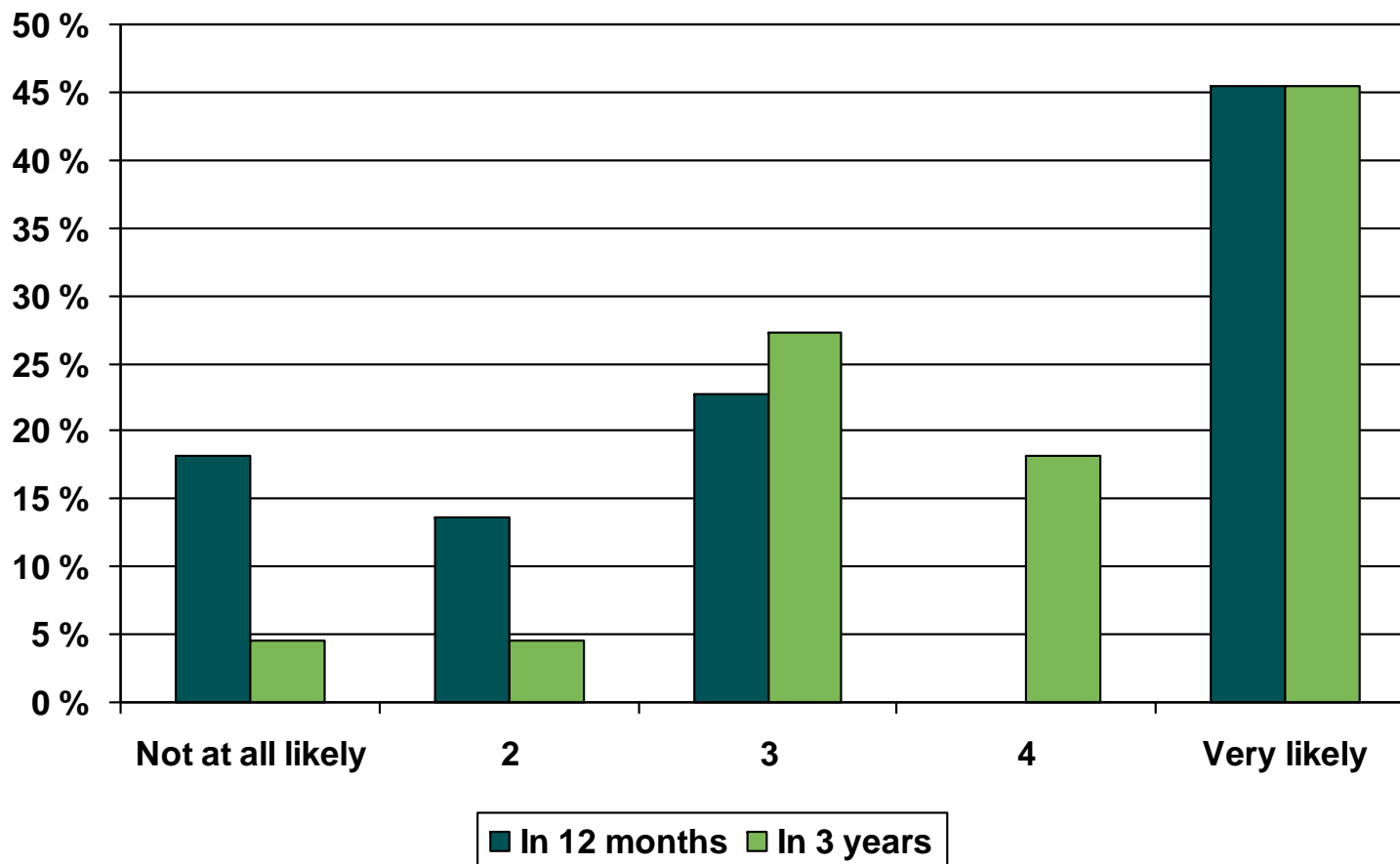
KTI in co-operation with: Aberdeen Asset Management Finland and NCC Property Development





## Future investments in Finland

How likely is it that you will invest (or invest more) in Finnish Property in 12 months / 3 years?



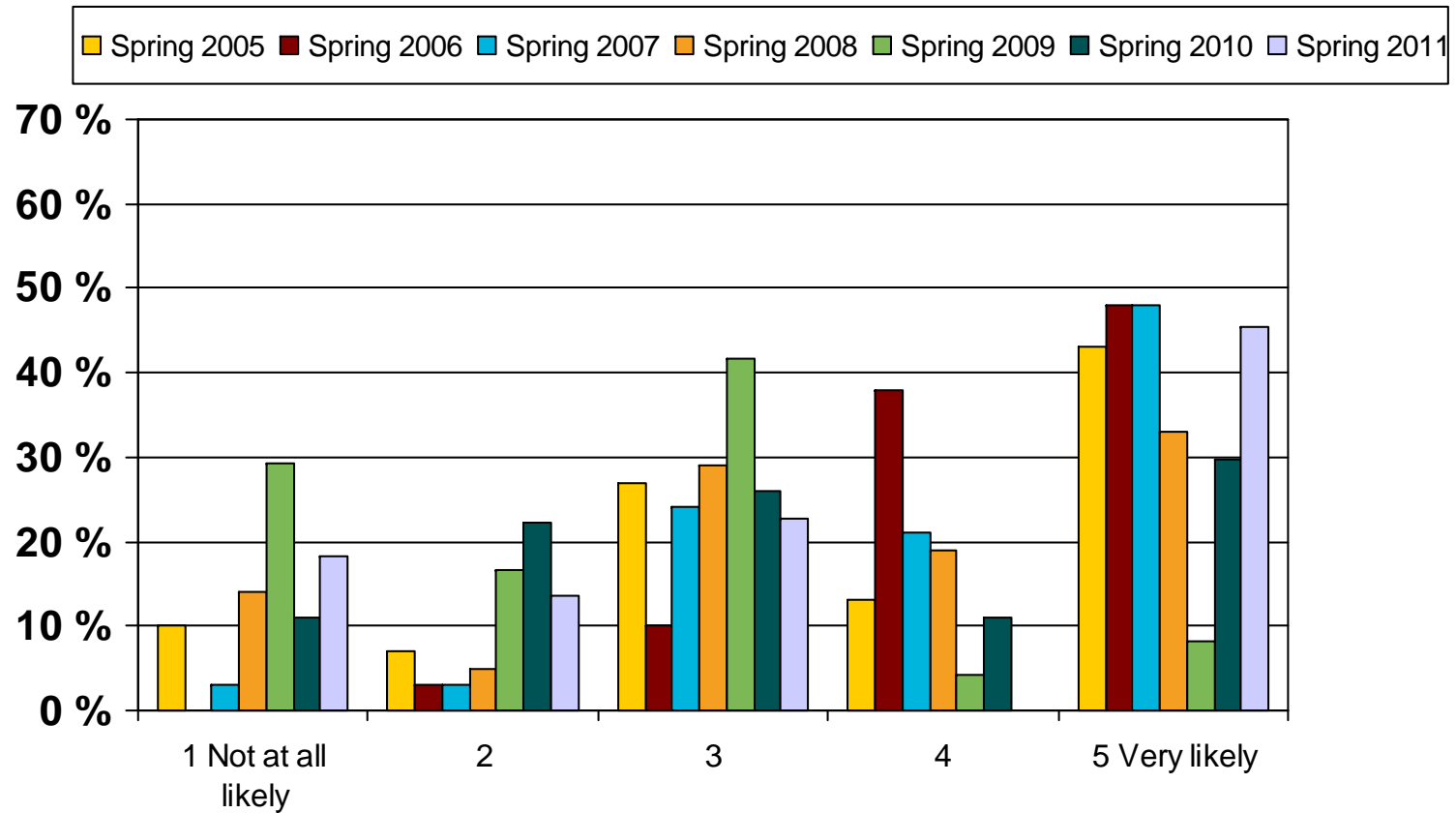
Source: Finnish Property Barometer  
KTI in co-operation with: Aberdeen Asset Management Finland and NCC Property Development





## Future investments in Finland

How likely is it that you will invest (or invest more) in Finnish Property in 12 months ?



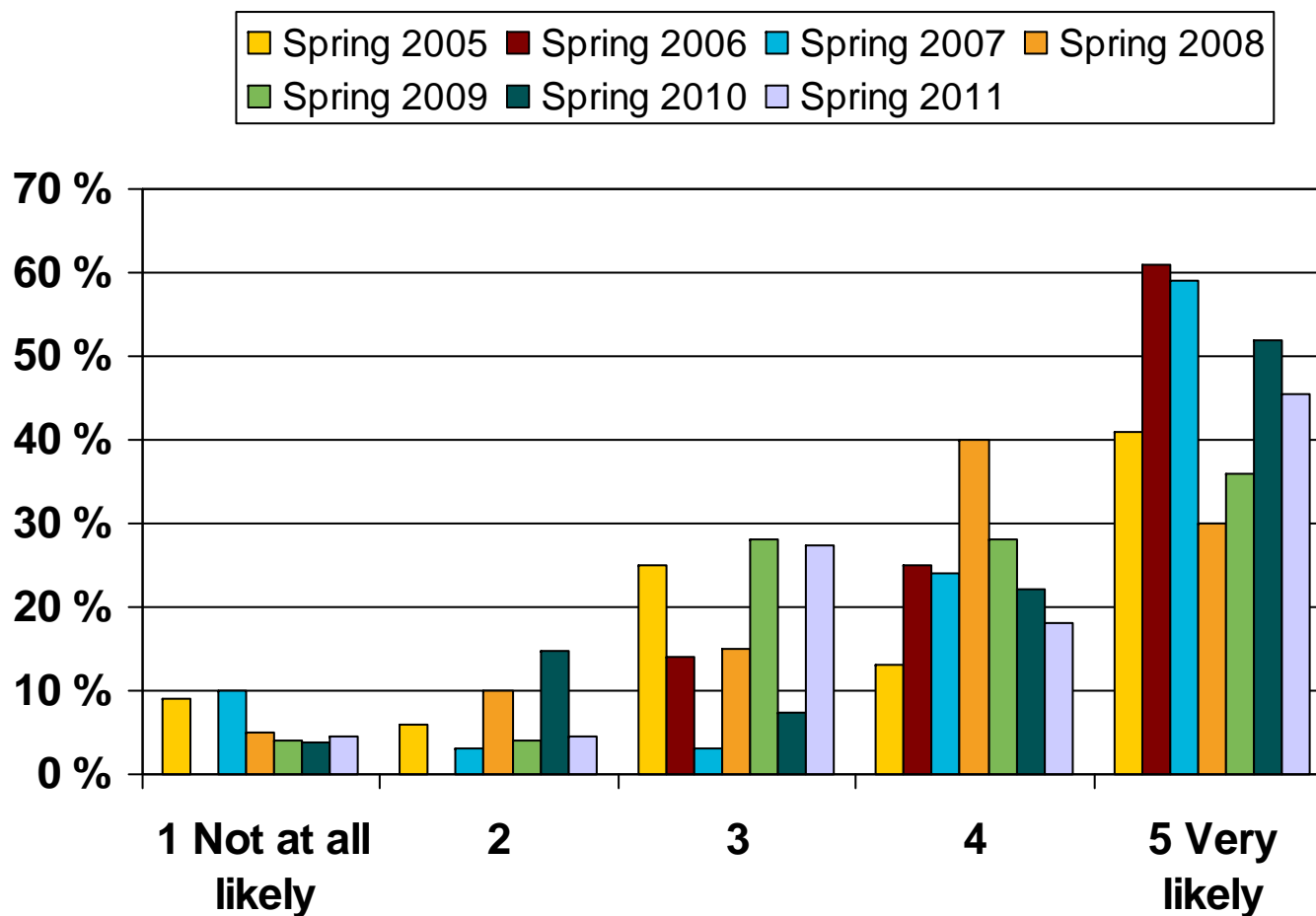
Source: Finnish Property Barometer  
KTI in co-operation with: Aberdeen Asset Management Finland and NCC Property Development





## Future investments in Finland

How likely is it that you will invest (or invest more) in Finnish Property in 3 years?



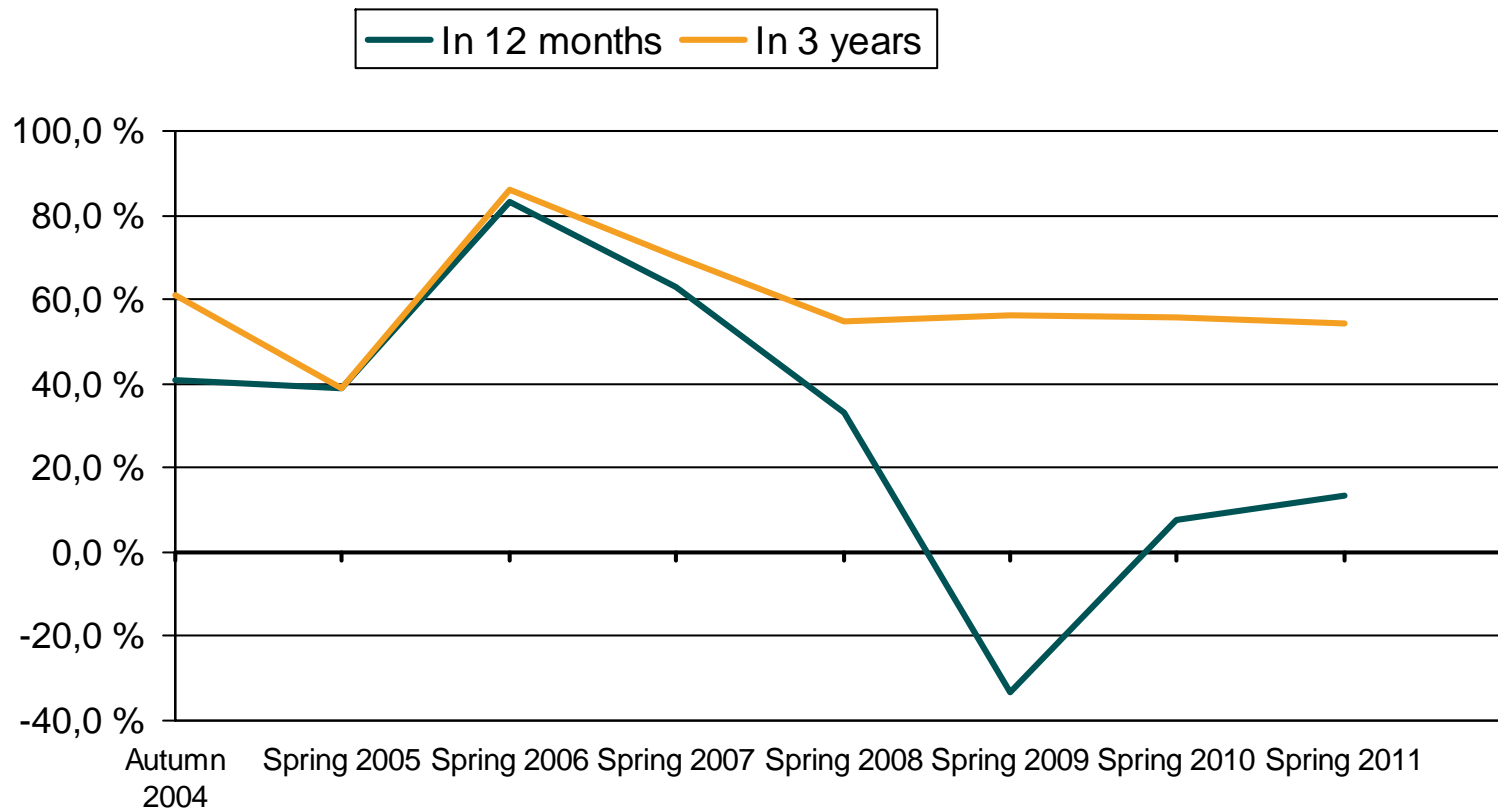
Source: Finnish Property Barometer  
KTI in co-operation with: Aberdeen Asset Management Finland and NCC Property Development





## Balance figures of future investments in Finland

How likely is it that you will invest (or invest more) in Finnish Property in 12 months / 3 years?

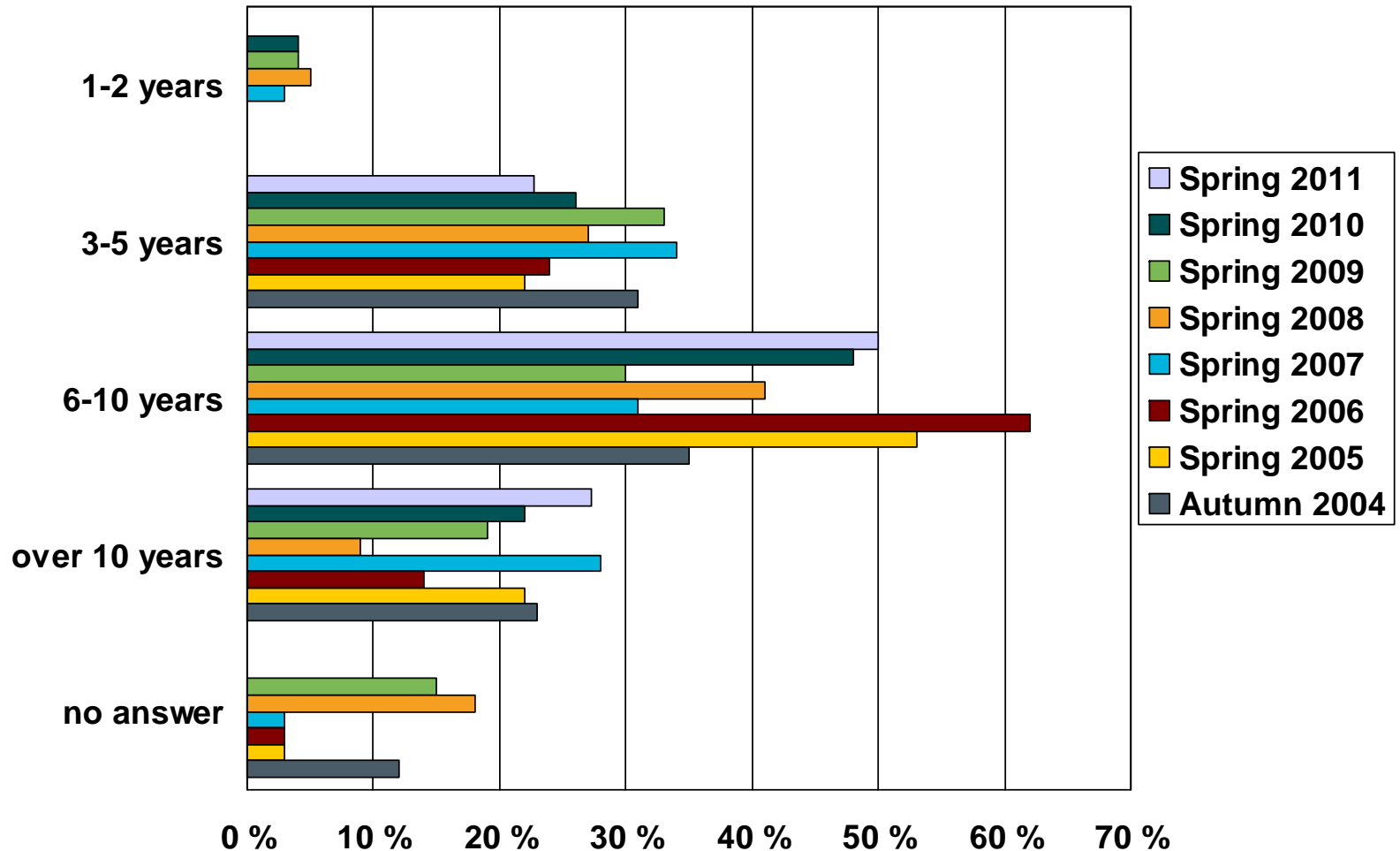


Source: Finnish Property Barometer  
KTI in co-operation with: Aberdeen Asset Management Finland and NCC Property Development





## How long is your expected investment horizon in Finland?



Source: Finnish Property Barometer

KTI in co-operation with: Aberdeen Asset Management Finland and NCC Property Development



## If you are not investing in Finland in the foreseeable future, why not? Responses from three previous surveys

### 2011

- ▶ Available stock is limited
- ▶ Fund fully invested
- ▶ Too small

### 2010

- ▶ Investing in the upkeep of our assets: yes. New acquisitions: not at the moment because we are already over-exposed in Finland.
- ▶ Pricing, outlook, availability
- ▶ Ability to find Investments.
- ▶ In short term money is allocated in other markets. In long term depends on availability of deals
- ▶ Not directly but through public markets

### 2009

- ▶ Availability and pricing.
- ▶ Finland is already over-weighted in our portfolio and we expect better growth opportunities elsewhere
- ▶ Not investing as end investor, but as developer - with the overall goal to sell after development to end investors.
- ▶ Not likely to invest directly but do invest through the public/listed route. Don't invest directly because of the market's size.
- ▶ Over weight Nordics
- ▶ Portfolio weight reasons. Prices have not adjusted enough and short term prospects are not as good as the other Nordic countries.

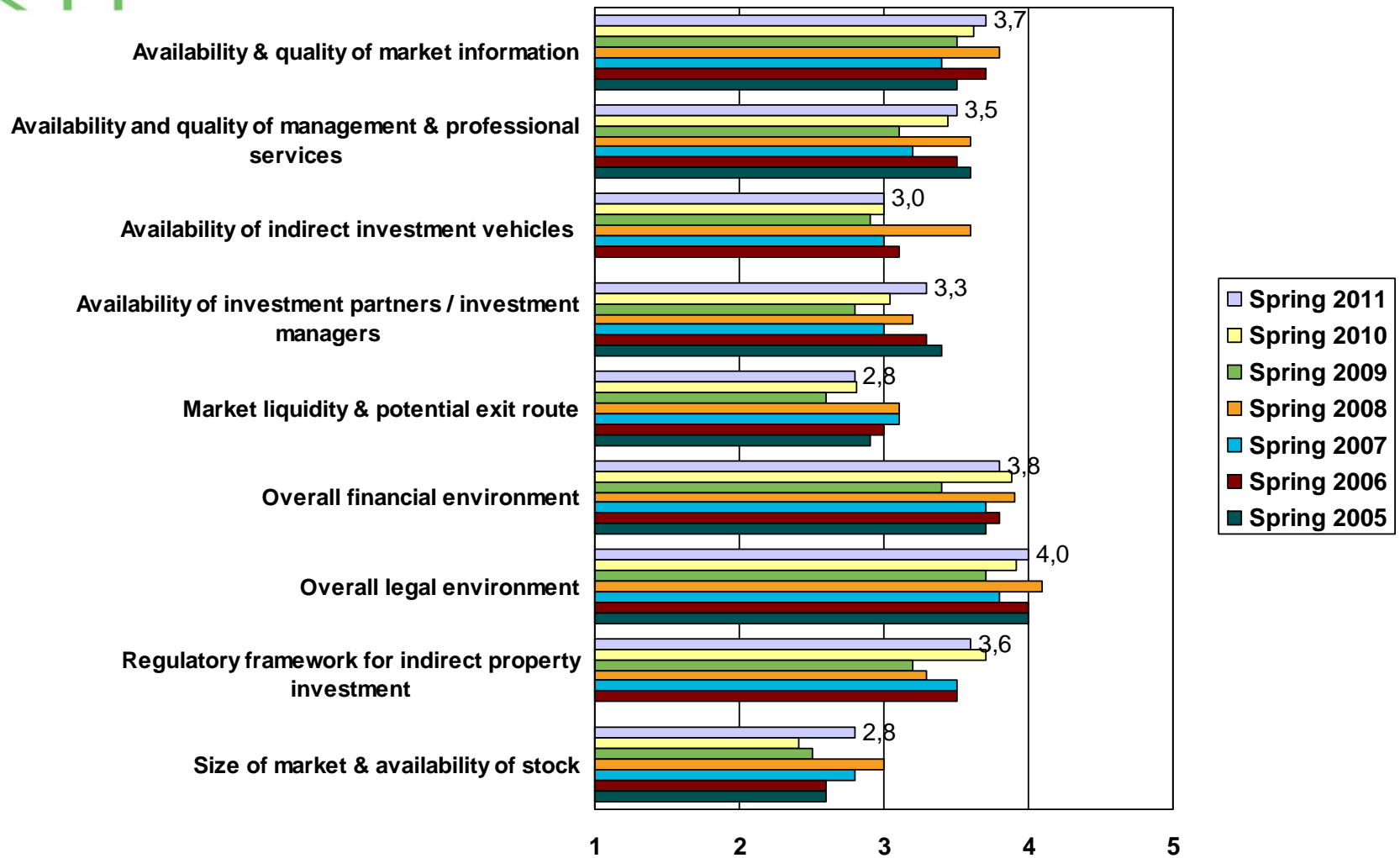
Source: Finnish Property Barometer

KTI in co-operation with: Aberdeen Asset Management Finland and NCC Property Development





# Characteristics of the Finnish Market in comparison with other European Markets



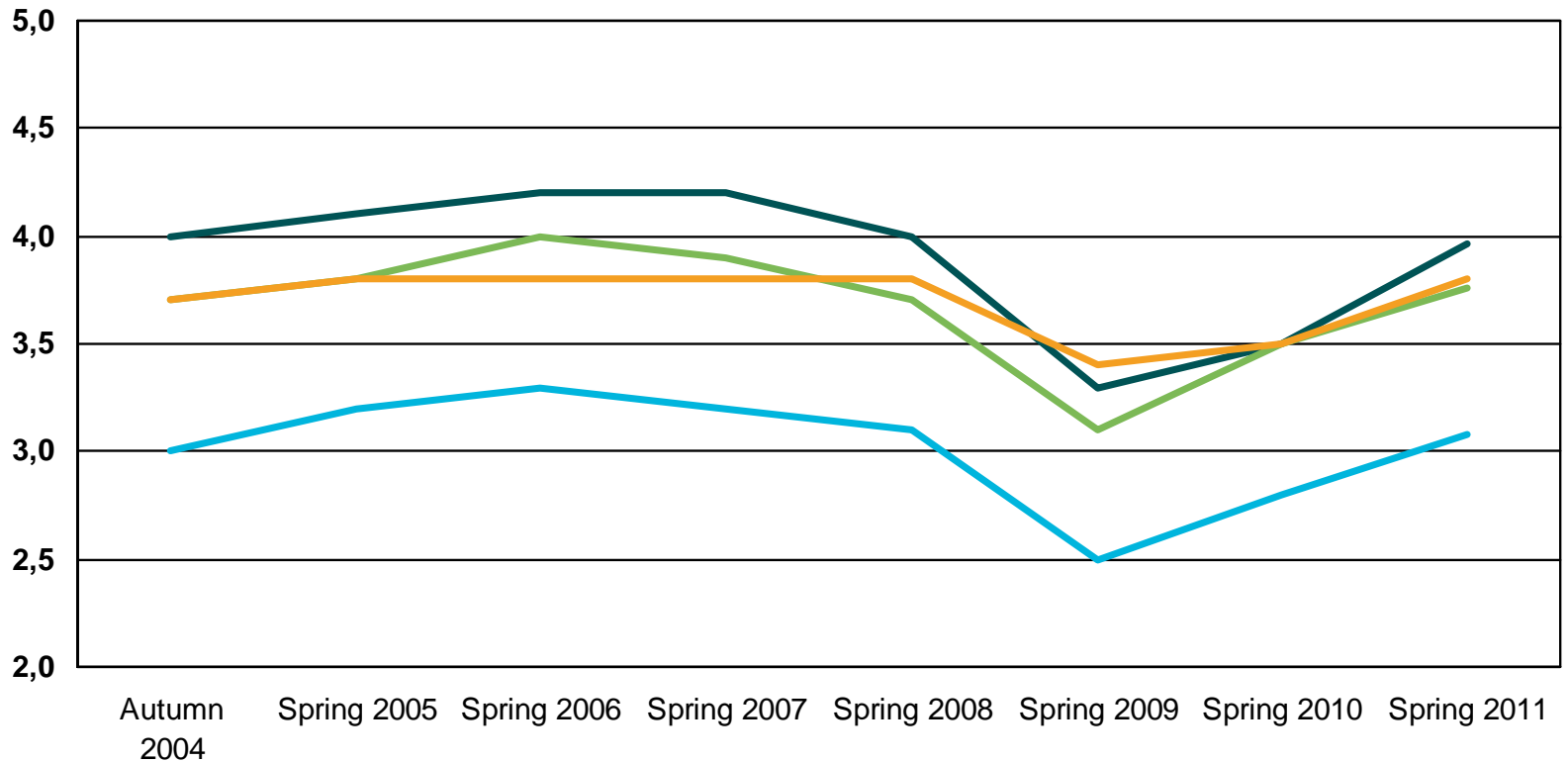
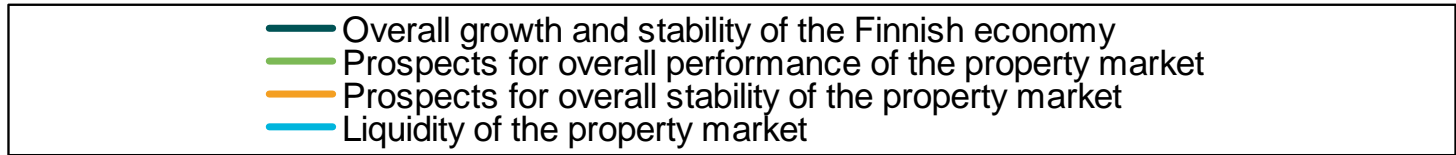
1 = rates with the **least** attractive markets  
5 = rates with the **most** attractive markets

Source: Finnish Property Barometer  
KTI in co-operation with: Aberdeen Asset Management Finland and  
NCC Property Development





# Prospects over the next three years in comparison with other European Markets



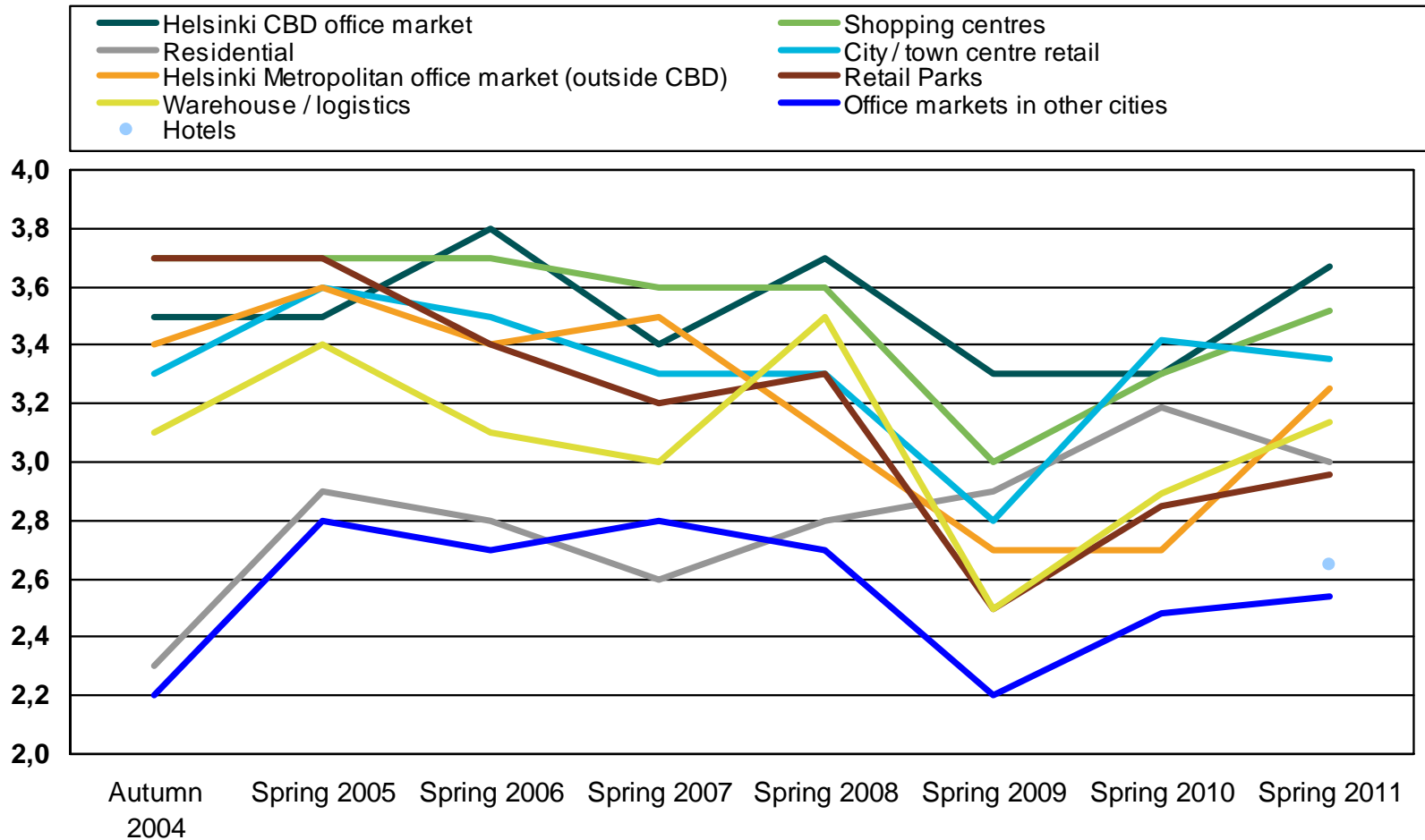
1 = rates with the **least** attractive markets  
5 = rates with the **most** attractive markets

Source: Finnish Property Barometer  
KTI in co-operation with: Aberdeen Asset Management Finland and NCC Property Development





# How would you currently rate the potential for investment in Finland of the following types? in comparison with other European Markets



1 = rates with the **least** attractive markets  
 5 = rates with the **most** attractive markets

Source: Finnish Property Barometer  
 KTI in co-operation with: Aberdeen Asset Management Finland and  
 NCC Property Development





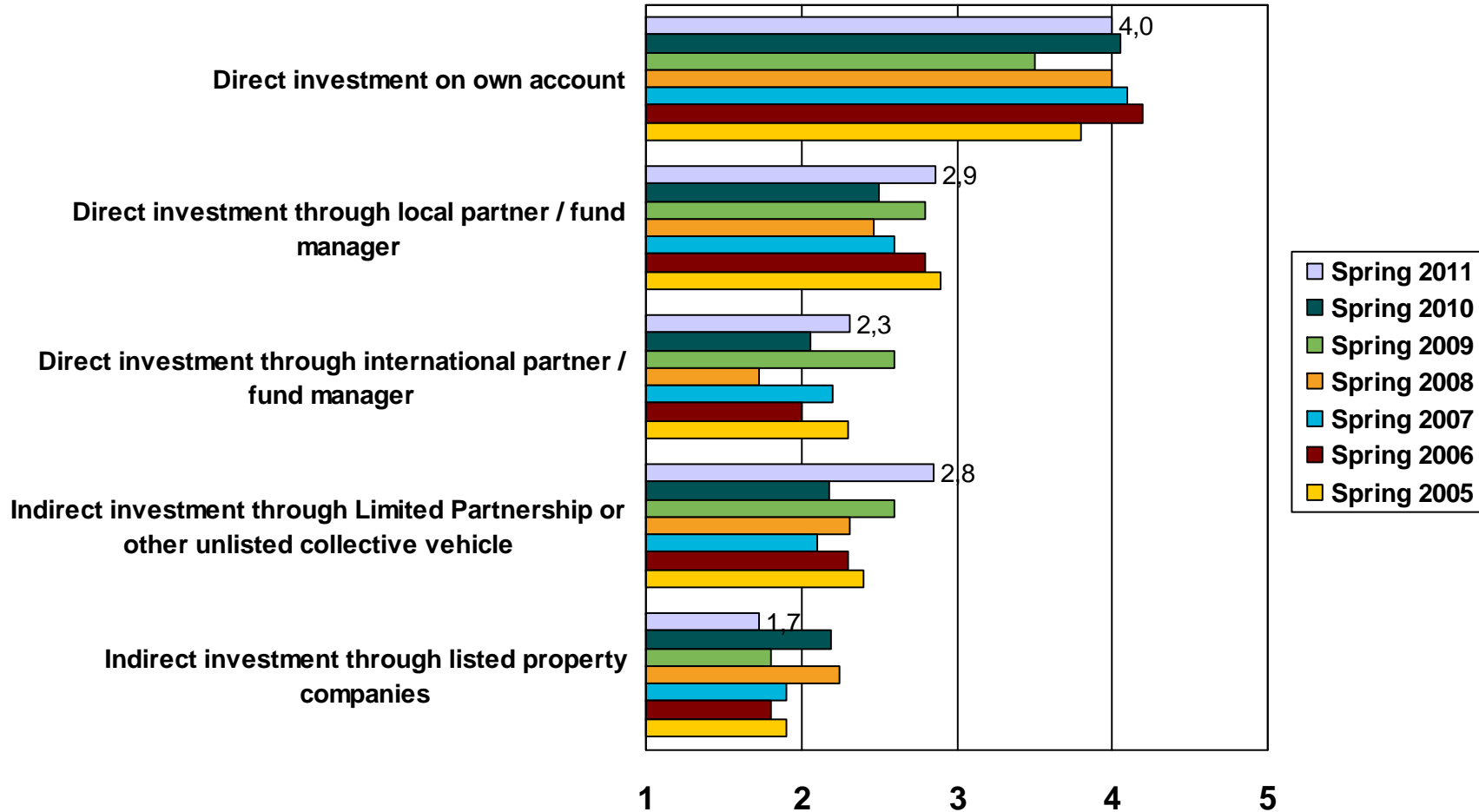
## What are your preferred submarkets?

- ▶ Helsinki CBD (3 answers)
- ▶ Keilaniemi, Ruoholahti (2)
- ▶ Hakaniemi (1)
- ▶ Helsinki outside CBD (1)
- ▶ Espoo, Vantaa (1)
- ▶ Tampere (1)





## Preferred investment routes for any investment in Finland



1 = rates with the **least** attractive route  
 5 = rates with the **most** attractive route

Source: Finnish Property Barometer  
 KTI in co-operation with: Aberdeen Asset Management Finland and NCC Property Development





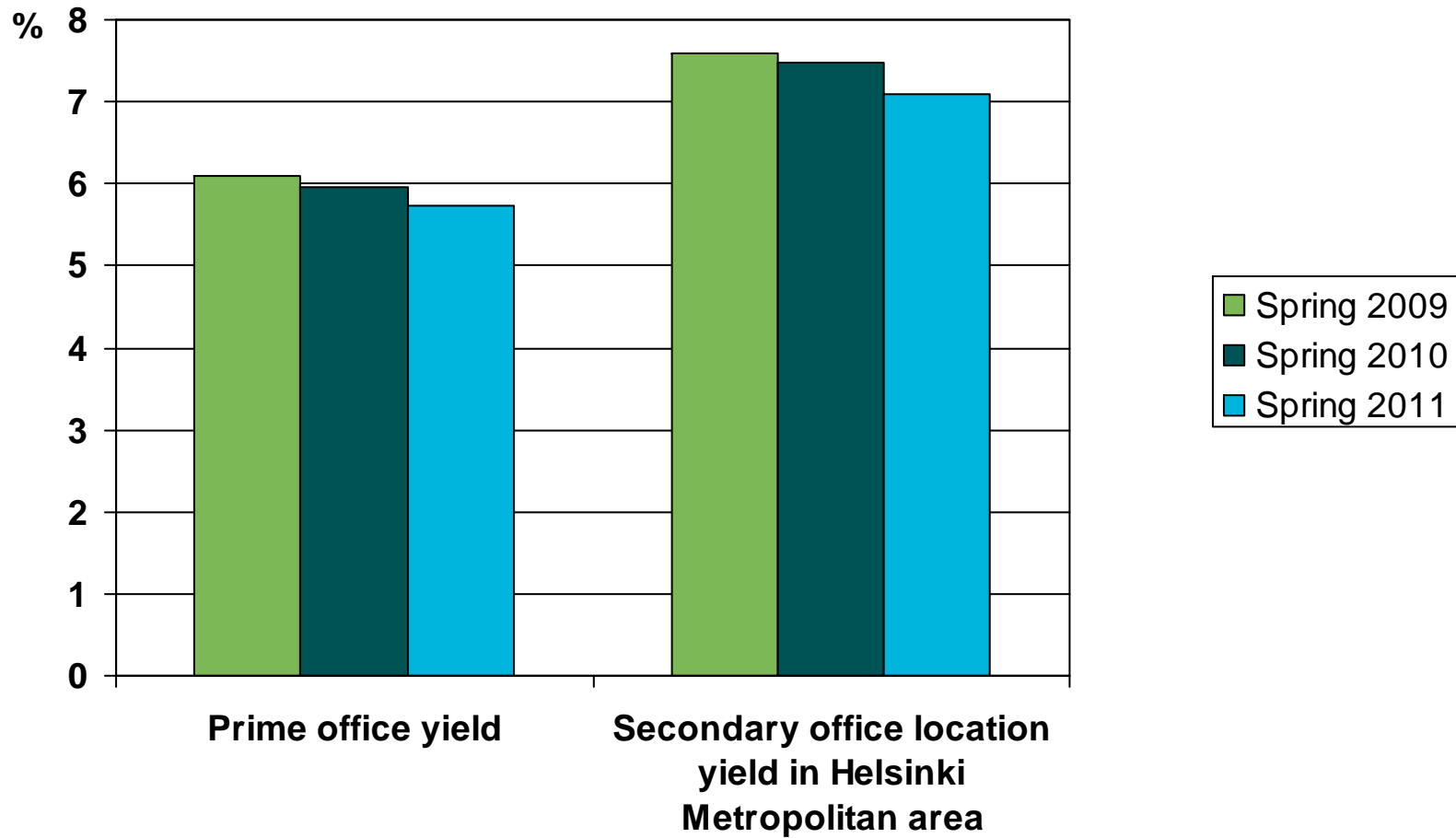
## Investment strategy to Finland IRR / Leverage

		Leverage (%)					
		<30%	30-50%	50-65%	65-75%	75-85%	>85%
IRR (%)	<5%	0	0	0	0	0	0
	5-10%	10	8	8	0	0	0
	10-15%	2	4	14	4	2	0
	15-20%	2	4	6	6	4	4
	>20%	0	0	2	4	8	6

Source: Finnish Property Barometer  
 KTI in co-operation with: Aberdeen Asset Management Finland and NCC Property Development



## What is your view about the prime and secondary yield levels in Helsinki office markets?

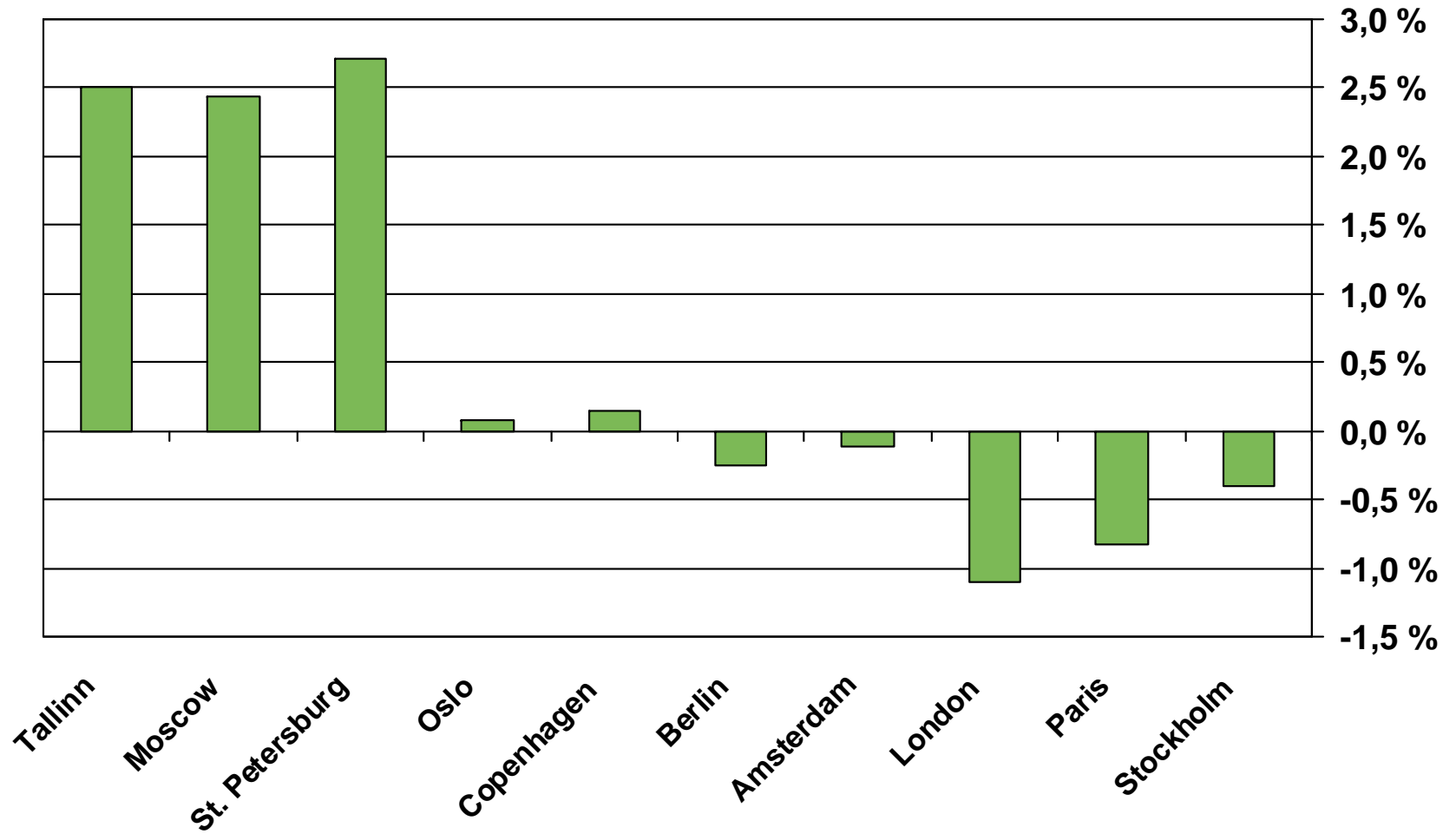


Source: Finnish Property Barometer  
KTI in co-operation with: Aberdeen Asset Management Finland and NCC Property Development





## Risk premium/discount compared to Helsinki Prime office markets, average

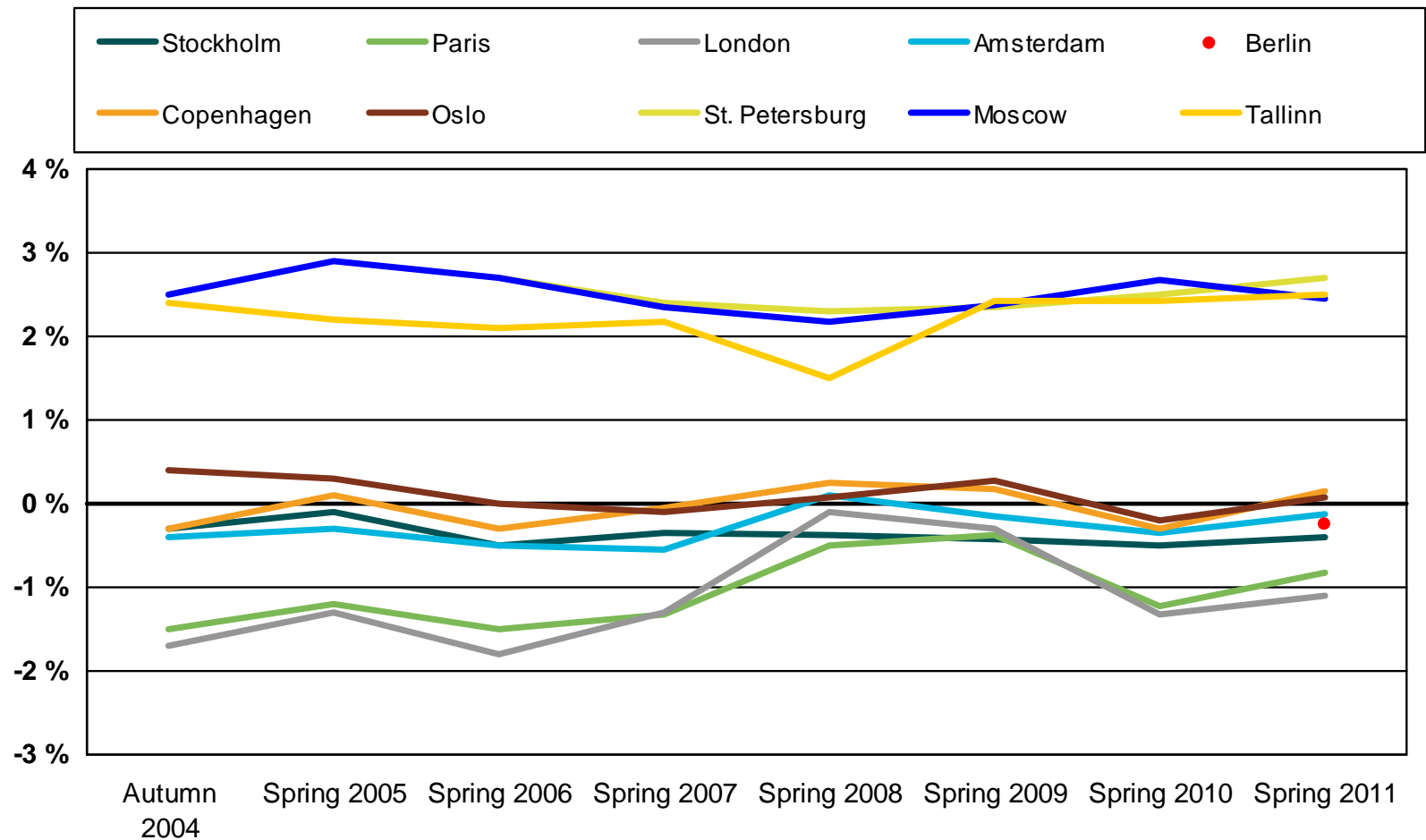


Source: Finnish Property Barometer  
KTI in co-operation with: Aberdeen Asset Management Finland and NCC Property Development





## Risk premium/discount compared to Helsinki Prime office markets, average



Source: Finnish Property Barometer  
KTI in co-operation with: Aberdeen Asset Management Finland and NCC Property Development



## What are the key strengths of the Finnish Property Market in the European context?

- ▶ Professionalism / fair partners (9 answers)
- ▶ Economy (7)
- ▶ Legal framework (7)
- ▶ Transparency (5)
- ▶ Rental growth potential / opportunities for value release (4)
- ▶ Currency / Part of the Eurozone (3)
- ▶ Stability / low risk (3)





## What are the key weaknesses of the Finnish Property Market in the European context?

- ▶ Small market size / quantity of stock (9 answers)
- ▶ Liquidity (9)
- ▶ Current economic climate / anti-EU politics (4)
- ▶ Oversupply in the office market (3)
- ▶ Lack of professional operating partners and advisors (2)
- ▶ Product quality / immature/outdated assets (2)
- ▶ Reliance on a couple of industries / Future of Nokia (2)





**Thank you!**

**KTI Finland**

Eerikinkatu 28, 7th Floor  
00180 HELSINKI, FINLAND

Tel +358 20 7430 130  
firstname.lastname@kti.fi  
[www.kti.fi](http://www.kti.fi)

