

Dynamics of commercial property markets in Finland

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Dynamics of commercial property markets



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Research questions and the purpose of the project

- How has the Finnish commercial property market *changed* and will change in the future?
 - International investors
 - Submarkets
 - Real estate information and services
 - **Real estate valuation**
- Purpose of the project is to *gain knowledge* of the different functions in Finnish commercial property markets

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General questions of research

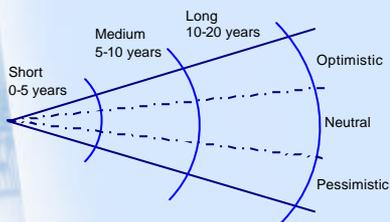
- How have the Finnish commercial property markets *changed*?
- What are the parameters for *attractiveness* of Finnish markets?
- *Spatial distribution* of commercial property markets

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Scenario studies framework



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International investors (WG 1)

- What are the *reasons*, why international investors choose to invest in Finland? Will they stay or move to more attractive markets?
- How have the *structures* and *processes* of the Finnish real estate market *changed* and how do these changes affect the *market dynamics*?

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International investors (WG 1)

- Focus mainly on *investment demand*
- *Development* of real estate markets in Finland and 4 comparative countries Netherlands, Sweden, Slovenia (Hungary/Denmark)

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Submarkets in Helsinki Metropolitan Area (WG 2)

- To *find out* where the important submarkets are?
- Why the rents and transactions are different in different places?
- Where is *potential* for new major submarkets?
- What is the role of Helsinki center in this *development*?
- Use of GIS-analysis

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Submarkets in Helsinki Metropolitan Area (WG 2)

- Office and retail
 - analysis on different levels
 - city level, submarket level, case-study
- *Data* from KTI and YTV
 - rental data
 - population data
 - amount and dispersion of population
 - income -> shopping power
 - traffic data
 - public transportation and cars
 - business register

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Spatial distribution of retail market



Submarkets in Helsinki Metropolitan Area (WG 2)

- Shopping centers
 - different approaches based on different players on the markets



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Submarkets in Helsinki Metropolitan Area (WG 2)

- Possible outcomes
 - *Factors* affecting differences between areas inside HMA
 - Factors affecting differences on more *detailed level*
 - shopping center
 - business park
 - *Scenario* for development of future submarkets

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Real estate information and services (WG 3)

Yield In Property Investment and Valuation

1. Yield terminology
2. Yield in calculation methods
3. Differences in views

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Real estate information and services (WG 3) – preliminary conclusions

- *Improper or negligent use* of terms can cause problems
- On international level it might be challenging to achieve *conceptual uniformity*
 - **FIG** might influence this!?
- At the moment many factors might reflect to the valuation
 - appraisal smoothing?
 - changed market conditions because of globalisation
 - from direct capitalisation to DCF

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Real estate information and services (WG 3) – further research

- The existence and effect of these factors cannot be concluded without further research
- Interviews on specialists here to get knowledge of *international development*

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Thank you for your attention!

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