

Autumn | 2025 Market Review

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This market review reflects the views and evaluations of Trevian Asset Management's team of real estate professionals on the development of the real estate markets in Finland. The evaluations are based on market data, trends visible in our business activities, and our long-standing experience in the real estate sector.

FINLAND'S REAL ESTATE MARKET RECOVERS - TOP ASSETS ATTRACT INVESTORS QUICKLY

Finland's real estate market has shown clear signs of recovery in 2025. Transaction volumes are on the rise, investment liquidity has strengthened, and interest from foreign investors is growing. This trend reflects renewed market confidence, suggesting that market activity is set to exceed last year's levels. This provides a strong foundation for a positive momentum in the real estate sector, which we expect future market data to confirm.

The recovery in transaction volumes that began last year across Europe and the Nordics is now becoming clearly visible in Finland's real estate market. The residential sector is expected to emerge as one of the key drivers in 2025. Although construction costs remain high following the sharp increases after Russia's invasion, new development is cautiously underway. Growth areas with net population inflow provide a sustainable base for demand and accelerate construction activity, further strengthening the balance of supply and demand in the residential sector.

Activity in the commercial property market is rising, but capital is increasingly directed toward carefully selected, high-quality assets. The stability offered by long-term leases makes these properties particularly attractive to investors.

Interest from international investors in Finland has strengthened significantly. The country is increasingly viewed as an attractive destination for both real estate and infrastructure investments. Improved conditions in the financial markets and easing lending terms are boosting investment activity. Both existing investors in Finland and new entrants are pursuing assets using updated or entirely new strategies.

The growing interest from core investors also reflects strong confidence in Finland's stable operating environment. A diverse real estate market offers opportunities across different strategies, making Finland an appealing destination for a broad range of investors.

Finland's real estate market fundamentals remain strong over the long term, and yields are still competitive, particularly compared to other Nordic countries. The yield gap for prime offices relative to Sweden is historically large, and typically, yields across markets converge over time as financing conditions become similar.

We believe that the gradual strengthening of lease fundamentals for prime assets in Finland will narrow the yield gap, creating attractive opportunities, particularly for investors employing yield shift strategies, as Finnish prime office yields approach the level of other Nordic markets. In contrast, the retail property segment currently shows no comparable yield differentials, indicating more balanced pricing.

The second half of 2025 will bring attractive opportunities across various real estate investment strategies. Market polarization underscores the need for a strategic approach: investing in growth centers and well-managed assets offers both stability and returns, while risks remain higher in peripheral areas.

Investors who act selectively in prime locations and high-quality assets are likely to benefit most from this market recovery.

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Microsoft, Google, and other tech giants are building major centers across the country, as the third wave of digital development turns data centers into part of critical infrastructure. Investments in artificial intelligence have increased significantly, and considerable new investments are already being planned in Europe. Trevian has responded to this shift by expanding into infrastructure investments and launching its first data center projects as part of a new digital infrastructure ecosystem.



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INVESTMENT

LEASING

SECTOR	PRESENT	FUTURE	PRESENT	FUTURE
RESIDENTIAL	Consumer demand for new developments is slowly recovering, and transactions of existing properties have clearly increased.	Better financing terms facilitate transactions. Demand for completed properties and stable prospects make residential assets an attractive asset class.	Vacancy remains historically high, but recent trends have been positive.	The slow recovery of new construction gradually increases occupancy rates and rental levels. Regional differences remain significant.
OFFICES	Demand for offices is limited, and many investors are looking to reduce the office portion of their portfolios. Initial transactions have taken place, but there remains a significant gap between appraisal values and market prices.	Demand for quality offices is gradually returning, but supply is abundant. Transactions often require below-valuation pricing, and market polarization between strong and weak assets is increasing.	Occupancy rates and rents remain reasonable in prime locations. Regional city centers are strengthening. Occupancy rates in challenging locations are maintained through flexibility, incentives, and lower rents.	Offices in good locations retain demand. Contract flexibility and sustainability are emphasized. Profitability of weaker assets is challenging due to declining rents, tenant modifications, and CAPEX.
LOGISTICS	The transaction market has declined less than in other sectors. Buyers are active for both prime and value-add assets.	The market remains relatively active, with buyers for both prime and value-add with current prices. There is sufficient amount of data points compared to other sectors and multiple buyers that are active.	Indexations of long-term agreements are reflected in rental levels, but there can be significant differences between comparable properties within the same submarket. Occupancy rate largely depends on location and flexibility. Special segments, such as the defense industry, are beginning to appear in the market, but the data for analysis is limited.	Tenants are paying increasing attention to the ESG measures of properties. The decline in construction costs facilitates the start of new projects, but the growth in supply may increase the vacancy of weaker assets.
RETAIL	Grocery-anchored properties with long leases continue to attract investors, and more demanding assets are also generating growing interest. Overall, there is demand in the sector, and the number of data points has increased.	Interest in retail properties is growing, partly supported by the weak outlook of the office sector. Yields on good assets can be clearly higher than in the beds, sheds & meds category, where the majority of investors are focused.	Shopping center occupancy rates remain high, although the weakening of purchasing power is slightly reflected in total sales. Fashion and specialty retail chains cluster in shopping centers, and the tenant base is fairly stable. Omnichannel retail is part of business and brand building. In the big-box retail segment, discount chains are active, especially in locations with good transport connections.	The consumer appeal of shopping centers is supported by daily services and specialty retail, which maintain high occupancy rates. Occupancy rates of big-box retail properties remain high in good locations. The demand for high street retail spaces is determined by accessibility, neighborhood synergies, and the technical and logistical needs of retail concepts.

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Trevian Asset Management is a Finnish real estate investment and asset management company focused on office, retail, residential, logistics and data centres, owned by its key personnel. We offer full-service asset management and structured investment services throughout the whole investment lifecycle. The services are focused especially for institutional real estate investors, banks, and other professional investors.

Trevian's assets under management is 1.2B€. www.trevian.fi/en

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