Transcription

Kojamo Q1 2021 Interim Report

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PRESENTATION

Maija Hongas

Good afternoon ladies and gentlemen and welcome to Kojamo's first quarter results news conference. My name is Maija Hongas and I'm Manager of Investor Relations here at Kojamo. Today's presenters will be Jani Nieminen, our CEO, and Erik Hjelt, the CFO. After the presentation, we will have some time for questions and first, we will be taking the questions from the conference call line and after that from the chat. Please enjoy, and let's get started. The stage is yours, Jani.

Jani Nieminen

Good afternoon, everybody. Nice to be here; the sun is shining here in Helsinki. We are providing some colour on our Q1 figures. To start with, it's safe to say that actually the year has started in line with our expectations. And there has been an impact because of COVID-19 to the operating environment.

Temporary, both, for example – like for like growth and the occupancy have been impacted. But as we have been estimating, sufficient vaccination levels seem to be reached by the summer and a lot of good estimates already that after the sufficient vaccination levels are reached things are getting back to normal, urbanisation will proceed and for example, students will move back to university cities.

So, drivers for long-term demand for rental apartments are still valid. We do have a really strong pipeline for our future growth. And actually, today our fair value of investment properties is for the first time more than 7 billion euros. So, we are well in line with our strategy, and we have a good starting point to proceed our operations this year and heading towards H2 when we think there will be a sufficient vaccination level, and things are getting back to normal. So, we are keeping our outlook 2021 the same.

Getting a bit deeper with the general operating environment, there is a lot of estimates that the economic environment will be improving after sufficient vaccination levels, meaning that GDP growth is improving, businesses are improving, people are starting to travel. We have seen a slight increase and there will be, according to estimates, a slight increase with prices of old dwellings and as well with rental apartment rents.

Latest estimates show that there is an increase of start-ups concerning, block of flats but it seems that mainly they are because of build to sell projects which were postponed and cancelled last year. They are picking up speed again for home buyers. Here in Finland, it is easy to say that vaccination coverage is proceeding nicely. We had a figure on chart of 30.9% but as per yesterday it was already 35.4% and still a bit higher today.

In the market, we do see that there's still a lot of foreign interest towards our residential market. Quite aggressive buyers trying to get residential rental apartment portfolios. That has had an impact already towards our valuation and valuation yields as well. And I think that provides the colour that COVID-19 only has a temporary impact to the operating environment. Long-term drivers for demand are still valid. The development of household sizes and an increasing number of one- and two-person households will continue and as well, the urbanisation, as soon as people are able to move and travel, students moving back to university studies, doing their studies in the normal manner in place, that will provide a lot of long-term demand.

We have seen during the last decade that there's been a change in people's values towards ownership, an increasing number of households living in rental apartments, in all the big cities. Today already more households living in rental apartments than in owner occupied homes in three big cities: Helsinki, Turku and Tampere.

And if we provide some colour on what's been happening in the market during the last decade already, because of the urbanisation, there is an average need to provide 35,000 apartments a year. Last decade in Finland, in the big picture, we've been able to provide enough homes on average. But sadly, most often in the wrong places. If you look at the chart on left hand lower corner. Actually, here in the capital region, in the Helsinki region, the population growth has been strong and not enough new apartments have been provided here.

Only during now, the last two years, enough apartments have been provided to the market. And on the other hand, last year, because of COVID-19, urbanisation didn't continue in the normal manner and that created a situation temporarily that there's less of demands towards a bigger supply. But Finland, especially the capital region, needs more than 40% of all the new apartments should be completed to Helsinki region.

One thing we can see here as well is that the highest volumes in residential start-ups were 2017 and 2018, and now we've been coming down a bit all the time. So that means that the number of completed apartments in the total market are going a bit down all the time.

Provide some colour on our key figures. Even throughout COVID-19, and a bit challenging period of operating environment, we've been able to grow our total revenue. And two aspects there: of course, we've been able to complete new apartments and then increase rent. On the net rental income side, last winter was cold and provided a lot of snow compared to previous year and compared to a so-called normal winter. That created more maintenance expenses. Compared to the last corresponding period, it was 2.3 million euros than, for example, extra heating was 1.6 million euros compared to last year's corresponding period.

FFO level was impacted, of course, by a bit lower net rental income, as I provided colour. Then on the other hand the loan portfolio was as well bigger this year. Fair value of investment properties – 7.1 billion euros today. We've been investing a lot in the market. On the other hand, of course, there was a positive impact and change in fair values. Mostly our gross investments 68 million euros are new development projects, new development project investments as well, were 58.8 million euros.

Profit excluding changes in value – 33.6 million euros; 13.2% better than last year. And then of course, profit before taxes, 177 million euros, was really strong and that included a net gain in fair values of 143.5 million euros.

For Kojamo, it always is important that we are able to grow using multiple sources. So, we are providing new homes based on our own land. We are buying projects from construction companies. We are able to convert buildings into apartments, and then we are buying portfolios if we find suitable according to our parameters.

At the end of Q1 we had more than 2,600 apartments under construction. All the projects are located in the Helsinki region, along with excellent micro location along public transportation and services. All the projects are providing the net initial yield of around 4% or above 4%.

All the projects have a fixed price with the construction company. So even though if we would see an increase with the construction cost in the market, we wouldn't be impacted with our projects. Metropolia case – the zoning is proceeding. The first project zoning has been completed at the end of last year. For example, the new and old Chemistry around

Hietalahdentori and then Arkadiankatu. The rest of the project zoning is proceeding this year and hopefully will be finished later this year. Metropolia case will provide another 1,000 units in the city centre of Helsinki.

And if we look at the estimated timing of completions this year, mainly our projects will be completed during H2, the latter part of the year. And actually, the renting concerning new projects has been proceeding in a normal manner. In 2021 we are reaching an even higher number, completing more than 1,700 apartments. So, a really strong pipeline there.

For us, it's always been important that we are creating good experience, excellent experience, for our customers. We are providing a lot of services for customers entering Lumo world. We are providing services for customers living in Lumo apartments. Lumo webstore already provided more than 23,000 rental agreements. We have created a couple of new services – for example, how to tender electricity contracts and move installation services for existing tenants. An important service has been My Lumo. About roughly three out of four of customers using My Lumo services. Actually, what it means is 1,300 daily users with My Lumo service.

Then to provide some colour on Lumo customers. Here, a couple of charts, a bit different angles. So mainly one and two person households. More than 75%, actually, one and two person households. That’s good to connect with the megatrends. Increasing number of one and two person households in Finland. That's visible here in Kojamo as well.

Then on the other hand, the age groups. What we have seen last year is that a lot of customers under 25 years are renting the apartment but as well terminating the tenant agreement in the same apartment. A bit more than one year ago we had only 8.5% customers below 25 years, so actually the amount of younger clients has been increasing but during this COVID-19 period, many of those customers have been a bit worried moving in, moving out, moving to their parents, moving back to the university city, moving away from the university city. And that's created a rotation which is not normal.

Another thing that's been happening, of course, during this a bit more challenging period of time is that families with a single parent are seeking for a more affordable home in the market. And then in some scale, as were those people working in service industries being without a permanent job at the moment. Those kinds of phenomena we have seen in the market.

Sustainability plays an important role for Kojamo all the time. We published a Sustainability Report in March. As well, we published our Green Finance Framework, linking our sustainability targets with investments and how we are financing them. Of course, we were proud to receive a recognition at the most equal listed company in Finland. And for us, it's important that we are committed to complying with the UN Sustainable Development Goals as well aiming carbon neutral energy in our properties by 2030.

Now I would pass over to Erik. Thank you.

Erik Hjelt

Well, thank you, Jani, and good afternoon, everybody, from my side as well. So, on page 13, our total revenue grew 1.5 million euros and there's two drivers behind that. One is our like for like growth of 0.2% and I will come back to this like for like figure later. And the other driver there was completed apartments during Q1 this year; 45 apartments were completed but of course for the top line plays a role; apartments completed during Q2, Q3 and Q4 last year, more than 400 apartments.

The rental income down by 0.5 million euros. Total revenue up 1.5 million euros, as mentioned. And maintenance costs were up by 2.3 million euros compared to last year’s Q1. And there, of course, the biggest driver was cold wind and higher snowfall, so the heating was up by 1.6 million euros, taking snow from one place to another was quite costly, so up by 0.3 million euros, and then cleaning was elevated 0.4 million euros. And this higher cleaning cost was related to COVID-19. So, people spent more time at their homes, so that required more cleaning.

Page 14. Profit before taxes, excluding changes in fair value. Investment properties up by 3.9 million euros. So, net rental income, -0.5 as mentioned. SG&A expenses, 0.9 million euros. So, we get some savings thanks to our own activities. And of course, this COVID-19 plays a role as well there because we were not able to travel, and people worked remotely.

Finance expenses down by 3.6 million euros. And the biggest drivers there was a gain in value of investments, positive figure 2.2 million euros, and unrealised change in fair value of derivatives, was positive figure 3 million euros, and interest expenses figure were 1.3 million euros because of the bigger loan portfolio what we have in our balance sheet.

And then profit in fair value investment properties is 143.5 million euros and the biggest contributor there was the yield compression, so the yields valuation came down by 10 basis points, contributing 130.8 million euros for the value change and the restrictions contributed 12 million euros and development came little more than 2 million euros. Of course, our negative figure in that valuation line is modernisation investments; 1.8 million euros.

FFO, down 1.8 million euros, so net rental income negative figure 0.5. SG&A expenses, a positive figure, 0.9 million euros. Financial expenses, a negative figure there, 1.7 million euros, driven by the bigger loan portfolio what we had as mentioned earlier. And then we had some additional cash taxes because of our disposal during Q1; 0.3 million euros.

Page 15, financial occupancy rate. So of course, the market situation plays a role here. As Jani mentioned, we’ve been able to make new lease agreements in a normal manner and the tenant turnover is elevated. And here the second wave of COVID-19 of course plays a role because again, students were not able to move to the place they study, and travellers were not able to come the country or travel inside the country.

As Jani mentioned, we expect those impacts to be temporary, so like for like rental growth, most likely in H1, is going to be moderate. But after the sufficient vaccination level, what we would expect them to be there during the summer, during the second half of this year. The occupancy rate should be improving as the like for like rental growth.

Page 16. So, the impact of rents and water charges was a positive figure, 2% here. So, we've been able to increase rents pretty much in a normal manner and it’s good to note that more than 40% of the annual rental increases are coming through during the first quarter of a year. So, we are proceeding there pretty much as planned. And the impact of occupancy rate is 1.4 million euros negative.

Then we have a 0.4% negative impact for other items, and this is actually a group of several smaller items, so we have – in some our residential buildings, there are some commercial premises and their occupancy rate, of course, impacted by this COVID-19, and some other leased premises as well and some rent-free periods given in those commercial premises. Sauna fees were down slightly and as well as car parking fees. So, all this was included in this other impact. But in total, like for like growth was moderate, as anticipated.

Investments proceeding according to strategy – 68 million euros. Most of that are development investments, 1.8 million euros, of course included, as modernisation investment in that figure. Then modernisation, investment and repairs put together up 5.1 million euros, repairs down by 0.2 million euros, and modernisation investments up by 0.3 million euros.

And the big picture going forward hasn't really changed, so we expect modernisation and investment repairs put together to be between 60 million and 70 million euros going forward.

Page 18. Value of investment properties, 7.1 billion euros, up by 209 million euros from the year end. Investments 68 million euros, and then change in fair value of investment properties, 143 million euros. On the right-hand side we still have 2,123 apartments where we have restrictions regarding the valuation and these restrictions will gradually end by 2024 and there's going to be an uplift in total in value of around 140 million to 160 million euros. And the impact here is back-weighted.

Page 19. We have euro wise a view for our development pipeline. Left hand side column apartments, little more than 2,600 in total, already 460 million euros invested and 221 million euros to be completed these ongoing developments, these binding agreements providing us a little less than 1,000 apartments; 222 million euros, and it's good to know that these are fixed price turnkey projects all these. So, whatever happens, the investment cost doesn't have any impact for these figures.

Metropolia case, as Jani mentioned, two first zonings in place already and remaining expected to be in place during this year. And this other right hand side column covers pure land, providing us 1,200 apartments and then plots and existing buildings – we demolish existing building and building new one there, providing 700 apartments. So net increase there 400 apartments because there's 300 apartments in those buildings.

We estimate that investments in developments this year is going to be between 370 million and 420 million euros.

Equity ratio and loan to value. We have set a target for equity ratio to be above 40 and loan to value to be below 50. We have quite a sizeable buffer against these levels and these figures, balance sheet figures of course support our growth going forward. EPRA NRV improved, ending EUR 17.55 at the end of Q1.

Page 22, we have very strong financial key figures. More than half of the portfolio already from the bond market, 3 billion euros in total, interest bearing liabilities. We have an average fixed interest rate period of 4.5 years, as well as average loan maturity – 1.5 years – and now our hedging ratio is 90%. So, we are very well hedged against any potential changes in the market interest environment.

Average interest rate is 1.8. That's including the cost of derivatives. That's actually a rounding, so the third decimal changed there, so nothing changed in the loan portfolio, as such. And in this year and 2022 and 2023, we don't have any major maturing loans in our portfolio.

Page 23. Strategic targets towards 2023. Annual growth of total revenue, I'll come back to that later. So, annual investments well in line with our target and as said we estimate that investments this year is going to be between 370 million and 420 million euros. FFO against total revenue – 28.4. It's good to know that according to IFRIC 21, we booked all property taxes in our Q1 figures. The total amount of property taxes is 11.4 million euros, so if that were allocated, the portion of property taxes for the quarters Q2, Q3 and Q4 was around 8.5 million euros.

And if you then add this to the actual FFO for Q1, the FFO against, total revenue would have been 37.2. So, well in line with our strategic targets.

Net promoter score – 21. Some decrease there. Actually, we measure this net promoter score from four different points: New customers, leaving customers, and our customer service centre. And this is an ongoing thing, and nothing actually changed there. But what caused this change in net promotor score was this survey what we do quarterly, and we ask our existing tenants specific questions, and there was a drop in this recommendation question, but all questions related to customer satisfaction were pretty much unchanged.

So, how we interpreted this is actually that people are simply tired this COVID-19, so they have to spend more time at their home, and they wait to be able to move towards a normal life, if you like.

Our outlook for 2021: This is unchanged, so we estimate that the top line growth is going to be between 3% and 5% and there are of course a couple assumptions behind this outlook. First of all, we estimate that the number of apartments to be completed this year is going to be according to the schedule Jani already mentioned, and the development projects are proceeding without any delays and all projects that are on the marketing phase are selling in a normal manner. So, we think that this is proceeding as planned.

And the rent increase is of course something that we are going to do in a normal manner. And more than 40% of this year's rental increases already made. And then, as we estimated earlier, we estimate that the like for like rental growth for the first half of this year is going to be muted and is back up as sufficient vaccination level second half of this year will be having a very positive impact. And based on all estimates from authorities, the estimates are that a sufficient vaccination level is going to be reached during this summer.

And then what happens after that? So, students will move to those places where they really want to study, and they want to move to those places. International students will move to Finland. Business travellers will be there again. Tourism, hopefully, is going to pick up as well. And gradually, the urbanisation is going to be there as well. These students – they most likely will be the first movers and they want to go to those places where they actually study as soon as possible. And it's going to have a big impact for the total market. So, some of those apartments that are currently vacant will be taken by students. And of course, there's going to be an impact for the whole portfolio as well because we have some portion of students, so that might happen actually quite fast.

Our outlook for FFO, 150 million to 163 million euros. And if you look, then, the midpoint of that range, there are several assumptions behind that. So, we estimate that total revenue is going to be according to those lines I just described. That the normal weather, from here on is going to be no disposals this year, so no additional cash taxes, additional financing according to those development projects as they go. And of course, we estimate that we can achieve some cost saving especially regarding repairs and SG&A expenses.

So these are the assumptions behind the midpoint of that FFO range.

Page 26, dividend policy. Nothing changed there, so the 60% of the FFO will be paid as dividend providing that the equity ratio is above this 40% level and we have, as mentioned, a sizeable buffer against those levels.

And with that, I hand back to Jani.

Jani Nieminen

Thank you, Erik. And to summarise, of course, for Kojamo, it's important that we are a long-term player. Our operations are meant to provide business for several decades. So, we do follow the megatrends and we have expected and do expect that the impact of the COVID-19 pandemic will be temporary and the big drivers creating demand long term – urbanisation and the development of household sizes – will continue as they have been developing before COVID-19. So, that creates an operational environment in the long term.

We are in a good position. We've been operating quite systematically. We have been able to grow our turnover and the fair value of our investment properties. We have a really strong pipeline providing new homes in the Helsinki region. And as it seems, our expectation concerning the vaccination level be reached – a sufficient level – will be reached by the summer. This has been proceeding as we have been hoping and expecting and I think we are in a good position to go forward. Thank you.

And now please, Maija.

Maija Hongas

Thank you, Jani. Thank you, Erik. Now it's time for the questions, so we will be taking those first from the conference call line. So, please, Operator we are ready.

Q&A

Operator

Thank you. If you wish to ask an audio question, please press 01 on your telephone keypad. If you wish to cancel from the polling process, do so by pressing 02 to cancel. Once again, please press 01 on your telephone keypad if you wish to ask an audio question. There will be a brief pause whilst we wait for questions to be registered.

Our first question comes from Anssi Kiviniemi from SEB. Please go ahead.

Anssi Kiviniemi

Hi guys, thanks for taking my questions. I have a couple of them. First of all, starting with the fair value gains. Yield compression, that was the main source of most of the case. So, could you talk a little bit around that? What kind of properties? Which cities? Did you see the yield compression or was it just across the board?

Erik Hjelt

Hi, Anssi. Well, it was pretty much across the board, but it was slightly weighted for other places than Helsinki centre. So Turku and Tampere, there we saw the decrease of yield requirements, and then areas around city centre area here in Helsinki.

Anssi Kiviniemi

Okay, thanks. Then on the guidance and revenue growth of 3% to 5%. In a way, what has been baked in in terms of like for like growth and new apartments that will come to the market in the next few quarters? So, what's the volume growth and what's the like for like growth contribution to the guidance?

Erik Hjelt

So, what comes to like for likes. So, we estimate that the first half of this year the like for like top line growth is going to be moderate, and on the back of the sufficient vaccination level, it's going to be higher in the second half of this year. And then what comes to the completion of new apartments: So, we have pencilled in pretty much the schedule what's in the presentation – page 10 – and as discussed, so all these development processes, they are proceeding according to the plans and selling side. So, marketing side is as well going in a normal manner and by saying normal manner, I mean how they went before the COVID-19. So, even the small supply in the market, it looks like that they're still a lot of demands towards these new apartments.

Anssi Kiviniemi

Okay, thanks for that. That was the third question that I had, so let's skip that and let's move to the fourth. Just making sure the harsh winter conditions cold weather; combined it was roughly 2 million in cost terms, extra cost in Q1, right?

Erik Hjelt

Correct. 2.3 million euros.

Anssi Kiviniemi

Okay, great, that's all from me. Thank you.

Operator

Our next question comes from Svante Krokfors from Nordea. Please go ahead.

Svante Krokfors

Yes, hi. This is Svante from Nordea. I hope you can hear me. Good afternoon. I have a couple of questions. The first one, actually – I should have asked this already a quarter ago, but I ask it now still – in your property valuation assumptions you lowered the occupancy rate assumption for the Helsinki region from 98 to 97.5. I think it was in Q4 last year. Could you elaborate on that?

Jani Nieminen

Hi Svante. We had a discussion with the valuation authority, Jones Lang Lasalle, and it seemed that there was a right timing to make a slight change in the occupancy level there.

Svante Krokfors

Is it related to a high amount of completions in the Helsinki area of new rental apartments?

Jani Nieminen

I think it was a normal kind of business running through the numbers and the estimates for a longer-term demand and supply.

Svante Krokfors

Okay, thank you. And then a question to Erik. Can you – I missed when you split up the like for like rental growth. So, the rental increases were 2% impact of occupancy rate was -1.4 and what was the other impact? What did that constitute mainly?

Erik Hjelt

That's a combination of several minor things. So, there are sauna fees, parking space fees, we have some commercial premises and some other premises so occupancy in those. So, it’s a combination or several smaller items.

Svante Krokfors

Okay, thank you. And then perhaps a more broader question. Have you seen any change in the demand for what kind of apartments? I mean, we have heard stories about people wanting to, perhaps, seek for a bit bigger apartments if they start to work more from home. I know that your target is mainly one and two person families, but have you seen any trend of this increased demand outside of the metropolitan areas?

Jani Nieminen

Actually, we're tracking all the new tenant agreements all the time on a daily basis and nothing big going on there. One could argue that there is a slight change of people renting two-bedroom apartments. Typically, a household of two persons. But it's only 180 apartments more than last year. So, nothing big there.

Svante Krokfors

Okay, thank you. And then lastly on transactions and your valuation. Was there any single deal that impacted your valuation in a material way? There was at least that one YIT and Ålandsbanken sold quite a big chunk and then I guess there is another deal pending, but are there any major transactions that have impacted your valuation yield?

Jani Nieminen

Of course, at the end of the day, that's something that's decided by the valuation agent. And what they provided information last year was that they felt that there was not sufficient data from the market or not enough deals, and they have been collecting of course data throughout last 12 months, and piece by piece that picture has been completing and that will be providing information. We have seen quite aggressive yields. We have seen portfolios both with three and a mid-figure. Now, we’ve seen that international players are willing to pay three and a low figure. And that has had an impact towards the valuation yields as well.

Erik Hjelt

If I may add. So, it's not only one or two transactions, so it's a whole bunch of transactions. So, brokers are following what's happening in the market and there's already evidence from several transactions completed and there are some additional discussions ongoing, but they are not taking this into account. So, it's a bigger picture what those brokers and these valuators are looking at.

Svante Krokfors

Okay, thanks, that's all from me.

Operator

Thank you. Our next question comes from Celine Huynh from Barclays. Please go ahead.

Celine Huynh

Hi, thank you for the presentation. My question is for Erik. Can you explain again why your net promoter score has declined so materially?

Erik Hjelt

So, do you know the net promoter score as such? So, it's calculated. We simply asked the customers how likely is it that you recommend the company or its services for your friend or your peer on a scale of one to ten and then we take numbers eight and nine and we calculate the portion of higher numbers and a portion of lower numbers. So, the figure can be anything from -100 to 100.

And we've been able to move towards our target of 40% and now there is a drop in this Q1 in net promoter score and we calculate this figure from four different points. So, we asked these questions from new customers, from leaving customers, and from those who use our customer service centre. This is an ongoing thing, and nothing changed there. Actually, the result has been quite stable. And what's changed during Q4 was that we – once every quarter we ask from existing tenants the same question and then this Q1 survey there was a drop in this part of this net promoter score. But as I said, only this question, 'How likely is it that you would recommend' where there was a change, but all questions related to customer satisfaction were pretty much on the same level or many of those actually improved during Q1.

So, how we see this outcome is pretty much that it's COVID-19 related, so people are simply tired of being at home and tired of this COVID-19 and that's why they are unsatisfied in a way and then they are waiting the vaccination level to be sufficient and the restrictions to be removed. So, this is how actually it works.

Celine Huynh

Right, thank you very much.

Operator

Thank you. Just as a quick reminder, if you wish to ask an audio question, please press 01 on your telephone keypad. Once again that's 01 on your telephone keypad if you wish to ask an audio question.

Our next question comes Erik Granström from Carnegie. Please go ahead.

Erik Granström

Thank you very much. Good afternoon, gentlemen. I only have two questions left after following through the Q&A. Could you explain a little bit about the development of the vacancy rate in Q1 versus Q4? Because it obviously increased and increased almost 1.5 percentage points. What exactly is this due to? Is it because of completion of apartments or is it because of cancellation of contracts that happened earlier in 2020? Or did something actually happen in Q1 versus Q4?

Jani Nieminen

Thank you for the question. If I provide some broader colour on issue and then if needed Erik can provide more detailed colour. So actually, what we provided from 2020 was the full year occupancy level and then now Q1 figure will then develop after we move forward this year.

What's been happening during the winter was that the second wave of COVID-19 kicked in. And that has had an impact to the market. And we are seeing that even though we've been actually renting the apartments quite in a normal manner, we have seen more people moving out. So, terminating the tenant agreements. Some of those agreements have been done by students, and even though they already had moved back to their parents, they had kept the apartment but as the second wave kicked in, they terminated the tenant agreement.

And then on the other hand, as I said, we have seen in small scale that for example single parent households have been moving out in order to find a bit cheaper or a bit more affordable solution. But as Erik provided the colour, the renting of new development projects has been proceeding in a normal manner. No problems there.

Erik Granström

Thank you. My final question is what have you seen so far in Q2? I mean we are a month and a half about into the quarter and you mentioned that you expect like for like to be, as you put it, moderate in the first half of the year. It was basically zero in Q1. What have you seen so far? Do you actually see like for like trending up? Or is this something that you're still waiting for?

Erik Hjelt

So, we estimate that the like for like rental growth for the first half of this year is going to be moderate and on the back of the sufficient vaccination, what we expect it to be there during the summer – the like for like top line growth – is going to be accelerated the second half of this year.

Erik Granström

But so far Q2 has developed exactly as Q1.

Erik Hjelt

As mentioned, we estimate that the first half of this year, the like for like rental growth is going to be moderate.

Erik Granström

Okay, good. Thank you very much. Those were my questions.

Operator

Thank you. There appears to be no further questions, so I'll hand over back to the speakers.

Maija Hongas

Thank you very much. And it seems we don't have any questions from the chat, so I thank you very much for participating in our event today and we will be publishing our Q2 report on 19th of August, so hopefully we will meet then again. Thank you very much and have a nice day.