

11.8%
Vacancy Rate

YoY
Chg



12-Mo.
Forecast



4.0%

Vacancy rate, Helsinki CBD



€38.50

Prime rent, PSM / month



**ECONOMIC INDICATORS
Q1 2020**

-1.8%

GDP Growth
Q1 2020

YoY
Chg



12-Mo.
Forecast



7.5%

Finland
Unemployment Rate



Source: OxfordEconomics

Overview

According to Oxford Economics, the ongoing COVID-19 pandemic is expected to have a powerful negative impact on the Finnish economy. Finnish GDP is expected to contract -2.7% in 2020 with a deep recession in H1 and a strong recovery in H2. The recovery is estimated to continue in 2021 with 2.7% GDP growth. The negative effects are mostly focused on Q2, but there still remains a great uncertainty of the impacts of COVID-19 and a risk of prolonged containment measures. Investor demand towards office sector continued to be extremely strong in Q1 pre-COVID-19 containment measures.

Occupier focus

In Q1 pre-COVID-19 containment measures the occupier demand remained strong and the trend of upgrading rather than downgrading continued. In mid-March, the office occupier market halted, although the ongoing cases are still moving forward, but the number of new cases is limited. Companies are waiting for effect of the COVID-19 for their business. There were no evidence on rental movement in Q1 and the possible COVID-19 impact will be seen in the coming quarters.

The overall vacancy remained stable compared to Q4 2019. In Q1 total of 60,000 sq. m was completed in the Helsinki Metropolitan Area (HMA). There is currently over 80,000 sq.m under construction in the HMA due to be completed in 2020-2021.

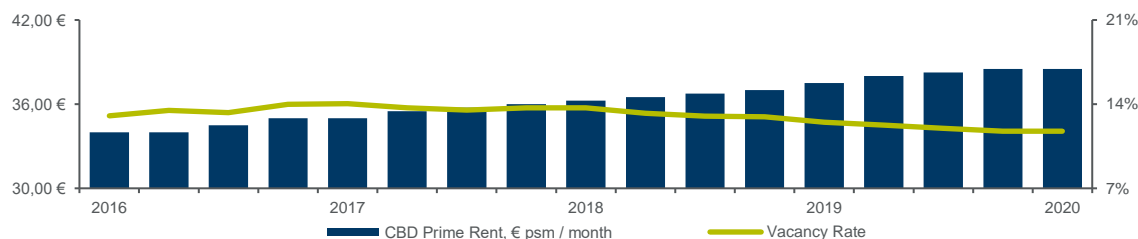
Investment focus

The volume of published office deals in Q1 amounted to €1.1bn. The most notable office deal was the divestment of the OP Group HQ office in Vallila by OP Group (sale-leaseback).

Outlook

We expect the occupier demand to increase once the containment measures are decreased. Due to the COVID-19 downsizing and cost efficiency might be a new trend. Although, the situation might lead to increased demand for new and well renovated premises with up to date building technology. We expect the rent levels in certain sectors to decrease, however no major impact is forecasted

OVERALL VACANCY & CBD PRIME RENT



MARKET STATISTICS

SUBMARKET	BUILT STOCK (sqm)	AVAILABILITY (sqm)	VACANCY RATE	NET Absorption (sqm)	NET absorption (YTD) (sqm)	UNDER CONSTRUCTION (sqm)
Helsinki (CBD)	420,000	16,800	4.0%	2,100	2,100	
Helsinki (Ruoholahti)	415,000	50,800	12.3%	-9,300	-9,300	
Helsinki (Pasila/Vallila)	601,000	39,100	6.5%	0	0	15,800
Helsinki (Pitäjänmäki)	481,000	69,800	14.5%	4,800	4,800	
Espoo (Keilaniemi/Otaniemi)	302,000	16,600	5.5%	1,500	1,500	6,400
Espoo (Leppävaara)	245,000	31,900	13.0%	4,300	4,300	18,500
Vantaa (Aviapolis)	280,000	25,900	9.3%	-2,100	-2,100	
Helsinki Metropolitan Area (Overall)	8,760,000	1,030,000	11.80%			82,900

KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Kalasadama Kampus	Helsinki (Kalasadama)	Eläketurvakeskus	4,500	Lease
Oops / Hatsinanpuisto (under construction) (Q3 2019)	Espoo (Leppävaara)	Trimble Solutions	10,000	Lease
Keilalampi (Q3 2019)	Espoo (Keilaniemi)	If Vahinkovakuutus	n.a.	Lease
Ratina office building (Q3 2019)	Tampere	Elisa	n.a.	Lease

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE / € PSM
OP Group Headquarters	Vallila	OP Group / Varma, NH Investment & Securities, Shinhan Investment Corp	74,000	€480mn / €6,486
Ruoholahti Office portfolio	Ruoholahti	Sponda / Antilooppi	100,000	n.a.

KEY CONSTRUCTION COMPLETIONS Q1 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	OWNER / DEVELOPER
Tripla Workery	Pasila	Telia, WSP Finland, HOK Elanto, St1, Regus	50,000	Commerz Real / YIT

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