

**12.0%**  
Vacancy Rate

YoY Chg  
12-Mo. Forecast

**5.5%**  
Vacancy rate, Helsinki CBD

**€38.00**  
Prime rent, PSM / month

**ECONOMIC INDICATORS  
Q3 2020**

**3.2%**  
GDP Growth  
QoQ, Q3 2020

**8.2%**  
Finland  
Unemployment Rate

Source: OxfordEconomics

**Overview**

Finnish economy experienced a less severe GDP contraction than most European economies in the first half of 2020. However, the GDP is still expected to contract 3.7% in 2020. The recovery is already underway and the latest high frequency data shows economic growth in June and July although it is still weighted down as high unemployment and slow recoveries in Finland's key trading partners persist. Finland's economy should be back on the growth track by next year with an GDP growth forecast of 1.8% in 2021. The economy has already started to recover from the lows of April. Consumer spending has significantly improved as restrictions were eased through May. Industrial production and retail sales fell less than eurozone average.

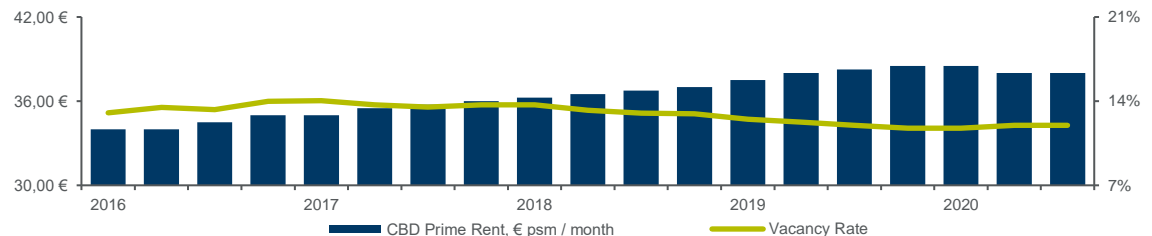
**Occupier focus**

After the summer period occupier activity rekindled, however resulted only in approximately 70% demand compared to previous years. The main trend of the post-COVID-19 office occupier market, is diversification between occupiers. Firstly, companies not greatly economically affected by COVID-19, are further looking to upgrade or extend their premises in well established office locations and are even assuming to benefit from the current situation in negotiations. Secondly, small companies struggling with the COVID-19 situation are looking to make quick changes in small premises, trying to find even more efficient offices. Lastly, some large companies with COVID-19 difficulties are causing turbulence in the occupier market by offering sub-leases of large premises even with a discount. The overall vacancy in the Helsinki Metropolitan Area (HMA) remained stable in Q3 compared to Q2 and is currently at 12%. In Q3 total of 34,000 sq. m was completed in the (HMA), consisting mostly of 'Urban Environment House' occupied by City of Helsinki. There is currently some 74,000 sq.m under construction in the HMA due to be completed in 2020-2022.

**Outlook**

Due to the COVID-19, office premise & layout adaptability and lease agreement flexibility are likely to become even more important. Furthermore, downsizing and cost efficiency might be a new trend. On the other hand, indoor air quality and other office wellbeing efforts might lead to increased demand of space per employee. We expect rent levels in certain sectors to further decrease, however no major impact is forecasted. Going forward, we see that in the most sought-after locations the rental levels will recover in 2021.

**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	23,100	5.5%	-2,100	4,200	
Helsinki (Ruoholahti)	415,000	42,500	10.3%	-3,100	-1,000	
Helsinki (Pasila/Vallila)	610,000	42,800	7.0%	3,100	-3,100	
Helsinki (Pitäjänmäki)	481,000	78,200	16.3%	6,000	-1,200	
Espoo (Keilaniemi/Otaniemi)	302,000	12,100	4.0%	-	6,000	15,500
Espoo (Leppävaara)	245,000	36,100	14.8%	-600	-	18,500
Vantaa (Aviapolis)	280,000	25,200	9.0%	1,400	-1,400	
<b>Helsinki Metropolitan Area (Overall)</b>	<b>8,740,000</b>	<b>1,050,000</b>	<b>12.00%</b>			<b>74,000</b>

## KEY LEASE TRANSACTIONS

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Fabianinkatu 9 (move in 2021)	Helsinki (City Centre)	Krogerus	5,400	Lease
Helsinki Court House (move in 2021)	Helsinki (Ruoholahti)	Senaatti Properties	2,250	Lease
Kalasadama Kampus (Q1 2020)	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

## KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE / €mn
Next	Keilaniemi	NCC Property Development / Warburg-HIH Invest	19,700	n.a.
Arkadiankatu 23	City Centre	OP-Henkivakuutus Oy / LaSalle Investment Management	10,800	45.5

## KEY CONSTRUCTION COMPLETIONS Q3 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	OWNER / DEVELOPER
Urban Environment House	Kalasadama	City of Helsinki	27,500	Union Investment / City of Helsinki
Innopoli 4	Otaniemi	VTT	6,400	Technopolis

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