

2.6%

HH Disposable Income, Helsinki

YoY
Chg



12-Mo.
Forecast



13k

Helsinki Population Growth, 2019



€135

Prime rent, PSM/m



Source: Oxford Economics,
Cushman & Wakefield

FINLAND ECONOMIC INDICATORS Q1 2020

-1.8%

GDP Growth
Q1 2020

YoY
Chg



12-Mo.
Forecast



1.7%

Consumer Spending
Growth, 2019



3.5%

Retail Sales Growth,
2019



Source: Oxford Economics

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. According to Statistics Finland, consumer confidence decreased to -7.1 in March 2020 (December 2019 at -4.2, long-term average at -1.7).

Occupier focus

In Q1 2020 retail occupier demand showed healthy growth pre-COVID-19. There were no evidence on rental movement in Q1 and the possible COVID-19 impact will be seen in the coming quarters. Grocery stores, pharmacies and some selected shopping centres were still open in the end of Q1, but restaurants and bars were closed; although take away food can be served from the restaurants. As people are (mainly) staying at home, restaurants and bars closed, etc. there will be challenging times for many retail businesses and bankruptcies are evident. Grocery retail has performed strong through the turbulence and remains a defensive segment within retail.

Total of 22,500 sq.m of retail premises were completed in Q1 2020 in the Helsinki Metropolitan Area (HMA). The most notable completion was the Hertsi shopping centre in Herttoniemi, Helsinki (20,000 sq.m). There are currently some 55,000 sq.m of retail premises under construction in the HMA expected to be completed in 2020-2022.

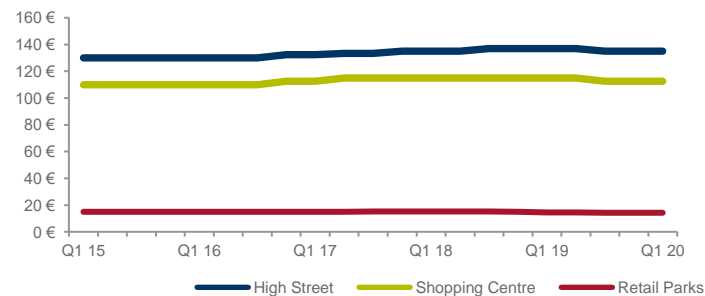
Investment focus

Retail investments accounted to some €275m in Q1 2020. The most notable deals were the divestment of a Prisma hypermarket in the Itäkeskus district by Sponda and the divestment of a 40% stake of the Shopping Centre REDI in Kalasatama district by the construction company SRV.

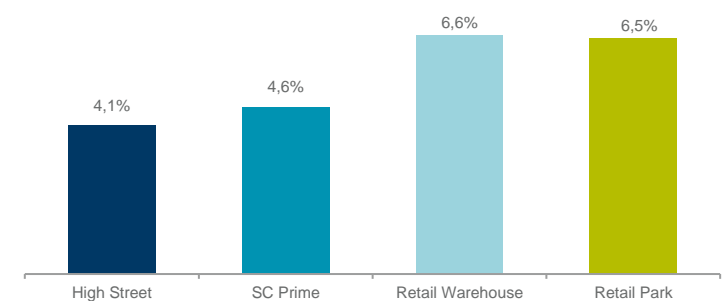
Outlook

Retail sector will be under pressure during 2020, especially in the second quarter. We expect increased demand in the latter half of 2020, however, decrease in retail rents in multiple segments is predicted. Retail investment activity expected to remain low, although some grocery transactions are expected to close after restrictions are lifted.

PRIME RENTS HELSINKI



PRIME YIELDS



KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SQ.M.	TYPE
Kamppi SC	Kamppi, Helsinki	Muji (Q4 2019)	3,500	Lease

KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SQ.M.	PRICE/\$ PSF
Prisma hypermarket	Itäkeskus, Helsinki	Sponda / VVT Kiinteistösijoitus	20,000	n.a.
Shopping Centre REDI (40%)	Kalasadama, Helsinki	SRV / Ilmarinen, Pohjola Insurance, OP-Henkivakuutus, LähiTapiola Group	64,000 (total)	n.a.
Verkkokauppa.com retail/logistics building	Jätkäsaari, Helsinki	Elo / Corum AM	17,600	n.a.
7 car retail centers	Multiple	Autokiinteistöt Laakkonen / Fastighets AB Balder	50,000	n.a.

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SQ.M.	OWNER / DEVELOPER
Hertsi	Herttoniemi, Helsinki	Prisma	20,000	Fennia Life, Aktia Life Insurance, Yleisradio Pension Fund / Hartela, YIT

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