

0.3%

HH Disposable Income, Helsinki

YoY Chg



12-Mo. Forecast



13k

Helsinki Population Growth, 2019



€127

Prime rent, PSM/m



Source: Oxford Economics, Cushman & Wakefield

FINLAND ECONOMIC INDICATORS Q3 2020

3.2%

GDP Growth QoQ, Q3 2020

YoY Chg



12-Mo. Forecast



-5.0%

Consumer Spending Growth, 2020 forecast



-1.5%

Retail Sales Growth, 2020 forecast



Source: Oxford Economics

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. According to Statistics Finland, consumer confidence decreased to -5.9 in September 2020 (June 2020 at -3.9, long-term average at -1.8). In April 2020 the consumer confidence was at -13.9. In H1 2020 the total sales in the shopping centers decreased by 13.7% compared to H1 2019 (Finnish Council of Shopping Centers).

Occupier focus

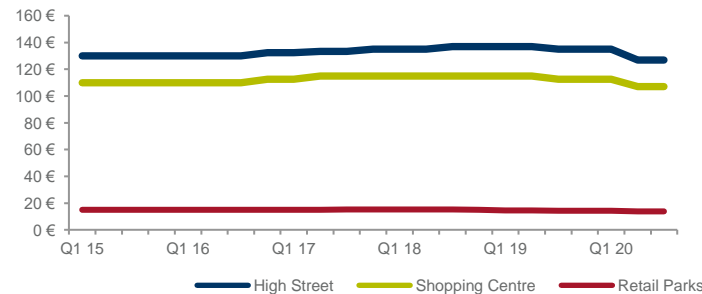
The occupier demand has regained activity after the lockdown. Some new international brands are entering and looking into the Finnish retail market, despite a difficult year for specialty retail. The summer period was strong for Finnish restaurants as traveling abroad was virtually impossible. However, the outlook looks more difficult as new restrictions are now put in place as the second wave is currently hitting Finland, and new restaurant openings are currently being postponed to spring 2021. Big box retail has performed extremely well compared to previous years as consumers are preferring car-based shopping ensuring health and safety. Also, DIY and home decoration has been very popular during COVID-19 times. On the other hand, COVID-19 has especially hit footfalls in the CBD, with people working remotely and lack of tourists, and shopping centres as consumers are avoiding crowded places.

Some 27,000 sq.m of retail premises have been completed in 2020 so far in the Helsinki Metropolitan Area (HMA). The most notable completion was the Hertsi shopping centre in Q1 in Herttoniemi, Helsinki (20,000 sq.m). There are currently 66,000 sq.m of retail premises under construction in the HMA expected to be completed in 2020-2022, with the new Lippulaiva shopping centre in Espoo being the most notable development (44,000sq.m).

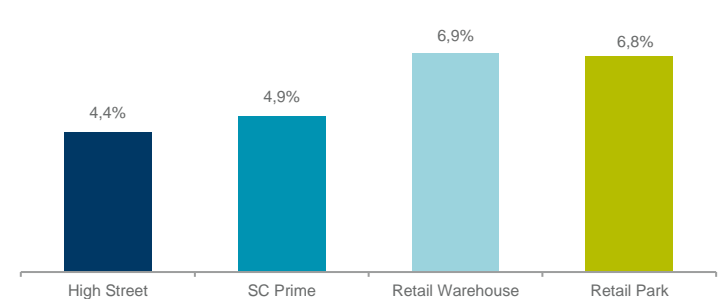
Outlook

The retail sector will be under pressure going forward in 2020. Agile retailers who have traditionally operated in big-boxes are looking to acquire premises in the city centres and to benefit from omni-channel retail. Also, landlords are looking at all alternatives to retain market rental levels and are looking at innovative incentives. We expect the activity to remain stable going forward in 2020, however, further decrease in retail rents in multiple segments is predicted.

PRIME RENTS HELSINKI



PRIME YIELDS



KEY LEASE TRANSACTIONS

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

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SQ.M.	PRICE/€mn
Friisinkeskus	Espoo	Trevian Retail I Ky / Elite Finland Value Added Fund II Ky	4,690	n.a.
Two retail properties (big box)	Lohja	n.a. / Innovestor Oy	6,500	6

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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