

**-4.8**

Consumer Confidence, Dec. 2020

YoY Chg



12-Mo. Forecast



**11k**

Helsinki Region Population Growth, Q1-Q3 2020



**€125**

Prime rent, PSM/m



Source: Statistics Finland, Cushman & Wakefield

### FINLAND ECONOMIC INDICATORS 2020

**-3.8%**

GDP Growth

YoY Chg



12-Mo. Forecast



**-5.3%**

Private consumption Growth, 2020



**-0.3%**

Retail Sales Growth, Dec. 2020, YoY



Source: Bank of Finland, Statistics Finland

### Overview

Finnish economy experienced a less severe downturn than most European economies in 2020 but a challenging winter is still ahead. The vaccinations are expected to gradually slow down the pandemic during 2021. With the economy slowly returning towards normal, household consumption is expected to drive growth of 2.2% in 2021 and 2.5% in 2022. The economy has seen a strong recovery from the spring lows, but challenging conditions still persist. High unemployment, and the strong second wave of the pandemic in Finland's key trading partners are risking economic growth for the coming months. According to Statistics Finland, consumer confidence slightly improved to -4.8 in December 2020 (September 2020 at -5.9, 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

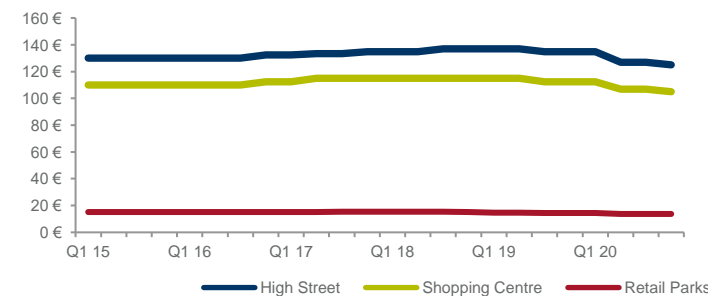
The occupier demand was relatively strong during the fall period. As the second wave of COVID-19 hit Finland, the uncertainty rose, and the retail occupier demand decreased. However, as information of vaccines gaining distribution permits, confidence returned to retailers and projects were relaunched. Some new international brands (Lager 157, Olivia) entered the Finnish retail market, and are looking to open further new units in Finland. Domestic travel during the holiday period was at strong level as traveling abroad was virtually impossible. Big box retail has performed 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. In the spring, footfalls in shopping centres plummeted, as consumers were practising social distancing and avoiding crowded places. In the end of the year similar behaviour was not witnessed in that scale, despite some restrictions were at place, and footfalls in shopping centres were on a higher level. High usage of face masks enabled higher feeling of safety when moving in public places.

Some 27,000 sq.m of retail premises were completed in 2020 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 64,000 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).

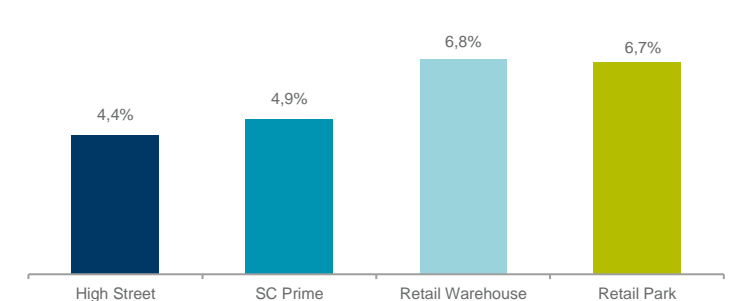
### Outlook

The retail sector will be under pressure going forward in 2021. 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 or slightly increase going forward in 2021, 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
Central Railway Station	CBD, Helsinki	Olivia	n.a.	Lease
Retail park asset in Raisio	Raisio	Lager 157	3,000	Lease

## KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SQ.M.	PRICE/€mn
7 retail properties	Multiple	eQ Liikekiinteistöt / Cibus Nordic Real Estate AB	n.a.	102
Lauttis Shopping Centre	Lauttasaari, Helsinki	Aberdeen European Balanced Property Fund / Veritas Pension Insurance	6,000	n.a.
Three retail properties	Multiple	n.a. / Serena Properties AB	n.a.	n.a.
Two retail properties (K-Citymarket)	Multiple	n.a. / Trophi Fastighets AB	n.a.	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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