

**-3.0**

Consumer Confidence, March 2021

YoY  
Chg



12-Mo.  
Forecast



**14k**

Helsinki Region Population  
Growth, 2020



**€123**

Prime rent, PSM/m



Source: Statistics Finland,  
Cushman & Wakefield

### FINLAND ECONOMIC INDICATORS Q1 2021

**0.04%**

GDP Growth, Q-to-Q

YoY  
Chg



12-Mo.  
Forecast



**1.6%**

Private consumption  
Growth, Q-to-Q



**-0.5%**

Retail Sales Volume  
Growth, Dec. 2020,  
YoY



Source: Moody's Analytics, Statistics Finland

### Overview

Finnish GDP growth beat expectations in the last quarter of 2020 and the economy is set for a recovery in 2021. However, new covid-19 restrictions and a slow vaccine rollout continue to weigh down growth at the first half of the year. Wider vaccination rollout and accelerating GDP will boost the recovery in the second half of 2021. GDP decreased -3.2% in 2020 and is set to grow 2.6% in 2021 and 2.3% in 2022. The growth is mainly driven by upturn in global economy and increased exports. Secondly the growth is boosted by bottled-up private consumption and replenished service sector. Finland has navigated well through the pandemic. Low infection rates have allowed Finland to remain mostly open without major lockdowns or harsh restrictions. According to Statistics Finland, consumer confidence slightly improved to -3.0 in March 2021 (December 2020 at -4.6, long-term average at -1.8). In 2020 the total sales in the shopping centers decreased by 11.6% compared to 2019 (Finnish Council of Shopping Centers).

### Occupier focus

The prolonged COVID-19 pandemic and the restriction measures have put increased pressure on retail tenants in both specialty retail and F&B sector. Only daily-necessity based operators have been able to navigate through the difficult period untouched. In the F&B sector, players able to adapt their concept into take-away and delivery concepts have been able to cope, although with smaller margins. On the contrary, many beverage and dinner concepts have been forced to close their doors permanently. In retail, concepts with well-functioning omni-channel sales are still operating in SCs and the best high street locations, whereas stores dependent on physical store sales are giving notices for reducing number of units in secondary locations.

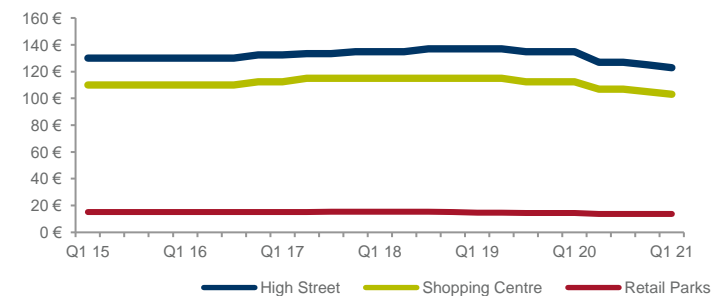
Despite everything, retail chains are preparing for the everyday life after the pandemic. This can be seen as new operators rolling out in the Finnish market. New entrants include KFC, Olivia, Lager 123, and Bestseller with their Normal-concept. This is mainly driven by the increasing Finnish consumption power and current 'retailer's market' in retail premise rents.

There were no new retail completions in Q1 2021 in the Helsinki Metropolitan Area (HMA). However, there are currently 88,000 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).

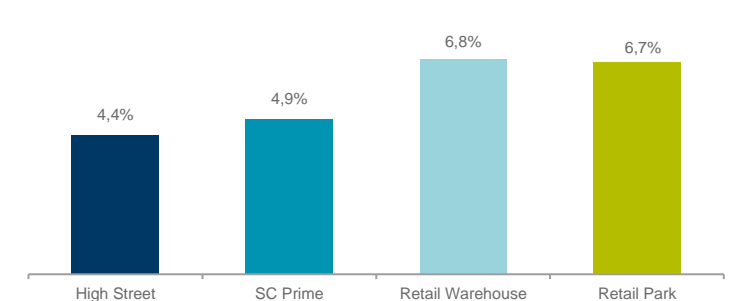
### Outlook

Well progressing vaccination rollout, strong expected domestic tourism and bottled-up private consumption is expected to be seen as strong results for retailers once the restriction measures are lifted for the summer period. The summer will be make-it-or-brake-it time for many retailers, defining the next steps according to profitability.

### PRIME RENTS HELSINKI



### PRIME YIELDS



## KEY LEASE TRANSACTIONS

PROPERTY	SUBMARKET	TENANT	SQ.M.	TYPE
Central Railway Station (Q4 2020)	CBD, Helsinki	Olivia	n.a.	Lease
Retail park asset in Raisio (Q4 2020)	Raisio	Lager 157	3,000	Lease

## KEY SALES TRANSACTIONS 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SQ.M.	PRICE/€mn
Espoonlahti Motorcenter	Espoo	Imarinen / Elite Alfred Berg Vuokratuotto	3,600	8.0
Three retail properties	Multiple	AKR Tuotto II Ky / Erikoissijoitusrahasto UB Suomi Kiinteistöt	15,700	n.a.
Retail property	Espoo	Sjaelso Finland Oy / Pharmacy Pension Fund	6,350	n.a.

## KEY CONSTRUCTION COMPLETIONS 2020-2021

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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