MARKETBEAT

HELSINKI

Office Q1 2023

	YoY Chg	12-Mo. Forecast
12.6% Vacancy Rate, Q1 2023	▲	▲
11.2% Vacancy rate, Helsinki CBD, Q1 2023	▲	▬
€40.25 Prime rent, PSM / month	▲	▲

Source: Helsinki Research Forum, Cushman & Wakefield

ECONOMIC INDICATORS Q1 2023

	YoY Chg	12-Mo. Forecast
-0.14% GDP Growth, Q-to-Q	▲	▲
6.90% Unemployment Rate	▼	▲

Source: Moody's Analytics

Overview

The H1 2023 is expected to be sluggish in terms of economic growth and positive movement is forecasted only in the second half. Finland's economy is expected to grow by 0.2% in 2023. Increased energy prices, high inflation, and the risk of recession have impacted the consumer confidence in Finland. Reduced disposable income has been decreasing private consumption and growth in the private consumption is expected only in H2 2023. Moreover, business confidence has fallen during the recent quarters, which is forecasted to discourage new hiring going forward. However, compared to prior downturns the impact on the labor market is expected to be modest. (Moody's Analytics)

Occupier focus

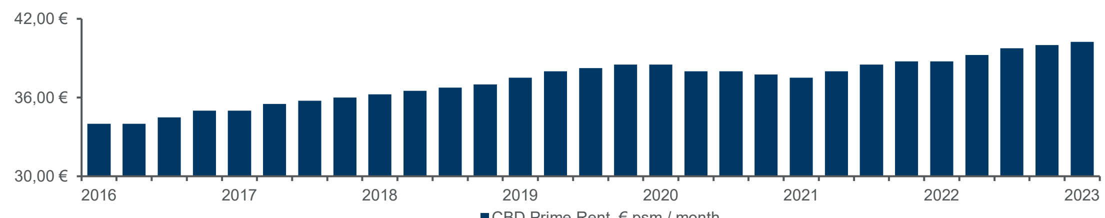
Demand continued to be stable for prime offices and premises with strong amenities that bring additional value to employees. Some companies are growing and expanding; however, the most common inquiry is from a company that is downsizing in square meters but are willing to pay higher rent/sq.m for premises that bring additional value for the tenant. The demand for secondary assets continued to slow down which has created an opportunity for prospects with unusual criteria to enter the market. Long term confidence is still there but many are looking for shorter contracts and flexibility.

Among the main office submarkets in the Helsinki Metropolitan Area (HMA), Helsinki CBD, Pasila, and Keilaniemi have experienced a good level of interest during the recent quarters. According to the Helsinki Research Forum, the vacancy in the thirteen key office areas in the HMA was 12.6% in Q1 2023. The vacancy increased by 0.1 percentage points compared to the previous quarter. During Q1 2023, some 15,000 sq.m of new office space was delivered in the HMA. Moreover, there remain over 100,000 sq.m under construction due to be completed in 2023-2024, including projects such as We Land in Ruoholahti, Ilmalan Aura in Pasila/Ilmala, and Nordea Campus extension in Vallila.

Outlook

Outlook is still good but divided. Primary vs. secondary offices are drifting apart with the primary offices being the winners. The occupiers are adapting differently to the different ways of working – some only downsize due to low space utilisation as a result of high levels of hybrid work, while others may downsize but invest in premises which attract employees to the office. In addition, the ongoing rental reviews in the current inflationary environment are expected to increase pressure on occupiers and consequently accelerate the trend of scaling down in the search for cost savings when lease events come due.

CBD PRIME RENT



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Office Q1 2023

CUSHMAN & WAKEFIELD

MARKET STATISTICS (HMA)

SUBMARKET	OFFICE STOCK (sqm)	AVAILABILITY (sqm), Q1 2023	VACANCY RATE Q1 2023	VACANCY RATE Q4 2022	UNDER CONSTRUCTION (sqm)
CBD	639,582	71,784	11.2%	10.5%	
SBD	674,351	54,778	8.1%	8.4%	19,900
Ruoholahti	341,924	39,423	11.5%	11.2%	21,000
Pasila/Vallila	794,451	81,163	10.2%	10.9%	38,000
Hakaniemi/Kalasatama/ Sörnäinen	526,755	68,329	13.0%	12.6%	
Pitäjänmäki	379,653	94,588	24.9%	24.1%	
Keilaniemi/Otaniemi	382,552	48,718	12.7%	13.9%	16,000
Leppävaara	265,633	36,526	13.8%	12.3%	
Aviapolis	187,815	33,094	17.6%	17.9%	
Helsinki Metropolitan Area (studied areas in total)	**4,192,714**	**528,402**	**12.6%**	**12.5%**	

Source: Helsinki Research Forum, Cushman & Wakefield

KEY LEASE TRANSACTIONS Q1 2023

SUBMARKET	TENANT	SQM	TYPE
Helsinki (Hakaniemi)	Confidential (Marketing sector)	500-1,000	Lease
Helsinki (Leppävaara)	Confidential (IT sector)	500-1,000	Lease
Helsinki (Vallila)	Confidential	300-500	Lease
Helsinki (CBD)	Confidential	300-500	Lease

KEY SALES TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE / €mn
Henry Ford building	Hernesaari, Helsinki	Schroders / Investors represented by Cobbleyard Real Estate	10,000	n.a.
Takkatie 1 office property	Pitäjänmäki, Helsinki	Antilooppi / Corum AM	5,000	n.a.
Kalasataman Horisontti	Kalasatama, Helsinki	SRV / Niam	11,700	n.a.

KEY CONSTRUCTION COMPLETIONS Q1 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	OWNER / DEVELOPER
Lyyra	Hakaniemi, Helsinki	n.a.	7,018	Ylva / Ylva
Life Science Center, extension	Keilaniemi, Espoo	n.a.	8,000	Niam / Niam

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