

# MARKETBEAT HELSINKI



Office Q2 2023

**13.3%**  
Vacancy Rate, Q2 2023

YoY Chg  
12-Mo. Forecast

**12.2%**  
Vacancy rate, Helsinki CBD, Q2 2023

**€40.50**  
Prime rent, PSM / month

Source: Helsinki Research Forum, Cushman & Wakefield

## ECONOMIC INDICATORS Q2 2023

**0.04%**  
GDP Growth, Q-to-Q

YoY Chg  
12-Mo. Forecast

**6.79%**  
Unemployment Rate

Source: Moody's Analytics

## Overview

The Finnish economy is expected to see some accelerated growth in H2 of 2023. The Finnish economy expanded in the first quarter of the year and the annual total GDP growth is expected to land at 1.7% in 2023. Improved conditions in the energy market have lowered prices helping reduce overall inflation which is expected to fall below European Central Bank's 2% target by 2024. The labor market has remained steady through the challenges and as price pressure eases, there is an expected increase in household consumption and consumer confidence in the second half-year. Real investment spending was at its lowest levels in years during Q1 due to increasing interest rates, elevated input costs and uneven global demand. While there is some expected improvement within the variables, business confidence is trending downwards, and growth will be uneven in the near future. (Moody's Analytics)

## Occupier focus

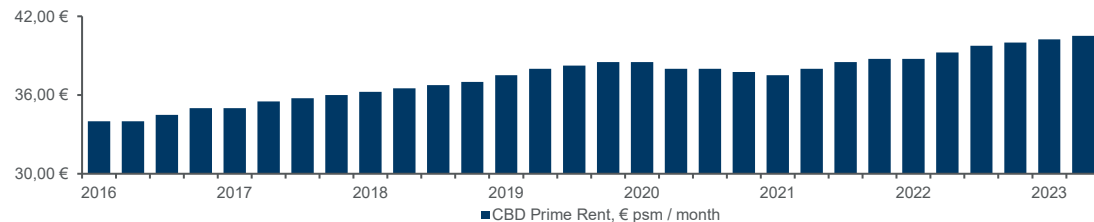
Demand continued to be stable for prime offices and premises with strong amenities that bring additional value to employees. Some companies are growing and expanding; however, the most common inquiry is from a company that is downsizing and/or looking for cost savings. Some occupiers are willing to pay higher rent/sq.m for premises that bring additional value for the tenant if the total space cost can be lowered through smaller office area. 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 13.3% in Q2 2023. The vacancy increased by 0.8 percentage points compared to the previous quarter – a negative net take up of nearly 40,000 sq.m. During H1 2023, some 30,000 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 2023-2025, including projects such as We Land in Ruoholahti, Ilmalan Aura in Pasila/Ilmala, and Nordea Campus extension in Vallila.

## Outlook

Outlook is still positive for good assets, but polarization between strong and weak assets and locations becomes more visible. 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.

## CBD PRIME RENT



## MARKET STATISTICS (HMA)

SUBMARKET	OFFICE STOCK (sqm)	AVAILABILITY (sqm), Q2 2023	VACANCY RATE Q2 2023	VACANCY RATE Q1 2023	UNDER CONSTRUCTION (sqm)
CBD	642,244	78,529	12.2%	11.2%	
SBD	674,351	57,665	8.6%	8.1%	19,900
Ruoholahti	341,924	44,104	12.9%	11.5%	21,000
Pasila/Vallila	806,732	87,482	10.8%	10.1%	26,000
Hakaniemi/Kalasadama/Sörnäinen	526,755	72,386	13.7%	13.0%	
Pitäjänmäki	370,440	99,441	26.8%	24.9%	
Keilaniemi/Otaniemi	382,552	48,828	12.8%	11.8%	16,000
Leppävaara	265,633	41,012	15.4%	13.8%	
Aviapolis	187,815	30,910	16.5%	16.9%	
<b>Helsinki Metropolitan Area (studied areas in total)</b>	<b>4,198,444</b>	<b>560,357</b>	<b>13.3%</b>	<b>12.5%</b>	

Source: Helsinki Research Forum, Cushman & Wakefield

## KEY LEASE TRANSACTIONS Q2 2023

SUBMARKET	TENANT	SQM	TYPE
Espoo (Keilaniemi)	Confidential	500-1,000	Lease
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Helsinki (Pasila)	Confidential	500-1,000	Lease
Helsinki (Pasila)	Confidential	300-500	Lease

## KEY SALES TRANSACTIONS YTD 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE / €mn
Office property	Keilaniemi, Espoo	Fund Managed by AXA Investment Managers – Real Assets / NREP	17,300	n.a.
Henry Ford building	Hernesaari, Helsinki	Schroders / Investors represented by Cobbleyard Real Estate	10,000	n.a.
Kalasadaman Horisontti	Kalasadama, Helsinki	SRV / Niam	11,700	n.a.

## KEY CONSTRUCTION COMPLETIONS YTD 2023

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

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