

-8.8

Consumer Confidence, June 2023

YoY Chg



12-Mo. Forecast



15.3k

Helsinki Region Population Growth, 2022



€105

Prime rent, PSM/m



Source: Statistics Finland, Cushman & Wakefield

FINLAND ECONOMIC INDICATORS Q2 2023

0.04%

GDP Growth, Q-to-Q

YoY Chg



12-Mo. Forecast



0.13%

Private consumption Growth, Q-to-Q



3.0%

Retail Turnover Growth, April 2023, YoY



Source: Moody's Analytics, Statistics Finland

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)

According to Statistics Finland, consumer confidence stood at -8.8 in June 2023, while in December 2022 the consumer confidence was at a low point of -18.5 (the long-term average is -3.5).

The total sales in shopping centres continued to grow modestly in Q1 2023 – the total sales in Q1 were 10.0% higher than in Q1 2022. (Finnish Council of Shopping Centers)

Occupier focus

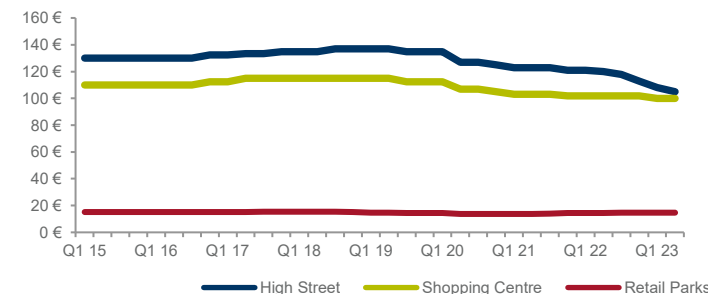
In the retail sector, the activity remains good in the food and beverage (F&B) sector, however more cautiousness has been evident compared to 2022. Demand towards Helsinki CBD high street has increased and slight improvement in the occupancy has been witnessed. However, the high street demand still remains low compared to pre-COVID, and the pressure for rent levels, especially in large units occupied by e.g., fashion retailers, has pushed prime rents further down in Q2 2023. The demand towards retail park and big boxes remained good in the first half of 2023.

Over 60,000 sq.m of new retail space was completed in 2022 in the Helsinki Metropolitan Area, with the new Lippulaiva SC accounting for 44,000 sq.m of the total completions. In H1 2023, less than 3,000 sq.m of new retail space was completed. There are currently only some 30,000 sq.m of retail premises under construction in the HMA expected to be completed in 2023-2024.

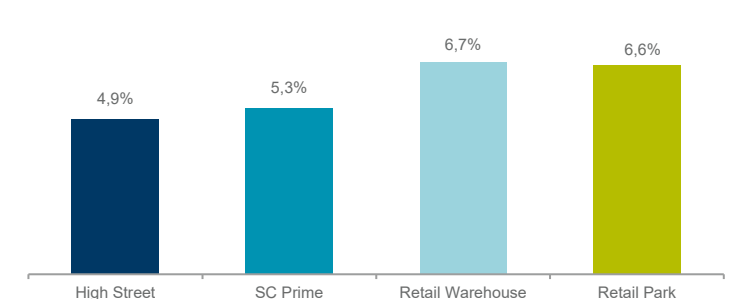
Outlook

The demand in the big box sector is expected to remain solid in the short and medium-term. F&B sector demand in the CBD is strong for high end restaurants and fast food. Lower consumer spending puts average concepts under pressure. Outlook also slightly more positive for foreign high end fashion brands as tourism is slowly returning to Helsinki after COVID-restrictions. Although, demand is still quite scarce towards the high street retail premises. Going forward a downward pressure on prime high street rents is expected to continue.

PRIME RENTS HELSINKI



PRIME YIELDS



LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT/TENANT TYPE	SQ.M.	TYPE
Simonkatu	CBD, Helsinki	Retail	<100	Lease
Lönnotinkatu	SBD, Helsinki	Restaurant	100-200	Lease

KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SQ.M.	PRICE/€mn
K-Market Jounin Kauppa	Kolari	Jounin Kauppa Oy / Kesko Oyj	8,100	19.0
Retail property	Vantaa	UM Kiinteistöt Oy / Innovestor Oy	9,300	n.a.
Ristikko Shopping Centre	Helsinki	Hartela Oy, Ilmarinen Mutual Pension Insurance Company / Erikoissijoitusrahasto Evli Vuokratuotto	13,700	n.a.

KEY CONSTRUCTION COMPLETIONS 2022 / 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SQ.M.	OWNER / DEVELOPER
Lippulaiva SC	Espoonlahti, Espoo	K-Supermarket, Prisma, City of Espoo, Lidl, Tokmanni, Jysk	44,000	Citycon, Citycon

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