

YoY Chg 12-Mo. Forecast

-11.5
Consumer Confidence, September 2023



13.5k
Helsinki Region Population Growth, 2023 H1



€102
Prime rent, PSM/m



Source: Statistics Finland, Cushman & Wakefield

FINLAND ECONOMIC INDICATORS Q3 2023

YoY Chg 12-Mo. Forecast

0.50%
GDP Growth, Q-to-Q



1.02%
Private consumption Growth, Q-to-Q



-1.8%
Retail Turnover Growth, August 2023, YoY



Source: Moody's Analytics, Statistics Finland

Overview

According to the data and forecast updated in September, the Finnish economy expanded slightly in H1 2023 due to strong demand in the service sector and increased industrial production. Growth in the latter half of 2023 is set to remain stable and growth for the whole year is forecasted at 0.7%. Inflation has reduced from peak levels mostly due to improved situation in the energy markets and is forecasted to continue reducing in the latter half of 2023 before reaching ECB's 2% target by 2024. Household consumption is expected continue minor growth despite low levels of consumer confidence. The labor market has remained steady throughout the year although unemployment rate is forecasted to increase slightly in late 2023. Interest rates increased in Q3 2023, which has affected investment spending, but ECB's interest rates have likely hit their peak levels. Overall, the short-term market outlook is clouded with uncertainty as multiple sectors notably building and industrial sectors have been struggling recently. (Moody's Analytics)

According to Statistics Finland, consumer confidence stood at -11.5 in September 2023, while in December 2022 the consumer confidence was at a low point of -18.5 (the long-term average is -2.3).

Shopping centres continued minor growth in Q2 2023 with total sales being 4.6% higher compared to Q2 2022. The footfall of shopping centres also grew by 6.8% in Q2 compared to previous year. (Finnish Council of Shopping Centers)

Occupier focus

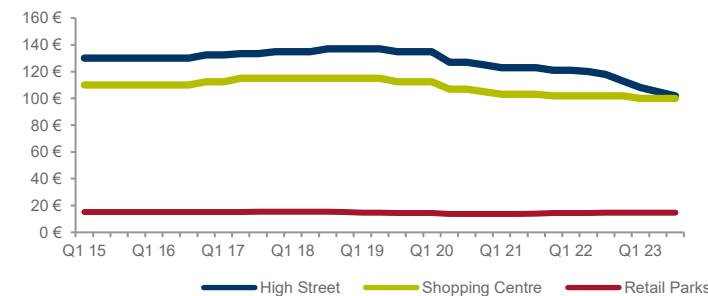
After the summer period we have witnessed an increase in the available retail premises, even in the most sought-after locations. For the past quarters, good level of demand has been from the F&B sector. However, during Q3 the sentiment has shifted to worse, and more cautiousness has been evident. Negative rental level movement was witnessed during Q3 in the Helsinki high street rents. The inquiries and demand towards retail park and big boxes has remained good in the YTD 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. YTD 2023, some 7,000 sq.m of new retail space has been 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.

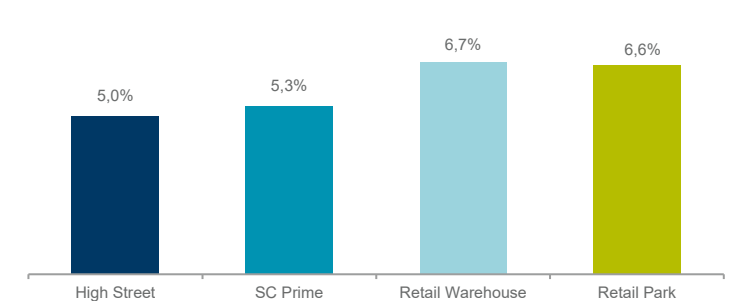
Outlook

The demand in the big box sector is expected to remain solid in discount store category, but more uncertainty is seen towards fashion, hardware, and furnishing categories. Lower consumer spending is estimated to put pressure on high street retail and F&B. Going forward an increase in retail vacancies and downward pressure on prime high street rents is expected to continue.

PRIME RENTS HELSINKI



PRIME YIELDS



LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT/TENANT TYPE	SQ.M.	TYPE
Korkeavuorenkatu	CBD, Helsinki	Restaurant	500-700	Lease
Aleksanterinkatu	CBD, Helsinki	Restaurant	100-200	Lease
Aleksanterinkatu	CBD, Helsinki	Fashion	100-200	Lease
Aleksanterinkatu	CBD, Helsinki	Fashion	200-500	Lease

KEY SALES TRANSACTIONS YTD 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SQ.M.	PRICE/€mn
Espoonatori Retail Centre	Espoo	Cerberus Capital Management / Kesko Oyj	n.a.	n.a.
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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