

14.6%
Vacancy Rate, Q4 2023

YoY
Chg



12-Mo.
Forecast



13.8%
Vacancy rate, Helsinki CBD, Q4 2023



€40.75
Prime rent, PSM / month



Source: Helsinki Research Forum, Cushman & Wakefield

ECONOMIC INDICATORS Q4 2023

0.19%
GDP Growth, Q-to-Q

YoY
Chg



12-Mo.
Forecast



7.22%
Unemployment Rate



Source: Moody's Analytics

Overview

The Finnish economy decreased slightly in 2023 with sectors significantly affected by the increased interest rates throughout 2023 suffering the most. Investments, building sector and the housing market saw major decreases in 2023 and weak development of the global economy has affected the export sector negatively. This trend is expected to continue in 2024. The labor market has been relatively steady although there has been a slight increase in the unemployment rate in 2023.

Inflation reduced rapidly in Finland during H2/2023 and this trend is set to continue in the early stages of 2024 before reaching and stabilizing around the ECB target level of 2% in the second half of 2024. Key ECB interest rates have likely seen their peak with first interest rate cuts expected at the end of H1/2024. Despite low level of consumer confidence, private consumption has remained relatively stable with some growth in Q4. Both are trending upwards after the pressure from the high interest rates eases off. Overall, there is optimism in the market and the Finnish economy is projected for minor growth in 2024 although there is still uncertainty regarding the future.

Occupier focus

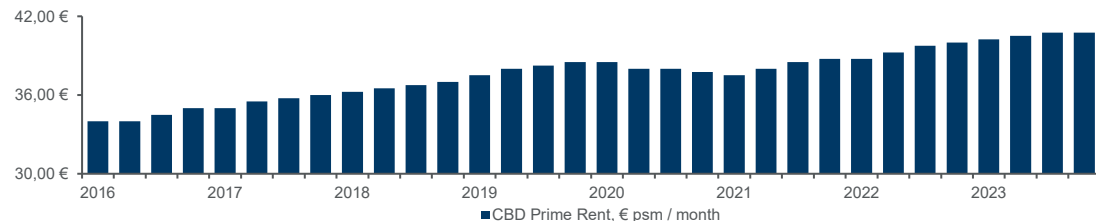
Increased uncertainty in the office occupier market was evident in the latter half of 2023. The prevailing uncertainty led to hampering in the decision making, which naturally to decreased demand. Nevertheless, the demand towards prime offices and premises with strong amenities that bring additional value to employees remains. The demand for secondary assets remained sluggish and further downward pressure on the secondary rental levels is expected going forward.

According to the Helsinki Research Forum, vacancy in the thirteen key office areas in the HMA was 14.6% in Q4 2023. The vacancy increased by 0.2 percentage points compared to the previous quarter – an increase of approximately 11,000 sq.m q-on-q. Compared to the previous two quarters the growth in vacancy has slowed down. In 2023, close to 50,000 sq.m of new office space has been delivered in the HMA. Moreover, there remain some to 140,000 sq.m under construction due to be completed in 2024-2026, including projects such as We Land in Ruoholahti, Ilmalan Aura in Pasila/Ilmala, Nordea Campus extension in Vallila, and Keilaniemen portti in Keilaniemi.

Outlook

Outlook for the office occupier demand has become increasingly hazy. As the vacancies have kept on increasing, downward pressure on rental levels in multiple submarkets is expected. Demand towards premises with strong amenities is expected to remain, thus the rent level pressure is predominantly predicted to hit the secondary assets and locations. Vacancies are forecasted to further increase when lease events come due, and occupiers take actions.

CBD PRIME RENT



MARKET STATISTICS (HMA)

SUBMARKET	OFFICE STOCK (sqm)	AVAILABILITY (sqm), Q4 2023	VACANCY RATE Q4 2023	VACANCY RATE Q3 2023	UNDER CONSTRUCTION (sqm)
CBD	647,754	89,296	13.8%	13.4%	16,700
SBD	682,051	56,874	8.3%	8.2%	19,900
Ruoholahti	352,847	50,624	14.3%	13.4%	21,000
Pasila/Vallila	838,612	112,298	13.4%	12.7%	26,000
Hakaniemi/Kalasatama/Sörnäinen	526,754	79,832	15.2%	15.4%	10,000
Pitäjänmäki	370,440	102,402	27.6%	27.3%	
Keilaniemi/Otaniemi	382,551	48,511	12.7%	12.5%	17,700
Leppävaara	265,633	46,970	17.7%	17.6%	
Aviapolis	187,815	35,843	19.1%	20.1%	
Helsinki Metropolitan Area (studied areas in total)	4,254,457	622,651	14.6%	14.4%	

Source: Helsinki Research Forum, Cushman & Wakefield

KEY LEASE TRANSACTIONS Q4 2023

SUBMARKET	TENANT	SQM	TYPE
Espoo (Keilaniemi)	Confidential	500-1,000	Sub-lease
Helsinki (CBD)	Confidential	500-1,000	Extension
Helsinki (Ruoholahti)	Confidential	2,000-3,000	Lease
Helsinki (Kalasatama)	Confidential	1,000-2,000	Lease

KEY SALES TRANSACTIONS H2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE / €mn
Kiinteistö Oy Krouvintie 4	Oulu	Lapti Group Oy / LähiTapiola Aluekiinteistöt Ky	n.a.	22.00
Office and industrial property (HQ of Tapiolan Lämpö Oy)	Espoo	HGR Property Partners Oy / Capman	10,400	n.a.
Maistraatinportti 1	Pasila, Helsinki	YIT / Fennia Mutual Insurance Company	12,400	n.a.
Lyyra office property	Kallio, Helsinki	Varma & Ylva / Niam	10,400	n.a.

KEY CONSTRUCTION COMPLETIONS H2 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	OWNER / DEVELOPER
Kulma21 (renovation)	Töölö, Helsinki	Wolt	9,800	NCC / NCC
Maistraatinportti 1 (renovation)	Pasila, Helsinki	Eezy Oy	12,400	Fennia / YIT
Korkeavuorenkatu 32-34 (renovation/new)	Kaartinkaupunki, Helsinki	Ernst & Young	7,000	Sirius / YIT

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