

-13.3

Consumer Confidence, December 2023

YoY Chg



12-Mo. Forecast



19.8k

Helsinki Region Population Growth, 2023 Q1-Q3



€102

Prime rent, PSM/m



Source: Statistics Finland, Cushman & Wakefield

FINLAND ECONOMIC INDICATORS Q4 2023

0.19%

GDP Growth, Q-to-Q

YoY Chg



12-Mo. Forecast



1.20%

Private consumption Growth, Q-to-Q



-2.5%

Retail Turnover Growth, October 2023, YoY



Source: Moody's Analytics, Statistics Finland

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.

According to Statistics Finland, consumer confidence stood at -13.3 in December 2023, while in December 2022 the consumer confidence was at a low point of -18.5 (the long-term average is -2.4).

Shopping centres continued minor growth in Q3 2023 with total sales being 4.8% higher compared to Q3 2022. The footfall of shopping centres also grew by 5.5% in Q2 compared to previous year. (Finnish Council of Shopping Centers)

Occupier focus

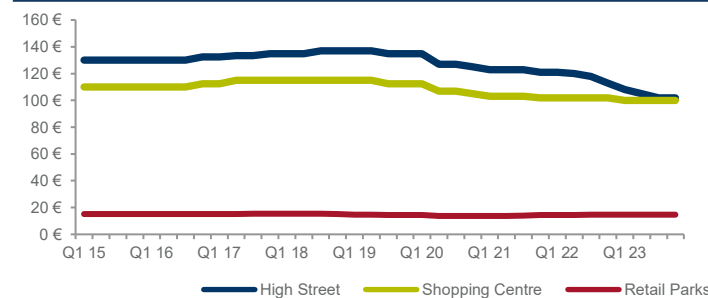
During Q3 the retail occupier sentiment shifted to worse, and more cautiousness was evident, which continued in the last quarter of the year. Up until Q3 the demand in the big box sector was still solid, but in Q4 a decrease in the demand was witnessed especially from fashion retailers.

Close to 30,000 sq.m of new retail space was completed in 2023 in the Helsinki Metropolitan Area, with the new Kivis SC accounting for 12,000 sq.m of the total completions. There are currently some 45,000 sq.m of retail premises under construction in the HMA expected to be completed in 2024-2026.

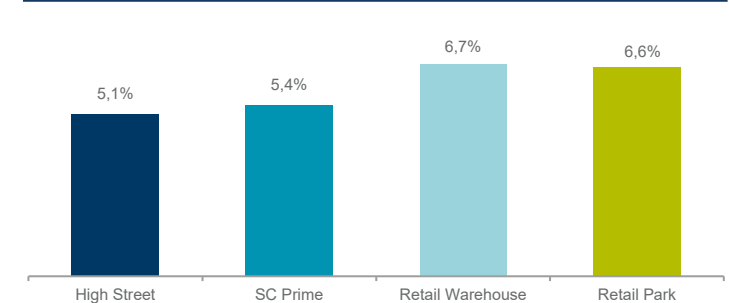
Outlook

The demand in the big box sector is expected to remain solid in discount store category, but the uncertainty is seen to continue in 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 H2 2023

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

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SQ.M.	PRICE/€mn
Tennispalatsi	Helsinki	City of Helsinki / NIAM	16,700	30
Three retail properties	Espoo, Tampere	eQ Commercial Properties / LocalTapiola Aluekiinteistöt ky	n.a.	n.a.
Kiinteistö Oy Tuusulan Pysäkkikuja 1	Tuusula	AKR Tuotto Ky / Staffia Oy	4,000	n.a.

KEY CONSTRUCTION COMPLETIONS 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SQ.M.	OWNER / DEVELOPER
Kivis SC	Kivistö, Vantaa	S-Market, Lidl, Fitness24Seven, Normal	12,000	eQ / Lehto

VILLE SUOMINEN

Head of Valuation

+358 10 836 8455

ville.suominen@cushwake.fi

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