

14.5%

Vacancy Rate, Q1 2024

YoY Chg



12-Mo. Forecast



14.1%

Vacancy rate, Helsinki CBD, Q1 2024



€40.75

Prime rent, PSM / month



Source: Helsinki Research Forum, Cushman & Wakefield

ECONOMIC INDICATORS Q1 2024

0.01%

GDP Growth, Q-to-Q

YoY Chg



12-Mo. Forecast



7.25%

Unemployment Rate



Source: Moody's Analytics

Overview

The Finnish economy suffered slight recession in 2023 as multiple sectors were affected by the increased interest rates and the Finnish GDP reducing by 1%. Early 2024 has continued challenging as economic growth has been stagnated by strikes in multiple sectors and a reduction in private consumption. Unemployment is expected to increase throughout 2024, especially in the building sector. Consumer confidence has remained low but increased real income during 2024 will help private consumption to recover and increase household purchasing power.

Inflation has continued reducing in early 2024, although slightly slower than predicted, but is expected to reach and stabilize around 2% in the later stages of 2024. ECB has kept their key interest rates at 4% since last fall and the first decrease is expected during the summer. Despite a challenging start to the year and risks regarding future development the Finnish economy should start recovering and minor growth is projected, mostly during the later stages of 2024.

Occupier focus

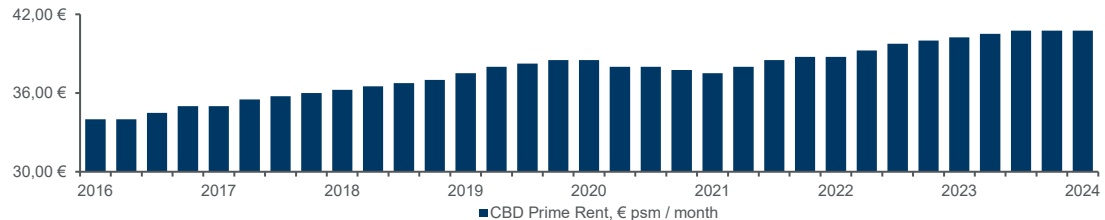
The trend of growing vacancy has slowed down in early 2024, but demand in the office occupier market has become more polarized. Demand for prime offices and premises with strong amenities that bring additional value to employees remains. Rental levels for prime assets have remained stable, while the demand and rental levels for secondary assets is facing downwards pressure. Demand for assets with building certificates is growing as occupiers focus on premium assets and improving overall ESG performance. Occupiers remain hesitant to sign longer duration leases.

According to the Helsinki Research Forum, vacancy in the thirteen key office areas in the HMA was 14.5% in Q1 2024. The vacancy decreased by 0.1 percentage points compared to the previous quarter – a decrease of approximately 7,000 sq.m q-on-q and the trend of growing vacancy has slowed down. Among the main office submarkets in HMA, Helsinki CBD and Keilaniemi have experienced a good level of interest in recent quarters. In Q1 2024, some 3,200 sq.m of new office space was delivered in the HMA. There are close 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 is visibly more polarizing. While vacancies have decreased slightly at the start of 2024 there is still downwards pressure on rental levels in multiple submarkets. Occupiers that downsized heavily during previous years have begun to expand their premises. Prime offices and with strong amenities have increasing demand, thus the rent level pressure is mainly focused to impact the secondary assets and locations.

CBD PRIME RENT





MARKET STATISTICS (HMA)

SUBMARKET	OFFICE STOCK (sqm)	AVAILABILITY (sqm), Q4 2023	VACANCY RATE Q1 2024	VACANCY RATE Q4 2023	UNDER CONSTRUCTION (sqm)
CBD	644,422	91,134	14.1%	13.8%	16,700
SBD	680,185	56,108	8.2%	8.4%	19,900
Ruoholahti	352,847	49,315	14.0%	14.3%	27,000
Pasila/Vallila	838,612	114,453	13.6%	13.5%	26,000
Hakaniemi/Kalasadama/Sörnäinen	526,754	78,751	15.0%	15.2%	10,000
Pitäjänmäki	370,440	100,449	27.1%	27.4%	
Keilaniemi/Otaniemi	382,551	45,619	11.9%	12.7%	17,700
Leppävaara	265,633	47,113	17.7%	17.7%	
Aviapolis	187,815	33,372	17.8%	19.1%	
Helsinki Metropolitan Area (studied areas in total)	4,249,258	616,314	14.5%	14.6%	

Source: Helsinki Research Forum, Cushman & Wakefield

KEY LEASE TRANSACTIONS Q1 2024

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

KEY SALES TRANSACTIONS Q4 2023 / Q1 2024

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.
Office property	Tampere	Sponda Oyj / VVT Property Fund II Ky	13,000	n.a.

KEY CONSTRUCTION COMPLETIONS 2023/2024

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	OWNER / DEVELOPER
Kulma21 (renovation)	Töölö, Helsinki	Wolt	9,800	NCC / NCC
Maistraatinportti 1 (renovation)	Pasila, Helsinki	Eezy Oyj	12,400	Fennia / YIT

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