

**-9.4**

Consumer Confidence, March 2024

YoY Chg



12-Mo. Forecast



**26.0k**

Helsinki Region Population Growth, 2023



**€102**

Prime rent, PSM/m



Source: Statistics Finland, Cushman & Wakefield

### FINLAND ECONOMIC INDICATORS Q1 2024

**0.01%**

GDP Growth, Q-to-Q

YoY Chg



12-Mo. Forecast



**-0.51%**

Private consumption Growth, Q-to-Q



**-3.6%**

Retail Turnover Growth, February 2024, YoY



Source: Moody's Analytics, Statistics Finland

### 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.

According to Statistics Finland, consumer confidence stood at -9.4 in March 2024, 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 Q4 2023 with total sales being 3.2% higher compared to Q4 2022. The footfall of shopping centres also grew by 4.2% in Q4 compared to previous year. In 2023 the footfall of shopping centres grew by 8.7% nearly reaching the levels of 2019. (Finnish Council of Shopping Centers)

### Occupier focus

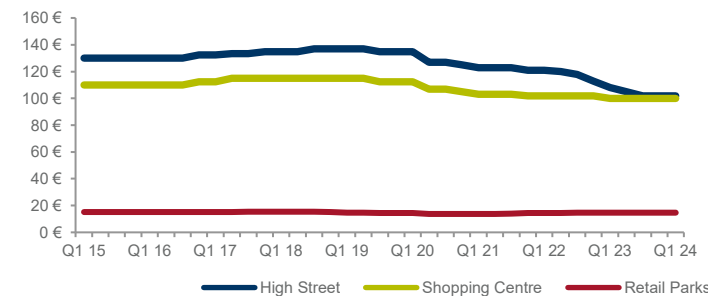
In early 2024 the retail occupier sentiment has continued the same downward trend as end of 2023. There is cautiousness from retailers and a decrease in private consumption has created pressure in all retail sectors. Especially for restaurant premises there has been a visible decrease in demand.

Approximately to 9,000 sq.m of new retail space was completed in Q1 2024 in the Helsinki Metropolitan Area. There are currently some 37,000 sq.m of retail premises under construction in the HMA expected to be completed in 2024-2026.

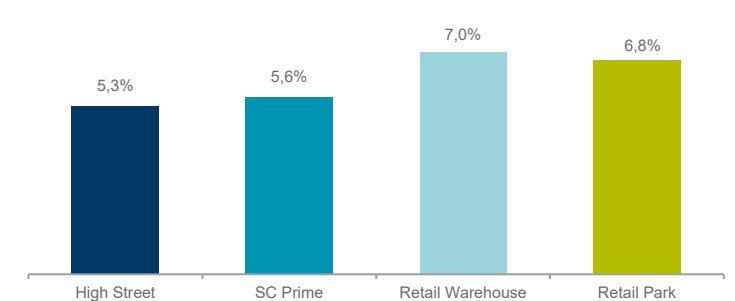
### Outlook

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 2024

PROPERTY	SUBMARKET	TENANT/TENANT TYPE	SQ.M.	TYPE
Aleksanterinkatu	CBD, Helsinki	Fashion	200-500	Lease
Fredrikinkatu	SBD, Helsinki	Restaurant	100-200	Lease
Aleksanterinkatu	CBD, Helsinki	Fashion	100-200	Lease
Pohjoisesplanadi	CBD, Helsinki	Restaurant	700-1,000	Lease

## KEY SALES TRANSACTIONS Q4 2023 / Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SQ.M.	PRICE/€mn
Tennispalatsi	Helsinki	City of Helsinki / NIAM	16,700	30
Two retail properties	Espoo, Salo	eQ / Kesko Oy	19,800	n.a.
Retail Park Vantaanportti	Vantaa	eQ / Tallberg	24,600	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
Myyrmani SC (renovation)	Myyrämäki, Vantaa	Prisma, K-citymarket, Tokmanni	n.a.	Citycon / Consti

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