

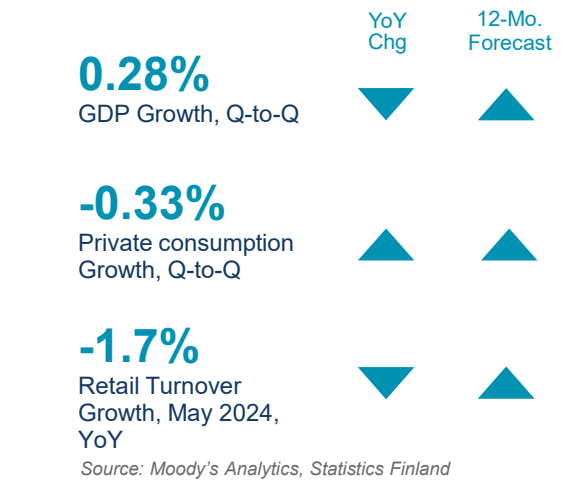
FINLAND

Retail Q2 2024



Source: Statistics Finland, Cushman & Wakefield

FINLAND ECONOMIC INDICATORS Q2 2024



Overview

In 2023 the Finnish economy decreased moderately but a gradual recovery is expected during 2024 and an estimated GDP growth of 1-2% in 2025. The recovery is driven by an expected increase in the export sector and growth in disposable real incomes that help boost private consumption and consumption demand. The economy has seen minor growth in H1 2024 despite the uncertainty at the start of the year caused by the strikes in multiple sectors. In the labour market increasing layoffs are leading to a rise in unemployment rate in 2024 before a recovery in 2025. Investments have been the weak link in the economy with construction investments decreasing by -8.5% in 2023.

Inflation has continued reducing in early 2024 with 1.5% recorded in May. A temporary spike is expected in August, but inflation should settle at 2% by the end of the year. ECB interest rates were lowered to 3.75% in June as expected and while no further reductions were announced, the markets anticipate 1-2 additional cuts during 2024 which is promising for the recovery of the Finnish economy. (Moody's Analytics)

According to Statistics Finland, consumer confidence stood at -7.6 in June 2024, while in December 2022 the consumer confidence was at a low point of -18.5 (the long-term average is -2.5).

Shopping centres continued minor growth in Q1 2024 with total sales being 3.6% higher compared to Q1 2023. The footfall of shopping centres also grew by 5.6% in Q1 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

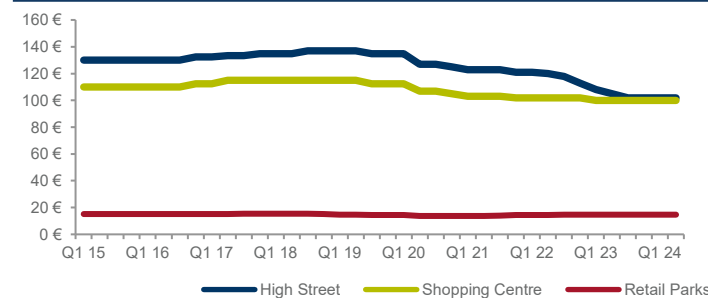
The retail occupier sentiment has continued to be challenging in the first half of 2024. There is still pressure on all retail sectors as vacancies are increasing and rental levels are seeing downward movement. Especially restaurant premises have seen a visible decrease in demand.

Approximately 26,000 sq.m of new retail space was completed in H1 2024 in the Helsinki Metropolitan Area. There are currently some 23,000 sq.m of retail premises under construction in the HMA expected to be completed in 2024-2026.

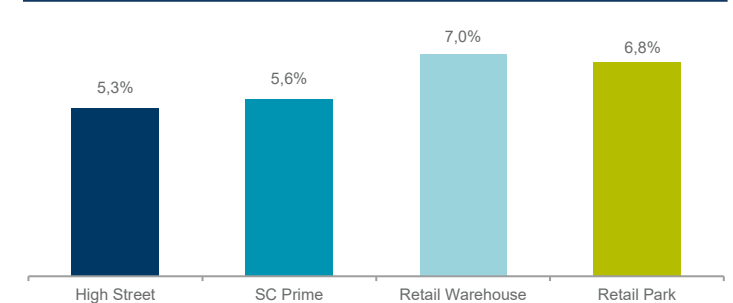
Outlook

The demand in the big box sector is expected to remain solid in discount store category, but uncertainty is expected to continue in other sectors of the retail market. Going forward an increase in retail vacancies and downward pressure on prime high street rents is expected to continue, but there are still activity and opportunities in the occupier market.

PRIME RENTS HELSINKI



PRIME YIELDS



LEASE TRANSACTIONS 2024

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

KEY SALES TRANSACTIONS H1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SQ.M.	PRICE/€mn
Shopping centre Niitty	Espoo	OP / HOK-Elanto	n.a.	n.a.
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 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SQ.M.	OWNER / DEVELOPER
Bigbox asset in Tammisto	Tammisto, Vantaa	Power	7,000	Ilmarinen
Bigbox asset in Petikko	Kivistö, Vantaa	Wetteri, Autosuni	8,400	Teräselementti Oy

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