

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
15.2% Vacancy Rate	▲	▲
13.9% Vacancy Rate, Helsinki CBD	▲	▼
€41.50 Prime rent, PSM / month	▲	▲

Source: Helsinki Research Forum, Cushman & Wakefield

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
0.52% GDP Growth Q-to-Q	▲	▲
8.05% Unemployment Rate 2024 forecast	▲	▼

Source: Moody's Analytics

ECONOMIC OVERVIEW

The Finnish economy has shown positive signs in 2024, and a gradual recovery is expected in 2025 and 2026, with GDP growth estimated at 1.5-2% for both years. Private consumption and an increase in demand in the export sector are anticipated to be the key drivers of this recovery. ECB interest rates are forecast to continue decreasing, with multiple outlets predicting the ECB rate to settle at 2-2.25% by the end of 2025, easing pressure on multiple sectors, particularly the construction industry, which has been a weak point in the Finnish economy in recent years.

Growth in disposable real income, low inflation, and decreasing interest rates have positively impacted consumer purchasing power and confidence. Although a temporary spike in inflation due to an increase in VAT is expected in the fall, inflation levels should stabilize around 2% by the end of the year. While the labor market has remained subdued and unemployment levels have risen in 2024, the anticipated economic recovery is expected to positively affect the labor market in 2025 and 2026.

OCCUPIER FOCUS

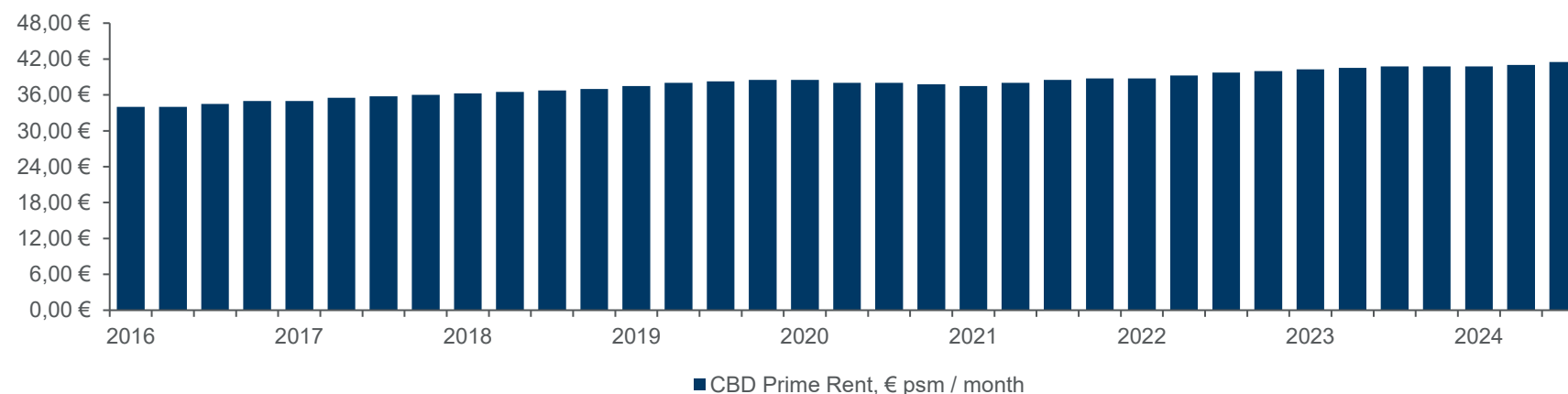
The office market has been quiet in 2024 and in Q3 vacancies among the main office submarkets in HMA continued increasing. Occupiers with excess space are looking to downsize to smaller, quality premises in better locations. Most occupiers are also looking for ways to increase working from the office and entice employees to use office space through better premises with more amenities. The polarization of the office market is evident as demand for modern offices in prime locations remains stable and the rental level and vacancy pressure is focused mostly on secondary assets and locations.

According to the Helsinki Research Forum, vacancy in the thirteen key office areas in the HMA was 15.2% in Q3 2024. The overall vacancy increased by 0.4 percentage points compared to the previous quarter with Pasila and Ruoholahti seeing the biggest increases in vacancy. Among the main office submarkets in HMA, Aviapolis and Keilaniemi experienced a good level of interest in Q3 2024. In Q3 2024, some 23,500 sq.m of new office space was delivered in the HMA. There are close to 133,000 sq.m under construction due to be completed in 2024-2028, including projects such as Signe in Helsinki city centre, Keilaniemen portti in Keilaniemi, and The Node in Pasila.

OUTLOOK

Outlook for the office occupier demand is polarizing. Occupiers focus on premium assets, while demand in secondary markets is weak. Property owners are focused on keeping current tenants through better terms and improving premises as new tenants become harder to find. Occupiers remain hesitant to sign longer duration leases.

CBD PRIME RENT



MARKET STATISTICS (HMA)

SUBMARKET	OFFICE STOCK (sqm)	AVAILABILITY (sqm), Q3 2024	VACANCY RATE Q3 2024	VACANCY RATE Q2 2024	UNDER CONSTRUCTION (sqm)
CBD	635,500	88,363	13.9%	13.9%	16,700
SBD	692,985	59,209	8.5%	8.2%	19,160
Ruoholahti	376,883	58,325	15.5%	13.5%	
Pasila	468,242	52,756	11.3%	9.2%	43,000
Vallila	389,640	81,091	20.8%	20.3%	
Hakaniemi	170,586	16,882	9.9%	9.9%	
Kalasadama	203,673	33,294	16.3%	16.2%	10,000
Sörnäinen	149,582	29,908	20.0%	18.8%	
Pitäjänmäki	360,782	96,310	26.7%	26.9%	
Keilaniemi	206,516	19,217	9.3%	10.2%	17,700
Otaniemi	170,850	32,400	19.0%	19.1%	5,700
Leppävaara	265,633	49,907	18.8%	18.5%	
Aviapolis	187,815	33,759	18.0%	19.5%	
HMA (studied areas in total)	4,278,687	651,420	15.2%	14.8%	

Source: Helsinki Research Forum, Cushman & Wakefield

KEY LEASE TRANSACTIONS 2024

SUBMARKET	TENANT	SQM	TYPE
Espoo (Keilaniemi)	Confidential	100-300	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 YTD 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE / €mn
Office property	Vantaa	Cromwell / Revelon	6,200	n.a.
Office property	Tampere	Sponda / VVT	13,000	n.a.

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	OWNER/DEVELOPER
Nordea Campus extension	Vallila, Helsinki	Nordea	14,500	Pembroke / Pembroke
We Land	Ruoholahti, Helsinki	Deloitte, Cargotec, Helen	21,000	NCC / NCC
Wood City (phase III)	Katajanokka, Helsinki	Stora Enso	15,000	Varma / Varma

VILLE SUOMINEN

Head of Valuation

Tel: +358 10 836 8455

name@cushwake.fi

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield ("CWK"). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK's securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.