

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
-8.1 Consumer confidence, September 2024	▲	▲
26.0k Helsinki Region Population Growth 2023	▲	▲
€102 Prime rent, PSM/m	▬	▲

Source: Statistics Finland, Cushman & Wakefield

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
0.52% GDP Growth Q-to-Q	▲	▲
1.17% Private Consumption Growth, Q-to-Q	▲	▲
0.0% Retail Turnover Growth, August 2024 YoY	▬	▲

Source: Moody's Analytics, Statistics Finland

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.

According to Statistics Finland, consumer confidence stood at -8.1 in September 2024, while in December 2022 the consumer confidence was at a low point of -18.5 (the long-term average is -2.6).

Shopping centres continued minor growth in Q2 2024 with total sales being 0.7% higher compared to Q2 2023. The footfall of shopping centres also grew by 5.1% in Q2 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 remained challenging through 2024. Almost all sectors have been under pressure as vacancies continue to increase. The big box sector has faced increased challenges, and especially in smaller regions it is hard to find new tenants for larger premises. There has been an increase in vacancies in restaurant premises.

Approximately 32,000 sq.m of new retail space was completed so far in 2024 in the Helsinki Metropolitan Area. There are currently some 21,000 sq.m of retail premises under construction in the HMA expected to be completed in 2024-2026.

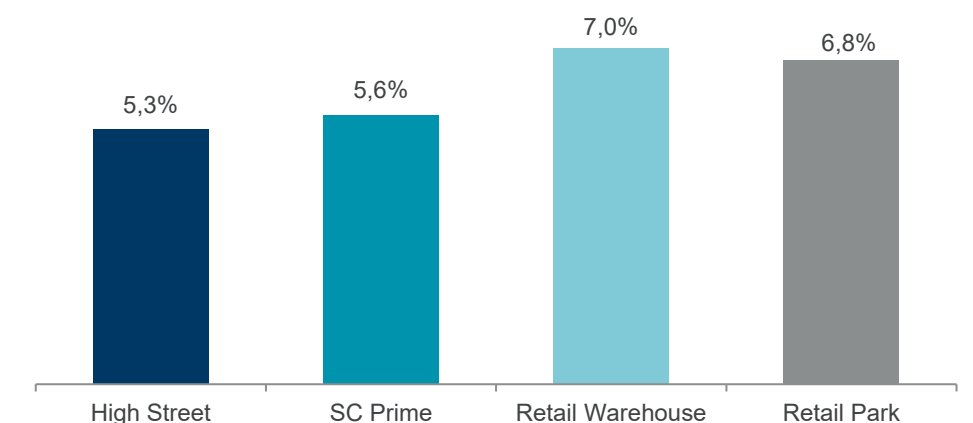
OUTLOOK

Due to uncertainties, there has been a decline in retail rents and no rental growth has been seen during recent quarters. However, going forward potential for the retail sector in the Helsinki metropolitan area is seen due to steady population growth, rising disposable incomes, and Finland's economic growth.

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 YTD 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.
Forum	Jyväskylä	Ovaro / Järvi-Suomen Asunnot, Royal House	16,400	9.00

KEY CONSTRUCTION COMPLETIONS YTD 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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