

YoY Chg

12-Mo. Forecast

12.8%

Vacancy Rate, Q2 2021

**11.4%**

Vacancy rate, Helsinki CBD, Q2 2021

**€38.0**

Prime rent, PSM / month

**ECONOMIC INDICATORS Q2 2021**

YoY Chg

12-Mo. Forecast

1.35%

GDP Growth, Q-to-Q

**7.7%**

Unemployment Rate



Source: Moody's Analytics

Overview

Finnish economy has hit a minor slowdown at the start of 2021 after already recovering towards the end of last the year. The modest recovery is set to continue in the second half of 2021. The spring lockdowns were a success and sent covid-19 cases into a steep decline while vaccination rollout accelerated. GDP decreased -2.7% in 2020 and is set to grow 2.7% in 2021 and 2.4% in 2022. Together with GDP, CPI is set to accelerate in H2 but to remain below 2%. Finland has navigated well through the pandemic, but the economy is not completely in the clear yet. Low infection rates have allowed Finland to remain mostly open without major lockdowns or harsh restrictions. A significant contribution to GDP growth will be attributed to private consumption, improved consumer sentiment and a release of held back demand.

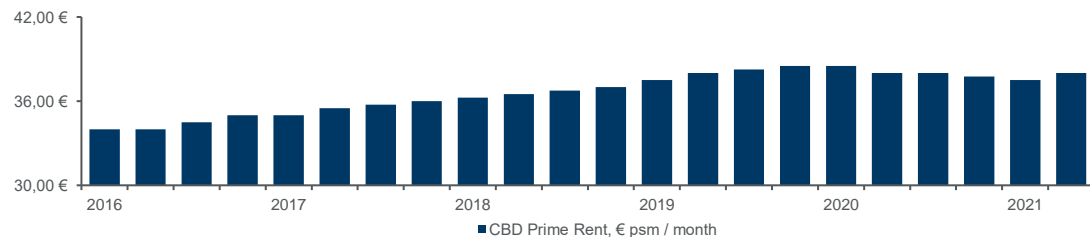
Occupier focus

Compared to initial lockdown period in spring 2020, the demand was on a healthier level in early Q2. After the restrictions were eased, the office occupier demand has notably increased. Companies are now more ready to make decisions regarding their business premises compared to 2020 and early 2021. In the office occupier market modern premises and flexible lease agreements are sought after.

According to the Helsinki Research Forum, the vacancy in the twelve key office areas in the Helsinki Metropolitan Area (HMA) was 12.8% in Q2 2021. In H1 2021 som 4,500 sq.m of new office premises were completed. There is currently some 115,000 sq.m under construction in the HMA due to be completed in 2021-2024.

Outlook

The expectations for occupier demand after the summer period is good, if no step back regarding the COVID-19 occurs. However, a step back is highly unlikely, as by the end of June 2021 Finland has already reached the +70% vaccination rate for the over 18-year-old population. It is fairly certain that remote working will remain at a higher level compared to pre-COVID time, but on the other hand companies will most likely make changes to their office concepts, making them healthier and capable to adopt in a potential new respiratory tract infection situation. Therefore, it still remains uncertain, what will the total effect on office demand be in the "new normal".

CBD PRIME RENT

MARKET STATISTICS (HMA)

SUBMARKET	BUILT STOCK (sqm)	AVAILABILITY (sqm), Q2 2021	VACANCY RATE Q2 2021	VACANCY RATE Q1 2021	UNDER CONSTRUCTION (sqm)
CBD	647,499	73,512	11.4%	11.0%	
Ruoholahti	347,637	55,572	16.0%	14.1%	21,000
Pasila/Vallila	864,056	79,226	9.2%	9.4%	9,200
Hakaniemi/Kalasadama/Sörnäinen	507,217	56,297	11.1%	11.8%	10,600
Pitäjänmäki	379,047	86,917	22.9%	23.9%	
Keilaniemi/Otaniemi	350,380	39,158	11.2%	11.9%	36,500
Leppävaara	245,264	35,742	14.6%	13.2%	18,500
Aviapolis	188,116	25,114	13.4%	12.8%	
Helsinki Metropolitan Area (studied areas in total)	3,529,216	451,537	12.8%	12.8%	

Source: Helsinki Research Forum, Cushman & Wakefield

KEY LEASE TRANSACTIONS 2019-2020

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Fabianinkatu 9 (move in 2021)	Helsinki (City Centre)	Krogerus	5,400	Lease
Helsinki Court House (move in 2021)	Helsinki (Ruoholahti)	Senaatti Properties	2,250	Lease
Kalasadama Kampus (Q1 2020)	Helsinki (Kalasadama)	Eläketurvakeskus	4,500	Lease
Oops / Hatsinanpuisto (under construction) (Q3 2019)	Espoo (Leppävaara)	Trimble Solutions	10,000	Lease
Keilalampi (Q3 2019)	Espoo (Keilaniemi)	If Vahinkovakuutus	n.a.	Lease

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE / €mn
HQ of Ramboll Finland	Leppävaara, Espoo	Altaal / Keva	20,000	70
Atomitie 5	Pitäjänmäki, Helsinki	AREIM Fund III / Erikoissijoitusrahasto Trevian Suomi Kiinteistöt I	11,000	24.4
Frenckell building	Tampere	City of Tampere / M/K Tampere IV Oy (managed by Aare Invest)		14.3

KEY CONSTRUCTION COMPLETIONS Q2 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	OWNER / DEVELOPER
Office property	Espoo	EKE-Rakennus	4,500	Quadoro Investment GmbH / EKE-Rakennus

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