

	YoY Chg	12-Mo. Forecast
12.3% Vacancy Rate, Q1 2022	▲	▼
10.8% Vacancy rate, Helsinki CBD, Q1 2022	▼	▼
€38.75 Prime rent, PSM / month	▲	▲

Source: Helsinki Research Forum, Cushman & Wakefield

ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
0.01% GDP Growth, Q-to-Q	▲	▲
6.85% Unemployment Rate	▼	▼

Source: Moody's Analytics

Overview

Economic growth in Finland is expected to slow down more than the euro area in general – and will temporarily fall below potential. However, Finland 's economy is not significantly more dependent on Russia compared to many large European economies. The most significant direct effect of the war is the decline in exports to Russia. The war will also hit other Finnish export markets which weakens the total export outlook. Finland's economy is expected to grow 2% this year and 1.6% in 2023. Inflation in 2022 will be at its highest since 1990 – prices are estimated to increase by 5.7% in 2022. Despite the drop in the economic growth, - due to the strong post-pandemic recovery - the outlook for the Finnish economy remains moderate this and next year. (OP Group, Moody's Analytics)

Occupier focus

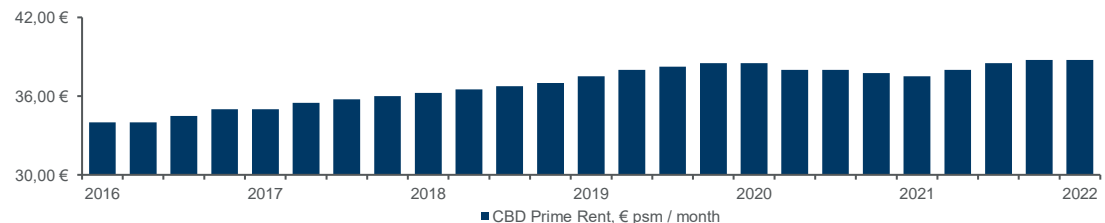
In January, the number of COVID-19 (Omicron) cases slowed down the demand in the office sectors. After the Omicron wave and the easing of restriction, the demand has steadily grown. The demand continues for prime premises, and for space which brings additional value to employees, such as those with strong amenities. Moreover, flexibility in the lease terms is sought after. During the pandemic the demand for larger office (+2,000 sq.m) premises has been more subtle, however we have recently seen increased activity in larger occupiers as well. The war in Ukraine, after the initial shock, has not affected the office occupier demand to a great extent.

According to the Helsinki Research Forum, the vacancy in the thirteen key office areas in the Helsinki Metropolitan Area (HMA) was 12.3% in Q1 2022. In the Q1 2022 vacancy study a new area was included, SBD (incl. e.g. areas in Kamppi and Kruununhaka), enhancing the overview of the study. The vacancy decreased by 0.7%-point compared to Q4 2021 (excl. SBD). In 2021 some 44,000 sq.m of new office premises were completed in the HMA. Moreover, there is currently over 125,000 sq.m under construction in the HMA due to be completed in 2022-2024, consisting for instance We Land in Ruoholahti, and Nordea Campus extension in Vallila.

Outlook

The expectations for occupier demand in the short-term is good. The occupiers are seen to adapt differently to the post-COVID time: some occupiers downsize due to hybrid working continuing at high rate, and others invest to premises which brings additional value and adapts to different ways of working at the office (increased number of online meetings, etc.).

CBD PRIME RENT





MARKET STATISTICS (HMA)

SUBMARKET	OFFICE STOCK (sqm)	AVAILABILITY (sqm), Q1 2022	VACANCY RATE Q1 2021	VACANCY RATE Q4 2021	UNDER CONSTRUCTION (sqm)
CBD	641,197	69,366	10.8%	11.0%	
SBD	665,920	55,381	8.3%	n.a.	7,000
Ruoholahti	347,637	46,330	13.3%	16.6%	21,000
Pasila/Vallila	789,636	67,367	8.5%	9.0%	45,600
Hakaniemi/Kalasadama/Sörnäinen	523,290	63,258	12.1%	11.8%	
Pitäjänmäki	379,653	91,003	24.0%	26.3%	
Keilaniemi/Otaniemi	354,926	52,621	14.8%	13.9%	21,000
Leppävaara	265,633	35,508	13.4%	12.8%	
Aviapolis	188,116	31,898	17.0%	16.9%	
Helsinki Metropolitan Area (studied areas in total)	4,516,008	512,732	12.3% (comparable to Q4: 13.1%)	13.8%	

Source: Helsinki Research Forum, Cushman & Wakefield

KEY LEASE TRANSACTIONS 2021-2022

SUBMARKET	TENANT	SQM	TYPE
Helsinki (CBD)	Confidential (IT sector)	500-1,000	Lease
Helsinki (CBD)	Naava	Confidential	Lease
Espoo (Leppävaara)	Confidential	3,000-5,000	Lease renewal
Helsinki (Käpylä)	Confidential	1,000-3,000	Lease

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE / €mn
Office property	Leppävaara, Espoo	Terrieri Kiinteistöt Ky / Assai Commercial Oy	3,200	n.a.
Duetto Park	Käpylä, Helsinki	Amundi AM / Cobbleyard Real Estate, Revcap	15,000	n.a.
Office development property	Sörnäinen, Helsinki	Valio Pension Fund / AREIM	6,000	n.a.

KEY CONSTRUCTION COMPLETIONS Q1 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	OWNER / DEVELOPER
Siltasaari 10 (redevelopment)	Hakaniemi, Helsinki	n.a.	16,400	Antilooppi / Antilooppi

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