

12.6%
Vacancy Rate, Q4 2022



10.3%
Vacancy rate, Helsinki CBD, Q3 2022



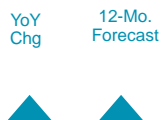
€40.0
Prime rent, PSM / month



Source: Helsinki Research Forum, Cushman & Wakefield

ECONOMIC INDICATORS Q4 2022

-0.14%
GDP Growth, Q-to-Q



6.76%
Unemployment Rate



Source: Moody's Analytics

Overview

According to initial figures, Finland's economy grew by 1.9% in 2022, and is expected to grow 0.6% in 2023. Positive development in 2022 was supported by pent-up demand and the recovery of the service sector from the pandemic in the first half. During the second half, growth turned negative. The H1 2023 is expected to be sluggish in terms of economic growth and positive movement is forecasted only in the second half. Consumer price index is forecasted to be 7.1% in 2022 and to remain above target at 5.4% in 2023. (Moody's Analytics)

Occupier focus

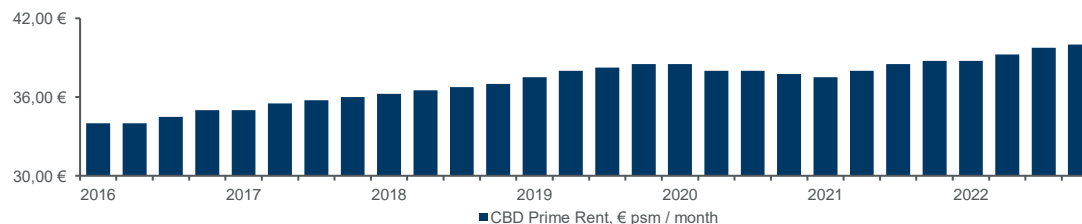
The overall demand for office premises decreased in H2 compared to early 2022 as the underlying drivers somewhat changed. While demand continued to be stable for prime offices and premises with strong amenities that bring additional value to employees, demand for secondary assets slowed down. On the other hand, we have witnessed an increased number of inquiries as the occupiers are tendering their current leases due to the pressure to create cost savings. Also, an increased supply through subletting has become evident as the occupiers have started to execute their downsize strategies. The high inflation and weakening overall confidence in the short term are driving this activity, but also the low employee presence at the office and utilisation of the premises, which often leads to downsizing.

Among the main office submarkets in the Helsinki Metropolitan Area (HMA), Helsinki CBD, Pasila, and Keilaniemi in particular have experienced a good level of interest in late 2022. According to the Helsinki Research Forum, the vacancy in the thirteen key office areas in the HMA was 12.6% in Q4 2022. The vacancy increased by 0.4 percentage points compared to the previous quarter – translating to a negative net take-up of 29,472 sq.m. During 2022, some 38,000 sq.m of new office space was delivered in the HMA. Moreover, there remain around 120,000 sq.m under construction due to be completed in 2023-2024, including projects such as We Land in Ruoholahti, Ilmalan Aura in Pasila/Ilmala, and Nordea Campus extension in Vallila.

Outlook

The occupiers are adapting differently to the post-COVID era and different ways of working – some only downsize due to low space utilisation as a result of high levels of hybrid work, while others may downsize but invest in premises which attract employees to the office. In addition, the upcoming rental reviews in this inflationary environment are expected to increase pressure on occupiers and consequently accelerate the trend of scaling down in the search for cost savings when lease events come due.

CBD PRIME RENT



MARKET STATISTICS (HMA)

SUBMARKET	OFFICE STOCK (sqm)	AVAILABILITY (sqm), Q4 2022	VACANCY RATE Q4 2022	VACANCY RATE Q3 2022	UNDER CONSTRUCTION (sqm)
CBD	639,582	65,870	10.3%	9.9%	
SBD	674,351	56,731	8.4%	7.9%	19,900
Ruoholahti	341,924	38,275	11.2%	10.9%	21,000
Pasila/Vallila	795,092	89,379	11.2%	10.9%	38,000
Hakaniemi/Kalasadama/Sörnäinen	519,737	66,839	12.9%	12.2%	7,000
Pitäjänmäki	379,653	91,375	24.1%	23.6%	
Keilaniemi/Otaniemi	378,380	52,717	13.9%	13.7%	24,000
Leppävaara	265,633	32,704	12.3%	12.8%	
Aviapolis	188,116	33,570	17.8%	15.5%	
Helsinki Metropolitan Area (studied areas in total)	4,182,466	527,460	12.6%	12.2%	

Source: Helsinki Research Forum, Cushman & Wakefield

KEY LEASE TRANSACTIONS 2022

SUBMARKET	TENANT	SQM	TYPE
Helsinki (CBD)	Confidential (IT sector)	3,000-5,000	Lease
Helsinki (Pasila)	Confidential (Health&Beauty industry)	500-1,000	Lease
Espoo (Keilaniemi)	Confidential (Technology)	500-1,000	Lease
Helsinki (Vallila)	Confidential	1,000-3,000	Lease

KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE / €mn
Eteläesplanadi 2	CBD, Helsinki	Allianz / NREP	14,500	n.a.
Vantaan Tietotie 9	Aviapolis, Vantaa	Antilooppi / Colony	18,743	n.a.
Home of Radio (industrial/office)	Oulu	LCN Capital Partners / Nokia Solutions and AM	55,000	n.a.

KEY CONSTRUCTION COMPLETIONS Q4 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	OWNER / DEVELOPER
Yle Pieni Paja	Pasila, Helsinki	Yle	6,500	Yleisradio Pension fund / Yleisradio Pension fund & Jatke
Pressi Smart Premises	Vantaankoski, Vantaa	n.a.	5,200	Tallberg / SRV

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