

**-18.5**

Consumer Confidence, Dec. 2022

YoY
Chg12-Mo.
Forecast**13.1k**Helsinki Region Population
Growth, Q421-Q322**€113**

Prime rent, PSM/m

Source: Statistics Finland,
Cushman & Wakefield**FINLAND ECONOMIC
INDICATORS Q4 2022****-0.14%**

GDP Growth, Q-to-Q

YoY
Chg12-Mo.
Forecast**-0.90%**Private consumption
Growth, Q-to-Q**5.5%**Retail Turnover
Growth, May 2022,
YoY

Source: Moody's Analytics, Statistics Finland

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)

According to Statistics Finland, consumer confidence stood at -18.5 in December 2022 indicating the lowest consumer confidence between 1995 and 2022 (the long-term average is -2.1).

The total sales in shopping centres continued to grow in Q3 2022 – the total sales in Q3 were 4.7% higher than in Q3 2021. Especially the total sales in F&B increased heavily, by 19%, compared to Q3 2021. (Finnish Council of Shopping Centers)

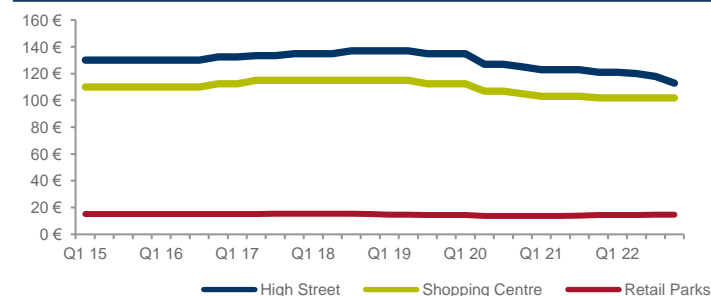
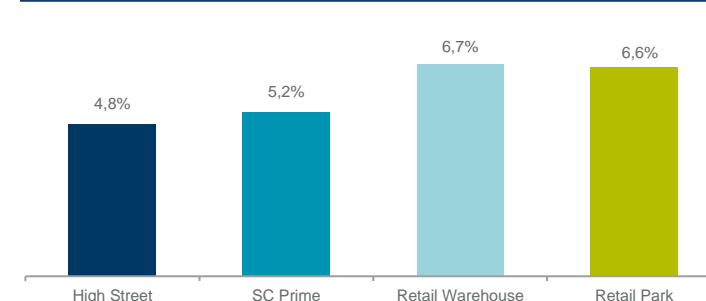
Occupier focus

Retail occupier demand has remained active for the retail park and big box type occupiers and the F&B sector. Inquiries for the CBD high street premises exist but consists namely of F&B premises with some other segments as well. Recent uncertainties have led retail operators to be more aggressive in cost negotiations, and we have witnessed a continuation of decreasing prime rents in Helsinki. The demand towards retail park and big boxes remained strong in Q4, however the availability of suitable premises has hindered the number of lease transactions.

Over 60,000 sq.m of new retail space was completed in 2022, with the new Lippulaiva shopping centre in Espoo being the most notable completion (44,000 sq.m). There are currently over 20,000 sq.m of retail premises under construction in the HMA expected to be completed in 2023.

Outlook

The demand in the F&B and the big box sector is expected to remain solid in the short and medium-term. Uncertainties are estimated to continue in the brand store/fashion segments, which will keep the demand scarce towards the high street retail premises. Going forward a downward pressure on prime high street rents is expected to continue.

PRIME RENTS HELSINKI**PRIME YIELDS**



LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT/TENANT TYPE	SQ.M.	TYPE
Aleksanterinkatu	CBD, Helsinki	Jewelry store	50-100	Lease
Aleksanterinkatu	CBD, Helsinki	Gym	1,000-1,500	Lease
Annankatu	SBD, Helsinki	Restaurant	200-500	Lease

KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SQ.M.	PRICE/€mn
Shopping Centre Grani	Kauniainen	VVT / NREP	7,491	n.a.
Shopping Centre Willa (part)	Hyvinkää	CapMan / Mandatum AM Suomi Kiinteistöt	17,239	n.a.
Retail property	Turku	Varma / Lease Deal	10,000	n.a.

KEY CONSTRUCTION COMPLETIONS 2022

PROPERTY	SUBMARKET	MAJOR TENANT	SQ.M.	OWNER / DEVELOPER
Lippulaiva SC	Espoonlahti, Espoo	K-Supermarket, Prisma, City of Espoo, Lidl, Tokmanni, Jysk	44,000	Citycon, Citycon

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