

CATELLA

Catella Market Indicator

FINLAND

SPRING 2019

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The services of the Valuation and Consulting unit now include valuation reports based on the valuation standards of RICS (Royal Institution of Chartered Surveyors).

Cover photo: In Keilaniemi, around the tower formerly occupied by Fortum, Regenero is developing a new attractive urban centre, which will include a 161-metres tall office and hotel building, high-quality living quarters, extensive everyday services, as well as a fabulous recreation path by the sea. The total floor area of the development is circa 120,000 sq. m. The project will be completed in phases by 2025.

In the core of this area, the Accountor Tower formerly known as "Raaden hammas" will be revamped into modern premises to provide centralised everyday services. The occupancy rate of the premises is 80%, and the first tenants can move in at the end of 2019. The Keilalampi building next to offers 12,000 sq. m. of versatile office space for 900 persons.

About Catella

Catella is a financial advisor and asset manager specialised in property, fixed income and equity markets. Catella has a leading position in the property sector and a strong local presence in Europe. Our property advisory services in Europe comprise three service areas: Sales and Acquisitions, Debt and Equity, and Research and Valuation. Catella employs approximately 600 persons in 14 countries. Catella is a leading advisor on the Finnish real estate market, employing 45 professionals in five locations. During 2017 and 2018, Catella's total sell-side transaction volume was approximately EUR 1 billion.

Transactions

- Single and portfolio transactions
- Sale-and-leaseback transactions
- Acquisition advisory
- Real estate development projects

Capital Markets

- Equity raising
- Debt advisory
- Public transactions
- Restructuring

Valuation

- Authorised valuation reports
- Authorised single asset valuation
- Authorised portfolio valuation and analysis
- Strategic and financial analysis
- Market rent analysis
- Market area analysis

Letting

- Letting of commercial properties
- Letting advisory and space comparisons
- Project letting and campaigns
- Tenant representation



Third strong year for property investments in a row

During 2018, the Finnish real estate market continued on a strong note. Transaction volume eventually climbed up to EUR 8.9 billion, which is the second highest volume of all times. Weakening economic growth and general uncertainty regarding the future have not yet reflected on the property market, and activity is expected to remain high also in 2019.



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Year 2018 was again very busy in terms of transactions – perhaps the best transaction year of all times in Finland considering the number of transactions. Many significant deals were closed during the year, and several new international investors were again seen to enter the Finnish market. The largest individual arrangement was the acquisition of Technopolis Oyj by British Kildare Partners, after which yet another real estate investment company is going to exit the Helsinki Stock Exchange. However, after a long wait, a new major real estate company entered the Helsinki Stock Exchange when Kojamo Oyj was listed last year.

Demand by investors was again mainly international. Of the total volume, 65% of the transactions were foreign investors' acquisitions. In addition to Kildare, new investors entering the Finnish market last year were, among others, Blackrock, Morgan Stanley, Castellum and Round Hill Capital. Due to the high demand by investors, yield requirements have continued to fall, and Helsinki prime yield has fallen to an all-time low and is now clearly below 4%. In the Catella time series before year 2018, the 4% yield level was previously reached in 1990.

Not only foreign investors but domestic, too, were active in the market. Domestic special investment funds, in particular, have actively acquired new properties, and also new funds were founded last year. This has improved the property market's liquidity also outside the Helsinki Metropolitan Area.

Office vacancy rates remain high

Having continued strong for quite some time, economic growth has reflected positively on the rental market during 2018. It seems, however, that the downward trend in vacancy rates in the HMA has unexpectedly stopped, at least momentarily. According to Catella's calculations, office vacancy rates in the HMA have increased slightly from the level of our previous survey about six months ago. This is an unusual situation, as typically during periods of strong economic growth, office vacancy rates decrease.

The HMA vacancy rate persists on a very high level at 13%, while in the Stockholm area, for example, the vacancy rate for offices is currently only 6.5% and in the Copenhagen area 7.5%.

Although there is still plenty of vacant office space available in the HMA,

good quality properties in the best office locations have a good position on the rental market, and during the autumn, we have seen a rise in prime rents despite the high vacancy rates on several sub-markets.

Property investment market remains active

Although economic growth is slowing down in Finland, too, and uncertainty regarding worldwide economic development has significantly grown recently, the persistently low interest rates still support the property investment market, and there seems to be plenty of capital available for property investments. Good investment properties and very competitive returns can still be found in Finland, particularly if one is ready to look outside the centre of Helsinki.

Although the property transaction market has remained record active for a long while, we believe that there may again be a strong property transaction year ahead.

Investment market

TEXT: ERKKI HAKALA



Telakkaranta in Helsinki is a unique place with a true and fascinating character, which will now be enhanced by stylish and high-quality new buildings by Skanska. The area is planned to be completed in 2024. In the coming years the old shipyard area will be transformed into a modern hub that will include about 200 new homes and for example an office building for the European Chemicals Agency, ECHA.

No counting on pleasant surprises as insecurity grows

Insecure worldwide economic development and a weakening outlook on the Eurozone have dragged down growth forecasts at the end of the year, both in Finland and globally. Industrial and retail-trade confidence indicators published by the Confederation of Finnish Industries started to point down when peak confidence for each was reached already in the beginning of 2018.

It is always important to take into account the direction of change, but despite the nervousness, the economy is forecasted to grow in 2019, although more slowly compared to last year. In the end of 2018, the employment rate was the highest in ten years.

One year ago the economy still seemed growth-oriented and no great

risks were seen almost anywhere. Now, due to uncertainty, there is no counting on pleasant surprises with property investments. Investment decisions are rather made based on existing facts.

Concentrating on macroeconomic decimals easily leads astray, as property investments are mainly made in the long term and trend variations also occur between the time of purchase and the time of sale. Long lease contracts, in particular, protect the property investor from rapid cyclical changes. We assess investors' interest in properties to remain high also in 2019, since economic insecurity is more directly connected with shares that are readily underweighted. Interest rates remain so low that even fixed-income investments do not provide particularly attractive yields. Economic insecurity and modest expect-

tations for inflation both indicate that interest rates will stay low.

Thereby the share of properties in allocations is likely to remain strong also during 2019, although transaction volume is not likely to reach the peak level of the two preceding years.

Transaction volume peaked again

For a third consecutive year, property market's transaction volume rose to an exceptionally high level. Last year's volume of EUR 8.9 billion is the second highest volume of all times and ranks between the 10 billion in 2017 and the 7.1 billion in 2016.

As in 2017, office properties were the most interesting category for investors, and their share of the total volume was 39% (42). The share of residential portfolios doubled and was 19% (9).

Property trading more broadly based than ever before

Although the total volume decreased slightly from 2017, more transactions than ever were completed in Finland last year. There were as many as 19 (13) deals of over EUR 100 million, and 18 (13) deals of EUR 50–100 million. All in all, a record number of transactions took place during 2018, nearly 30% more than in 2017, which reveals the wide scale of transactions. If we subtract the largest deals (the sales of Technopolis and Sponda portfolios) from last and previous years' volumes, the 2018 transaction volume is clearly at an all-time high, at approximately EUR 8 billion, while in 2017, using the same formula, the volume was EUR 6.3 billion.

Foreign investors have dominated the biggest deals for a long time, but in 2018, the properties valued under EUR 20 million were also of interest to investors.

Foreign investors took a 14% (11) share of the transactions of this scale.

Transaction volume in Finland near to the Swedish level

Sweden's transaction volume plummeted for a third year in a row. In Sweden, the property market's volume was circa EUR 18 billion in 2016, while for 2018, the equivalent sum is circa EUR 13 billion.

It seems that the peak volume in property trading during the current cycle was reached in Sweden in 2016 and in Finland in 2017. However, Finland's volume has remained above the long-term average for a longer period. Sweden's advantage, in turn, is its strong capital market and the stability created by its large share of domestic investors.

Finland attracts international investors

International investors' share of transaction volume remained very high, in

both absolute and relative terms. In 2018, international investors invested in properties located in Finland with EUR 6 billion. In Sweden, the equivalent volume was only EUR 2 billion. International investors' share of the total transaction volume was 65% (73) in Finland and 14% (17) in Sweden.

Nearly 20 international investors invested in Finland for the first time last year. These include French AEW Europe City Retail Fund, US Blackrock, Swiss Life, Swedish Castellum, and Savills IM together with a Korean investor. British Kildare Nordic Acquisitions, which acquired Technopolis, is another new investor on the Finnish property market.

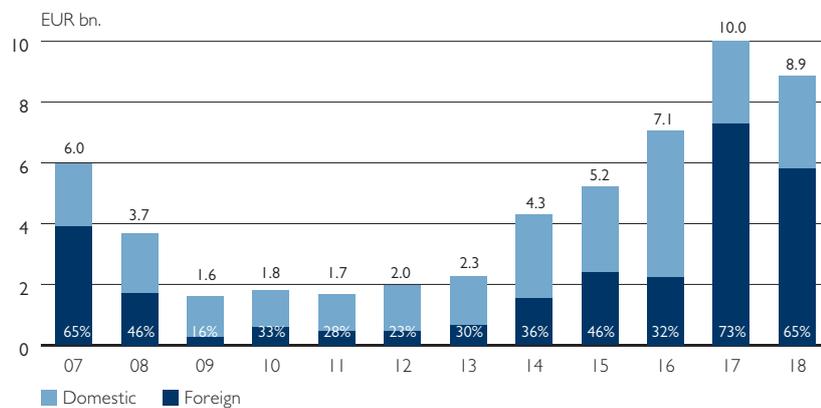
International investors have for some time tried to acquire residential portfolios in Finland but have not succeeded materially, mainly because of active domestic housing funds. However, 2018 saw a breakthrough, and foreign investors stormed on the Finnish residential market, led by BVK, the largest pension company in Germany, Round Hill Capital, and Morgan Stanley. Foreign investors' share of the total volume of housing portfolios soared to 58% (33) in 2018.

Kildare acquired Technopolis

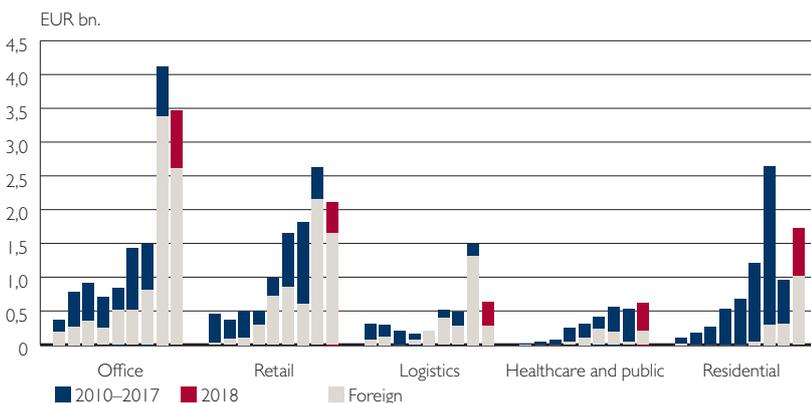
The largest deal of 2018 was Kildare Nordic Acquisitions' cash offer on all Technopolis shares in the end of August. Its bid price translated into a premium of circa 14% compared to the share price at the time of announcement. The total fair value of Technopolis's investment properties located in Finland was circa EUR 930 million at the end of Q3. In the end of October, Kildare announced to have acquired more than 98% of all Technopolis's shares and votes. Kildare has initiated a redemption procedure on the remaining minority shares, and it plans to take measures later to withdraw the shares from Nasdaq Helsinki.

Considering that Technopolis and Sponda left the exchange in 2017, nearly half of the market value of the property investment companies listed in Finland is lost. Both companies continue opera-

Transaction volume in Finland 2007–2018



Transaction volume by purpose and share of foreign investors 2010–2018



tions on the Finnish market as unlisted companies. There is a new company on the list, however – Kojamo.

Retail premises actively traded

Despite problems in the field of commerce, retail properties were actively traded in 2018. The second largest deal took place when Sirius divested all the properties in its two funds to Cibus Nordic Real Estate AB that after the transaction listed in the Stockholm Stock Exchange. The portfolio consisted of 123 grocery store properties, and the value of the transaction amounted to EUR 767 million. During the year, one of the largest shopping centres in Finland changed owner as Wereldhave sold the Itis properties located in the Itäkeskus district of Helsinki to a fund managed by Morgan Stanley. The value of this transaction was circa EUR 0.5 billion. Fennia acquired shopping centre Vihtori in Kuopio, and Trevian Funds acquired Sampokeskus in

Rovaniemi. In both cases the seller was Citycon. Finnish-Swedish Agore Real Estate, in turn, acquired Shopping Centre Galleria in Lappeenranta and Revontuli in Rovaniemi.

Trading of public-use properties jump-started, led by Hemsö

The volume of care and public-use properties reached a new record: circa EUR 620 million (530). Trading in this purpose category, which is new on the investment market, began effectively just six years ago. The largest individual care-category deal was a portfolio of 30 properties, which Evli acquired to create a base for its new Healthcare fund. Northern Horizon Capital was the seller in this circa EUR 140 million deal.

Municipal social and healthcare service property sales took off extensively when City of Turku decided in the end of 2018 to sell its “sote” properties to Hemsö. The complex to be sold consists

of three parts: the City Hospital area, five care homes, and two health stations. The price was EUR 130 million, and the City will remain a tenant under lease contracts of 11 years on average. The transaction is likely to be completed in the spring of 2019.

Hemsö also acquired three properties in Helsinki used by Uniarts in 2018 and agreed in December to acquire the Helsinki Courthouse for circa EUR 200 million. A major part of the 50,000 sq. m. is leased by the Finnish State, and the lease contracts average 12 years in length. The transaction was completed in January 2019.

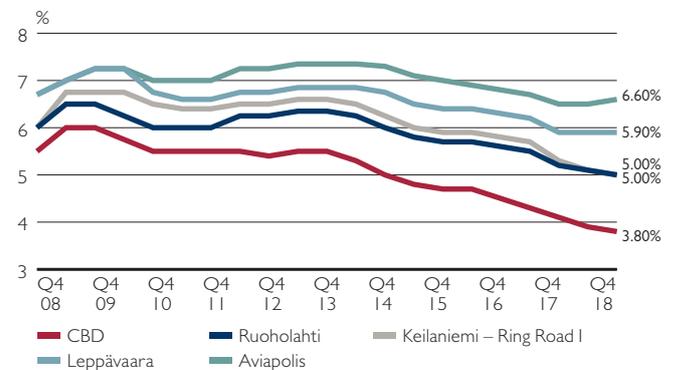
Offices are not included in the care and public-use category, but City of Helsinki sold office properties, too, in 2018, for example the new ‘Urban Environment House’ (Kaupunkiympäristöotalo) in the Kalasatama district and a property located on Kansakoulunkatu in the centre of Helsinki.

Prime yields in the Helsinki Metropolitan Area Q4 2018



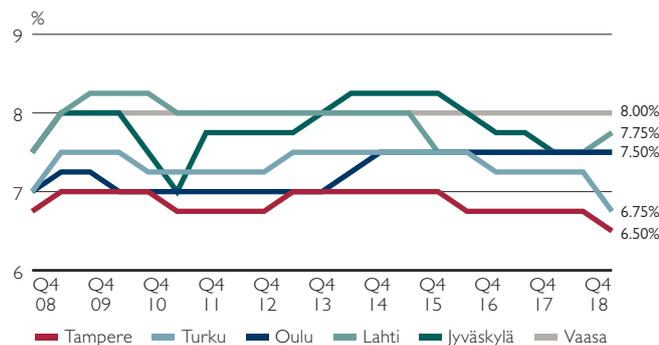
Particularly long lease agreements currently decrease yields by approximately 0.1–0.5% points in the Helsinki CBD and 0.1–0.7% points in other submarkets.

Office yields in the Helsinki Metropolitan Area Q4 2018



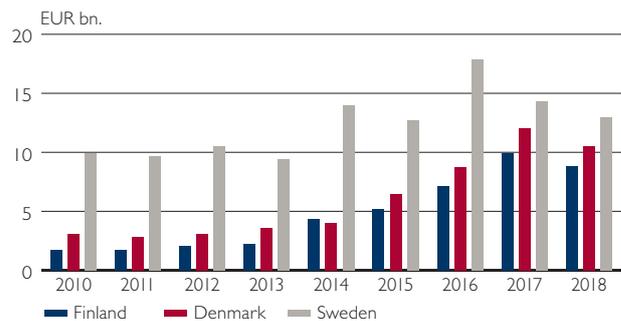
Particularly long lease agreements currently decrease yields by approximately 0.1–0.5% points in the Helsinki CBD and 0.1–0.7% points in other submarkets.

Prime yields in growth centres Q4 2018



Particularly long lease agreements currently decrease yields by 0.1–0.7% points.

Transaction volume in Finland, Denmark and Sweden 2010–2018



Trading continued active in the Helsinki CBD

Historically high prices triggered active trading in and around the Helsinki CBD already in 2017. Buyers' interest in prime properties with low yield requirements continued in 2018. The seller is often a domestic organisation and the buyer a foreign investor.

Stockmann sold its Kirjatalo property on North Esplanade to the AEW fund for approximately EUR 108 million, and shopping centre Kluuvi on Aleksanterinkatu is now owned by an AXA fund. The National Board of Customs' building on Erottajankatu originally owned by Senate Properties was sold to a Blackrock fund. HYY Group acquired the Seurahuone property from Sponda in the autumn. The Kaivopiha block will be largely restored to its original purpose as HYY Group expands its hotel business to parts of the New Student House.

Early in 2018, Ilmarinen sold the KPMG building in Töölönlahti to Deka for EUR 190 million, and at the end of the year, it sold the Alma Media building to the M&G European Property fund for EUR 116 million.

CBD prime office yield requirement at an all-time low

Prime yield requirement for offices in the Helsinki CBD continued to drop in 2018 and is now at 3.8%. Continuous decline has persisted for five years already, and during this period, the values of prime properties have risen more than one third. For certain properties, yield requirement can be even lower.

The difference between CBD prime yield and that of less attractive properties has narrowed down during the last couple of years. This means that when the yield requirements for the best properties hit the floor, there is still room to go lower with the properties that have slightly higher yield requirements. The same applies for the area around the CBD. This strong local market is created by the demand that higher yield brings along, as well as the fact that the CBD is expanding.

CBD yield requirement for retail took an upturn

Yield requirement for retail premises in the Helsinki CBD took an upturn during autumn 2018 and is currently at 4.4%. The rise is due to problems in the field of commerce as well as future threats that appear more visible. The difference between retail and office space yield requirements is currently as high as 0.6 percentage points in favour of offices. The difference has never been this substantial. On the contrary, investors have previously considered CBD retail space less risky compared to offices.

Prime yield requirement for offices in the Stockholm CBD was 3.5% at year-end, and it is forecasted to start climbing during the spring. The yield requirement premium for Helsinki and Stockholm CBD offices is at an all-time low. This, too, indicates that the cyclical peak of prices also in the Helsinki CBD is near.

Yield requirements for prime offices in Ruoholahti and Keilaniemi dropped during the autumn as much as it did in the CBD i.e. 0.1 percentage points. One year ago, respective yield requirements fell 0.3–0.4 percentage points during the same period. In both Ruoholahti and Keilaniemi, yield requirement is now 5.0%. In Leppävaara, yield requirement did not fall further during the autumn and remains at 5.9%. In the Aviapolis area, yield requirement rose 0.1 percentage points and is now at 6.6%.

Growth centre transaction volume exceeded 3 billion

Transaction volume in growth centres has exceeded EUR 2 billion for five years in a row. In 2018, transactions worth EUR 3.1 billion (2.6) took place in Finnish growth centres. Foreign investors' share of the volume was as much as 54%, which is the new record. Growth centres' transaction volume was fortified by portfolio deals in particular.

Most of the transactions involved retail premises. Grocery portfolio acquired by Cibus and certain shopping centres increased the growth centres' share of retail transaction volume to

approximately 40%. In addition, most of the care property transactions took place outside the HMA.

Growth centre prime yield requirement fell during the autumn 0.25 percentage points in Tampere and as much as 0.5 points in Turku. Prime yield requirement in Tampere is now at 6.5% and in Turku 6.75%. The decline falls behind in the cycle: yield requirement for the strongest growth centres has not dropped in a couple of years despite the strong cycle.

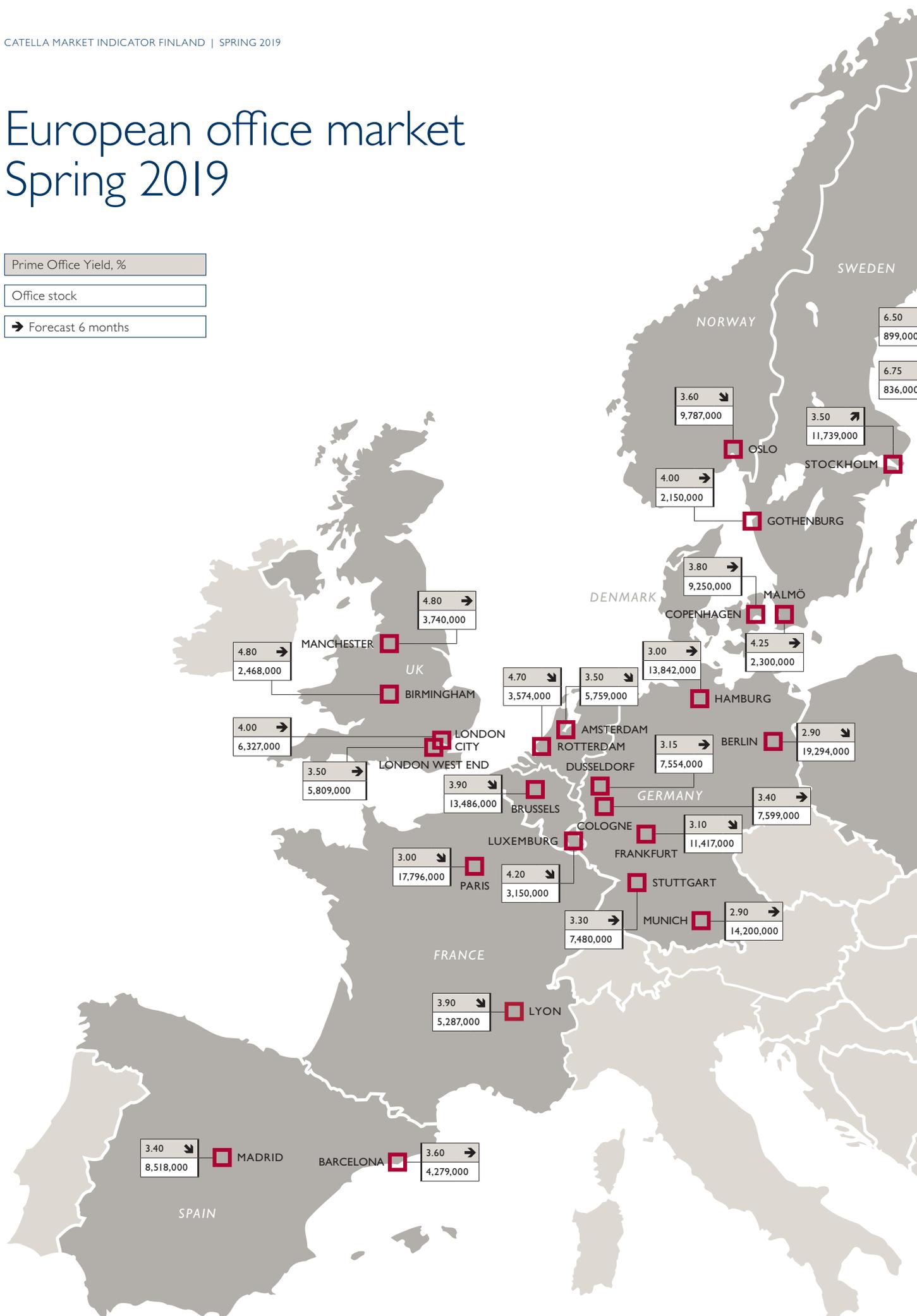
Yield requirements for industrial and logistics properties kept falling

Industrial and logistics facilities were actively traded during 2018. Their transaction volume in the entire country rose to EUR 630 million. The largest transactions are the 65,000 sq. m. logistics facility in Aviapolis sold by DSV to Savills IM; the 67,000 sq. m. located on Teollisuuskatu in Juva sold by J.P Morgan to Genesta; and the 42,000 sq. m. DHL logistics centre sold by Elo to German DWS.

Prime yield requirement for logistics properties dropped during the autumn in the key logistical areas. In Aviapolis prime yield requirement is now at 6.1% and in Hakkila at 6.3%. Demand for the best logistics properties is supported by typically long lease contracts as well as investors' vast need to invest in properties that are considered secure.

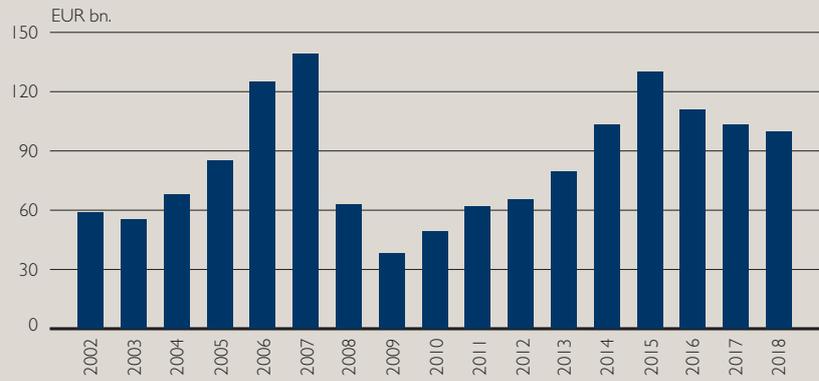
European office market Spring 2019

- Prime Office Yield, %
- Office stock
- Forecast 6 months

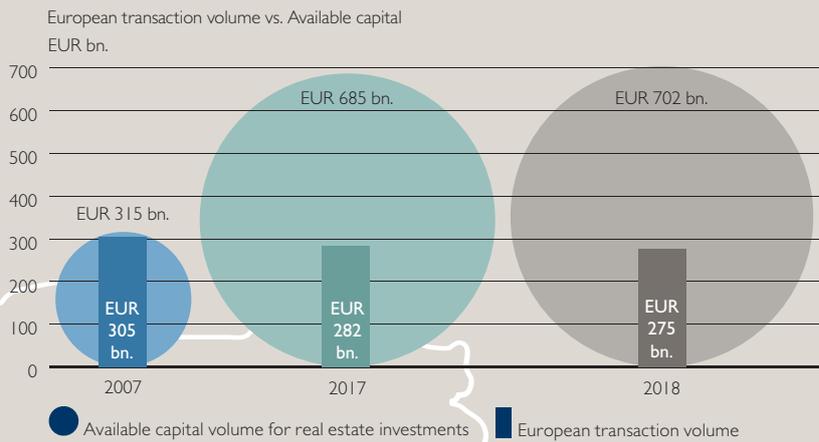




Office transaction volume in Europe 2002–2018



Global investment capital volume* entering Europe in 2018



* All Assets: office, retail, industrial, hotel and residential

Source: Catella Research 2018, IMF, FED, BIZ, Bloomberg, Deutsche Bundesbank, Thomson Reuter, INREV, PMA

Transactions in Finland 2018

Selection of portfolio transactions in Finland 2018							
Building / Property	City / Location	Seller	Purchaser	Date	Size (sq. m)	Price (EUR mil.)	Category
123 retail properties	Many	Sirius Fund I Grocery and Sirius Fund II	Cibus Nordic Real Estate AB	Q1	440,000	767	Retail
30 care properties	Many	Northern Horizon Capital	EVLI Healthcare I Ky	Q1	38,500	140,8	Care
981 rental apartments	Many	OP-Vuokratuotto (Fund managed by OP-Group)	Kojamo	Q1	n.a.	n.a.	Residential
3 educational properties	Helsinki	Helsinki University Properties	Hemsö Fastighets AB	Q1	25,000	n.a.	Public
3,263 rental apartments	Many	Avant Capital Partners and Unnamed U.S. Investor	Round Hill Capital	Q2	n.a.	n.a.	Residential
24 office properties	HMA	IVG Polar	Goldman Sachs, Cromwell Property Group	Q2	132,000	108,5	Office
1,594 apartments	Many	Kojamo	A fund managed by Morgan Stanley Real Estate Investing	Q2	n.a.	97	Residential
4 office properties	HMA	NIAM	Sirius Capital Partners	Q2	15,800	n.a.	Office
824 rental apartments	Many	LocalTapiola	A fund managed by Aberdeen Standard Investment	Q3	45,000	n.a.	Residential
3 office properties	HMA	NIAM	Kielo - (Brunswick Real Estate)	Q3	53,000	n.a.	Office
6 hotel properties (870 rooms)	Many	CapMan Hotels RE Ky	Corum Asset Management	Q3	43,500	74,2	Hotel
8 office properties	Many	A fund managed by Tristan Capital Partners	Areim Fund III	Q3	66,500	n.a.	Office
Technopolis Oyj	Many	Shardholders of Technopolis Oyj	Kildare Nordic Acquisitions	Q4	430,000	ca. 950	Office
1,740 rental apartments	Many	IceCapital Housing Fund III Ky	Bayerische Versorgungskammer	Q4	100,000	n.a.	Residential
11 office properties	HMA	n.a.	Cromwell European REIT	Q4	62,000	113,1	Office

Selection of transactions in Helsinki Metropolitan Area 2018							
Building / Property	City / Location	Seller	Purchaser	Date	Size (sq. m)	Price (EUR mil.)	Category
Töölönlahdenkatu 3	Helsinki	Ilmarinen Mutual Pension Insurance Company	Deka Immobilien Investment GmbH	Q1	15,800	190	Office
Shopping centre Kluuvi	Helsinki	CBRE Global Investors	A fund managed by AXA IM	Q1	18,600	n.a.	Retail
Juvan Teollisuuskatu 25	Espoo	A fund owned by J.P. Morgan Asset Management	Genesta Nordic Real Estate Fund II	Q1	66,680	n.a.	Logistics
Salmissaarenaukio 1	Helsinki	Skandia Fastigheter	Castellum	Q2	14,433	81	Office
Book House	Helsinki	Stockmann Oyj	AEW Europe City Retail Fund	Q2	8,861	108,6	Retail, Office
Logistics property (HQ of DSV)	Vantaa	DSV	Savills IM, on behalf of Vestas IM and club of Korean investors	Q2	64,000	n.a.	Industrial/Logistics, Office
K6 office property	Helsinki	Skanska	Senate Properties	Q2	12,000	53	Office
Seurahuone	Helsinki	Sponda	HYY-Yhtymä	Q3	12,333	n.a.	Hotel, Office
Urban Environment House	Helsinki	City of Helsinki	Union Investment	Q3	27,500	165	Office
Skanska's head office	Helsinki	Union Investments	Corum Asset Management	Q3	9,100	n.a.	Office
Fredriksberg A building	Helsinki	NCC	Swiss Life Asset Managers	Q3	9,000	45	Office
Shopping centre Itis	Helsinki	Wereldhave	A fund managed by Morgan Stanley Real Estate Investing	Q4	n.a.	516	Retail
Tripla Workery	Helsinki	YIT	Commerz Real on behalf of the Hausinvest Fund	Q4	50,000	n.a.	Office
Alvar Aallon katu 3	Helsinki	Ilmarinen Mutual Pension Insurance Company	M&G European Property Fund	Q4	11,845	116	Office
Tietotie 6	Espoo	HGR Property Partners	eQ Care	Q4	26,000	n.a.	Public

Selection of transactions in other cities 2018							
Building / Property	City / Location	Seller	Purchaser	Date	Size (sq. m)	Price (EUR mil.)	Category
Original Sokos Hotel Kupittaa	Kupittaa	YIT	Rausanne Oy	Q2	n.a.	30	Hotel
Kauppakatu 41	Kuopio	Citycon Oyj	Fennica Toimitilat Ky	Q2	10,300	22	Retail
BW Tower	Lahti	Fennia, Aktia Life Insurance Ltd and Industrial Union	A fund managed by Corum AM	Q2	7,800	n.a.	Office
Ahjokatu 11	Jyväskylä	Callardo Capital Oy	Nordea Life Assurance	Q2	10,000	n.a.	Retail
Powergate II	Vaasa	Vaasa Parks	Nordisk Renting	Q3	16,700	n.a.	Office
Shopping centre Sampokeskus	Rovaniemi	Citycon Oyj	Trevian Finland Properties I	Q4	14,400	16	Retail

Helsinki Metropolitan Area

TEXT: PETTERI HEIKKINEN



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In 2018, the Finnish economy remained strong and the demand for high-quality offices increased in the Helsinki Metropolitan Area. Since attractive and comfortable offices are key in recruiting competent personnel, companies were ready to invest more in comfort and location. These investments increasingly divide the rental market into two different categories, and older, less attractive premises do not sell. However, in the CBD, within a radius of about 500 metres from the railway station, renovated offices' rental levels continued to rise.

Many co-working offices were built and occupied in 2018. Recent change in our ways of working has increased the demand for short-term office rentals. In the end of 2018, 60,000–70,000 sq. m. of office space in the HMA is held by co-working operators. Spaces, a com-

pany that entered the market in 2018, has opened new communal premises in Postitalo (the Post Office building) and Bulevardi (the Boulevard) and grabbed additional space from the Workery project in Pasila. The latest occupied space consists of 9,000 sq. m. on Mikonkatu and is operated by Epicenter.

The best locations offer very little vacant retail space

Several retail projects completed in 2018 (Redi in Kalasatama, Saari in Laajasalo, Retail Park Bredis in Laajalahti and A Bloc in Otaniemi) increased the total amount of vacant retail space. However, the best locations have very little retail space to offer. At year-end, there was 64,000 sq. m. that is 3.3% of leasable area available in Helsinki, and 102,000 sq. m. that is only 2.8% of retail space available in the HMA in total.

Good retail space is scarce also in Espoo. The vacancy rate is only 1.2%. The most vacancies are located in the shopping centres. In Vantaa, the Dixi of Tikkurila, its surrounding area, and Jumbo in Vantaanportti are the most attractive areas. They offer very little leasable space, or almost all of the premises are in use. All in all, the retail space vacancy rate fell in Vantaa and is 3.2%.

Vacant retail space is still likely to increase in 2019 as shopping centre Tripla of 85,000 sq. m. is to be completed in Pasila in the autumn.

More hotel rooms and modern offices

Active planning and construction of hotel space continued. In the Helsinki CBD and nearby areas a record of nearly 30 projects are underway. This “hotel trend” includes extensions to old, existing hotels, conversions of old office buildings, and new

construction projects. This sector is notably quieter in Espoo and Vantaa. There are three projects on the drawing board in Espoo and two in Vantaa. In Vantaa, the focus of hotel construction is around the airport. Altogether circa 5,300 rooms are under construction or in planning, which will relieve the years-long lack of hotel capacity in the HMA.

New construction continued to be active, with approximately 230,000 sq. m. of modern office space under construction at year-end. Most of the projects are located in Helsinki. These locations have tenants who are willing to pay rather high rents for up-to-date premises. Examples include the offices at Tripla of YIT. Workery, which is to be completed in Pasila, consists of three office buildings of circa 50,000 sq. m. and will be occupied by large, solvent tenants. Other significant ongoing projects include the “Urban Environment House” (Kaupunki-ympäristötalo) and Kampus in Kalasatama, ECHA’s office building in Telakkarakanta, local service centre Hertsi in Herttoniemi, the second phase of Fredriksberg, Senate Properties’ Kaikukatu 6, and Wood City, a block of wooden buildings in Jätkäsaari to serve as the headquarters of Supercell.

Modern logistics near the airport and leisure-time activities considered attractive

Industrial and logistics space continued to decrease in the HMA. Large projects

were completed in 2018, such as DSV’s logistics centre in Päiväkumpu, Telia’s data centre in Pitäjänmäki, as well as the Post Office terminal and Wihuri’s logistics centre in Vantaa. At year-end, the vacancy rate was 4.9%, down by 2.6 percentage points year-on-year. In Vantaa, vacant industrial and logistics space fell by more than 70,000 sq. m. Modern logistics space particularly near the airport appears to be attractive.

There is a fierce competition for our leisure time, and industrial and warehouse facilities are being converted for new purposes. Sports operators are developing new concepts that predict the 2020s and require transformation of inoperative, unprofitable space. Many facilities that have been or are about to become vacant now have a new life as a climbing centre, indoor play park, trampoline or combat space, or cheerleading or padel arena. In these cases rent levels have slightly risen.

Helsinki CBD and nearby office market

Offices in the CBD continue to attract companies. Prime effective rents kept rising moderately. Rental processes for renovated, prime-located offices shortened, and there were several tenants interested at the same time in each of the premises. Vacant office space decreased by approximately 1,000 sq. m. to 8.4% in the latter half of the year. Around the CBD, a slight increase occurred in the

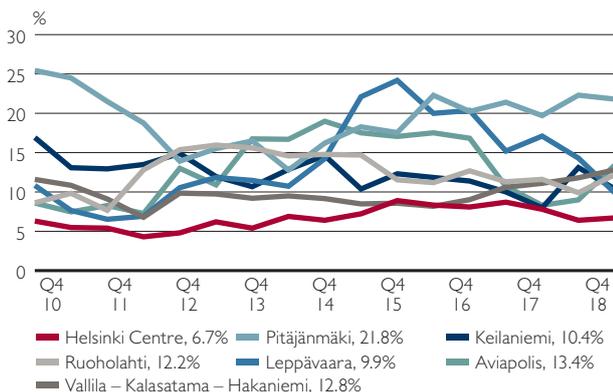
vacancy rate. In Ruoholahti, vacant space increased by 10,000 sq. m, partly due to Kemira moving away, and is at 12.2%. In the Kamppi-Töölönlahti district, vacant space decreased by 1,000 sq. m. and is at 7.8%.

Vacancy rate for Espoo offices declined and rental levels climbed a bit

Vacancy rate for Espoo offices declined by circa 1 percentage point in 2018, and prime effective rents climbed a bit. Rental demand remained strong in Keilaniemi, and vacant space decreased. At year-end 10.4% of the premises were unoccupied. The largest individual contract is for 11,000 sq. m, which Accountor leased from the former Fortum headquarters. There was a similar demand for office space in Leppävaara: the vacancy rate fell under 10% (9.9) due to Säterinportti and Alberga Business Park leasing. One of the largest new construction projects was the Ramboll HQ in Perkkää which will be occupied in the spring of 2019. This move will drain several office buildings in Espoo and temporarily increase the vacancy rate in Leppävaara and particularly in Quartetto Business Park.

The biggest challenges are faced by the Otaniemi-Pohjois-Tapiola area. A handful of locations have more than 20,000 sq. m. of vacant office space to offer.

Vacancy rates in selected districts in the Helsinki Metropolitan Area Q4 2018



Vacancy rate in the Helsinki Metropolitan Area Q4 2018



Vacant office space decreased and rental levels continued to climb in Tikkurila and around Aviapolis

In Vantaa, vacant office space decreased by 2.3 percentage points in 2018 and prime effective rents climbed slightly. Aviapolis and Tikkurila station surroundings maintained their position as the most attractive areas for business

despite the rise in the vacancy rate. More offices were completed in Aviapolis, including Aviabilevardi 2 with circa 8,500 sq. m. and the Technopolis extension. Small and medium-sized offices have been easy to match with suitable tenants.

Major Office and Retail Projects in the HMA, Spring 2019

HELSINKI

- 1 Mall of Tripla and Tripla Workery
- 2 Urban Environment House
- 3 Kalasatama Campus
- 4 Fredriksberg, 2nd Phase
- 5 Local Service Center Hertsi
- 6 ECHA's new office
- 7 Kaikukatu 6
- 8 Rantatie Business Park Loikka
- 9 Wood City

ESPOO

- 10 Shopping Centre AINO, 3rd phase
- 11 Technopolis Otaniemi extension
- 12 Swing House, 2nd phase

VANTAA

- 13 Robert Aviapolis
- 14 Helsinki Outlet
- 15 STC Pressi C building

Helsinki Metropolitan Area office market



Vacancy rate and vacant space in Helsinki Metropolitan Area	Vacancy rate (%)		Vacant space (sq. m)	
	Q4 18	Q2 18	Q4 18	Q2 18
HELSINKI				
Retail	3.3	2.6	64,000	48,000
Office	12.5	11.7	753,000	712,000
Indust./Logistics	4.5	4	159,000	144,000
ESPOO				
Retail	1.2	1.3	10,000	11,000
Office	16.5	17.9	257,000	279,000
Indust./Logistics	4.4	3.8	56,000	49,000
VANTAA				
Retail	3.2	4.3	28,000	37,000
Office	11.4	13.2	103,000	120,000
Indust./Logistics	4.9	6.5	150,000	196,000

Helsinki Metropolitan Area office market	Upper gross rental level	Prime yield	Vacant space	Vacancy rate	
	Q4 18	Q4 18	Q4 18	Q4 18	Q4 18-Q2 18
	€/sq. m./month	%	sq. m	change%-points	
Helsinki City Centre					
- Helsinki CBD	34.00	3.8	53,000	8.4	-0.2
- Helsinki Centre	26.50	4.5	126,000	6.7	0.3
Vallila – Kalasatama – Hakaniemi	21.00	5.5	128,000	12.8	1.0
Ruoholahti	23.25	5.0	49,000	12.2	2.3
Keilaniemi	23.50	5.0	23,000	10.4	-2.7
Otaniemi – Tapiola	20.00	5.8	53,000	22.1	2.2
Western Highway corridor	19.50	5.8	34,000	20.8	1.8
Leppävaara Business Park area	20.00	5.9	23,000	9.9	-4.4
Aviapolis	19.50	6.6	32,000	13.4	4.4
Helsinki Metropolitan Area	n/a	n/a	1,110,000	13.1	0.1

- Particularly long lease agreements currently decrease yields by approximately 0.1–0.5% points in the Helsinki CBD and 0.1–0.7% points in other submarkets.
 - Effective grossrent €/sq. m./year (VAT 0%), new leases
 - The definitions of certain areas have been adjusted at the turn of 2017–2018.

Tampere

TEXT: LEENA SMEDS



© Laura Vanzo, Visit Tampere

Construction pulling the economy

The good economic development and positive tone that have continued for some time have increased employment level in Tampere and in the entire economic region. Unemployment in the Pirkanmaa region has decreased circa 24% compared to the situation one year ago. Residential and remodelling developments are major employers in the region, and this influences how large regional development projects are proceeding. Businesses have trusted their turnovers to develop positively. The outlook is taking a more expectant angle, however, and both new construction and renovations are forecasted to slow down during 2019. There is likely to be more interest towards the CBD due to large infrastructure and regional investments.

A busy year in property trading

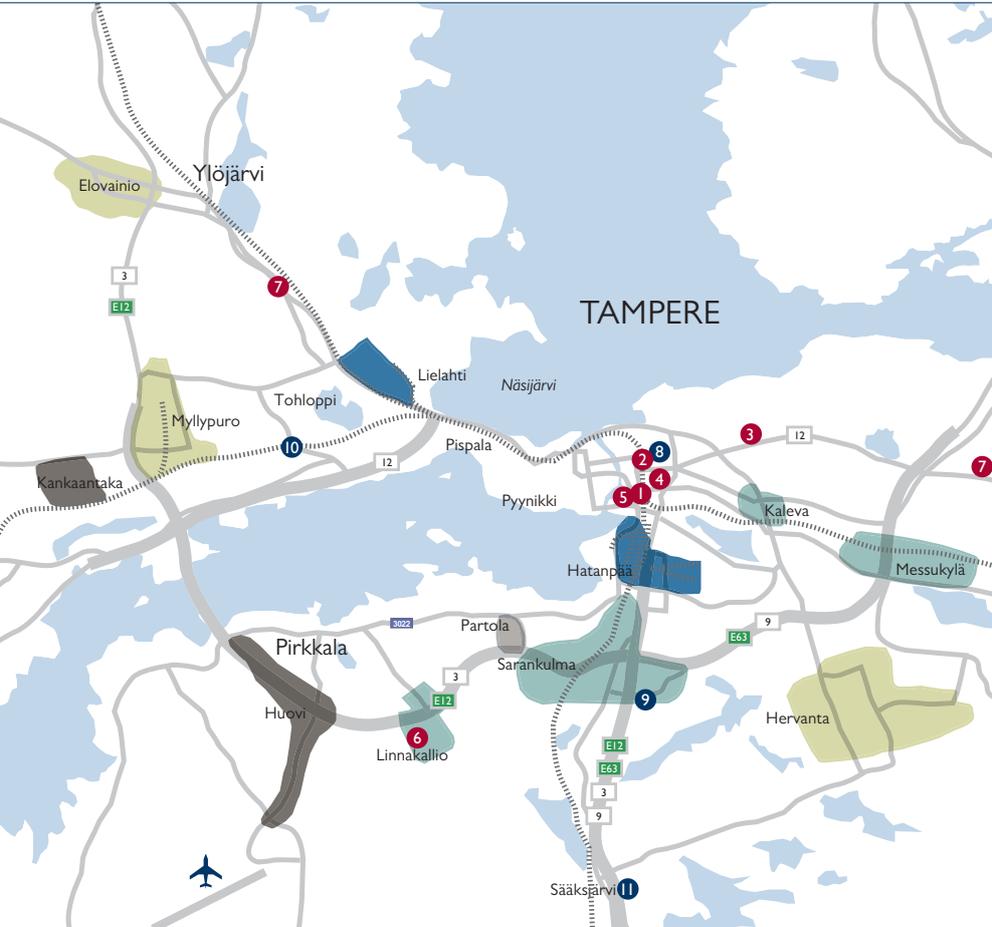
The investment market is looking for good investment properties and high yields outside the Helsinki Metropolitan Area. A few foreign investor deals have been

made in Tampere, but local trading has been particularly busy. The Pyynikin Trikoo factory that was previously owned by Varma Mutual Pension Insurance Company now has a new owner since spring 2018. It was acquired by an Aberdeen Standard Investments fund that has announced to develop the area with EUR 100 million to make it a versatile multipurpose facility for living, cultural activities and wellbeing. In the CBD, many investment properties have changed owners. A positive outlook creates investment potential but simultaneously requires active development of aging office properties. Ownership changes in the Kympikortteli (“Ten Block”) and the zoning proposal approved in the autumn increase the business potential of the block. It is being developed by adding residential projects and parking facilities. Renor sold its long-term investment, the PMK house, to special investment fund Trevian Finland Properties I. The building features a leasable area of circa 15,500 sq. m, about 65 operators from various fields, as well as

circa 2,000 sq. m. for development. Of all the completed transactions more than half were care or residential properties and a good third were portfolio transactions.

CBD’s commercial focus eastbound

Many stores have moved over to shopping centre Ratina now that it has been completed, and accordingly premises have become available on Hämeenkatu, for example. There will be more retail space available when Halonen finishes with its large clothing store. Tramway traffic arrangements drive pedestrian routes from the centre to new locations, and the growing online business challenges the brick-and-mortar stores. Yet, retail space vacancy rates have remained on a surprisingly moderate level. Some of the available spaces have been converted for other purposes or taken out from the rental market to be renovated. The CBD appearance is now radically different, and it remains to be seen for how long the retail premises on Hämeenkatu will stay vacant. During the year, plenty



Major building projects

UNDER CONSTRUCTION

- 1 Tampere Central Deck and Arena: multi-purpose arena, hotel, office and residential premises
- 2 Technopolis Asemakeskus, 1st and 2nd phase
- 3 University Hospital, renovation and construction of new buildings
- 4 Marriot Hotel
- 5 Office Premises in Ratina
- 6 Logistics and industrial buildings
- 7 Industrial and warehouse buildings

IN PLANNING

- 8 Tammela Stadium, retail and residential premises
- 9 Ikea Shopping Centre
- 10 S-Market and residential buildings
- 11 Lempäälä Arena, 3rd phase

Vacancy rates, prime yields and prime rents

	Retail	Office	Industrial/ Logistics
Vacant space, sq. m	49,000	97,000	43,000
Vacancy rate, %	4.5	10.8	2.0
Yield, %	6.75	6.5	8.0
Rents, €/sq. m/month	70	20	7.5

Rental levels by region

€/sq. m/month	Retail	Office	Industrial/ Logistics
Lielähti	10–25		
Hatanpää	8–14	10–17	6–7.5
Sarankulma		9–12	6.5–7.5
Kaleva	9–20	8–13	
Messukylä			6–7
Linnakallio			6.5–7.5
Hervanta	9–25	9–16	6–7
Myllypuro			6–7
Elovainio	7–18		6–7
Kankaantaka			6–7
Huovi			6–7.5
Partola	10–20		

of new commercial premises have been completed in the regional centres outside the CBD. Commercial centre Westeri opened in Tesoma, which includes a section of the City library, a youth centre, as well as dental, maternity and healthcare centre services in addition to retail premises. New users have found the premises of the Löytötavaratalo store that ended its operations there. Idea-park’s 15.000 sq. m. expansion, Auto-arena car store and RealPark’s big-box-type new properties have been completed in Lempäälä. Built next to the Tampere House, the first Marriott Hotel in Finland is to open doors in the end of 2019.

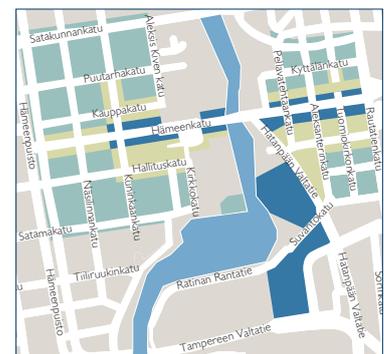
New office space in the CBD

New offices will be built in the CBD after a break. The first phase of the Technopolis Asemakeskus terminal is about to reach its full height, and the second phase started during autumn 2018. The first phase creates 21,100 sq. m. of new space in total as well as 120 parking spaces. New office buildings are being planned next to the

Ratina bus terminal after Sponda acquired an office plot from the City in the summer of 2018. Record vacancy rates from one year ago have achieved a better level thanks to busier demand, but office vacancy rates are forecasted to remain low for rather long before a proper level regarding the size of the market is reached. There is a demand for space in areas that are at a reasonable distance from the railway station. Companies wish to be well located in terms of train connections.

Logistics are on the rise

Industry turnover has significantly increased, and it seems that the need for space is on the rise. The most attractive areas on the ring way have filled up with user-driven projects, and the plots have sold well. The amount of vacant space is not excessive, but the supply for the needs of heavy industry, for example, is low. Logistics facilities are forecasted to expand to a great extent thanks to online business. DHL is building a logistics centre in Linnakallio, Pirkkala, for example.



City Centre

€/sq. m/month	
Retail	30–70
Office	14–17
Retail	15–30
Office	11–16
Retail	11–30
Office	11–14
Renovated/new office	17–20



Turku

TEXT: MARI ROUVALI

© Olli Sulin, City of Turku

The positive tone for the Turku region and all of South-West Finland is strongly reflected on the local property market, both in terms of completed transactions as well as major investments kicking off and thanks to several developments gaining speed. Structural change in the region is forecasted to create up to 30,000 new jobs in South-West Finland during the years to come. Efforts are made to advance the City of Turku's spearhead projects as speedily as possible. These include the Turku Science Park development in the Kupittaa-Itäharju area, a cultural experience development in the railyard area, and the marine and manufacturing industry hub Blue Industry Park near the shipyard.

Busy on the transaction market

Significant deals were closed in the Turku region in 2018, which is a natural continuum to the more active trading in 2017. Trevian's funds acquired several properties: the Varissuo retail centre, Leaf Center, TV-Center and the property used

by Puuilo in the Piispanristi district in Kaarina. The last acquisition in 2018 consisted of three properties in the centre of Raisio. Rausanne bought the nearly completed Original Sokos Hotel Kupittaa, which is the third phase of the Intelligate project, from YIT. Turku Technology Properties sold two office properties used by the City of Turku in the city centre to Kielo Office Solutions. Kansallis-yhtiöt acquired 90% of the Trinax property located in the corner of Yliopistonkatu and Humalistonkatu, which translates into circa 10,000 sq. m.

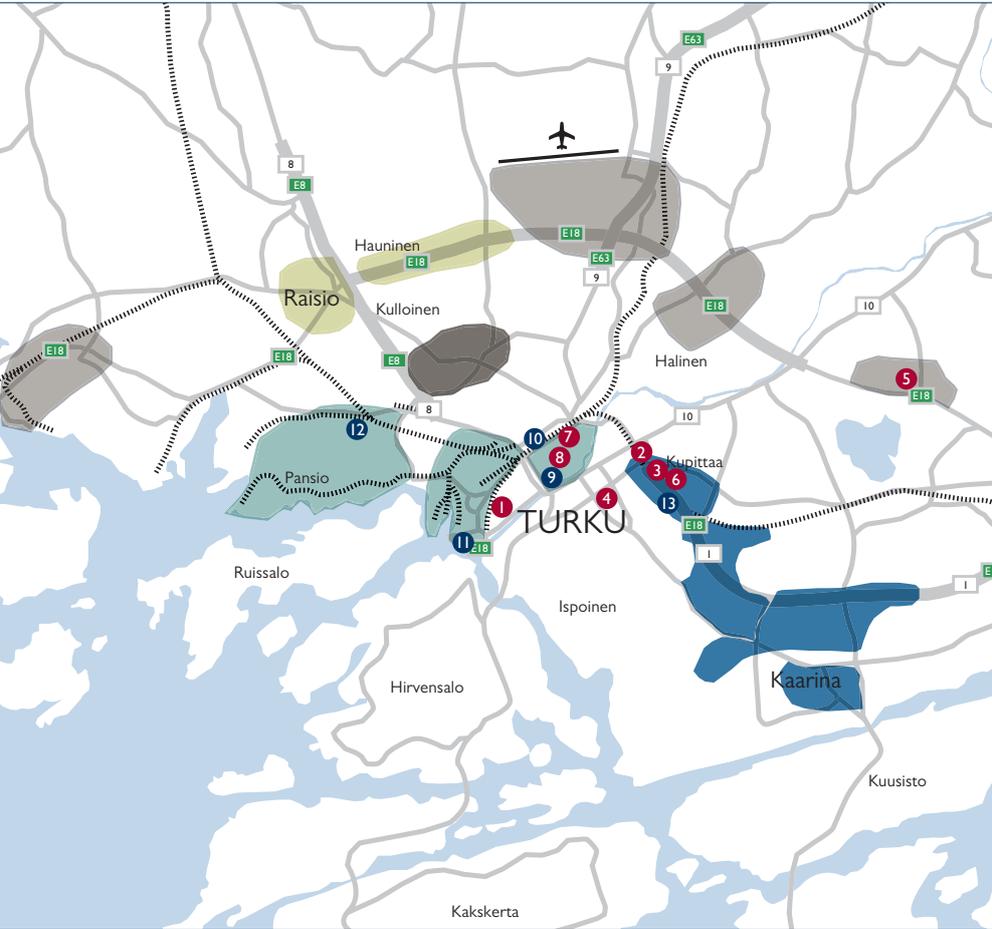
Swedish Hemsö is preparing a EUR 130 million property deal with the City of Turku. It will consist of social and health-care service properties, in which the City would remain as a tenant with 11-year lease contracts on average. The properties consist of 11 buildings, five care homes and two health stations located in the City Hospital area near the city centre.

The Turku region has become a particularly interesting market segment within the Finnish commercial property

market. A proof of this is the transaction volume of more than EUR 250 million. Increased demand in Turku has influenced the yield requirements. The yields for some prime properties have sunk to a record low, and this accession can be seen to continue for the properties that are being negotiated. This is partially due to fine prime properties entering the market.

The City Centre is being renewed

There are several revitalisation and accessibility improvements under construction in the Turku CBD. Before they are completed, the business owners in the centre must struggle through a couple of years of challenging conditions, which is a definite threat to small brick-and-mortar stores as well as the marketplace vendors. The Toriparkki carpark is causing exceptional traffic arrangements: all public transport has moved from the side of the marketplace to Linnankatu, and there is a drive-thru ban in the CBD. In addition, there are construction sites around the carpark: a hotel and res-



Major building projects

UNDER CONSTRUCTION

- 1 Kakola development
- 2 T3 Hospital of Turku University Hospital
- 3 AMK Campus
- 4 Development of Kurjenlinna area
- 5 DB Schenker Terminal
- 6 Sokos Hotel Kupittaa
- 7 Brahe Center
- 8 Toriparkki, underground parking facility

IN PLANNING

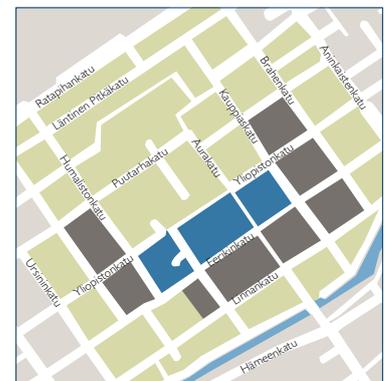
- 9 Extension of Marina Palace Hotel
- 10 Railway experience centre
- 11 Ferry terminal
- 12 Blue Industry Park
- 13 Veritas's head office

Vacancy rates, prime yields and prime rents

	Retail	Office	Industrial/ Logistics
Vacant space, sq. m	38,000	57,000	72,000
Vacancy rate, %	4.0	6.8	3.2
Yield, %	6.75	6.75	8.5
Rents, €/sq. m/month	70	20	7

Rental levels by region

€/sq. m/month	Retail	Office	Industrial/ Logistics
Hauninen	10-30		5-7
Airport			5-7
Kupittaa/Itäharju		14-20	5-7
Harbour/Iso-Heikkilä		10-18	5-7
Länsikeskus	10-20		5-7



City Centre

€/sq. m/month	
Retail	40-70
Office	14-20
Retail	15-30
Office	11-16
Retail	10-20
Office	10-13

restaurant renovation site in the Wiklund property and a sizable conversion site inside the Hansa Block shopping centre. The Brahe Center is being constructed one city block away. An old commercial property has been demolished to make space for a new residential building. Furthermore, the construction works of the new Hamburger Börs Hotel and the Forum block's hotel expansion are about to start. The CBD retail and office occupancy rates have improved during recent years, but the impact of the renovations is not yet visible in the statistics nor on the streets of the city centre.

Plenty of commercial and residential construction

The Kupittaa area is developing fast as the University of Applied Sciences campus is being built next to the Pohjola Hospital that was completed in 2017. The campus is estimated to be completed in 2020. More offices have been planned in the same block. Veritas is moving its headquarters from the city centre to a

new property to be built in the Kupittaa district. The construction of previously mentioned Original Sokos Hotel Kupittaa has started next to the Kupittaa railway station. The hotel is to open in 2020. In addition, other changes are taking place on the hotel market: Solo Sokos Hotel Turun Seurahuone is being revamped, and an extension is planned next to Hotel Marina. New operators are expected to enter the city as Åbo Akademi University has been given an exemption regarding its Rettig tobacco factory property, which can now serve as a hotel. Major residential and commercial projects are in the pipeline in the harbour area as the area stretching from Linnakaupunki to Pitkämäki is being developed. The Viking Line and Tallink Silja passenger terminal consolidation is also in the planning. The city is expanding in that direction thanks to Kakola construction, too, and the area features plenty of building potential. In addition to residential projects, the area will house hotel and restaurant facilities.

Oulu

TEXT: AIMO TYYBÄKINOJA



© Jaani Föhr, City of Oulu

Employment in the Oulu region has lately improved; the unemployment rate has decreased by a few thousand. Several start-ups have advanced on their growth paths, and plenty of new commercial and office buildings have been built outside the city centre during this decade. At the moment, the second phase of Technopolis's city centre campus is under construction, featuring circa 7,500 sq. m. of new offices, as well as circa 8,000 sq. m. of offices in Limingantulli. The construction of the hotel planned next to the market hall has not yet kicked off properly.

Several major projects in the planning

Several major projects are being planned in Oulu. The so called Terwa Tower has been planned near the water by the marketplace behind the library. It will feature 22 floors, and the Kiikeli Löylymaa project will be built next to it. The Oulu Railyard project is underway in Rak-sila, including a multipurpose arena for

approximately 8,000 spectators, a hotel, apartments, retail premises and offices. Financing has been confirmed for the development phase of this project, but the construction schedule is still open. Oulun Portti (Oulu Gate) will be a major service area in the crossing of the motorway and the road to the airport, featuring a floor area of nearly 90,000 sq. m. Zoning for the area is about to be completed, and several plots have been reserved.

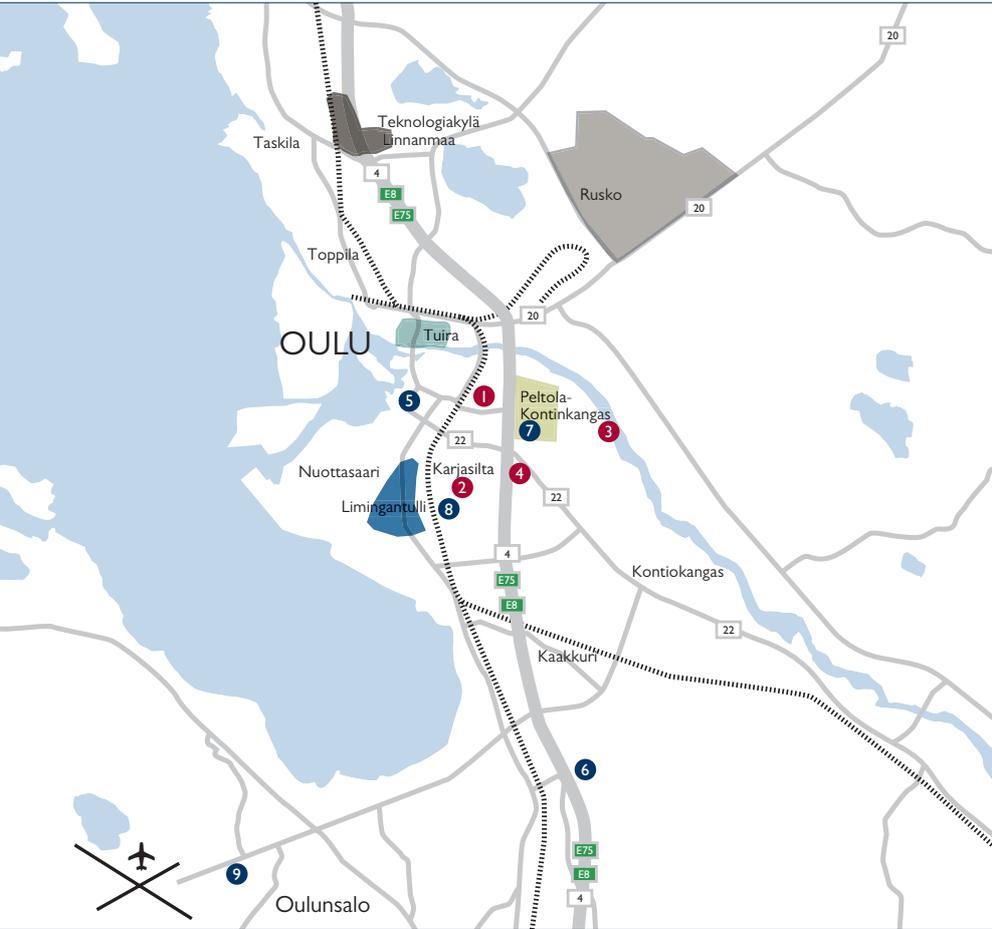
There are major projects underway for the public sector. Large renovation of the Oulu University Hospital will start in the beginning of 2019. Construction is estimated to take 10 years, and the total cost of the new building is circa EUR one billion. Large renovation of the City Hall is to start with demolition in the autumn of 2019. New uses for the City Hall are being planned because not all of the premises will be needed for administration. The new police station and prison are planned to be built in Hiukkavaara.

A few significant business space transactions

Only a few significant business space transactions took place in Oulu in 2018. During the first quarter, a local investor sold a portfolio of a few industrial properties to a foreign investor. In addition, development properties in the CBD and Limingantulli were sold to construction companies. Towards the end of the year, a major apartment house deal was completed: the Oulu University Hospital joint authority sold approximately 500 rental apartments including plots in Kontinkangas near the hospital. Foreign investors and domestic funds' interest towards Oulu has increased but properties that meet the demand are seldom on sale.

Retail market is picking up

The mood of the retail space market is a bit less expectant than before. For example, the premises of Shopping Centre Valkea are in use but there are still a few



Major building projects

UNDER CONSTRUCTION

- 1 Technopolis City Centre expansion
- 2 Office building in Limingantulli
- 3 Rebuilding of University Hospital
- 4 Residential premises in Takalöytty

IN PLANNING

- 5 Development of the market square: Terwa Tower and Sea Spa
- 6 Development of Oulunportti
- 7 Railway project in Raksila
- 8 Retail and office premises in Limingantulli

Vacancy rates, prime yields and prime rents

	Retail	Office	Industrial/Logistics
Vacant space, sq. m	31,000	52,000	29,000
Vacancy rate, %	4.4	8.5	2.2
Yield, %	7.25	7.5	9.25
Rents, €/sq. m/month	70	22	7

Rental levels by region

€/sq. m/month	Retail	Office	Industrial/Logistics
Limingantulli	9–14	9–13	6–7
Tuira	8–12	8–10	
Peltola-Kontinkangas		14–18	
Linnanmaa		10–16	
Rusko		8–12	6–7



City Centre

€/sq. m/month	
Retail	35–70
Office	11–14
Retail	13–18
Office	10–13
Retail	10–15
Office	10–13
Renovated/new office	18–22

street-level retail rooms available in the CBD. The highest rents per sq. m. from a few years back are not feasible on the current market, and some lessors have difficulties in adjusting to the situation. Former Stockmann department store floors are still vacant. Former Kodin Ykkönen retail store building in Karjasilta is nearly fully leased. Budget Sport, for example, moved there from Limingantulli, and their vacant space was immediately leased to a car dealership.

Office market continued to be active

Office space market has continued to be active. Newish, attractive, high-quality office premises stay in the demand, and they help relieve labour competition within IT, for example. Monthly gross rent for a high-quality office space is commonly more than EUR 20 per sq. m. However, it is hard to find tenants to older offices that are in relatively good repair for as low as EUR 10 per sq. m per month. Excluding Technopolis's new

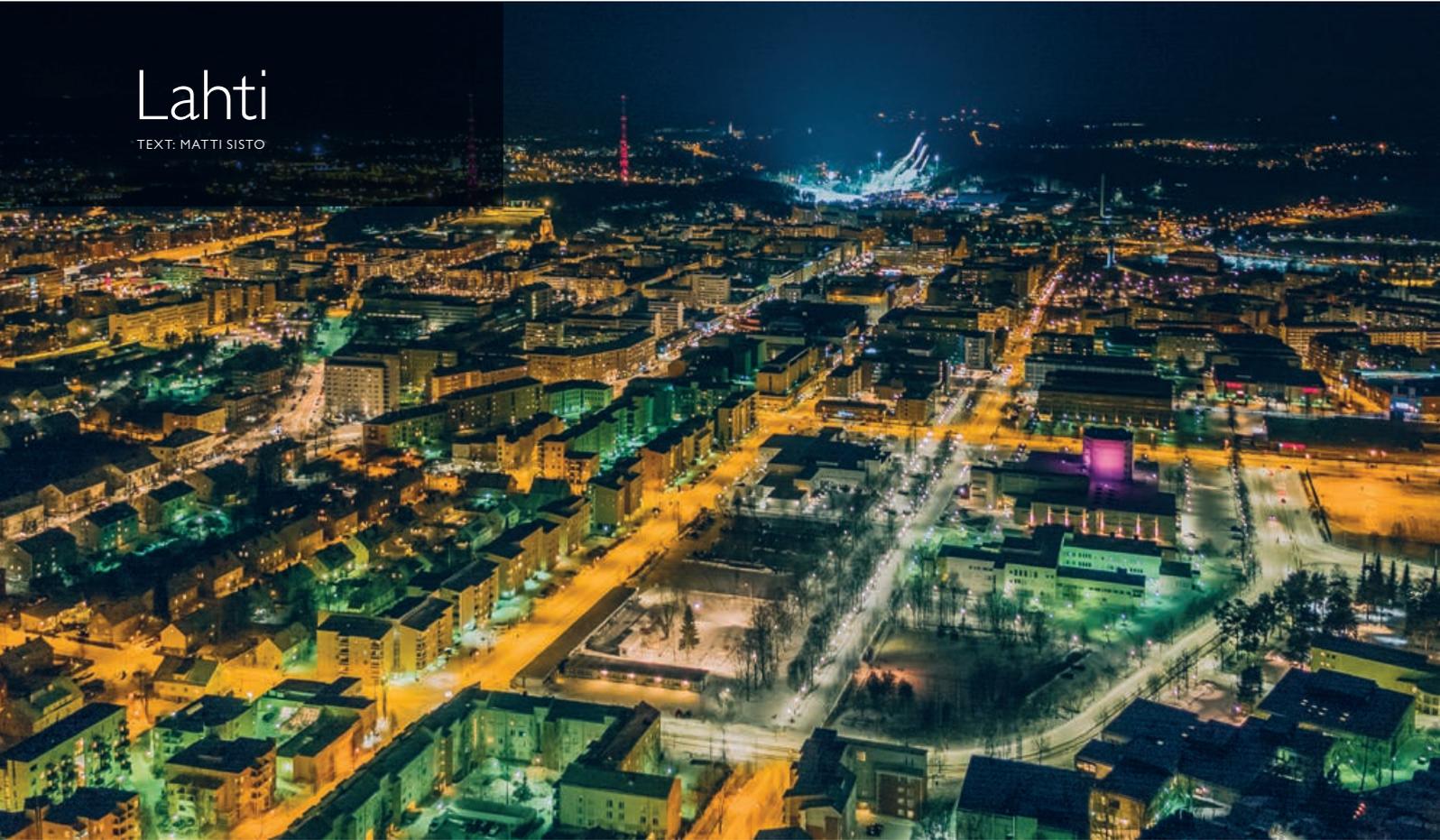
construction, no high-quality offices are being built in the CBD.

Industrial and warehouse market remains unchanged

The real estate market for industrial and warehouse facilities has remained unchanged for a long time. Small industrial spaces, especially the so called garage premises, have been built to various locations, but no significant production or logistics properties have been built for a few years. Many former industrial or warehouse districts have been zoned for apartment buildings, including Karjasilta, Limingantulli, Alppila and Toppila. There are a few developments in the city centre; for example, insurance company Pohjola's former office building has been demolished and will be replaced by an apartment building. Zoning alteration is in the pipeline or has been confirmed for some developments.

Lahti

TEXT: MATTI SISTO



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Lahti invests heavily in the future

The City of Lahti is forced to balance major future investments and a tight budget as the economy is forecasted to slow down. The City will net-invest circa EUR 460 million in total by 2023, the third of which is for school projects and about 70 million to buy a share of the ringway project. Economic upswing helped reduce the city's unemployment rate for the first time below the 2012 level in the autumn, and LUT has made Lahti the first official university city in Finland since 1979.

Many of recent years' major projects have been joint ventures of the private and public sectors. For example, the Niemi campus recently completed in Isku's premises or the Malski property that was sold to a foreign investor and leased to host the City's art and design centre. More than EUR 100 million of private money is needed for the Ranta-Kartano leisure centre, the swimming

pool of which the City committed to build on certain terms in 2018. The intention is to lock in the operator of the spa hotel in planning as soon as possible. Residential development continues to be active in the Niemi and Laune districts and soon along the railroad and the Stark area.

Foreign investors' interest in Lahti continues

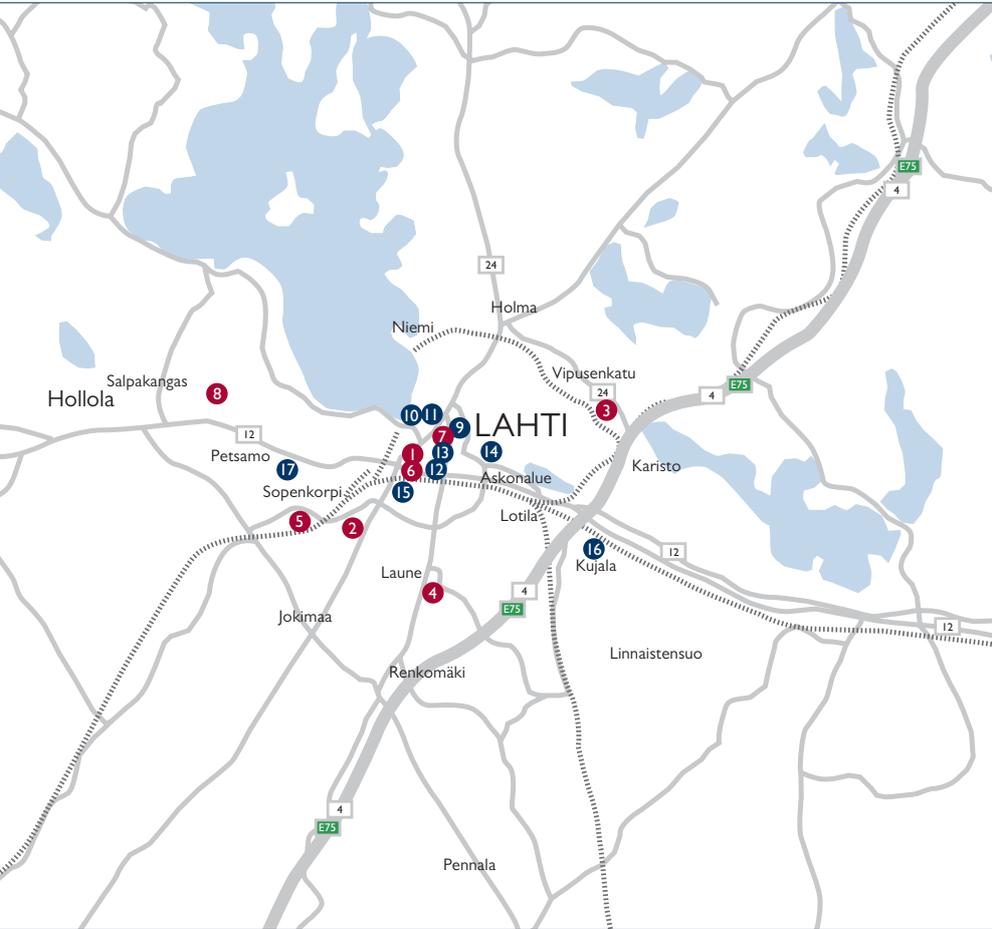
Foreign investors continued to trade in Lahti last year. Corum, which previously bought the old bus station property, also acquired the BW Tower in the travel centre. A city centre office building that changed owner in 2017 was sold to Kielo owned by Swedish Brunswick. The same company bought the Malski property at year-end. The residential building rights to the Stark area were on sale for Ferguson Property, but the City used its preemptive right, and the area bought for EUR 7.5 million was later sold for 10.7

million to Hartela. Numerous investor deals on apartment houses have been made in Lahti, some of them individually and some as part of larger portfolios.

Down time on the office market

No significant office construction projects are underway, but smaller premises have been completed in residential buildings in the centre, most recently at Alekski 11. One of the biggest achievements in 2018 was the completion of the renovated police headquarters in the old mess hall in Hennala.

New companies, some of them experimental, have started business in Lahti, and existing companies have expanded their operations. One reason for this is that Lahti boasts skilled software professionals. With LUT, the potential is bound to multiply. Finland's first automatic parking facility built next to Alekski 11 finally received approval from authorities.



Major building projects

UNDER CONSTRUCTION

- 1 Residential premises of Concert Hall (Konserttitalo)
- 2 Project in Hennala area
- 3 Kymijärvi III Power Station
- 4 Multi-purpose building in Laune
- 5 Water bottling plant
- 6 Development of the Trackside
- 7 Art and Design Centre LAD
- 8 Extension of Central Hospital

IN PLANNING

- 9 Luhta Quarter
- 10 Spa Hotel and Entertainment Centre of Ranta-Kartano
- 11 Stadium of Kisapuisto
- 12 Courthouse (Oikeustalo) Block
- 13 Construction of Hämeenkatu 24
- 14 Campus area of Paavola
- 15 Residential project in Stark area
- 16 Logistics project in Kujala area
- 17 Extension of Fazer Mills

Vacancy rates, prime yields and prime rents

	Retail	Office	Industrial/Logistics
Vacant space, sq. m	35,000	24,000	47,000
Vacancy rate, %	4.5	8.6	2.4
Yield, %	7.75	7.75	9.75
Rents, €/sq. m/month	50	18.5	6

Rental levels by region

€/sq. m/month	Retail	Office	Industrial/Logistics
North	6-9	6-8	4-6
South	7-13	6-8	5-6
East	6-8	6-8	4-6
West	6-8	5-7	4-6

Positive tones on the retail market

Few good premises are available in the best locations, but availability improves considerably a bit further away. Centrally located retail premises are often slow to sell because space is plenty or divided on floors. Regarding smaller premises, rental demand was clearly more active in 2018, and centrally located larger rooms also found their users, for example the former bookstore next to Sokos that was vacant for a long time.

In 2018, several new cafes and restaurants opened in the city centre. Toriparkki exceeded its expectations and is likely to break even sooner than planned. The pedestrian bridge planned over Alekski and the new hotel rooms planned for the third floor of Sokos are still in planning.

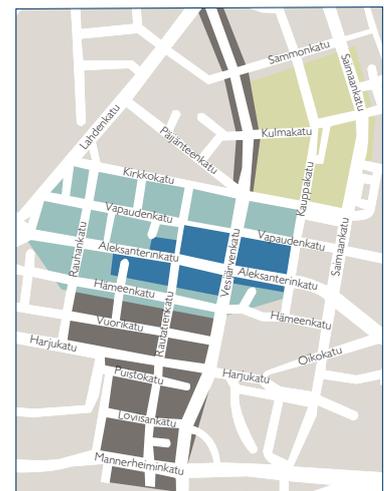
With the new ring way under construction, the region will have new space for the needs of retail and logistics in both Hollola and Lahti. The best devel-

opment potential is around the Pippo exit and in Kujala.

Investments in industrial facilities continue

Older industrial facilities trade rather regularly. In addition, new facilities have been built in Syväoja and Kujala, for example. In 2018, Vuohelan Herkku began operations in Syväoja in a new specialty bakery of circa 6,000 sq. m. and a 2,000 sq. m. building was completed for Kiitosimeon Oy in Kujala.

Major upcoming projects include a logistics hall of 26,000 sq. m. for Alfarc Logistics in Kujala to be completed in 2020, an extension investment of EUR 40 million for Fazer Mills, and a water bottling plant completed at the end of 2018 in Kärpänen. Worth more than EUR 20 million, the plant is financed from Singapore and planned to start operations during 2019.



City Centre

€/sq. m/month	
20-50	Retail
12-18,5	Office
7-12	Retail
8-9	Office
7-12	Retail
9-15	Retail

Jyväskylä

TEXT: MIKKO HIRVI



© iStock.com/tnoronen

Positive tone continues on the financial and property market

In 2018, Jyväskylä continued on a positive note, and this is expected to persist in 2019. The City keeps creating a favourable ground for companies in order for them to develop their business. Jyväskylä was ranked on the very top in a survey conducted by Taloustutkimus, which compared business-positiveness in Finnish cities. Trust on the economy and the property market shows in the form of residential construction, and the Hämeenkatu neighbourhood, for example, makes an impact when entering the city from the east.

The complete renovation of Valtiontalo (State House), designed by Alvar Aalto and listed by the Finnish Heritage Agency, will be completed in 2019. Its tenants include the Finnish broadcasting company YLE and accommodation service provider Forenom. New hybrid construction Reimari next to it will be completed in 2020.

The Hippos project is likely to be confirmed, as the boards of its main investors announced before Christmas to have committed in the permission process and approval of the required EUR 2 million investments.

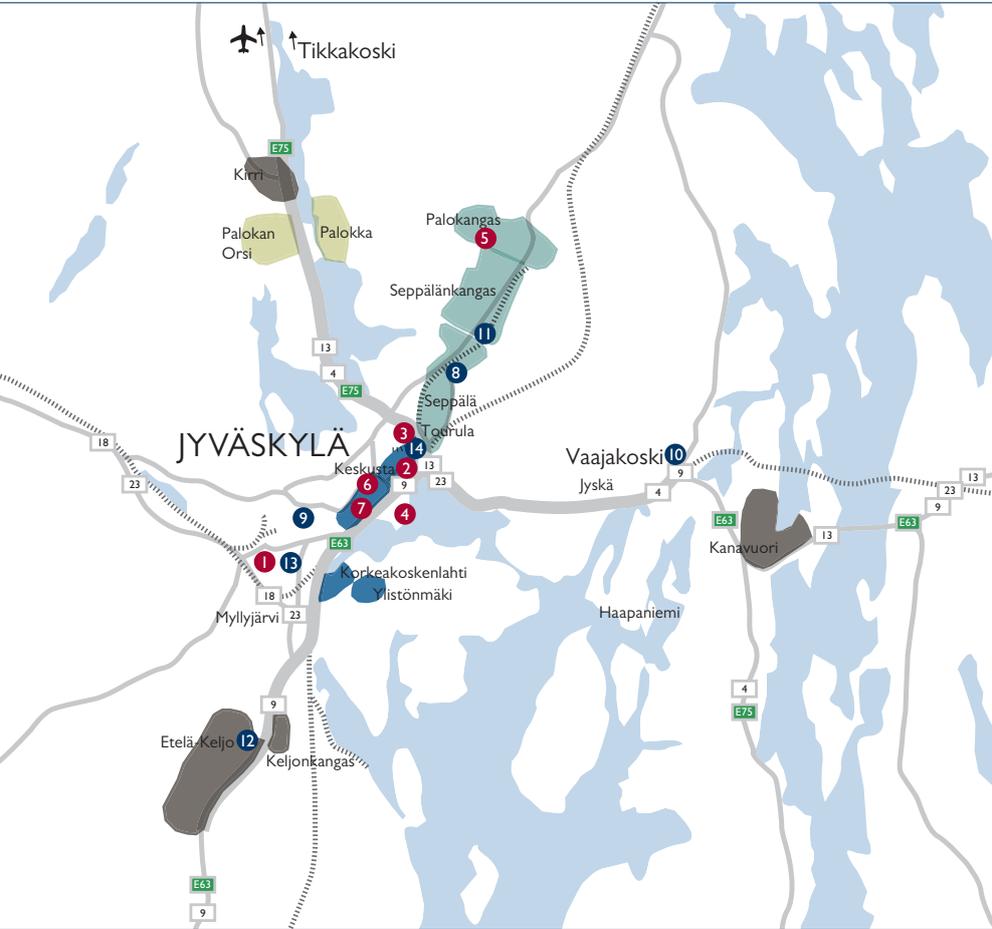
Somewhat slower on the investment market

Year 2018 was somewhat quieter in terms of investments than peak year 2017. Kielo acquired the Mattilanniemi office building from Aberdeen in the first quarter. The property no longer occupied by Byggmax was sold to the owners of local Oro Urakointi Oy. In the summer, the Trevian Finland Properties 1 fund acquired circa 11,000 sq. m. of groceries and services space in Muuramekeskus as well as retail and office space from the Torikulma property from Finanssineliö. A fund managed by CapMan divested an office building originally completed for Tieto to a local investor. At the end of the year, a few industrial and smaller retail

properties were in demand on the market, including the Biltema and Plantagen premises.

More activity around retail premises

Year 2018 was favourable for retail space in particular, mostly thanks to shopping centre Seppä's first year in operation. Seppä is located a couple of kilometres from the CBD. The impact was lower than possibly feared before the opening. In the future, property owners' ability to adjust to market requirements will be key, and this cannot be achieved without investments. Carlson is one example of the new operators in the CBD retail premises. Current operators are looking for a better position on the market. City centre's K-market, for example, moved to Torikeskus and created more activity in the shopping centre after its hiatus of several years. The Anttila premises that were unoccupied for a long time came alive as business community Crazy Town opened a new location of 2,000 sq. m. in the CBD.



Major building projects

UNDER CONSTRUCTION

- 1 Central Finland's Central Hospital
- 2 RISE Campus
- 3 Optimes Business Garden
- 4 Sokos Hotel Solo extension
- 5 Several industrial and logistics buildings, Palokangas
- 6 Jyväskylän Holvi residential and retail building
- 7 Valtiontalo & Reimari

IN PLANNING

- 8 Retail property of Seppälänportti
- 9 Development of Hippos Area
- 10 K-Supermarket in Vaajakoski
- 11 Retail and office building, Laukaantie
- 12 Development of Eteläportti
- 13 Kukkula project
- 14 Kankaan Arkki office building

Vacancy rates, prime yields and prime rents

	Retail	Office	Industrial/Logistics
Vacant space, sq. m	25,000	35,000	16,000
Vacancy rate, %	2.8	9.2	1.4
Yield, %	7.5	7.5	9.5
Rents, €/sq. m/month	50	20.5	7.5

Rental levels by region

€/sq. m/month	Retail	Office	Industrial/Logistics
Tourula	10–13	10–14	6–7.5
Ylistönmäki		10–15	6–7
Tikkakoski	6–10	5–8	5–7
Seppälä	11–16	9–14	5–7.5
Seppälänkangas/ Palokangas	8–11 8–10	6–9 6–8	5–7.5 6–7.5
Palokan Orsi	8–14		6–7.5
Palokka	6–8	7–9	5–7
Kirri	6–8	6–9	4–6
Keljo/Etelä-Keljo	8–14	7–9	6–7.5
Savela	9–11	8–12	6–7.5
Kanavuori/ Vaajakoski	6–9	7–11	5–7.5

This is a good example of a conversion from retail space to offices.

Office market remained active

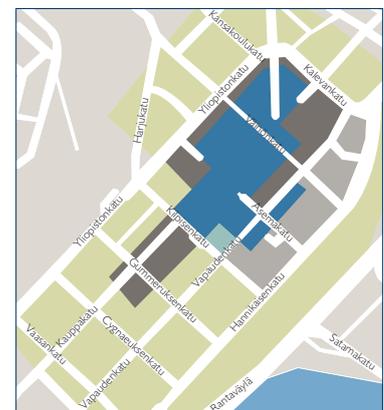
Office market has remained active in Jyväskylä. Certain fields occasionally face the challenge of human resources. Companies can grow and invest, but finding staff is a challenge, particularly in the IT field. This is known to be a problem with companies that move to Jyväskylä from elsewhere in Finland. The City of Jyväskylä has a role in helping these companies. Previously planned office projects in the Kangas area, Kankaan Arkki jointly built by YIT and JYKIA and Kangas Business Garden built by Peab, will kick off during 2019 and new operators are expected to move in during 2020.

Industrial and logistics space in demand

There is a good demand for industrial facilities, and strong local operators are

ready to invest in new premises. New industrial plots have been zoned in Itäinen Palokärki, the municipal engineering for which is likely to be completed in the summer of 2019. The construction of Kuljetusliike Ville Silvasti's circa 3,000 sq. m. unit will start this spring and finish in the spring of 2020. Technical wholesale operators' business is on a solid base, and with new locations, they are certain to grow and establish their business further in the years to come.

It will be interesting to see the new land subdivision for Eteläportti. The plan is likely to be confirmed and the first operators published during spring 2019.



City Centre

€/sq. m/month	
Retail	19–50
Office	13–20
Retail	11–16
Office	11–15
Retail	9–14
Office	10–13

Vaasa

TEXT: LEENA SMEDS



© Esa Sitaloppi

Export industry well on track

On the domestic scale, the Vaasa region is going strong regarding industrial exports. Economic development has been good in 2018, and the region has succeeded in terms of employment, for example. Exports have performed well, and the region has gained significant investments in the past years. One part of Wärtsilä’s new Powergate II office building has been completed at Airport Park, and in August, Wärtsilä announced to build its new Smart Technology Hub in the Vaskiluoto area. The Hub is a sizeable R&D and production-facility investment to be completed and in use in the end of 2020. The total value of investment is estimated at approximately EUR 200 million.

Vaasa interests major operators

Thanks to major developments, Vaasa is of interest as a strong growth area to both domestic and foreign investors. Property deals were closed at a fairly steady

pace just as in 2017. Nordisk Renting acquired the Powergate II development from Oy Vaasa Parks Ab, and Wärtsilä is leasing 16,700 sq. m of the premises. KPO-kiinteistöt Oy acquired the Sokos Hotel Royal property located on the east side of the market place from CapMan Hotels Fund. The deals mainly consist of residential portfolios and care premises. These form about half of the closed deals.

Development of Liisanlehto and Risö to continue

Building a Prisma supermarket in the Liisanlehto district is one step closer now that the City Board decided to advocate the zoning proposal to the City Council in the end of 2018. KPO’s land transaction with Minimani has been confirmed. Kesko has not yet confirmed its plans for a new Citymarket.

Wasa Station – a project that has been in the city centre pipeline for the longest time – advanced in 2018, and YIT is looking for operators. The final decision

to build will be made when a sufficient number of operators has been found. The targeted number is about 50 companies. The plan includes a shopping centre, music and congress centre, ballgame and wellbeing facility, hotel and apartments. The City is to own the music and congress venue. The construction of Wasa Group’s GreenStar Hotel has started, and the hotel is to begin operations in November 2019.

Located on the west side of the market place, the HS Center was re-launched in the autumn as ‘Shopping Centre Espe’. As a result of the renovation that took nearly one year, the premises now house fashion brands previously missing from Vaasa, such as New Yorker and Halonen. The renovation reflects a trend seen elsewhere, too: instead of traditional retail stores, shopping centres now include experience services, such as cafes and restaurants and entertainment.

In general, the occupancy rate has remained on a good level, although there



Cooperating partners:

Oy Vaasa Parks Ab – Ulla Mäki-Lohiluoma
 Kiinteistöväilytys & Rakennuspalvelu
 Erkki Väkelä Oy LKV
 City of Vaasa

Major building projects

UNDER CONSTRUCTION

- 1 Office Premises to Wärtsilä – Powergate II
- 2 Retail and residential premises replacing Centrum’s building
- 3 Retail premises in Kivihaka
- 4 GreenStar Hotel
- 5 Industrial premises Gateway Park Wasa

IN PLANNING

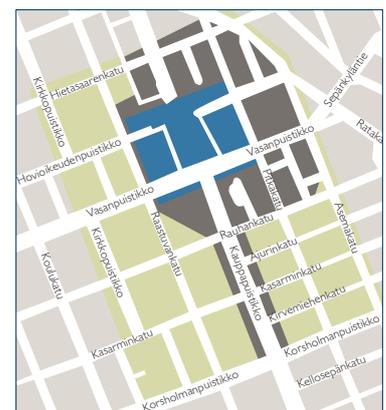
- 6 Wärtsilä Smart Technology Hub
- 7 Wasa Station
- 8 Prisma and Citymarket
- 9 Ostrobothnia’s “Sote” (social services and healthcare) building
- 10 Smart Grid – office and research building

Vacancy rates, prime yields and prime rents

	Retail	Office	Industrial/Logistics
Vacant space, sq. m	18,000	20,000	27,000
Vacancy rate, %	3.5	7.3	3.6
Yield, %	8.0	8.0	9.5
Rents, €/sq. m/month	55	15	6

Rental levels by region

€/sq. m/month	Retail	Office	Industrial/Logistics
Kivihaka	8–14		
Klemettilä/Strömberg Park	6–12	6–13	4–6
Airport Park		6–14	4–6
Vaskiluoto			4–6
Palosaari		6–12	
Sepänkylä	7–13		
Lintuvuori			4–6



City Centre

€/sq. m/month	
Retail	20–55
Office	9–15
Retail	9–18
Office	9–14
Retail	8–13
Office	8–12

is a slight increase in the vacancy rate compared to previous year. In the city centre, the Centrum property will be replaced by a new apartment house that will feature both retail and office as well as living space.

Spearhead projects consist of regional developments and Wärtsilä investments

There are several major developments and plans advancing in accordance with the zoning process. Office building Powergate II will provide premises for some 900 employees. Its third part is to be completed in autumn 2019. Wärtsilä is concentrating all of its city centre operations and employees in the Vaskiluoto Smart Technology Hub that is in the pipeline. The Runsor logistics and service operations will also be centralised in Vaskiluoto. This centralisation means that the Wärtsilä properties located in Vöyrinkaupunki will be left vacant. Regional planning is to continue in cooperation

with the City, and the preliminary plan includes residential housing and service. Zoning is to boost the utilisation of the city centre and the surrounding area. Calculations introduce up to 10,000 new residents in the centre and nearby. Another equally significant regional development project is Strömberg Park by ABB. The objective is to revamp old premise for offices and parking.

Major industrial area Laajametsä one step closer to completion

Located on both sides of the border between Vaasa and Mustasaari, the Laajametsä industrial area is looking for operators. Regional planning ensures that its lots are widely applicable for various industrial purposes. The focus is on battery production and related operations. The logistical advantage of the area near the motorway and the airport, and the opportunity to utilise railroads, make this an interesting location.

Other growth centres

CITY OF SEINÄJOKI
© PASI AHOLA, CITY OF SEINÄJOKI



Major shopping centres in Rovaniemi gained new owners

TEXT: AIMO TYYBÄKINOJA

The two most important shopping centres in Rovaniemi gained new owners after Barings Real Estate sold Shopping Centre Revontuli to Agore Properties in the spring and Citycon sold Shopping Centre Sampokeskus to the Trevian Finland Properties I fund in December. Both shopping centres are centrally located in the city. The city centre will have new retail space to offer as the Pohjola Osuuspankki bank has begun to demolish its old premises and replace them with a new six-story building with circa 3,000 sq. m. of retail and office space. The building is to be completed

during 2020. At the same time, the Osuuskauppa Arina co-op is planning to re-build the so called Pukumies block next to the Osuuspankki bank and Sampokeskus centre.

New retail premises were completed last year for Motonet and Veho along Teollisuustie. There are many retail projects underway also outside the city centre. The Minimani Company has reserved a plot along Lampelankatu to build a 10,000 sq. m. commercial property, and Biltema has announced its intent to expand into Rovaniemi. Travel business is growing strong in the city and bringing along several hotel developments, which are still pending kick-off, however.

Several retail space deals in Pori

TEXT: MARI ROUVALI

In the spring 2018, Special Investment Fund eQ Care acquired the real estate company Kiinteistö Oy Porin Linnankulma located in the centre of Pori from healthcare provider Terveystalo which remains in the premises with a 10-year lease. Fennia Asset Management acquired a retail property in Herjala consisting of two new commercial buildings. The premises completed in 2017 have been leased to Leo's Leikki-maa indoor play park, and the premises renewed in 2018 house a Stadium Outlet. In the autumn, Investors House acquired the premises of former Cumulus Hotel in the city centre. The hotel business was

transferred to Rauman Hovi Oy with a long-term lease. Orya Invest's new 40-room Place to Sleep Hotel opened in the Copper House (Kuparitalo) in the corner of Kävelykatu and Mikonkatu.

A large IKH (Isojoen Konehalli) store is being built and is to open in the Mikkola district. Shopping Centre Puuvilla is planning an extension estimated to be completed in 2020.

Shopping Centre Galleria in Lappeenranta sold to Agore Real Estate

TEXT: MATTI SISTO

During 2019, a five-story 4,500 sq. m. office building will rise in the centre of Lappeenranta developed by Assi Group which bought the plot from the City and also owns the neighbouring office buildings. The investment amounts to circa EUR 12 million. Retail premises in the centre have suffered vacancies, and some of the new premises in Iso Kristiina also lack users. According to the new zoning proposal, Shopping Centre Weera located on Kävelykatu can be demolished. It can be replaced by a new six-story building, and the Scandic Hotel located in the same block can be replaced by a new building or made taller.

Shopping Centre Galleria was sold to Agore Real Estate last year. It was divested by Baring Real Estate.

Ideapark to be completed in Seinäjoki

TEXT: LEENA SMEDS

Ideapark is under construction in Jouppi in Seinäjoki. K-Citymarket will be the anchor tenant with 10,000 sq. m. Other published tenants include The Duudsons' Activity Park and a few fashion and sports chains, such as XXL, Stadium and Luhta Brand Store. The shopping centre is to be completed in the end of 2019.

In addition, major investments are underway or planned in the centre of Seinäjoki. The recently completed Toriparkki parking makes the centre more attractive both commercially and as a living environment. Several new apartment houses have been completed in the centre, the latest ones being Kassakulma and Rauniotorni. The largest ongoing residential project is Patruunakortteli. Altogether the centre is prepared to house 10,000 more residents by 2021.

At the end of 2018, City Kauppa-paikat and Peab published their plans to extend Shopping Centre Torikeskus. The plans include an extension of circa 14,000 sq. m, of which half is retail space and half social and healthcare centre space for the City of Seinäjoki. In addition, the project includes two apartment towers. Zoning is expected to be completed in the end of 2019 so that construction can start in the spring of 2020.

Several sizeable investments underway in Kuopio

TEXT: TEA LÖNNROTH

In Kuopio, the most significant individual transaction was the sale of Citycon's prominent retail property by the market place to a special investment fund managed by Fennia. The total leasable area of this CBD property is circa 10,300 sq. m, and its tenants include Kesko, Tokmanni, Danske Bank and Restel. The total selling price came to around EUR 22 million.

During the year, a few smaller property transaction also took place in Kuopio. In addition, several of the portfolios sold have included residential properties located in Kuopio, such as the 1600-apartment portfolio bought by Morgan Stanley from Kojamo and the close-to-1000-apartment portfolio bought by Kojamo from OP Group.

Several sizeable investments are underway in Kuopio. Construction in the railway station area i.e. in Kuopion Portti (Kuopio Gate) began in the summer of 2018. In addition to housing, the area will offer retail and office premises as well as health, wellbeing and care services, altogether around 50,000 sq. m. These will be completed in three phases during 2018–2023. Another important development, Kuntolaakso, takes place in Niirala. To be completed during 2018–2020, this project is a large development of a swimming pool, an ice arena, and parking services. The total price of the investments is around EUR 46.2 million. Planning and construction of the Savilahti area next to the centre of Kuopio is advancing. Construction will focus on the city centre as well a nearby areas, including Mölymäki, Maljalahti and Kuopionlahti.



City of Lappeenranta © Vastavalo/Jussi Sorsa

Selected transactions 2018

Divestment of Union Investment's real estate portfolio

Catella advised Union Investment in divesting of three office properties and a prime logistics property in the Helsinki Metropolitan Area in three separate transactions. Largest of the properties was Skanska's head office located in the Ruskeasuo district of Helsinki. It was acquired by a fund managed by Corum Asset Management. The property is LEED Platinum certified, its lettable area is approximately 9,100 sq. m., and it has been let with a long-term contract to Skanska.

In the Aviapolis area, a fund managed by Tristan Capital Partners acquired two buildings, Pilke and Hehku, from Plaza Business Park. The total lettable area of the properties is approximately 11,000 sq. m. In addition, Finnish property investor VVT Kiinteistösi joitus acquired a prime logistics property located on Tikkurilantie. Its lettable area is approximately 6,600 sq. m., and it has been let with a long-term contract to Dayton Group.



Sale of Barings Real Estate's shopping centres

Barings Real Estate was advised by Catella in the sale of two shopping centres in the city centres of Lappeenranta and Rovaniemi. The shopping centres were sold to Agore Properties (Agore Kiinteistö Ky), a joint venture of Elo Mutual Pension Insurance, Första AP-fonden and Trevian Asset Management. The acquired shopping centres are Revontuli in Rovaniemi and Galleria in Lappeenranta. Both shopping centres were built in 2007 and are located in the city centre, in the best commercial locations. The total lettable area is approximately 33,500 sq. m., and both properties have several well-known brands as tenants.



Sale of an office property in Helsinki CBD

Catella advised the City of Helsinki in the sales process of an office property located on Kansakoulukatu 3 in the Helsinki CBD. The property was sold to a fund managed by CapMan Real Estate for EUR 19.5 million. The total lettable area is approximately 6,400 sq. m. In addition, building rights have been granted for additional 830 sq. m.

The Urban Environment Division of the City of Helsinki has signed a lease agreement for the premises until 2020, after which the buyer's intention is to refurbish the property into modern high-quality office premises. High ceilings increase the attractiveness of the premises and enable various development opportunities.



Sale of a major residential portfolio

Avara sold 21 residential properties located in 11 municipalities and was advised by Catella in the transaction. The properties consist of 465 apartments in total. The buyer was NREP, a Nordic real estate investment company. The majority of the residential properties consist of two-room and three-room apartments varying in size between 40 and 60 sq. m. A number of studios and family apartments are also included. The rental apartments are situated in central locations near city centres or universities in growing cities. The properties are located in the Helsinki area and, for example, in Jyväskylä, Kuopio and Oulu.



A selection of references

TRANSACTIONS

<p>FINLAND NOVEMBER 2018</p> <p>Advisor to Citycon in the sale of a shopping center in the city centre of Rovaniemi</p>   <p>EUR 16 MILLION</p>	<p>FINLAND OCTOBER 2018</p> <p>Advisor to FinCap and private investors in the sale of six care properties in Finland</p>  <p>EUR 20 MILLION</p>	<p>FINLAND SEPTEMBER 2018</p> <p>Advisor to Union Investment in the sale of two office properties in Aviapolis</p>   <p>AMOUNT NOT DISCLOSED</p>	<p>FINLAND SEPTEMBER 2018</p> <p>Advisor to Tradeka-kiinteistöt in the divestment of a hotel portfolio in Finland</p>   <p>PRIVATE INVESTOR</p> <p>AMOUNT NOT DISCLOSED</p>
<p>FINLAND SEPTEMBER 2018</p> <p>Advisor to the Northern Ostrobothnia Hospital district in the sale of 10 residential buildings and plots in Oulu</p>   <p>AMOUNT NOT DISCLOSED</p>	<p>FINLAND SEPTEMBER 2018</p> <p>Advisor to private investors in the sale of a head office property in Helsinki</p> <p>PRIVATE INVESTORS</p>  <p>AMOUNT NOT DISCLOSED</p>	<p>FINLAND SEPTEMBER 2018</p> <p>Advisor to the City of Helsinki in the sale of an office property in the Helsinki CBD</p>   <p>EUR 19.5 MILLION</p>	<p>FINLAND SEPTEMBER 2018</p> <p>Advisor to Aberdeen and the City of Helsinki in the divestment of a major residential development property in Helsinki</p>    <p>AMOUNT NOT DISCLOSED</p>
<p>FINLAND AUGUST 2018</p> <p>Advisor to Union Investment in the sale of a logistic center in Aviapolis</p>   <p>AMOUNT NOT DISCLOSED</p>	<p>FINLAND AUGUST 2018</p> <p>Advisor to Kalevala Jewelry in the sale of a residential conversion project in Helsinki</p>   <p>AMOUNT NOT DISCLOSED</p>	<p>FINLAND JULY 2018</p> <p>Advisor to Union Investment in the sale of a major headquarters property in Helsinki</p>   <p>AMOUNT NOT DISCLOSED</p>	<p>FINLAND JUNE 2018</p> <p>Advisor to Avara in the sale of 21 residential properties in Finland</p>   <p>AMOUNT NOT DISCLOSED</p>
<p>FINLAND MAY 2018</p> <p>Advisor to FinCap in the sale of a residential property in Turku and assisted living property in Tampere</p>   <p>AMOUNT NOT DISCLOSED</p>	<p>FINLAND APRIL 2018</p> <p>Advisor to Renor in the sale of a major office and warehouse building in Tampere</p>   <p>AMOUNT NOT DISCLOSED</p>	<p>FINLAND APRIL 2018</p> <p>Advisor to Citycon in the divestment of a shopping center in Kuopio</p>   <p>APPROX. EUR 22 MILLION</p>	<p>FINLAND APRIL 2018</p> <p>Advisor to Barings in the sale of two major shopping centres in Lappeenranta and Rovaniemi</p>   <p>AMOUNT NOT DISCLOSED</p>

LETTING

<p>FINLAND OCTOBER 2018</p> <p>Advisor to OP Life Assurance in the letting of an office property in Helsinki</p>   <p>800 sq.m.</p>	<p>FINLAND SEPTEMBER 2018</p> <p>Advisor to Ilmarinen in the letting of retail and warehouse property in Valkeakoski</p>   <p>1,193 sq.m.</p>	<p>FINLAND FEBRUARY 2018</p> <p>Advisor to Ilmarinen in the letting of retail and office property in Oulu</p>      <p>2,020 sq.m.</p>	<p>FINLAND JANUARY 2018</p> <p>Advisor to private investor in the letting of sports centre property in Helsinki</p> <p>PRIVATE INVESTOR</p>  <p>3,700 sq.m.</p>
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VALUATION

<p>FINLAND DECEMBER 2018</p> <p>Valuation of real estate portfolio in Finland to Aberdeen Property Fund Finland I Ky</p>  <p>264,000 sq.m.</p>	<p>FINLAND SEPTEMBER 2018</p> <p>Valuation of real estate portfolio in Finland to Turva Mutual Insurance Company</p>  <p>18,300 sq.m.</p>	<p>FINLAND MARCH 2018</p> <p>Valuation of two logistics properties in Vantaa Aviapolis to Aktia Life Insurance</p>  <p>18,000 sq.m.</p>	<p>FINLAND JANUARY 2018</p> <p>Valuation of an office property in Espoo Keilaniemi to Regenero</p>   <p>35,000 sq.m.</p>
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Real estate market Finland Spring 2019



Helsinki
(HMA)



Tampere



Turku



Oulu



Lahti



Jyväskylä



Vaasa

OFFICE MARKET (Q4 2018)

➔ Forecast (Q2 2019)

Stock (sq. m.):	8,500,000	900,000	800,000	600,000	300,000	400,000	300,000
Vacancy (%):	13.1 ↘	10.8 ➔	6.8 ➔	8.5 ↘	8.6 ↘	9.2 ➔	7.3 ➔
Prime yield (%):	3.8 ➔	6.5 ➔	6.75 ↘	7.5 ➔	7.75 ➔	7.5 ➔	8.0 ➔
Prime rent (€/sq. m./month):	34 ↗	20 ➔	20 ➔	22 ↗	18.5 ➔	20.5 ➔	15 ➔

RETAIL MARKET (Q4 2018)

➔ Forecast (Q2 2019)

Stock (sq. m.):	3,700,000	1,100,000	1 000,000	700,000	800,000	900,000	500,000
Vacancy (%):	2.8 ↗	4.5 ➔	4.0 ➔	4.4 ➔	4.5 ➔	2.8 ➔	3.5 ➔
Prime yield (%):	4.4 ➔	6.75 ➔	6.75 ➔	7.25 ➔	7.75 ➔	7.5 ➔	8.0 ➔
Prime rent (€/sq. m./month):	150 ➔	70 ➔	70 ➔	70 ↘	50 ↘	50 ➔	55 ➔

LOGISTICS/INDUSTRIAL MARKET (Q4 2018)

➔ Forecast (Q2 2019)

Stock (sq. m.):	7,900,000	2,100,000	2,200,000	1,300,000	2,000,000	1,200,000	800,000
Vacancy (%):	4.6 ➔	2.0 ➔	3.2 ➔	2.2 ➔	2.4 ➔	1.4 ➔	3.6 ➔
Prime yield (%):	6.1 ➔	8.0 ➔	8.5 ➔	9.25 ↘	9.75 ↘	9.5 ➔	9.5 ➔
Prime rent (€/sq. m./month):	9.75 ➔	7.5 ➔	7.0 ➔	7.0 ➔	6.0 ↗	7.5 ➔	6.0 ➔

Rental levels and yields are based on the following criteria:

Rents are gross rents.

Retail premises: Street level retail premises in the CBD, well-known domestic or international tenant, 3–5-year lease agreement and initial yield without renovations.

Office premises: Modern or renovated premises in the CBD with good rentability, stable anchor tenants, 3–5-year lease agreements and initial yield without renovations.

Industrial and logistics premises: Ordinary premises located in a good industrial area, newer medium-sized building without major renovations needed, one stable tenant, 5–7-year lease agreement and initial yield without renovations.

Particularly long lease agreements currently decrease yields by approx. 0.1–0.5% points in the Helsinki CBD and 0.1–0.7% points in other submarkets.

Transaction volume does not include daily real estate companies stock trading.

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