

City of Helsinki at MIPIM 2019

Property Market in Helsinki

Helsinki is one of the fastest-growing metropolitan areas in Europe and construction is at the highest levels since the beginning of the 1990s. The city's population is set to increase by a third, to 860,000, by 2050 and last year the city attracted record tourist numbers. Helsinki has witnessed several large property transactions in the metropolitan region in all major commercial property types (office, retail, logistics, hotel). The yields have compressed to record-low levels especially in the Helsinki CBD, where the prime office yields for the best properties are below 4%. Secondary office properties have also started to attract more investors.

In 2018, the volume of real estate transactions in the Helsinki Metropolitan Area was larger than ever, second only to the record year of 2017. Predominantly office buildings were changing owners – around one-third of all transactions. Especially in the care sector the turnover of real estate transactions was higher than ever before.

Commercial property construction volumes are also high in the Helsinki region. According to the statistics of KTI, some 180,000sqm of new office space and 110,000sqm of new retail space were under construction at the end of December 2018 in Helsinki. Retail and office property construction is also active in the neighbouring cities of Espoo and Vantaa. Moreover, the supply of hotel and industrial properties is increasing in the Helsinki metropolitan area.

Office rents have grown rapidly especially in the Helsinki CBD. The KTI Office Rent Index for new agreements in the Helsinki CBD increased by 6.0 per cent during the past 12 months, from September 2017 to September 2018.

Helsinki has also recently been ranked one of the winners of the fDi Location Awards ceremony, celebrating the most successful locations across the globe as recognised by fDi Magazine's [Global Cities of the Future 2018/19](#).

International Investment

During the first three quarter of 2018, almost two-thirds of all property investment transactions in Finland were made by foreign investors. Property investors were particularly interested in the Helsinki Metropolitan Area, where over 60 per cent of real estate purchases or sales in Finland were made that year. International property investors' interest in Finland is largely due to slightly higher net returns and a solid economic outlook compared to other countries. A stable, safe and transparent business environment and Finland's membership in the Euro currency zone were important factors, too. International investment into Helsinki is geographically diverse, especially Asian and North-American investors are increasing in number.

Lively commercial property market and high occupancy rates in retail or wholesale premises

Recent economic growth has stimulated the market for rented business premises in Helsinki. In the real estate investment market trade has continued to be lively too. The effects of economic growth especially appear in the form of rising rents for premises in the most central areas and of higher occupancy rates. Premises for wholesale or retail trade have some of the highest occupancy rates, 94 per cent, in the Helsinki Region.

The index for office rents rose in 2018 in Helsinki's central business district, while vacancy rate of office premises has not declined noticeably.

Old business premises are turned into dwellings or hotels whilst new premises are built

In 2018, over 100,000sqm of office premises were taken out of office use in the Helsinki Region. This is a high figure compared with the average of the past ten years, which is 54,000sqm. Over half of these premises were turned into dwellings, and roughly one-third into hotels.

In 2017-2019, the total floor area of new wholesale or retail premises built in the Helsinki Metropolitan Area will also exceed 100,000sqm per annum. This is more than twice as much as the average of the past ten years.

Helsinki Smart City

Finnish society is highly supportive of entrepreneurship, with a flourishing Silicon Valley-inspired business culture. Wired listed Finland as one of the best countries in the world for start-ups and the annual Slush start-up event in Helsinki is among the largest in the world.

Helsinki generates almost 50% of the tech sector's turnover in Finland (almost 70% of the whole country's turnover is produced in the Helsinki Metropolitan Area). The biggest sector of the tech sector in Helsinki is IT, with more than half of Finland's IT companies based in the Helsinki Metropolitan Area. There is also a particular focus on telecommunications (over 130 companies, 4500 personnel), software development (1900 companies, 18300 personnel) and information supply (780 companies, 2300 employees).

Moreover, last month Helsinki announced a new digital co-operation with London to work together to embrace the opportunities presented by artificial intelligence, open data and digital innovation as part of a new agreement between the cities' Chief Digital Officers. The 'City to City Digital Declaration', signed by London's Theo Blackwell and Helsinki's Mikko Rusama sets out several new areas of collaboration between the two capitals including:

- Joint working on the ethical use of data and artificial intelligence for better citizen engagement and improved services
- Sharing knowledge of artificial intelligence and its use in smart city solutions
- Learning from successful data sharing approaches across public services, 3D city modelling and the concept of digital twins
- Encouraging digital innovation by supporting entrepreneurs and citizens to collaborate

Carbon Neutrality by 2035 and new Urban Transport

In September 2017, Helsinki reset the city's target year for carbon neutrality to 2035, speeding up the achievement of the goal by 15 years from the earlier goal in 2050. An interim goal is to cut greenhouse gas emissions by 60% from 1990 to 2030. In March 2018, the city's climate experts presented the Carbon Neutral Helsinki 2035 action plan, a detailed account of 147 actions how to reach the climate goals. Key factors to achieving the target are cuts in energy consumption, increases in on-site renewable energy generation, and sustainable modes of transportation. Heating of buildings causes over half of the carbon emissions of Helsinki. The city compiles all energy-related data on its building stock into a 3D map application labeled Climate Atlas.

More information here: <https://www.stadinilmasto.fi/en/2018/07/16/helsinki-compiles-building-energy-data-into-semantic-3d-city-model/#more-4611>

Helsinki is also undergoing a massive mobility transformation that will transform the metropolitan area. Several of Europe's biggest urban development projects are underway in the area. Sustainable growth relies on rail links connecting new urban areas to other growth centers in Finland. Ongoing projects include the Jokeri Light Rail project and the ambitious Crown Bridges project.

More information here:

- Jokeri Light Rail: <http://raidejokeri.info/in-english/>
- Crown Bridges Project: <https://www.hel.fi/kaupunkiymparisto/kruunusillat-en/uutiset>

Helsinki Cultural Investment

To support its thriving development boom, Helsinki has also invested heavily into providing a vivid urban culture.

The new Amos Rex Art Museum which opened in August last year and the new €98 million central library Oodi, which opened its doors in December, provide two new unique spaces of cultural consumption and learning for Helsinki's population and overseas visitors to the city. Since their openings, Amos Rex has attracted 300,000 and Oodi 500,000 visitors already.

Helsinki also recently announced its intention to build a new world-class architecture and design museum which will serve as a national archive, as well as a new learning environment and visitor attraction to experience the country's rich history in architecture and design. More info [here](#).

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The stand programme can be viewed [here](#)