Dynamics of commercial property markets in Finland

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Research questions and the purpose of the project

• How has the Finnish commercial property market changed and will change in the future?
  – International investors
  – Submarkets
  – Real estate information and services

• Purpose of the project is to gain knowledge of the different functions in Finnish commercial property markets

General questions of research

• How have the Finnish commercial property markets changed?
• What are the parameters for attractiveness of Finnish markets?
• Spatial distribution of commercial property markets

Scenario studies framework

International investors (WG 1)

• What are the reasons, why international investors choose to invest in Finland? Will they stay or move to more attractive markets?
• How have the structures and processes of the Finnish real estate market changed and how do these changes affect the market dynamics
International investors (WG 1)

- Focus mainly on investment demand
- Development of real estate markets in Finland and 4 comparative countries: Netherlands, Sweden, Slovenia (Hungary/Denmark)

Submarkets in Helsinki Metropolitan Area (WG 2)

- To find out where the important submarkets are?
- Why the rents and transactions are different in different places?
- Where is potential for new major submarkets?
- What is the role of Helsinki center in this development?
- Use of GIS-analysis

Submarkets in Helsinki Metropolitan Area (WG 2)

- Office and retail
  - analysis on different levels: city level, submarket level, case-study
- Data from KTI and YTV
  - rental data
  - population data
  - amount and dispersion of population
  - income -> shopping power
  - traffic data
  - public transportation and cars
  - business register

Submarkets in Helsinki Metropolitan Area (WG 2)

- Shopping centers
  - different approaches based on different players on the markets

Submarkets in Helsinki Metropolitan Area (WG 2)

- Possible outcomes
  - Factors affecting differences between areas inside HMA
  - Factors affecting differences on more detailed level
    - shopping center
    - business park
  - Scenario for development of future submarkets
Real estate information and services (WG 3) – preliminary conclusions

- Improper or negligent use of terms can cause problems
- On international level it might be challenging to achieve conceptual uniformity
  - FIG might influence this?
- At the moment many factors might reflect to the valuation
  - appraisal smoothing?
  - changed market conditions because of globalisation
  - from direct capitalisation to DCF

Real estate information and services (WG 3) – further research

- The existence and effect of these factors cannot be concluded without further research
- Interviews on specialists here to get knowledge of international development

Thank you for your attention!

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