

Destination Finland

2019





Finnish market presentation and JLL retail services

Finland

Economy and retail market

Retailer presence

International brands in the market

Key cities in Finland

Helsinki
Tampere
Turku
Oulu
Jyväskylä

JLL on-going retail leasing projects

Mylly in Turku region
Valkea in Oulu
Sokkari in Jyväskylä
Dixi in Helsinki Metropolitan Area (Vantaa)
Lasipalatsi in Helsinki

References

Finland

A stable and well-performing nation in the North

Finland is a Nordic welfare state, characterised by a high level of income and prosperity. The Finnish economy is also distinctively stable, granted with AA/AA+ credit ratings from all major global rating agencies.

According to Statistics Finland, **the volume of GDP of Finland grew by 2.3% in 2018** when in 2017 the growth was 2.7%. According to Finland's Ministry of Finance the most recent forecasts for GDP growth in 2019 is +1.7% and for the following years slightly less: 1.4% for the year 2020 and 1.2% for the year 2021.

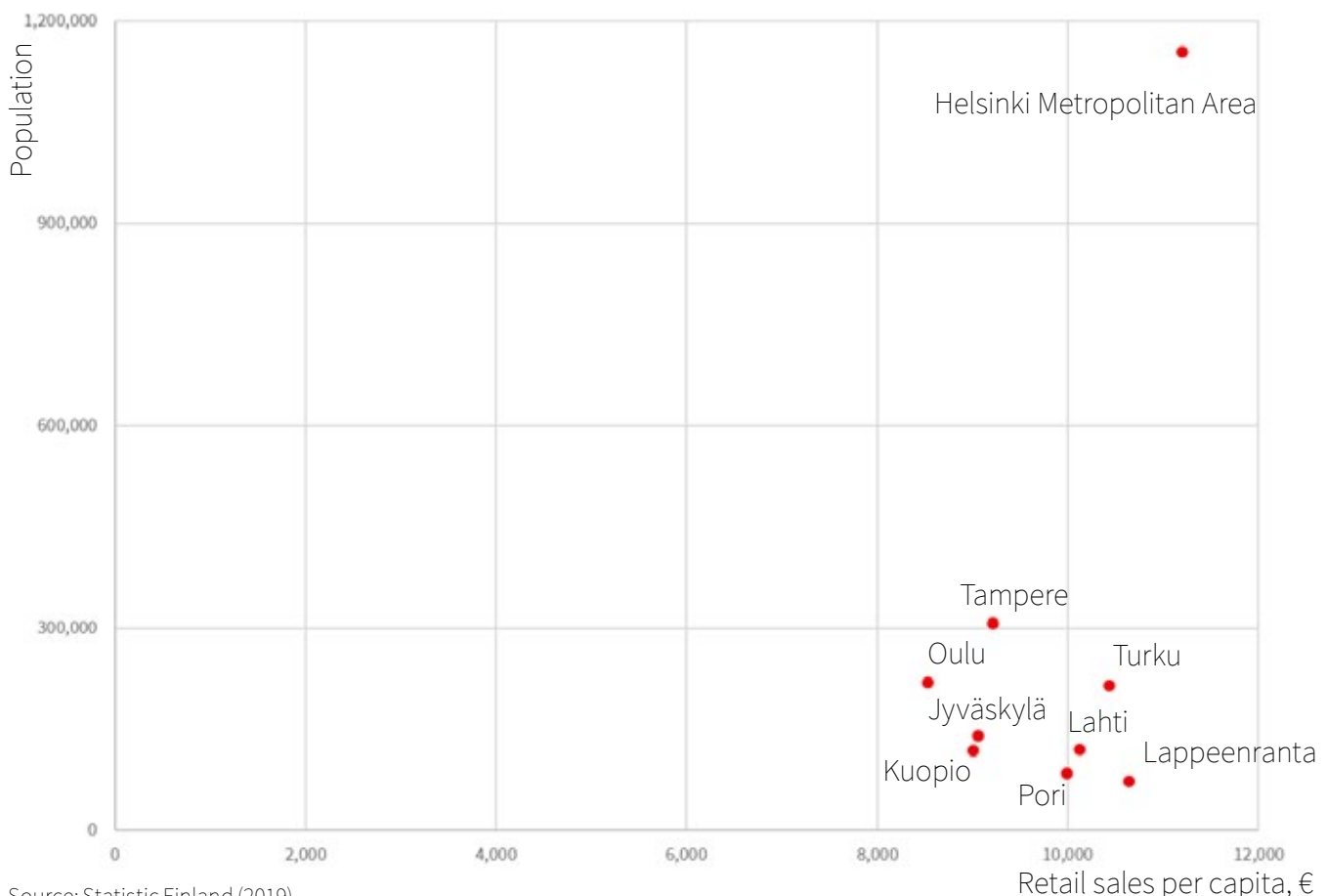
Private consumption has been supported by the improved employment and growth in consumer confidence. Especially consumer confidence in the economy has remained at a record high level.

The Finnish labour market continues to show positive signs. The unemployment rate has decreased for several years and even long-term unemployment started to improve in 2017 after having increased for several years. Employment rate, i.e. the proportion of the employed among people aged 15 to 64, stood at 70.7%, being 69.8% a year earlier.

The retail sales in Finland are approx. €8,600 per capita. The high retail sales per capita in Helsinki Metropolitan Area are driven by domestic and foreign visitors and greater average purchasing power of households.

Almost half of yearly retails sales in Finland are coming from four major urban areas: HMA, Turku, Tampere and Oulu.

Population and retail sales per capita in selected cities in Finland





Population: 5.5 million



Population growth: +0.3% p.a.



Unemployment rate: 7.4%



GDP per capita: €42,000



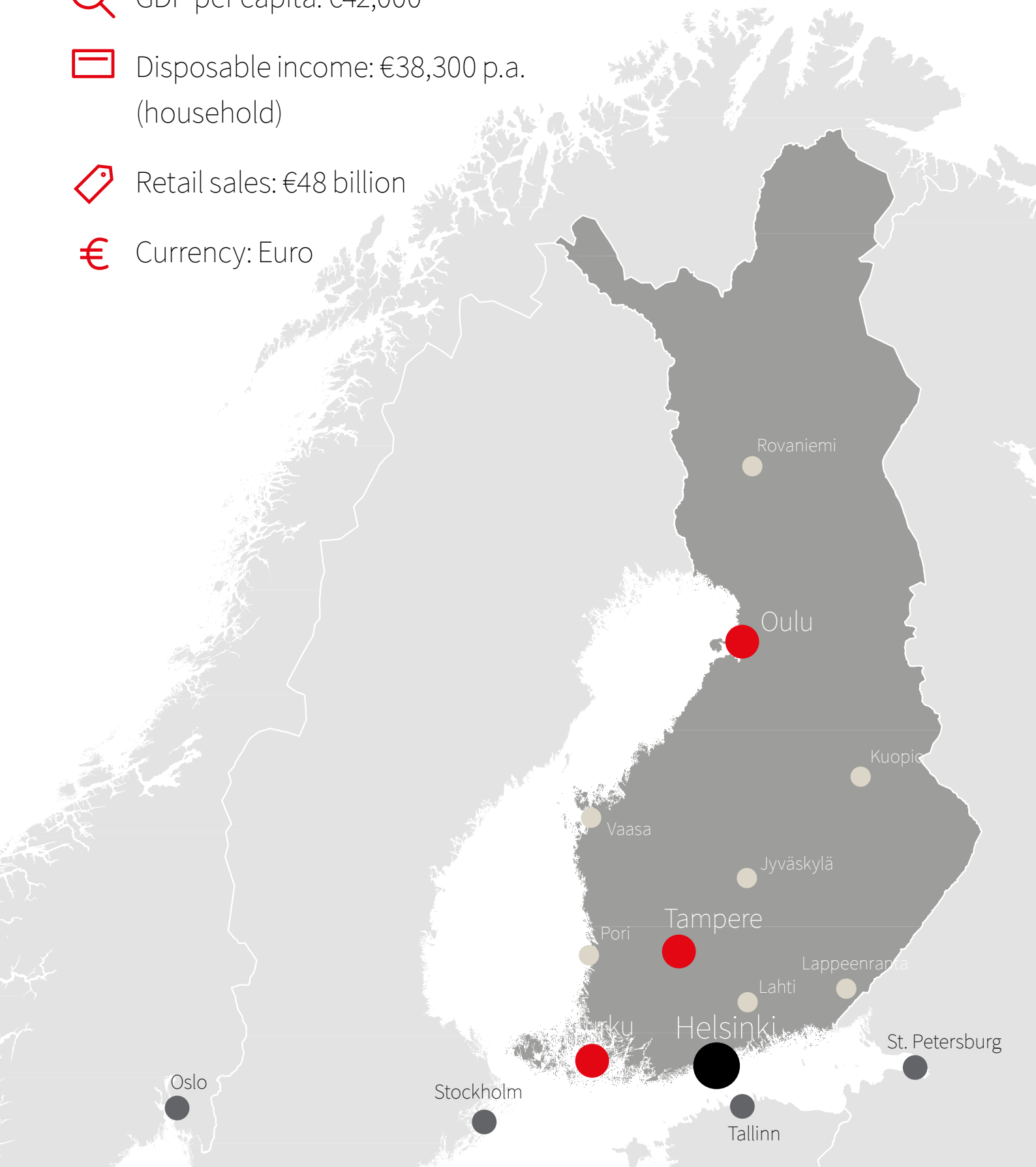
Disposable income: €38,300 p.a.
(household)



Retail sales: €48 billion



Currency: Euro



Retailer presence

Finland has attracted new international brands for several years. Helsinki High Street area is clearly the most attractive shopping destination in Finland when looking at retailer presence.

In the JLL retail attractiveness index study, the presence of both national and international chain stores was analysed. In Finland the most widely expanded fashion chain is Dressmann (81 stores). It is followed by Lindex (61 stores), Kappahl (58 stores), H&M (58 stores) and Cubus (50 stores). Intersport dominates the sports sector with 54 stores, while Stadium has 31 stores. XXL is a relatively new entrant in Finland, but already has 17 stores.

Sokos is the most widely expanded department store with 19 stores, while Stockmann has 6 department stores. In the discount sector Tokmanni is the dominant retailer in Finland. Discount sector has lately expanded to new locations such as shopping centres.

The Finnish grocery market is characterised by the dominance of two retailers, Kesko and Co-operative S-group. Lidl has almost 10% market share. Hypermarkets have a strong role in the Finnish retail market due to their dominance in the grocery sector as well as their large offering speciality goods.

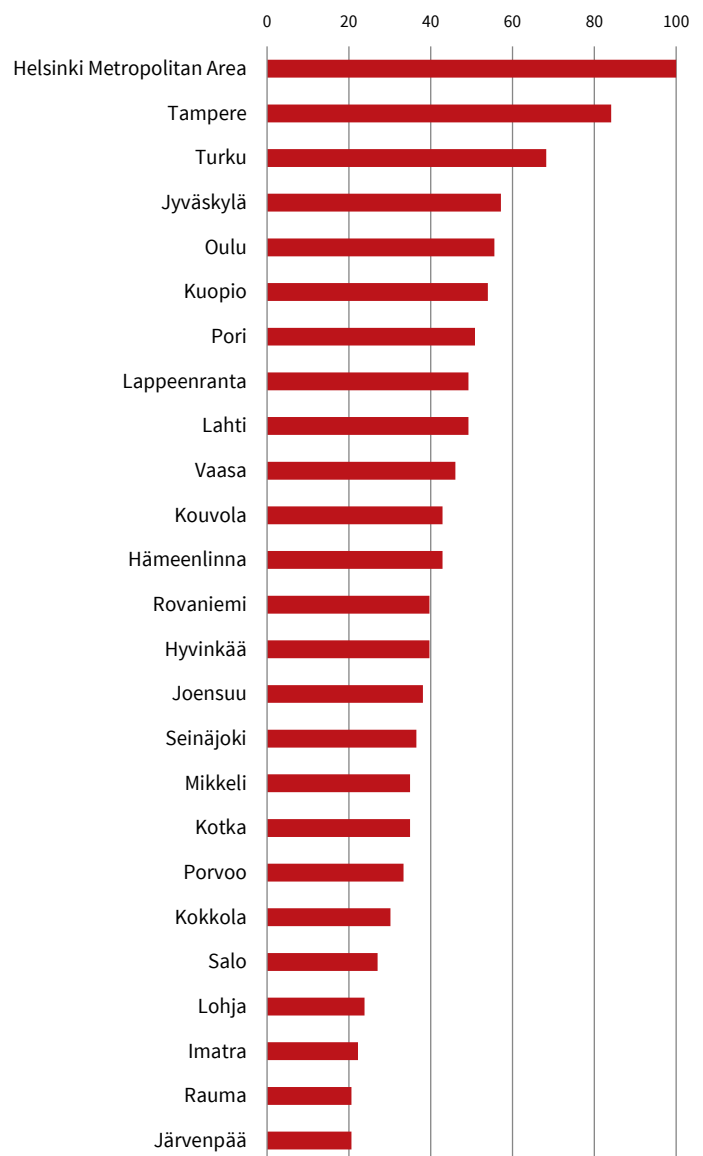
The most attractive shopping centres in Finland are Itis, Sello, Iso Omena and Jumbo, all located within HMA, followed by Ideapark in the Tampere region and Mylly in the Turku region. Ideapark Lempäälä is the largest shopping centre in Finland by leasable area, while Jumbo is the leader in total sales.

Kamppi is the leader in annual footfall, mainly driven by a busy public transport terminal inside the shopping centre. Kamppi stands out also when comparing the retail attractiveness index to the size of the shopping centre, since it is significantly smaller than other of the most attractive shopping centres.

Despite the development of new shopping centres in the Helsinki Metropolitan Area, the Helsinki High Street remains the top location for the first store of new brands entering the Finnish market. Some

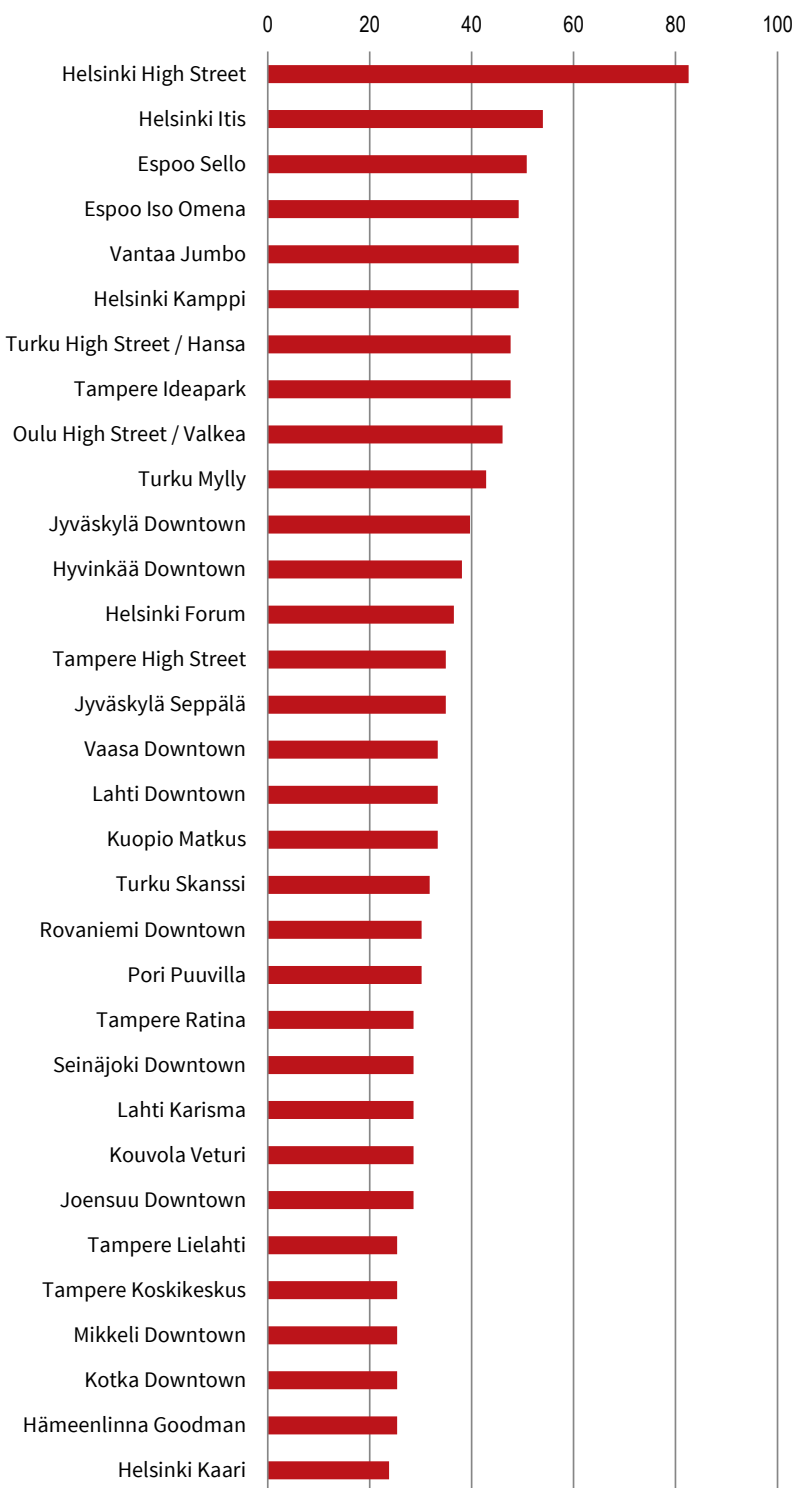
recent exceptions for this have been MUJI announcing its opening in Kamppi in the end of 2019. JD Sports opened their first in Itis in 2018.

Retail attractiveness of cities in Finland



Methodology - The JLL retail attractiveness index from 2018 analyses the presence of 82 chain stores in different city centres and shopping centres. The shop-in-shops and pop-up shops are excluded from the analysis. When defining the total attractiveness of the city, the presence of each chain is counted only once. In each of the cities, all the major shopping centres or high street areas are analysed as individual retail destinations. In cases where a shopping centre is an integral part of the high street (i.e. direct access from high street), the shopping centre is considered as a part of high street.

Retail attractiveness of High Streets and shopping centres



New international brands in the market 2014-2019

Polo Ralph Lauren
Wetzel's Pretzels
Reserved
Cropp
House
Mohito
Sinsay
MUJI

JD Sports
Suitsupply
Maya Maya

& Other Stories
Samsøe & Samsøe
Lexington
Manterol Casa
Taco Bell
Newbie
Lakrids by Bülow

Athlete's Foot
Flormar
Levi's
Massimo Dutti
Volt
Joe & The Juice
Peak Performance
Power

Espresso House
H&M Man
Michael Kors
Odd Molly
Pandora
Victoria's Secret

Habitat
Hugo Boss
Marks & Spencer
Nespresso
Thomas Sabo
Quicksilver
XXL



Helsinki

A trendy Nordic capital

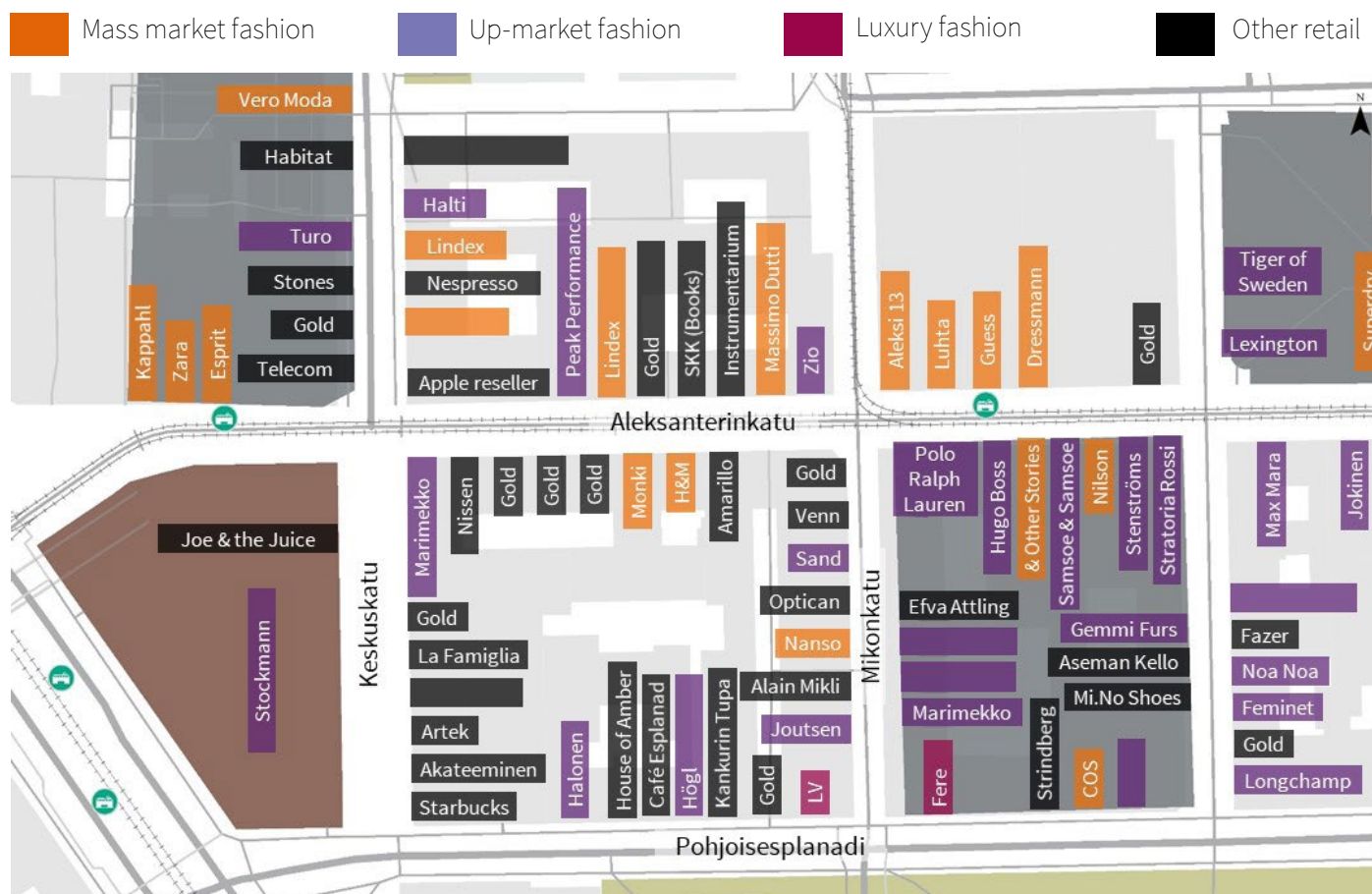




Helsinki is a major starting point of new trends and innovations in the Nordics. The city is known for its thriving urban culture, happy people and active start-up scene. For example, SLUSH, the leading start-up event in Europe, is held in Helsinki every November.

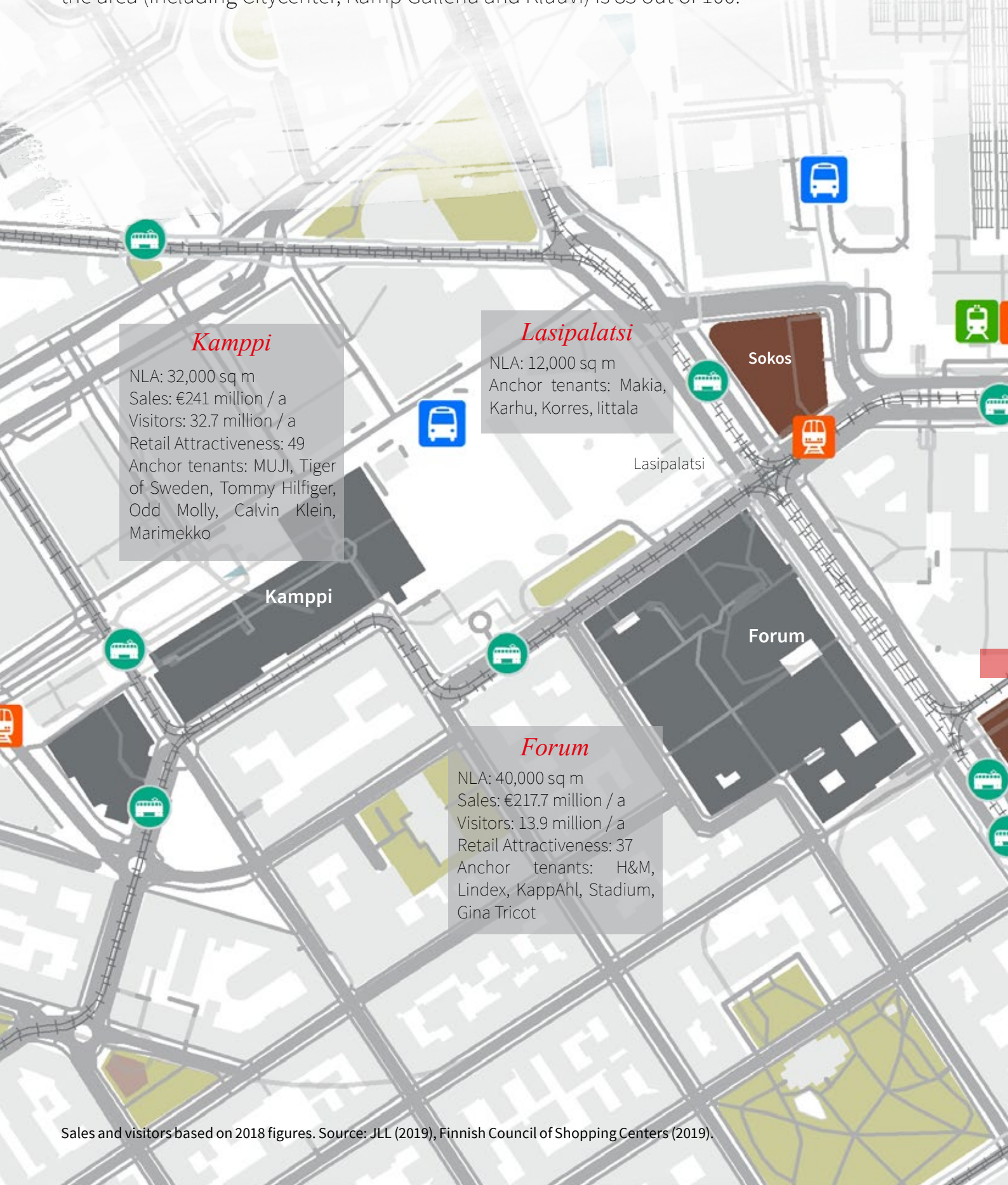
Helsinki metropolitan area is the powerhouse of the Finnish economy. The population of the area is more than one million, and the people commute relatively long distances to work in the area.

Helsinki has an unique retail offering. There are several brands that do not exist elsewhere in Finland. Downtown Helsinki is the only significant high street retail destination in HMA, otherwise shopping centres are dominant retail destinations. After the recent development of Iso Omena and the opening of RED1, shopping centres along the metro line have strengthened the role of significant regional shopping centres.



Helsinki High Street area

Helsinki High Street area, consisting of the vicinity of Aleksanterinkatu and Esplanadi, is clearly the most attractive shopping destination in Finland when looking at retailer presence. Aleksanterinkatu and Pohjoisesplanadi are prime locations. The JLL attractiveness index for the area (including Citycenter, Kämp Galleria and Kluuvi) is 83 out of 100.



Citycenter

NLA: 24,000 sq m
Sales: €109.3 million / a
Visitors: 15.3 million / a
Anchor tenants: Gina
Tricot, Vero Moda

Citycenter

Aleksanterinkatu

Anchor tenants: Zara,
Massimo Dutti, Peak
Performance, GUESS, H&M



Kluuvi

NLA: 10,000 sq m
Sales: €33.5 million / a
Visitors: 4.2 million / a
Anchor tenants:
XXL Sports & Outdoor,
Superdy, Tiger of
Sweden, Lexington

Kluuvi

Aleksanterinkatu

Kämp Galleria

NLA: 8,000 sq m
Sales: €36.9 million / a
Visitors: 2.5 million / a
Anchor tenants: COS,
& Other Stories, Samsøe
& Samsøe, Hugo Boss,
Garden, Marimekko

Kämp
galleria

Stockmann

Keskuskatu

Mikonkatu

Pohjoisesplanadi

Pohjoisesplanadi

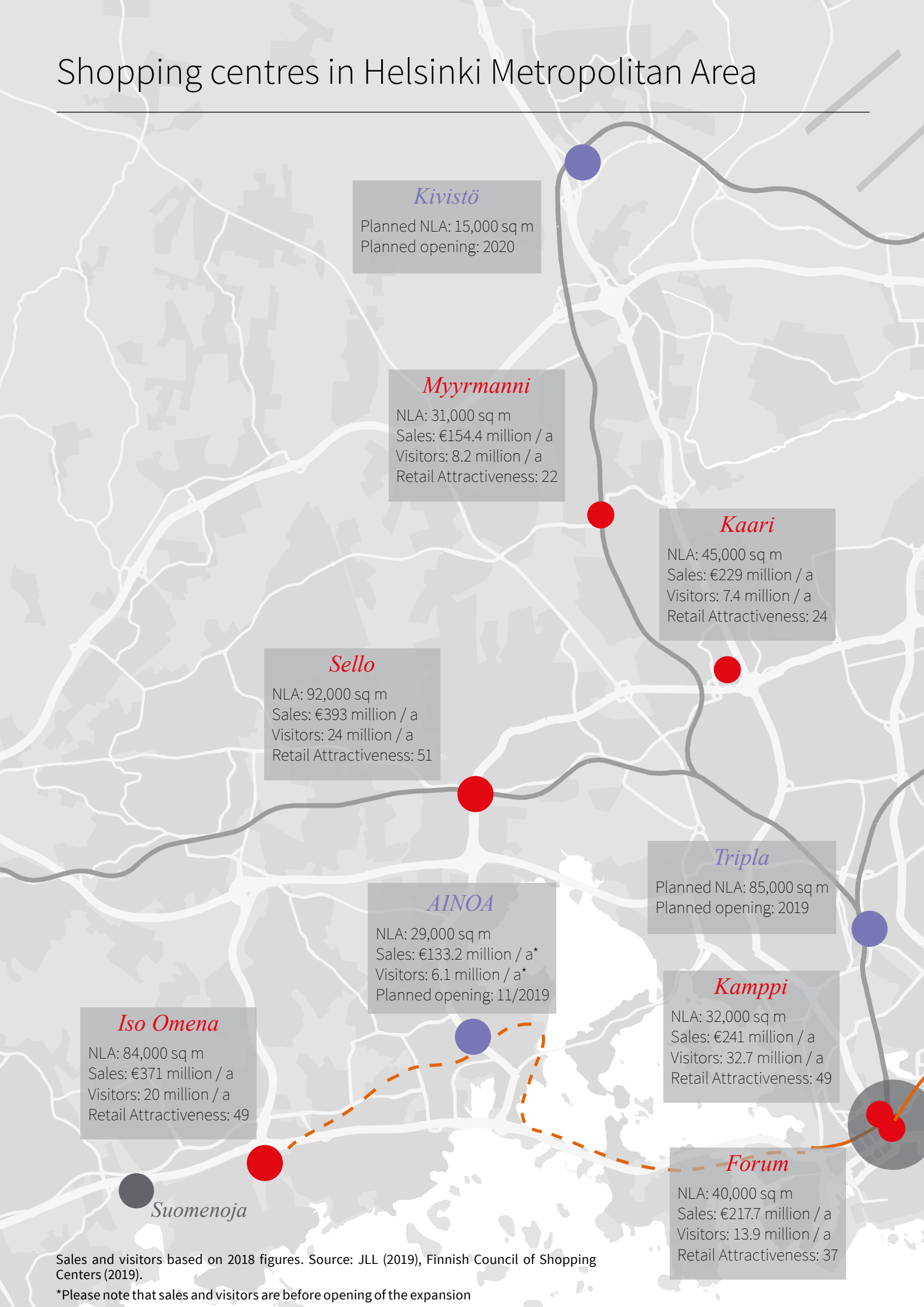
Anchor tenants: Louis
Vuitton, Longchamp,
Balmuir, Iittala

- Shopping Centre
- Department Store
- Subway Services
- Tram Services
- Railway Station
- Bus Station

120
Metres
1:8,000 scale A3 print

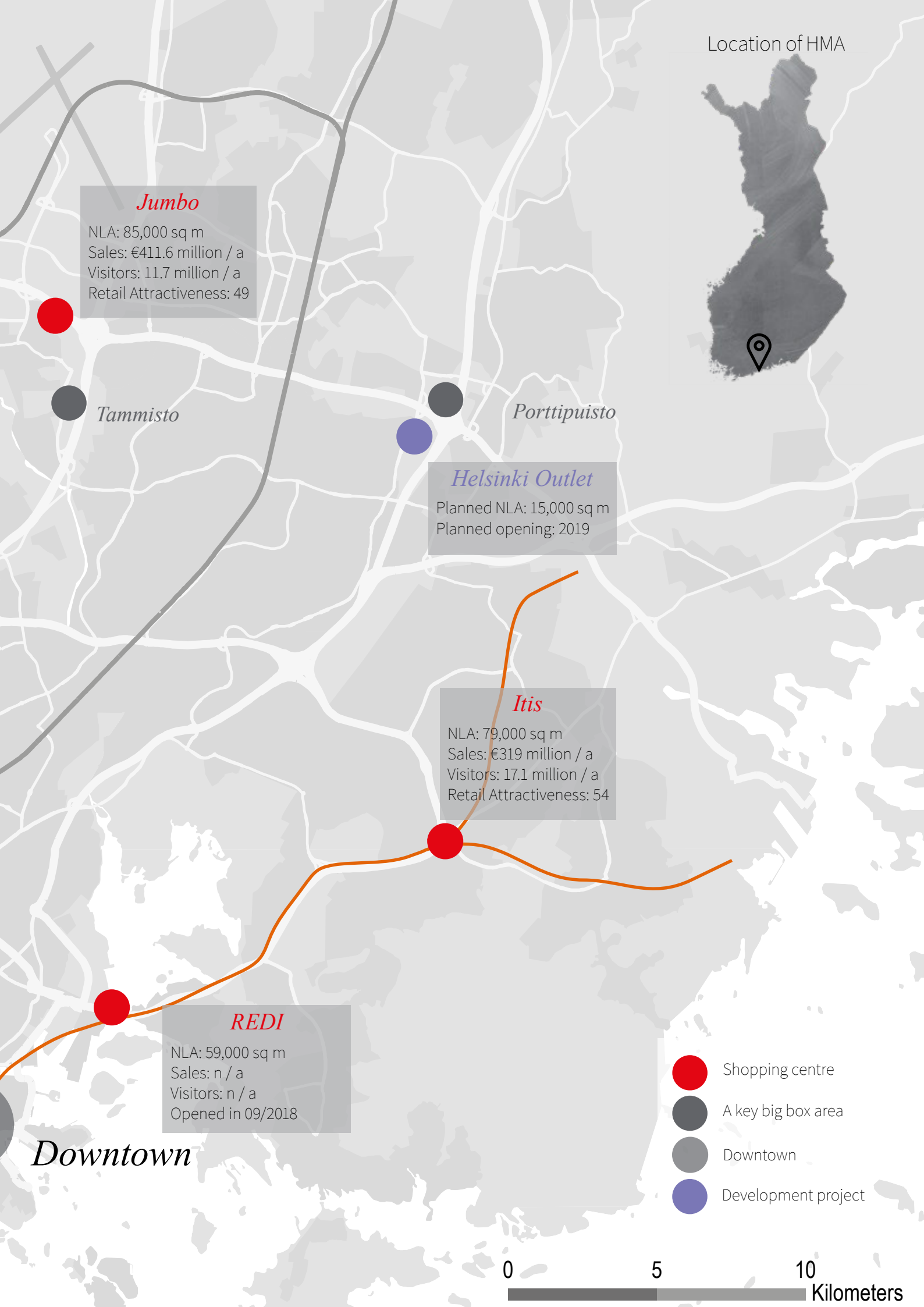


Shopping centres in Helsinki Metropolitan Area



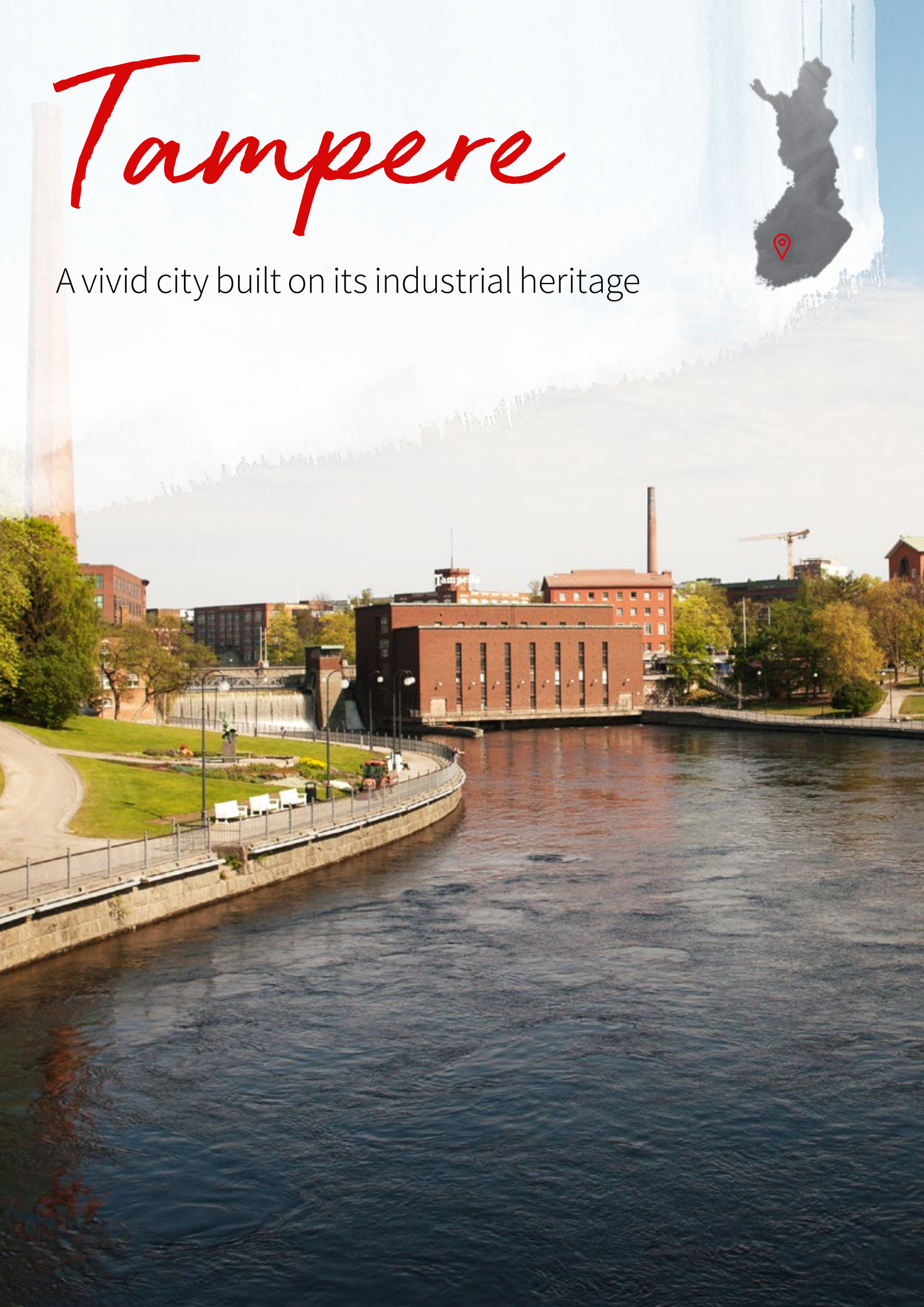
Sales and visitors based on 2018 figures. Source: JLL (2019), Finnish Council of Shopping Centers (2019).

*Please note that sales and visitors are before opening of the expansion



Tampere

A vivid city built on its industrial heritage



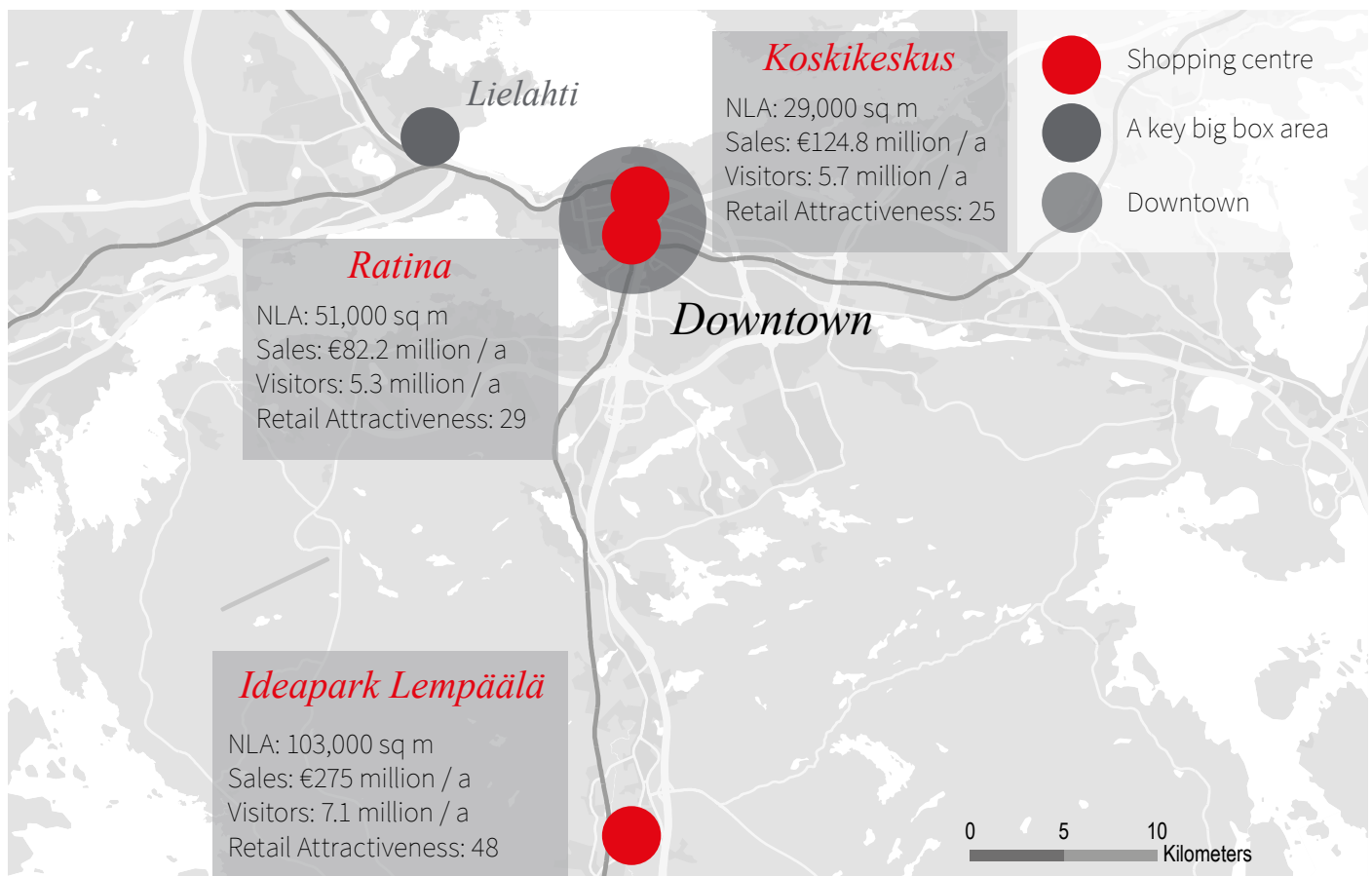


Tampere is the second largest urban area in Finland. Tampere has deep roots in Finnish industrialisation, which created strong economic fundamentals in the area. Today Tampere is a growing modern university city surrounded by popular lake areas. Tampere is growing at a relatively fast pace and the significant student population.

A relatively strong high street Hämeenkatu and a shopping centre Ideapark in Lempäälä are top shopping destinations in Tampere. However, long-term construction works along Hämeenkatu will probably effect on the retailer presence in Hämeenkatu.

Koskikeskus is located close to Hämeenkatu and it can also be seen as a part of the downtown offering. Ratina is the newest shopping centre development in Tampere and it openend in April 2018.

JLL retail attractiveness index for the Tampere High Street area is 35 excluding Koskikeskus and Ratina.



Sales and visitors based on 2018 figures. Source: JLL 2019, Statistics Finland (2017-2019), Finnish Council of Shopping Centers (2019)

Turku

A long tradition in trade and culture



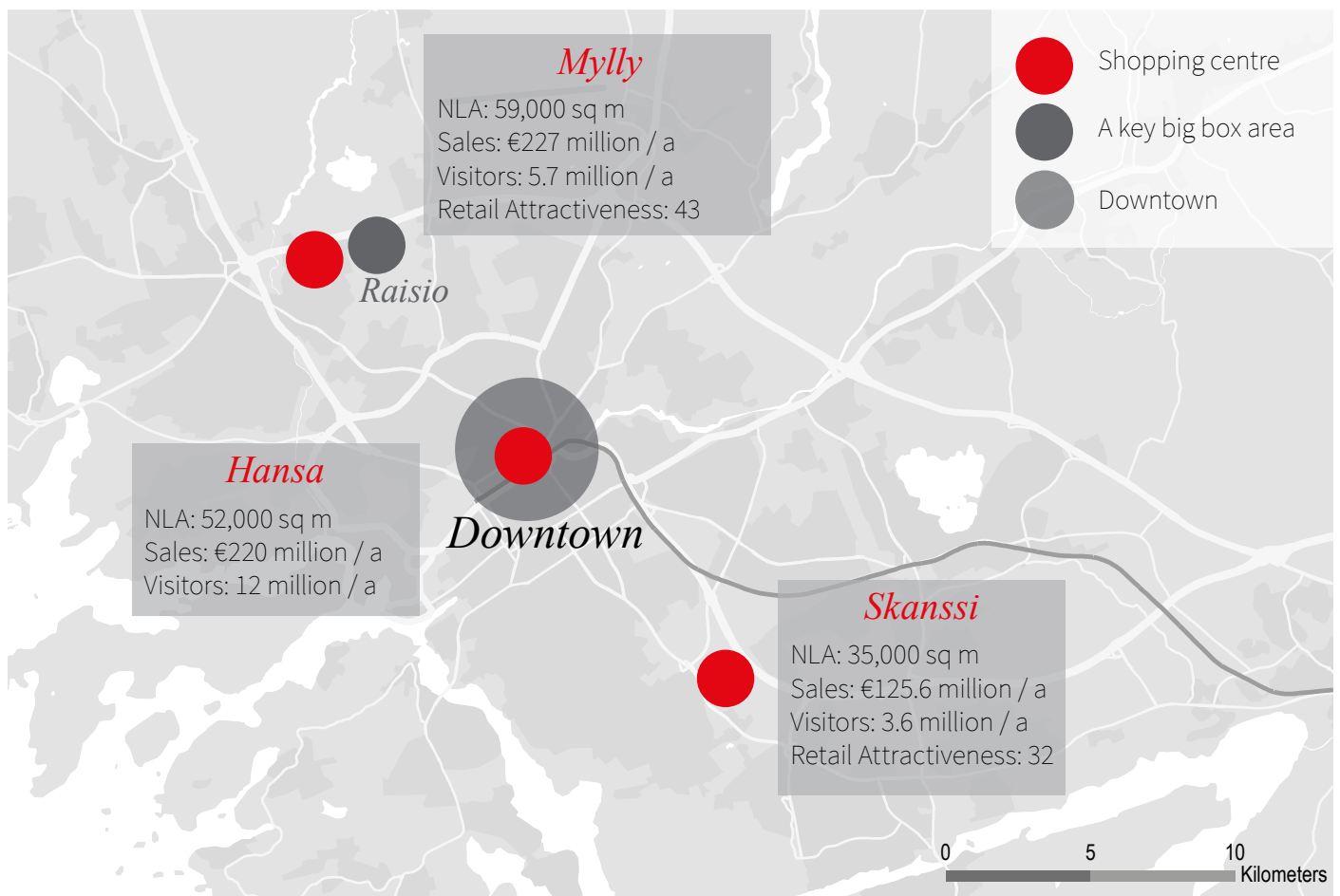


Turku has been a strong hub for trade for centuries. Located between Helsinki and Stockholm, the city is a melting pot of Finnish and Swedish cultures, enriching the whole western coastline of Finland.

Turku is the third largest urban area in Finland, located in Western Finland. Turku is growing a bit slower than other large university cities in Finland.

Retail in Turku is concentrated in Yliopistonkatu and the Hansa shopping centre in downtown, Mylly in Raisio and Skanssi in South-East Turku. The attractiveness of the Turku High Street area in total is 48 including Hansa. There is an unique riverside with several restaurants in Turku downtown.

In 2018, Mylly passed Hansa in sales, which ensured Mylly as the top retail destination in Turku area.



Jyväskylä

A thriving university and technology city



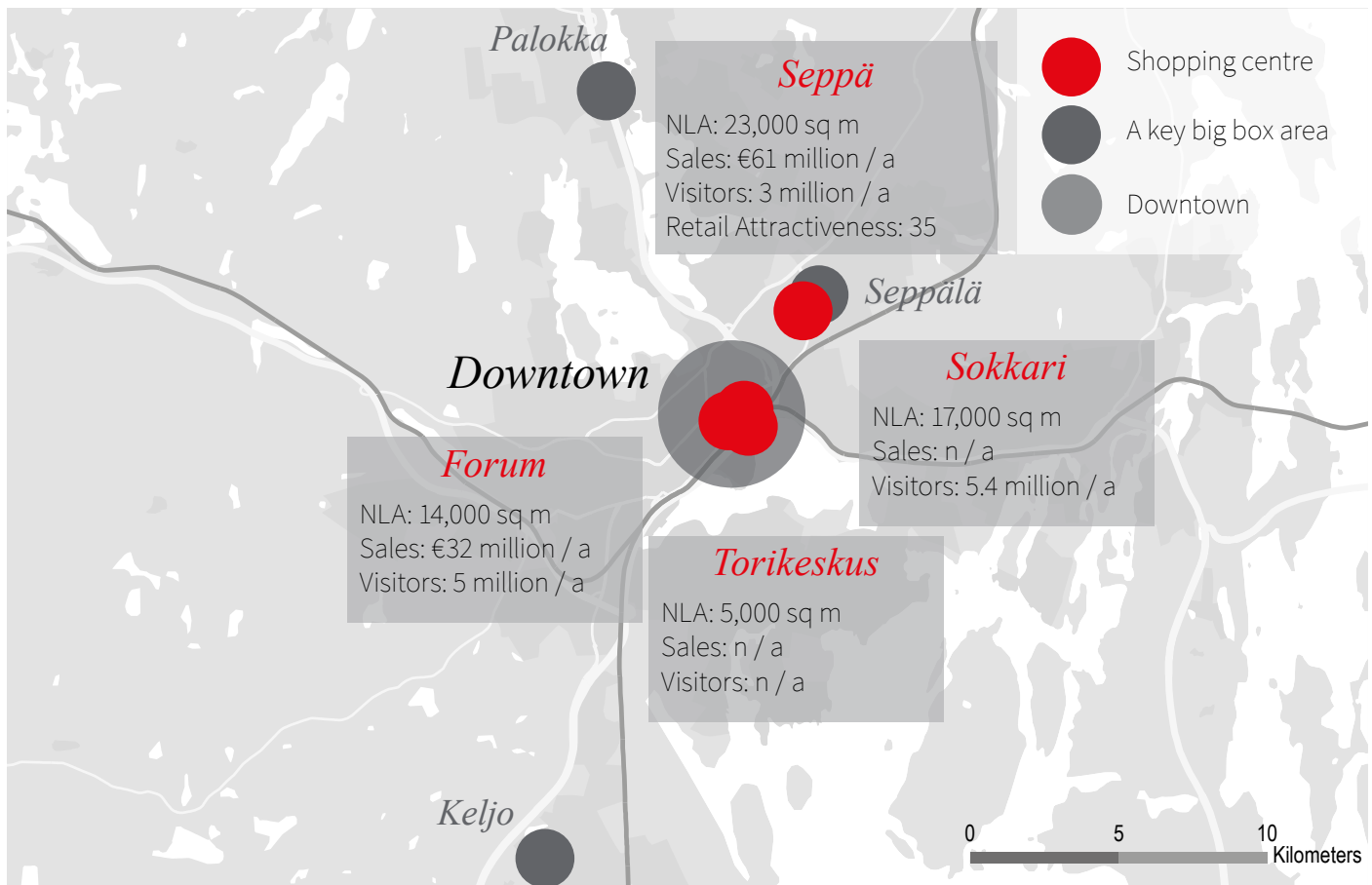


Jyväskylä is one of the Finland’s largest centres of growth. It is a lively student city with a hugely varied offering of culture, sport and events. Jyväskylä is located in Central Finland, where urban city meets the peace of nature and lakes.

Retail in Jyväskylä is focused in the city centre and three hypermarket driven areas; Seppälä, Keljo and Palokka. In speciality retail, the city centre is the strongest destination with a JLL retail attractiveness index of 40.

The city centre consists of Kauppakatu pedestrian street and shopping centres along it. Especially, Sokkari (a former department store Sokos) is re-developing.

Seppä is the first significant shopping centre development in Jyväskylä outside the city centre. Seppä opened in October 2017.



Sales and visitors based on 2018 figures. Source: JLL 2019, Statistics Finland (2017-2019), Finnish Council of Shopping Centers (2019)

Oulu

The capital of northern Scandinavia

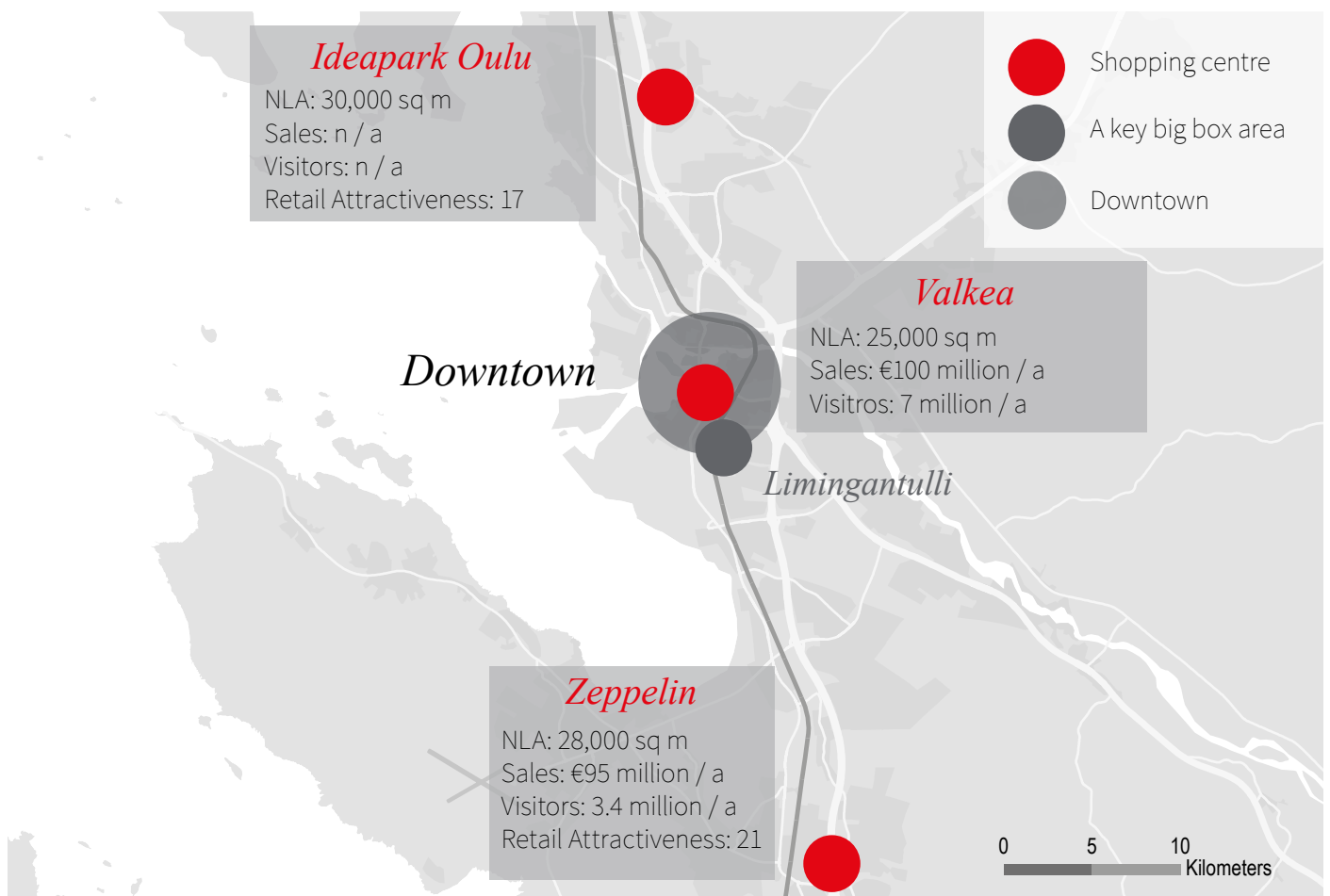




Oulu is a technology-oriented city with a wide variety of higher education and world-class ICT know-how. Business life is very active in Oulu and citizens are known for their entrepreneurship. The population is young and the city is growing fast. Oulu is an unbeatable destination for shoppers coming from a large area.

The shopping centre development has been active with projects Valkea and Ideapark. Oulu downtown remains the strongest retail destination with a JLL attractiveness index of 46, including Valkea.

The opening of Valkea in 2016 effected on Oulu High Street retailer presence with several new brands in town.



Sales and visitors based on 2018 figures. Source: JLL 2019, Statistics Finland (2017-2019), Finnish Council of Shopping Centers (2019)

JLL is leasing the best shopping centres in Finland

shopping centres

Mylly in Turku region
Valkea in Oulu
Sokkari in Jyväskylä
Dixi in Helsinki Metropolitan Area (Vantaa)
Lasipalatsi in Helsinki









Mylly is the largest and strongest shopping centre in Western Finland. Mylly is the only shopping centre in Finland where a visitor spends approx. €40 in average*. The widest offering in fashion, sports and home makes it an overwhelming shopping destination in Western Finland.

In 2018 NCSC's awards one of Mylly's many marketing campaigns was a winner in the category of Best Marketing Campaign in Finland.

* €39.80 per visitor in average. Source: Finnish Council of Shopping Centers (2019)



Retail NLA: approx. 59,000 sq m



Sales in 2018: €227 million / a



Visitors in 2018: 5.7 million / a



Stores: approx. 150



Highlight: **strongest shopping centre in Finland measured by an average purchase by visitor**

VALKEA

Shopping centre Valkea has been a great success since the opening in April 2016. Valkea locates in the middlemost location of the Oulu city centre. Valkea is the attractive retail destination for whole Northern Finland.



Retail NLA: approx. 25,000 sq m



Sales in 2018: €100 million / a



Visitors in 2018: 7 million / a



Stores: approx. 60



Highlight: **the heart of Oulu**





VALKEA

SOKOS

SOKOS
MERKKU

Priskumies

SUOMALAINEN



MICK'S

JASMIN

Cubus

BIKBOK

ELEGANCE

life

INDISKA

VOLT

Seppälä

Arvola

elisa

Telia

RAGS

iginatitot

clasoilson

INTERSPORT

BACARO DOPPIO

JUNGLE JUICE BAR

BACARO DOPPIO

BACARO DOPPIO

BACARO DOPPIO

TEKNIK
MAGASINET



Sokkari in Jyväskylä is the most high-quality shopping environment in Jyväskylä. It consists of refurbished department store Sokos and multiple other stores, such as Clas Ohlson, Partioaitta and Flying Tiger Copenhagen. The development has strengthened Sokkari's position as the most attractive retail destination in Jyväskylä.



Retail NLA: approx. 20,000 sq m



Visitors in 2018: 5.4 million / a



Stores: approx. 30



Highlight: **department store Sokos as an anchor with its e.g. brilliant and well-known cosmetics in the region**







Dixi is a modern and cosy shopping centre attached to the Tikkurila train station which is the third busiest station in Finland. Dixi offers quick and daily purchases for local people and interchanging passengers for the Helsinki Airport.



Retail NLA: approx. 9,000 sq m



Sales in 2018: €43.3 million / a



Visitors in 2018: 9.3 million / a



Stores: approx. 50



Highlight: **excellent accessibility and heavy footfall resulting high yearly sales per sqm**





16

ravintola

cafejava

cafejava

KEOPS



Lasipalatsi

Lasipalatsi is a well-established and iconic retail location in the city centre of Helsinki. The building has deep roots in the hearts of Finnish people.

The museum of Amos Rex opened in 2018. 2,200 sq m exhibiting rooms are located in the basement floor. After the opening there were 100,000 visitors just in a few months that makes this location one of the most interesting new spots in Helsinki.



Total GLA: approx. 11,000 sq m



Retail NLA: approx. 3,000 sq m



Stores: approx. 12



Highlight: **unique Finnish fashion tenant-mix in the heart of Helsinki**

Selected references



Development analysis

JLL made a comprehensive commercial analysis of shopping centre Kamppi in 2018. The analysis included a wide consumer survey and a thorough analysis of the current state of Kamppi to define the development strategy of Kamppi in the near future. Client: Nuveen



Leasing

JLL has had a significant role in the leasing of shopping centre Dixi since January 2017. Dixi opened in 2015 and the expansion part opened in April 2017. JLL provides also Dixi with construction contracting. Client: NREP



Development analysis & Leasing

JLL has been a part of the commercial planning of the new Valkea shopping centre in Oulu from the beginning. Units are located in total of 5 floors. Kööki is a food and beverage concept in Valkea and seven of the restaurants are unique in Oulu. Currently JLL is responsible for the leasing. On the opening Valkea was fully occupied. Client: Arina (S-group)



Leasing

JLL has a significant role in the leasing of the shopping centre Mylly size of 58,000 m2. The expansion part of the largest shopping centre in Western Finland opened in November 2015. JLL has a significant role in the leasing of the restaurant world in Mylly. Altogether, JLL has negotiated over 40 lease agreements in Mylly. Client: TOK (S-group)



Development analysis & Leasing

JLL has been involved in the development of shopping centre Itis during 2011-2018. JLL performed a comprehensive food and beverage analysis and a leasing plan in 2017. JLL negotiated a major restaurant lease contract with Vapiano for Itis in 2018. Client: Wereldhave



Development analysis & Leasing

In 2014, JLL performed a wide concept analysis and developed a strategy to revitalise the centre. In 2016, JLL brought in two new international brands as fashion anchors. In 2017, JLL performed a background study of the possibilities of Finnish fashion brands to operate in a new type of fashion hub. Client: Ilmarinen

Selected references



Network strategy

In 2018, JLL executed an analysis for Nanso of their store network in the Helsinki Metropolitan Area. The analysis looked at fashion market and the success factors of Nanso's store locations. The final result included a concrete recommendation for new store locations in the next few years.



Network strategy

JLL provided a detailed analysis of Telia Shop network in Finland by evaluating performance of individual stores and other success factors. The result included recommendations of potential future locations.



Lease exits

JLL helped Bygghuset achieve cost savings by negotiating several early lease exits with landlords. The project succeeded well and confirmed that it is possible to reach solutions that are fair to all parties, even if the starting point is challenging.



Tenant representation

JLL advised Nespresso in finding a new flagship location in Helsinki CBD. JLL helped Nespresso in defining the most suitable locations for the new store and negotiated their best possible lease terms on behalf of Nespresso. The brand's new flagship store opened in autumn 2018.



Expansion analysis

JLL performed a tailored analysis of potential locations in Finland for Peak Performance. Based on the analysis JLL is representing Peak Performance in lease negotiations in Finland exclusively.
Client: IC Group

JLL Retailer Confidence

Research

JLL carried out research of retail business insights for the coming year 2018. The research subjects were e.g. competitive conditions and future expansion plans. With a survey JLL can achieve strong real-time knowledge of market situation and consult customers better towards right future decisions.

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