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editorial

Older, not old

Finland turned 90 years old on 6th December, 2007. This is a decent age for a country, even though Finland is still very young in comparison to some other Western democracies.

On the other hand, the good citizens of Finland are feeling the weight of years upon their shoulders more and more. The phenomenon is not restricted to Finland, either – population is aging all over Europe. In this context it may come as a surprise that the Nordic countries are estimated to have a more positive population development than the rest of Europe.

By 2040, the total population of the Nordic countries is projected to grow by almost two million people. Sweden is likely to hit 10 million in couple of decades and Finland, Norway and Denmark are expected to level out at 5.7 million by 2040.

Why do the Nordic countries differ from the rest of the continent in this regard? There are probably many reasons for this development, but the Nordic welfare state model may be one key element. In any case, it would be nice to think that.

Peering into the future, one has to recognise that the prediction business is never easy. All the great societal changes have come as no surprise – after the fact, that is. The baby boomer generation, the dropping birth rate in the 70's and 80's, the increased life expectancy...all of these trends took the so-called experts by surprise at the time.

Today, it seems that the wild card in the deck is immigration. In recent years, immigration has intensified in all of Scandinavia. However, the current immigration level is not sufficient.

In the age of globalisation, there is a fierce battle between nations for the best workforce out there. While the United States has lost some of its appeal, other countries have emerged as attractive alternatives. What the Nordic countries must do to survive in the game is to practise smart immigration – and reshape the age pyramid in a more sustainable way.

At least for Finland, the secret of success lies in the complete retooling of the welfare state concept. We need a society that is open and honest, celebrating diversity and learning every step of the way.

We need a nation that is committed to building something again.

Something big.

Sami J. Anteroinen
Editor-in-Chief

NORDICUM

scandinavian business magazine

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Cover Photo

Lehtikuva Oy

Printed by

Forssan Kirjapaino, December 2007

Photographic and advertising material is sent at the owner's risk. NORDICUM accepts no liability for loss or damage. NORDICUM is a bimonthly magazine on Nordic business. NORDICUM promotes Baltic Sea area cooperation and free markets. NORDICUM is not affiliated with any political party or financial institution.

ISSN 1236-3839



PubliCo Oy is a member of
The Finnish Periodical
Publisher's Association

NORDICUM publication schedule 2008

Issue:

1/2008
2/2008
3/2008
4-5/2008
6/2008

Date of publication: Themes:

| | |
|-----------|-------------------------------------|
| February | Transportation & Logistics |
| April | Pulp & Paper, Automation, Forestry |
| June | Energy & Environment, Biotechnology |
| September | Cruise & Shipping, Travel |
| December | Real Estate, Architecture |

Russian language issues

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| June | Energy and Pulp & Paper |
| November | Russian Trade |

KONE Sells KONE Building

KONE sold the KONE Building to Hanseatische Investment-GmbH ("Hansainvest") on 30 November. The selling price is EUR 35 million. KONE will stay in the building as a tenant under a long-term lease agreement.

KONE announced already in August that it was considering the sale of its KONE Building located in Espoo, Finland.

"We are pleased with the outcome of the sales process and we welcome Hansainvest as our partner and long-term property owner," comments Klaus Cawén, Executive Vice President, KONE Corporation.

The KONE Building is located next to the sea in the Keilaniemi business district of Espoo, and is designed by Antti-Matti Siikala. The office building reaches up to 72 meters and has become one of the visual landmarks of Espoo. Thanks to its height, scenic elevators and steel structure, the KONE Building characterises the area's technology orientation while maintaining its presence as an architectural monument between Espoo and Helsinki.

Hansainvest is part of the Signal Iduna Group, one of the largest German insurance and financial service providers. 125 employees are managing assets of about EUR 9.4 billion in 43 mutual funds and app. 20 special funds. In the real estate sector HANSAINVEST is managing real estate assets of app. EUR 2.3 billion, split up into direct investments, three special real estate funds and one open real estate fund HANSImmobilien. ●

Skanska to build offices for Hydro in Oslo

Skanska was contracted to construct an office building in Oslo on 30 November. The contract amount totals NOK 334 million, about EUR 41 million, which is included in order bookings for the fourth quarter. The customer is Hydro.

The new offices will be constructed adjacent to Hydro's existing head office building on Vækerø, outside Oslo. The four-story building will comprise about 15,000 square meters.

Work at the site will begin in January 2008 and the project is scheduled to be completed in June 2009.

Skanska Norway has carried out a number of building construction and civil engineering projects for Hydro, a repeat customer. Among the largest is the expansion of the Ormen Lange gas field, in which Skanska was responsible for most of the land facilities. ●

YIT lands contract for Tapiola's new office building

Tapiola Real Estate Ltd was chosen YIT Construction Ltd as the main contractor of the Tapiola Group's new office building in Espoo on 13 November. The contract is valued at over EUR 70 million. Construction will begin in December once the earthworks have been seen to completion.

The new office building will be completed at the turn of 2010. The building will have gross floor area of 71,000 m². ●

Sponda sells residential building rights in Helsinki

Real estate investment company Sponda Plc sold to VVO group and Tapiola Mutual Life Assurance Company a plot of land designated for housing production in the Itäkeskus district of Helsinki. The transaction, which was announced on 20 November, is worth approximately EUR 13 million.

The site in question has building rights of about 25,000 square metres and is located in Vanhanlinnantie road in the same block in which Sponda is building the new Prisma shopping centre for HOK-Elanto. Sponda is recording a profit on the sale of EUR 8.5 million.

In this transaction Sponda is selling land that is designated for residential accommodation and not in line with its strategy. In accordance with the company's strategy, Sponda is focusing on owning office, retail and logistics property. ●

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Spicing It Up

Leaner, meaner HKScan is eyeing new markets in the east

The European food sector will continue to consolidate, believes Kai Seikku, CEO of HKScan. He estimates that there will be 4–6 large mergers, but the timing is unclear.

"At what point these consolidations will take place, it is hard to say. However, the consolidation game shows no signs of slowing down," Seikku says.

The CEO also knows what he's talking about. Last year his company, HK Ruokatalo acquired Swedish Meats which is known for its Scan brand. Swedish Meats, while bigger in size than HK Ruokatalo, had fallen into decay over the years and was overtaken by the eager Finns. The new company was named HKScan.

The long-term challenge for Seikku is to help the Swedish operations get back on their feet, but at the same time, the company has plenty of things to fix in Finland. HKScan is now in the final stages of a restructuring programme targeting Finnish operations.

The programme comprises, for instance, the closure of the production facilities in Turku and Tampere. The majority of restructuring measures will be completed by the end of year.

Cleaning the house

Seikku says that the domestic retooling was long overdue:

"It should have been done five or six years ago," he admits, claiming that he is, by and large, satisfied with the restructuring effort. However, one should never grow too content:

"What we have done here is not enough in the sense that we need constant change in this business," Seikku cautions.

Restructuring programme will affect some 500 jobs and deliver annual cost savings of EUR 15–20 million when compared to figures for 2005. The full impact of these savings will materialise in 2008.

"The hardest part of the entire proc-



Sukula, a TV chef and restaurant owner. Seikku needed Sukula in order to bring food into the limelight again and they tailored a position of Creative Director for the chef. Since Sukula's arrival, HKScan has been making waves with fresh new products, the latest of which being Sukula's Via Deli microwave products.

Seikku reveals that in the beginning the focus on food was missing also in the Executive Team meetings.

"We would discuss all facets of the business; everything except the food itself," he thinks back. There was no sampling of new products, no preview of what's in the pipeline. Naturally, this all changed:

"You have to eat lunch every day anyway, so it's not such a big stretch to try your own food – or that of the competitor," he says.

Reinvention required

Seikku and Sukula – both born in 1965 – are bombarding the market with products that seem to combine taste and attitude, clearly catering to the younger consumer groups. Seikku, however, has little desire to be a torchbearer for an entire generation in this issue. He reminds that despite the new launches, the bread-and-butter product of the company is still HK Sininen sausage, a national icon of its own right, but hardly the urban trend-setter's first choice.

Still, reinventing oneself is simply a must:

"When I came aboard, only 1 % of the company's turnover was generated by new products. This means a renewal cycle of 80 years – and that is simply unacceptable," he says.

Lately, Seikku has noticed that he is not the only one talking passionately about food – or more specifically, the state of food culture in Finland. While some people still question the merits of Finnish food culture, Seikku insists that we do have one. However, comparisons to bigger, more acknowledged culinary climates are fruitless, he feels:

"Other countries have longer national histories in this matter. Our food culture is younger," Seikku says, admitting that regional and local delicacies often have far-reaching roots in Finland.

Perfect plot

Seikku has followed the raging debate in the papers with a curious eye – food culture has received more media exposure during the past two years than, arguably, ever before. The script and set-up of the drama is delicious, with Silvio Berlusconi and Jacques Chirac cast as the villains of the tale, dismissing Finnish food as inferior.

"That was quite a service these two did for Finnish food. One should hope they keep



coming up with similar material," Seikku quips. Getting more serious, he says that the position of Finnish food culture will strengthen and become better integrated into our everyday lives. One driver for the change is the Finnish chefs who –having studied and worked abroad – return to Finland to lead star kitchens. Combining international flavour with Finnish recipes and ingredients has resulted in a string of world-class restaurants in Helsinki, for instance.

"We do have a long road ahead of us," he admits.

Discussing the path HKScan must tread now and in the future, Seikku says that the Group will continue to expand. The group's vision is to be a leading multidomestic food company which holds a strong position in its Northern European domestic markets.

Smart expansion only

At present, the company's home market consists of Finland, Sweden, the Baltics and Poland – but other markets beckon.

"Russia is a very attractive market for us, but also Ukraine and possibly Belarus. Also Czech Republic and Romania could fit the total picture well," Seikku says, stretching the potential reach of the company as far as Turkey.

"But whatever we do and wherever we go, we want to be smart about it," Seikku outlines the strategy.

"Probably I will have a lot of international flights in my schedule in the years to come, too," he says.

But how hungry is Seikku for an international hit product, a big-time food product that would pave the way for global conquest? Perhaps surprisingly, Seikku claims that he is not losing any sleep over the issue. He says that global hits need their own good time to develop and the CEO is rarely around to see the entire process.

"Of course it would be nice to have a hit product as an international business card. But looking at my priorities list, it's not even in the Top 10." ●

Moving Up the Food Chain

Finnish food culture ready to make its mark

Finnish food culture is experiencing a revival. Having maintained a low-profile existence for years – or decades – suddenly everyone has an opinion on Finnish food and its inherent potential. Finnish food culture is even mentioned in the Government programme, and the topic has stirred up some controversy in the Parliament as well. One has to ask, who is responsible for this newly-aroused interest? Some shrewd marketing campaign or TV cook show?

The answer might surprise you: the resurrection of Finnish food can be attributed to two well-known foreign culinary experts, namely Silvio Berlusconi and Jacques Chirac.

Italy's former Prime Minister Silvio Berlusconi fired the first salvo two years ago by comparing Italian and Finnish food culture. The always-entertaining Mr. Berlusconi found the latter vastly inferior. He stated that there is "absolutely no comparison" between, for instance, speciality ham culatello from Parma and smoked reindeer.

Especially Helsinki, having lost the European Food Safety Authority to Parma, felt the sting of those words.

After Berlusconi, Chirac stepped up to the plate. A French journalist overheard President Chirac talking with Germany's then-Chancellor Gerhard Schroeder and Russian President Vladimir Putin. Apparently the Big Three were comparing notes on international cuisine.

Mr. Chirac denigrated food in Britain, saying that it is the country with the worst food in all of Europe – after Finland, that is.

Menu for EU

The Finns were determined to prove both Berlusconi and Chirac dead wrong. As Finland took on the EU Presidency in July 2006, the chefs had sharpened their kitchen knives and forks for a fierce battle.



Photos: Finfood



One apparent highlight of Finland's term was the Lahti Summit where the leaders of the Union entertained Vladimir Putin over dinner. While the discussions over energy policy may have been rocky, the food itself left little to be desired: the menu featured roasted goose supreme, tartare of lavaret (a white fish) and sea buckthorn berry mousse.

Even after the EU Presidency, food has remained a hot topic in Finland. Tiina Lampisjärvi, Executive Director at Finfood (Finnish Food Information), feels that Finnish food culture received a surprising boost from the Berlusconi and Chirac. Having started as the Executive Director in 2002, Lampisjärvi admits that spearheading the cause of Finnish food culture was a rather low priority at Finfood. It wasn't until 2004 that the promotion of Finnish food culture

was included as one of the main targets of the organisation.

"At the time, many people wondered what that meant – or whether Finnish food culture even existed," Lampisjärvi recalls the situation three years ago.

"As Berlusconi and Chirac rushed in to give us a hand, this topic exploded in the media. The lively public debate on the issues has ripened into a dialogue to develop the industry," she says, adding that Finnish food culture has become a theme which stirs passions in very wide circles.

"The development of Finnish food culture is now perceived to be valuable work, and to serve the common interests of all."

Lampisjärvi agrees that the superior ingredients are the driving force of the Finnish food culture. She also points out that the Nordic summer – with long, long days of sunshine as the sun only momentarily dips below the horizon – give especially the Finnish berries and herbs their extra flavour.

"In addition, we have four very distinct seasons which resonate in our cuisine very strongly," she adds.

Maximising transparency

Lampisjärvi also feels that the Finnish food sector is in fine form today: there is top-level food and nutrition research and development and more and more experience on commercialising the results.

"One clear strength is that the entire Finnish food production chain has embraced cooperation to such a degree that traceability is simply world-class."

However, Lampisjärvi is not claiming that all the problems of the past – be they imaginary or otherwise – have been resolved in the past couple of years. She says that one persistent challenge spans from the Finnish history – through the ages, the Finns have endured famine and tough times which has left its mark on the nation's psyche.

For example, coffee was strictly rationed in the aftermath of the Second World War in Finland. Many older people still remember what it was like – and remain impressed when somebody makes them a really strong cup of coffee. For them, this shows great appreciation for the guest. Those post-war days are long gone, but something still



Tiina Lampisjärvi

Best of both worlds

But while everyone knows what Mexican, Italian or Chinese food is all about, Finnish food lacks that type of instant recognition. It can not be summed up quite as easily as some other international cuisines. One reason for this is that the Finnish food culture has been influenced by both East and West. Rye bread, quark, sour cream, blins, buckwheat and Finnish beetroot salad (rosolli) all boast Eastern origins, while salted fish, meat balls, sweet bread and German beer-brewing techniques hail from the West.

However, the Finns have always been skilful at combining pure natural raw ingredients and natural Finnish flavour, and this key element is very characteristic of Finnish food. Finnish ingredients carry the imprint of unspoiled Northern nature in their aromas and the local ingredients and raw materials are produced in the cleanest soil in the EU. Finnish cows, for example, yield the cleanest milk in all of Europe.

remains in the collective memory of the people: to this day, visitors to Finland often find it peculiar when Finns enjoy their coffee black and strong.

According to Lampisjärvi, Finns have not come to cherish common meals as other cultures do.

“The making of the food itself should not be the only thing of value, the entire process should be seen as a social occasion, as people come together to spend some time together around food.”

“Sometimes we also seem to be lacking a common pride with regards to our food, its ingredients and the food culture. The challenge is to combine healthy food with great taste,” she says. When nutritional expertise meets rising cultural awareness, this can happen.

Food culture – to be or not to be?

However, the work has barely started, says chef Jaakko Nuutila, President of the Finnish Chef Association. In August, Nuutila was also appointed Expert on Food Culture for MTK, the organisation for Finnish agricultural producers. According to Nuutila, food culture is a primary culture sector, but is not recognised as such in Finland.

“Officially speaking, the Ministry of Culture does not view food culture to be culture at all,” Nuutila says. He finds this rather peculiar, especially as food culture is one of the means of communication that all ministries, for example, use in their international relations.

Nuutila admits that food culture is a multi-disciplinary field and therefore it is hard to determine who should shoulder the responsibility for spearheading the cause.

Something is nevertheless being done at top levels to address this issue. In June, the new Government announced that it is intending to launch a programme promoting Finnish food. The aim of the programme is to increase food appreciation, quality development and guidance in nutritional behaviour, and to promote organic and local food.

Leadership required

In addition, the government aims to promote the export of healthy and safe Finnish food. The aim is to minimise all extra costs related to export that are removable by governmental efforts.

The push to promote Finnish food is marked down in the Government programme as well, under Ministry of Agriculture and Forestry ventures.

This is a good start, says Jaakko Nuutila.

“It has also been suggested that a food culture executive team should be put together

to plan and coordinate all the state-funded food culture ventures in the land.”

Nuutila feels that it is high time to see some progress, since the actions of the state have left a lot to be desired lately. One example of this is the decision to stop sending Finnish cooks to Finnish embassies around the world. Finnish cooks can be hired locally, if the embassies so choose – but no chefs are sent out from the motherland anymore.

“This just doesn’t make any sense. The mission of our embassies is to take our culture out to the world. What is to happen to food culture exports now?” master chef Nuutila asks.

The official response to the criticism has been curt: the promotion of Finnish food culture exports can not rely on serving tasty dishes at the Ambassador’s residence alone.

Safety comes first

While the support from the state may be whimsical as best, the changing international food markets may offer significant opportunities for Finnish players of the field. The ever-growing provisions placed on food safety are revolutionising the global food game, and the Finnish companies are well-positioned to benefit from this trend.

The Finnish food industry’s operating environment is in excellent shape, which is and will continue to be an increasingly crucial competitive advantage. Technology, hygiene, production processes and the national food industry as a whole compare within and beyond the EU.

Demand for Finnish food products is expected to increase as customers look to benefit from Finnish companies’ experience and expertise in areas such as cold chain management, and packaging and process technologies. A recent report published by the Pellervo Economic Research Institute under the title Adding competitiveness to the food chain studies the competitive factors at length.

According to the report, for instance, Finnish food contains relatively small amounts of harmful substances, by comparison and per se. Finnish fields and farmlands are young compared with e.g. those of southern Europe which have been cultivated for thousands of years.

The report also points out that the austere, northern climate reduces the need for and use of chemical pesticides and animal medication. The pesticide content of Finnish foods, and quantity of veterinary drugs and hormones in meat, are below other national averages. Indeed producers are not permitted to use hormones to fatten beef cattle in Finland.

Finland’s remarkable water reserves play an important part as well. The coun-

try benefits significantly from the fact that a considerable proportion of the world’s clean water reserves are located in Finland. And, of course, a great deal of clean, potable water is needed at all stages of food production.

Catering for the neighbours

But what is the best way to commercialise these findings? For one, the Finnish food industry aims to exert an increasingly strong presence in the neighbouring markets. As the industry itself continues to internationalise and consolidate, consumers’ needs and choices must be a decisive factor in investment decisions on development targets.

Presently, Finnish companies seek growth opportunities especially in the Baltic Sea region and Russia. Finnish Food and Drink Industries’ Federation member companies presently run more than 70 production plants in eight foreign countries.

Nuutila agrees that Finnish food is the safer choice out there:

“We know where and how the food is produced and what it contains – at least for the time being,” he remarks. The chef believes that the Finns should be proud of their impeccable food production chain.

“Finnish people are too modest,” he says, adding that the agricultural producers should market their accomplishments with pride, and not shy away from the limelight. According to Nuutila, the chefs have managed to elevate the appreciation level of their profession tremendously over the last years – now it is time for farmers to do the same.

“We, the chefs, have respected our own profession, and felt pride in it. As a result, our work today is held in high regard,” Nuutila compares. Indeed: Finnish chefs are a hot commodity also in the international circles. The chefs are hard-working and well-trained, and also viewed as extremely reliable as employees.

Mushroom mania and potato fever

Looking past Finnish chefs, Finnish export prospects are quite varied – ranging from household names to niche superstars. One example of the latter is Finnish boletes mushrooms which have charmed their way to many Italian hearts.

An Italian mushroom specialist and entrepreneur, Lorenzo Dalla Valle, has exported Finnish porcini to Italy for more than twenty years, buying from gatherers and exporting fresh, frozen, or boiled and salted mushrooms to the Italian food industry, restaurants and wholesalers.

The Italian mushroom emperor’s company has a total of 35 reception points in different parts of Finland, which in 2006 saw a throughput of 300,000 kilos of mushrooms.

Finland's wide forest areas offer amazing prospects for mushroom hunting – especially as it is everyman's right to roam freely in nature and gather what the forest has to offer.

While mushrooms are likely to seduce only selected clientele, the Finns may have an unexpected global hit in their hands: Finnish seed potatoes are believed to have great export potential.

The International Potato Center (CIP) endorsed the export potential of Finnish seed potatoes in September. Dr. Pamela Anderson, Director General of CIP, considers Finnish potato research to be of the highest quality and believes that Finnish potato farmers have a sound basis from which to increase seed potato exports.

According to Anderson, the demand for seed potatoes on the world market may well increase as both China and India have declared potato farming as one of the corner stones of their national development programmes aiming to help secure their food supply. These actions alone will create a potential 2.5 billion new consumers for potatoes.

Chewing for your health

Somewhere between the mushroom and the potato, we find xylitol chewing gum. Xylitol, or birch sugar, is industrially manufactured from birch fibres. Nowadays, xylitol is manufactured abroad as well, but the world's biggest xylitol factory is still located in Kotka, Finland.

Xylitol breaks the acid attack after meals and prevents tooth decay. It has also been proven to prevent children's ear infections and help to fix existing cavities.

According to Finnish xylitol-manufacturer Fennobon, the use of Finnish xylitol products has increased abroad lately. The export countries of xylitol products include Japan, Italy, Korea, Germany and the United States. In Italian TV, there was even a tongue-in-cheek commercial where a Finnish "male of the species" is stalked through the wilderness in order to witness the flawless condition of his teeth.

As wellness and health are reigning megatrends in all industrialised countries, the export volumes of xylitol – and other similar products – are expected to keep climbing.

Executive Director Tiina Lampisjärvi points out that Finland is a pioneer in functional foods:

"There are global issues which relate to food, weight problems and health in general, and as a consequence, new markets are opening for Finnish functional food special products. Another factor is the aging of the population and the challenges it brings," Lampisjärvi says. ●



Compliments to the Chef

Executive Chef Kai Kallio of Restaurant Savoy represents a new generation of Finnish chefs that thrives under pressure and triumphs in tough international competition. In March 2007 Kallio won the international Food & Fun food competition in Reykjavik, Iceland. Kallio, 36, was also awarded the title of Food and Fun Chef of the Year. Food & Fun is an established food festival to which six European and six American top Chefs are invited each year.

Kallio, a veteran of the Finnish Culinary Team, comments that he is quite used to competing by now and doesn't stress too much.

"Of course, on the average I would say that it is still nicer to win than lose," he quips.

The Fun & Food jury was impressed by the humorous dessert served in a Moomin music box. The audience, on the other hand, took notice that Kallio remained cool as a Finnish cucumber throughout the competition – even making a joke or two in the process.

When Kallio returned back home to Finland, he soon received even more praise as his "office", the esteemed Restaurant Savoy in Helsinki, was honoured with the Restaurant of the Year 2007 award by the Finnish Gastronomy Association. Nice timing, too – this year Savoy celebrates its 70th anniversary.

While respecting traditions, Savoy is known to follow contemporary trends. The dishes themselves are simple and straightforward and the restaurant uses an exceptional amount of Finnish ingredients. Traditional, classic Finnish dishes like fried Baltic Herrings and Pike Perch à la Mannerheim are the most popular.

When asked for a recommendation, Kallio replies that it depends on the season, but for example reindeer, Finnish berries, lamb, herrings and mushrooms are always worth trying. He feels that Finnish food excels since it combines great quality with superior hygiene, but recognises also some trouble spots:

"There aren't very many producers of top-level ingredients. Producers don't dare to specialise or to bring their top products forward to sufficient degree," Kallio says. ●

Knock, Knock, Knockin' on NATO's Door

Dr Risto E. J. Penttilä is Director of the Finnish Business and Policy Forum EVA and Chairman of the Atlantic Council of Finland.

Finland is unique in many ways. It is the only Western country building new nuclear power. Its people are the least corrupt in the world. Its pedestrians actually stop when a traffic light turns red. And it is the only EU member state bordering Russia that has not joined NATO.

Things may be changing. Finland's centre-right government has commissioned a number of studies and reports on the advantages and disadvantages of membership in the military alliance. The first reports are due by the end of 2007. A government white paper is expected during the course of 2008.

Nobody expects a rapid accession. Indeed, most experts agree that Finland will not join as long as President Tarja Halonen is in office. Next presidential election will not be held before January 2012. Thus, supporters of membership are in for a long wait.

Yet the mood is changing. When NATO's Secretary General, Mr Jaap de Hoop Scheffer, visited Finland in November 2007, he was well received by the Finnish political establishment. A much advertised demonstration did not attract more than a handful of activists while media coverage was modest at best. Had the visit taken place a few years ago, protestors would have been plentiful and the media would have been full of stories about another clandestine effort to get Finland into NATO. Sometimes no news is good news.

Most Finns still oppose membership in NATO but roughly half of them would be willing to accept membership in the alliance if the Finnish political leadership were to recommend it with "good grounds".

There are plenty of good grounds. Finland already contributes troops to many NATO missions. We have troops in Kosovo. We have troops in Afghanistan. Indeed, if one did not know that Finland is not a NATO member it would be difficult to reach that conclusion from looking at the situation on the ground. In many ways Finland is already acting like a member – without receiving the full benefits of membership.

Reluctance to join NATO can be explained by a number of factors. The long shadow of the Cold War, misunderstanding of the nature of NATO and old ideological vendettas are some of them. Yet, one key issue is the unpopularity of US foreign policy. Only two percent of Finns fully agree with the statement that "the USA actions in the global arena are right and deserve the backing of the Finnish people."

American presidential elections will have an impact on Finland's NATO aspirations as well. If the new president of the United States can project a more favourable image of the United States abroad, Finns are more likely to see NATO in favourable light as well. Who knows, if Hillary Clinton is elected even President Halonen may change her view about the alliance. But do not hold your breath.

As Chairman of the Atlantic Council of Finland I happen to think that Finland's natural place is among the family of NATO members. I also happen to think that membership would change very little. As one military leader put it, "if we were to join tomorrow, only a few hundred people in Finland would notice the difference". ●



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Power drill one

Downswing hold. One simple drill helps you ingrain the feeling of the correct late hitter's downswing action into your muscle memory. Set up as normal and take a sandwedge to the top. Then start down concentrating on holding your wrists on same position. Swing down to a point when your hands are almost opposite your right thigh. Stop.

Only hold it there for a fraction of a second – so you don't lose your rhythm – then move the club back to the top and repeat three, two times without ever unhinging your wrists. On the third swing continue past the stopping point and release your hands into the ball.

Keep repeating this drill. You should soon feel yourself creating a little more lag and power. Don't worry if you push the balls slightly to start with – in time you should naturally work your hands more, so that the clubface returns square at impact.

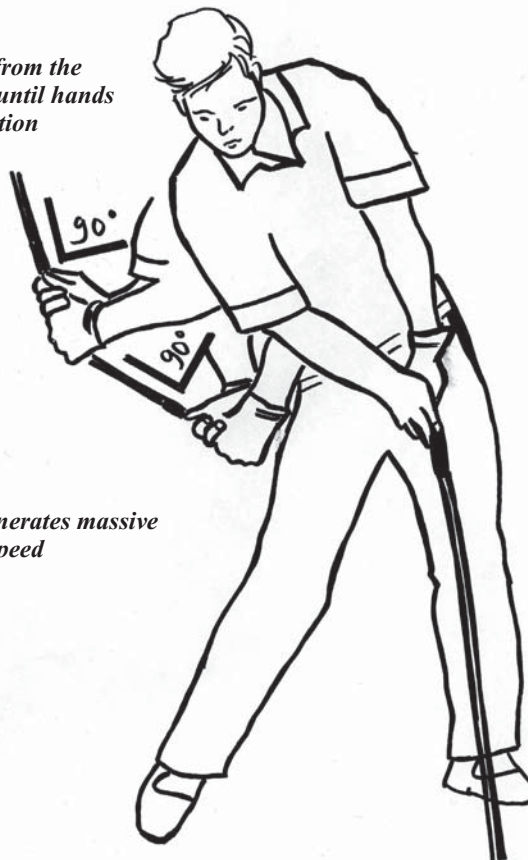
Power drill two Bell ringer

I suggest using your imagination to help develop the power hit. Think of yourself pull-

ing down quite hard on a bell rope down, with three last fingers of the left hand, from the top of the backswing. This action of trying to ring a bell automatically makes your

hands pull sharply down and keeps your wrists from working too soon on helping you produce the late hit. ●

Wrist angle hold from the top of backswing until hands are at impact position



Late hit generates massive clubhead speed



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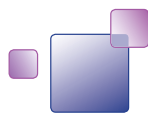


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As a real estate investor with a focus on the long term, Union Investment – one of Europe's leading property investment management companies – is committed to sustainable development of inner-city sites. Sustainability is therefore one of the primary considerations in its property investments. Decisions are also based on general factors associated with location and the surrounding area. The regeneration of Central Plaza Hamburg, a Un-

iImmo: Deutschland property since 1989, is one example of sustainable investment.

Central Plaza Hamburg is located in Hamburg's Neustadt area just to the west of the city centre. A new building will be constructed adjacent to the existing high-rise block. Union Investment will commence refurbishment work at Central Plaza Hamburg once the current tenant, Unilever, moves out in 2009. In terms of construction and energy efficiency, the building will fulfil all the requirements of a modern office development. Completely modernising the office block will enhance user comfort and reduce energy consumption. Central Plaza Hamburg's carbon emissions will be lowered by over 50 per cent.

The new building will accommodate modern offices, shops and restaurants/café's, as well as a significant number of high-quality apartments on Valentinskamp. Based on a plan by architects MR-LV, the urban environment around Central Plaza Hamburg will be enhanced as part of the project. Significantly, this urban island is to be linked to neighbouring parts of the quarter by providing excellent access that opens off the inner plaza. This work will start in parallel with refurbishment of the high-rise block in 2009.

The aim of Union Investment to honour property investments which promote environmentally friendly building is reflected also in Union Investment's Prime Property Award. The award recognises European real estate investment projects that stand out by virtue of their ecological, social and economic performance.

With prize money totalling 30,000 euros, the award is open to developers and owners of urban real estate projects completed between 2000 and 2007. The closing date for applications is 31 January 2008. The awards ceremony for "the best European real estate investments" will take place at next year's EXPO REAL in Munich. ●

Lutz Ehrhardt



Real Estate Special Report pages 17–75



Creative Class Goes North

Richard Florida, father of the Creative Class, believes that the Scandinavian countries are in an excellent position to compete for the most talented workforce.

Combining innovation and hi-tech with open-mindedness and safety, cities like Helsinki will be hard to beat in the years to come, Florida says.

Urban studies theorist Richard Florida flipped the script with his 2001 book, *The Rise of the Creative Class*. In the book, Florida identified the so-called Creative Class as change agents for tomorrow – arguing that where these top professionals choose to work and live will decide which cities will prosper and which will fail in the future. According to Florida, the fight for the best workers is presently so fierce that the old real estate agent's idiom – location, location, location – has become more important than ever.

Richard Florida, Professor of Business and Creativity at the Rotman School of Management, feels that the Nordic capitals are in an excellent position to compete for the best and the brightest employees on the global markets. He believes that Copenhagen, Oslo, Stockholm and Helsinki are brothers-in-arms in the sense that they are open-minded, technologically advanced communities that offer a safe and stable environment for young professionals to raise their families. However, he is concerned that standing alone, the attraction of the individual cities may not be enough:

“The future belongs very much to the so-called mega-regions, for example Boston – New York - Washington D.C. region in the US, or Amsterdam – Brussels – Antwerp region in



Europe. Geographically speaking, the Nordic capitals are removed from each other, but through collaboration that gap can be narrowed,” Florida says, adding that by working together the appeal of the foursome can grow considerably.

Enter: the Mega-regions

According to Florida, mega-regions are the real economic engines of the global economy. For instance, the ten largest mega-regions account for 43 per cent of the planet's economic activity and more than half of its patented innovations and star scientists who generate pioneering breakthroughs – while housing only 6.5 per cent of its population.

Richard Florida believes that size does matter:

“It's not the only factor, but it is an important one. Big cities simply present a lot of options,”

he says, suggesting that the creative class thrives in places where there are great restaurants and night clubs and other hot spots. Also, working connections to the world are required: the city must feature a top-notch international airport.

While urging the capitals to cooperate more, Florida admits that there isn't that much room for improvement: all four cities are already on his Top 10 list of Great Places To Live in the World.

“The top two must be New York and London, followed by Toronto. Sydney and Melbourne are on the list also, and Amsterdam. But definitely Copenhagen, Oslo, Stockholm and Helsinki belong on the list also.”

Praise for Helsinki

One can understand Florida's affinity for Scandinavi-

an countries, considering that he recently moved to Toronto with his wife. After all, Canada and Nordic countries have many things in common, ranging from a cooler climate to efficient healthcare. Florida claims to especially taken by Helsinki, having visited the city couple of years ago.

“The nightlife, for one, seemed very exciting. It was well after midnight but it seemed everybody was out partying and having a good time,” he looks back. He admits to being a big fan of Scandinavian design – honourable mention goes out to Marimekko – and remembers that the use of daylight in certain buildings in Helsinki was absolutely striking. Architecture has a lot to do with creating a comfortable environment that is suitable for creative people.

“Stimulation is needed all around, and Helsinki brings a

Photo: Kuusakorpi.com

Photo: Creative Class



lot of aesthetic appeal,” Florida says.

Florida also remarks that Helsinki is a city that does well on the “3T test”, meaning Talent, Technology and Tolerance.

“There is a wealth of talent in Helsinki as the whole country is known for its great education system and great universities,” Florida gushes. While in the subject of technology, he brings up Nokia and wireless connections, convinced that Helsinki comes extremely well-equipped in that sector too.

Optimise openness

The third T – tolerance – is in fine form as well, but needs a little bit more work, Florida seems to think.

“The Scandinavian countries are known for open-minded, tolerant societies, but in Helsinki this approach is not reflected in immigrant policies,” he says.

“At present, the question for Helsinki and other cities really is, how open can you become?”

Florida mentions his new

hometown of Toronto as a city that decided to completely revamp its immigrant policies twenty years ago – and discovered, along the way, that the immigrants provided precisely the type of fresh energy the city was dying for.

But as Finland keeps opening up to the world, the situation will improve and Helsinki will become a more cross-cultural city.

Celebrating diversity and honesty

However, in addition to being more receptive to immigration, Florida argues that the contender cities must tolerate alternative lifestyles, as well as new views on social status and power structures. He devised a gay-bohemian index to demonstrate that high level economical development tends to take place in locations where there are a lot of gays and “high bohemians”, in Florida-speak. The Scandinavian countries have a good track record in embracing sexual diversity and Helsinki is no different in this. Also, the artistic and cultural circles of Finland largely concentrate in Helsinki.

Outside the three T’s, Florida also identifies one potentially problematic issue for Finland and other Nordic countries:

“Since the global language of business is English, Scandinavian countries must always be aware of the need for great communications in especially spoken English,” Florida says, adding that English is both an asset and a challenge for the Scandinavians – everybody here speaks English at least to some degree, but very few master it completely.

Traditionally, Finland has excelled in the non-corruption rankings of Transparency International. This year was no different as Finland was number one again, sharing the honours with Denmark and New Zealand. Also Sweden and Norway fit in the Top 10. Discussing the relevance of corruption, Florida says that a low-corruption society has a high correlation with the Gay-Bohemian Index.

“The low-corruption figures and the Gay-Bohemian Index represent largely the same thing: these countries are very open societies and great plac-

es to do business since they are meritocracies,” Florida says. He knows that the critics are quick to point out that these welfare states also feature a high tax rate, but these issues must be reviewed in their proper context:

“I hear people saying that ‘it’s all about the taxes in the end’, but in a sense, a bribe is a tax, too. But a lot more unpredictable at that,” Florida says.

One Ring to rule them

Florida is thrilled to see Nordic countries do well on the low-corruption list, but is also happy that New Zealand is there. In 2004, he visited Peter Jackson, director of *The Lord of the Rings* trilogy, at Jackson’s film complex in Wellington. Nobody considered Wellington a world cultural capital before Jackson and his people came along, but the moviemaker built perhaps the world’s most sophisticated filmmaking complex in the city – and started, in essence, a snowball effect.

Jackson told Florida that with the magnetic pull of the *Rings* trilogy, he could attract a

diversely creative array of talent from all over the world to New Zealand. Everybody wanted to come and work in a magic place that was previously no more than an abandoned paint factory.

Florida says that Jackson's story captures the very essence of the Creative Era: paradigm-busting creative industries can single-handedly change the ways cities flourish and become drivers for dynamic, widespread economic change.

However, Florida argues that the new creative centres do not materialise just anywhere. He wants to challenge the globalisation era mantra which states that where you live doesn't matter anymore.

Professor Florida teaches that place is not only important, it's now more important than ever. He says that globalisation is not flattening the world; on the contrary, the world is "spiky".

"Place is becoming more relevant to the global economy and to us as individuals. The choice of where to live is the most important decision we make, as important as choosing a spouse or a career," he says.

Pursuit of happiness

Florida's upcoming book, *Who's Your City*, takes a look at the issues relating to location. In the book, Florida claims that place exerts powerful influence over the jobs and careers we have access to, the people we meet and our "mating markets".

"These are vital issues from the point of view of personal happiness and self-expression."

Who's Your City sorts out cities by life-stage, rating the best places for singles, young families and empty-nesters. The book is due out in March.

"Basically there are three periods in life when you must sit down and think about where you want to live," Florida explains.

"First is upon graduating from college as you start to look at the job market. Second period is the birth of the children; you want to find a nice, safe neighbourhood with good kindergartens and schools. The third peri-

od is the empty nest phase – the kids leave the house and it's time to think about getting a smaller apartment perhaps."

Florida points out that during each of these stages, people must think long and hard about what they want to do.

Claiming ground

Who's Your City represents an expansion in Florida's ideology. The 3T's – Talent, Technology, Tolerance – now receive reinforcements. The fourth T is 'territory assets'.

Of course, territorial talk is nothing new. Some researchers and economic development practitioners proposed territory assets to be included on the list as soon as *The Rise of Creative Class* came out.

Florida himself defines territory assets as the natural, built and psychological setting of the community. It is the distinct "vibe" that makes communities unique. Bottom line: people want to live in communities that are unique and inspiring to them.

Even with Asian economies rising like the sun, Florida doesn't believe that places like Bangalore, Beijing or Shanghai will attract the creative class. Again, he refers to the strong standing of the Nordic countries on his Top10 list. Another important factor in the post-9/11 world is safety which is something, comparatively speaking, that the Nordic capitals have in abundance.

"The safety issue is very important for two reasons. First of all, people want to live their lives free from the terror of fear. Second, people want to live free from crime," he states.

Living on the edge

Also, he feels that the members of creative class often suffer from poor job security which leads to stress.

"And if, on top of that, you happen to live in a scary city, that's added pressure in your life," Florida says.

"That's one of the things that I absolutely love about Toronto, that it's a safe community. Of course, Helsinki is prob-

short biography

Richard Florida

Richard Florida is one of the world's leading public intellectuals. *Esquire Magazine* recently named him one of the Best and Brightest in America. He is author of the international bestselling book, *The Rise of the Creative Class*, which received the Washington Monthly's Political Book Award and was cited as a major breakthrough idea by the Harvard Business Review. His ideas have been featured in major ad campaigns from BMW and Apple and are being used globally to change the way regions and nations do business.

He is regular columnist with the *Globe and Mail* newspaper and has written articles for the *Atlantic Monthly*, the *New York Times*, and the *Financial Times*. He is founder of the Creative Class Group, a global advisory services firm in Washington, DC. He is Director of the Martin Prosperity Institute at the University of Toronto's Rotman School of Management. Florida has been a professor at Carnegie Mellon University, a visiting professor at Harvard and MIT, and a visiting fellow of the Brookings Institution. Florida earned his Bachelor's degree from Rutgers College and his Ph.D. from Columbia University. ●

ably even safer," he very politely adds.

"Perhaps future is in the north, if we look at living in the 21st century," Florida says with a chuckle. The contender nations do not have to be big per se – if they possess vibrant centres that keep coming up with new innovation.

When asked about how does Climate Change factor into his theories, Florida takes a surprisingly positive approach.

"Climate Change is a big issue affecting the entire world, but for the northern countries it also provides huge advantages as the climate becomes more attractive," he says.

Fortress America

Six years after the publication of *The Rise of the Creative Class*, Florida sees that some countries have advanced in the game, where as other have faltered.

"I believe that the biggest loser internationally is the USA," he says. Homeland security has been stepped up, and the country is partly paralysed by fear and closing down its borders as a fortification tactic.

Florida struggles for a moment to find a right word to describe the present situation in

Iraq, then settles for "adventure".

"Due to this ridiculous war on terror, we are witnessing some very negative things in the USA, such as the backlash against immigrants."

As a result of its isolationistic tendencies, the United States is in danger of losing its position as the most attractive destination for top talent worldwide. Florida believes that in the business circles the American supremacy is already being questioned.

"London is eclipsing New York as a financial centre, and in many other regards as well," he says.

"There are self-imposed barriers that Americans must now remove."

In the world Florida envisions, the smaller countries up north may very well inherit the earth. And despite the fact the Florida preaches the potency of size, he believes that smaller cities and regions can benefit as well: success is likely to trickle down from the centres to other cities.

"It will be interesting to see what smaller cities will do in a country like Finland," he says. ●

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Helsinki gets ready to rumble

In the future, a powerful triangle could form in the eastern end of the Baltic Sea. The new business trinity would consist of Helsinki, Tallinn and St. Petersburg, suggests Tatu Laurila, CEO of Greater Helsinki Promotion.

While Richard Florida (see interview on page 18–20) talks about the significance of mega-regions – suggesting that Copenhagen-Oslo-Stockholm-Helsinki team-up could be a potent combination – Laurila agrees with the analysis that alliances are in order. However, the Nordic “Fantastic Four” concept leaves something to be desired.

“Helsinki, Tallinn and St. Petersburg complement each other a lot more than the four Nordic capitals. With this trio, the odds are that the emerging entity will be greater than the sum of its parts,” Laurila says. St. Petersburg, for instance, boasts a population that is almost as big as that of Finland and Estonia combined. The fiercely developing economy of the Russian metropolis will generate golden business opportunities for decades to come.

Laurila mentions also the St. Petersburg – Berlin fast railway connection that, at this time, exists only as a shining vision of the future, but could be realised with haste, economic indicators willing. One version of this railway concept features Helsinki being connected to Tallinn by an underground rail.

“The railway speculation is still only a dream, but it is a fact that cooperation between these three cities keeps deepening all the time,” Laurila says.

Smelling the coffee

It seems that Helsinki is only waking up to realise its full po-



tential. The hard-working, no-nonsense Finns are in the habit of keeping their noses to the grindstone and rarely pay any attention to the hype and hyperbole of the world.

Therefore the fact that Finland is one of the most competitive economies in the world (WEF Global Competitiveness Report), the least corrupt country in the world (Transparency International) or features Europe’s premier educational system (IMD World Competitiveness Yearbook 2006), is no reason to get all excited. Even though international visitors often marvel at the achievements of Finnish society, there is no parade up and down the central avenue of Mannerheimintie.

Laurila diagnoses his countrymen to suffer from Fennoscandinavian melancholy which, at times, manifests as pessimism or downplaying of one’s abilities or performance.

On the other hand, the Finns have found a surprising niche for their “gloom-and-doom” mentality in the musical world – chart-topping artists, such as HIM, Nightwish or Rasmus have taken their “metalcholy” all the way to the bank.

“One often hears that Finland is the most American country in Europe, but the mindset of the people is very different. You won’t run into overly optimistic sentiment here often,” Laurila laughs.

New breed, new creed

Laurila, 35, himself represents a new generation of Finns, who are more at ease with the ways of the world, and do not shy away from using superlatives in their speech. His challenge is to lure international corporations and investments to Finland – and, perhaps, at the same time, convince other Finns to adapt a

more “glass is half full” attitude. Especially since – in the aftermath of so much international acclaim – that glass is often filled with champagne.

When pushed for a personal Top 3 list for absolutely the best things that Finland can offer, Laurila approaches the selection process from the perspective of international companies:

“We have a booming economy which combines dynamic approach with transparency. Looking at the business climate, there will be no unpleasant surprises,” he starts off.

“Next, the people. We have a workforce that is extremely well educated and trained and possesses all the competencies that are required from international top performers,” he says.

“And, finally, Helsinki is really a refreshing alternative when you consider the capitals of Europe, for instance. We get

to enjoy four magnificent seasons here and nature is never far away. Helsinki can offer all the action and excitement of a true metropolis in a very natural setting,” Laurila concludes.

Grow-how

Don’t count on that “action” winding down any time soon, either. Helsinki is one of the fastest growing metropolitan areas in the European Union and by 2025, Greater Helsinki is forecast to have 1.5 million people and 800,000 jobs.

It is quite possible that Helsinki is the cleanest, safest, and most culture-oriented capital out there. While Helsinki also ranks high in the “best-kept secrets” category among the world’s big cities, the word is spreading. May be not like Macarena or Facebook, but still.

However, Laurila points out that Helsinki needs to intensify its efforts if it wants to be successful in attracting international investments.

“Sweden, for one, has performed a lot better in this regard,” he says. In addition, the new EU Member States are hungry for their piece of the pie – Laurila notes especially the real estate boom in Eastern Europe. Because the competition

is getting tougher by the minute, Greater Helsinki Promotion was set up as a joint venture of the capital region cities – Helsinki, Espoo, Vantaa and Kauniainen – one year ago.

Cleared for launch

Laurila – who started as the CEO in February – says that this year has been Year Zero in many aspects, and the engines really start firing in 2008.

“This year we have concentrated on building our own organisation and establishing the core partnerships which are crucial for our operations,” he says.

Yet, this year has been interesting also – largely thanks to Eurovision Song Contest which turned Helsinki into Party Central for a couple of weeks in the spring.

“The great thing about Eurovision 2007 in Helsinki was that it proved that the city is a fun, vibrant metropolis for big events,” Laurila analyses. He also points out that the events themselves do not have to be huge, either: summits for niche experts or gatherings of aficionados will do just as well.

Looking at the challenges ahead, Laurila feels that it is absolutely vital that corporations

and cities alike assume a proactive stance in boosting the appeal of Finland. However, the road is long and winding, and consistency will win the day in the end, Laurila believes.

“After all, this is a marathon, not a sprint.”

No ‘quick fix’ scheme

With that motto in mind, Greater Helsinki Promotion has set many of its targets for the mid term or long term, mid term meaning 2–3 years and long term 5 years and beyond. Laurila says that the organisation is interested in pursuing “quick victories” also, whenever the opportunity presents itself, but they are rather rare in the game.

Laurila feels that the perfect case for his organisation would be a corporation that is looking to start operations in Finland and utilise some area of expertise that the Finns themselves have overlooked for one reason or another. Laurila mentions the pharmaceutical industry as one example where the “business ecosystem” is not as diverse as it could be.

“We have plenty of quality research in this department, but outside academic glory, little has been done to secure al-

so commercial success,” Laurila states.

However, Laurila doesn’t think that the international companies absolutely must follow the road less travelled by. There is plenty of room for growth also in the hallowed Nokia-powered ICT cluster. Laurila mentions the independent cooperation cluster Forum Virium Helsinki as an exciting new entity which promotes the development of digital services.

Forum Virium Helsinki leads development projects and opens contacts to international markets, in addition to playing a key part in creating Living Lab test environments in the Helsinki metropolitan area.

“Through Forum Virium, more and more international partners will get involved in digital content services in Finland,” Laurila says.

Wanted: immigration policy upgrade

Enticing more international professionals to Finland is a high priority for Laurila. He feels that – sadly – the immigration policy of Finland harkens back to the 80’s, while the demand for workforce requires a different type of attitude altogether.

“Instead of leaning towards protectionism, we must send out invitations and promote this country for all its worth,” he declares, using Toronto as an example of a city that has truly blossomed economically after deciding to embrace the immigrants.

In addition to professionals of various fields, Finland also attracts students and professors. By 2009, Helsinki University of Technology, Helsinki School of Economics and University of Art and Design Helsinki will be united as one innovation university, combining the best of three worlds: hi-tech, business and design.

“We have clear strong points in each of these areas, and the cross-disciplinary approach should yield interesting results, for example, from the viewpoint of creative industries,” Laurila comments on the academic alliance. ●



Garden City Revisited

Tapiola combines commercial prowess with cultural edge

Tapiola, the fabled Garden City, is an internationally acclaimed pioneer of modern city planning and construction. An architectural treasure chest, Tapiola is a unique combination of highly designed living comfort, pleasant garden areas, diverse commercial services, jobs and top-notch cultural offerings.

The Tapiola Development Project seeks to improve the prerequisites of living, culture, business and other service activities closely associated with urban life in the area. The role of the developmental project is to serve as a general coordinator in the development effort of Tapiola, both inside the City of Espoo administration as well as working in unison with the local interest groups.

Lauri Niemi, Project Manager for the City, says that Tapiola has many things going for her – but the role of culture is especially significant. In October 2006, the WeeGee Exhibition Centre was opened in Espoo, consisting of five museums: the Espoo Museum of Modern Art (EMMA), Espoo City Museum, Leikkilinna – Finnish Toy Museum, the Helinä Rautavaara Museum, and the Finnish Museum of Horology. Although the museums were open for only part of the year, they had a total of 201,000 visitors by the end of 2006.

Furthermore, Tapiola has always been a musical powerhouse as well, with world-famous Tapiola Sinfonietta and



Tapiola combines the best elements of both urban and rural living.

Tapiola Choir leading the way. Festivals such as April Jazz and Espoo Cine attract also international visitors.

Showtime!

An ultramodern City Theatre has been in the works for a while now and Niemi is happy to report that the project has taken yet another step forward.

“The political climate is starting to be favourable from the point of view of the theatre,” he says. A congress hotel will be built in connection to the theatre in order to achieve synergy benefits. The City Council decided in its October meeting to look more intently into the development prerequisites. The City Theatre project is spearheaded by Theatre Foundation, with Saraco on board as a developer partner.

Another important Tapiola project is Culture Lane which

is realised in phases. Last year Ahertajantie, the road leading to WeeGee Exhibition Centre, was renovated with surface material, pedestrian areas, lights and art work. Next stop will be renovating the bus terminal which serves as the starting point of the Culture Lane.

In the corner of Ahertajantie and Pohjantie, there are wild visions for a brand new design cluster. The Design Cluster would be located in the vicinity of EMMA, in the block next to WeeGee. Presently, the area in question is reserved for apartment construction and will remain so, unless the city plan is revised. However, if the Design Cluster should materialise, a truly significant collection of 20th century design could be found all in one place.

Driving innovation

Niemi says that the City of Espoo will find out if the design

cluster project could be carried out in the future.

“Design Cluster would have close ties with the upcoming innovation university – the main campus of which is planned to reside in Otaniemi, next to Tapiola.”

Niemi sees that cultural values have been in the core of the Tapiola identity from day one. While business and science interests often grab the headlines, culture is an important factor improving the quality of life for Espoo residents – and, in larger perspective, that of the people of the capital region.

Culture – as well as business and science – will receive a significant boost from the Espoo metro which is presently being planned. There will be welcome integration between culture, business and science – also in the geographical sense.

“As Ring I will run underground in-between Otaniemi



During its 42 years of existence, the Tapiola Choir has become one of the most renowned children's and youth choirs in the world, famed for its distinctive sound – named by critics as the Tapiola Sound.

and Tapiola, the areas will get closer to each other. With metro planning underway, there is also talk about Ring I going underground in-between Keilaniemi and Tapiola as well," Niemi says.

WeeGee appeal

Kyösti Pätynen, Managing Director of Tapiola Development Ltd, is also convinced that culture will be one of the cornerstones of Tapiola's future success. To prove his point, Pätynen mentions WeeGee and the highly positive impact the exhibition centre has had since opening its doors a year ago.

"The visitor numbers have been quite good and WeeGee adds a lot to Tapiola's reputation as a centre for both commerce and culture."



Pätynen emphasises the role of culture, because he believes that cities and city centres must differentiate themselves in order to be successful against tough competition.

"In this competitive equation, cultural offering is an important element," Pätynen says.

"At present, Tapiola is known as a centre for cross-disciplinary arts and this image will only strengthen in the future," Pätynen believes.

Commercial comeback

Tapiola commercial centre has remained popular despite the advent of bigger commercial centres such as – also Espoo-based – Sello and Iso Omena. Various attractive elements have helped Tapiola centre maintain its appeal through the years: the excellent location, considerable purchasing power of the surrounding communities, fluid traffic arrangements as well as diverse public, commercial and cultural services. Recently, the venerable shopping complex has been going through an upgrade.

Kyösti Pätynen says that a completely new element at the centre will be Shopping Gallery, which is scheduled to feature a commercial area of 42,000

square metres. Stretching 200 metres, Gallery will be an indoor boulevard with a range of services.

"Additional construction and changes in real estate usage will increase the over-all area quite significantly. There will be two hectares worth of prime real estate," Pätynen believes.

Metro momentum

The planning for the Gallery is advancing with all due haste: the city planning effort is already underway. With metro finally on its way, Tapiola is eager to capitalise on the golden opportunity. Olavi Louko, Technical Services Director for the City of Espoo, calls metro simply a crucial part of the puzzle:

"It is clear that the role of metro in shaping the future of Tapiola is extremely significant," Louko says.

"Metro also links Tapiola more conveniently with Otanienmi and Keilaniemi," he adds.

Kyösti Pätynen assesses that metro will come to affect the space modifications in real estate on both sides of Merituulentie.

"Metro will also activate the area south of Länsituulentie in a brand new way. According to plans, the Espoo City Theatre, along with the congress hotel, will be located in direct proximity to the metro."

No more parking woes

The plans for a brave new Tapiola commercial centre are im-

pressive enough. According to the development scheme, there will be a 3,000 car parking cave, to be carved into stone under the shopping centre. This makes it possible to turn present parking basements and parking houses into trade, office and service facilities. The goal is to start the construction of a new cave parking premises as well as the first phase of the shopping centre – the Heikintori basic renovation and expansion project – as soon as possible.

The City of Espoo decided recently to participate significantly in the costs of the central parking by paying for the four driving tunnels leading into the parking cave. The price tag on City's involvement is approximately € 25 million.

The planning aims for the launch of actual construction on metro and commercial centre in late 2009. The expansion and renovation effort on the congress hotel is presently underway and is to be concluded by the end of 2008.

Public transportation boosted

The renovation of the bus terminal is scheduled to start in early 2008. Lauri Niemi explains that the renovation will launch the first phase of a larger public transportation overhaul.

"The terminal will be located in the immediate vicinity of the metro ticket hall, so the place will be very functional from the perspective of public transportation customers," he says. ●

Major Tapiola development projects

Niittymaa and Tietäjantie: residential construction, 2007–2008
 Revontulentie: Tapiola Group HQ II, 2007–2009
 Tapiola Centre: Garden Hotel expansion and renovation, 2007–2008
 Keilaniemi: Neste-Oil HQ, HTC-Espoo, Swing Life Science Center V, 2006–
 Otaniemi: Falcon Business Park, 2006–

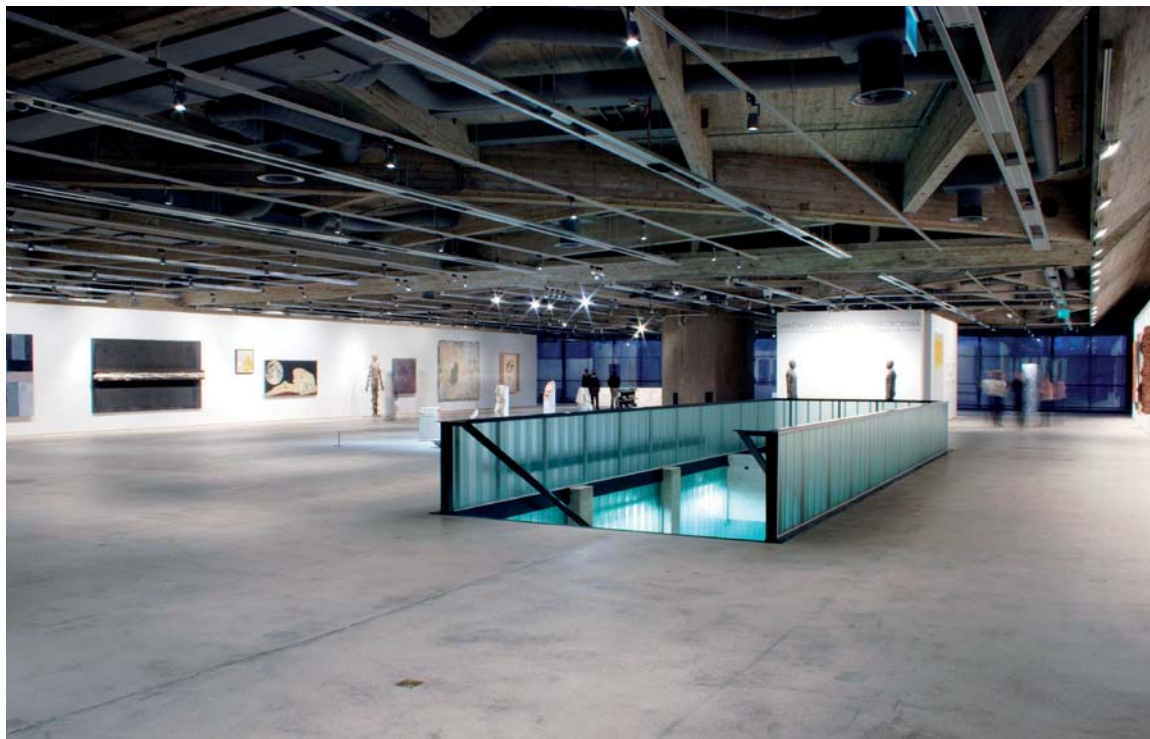
Tapiola Centre: Bus terminal renovation, 2008–2009
 Vindängen: Folkhälsan residential / retirement home, 2008–2009
 Tapiola Centre: Metro, central parking, central maintenance, commercial centre renovation, 2009–

T3 or ABS?

Espoo innovation code features Art, Business and Science

Georg Dolivo, Cultural Director for the City of Espoo, is convinced that culture and arts can be a tremendous driver for innovation – if the link-up with technological know-how and business expertise is a successful one. He envisions a powerful triangle where the unique elements of Otaniemi, Tapiola and Keilaniemi combine forces in order to build something new.

Photos: Ari Karttunen / EMMA



While Richard Florida has his 3T's, Dolivo has come up with a Finnish version: taide, talous, tiede. Translation? Art, Business, Science – or ABS, if you will. This trio certainly brings a lot of muscle into the table.

According to T3 strategy, hi-tech hub Otaniemi is the science component, Keilaniemi – with its proud corporate headquarters – represents top-level business savvy and Tapiola completes the picture with its cultural offerings.

“This same formula for innovation is evident in the plans to create the innovation university,” Dolivo compares. Helsinki University of Technology, Helsinki School of Economics and University of Art and Design Helsinki will merge by 2009, mixing up very much the same elements: technology, business and design.

“Otaniemi-Tapiola-Keilaniemi triangle is already a strong creative environment, but with the advent of the metro in the coming decade, for instance,

the area can become so much more,” Dolivo believes.

Creative environment, creative people

The role of culture can hardly be overlooked, when one discusses the so-called knowledge-intensive industries. Creative people require creative surroundings and appropriate stimuli, Dolivo believes.

“From the point of view of competitiveness, culture is one of the factors that make people – or companies, for that matter – commit to a certain area.”

Over the years, Tapiola has blossomed into a cultural hub that may not have an equal in all of Scandinavia. Musical excellence is represented especial-

ly by Tapiola Sinfonietta, Tapiola Choir and EMO Ensemble, while Tapiola also features several first-class festivals – such as April Jazz or Espoo Cine.

The newcomer on the scene, however, is WeeGee. In October 2006, the WeeGee Exhibition Centre opened its doors, featuring five museums: the Espoo Museum of Modern Art (EMMA), Espoo City Museum, Leikkilinna – Finnish Toy Museum, the Helinä Rautavaara Museum, and the Finnish Museum of Horology.

In just three months, WeeGee received more than 200,000 visitors.

“WeeGee Exhibition Centre is a remarkable success story, with EMMA as the main driver,” Dolivo reports. The Direc-

tor, having taken office in 2001, says that he became involved in the final formative phases of WeeGee and is happy to see the Centre received so well.

Design cluster rising

Yet, there are plans to realise an even bigger cultural entity. Markku Valkonen, Director of EMMA, has proposed a design cluster, to be situated in the block next to WeeGee. Presently, the area has been marked for residential use in the city plan. However, if the city plan were to be modified the area could be used to give birth to spectacular design cluster. Already there are three large art collections which could be used to build the nucleus of the cluster.



Valkonen has stated the design cluster would be a natural part of the evolution of Tapiola if one truly wants to develop the area further. In addition, the metro would make sure that the great public could reach the de-

sign cluster with ease, in a matter of minutes.

Dolivo comments that the over-all concept is an excellent one, and the City is looking into it.

“There are several plan-

ning units at work trying to find out, whether the plan is a viable one,” he says.

Dolivo agrees with Valkonen that the design cluster would be the next natural step in expanding the concept of WeeGee

which is to bring a wide range of players together under a unifying theme.

Theatre and metro by 2013?

But while design cluster is still only a vision, Tapiola is a lot closer to fulfilling another dream: the Espoo City Theatre.

“The various space solutions are being discussed in the City administration and the theatre should be realised within the next ten years, quite in tune with the completion schedule of the metro,” Dolivo says. Realised as a congress hotel / theatre district, the project promises to be worth the wait.

There are other ideas as well that wait for realisation; primary among these, the proposed museum of technology.

“There have been talks about a museum of technology, but nothing concrete as of yet,” Dolivo reports. ●

Saraco:

Building Cultural Infrastructure

Cities in Finland have started to place more emphasis on strategic market planning in urban development projects with the ultimate goal being to enhance the image and appeal of the cities. Juha Sarakorpi, Managing Director of Saraco, assesses that this attitude is a rather new one in Finland:

“For the last few years, it has been clear that cities are trying to increase their appeal – from the perspective of the citizens and companies alike,” Sarakorpi says, referring to the British concept of “place-making”. The starting point of the new ideology is that instead of developing a piece of real estate, one develops an entire city centre. Sarakorpi sees development partnering of public and private players as one key for the future:

“When the the City as zoning authority works together with the developers, great results can be reached,” he says.

Presently, Saraco is focusing a lot of effort into realising the Espoo City Theatre / congress hotel in Tapiola, Espoo’s commercial and cultural centre. The political decision-makers have already shown the project a green light – based on substantial conceptual benefits generated by Saraco as the development partner.

“The City of Espoo is hoping for a private funding for the project, since it offers the best balance with regards to financing costs and investment risks from City’s viewpoint,” Sarakorpi explains.

Perfect marriage

What is needed is a concept which supports the appeal of the Tapiola centre. Building only a theatre would probably not create sufficient demand, Sarakorpi says:

“That is why the plan calls for a theatre quarter, which features also a top-level congress hotel adding value to both operators. On the other hand there will be a substantial cost saving in the investment side based on the synergy of the two operators.”

Sarakorpi admits that due to Tapiola’s status as a national treasure, obtaining the necessary construction permits will take some time. However, the City Theatre could open its doors around 2012 – and possibly the first passengers of the brand new metro can walk over to the premiere.

“These two projects, theatre and metro, complement each other very nicely,” Sarakorpi says.

Saraco is presently involved in another Tapiola project as well. Heikintori, Finland’s first shopping centre, is in the pedestrian precinct of Tapiola.

“We are consulting the owners of Heikintori with regards to development and a draft proposal for the city plan has already been completed,” Sarakorpi says. ●

Creating innovative environments

A broader base for innovation is a must

Otaniemi High-tech cluster wants to be in the forefront of a brand new innovative age. Jouni Honkavaara, Managing Director of Otaniemi Marketing, believes that one of the keys to success in the future is creating the appropriate innovative environments. Creative professionals of today require surroundings – either in the immediate or broad sense – which inspire and challenge them and allow their participation.



Recently, the best proposals for the Otaniemi architectural competition were publicised. The idea behind the competition was to boost Otaniemi as an innovation hub. Architect Agency NRT and Ark-House Architects came up with the best suggestions, which featured a range of fresh ideas – even futuristic floating apartments by the shoreline.

The organisers of the competition, the City of Espoo and Senate Properties, will now take the proposals under consideration.

Jouni Honkavaara says that the new focus on the working environment is only one example of the evolution of innovation.

“One has to grasp that the entire concept of innovation is changing. Innovation can mean a lot of different things,” Honkavaara says, mentioning service innovations and process innovations as examples of new kind of thinking.

Open innovation

The so-called non-traditional innovations provide interesting opportunities for a variety of professionals. Previously, the by-the-book engineer was often in charge of the innovations – which, especially in Finland, were markedly technical by nature. Now, however, the whole sphere of innovation is broadening.

“Innovations do not materialise out of thin air in locked-down chambers anymore,” Honkavaara says. He believes that while technological innovations maintain their important role, the basis for the innovation process has to be broadened with the participation of professionals and end-users with a wide variety of backgrounds.

“In the new model, the role of the end-users expands as they are involved in the early development stages of the product as well.” In this new environment, Living Lab, new products addressing – at the same time – technological, market and

end-user perspectives can be developed.

The end-user’s early involvement is especially critical in the formative phases of the idea. Instead of having a group of engineers figure out what the people want, it makes sense to involve the citizens of the information society in developing the types of products and services they want.

“We must emphasise the early stage much more than we have done previously,” Honkavaara says. He offers an example where VTT, Technical Research Centre of Finland, asked for ideas for mobile services from the citizens and received over 31,000 replies. It appears that the people are ready, willing and able to participate.

“It is for this reason exactly that we must place a greater mass of people in the beginning of the innovation chain.”

Network excellence

A country such as Finland –

where there is a high education level and penchant for adapting new technology rather fast – offers a great laboratory for companies who are trying to find the Next Big Thing. Honkavaara also mentions the utilisation of organised networks as something that the Finns do very well indeed:

“A recent Otaniemi study on economic innovations, where the University of Cambridge was also involved, showed that social capital is remarkably strong here. The networks producing innovations are organised extremely well – one could even say that they have been institutionalised,” he points out. However, although the networks are well organised, they are still relatively thin; wider and more heterogeneous networks of people are needed.

Mixing it up

“As the concept of innovation keeps evolving, design is becoming more important,” he says, adding that cross-disciplinary approach is becoming more and more important if one takes a look at the competitive situation in the corporate world today. Professionals work in multidisciplinary teams where all the participants are expected to bring something extra to the table – be it business, engineering, design or marketing.

“The idea of multidisciplinary teams in modern companies is similar to one of the starting points of the innovation university. By combining the best resources, something new and interesting can surface,” Honkavaara believes. He doesn’t want to exclude the social sciences from the process either: the “human component” is still the most important one of them all. ●

Profile player

Hartela gives Keilaniemi a welcome upgrade with K9

The ultra-modern landmark will soon rise in Espoo's Keilaniemi district, next to Otaniemi. The new K9 premises, constructed by Hartela, will tower above sea level, providing the final piece of the high-profile puzzle on the shoreline. The proud headquarters of Nokia, Kone and Fortum are located south of the new project.

Tomi Mäkinen, Project Manager for Hartela, says that the company is planning to start actual construction in early 2008.

"K9 should take three and a half years to complete, so the building could be ready in the beginning of 2011," Mäkinen lays down the schedule.

The project is certainly ambitious enough: K9 seeks to combine the best elements of urban construction, nature and existing buildings in its implementation. Mäkinen points out that K9 is unique in the sense that the shoreline giant is in direct proximity to the sea and nature.

"The location is spectacular, but also the architecture and technology are world-class," Mäkinen promises.

Tower talk

Janne Sipilä, Director for Development and Marketing at Hartela, says that K9 has created quite a buzz in the corporate circles.

"Many big companies have expressed their interest, along with a host of smaller players," he says. At this point, there are practically unlimited opportunities as to what to do with the premises. One possibil-

ity is to deploy the ten top floors as living quarters, even.

"We like to keep our options open at this point," Sipilä says.

One of the advantages K9 will have – in comparison to other similar business towers – is great parking facilities. K9 will reach five storeys underground and the space is to be used mainly as parking area. Also some technical features will be fitted underground.

"Digging that deep will also take up a lot of time, probably a year," Tomi Mäkinen reveals.

The over-all entity K9 is so large that it enables various service solutions – which should be attractive from the point of view of future tenants.

Sipilä and Mäkinen point out that the arrival of the metro line – perhaps in 2012 or 2013 – will add to excellent traffic connections.

Lessons of Life Science

The construction of K9 is only about to begin, but there is another Hartela project in the neighbourhood that is drawing to a close. The fifth and final building of the Swing Life Science Center will be ready in December 2007. At this moment, Hartela has a strong desire to resume with the next phase of Swing Life Science Center project somewhere in the neighbourhood.

Mäkinen has been involved in the final negotiations with tenants.

"The concept has been so successful that we're running out of room," he says.

The Swing Life Science Center provides a dynamic business community for companies involved in state-of-the-



art technology in the life sciences. The business concept behind the Swing Life Science Center is to offer the companies within the cluster with efficient premises that promote creativity.

Hartela views both Swing Life Science Center and K9 to be part of the same evolution: the core principle uniting the two projects is commitment to service-orientation.

"We want to tailor the buildings specifically to the needs of the customers and have a wide range of tools in our disposal to achieve this goal," Mäkinen sums up.

Finnzymes, Rintekno, CSC and Schering are the main tenants of the first four buildings, and the fifth house will be run by Huhtamäki. All the buildings are owned by Etera.

Energising teamwork

According to Mäkinen, one important element of Swing Life

Science Center is the unusual layout.

"The layout is ideal for teamwork as the distances are relatively small," he says.

"There is a great degree of interaction and flexibility in the offices and the working atmosphere is very positive."

Director Sipilä remarks that the tenant companies are not competitors, but allies.

"There are synergy opportunities within each individual house and also between the houses."

The Keilaniemi hi-tech area is second to none in the country and merits special consideration from Hartela also in the future. With Life Science Center and K9, Hartela has established a new and powerful concept, and perhaps something similar is already in the works?

"The interest level is certainly high, so a new project in the area is not out of the question," Sipilä replies. ●

Underground Success Story

Metro will revitalise Espoo for citizens and companies alike



Metro fever is already sweeping over Espoo – even if the actual construction is yet to start. However, as companies usually formulate their strategies on the long term, the decision to extend the existing metro line from Helsinki to Espoo has created quite a buzz. A key element in the mix is the fact that upon the completion of the metro line, Finland's leading innovation and technology triangle Keilaniemi-Otaniemi-Tapiola will be properly connected to each other – and also with the rest of the capital region.

The first stage of Länsimetro (Western metro) is expected to be completed around 2013. The current urban structure of Espoo and the capital region traffic system call for a metro line which runs entirely underground. Olavi Louko, Director of Technical Services in Espoo, feels that it is very important to carry out the plans as speedily as possible:

“Efficient public transportation is crucial in order to mould Espoo, and especially Southern Espoo, into a more

cohesive area. This applies to both the residents and the companies,” Louko says.

In order to secure a fast-track process for the metro, the stakeholders formed a company by the name of Länsimetro Oy to steer the project along. The company began operations in June with Matti Kokkinen as the Managing Director. Kokkinen reports that the first months of operations have proceeded without a hitch:

“We are moving forward according to plans and the gen-

eral atmosphere is very positive and also enthusiastic,” Kokkinen says. The company will open an office in Tapiola in early 2008 and the doors are open for anyone who wants to come in and take a look at the plans of the metro, Kokkinen promises.

Meeting the citizens

Kokkinen has also been presenting the metro plans in two public meetings which were held in Matinkylä and Tapiola in September. Kokkinen reports that in

Matinkylä also some criticism was raised against the project, but in Tapiola the evening ended with a round of applause.

“In Matinkylä, there was discussion about whether the metro line could include also Olari,” Kokkinen says. However, the challenging geometrics and very high construction costs have prevented Olari from joining the line.

“In Tapiola, on the other hand, there were questions about Niittykumpu station reservation and whether the station

could be realised already during the first phase of the project. In addition, people wanted to know about the noise resulting from excavation and worksite traffic arrangements," Kokkinen says.

Presently, the planners are busy with the general project planning phase which is expected to be finished by the end of the year. Kokkinen says that the actual route of the metro has been decided and the metro stations have been picked. All and all, there will be seven metro stations: Lauttasaari, Koivusaari, Keilaniemi, Otanienmi, Tapiola, Jousenpuisto (Niittymaa) and Matinkylä.

"In addition, the general project plan will define the technical principles of the construction, address functional solutions and put a final seal on the over-all budget of the project," Kokkinen adds.

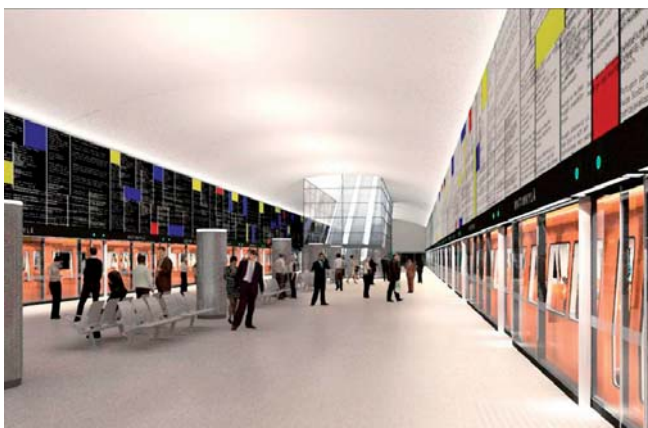
Bottom line

The preliminary cost estimate – made in 2001 – for the realisation of Phase I stood at € 500 million. However, with stricter safety regulations, also the cost level rises. Obviously safety is a key concern as the metro will travel, in part, under the sea. Another factor driving the price up is the automation of metro traffic. Presently, the price tag for metro is in the excess of € 530 million, Kokkinen confirms.

Once the general project plan is complete, a more detailed implementation scheme is drawn out. The construction should follow suite rapidly – possible as early as 2009.

"The next phase of planning will feature various operative models, ranging from traditional construction planning to 'plan-and-implement' concepts. As of yet, there is no decision on how the planning will continue," Kokkinen says. However, at this point it seems clear that a lifecycle approach will not be utilised, as recruiting of the necessary partners is very time-consuming and can easily set the schedule back by a couple of years.

Nobody wants to delay the project, since citizens and companies alike wait for metro with



bated breath. Especially businesses are anxious for its arrival, says Olavi Louko:

"The feedback that we have received from companies has been very positive indeed. For example, companies have been interested in developing the areas surrounding the metro stations."

High-profile metro stations

According to Louko, there are significant opportunities for development in the vicinity of the stations and the City would be glad to realise these projects as partnerships with the interested players. One should be able to look at the metro as a key unifying element in Espoo which will eventually turn the areas under its influence into one common entity, he says.

The City has raised the bar high when it comes to the construction of the metro stations. The stations are supposed to combine functionality, quality architecture, top-level materials and technical solutions in order to create a pleasant environment which is safe, easy-to-use and aesthetically sound. In addition, the plans call for metro stations that provide vivid experiences.

Louko and Kokkinen clarify what the planners have in mind: the metro stations will all have their own profile and image, which is linked with the identity of the surrounding community.

"For instance, in Keilaniemi the theme will be technology," Kokkinen says.

"Furthermore, in Otanienmi the distinct architecture of the area will be visible already at the metro platform. And in Tapiola, the main characteristics of WeeGee, the finest museum of modern art in Scandinavia, as well as features of the Garden City itself, will be recognisable already at the station," Kokkinen promises.

For every station, something new and exciting is in the works: in Joutsenpuisto, the identity of the community is linked strongly with sports and exercise and Matinkylä's themes are likely to connect with the world of the children and youth.

Snowball effect

As one looks at the strategic meaning of the metro, it is clear to see that the metro line has far reaching implications. After metro, and also running concurrently to its construction, there are a great number of other traffic projects as well. The continuation of the city rail to Espoo Centre, improvements on Ring I and continuation of Ring II are to be carried out without delay according to plans.

Looking at the long road head, Olavi Louko estimates that the excavation of the tunnels alone will take around three years. The excavation process could cost around 100 million and can be optimised according to the prevailing economic situation.

"It is probably wise to commence excavation in several places all at once," Louko says.

Kokkinen points out that the metro can not be opened for traffic in phases, but instead the entire line to Matinkylä will become operational at the same time.

"The reason for this is that the direct bus lines to Kamppi terminal become feeder lines to the terminals of Tapiola and Matinkylä and the Kamppi Espoo terminal will be divided into two new terminals. It is not possible to have the entire feeder capacity drive to Tapiola terminal – there just wouldn't be enough space," Kokkinen explains.

New line, new trains

Also the metro trains will be modernised. There are plans to order modern, safe trains of highest standards within a period of three years. The acquisition is presently being prepared by the Helsinki City Transport.

While the project is mainly being spearheaded by Espoo and Helsinki together, also the state has a vested interest in the matter. There are assurances in place that the Government will invest at least the required 30 per cent of the costs – the east-bound Vuosaari metro extension received the same share.

Even though the decision to build the metro line was made during the term of the previous Government, a project of such scope is endorsed by all key political decision-makers and parties.

"The new government has promised to honour the state's commitment of covering 30 per cent of the costs. We are negotiating with the state about the details of the actual implementation," Louko says.

The new centre-right Government considers the money well-spent as the metro will help Espoo as well as the entire capital region to grow and develop.

"What the metro will mean for Espoo in practise is that the city can receive new companies in fine office and business premises as the traffic connections improve. Also the effects on living arrangements are positive ones and the securing of labour resources becomes easier," Louko lists. ●

Community 2.0

Suurpelto poised to redefine quality living

A totally new concept for living, work and leisure is being developed in the middle of southern Espoo. Suurpelto is one of the capital region's most important development and building projects presently in the works. According to estimates, the community-to-be will feature 7,000 residents and 9,000 jobs upon completion.

Located right next to Ring Road II, the project area covers 325 hectares, including 89 hectares of parks and other nature areas. Suurpelto strives to be a green garden community – complete with all the perks of the Information Society, of course. The shining vision of Suurpelto is to provide better opportunities for the integration of living, work and free time. One of the key ideas of the project is that all working places and services are within walking distance from living quarters.

As the planning for Suurpelto started a few years ago, Climate Change was not yet a topic on everybody's lips. In 2007, it is intriguing to see that Suurpelto has been decidedly "carbon-friendly" from day one – after all, Suurpelto promises to be a pedestrian's paradise, with little need for cars.

Green technologies

Olavi Louko, Director of Technical Services for the City of Espoo, says that Suurpelto will be a very enjoyable neighbourhood, a true "Garden City". According to Louko, the project will also showcase a variety of modern innovations which relate to



residential living: for instance, extra attention on energy conservation and fast data connections are among the planned features.

Pekka Vikkula, Project Director for Suurpelto, adds that top-level services will be very important in the new hi-tech community:

"We will have a host of new services here, for example, brand new logistics services for households," Vikkula says.

The strong environmental approach manifests in many things, such as the plan to recycle runoff water. The city plan can also accommodate an express tram system, if/when the need arises.

"Suurpelto will also feature low-energy houses," promises Vikkula.

Bye-bye, garbage truck

The fresh take on environmental concerns is evidenced also by the futuristic waste collection plans. YIT will build an Envac automated waste collection system in Suurpelto. Under the system, all community waste is collected via underground pipes – utilising vacuum technology – into a central waste terminal. From the terminal, the waste is delivered for further processing.

The Envac system is to be the first automated waste collection system in residential use in Finland. The installation of an Envac system leads to a drastic reduction of road transportation of waste, improved hygiene and enhanced occupational health and safety standards.

Asuntosäätiö is one of the developing partners of the project. Jarkko Salonvaara, Project Manager for Asuntosäätiö, believes that introducing an automated waste collection system into the area fits well into the over-all guiding principles which steer all planning in Suurpelto.

"The area will become a park-like city district which combines work and living – and where newest available technological and financing solutions are always pursued for residential construction," Salonvaara says.

Planning for the future

The building of Suurpelto will take a long time, approximately 10–20 years. Olavi Louko

acknowledges that this poses its own set of challenges for the project, as economic trends tend to fluctuate.

"We must be able to secure steady apartment production. Also, we must get started on the office construction, as well as build the services," Louko says, adding that the income from the land usage contract has to last for many years indeed.

In fact, the land usage fees have started rolling in during 2007 and they are used to finance all the required municipal infrastructure – e.g. streets, sewers, plumbing, access ramps.

"Later on, land usage fees will be also used to cover the expenses from day-care centres, schools and parks," Louko says.

Pekka Vikkula, who became the head of the Suurpelto project in August, feels that the land usage contract is a vital part of the over-all concept:

"This particular contract mechanism enables for the swift and balanced development of the area."

First residents in 2009

The construction of municipal infrastructure progresses right on schedule, Louko reports.

"We have set a target that municipal infrastructure and the environment is complete when the first residents move in," he says.

The construction of houses will commence in the spring 2008, with VVO and Sato as the constructors. The first residents of Suurpelto are arriving already in the summer of 2009, if the schedule holds. This trailblazing troop is likely to number a few hundred residents.

The City of Espoo is convinced that location plays a big role in the future success of Suurpelto. Just off the Ring Road II, Suurpelto is tucked in nicely between the main routes Länsväylä and Turunväylä. Suurpelto ('great field' in Finnish) is, in fact, an old sea bed. Today, Suurpelto features rural crop fields surrounded by woods. The area abuts the Espoo Central Park.

It is clear to see that na-

ture is another powerful element for Suurpelto. Regardless of the type of housing, nature is always near. Parks and outdoor recreation routes serve also people from the neighbouring residential areas.

Corporate appeal

Suurpelto can also accommodate a legion of businesses, ranging from big to small. However, due to current trends in development and construction, the construction of office complexes is yet to start in earnest. Olavi Louko is not overly concerned about the slow start:

"The interest level has been quite satisfactory and, for instance, Technopolis has a plot reservation in the area," Louko says, adding that also Nokia considers the area to hold a lot of potential.

Suurpelto is an attractive location from the viewpoint of the companies, since all the core activities will take place within a walking distance. Working at home – or at any of the designated work stations in the area – promises to be flexible. All services and facilities will be available and accessible – and most of them electronically, too.

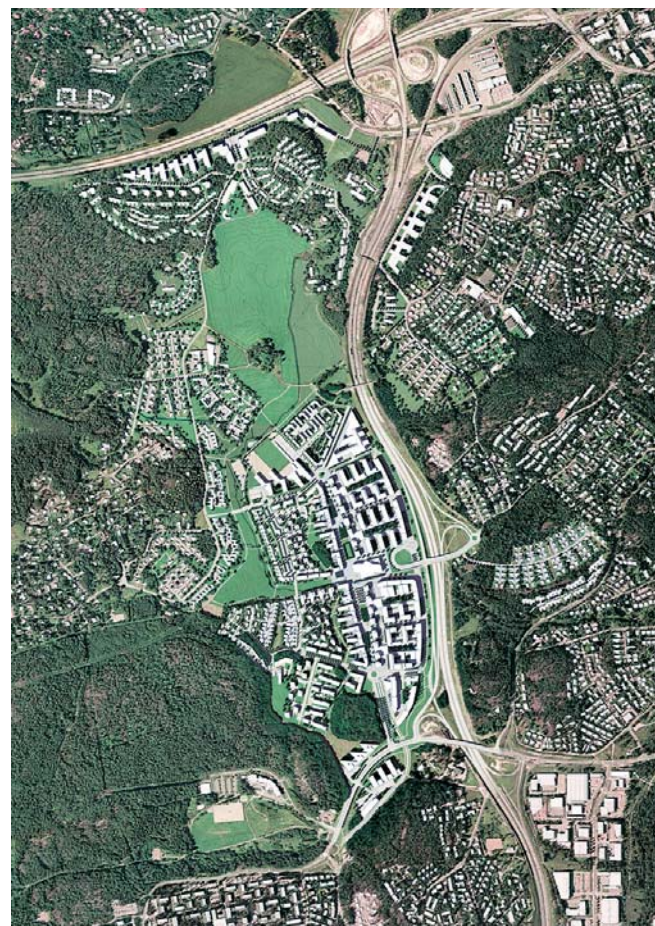
Yet Suurpelto is not only a Finnish dream. The grand vision of Suurpelto calls for a global village, with people from all over the world. The needs of the international residents are taken into account in the diverse housing offering of the area. There will be various options available; students and families alike will find homes in the area.

Olavi Louko points out that the excellent traffic connections make it easy for international corporations to settle in Suurpelto.

"The central location near both the Keilalahti-Otaniemi-Tapiola triangle and downtown Helsinki is a key in all of this. There is only short distance feeder traffic to two metro stations," Louko says.

Natural home for learning

Between Suurpelto and Espoo Central Park, there are various opportunities for recrea-



tion and outdoor activities during all seasons. Suurpelto itself has some 90 hectares of park and other green areas. In fact, the community has a green heart: a multipurpose park area for active leisure time. However, the main park is also a relaxing place for those who seek some peace and quiet. Smaller parks are situated in the middle of housing blocks.

The main axis – Suurpelto boulevard and Henttaa boulevard – will have plenty of grounds for games and play.

In the core of Suurpelto, one finds also Opinmäki ("Learning Hill" in Finnish), which will become a meeting place for all kinds of learners and experts. The campus includes a Finnish primary school, a Swedish primary school and an international school.

Opinmäki functions as an engine for lifelong learning and opens up possibilities for creativity and development. Modern technology is used as a versatile tool to support various kinds of education.

'Open doors' approach

Tiedonsilta ("Bridge of Knowledge" in Finnish) offers information and library services for people of all ages and links Opinmäki both locally and globally. The campus is also a meeting place after school and working hours and a versatile centre for leisure time. One part of the Suurpelto philosophy is that campus buildings are always open and can be utilised by all inhabitants and actors in the area – this way the community will get the full benefit of the multipurpose construction.

Olavi Louko sees intriguing possibilities for public-private cooperation at Opinmäki.

"The Opinmäki concept calls for the schools to be integrated into private sector functions. Also the international school would participate," Louko says. It is no wonder then that Opinmäki has been designated as an "anchor project" which would attract companies and organisations from the fields of education and research. ●

'Sea Horse' District

Kalasadatama promises to be a true pearl



As Sörnäinen Harbour moves its operations to Vuosaari in 2008, a shift of giant proportions is about to take place in Helsinki. New and exciting commercial and residential area will be born in the place of the old harbour. Rising up next to the sea in the heart of Helsinki, the Kalasadatama area promises to be something special.

Kalasadatama is markedly 'a child of the sea,' being bordered on three sides by the sea. The district promises to be a spectacular addition to the 'Helsinki Waterfront' brand. There are unobstructed views to the surrounding islands and the recreational areas across the bay.

The location by the sea also offers the possibility of boating, both for business and for leisure.

Leena Hakala, Marketing Manager for the Business Development Unit, Economic and Planning Centre of the City of Helsinki, says that internationally speaking, HafenCity of Hamburg could feature a similar vibe – or Aker Brygge of Oslo, perhaps. After all, Kalasadatama is a modern, urban area by the sea – in the immediate vicinity of downtown action. If you take the metro, Kalasadatama – "fish harbour" in Finnish – is only five minutes away from the main shopping streets and the University.

The urban milieu and central location combined with the rapidly developing surrounding areas make Kalasadatama especially attractive. It appears that the district has all the advan-

tages of central Helsinki without the congestion of the city centre.

Upgrade – with a vengeance

Moving the harbour away from the city centre provides the opportunity to completely transform the shorelines along Sörnäinen and Hermannin, as old industrial buildings, warehouses and harbour operations make way for modern office buildings and residential areas.

The grand vision for Kalasadatama is that the multifaceted urban infrastructure will offer unique opportunities for combining work, housing and services. The City has big plans for the area, Hakala confirms:

"The Kalasadatama area is one of the most central development areas in the City. However, planning and implementation in projects of such scope normally

takes a long time, about 10–20 years," Hakala explains.

The Strategic Urban Planning Division of the Helsinki City Planning Department is preparing the component master plan for the area of Sörnäistenranta-Hermanninranta (Kalasadatama). Based on this local plan, a draft proposal has been drawn up. This rather general document looks at the distribution of various activities – be they residential, work or leisure – in the Kalasadatama area. A final version of the master plan is due in late 2008.

Home for 15,000 people

The premise behind the planning is to transform the harbour and industrial areas into a new seaside district. The proposed city structure highlights the area's urban aspects. Housing will be built for approximately 15,000 residents, which translates to 5000–7000 apartments. The area will also house around 10,000 workplaces. However, there are already thousands of people working in the area, Hakala points out:

"There are many big employers in the district and the vibrant market square is there as well," she says.

A wide range of plots and flexible office space will become available in the district, either with views to the sea or without. The new office spaces have been designed to be flexible and they offer the very latest data communications solutions, as well as customisable property maintenance and office service packages. According to Hakala, companies across the board are clearly interested in the new district:

"There are lots of inquir-





ies and a steady stream of negotiations with various corporations.”

The first company to really make its mark in the area is Cargotec which is to build a 15-storey headquarters in Kalasatama. The construction effort is set to commence next year. Also insurance company Varma has a plot reservation in the district.

“At this point, especially the developers and investors have shown interest towards the Kalasatama district,” Hakala adds.

Business by the sea

The business life in the area promises to be diverse. Shops, boutiques and various services will be housed on street level, blending in elegantly with the historic industrial buildings and contemporary architecture.

According to the plans, the entire Kalasatama district will be built section by section over the course of 25 years. This long period of construction will help form the identity of the area.

The symbol of Kalasatama

is the spiral, which will spring up in a wide range of applications and interactions, from various design proposals to the resulting design features in the environment. This unified image connects all eventual stakeholders – companies, residents and communities – and will influence the long-term spirit of the neighbourhood from the very beginning.

“The sea and a certain maritime feel is very much a part of the character of the Kalasatama district, and that is how a sea horse figure – or a spiralling letter ‘S’ – came to symbolise the district,” Hakala says, adding that organic shapes and warm colours carry a message of a community that evokes very positive emotions. After all, Kalasatama is supposed to seduce the visitors with its shoreline promenades, green parks, attractive canals and seaside villas.

“Also, the possibilities of the Helsinki residents to use the area for recreation increase, as do all types of maritime activities in the area,” Hakala says, mentioning that a marine amusement

park could be a thrilling addition. In the neighbouring Suvi-lahti area there will be various cultural offerings also.

Getting started

The construction work will stretch from the office areas located around the metro station along the shorelines to the north and south. Approximately 100,000 square metres of new office space is being built in the immediate vicinity of the metro station alone. The city blocks are being designed in a variety of shapes and sizes, offering suitable alternatives for both small local entrepreneurs and major global corporations.

“The construction will start in the city block of the met-

ro station. Both residential areas on the north and south side of the metro station are a part of the Phase I. This initial phase of construction will take about five years, with majority of construction taking place in the next decade,” Hakala lays down the schedule.

The City believes that it has a true pearl in its hands and spares no effort to develop the area. The Kalasatama joint marketing project was launched in the spring of 2006 to promote the area.

“The hands-on marketing work was started back then, with five companies and the City working together. Since that beginning, also new companies have joined us,” Hakala concludes. ●

Helsinki Waterfront under construction

Helsinki is going through a remarkable change, as the cargo operations of the downtown ports relocate in Vuosaari in 2008. In the process, 250 hectares of land along the shorelines become available for new construction.

‘Helsinki Waterfront’ promises to be a new, striking brand for the City – with four new city districts in the works. In addition to Kalasatama, there are other intriguing projects as well.

The shore areas of Eteläsatama will be fully upgraded, so that citizens and tourists alike can enjoy the splendid marine atmosphere.

In Länsisatama, the construction will commence in 2009. Upon completion in mid 2020’s, Länsisatama is estimated to feature over 20,000 residents and as many jobs.

In Kruunuvuorenranta, there are plans to build a high-quality marine community for 10,000 people – complete with a killer sea view. The construction should take place during 2009–2025.

In addition to the harbour, Vuosaari has seen a lot of residential and office premises construction lately. The operations will continue and another 5,000 apartments will be completed by 2014.

Inland action also

Besides the blossoming shorelines, there is also plenty of action inland. Central Pasila, for instance, is touted as the “new business centre of Helsinki”. Over 500,000 floor square metres will be constructed in the area for corporate use. Residential development will add another 250,000 floor square metres.

In the heart of downtown, right next to the Parliament, new Finlandia Park and Music House will be built. The goal is to turn the park area into an oasis for art, culture and events. There will also be five new building blocks there, encompassing 75,000 sqm, with plans to utilise as much as 90% of the buildings for services and office premises. This total entity is slanted for construction in 2015.

Overall, the City of Helsinki is planning to build over 4 million floor square metres of residential space and almost 2.5 million floor square metres for office premises. The development effort focuses on the second and the third decade of the new millennium. ●

Lindström Invest:

Shaping Kalasatama for the long run

Lindström Invest is no new kid on the block, when it comes to Kalasatama – in fact, the company purchased the plot for its headquarters back in 1901, says Jouni Puhakka, Managing Director of Lindström Invest.

With such a history, it is easy to believe Puhakka when he says that Lindström Invest has observed Kalasatama grow through the years – and claims that the district possesses plenty of appeal, especially in the long run.

“Kalasatama will be more modern and architecturally sound than Ruoholahti, for instance,” he says.

Puhakka says that while there are great expectations from Kalasatama, it may not be for everyone at this point. Some companies, for example,

may be scared off by the fact that Kalasatama is still a work in progress.

“Still, there are plenty of corporate players that cherish the opportunity to be a forerunner,” Puhakka counters.

New office building by 2009

Lindström Invest is about to raise a new office building on Rantatie, right next to Hermann. The 7,500 square metre entity promises to combine flexibility with efficiency – and style. The building received a construction permit in November and is slated for completion in late 2009.

“As the owner of the building, we want to be actively involved in developing the services of the building,” Puhakka says. Lindström Invest wants to tailor the premises according to needs of the client – with exacting detail.



“The client decides, how the space is used, and modifications can be performed inexpensively,” Puhakka promises. Furthermore, Rantatie can accommodate both big companies and

small companies – each floor features 1,350 square metres of space which can split up to six sections. Minimum office space per organisation is 150 square metres, Puhakka says. ●



Hermanni:

Successful office quarter in Kalasatama

One of the pioneers in the Kalasatama district is Tapiola Group. The office quarter Hermanni, owned jointly by four Tapiola insurance companies, kicked off in 2003. The quarter has a total of 25,400 square metres and there are currently 688 people working in Hermanni.

Presently, the biggest companies/organisations in the quarter are Tietokarhu/TietoEnator, Finnish Directorate of Immigration, Population Register Centre and Aspo.

Vesa Immonen, Real Estate Investment Director for Tapiola Real Estate Ltd, admits that he had some reservations when Hermanni commenced operations four years ago.

"It is always a challenge to be the pathfinder in any situation," Immonen says, explaining that two open questions were the development of the whole area and the actual demand for joint services – such as restaurant or auditorium in the quarter.

"We couldn't know in advance whether those services would have sufficient demand or not," Immonen says.

New synergies emerging

Luckily, however, it soon became obvious that both questions will have the answers. The area was developing fast and the concept of the quarter was strong enough to accommodate joint features. In just a few years, Hermanni has solidified its position as a modern, top-quality business quarter.

"Of course, the City has played a big role in deciding to develop the Kalasatama area very actively," Immonen says.

Hermanni hold a key position, as the quarter links Kalasatama with the developing areas of Arabianranta and Herttoniemi. Immonen says that new opportunities will surface through increased cooperation between the districts.

"Development in these areas can be achieved cost-effectively and, as a result, the city structure will improve considerably."

Immonen believes that Kalasatama will be a very exciting district in the years to come, but points out that the area is quite large – and a fast implementation of the city-plan is not without a risk.

"One has to make sure that services are able to keep up with the development. The implementation schedule must be market-driven." ●

Design for the Future

Fresco Center bridges design, arts and sciences in Kalasatama



One of the companies actively involved in developing the Kalasatama area is Hartela. The company is presently working on a project called Fresco Center. Sari Raunio, Project Manager at Hartela, explains that the core idea behind Fresco Center is to create a "design village" which will offer a variety of opportunities for players in the fields of design, arts and sciences.

"Fresco Center is a totally new type of concept which will be realised in phases," Raunio says. The centre should include four new buildings. The starting point for the Fresco Center is an old, conserved building.

"Finnish Artists' Studio Foundation is the owner of the building and also uses it," Raunio says. The other old buildings in the area are demolished to make way for new construction.

Raunio says that once the Fresco Center is up and running, it will feature a great degree of flexibility and novel ideas with regards to space solutions.

"For example, the floor level will feature exhibition space and there will be big windows offering visibility from the boulevard outside," she says.

Village atmosphere

Janne Sipilä, Hartela Development and Marketing Director, says that the goal was to create an intimate environment which would nurture innovation.

"We didn't want colossal buildings, but instead, to introduce a setting reminiscent of a village," Sipilä says.

Raunio and Sipilä agree that Fresco Center will most likely be a place for forerunners of their respective fields. The project is already in advance marketing, and there have been a range of discussions with potential tenants. Sipilä would like to see a realisation where each house features a certain theme: this way, the tenants would have access to synergy benefits.

Each house could include a bigger player – that could possibly deploy an entire floor – and several smaller companies. However, at this stage of planning all options are open.

While talking about the challenges of the project, Sari Raunio says that the parking issues pose the biggest problems for the developers. The city plan is quite strict about the parking regulations, but of course the Kalasatama metro takes some of the pressure off, Raunio says. ●

HYY Real Estate – Not an Ordinary Landlord

When the question arises if there is any major city in the world, where a student union owns a substantial number of properties in the hottest spots of downtown, the answer is not obvious. Helsinki seems to be almost the only one of its kind.

HYY Real Estate and its management company Kaivopiha Ltd are parts of the HYY Group Ltd, which also includes a publishing house (Gaudemus – Helsinki University Press), an internet media company (Lyyra) and service operations for students at the Helsinki University (UniCafe). The turnover was 29 MEUR in 2007. But it all started in 1858 when young students organised a meeting to start raising funds for a student house. The Russian authorities, who ruled Finland in the 19th century, allowed the students to go on with the project. In 1868 the foundation was laid for a brand new building, designed by the architect Mr. Hampus Dahlström. The site was located quite far from the main square at Senaatintori, but during the years the commercial and financial gravity point of Helsinki has moved westwards and now Vanha Ylioppilastalo, The Old Student's House, finds itself in the ultimate city centre.

Many of today's leading politicians, intellectuals and business leaders have spent their pastime in 'Vanha', some of them during the turbulent year of 1968, when young students occupied the building and proclaimed revolutionary ideas. Vanha is also a link to the history of independent Finland, a place most presidents and prime ministers have visited and a scene for celebrations and parties.

But, the university grew and the Student's Union HYY

decided to expand by erecting a new Student's House across the street. The magnificent building, designed by Armas Lindgren and Wivi Lönn, two of the hottest architects at that time, was inaugurated in 1910.

The value of the sites acquired in the thirties increased immensely and Kaivotalo, a modern office and business building comprising 19 850 square meters, was built in 1955. In 1981 two modern buildings, Citytalo and Hansatalo, were added to the properties of HYY, which together with a major refurbishment of Kaivotalo completed the inner parts of the block. Last but not least – in 1910 HYY received a donation. A student organisation purchased a small wooden cottage from the late descendants of Finland's famous playwright Aleksis Kivi. They wanted his home to be a part of the student's union. And it still is, now the smallest unit of HYY properties.

The purpose of HYY Real Estate is to generate a stable income to secure the activities of the Student Union. Long-term relationship to the tenants is the focus of HYY, which creates a unique family atmosphere in the block. Still, the real estate business brought in 11,7 MEUR in 2006, leaving a profit of 4,1 MEUR before extraordinary items to the enterprising students. ●

Tage Erikson



Photo: Sini Pennanen

Feel at Home in Downtown Helsinki

The concierge never died out at HYY Real Estate in central Helsinki. A small team of people move around the properties to check that everything is in order and to perform small repair jobs. Safety and tidiness are words of honour in this bustling block located between the railway station and the main shopping street Aleksanterinkatu.

"We are proud to announce that HYY Real Estate Group has been voted number one for eight consecutive years, 2000–2007, in the annual customer satisfaction index survey. In an age when international real estate companies acquire properties all over the world we are an odd actor," Maarit Saloniemi, marketing manager says.

In fact the owner of the company is The Student Union of Helsinki University. The subsidiary Kaivopiha Ltd is responsible for management, rental agreements and maintenance of the 32,000 square meters of commercial space in the five downtown properties.

"Our office is situated in the centre of the block. This means that we are present everyday and that we know our tenants personally, which makes communication easy. We really care for our customers, since our primary goal is not to produce short term profit to please stockholders. The mutual dialogue creates a feeling of being at home, which is rare in city business blocks."

And this location is extremely central. The airport bus departs less than five minutes away, the main railway station is across the street and the bus station is equally close. The Helsinki metro, trams and city buses pass by and a new network of

tunnels connects the HYY block to its neighbours.

"The everlasting parking problem seems to find a solution now as we open the new lifts into the Stockmann parking hall, where customers and tenants may rent parking lots," Jukka Leinonen, director at HYY Real Estate says.

Let the small units live

Compared to many central locations the variety of services, shops and business in the HYY estates is wide. Domestic chains like Tiimari and Silmäasema are found side by side with Suomalainen Kirjakauppa, one of the leading bookstores of Finland, a tenant since the early thirties. Mobile phones retailers, travel agents and Finland's most well known pharmacy, Yliopiston Apteekki, offer their services to the busy citizens of Helsinki. A dentist, airline offices, the Finnish office of the accessories chain Glitter, a recruiting company and a branch of an international bank occupy other premises. Even a market stall can be found in the square Kai-vopiha.

"And we should not forget the vast variety of pubs and restaurants. During warm summer days hundreds of people enjoy a beer or a glass of wine in the open air restaurants."

Zetor and Virgin Oil Co., two pubs originally established in co-operation with members of the Finnish mega-rock band Leningrad Cowboys, are the blockbusters. Hungaria and Hansa were well-known traditional restaurants in past years while Vanhan Kellari, Dubliner's and Ale Pub are popular cellar restaurants.

"We are lucky to have such a diversity of tenants. Our latest addition is an art gallery, which occupies an exciting 504 sq m hall on the top floor. The intention is to promote contemporary Finnish art. They are happy to be with us in an environment filled with intellectual and scientific history. This means that the vacancy rate is very low," Anna Sarpio, rental manager of HYY says. ●

Tage Erikson



Photo: Sini Pennanen

Quartier Latin Makes a Performance in Helsinki City

It's a tough challenge.

One of your long-term tenants needs to expand its premises by hundreds of square metres. The only way is to go underground. The only way to do it is to dig a giant hole, two stores deep, in the middle of one of Helsinki's most frequented pedestrian zones. How will you avoid chaos and disorder; keep both the passers-by and the tenants happy? A proper dose of Finnish creativity will help. Read how HYY Real Estate solved the problem.

"Around 35.000 people are passing by our properties every workday, even 300.000 pedestrians weekly before Christmas. When the construction project came up, including an open hole in the ground, we had to find a solution to secure access to the shops and restaurants in Kai-vopiha, one of the major pedes-

trian zones of Helsinki. As the office of HYY Real Estate is situated in the middle of the block, we are very aware of the wellbeing of our tenants. We decided to add more value to the square during the construction period by creating a working site that Helsinki never had experienced before," Maarit Saloniemi, marketing manager, says.

Indeed, the inhabitants of Helsinki will face a totally new approach. Instead of dull fibre-board walls or advertisement covered shelters, HYY brings a piece of Paris Quartier Latin into town.

"We will build 4 meter wide pedestrian footbridges close to the walls of the Old and New Student Houses. The walls of the buildings will remain visible. Full access will be provided to all services of the block and the impact on the pedestrian flow will be minimised. But, the magic thing about it all is the covers of the protecting boards along the walkway."

Sakke Järvenpää, a Finnish designer famous for the interior design of the popular pubs Zetor and Virgin Oil, is responsible for the construction and appearance

of the covers. On thin aluminium foil covered panels bright coloured facades of a French boulevard will appear, including all well known symbols, patisseries, coiffures, bistros etc. The light from the working site will appear through window openings cut in the panels. Romantic French streetlamps create an intimate feeling.

"This is probably the first time ever in Finland that a real estate company has decided to decorate a building site in this way. The city authorities have shown a very positive attitude. We wanted to avoid the usual commercial approach with advertisements covering the walls. I think this semi-artistic solution will appeal to the citizens and add cosiness to the city centre. The restaurants could use the opportunity and serve French meals," Maarit suggests.

The decorations will be in place from December 2007 until early summer 2008. ●

Tage Erikson

Photo: Sini Pennanen



Kerca – Excellent Location, Reasonable Infrastructure

Kerca, or the Kerava Cargo Centre, will be an inland logistics centre of the Vuosaari port area. At the same time, it offers potential for larger rail logistics solutions in Finland and neighbouring areas. SRV Group and the city of Kerava have a central role in developing Kerca Logistics Center.

Kerca serves rail and road logistics. Companies established in Kerca can acquire their own land lots and premises or lease those. The total area of the site is about 165 hectares, of which about 130 hectares is reserved for the actual logistics area.

Project Development Director of SRV Group, Kimmo Alaharju tells that there is plenty of space for different kinds of companies in the Kerca area.

“The core of the logistics centre is the container field, the rail yard and terminals. Just outside the area there will also be a service station and a waiting area for trucks. There will be an information display, where the driver can see when to enter the gate to the Kerca area.”

Kerca’s master plan was approved in October 2007, and pre-building will start in early spring, possibly in April 2008.

“This means earthmoving works, municipal engineering, road constructions. Actual building works could start in late 2008. The first terminals and other buildings could be ready for end-users in the first part of 2009.”



Photos: SRV

Alaharju says that there have been several initial contacts.

“We naturally work in close cooperation with the city of Kerava, who owns the site.

It is possible to buy one’s own land plot to build on, but rental agreements are also possible with the city.”

Alaharju says that the zoning process of Kerca and adjoining areas proceeded really well. “There was not a single complaint, which today is quite rare. The detailed planning naturally goes also on the basis of what type of companies will settle in Kerca.”

First of all, Kerca a logistics center for rail traffic. Kerca complements the services of Vuosaari harbour and thus in-

creases competitiveness and capacity of the new super-modern port that will be in use in late 2008.

“However, Kerca is not only an inland terminal of the Harbour of Vuosaari. We have much wider plans. Also road logistics companies can have terminals here. In addition to terminals, distribution centres and offices will in likelihood be built.”

Efficient rail network

Most of containers will arrive in Kerca mainly by rail from the Harbour of Vuosaari, which is 20 km from Kerca.

“Kerca actually was the first possible place to build so large logistics centre after the railway tunnel from Vuosaari.

First we thought it was not possible to build even here, but after some research work we realised that the old wasteland could be put in better use.”

SRV Group, the city of Kerava and the Finnish Rail Administration (RHK), which manages country’s rail network, have co operated to provide best possible rail infrastructure. The basic railyard of Kerca will be 725 meters long, as long as in Vuosaari, which helps loading and de-loading trains.

“We have put much effort to investigate, how Kerca is best linked to Finland’s rail network. Our future customers want to have functioning rail access to all directions.”

“East will have an important role, since Finland’s biggest

rail cargo center is in Kouvola, on the way to Russia. But also north or west should not be forgotten, we are at the crossroads of Finnish rail network,” says Alaharju.

“It is also good to remember that the EU has emphasised the role of rail traffic. The Vuosaari harbour will boost cargo on rail, but other measures also will add to the importance of rail traffic,” believes Alaharju.

Building continues till 2015

All in all, about 265,000 floor meters can be built on the actual Kerca area. More than 200,000

m² will be warehouses, terminals and distribution centres and about 40–50 000 offices. In addition to this, there is already a center for environmental logistics of Lassila and Tikanoja, which handles construction waste for example.

“There will also be a new bio power plant in the area, which uses peat and reeds in generating electricity and heat. It is built by Kerava Energy, municipal energy company. There will be much traffic also because of this plant, which had to be taken into account when calculating traffic amounts.”

The whole construction period for the Kerca logistics park will possibly take 5–8 years.

“So the area will not be finished before 2015, but many buildings are finished by 2009–2010 already. It is very evident that there will be international as well as Finnish companies,” says Alaharju.

One of Kerca’s strengths is that there is no oncoming city or other “disturbing” traffic in the area.

“It is also good that there are no residential buildings in the immediate vicinity. There will be only minimal disturbance to neighbouring residents, who are hundreds of metres away, but naturally we use noise walls and other solutions to reduce disturbance, since a little further on there are a couple of residential areas. To the north of Kerca is the Myllynummi industrial area.”

goods flows in Finland, northern Europe, Russia and Asia were carefully studied before the Kerca project was launched. In Finnish ports the amount of container traffic has more than doubled in 10 years. When seeing the figures from Asia and transit figures from Finland to Russia, the figures are even more imposing.”

Finland has realistic opportunities to further strengthen its position in trade between East and West, believes Alaharju.

“A huge amount of cargo already comes by ship from the Far East to Finland, and then on to Russia by road or rail. But also the TSR rail route from the far east of Russia and further on, China, offers the potential to build a route from there to Finland and on to Europe.”

Kerava to strengthen its logistics position

Kerca is an important project – or, rather, set of projects – for the municipality of Kerava.

“In all likelihood, Kerca will bring hundreds of new jobs, in the long run up to over one thousand new jobs,” tells Harri Nikander, Manager of Development of the City of Kerava.

“This helps us in our target of raising the rate of working places in Kerava area. Self-sufficiency in workplaces indicates the ratio between the number of people working in the area and the employed labour force living in the area. At the moment, the self-sufficiency in working places in Kerava was at 65,8 % in 2005, the target is set at 100 % in 2020.”

“Kerka creates more new jobs than any project in Kerava. The city will get revenue from rents and the sale and rent of land for building, as well as through property and land taxes, plus other taxes.”

“All in all, Kerava’s position as one of the main logistics centres of southern Finland will strengthen,” believes Nikander.

In spite of the strong Vuosaari-Kerava connection, companies that will be based in Kerca in the future can tailor-make countless other transport chains.

“The city of Kerava also has a power plant project in eastern part of the area, where a new CHP power plant will be erected by the late 2009. It will produce 21 MW electricity and 48 MW of district heat.”

“Kerca is the largest development project in the history of the town of Kerava. In a way Kerava will regain its position as a major railway city of Finland. At the same time, our position as distribution centre and center of value-added logistics considerably strengthens,” says Nikander. ●

Klaus Susiluoto

Excellent distribution centre

Kerca’s location is just excellent, says Alaharju.

“Kerca is situated in the place where trains will come out from the 13.5 km tunnel. In addition to the best rail connections, the E 4 motorway from Helsinki to Lahti is just a few hundred metres away. By road it is only 25–30 km to Helsinki city centre. The Ring Road III, main artery of the Helsinki metropolitan area, is only kilometres away. To the Helsinki-Vantaa airport the distance is about 15 km. The new Koivukylä road, due to be completed in the summer of 2008, means that one will not have to use Ring Road III on the way to the airport.”

Kerca will be one of the most important distribution centres for Uusimaa province, believes Alaharju.

“At the same time, it is a logistics hub to all of Finland. And further away, through rail connections, Kerca will serve as a gateway between northern Europe and Russia, the CIS countries, even the Far East.”

Kimmo Alaharju foresees that Kerca can even be a distribution centre for goods from the Far East to northern Europe.

“The existing and potential

Boost to Uusimaa province

The port of Vuosaari will bring a great boost to the logistics networks in the southern part of Finland. Especially the greater Helsinki and Uusimaa province will benefit from the new port and distribution centres linked to it.

“It is estimated that almost two thirds of freight that will pass through Vuosaari harbour will end up in different locations in Uusimaa province, and Kerca is one of the best locations in Uusimaa,” says Kimmo Alaharju.

The competitive position of rail traffic will improve through a new “port rail” from Vuosaari to Kerava.

So far, the so-called “road traffic centre” has been functioning as intermediary warehouse on the way to and from the ports. It is located in Metsälä-Pasila area only some 6–7 kilometers from the Helsinki city centre.

“The situation is about to change now. Kerca will be much more efficient and cost-effective than the existing centre. And the existing centre is close to the Helsinki city centre. I believe that the land there could be used in more suitable purposes,” concludes Alaharju. ●

WTC Helsinki-Vantaa Airport: The Main Gate through Finland to Asia and Europe

It is not a new idea to have premium business offices just next to the international airport. But to have a world-class business centre in the very heart of airport, literally a stone's throw from the terminal outdoors, is quite exceptional. The WTC Helsinki-Vantaa Airport will be in this precious class, when the first of the two building gets its end-users during the year 2009.

Quite many business persons certainly remember arrival to some airport, and then a painstaking rush-hour trip by taxi from the airport to business partner's premises.

"The taxi trip may have even taken more time than the actual flight. You are late, irritated, and have less time for the meeting than expected. I believe this sounds familiar to many," explains Juha Jaakola, Marketing Director of SRV Group, in charge of WTC Helsinki-Vantaa Airport.

"But think the reverse: if you would be a host, waiting for guests' arrival, in the premises of World Trade Center Helsinki-Vantaa Airport, your business partners would not have to experience anything like this. On the contrary, they would just walk a couple of hundred of meters from the airport terminal entrance to the reception to meet you. No taxis, no buses, no hassle. Just more time for valuable insights with your business partner or someone from your own company's international branch."



Photos: SRV

There are WTCs with the same concept at Vienna and Amsterdam airports. The Amsterdam WTC Schiphol WTC is a large office complex; in Vienna the airport WTC is a stand-alone building.

"There are not many these kinds of large premium office spaces in the actual airport area. There are naturally a good amount of those in the vicinity of the airport, but not in the very heart of international business hubs, which airports today are."

Juha Jaakola says in the project management company SRV for which he works, the role of airports has been thoroughly studied:

"This is the reason we at SRV proposed the idea of premium business park in the heart of airport to "Finavia", who manages Finnish airports."

"The daughter company of Finvia, Lentoasemakiinteistöt Oyj or "LAK" owns the site and future buildings, while our role is in and project management to find the best space solutions."

LAK will also be the future landlord of end-users.

"Also involved in the project naturally is the international WTC organisation which closely audits our progress. They have strict auditing methods for all WTC members. This concerns the quality of premis-

es and services in WTCs," says Jaakola.

There is already existing WTC building in the Helsinki city center, with which WTC Helsinki-Vantaa Airport will co operate.

"Also the City of Vantaa, where the airport is located, has shown real insight in understanding the role of Helsinki-Vantaa Airport as international business hub, says Jaakola.

Gate to Asia and Europe

Some years ago it was popular to talk about airport cities. But somehow even today people today do not always grasp



how huge centers international airports are.

"The Helsinki-Vantaa for example carries more than 12 million people. And it is a major European hub between European and Asian air traffic, it has excellent infrastructure, and employs about 11 000 people in the airport area. And there is also a real airport city called Aviapolis around the airport, which is possibly the most dynamic area in the whole of Finland with tens of thousands of modern work places."

Juha Jaakola reminds that Helsinki-Vantaa is just next door to Asian markets – or European markets, if you come from Asia.

"Think if your company would be based in WTC Helsinki-Vantaa. It would take only from 6-10 hours to fly from Helsinki to any major destination in Far East. And these flights usually start in the late afternoon or evening. So, if you are based in the WTC Helsinki-Vantaa, you can make a full day at work, then walk to the international terminal, do the check-in, go to airport lounge, read papers of the day onboard, have a couple of drinks a good meal and sleep. And in the morning you are in Tokyo, Osaka, Beijing and Shanghai, where you also can have practically almost full working day."

"The WTC Helsinki-Vantaa works also the other way around. Some Asian company could have base in WTC Helsinki, from where it is easy to reach European business cities in 1-3 hours," reminds Juha Jaakola.

Helsinki region also has good road, rail and flight connections to Russia. One can

reach St. Petersburg quite easily. Many international companies already today manage their Russian or Baltic businesses partly from Finland.

"So, why not choose Finland and its number one location for international operations of Finland and near-by areas," concludes Juha Jaakola.

Satellite or a bigger office

Tuomo Poutiainen is the Project Manager of SRV's WTC airport concept at practical level, starting supervision and coordinating work as soon as the final decision of building is executed.

He says that good with WTC Helsinki-Vantaa Airport is what he calls the lounge or satellite office concept.

"I believe many international companies, whether Finnish or from abroad, would benefit from having a kind of small satellite office at the Helsinki-Vantaa Airport. Big company could have a kind of small office extension for several employees of its own staff. People could work in this lounge on temporary bases, during the time when their international guests arrive, or little before and little after. It is quite easy to work in temporary work point in our laptop and cell phone time. In addition to these temporary lounge users, there could also be permanent workforce."

Working in the future WTC will certainly be hectic. But there is more flexibility than in most other offices.

"For example, there are displays in WTC which tell when flights are departing and arriving. If your departing flight is late, you can just continue

your work, and go to the terminal only when it is required. You can even do the check-in at WTC, there will be a check-in machine at the lobby"

In addition to companies with longer rental agreements, there will also be a kind of office hotel within the WTC for temporary stay, from one day till much longer periods.

"And when it comes to accommodation, there are plenty of hotels in the vicinity of the airport. Hotel Hilton is in the actual airport area. So, your guests could accommodate in Hotel Hilton, and then just walk to WTC office next morning! Services of airport Hilton are good. I believe that WTC end-users could co operate with Hotel Hilton in conferencing, recreation etc."

Pleasant living conditions

The convincing presentation by Poutiainen ja Jaakola proves that it is easy to reach Europe and Asia from WTC Helsinki-Vantaa and that it is convenient for corporate guests to come there. But what about the permanent employees, is it not inconvenient to come to the crowded airport area every working day from the greater Helsinki region?

"I do not think so," says Tuomo Poutiainen.

"The Helsinki-Vantaa Airport is not that crowded, and the WTC building is separated from the airport buildings anyway. Traffic connections to the airport are good, and with the new rail line by 2013 it will be possible to reach the Helsinki-Vantaa by train. At the moment bus connections are very from Helsinki city center, which is only 20 km from the airport."

"By the time when the first phase of WTC is ready, there are also much more parking facilities than today for those coming by their own car," says Poutiainen.

"I believe that many international companies or employees themselves could arrange their living quite close to the airport, even within 3-5 km distance. There is no or little

stress about flight noise in residential areas."

Tuomo Poutiainen emphasises the good quality of services in the airport area in regards to everyday work in WTC buildings.

"If you work late hours, there is the international airport on the 24/7 bases just a couple of hundreds meters from you. Just take a break and continue your work. There is a large leisure and hotel centre Flamingo with spa, fitness, bowling facilities to be finished during 2008. Just next to Flamingo there is already a large shopping centre Jumbo, both just a couple of kilometres from the airport."

Poutiainen reminds that in spite of cool weather compared to many other cities, the Helsinki region has ranked very well in terms in quality of living. Usually Helsinki has been in top ten of European cities in this respect.

"The capital region is also second competitive after Brussels, according to a recent study, and the GDP growth in the Helsinki region is one of the most rapid in the whole European Union."

FACT SHEET

SRV Group operates as a management contractor to develop business park type of premises in the greater Helsinki area. In Helsinki-Vantaa it co operates with world-wide World Trade Center.

The World Trade Center Helsinki-Vantaa Airport has a building permission. It is expected that the first of 12-storey building is ready during 2009. The total floor meters are about 11 000, so each floor is little more than 900 m², to be divided according to end-user wishes and the size of the company. Architectural design of WTC buildings is by SARC Architects.

www.wtcairport.fi
www.srv.fi
www.lak.fi

Klaus Susiluoto

Boosting competitiveness

Aviapolis and Axis are the brightest business stars for Vantaa



The Greater Helsinki Region is experiencing hefty growth in many areas. Leader of the pack is Vantaa-based Aviapolis, an ultra-modern "airport city" surrounding the award-winning Helsinki-Vantaa International Airport. The area continues to grow as investments are being made at a fast pace. Projects involving 400,000 floor square metres are being planned for office space alone.

Then there are the airport area investments – such as the completion of the first World Trade Center building next year and the international terminal extension, opening in 2009. The area is already famous for its strong conference and congress services which will be augmented further by these projects.

Mari Peltomäki, Project Manager for Vantaa Marketing Ltd, says that the key to Aviapolis' success is the most internationally-oriented location in all of Finland.

"Fast and direct flight connections are a prerequisite for international companies. If the company's personnel or its products simply require solid flight connections, a base near the airport is very important," Peltomäki says.

Winning strategy

The success of Aviapolis has not materialised overnight. The City of Vantaa has acknowledged the strategic importance of the airport since the early 1990's. The area has been developed according to a common vision and in



Photos: Aviapolis

2002 the City invited the most significant land-owners to take part in the process, Peltomäki explains.

"Behind the Aviapolis concept there are clear economic indicators, meaning that an airport is a significant driver for business. Also in international comparison, especially new business forms around airports," she says.

The attractiveness of Aviapolis is also reflected in job opportunities. The area boasts the greatest job growth in the entire Helsinki region – and there are already almost 40,000 people working there.

At present, major land-owners, property developers and service providers work together with the City of Vantaa in the Aviapolis Development Team. In fact, Aviapolis is the most extensive and unique public-private cooperation project in the land. The size of investments in the area is huge, says Peltomäki.

"Finavia alone has invested € 143 million in the expansion of the international terminal, making the investment the largest one in the history of Finavia."

What you see is what you get

The investments offer further opportunities for Aviapolis Development Team to turn Aviapolis into a calling card representing the whole of Finland – after all, nearly 98 per cent of air travellers arriving in the country do so through the Helsinki-Vantaa International Airport. An important element in the total effort is landscape planning which came into its conclusion only recently, Peltomäki reports.

"For the first time in Finland, there is a broad-based initiative to mould the entire visual image of a certain area. Now that that basic plan is complete, we will put together an action plan and roll up our sleeves," Peltomäki promises.

The City will do its part by cleaning up the local fields – some of them overgrown with bushes – and the individual land-owners are committed to taking care of their property. For the first time, also representatives of Road Administration are involved in the work.

Besides the ever-growing corporate presence, Aviapolis boasts its own high-quality residential areas. Co-existing harmoniously with nature, these areas will soon house 23,000 people – and new residential areas are currently being planned. The area already features Jumbo, the second largest shopping centre in the country, but something even bigger is on the way. Flamingo, a versatile leisure and entertainment centre, will open its doors in 2008. Flamingo is the largest single leisure investment ever made in Finland.

"Flamingo will shape the profile of the service offering remarkably in the area. It is a brand new, world-class total

concept, which we can all be proud of,” Peltomäki declares.

Business Axis

In addition to Aviapolis, Vantaa is also active on another front. Vantaa Axis (Vantaan Akseli) is the second rising star in the City, located in the crossing of Lahti road and Ring III. In other words, the area in question is optimally situated between the airport and the Vuosaari harbour. There is about a seven minute drive to either key hub.

Retail and wholesale, logistics and metal industries are among the most prominent sectors in Vantaa Axis.

Similarly to Aviapolis, City of Vantaa is developing the preconditions for business in the Axis, together with the key corporations and land-owners. And again, the collaboration has been a success, confirms Janne Rönnbäck, Managing Director of Vantaa Marketing Ltd.

“At the moment, there are over a dozen significant companies and land-owners in the Axis work group,” Rönnbäck says. Vantaa Marketing Ltd provides a sound platform for both Vantaa Axis and Aviapolis.

Best practises at work

The story of Vantaa Axis is a rather new one. The concept came to be as one end result of the EU Urban II programme which was concluded in 2006. Under the programme, the eastern parts of Helsinki and Vantaa were developed as an EU-funded individual programme.

“We wanted to take the best practises from the programme and put them to good use in developing the area. As the EU programme concluded, it was a natural move to realise Vantaa Axis via a city-owned marketing company – like we did in Aviapolis’ case also,” Rönnbäck narrates the origins of the project.

The Managing Director knows that, so far, the Axis has been missing a key component – namely, the Vuosaari harbour which will launch operations next year. As the harbour kicks off, the logistical focus of



the capital region swings to the east, along the Ring III.

“In view of this development, Vantaa Axis is in the best possible place. The harbour will increase the demand for services also in the Axis area and investors will be encouraged to start new logistics ventures,” Rönnbäck says.

300+ companies

Sensing the shifting tides, companies are already flocking to Axis. Rönnbäck reports that the area is enjoying a steady demand. A significant home improvement cluster has been formed in Porttipuisto, in the southern tip of the area, and there is ongoing construction at the site. The industrial and logistics companies have chosen to reside primarily in Hakkila.

“All together we have around 300 companies in the area and we have plans to add another 200,000 floor square metres of space here,” Rönnbäck says.

“Increasing the number of companies is one of our targets, but our primary objectives are the growth in the volume of constructed space and jobs, as well as keeping the utilisation rate of the premises on a high level,” he lists.

Looking at the master plan for 2007–2015, number of de-

velopment projects stand out. Traffic venues and intersections are a high priority, as is improving public transport and landscaping. Rönnbäck describes these actions as the first wave of the development. After the environment and traffic are taken care of, the next round is likely to encompass various joint services which will boost corporate operations and save costs. Different concepts – such as workforce bank or storage hotel – are currently in the pipeline and will materialise possibly in the next decade.

“Right now, we are focusing on improving the basic functional elements of the area as well as increasing the awareness level regarding the Axis,” Rönnbäck says.

Long term commitment

The Axis has plenty of room to grow and develop. The current city plan makes it possible to construct another 680,000 floor square metres – or, in other words, create around 7,000 new jobs in the area. The vision is a strong one, but Rönnbäck cautions that there is no need to rush things: Axis can be developed further and further on even decades from now.

“In the present strategy, we look to 2015 and by then

we expect the biggest projects on the vacant plots to be under construction or already complete. The old plots of the area – which already have some construction on them – also feature significant possibilities for additional building and we will explore those options in the long term.”

Both Vantaa Axis and Aviapolis have a three-year collaboration agreement with all the stakeholders, which brings a degree of stability in the development. Vantaa Marketing has also discovered that cooperation is viewed to be very attractive from the perspective of the companies, as new businesses keep wanting to join the network.

“We have been able to generate new kind of cooperation between the public-private projects in Vantaa and this is something that we will focus on even more strongly in the future,” Rönnbäck promises. He sees the successful collaboration between the public sector and the private sector as a key ingredient in making sure that Vantaa maintains its competitiveness also in the years to come.

“As our experience grows and the number of cooperation projects keeps climbing, Vantaa will be very much in demand by the companies.” ●

Econia – The Green Business Park



There will be a new business park near the Helsinki–Vantaa Airport. This time, however, the building will take the environmental approach to unprecedented heights.

The name of the newcomer is Econia, and it will represent the new generation of ecological office premises. Hartela is developing the project, in collaboration with Julius Tallberg Real Estate and CEJ Architects. All and all, there will be four buildings which are linked together. Econia Business Park will be constructed along Ring III, opposite the Flamingo leisure centre.

“Julius Tallberg is the investor and Hartela is in charge of coordinating, marketing and constructing,” says Janne Sipilä, Development and Marketing Director at Hartela.

One of the key green features of the new business park is the utilisation of solar panels for energy production.

“We want to put solar panels on the south side windows of the buildings,” Sipilä reveals, adding that, so far, solar panels have not been extensively used in Finland in similar projects. The energy from solar panels will be used to produce energy for various building functions.

Naturally, the buildings themselves will be constructed

using ecologically sound materials that are recyclable. People working at Econia should find it a refreshing alternative, largely thanks to “green joints” or “green pockets” placed around the business park.

Attractive package

Econia is already in premarketing phase and Sipilä says that the signals from the corporations are quite encouraging.

“It seems that the great location on Ring III, next to the airport, is something that the companies really appreciate. When you add to the mix the green mindset, one could say that the total package is very attractive,” Sipilä says.

Project Manager Sari Raunio adds that the profile of the surrounding area keeps soaring: shopping centre Jumbo – the second largest in the land – is already there, and spectacular Flamingo will be opened next year.

The schedule for development is still open, but Hartela wants to start work as soon as enough tenants are on board.

“We have a very strong presence in the capital region, but this is our first big project in the airport area and we are anxious to make the most of the opportunity,” Sipilä concludes. ●



Innorail business park – NEW facilities for the TRANSPORT AND TRADE

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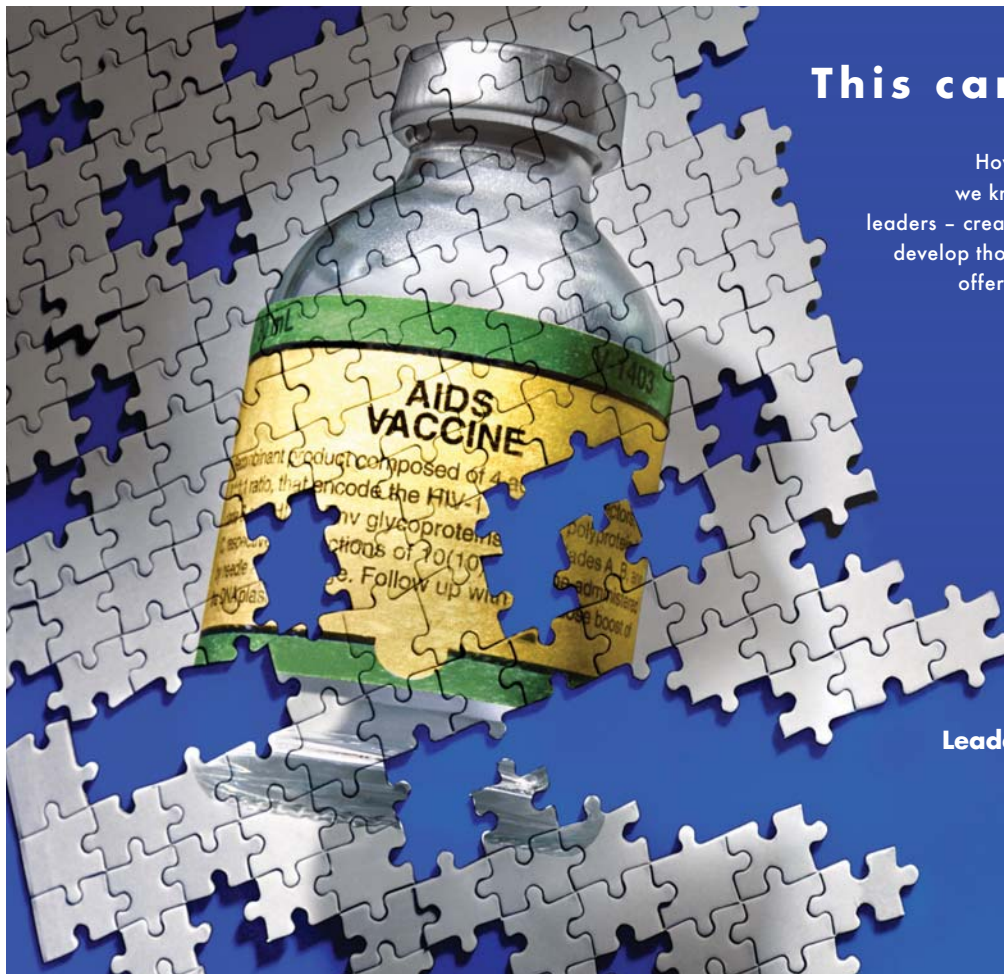
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Shopping for the Future

Shopping centres may become the new torchbearers for community

What is the future of shopping – and how can commercial forces tap into the people's yearning for a true community? While the linchpin of any Finnish village a hundred years ago was the church, the same could be said about a modern shopping centre today. The lure of the commercial goods is combined with the pull of the people, argues Ilkka Halava, Research Director for the Insight Unit of Talent Partners Group.

"People have a built-in need to be together and visible in public – and at the same time, feel safe," Halava explains the attraction of the massive shopping complexes. In 2006, the Finnish shopping centres had another strong year, as the sales increased 10% to about 4 billion EUR. If one looks at the TOP 20 largest shopping centres in the land, the boost was even bigger: 13% increase from the previous year. Presently in Finland, there are 52 commercial centres that are categorised as shopping centres.

The message seems simple enough: there's nothing better than a shopping centre – except an even bigger shopping centre. However, Halava says that size isn't everything: what the modern consumer-citizen looks for is a deeper, more meaningful connection.

"According to studies, 90 % of Finnish people would like to experience the feeling of community in one shape or another more than they do now," he says.

One more time – with feeling

Multi-sensory experiencing has seen remarkable growth in the past two years, and the best shopping centres have the ability elevate emotional levels considerably, Halava says. However, there are various, often conflicting forces at work when it comes to the psyche of the 21st century consumers. Material values clash with spiritual values and there are no easy solutions in sight, Halava admits.

"At the same time, medial overload has reached a record high, as we are constantly bombarded by commercial messages from everywhere," Halava says.

"So the challenge with shopping centres is to acknowledge that the key is not expanding the size of the centres alone; there are other very significant factors as well."

After all the talk about the millennials – the iPod generation born between 1980 and 2000 – it is interesting to hear that it is not the twenty-somethings or even thirty-somethings who are leading the charge:

"The pioneers in this new approach to shopping are over 50 years old," Halava claims and adds that the young people (25 and under) are actually heading into the future with the brakes on. The Research Director seems to believe that there is something in the first decade of the new millennium that allows for certain seniority to surface.

"The arch hero for the 80's was Robocop, now it's Gandalf," Halava throws a quick comparison.

Grey is the new green

The "grey panthers" and other individuals of the 50+ age group have raised their families, built their homes and careers and are now in a position to fulfil their dreams. The baby boomer generation in Finland has been criticised for being greedy and whiny, but it seems that they wield decisive purchasing power when it comes to deciding which of the shopping centres of today will be standing tomorrow.

Halava puts all of this into a wider context where the seniors start to ask themselves, who they are and what they could still become in the final decades of their life. As the retirement looms, there are plenty of opportunities for self-exploration and self-discovery. All this en-

ergy could be channelled into a new type of community-orientation. Halava likes to talk about the four C's: Content, Creativity, Contributing, Connecting. How these elements come together in the coming years largely defines what the role of the shopping centres will be.

To really understand the upcoming change, we must delve into the socio-cultural trends of the future. According to Halava, the year 2002 was the turning point in understanding that socio-cultural tools can be quite valuable in predicting patterns in people's shopping behaviour.

"It was realised back then that the old recipes may not necessarily work anymore, and new ideas are needed to reach the customers."

Common ground erodes

Halava talks about the drivers of choosing behaviour:

"These drivers are mechanisms through which values are attached to our everyday behaviour," he clarifies. He sees the start of the new millennium as an unpredictable, turbulent era.

"Common national culture started to crumble around 1995 and we have now entered a time where there is no clear script," he says, adding that people's material needs have been satisfied to such a degree that it is hard to predict where they will turn next – or if, indeed, they will all go their own way. After all, it is the Age of the Individual.

"Coming into the 21st century, the reigning trend has been 'to be more'," Halava says. Right now people want to add extra layers into their personas, and to showcase those elements as well.



“From 2010 on, the development trends seem to emphasise a deeper approach, a multi-layered, spiritual outlook on life,” Halava predicts.

According to the Research Director, the markets have always been able to sniff out the business opportunities embedded in the zeitgeist. When there is a need for a certain type of product or service, this vacuum will fill rather effortlessly.

“Yet in the future we will see that the linear development of the markets will disappear,” Halava claims. He also predicts increased disruption in the markets, offering such examples as digitalisation of the music industry or photography.

Maximise the experience

Halava envisions a society which emphasises vivid experiences at every turn.

“We will optimise our own lives through reversible roles.” He lists signals of this trend: the Helsinki Night of the Arts, live action role playing, the Eurovision winner Lordi. As people can now be influenced by any variety of global trends – and continue to customise those elements as well – the iron-grip of the fashion industry may loosen.

“The authority of fashion is being challenged in a new way,” Halava says.

At the same time, people are overwhelmed by the hectic pace of our lives, and place a higher premium on peace and quiet.

“It is the end of multi-tasking,” Halava declares.

But what do these megatrends signal for the shopping centres? Halava draws a comparison from working life: the work atmosphere at any given job is said to be 80 per cent working culture and only 20% what really goes on in the office. This means that the everyday grind can be irrational and inefficient at times – as long as the workplace climate is a positive one, the employees are happy.

“In the next decade, the same formula can be applied to

shopping centres also: the actual infrastructure and the setting of the centre is secondary in comparison to the atmosphere the shopping centre manages to evoke,” Halava says.

In addition, the general approach to nationality issues is changing as well. Finns are used to celebrating the success stories of their countrymen, but, at the same time, there are less and less regional or local heroes in these new tales. Halava argues that Finnish identity must be combined with a global edge in order to make the total package attractive to the people.

“If shopping centres are positioned as spectacles that meet the international criteria, the great public will embrace them more willingly,” Research Director believes.

Synchronise your centres

Looking at other venues for development, Halava discusses the various interfaces for participation. He feels that the shopping centres could develop their own calendar, and build an organic rhythm around the various seasons. Bookstores, for example, have succeeded in branding their discount sales – while e.g. the jewellery shops have suffered from having few apparent highlights to break the monotonous consuming marathon.

“Internationally, we have seen things like the pop-up retail or drive-in stores that are likely to catch on here as well.”

Pop-up retail provides an element of surprise for the consumer, while drive-in shopping means that you could order groceries from a supermarket while online at work and pick them up on your way home, for example.

“The pop-up phenomenon is sweeping Europe, and such countries as Australia and India, also.”

Halava also expects to see that the various stores in the shopping centre will commit to the brand of the centre more than they do now – common opening hours are the first step down this road. ●



Duo – Successful Development Project

A property with a rich cultural history gained a new lease of life in Hervanta, Tampere, when the real estate company Citycon turned the old retail property into a modern shopping centre. This two-year project has been rewarding for the contributors, leaseholders and locals alike. The Duo shopping centre is a focal point for the community – a genuine neighbourhood centre.



The transformation of the Hervanta retail centre into a modern shopping centre was launched in 2005, the project including the construction of a completely new extension and the renovation of the old retail centre. As a result, the shopping centre consists of two separate parts, hence the name Duo.

The old retail centre needed a facelift, more space and a wider selection of shops and services. 'According to our concept, we always study the needs of the people living in the vicinity of the shopping centre before doing anything else. On this basis, we plan measures for improving the commercial value of the shopping centre from the viewpoint of both residents and leaseholders. At Duo, this process produced a revived neighbourhood shopping centre, which forms an attractive urban centre with a range of services,' Citycon's CEO Petri Olkinuora states.

Expectations exceeded

The project was completed on schedule. The Duo extension

was opened in April, and the entire shopping centre with its new facilities was opened to the public in October 2007. Citycon invested approximately 27 million euros in the project. The development project increased Citycon's leased area in Duo from some 2,700 square meters to more than 13,000.

However, the commercial development of the centre is more important than its size. There are new specialist shops and restaurants and more food retailers. Duo aims to serve all people in Hervanta in a versatile

way, whether they live in the area or study and work there.

Sales and the number of visitors have exceeded all expectations, and the attraction of the shopping centre has remained strong ever since it opened. During the first seven months, approximately 2 million customers visited the new Duo. Next year, Duo expects some 3.5 million customers and sales worth around 55 million euros.

'Duo's launch has been a success. It is a pleasure to see how enthusiastically Hervanta residents have welcomed

the transformed shopping centre. Trade has been brisk since the opening day. This proves how Duo really is a critical element in the community; it is like a capstone giving the final touch,' states Olkinuora.

Duo – a shopping centre for local community

Citycon leads the Finnish market in the shopping centre business. The company aims to create a well-defined profile for each of its shopping centres in order to meet customer expectations, while building the foundations of customer loyalty. Shopping centre profiles are developed in terms of the local community and reflect the needs of surrounding customers. Some become meeting points in city centres or partners in everyday life and others, such as Duo, have a clear profile as a neighbourhood centre for the local community.

Many Finnish shopping centres are characterised by ei-

Duo in figures

| | After development | Before development |
|-----------------------------------------|-------------------|--------------------|
| Citycon's GLA, m ² (approx.) | 13,000 | 2,700 |
| Parking spaces | 430 | 150 |
| Shops | 50 | 22 |
| Sales, MEUR* | 55 | |
| Visitors, million* | 3.5 | |
| Investment, MEUR (approx.) | 27 | |

* Target for 2008

ther one or, in the case of the largest centres, two hypermarkets or other larger grocery stores as an anchor tenant. Therefore, an increasing volume of grocery sales are being made at shopping centres in Finland. Exceptionally, Duo has three large grocery stores as anchor tenants: K-market, S-market and Lidl. The food retail business is accompanied by post office and banking services and a wide selection of specialist shops.

A competent owner

Citycon has seen strong growth in the last few years and has purchased several retail properties in Finland, Sweden and the Baltic countries. However, Citycon's strategic focus is now shifting towards the development and construction of such properties. Instead of mere ownership, Citycon is an expert and partner in retail premises, serving consumer customers alongside its tenants. The company aims to create versatile, pleasant, inspiring and well-functioning retail environments for consumers.

'In the future, we aim to increase one important and topical element in the development of our shopping centres, namely green thinking. Traditionally, environmental issues are connected with production and transport, but they concern all lines of business, with the real estate business being no exception. We are already paying attention to environmental factors in all of our development projects. These include recycling, building materials and energy consumption. We want to develop and promote green thinking on our premises,' Olkinuora continues.

Excellent location

Hervanta is one of the largest and best-known urban districts in Finland, with some 25,000 residents. It is part of the City of Tampere, the third-largest town in Finland. The building of Hervanta was launched in the 1970s, and it is still an area of active housing construction and forms a workplace for 10,000 employees. There are

several schools and educational establishments in the area, e.g., the Police College of Finland, and it is the home of Tampere University of Technology. The transfer of purchasing power in grocery sales out of the area has been strong because, before Duo, there was a shortage of specialist retail premises. Therefore, Duo aims to keep the euros in Hervanta.

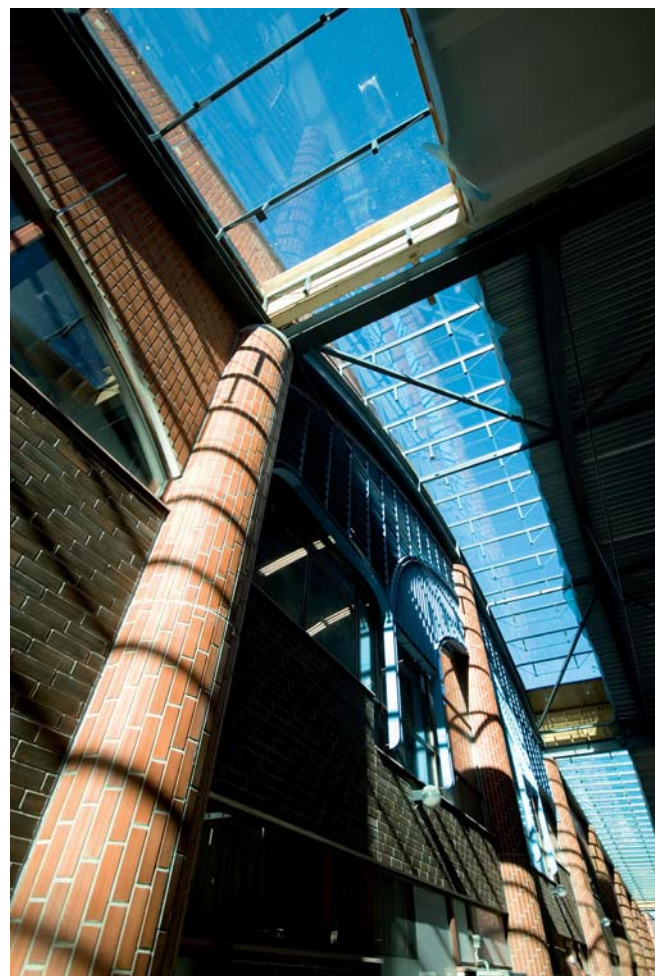
The area's purchasing power is on the increase. Its current purchasing power of an estimated 120 million euros is likely to grow in the future, thanks to the planned Vuores district. According to the plans, housing will be offered to more than 13,000 people and offices for 3,000–5,000 jobs in Vuores. The closest shopping centre to Vuores is Duo in Hervanta. More importantly, no competing schemes are published and therefore the market position is secured in the near future.

Duo has an excellent location. The shopping centre is in the middle of Hervanta, in a central area bounded by the main traffic thoroughfares in the area. There is plenty of parking space and, due to good transport links; it is easy to travel to the shopping centre, even from further.

Duo has a rich cultural history

Duo's old section, the original retail centre, is part of Finland's architectural heritage. The retail centre, completed in 1979, was designed by the world famous Finnish architects Raili and Reima Pietilä and is a cultural historical treasure, representing the "city in a city" concept. The extension project was implemented according to instructions issued by the National Board of Antiquities; in the old section of the building, for example, the blue ceiling structure and unique red-brick benches were protected.

"We wanted the old and new section to be clearly distinguished from one another. The new building was not to compete with the old one, but together they had to form a harmonious and functionally integrated entity: Shopping Cen-



tre Duo. Therefore, the design phase was preceded by a long and varied discussion with the National Board of Antiquities, the architects of the City of Tampere and naturally also with Raili Pietilä,' states Architect SAFA Eero Lahti, in charge of the principal design of the project.

'I am very satisfied with the result and the decisions made, and the co-operation with all parties involved has been exemplary,' Lahti continues.

Originally, the retail centre was part of the larger entity designed by Raili and Reima Pietilä in order to improve Hervanta's appearance. The objective was to create an identity for Hervanta's new, large-scale concrete architecture while maintaining the traditional red-brick building tradition of Tampere.

The work of Reima Pietilä, who was awarded the title of academician in 1982, is very individual and bold. Pietilä carried out most of his work togeth-

er with his wife Raili Pietilä. As a couple, they are often regarded as the second-most noteworthy Finnish architects in the world after Alvar Aalto. ●

Citycon in brief

- One of Finland's major listed real estate companies, investing in large retail properties, especially shopping centres
- Shopping centre market leader and expert in Finland, a major position in Sweden and a firm foothold in the Baltic countries
- Has a total of 32 shopping centre and 53 other retail properties
- The fair value of the property portfolio at the end of September 2007 was approximately EUR 2.2 billion

State-of-the-Heart

NCC explores the future trends of office and retail

NCC is looking into the future with a very keen eye. One of the leading construction and property development companies in the Nordic region, NCC has a wealth of experience in creating environments for working, living and communication – and the company's vision is to remain a true torchbearer for the industry in the future as well. In order to make sure that the company retains its cutting edge, NCC has launched two wide-spanning projects: Future Office and Future Retail.

At the moment, NCC is perfecting its 3G Business Park concept. Twenty years ago NCC revolutionised the sector by introducing Spektri Business Park in Espoo. In 1995, the planning for the second generation commenced – Stella Business Park (located in Leppävaara, Espoo) was the first realisation of this, followed by NCC Business Parks in the capital region and Tampere and Oulu.

The first wave of 3G includes the NCC headquarters in Helsinki, the second phase of Airport Plaza Business Park in Vantaa, Falcon Business Park in Espoo and Tulli Business Park in Tampere.

When it comes to the newest incarnation of NCC Business Parks, the key word in just about everything is usability. What this means is taking quality and

dedication to service to a totally different level, says Reijo Päärni, Marketing Director of NCC Property Development.

“We are presently witnessing a transition in the way people relate to productivity: instead of talking about the productivity level of individual employees, one should concentrate on the productivity of teams,” Päärni says. According to the Marketing Director, teams thrive in an environment where all factors which cause negative stress are eliminated.

“By removing these stress factors, we can increase productivity and cut the number of absence days to half,” he believes.

Feel-good technology

As the term usability suggests, the focus is shifting from office space to the actual users of that space. Presently, the competition for the best employees is so fierce, that companies want to woo potential workers with premises that actually make you feel good. In the very heart of the 3G ideology is the Stress Free Area® concept which promotes the cause of well-being in the workplace.

Conceptual designer Margit Sjöroos, mother of Stress Free Area®, came up with various ways to introduce more positive elements to the daily routines of the office. Visual and physical ergonomics are the starting points of the concept, along with the stated commitment to usability.

Wellbeing is optimised through material and colour selections, soundscaping, light design and optimal furniture positioning.

Reijo Päärni says that co-

Photos: Sini Pennanen



operation with Sjöroos has been very fruitful:

“We feel that the Stress Free Area is a great concept which adds critical elements of flexibility into the office. The concept recognises that different tasks require different surround-

ings and technology is then used to meet those demands.”

Climate Change – at the office

The 3G approach features also WorkPlace Management

which underlines the importance of strategic office space design. In addition, the 3G planning has reaped the full benefits from the recent Nordic Future Office Study which compiled the views of top executives and experts of the field. Anna-Maija Sahlberg, Marketing Manager at NCC Property Development, says that the new 3G approach calls for a deeper understanding of the customer's needs.

"We must look at the organisation and the goals it has set for itself and then use all possible tools to enhance the sense of wellbeing at the workplace," Sahlberg says. Such a process can easily take a year to carry out. Päärne, however, argues that the longer timeframe is beneficial in the sense that there is less resistance to change.

"The employees do see the change when they start working at the new premises. The general mood of the workplace is totally transformed," Päärne promises.

"This is an office that does not wear you down – instead of going home dead-tired, you can go home refreshed," Sahlberg adds.

New understanding emerging

According to Reijo Päärne, there are three types of approaches to office space, when one assesses companies who are starting to look around for new premises. One approach emphasises mainly the cost ratio; the second one tries to take note of functionality issues as well. The third approach uses office space as a strategic tool and optimises the workplace from the perspective of worker usability.

"We see that big corporations are making the shift to using the office premises as key part of their strategy, but the majority of companies are still only interested about the cost per square metre," Päärne says. He finds it problematic that many companies will spend a lot of money on infrastructure or IT solutions but fail to invest in the most important "productive unit" of all – the people.

"People are the 'engine room', so to speak, of any com-

pany. Keeping that engine going requires constant commitment to the office environment," Päärne says.

In its quest to build a better office environment, NCC is also involved in the multi-partner projects ProWork and SAWE (Situating Activities in Working Environment).

Introducing: Future Retail

As NCC Future Office began to soar, generating a number of exciting ideas and concepts, the retail side started to evolve as well. In the beginning of 2007, NCC Property Development launched the Future Retail programme which serves as the umbrella programme to various retail development projects.

Even before Future Retail was officially started, NCC began its involvement in the broad-spanning USAB project which analyses the usability issues of shopping centres. Helsinki University of Technology TKK and VTT Technical Research Centre of Finland are charged with the actual research in the project which features as many as 14 companies.

Petri Anttalainen, Director of Retail Development at NCC, says that USAB took off in early 2006 simply wanting to find out what a good shopping centre is like.

"In the process, the focus has shifted somewhat from what the tenants of the shopping centre want towards asking, what the consumers want," Anttalainen describes the USAB collaboration which will be concluded in autumn 2008. The findings of the project can be used in designing new shopping centres and also as management tools for existing ones.

USAB assesses various usability factors during every phase of the shopping centre's lifecycle. When asked, how is it possible to get so many rival companies to participate in the project, Anttalainen replies that the world keeps changing so fast that relevant information is required to understand the trends of the future.

"This knowledge will only



surface through real research," Anttalainen says, adding that NCC is likely to continue the study with the research institutes after next year also. The next step will be evaluating how "shopping centres go green".

Tracking the trend-setters

Outside USAB, NCC has various methods to predict future shopping behaviour. Utilising TNS Gallup's experience, NCC has been able to identify so-called future shapers who are the opinion leaders of their community. The next step was to get these future shapers into a brainstorming session - and take notes.

Anttalainen, having witnessed some of these sessions, admits being impressed by the ideas generated by the future shapers who represent virtually all age groups and social backgrounds.

But what then are the trends of future shopping? According to the findings, the emergence of "grey panthers" is a deciding force in the shopping centres as well.

"People live longer and healthier and want to enjoy themselves," Anttalainen sums up. Another rising trend is unisex: the old barriers and definitions of sexuality do not apply as such. And the third key element has to do with the Information Age itself – computers and the

web become integrated in just about everything we do.

Personality, please!

Using these megatrends as the starting platform, NCC Future Retail wants to challenge some of the existing notions out there. First of all, there is no law that says that all shopping centres must look the same and feel the same.

"We want to provide opportunities for niche realisation as well," Anttalainen says.

He believes that more and more shopping centres will feature shopping boulevards, which will enhance the feeling of "going for a walk" – in contrast to simply going shopping.

"The psychological threshold is lower if people feel that they are just going out for a quick stroll," he says.

Also, such digital revolution phenomena as virtual shopping or social media will make their mark in the shopping complexes.

Presently, NCC has four different categories of retail locations: shopping centre, retail park, big box and local centre. Anttalainen says that the Future Retail concept will be utilised in each of these categories, whenever viable. At the moment, for instance, retail parks are being developed into 'home centres' – frequently under the interior decorating theme – and branding will become more uniform in big boxes. ●

Best of Both Worlds

YIT optimises leisure with a hit Chalets concept

The construction powerhouse YIT wants to change the face of leisure by deploying a new housing concept. Paramount in the company's portfolio is Chalets which offer quality time in immediate connection to first-class skiing resorts. Marko Oinas, Vice President, Leisure Housing & Hotels, says that instead of apartments YIT wants to sell vivid experiences.

"Instead of providing the customer with four walls and the kitchen cupboard, we are looking to provide a totally new holiday solution," Oinas says.

The concept recognises that a great holiday means different things to different people. Some fall in love with the beautiful nature of Lapland, and want experience cross-country skiing in the wilderness. Others enjoy downhill skiing and pint or two at the ski bistro. Many people go for good food and the nightlife; or simply want stress-free relaxation together with the family. Oinas promises that the Chalets concept can accommodate all these wishes – and more.

How does the concept work then? Oinas replies that Chalets are constructed around major hotels at the top skiing resorts – but they differ a great deal from the so-called 'bungalow model' of the tropic. Most of the Chalets apartment buildings are connected to the hotel via a fully warmed pathway.

"What this means is that the owner of a Chalets apartment has access to all the services of the hotel. All apartments have a



sauna, but if you would rather go to the hotel sauna and spa, you might easily do it, wearing just a bathrobe and slippers," Oinas says.

Have your cake and eat it too

The concept offers the best of both worlds: the apartments provide total privacy for those who want to, for instance, enjoy a candlelight dinner for two – but, at the same time, if there's a performer at the hotel restaurant you'd like to see, you may also go "out". Only this time, there's no reason to put on a winter coat or call a taxi.

Perhaps the best-loved Chalets service is the cleaning and linen service. Oinas explains that in many families



there is already a black cloud hanging over the horizon as the final day arrives and it is time to pack, clean up and leave.

"By simply ordering the cleaning service at the reception when checking out, you can take the edge off the last

day – and perhaps have time to hit the slopes in the morning," Oinas says.

"The main idea behind the Chalets concept is that people are free to do whatever they want. The service approach guarantees that you don't have to spend your holiday cooking or cleaning if you don't want to."

In order to ensure a pleasant living environment, YIT designed a comprehensive and high quality Interior Package for each apartment. This package ranges from modern furnishing and appliances to stylish glassware and cutlery sets.

Design office Interior Architects Gullsten-Inkinen was charged with the creation of the package, and the company's creativity and ability to combine

practicality and style has been extremely well-received by the Chalets patrons.

"We have been able to keep the price level per individual package reasonably low, since we deal in great volumes," Oinas adds.

Buy to let – with benefits

Internationally the concept is known as 'buy to let'. In this case it means that the owner rents out the apartment 200-250 days a year to the hotel. The hotel uses the apartment to accommodate visitors and the owner receives income in form of rent.

YIT has a wealth of experience in constructing cabins in the vicinity of skiing centres. During the 80's and 90's the company concentrated on the log cabin business, but coming into the new millennium, a new type of idea started to brew. In 2002, YIT Lapland started to develop the Chalets concept at Ylläs skiing resort.

"At Ylläs Saaga, there was a new hotel on its way and we were trying to figure out what it is that people really want out of their holiday. We asked ourselves, why would someone rather buy an apartment than a log cabin," Oinas recalls the origins of the concept.

The answer was in the people's desire to focus on the holiday itself, the experience of it all. YIT set out to make it possible for people to have a great hassle-free vacation with a taste of luxury added in for good measure. One example of this approach is the fact that one doesn't necessarily need a car at all at the location – all services are within a walking distance.

Successful launch

In 2003 YIT Lapland launched the concept, with commitment to quality and service as the main engine in the project. Two years later, the first phase of Ylläs Chalets was delivered to the client.

At the same time, encouraged by the apparent promise of the new concept, YIT Group made a strategic decision to

choose leisure services as one of its focus areas.

Two years further down the road, Oinas reports that Ylläs Chalets continues to grow: phases 2 and 3 have already been delivered to the client. All three phases include 125 apartments in total.

"The next phase will entail 45 apartments," Oinas reveals.

As operations in Ylläs continue to grow, YIT has been branching out to the east – and south. The first apartment building for Saariselkä Chalets is already standing, complete with 40 apartments. Vuokatti Chalets will be finished by March; Tahkavuori Chalets and Sappee Chalets will follow in the autumn 2008. Other Chalets projects in the works include Peurunka, Meri-Teijo, Kivitippu and Himos.

The popular ski resort Ruka will receive its first Chalets in 2009.

Too good to be true?

Marko Oinas says that buying a Chalets apartment is actually so easy that some customers find it hard to believe. According to Oinas, the position of a real estate owner in Finland is stronger than just about anywhere in the world:

"Especially international customers are amazed to see how well the buyer is protected in Finland. The process is really very simple and straightforward, and there is no need for attorneys," Oinas promises.

The experiences from Ylläs Chalets over the last two years have been overwhelmingly positive. The Chalets apartment concept was designed in such a manner that the rental income from the apartment would cover the maintenance costs as well as repayment of housing cooperative loan and its interest.

Marko Oinas confirms that the renting of the apartment has, indeed, turned into a steady money-maker: in 2006, Ylläs Chalets apartments were on lease 40 per cent of the time, resulting in almost 5% net return after paying the maintenance and loan expenses of the owners.

Going North

At the same time, the number of visitors to Ylläs has gone up considerably – a 15% increase over-all and a tremendous 41 % leap in the volume of international visitors to the resort.

"We feel that Lapland is one of the best kept secrets in all of Europe when it comes to travel," Oinas says. However, slowly but surely the word is getting out there:

"For example the British have bought around 100 apartments in Ylläs," Oinas says. Russia and the Baltic states are also waking up and smelling the Northern-flavoured coffee, followed by the Norwegians and Chinese.

Spicing up the city scene

Besides providing world-class leisure living, YIT Leisure Housing also features a more urban streak. The company wants to participate in the development of city centres by bringing leisure operations in the very heart of the cities. Vice President Marko Oinas says that as people's work and leisure mingle more freely, new kinds of approaches are needed.

"Quality-oriented leisure centres have a lot of potential, since people value their free time more and more and

are ready to invest in it," Oinas says, adding that YIT wants to put some spice back in the urban experience as well.

One example of this ideology is the shopping quarter Atomi, under construction in Riihimäki in southern Finland. Atomi is one of the largest city centre development projects in Finland, with total area amounting to approximately 40,000 square metres (including a Prisma shopping centre). The area will include a wide range of shops, as well as a centre for public transportation. Atomi will be completed by the end of the year.

The main shopping centre at Atomi, Elektroni, will host fashion and clothing shops. Complementing Elektroni and Prisma, there is also Retail Park Neutroni, which focuses on interior decoration.

More than just a commercial powerhouse, Atomi wants to promote cultural interaction, and provides a wealth of opportunities for various cultural and leisure time pursuits.

YIT is also active in downtown Lahti where there is a new leisure centre to be opened in November 2007. The Lahti complex features e.g. movie theatres and restaurants.

"In addition, we have city spa projects around the country, for example in Hanko, Loviisa and Kemi," Oinas adds. ●



DTZ Finland:

Nurturing a new culture in real estate advisory business

Finland continues to be an attractive market for international real estate investors. However, the biggest buzz was created in the beginning of the century, with a number of international players making an impact on the scene. Ilkka Kujanpää, Managing Director and Partner for DTZ Finland, says that along with the new players, an entire new real estate advisory culture has emerged.

“We have consultants offering advice to both domestic and foreign players now in a situation that is very different from the one we had just five years ago,” Kujanpää says.

According to Kujanpää, the real estate advisory business has turned out to be a success story also in Finland.

“In recent years, the business has learned how to respond to the needs of the client in a more efficient way and come up with innovative solutions,” Kujanpää estimates.

“Traditionally, corporations often prefer to have their offices in leased premises. Our aim is to actively cooperate with corporations in their efforts to sort out the most suitable office premises from what is available on the market,” he adds.

Arno Jaulas, Partner at DTZ Finland, comments that the clients today are very demanding, expecting quality every step of the way. In the current business climate, knowing the mar-

ket and its players is extremely important. Both Kujanpää and Jaulas have a long experience of the real estate advisory business, having started out in the 1980’s.

Valuation and buy-side services needed

During a period of roughly two decades, the market has gone through one transformation after another. Today, one potent part of the operations is valuation and buy-side advisory business which have gone off like a rocket. DTZ Finland makes valuations on behalf of the buyers or, to be more specific, on behalf of the buyers’ banks. With 13 people on the company’s roster, already six of them concentrate mainly on valuation, Kujanpää says.

The real estate business is getting more and more complex every year, and both buyers and sellers of real estate tend to rely heavily on consultants. Portfolio trade is a new phenomenon which contributes to the trend that the game is played – on both sides – by teams of real estate professionals. As a portfolio may include dozens – or hundreds – of premises around the country, analysing the true value of such a package calls for special expertise.

“Portfolio trading is relative new here, having really started only a couple of years ago,” Kujanpää says. The big upside of the portfolio business is that the going value of a portfolio is almost always more than the simple sum of its parts.

“In the old days, you’d get a discount if you buy a lot,” Kujanpää grins.

“Now it’s the other way around.”

Portfolio excellence

Economy of scale works very strongly in favour of portfolio trade – the risks become more evenly spread out and costs – being mostly fixed by nature – go down.

DTZ Finland is well-equipped to handle even very demanding portfolio transactions:

“Just recently we started the valuation of three portfolios. They include close to 200 real estate premises all over Finland,” Kujanpää says.

But what is it that makes Finland an attractive option from the point of view of the international investors? Kujanpää responds that one essential reason is that Finland is now doing pretty well financially.

“Finnish property industry has also the benefit of providing information that is related to ownership, purchases and markets, quite transparent. Consequently, Finland is a comparatively safe country for foreign investors to operate in.”

Also, the people have a high level of education as well as a reputation for being trustworthy and always paying their debts – and being an EU member state and the only Nordic country that has the Euro as currency is another significant factor in the mix, Kujanpää sums up.

Specialisation is the key

In addition to international real estate investors, also international banks have made their mark in Finland of late. In the background, Kujanpää and Jaulas see a trend where real estate and fi-

nancing complement each other more and more.

“The new banks are often highly specialised in real estate finance, and possess expertise that a more generally oriented bank can not match,” Jaulas says.

DTZ Finland has benefited from the fact that it has the support of the worldwide DTZ corporation. DTZ has over 11,000 employees, operating from 140 cities in 45 countries. In Europe, the corporation is number one.

“Thanks to our network, we are able to handle also big clients,” Kujanpää describes the significance of the affiliation. ●

Photo: Sini Pennanen



Tropical Malaysia is more than just a tourist haven

Pro-business policies and world-class infrastructure are equally enticing

The fact that Malaysia is a tourist haven is perhaps not much of a secret. Its golden beaches, enchanting culture and eclectic religious practices – thanks to a heterogeneous society, have always enticed visitors from all over the world.

But Malaysia has other attractions as well. This includes political stability, world-class infrastructure and a disciplined and trained workforce that has long been a beacon to foreign investors seeking conducive investment locations. Since the 1970s, some of the world's biggest names have made Malaysia its manufacturing base. And this includes the likes of Intel, Motorola, Western Digital, Texas Instrument, Dell, Panasonic, Canon and Samsung.

Not surprisingly, MNCs from Nordic countries such as Denmark, Norway, Sweden and Finland have also made their presence felt. The big names include the likes of paint specialist Jotun, beer-company Carlsberg, carmaker Volvo, heavy engineering group ABB and ICT companies such as Nokia, Telenor and Ericsson.

The relevance of Nordic countries as Malaysia's key business partners is embodied in the cross flows in trade and investment between these economies. In 2006, Malaysia attracted a total of RM2.54 billion from 43 projects involving the participation of Nordic companies. These projects created 10,904 employment opportunities. And the amount of investment is constantly growing. A case in point is Denmark. In 2006, RM7.42 million worth of projects involving Danish companies were approved. In contrast, as of June this year, the value of projects involving Danish companies has already exceeded RM10 million.

A bulk of the investment has gone into sectors such as textile and textile products, fabricated metal products, machinery manufacturing, electrical and electronics products, and scientific and measuring equipment. For example, last year, a total of RM125 million was invested in machinery manufacturing related sectors.

The nature of the investment has also undergone significant changes over the years as these companies expanded, diversified and upgraded their operations in the country. As such many of these companies have moved beyond their basic manufacturing operations to include other value-added activities like research and development, product design, marketing, distribution and logistics. Such investments exemplify investors' confidence in Malaysia's capacity and capability in supporting and managing sophisticated production facilities.

These investments in Malaysia over the past four decades have contributed significantly to the expansion in Malaysia's bilateral trade with countries such as Norway and Denmark. Bilateral trade between Malaysia and Nordic

countries has been growing consistently over the last few years. For example, in 2004, Malaysia's exports to Denmark, Finland, Sweden and Norway amounted to approximately RM2.6 billion. By 2006, it has risen by more than 100 per cent to reach RM5.3 billion.

It is clear, Malaysia offers rewarding business opportunities as its economy continues to evolve and move up the value chain. Over the past 50 years, Malaysia's economy has undergone significant transformation, from one based on the exports of commodities to a manufacturing and service-based economy. Today, Malaysia is one of the most open economies in the world, where its global trade amounts to more than 285 per cent of the Gross Domestic Product. Based on the World Trade Organisation's ranking in 2006, Malaysia was the 19th. largest exporter and 23 largest importer.

In 2006, the Malaysian economy grew by 5.9 per cent. The growth was led by the expansion of the manufacturing and services sectors. Malaysia registered a GDP growth of 5.7 per cent for the second quarter of 2007. Malaysia has opened up new avenues for business opportunities under the Third Industrial Master Plan (IMP3) and through the recently launched South Johor Economic Region and the Northern Corridor Economic Region. Businessmen from Nordic countries are welcomed to explore business opportunities available under the IMP3 and to participate in the development of these new growth regions.

The Nordic business community can also leverage Malaysia as a strategic gateway to the ASEAN economies. This regional grouping, with a population of more than 567 million people and a combined GDP of around US\$1.1 trillion, is a lucrative market for Nordic businessmen. More importantly, ASEAN is envisaged to become an Economic Community by 2015, resulting in a single market. Furthermore, most tariffs will be eliminated when the ASEAN Free Trade Area is fully realised in 2010. This will allow for the free flow of goods, services, investments and skilled labour, as well as the free flow of capital.

Malaysia is also a natural springboard to penetrate markets such as the People's Republic of China and India, as it is strategically located between these countries. It is likely that Nordic businessmen will appreciate Malaysia's population mix, which includes Chinese and Indians. This ensures easy access to potential strategic partners who are well-versed with corporate nuances unique to the Indian and Chinese markets



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Property market in Finland 2008

– still going strong

Photos: Kuvakori.com



Advium Corporate Capital, part of eQ Group, is the biggest advisor in property transactions in Finland. Advium's Managing Director Janne Larma is rather optimistic about Finland's real estate scene. "There will be some turbulence, but there are still many opportunities on the development and investment market."

Within a couple of years Advium has done extremely well on all of its business branches. The company is a specialist in mergers and acquisitions and property related transactions. In property business is main line of activity to act as seller's advisor. In five and a half years Advium has been advisor in cumulative transactions worth of almost 3.5 billion euros.

"When dealing constantly with a large number of potential buyers, we can get the big picture of property market, especially the investment market," says Janne Larma.

"In July-August 2007 one could see turbulence on finance market worldwide, which was reflected to Finland. This could be seen in delayed schedules in property purchases. At the same time, new types of buyers entered the real estate stage.

There are now fewer players with strong loan hedge. Those with a larger share of equity in their investments have been more active in recent months, at least in Finland."

With the existing yield levels, opportunistic funds with higher interest costs cannot take the chance, whereas companies with more equity still have more freedom in their purchase considerations.

Strong GDP growth continues

Will Finland be an interesting investment market in the future too?

"Yes, we at Advium and I personally believe in Finnish market. First of all, Finnish GDP growth is still well above the EU average, and will be also in 2008. Secondly, international property investors want

to diversify their assets also geographically. Finland is also a very stable country with one of the best legal frameworks to operate in."

Major investors in Finland have so far been Germans, Dutch, Danes and British. For some reason, neighbouring Sweden is not as active as one might expect.

"In the future we will see investors from Russia and Far East too. Already now some Middle Eastern companies operate in Scandinavia and even in Finland."

Residential, logistics and modern office attract investors

What kinds of premises are the ones that are interesting in the future, from investors' point of view?

"Modern office premises

still offer many opportunities. There are many developments under way in the greater Helsinki region."

These include business park type of premises. For example, the airport area called Aviapolis still attracts end-users, and through this also investors. In Aviapolis developer SRV co-operates with Finnish aviation administration Finavia to build WTC-class business premises.

The city of Espoo, also neighboring Helsinki, has several interesting business park type of concentrations.

Varma Mutual Pension Insurance Company is a large domestic investor, which owns Panorama Tower and Salmisaari office complexes, with combined gross area of 86,500 square meters plus Flamingo leisure center in Aviapolis, some 84,000 square meters. The con-

struction of all these will be finished during 2008.

"These are just some pickings. There is a drive strong enough and large enough spaces where international interest could be directed," says Larma.

"I believe that property funds interested in residential premises are showing some interest. Demand for logistics premises remains strong. It is no secret that also Advium has got inquiries on the new Vuosaari harbour and related projects."

Investor interest will not be restricted only to the Helsinki Metropolitan Region.

"We were adviser when lift manufacturer Konecranes

sold six properties located in Hyvinkää and Hämeenlinna to Swedish property investor AB SAGAX. These premises are 60 and 100 kilometers from Helsinki."

Finnish funds develop well

International investment boom – or at least high activity – has continued in Finland for more than five years.

"During this time, however, also domestic property investors have greatly increased their investment resources and activity," reminds Janne Larma.

Finland has now many funds with lots of capital in

their use, average size of property investment companies is larger and there is much more expertise of transactions and asset management than ever before.

The large funds include CapMan's two property funds, Ice Capital's housing fund, Nordea's and Varma's NV Kiinteistörahasto and Exilion owned by Finnish institutions. In addition, among others Ice Capital, Tapiola and Pohjola OKO have established funds investing in the listed real estate sector.

"All features I mentioned mean that Finnish property market remains active also in 2008," believes Larma.

"It is difficult to give exact figures, but I believe that

investor interest will be strong despite the increase in interest rates. It seems that yield levels are now stabilised. But as said, the interest is there. Only in the greater Helsinki region, it is estimated that in 2008 about 10 000 employees move to new premises. So, demand for first-class business premises have remained strong, whereas large stock of class B premises are vacant." ●

For more information about Finnish real estate market and statistics www.kti.fi

References of Advium, www.advium.fi

Klaus Susiluoto



Real estate investments call for long-term planning

Julius Tallberg Real Estate Corporation was founded twenty years ago, but its parent company has been in the real estate investment and development business for over 100 years.

"Within a few years, we have grown to become a mid-sized real estate company," says Managing Director Martti Leisti.

Julius Tallberg Real Estate Corporation is a publicly quoted real estate investment company which engages in property investment and development mostly in the Helsinki metropolitan area.

The company's objective is to grow at a faster average rate than its competitors in the long term. The book result should ensure a dividend distribution that is at least average for this sector. The aim is to finance the company's operations through a good equity-to-assets ratio.

The company's shares are quoted on the OMX Nordic Exchanges. The company is a subsidiary of the Julius Tallberg Corporation.

"The market value of our real estate portfolio is in the order of 144 million euros," Martti Leisti notes.

"Our size is one reason why we mainly focus on real estates in and around the greater Helsinki area. Another reason is that it is easier to maintain control on the development of specific real estates when most of them are within a short driving distance."

The main objective of the company's real estate investment operations is, after all, the effective management and development of the existing real estate stock.

"What's more, we firmly believe in networking. When we operate within a limited geographic area, it is possible to work in close cooperation with our trustworthy network of contractors," Leisti underlines.

A high demand for new offices

In practice, Julius Tallberg Real Estate Corporation usually is in the role of the asset manager in the company's development projects. Construction companies and other subcontractors are chosen for each project on the basis of bidding competitions.

"We always do the preliminary planning for the projects on our own," says Leisti.

Careful planning may well be the key to success in a business area that is largely vulnerable to fluctuations in market situations.

According to Mr. Leisti, the market situation for real estate in Finland was excellent in 2006 – and in 2007, this state of affairs still prevails. The real estate transactions in Finland this year will be approximately 5.6 billion euros.

"For real estates to be let, the market situation is particularly good as to the new office space and logistics buildings. However, demand for office space is dependent on where it is situated – and also on the age of the buildings."

New office buildings are in higher demand. Most companies expect their offices to have up-to-date building technology.

"Cooling systems are a must in office buildings. Without cooling, nobody wants to lease – at least not for a proper price," Leisti mentions.

"While it is possible to build new ventilation and cool-



"The market situation for real estate in Finland is still excellent," says Managing Director Martti Leisti.

ing systems to old buildings, it is generally not easy and not cheap. In many cases, you need to vacate the entire building for the duration of the renovation work, so you have no incoming rent for that period."

"Occasionally, you can utilise existing ventilation channels with new cooling equipment. Another possibility is to apply heat-reflecting film to window surfaces."

Additionally, many potential office-space users expect the communication network to be compatible with the latest high-tech IT hardware.

Going for good deals

Within the last year, Julius Tallberg Real Estate Corporation has concluded a number of significant property deals.

In December 2006, the company sold an office property in Kanavanranta 7 in Helsinki – the prestigious 'Onion Building' that houses Onion restaurant – to Crownstone Europe-

an Properties Ltd. The sales price of this building of 7,000 square metres amounted to 22.3 million euros.

"This building was one of our long-term investments. We used to co-own it with American investors in the 1990s, but they wanted to sell out so we bought all of it in 2003. In the course of a few years, the market prices went up – and this deal was too good to be missed. We gained quite a profit," Leisti rejoices.

Tallberg's most recent major development project, Ecnia Business Park near Helsinki-Vantaa Airport, is currently being started. It is a sizable undertaking, totaling some 24,000 square metres and equipped with the latest technologies.

"In the early days, we used to build apartment buildings as well, but now we have practically given up on them. We prefer to handle business-to-business deals," Leisti affirms. ●

*Merja Kihl
Ari Mononen*

Positive trend continues in the Finnish property market

The Finnish property market's liquidity remains strong. New investors continue entering the market. However, the turbulence of the global financial market increases the uncertainty in the Finnish property market. The strong fundamentals of the Finnish economy support the property market, which is believed to survive the temporary uncertainty without severe damages. In the space market, the demand for prime space continues strengthening, which can be seen in both improving occupancy rates as well as in increasing rents. The KTI office rent index shows an annual increase of 6 per cent for office rents in Helsinki CBD.

Transactions volume is expected to reach the top levels of 2006.

By the end of the third quarter, the transactions volume has exceeded four billion euros. This exceeds clearly the level in the respective period in 2006. Foreign investors have accounted for two thirds of all transactions in the market. Almost 20 new foreign players have entered the market during 2007. Altogether, foreign investors have acquired some 10 billion worth of Finnish property. The rapid expansion of the investor base is likely to boost the transactions volume permanently. Some investors have also already realised their profits in the Finnish market. The

most significant exit so far has been carried out by Doughty Hanson, who exited the Finnish market by selling their last asset, the shopping center Iso Omena in Espoo in August. Doughty Hanson's three-year visit to Finland proved out to be a very profitable one with returns amounting to three-digit figures.

Yield compression stopped

The turbulence started in the US sub-prime credit market has extended its influence rapidly to the European – including the Finnish – property markets. The increased cautiousness of financial institutions together with the increase in interest rates has increased the risk premium and overall price for property finance. As a result of this, the decrease in yields, which has continued for several years now, has slowed down or even stopped. The development might also affect the transactions activity in the market. However, at least for the time being, there are lots of both willing sellers and buyers in the market.

Different types of investors active in the market

As a result of increasing risk premiums and interest rates, the most opportunistic players with highest leverage rates do not have space to play in the market any more. This opens up new opportunities for investors with more emphasis on equity. This has been visible in the market in, e.g. the transactions carried out by domestic property funds as well as in the market entry of several German funds, who have finally been able to acquire assets in Finland after several years of investigation. Also, the competitive position of domestic institutions is believed to strengthen.

Retail space in full use and rents for prime locations increasing

In the retail space market, the situation remains healthy. Premises are in full use and the rents continue increasing steadily. The development is strongest in the Helsinki CBD and in the best premises in shopping centers. The volume of new retail space development has slowed down slightly, and new premises are being developed in hypermarket – type of buildings mainly. The increase in prime retail rents is believed to continue also in the future.

Increase in prime office rents has accelerated

The demand for office space has strengthened as a result of the growth of the economy as well as employment. Occupancy rates of offices have improved in several locations. The increase in rents has accelerated in best premises and best locations. The KTI office rent index shows an increase of more than 6 percent for Helsinki CBD offices. Rents have also increased in the areas outside the CBD. The increase is expected to continue also in the future, although by a slightly slower pace. Outside the Helsinki CBD, office rents are expected to remain stable.

However, the differences between modern and less attractive offices space have increased, and the premises not responding to the needs of increasingly demanding clients are still not easy to rent. In the near future, vacancy rates of offices are expected to increase because of the new space coming to the market. Altogether, it seems that commercial property leasing requires increasing activity and flexibility from landlord's part, and also ability to listen the increasingly demanding clients.

Plenty of new office space developed in Helsinki CBD

Strong investment demand, together with healthy demand for office space, have boosted the development of new offices in Helsinki CBD. The areas under the most significant increase include Salmisaari in Helsinki, as well as Keilaniemi and Lepävaara in Espoo and the Airport area in Vantaa. The amount of speculative development has also increased together with investors' increased tolerance of risk. Also some institutional investors have adopted more active strategies concerning property development.

The Finnish market's position remains strong in international comparison

The Finnish market has – at least for the time being – survived the increasing uncertainty relatively well in comparison with many other European markets. The strength of the economy and relatively healthy yield levels maintain the market's attractiveness. In the future, the success of the market is dependent on the development of the global financial markets, and its impact on the global, real estate investment markets. ●

*Hanna Kaleva
Managing Director
KTI Finland*

KTI Finland is an independent research and information service company servicing the Finnish property market. KTI's information services are based on extensive databases on e.g. rents, returns and operational costs on the Finnish property market. For more information, please visit www.kti.fi

Photos: Sini Pennanen



NAI Finland Oy and its cooperative networks are managed by Business Manager Eero Asikainen (left) and CEO Janne Nuutinen (right).

NAI Finland – shaping the future

NAI Finland Ltd started its operations in the spring of 2007. However, the company is not exactly a newcomer in the real estate and construction business. Its parent company is an international conglomerate of considerable experience: NAI operates in 55 countries and is one of the largest real estate service providers in the world.

With its headquarters right next to Helsinki-Vantaa international airport, NAI Finland currently employs three people – but is looking forward to expanding both in size and in its scope of business. It is rapidly becoming a full-service commercial real estate firm specializing in office, retail, logistic, industrial properties, and land.

What the inauguration of NAI Finland means for NAI Global is an increase in its coverage of Northern Europe.

NAI Finland was founded by Mr. Janne Nuutinen who now is Chief Executive Officer for NAI Finland. Nuutinen has an extensive international background in commercial real estate.

“Understanding the customer’s business strategies and needs is essential. In Finnish real estate business, it may even be something of an exceptional starting point. Partnerships are also very important for us,” says Nuutinen.

So far, NAI Finland has mostly been active in property-related advisory services and other kinds of strategic consulting related to various real estate issues.

“Once we find the right persons, we intend to hire more personnel. Perhaps the natural size for our company would be approximately 10 employees.”

In the near future, the operations of NAI Finland will be likely to cover a wider range of asset management and also corporate finance services.

“Even at present, we are able to offer comprehensive ‘Due Diligence’ real estate services from A to Z, as well as construction, financing and even furnishing – to foreign companies who wish to have a base in Finland.”

“Conversely, with the help of our international network, we can offer similar services to Finnish companies in Finland and abroad,” Nuutinen promises.

Demanding surroundings for a development project

According to Mr. Nuutinen, NAI Finland has already been fairly successful in the field of coordinating development projects.

“If a project appears to be a challenging one, so much the better for us. Tough projects provide us with more potential for success – whereas bulk projects are generally not the thing for us.”

One of the currently ongoing development projects of NAI Finland is situated 50 kilometres to the east of Helsinki, in the historical town of Porvoo.

Porvoo was founded as early as 1346. The town is famous for its ‘Old Town’ with narrow streets and mostly wooden houses. The central point of the old town is a medieval cathedral built of stone and brick. The wooden storage buildings on the east bank of Porvoo River are a proposed UNESCO world heritage site.

The town of Porvoo has approximately 47 000 inhabitants. The town is a thriving centre for the economic region of the eastern part of the province of Uusimaa.

Porvoo likes to advertise itself as an increasingly attractive place for people and busi-



A design plan for the Porvoo project, with the Art Factory seem as the large building at the top left-hand corner. (Drawing by ARRAK Architects.)

ness. In a town with as many historical and cultural values as this one, constructing new buildings is a difficult and demanding task. In Porvoo, the quality of town planning and environmental protection has been high priority for quite a while. Even in the early 19th century, local authorities understood the value of the old town. When new houses were built next to the old town, they not only followed a grid plan but the houses were also harmoniously built in wood.

Close to the end of the 20th century, there was pressure to develop the largely unbuilt western side of the river. After an architectural competition held in 1990, a second bridge was built across Porvoo River, some way to the south of the Old Town. Later on, some new wooden houses have appeared on the west bank of the river.

Versatile plans for building and renovation

The new project of NAI Finland will be situated in an area even further south, on the west bank of Porvoo River close to the new bridge. Opposite the project site, sailing ships and steamboats – along with some more modern small cruisers – are moored on the riverside during the summer season.

With a price tag in excess of 60 million euros, NAI Finland's new undertaking is definitely not a bulk project. It entails the renovation of the Art Factory, an old factory building, for the use of art designers. Furthermore, the project incorporates the construction of a small-scale hotel & health spa resort, various residential houses, a care centre for the elderly, and some business space – among other things.

The Art Factory building to be renovated covers 7,500 square metres of floor space. Originally built in the 1920s and later expanded in several phases, the red-brick factory was previously used for manufacturing excavating machines, tractors, machinery products, framings, kettles, horseshoes, steel chains,

plywood, and boilers. The Town of Porvoo bought the building in 1986. In recent years, the Art Factory has among other things been used as the concert hall for the renowned Avanti Music Festival. The facilities have also been available for exhibitions and other events.

It has been noted that in particular the foundations of the Art Factory building are in need of fortification. This will be one of the first repair tasks, as well as one of the most challenging undertakings in the renovation project.

Small-scale construction

In October 2007, the Council of Porvoo nominated NAI Finland as the project & marketing coordinator for what is known as the Art Factory District project. Most of the design, planning and construction work will be carried out by NAI Finland's cooperative partners who include ARRAK Architectural Agency, the German real-estate consulting company Lars-Project GmbH, and Rakennusosakeyhtiö Hartela (constructors).

A total of seven companies took part in the bidding competition arranged by Porvoo Town Council. According to Mr. Eero Asikainen, Business Manager for NAI Finland, the reason that LAN-group (Lars-Project, Arrak, NAI Finland) and Hartela won the project can be attributed to the fact that their proposal was firmly based on in-depth knowledge of the district.

"Overall, the new buildings conform very well to the surrounding architecture on the west bank of Porvoo River," Asikainen says.

"We do not intend to construct any skyscrapers or high-rise blocks of flats. Even the hotel will be a relatively small building, a design concept with just 60 rooms."

"Also, the residential houses will all be quite low buildings: not one-family houses but 2/3 floor semi-detached houses for 1 – 3 families, as well as other types of modest-sized homes. Some of the architectural solutions will be quite ingenious."

Global networks

Realized through a network of trustworthy strategic cooperative partners, NAI Finland's project in Porvoo is a model example of NAI Global's way of doing business by way of managed networks – large and widely distributed groups of people that communicate with one another and work together as a unit or system.

Different by design, NAI Global is the world's only managed network of commercial real estate companies. At the core of its network is an exceptionally unique structure.

According to Mr. Asikainen, NAI Global supports the NAI network of 8,000 professionals. It enhances member relations and gives advice on corporate services, finance and investing, communications, and the very best innovative technology and operations.

"The support provided by NAI Global truly sets it apart in the industry. We work together – share best practices and processes – and effectively harness

business intelligence that helps our clients strategically optimize their assets," Asikainen explains the company's operational strategy.

"With offices around the world, we represent the most respected names in each of those markets. Our clients come to us for our deep local knowledge and build their businesses on the power of our global managed network."

Even though the NAI group is taking its first steps in Finland, this is not the first time that NAI has been given a boost by Finns.

In 1978, New America Network Inc. was founded in the U.S. by Mr. Gerald Finn who had created a vision for a national brokerage network. These days, NAI's Global President and Chief Operating Officer is Mr. Jeffrey M. Finn who has received numerous international business awards for his outstanding achievements in the real estate market. ●

*Merja Kihl
Ari Mononen*



Delta Dynamo

Waterfront Development Programme rejuvenates downtown Turku

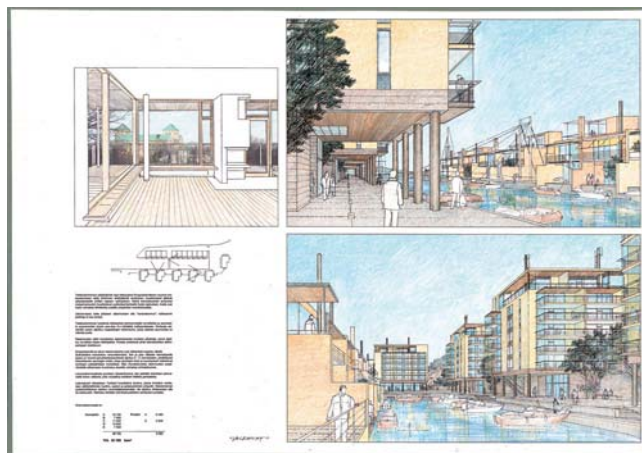
Turku, the original capital of Finland, has always been famous for its rich water element. The coastal town boasts access to the Baltic Sea, naturally, but there is also the beautiful River Aura which flows right through downtown. However, the importance of the appealing water-bound environment was overlooked for a long time, claims City Planning Director Timo Hintsanen. He says that the new approach – which highlighted the role of both river and sea – started in mid-80's.

"Since 1985 we have placed more emphasis on the riverside in city planning. The closeness of river and the sea is something that we want to take full advantage of with regard to apartment construction, for example."

The newest reincarnation of this attitude is the River Aura Waterfront Development Programme which brings together as many as ten alluring projects which are linked to the riverside milieu in one way or another.

Finnish castle magic

There are various key projects in the very heart of the city. Castletown and so-called Linnanfältti are perhaps the most central, if one looks at location alone. Hintsanen describes the Castletown project to really consist of two parts: the area in vicinity of the Turku Castle and the Iso-Heikkilä area.



efficient ways to do urban wood construction," Rajala explains.

Linnanfältti area could accommodate around a thousand residents, with majority – 850 people – residing in the wooden buildings. Rajala is hoping for a fast-track realisation of the project:

"It would be desirable to build as soon as possible, in 3 to 4 years even," he says, while admitting that the market situation of the construction business is a big factor in carrying out the plans.

Rajala says that the guiding vision for Linnanfältti is to create a top quality, unique residential area, where the historical location itself offers a lot to the residents, as does the utilisation of modern architecture. The development solutions strive to construct an enjoyable neighbourhood, which complies with the principles of sustainable development.

"The goal is to achieve a modern and original construction style for wooden houses, which complements those original buildings which are to remain," Rajala says. As a result of the architectural contest, one

"There will be room for development in Iso-Heikkilä, as a water purification plant is moved to a different location in a couple of years," Hintsanen says, adding that there are other areas within Iso-Heikkilä also which can be upgraded to accommodate better living.

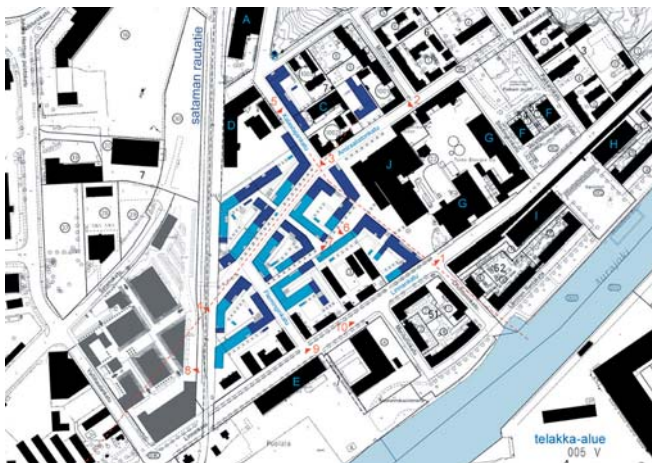
According to Hintsanen, there is a wealth of potential there to develop the downtown, and it is all linked very intensely with the history and culture of Turku. He believes that Castletown is large enough to encompass all types of activities: there is room for apartments, businesses, leisure activities, cultural happenings...

East of Castletown, we find Linnanfältti which is similarly a crucial part of the puzzle. A city plan draft for the area was approved in February 2007 and there will be an architectural contest with regards to Linnanfältti development next year. Architect Mika Rajala, liaison for the City of Turku in the Linnanfältti project, says that the winner proposals will be used in drawing the final city plan.

Wood excellence

Furthermore, Linnanfältti is a pilot project for a national programme which promotes the use of wood in construction.

"The wood construction promotion programme includes a number of pilot projects from regional construction which aim to satisfy the demand for brand new living alternatives. In addition, one learns in the process. The idea is to ambitiously experiment exciting, human and ef-



Drawing: Arkkitehtitoimisto Gulliksen Formida Oy

Drawing: Tatu Pärssinen

hopes to introduce something truly extraordinary to the area.

Jailhouse rocks

Next to Linnanfältti, on the northeast side, there lies another piece of intriguing real estate. The old Kakola prison is no longer a home to criminals, but instead is waiting to begin its life anew. In 2005, there was an international contest to pool in innovative ideas about what should be done with the 25 hectare area. The old prison buildings constitute 50,000 square metres, and at least some of the buildings could be renovated for further use.

The unique project garnered a lot of international attention and about two-thirds of the 97 contest entries came from abroad.

City Planning Director Timo Hintsanen says that, in Turku, Kakola has been the talk of the town for years – always igniting a heated debate about the future use of the real estate. Hintsanen himself has come to believe that no one player could handle the project; for this reason, Kakola would be best suited for multipurpose activities.

“Kakola could combine apartments, services, workshops and culture, for instance. A hotel is a realistic option as well, or a youth hostel,” Hintsanen says. The city plan enables many different alternatives. However, it seems that Kakola will not be reborn as a concert/congress hall:

“The traffic arrangements could be too complicated in that case,” Hintsanen admits.

In 2006, a Kakola draft for the city plan was approved and the final version is due next year, Hintsanen says.

Bridging culture

Up the river, one will discover the new central library which been raised on the west-bank of Aura. However, the Vanha Suurtori culture quarter, across the river, has not been to benefit from the pull of the library.

“Vanha Suurtori near the Turku cathedral is a bit out of reach for many people, it seems,” Hintsanen says. The solution: a



Drawing: Tatu Päässinen

new bridge, strictly for light traffic, connecting the library with Vanha Suurtori.

With partly EU funding, the project should materialise before 2011, when Turku reigns supreme as the designated European Capital of Culture. The bridge – the so-called Penny Bridge – should revitalise the eastern side of the river, Hintsanen believes.

One of the most demanding projects in the mix is the former Wärtsilä shipyard, located across the river from Linnanfältti. There is a very narrow strip of land with exquisite river views. However, the site seems like a planner's nightmare: car traffic is almost impossible to carry out, as is municipal basic infrastructure. The project also involves costly pier construction and tainted soil. Yet, the area in question offers an irresistible location.

“The shipyard site project can only be realised if there is true architectural excellence involved,” Hintsanen believes, noting that the high-quality will be reflected in the price level of the area as well.

See the sea

Eteläranta (South shore), next to the old shipyard, however, has demonstrated that riverside living is highly attractive. There are already two terrace apartment buildings on site, and the construction of the third one is about to commence – while

there are talks about adding a fourth.

“The location with these buildings is superb, with windows facing the sea,” Hintsanen describes the Eteläranta project.

A little more inland to the south, there is the Heikkilä barracks area, formerly in military use. Presently, the military is about to release most of the area from its grip, giving way to various options.

“We see Heikkilä as a seaside residential area, with perhaps some commerce and sports venues as well,” Hintsanen says, mentioning that several drafts have already been drawn up regarding the project.

Eying the island

The Waterfront Development Programme will not materialise overnight, as some areas will take decades to develop. Latokari and Arola, located on the northern shores of Hirvensalo Island, will probably be in the pipeline a little longer than the others. The goal is to turn these lacklustre shores – which have fallen into decay in many places – into top-quality apartments some day. Again, the location itself is a marvel, with Turku Castle directly opposite to the north.

“The planning could take place during the next decade, while the actual construction could be carried out in 2020's,” Hintsanen envisions.

Like the shipyard area, Latokari and Arola offer more than their share of challenges. Paramount among these is the fact that the areas are located very close to the sea level and will probably require plenty of extra soil before any real construction can begin.

Another dream, which may have to wait a while for its realisation, is the ‘floating houses’ concept, which is also planned for Hirvensalo in the future. In Finland, however, people have been wary of floating living solutions.

“It may be that you need one successful project to show the way for the rest of them,” Hintsanen says, mentioning that there is already a planning reservation in place for the site.

Smart City honours

With a host of innovative projects coming up, one has to keep in mind that the present situation is not bad either. In October, for instance, Turku was ranked third on the European Smart Cities list which was released at Europe Expo Real in Munich. In the mid-size category, only Luxemburg and the Danish city of Aarhus managed to eclipse Turku.

The ranking list evaluates middle-sized cities in Europe based on six characteristics: economy, population, governance, mobility, environment and living. ●

From intelligent machines to human spare parts:

Collaboration drives innovation in Tampere



Photo: City of Tampere / Jukka Luoma

All across Europe, the Second Cities of their respective countries are marching into the limelight. As capitals have – in many places – become too congested, quality of living takes a dive – and companies seek to relocate in other cities. In such a scenario, places like Tampere – the largest inland city in the Nordic countries – are likely champions.

Jyrki Laiho, City Planning Director for the City of Tampere, feels that Tampere is in an excellent position to be successful also in the future. Laiho remarks that the corporate world has noticed all the good things that Tampere has to offer, and, as a result, the interest level has run exceedingly high of late.

“There is obvious appeal and investments are being made,” Laiho says.

Tampere is one of the Finnish cities that has chosen

to emphasise the importance of the cityscape and quality architecture. A special architectural policy has been drafted with a stated aim of underscoring the significance of good architecture and quality building in the city. The architectural policy was introduced to the public in November and will be taken before the City Council in December.

From vision to reality

“The architectural policy really makes concrete the various visions and aims we have in this department. The policy is a useful tool for the political decision-makers and developers alike – and the citizens benefit from it as well,” Laiho believes. The policy will make it easier to influence elements such as competitive bidding, construction guidelines and the quality of planning.

“We need to increase people’s awareness with regards to urban architecture and raise the bar, so to speak,” he says, adding that this can be achieved through e.g. various events and competitions.

Laiho himself has high hopes for the architectural policy. He points out that exceptional architecture is something that draws people to see it and experience it for themselves. And for the residents of the city, a quality living environment is obviously a great source of pride – and joy, even.

Discussing the cityscape of Tampere, Laiho mentions the downtown rapids:

“The city was born on the brink of those rapids and fed off that power. Today, that power is much more symbolic and visual by nature, but still a significant element,” Laiho muses.

Past, present, future

Looking at the companies who have already established themselves in the Tampere Region – or are in the process of doing so – Laiho notes that there are many different prerequisites that a company may have.

“Each company has its own criteria that they work from, and logistics and available workforce often steer the development.”

The Planning Director also

points out that Finnish real estate is likely to become an even more coveted price, as Climate Change ushers in tighter quality standards for construction:

“The Americans, as well as the British, have recently launched their certification systems for all types of buildings,” Laiho says, explaining that in the future all real estate will be divided into two categories: certified and uncertified.

“In Finland, all our buildings – from business parks and shopping centres to residential housing – comply with the tightest standards out there. This is an extremely important factor when one considers the fact that many European countries are sorely lagging behind in this department,” he says.

Intelligent machines going strong

New innovation is constantly being generated in the Tampere Region. A good example of this is Intelligent Machines Cluster Programme, which operates under the mandate of the Centre of Expertise. The cluster seeks to create and maintain a world-

class, attractive innovation environment in Finland.

At present, brand management, design, logistics and global distribution networks create opportunities for new business in the sector. As new business models emerge, intelligent machines, new planning methodology and product lifecycle management form a great platform for constant development.

In addition to creating totally new business opportunities, these new areas of expertise also serve to revitalise "old" industries.

Toni Sulameri, head of Intelligent Machines Cluster Programme, says that the Tampere Region features a wide range of world market leading companies – such as Metso Minerals, Glaston, Kalmar Industries or Fastems. For these companies, the international approach is nothing new:

"The cluster companies have very tight global cooperation networks and collaboration efforts are undertaken on daily basis," Sulameri says.

The cluster has been active for as long as 15 years now and the future looks very promising indeed. However, with the big global stage come big global challenges:

"Global shifts in production are one concern," Sulameri admits, but with the new cooperation models and very inno-

vative approach the existing Intelligent Machines Cluster will definitely become stronger in the future.

Collaboration is spurred on by FIMA, Forum for Intelligent Machines. FIMA is a new cooperation forum which brings together Finnish experts in the industry, aiming to promote the competitiveness of Finnish industry and direct top-level research and product development in the field in accordance with the industry's needs.

Biotech powerhouse

Apart from intelligent machines, Tampere possesses plenty of biotech expertise. In fact, of the new life science companies founded in Finland in 2006, over half chose Tampere for their home.

Tero Välimaa, Director, BioneXt Tampere, contributes this trend to strong regional R&D – and when research and education receive a boost, this, in turn, enables the genesis of new R&D results. These results form the basis for solid business ideas.

"When there are enough resources for R&D, also commercial research avenues open," Välimaa says.

In Tampere, the resources have been allocated to select areas, and the majority of the companies have been established

within those areas. These new companies have come to exist largely because of the fact that they have received a lot of support from Tampere Region business development and BioneXt services:

"The systematic work that we have done in the development of start-up companies is an important factor in the emergence of the life science sector," Välimaa confirms.

The solid reputation of BioneXt is also an important element in the mix. BioneXt is a development and investment programme that focuses on top-level research, product development, clinical application and the international commercialisation of biotechnology that promotes health and well-being.

The programme unites the strong technological expertise in the Tampere Region to initiate new research in biology.

BioneXt, however, is not alone in its quest to promote the cause of biotechnology. Also the Centre of Expertise programme, business development services and joint ventures of various organisations are important elements when it comes to fully developing the potential in the field.

Moneymaker

The original aim of BioneXt Tampere was to achieve investments with a total value of EUR 100 million by the year 2010. This goal, however, was reached in record-time:

"In the beginning of 2007, the total value of investments was € 152 million," Välimaa says, while estimating that the sum will exceed € 170 million by the end of the year.

The programme places an emphasis on persistently building competitiveness on the strategic level by promoting multidisciplinary research and product development in various fields of biotechnology. It also underlines cooperation between producers of health care services, businesses and funders.

BioneXt has specialised in vaccines, human spare parts and bio-ICT and a number of companies have distinguished themselves in these fields. Conmed

Linvatec Biomaterials is the first and only Finnish biocompany to be listed on the Nasdaq; FIT-Biotech is working towards finding a functional vaccine against HIV; Evostem was the first stem cell technology enterprise in Finland.

A good example of the active Tampere bioscene is also Regea, the Institute for Regenerative Medicine. Regea is a joint institute that operates under the University of Tampere. The Institute operates the first tissue bank in Finland that meets the requirements set by the EU tissue establishment directives. To date, Regea has produced three spin-off companies.

Something in the air

People in the biobusiness already talk about the "Spirit of Tampere". When asked for a definition, Tero Välimaa explains that the key is in conducting systematic cooperation in the chosen areas.

"Within the framework of BioneXt and Centre of Expertise, people get together and possibilities are created for joint ventures or activities that benefit the participants. The key people in the companies and in the universities understand the power of cooperation and are actively involved in the projects," Välimaa says.

Since its launch in 2003, BioneXt has "fathered" almost twenty companies.

Newest addition to the ranks in the science department is Biosensing Competence Centre. BCC aims to bring together competence, promote co-operation between research and industry, and channel the latest research knowledge swiftly into use. The Biosensing Competence Centre is a joint project of Tampere University of Technology, VTT and the BioneXt Tampere.

"We expect that BCC will be Finland's biggest top R&D centre for biosensing competence also in the future and a significant hub for the sector internationally," Välimaa says. ●

www.tampere.fi
www.hermia.fi
www.bionext.org



Regea Institute for Regenerative Medicine has also a first tissue bank in Finland that meets the new EU tissue establishment directives. Cornea is one of the tissues that bank delivers for the hospitals in Finland and Nordic Countries.

Ideapark Concept spreading out in Marjamäki region in Lempäälä

The municipality of Lempäälä has made a prior agreement of selling about 16 hectares of territory to a real estate company called Lempäälän Portti Ltd. This company is planning to build a Retail Park Arena that will cover approximately 8 hectares next to Ideapark, a major shopping centre that was opened in 1st of December 2006.

The Arena will be situated in Lempäälä alongside Highway 3, the motorway between Helsinki and Tampere. It is to be built adjacent to the Ideapark commercial centre that was completed in 2006.

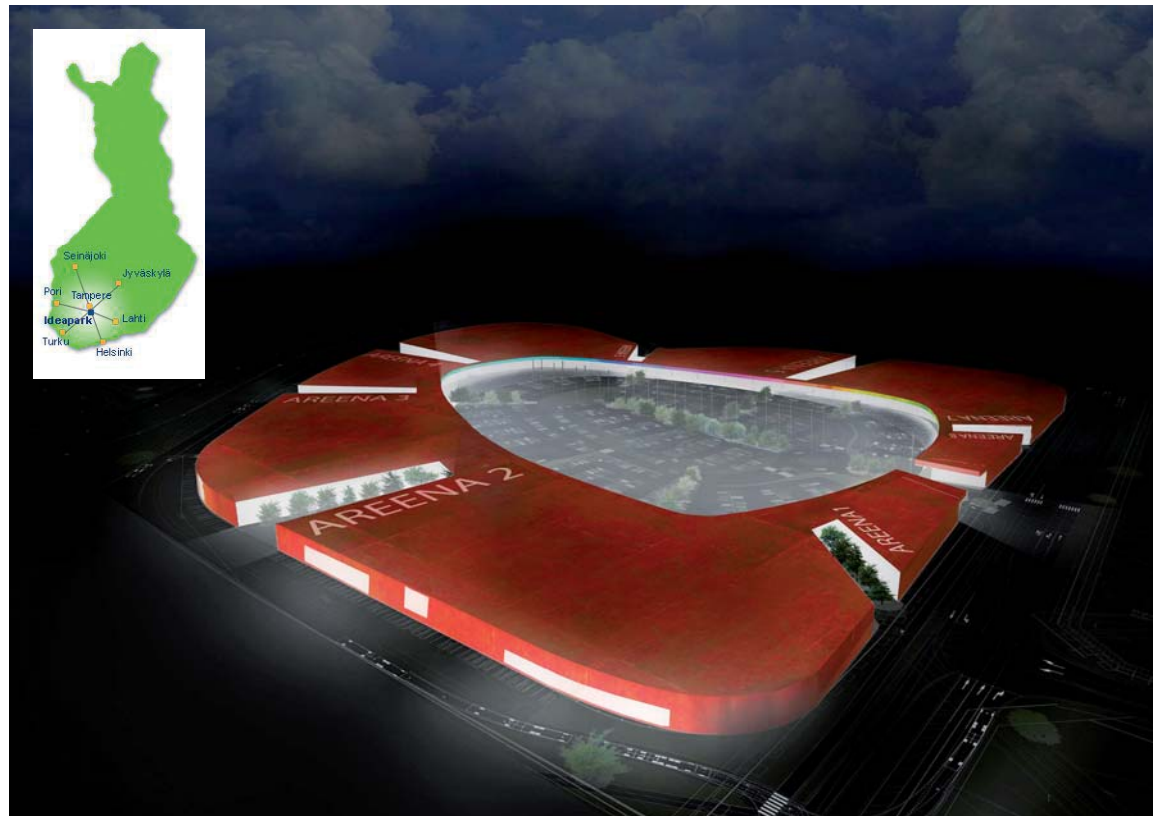
The strategic location of the Arena, close to Tampere on the south side of the city, is a definite advantage from a commercial standpoint. Also, Ikea's new furniture retail centre in the Tampere Gate region will also be relatively close by.

The construction of the Retail Park Arena together with Ideapark makes the Marjamäki business area the biggest retail and shopping concentration in the Nordic countries.

New retail park with easy access

As a significant commercial undertaking in Finland, the Arena will upon its completion widen the concept of the Ideapark centre. It will add to the spectrum of retail services available in the proximity of Ideapark.

To be specific, the Arena's exact location will be to the north of Ideapark, at the north-east corner of the motorway's intersection for the Ideapark centre. It is a logical spot for a variety of commercial enterprises that are different from those al-



ready operating at the original Ideapark centre.

The existing and the planned commercial centre in Lempäälä will not compete with each other – they will benefit from a number of obvious synergy benefits. The addition of a new retail park will also help to make the commercial estate in Lempäälä more noticeable, increasing the likelihood that the Arena/Ideapark combination may even become a noteworthy tourist attraction.

Highway 3 makes Lempäälä easily accessible from the major cities of Tampere and Hämeenlinna. With the aid of other junctioning motorways, the Arena/Ideapark centres are only a short drive away from most of the surrounding residential communities.

The communities closest to Lempäälä have a combined

population of approximately 350,000.

The land area of about 300 hectares in Marjamäki has the capacity of hosting commercial premises totalling over 500,000 floor square metres.

According to a customer survey, the average Ideapark customer lives at a distance of 60 kilometres from Lempäälä. It is to be expected that once the Arena is open for business, customers will arrive from even greater distances. Within a radius of 200 kilometres from Lempäälä, approximately 3.5 million potential customers – that is, 65 percent of Finland's population – will be found.

Services for the whole family

"Our aim is to hire out all available business space at the Arena

at the same time," notes Mr. Juha Koivurinta, Managing Director for Lempäälän Portti Ltd.

"Of course, shopping districts like the Arena could in principle be built and allocated in several phases – but we prefer to start out at full throttle."

The attractiveness of the Arena concept is based on several factors. They include a well-designed layout, accessibility, and cost-efficiency. Smooth cooperation with the Lempäälä municipality is also a plus.

According to Koivurinta, the idea for the Arena was first voiced in early 2006. It was developed in a 'think tank' formed by himself, architect Vesa Arosuo and Ideapark's originator Toivo Sukari who also is the owner of the Finnish furniture chain Masku.

"We had noticed that every major retail park – such as



‘Jumbo’ in Vantaa, ‘Sello’ in Espoo and ‘Mylly’ in Turku – has a tendency to attract other shops and service outlets to its immediate surroundings, in the hopes of getting a share of the customer flow.”

The current Ideapark centre has over 7 million customers annually. Some 67 percent of them are female.

“We also noted that quite a few of the shops sprouting around the retail parks are largely designed for male customer segments: there are hardware stores etc. This is perhaps because large retail parks often have allocated space to several fashion boutiques and other shops that attract predominantly female customers. In order to create a shopping district that serves the whole family – as it indeed should – a wider range of retailers might be required.”

It has been estimated that the Arena could offer retail premises for a variety of ‘big box’ shops, such as car and motorcycle retailers, machinery & hardware stores, gardening shops, discount stores, real estate agencies, home improvement shops, kitchen accessory stores, as well as shops for sports, interior decoration, bathroom accessories, and electronics.

In addition, the Arena concept could be supported by such sideline services as exhibitions, various outdoor events, gas stations, restaurants, and cafés.

Usually, shops close to but outside of the retail park are widely scattered so the customer needs to drive around to find the ones that he or she needs.

“We believe that our idea of uniting these independent

shops is quite unique,” Koivurinta rejoices.

“The Arena is to be built around an open space located in the middle. We are convinced that this is a more practical solution than having individual stores scattered all over the vicinity of the retail park. The customer can go to the open space and, just like in an amphitheatre of the Roman era, look around and see everything there is to see.”

“Even though the Arena will consist of separate stores, they will be linked by a roofed corridor.”

Car retailers welcomed

One of Koivurinta’s aims and visions is to create the largest combined area of car retailers in Finland.

“It would offer the customers the entire range of makes of cars available on the Finnish market. With the motorway close by, taking a car out for test drives would be easy.”

“We have made preliminary approaches to local dealers and shopowners. It seems that there would be rather a lot of demand for retail outlets in the Arena. Once the final plans have been completed, we can start issuing leases.”

If things go as planned, construction work for the Arena is expected to start by the end of 2008.

“Detailed plans are scheduled to be made shortly,” Koivurinta notes.

The architect for the Arena, Mr. Vesa Arosuo, also designed the original Ideapark centre.

Estimated building costs

are in the order of 80 million euros. The Arena is scheduled for completion in 2009.

Further plans include hotels and sports facilities

Managing Director for Lempäälä Development Ltd., Mr. Kari Kantalainen, notes that the original Ideapark has helped to bring 1,100 new jobs to the region.

“We aim to create a centre for retail and logistics in the Marjamäki area of Lempäälä,” he emphasizes.

“Already, 200 retailers or other companies are operating within the Ideapark. All in all, with the smaller companies in the surrounding area counted in, the total number of companies will rise to 250.”

Companies located in Marjamäki will also benefit from a particular Marjamäki Network which will offer attractive joint acquisition options, business center and office room services and even possibilities of taking care of building and planning your offices, if need be.

“Up to now, the Network has been instrumental in arranging such services as career training, recruiting, ICT networks, and transportation,” Kantalainen says.

A common bomb shelter is also being planned for the area. Under the ground, just below Ideapark, there will be a regional air-raid shelter which also functions as a sports and leisure centre. The sports and leisure centre will contain, among other things, a spa and a ski tun-

nel. This so-called ‘under world’ is situated at the northern end of Ideapark and the quarrying of the area is already finished. The construction of the sports centre started in autumn 2007 and will last approximately one year.

The area of the sports centre covers nearly 7,000 square metres. The main swimming pool measures up to 25 metres and consists of six tracks. There will also be a springboard and a diving tower.

The spa will be finished around the turn of the year 2008/2009. The main owner of the project is the municipality of Lempäälä.

The ski tunnel in the air-raid shelter will be 1,200 metres long. The narrowest part of the ski tunnel will measure seven metres and the widest 16 metres.

The entrance of the sports centre will be located just beside the northern entrance of Ideapark.

There will be an elevator that functions between the sports centre and the entrance.

Additionally, there are also plans for a 25-storey hotel next to the sports centre. The construction work for the hotel will start during the year 2009.

*Merja Kihl
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*For more information:
www.lempaala.fi
www.marjamaki.fi
www.ideapark.fi
www.idea-areena.fi*



MARJAMÄEN YRITYSALUE HAVAINNEKUVA 11.06.2007

Optimising offices

Real estate market still experiencing smooth sailing

Finnish real estate executives believe that companies want brand new, advanced office premises and tend to frown on old space. The experts would also like to see the creation of EU REIT system soon.

Finnish professionals of real estate, financing and construction met again in Hämeenlinna, Finland, on 8–9 November. Hotel Rantasipi Aulanko provided the venue for networking and exchange of ideas between the conference participants.

A number of top-level executives addressed the assembled media on the first day of the conference. The common view was that the market climate is still quite positive, but there is a new sense of expectation in the air.

Uncertainty of the international markets has reached also Finland, but no one saw any specific reason for concern. After all, the business itself is booming: volume of real estate deals will reach five billion euro this year also. At the same time, yield demands for prime real estate have continued to wane, as the investment demand remains on a high level. This decreasing trend, however, seems to be losing some of its momentum.

While the financing markets struggle with doubt at times, there is still an abundance of capital and eager investors in the field.

Out with the old

As Finnish economy is doing well, companies have been active in acquiring new premises for their operations. The demand

is clearly there and subsequently the rent level has been taken up a notch also. Looking at the Helsinki downtown office space rent index, the elevation in the rents is now more than 6 per cent at the annual level. However, one would be wrong to deduce that any and all office premises are hot commodities. The office demand focuses primarily on premises which combine top quality with good location.

Hanna Kaleva, Managing Director of KTI Finland, said that especially in the capital region, there is more speculative office development now than was the case previously. Asko Salminen, Chairman for RAKLI (The Finnish Association of Building Owners and Construction Clients), noted that developers are embracing new office projects even though there is no certainty over the potential tenants.

“Especially in Espoo we can observe this trend,” Salminen said.

Jani Saarinen, Executive Director for RAKLI, assessed that it is perfectly normal that successful companies should place an added emphasis in their office arrangements.

“A good workspace is something that is highly valued by companies, and that is why businesses are seeking new premises,” Saarinen said.

Utilisation rate high – but for how long?

At present, the market is not being flooded with new business premises either. Utilisation rate for offices remains relatively high, and the rents keep climbing, especially for the best premises. Managing Director Timo Nurminen from Catella did wonder, however, if it is at

all possible that everyone wins in the present scenario.

“Clearly, bigger risks are now being taken. But as areas develop and change, completely new profiles are born – and old areas and office premises may find out that they’re left with the losing card,” Nurminen said.

Upon completion, those development projects now in the pipeline should bring the utilisation rate down somewhat. Developers are likely to adapt more cautious tactics in the near future as the market outlook is still somewhat murky.

With office premises mar-

ket firing on all cylinders, the demand of the rental apartments is expected to rise also. One driver for this development is the rising interest rates which are making potential home-buyers reconsider. Rents for apartments are expected to climb, as long as the apartments are in good condition. Only moderate growth is predicted, however – with the exception of downtown Helsinki.

Eyes to Europe

In the Aulanko Conference, there was also lots of talk about the state of real estate in the



European Union. The European real estate organisations are demanding that the EU Commission take action to establish a common real estate market for the Union. The real estate professionals are not alone with their demands: a brand new study by Maastricht University argues that Europe needs common real estate investment trust legislation in order to safeguard its competitiveness. The cornerstone for this legislation would be the so-called REIT model (Real Estate Investment Trust).

The EU REIT report was drawn up by a research team led by Piet Eichholtz, professor of Real Estate Finance at Maastricht University. The Maastricht study highlighted five main drivers for an EU framework, the first of these being the need to address increasing distortions of competition as national REITs multiply.

Also, the study calls for a true opportunity to buttress market safety and security. Simply

by ensuring a properly functioning internal market for real estate investment, the EU can make a major contribution to the control and stabilisation of property markets.

There is a pressing need to correct a situation where savers in small member states cannot access good quality property investment in other member states or even the prime property investments in their own countries.

Furthermore, EU also must also find a way to reverse the current trend of initiators of property companies to resort to tax havens.

And finally, specialisation needs to be boosted in cutting-edge real estate and investment in social property that both require development on a European scale.

No invasive tax harmonisation

The report also outlines a preferred structure for an EU RE-

IT with no need for invasive tax harmonisation as no approximation of tax rates on shareholder dividends is required. Professor Eichholtz commented that the academic literature and additional empirical evidence presented in the report highlight the very arbitrary nature of differences in national REIT structures in Europe and provide strong and fundamental arguments for the creation of an EU REIT.

Professor Eichholtz insists that the EU REIT does not have to be created from scratch. Both in the EU and outside of it, there is a lot of experience with these regimes, and careful analysis of this experience provides direction towards an optimal pan-EU structure, professor Eichholtz believes.

Eichholtz is not alone with his views. For instance RICS – the largest organisation for professionals in property, land construction and related environmental issues in the world – has put its weight behind the report, calling for a coherent and uniform framework to strengthen the market and boost European property investment flows.

RICS argues that competition between those member states with well-structured, tax-transparent, real estate investment vehicles and those without a proper regime is far from fair.

This situation is noted to be particularly discriminatory for small countries, such as Finland, Denmark and Sweden, as well as most of the new member states in Europe, whose savers have no or little access to good quality property investment.

Niche success needed also

The fragmented market situation in the EU contrasts markedly with the situation in the United States, where a common property share regime has enabled the property share market to grow bigger than all of EU's property share markets combined. The Maastricht Report states that the market size created by this one legal regime enables property companies in

the US to harvest economics of scale and scope that are simply out of reach for their European counterparts. For example, US property companies tend to be specialised in rather narrow product niches in the property market.

"The common European model is a tempting solution, because at present the United States is constantly building its lead in comparison to Europe," says Jani Saarinen who also observed that one of the keys to American success was specialisation.

"A common system would enable us to specialise in more relevant degree here in Europe."

The report assesses that American market scale also facilitates access to the capital market for fast-evolving semi-government sectors like senior housing, healthcare and correctional property. In addition, the efficient tax regime for US REITs provides fertile ground to spin off corporate real estate assets to institutional and private investors.

Deep specialisation lacking

The report argues that it is very likely that specialised property investors add more value to their properties than do corporations and the government. Furthermore, these "new" investment property categories will bring additional diversification benefits for investors.

Contrary to the development in the United States, European property companies are mostly active in one member state only, and usually invest in a diversity of different property types, with office and retail property leading the way. This precludes them from deep specialisation and does not foster an innovative property capital market, the study argues.

The global property share market is estimated at € 1.2 trillion and Europe grabs approximately a quarter of that pie. Despite the impressive share, the report maintains that Europe is held back by a "hodgepodge" market. ●



Photo: Kivakori.com

Everyday Excellence

KONE offers solutions for a building's whole lifetime

Long-time partner

KONE, one of the world's leading elevator and escalator companies, is known for its innovative solutions in the field. What does innovativeness mean in this business? We give examples, how knowhow and intelligence can be brought to customers' benefit.

Senior Vice President of Service Operations, Pascal Lancelot, states that there is still room for development - especially in the way KONE connects with its customers.

"It took us a while to realise that we serve not only the customers but also their customers," Lancelot says, pointing out that the maintenance crews servicing elevators, for instance, rarely interact with the customer per se. However, they do occupy special status: Lancelot calls the maintenance personnel "KONE ambassadors".

"It is not likely that they meet the person who signs the Service contracts, but they carry the KONE image with them wherever they go," Lancelot says.

Lancelot talks about a new mindset within the corporation: instead of settling for service that is simply satisfactory, the challenge now is to push the envelope.

"We want to provide truly remarkable service everyday," Lancelot explains, adding that the trick is achieving excellent results day-in, day-out, in a repetitive pattern.

"We're not there yet, but we are getting closer all the time," the SVP claims confidently.

Delivering something unique

Lancelot traces the birth of the



Photos: KONE

KONE's Service Excellence is visible in over 50 countries.

new service ideology to 2005, when Matti Alahuhta became the President & CEO of KONE. The company realised that it was time to blow the dust off the old service concept and do some re-tooling:

"We occupy key positions in mature markets and continue to perform well, but we needed to highlight the fact that we are a unique worldwide brand. In order to do this, we had to take action and start to develop the service concept with a progressive mindset," Lancelot says.

KONE's new strategy on service excellence strives to deliver a performance edge to its customers with innovative services and solutions. The company's products and services are cost-competitive and process-

es characterised by globally aligned operational excellence. Global operations do offer their share of challenges, Lancelot admits.

"Also, legislation varies a lot from country to country. For instance, in Hong Kong a maintenance check is required every two weeks for all elevators. In Denmark, one has to make only one visit per month," Lancelot compares.

To cope with the situation, KONE has developed a maintenance programme which is based on modules.

"These modules allow us a great deal of flexibility with regards to operating in various countries," Lancelot explains. The highly-computerised modules can feature different at-

tributes, while still being totally integrated into the service excellence concept.

Eliminating surprises

According to Lancelot, KONE has tried to put itself in the shoes of the customer and really zoom in on the customer needs. The service experience itself should be easy enough, with a degree of flexibility added in the mix to ensure that things run smoothly. Furthermore, in the line of business KONE is in, surprises are rarely altogether positive ones – therefore, the customer must have a good handle on what he/she can expect from KONE on a daily basis.

The word 'predictability' is sometimes used in this con-

text, but it is also a matter of dependability: knowing that KONE is able to solve any problem and come up with the right solution adds value to the total service package.

“We have placed a lot of effort into making our one-point-of-contact process as efficient and customer-oriented as possible,” Lancelot says, adding that while a range of experts might be involved in finding the proper solution for a customer’s problem, it is easier for the customer to deal with only one person throughout the process.

KONE’s service coverage certainly is impressive enough: the service base covers over 600,000 elevators and escalators and 290,000 automatic building doors. Furthermore, KONE operates some 800 service centres in more than 50 countries and the company’s call centres are linked with the service offices with over 13,000 maintenance professionals.

Modernisation on the customer’s terms

Lancelot remarks that in many countries, more than half of existing elevators are 25 years old or older. Few of them have been modernised to meet current safety and performance requirements.

“KONE has cost-effective solutions for both elevator and escalator modernisation,” Lancelot promises. Again, the entire process revolves around the customer’s needs and preferences:

“If, for instance, an international hotel needs to modernise its elevators, there is the question of image that comes into play. It is up to the customer to consider if he wants an elevator that will simply get the job done or one that is reliable and looks and performs great,” Lancelot offers an example.

“Modernisation can be expensive, but it doesn’t necessarily have to be. The approach depends on the customer’s priorities.”

The task for KONE is to “industrialise” the customer’s wishes. Sometimes a full exchange is in order; at other



KONE Solutions will play an essential role in people flow management for the Aedas designed 62 floor U-Bora Tower Complex in Dubai, UAE.

times, certain parts are simply replaced.

Right tool for the job

Strongly linked with the service excellence approach, KONE has created Care-for-Life Service, a proactive process to analyse, plan and update elevator installation in a systematic, methodical manner.

Consisting of over 100 checks, the measuring tool calculates current performance values for five elevator component groups: hoisting equipment, electrification, signalisation, car and doors.

“Everything is ranked according to our criteria, which features performance, safety, accessibility and aesthetics,”

Lancelot explains. Based on the analysis, actions are prioritised, along with timing and financial implications.

Care-for-Life Service is just one example of how KONE develops state-of-the-art tools to better serve its customers.

Design service for architects

Another example of how innovativeness is used to create value for the customers is the new online design tools for architects.

Especially in large and complex building projects KONE starts serving the customer surprisingly early. Actually, the right moment for us to get involved is the phase when the building is still a vision, says

Kristian Råme, heading the marketing and offering of KONE Major Projects Business, a global team of experts specialized in skyscraper, airport and metro projects.

“Moving people vertically and horizontally in a large building is a difficult task. The design of elevators and escalators has a very big effect on the shaping of a building, how accessible, dynamic and sustainable it will be. And of course, how profitable the building will become. To ensure a successful outcome, there are decisions that must go right from the very beginning,” Råme continues.

In the early design sketch stage the developer or architect wishes to go through different schemes to find the right ele-

vator arrangement matching the customer's needs. The new KONE online tools will help the customer to browse different elevator solutions easily and find the optimum solution quickly and thus shortening the process in the programming and sketch design phases of a project.

"From the early sketch design and engineering stages we help to realize the project's vision with our design services, then we help to realize the construction phase with our unique construction boosting services, and we will keep on servicing these buildings throughout their entire life to keep them functional and vibrant. The tools – named Quick Traffic™ and Planulator™ – assist the customer in the initial phase of the construction project," Råme explains. "Offering such online tools for free is something the industry has not seen before."

Make it easy

How do these tools work? Råme explains that Quick Traffic™ asks the customer only the most rudimentary of questions and is then able to pinpoint the critical points within the building with regards to traffic flows.

"The program wants to know the key parameters: whether it's a hotel or office; is there only one company involved or more tenants in the building; what is the expected population."

According to Råme, the main idea with Quick Traffic™ is not to exhaust the customer with numerous details, but instead to come up with a more general presentation. In about three minutes, the program can, for instance, tell the customer how many elevators are needed for the building.

"The program works because there is an astounding amount of information and intelligence already built-in." KONE has some of the world's best people flow expertise and the tool operates by parameters set in by our specialists."

Johannes de Jong, Director of Products and Technology, Major Project Business, says that due to Quick Traffic™, the



The Shanghai IFC in China will be equipped with 99 KONE elevators and it will be completed in 2009.

customer is able to compare different alternatives very easily.

"There may be various visions that the customer is playing with and the program helps him to get a little bit closer to realising what is the best solution," de Jong says. Having made the rounds at international trade fairs, de Jong knows that Quick Traffic™ can be quite addictive as well:

"People stop and give it a try, and soon notice how easy and convenient the program is

to use. Turns out that they don't want to go anywhere after that," de Jong says with a grin.

Localised design

Planulator™, on the other hand, is a more advanced tool for more exacting deliberations. Featuring a full localisation process, the program considers also geographical information now: centimetres or inches; EU lift codes and much more.

"Planulator™ is especially important for architects, allowing them to get a real feel for the project," Råme says.

De Jong sees Quick Traffic™ and Planulator™ as the first few steps on the road:

"These tools help the customer to develop the project further on. They are followed by other tools and other steps which intensify and deepen the customer relationship as we get closer to the full realisation of the project." ●

Flanders - Competitive prices for locating your business

For decades Flanders has been home to important activities of many European companies from a wide range of industries. For companies looking to base their headquarters, production plants, sales branches or logistics facilities, Flanders' low rents for industrial and office-type real estate are an additional key factor in their investment decision.

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www.larkaslainen.com



Specialty Areas

Architecture: Office and commercial, Residential, Restauration.
Project Development: Urban Planning, Interior Design, 3D Visualisation.
Facility Management.

ADVIUM CORPORATE FINANCE, eQ BANK LTD

ADVIUM

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Specialty Areas

Advium Corporate Finance, eQ Bank Ltd. is the leading advisor in major real estate transactions and one of the leading M&A advisors in Finland. Since its foundation in 2000, Advium has completed over 60 transactions worth over 5 billion euro.

See pages 21 and 58

CITYCON OYJ

CITYCON

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Specialty Areas

Citycon is a property investment company which concentrates exclusively on retail premises. It owns, leases, manages and develops its properties and plans and commissions the construction of new premises. Citycon operates in Finland, Sweden, and the Baltic countries. The company owns a total of 32 shopping centres and 53 other retail properties. The fair value of the company's entire property portfolio on 30 September 2007 was EUR 2,191.2 million.

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CITY OF TAMPERE BUSINESS AND ECONOMIC DEVELOPMENT CENTRE

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Vesa Kaasalainen, Director of Tampere International Business Office
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Specialty Areas

Tampere region offers tremendous business opportunities in the heart of Finland. Tampere International Business Office provides all the relevant information about the region's business environment and also assists on setting up a business.

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CITY OF TURKU REAL ESTATE DEPARTMENT

turku

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COMMERCIAL CITY IDEAPARK

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**Contact Persons**

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Olli Gestranus, Clientele and Development, olli.gestranus@ideapark.fi

Specialty Areas

Ideapark is a Commercial City which provides its customers with an unrivalled environment for the pursuit of leisure, design, fashion and daily ware.

See page 68

DTZ

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Katja Makkonen, Partner; Valuation, katja.makkonen@dtz.com

Specialty Areas

Transactions
Letting
Corporate Services
Investment
Valuation

See page 56

FINAVIA

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www.finavia.fi

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Specialty Areas

Maintains Finland's network of airports and the air navigation system. Provides and develops safe, competitive airport and air navigation services as well as their supporting commercial operations, to an internationally high standard. Our customers are suppliers to the air travel industry and air passengers. At the end of 2007 Finavia's airport network consisted of 25 airports and the organization employed about 1 800 people.

GREATER HELSINKI PROMOTION LTD OY

Mechelininkatu 1a
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Phone +358 9 562 6677
Fax +358 9 562 6688
www.helsinkibusinesshub.fi

**Contact Person**

Arto Käyhkö, Director
Customer Delivery and Operations

Specialty Areas

Greater Helsinki Promotion Ltd is a publicly funded company supporting international professionals and companies by promoting all that the Helsinki Business Hub has to offer.

See pages 22, 30, 34 and 44

HARTELA GROUP

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**Contact Persons**

Lasse Johansson, CEO
Kimmo Aspholm, COO
Janne Sipilä, Director

Specialty Areas

Office and retail facilities development and construction, housing development and construction, contracting, project management, refurbishment, facilities management, asset management and building services.

See pages 29, 37 and 46

HYY GROUP, REAL ESTATE, KAIVOPILHA LTD

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**Contact Persons**

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Yrjö Herva, Director; yrjo.herva@hyy.fi

Specialty Areas

HYY Real Estate, Kaivopiha Ltd, serves commercial and office premises customers as well as offers residences and activity and association premises to students and the Student Union. Premises are located in the centre of Helsinki around the Ylioppilaskatu and Kaivopiha squares.

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KONE ELEVATORS

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Contact Person

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Specialty Areas

Elevators and escalators

See page 72

KOUVOLAN YRITYSMAGNEETTI OY

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Subsidiaries & Representatives

Innorail Shanghai office, China

Specialty Areas

Railway business park and traffic services development.

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LEMPÄÄLÄ DEVELOPMENT LTD

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Specialty Areas

The company produces services and solutions for business and economic life for the municipality of Lempäälä.

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LINDSTRÖM INVEST OY

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Specialty Areas

Lindström Invest is a property investment company which owns, leases, manages and develops its properties and plants. Company concentrates office premises.

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NAI FINLAND

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Specialty Areas

Build on the power of our network.TM
NAI is one of the world's leading providers of commercial real estate services. NAI manages a network with 8,000 professionals and 375 offices in 55 countries worldwide. We bring together people and resources wherever needed to deliver outstanding results for our clients, and complete over \$45 billion in transactions annually. Our clients come to us for our deep local knowledge. They build their businesses on the power of our global managed network.

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NCC PROPERTY DEVELOPMENT OY

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Subsidiaries & Representatives

Sweden, Norway, Denmark, Baltic countries

Specialty Areas

NCC Property Development develops and sells commercial properties in defined growth markets in the Nordic countries and the Baltic region. We create future environments for working, living and communication.

See pages 52 and back cover

OTANIEMI MARKETING

OTANIEMI.FI
 Bridging Innovation and Business

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Subsidiaries & Representatives

Otaniemi Innovation Association, Palo Alto, Silicon Valley, USA

Specialty Areas

Located in the Helsinki metropolitan area, Otaniemi is the leading technology hub in the Nordic countries featuring a unique mix of top-level research organizations, academic institutions and technology businesses. Otaniemi is a community of over 31,000 people that includes 15,000 students of the Helsinki University of Technology and 16,000 technology professionals. Welcome to Otaniemi!

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PORT OF HELSINKI

PORT OF HELSINKI
 YOUR PORT OF EXCELLENCE

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Specialty Areas

Containers
 Ro-Ro
 Passengers

See page 47

RETAIL PARK ARENA

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Contact Persons

Juha Koivurinta
 Vesa Arosuo

Specialty Areas

The main idea of the Retail Park Arena is to create a special men's world, which consists of car stores, hardware stores and spare part stores. The goal is to take advantage and widen the vast variety of the Commercial City Ideapark in order to enhance the services in the Marjamäki business area.

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SARACO D&M OY


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Specialty Areas

Saraco's services cover the whole spectrum of real estate development from the creation of an idea to the management of construction projects. We work with entire urban areas as well as with old and new buildings of all types. Our customers are real-estate owners and their representatives, corporate end users from all industries as well as the public.

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SRV GROUP PLC


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Subsidiaries & Representatives

Russia, Estonia, Latvia, Lithuania

Specialty Areas

The SRV Group is a leading Finnish project management contractor, also offering comprehensive property and construction services on a partnership basis. The company is engaged in the development and construction of commercial and office premises, housing, industrial, logistics and civil engineering sites as well as entire business parks and housing estates in Finland, Russia and the Baltic states.

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TAPIOLA DEVELOPMENT LTD
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Specialty Areas

Development organisation. Represents Tapiola commercial centre real estate owners. Aims to develop Tapiola centre as a dynamic, commercially attractive city centre. Current partners: Citycon, Wereldhave Finland, Nordea Life Assurance Finland, Tapiola Group, Sponda, Stockmann.

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TAPIOLA REAL ESTATE LTD

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Specialty Areas

Tapiola Real Estate Ltd provides real estate investment and management services. Half of the company is owned by Tapiola General Mutual Insurance Company and the other half by Tapiola Mutual Life Assurance Company. Tapiola Real Estate Ltd offers real estate investment, managing and counselling services as well as manages real estate investments and fixed assets. The company also engages in rental business, marketing, house management and administration, maintenance, outsourcing and sales services.

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TURKU REGION DEVELOPMENT CENTRE

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TURKU REGION

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Specialty Areas

Turku region in Southwest Finland is a strong growth centre for high-tech industry. Our future success relies on electronics, life sciences and maritime industry. Contact us for competitive investment opportunities and assistance in establishing your business.

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VAASA PARKS OY VAASA REGION DEVELOPMENT COMPANY (VASEK)

www.vaasaparks.fi
www.vasek.fi



Contact Person

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Specialty Areas

Vaasa Parks Ltd together with VASEK and the city of Vaasa are joining forces to develop logistics operations in the Vaasa Airport Park area. The biggest companies in the vastly growing concentration of business are operating in energy technology sector (companies such as Wärtsilä Finland Ltd and Vacon Plc). Investments around 60 M€ have already been made in the area during the 2000s and in year 2008 another 30 M€ will be invested. New freight logistics centre, which combines the business park and airport operations, will greatly enhance the logistics operations in the area.

VARMA MUTUAL PENSION INSURANCE COMPANY

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www.varma.fi

VARMA

Contact Person

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Specialty Areas

Varma is the largest private sector pension insurance company in Finland and significant Finnish real estate investor. A total area of 1.9 million square meters of investment rentable property is owned by Varma.

YIT CORPORATION

P.O. Box 36 (Panuntie 11)
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Phone +358 20 433 111
www.yit.fi/properties



Contact Person

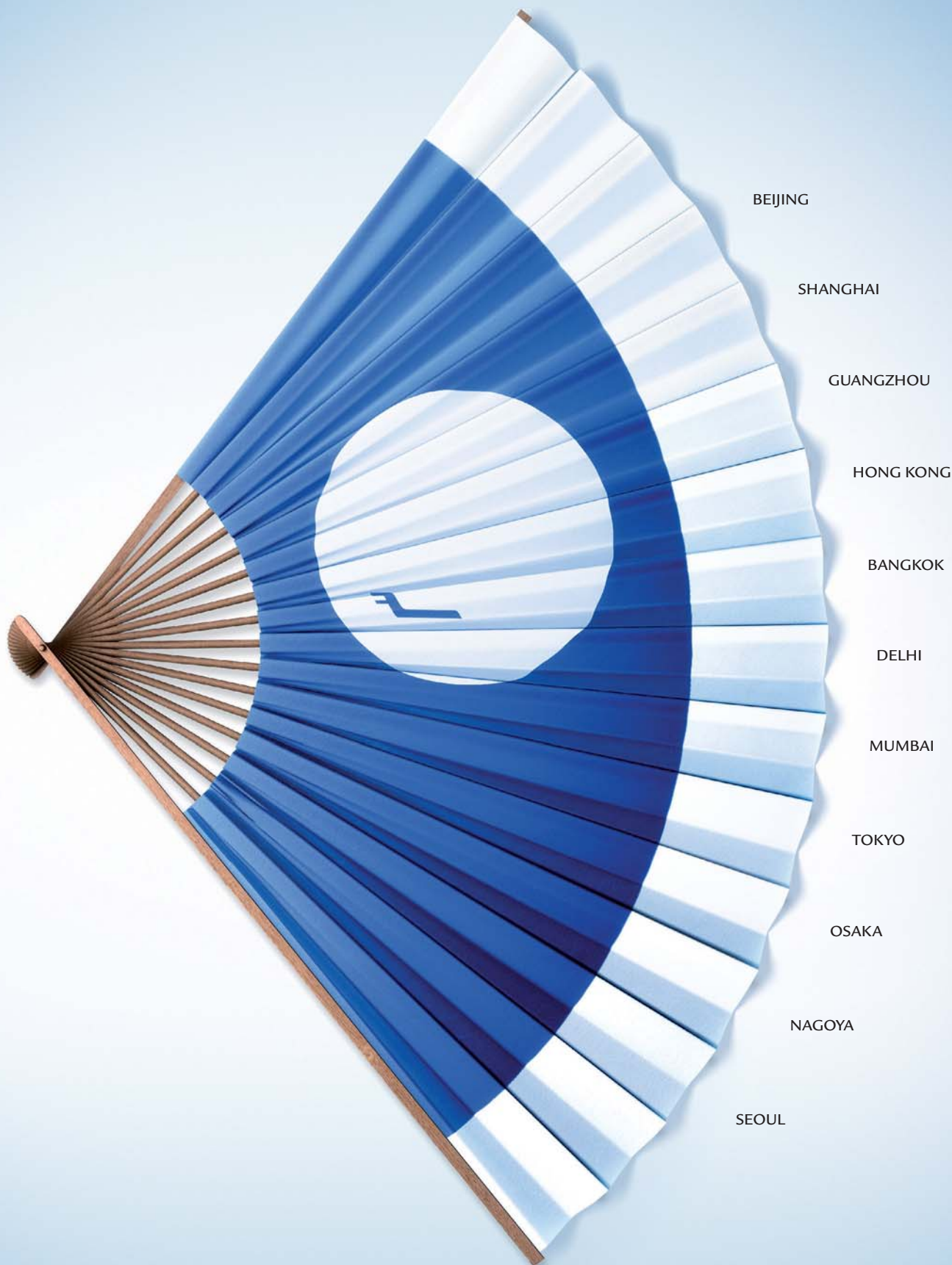
Seppo Martikainen, Vice President, Transactions
seppo.martikainen@yit.fi

Specialty Areas

YIT is a service company focused on building, developing and maintaining technical structures of living environment. It is the Nordic market leader in building systems services and Finland's largest construction company and it operates locally also in the Baltic countries and Russia. YIT's annual turnover is some EUR 3,000 million and it has over 21,000 employees. YIT works for property investors as a supporting partner generating profitable investment solutions.

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NOTES:



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NCC is one of the leading construction and property development companies in the Nordic region, with sales of 6 billion euros (2006) and 22,000 employees. We develop and sell attractive future environments for working, living and communication.

The target groups of NCC Property Development are users seeking inspirational environments and investors seeking properties that offer stability and a secure return over time. Our properties are hallmarked by inspirational working environments that help companies and individuals attain outstanding results! Contact us when you need a partner of whom you can expect a bit more.

PROPERTY DEVELOPMENT IN FINLAND AND THE BALTIC STATES

Contracting | Marketing and letting
of business premises | Planning and
organizing facility services | Marketing
and sales of investment properties

NCC Property Development Oy, P.O.Box 13, FI-00281 Helsinki, FINLAND
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