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Joe Pine Breaks Down  
Experience Economy

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# AAA

Newsweek Magazine has ranked Finland as the world's best country on the basis of criteria emphasising the environment, education and quality of life.



Finnish startup spirit is personified by super tech-event Slush which again brought together 15,000 attendees (including 1,700 startups) in November 2015.

Helsinki was declared the **number one Smart City** in the world (Fast Company).

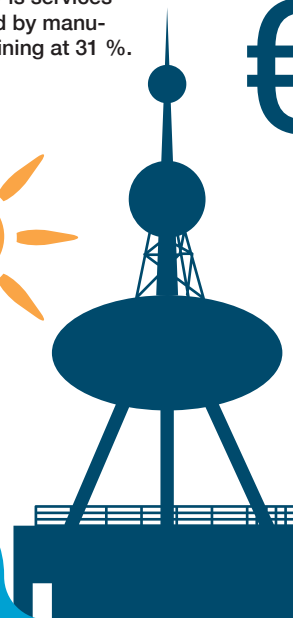
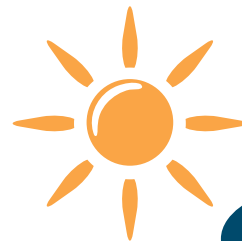


Espoo-based Aalto University is an "Innovation University" through-and-through. Combining business, design and hi-tech, Aalto was ranked among the five rising stars of the international academic community by MIT.

Helsinki placed second (after London) in the Financial Times' FDI Intelligence European Cities of the Future 2014/2015 ranking which measures the ability of areas and cities to attract foreign direct investments (FDI).

Finland has the highest Research & Development intensity of all 28 European Union member states (Eurostat).

The largest sector of the Finnish economy is services at 65 %, followed by manufacturing and refining at 31 %.



Corporation tax was lowered to 20% at the beginning of 2014 (from 24,5%).

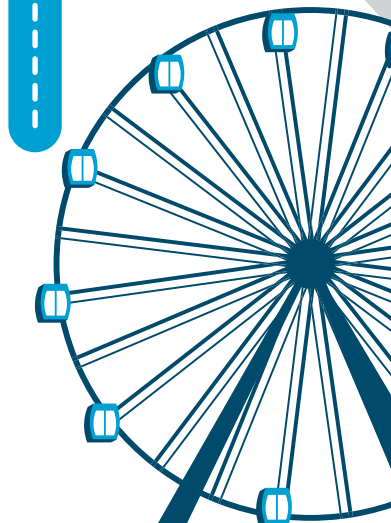


Finnish game series Angry Birds has been downloaded more than three billion times, making it the most downloaded freemium game series of all time.

Labour costs are lower in Finland compared to the other Nordic countries.

Helsinki was ranked second in World Economic Forum's 2013 Human Capital Index.

Finland has the best availability of scientists and engineers in the world (WEF's Global Competitiveness Report 2014–2015).



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Finland's education system has consistently achieved outstanding results (PISA).

About a third of Finland's working population has a degree or higher qualification.

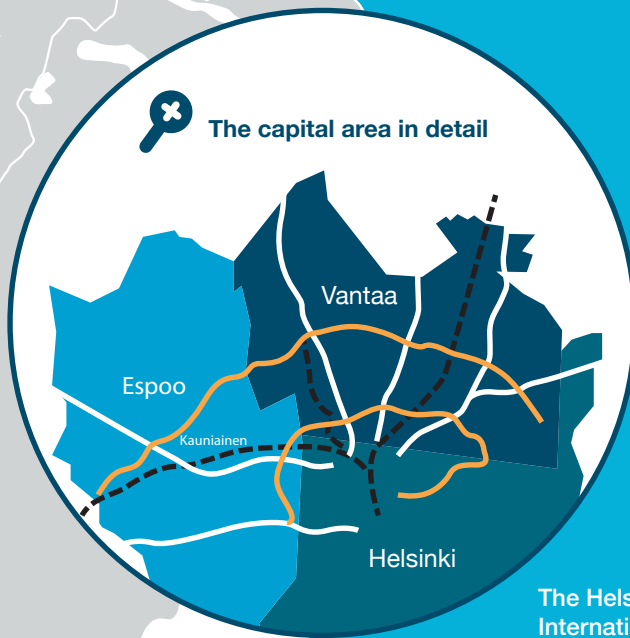
Helsinki is ranked third (behind New York and London) in the global CITE Index 2015 which studied governmental support of entrepreneurs among cities.

Finland's main industrial products are paper and board, electronics and metal products.

Finland has world-class expertise in cleantech, forestry, metal and machinery manufacturing, ICT industry and services, and health and wellbeing.

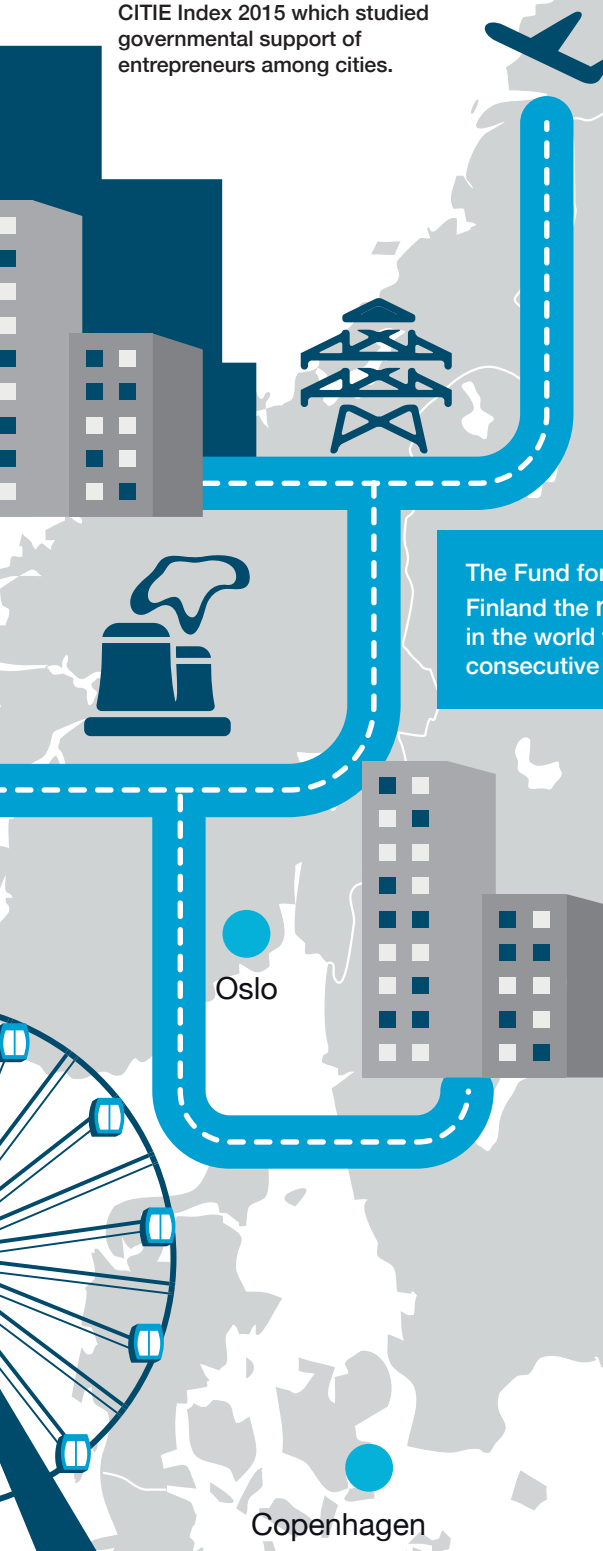
#### Biggest Cities:

Helsinki (613,000)  
Espoo (261,000)  
Tampere (220,000)  
Vantaa (208,000)  
Oulu (194,000)  
Turku (182,000)



The Helsinki-Vantaa International Airport offers the best connections from Europe to Asia.

The Fund for Peace (FFP) ranked Finland the **most stable country** in the world for the second consecutive year in 2014.



Growth Corridors Going Strong

## Service 2.0

'Service' is not what it used to be. These days, the word is becoming synonymous with 'disruption' as new service concepts are turning the world upside down.

Take Mobility as a Service (MaaS), for instance. Already hailed as the 'Helsinki Model' around the world, MaaS means that you buy mobility services based on consumer needs instead of buying the actual means of mobility. This calls for mobility solutions that integrate intercity transportation and local transportation, as well as last mile solutions. The Helsinki Model aspires to upgrade the service level of transportation by harnessing the capacities of both public and private actors.

Sonja Heikkilä, the 'mother' of MaaS, explains this in a rather straight-forward manner: let us first merge underground, bus, train, tram, taxi, ride sharing, and city bike services into one application in a smart phone – and then let companies compete on who provides the total service to users fastest or cheapest.

The City of Espoo is on to something similar with School as a Service (SaaS). SaaS revolves around shared resources, as well, adding flexibility and a good degree of planning into the way schools use real estate and other assets today. Instead of looking at school as a 'product', one must glimpse beyond at the service it offers – and could offer.

Aalto University is working on a sister concept to SaaS and going corporate with its offering. 'Building as a Service' (BaaS) means that companies start thinking more and more in the terms of service they receive and less in terms of 'traditional' real estate. One indicator of this change is the rising popularity of co-working; in the USA alone, there are currently 3.5 million people using co-working solutions.

And what is the next 'as-a-Service' (aaS), you may ask? Well, we don't know exactly – but there's probably something brewing with regards to the Six City Strategy. Targeting open and smart services, the six largest cities in Finland – Helsinki, Espoo, Vantaa, Tampere, Turku and Oulu – have joined forces with the goal of creating new know-how, business and jobs.

The strategy aims to not only produce service innovations, but also to promote competitive business and employment. It's based on open operating models that let the entire city community participate in the development work – a very Finnish idea if ever there was one.

So: until we hit Service as a Service (SaaS II), keep those innovations coming!

*Sami J. Anteroine*  
*Editor-at-Large*

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## Real Estate Annual Finland

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### Cover Photo

Strategic Horizons LLP

### Printed by

PunaMusta, January 2016

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ISSN-L 1236-3839  
ISSN 1236-3839 (Print)  
ISSN 2242-9603 (Online)  
www.nordicum.com





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Espoo

to



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Advisor to the seller

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# The Hunt for the Big Experience

*Real estate sector needs to move from goods and services to experiences and authenticity, says Joe Pine, co-discoverer of the Experience Economy.*





**W**hen the book *The Experience Economy* (1999) came out, one critic wrote “this book scared the hell out of me”. And no, it was not by Stephen King, but, instead, by two business gurus, Joe Pine and Jim Gilmore, who perceived a paradigm shift to end all paradigm shifts just around the corner. The book identified and described a crucial progression of economic value from commodities to goods to services, and then to experiences.

Seventeen years after the book launch, Joe Pine recalls that the work did open some eyes to a brand new reality.

“There were still many that were decrying the loss of manufacturing jobs and the shift into the Service Economy, and now they had to face a new threat to old sectors and ways of doing business,” he looks back.

The Experience Economy showed how businesses should embrace theatre as an operating model to stage unique experiences – like a modern take on Shakespeare’s line “all the world’s a stage,” if you will. What this means is that companies must learn how to go beyond goods and services, and hit their customers with experience.

## Going Digital

Still, as the book came out just prior to the millennium, the authors themselves called Experience Economy as “nascent,” “forthcoming,” and “growing.” It was not there, not quite yet. But by the time the updated edition came out in 2011, there could be no doubt – experiences had become the predominant economic offering, and the primary source of economic growth, new jobs, and innovation.

How did this happen? Well, between 1999 and 2011 the digital bomb dropped and took experience to another level. Joe Pine points out that digitalisation has pushed itself into just about all arenas, particularly because of the development of the smartphone where anyone could visit virtuality at the touch of a finger.

But while some industries have made experience their life’s blood, other industries are more conservative. In terms of urban development and building new communities, just how relevant is the Experience Economy? Joe Pine replies that experiences are absolutely essential to the real estate business, too.

“It is the authentic experience that turns a house into a home, a space into a place, and a neighbourhood into a community,” he says, adding that architects, designers and developers would do well to seek authenticity at all times, for it is something that resonates strongly with people – and, on the other hand, people can smell fake and instinctively steer clear of the inauthentic.



## Get Real

Not surprisingly, this issue gave rise to another book by the name of *Authenticity: What Consumers Really Want* (2007).

According to Pine, the two key standards of authenticity in the book are simple enough: being true to yourself and being what you say you are.

“For the first standard, the easiest way

to be perceived as phony is to do something antithetical to your heritage, to repudiate who you are. So you must understand that heritage – your origin plus your history – to figure out the key elements to bring forth and stay true to.”

Pine adds that for development projects this means not just the company itself, but the locale of the development, for authentic places must be “rooted in the ground”.

“In being what you say you are, the easiest way to be perceived as phony here is to advertise something you are not, which companies do all the time.” In fact, Pine is in the habit of telling companies to stop advertising, and, instead, to start creating places where people can directly experience who they are.

“In real estate, therefore, you must recognise the primacy of place – the venue plus the event that happens there. So recognise it is not just about the buildings or the environs; it’s about the experience that real, live, individual people have in those venues.”

## Smart Me Up

But how exactly does the digital component fit to all of this? After all, Smart Cities are a rising theme in Finland and around the world – are we heading for ‘Smart Experience Economy’? – Pine reveals that he has been working with some colleagues in the MIT Media Lab on this very same issue. He feels that Smart City initiatives are very much about the lived experience people have in the city and how it can be made more engaging, of greater value, and more personal. To make it work, a Smart City has to “go big” on experience, but there’s another force at work here, as well.

Pine explains: Smart City resonates very strongly with ideas arising from his first book, *Mass Customization* (1992). In his mind, this is exactly what the Smart City must do – mass customise the infrastructure, environments and city services to deliver unique value to the individual citizen and visitor.

And while mass customising a good turns it into a service and mass customising a service turns it into an experience, we still can’t get away from Experience Economy even if we wanted to, it seems.

“That’s where the Smart City should really be aimed – at mass customising everything possible to help citizens and visitors lead the most productive lives possible, contribute to the quality of life of others, and achieve their dreams and aspirations,” Pine sums up.

## Retail Renaissance

Another example of the Experience Economy is the reinvention of shopping centres and malls around the world. While you can get whatever you want online, retail





must find ways to mobilise people in new ways. Joe Pine believes that if there is any magic left in shopping malls, at the core of it must be the experience.

“The key battle in this shift into the Experience Economy is the battle for time, the currency of experiences. Goods and services are being commoditised everywhere because consumers want to buy them at the lowest possible price and greatest possible convenience – which in both cases increasingly means online – so they can save their hard-earned money and time on the experiences that they enjoy.”

According to Pine, the only reason to go to a mall today is for the experience, whether that is as minor as seeing, touching, and using goods before the purchase, as traditional as people-watching, or as engaging as the many thoughtfully designed experiences that fill the more pioneering shopping centres today.

## Experiencing Finland

A little known fact about Joe Pine is that he has a very strong connection to Finland. For one, his wife is half Finnish, hailing from near the Swedish border up in Lapland. Sec-

ond, Pine has done a lot of work in the country over the past 15 years, including being at the birth of the Lapland Experience Organization in Rovaniemi and working with such companies as Finpro, Elisa, Tekes, Nokia, and, in real estate, Kiinko.

“I love the place,” he grins. “It’s beautiful, and the people are warm even when the climate is cold.”

In the experience department, Finland has not gone unnoticed either. Every year Joe Pine and his partner Jim Gilmore give out an Experience Stager of the Year (EXPY) award to a company that stands head and shoulders above its competitors – and in 2014, the award went to Ilkka Länkinen, the Managing Director of SantaPark.

“First, he deserved it alone for the wonderful Santa Claus experience that is Joulukka, but when he and his wife Katja took over SantaPark a few years ago, they really turned around what was a fairly dead experience into a lively one, with wonderful workers and a great theme of ‘Christmas Every Day.’”

As SantaPark was honoured, this marked only the second time the award went out to a European company (after LEGO in 2002).

## Travelling Man

And that’s not to say that Pine hasn’t been travelling outside the US very much – in fact, just about the opposite is true. In 2014, he travelled over 170,000 miles, and 2015 was not that far behind, including two visits to Finland and hitting three new countries, Malaysia, Thailand and Morocco, respectively. His unofficial motto for the road is ‘Have audience, will perform’.

Apparently, the only thing that makes Pine frown on the road are four-hour dinners which generally start at 7 or 8 pm – which means that it’s normally around midnight when you can check your e-mail and prepare for the next day.

But then there was that one time in winter-time Lapland where the dinner stretched to about eight hours – but you won’t hear Mr. Pine complain about that. Hosted by the Lapland Experience Organization up in Rovaniemi, the “super dinner” started with a sleigh ride, ended in a sauna – with no dull moment in sight.

“I loved every minute of it – and didn’t even think about checking my e-mail.” ●

*Sami J. Anteroinen*

# Enter: Eventification

## Urban grassroots activism is spreading – and real estate players need to adjust

*What is the relevance of Experience Economy in terms of real estate or, more simply put, space? When one looks at space not as a production system but as a valuable stage – engaging various producers, intermediaries and consumers – it becomes more than mere territory. Value is created not only from the mobility of goods and knowledge but also from the mobility of consumers. Ultimately, it's the voting with your feet that wins the day.*

Researcher Doreen Jakob put her own spin on Experience Economy by introducing 'eventification' which is defined as the process by which consumption and space are turned into events. The problem, however, is that the events themselves are not always as 'inside-out' as one should hope – meaning, in essence, that do not come from the community, but are introduced from the outside.

Juha Kostiainen, Senior Vice President (Urban Development and Corporate Relations) for YIT Corporation has long studied the theme in depth. He points out that the whole concept of Experience Economy has been revitalized by citizens, as local, grassroots events have emerged as a response to mega-events.

"Eventification means that various happenings can take place anywhere," he says, adding that the phenomenon is rooted on the element of surprise – quite like a flashmob in its fascination, eventification comes from the community and resonates strongly with the natives.

### Going Viral

One example of this trend is Restaurant Day, a Helsinki food carnival when anyone can set up a restaurant, café or a bar for a day. It can happen anywhere, too: at home, on a street corner in the park. Invented by three local food enthusiasts longing to see some buzz in the culinary department, Restaurant Day featured 45 pop-up restaurants in May, 2011, despite the fact that the event was very hastily put together. Today, less than five years later, Restaurant Day is the world's biggest food carnival, taking place world-wide four times a year.

Doing the numbers sounds more like industrial operations than pure citizen fun: so far, Restaurant Days have launched about 23 600 one-day restaurants by over 95,000 restaurateurs, with almost three million customers served in 73 (!) countries.

And of course, very little of this would have been possible without social media. Kostiainen notes that the internet has given us simple tool for communication and coordination which are vital issues from the viewpoint of grassroots activity.

"In a way, we have discovered that we are able to do things – and that we're allowed to do those things – and when we put our minds to it, we can move pretty fast, too," Kostiainen says, adding that trend favours rough-and-ready planning – if something doesn't work, you make adjustments on the fly (with no committee memorandums).

### Punk Attitude Trending

According to Kostiainen, 'participation' has come a long way from its entry to academic debate 20 years ago. Back then, the focus was on getting involved on political decision-making – whereas now you could say that it's one big party out there (that has nothing to do with politics). Instead of waiting around for the officials to do something, it's the citizens that are taking action.

Kostiainen notes that the prevailing attitude is very "punk": get active, do something, ask no permission from anyone. Citizens are boldly going where no one has gone before – and they're been followed, too. Companies are keen to steal a page or two from the citizen activists' playbook and the various e-ways of sharing, for instance, are spreading from the citizenry to the public and corporate sector.

"Sharing Economy is embraced by companies, too – just look at the joint use of public/private space or HUB spaces made available to outsiders."

### Retail Fights Back

Tied to all this is the future of retail. On-line shopping is making retail players rethink their strategies. Kostiainen believes that shopping centres, for instance, will weather

the storm pretty well – just as long as they're located downtown.

"There are many factors at work here, with urbanisation and the rise of various city lifestyles being among the most notable ones. People flows concentrate in the city centres and that's where retail is heading, too," Kostiainen says, pointing out that car ownership, for example, is not as "cool" as it used to be – or even that necessary.

On the background, Kostiainen perceives a transition towards expertise-based service economy where the boundaries between living, consuming, leisure and working get blurred. For real estate, this means that in lieu of traditional functional urban planning, a more 'mixed use' type of approach is encouraged.

"Instead of creating strictly separate functions, you bring them all to one place, preferably within walking distance."

### Birds of a Feather

The creative class does not want to work in a sterile office cluster or "engineer reservation" – as Kostiainen puts it – put, instead, they want to be where there's people, action and ideas. For those working on the "future office" concepts of today, this poses a challenge.

The old adage states that nothing attracts a crowd like a crowd. Kostiainen points out that when you have a big enough concentration of people in any given space, services will emerge – and given time, they become more and more tailored. When you achieve that critical mass, also productivity will increase with specialised services.

"When one talks about solidifying the urban structure, the conversation usually revolves around the environmental viewpoints, but the boost to competitiveness is important, too." ●

Sami J. Anteroinen





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# Urban Edge

The making of attractive city environments is not an exact science – but it's getting there



Photos: Esa Ahdevaara / GSS Lucky Design

From left to right Terhi Tikkanen-Lindström, Teemu Holopainen, Timo Kärkinen and Jorma Mäntynen.

*Building the urban communities of the future is no trivial matter. According to the consultancy WSP Finland, “going urban” is a good move from the point of view of the environment – since solidifying the city structure brings down carbon footprint – but, also, from an economic perspective.*

**T**erhi Tikkanen-Lindström, Business Area Director, Environment and Architecture, points out that urban planning has only recently gained sufficient scale and scope to really live up to its potential.

“Urbanisation relates to economy in various ways, for example, by increasing supply and demand and related business activity,” she says, adding that there’s a lot to be achieved in this field as more links between urbanisation and economic growth are unearthed.

“As the city centres are becoming more compact, there will be more services and jobs available. At the same time, the very nature of work is shifting.”

## New Kid on the Block

Teemu Holopainen, Head of Urban Architecture at WSP says that since urbanisation is

a relatively young phenomenon in Finland, it’s not exactly a huge surprise that development is lagging behind.

“In many ways, we still hold onto the post-war 1950’s societal structure.” Still, the times they are a-changin’: Holopainen notes that as everybody is carrying a smartphone in their pocket now, also urbanisation receives a significant boost: the word goes out in real-time, if there’s a pop-up restaurant opening its doors or an impromptu festival at the beach.

“The city is struggling to keep up with these changes, but the effort is paying off – if slowly.”

Jorma Mäntynen, Director of the new Community Development and Growth Services function argues that the failure to see the “big picture” has resulted in mosaic-like city structures.

“When each property is planned out

and realised as an independent entity, this does very little for the holistic outlook,” he says.

## Silos-R-U

Timo Kärkinen, Head of Transport Consulting Unit at WSP, says that urban planners have become very skilled at building silos: various functions are meticulously identified and then split up into their own respective camps. Instead of pigeon holing, the planners would do well to shake things up a bit:

“Urban planners should be able to put different functions together, to really mix them up – but it’s not happening.”

WSP Sales Director Risto Jounila points out that zoning officials need to upgrade their thinking and methods to better suit 21st century:

“The zoning process must be retooled



*From left to right Terhi Tikkanen-Lindström and Risto Jounila.*

to make way for a better system from the point of view of the citizens. Urban solutions are, after all, what the people want,” he says.

Terhi Tikkanen-Lindström says that zoning has often been too one-sided: urban planning should encompass more than just residential production. She feels that due to cyclopean zoning policies, a considerable chance has been missed:

“Urbanism can provide competitive edge in a tough economy. So far, we have not explored this opportunity in Finland.”

### Core Competence

WSP has plenty of expertise in this field, having, for instance, won the 2015 Municipal Engineering Achievement Award for its work ‘A goal-oriented impact assessment of city boulevards’, which relates to Helsinki’s city master plan. Timo Kärkinen observes that developing city centres is, indeed, challenging, if traditional ways of thinking are followed. Moreover, in current traffic assessment practices, there are “a number of shortcomings” in assessing the meaningfulness of measures that change the community structure.

“In the impact assessment, we questioned the traditional mindset and began to apply traffic modelling ‘backwards’ using the so-called back-casting method – showing, in the end, what measures are required for the successful development of city centres,” says Kärkinen.

Teemu Holopainen says that in the impact assessment, one planning objective is to increase population numbers and economic vitality, which will also increase employment, cultural attractions and the region’s attractiveness.

“Traditional assessment is not able to take this into account. For this, we had to develop our own assessment method and the concept ‘urban capacity’ alongside traditional transport capacity,” he explains.

### Boulevard Boost

What’s more, Kärkinen and Holopainen maintain that urban capacity will boost operating conditions for 21st century growth sec-

tors just like traffic capacity did in the 20th century.

“Through city boulevards, the environment favoured by the new economy would be significantly enhanced. Even more significant is the fact that these new economy jobs will not arise in the Helsinki Metropolitan Area at all, if the boulevards are not implemented,” says Holopainen.

Still, even as many things are changing – even dramatically – some things stay the same. Jorma Mäntynen feels that economy and technology are the key drives in ushering in this new era, but for every action there is a reaction of some kind:

“Attitudes take time to change, and so do infrastructure and means of mobility such as cars. This means that we can not only look at what’s new or being developed right this moment, but, instead, take full inventory of the existing resources and optimise their proper use.”

### Engaging Espoo

Another example of WSP Finland’s urban prowess is its recent cooperation with Espoo which is eager to enhance its urban appeal. Espoo has an urban policy that revolves around its five city centres, namely Lep-

pävaara, Tapiola, Matinkylä-Olari, Espoonlahti and Espoo Centre, each of which is the equivalent of a medium-sized Finnish city. WSP dove into the project, trying to uncover, first of all, what is urbanism in this context? And what potential does it hold for the future?

According to Terhi Tikkanen-Lindström, a whole range of things come together when one is assessing the vitality and appeal of city centres. For instance, traffic, commercial and residential consideration all impact the final outcome, but – increasingly – the attraction is something less intangible than real estate or infrastructure.

“In the end, we’re talking about the power of stories here: stories of the past, those of the present and – most significantly – those of the future. No place is without a story.”

### Make It Big?

Teemu Holopainen adds that while big community development projects have kicked off around Helsinki, for instance, attraction is not created via scale of a project alone: there are plenty of examples from history where ambitious visions failed to resonate with the citizens.

“If one wants to increase the urban appeal, project management must be taken into another level entirely,” he says, calling for a true paradigm shift here.

Jorma Mäntynen is concerned that if Finland does not improve its track record in the urban arena, it will fall behind in the international race.

“As people travel from one country to the next more than ever, it is clear that the bar for urban environments is set high,” he says, adding that e.g. Central European city milieus offer fine benchmarks, but Finland does not have to settle for copycat practices.

“For one, utilising nature in the urban framework could be a distinguishing factor.” ●

Photo: WSP





# Tripla Rising

YIT is seeking to re-energise Central Pasila with unprecedented retail reach



*If you're in real estate business, you know this much to be true: A great location is a terrible thing to waste. With this in mind, the construction company YIT took a good look at Central Pasila in Helsinki and saw the tremendous upside inherent in the neighbourhood.*

In connectivity, the area is second to none: It is in the heart of the most densely populated region in Finland, at the intersection of every imaginable mode of transportation from trains to trams to cars to bikes. In the vicinity, there is a sports arena, fair centre, national media cluster... but what has been missing is a true commercial anchor.

All of this is about to change. The emerging Tripla Centre will link both East and West Pasila, fully upgrading the area for

the future. Encompassing three city blocks, the total area of the Centre will be 183,000 floor square meters.

## Targeting 2019

To get things going, YIT is building the Mall of Tripla, a next-generation shopping centre. Scheduled for grand opening in the Christmas season 2019, the Mall of Tripla will become the largest shopping centre in Fin-

land in terms of the number of retail spaces. The leasable floor area is over 85,000 square metres for a total of 250 tenants.

Tapio Salo, YIT Senior Vice President charged with the development of Tripla, says that the Mall of Tripla will bring something quite unprecedented into the picture.

"Our vision is not to launch only a shopping centre, but something that is part of the whole community and fully integrated into the urban structure. This means





Photo: Ari Tahusen

which will provide tremendous opportunities in this area,” Salo says, pointing out that this Food Market concept encourages diversity: there’s room for both fast food and fine dining here.

“Conceivably, the Mall of Tripla can feature restaurants that are destinations in their own right.”

Food Market will be complemented by Mall of Tripla’s very own market hall, Market Zoo, which will be anchored on authenticity and original flavours.

## Million Strong

Vice President Seppo Martikainen from YIT agrees that the Mall of Tripla will be quite special in its accessibility: You can easily walk, bike or drive to Mall of Tripla. More than 500,000 local residents can reach Tripla in 10 minutes, and over a million people are within a 30-minute reach.

“Every train in the metropolitan area stops in Pasila – and now that new Ring Rail Line was launched in summer 2015, we can expect volumes to keep growing. All of his bodes well for the Mall of Tripla,” he sums up.

## Tripla Alliance

Carrying out these ambitious plans takes broad shoulders. On December 17, 2015, it was announced that YIT has succeeded in putting together a coalition to raise the Mall of Tripla. YIT led Etera Mutual Pension Insurance Company, Onvest Oy, Fennia Mutual Insurance Company and Fennia Life Insurance Company in signing a letter of intent on the establishment of a joint venture for the implementation of the Mall of Tripla and its parking facilities.

The overall value of the shopping mall and the parking facility is approximately EUR 600 million – which is quite remarkable, even by YIT’s standards.

“This is the biggest single construction project in the history of the company. We have built communities, over a long period of time, or participated in large road construction projects – such as the E18 highway – but nothing that can quite rival this,” Tapio Salo comments on the scale of the project.

## Finalise the Deal

YIT’s share of ownership in the joint venture will be 35 %, Etera’s 35 % and Fennia’s and Onvest’s 15 % each. The intention is to sign the final project agreements in early 2016.

“We’re looking to seal the deal in Q1,” confirms Seppo Martikainen.

According to the letter of intent, around half of the construction of the shopping mall and the parking facility will be funded with capital investments by the owners, and the other half with credit. YIT aims to conclude the credit negotiations and sign contracts on the implementation of the shop-

ping mall and the parking facility with the property company (that is owned by the joint venture) in spring 2016.

The building permit for the first implementation phase – the parking facility – has already been granted, and the excavation work is underway.

“Actually, we started doing the preparatory work on the site already in spring 2015, but now we have moved into excavation works,” Tapio Salo confirms.

## Tripla Trending

But while the launch of the next-gen shopping centre is still almost four years away, there is already a definite buzz in the retail market. It appears that this type of a commercial superhub is exactly what the doctor ordered, even during trying economy. Approximately 20 % of the retail space in Tripla has been leased already, and interest towards the premises has been quite high.

“We have witnessed a strong signal from the market, as many players are obviously interested in the premises,” Salo says, adding that while the word on Mall of Tripla went out about 18 months ago, the company has done very little to promote the venture.

“We have been honing the commercial concept in order to make sure that it works to perfection, including the tenant mix,” Salo adds. “Therefore, we set no real targets for the number of tenants while the conceptualising was ongoing – but all the while, we could see the interest level rising.”

## Follow the Master Plan

Seppo Martikainen agrees: the commercial concept must come first, and then various retail players can fulfil their roles.

“With regards to tenants, we have a clear roadmap in place and are proceeding according to the plan,” Martikainen says.

Kari Kauniskangas, YIT’s President and CEO, characterised Tripla as “a unique project” which plays a key role in the execution of the company’s strategy. Furthermore, Tripla is significant also in national scale and scope, as the employment impact of the project is nearly 10,000 person-years, and the indirect impact even greater.

## Finnish Formula

Salo and Martikainen believe that Tripla is something that has never been seen before in Finland – and even internationally speaking, it’s not easy to find a place where all the pieces fit together so effortlessly. In preparation for the massive undertaking, YIT looked at international success stories, too, but the recipe for the Mall of Tripla is one of a kind.

“We wanted that international flavour for this project and collected feedback from experts along the way to make sure that the end product is as cutting-edge as possible,” Martikainen says.

*(From left to right) Seppo Martikainen, Vice President, Head of Transactions at YIT and Tapio Salo, Senior Vice President, Tripla, YIT.*

that Tripla will be big on city culture,” Salo promises.

## Get Eventified!

YIT’s playbook in this arena borrows a page from ‘eventification’ – a shopping centre is a great place for various concerts, pop-ups, movie nights and other cultural happenings.

“For instance, there will be 10,000 square metres reserved only for restaurants



*YIT Mall of Tripla Little Manhattan 4 floor.*

“But the entire concept here rises from the unbeatable location: we are building the best possible shopping centre for this particular location and for this demographic.”

### Forget Downtown?

Admittedly, since the Mall of Tripla is organically located on the top of the prime artery in the land, the expectations run very high indeed. Will Tripla have the power to eclipse even the downtown Helsinki in terms of attraction? – Only time will tell, but Central Pasila certainly seems like a real contender in the race.

It looks more than likely that during the coming years, Pasila will emerge as “the second city centre” for Helsinki – and an even a more important transportation hub, since the neighbourhood is expected to double its resident and job numbers by 2040. Following on the heels of the Mall of Tripla, there will be office space, apartments and a hotel.

“The hotel is the next thing on our list. In 2016, we will begin talking with operators about the realisation of the hotel,” reveals

Martikainen. “With regards to offices, the area can feature as much as 50,000 square metres of office premises.” There’s room for both corporate headquarters and ultra-modern business parks here.

### Going Up

Over-all, the construction project also covers the Pasila station and the adjacent public transport terminal. The City of Helsinki has designated the former railway yard to the north of Tripla for residential blocks, which will have apartments for 3,000 residents. Named the Railyard Quarters, the residential area is rooted on modern, environmental solutions.

The City is eager to add also high-rise buildings into the mix: on the southern side of the Mall of Tripla, there could be several towers with serious verticality.

Retooling old railyards for commercial use can be tricky, but Salo and Martikainen say that the project has been able to overcome all obstacles so far: the zoning procedures and building permits have been cleared in schedule (or faster, even) and the

investor alliance is now in place – with tenants jumping to climb onboard.

“I would say that from commercial and legal viewpoint we’ve dealt with the biggest challenges – what remains is the construction,” Martikainen says.

### Ready for the Challenge

That part won’t be easy, Tapio Salo admits:

“Looking at land construction, it’s among the most demanding sites in Finland, but we have our best people on the case and are confident that the result will be tremendous.” One issue that needs to be dealt with is building – in part – on top of the rails which continue to be active.

Salo also credits the City of Helsinki which is committed to realising Tripla Centre in a big way. Great collaboration with the City – as well as the other local land owner, the state-owned Senate Properties – is key in a project of this magnitude.

“We have been working together to make all this happen and are very motivated to keep going forward,” Salo says. ●



# Helsinki All-Stars

## The Pasila – Vallila – Kalasatama “axis of growth” leads the urban revolution in the pocket-sized metropolis

*You can look all around Europe, and you’d still be hard pressed to find a metropolis more dynamic than Helsinki. Right now, Helsinki is in the middle of a massive transformation that will totally rewrite the script for the city.*

**H**elsinki’s recent fine form has not gone unnoticed internationally. For instance, Helsinki was ranked third (behind New York and London) in the global CITE Index which studied governmental support of entrepreneurs among cities in June 2015 and Financial Times’ FDI Intelligence European Cities of the Future 2014/2015 placed Helsinki as the runner-up after London in a study which measured the ability of areas and cities to attract foreign direct investments.

But why is it that Helsinki is suddenly the “it” city in Europe? Well, one key trigger for this present scenario was the exit of all local port operations from central city areas to a new port in Vuosaari, east from downtown, in 2008. As Helsinki “reclaimed its shores”, the field opened up for ambitious waterfront and inland construction, with residential, commercial and office construction kicking off around the city.

### Growing Up

Furthermore, the City is also taking full advantage of inland opportunities and creating new neighbourhoods further away from the sea. Jaakko Stauffer, Head of Helsinki’s Real Estate Office, says that as Helsinki keeps growing, one must be able to facilitate this growth by introducing new city districts – as well as upgrading existing ones.



**Kari Pudas is responsible for the construction of the new neighbourhoods of Helsinki.**

“From the point of view of international investors, Helsinki is attractive since it provides the perfect mix of economic, social and ecological sustainability,” Stauffer believes.

“Openness of business and administration – and society as a whole – is a key element in Helsinki. Everybody plays by the same rules and the game is fair,” says Stauffer. According to studies, Helsinki is light on red tape and heavy on green innovations – as bureaucracy is kept to a minimum, it’s easy enough to start/run a business, often with a cleantech twist.

Urban Development Manager Kari Pudas points out that international companies flock to Helsinki, since the “pocket-sized metropolis” is enjoyable for present workers and a good recruiting ground for future ones.

“Companies tend to go where there is educated, skilled labour available. Add to that, Helsinki has a great recipe for the ‘good life’ – it’s safe, close to nature, no pollution or traffic jams, the education system is world-class...,” Pudas runs down the list.

### Let Helsinki Move You

It is no secret that Helsinki boasts a public transportation system that’s hard to beat. As the results of the ‘Quality of life in cities’



**Jaakko Stauffer is in charge of the plots and properties of the City of Helsinki.**

study came out in October 2013, it became apparent that Helsinki, in fact, is Europe’s number one in this department.

The perception survey, carried out in 79 European cities, asked the citizens of EU capitals, just how satisfied they are with public transport in their respective cities. As many as 89 % of Helsinki residents were pleased with the local public transport, while such noted public transportation cities as Amsterdam (80 %), Stockholm (80 %), Berlin (77 %) and Copenhagen (77 %) were left trailing far behind.

“Everyday living is surprisingly easy here, and the cultural and sports offering, for instance, is world-class,” Pudas says.

### Enter: Axis of Growth

Crucial to the City’s future plans is the emerging Pasila – Vallila – Kalasatama axis. Many of the most exciting things now under way concentrate in this Axis of Growth – and the City wants to make sure that the synergies between the three districts are explored to the fullest.

Jaakko Stauffer and Kari Pudas assess that the task of the City is to create a “growth platform” for citizens and companies alike – and with each of these areas, there are business opportunities as well as residential aspirations.

“If you look at Pasila, for instance, it has that logistical edge that can’t be matched anywhere. Vallila is being redeveloped with many high profile projects already completed – and Kalasatama combines high-rise construction with seaside views,” Pudas observes.

Stauffer adds that for foreign investors, these areas feature plenty of options:

“Especially Central Pasila and Kalasatama – both being communities that will be shaped for many years to come – hold great potential,” he says, adding that the City has plots available for ventures both large and small.







*Kalasatama is constructed next to the city centre by the seashore.*

## Smart Kalasatama

Internationally speaking, Kalasatama – Helsinki’s model district for Smart City solutions – is perhaps the most famous of the trio, having been singled out by urban scientist Boyd Cohen “as a blueprint for future living”. By the beginning of the 2030s, Kalasatama district will offer a home for approximately 20,000 residents and jobs for 8,000 people.

“Currently, there are almost 3,000 people living in the area,” says Hannu Asikainen, Kalasatama Project Director. He calls Kalasatama “an experimental innovation platform” which is aimed at co-creating smart urban infrastructure and services.

“We have the opportunity to do something different here – and we’re fully exploring our options. The key is in nurturing a culture where you can pilot various innovations and services pretty quickly – and learn what works and what doesn’t quite soon,” Asikainen explains.

## Think Quick

To push these pilots, during 2015–2017 Smart Kalasatama is also part of a 6Aika spearhead project of the City of Helsinki. The 6Aika Six City initiative is a strategy for sustainable urban development carried out by the six largest cities in Finland (Helsinki, Espoo, Vantaa, Tampere, Oulu and Turku).

It was announced in December 2015 that Kalasatama’s programme for fast experimentation has selected its first participants. The five pilots are aimed at introducing resource-efficient services to the burgeoning neighbourhood, and, of course, boosting the local business scene, as well.

The new pilots will explore, for instance, how people’s choices for mobility can “go green”; how e-bikes can be charged up via solar energy; and how food waste can be reduced via ID tags.

## Ready for the Big Time

Veera Mustonen, Smart Kalasatama Programme Manager from Forum Virium, says





## Energy Edge

Various smart development activities have been realised in Kalasatama earlier on, too. Perhaps the most far-reaching and ambitious among them is the smart energy project – carried out by Helen, ABB and Fingrid – which will turn the district into a testbed for ambitious smart grids.

As part of the smart traffic agenda, the use of electric cars is encouraged in Kalasatama and other new solutions with regards to smart transportation and traffic will be tried out here, too. In line with the green ideology, Kalasatama also features an underground waste collection system.

## The Kalasatama Spirit

Hannu Asikainen and Veera Mustonen note that Kalasatama will be different from similar international projects, since the district will not rely on a single technology or scheme – but, instead, the master plan is to develop Kalasatama comprehensively into a smart city district on broader basis.

“We know we’re doing things a little differently in Kalasatama – and the City is fully committed to making sure that it turns out great,” Asikainen says.

Effective public transport – spearheaded by the Kalasatama metro station – and the central location add to Kalasatama’s appeal. And the sea is right there, too: if you fancy a stroll, there is a six-kilometre promenade by the shore.

“The sea is already a big part of the Kalasatama identity and we’re looking to expand on that,” Asikainen promises, adding that while the area is still being developed, there’s already a strong community spirit – an atmosphere of doing things together.

## High Times

Kalasatama will also bring plenty of vertical and visual appeal. The Kalasatama Centre, known as REDL, will consist of eight tower blocks which will feature 20–35 storeys (the



*Hannu Asikainen is responsible for the construction of Kalasatama.*

highest tower reaching 132 metres). The towers will be complemented by a versatile commercial centre as well as a nearby social and healthcare centre.

According to Hannu Asikainen, REDL will be a strong anchor for the community. The idea here is that the commercial functions will go well beyond what people expect from a regular shopping centre – providing the patrons with more than a glimpse of Experience Economy. The concept, created by the developer SRV, will combine seaside atmosphere, high-rise buildings and superb connections.

With REDL serving as the beating heart of the new neighbourhood, Kalasatama will have convenient access to just about all types of services.

“This is well in line with the City’s plans, since the vision of Kalasatama is to become so resource-wise that residents will gain an ‘extra hour’, so to speak, every day – since everything is close at hand, there’s no time wasted on transport,” Asikainen sums up.

*The heart of Kalasatama is the experience, housing and shopping centre Redi.*

that these pilots represent only the tip of the iceberg – in total, there were 52 high-quality applications to the project.

“We can clearly see now that the vision of Kalasatama as an innovation platform is starting to bear fruit,” Mustonen says, adding that the best ideas of those entries not making the cut will be processed further on.

“We look for smart solutions that provide scalability. We can invent and develop it here and take it out to the world,” says Mustonen. The first five pilots will be carried out in early 2016, as the services will be tested in the authentic urban environment in Kalasatama, working together with the citizens.







*Minna Maartola hopes that Vallila can attract more businesses and investors.*

## Reinventing Vallila

Going west from the Kalasatama shores for a couple of kilometres, one finds an enterprising district that is already firing on all cylinders. The Vallila District is a favourite of companies both big and small, since accessibility here is exceptional: trams and buses form the backbone for public transport and the Pasila railway station is just a little stroll away.

City Development Manager Minna Maartola comments that Vallila has increased its appeal of late, with big companies such as Amer Sports settling in the newly zoned Engine Shed (Konepaja) area.

“All of Vallila area is really shaping out well, and is a good example of the local demographics: we are combining business, offices and residential solutions in order

to bring a good degree of diversity to the neighbourhood,” says Maartola, adding that within a period of five years, especially the residential side will be bolstered significantly.

Another sign that bodes well for the district is the fact that major banks keep moving their operations to Vallila – “follow the money” may not be such bad advice.

## The Silicon Vallila

Furthermore, there’s plenty of ICT jobs in the neighbourhood and health and life sciences industries have a remarkably strong profile, too. In fact, with GE Healthcare taking the lead, there’s even a dynamic “Health Innovation Village” for healthcare startups located right here.

Maartola cites Health Innovation Village as one example of the local progressive mindset: smaller companies benefit from being in the vicinity of the big industry players as networking and joint projects become easier.

“Companies are finding new ways to collaborate – that’s part of doing things the ‘Vallila way.’”

Furthermore, it was announced at Slush 2015 in November that StartUp Health, a global health innovation company with the world’s largest portfolio of digital health

companies, is setting up shop in Vallila. As StartUp Health Finland will co-locate in the Health Innovation Village, the brand of ‘Silicon’ Vallila was reinforced a great deal. To start things off, StartUp Health Finland will select five Finnish health tech startups to its StartUp Health Academy, a long-term entrepreneurial coaching program.

## Get Wired In

There are also other reasons why SMEs have flocked to Vallila. The rents are lower here, but you’re still “wired in” to the urban action; in fact, many professionals of the creative industries prefer older, industrial environments to shiny new premises in any case. Red brick and rough concrete seem to provide that final seal of authenticity that many actors in the fields of media, design and architecture appreciate.

There’s also a common will to develop the district further on. The key property owners in the area have been working on ‘Vallila Vision’ together with consultancy WSP Finland and assisted by the City. Owners are making initiatives to improve the area via zoning arrangements, for instance, and the City is listening to them very intently.

“We all share the same goal here: to make sure that Vallila is able to reach its full potential.”



## Get Connected in Pasila

And then, last but not least, Pasila. Pasila is already the reigning traffic hub in the nation: all the trains stop here and trams and buses very much congregate in the area. Located 3.5 kilometres from the downtown, Pasila is truly a force to be reckoned with.

The logistical reach is second to no one: the brand new Ring Rail Line (launched in July 2015) connects Pasila to the Helsinki-Vantaa International Airport, and the upcoming City Rail Loop, once completed, will link up Pasila, downtown Helsinki, Hakaniemi and Töölö in a more effective manner. There is even a reservation for a future metro station.

Pasila is also known for national conventions, state agencies, corporate headquarters, a powerful media cluster and the biggest sports arena in the land. There are already 25,000 jobs and over 12,000 inhabitants here – and plans for much, much more.

## As Big As They Come

The coming decade will see the building of close to half a million square metres of new office and commercial space in Central Pasila. To put that fully in perspective: The Central Pasila development is twice the size of new One World Trade Center in New York. This undertaking, coupled with concurrent development in the larger Pasila area, will double the district's jobs to 50,000 by 2040.

Niina Puumalainen, Project Director for the City, says that the new traffic plans

and construction activity will simply transform the area – ensuring that Pasila is fully upgraded for the future.

“The City is committed to turning Central Pasila into a new kind of urban centre for business, service and housing. Rooted in superb connectivity, Pasila will become a real blueprint for the future's superhub,” she says.

## Tripla Under Way

The “Ground Zero” for all of this will be a next-gen traffic/commercial hub – called Tripla Centre – which will be built in the railway yard area freed up in the Central Pasila area. Building rights of approximately 190,000 floor square metres will be zoned in the area, and the total value of the project is approximately EUR 1 billion.

Just north off the Tripla Centre, there will be a residential component, too, as the emerging Railway Quarters will add 3,000 residents and 1,000 jobs into the equation. Totalling 170,000 floor square metres, this compact neighbourhood will also have its share of tall buildings (5–16 storeys).

In accordance to the strategy formulated by the State and the City, Railway Quarters will be developed sustainably, with an over-all guiding vision of a Garden City. For example, greenroofing is the standard here and rain water is utilised where applicable.

## Aiming High

The zoning for Railway Quarters is to be

completed in 2016, with construction kick-off to follow in 2018. In addition to ambitious residential solutions, there will also be plenty of business here, as about 25 % of the area is reserved for office and commercial construction.

“We're very pleased to introduce a new community that will combine residential with business in a highly attractive package,” Puumalainen says.

Number three on the list in Pasila is the creation of the Pasila Tower Area. There are plans for as many as ten towers in the area, with plenty of office, commercial and residential space. The idea is to kick-off tower construction from the west – next-door to Tripla – thus maximising synergies.

## Design-Build Competition

To realise this vision, the State and the City are seeking a developer for the Pasila tower area via an international design-build competition in 2016. The area in question could comprise 150,000–200,000 m<sup>2</sup> of floor area.

“We feel that Pasila is a great place for high-rise construction, giving a signature look to the area,” says Puumalainen.

The upcoming Helsinki High-rise competition is a design-build competition, in which the party submitting the highest quality plan solution will have the right and obligation to procure the building rights for the start-up area specified in the competition – as well as develop and construct the start-up area (40,000–65,000 square metres).



*Pasila is a key area  
in the development  
of Helsinki and  
Finland.*





*Antti Kari represents the landowner of the Keski-Pasila area, the government-owned enterprise Senate Properties, and Niina Puumalainen is in charge of the Pasila project at the City of Helsinki.*

## Pasila: Common Agenda, United Front

**C**entral Pasila is a strategic priority for the City of Helsinki – but also the State. As the two actors own all of the land in Central Pasila, it has been easy to enough to focus all energy and effort into helping Central Pasila achieve its full potential. While the developer of Tripla, YIT, shares the same vision, the redevelopment of the area is getting started under highly favourable circumstances.

Antti Kari from Senate Properties confirms that the State and the City are very much on the same page when it comes to the redevelopment of the area:

“Central Pasila is a key area not only from the viewpoint of the metropolis, but from the national perspective as well,” he says.

### Biggest One Yet

Senate Properties is a government owned enterprise under the aegis of the Finnish Ministry of Finance, acting as the government’s expert on the working environment and working premises. Out of Senate’s several large-scale planning projects around the country, Central Pasila is the biggest current project, with as much as 600,000 floor square metres in the plans.

Realised in phases, Central Pasila will

take shape gradually – targeting the best possible outcome. The “heavy lifting” – creating of the crucial infrastructure to the tune of €300 million – has already been conducted. The most recent development is that new rail construction kicked off in December 2015.

“It’s quite noteworthy that we’ve already made significant investments into the area to make sure that the neighbourhood is attractive to investors. The table is set, so to speak,” Antti Kari says.

### Dream Project?

The huge project should also quiet the critics who complain that Finnish development projects are too small-scale to attract big-time international investors. Central Pasila redevelopment caters to the hopes and wishes of even the most demanding industry players, Kari believes.

Internationally speaking, it is quite rare that owners and other key players have been able to come together and agree on the redevelopment with such ease. Trying to take a railway yard and turn it into a success often runs into trouble as there’s too much bureaucracy, too many actors and too many conflicting interests – the list is woefully long.

This is not the case in Central Pasila, says Kari.

“Collaboration with the City has been solid from day one. We have a common interest to make it work – and to make it great.”

### Ahead of Schedule

Niina Puumalainen, the City Project Manager for Pasila, confirms that the collaboration so far has been very smooth with both Senate and YIT – and that the project is rolling along ahead of schedule.

“We were expecting to have the zoning plan approved by summer 2015, but the plan went into effect already in March 2015,” she says.

Antti Kari and Niina Puumalainen also believe in a “domino effect” where the retooling of Central Pasila will kick off redevelopment in the neighbouring areas, too.

“This is certainly the case if one looks at areas such as North Pasila and Ilmala,” Kari comments.

Another driver for the future is the Ring Rail Line which provides a direct link to the Helsinki-Vantaa International Airport. Ring Rail makes two stops in the area, in Central Pasila and in Ilmala.

“The importance of the Ring Rail Line will only grow in the years to come,” Kari adds. ●

## THE ANGLE

By Anni Sinnemäki

The writer is Deputy Mayor of the City of Helsinki for City Planning and Real Estate

# Helsinki drives growth



**H**elsinki keeps growing. According to estimates, there will be 860,000 people living here by 2050. The City is presently figuring out how it can add 250,000 inhabitants in the coming 35 years. According to zoning plans, the private real estate investments could reach EUR 45 billion by 2050. The required investment for infrastructure and traffic is EUR 10–12 billion.

At the core of our growth concept, one finds a compact city structure: in addition to the vibrant downtown area, Helsinki features plenty of smaller-scale urban communities which are linked together via Europe's best public transportation system.

The year 2050 is far away, but already today we are making the decisions that will get us there, using ways that are both smart and sustainable. Urban living in Helsinki involves – more and more – energy-efficient housing, smart grids and low-carbon traffic systems. Yet no community is defined by its technological prowess, but by its people. It's the people who will transform the city through their actions – both individual and collective – to make it more human-scale.

There's a lot to build on, too. The new housing and working areas currently under construction make Helsinki one of the fastest growing metropolises in Europe. Hel-

sinki is a city that encourages open democracy; the City has, for instance, an open data interface which provides free access to the information concerning the City's decision-making, procurements and expenditure. So far, 1,200 City data sets have been opened up for the public – to be used by citizens and companies as they please.

This reflects a strategic choice for the City: openness and transparency are key elements of Finnish society, but public administration has not always lived up to this. City officials are now pushing themselves to establish a new type of partnership with the citizens, with information – in all its myriad forms – serving as a driver for this change.

In addition to data, Helsinki turns to design in its quest for innovation. As 85 % of Finnish design companies are located in Helsinki, the capital is quite uniquely positioned: by seeking collaboration with design industry players, the City can achieve so much. 'Design thinking' can help remove red tape and streamline old, outdated processes. The City is actively deploying Service Design tools to re-energise its operations and services.

Another thing that the City is looking to nurture is the people's sense of community. In recent years, grassroots activism has really blossomed in Helsinki. Take Restaurant Day, for instance: having started out as a fun invention by three friends in 2011, Restaurant Day has become the world's biggest food carnival, taking place four times a year. So far, the pop-up restaurants have spread to 73 countries, with over 23,000 one-day citizens' restaurants participating.

And new ideas keep coming, since Helsinki is a youthful city and will stay that way, too. The numerous local universities are filling the streets with students and young energy; and after students finish their education, it is likely they seek employment here, start families right here.

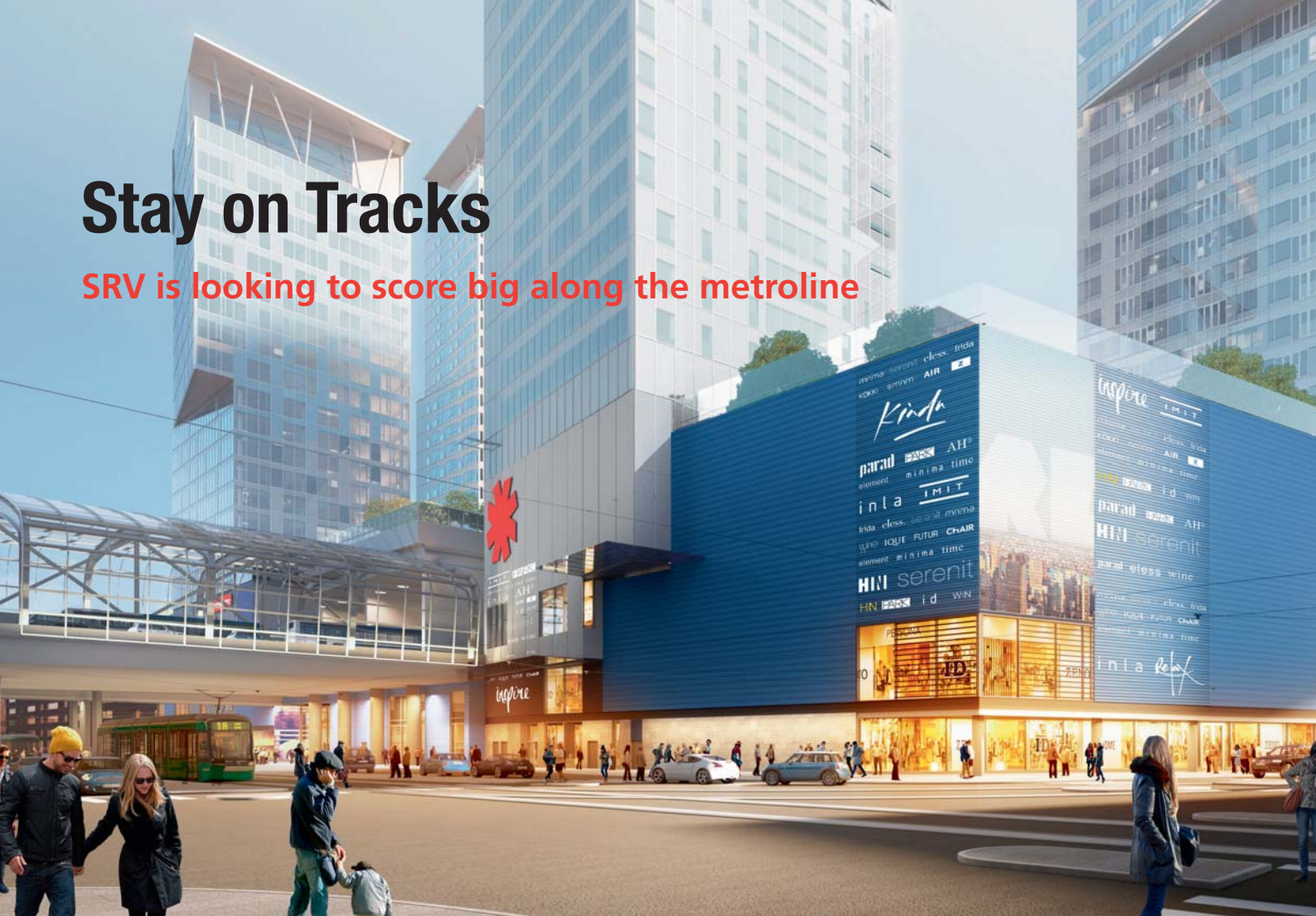
But let's go back – or forward – to that year 2050. The City has a big dream of linking Helsinki and Tallinn by building a tunnel under the sea. As the Rail Baltic venture is steadily rolling along, Helsinki is looking for ways to integrate into Central Europe in more effective ways.

After all, the Helsinki metro went under the sea to reach neighbouring Espoo, and the western connection will be launched this year. Surely by 2050, we can hop a train to Tallinn? ●



# Stay on Tracks

SRV is looking to score big along the metroline



*Solidifying the urban structure is one way to build a more sustainable metropolis. In the Helsinki Metropolitan Area, this has been largely achieved by building effective rail transport and launching new communities along the tracks. The two key projects in the metropolitan area are Ring Rail Line and West Metro. The Ring Rail Line – launched in July 2015 – reaches from downtown Helsinki all the way to the Helsinki-Vantaa International Airport; West Metro will extend the current ‘Helsinki-only’ metro service to Espoo in August 2016.*

**T**he real estate developer SRV has been very active in pursuing rail-related opportunities in the region. Jouko Pöyhönen, Project Development Director for SRV, comments that participating in projects which solidify the city structure is a strategic choice for the company.

“In addition to bringing down the carbon footprint, the more compact structure improves people’s quality of life, as services become readily available,” he says.

## Mix It Up

Partly for this reason, SRV is also a firm believer in mixed-use:

“Bringing both residential and commercial development into an area will usually give the best result. We look for the right balance in all of our projects,” Pöyhönen says.

Sometimes achieving that balance is a real juggling act. Nowhere is this more

apparent than in Helsinki’s Kalasatama where SRV is taking a brownfield scenario – a former harbour area – and turning into a beautiful seaside neighbourhood, with a first-class shopping centre and impressive high-rise construction.

Connectivity here is outstanding: thanks to its very own metro station, the community is mere minutes away from downtown Helsinki. All and all, Kalasatama is SRV’s biggest development project to date – and the company is determined to make it great.

## Rewrite the Future

Markus Laine, Director, Real Estate Transactions and Investors for SRV, believes that Kalasatama is a real game-changer in the way we look at our urban communities.

“Kalasatama is giving us a taste of what life will be like in the future,” Laine says. SRV signed the agreement on the development of Kalasatama already in 2011

and has been working steadily to push the venture forward. Today, there are already almost 3,000 residents in the neighbourhood – but the goal is set at 20,000 people by 2025.

Kalasatama will feature also a state-of-the-art health and wellbeing centre, built by SRV and sold to a special fund managed by Deka Immobilien in August 2015. The centre is expected to be finished in late 2017.

“This deal is one example of the powerful appeal of Kalasatama,” Laine comments.

## Ready for REDI

The anchor for Kalasatama, however, will be the shopping centre REDI which will be the focal point for local community, business and services. Featuring over 60,000 square metres of retail space, REDI promises to be almost double the size of the shopping centre Kamppi, another SRV success story.





as a significant centre for the Helsinki core area in the east, a real landmark,” Laine says.

### Hit the Ground Running

Construction work at the REDI site began in April 2015, and the work continues to proceed smoothly. Excavation work on the parking facility is already nearing completion, and a start has been made on the foundations and framework.

“We’re moving full steam ahead,” Laine confirms. Furthermore, the leasing of the shopping centre’s premises is progressing simultaneously, and advance marketing of the first residential units will begin in earnest in early 2016.

On 15 December 2015, the agreements on the plots for REDI were signed by the SRV-led development consortium and the City of Helsinki. In addition to SRV, the REDI consortium consists of Ilmarinen Mutual Pension Insurance Company, OP-Pohjola Group, LocalTapiola Mutual Life Insurance Company and Local Tapiola General Mutual Insurance Company. The agreements have a total value of EUR 40 million.

### Tower Dominance

As the REDI project advances, a total of eight towers, of which six are residential towers, will ultimately rise at Kalasatama. The tallest tower will reach a height of 132 metres.

“Construction of the first two residential towers is expected to begin in 2016, once the construction of the shopping centre has advanced far enough,” Laine reveals. The first tower is expected to be completed by the end of 2018.

All eight towers are expected to be completed by 2023, depending on market conditions – and will, ultimately, feature as many as 1,200 apartments. The total revenue of the shopping centre, parking facility and towers is expected to exceed EUR 1 billion.

### Looking West

Combining high-rise construction and residential development is something that is taking place at the other end of the metro tracks, too. This high-profile “vertical” project in the works is Keilaniemi, Espoo, which is the very first place where the new metro will enter this year, as the western line becomes operational.

Keilaniemi is already an area of legendary business status – with an iconic skyline of corporate towers – but residential functions have been missing from the picture so far. “With four new high-rise buildings – the Keilaniemi Towers – SRV is looking to diversify the area,” says Jouko Pöyhönen.

“The metro station is crucial to this development, since it makes it possible to add also residential construction into a neighbourhood known for its corporate image,” Pöyhönen says, adding that also the seaside views from the towers will be something quite special to behold, as the buildings will be 32–40 storeys tall. All and all, the quartet of towers can house thousand people.

### Green Light from Espoo

None of this, however, would be possible if not for a decision by the Espoo City Council on 21 December 2015. The Council decided to build a deck construction over Ring I road in connection to Keilaniemi metro station, and to fund the venture with sales from the first two tower plots to SRV. The terms for the deal were decided already in November.

Now the marching order is clear: the City will get to work on covering the Ring I already in January 2016, and SRV will follow-up with the construction of the first tower.

“We will kick-off construction of the first tower in early 2018 and complete it by 2020,” Pöyhönen lays down the timeline. ●

With REDI, SRV is looking to upgrade the concept of a modern shopping centre – and has spent years in preparation to take on this challenge. As a consequence, SRV’s top design teams have been planning, from day one, to make REDI a great place to meet other people, to hang out and have a great time.

“Opening in 2018, REDI will emerge





# Rock the Rails

Spearheading sustainability, Espoo is finally launching its long-awaited metroline – and the more conventional tracks on the ground are doing fine, too

Photo: HKP Architects



*The future of Espoo lies underground – so to speak. The western metroline is almost complete – with only a few months to go to the grand opening of the Espoo metro in August 2016. The stations along the 14-kilometre metro line – running from Helsinki to Espoo – will be located in Lauttasaari and Koivusaari on the Helsinki side, and in Keilaniemi, Otaniemi, Tapiola, Urheilupuisto, Niittykumpu and Matinkylä in Espoo.*

**A**nd that's just for starters. The extension of the metro line is already underway, promising to add five new stations within seven kilometres of the line by 2020. The new stations will be Finnou, Kaitaa, Soukka, Espoonlahti and Kivenlahti, as the line keeps reaching west, towards the city limits.

Therefore, the “biggest infrastructure project in the country” is actually just halfway done. Matti Kokkinen, Managing Director of Länsimetro Oy, says that as the original project is coming to an end, it made perfect sense to keep going. Continuing the project on-the-fly means that there's labour,

expertise and equipment available – and during tough economic times, a project of this magnitude serves as a sort of “national stimulus package.”

## Working on a Dream

In fact, as the Government gave the green light to “bonus” project – by promising to compensate up 30 % of the construction bill – this also meant securing jobs for 4,500 people.

“Right now, the first phase of the metro is in great shape – we completed laying the tracks on 4 December,” says Kokkinen, adding

that this means that the building of the metro stations will only intensify from now on:

“We are putting the finishing touches on the stations now,” he confirms.

Launching of the metro shows clearly that Espoo is serious in pursuing a more compact urban structure that is based on rails. For example, Espoonlahti – a key station along the extension line – is already a city centre of 55,000 residents and will benefit tremendously from better connectivity. The same goes for all communities located along the metroline: the City expects that development and redevelopment efforts in the vicinity of the 11 metro stations will con-





Photo: JKMM architects

tinue to be very active for years to come and providing real estate investors and developers many possibilities to participate.

The metro extension is a good fit for state's Climate Change agenda, too. Finland is committed to bringing down the volume of CO<sub>2</sub> emissions and two big culprits in this arena are traffic and living. By building a "green to the core" mass transportation system and launching smart, sustainably-oriented communities around the metro stations is a very environmental move, as well.

## Take the Green Pledge

In a recognition of its responsibilities, Espoo became the first city in Finland to join the Society's Commitment to Sustainable Development in summer 2015. Coordinated by the Finnish National Commission on Sustainable Development, the commitment aims to enable a good life for all future generations.

Espoo is taking part in the commitment with its city-level sustainable development programme. This involves the development and introduction of new ways of acting that support sustainable development. The work is conducted from the viewpoints of a sustainable lifestyle, a networked city, nature and the environment, the fight against Climate Change, new energy solutions and sustainable mobility.

In fact, as the City of Espoo is updating its climate programme, one of the aims is – eventually – to run the West Metro with renewable energy. And not just the metro, but also the connecting feeder traffic could be free of emissions – via the use of electric buses. Espoo aims to significantly increase the number of electric buses in the future.

Espoo Mayor Jukka Mäkelä has envisioned the metro line as a "test platform" of sorts for electric buses and renewable energy, turning the "e-tube" into a remarkable cleantech reference even on an international scale.

## Tracking Success

Deputy Mayor Olli Isotalo points out that the City has a great interest in turning the west metroline into an "urban growth corridor" for people and businesses, but it's hardly the only game in town. The more conventional western rail connection – running from Helsinki to Turku via Espoo – has proven to be quite attractive as well.

"If one looks at the Leppävaara City Centre, for example, it is clear to see that the rail connection has encouraged the community's growth, even during an economic downturn."

Leppävaara is situated along the Ring Road I as well as the western railroad. With 65,000 people, it is the largest and most



Photo: HKP Architects

active of Espoo's centres, often characterised as "a city inside a city", with plenty of action all around the neighbourhood. The heart of the local community is the Sello Shopping Centre – one of the largest in the Nordic countries – which offers over 170 services, department stores and shops, restaurants, cafés, cinemas, a hotel, banking



services and a charging point for electric cars.

Heavily favoured by citizens and companies alike, the Leppävaara area is developing rapidly. The area is characterised by business park complexes with several buildings: NCC Alberga, NCC's and Lemminkäinen's joint venture Polaris and Hartela's Quartetto. Also SRV's new headquarters is located in the neighbourhood.

## Who Needs A Car?

In the autumn 2015, Leppävaara became the "rail capital of Espoo", as the Turku-bound trains will stop only here and nowhere else in the City. The increased connectivity has attracted a lot of young professionals into the neighbourhood that wouldn't think of getting a car – Leppävaara has all the services available within walking distance.

Mika Rantala, City Project Manager for Leppävaara, says that about half of the households here don't have a car – and are doing just fine. "The community has a dedicated pedestrian mindset and "walkability" will only be enhanced in the future," Rantala promises.

"We are expanding the pedestrian city centre area and adding a more urban feel, especially to the northern side of the city centre."

Walkability extends to going to work, it turns out. Almost 10,000 people are employed within the community, and the

rise of the office complexes continues to be intense. Rantala points out that Leppävaara has been busy building offices throughout the recession – while elsewhere in the Helsinki Metropolitan Area, the construction efforts have been much more modest, at times.

"We have the makings of a great hybrid city here, one that features both offices and residential assets and is active 24/7," Rantala says.

## Matching Matinkylä

Another community that is linked by rails and powered by retail is Matinkylä, the end of the line – for now – for the new metro-line. The dominant feature in Matinkylä is the shopping centre Iso Omena, the fifth biggest shopper's paradise in the land. The Matinkylä metro station is being developed at the southern end of the shopping centre.

The arrival of metro is expected to attract both new businesses and residents here. Markus Saari, Project Director for the City of Espoo, sees great things waiting for the neighbourhood. As per the Matinkylä – Olari development vision, the area will be developed from the viewpoint of community, providing high quality accommodation, new jobs and well-being for all citizens. In the future, this city centre located between the sea and Espoo Central Park will feature even more services, recreational activities and well-being focus.

## Running the Hub

Arrival of the metro and the new bus terminal will provide the approximately 40,000 residents of Matinkylä with great public transport connections to Helsinki and all parts of Espoo. Since Matinkylä is the final stop for the new line, it is a crucial feeder traffic hub which is estimated to serve over 35,000 passengers daily. In fact, based on passenger forecasts, it will be the busiest station of the new line.

At the very core of things, NCC Property Development and Citycon are making a genuine "metro centre," conveniently linking the metro station, bus terminal and the shopping centre. Markus Saari says that the top level of the new metro centre will be reserved for municipal services: the City will have as much as 6,000 square metres of public services here, including a large library and the health centre. The development will open to public in August 2016.

Also, the environs of the station will be developed into a services/wellbeing park which will feature a lot of "grey power": according to Saari, the City is committed to providing solutions that will make the area enjoyable especially to senior citizens.

"We want to launch our new 'senior living' concept right here, complete with a full range of services," he says, adding that as the population of Finland keeps aging, someone has to be a pioneer in the field of providing smart residential solutions for the elderly.

## Senior Support

The "senior zone" will focus around Tynnyripuisto (Barrel Park) which promises to combine leisure and services in a novel way. There are plans to realise a swimming hall and educational centre at Tynnyripuisto – and even a hotel, and all this would be completed in 2020.

According to Saari, the Matinkylä "personality" lends well to people of all ages – but the senior citizens are clearly a key demographic. The key word here is 'support': the City wants to enable the living arrangements of various special groups, ranging from the elderly to the handicapped.

Saari explains that the City's concept focuses on community-orientation: with many different generations living side by side in Matinkylä, there is a lot of potential here to build something really significant.

"And we're not forgetting the corporate world, either. Matinkylä is a great fit for, for example, service companies and those with active research and development pursuits."

## Corporate Appeal

The success in Matinkylä has not materialised overnight. In fact, the area has under-



Photo: HKP Architects



Photo: Cederqvist & Junntu Architects Ltd.

gone strong growth in commercial and residential construction since 2001. The corporate world is keen on the area as well: hi-tech company Outotec built its head office right here – which makes perfect sense, since every fifth employee already lives either in Matinkylä or neighbouring Olari. There are still free plots available that are suitable for building office facilities within walking distance of the metro station.

“Matinkylä is important in the sense that it provides a solid foundation for all sorts of activities. The area has a strong profile and it’s playing to its strengths, as it keeps on expanding,” assesses Deputy Mayor Olli Isotalo.

A big part of the City’s plans is Länsiväylä (Main Road 51) which serves as an entry and exit artery in the Finnish metropolitan area. In fact, one of motivational factors behind the decision to build the metro was to ease the rush hour traffic on the motorway – with the advent of the metro, a good chunk of the office-bound traffic will go underground.

In the future, Länsiväylä could also be covered by a deck at Matinkylä to enable more cohesive building and smoother services. Similar deck is in the cards for Lepävaara, as well. According to Markus Saari, deck construction would make the whole package more compact:

“The deck would give us ways to renew the look of the area, probably including some green construction as well as residential buildings,” he says.

## Finnoo Gets Going

Beyond Matinkylä, there is the seaside neighbourhood of Finnoo. From the Espoo’s point of view, Finnoo is very special, since it is the last remaining significant seaside area that is open for development. With outstanding connections and excellent location, expectations for Finnoo are high. Residential and mixed-use developments will be available for mid to large-scale developers and investors who value involvement in sustainable development.

According to Mayor Jukka Mäkelä, the new Finnoo community will become a “sustainable, green maritime city of international standards” for all Espoo inhabitants. The City is also most eager to promote pedestrian and bicycle traffic, as well as energy efficiency and carbon neutral practices. Furthermore, the City is looking into a LEED or BREEAM certification for the area to make sure that no stone is left unturned in this quest for a green city.

Project Director Kimmo Leivo is in charge of raising a community which could, ultimately, accommodate as many as 17,000 residents. The new metro station will be located in the area of the current water treatment plant and there are plans to build a high-rise centre by the metro station: the highest of these towers could reach 30 storeys, offering fantastic views.

“Finnoo could feature as many as 10,000 apartments by 2040,” Leivo says, adding that most of the residential buildings would be ready by 2030.

## The Last Shore

The new-and-improved Finnoo is also looking to fully utilise its access to the sea in the south. Presently, there is already an active boat harbour – while accommodating 1,100 boats, it is the largest of its kind in the metropolitan area – and the harbour concept will be fine-tuned, as well.

The City is zoning a marina-type housing arrangement here, which means a high-quality, vibrant area, with a fly-bridge cruise through channel surrounded by boardwalks with restaurants and cafés. There will even be an artificial island with condominiums.

“We really want to make the Marina area into something which hasn’t been seen in Finland ever before,” Leivo says, adding that there’s a lot of purchasing power in the neighbourhood, which should go a long way in realising this “super shoreline”.

## Taking Charge

Talking about the entire metro project, Olli Isotalo observes that the massive overtaking has hit the halfway mark:

“We have five years behind us, and five in front of us, so in a way it’s a good time take stock of what we have accomplished so far,” Isotalo says, confident that the autumn launch of the metro will make Espoo mobile like never before.

“We are solidifying the city structure and boosting connectivity at the same time – and will continue to do this for a long time to come,” he promises. ●





# Delivering the Total Package

## Powered by networks, Peab builds Business Gardens fully integrated into the community

*Construction company Peab has taken the making of business parks into a new level entirely. With its brand of hi-tech, all-inclusive Business Gardens, the company is combining productivity and wellbeing in a way that is unprecedented in Finland – but Peab is looking to do so much more.*

**“W**e feel that what is needed now, more and more, is that business parks are developed in closer collaboration with the cities and integrated into the community and the local infrastructure more effectively,” says Project Development Director Sirpa Lindholm from Peab.

One of Peab’s partner cities is Espoo which is eagerly awaiting the launch of the West Metro in August 2016. The end of the line for the metro line is Matinkylä where Peab sensed a great opportunity emerging years ago – and raised the ultra-modern Business Garden Eventes in the neighbourhood. Located right next to Länsiväylä road and shopping centre Iso Omena, Eventes is located a stone’s throw away from the metro station.

### All Eyes on Eventes

The commercial attraction is there, too. The Finnish listed company Outotec leased out the entire Business Garden – with three office buildings and a parking house – and moved in in 2014. Already two years before,

Eventes was sold to German Union Investment Real Estate GmbH.

According to Planning Director Peter Lindeberg, the Business Gardens are a great fit for a corporate headquarters, as was the case with Outotec. Nevertheless, the business park concept can accommodate other types of scenarios as well:

“Our concept takes into consideration the lifecycle issues and can provide exceptional flexibility, as the needs of the tenants change and evolve along the way.”

### Just Warming Up

Sirpa Lindholm adds that while just about any developer will claim that they offer flexible solutions, with regards to a Peab Business Garden, this is not just marketing talk.

“For instance, premises can be broken down to smaller units very easily indeed.”

And as Outotec has made its nest in Matinkylä, also other companies are eyeing the neighbourhood with growing interest. As a consequence, Peab is moving ahead with the next phase of Eventes:

“The marketing for the second phase of Eventes has just started and we’ve received a lot of contacts regarding the project,” says Peter Lindeberg, adding that the coming metro is clearly something that excites companies.

### Enter: Fluentes

But wait, there’s more. Peab has also put in a planning reservation for another site in Matinkylä, with plans of raising yet another Business Garden here.

“Fluentes Business Garden has been designed to support and enhance modern, vibrant community environment,” explains Sirpa Lindholm. As the City of Espoo will create a new Tynnyripuisto (Barrel Park) area in Matinkylä, Fluentes would complement the new community with its jobs and services.

According to Lindholm and Lindeberg, Peab has given a lot of thought to project so far and is eager to collaborate with the City already in the zoning phase. As Peab had also a prior plot reservation here, the company has made substantial investments



in the project, working together with the City zoning department.

"We are quite familiar with the site and its significance in the area – and believe that it's a great place to launch Fluentes," Lindholm says.

### Concept is King

Collaboration with the City of Espoo is the key element here, says Peter Lindeberg:

"The City is launching Tynnyripuisto as means of improving the wellbeing of the citizens, and that line of thinking goes hand in hand with what we're trying to do with all of our Business Gardens."

The Business Garden concept calls for the "perfect marriage" of people, space and technology. Peab believes that a high-quality premises go a long way to securing high-quality results: as the personnel is satisfied with the workplace, they're more committed to the employer, more committed to the team...and good things will come from all this.

"We have a service concept with a holistic attitude, looking at the physical, mental and social wellbeing," says Sirpa Lindholm.

### Make it Fun!

As a result of this, Business Gardens offer wellbeing programmes which involve e.g. measurements, analysis and guidance – the

idea is to make sure that all workers get the support they need every day.

"As people are able to cope better at work, also careers are longer and more enjoyable," she adds.

And as for the premises themselves, Peab believes that multispace is here to stay: the office must feature different types of space solutions for different types of activities – and moods, even.

"People are exploring the new ways of work and we are committed to giving them more options in and out of the workplace," Lindeberg sums up.

### Lead with LEED

Still, this new ideology has taken years in the making. For Peab, the new wave of business parks commenced in earnest with the launch of Moveres seven years ago. Located in Pitäjänmäki, Helsinki, Moveres Business Garden went on to grab LEED Silver Certificate – the very first LEED in the land. After that, Peab has stayed on the LEED path and the "medals" keep getting brighter: Eventes, for example, was awarded with LEED Gold.

After Eventes, the next Business Garden to open its doors will be Ultimes, located along Vihdintie road in Pitäjänmäki. The 10,000 square metre Business Garden will be completed in the spring of 2016 – and Peab itself will be one of the tenants.

"We've been talking about relocating

into a Business Garden for a long time, but now we're finally doing it," smiles Sirpa Lindholm.

### Come Together

If there's one word that sums up the "Ultimes Spirit", that word is collaboration: Lindholm explains that Peab leans heavily into rounding up best practices as well as best partners.

"In order to provide a great service package for the tenants, you have to find great partners that are able to deliver," she says.

"We have been very active on that front and feel that we've succeeded well in building new types of networks which boost productivity and people's wellbeing."

### Platinum Dreams

It comes as no surprise that Ultimes will go LEED, too – but this time around, Peab is aiming for Platinum.

"There's a whole range of sustainability issues that go into the making of a LEED certified building, and Platinum is the toughest of all. But that's what we're going for," Lindeberg confirms.

And while Fluentes is still only in the planning phase, the Peab duo already knows what type of a Business Garden they want to raise:

"When the time comes, Fluentes will go for Platinum, too." ●

*From left to right Peter Lindeberg, Sirpa Lindholm, Mattias Lindfors and Isto Juntunen.*





# Building on Success



## Capitalising on metro access, Citycon pulls all the stops to expand Iso Omena shopping centre

**A**s the western metro line gets going in August 2016, there will be something good waiting at the end-of-the-line. The shopping centre Iso Omena – the commercial anchor of the surrounding Matinkylä community and beyond – is undergoing huge development, adding as much as 37,000 square metres of new retail space.

“After the expansion is complete, Iso Omena will feature over 100,000 square metres of space,” confirms Risto Seppo, Property Development Director for Citycon. Upon completion, the shopping centre will almost double the present number of 115 shops, while providing immediate access to a customer base with twice the average Finnish income level.

### Hit the Big One

The other local numbers are impressive, as well: there are 780,000 customers living within a 15 kilometer radius of Iso Omena and the purchasing power in the catchment area is staggering 4 billion euros. Commercial Director Sanna Yliniemi says that Iso Omena is “building on a hit formula” here, since the shopping centre already has nine million patrons annually.

“We are targeting 14.5 million customers and €375 million annual sales, once the expansion is done,” she says.

Actually, the expansion won’t be entirely complete by the end of summer: the first phase of expansion encompasses 25,000 square metres, with a follow-up of some 12,000 sqm in the spring of 2017. As the metro kicks off, so will the ultra-modern bus terminal; being the end-of-the-line metro station, handling commuters is a top priority here.

### The Total Package

To this effect, there will be some 6,000 sq.m of public services such as new-and-improved library and healthcare station here. “From the point of view of the citizens, it is noteworthy that you can find all the services under one roof,” comments Risto Seppo.

It appears that the bigger, better Iso Omena can certainly deliver on that promise. In addition to its fashion, home décor, leisure, and well-being providers, Iso Omena will serve as a go-to source for everyday goods and groceries.

“As Citycon is known for grocery-anchored shopping centres, we’re proud to say that here we have succeeded in getting all the relevant players involved,” Sanna Yliniemi says. The other significant upgrade is the strength and diversity of the food and beverage area, with about 6,000

square metres reserved for all types of restaurants.

### Get It Right the First Time

That’s not to say that putting all this together has been easy. Yliniemi admits that when you’re adding a considerable expansion to existing real estate, there’s so many things that can go wrong.

“This is why we really did our homework well and focused on issues such as the right customer flow and balanced service offering,” she says.

According to Risto Seppo, finding tenants for the expansion part hasn’t been particularly hard, even with the recession winds blowing.

“Iso Omena’s occupancy rate is now in January 2016 over 80 % and negotiations are on-going,” he says, adding that prospective tenants tend to appreciate the fact that Iso Omena is no “mystery card” – the shopping centre has a proven track record.



### Core Impact

Iso Omena is also very much in tune with Citycon’s strategy which calls for shopping centres to be located in urban cross-points close to where customers live and work, and with a direct connection to public transport, healthcare and municipal services.

At the end of 2015 Citycon owned 54 shopping centres in the Nordic and Baltic countries. ●



## THE ANGLE

By Olli Isotalo  
*The writer is Deputy Mayor  
of the City of Espoo*

# Espoo on the Move

**T**he biggest infrastructure project in Finland is drawing to a close, as the new metro line to Espoo will be launched in August, 2016. The metro will transport over 100,000 passengers every day, bringing connectivity to a whole new level in Espoo – and beyond. There are eight metro stations opening in Espoo by August, with five more to come by 2020.

More than moving people, we're moving business and communities: the new metro line will establish a true Growth Corridor that will sustain Espoo for decades to come. The Espoo Innovation Garden supports the West Metro Growth Corridor by attracting people, companies, jobs and services. The goal is to attract as many as 70,000 new inhabitants along this new corridor, while pursuing also significant employment growth.

As Espoo is really an interlinked city of five city centres, with around 50,000 inhabitants each, the task of the City is to enforce that interconnectivity. Metro is one way to accomplish this, but we have been successful with “conventional” rails as well: for instance, the Leppävaara City Centre – the main railway link in Espoo – has become a real dynamo for growth north of the metro line.

All five city centres offer flexible opportunities for housing, working, leisure time activities, services...while remaining in connection to nature. As one method of promoting green traffic, Espoo aims to increase the number of electric buses in connection to the Growth Corridor and the feeder traffic for the Espoo City Railway.

The target is to run the West Metro with renewable energy – and also the connecting traffic should be free of emissions. Metro line can become a test platform – with also international significance – both for electric buses and renewable energy.



Photo: City of Espoo Media Bank / Pekka Sipilä, Compix Oy

Furthermore, the City is looking at its real estate assets with a critical eye. For example, does every school need an auditorium or top-notch chemistry lab – especially if the budget will only allow mediocre solutions? Or, would it be more prudent to build state-of-the-art facilities in one place, and make sure that everybody can share in the use of the premises?

With this in mind, Espoo is working on a new ‘School as a Service’ concept, meaning, in essence, that the students will be able to deploy the best available assets within Espoo City limits – and the public transportation will get them there. This paradigm shift is long overdue: for too long, the focus has been on walls and desks – the physical manifestations of the school – instead of the content and the process of learning that goes on inside.

Espoo wants to champion a new way of learning which combines excellent education facilities with excellent utilisation rates.

Modern schools – such as the brand new Opinmäki School – will be available for all citizens, not just students.

Smarter traffic, smarter schools...and also smarter energy. The emission-free utilisation of geothermal heat has reached its trial phase in Espoo's Otaniemi. In a few years, geothermal energy may produce up to 10 percent of the total district heating needs in Espoo.

None of these actions have come to exist by chance. Our grand vision, The Espoo Story, states that the City wants to evolve into a true pioneer in the fight against Climate Change. Making our communities more compact, more sustainable – this is our dream.

And, while we are on the frontlines, this also creates opportunities for investors and companies that can benefit from this scenario.

In Espoo Innovation Garden we can all grow together. ●





# Metro Momentum

**The heart of Espoo Innovation Garden, the Tapiola-Otaniemi-Keilaniemi area, has all the right goods – with connectivity that is about to go through the roof**

*The fabled innovation hub of the Helsinki Metropolitan Area – Tapiola, Otaniemi and Keilaniemi in the heart of Espoo Innovation Garden – is standing on the brink of a brand new era. With the advent of the metro this year, connectivity – and along with it, creativity – in the area will improve by leaps and bounds.*

**T**here is already a tremendous platform to build on. The Tapiola-Otaniemi-Keilaniemi area presently boasts Northern Europe's largest innovation hub – this is simply the place where science, culture and business come together. Nevertheless, according to the master plan by the City of Espoo, the success story is just getting started.

The profile of the area will be strengthened by, for instance, the tallest residential and office buildings in Finland, tunneled main roads, a renewed culture and shop-

ping district as well as a new university village for students, researchers and entrepreneurs. With 100,000 people transported by the West Metro line every day, the City is of the opinion that there are many good things on the way.

## Running the Show

But what exactly is it about the Espoo Innovation Garden that makes it such a phenomenon both nationally and internationally? Well, first of all you have to take into

account the role Espoo as a real champion of innovation and economic growth. Besides being the second largest and fastest growing city in the country, Espoo's ecosystem accounts for 50 % of the research and development value for all of Finland.

Furthermore, Espoo companies are responsible for around 50% of the turnover in the Helsinki Stock Exchange. The Espoo Innovation Garden ecosystem is ranked among the Top 5 rising stars in MIT's global research covering over 200 university-based entrepreneurial ecosystems.

The roots of local innovation can be traced back to legendary Tapiola, the original "Garden City". Starting from the 1950's, Tapiola has spearheaded the cause of Finnish urban planning. From its very first stages, the community has gained domestic and global fame for its high class architecture and landscaping, as well as being praised





as an ideological experiment with a strong focus on nature.

## Tapiola 2.0

Currently, the venerable neighbourhood is going through a beauty treatment. In keeping with the original spirit of the district, a new centre will be built in Tapiola – a bold solution marked by its dynamic and sustainable character. Great care will be taken in the renewal to preserve the architecturally significant centre, designed by the architect Aarne Ervi.

The aim here is to create an active, multifaceted urban centre with modern mass transportation terminals, well-organised parking and maintenance arrangements, a wide variety of services as well as pleasant pedestrian areas and meeting places. In addition, Tapiola offers culture and leisure activities such as WeeGee House and Cultural Centre as well as sports – and the coming of metro will make it all so much more accessible.

## Upgrading Otaniemi

A little east from Tapiola, we find Otaniemi, the “Silicon Valley of the North”. Otaniemi is the largest cluster of high technology in Northern Europe, representing the entire chain of innovation from education and research to startup companies and knowledge-intensive service businesses. This community includes 16,000 hi-tech professionals working in research organisations and technology companies as well as VTT Technical Research Centre of Finland – the leading research company in the Nordics. The European Commission has twice selected Otaniemi among the most innovative areas in Europe.

Starting this August, you can take a metro into the very heart Otaniemi. The Aalto University station is located in the

middle of the campus area which is characterised by Alvar Aalto’s red-brick architecture.

The metro will connect Aalto University’s main campus to the Helsinki campus with a metro ride of about 11 minutes, which is good news for the students – and sure to re-energise the mass transport scene of the area. According to calculations, the daily number of passengers at the Aalto metro station will be around 10,000.

## Making Waves

Aalto University, of course, is not just any school for higher learning. Dubbed as the “innovation university”, Aalto is, in fact, the perfect example of the type of collaboration between business, hi-tech and design that the Espoo Innovation Garden is all about.

Established in 2010, the Aalto University was created from the merger of three Finnish universities: Helsinki School of Economics, Helsinki University of Technology and University of Art and Design Helsinki. Currently, Aalto has strategic projects which target e.g. the impacts and opportunities of digitalisation, service robotics, the platform economy and the energy revolution.

As a recent example of Aalto’s hi-tech prowess, it was announced in October that a next-gen 5G network will be built in Otaniemi. Promising higher speeds and extreme reliability, 5G will be launched by the turn of the next decade – with a majority of its development being conducted in the next few years. Aalto University is participating in research work in several different areas of 5G and is currently building a test 5G network at Otaniemi in Espoo in co-operation with companies.

## Connecting Keilaniemi

And as we keep heading east from Otaniemi, we soon enter Keilaniemi, known as the

“corporate engine” for the entire country. High-rise buildings are pretty much the norm here – with headquarters of such companies as Kone, Fortum, Valmet and Microsoft in attendance. The hi-tech corporate neighbourhood is eagerly waiting for the metro line to make the lives of the employees easier and help seaside Keilaniemi integrate westward.

It is noteworthy that in addition to the metro line, also the covering of Ring Road I with a “City Boulevard” deck construction will bring the three areas closer to each other. What this means is that, Keilaniemi, Otaniemi and Tapiola will be combined into a single, strongly developing area where it is extremely easy to move around. During the next ten years, about five billion euros of public and private funds will be invested in the area.

According to City plans, the City Boulevard will take on an identity of its own, complete with ambitious green construction. Linking Tapiola and Aalto Campus in an organic way, the City Boulevard will offer something extra to the area both from a logistical and aesthetic perspective.

## Residential Reach

The City and the State agreed in June 2015 to upgrade Ring I – as it pertains to Keilaniemi – in phases. The goal is to start construction at the start of 2016. In the first phase, a 250-metre tunnel will be built between Keilaniemi and Tapiola, with two residential towers next to it. The construction for the first tower will be launched at the end of 2017.

There might eventually be as many as four housing towers, with 27–35 storeys each, reaching as high as 100 metres. Together, the City Boulevard and the residential towers are expected to revitalise also the shoreline with activities and services. ●



# True Colours

**Tapiola – the original Garden City  
– is returning to its former glory as a wave  
of new construction hits Tapiola Centre**



*Not so long ago, Tapiola, the iconic “Garden City” of Espoo, had fallen on hard times. With new and shiny shopping centres emerging all around the Helsinki Metropolitan Area, Tapiola Commercial Centre was struggling to keep up. After all, the first parts of the Tapiola Centre date back to the 1950s and 1960s and little progress had been seen since.*

**T**he owners in the Centre were reluctant to do much about the situation, since it would mean considerable investment and uncertain outcome. In addition, the local owners had different opinions on how the classic neighbourhood should be revitalised.

Then, there was the decision by the City of Espoo to build the western metroline, with Tapiola as a key station. Metro promised fresh momentum and one of the local owners, LocalTapiola Real Estate Asset Management, wanted to ride that wave. Pretty soon, LocalTapiola was making considerable investments in the Tapiola Centre and leading by example, which meant, in time, that other investors followed.

## Rescue Operation

Vesa Immonen, Managing Director of LocalTapiola Real Estate Asset Management, says that rescuing Tapiola Commercial Centre was something that the company just felt it had to do:

“Without a strong investor to show the way, Tapiola Centre would have shrivelled up eventually,” Immonen says.

But what is it exactly about Tapiola that makes it so special? To answer this question, one must look back in time – all the way to the 50’s, when the name Tapiola was synonymous with ‘future’. Since its birth over 60 years ago, Tapiola has been regarded as a natural treasure: a shining example of a modern community rooted in natural values. Tapiola Centre formed a highly valued architectural landmark for the “community of tomorrow” that attracted attention worldwide.

## Pedestrian Paradise

Immonen believes that the Tapiola “core brand” remains unchanged, and that the Centre is well on its way to becoming great once more. What makes Tapiola Centre unique is that it opens outwards, not just inwards like a regular shopping centre does

– it is inviting, engaging...and quite possibly the perfect pedestrian hub. According to the plans, the new Tapiola Centre will, in fact, become the largest pedestrian centre in Finland.

“There is no place like Tapiola in the entire country. There’s a solid, recognisable foundation, and future development will only add to that appeal.”

LocalTapiola is truly committed to the area, already owning more than a dozen properties here. Eventually, the company’s local investment is expected to reach EUR 600 million, representing the biggest real estate investment in the history of the company.

Furthermore, Tapiola is also the home-base of LocalTapiola, as the company has over 1500 employees here – and Immonen admits that it’s hard to imagine putting the company headquarters anywhere else.

“This is where we want to be.”

## Brand New Day

The advent of the metro – combined with LocalTapiola’s commitment and leadership – has changed the tune around the old neighbourhood. As the metro kicks off this year, more than 20,000 passengers will be using the Tapiola station every day. Looking at those types of volumes, it is easy enough





to imagine that a completely new chapter in the development of the neighbourhood is about to begin. The over-all aim is to create a lively, multifaceted urban centre with modern mass transportation terminals, well-organised parking and maintenance arrangements.

Vesa Eskoli, Real Estate Investment Director at LocalTapiola Real Estate Asset Management, believes that there will be no stopping Tapiola's comeback:

"This is where strong community values meet dynamic urban structure – it's simply a great platform for future success," Eskoli says.

The blocks to the south of the original Centre will be renewed according to the same urban sociological principles that first created the Garden City. As a consequence, the Tapiola Centre will be totally transformed. For example, the level previously in use for private car traffic (Merituulentie,) will feature retail spaces and a pedestrian area; there will be plenty of parking space for bikes in the vicinity of the metro station; and new plazas and pedestrian streets will appear in Tapiola Centre, and the roof area will be green and well-groomed.

### Ainoa the Anchor

And then there is the shopping centre Ainoa (owned by Tapiola KR III Real Estate Fund)

which is ushering in a new era for local shopping. Having opened its doors in October 2013, the newcomer is still relatively small – with 10 000 square metres and 30 shops – but, eventually, Ainoa will be considerably bigger.

The second phase of constructing Ainoa has already started, and the shopping centre will expand over Merituulentie. The expansion will increase the square area of Ainoa from the current 10,000 square metres to 30,000 square metres. The second phase of construction will be finished in spring 2017, and the shopping centre will then include premises for e.g. the department store Stockmann.

After the second phase, the third phase will start by demolishing the building where Stockmann is currently situated and constructing new premises. The demolished building will be replaced with premises of approximately 20,000 square metres, and after that Ainoa will cover over 50,000 square metres and include 100 shops.

### Driver for Change

According to Vesa Eskoli, there's more to come:

"Third phase of Ainoa will be completed by 2019, and there are plans for phase four, too," he says, adding that Ainoa has

become an important rallying point for the entire "Tapiola Renaissance".

"Especially as we're strengthening the residential element in Tapiola, there's a sense that Tapiola is going back to its roots, to the original idea of quality living."

According to Eskoli, a completely new type of residential area will be built on top of Ainoa. The area is intended for the public, offering an attractive living environment in the heart of the Garden City. The area – going by the name Tapiolan Kirjokansi – consists of apartment buildings as well as row houses.

"Taken together, there will be a total of 260 apartments," Eskoli adds.

### Just Warming Up

While residential concerns are addressed, boosting parking facilities is also an issue. The central car park in Tapiola offers first-class parking space in connection with Ainoa; the second phase of Tapiola Park, which will be finished in spring 2016, will push the number of parking places to 2,000.

Talking about the LocalTapiola strategy for Tapiola Centre, both Immonen and Eskoli assess that the company is just getting started:

"We will be a strong player in this neighbourhood in the future, as well." ●



# Laboratory for Learning

Rooted in community values,  
Opinmäki glimpses into the future of school

Photos: Jussi Heilmäki

*As the City of Espoo set out to build Suurpelto – a new city district – in the beginning of the millennium, there was already talk of creating a vibrant heart for the community-to-be. Over the years, a vision started to take shape: the centre piece for the new community should be a multipurpose school that would be available for all citizens, not just school children.*

The City put together an open architectural competition in 2011 to find a totally new concept that would work for Suurpelto. Young architect Esa Ruskeepää won the competition with his work ‘Mäkin opin’ (‘I’m learning, too’). The building, the very first realized project by Ruskeepää, was designed and built in close co-operation with its users over a period of three and half years.

Finally, the grand opening was celebrated on Espoo Day on 29 August, 2015, as almost 1,000 pupils started school at Opinmäki Learning Centre. Opinmäki (Learning Hill) comprises two schools, a day-care centre, library, auditorium and sports hall. The wild card in the mix, however, is that the premises are also rented out to various actors ranging from choirs to local companies.

## Share What You Have

Only the day-care centre is off limits; all other spaces are available each day, after the school kids grab their backpacks and head home. To facilitate this, there are no dedicated classrooms in Opinmäki, or regular school desks for that matter. The pupils look after their belongings knowing that somebody else may be using the same space in the afternoon.

At its core, Opinmäki is a learning centre with the idea of offering a new way to

learn and work together in shared facilities. The services, architecture and operational culture of the learning centre are aimed at supporting lifelong learning.

This new kind of learning environment is designed to promote the diverse development and wellbeing of its users as well as the realisation of diversity, sustainable development and multi-culturalism. For example, the Opinmäki gym is the largest of its kind in the city, and it’s used – in addition to pupils – also by several sports clubs.

## Long Time Coming

Pekka Vikkula, City Project Director for Suurpelto, could not be happier now that the community finally has its calling card and true heart. After all, the guiding vision of Suurpelto calls for “all the important things in life” to be near and readily accessible. Adding multi-space edge to Opinmäki is perfectly in line with the original idea of Suurpelto, Vikkula says.

“What has been created here is nothing short of a multipurpose centre for lifelong learning – a dynamic centre that brings together education, culture and all kinds of other activities,” Vikkula says, adding that the idea is to really push the utilisation rate here – when one group exits, another one can enter.

“The space is so flexible that you can

do practically anything here. I don’t think we’ve seen anything quite like it in Finland – or anywhere else, for that matter,” he says.

Looking at the bigger picture, Vikkula observes that Espoo wants to be in the forefront of developing communities of the future, and Suurpelto – which combines Garden City appeal with hi-tech service solutions – is a perfect example of this mindset. Located along Ring Road II, the new community is steadily gaining momentum – and the new learning centre will go a long a way to help take the new community to a totally new level.

## Just a School? – No way!

With a price tag of EUR 54 million, Opinmäki is the biggest and the most ambitious school project in the history of Espoo. The school has already been praised for both its appearance and functionality. Architect Esa Ruskeepää is quite pleased with the final outcome. He says that the challenge in designing schools today is that they “can’t be just schools anymore”: increasingly, we are seeing a development where schools are turning into central public buildings.

Nevertheless, making the premises truly multifunctional is no easy feat, Ruskeepää continues:

“When you have different spaces and



various timeframes for use, one really needs detailed planning to make the concept work in the optimal manner,” he says.

“In the end, I feel that we were able to fit all the parts together pretty well.”

Educations in Opinmäki is based on collaboration and interaction, both between the operators and with residents of the community. Flexible premises, smart technological choices and using facilities in novel ways enable residents of all ages to meet and interact every day of the week.

## Roll the Dice

Opinmäki is extremely accessible from any direction, comprising nine separate buildings – already called blocks – that are connected by open lobby spaces. According to Ruskeepää, dividing the large program (16,700 square meters) into smaller “buildings” makes sense. The result has much smaller, more refined scale.

The apparent danger in multipurpose space is cramming dozens of activities in

one mega-building – but how does this all look to, say, a seven-year-old?

“What we have now is more like a village composed of several smaller buildings,” he says.

The building materials are brick, concrete and wood. Ruskeepää says that in his design, he was going for a mood that is more peaceful and dignified: this way, the centre can be seen not so much as a school, but as a “building for the community”. Opinmäki is also energy-efficient and optimised for life-cycle expenses – meaning, among other things, that the premises are convenient to service and maintain.

## Opinmäki – Fast Facts

**Services:** Espoo International School, Päivänkehrä School, Opinmäki Day-care Centre, Active Learning Centre AKKU, Espoo Youth Centre, Espoo Adult Education Centre, Espoo Sports and Exercise Services, Suurpelto associations

**Architect** Esa Ruskeepää (b. 1980)

**Principal Designer** Vesa Erikkilä (b. 1963)

**Project Architect** Sasu Marila (b. 1972)

**Competition entry** Thomas Miyauchi, Esa Ruskeepää

**Architectural competition** 2011

**Structural design:** Jyrki Ketonen

**HPAC and I&C design:** Vesa Jermilä

**Electrical design:** Mika Lamminen

**Project management contractor:** SRV

**Total costs:** €54 million

**Gross floor area:** 16,700 m<sup>2</sup>

**Year of completion:** 2015

## Push the Envelope

Kaisu Toivonen, Director of Education at the City, comments that in the coming years, Opinmäki will become one of the pioneers of education in Espoo.

“Placing international and Finnish-language basic education in shared premises will create linguistic and cultural understanding,” she says, adding that a lifelong learning tunnel reaches from pre-school to adult education.

“Shared premises with the Cultural, Youth and Sports Departments is an opportunity to develop new ways learning which support children’s growth and learning as well as harmonise school days,” says Toivonen. ●





# Flex Your Ed

## Espoo is championing a new 'School as a Service' concept

*The City of Espoo is convinced that a school is no longer about walls and blackboards – or even teaching, for that matter. More and more, the focus turns to learning itself.*

Conventional school space does not support today's school kids – these digital natives – in the best possible way. With this in mind, the City is launching a concept by the name of School as a Service, which revolves around shared resources. For example: not every school has to have a gym or a soccer field, as long as there is convenient access to them when needed.

One of the original developers of the concept is Aalto University Professor Jarmo Suominen, who started to consider, if it was

possible to bring improved flexibility into the way schools use real estate and other assets. The idea was well received by the City and developed further on.

### Fix it!

Suominen says that School as a Service (SaaS) concept can be viewed as a service innovation – in contrast to the traditional school-building process which focuses on product innovation.

Photo: Tina Primieta



“Right now, we see that school as a ‘product’ is kind of broken down, and the solutions that are produced are inflexible as circumstances are rapidly deteriorating.”

All that is needed now is a pilot to test the waters. In fall semester 2016, the concept will be tried out in earnest at Aalto University as the 350 students of Haukilahti high school take to the grounds. The idea is to fully utilise the flexible learning spaces located at the Otaniemi Campus. As the facilities are adaptable and allow users to

Photo: Andreas Meichner

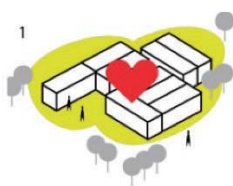






Photo: Huan Wang and Shiyang Shao

### Centralized School as a Product



### Distributed School as a Service



design and customise them according to their needs, the students are able to develop user-oriented learning environments.

### Fauna, Flora, Phenomena

The modern Puu2 building will be used as the “home base” for the new school, but students are likely to roam around the campus as need arises.

“For instance, Start Up Sauna and Design Factory – both located on campus – are available for the students,” says Suominen, adding that concept is very much rooted on “phenomenon-based learning” which takes place in appropriate communities.

Kristiina Erkkilä, Director of Development in Education and Cultural Services, says that the high school students will benefit from the academic environment that Otaniemi campus can provide:

“There is multipurpose space available that will challenge, support and inspire in the development of new kind of education,” she says.

### Welcome to the Future

Jarmo Suominen points out that the perspective of “social learning” is key here: the school of the future is integrated into various learning communities and educational value is created together with others.

“The SaaS concept creates the circumstances where the participants feel they are a part of a learning community; they create joint histories of development as well as common meanings and practices,” he envisions.

Suominen and Erkkilä explain that the concept is “anchored down” by three themes: Flexibility, Ownership and Accessibility. Put these three things successfully

together, and the new concept has a chance to go far.

“Take ownership, for instance. When you have a chance to shape your learning environment, your sense of ownership of your own learning strengthens,” Erkkilä says.

### Going Global?

Kristiina Erkkilä reports that the concept – while still in its formative stages – has already peaked some international interest: for example, Unesco’s Learning Cities and Eurocities are keen to learn more about the Espoo innovation.

“The City is eager to push the concept, too,” says Erkkilä. “We are committed to School as a Service, starting from the students and teachers and the officials responsible for the premises, and reaching all the way to the City’s top leadership.”

Thanks to Espoo’s considerable education volume, scalability can be achieved very easily, if the results from the pilot are positive.

“The Otaniemi pilot is planned to run for two years and we will develop the concept further based on the feedback from the project,” Erkkilä says. ●





## Flip the Script

### Aalto University has a portfolio of buildings where you can acquire service, not mere space

**S**pace is the Final Frontier – but not the way you might think. Aalto University has an ambitious plan to change the way we use of space in an academic setting. Rooted in multidisciplinary approach, the idea is to find the very best premises for any given activity. “The key to this is openness all around the campus,” says Antti Ahlava, Vice President for the University.

“We are building a new type of campus that is powered by a communicative and collaborative mindset. By mixing various func-

tions up, we can achieve a truly unique collaboration hub,” Ahlava believes.

Antti Tuomela, Managing Director for ACRE (Aalto University Campus & Real Estate), adds that the Otaniemi campus is exactly the type of “innovation platform” that can nurture startups, give a boost to existing companies or help big corporations get even bigger.

“We can offer companies attractive infrastructure, various new uses for space and shared facilities.”

#### Aalto Goes Experimental

The Aalto University has put its money where its mouth is by pooling all the university’s resources into Otaniemi; the latest arrival is the School of Art and Design from Arabia District. Both Ahlava and Tuomela talk about “achieving critical mass”: in order to get something, you first need to have something.

Now, with Aalto University deploying 200,000 square metres of space to promote education and research, that’s not exactly a





Photo: Esa Ahlqvist / GSS Lucky-Design

as a Service' (BaaS), where you focus on service and activity instead of bricks and mortar. Aalto, with its real estate assets and research prowess, is in a unique position to push BaaS onward.

## Face the Future

There are already signals out here that something like BaaS could well be the way of the future. In the USA, for instance, the amount of people who are using co-working solutions has hit 3.5 million.

"That figure has actually doubled every year since 2006," Ahlava reveals. When people opt for cost-effective, modern space, they increasingly choose co-working. But that's just the tip of the iceberg: Ahlava believes that in the next phase, companies will fully embrace BaaS and it will become a permanent part of their operative strategy.

"This is the more radical step, since it involves re-evaluating each and every part of the company's operations. Once that is done, however, there's so much you can achieve."

## Open Up the Campus

Traditionally, in academic campuses, there are areas which are accessible and those that are off-limits – and Ahlava and Tuomela feel that, in the past, those STOP signs have gone up way too easily. In a modern campus, you could have floor-level access to just about any building on campus – if extra security is needed, for instance, the upper floors could be deployed for that purpose. The two Anttis question the need for excessive restrictions, since innovations rarely grow in a vacuum.

"This change is not something we aim to do one building at a time; it is the entire campus environment that needs to be fine-tuned to fit this concept," Ahlava says.

According to Ahlava, the evolution of buildings has advanced from industrial buildings to smart buildings – but the "human" aspect of it all is still largely unexplored.

"With 'Human Buildings', we have a situation where people are co-creating value in the real estate context."

## Rock the Factory

A great example of this is Aalto's Design Factory concept. Antti Tuomela points out that Design Factory, located on campus, has become the "place to be" on the strength of the ideas brimming within the factory walls.

"It's the content and the whole ideology which resonates very strongly with students, companies and also the international visitors – and that buzz keeps attracting more and more people."

Add to this, the fact that Aalto University almost singlehandedly launched the new "Startup Era" in Finland; now, entrepreneurs

are the "new rock stars" and the talk around the campus is decidedly business-minded.

"We have students here that are not afraid to push the envelope and they are challenging also us to keep innovating," Tuomela says, while sounding not one bit disappointed.

## Campus on the Move

A key component in the upcoming plans is the new metro station – to be launched in August 2016 – which connects the Otaniemi Campus to downtown Helsinki, and beyond. And as the university is pulling all the stops to create a world-class campus, there will be an ambitious hallmark building leading the way. Having won a tough international architectural contest, the competition entry Väre (designed by Finnish agency Verstas Architects) provides the unique solution the university was looking for all along – emphasising interaction and true dialogue in an unprecedented way.

In addition to the new building – which will open its doors in 2018 – there will be a small shopping centre (7,000 sqm), as well, linking with the metro station. Ahlava and Tuomela point out that the university is committed to raising new buildings as well as upgrading existing assets. With regards to rental premises, Tuomela promises that the real estate portfolio will be "aggressively developed".

"We are looking to realise premises that really boost companies' business," Tuomela says, while adding that the university is also in search of quality partners to ensure the best possible outcome.

## Living It Up

A big part of this emerging ecosystem is the residential element. According to the plans, Otaniemi could encompass as much as 75,000 square metres of residential space in the coming years.

"We have room for 10,000 residents here," Tuomela confirms.

Ahlava and Tuomela believe that combining the academic, corporate and residential is also something that the old maestro, Alvar Aalto himself, would have appreciated.

"We have both versatility and flexibility here – all located in a beautiful setting close to the nature," Ahlava says.

Aalto wants to "go green" in environmental issues, as well. The campus has its own Smart Traffic Programme and an experimental geo-thermal superheating system – and has been championing the cause of 'car-free campus' for years.

"The environment is one of our core values and this is not about to change," Tuomela promises. ●

*(From left to right) Antti Tuomela, Managing Director for ACRE and Antti Ahlava, Vice President at Aalto University.*

little – but the corporate angle here is this: the University has an extra 100,000 square metres that it's leasing out. Already, clusters are being born: bio, health, design, media, games, Industrial Internet...birds of the feather do flock together, and there's versatile space here to make it happen.

"We want to introduce a little bit of disruption into real estate development – you don't always have to do things the same old way," Ahlava says. What the Vice President has in mind is a concept called 'Building





# It's All in the Pipeline

## New Growth Corridors call the shots in tomorrow's competitiveness game

*In terms of boosting competitiveness, the creation of new, powerful growth corridors is a rising trend internationally. While cities and regions may be in fine form, economically speaking, there's a lot to be said for synergy benefits when one seeks broader collaboration with neighbours.*

**R**esearcher Timo Aro notes that building such corridors is one way to link separate labour markets together more effectively. He believes that smooth traffic connections play a key role in all this.

"In lieu of distance, it makes sense to talk about the actual time it takes to travel from one place to another. Whether a region is a successful one or not, this is based, more and more, on fast road and rail connections," Aro says, adding that both the inner

and outer accessibility of any given area is directly linked with the area's growth and competitiveness.

### There Can Be Only One?

Nevertheless, Timo Aro is of the opinion that Finland is just getting started on this front: he argues that the only true growth corridor – which features a common institutional and physical structure – and that is

Helsinki – Hämeenlinna – Tampere. Linking the country's capital with the largest inland city in all of Scandinavia seems like a no-brainer to begin with, and Hämeenlinna is a burgeoning community in its own right, too, so the seeds for growth fall on fertile soil here.

"Elsewhere in Finland, the construction of corridors still requires a lot of work. In addition, what is missing from Finland at the moment is a mega-corridor that would go



Photos: Finnish Transport Agency

beyond national borders,” Aro says, while adding that the so-called Northern Growth Corridor from Stockholm to Turku is the first serious attempt at this. In the future, it may be viable to build a growth corridor between Helsinki and Tallinn, too – via a tunnel under the sea.

“Looking around the Nordics, an appropriate benchmark might be the Copenhagen – Malmö area, where everyday life still runs smoothly, even if it concerns two countries, Denmark and Sweden.”

### Time to Move

Back in Finland, it is clear that not all communities are created equal. For instance, Helsinki, Tampere, Turku and Lahti – and their respective regions – continue to increase their appeal, while areas further removed from south and southwest Finland are feeling the sting. Timo Aro comments that the reasons behind this trend are a legion, dealing with issues such as urbanisation, mobility, demographics, traffic corridor zone approach, international concerns...

“All of these forces for change encourage centralisation in the regional structure. South and southwest Finland, taken as one entity, forms a natural, functional area, since the greatest concentrations of inhabitants and jobs are to be found right there.”

Aro points out that as traffic infrastructure and growth corridors keep on evolving, this “power region” only improves in accessibility and reach, eventually becoming a unified labour area.

“At the moment, about 3.2 million Finns – almost 60 percent of the population – live within 90 minutes’ travel from downtown Helsinki, Tampere or Turku,” observes Aro, himself a native of west coast Pori. He believes that the appeal of this core area will continue to increase, due to transitional forces in the regional structure, the convenient combination of both “soft” and “hard” attraction factors and economy of scale.

### Work Comes First

But let’s pause here for a second and take stock of the factors of attraction – both hard and soft. Aro explains that work – or rather, potential for employment – has been the true, hard-as-nails factor in the equation for a long time. Still today, there’s no replacing work as the primary shot-caller in migration, but over the years other things have emerged as well. Research has identified such factors as image, atmosphere, availability of services, safety and convenience to create “pull” for a location.

“During the 2010’s, there have been more and more indicators that in certain sectors companies opt to go where there’s skilled labour available. This becomes highlighted in the creative industries and those fields rooted on know-how as there are expertise clusters which give productivity a considerable boost,” Aro says, pointing out that cities that feature schools for higher education have a leg up in the race – and this advantage will only grow in the future.





## Winners & Losers

For a researcher, it is quite evident that big cities are hard to beat in the attraction contest, both in the global and national arenas. Aro observes that the recipient of the ongoing brain leakage is often the “growth triangle” formed by Helsinki, Turku and Tampere, or, alternatively, the large or medium university towns out there. During this decade, only one in four municipalities has gained in the migration roulette – with the majority as the losers.

“Furthermore, looking at the migration streams of the young and educated, they are becoming constantly more focused to fewer and fewer areas,” says Aro. This will create entire communities filled with likeminded, young professionals, who pretty soon would not dream of going anywhere else.

## Leaving on a Jet Plane

Still, it’s one thing if the talented youth move from one Finnish municipality to another – the state is happy to carry out its taxation duty in either case – but if the young professionals should set shop outside of Finland... now that’s a considerably bigger problem in scope and size.

“As a new characteristic, we have seen increasing signals that the Finnish brain power is leaking out of the country. This, however, is not a threat, if those experts eventually return to Finland, being wiser and more experienced for making the trip.” One milestone in the “life path” of young talent is, naturally, the starting of a family, and many feel that Finland is the best place to raise children. Also other elements of the

welfare state may become more appealing after the years spent abroad.

But how can a small or medium municipality compete with big city bright lights? Does Aro have any tips for the communities of rural Finland that are tired of seeing their kids leave as soon as they graduate high school? – Aro responds by saying that you have to be able to recognise – truthfully – both the hard and soft attraction factors in the area, as well as the core elements which, taken together, form the local identity.

## Pick Your Battles

After taking stock of what’s out there, one must learn to be pragmatic: Each area must play to its actual strengths, not imaginary ones. This, however, is not easy, Aro cautions.

“More often than not, any given municipality has one individual factor of attraction. Whatever that factor is, one should really seek to develop it further on, with enough courage, resources and time to see it through.”

According to Aro, there are no viable quick-fix schemes around when it comes to changing the tides of migration. Not that they haven’t been attempted (and still are) – having started his research into domestic migration already in 1997, Aro has seen just about every trick in the book.

“Relating to my work, the biggest surprise has been that several areas have a really tough time facing the facts and owning up to them,” he says, calling the mindset of certain communities “irrational”. ●

*Sami J. Anteroinen*











## European Core Corridors – The Making Of

**I**n the European Union, nine core network corridors have been identified to facilitate the coordinated implementation of the core network. These corridors bring together public and private resources and concentrate EU support from the CEF, particularly to remove bottlenecks, build missing cross-border connections and promote modal integration and interoperability.

The core network corridors are also aimed at e.g. integrating rail freight corridors, promoting clean fuel and advancing telematics applications for efficient infrastructure use. From the Nordic view point, two corridors hold a special role: The Scandinavian-Mediterranean Corridor and North Sea-Baltic Corridor.

### Northern Exposure

The Scandinavian-Mediterranean Corridor crosses the Baltic Sea from Finland to Sweden and passes through Germany, the

Alps and Italy, linking the major urban centres and ports of Scandinavia and Northern Germany to continue to the industrialised high production centres of Southern Germany, Austria and Northern Italy further to the Italian ports and Valletta.

The North Sea-Baltic Corridor connects the ports of the Eastern shore of the Baltic Sea with the ports of the North Sea. The corridor connects Finland with Estonia by ferry, provides modern road and rail transport links between the three Baltic States on the one hand and Poland, Germany, the Netherlands and Belgium on the other. The most important project here is Rail Baltic, a European standard gauge railway between Tallinn, Riga, Kaunas and North-Eastern Poland.

### Building the Foundation

Even the EU has conceded that the immense complexity of the core network corridors

is a real challenge. Then again, the upside is tremendous, too: significant gains can be expected from the multitude of interactions and synergies as well as the emerging technological opportunities. The EU Commission feels that there are enough “strong motivators” to fire up the innovators and investors to get working on developing the corridors.

The ultimate objective of infrastructure development along these corridors – and on the core network as a whole – is to complete seamless connections for the sake of efficient, future-oriented and high-quality transport services for citizens and economic operators. The Commission is hoping that the nine core network corridors could serve as the forerunners of the full core network, to be completed by 2030. ●

*Sami J. Anteroineen*



# Report at Gate 29

**T**he premier Growth Corridor in Finland is the E12 highway, running from Helsinki to Tampere. Cities within a striking distance of this key artery are putting their best foot forward to attract companies and investments to their respective communities. One of the forerunners in this race is Valkeakoski, an enterprising town of 21,000 inhabitants, located 35 km southeast of Tampere.

Mikko Seppälä, Business Director for the City of Valkeakoski, says the E12 Growth Corridor really gives Valkeakoski a powerful reach. “We are looking to get our share of that growth,” he defines the objective.

Valkeakoski’s answer to this situation? – The new industrial area by the name of Gate 29, located just off the E12. But why the ‘29’?

“You need to take Exit 29 off the E12 to get there,” explains Seppälä.

But E12 is not the only “instant access” available here. Closest airport is in Pirkkala, only a 40-minute drive away; and harbours of both Helsinki and Turku can be reached within 90 minutes, too.

“Companies coming to Gate 29 will profit from all the versatile opportunities provided by the Growth Corridor. We can offer connectivity that others just can’t match,” Seppälä says, adding that construction on site will begin in summer 2016.



The area in question houses over 90 hectares of designated industrial plots and has building rights for 40,000 floor square meters. Furthermore, an SME locating within Gate 29 is eligible for an EU investment grant worth up to 20 % of investments in new machinery and equipment.

But the biggest draw here may be the size of the plots:

“According to feedback from companies, there is a great need of large plots for industrial and logistics operations in the region. We can provide that here, with largest plots being over 10 hectares,” Seppälä says. ●

## Hi-Tech Haven

**H**yvinkää is a city of 46,500 inhabitants, located in the middle of the Finnish Growth Corridor. There’s a distance of mere 55 kilometres to Helsinki, 50 kilometres to Hämeenlinna and 120 kilometres to Tampere. Hyvinkää Mayor Jyrki Mattila says that a lot of cities like to talk about their great location, but not everybody can match Hyvinkää’s location.

“We have access to ‘Ring 5’ here – highway 25 – and the main railway tracks run via downtown,” Mattila says.

Hyvinkää is also in a great position to benefit from connectivity, since it is a hi-tech town with long traditions of industrial excellence: for instance, the production

plants of both KONE and Konecranes are located here.

“Over-all, we have about 1,000 engineers in town.”

Spearheaded by strong industrial companies, the economic structure in the City is a solid one: Hyvinkää has a job-sufficiency rate of over 90 %. Another important thing is the urban structure, which is exceptionally compact. Presently, about 90 % of the population live within 3 kilometres of downtown.

“Furthermore, we have excellent reserves for plots, both for corporate and residential development.” Hyvinkää keeps adding apartments by the annual rate of

250–300, and there are opportunities to pick up the pace, if need be.

“Looking ahead to 2020, it is clear that we can intensify our development efforts, if the national economic outlook improves.” The City master plan calls for apartment buildings to be raised in the vicinity of the downtown and single-home construction to take place a little farther off.

The Growth Corridor has attracted also logistics players to the area, adds Mattila.

“The fact that so many logistics companies have chosen Hyvinkää as a base for their operations bodes well for our future development.” ●



# Southwest Synergy

**Turku, Uusikaupunki, Rauma and Pori are pushing regional growth – together**



*Southwest Finland is brimming with synergies – and the leading cities in the region are working hard to capitalise on the opportunities presented by collaboration. The coastal towns of Turku, Uusikaupunki, Rauma and Pori came together already in 2005, as the mayors of the communities started having regular talks. In 2010, an agreement was reached on the forms of cooperation and LOURA – Intercity Collaboration of South-West Coast of Finland – was born.*

**P**ipa Turvanen is presently charged with coordinating the LOURA co-operation efforts. She comments that the region has a long tradition of working together, but recently, the goals and the activities have become more ambitious.

“The idea is that the cities identify and select their collective strong areas, and work together to develop them onwards.”

## West is the Best?

Since the entire region is big on marine industries, this is obviously one key area of cooperation, but also such sectors as energy, water-related know-how and tour-

ism & travel offer plenty of opportunities. The Southwest coast and archipelago, for instance, are truly world-class nature destinations.

“Coastal cities are a rising trend also internationally. From an investor’s viewpoint, it makes sense to explore the potential of the entire region instead of a single city. Together we can be bigger than any of us on our own,” she sums up.

## Joining Forces

Aino-Maija Luukkonen, Mayor of Pori, says that the Southwest alliance is a strategic tool to help deal with the challenges of the

future. As urbanisation results in the creation of growth corridors and growth zones, all dynamic communities – and those wanting to stay that way – must tap into these collaborative networks.

“Our cities are stronger together, if you look at issues such as regional competitiveness, visibility and promoting one’s interests,” she says, adding that the Southwest cities are not that interested in administrative or municipal limits here, but, instead, want to nurture activities that are beneficial (at least in the long run) for the entire region.

According to Luukkonen, Pori has been active on many fronts lately, as €1.3



billion worth of investments have come pouring into the city. One important strategic investment is the new campus for Satakunta University of Applied Sciences, located right in the core of the city.

"The campus solution will impact the community in many, many positive ways, and boost the local potential considerably," Luukkonen says.

### Stay on the Growth Path

Not surprisingly, the number one issue in Mayor Luukkonen's mind is growth: how to get new jobs and new residents to complement the new investments. Pori has a good handle on energy issues – with LNG and offshore wind power as prime examples – and Luukkonen expects to see a development where these strategic initiatives yield great results.

"Both LNG and offshore wind power are choices for the future, and their significance will probably be understood even better tomorrow than today," she says, adding that the City has served in an enabling role in these energy projects.

### Marine Origins

Kari Koski, Mayor of Rauma, points out that the anchor of the Southwest collaboration was marine cluster cooperation, with Turku getting the ball rolling and other three cities soon joining in.

"Still today, marine cluster is a strong driver for collaboration in the region," says Koski. Rauma, like Turku, has a world-class shipyard, especially when it comes to making highly specialised vessels. Beyond marine, the region is unified in many other ways, too:

"The Southwest coast is a region with many common denominators, among them, for instance, quite similar economic structures."

### No Limits

Kari Koski is also of the opinion that there is little point in looking at maps to see where the city limits are – when companies and people are on the move, the administrative boundaries carry very little weight.

"The Southwest is connected by common history and ability to get things done. What Rauma brings to the table, is the dynamic, forward-looking nature of the city and concrete options for fruitful collaboration," Koski says.

### Consistency Wins the Day

For example, the food sector powerhouse HKScan announced in October 2015 that it has chosen Rauma for its new production plant project. The 25,000 square metre factory (and related investments) come with a price tag of over €80 million. According to Koski, HKScan's decision is further proof of the fact that the local economic policy is in fine form.

"This also means jobs and increased activity in various fields – we are already aware of additional industrial projects that are being planned with Rauma in mind," he says, while pointing out that the HKScan investment is not a stand-alone occurrence, but, instead, only the latest link in a long, long chain.

"We have a tradition of making the right moves for the future."

### Boosting Business

Atso Vainio, Mayor of Uusikaupunki, is thinking along the same lines with his colleagues: it's the emerging and existing business opportunities that are the key here, and finding ways to make the collaboration work. He admits that in a sense, these four cities are also rivals and competitors – who would not want a big factory within their

own city limits? – but the Southwest cooperation looks beyond individual interests.

"In this work, we must be both proactive and reactive in attracting companies and investments," he says. Talking about the strength of the region, Vainio notes that there is suitable overlap to encourage new business:

"We have a situation where success breeds more success. For example, the networking mentality is particularly strong here and has yielded exceptional results." For example, Uusikaupunki's "industrial anchor" is the local automotive factory which has been able to change with the times – quite masterfully.

### Soya Success

One recent case regarding collaboration: as Uusikaupunki secured a significant soya plant investment, the only problem was the inadequate sea access. The neighbouring Pori offered a hand, and now Pori handles the port logistics to the Uusikaupunki plant.

"This way, we can share the cake, instead of fighting over who gets a piece."

Right now, for instance, many companies are looking at various brownfield options in the region, which can be a good alternative to raising a brand new facility. "We can offer both attractive greenfield and brownfield alternatives here," Vainio promises.

### Just Getting Started

Looking ahead, Vainio sees many more such opportunities surfacing: the Southwest alliance is just getting warmed up and there is plenty of potential left to explore.

"As we move closer to 2020, we are able to make even better strategic choices, find tighter focus and really zero in on the key investments that will push the entire region forward." ●





# Going Strong

Riding favourable winds, Turku is poised to capitalise on emerging opportunities



*Harpoon Quarters, conceptual drawing.*

*Just a couple of years ago, this story could have been written out very differently. The Turku shipyard was in trouble, threatening to drag the first capital of Finland with it into murky depths of the Baltic Sea – or so it seemed. As the ownership of the shipyard – the maker of the world’s greatest cruise ships – passed hands from Koreans to Germans in August 2014, the whole local marine industry was re-energised in a matter of months.*

Over the summer 2015 alone, there were four cruise ship orders made to the Turku shipyard – now called Meyer Turku – filling up order books for rest of the decade.

The same spirit is apparent all around the city as a ‘can-do’ mentality is taking root in the community. There’s talk of, for example, forming public-private partnerships and performance contracting in order to launch a light rail in the city; to realise cutting-edge smart grid systems; to take regional traffic management to another level. Encouraged by recent success, Turku is now seeking to create cross-over initiatives that benefit the entire community.

## Cross-over Appeal

Jouko Turto, Director of Turku Municipal Property Corporation, notes that the City is trying to get away from conventional silo mentality since most promising ideas usually cut across several themes.

“What we are seeing here, more and more, is proof that networks do work, when they are created and maintained in a smart

manner. Nobody can do everything all by themselves, but when we embrace collaboration, great things can happen,” Turto sums up the winning spirit around town.

Perhaps the best example of the collaboration prowess is Turku’s pioneering role in the fight against Climate Change. Turku is seeking to become an entirely carbon-free city by 2040, making it the most determined large city in Finland in this front.

The background on all this is that in 2009 the Turku City Council set the 2020 CO<sub>2</sub> emissions reduction goal at 20 percent. That fight has already been won: we know for a fact that Turku is going to reach its goal for 2020. The City has worked together with innovation think tank Sitra on its next goal, the 80 percent emission reduction by 2030, since spring 2015. Finnish Environment Institute SYKE has also given professional support for the cause.

## Making a Difference

The key tool for reaching the goal of 80 percent reduction is the strengthening of

sustainable energy systems, transporting systems, and the urban structure supporting them. Noteworthy measures that have already been initiated in Turku include the investments in renewable energy and the development of regional public transport. Another crucial line of policy is the building of sustainable development and green economy together with companies, communities, and citizens.

This means, for example, that the Turku Region maritime industry has been active in creating a strong environmental profile which shows in all recent ship orders. The joint BASTU initiative of companies and the Finland Futures Research Centre has also been started under the auspices of the co-operation between Turku City and Sitra. The initiative has already engaged 40 companies and communities to actively develop circular economy.

“Turku has been selected as a model city for circular economy and there is a lot we can achieve in the fields of, for example, resource efficiency and industrial symbiosis,” says Jouko Turto.



## Learning Process

Turku also learned a lot from the three-year Urban Infrastructure Initiative (UII), working together with international “heavy hitters” such as Siemens. Turku was, in fact, the first city to take part in the UII programme which was a key project of the World Business Council for Sustainable Development (WBCSD).

Under UII, new paradigms for urban development have been applied, and the opportunities and impact of cutting-edge technology on Turku’s development were assessed. These include, among other things, the sustainable development study for the Skanssi and Linnakaupunki residential areas, and an impact assessment for the light rail network planned for Turku.

“For Linnakaupunki, we are moving ahead with the construction of the Harpoon Quarters next year,” promises Turto.

Furthermore, during the UII project Siemens helped Turku along by contributing its expertise about the newest technical innovations and solutions – for example, in the areas of electric buses, smart electricity networks, and automation of building technology – to the cooperation. These solu-

tions are helping to reduce the carbon dioxide emissions and energy consumption as well as lend a hand in the building of new, smart residential areas.

## Enter: Innovation Campus

One special area in Turku that already has considerable “brain power” is Turku Science Park and the emerging “Smart Campus” all around it. Turku Science Park is already one of the biggest and oldest innovation parks in the country, but the aim is even higher: a world-class hi-tech campus that will bridge the academic and the corporate with unprecedented flair.

Mikko Lehtinen, Managing Director of Turku Technology Properties, says that similar “innovation dynamos” are quite common, but they’re often missing a key ingredient, and that is flexibility. As the owner of the premises, Turku Technology Properties is able to utilise existing space in creative ways.

“For the local companies, it’s not about walls and desks and an internet connection, it’s the whole ecosystem – who’s your next-door neighbour and what can you do together?” Lehtinen says.

“The other thing is staying close to the companies to find out what they need. We even have banking services available.”

Jouko Turto adds that what the City wants to do here goes well beyond providing premises:

“We’re not interested in building mere office space; we’re interested in building communities.”

## Start Me Up

The next phase in the evolution of the Science Park began in 2015, as the Turku University of Applied Sciences focused all its resources in the Science Park. Currently, Turku Technology Properties owns 145,000 square metres of existing premises – and the creation of full-fledged innovation campus will add even more. In the entire Turku Science Park area, there are over 250,000 square metres of completed premises.

Special care is taken of start-up companies who keep flocking to the Park in record numbers: all space provided by SparkUp and Werstas programmes are currently full.

“For example, at Werstas – which is our newest business incubator – there are 46 rooms and they’re all taken,” says Lehtinen.

*Turku is shifting to electric buses.*

Photo: Jari Puusikivi





And it's not just start-ups and fledgling businesses, either. In October 2015 it was announced that LG chose the Turku Science Park as the location of its new R&D Lab. The technology giant plans to develop radio frequency solutions and radio frequency integrated circuits for 5G right here; the lab will also conduct R&D on other growing areas of technology, such as the Internet of Things (IoT) and smart homes.

Photo: Turku Energia

*The largest pellet power plant in Finland will be completed in Luolavuori this year to produce renewable reserve and peak power.*

## Tap into the Network

The new R&D centre is located in the Electricity building of Turku Science Park – and it is no secret that LG Electronics hand-picked Turku as the location for the new unit due to the local world-class radio engineering talent pool as well as the specialised mobile communication industry existing in the area.

And LG is not alone:

“Recently, we added the Australian company Silanna and Nordic Semiconductor from Norway, as well,” says Lehtinen.

A great location doesn't exactly hurt, either. While many science parks linger on the outskirts of cities, that is simply not the case here, points out Timo Hintsanen, Turku City Planning Director.

“Where else can you find a science park located in the core of the city?” he asks. Mikko Lehtinen concurs:

“Here we have business, science and universities all located within convenient reach.”

## The Itäharju Initiative

The master plan also includes transforming Itäharju, a former industrial area located right next to Science Park, into a new type of neighbourhood which combines studying, living and leisure in a brand new way. Ambitious high-rise construction, restaurants, stores and residential development are all in the cards for the Science Park – Itäharju combo.

“We have seen a rise in the awareness level and have concentrated our efforts

to taking steps into the right direction,” Lehtinen says, adding that real estate projects do take time to materialise, but consistency will, eventually, win the day.

However, in order to fulfil the promise of the new city district, connectivity needs to be improved. To facilitate this, a new hos-

pital – with a price tag of EUR 180 million – will be built across both E18 motorway and the railroad tracks. Realising the hospital on top of E18 and rail will go a long way to integrate the local urban structure, linking the emerging supercampus with downtown.

“The construction for the hospital starts in April 2016,” confirms Jouko Turto.

# Driven By Science, Powered by Business

**T**urku Science Park Ltd is a business policy company owned by the City of Turku, acting as a strategic partner of universities and enterprises – both start-ups and bigger, growth-seeking enterprises. The special fields of expertise are biotechnology (BioTurku® – life science), information and communication technology (ICT), as well as chemical industry and cleantech.

Turku Science Park is an independent and impartial expert company which has promoted the business operations of SMEs – based on leading know-how – for more than 25 years. The services are, in general, free of charge for the customers. ●

## Winning Strategy

Pekka Sundman, Director for the City Development Group, says that the City development strategy is not about realising individual projects – put a building here, a building there – but about looking at the big picture.

“We must be ambitious and set our targets high. Right now we are in a situation, where we have the drive and the momentum to keep going,” Sundman says, adding that during the last five or six years more and more things have started to come together.

“We’re going to use this as a platform to build something even bigger,” he promises. ●





Photo: by Finavia / Photographer Hannu Vallas / Lentokäytävä Vallas Oy

# Earn Your Wings

In trying times, can Airport Cities help the economy to take off?

In building the Growth Corridors of the future, one sometimes neglects to note the importance of air traffic. While multimodality as a concept – and more significantly, in practice – is being perfected, airports are emerging as powerful hubs that drive growth around the world.

Airport cities guru, Dr. John Kasarda, has talked about “the rise of the aerotropolis” and the increasing economic importance of airports for years. According to Kasarda, airport cities have developed along different paths.

A portion of airport cities were planned from the start, but most of them, however, evolved in a largely organic manner responding to airport land availability, improved surface transportation access and growing air traveller consumer demands. Additional drivers in this change have been airport revenue needs, new business practices, and site-specific commercial real estate opportunities.

## Winning Wingspan

“Regardless of the process, airports continue to transform from primarily air transport infrastructure to multimodal, multi-functional enterprises generating considerable commercial development within and well beyond their boundaries,” Kasarda believes. More and more, we are witnessing the trend where virtually all of the commercial func-

tions of a modern metropolitan centre can be found on (or near) most major air gateways, fundamentally changing them from ‘city airports’ to ‘airport cities’.

The economic impact of airports is a crucial component of modern economies. According to an Airports Council International EUROPE (ACI) study, European airports and associated aviation activity create and facilitate a total of almost 12.5 million jobs, or €75 billion in Gross Domestic Product (GDP) each year – that’s just over 4 % of the entire European economy.

## Rare Air

The ACI study notes that while a large part of airports’ economic impact is associated with those that work within the sector and its wider supply chains, it is the broader “catalytic impacts” which set aviation apart from other industries. These are the wider economic activities which occur beyond the aviation sector, but which are facilitated and supported by the connectivity that aviation delivers between localities, countries and world regions.

This means that tourists can spend money in previously unreachable locations; businesses can produce goods to be consumed in far corners of the world; investors can set up new offices, call centres and factories exactly where they are needed.

## Get Connected

The ACI study looked at macro-economic data from 40 European countries over the span of a decade. Taking into account other factors which influence growth, it was found that a 10 % increase in a country’s air connectivity was associated with a 0.5 % increase in GDP per capita. In a world where sources of growth are increasingly precious, this is a compelling statistic indeed.

Furthermore, the role of air connectivity is only likely to become even more important in the future. With limited growth anticipated in Europe in the medium-term, it is increasingly important that we go airborne and tap into those regions in the world where faster growth is expected.

## Going Corporate

European airports are changing with the times, having undergone a major business transformation over the last two decades – from mere infrastructure providers to fully-fledged businesses, competing for business and traffic in a liberalised European market.

Today, 80 % of European airport operators are corporatised businesses with an ever-growing involvement of the private sector, particularly at the major airports. At the same time, their role as one of the most important economic actors in their respective regions has certainly not diminished. ●

*Sami J. Anteroinen*



# Destination: Aviapolis

## Vantaa is building the blueprint for a next-gen Airport City

*The odds are, the first thing you'll see of Finland is the Helsinki-Vantaa International Airport. There are 70,000 passengers going through the airport daily – but that's just half the story. Just outside the terminals, there's an entire Airport City taking shape.*

Vantaa's master concept for the "aeropolis" of the future is Aviapolis which combines business edge with residential reach. Hannu Penttilä, Deputy Mayor for the City of Vantaa, says that airport and its environs are quite unique in international comparison:

"We have integrated the airport very closely to the community structure, whereas elsewhere, the airports are rather removed from downtown areas."

The trick, Penttilä reveals, is in careful consideration of the challenges posed by constant air traffic, and, most notably, by the noise generated by those big, big planes. The City has identified "noise-free pockets" all around the airport and really capitalised on those in terms of residential construction.

### Strategy Comes First

According to Penttilä, just about anything is possible via thorough planning – and that is exactly what the City wants to do. The City has drawn out a master plan for the future development of Aviapolis, calling for a human-scale community, where walkability is a big element.

"In addition to car traffic, there must be plenty of pedestrian appeal, too," Penttilä says.

The Airport City of tomorrow will



be ecologically and culturally sustainable, and a true destination of its own right. "The Airport City concept should be extremely appealing also from the point of view of innovators, since this is a great area for the introduction of totally new things," Penttilä says.

### Best in the World?

In the future, the new Veromies District – located just off the airport – will feature 20,000 people. According to the plans, by 2025, the entire Aviapolis area will house up to 23,000 people.

"All and all, we are building the best airport city in the world," says Penttilä, who has studied the formula for a successful "winged city" all around the Europe. He refers to Manchester as one example of delivering an effective package, as well as Schipol and Zürich (especially in terms of

jobs) – but still, Penttilä believes that Vantaa's Airport City can trump all of these.

"We have a setting with all the required services, where the distances are short and logistics very smooth indeed. The 'bonus,' so to speak, is Europe's most convenient access to Asia. It's simply a combination that is hard to beat," Penttilä sums up.

### Going Global

Against this backdrop, it is not hard to see why companies – big and small – are flocking to Aviapolis. For years, Aviapolis has demonstrated the biggest growth in jobs in the Helsinki Metropolitan Area. At Vantaa, Aviapolis is in a league of its own: during the last ten years, 65 % of all new jobs have materialised in Aviapolis.

"Currently, Aviapolis holds over 20,000 jobs and is a clear favourite for internationally-minded companies who simply need to be connected," Penttilä says, adding that the City is aiming for 40,000 jobs in the area in the coming decade.

### Ride the Rail

Connectivity is not all about wings, either. On July 1, 2015, the new Ring Rail Line opened, providing an effective rail link between Helsinki city center, Helsinki-Vantaa Airport and the rest of the country. While introducing five new stations – Vehkala, Kivistö, Aviapolis, Airport and Leinelä – the Ring Rail offers Vantaa plenty of opportunities to solidify the urban structure.

"The Ring Rail Line has re-energised the scene, providing a much needed push for not only mass transport but also community development." ●



Photo: Innovare Oy

## THE ANGLE

By Hannu Penttilä

The writer is Deputy Mayor of the City of Vantaa

# Vantaa – City of Streams

The success of cities can be measured in various ways. For today's cities, accessibility and environmental issues are often paramount. When making comparisons, however, one often gets lost in a jungle of little details. The City of Seattle in the US decided to simplify its measurement system years ago; it started to concentrate on the number of salmon rising up the local streams. In Finland, this same measure can now be used in Vantaa, the Airport City of the Helsinki Metropolitan Area.

The Vantaa River is already the most important trout river on the Gulf of Finland and Vantaa's streams are filled with spawning fish in the autumn. Vantaa – while on its way to becoming the best airport city in the world – is also a true “city of streams”.

Vantaa's evolution to become a fish-favourite started already 700 years ago. In 1351, the Swedish King granted the valuable Vantaa River fishing rights to Estonian Padise Monastery, on the other side of the Gulf. Fast forward two centuries and Helsinki was founded on the best available site (from the perspective of accessibility and fishing), the mouth of Vantaa River. Helsinki's lands were separated from the rural area by the same name, which eventually was named after the local river: Vantaa.

Around 150 years ago, the river was dammed to suit industrial needs. The salmon disappeared as the dams went up, but the original trout population survived up the river. Today, the dams are cultural-historical landmarks. The trout also have access via a fish stairway.

The waters of Vantaa River no longer carry the taint of inhabitation and industry. The original trout population can once again get back to the sea to grow; and then, return to spawn in those well-familiar streams running to Vantaa River. There are numerous such streams within City limits, forming the core of Vantaa's parks.

Concerned fishermen and nature activists woke the City of Vantaa up, making the officials see the inherent value in streams. The City and the citizens have worked together to revitalise streams and furnish the stream bottom with appropriate gravel for spawning. It is widely recognised that Vantaa River and its streams are a treasure beyond measure.



Citizens are involved in clearing streams of garbage and notify the authorities if the quality of water is compromised. The best natural indicator here, however, is the vitality of the original trout population and its growing numbers.

The City of Vantaa named 2016 as the

Year of Rivers and Streams, but the City's commitment to streams and nature goes beyond one year. As was the case hundreds of years ago in its infancy, the community is once again poised to pursue success and quality of life everywhere: on land, on water and in the air! ●



# Put the Building in Your Pocket

## Technopolis is spearheading the cause of smart real estate management

*Increasingly, real estate today is not so much about bricks and mortar but about ones and zeroes. As digitalisation takes hold, smart information management tools are becoming more common in the industry. Nevertheless, big benefits from e-solutions require sufficient volumes; instead of a single building going digital, how about ten buildings? Or a hundred buildings all streamlined and optimised under the same system? – Now that's where the true upside lies.*

**O**ne frontrunner in the industry is Technopolis which provides “the best addresses” for companies to operate and succeed in five countries – Finland, Norway, Estonia, Russia and Lithuania – in the Nordic-Baltic region. Technopolis develops, owns and operates a chain of 20 smart business parks that combine services with

flexible and modern office space – and the company has focused on digitalising its real estate management in a big way.

Presently, Technopolis provides solutions to 1,700 companies (and their 47,000 employees), which means that the listed company really has a stated interest in streamlining its processes in a meaningful

way. Since 2004, Technopolis has worked together with IT company Fatman in order to optimise costs and increase productivity.

### Growing Up Smart

Kari Kokkonen, Director of Real Estate and Services at Technopolis, says that as the



Photo: Ari Talusén

*(From left to right) Ari Korhola, CEO of Fatman and Kari Kokkonen, Director of Real Estate and Services at Technopolis.*

company's operations have become increasingly global and undergone strong expansion, cooperation between the two companies has been developed using modern operating methods and tools. As a result, the company's competitiveness has constantly improved.

"Digitalisation is a megatrend also in our industry and we have made a commitment to change with times. We have seen the benefits of the new solutions in all our five operating countries and are eager to continue onwards on this path."

Ari Korhola, CEO of Fatman, says that the Technopolis case has offered the Helsinki-based family-owned company with opportunities to "branch out into the world".

"In a way, we have been able to grow together. This type of know-how holds significant export potential and we want to be involved in taking world-class Finnish expertise abroad."

## Get the Data

The tour de force of the collaboration was a 2012 development project, which was aimed to make Technopolis' service easier to approach, and thereby, to improve customer satisfaction. In order to do this, new tools were created for the predictive and methodical management of property business costs. The goal was for all essential property information to be located in one place and available for use by the entire organisation and interest groups.

"It was a big effort to put all the information together, but it has really paid off. Now Technopolis has sufficient master data at its disposal to achieve a great range of things," says Ari Korhola.

Case in point: a property taxation stock take was carried out on all of Technopolis' property stock in 2012. The sites' bases for taxation were checked and the sites were modelled in a SaaS property management system. And the result? – The checks carried out by Fatman's specialists showed that the adjustment to property taxation had amounted to a pretty penny and Technopolis was compensated a "significant sum" by the taxman.

## Make It Smart

What's more, the development project also achieved functional advantages, such as centralised information management and a reduction in manual work carried out by Technopolis' personnel. At the same time, the property management model was also reformed and Technopolis received tools to manage the internationalisation and multilingualism of its operations.

"And that's just one example. Overall, one could say that our property maintenance costs per square metre have decreased as we have improved our e-management

of all real estate assets," says Kari Kokkonen.

Another issue is a thorough review of Key Performance Indicators – or, rather, using the KPI data in more creative ways to improve the bottom line.

"When you 'go deep' into the data, you're able to make comparisons between different business campuses, for instance, and identify and adopt the best practices more effectively," says Ari Korhola, adding that from time to time, it makes good business sense to "shake things up a bit" and use a different set of KPIs.

"That way you may be able to discover something you haven't thought of before."

## Getting Creative

Again, it's the technology that is giving companies the tools to do just that; for example, with Internet of Things (IoT) solutions, one can take a look at the data compiled from a building's heating/AC units and find out what works and why. One can, say, isolate the poor-performing 'Bottom 10' and decide on right actions to rectify the situation.

"We have the capability to do that already. Now it's more about what is meaningful from the perspective of the customer – there's no point in doing something just because you can," Korhola says.

In the case of Technopolis, there is a wealth of information to explore. The key idea is that whatever data the system churns out, it's readily available in real-time – and right there in your pocket, too, thanks to smartphone solutions. Korhola describes the process as moving away from "chaos management" and towards a digital universe where order reigns supreme.

"When automation is taken to another level, great many things become easy and fast to accomplish."

## Digital Dominance

Kari Kokkonen adds that while real estate management is perceived to be a rather conservative field, one must be able to embrace the e-change.

"We are committed to being a true pioneer in the Baltic Sea Region in this regard, too," Kokkonen says, while adding that as many Technopolis' business campuses are joint ventures, the company has been able to introduce new ways of doing things to its partners, as well. According to Kokkonen,



these collaborations have benefited from such sharing.

## Moving Forward

Talking about the cooperation with Fatman, there is a roadmap already in place that extends to 2018. There's no reason to stop there, though:

"We are determined and focused on constant improvement as we move forward together. Since this is all about cooperation on the long run, also patience is needed along the way," Kokkonen says.

Ari Korhola shares the same sentiment: as cooperation deepens, the interaction branches into new areas and fresh solutions to boost productivity and competitiveness keep surfacing. It's this holistic outlook that Korhola wants to promote:

"If you're looking at just one area of operations, you're in danger of missing out on the big picture. With a long-term partnership, the optimisation process runs more than skin-deep." ●



# Organic Living, Anyone?

**Wood could revolutionise the construction business  
– and help win the fight against Climate Change**

*Finland and forests – now there's a familiar combo. Ask any foreign visitor about Finland, and he's likely to say something about the whole country being just one big forest. And that random guy is not far off: for instance, Finland's forests grow and produce more than 100 million cubic metres of wood every year.*











**T**he Finns build the houses for their families out of wood, build their summer cottages out of wood. But when it comes to large-scale construction – such as apartment buildings – it's been concrete and steel all the way.

It has been clear for a long time that the greatest potential for growth in wood construction lies in the building of multi-storey structures. As global climate, environment, and natural-resource issues are becoming more and more important, wood construction is rising on the agenda of the decision-makers around the country – and new markets are opening up for wood.

### **Fire Hazard No Longer**

Despite the fact that concrete has dominated the multi-storey building market for the past 50 years, wood has been building a

comeback, if slowly, since the early 1990s. Development efforts have focused particularly on acquiring the know-how necessary to build multi-storey wooden buildings and on enhancing buildings' energy-efficiency.

What's more, Finland's fire-safety regulations were changed in 1997 to facilitate more extensive use of wood in building frames and façades for buildings of up to four storeys. The fire codes were changed again in April 2011, to allow for the use of wood even in residential and office buildings of 5–8 storeys with a wooden frame and facade.

In addition, the possibilities for using wood were extended to cover repairs of (and extensions to) concrete suburban buildings.

### **Carbon 360**

And then there are the new energy-effi-

ciency regulations which entered into force on 1 July 2012. The purpose of these regulations is to guide toward increasing the use of renewable energy for heating and cooling of buildings – with an eye on the actual materials, too.

As a consequence, Finland's National Building Code will start to take into account the environmental impacts caused by the production of many types of building materials as well as those resulting from construction. In this respect, wood as a local, renewable, and environment-friendly energy source and construction material of domestic origin will be an increasingly competitive raw material in the future.

### **Timber!**

The state – and numerous cities – are aiming to streamline, harmonise, and increase





the efficiency of research and development activities in wood building on the national level.

Architects, in particular, are quite interested in wood building at present and construction companies are warming up to the theme, as well.

There are various high-profile wood buildings already in existence – such as the downtown duo of Kamppi Chapel and Helsinki Music Centre or Finnish Nature Centre Haltia in Nuukio, Espoo. New, exciting wood construction projects are also on the way, including the Centennial Library and Wood City, both located in Helsinki.

Especially Wood City is noteworthy in this context, being – upon completion – the largest wooden quarter of its type in Finland. In this project, SRV and Stora Enso have joined forces to make Helsinki's Jätkäsaari area a model of urban wood archi-

ture by creating an entire city quarter of wooden buildings.

The partners believe that Wood City will be a masterpiece of modern wood architecture, raising Finnish know-how in this area to the highest international level. In August 2015, Helsinki City authorities gave a building permit for the “centre piece” of the project, an 8-storey wooden office building and also a neighbouring 3-storey parking facility.

### Reach for the Sky

Still, in terms of trying to impress people with verticality, eight storeys is not much of a conversation opener. With this in mind, a Finnish supplier of wood products Metsä Wood started a project called Plan B – in order to really push the envelope on what wood can do.

Plan B means, in essence, taking legendary architectural designs and figuring out how to make them out of wood. Having warmed up with the Roman Colosseum, Metsä Wood wanted to explore what it takes to build a wooden skyscraper.

Perhaps the most iconic building of the modern age – the Empire State Building – was chosen for just this purpose. Architect Michael Green from MGA contributed his visionary concept planning to the project – being of the opinion that the future belongs to tall wooden buildings, Green was already more than onboard about the potential and promise of wood.

### House the World

In fact, appearing at a TED conference a few years back, Green commented that as the earth grows our food, it will someday also



grow our homes. Equilibrium Consulting, a timber engineering expert, provided insight on structural matters and Metsä Wood had its own experts to rely on for material and construction.

And can it be done, you may ask? According to final designs of the Plan B team, the size and the basic structure of the

wooden 'Empire' are the same as in the original Empire State Building in New York. (Of course, they have yet to build it.)

Designing a wooden skyscraper proved to a stroke of marketing genius as well, since the international media quickly picked up the story and ran with it.

Now, the Finns are not usually known

for their 'flash' (with the exception of Teemu Selänne), but this type of exposure may be just what the doctor ordered. Next chapter in the story: a true wood construction renaissance? And real wooden skyscrapers? ●

*Sami J. Anteroine*

*Photo: City of Helsinki Media Bank / Lauri Rönkä*





**Eversheds Finland:**

# Eye on Transactions

*Saara Raitala from Eversheds says that the mood in the real estate market is good: a lot of transactions have been carried out, and many are waiting in the pipeline. Raitala, who is a Partner in the firm and also heads the Transactions team, comments that as deals are being made again, also the international players have returned to Finland.*



**"W**e are seeing more and more business where one or more of the negotiating parties comes from abroad," Raitala says.

And Eversheds Finland itself has "gone international" during the last year or so. In November 2014 it was announced that one of Finland's leading law firms, Juridia Bützow, is to join Eversheds International – in an effort to further broaden the international reach of both firms.

## Make It Big

Joining Eversheds, which consists of 57 offices in 31 countries across EMEA and Asia, meant that the Finnish law firm – with five offices and 165 professionals across Finland – started playing in the Major Leagues for real. After all, Eversheds and its worldwide offices have over 4,000 people who provide services to the private and public sector and business and finance communities.

Furthermore, the ownership of the newest member in the global Eversheds family stayed in the Finnish hands. "Now, looking at the situation one year after we joined Eversheds, one could say that the integration process has been smooth," Raitala says, add-

ing that the global network helps to attract and secure new business.

"Real estate is a 'semi-global' field in the sense that the buildings don't relocate themselves, but the ownership may change hands very easily across borders. In this sense, our international network brings added value to our customers."

## The Finnish Way

But is the Finnish way of striking deals any different from, say, the American or German style of negotiating property deals? Raitala responds by saying that there are differences, since Finnish real estate legislation is rather straightforward and moderate in its approach. If there are Americans around the table, the transaction document will easily grow by dozens of pages, since under the US legislation, you always want to spell out the conditions of ownership in no uncertain terms – just in case and taking into consideration that the applicable law may not bring any answers.

In addition to cross-cultural considerations, also the growing number of transactions involving joint investments is bringing additional documents to sign.

"Presently, there are Finnish compa-

nies partnering up with foreign companies as they're seeking investment opportunities abroad – and also foreign companies who are entering the Finnish market with a local partner. In either case, joint ventures end up adding various documents to the final agreement," says Raitala.

## Put in the Work!

Eversheds has done a solid job in negotiating the deals – or, at least one would think so looking at the latest customer satisfaction survey. According to the survey results of autumn 2015, 95 % of the company's clients would be likely or very likely to recommend the company.

And what is the secret of success at Eversheds Finland – in addition to its international mindset? Well, obviously expertise is one key issue here: at the Helsinki office, there are almost 20 lawyers focusing on real estate, with e.g. construction and environment being key themes alongside transactions.

"We want to practice hands-on law. When it comes to real estate, it's not sufficient to understand the ins and outs of the agreement, you have to look beyond that and understand also the real estate world itself." ●



# Real Estate Investor Day by Eversheds: 'Cash-in-quick' opportunities are gone – but the blue-collar investor may well be rewarded

*Eversheds' Real Estate Investor Day in Helsinki attracted a good crowd of industry professionals to Restaurant Pörssi in November. As the biggest real estate law practice in Europe, Eversheds is in a solid position to evaluate where the industry is now – and where it's going next.*

**J**ose Pellicer, Head of Research, Rockspring UK, got the ball rolling in earnest by talking about opportunities in Europe. He noted that Rockspring exited from Finland a good while back, but was eager to see if the time was ripe for a comeback. In his eyes, Helsinki is a bit different from other European capitals:

"Helsinki is clearly a tenant's market, whereas the rest of Europe is a landlord's market," he summed up.

## America Goes First

According to Pellicer, Europe is a "low-growth zone" and will remain so for some time to come:

"We're not out of the crisis yet," he said, adding that debt and external risks may continue to hold back growth, while America is happily back on growth path. The success of the Americans is still a good thing, since the world economy needs a strong locomotive:

"For 15 years, we looked to China to

be that locomotive, but now China must step aside for the US."

As for the Old Continent, Pellicer noted that we're building very little. Whether you're talking about shopping centres or offices, the development is lagging. There are investors out there – there always are – but they don't know what to do with their money:

"There's a chronic lack of quality real estate in Europe."

## Super Prime in Trouble

Also, Pellicer noted that buyers from emerging markets are harder to find now. As oil-producing countries got stung by falling oil prices, they're less likely to buy, say, a skyscraper – or five – in London City. It's this super prime real estate that is now at risk, as there are not that many buyer candidates with truly deep pockets willing to pay hefty prices.

"Opportunities are in the middle of the market – and this involves getting your

hands dirty and delivering the asset management gains," Pellicer said, pointing out that local knowledge is key in the European markets right now.

Still, some companies are doing better than ever and investing in big shiny headquarters. Case in point: Facebook UK just purchased a 250,000 premises just off Oxford Street in London. Eversheds helped Facebook to seal the deal.

## Block Out the White Noise

Bruce Dear, Head of Eversheds London Real Estate team, noted that the Facebook deal is a good example of high-profile new-build, but that's only one part of the story:

"There are opportunities in every phase of the cycle," he said, warning against losing heart. With sometimes conflicting signals, it's important to follow your own vision. "One must be able to rise above the market cycle's white noise."

Sometimes attention turns to the wrong things. Yes, it's true that capital value has





been lost during recent turbulence, but the biggest story here might be that income flow has remained quite dependable. Rent-paying tenants are therefore helping investors out.

Dear also spoke in length about the significance of local expertise: in the context of the legal framework, having “boots on the ground” is a must, since legislation may vary greatly, even within areas which appear to be shaped out of the same cloth (like Nordics or Baltics).

### Sweet on Sweden

With this in mind, as Keva – Finnish pension institution of the State, municipalities,

Evangelical Lutheran Church of Finland and Kela – decided to make an entry to Swedish property market, they enlisted Eversheds’ aid in the venture. In November 2015, Keva made its very first Swedish investments by purchasing two shopping centres, located in Västerås and Östersund, from Atrium Ljungberg. Keva’s local partner in Sweden is HEA Property Partner. Before this investment Keva has done indirect real estate commitments worth of 1,5 billion euros globally – mainly to Europe and Asia Pacific.

Arto Tuunanen, Portfolio Manager of Real Estate and Infrastructure Funds from Keva agreed that “going tactical” in the market is difficult to do:

“In this situation, it’s helpful if you have your own view of what’s happening.” His perspective was that right now Oslo is looking more and more attractive from an investor’s viewpoint.

“Especially the retail side in Oslo,” he added.

### Corporate Team-Up

From the looks of things, joint ventures appear to be the order of the day elsewhere, too. Insurance powerhouses such as Ilmarinen and Varma are seeking collaborations with real estate players – and in Finland, such high-profile shopping centres as Jumbo and Kamppi (and REDI, still in the pipeline) have been realised as partnerships.

According to Bruce Dear and the other Eversheds experts, joint ventures can work out fine – as long as they share common ground regarding the long-term purpose of the joint venture, management and exit strategy. Dear likened a joint venture to a marriage: what starts out all fluffy and wonderful, will most likely face its share of challenges down the road.

“In the beginning, the partners emphasise trust and it’s clear that both are committed to the venture. But then, it may

be, the market cycle moves against one partner.” In this scenario, the partner in distress starts thinking about a quick exit while the other partner is quite satisfied with the status quo.

### The Baltic Surprise

The day also brought decidedly Baltic flavour as Viljar Arakas from Eften Capital and Randu Riiberg from Eversheds EE provided their views on Estonia, Latvia and Lithuania. Arakas pointed out that with regards to Baltics, the risks are not always of the “usual suspects” variety. For example, the Baltic experts do not see Russia as their biggest concern, but look into west with some anxiety, since the Baltic banks are heavily invested in the Swedish real estate market.

“Therefore, a collapse in the Swedish market would be a big problem in the Baltic countries,” Arakas commented.

Randu Riiberg shared Arakas’ views on Russia: dealing with the Russians can be challenging, the Baltics do know how to do it.

“We feel comfortable doing business with them,” Riiberg said.

### Unearthing Risk

To conclude the day, CEO Pekka Määttänen from Vahanen Environment gave a presentation about the company’s role as real estate technical survey maker. In condition surveys – which are aimed at finding out possible structural risks in the property – Vahanen stands between the buyer and seller.

“This is not always an easy position for an independent engineer,” Määttänen said. Still, any and all findings go into report, since that is in the best interests of both parties – if you look at the long-term outcome.

“The rule is not to try and hide anything, because it will always come up, sooner or later.” ●





# Magnetic North

Photo: Ari Talusén

## The Finnish real estate investment scene is gaining in popularity

*The real estate investment market is a hit ticket again – just about anywhere around the world. Finland – sometimes criticised as a fringe market that quickly drops off the international investors' radar – is feeling the benefits of the rising tides.*

**A**ccording to KTI, the property transaction volume of the three first quarters of 2015 totaled €4.1 billion, which is some 30 per cent more than in the corresponding period in 2014. Talking with Janne Larma, CEO of Advium, in November, he is confident that the outlook for the rest of the year is a positive one as well.

"For the entire year, the volume may be approaching 5.5 billion," he says, adding that the five billion mark will be crossed in any case.

### Here to Stay?

Currently, Finland is getting its share of the globally strong demand and the low interest rates keep supporting active property investment. However, unlike in many other markets, the volume is not likely to achieve the levels of the record years in 2006 and 2007.

Still, Janne Larma is quite pleased with the players entering the market this time around:

"In 2006–2007, there were a lot of investors that only planned to stay in the market for a few years. Now, we have investors that are buying properties for the long term," he compares.

The number and variety of players in the Finnish property market keeps increasing: almost a dozen new international investors entered the Finnish market in 2015 alone. According to KTI, taken altogether these foreign investors account for some 30 percent of all transactions in 2015.

### Welcome, Blackstone!

Also new indirect investments are adding to the market picture. In spring 2015, the Swedish Balder became the biggest share-

holder of the residential investment company SATO, and, in September, Blackstone acquired a majority stake in the logistics and industrial property company Certeum. A fund established by a new fund management firm Sirius also brought new foreign capital to the Finnish market.

"When an international powerhouse such as Blackstone makes a strong commitment like that, it's bound to raise the interest level of everyone else, too."

What's more, foreign investment demand is expected to remain strong in 2016 and beyond, as well: in the recent RAKLI-KTI Property Barometer survey, 75 % of the industry players expected foreign demand to continue increasing in the future.

### When Prime is Boring

As international attention turns to Finland more and more, prime real estate is such a hot seller that yields have decreased to record low levels. Investors still zero in on secured cash flow, and, according to the RAKLI-KTI Property Barometer, prime office yield in the Helsinki CBD is now rated at 5.0% on average.

According to Larma, prime real estate will remain highly attractive even with low yields – but at the same time, more modest B-list candidates are seen as a hot commodity as well, since they offer better yields.

"We have a situation that caters to the needs of two different camps: those who are willing to deal with the elevated risk that comes with non-prime and those who prefer the safety of prime assets."

### Venture into the Wild

This marks a shift from the few previous years, when riskier assets would not be touched. Now, investors go shopping well outside Helsinki again, but do expect a decent compensation for the higher risk. In the RAKLI-KTI Property Barometer, yields in all major cities outside the Helsinki metropolitan area increased slightly.

In the commercial property rental markets, sentiment is not quite as perky. Best

areas and premises keep steamrolling along, but secondary assets are lagging behind. According to Catella, the amount of vacant office space has hit 1.2 million square metres in Helsinki Metropolitan Area (vacancy rate 13.4 %).

According to Larma, the problem concentrates mostly on such areas as Helsinki's Pitäjänmäki where there's both new and old premises available – and as companies are opting for new, more dynamic space, there's bound to be premises that lose in the race.

### Office Pipeline Still Active

"New" remains the operative word for a good while to come, too. Despite of the tight economic situation and the large amount of vacant space, new offices continue being built in the Helsinki Metropolitan Area. The total volume of completed projects in 2015 amounts to some 80,000 square meters.

"There will always be demand for new office space amongst companies, so I'm not concerned that these new properties won't find tenants and users. The older properties are really the problem here."

The large amount of vacant office space pressures investors to search for new solutions for empty properties. In dozens of office buildings, change-of-use projects are being investigated as a solution for the vacancy issue.

### Mission: Impossible?

However, these processes tend to be slow – and sometimes impossible, even – due to planning issues and/or technical characteristics of the buildings.

"This is really a shame, since there's a range of older buildings out there with that kind of solid, over-all structure that lends itself well to renovation projects."

According to the KTI follow-up, more than 40 office buildings in the Helsinki Metropolitan Area have been renovated to another use between 2007 and 2015. Most commonly, properties are redeveloped to residential or hotel use. In 2015, the Lilla Roberts and Indigo hotel projects have been completed in the Helsinki CBD. ●



# Aulanko Goes Digital

Photos: Pekka Roussi

*The Annual Convention of Property Investment Prospects was held again on 5th and 6th November 2015 in Hämeenlinna, Finland. Assembled in beautiful Aulanko, the convention is the biggest annual event for the Finnish real estate business.*



**A**lways a highlight for industry professionals around the country, the Annual Convention did not disappoint this year either, combining current issues and interesting presentations with efficient networking and a relaxed atmosphere.

Providing a follow-up to last year's startup roundup, new and innovative companies – who are targeting their products/services to the real estate sector – were very much in the limelight at Aulanko. Furthermore, five startups got to pitch their ideas to the audience.

## Breaking Down Digitalisation

Matti Heiskanen, Director for KTI Kiinteistötieto Oy, remarked that even as the real estate industry has a reputation of being rather conservative, there are new innovations coming down the pipeline all the time.

"Talking with people here in Aulanko, many feel that 'digitalisation' as a word is as good as useless – we must take that word apart and find out what it really means for this industry."

Pekka Ahola from Solita remarked that the old rules have been upgraded a bit: while the customer is still the king, it's digitalization that rules the kingdom.

"Digitalisation is definitely more about possibilities than threats. That genuine change that will transform an industry often comes from outside," said Ahola.

## Free Your Mind

Furthermore, every industry goes through the digitalization process at its own pace. Still, adjusting the mindset to a more digital-friendly mode goes a long way to facilitating change.

"Technology is the easy part in this transformation," Ahola pointed out.

Hanna Kivelä, the Head of Google Finland, commented that as ways to use data and connectivity keep increasing, the waves are felt in the real estate industry, too. This can mean, for instance, smart houses that monitor the location of the inhabitants even when they're outside the house.

"The household systems can detect a family member driving down the road, com-

ing home from, say, buying groceries, and automatically adjust the temperature and other systems."

## Make the Commitment

Still, this digital future won't materialise if companies do not seek to be pioneers in the field. Kivelä quotes a McKinley study which assessed that companies should stop experimenting and fully commit themselves to digital business.

Päivi Sutinen from the City of Espoo talked about the "city as a platform for digitalisation" which faces serious challenges. A municipality is not a company: when companies get new customers, they make more money, but when municipalities get more customers – people using services ranging from hospitals to libraries – they tend to lose money.

Sutinen feels that a new concept is required that is customer-based, action-based and information-based, if one wants to change the direction of the way development efforts are managed in municipalities.

"Looking at information, for instance, it is clear that all the data is completely fractured and located in separate silos," she said.

## Let the Games Begin?

Juha Eteläniemi from Citycon talked about the way digitalisation is changing the shopping centres. Key issues here are atmosphere and experience – but how do you give it a digital boost? Eteläniemi's answer is to use the app world: applications could track the location and activities of the patrons and modify all communications accordingly.

"For instance, various smart phone based games can be deployed to engage the customer," Eteläniemi said and remarked that the future is not here quite yet:

"Get back to me in three years, and if we still haven't seen a wave of applications, I will be very surprised." ●



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Advium Corporate Finance Ltd is a leading Finnish corporate finance advisor in the major real estate transaction and one of the leading M&A advisors in Finland. Since its foundation in 2000, Advium has advised in more than 150 transactions with a deal value in excess of 11 billion euro.

See pages 3 and 68

**AVIAPOLIS CITY OF VANTAA**

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**Specialty Areas**

Aviapolis is a new international city in Vantaa, Finland. It is currently being built around Helsinki-Vantaa international airport. The airport offers EU's fastest direct flight connections to the Far East markets with more than 60 destinations worldwide. The Aviapolis area is 42km² with up-to-date office facilities, shopping and quality housing solutions. The nature around is also worth mentioning: you can fish just 5 minutes from the airport.

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**CITYCON OYJ**

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**Specialty Areas**

Citycon Oyj (Nasdaq Helsinki: CTYIS) is a leading owner, developer and manager of urban grocery-anchored shopping centres in the Nordic and Baltic regions, managing assets that total close to EUR 5 billion and with market capitalisation of approximately EUR 2 billion. For more information about Citycon, please visit [www.citycon.com](http://www.citycon.com).

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### Specialty Areas

Hyvinkään Lämpövoima Oy: produces and sells district heating in the Hyvinkää area.

Hyvinkään Vuokra-asunnot Oy: provides many kinds of affordable rental apartments to the residents of Hyvinkää.

Kiinteistö Oy Hyvinkään Wanhalla Villatehdas: Villatehdas is a unique centre of entrepreneurship, and of cultural and artistic activities in the heart of Hyvinkää. Villatehdas provides high-quality, elegant office and meeting facilities for companies of different sizes, and an excellent venue for public events.

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## CITY OF TURKU PROPERTY MANAGEMENT DIVISION



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Industrial park Gate 29 is located within the Helsinki North Region, in the middle of the Finnish growth corridor. The area houses over 90 hectares of designated industrial lots and has building rights for 40,000 floor square meters.

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**LOCALTAPIOLA REAL ESTATE ASSET MANAGEMENT LTD**

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**Specialty Areas**

LocalTapiola Real Estate Asset Management Ltd provides real estate investment and management services. Half of the company is owned by LocalTapiola General Mutual Insurance Company and the other half by LocalTapiola Mutual Life Assurance Company.

LocalTapiola Real Estate Asset Management Ltd offers real estate investment, managing and counseling 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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**PEAB INVEST OY**

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**Specialty Areas**

Peab Invest Oy specialises in office building development projects, mainly in the metropolitan area in Finland.

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**Specialty Areas**

WSP in Finland is a multidisciplinary consultancy company offering sustainable planning, consulting, inspection and design services. Our core competencies are Urban planning, Traffic & Infrastructure, Property & Buildings and Bridges. We are part of global WSP | Parsons Brinckerhoff employing about 34,500 experts in over 500 offices in 40 countries.

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