

NORDICUM

Helsinki
Ring of Industry:
Network Power

Ecosystems
Emerging
in Turku

Oulu
Delivers
Northern Reach

Real Estate Annual Finland

A man in a dark suit and white shirt stands on a balcony, leaning on a white railing. His hands are clasped in front of him. The background shows a cityscape with buildings and greenery, including a large planter with red flowers in the foreground.

Helsinki Mayor
Jan Vapaavuori:

The Charge of the Cities

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State of the Art

Culture is firing on all cylinders in Helsinki. The pocket-sized metropolis just added two world-class cultural attractions: the new art museum Amos Rex and center library Oodi. Both heavy-hitters offer ample proof that the Finnish capital is more than a match to its Scandinavian counterparts in the culture department.

Amos Rex's principle architect Aimo Jaaksi says that the Nordic cities have all been busy building a formidable cultural profile of late – and that Helsinki didn't exactly dominate, being locked into an endless debate whether to build a new Guggenheim or not. Now, with the new downtown dynamic duo, it's safe to say that Helsinki is back in the race.

Jaaksi also remarked that as there are more cultural destinations, the entire ecosystem becomes that much stronger. This means, for example, that international media starts to cover the Helsinki cultural scene as a matter of routine, and not as an eccentric anomaly. Also, as the citizens themselves have flocked to these places in record-numbers, it seems clear that "the cultural wave" is not a *niche* nuance.

Still, there may be more to come. A new report just came out on the possibility of establishing a world-class Museum of Architecture and Design in Helsinki. The report was produced in collaboration by the Ministry of Education and Culture and the City of Helsinki and it explores the merger of the Museum of Finnish Architecture and the Design Museum and the construction of a new museum building in Helsinki.

The report was completed utilizing extensive interviews with stakeholders and an international comparison. The report finds that Finland "deserves" a Museum of Architecture and Design that reflects the international significance of its architecture and design. Helsinki Mayor Jan Vapaavuori (see the interview on pages 10–15) very much seconds this motion.

Why is the new "super design museum" such a must? – Well, the report argues Finland has the opportunity to become profiled around the world as a trendsetter for a totally new type of Museum of Architecture and Design. It is possible to build a museum concept, based on the strengths of the current museums, that is highly ambitious by international standards, report states.

However, the creation of the new museum will require fast-paced practical measures and decisions. The museums, the Ministry of Education and Culture and the City of Helsinki should work in close collaboration to make this dream a reality.

And that Guggenheim? – We'll just have to see.

Sami J. Anteroineen
Editor-at-Large

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Finland fast facts

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The global Women, Peace and Security Index, placed Finland as **the sixth-best country for women** out of the 153 countries in 2018.

Finland was ranked fifth out of 146 countries in the Social Progress Index 2018.

Finland shared the honors with Sweden, Denmark and the Netherlands for **“best human capital and digital public services”** in Digital Economy and Society Index 2018.

Finland ranked number one in mobile broadband take-up (Digital Economy and Society Index 2018.) Finland also has the most ICT specialists in the EU relative to population size.

The air quality in Finland is the best in the world, according to World Health Organization (WHO).



Finland topped the 2018 Global Happiness Report by the UN Sustainable Development Solutions Network.

Finland is the most stable country in the world (The Fund for Peace, Fragile States Index 2018).

Finland is the freest country in the world together with Sweden and Norway (Freedom House, Freedom in the World 2018).

Finland is the safest country in the world (World Economic Forum, The Travel & Tourism Competitiveness Report 2017).

Finland has the best governance in the world (Legatum Institute, The Legatum Prosperity Index 2017: Finland).



Finland's judicial system is the most independent in the world.

(World Economic Forum, The Global Competitiveness Report 2018: Judicial independence)

Finland was the leading FDI (Foreign Direct Investment) country and Helsinki the leading Nordic FDI city in 2017, according to EY's Nordic Attractiveness Survey 2018.

Corporation tax was lowered to 20% (from previous 24,5%) in 2014.

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

Finland was ranked 11th in the annual Global Competitiveness Report 2018, produced by the World Economic Forum (WEF).

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



The Corruption Perceptions Index 2017 placed Finland third on the list of world's **least corrupt nations** (Transparency International).

Oulu – Capital of Northern Scandinavia – is the fastest growing city of “Arctic Europe,” with hundreds of new startups and hi-tech edge.

Helsinki is supported by potent **“Ring of Industry,”** ten local municipalities offering opportunities for e.g. international companies.

Builder of the world's greatest cruise ships, former capital Turku is strong also in other sectors, such as ICT and Life Sciences.

Finnish startup spirit is personified by **super tech-event Slush**, described as “Burning Man meets TED”, organised every November/December.

Finland claimed the 7th spot in the annual IMD World Talent Ranking (2018).

Finland has the safest banks in the world, according to a survey that drew on the World Economic Forum's Global Competitiveness Survey (2017).



contents



Photo: Sami Penttilä

“Innovation Belt” in the making? United under the brand ‘Helsinki Ring of Industry,’ the ten municipalities around the Helsinki Metropolitan Area are attracting significant players from e.g. fields of hi-tech, manufacturing and logistics – and they’re just warming up. **Page 21.**



Photo: BusinessOulu

Oulu, the “Capital of the Northern Scandinavia,” is actively pursuing its City Centre 2040 vision. Oulu is increasing its downtown appeal by e.g. adding verticality, residential development and services – as well as retooling the railway station and its surroundings. **Pages 24–25.**

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Photo: Tuomas Uusheimo / Keksi Agency

Senate Properties, known as the main caretaker of the real estate assets of the State, is presently engaged in numerous high-profile projects around the country. The most visible undertaking is the remaking of Central Pasila, as ambitious high-rise architecture will be introduced to the area. **Pages 34–35.**



Photo: Cederqvist & Järvi Architects

Turku is eager to continue the integration of corporate and academic worlds in the Turku Science Park, one of the biggest and oldest science parks in Finland. Turku Science Park wants to continue its integration into the nearby downtown area via a deck construction which allows for a variety of hybrid construction. **Pages 44–46.**

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The Rise of the Cities

Helsinki Mayor Jan Vapaavuori
discusses metropolitan momentum
– and a whole new brand of “weird”

Take it from Aristotle: cities exist to promote the cause of the good life. Jan Vapaavuori, Mayor of Helsinki, would like to see cities take on an even greater role – that of a powerful problem-solver.









In addition to big businesses and startups, I believe that it is the cities that are changing the world.”

In Vapaavuori’s view, cities are more dexterous than nation states in creating and readjusting their policies and can act swiftly when need be. For instance, cities have been in the forefront in the fight against Climate Change for a long time now.

“The challenges related to Climate Change – if they’re going to be resolved at all – will be resolved by the cities,” says Vapaavuori.

The outspoken Mayor of the pocket-sized metropolis is known for his straight-shooting style, frequently going in for the practical solutions instead of engaging in endless debate. Also the Urban20 Mayors’ Summit, held on 29 October in Buenos Aires, got a little taste of his no-nonsense approach, as Vapaavuori was among the leaders of the “globally interesting cities” that were invited to join the Mayors of G20 countries.

Looking back at the event, Vapaavuori acknowledges that the inclusion to the U20 summit was a great honor for Helsinki – and also proof that Helsinki has advanced to the league of the internationally most respected cities.

Urban Platform Emerging

Vapaavuori recognizes the rise of the cities as actors in international politics as one significant takeaway from the Summit. More and more, cities are now actively seeking partnerships – in the same way that nation states did in earlier days.

“Working together, cities are forming the platforms for future development. It is important for the whole country that Helsinki is ambitiously involved in this development from the start.”

Making the rounds at the three-day summit, Mayor Vapaavuori gave presentations, for instance, about transparent administration and the city inhabitants’ participation, about the future of work and about the prevention of Climate Change. Wherever he went, he noticed that the summit participants were keen to learn what it is that Helsinki is doing – and what they want to accomplish next.

“In the present global crisis facing democracy, people look to the Nordic countries – as sort of technology-driven democracies – to show the way,” Vapaavuori says.

Make It Work

The international attention – and even hype – is not unwarranted, given the fact that Helsinki is a genuine trailblazer in various fields. Declaring in its City Strategy its desire to be the “most functional city in the world,” Helsinki is already the world’s 2nd safest city (Mercer 2017); most attrac-

tive for investment in the EU (FDI Attractiveness Scoreboard 2016); and boasting the best public transportation system in Europe (BEST 2015). But how about Vapaavuori’s own list? What are the Unique Selling Points of Helsinki in the mind of the Mayor?

Vapaavuori starts off by saying that Helsinki is clean, safe and functional, and very much in tune with the present hi-tech revolution; Helsinki is a pioneer, for example, in the arena of Open Data as well allowing – even inviting! – companies to make use of the City’s information vaults to create new services for the citizens.

“As we are witnessing the greatest technological change ever, it is important that the City really lives up to its role as an enabler,” Vapaavuori says, adding that Helsinki has always been in the ranks of the early adopters and this mindset is not likely to change in the future, either.

Helsinki has also invested in “districts of the future” where technology is used to empower the citizens – the best example of this approach being Kalasatama, located on the eastern shores of the Helsinki core area. The former industrial port is well on its way to showing the entire world the blueprint for good, quality living in 2020’s – and beyond.

“Kalasatama is really one of a kind in the way that technology is deployed to help people live their everyday lives. We’ve also succeeded in nurturing a real sense of community participation,” he says, adding that 1/3 of the locals have been involved in one community program or the other.

Going 360

According to Vapaavuori, another thing that is of crucial importance for Helsinki is the “total design” that goes into the making and running of a community. It is important to see the entire picture, instead of being distracted by random snapshots. Starting from land use and zoning, various elements ranging from infrastructure to transportation come to play here, and you have to be mindful of the “end product,” say, a new city district, at all times – even if that end product will certainly continue to evolve.

“In Helsinki, we concentrate on the big picture.”

And, of course, Helsinki has plenty of character and all sorts of lovable quirks that distinguish the city from its bigger brethren. “I think that Helsinki is unique and original. Weird – but in a good way,” Vapaavuori says.

“Weird” may well be the winning formula, as Helsinki stays very much on the growth path in the future, too. The city is expected to reach 700,000 residents by 2025, with such seaside neighborhoods as Kalasatama, Jätkäsaari and Kruunuvuorenranta, along with the reinvented superhub Pasila, serving as the spearheads for growth.



“When you’re adding 8,000 people every year, it’s no easy job securing sustainable growth,” Vapaavuori points out, adding that there are many social, ecological and economic aspects to consider here. Maintaining a careful balance via solid planning is vital in fighting inequality:

“Polarization is a problem that often hits cities the hardest. Helsinki, however, has been a text book example in avoiding

the traps of polarization,” he says, noting that there’s isn’t a “bad neighborhood” anywhere in the capital.

Winning Culture

Helsinki is young, too. The average age for a Helsinki resident is only 28 years old. How does it feel to be the Mayor of all those Millennials?

“It feels great! I only wish I was that young,” Vapaavuori, age 53, grins.

Vapaavuori, a former minister and a long-time politician, has been the Mayor now for a year – and seems to enjoy every hectic minute. His forte is wrestling with practical questions where the results materialize quickly – and admits to being impatient when processes drag on indefinitely.



Photo: Anni Pulkkinen

If there is one thing, during his term as a Mayor, that Vapaavuori would like to put his signature on, it's the renewal of the City working culture.

"I want to contribute to pushing the culture towards being more agile, modern and international – in a dependable and credible way." ●

Sami J. Anteroine

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A selection of recent transactions:

Oct 2018

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sold

a 62,000 sqm warehouse property in Vantaa

to

AB | SAGAX

Advisor to the Seller

Oct 2018

BERNER

sold

its former HQ in the Helsinki CBD

Advisor to the Seller

Apr 2018

marimekko

sold

its HQ and production property in Helsinki

to

OP 

Advisor to the Seller

Apr 2018

kojamo

sold

a portfolio of 1,600 apartments

for €97 million to

Morgan Stanley

Advisor to the Seller

Dec 2017

BALDER

sold

a retail property portfolio

to

CORUM

Advisor to the Seller

Dec 2017

sanoma

sold

a prime CBD office in Helsinki

to

Aberdeen Standard Investments

Advisor to the Seller



Corridors Go Digital

Logistics seek new service-driven pipelines to re-energize the industry

Photo: Port of Helsinki





Mobility keeps reinventing itself. While killer apps and paradigm-busting concepts are shaping especially urban/personal transport, it's worthwhile to consider also the growth corridors for goods. A new concept under that name Corridor as a Service (CaaS) has been developed in order to improve logistics through digital services so that Finland can become a world-class logistics hub for tomorrow's cargo.

Corridor as a Service is coordinated by Traffic Lab, an experimental project launched by the Finnish Ministry of Transport and Communications, and developed together with Technical Research Centre VTT, startup company Vediafi, Finnish Transport Safety Agency Trafi and other organizations belonging to the CaaS Consortium.

The goal of the new operating model is to improve ground-breaking logistics in a business-led manner in order to facilitate international commerce. For companies, this approach offers opportunities for developing both currently existing and new forms of business activities, and for improving transport operations and for networking.

Enabling Innovation

Trafi Director Juha Kenraali comments that Finland has the opportunity to become a true international hub in this field.

Photo: Pixabay





Photo: City of Vantaa / Sakari Manninen



Photo: Pixabay

“We promote an enabling environment and those measures which can lead to the creation of new digital services and business models,” explains Kenraali.

Finland’s competitive position in the advancement of international logistics is being promoted through cooperation between the public and private sector. “For example, VTT is very keen to participate in the project,” says Project Manager Lasse Nykänen from VTT.

“VTT is very interested in the integration into digitalized logistics of new operating models and technologies which support networking and transport automation – and also in the growing business activities that they enable,” says Nykänen.

This means, for example, that prioritized passage can be given to truck convoys, thus increasing delivery reliability and providing time savings of over 10% at traffic lights, border crossings and road toll points.



Photo: Port of Helsinki

Silk Road Relaunch

One dimension of CaaS is the Nordic Silkway CaaS project, an ecosystem which reaches all the way to China. Vediafi, the first CaaS services operator is teaming up with Trafi and regional development company Kouvola Innovation (Kinno) to push the “new Silk Road” – running from Finnish Southeast city of Kouvola to Chinese city of Xi’an – into the next level.

Project Manager Matti Lankinen from Vediafi explains that the idea is to create a digital marketplace where transport can flow more efficiently, quickly and economically.

“The cooperation with Kouvola Innovation opens up new logistical opportunities for rail services between Kouvola and Xi’an and for increased trade between Europe and Asia via Finnish land, air and sea routes,” says Lankinen.

Ecosystem Emerging

Juha Kenraali notes that the Corridor as a Service ecosystem enables the utilization of logistics chain data flows and improvements to goods logistics through a joint ecosystem that covers both the public and private sector.

“The ecosystem also offers the opportunity for developing current and new business activities, improving goods transport, and networking within a shared ecosystem,” says Kenraali.

Specialist Mika Lammi from Kouvola Innovation adds that Kinno brings to the project a service through which goods traveling between Kouvola and Xi’an can be transported by rail utilizing digital services.

“China’s growth centers offer abundant opportunities for Finnish trade and industry,” Lammi believes.

No Guts, No Glory

Digitalization and ecosystems are very much part of the Futures report of the Ministry of Transport and Communications, published in June 2018. Harri Pursiainen, Permanent Secretary of the Ministry, comments that future transport need “an even bolder vision” in which Finland will be a global hub for the mobility of people, goods and data.

The Futures review assesses the future prospects and action points in the transport and communications sectors on the basis of four themes: services, data, climate and networks.

The report finds that restoration of the current transport network – and construction

of new routes that would serve the entire Europe – will call for significant additional investments. The Ministry and Transport Agency calculate the growth-boosting transport costs to amount as much as EUR 60 billion during the next ten years.

However, while the annual financing of transport investments in the state budget has been, on average, around EUR 450 million, the implementation of future transport projects using the current spending limits would take more than 130 years.

Challenges Remain

According to the report, the repair debt of the transport network is worth EUR 2.5 billion and it must be reduced. The level of appropriations for the basic transport infrastructure has a direct influence on the amount of the repair debt.

The requirement for emission reductions in transport is also very substantial. Finland is committed to halving the 2005 level of transport emissions by 2030. The country’s aim is that transport will be carbon-free by 2045. ●

Sami J. Anteroineen

Get in the Ring!

Helsinki Ring of Industry keeps attracting smart companies

There's an entire "industrial belt" surrounding the Helsinki Metropolitan Area. The local municipalities are attracting especially companies from the fields of hi-tech, manufacturing and logistics. United under the brand 'Helsinki Ring of Industry,' the ten municipalities are eager to enlist even more potent players.

Director Antti Kuusela from Helsinki Ring of Industry says that the present-day success has not materialized over night: the local municipalities have been working together to boost the regional economy since the early 2000's.

"It is clear that we can achieve more together than alone. International companies, for example, have responded well to our message."

One example of the international trend is the Russian search engine company Yandex which found a home in the Ring in 2015. Arrival of Yandex has really put the "eco" in the local ecosystem, since the excess heat of the company's servers is used to warm up the surrounding industrial park – and beyond.

"In 2017, we produced 17 gigawatt hours of heat and this year we'll reach 20 GWh. We feel that this is a good way for us to integrate into the community," says Data Center Manager Ari Kurvi.

Analyzing the appeal of the Helsinki Ring of Industry, Kurvi says that being linked to the regional ecosystem is a big plus. "These municipalities are right next to the Helsinki Metropolitan Area, so there's talented workforce to hire, services and good connections all around."

Solid Investment

Antti Kuusela points out that the main operating costs of a, say, regional HQ in the area, appear to be far lower than in many North

European capitals. "In addition, Finland has one of the best-educated workforces and the Ring of Industry municipalities are a great example of this."

"Many manufacturing industry leaders have their product development and production of customer tailored hi-tech products right here," says Kuusela. "We have supply chains that are both agile and competitive – and this is helping companies to introduce new products to markets faster and with less risk."

It is clear that international companies "feel right at home" in the Region, since the process has been carefully constructed to support their business operations, whatever their needs may be.

Another company nesting in the area is Hetzner Online. Daniel Biller, Head of Development, cites affordable electricity and reliable infrastructure as the main reasons for the move.

"The Capital Region provides us with skilled workforce and Helsinki-Vantaa Airport enables our customers to visit us fast and efficiently," says Biller.



Photo: Mäntsälän Yrityskeskitys Oy

Ball Packaging Europe

In fact, the airport is only about 30 minutes away from most municipalities, providing you with the fastest route between Northern Europe and Asia. The main harbor of Helsinki, Vuosaari Port, is also within easy reach. "Between the airport and Vuosaari, we really have the keys to a great logistical situation," Antti Kuusela says.

Smart Momentum

But what's in the cards for the Ring of Industry in the 2020's – and beyond? Well, since 80 % of the data between Western Europe and Russia flows through Finland, it makes sense to expect more IT companies to find their way here. Finland is also a forerunner in the 5G revolution, for instance.

"Considering this background, it's no wonder that world-leading network companies already have research and product development organizations in the region – and more are on the way," Kuusela says. ●

Helsinki Ring of Industry

- Regional municipalities involved: Hyvinkää, Järvenpää, Kirkkonummi, Kerava, Mäntsälä, Nurmijärvi, Pornainen, Sipoo, Tuusula and Vihti
- total number of inhabitants in the municipalities: 320,000
- tech industry turnover in the Region: over €25 billion

Photo: Sami Pertteli



Yandex



Photo: Hetzner Online

Hetzner Online

A Story of Growth

City of Järvenpää



*Pictures: Timo Happonen, Petri Kauppi,
Siren Arkkitehdit Oy and City of Järvenpää*

Urban development at full speed

City of Järvenpää is the fastest growing city in Finland with a population of 44 000 and over 1 000 housing units built in 2017 alone. As a part of the Helsinki metropolitan area, just 20 minutes from the International Airport of Helsinki, Järvenpää offers a perfect mixture of history, culture and nature in a fast-paced urban environment.



City Facts:

- Population 44,000
- Number of companies 2,500
- Over 1,000 housing units produced in 2017
- The fastest growing city in Finland
- Regional centre of business and commerce
- The hometown of Jean Sibelius



Re-live the romance of Jean Sibelius

In the early 1900's, Järvenpää was the incubator of art, music and culture. On the shores of Lake Tuusula Jean Sibelius among others found innovation and passion for his musical masterpieces. In 2019, Järvenpää has reclaimed its position as the blooming hotspot of creative entrepreneurship, art and culture. As a compact sized city with superb access to commuter train network, Järvenpää is a city of choice for well-educated, art and culture consuming youngsters. ●

**City of
Järvenpää is
ready for romance
– be part of our
story of growth!**

Greater Helsinki metropolitan area

FROM JÄRVENPÄÄ TO

Helsinki CBD 38 km (by train 30 min)
Helsinki-Vantaa Airport 23 km (by car 27 min)
Vuosaari Harbour 34 km
Kotka Harbour 126 km
Hanko Harbour 159 km



Upcoming residential area for elderly people. The area combines the sense of community in a modern way.





Oulu pushes growth

via verticality, sustainability and culture

Oulu, heralded as the “Capital of the Northern Scandinavia” is presently engaged in building an even brighter future. Under the City Centre 2040 vision, Oulu is looking to increase those elements that add to the appeal and dynamic nature of the northern hi-tech community.

Approved by City Council in April 2017, the Vision acknowledges that the downtown is never really complete: it has to change with the times in order to pursue growth. Oulu has a good track record in creative community renewal and the City Centre Vision 2040 is building on that tradition.

One key aspect of the Vision is the revitalization of the railway station quarter, since its excellent location in the city core provides plenty of opportunities for redevelopment. The main land owners, Senate and VR Group, will work with the City of Oulu to create a modern, exciting travel hub. Another logistical opportunity involves trams: as the population of Oulu keeps growing, a tram line is a great fit for the city.

Oulu is also exploring its vertical reach. There are plans to build a 22-floor

tower hotel right by the market square. Reaching 80 meters, the building goes by the name Terwa Tower and it could be open for business, conceivably, by 2023.

High Times

Matti Matinheikki, Director, Urban & Environment Services for the City of Oulu, says that the tower introduces new kind of high-rise and hybrid construction in the downtown area.

“In addition to the hotel, the building is supposed to feature, for example, offices, restaurants and a spa,” he says, adding that Terwa Tower is one important example of the Vision going forward.

Over the next five years Oulu will also participate in a large international EU project under the Horizon 2020 program’s

Smart Cities and Communities (SCC) theme which promotes the low carbon objectives of the cities. The project involves 34 partners from all over Europe.

In practice this means that Oulu is a pilot city in ‘Making-City’ project where innovative energy solutions are designed, carried out and tested under a PED agenda (Positive Energy District).

“The pilot site of Oulu is situated in the Kaukovainio center in which a building complex based on innovative energy solutions is designed and built in cooperation with the project consortium,” explains Matinheikki.

Scalable Sustainability

The pilot site produces energy and utilizes waste heat in such a way that the entity

becomes almost energy self-sufficient on the annual level. When the project site is completed, its energy consumption will be measured and monitored for two years.

“We’re starting off with one block and are looking to scale up from there,” says Matinheikki.

With this pilot, Oulu wants to test the validity of the PED concept as a pioneer for efficient and sustainable use of energy. Furthermore, the project implements the City of Oulu’s Urban Strategy 2026 and the environmental program, promotes the City’s aims for enhancing energy and material efficiency, as well as keeps closing in on a carbon neutral city.

Downtown Dynamite

Hannu Ridell, Head of Valuation, Newsec Advisory in Finland, sees a lot of positive trends in Oulu: population keeps growing, people are young and educated and local employment is on a good level. According to Ridell, City’s community development plans are largely driven by the downtown area:

“For example, residential construction in the city center has increased a great deal, bringing new vitality downtown,” Ridell says, adding that high-rise construction should add considerably to the appeal.

“Introducing towers into the downtown mix adds a lot to the character of the city, making it more unique.”

Talking about the office market, Ridell notes that the situation is pretty good, as well, with less and less vacant premises. “There’s opportunity around the railway station and in the re-vitalized Raksila district, for instance. Also, the new University Hospital can really boost local health tech efforts.”

Going Creative

Beyond real estate development, Oulu is also well-known for its commitment to cultural excellence. In February 2017, Oulu City Council decided that Oulu will bid for the 2026 European Capital of Culture award – in accordance with Finland’s 100th Anniversary of Independence celebration year.

The launch of the project has been initiated by Samu Forsblom, Director of Culture for the City of Oulu, along with a team of experts. Forsblom calls the undertaking one of the most prominent projects of our generation, which emphasizes, above all, the improvement of Oulu’s attractiveness and widespread urban development.

“The key to the success of the project is interaction with inhabitants of the city,” Forsblom says, pointing out that the road ahead is rather long: the application is to be submitted in 2020 and the selection of the Culture Capital won’t take place until 2022.

“We see that in any case strong culture encourages the rise of the creative industries



Oulu – Fast Facts

- over 200,000 residents (almost 300,000 in Oulu Region)
- growth in purchasing power during last 10 years among Finland’s strongest
- new university campus of 25,000 students kicks off in 2020
- average age of residents in Oulu Region among the youngest in Europe
- largest investment projects in coming years:
 - Nallikari – high-quality seaside resort – 100M€
 - Terwa Tower – seaside hotel – 100M€
 - Oulu station centre – travel and recreational centre – 300M€
 - Future hospital campus – 1 600M€

and contributes to urban cityscape, among other things,” he says. According to Forsblom, all successful cities require a good degree of “soft infrastructure” in the forms of, say, events and museums. The City is looking into the possibility of launching an entire block dedicated to culture.

“We have a few options available to us in order to make a place where, for example, art, design and food culture could come together in a creative context.”

Destination 365

Also, tourists are arriving to find out what the fuss is all about. For example, in 2017, registered over-night stays increased by 9 % (635,000 in all).

“This makes Oulu Finland’s 5th active travel destination city,” says Key Account Director Jyrki Kempainen from Business-Oulu, adding that during 2015–2018 the hotel occupation rates have been consistently over 60 %, in addition to revenue per available room (RevPAR) being over 60 EUR each year, too.

“Oulu’s hotel activity is genuinely

round-year due to the fact that about half of the customers is leisure and half is work and congress customers,” Kempainen explains.

Oulu’s City Strategy calls for one million overnight stays by 2026. “To accomplish this goal, we need at least 700 additional hotel rooms,” Kempainen says.

Prepare for Take-Off

As it stands, the share of international hotel guests is slightly below 20 % and there are plans to increase especially the number of visitors coming from Central Europe and Asia.

“We’re working together with Lapland travel centers to achieve this.”

Oulu is in a great position to reach its Travel & Tourism targets, since the city enjoys super connectivity, featuring Finland’s second most active airport that just reached the one million passenger mark in November 2018.

“We’re going for the record this year,” says Kempainen, adding that the airport just received an extensive renovation in 2017. ●

Engagement Rules

Shopping centers pivot towards
experience and community



Facing stiff competition from e-commerce, shopping centers are looking to reinvent themselves in a variety of ways. While well-established as community meeting points, the shopping centers are eager to bring something extra into the equation. New shopping centers such as Helsinki-based Redi and Tripla, for example, want to take their patrons flying and surfing, respectively. Development towards Consumer Engagement Spaces (CESs) is transforming mixed-use commercial space to meet the needs of future generations of shoppers.

Photos: YIT



Finnish Council of Shopping Centers released its latest business barometer report in October 2018. According to the report, the shopping center executives are facing the future with good cheer: 75 % of the respondents said that the booming economy will have a positive impact on the business during the next three years. Furthermore, the ongoing megatrend of urbanization – in its Finnish form – was seen to support business (90% of the respondents). The shopping centers are of the opinion that both sales and number of patrons will keep increasing in the future, too.

That's not to say that the threat of e-commerce is not taken seriously. 86% of the respondents viewed that the growth of online retail definitely throws some shade on shopping centers. Still, Johanna Aho, COO of Finnish Council of Shopping Centers, says that it's hard to say how much exactly.





Photo: Helin & Co Architects, Voina Graphics Oy

“Currently, perhaps 10 % of all consumer purchases are made online. It’s difficult to pinpoint the actual impact on shopping centers,” she says.

Food is the New Fashion?

According to Aho, however, businesses such as fashion stores – where a consumer can go try a dress on at the store and then order it online – may be decreasing their presence in shopping centers while cafés and restaurants are perking up.

“In addition to food and beverage, also all types of experiences are very much a trend as REDI and Tripla are demonstrating. Still, also smaller centers can boost their experience by offering various events, for example.”

Aho believes that people will still enjoy going somewhere where there’s other people and activity – whether it’s a cup of coffee, going to see movie or doing some Christmas shopping, shopping centers simply “meet the need” in many regards.

“I don’t think that we will ever witness a situation where actual, real-life retail completely disappears.”

Destination Driven

Internationally, there are even widely recognized “destination centers” – such as Xanadu in Spain or the Mall of the Emirates in Dubai – which offer compelling attractions such as theme parks, indoor ski slopes, large cinemas and theaters, museums and art galleries, event space for concerts, food festivals...

According to American consultant agency A.T. Kearney, future CESs will be environments where people gather to engage with friends, seek out unique experiences, reaffirm values, and interactively relate to brands; commercial transactions will be a by-product of socialization and engagement. A.T. Kearney argues that CESs may resemble today’s shopping centers and malls or look quite different, but their common focus will be on creating platforms that facilitate sales by recognizing, understanding, affirming, and connecting individuals.

Shopping center owners must, however, learn to embrace new technologies to reach this new golden age. For stores, there are handy e-tools to identify individual shoppers, track purchases, analyze behavior, communicate with customers, and create real-time commercial opportunities. More and more, consumers will expect – and demand – highly curated, frictionless shopping experiences.

Action Agenda

According to A.T. Kearney, some physical retail spaces will take the form of smaller, “smart,” dynamic formats serving as hubs



Photo: Helin & Co Architects, Voina Graphics Oy

The artist’s vision



for interactive brand experiences. Others may be “inventory-light” retail environments for showrooming brands, products, and services that support and complement, rather than compete with digital businesses. Pop-ups will offer CES operators an easy way to change their vendor population, providing consumers with unexpected “treasure hunting” experiences.

A.T. Kearney also finds that new consumers have an expressed preference for “doing” over “owning.” As a result, the consultancy anticipates the emergence of rich experience hubs: physical spaces inside CESs that use immersive technologies such



as virtual and augmented reality to create unique environments.

Nevertheless, even the most mind-blowing experience hubs need great connectivity. Johanna Aho points out that a central location with good connections goes a long way in today's shopping center business.

"You need a place that is easily accessible to great volumes of people – that's becoming even more important, especially in the Helsinki Metropolitan Area," she says, making a reference to the barometer findings. Both Redi and Tripla, for example, enjoy superb connections and are likely to attract plenty of curious patrons for that reason alone.

Eastern Promises: Itis

The "old" shopping center market is not stagnant, either. It was announced in October 2018 that Itis, Finland's largest shopping center located in East Helsinki, is changing ownership. Dutch property investor Wereldhave sold Itis to a fund advised by Morgan Stanley Real Estate Investing for EUR 516 million, making the transaction the largest single asset transaction in Finland ever.

The first part of the center was built in 1984, and it has been extended and redeveloped several times. Wereldhave acquired the shopping center in 2002 from Sponda for EUR 317 million. At that time, the transac-

tion was one of the first major acquisitions of the foreign investor in Finland.

With this transaction, Wereldhave now exits the Finnish property market, citing desire to realize its strategic agenda by focusing on "convenience centers". According to Wereldhave strategy, this means zeroing in on shopping centers that "strike a balance between convenience and shopping experience". ●

Sami J. Anteroinen



Back on Track

AINOA leads the commercial comeback in Tapiola

With the launch of Western metro line in November 2017, the Garden District of Tapiola ushered in a new age. The classic commercial center finally received the shot in the arm it had been longing for. Since the arrival of the metro, about 30,000 passengers are using the Tapiola station every day – and the outlook for Tapiola appears very good indeed.

One of the key players in the area is LocalTapiola which has been making strategic investments in the area for a long time now. “The crown jewel” in LocalTapiola’s plans is the new shopping center AINO A, owned by Tapiola KR III Real Estate Fund.

Having opened its doors in October 2013, the shopping center opened its second expansion in March 2017, and now features 30,000 square metres and 50 stores. However, the undertaking is still not finished:

“We’re on track to complete Phase III of the project by October 2019,” says Kim Särs, CEO of LocalTapiola Real Estate Capital Funds. With the “trilogy” all wrapped up, the shopping center will feature 50,000 square metres and 120 stores.

“Once the third phase is completed, you really get to experience AINO A in its

entirety, the way it was meant to be,” Särs believes.

Monster Sales

Särs is optimistic about the “end-product” since the customers have already found their way to the shopping center. In 2018, AINO A has increased its sales 40 % in contrast to the previous year, while the industry growth rate is much more modest at 2 %. In addition, for the first half of 2018, the number of visitors is up 35%. It is clear to see that as Tapiola is mounting a strong commercial comeback, AINO A is the biggest draw for the entire neighborhood.

“Looking at the key figures from 2017, AINO A sales were €113,6 million and there were five million visitors to the center. For 2019, we estimate that the sales will reach

€145 million and the number of visitors will hit eight million,” says Särs, adding that even that won’t give you the whole picture of AINO A’s potential.

“Actually, it is the year 2020 when we’re finally firing on all cylinders.”

Hit the Sweet Spot

Vesa Immonen, Managing Director of LocalTapiola Real Estate Asset Management, says that AINO A’s strong performance is no wonder given the fact that it is located in the national “sweet spot” where the purchasing power of the citizens is better than anywhere else in Finland.

“Local customers insist on great service, and AINO A has responded to this by constantly raising the bar.” For example, AINO A has launched – together with Stock-

mann and Q-Park – a pick-up service where visitors can have their purchases delivered to their cars while they shop. And there's more: parking facilities represent new kind of "smart parking" where the register plates of incoming cars are read upon entry and this data can be accessed by patrons to locate their vehicles.

Inside the shopping center, one can immediately spot the emphasis on food and restaurants. Kim Särs points out that while the common formula for a shopping center once – perhaps 10 years ago – called for 5 % of the operations to be restaurants, AINOA wants to do things a bit different:

"Almost 15% of our stores' leasable area is now covered with cafes and restaurants and we feel very comfortable with this trend," he says.

Culture Boost

Nevertheless, food and drink is not the only thing to experience here. As AINOA is located in the middle of Espoo's culture hub – with, for example, Espoo City Theatre next door – it makes sense to "go cultural" from time to time.

"There are plans to borrow art work from WeeGee museum and host also classical concerts here," explains Särs.

It is also good to consider the sustainability angle. In June 2017, AINOA's expansion received a LEED Platinum certificate, racking up more points than any other Finnish shopping center to date. Once Phase III is completed, there should more reason to celebrate:

"We want to sustain the current LEED excellence," comment Särs and Immonen.

But even before the launch of Phase III, there will be a major development in the shopping center as a new bus terminal will kick-off in March 2019.



"The bus terminal will handle about 20,000 passengers every day, meaning that around 100 buses will come through the terminal per hour," explains Immonen.

Residential Reach

Still, there's more to new development here than strictly commercial pursuits. There is, in fact, a completely new type of residential area that is being built on top of the shopping center. Featuring five apartment buildings, the area is intended also for the public, offering an attractive living environment in the very heart of Tapiola. "The area – going by the name Kirjokansi – already features 127 apartments, with another batch to follow soon," says Kim Särs.

"By spring 2020, we will add around 200 apartments, bringing the total to 322 apartments," says Särs, referring to the residential solutions as "the next level living". The views from the apartments to the neigh-

bouring park and beyond are tremendous – there are, for instance, green roofs in place that really pay tribute to the spirit of the Garden City.

"The legacy of Tapiola is clearly evident in the residential designs," adds Särs.

Keys to the Kingdom

Tapiola has always been near and dear to the heart of LocalTapiola which, of course, shares its name with the neighbourhood (Tapiola is the name of the ancient forest kingdom of Finnish lore). "Tapiola is also the home base of LocalTapiola, as the company has over 1,500 employees here," comments Vesa Immonen.

"LocalTapiola owns more than a dozen properties in the Tapiola Center with a value of around EUR 600 million." This "Tapiola Portfolio" represents the biggest real estate investment in the history of the company.

According to Immonen, the development in Tapiola has sometimes been lagging behind, in a way, due to various interests of local owners.

"In such a situation, it is helpful if a big player makes a commitment to push the neighbourhood to the next level. LocalTapiola has been glad to take on that role – and we want to keep contributing in the future, too."

Rebirth of a Legend

Tapiola certainly has a special place in the hearts of the Finns – and many international fans, as well. The neighbourhood has been regarded as a natural treasure since its birth over 60 years ago: a shining example of a modern community rooted in natural values.

Immonen believes that this Tapiola "core brand" remains, for the most part, unchanged.

"Tapiola Spirit is alive and well – and now, it's really been re-energized," he says. ●



Revitalizing Communities

Senate spearheads urban development
in key locations across Finland

Photo: Thomas Uusheimo
/ Keksi Agency



Senate Properties is known as the real estate asset manager of the Finnish Government. With as many as 9,000 buildings around the country (the hefty property portfolio totaling €4.4 billion), the company provides its clients with work environments which help to improve performance, while reducing the cost of the premises for the government.

Presently, the most high-profile project of Senate Properties is the remaking of Central Pasila, the transportation hub located just north of Helsinki downtown. The recent Helsinki High Rise design-build competition put out a call for companies to plan and raise ambitious high-rise architecture in the area, and in October 2018 it was announced that YIT's proposal – by the name of Trigoni – has been put forward as the winner of the contest.

The competition assessment panel's proposal concerning the winner of the competition will be processed later this year by the decision-making bodies of Helsinki and the Finnish government.

The Helsinki High Rise competition, organized by the Senate Properties and the City of Helsinki, sought a high-quality design to form the basis of the city plan for the Tower Area, as well as an implementer for the so-called Start-Up Area, where the construction of the Tower Area is planned to begin.

Tower Power

The Tower Area encompasses an area south of Pasila Bridge, between Pasilankatu and Ratapihantie, entailing 150,000–200,000

floor square metres of residential, office and shop space. Proposal Trigoni comprises the design (i.e. the main idea) for nine tower buildings located to the south side of Pasila Bridge.

Two of the towers, comprising 51 and 40 stories respectively, are to be located in the Start-Up Area. The highest floors of these two towers will consist of apartments, while the lower floors will house offices and a hotel. The towers will be encircled by a 2–3-story base portion and also include underground facilities under the pedestrian areas, which will house additional business premises and a spa, among other facilities.

Mauri Sahi, Director, Real Estate Development and Sales for Senate, says that announcement of the competition winner represents a big step forward in the development of the Central Pasila.

“We have great expectations for the area and believe that there's something very special being created here,” says Sahi.

Pasila Reinvented

The Tower Area will no doubt be a fine addition to Pasila, which is being built up into an important traffic hub and a dynamic center for employment, housing and urban

living. In fact, by 2040, Pasila will be home to approximately 30,000 residents and provide jobs for more than 50,000 people.

“Looking at the situation, say, ten years ago, you can see that we've already come a long way in the re-development effort – and still gaining momentum,” Sahi says, adding that the value of the local plots alone is approximately €500 million.

“When properly constructed, the area is worth around €3.5 billion,” he says.

Senate Properties CEO Jari Sarjo commented in October that the impressive results of the Tower Area competition are yet another great example of the power of collaboration between the City, the Finnish government and the private sector. According to Sarjo, the over-all aim of the development of Central Pasila is to improve the competitiveness of Helsinki and the entire metropolitan area.

Start Me Up

Following the selection of the winner, a contract will be drawn up with YIT concerning the purchase of the Start-Up Area and the implementation of the proposed building complex. The Start-Up Area, located south of Pasila Bridge between Pasilankatu and

Veturitie, has a permitted building volume of approximately 67,000 floor square metres, encompassing commercial premises, office spaces and homes.

“In addition to the Start-Up area, there are still available plots on the southside of the Tower Area that will undergo development at certain point,” Sahi says, adding that Senate is one of the main land owners in the area.

The winning proposal will be used as the basis for preparing a city plan that will serve as the framework for the development of the Start-Up Area. Construction is planned to begin in 2020–2021.

Residential Reach

The construction of Railyard Quarters, however, already kicked off this autumn. Located north of the Tower Area, this residential area will provide homes for 3,000 residents.

“Railyard Quarters will be a sizeable community with focus on quality living all around,” Sahi believes.

According to Sahi, all development in Central Pasila – whether past, present or future –really revolves around one thing: the ability of the State and the City of Helsinki to see eye to eye on the evolution of the area.

“We’ve had a long collaboration with the City – and the results have been outstanding.”

Otaniemi: Total Package

Another key area where Senate has lots of land and major plans is Otaniemi, located in Espoo – and the home to innovation university Aalto. Otaniemi is also one of the most formidable hi-tech/innovation clusters in Northern Europe.

While Aalto University Properties manage the actual campus properties, Senate holds sway over many research and office premises in the area – and in all major undertakings Aalto, Senate and the City of Espoo work in close collaboration to secure the best outcome.

Real Estate Development Manager Emmi Sihvonen says that the idea here is to diversify land use considerably. She explains that as the State functions in Otaniemi are becoming more compact, premises are becoming available for new purposes.

“Our main objective is to boost residential solutions in Otaniemi, and then add also services to create a more diverse community,” she says.

The Perfect Mix

A more mixed environment could include e.g. restaurants, shops, cafés and a variety of local jobs.

“Linking with the new metro station, there is a new shopping center which opened its doors in autumn 2018 – and this

has already contributed to the diversification of the local services,” says Sihvonen, adding that a lot of the upcoming development effort focuses in the vicinity of the metro station (and along the express tram line which is also in the works).

So far, it’s mostly Aalto students that call the neighborhood home – but there’s room for thousands more. Presently, there are about 4,000 residents, but the City of Espoo is hoping to add as much as 7,500.

“We’re talking about a development that features hundreds of thousands of square metres and the creation of a well-rounded, real community,” Sihvonen says, pointing out that the undertaking requires a careful balance between, for instance, the architectural legacy of the neighbourhood, nature conservation and the various commercial and residential efforts.

Northern Lights

Beyond the Helsinki Metropolitan Area, there are plenty of interesting projects, as well. For example, there is Senate-led development in Turku, Tampere and Oulu.

“The redevelopment of Oulu railway station and its surroundings is one considerable undertaking at the moment,” says Mauri Sahi, adding that Senate has a strong presence all around the country – and that this is not likely to change very soon. ●

Photo: Arkkitehtitoimisto A-konsultti Oy



The artist's vision of Otaniemi area



Concept is King

SRV brings hybrid edge to its profile projects – and renews focus on customer experience

In September 2018, Helsinki received its first experience-driven shopping center as REDI opened its doors in Kalasatama, Helsinki. According to developer SRV, REDI is a new way to live, enjoy oneself and shop in the middle of the city. Beyond SRV, the investor group includes also Ilmarinen, OP Financial Group and LocalTapiola.

A lot of shopping centers talk about being “big on experience”, but REDI really lives up to the promise by delivering, for example, a climbing arena, a unique free-fall wind tunnel and, located on the roof of the center, the green deck Bryga, for the visitors.

Toni Kankare, Project Development Director at SRV, says that REDI signifies a strong trend in retail where “just shopping” is an old hat. “The new retail mix includes commercial elements, restaurants and cafés and access to memorable experience.”

Furthermore, REDI has parking spaces for 2,000 cars, including several hundred electric cars, and initially for 1,500 bicycles. There is convenient metro access to the third floor of REDI. The appeal of the “experience center” is enhanced by works of art which go a long way to establish a genuine identity for the center.

Don’t Believe the Hype

REDI has 63,000 square metres of leasable space, which makes it one of Finland’s largest shopping centers. There are just over 200 leased business premises, occupied by nearly 180 operators. Located at the intersection of the major highways Itäväylä and Lahdenväylä, REDI has a footfall target of 12 million visitors in its first year.

During September alone, REDI had 350,000 visitors. However, the sales numbers at the center during the first months have been rather mild, causing concern in the ranks of the REDI entrepreneurs. “Nevertheless, it’s still early in the game,” Kankare points out.

“After each shopping center launch – and the related hype – there is a plateau of sorts in terms of activity and interest. It is normal that some tenants leave and new players come in.”

Eventually, a “second wind” of sorts takes hold and the shopping center really gets going. “Further honing the concept at some point is often the way to go,” says Kankare who is confident that REDI will catch on in big way as more and more people get acquainted with it.

Going Small?

Lately, Kankare has been occupied with another shopping center project – this one decidedly smaller. Shopping Center Karuselli opened its doors in downtown Kerava on 1 November 2018. “With 26 stores (and 5,500 square metres), Karuselli represents the more compact and agile sort of an animal,” says Kankare who’s been involved with the project since its infancy.

“Karuselli is focusing on the everyday, bringing the key services to the center



Photo: SRV

arena” in Finland can rival the total entertainment offering that the Tampere project will eventually deliver. In addition, most Finnish arenas do not have a very central location, but at Tampere, you will be exactly where all the action is.

“In a situation like that, it’s likely that people want to stay longer, too.”

According to Kankare, SRV feels that it is moving forward with a very like-minded partner, because the City of Tampere is very committed to the project – and has been, actually, since early 2000s.

“Tampere has had the vision and the will to persevere with this project – and we’re looking forward to building something great together.”

Metro Continues West

Going back to the Helsinki Metropolitan Area, Kankare notes that the launch of the western metro line to Espoo in November 2017 was a welcome boost – and that SRV is very much involved in building along the expansion line, as well. Reaching to Kivenlahti, even further west, the “bonus stretch” offers plenty of opportunities for development.

“We’re very visible in the development of, for example, Kaitaa, Espoonlahti and Kivenlahti, looking to bring both residential and commercial units into these communities,” Kankare says, adding that especially Kivenlahti, as the end of the line and a feeder traffic hub, holds special promise.

SRV is also active with regards to the existing metro line in, for example, in Espoo’s Niittykumpu. Linking residential and commercial elements with transportation is very much in the cards there, too.

“Hybrid development gives us the opportunity to create diverse city structure. The most vibrant communities usually possess a solid mix of various functions, never focusing on just one.” ●

of the community. It’s clearly something that has been missing in Kerava,” he says, adding that, for instance, the opening day saw a “wave” of 19,000 patrons (not bad for a community of 35,000 people).

The project also has residential reach, as SRV is building 140 apartments in connection to the shopping center. “70 of these are to be delivered in late November, and the rest by January 2019,” Kankare says.

According to Kankare, going small, local and grocery-led may well be the ticket in the future as well. Looking at the prospects of shopping centers in relation to the size, he’s most worried about medium-size centers.

“Compact, small shopping centers who have a clear target group will be fine – and so will the biggest shopping centers who are attractive because of size alone. It’s the centers in the middle who may have to refocus their concept and finetune their message.”

Full Deck, Please!

Yet another kind of center is being built in Finland’s second biggest city, Tampere. For years, there have been plans to solidify the city structure of Tampere by building a deck above the railway tracks downtown. Brandishing the name, Tampere Deck, east and west Tampere will be joined together via a new type of hybrid block – one that combines housing, commercial pursuits and a state-of-the-art sports/event arena.

Spearheaded by SRV and the City of Tampere, the project features a hotel, restaurants and other entertainment premises. According to the project schedule, the entire project will be completed in 2023.

“Work is now underway and we’re looking forward to bringing the total hybrid package into the heart of Tampere,” Kankare reports.

SRV is eager to boost the urban evolution in Tampere – also the largest inland city in all of Scandinavia – and has been talking with the City since summer 2016 to develop this project onwards.

Arena Appeal

With a price tag of over EUR 500 million, the project is a grand undertaking even for a seasoned veteran such as SRV. For example, the sports and event arena in question will be the biggest in the land, with a capacity of approximately 13,000 people.

Toni Kankare believes that “no other

Photo: SRV / Libeskind / Tomorrow



Brains for Buildings

The emergence of smart real estate is helping the industry reinvent itself in a big way

Smarter buildings are very much in demand in the real estate industry. For example, building systems – using automation rules generated from sensor data – can reduce energy and water usage considerably; cubicle utilization rates can be improved by employing occupancy sensor data to help employees find vacant cubicles; constant temperature in building zones can be achieved by taking more environmental factors into account.



Miro Ristimäki, Development Manager at Skanska, knows the challenges and opportunities in the field quite well, having written his Aalto University Doctoral Thesis on lifecycle management in urban development. “Digital tools, such as Building Information Model (BIM) concentrated, for years, in the design and planning phase, instead of adopting a more lifecycle view,” Ristimäki points out.

“When the data introduced into the Building Information Model is of high quality, it can be utilized in a variety of ways. I believe that we are now in a point in time where BIM is gaining a new type of momentum.”

This calls for designers, builders and end-users who have a good handle on data management and are capable of creating applications that turn senseless data into smart solutions. “The future of BIM hinges on these two things – the quality of the data involved and how easy it is to utilize.”

User Comes First

Even beyond BIM, Ristimäki notes that it is quite clear that User Experience (UX) drives the real estate of the tomorrow, on both resi-

dential and office side. For the property managers, it is crucial to employ a proactive attitude where issues are dealt with preemptively – as various devices give out frequent status reports, it’s easier to step in and intervene, potentially saving a lot of money.

“Add to these two factors, the integration of the individual buildings into the surrounding community in a way that serves the everyday life of the citizens,” Ristimäki says, making a reference to the emerging Smart City solutions.

A major digitalization boost will come from real estate platforms which harness different systems into a functional entity. “The platform revolution has already started and in the coming years, we will see many different types of platforms which focus on different things – for example, the degree of communication between systems and devices can vary a great deal from one platform to the next, depending on the over-all concept.” Ristimäki is also of the opinion that the most



Skanska Finland's headquarters.

technologically advanced platform may not be the one to win the day:

“The platforms that allow the creation of networks in the most effective ways are likely to be the forerunners in the race”, he predicts.

Urban Power

Teppo Voutilainen, Director of New Services and Solutions Business Unit at KONE, points out that smarter buildings are needed since the megatrend of urbanization isn't going anywhere. By 2050, more than two in every three people on the planet will live in urban areas – and smarter real estate has a role to play in making sure that the cities remain livable.

“Only by understanding urbanization and by focusing on improvements for people can we create better buildings, better cities, and a better world,” he points out.

In addition to the rapid growth in urban populations, the fast-paced technological advancements in connectivity, mobility, and computing power are changing many aspects of our lives. “The technological disruption which transforms markets and services also means a faster pace for business and new expectations for both living and working,” Voutilainen observes.

“New technologies provide us with a great opportunity to ensure that buildings

can serve the people who live and work in them in smarter and more exciting ways.”

Voutilainen believes that in the residential building sector, for instance, we will see further pressure to embrace change, driven by two further trends: shifting demographics, and an increasing focus on social experiences.

“The former refers to the increasing number of single and small households. They have different needs, in terms of services, as well as the need to take into account an aging population and the accessibility needs of elderly residents.”

Maximize Your Building

In the future, home environments will fulfill multiple purposes, with residential apartment buildings functioning like “mini cities” with dedicated floors for living, working, and leisurely activities such as exercise.

“The rise in the demand for serviced housing means that residential living will have more and more in common with the hospitality sector, with people consuming more and more services – such as cleaning, home deliveries, and pet care – at home,” Voutilainen says.

Photo: KONE

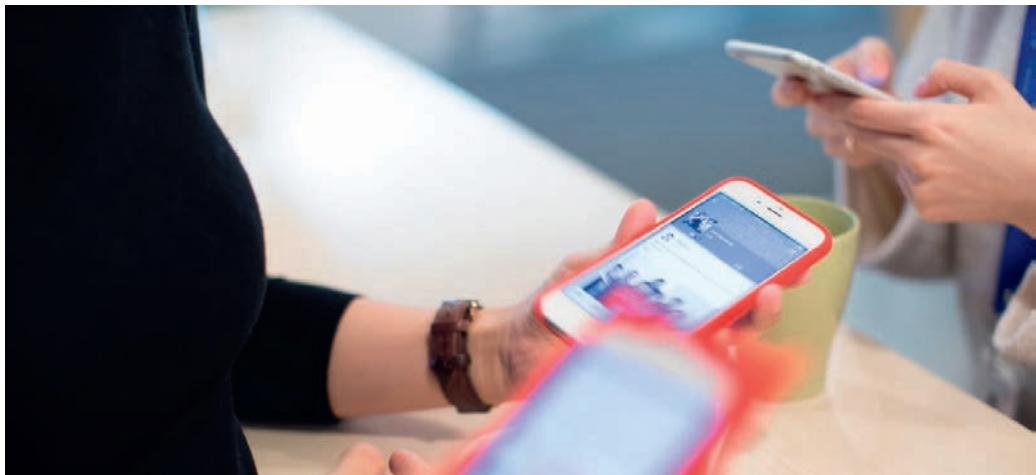
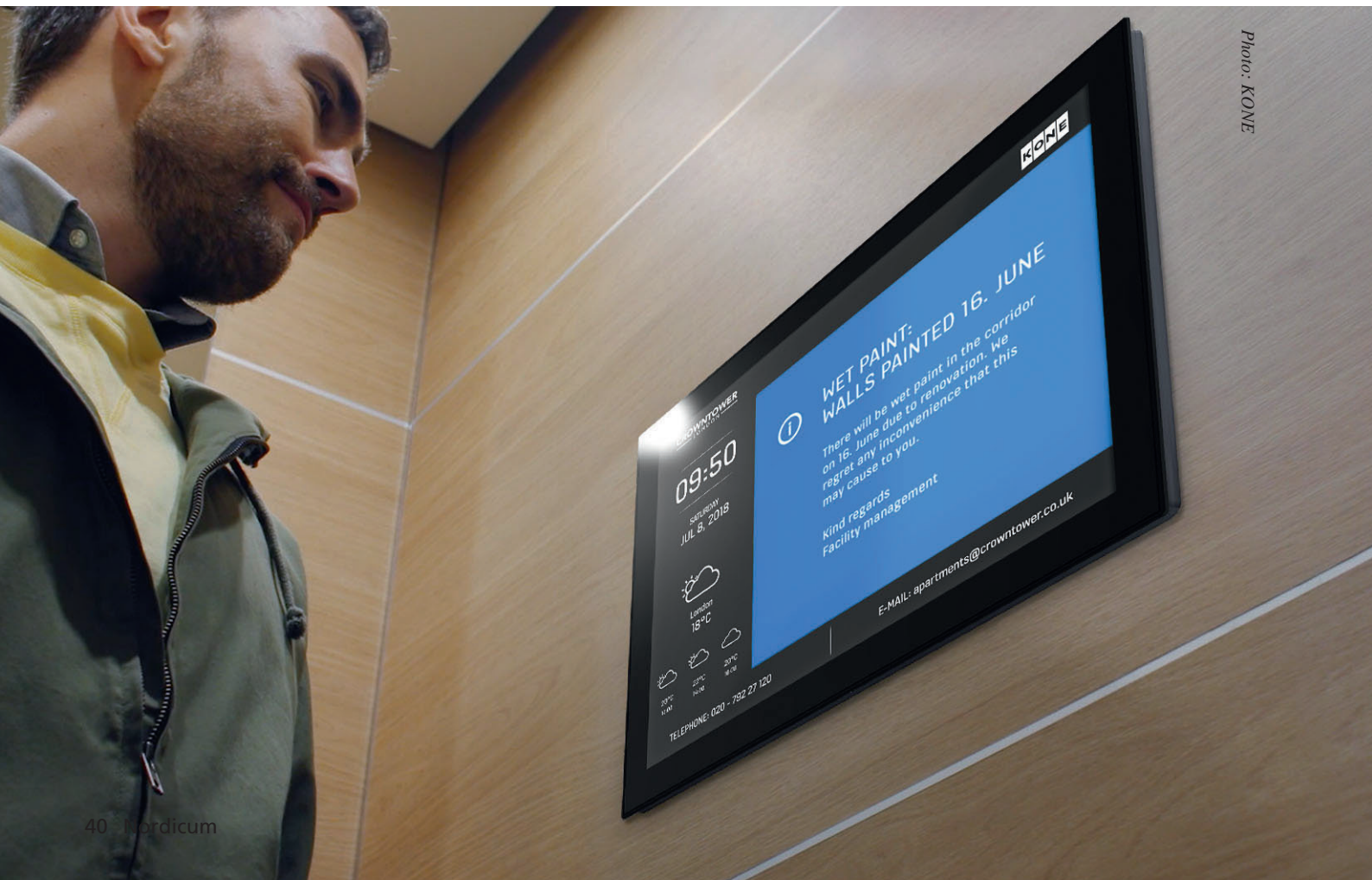


Photo: KONE





“Ruukki Roof Sensor means savings for facility maintenance. The system sends an alert when, for safety reasons, it’s time to remove snow from the roof; savings arise since snow does not need to be removed from the roof unnecessarily,” says Pekka Roivio, Ruukki Vice President, R&D.

Apartment living has already changed a great deal in the recent years, mostly as a result of rapid technological advances. Voutilainen points out that in many homes around the world, it is not uncommon to find connected whitegoods that self-diagnose sitting alongside smart voice-controlled audio-visual systems that stream content directly from the cloud.

“Then there’s the plethora of apps on smartphones and other mobile devices that we use to help us navigate everyday life,” adds Voutilainen.

Roof Proof

Another company very much involved in the Smart Building revolution is Ruukki which came out with a Smart Roof product a couple of years ago. Among the first realized projects was the Spice Shopping Centre in the Latvian capital of Riga. Spice received a pioneering high-IQ roof that monitors snow weight on the roof and produces information about any changes in real time.

Taking in experiences from Riga and elsewhere, in autumn 2018 Ruukki launched the second-generation version called Ruukki Roof Sensor, which is the first member of our future Sensor Network Family. Pekka Roivio, Ruukki Vice President, R&D, says that the newcomer features some significant upgrades:

“The first version was all cloud-operated, but this new Smart Roof can be used also locally, making it more convenient for the users,” says Roivio.

According to Roivio, Ruukki Roof Sensor means savings for facility maintenance. The system sends an alert when, for safety reasons, it’s time to remove snow from the roof; savings arise since snow does not need to be removed from the roof unnecessarily.

“Today, in many places snow is often removed unnecessarily, because the weight of the snow is not known. This is a way to optimize the snow removal,” says Roivio, adding that Ruukki Roof Sensor is an especially great fit for areas of highest risk.

Enter: Digital Twin

At Ruukki, the R&D department is leaning heavily into digitalization to expand the scope of what we thought was possible in the field of real estate. “This can mean, for instance, sensors that can tell you if a structure has been exposed to moisture and for how long – and whether it’s harmful or not,” Roivio offers an example.

In real estate, the concept of “digital twin” has been exciting imaginations for a while now – and Roivio believes that we are getting towards better and better functioning models all the time.

“When we have a real-life, physical building and its exact digital twin, we can run simulations, say, 25 years in to the future, to see how a certain occurrence impacts in the long run.” ●

Sami J. Anteroinen

Wanted: Flow-How

KONE turned to its customers to create the next wave of People Flow solutions for smart buildings

Urbanization and digitalization are two trends which drive the real estate industry. The need to create improved buildings and better-functioning cities means exploring new technologies and services. With around 200 000 people moving into cities across the globe every day – what kind of business opportunities does this present?

"Developers and building owners are under tremendous pressure to deliver living and working environments that meet increasing expectations of residents and tenants alike," says Teppo Voutilainen, Head of New Services and Solutions at KONE.

According to Voutilainen, failure to keep up with the rapid pace of change has significant implications for industry stakeholders, in terms of competitiveness and bottom line. In his opinion, a winning approach means starting from a service design perspective, putting people first and creating a deeper understanding of their needs. With this in mind, KONE Residential Flow was created and launched in 2017.

"From the beginning, we defined and prioritized solution concepts and we conducted several workshops in different countries, met with potential partners, and studied

our customers' decision-making processes," Voutilainen explains.

Listen & Learn

At every step, a critical factor was asking the right questions and listening to what customers and end users were telling KONE experts. "We knew right from the start that simply throwing everything we had at the project – in terms of engineering expertise and technological innovation – was not the right approach. Instead, our approach was based on listening, understanding, and interpreting."

When developing KONE Residential Flow, more than 200 developers, facility managers, and building residents around the world were interviewed by the KONE team, in order to understand their challenges and needs related to people flow in residential environments.

"For example, we learned that many people face challenges with simple tasks like opening the front door when carrying groceries or receiving deliveries; we also learned that many people had missed out on deliveries completely because they were not at home to receive them."

Capitalizing on all these little discoveries means that KONE Residential Flow can, indeed, take the stress out of everyday situations, making home life easier and more convenient. "The solution is available for both new and existing buildings," adds Voutilainen.

Perfecting People Flow

KONE has a strong track record in providing the best possible 'people flow' experience.

"Good people flow happens when people can move smoothly, safely, comfortably, and without waiting," Voutilainen sums up.

The people flow experience of a building begins at the point of arrival. From there, the journey continues through the lobby and then to the final destination through multiple doors, spaces, halls and corridors.

"For building users, there is a strong connection between the quality of people flow and the overall quality of the building," remarks Voutilainen.



Streamlining Business

While KONE Residential Flow focused on one segment, KONE People Flow Planning and Consulting applies more to the corporate segment. Voutilainen explains that the service has been designed to support customers with people flow challenges in various scenarios including when planning a new building, or when the population changes, or when the site needs to be used for different purposes.

“The service is aimed at customers who, for instance, have people flow challenges to solve – such as vertical or horizontal flows, bottlenecks or guidance issues – or they are perhaps dealing with changes in building usage or business conditions,” Voutilainen says.

Depending on the project in question, customers benefit from a variety of improvements, such as reduced waiting and journey times, better utilization of valuable floor space, and improved planning and budgeting.

Stay Flexible

Property developers have to ensure that their assets remain competitive and attractive, balancing the needs of constantly changing building requirements as tenants come and go.

“Flexible solutions for things like info screens, access control, and elevator traffic control that can adapt to changes in building dynamics, will go a long way to solving these issues,” Voutilainen believes.

“Property developers can reap the rewards of technology that can be adapted to the changing needs of the building and its tenants while also helping their building stand out from the crowd as an attractive prospect for potential new tenants.”

Evolution of the Office

Voutilainen points out that workplaces have undergone significant changes in recent years. “We have seen a shift from cubicle-based office layouts towards open-plan layouts in order to accommodate more people while simultaneously facilitating increased collaboration and interaction,” he says.

At the same time, the increased use of video conferencing and the need for quiet working spaces has increased the demand for meeting room space as well as “quiet room” spaces. Furthermore, the shift in focus towards employee well-being and developing communication technologies has increased the demand for new innovative ways to improve and enhance the workplace.

However, strict definitions of various real estate may soon be a thing of the past, as the lines between living, working, and entertaining become increasingly blurred. What this means is that concepts such as the activity-based office and user-centric design are transforming our environments.

“People are more demanding and technologically aware and they expect far more from the spaces where they live and work. For example, in the residential sector, people expect their building to provide integrated solutions that make their everyday lives easier. Building owners that do not anticipate these demands will see their bottom line take a big hit,” argues Voutilainen.

Engage & Excel

The New Services and Solutions team is focused on developing and commercializing end-user centric solutions which improve the people flow in and around buildings.

“This involves engaging partners, customers and users to co-create the solutions together,” Voutilainen explains.

A big part of the team’s work is turning challenges into opportunities. Voutilainen notes that when you’re seeking to address the current and future needs of developers and building owners in the residential and office sectors, it is “critically important” to take a measured, iterative approach when bringing new solutions to the market. There is no place for blanket assumptions here.

“Jumping to conclusions or simply assuming you know what the market wants will almost certainly be doomed to failure, with solutions that neither address the real needs of customers and tenants, nor add value to your offering.” ●





Turku Science Park

From downtown to Science Park and beyond: Turku Advances on All Fronts

Turku is big on future. Growing at the rate of 1,600 residents per year, the city is growing – proportionally speaking – faster than any other city in Finland. To accommodate change, Turku announced a new ambitious vision, Turku 2050, with a key idea of expanding the city center and creating a user-oriented traffic system to support it.

According to the Vision, the commercial center will expand, and the Market Square will become a multi-use meeting place and the center of various events. The Old Town around the Old Great Square will turn into a “European oasis of encounters” and the eastern bank of the River Aura – delightfully opening towards the evening sun – will function as a vibrant platform for a new kind of combination of culture, restaurants and work.

Presently, competition between cities has shifted from national level to global level, with cities fighting over inhabitants, businesses and know-how. At the same time, the emergence of the urban lifestyle has raised the level of expectations in terms of the quality of public spaces. Urban planning is now decidedly more human-scale,

and this is also a key message of the Vision 2050.

Ride the Wave

Jouko Turto, Real Estate Development Director for the City of Turku, says that Turku is in a “unique position” to build something truly remarkable here, since the city presently enjoys powerful momentum:

“There is positive structural change as old industries keep reinventing themselves, finding new ways to innovate and collaborate,” Turto says.

A great example of the local innovative mindset is the Turku Rail Yard project which aims to transform Turku’s rail yard and train station area into the Finland’s largest experience and event center.

The Turku Rail Yard project is an ambitious urban development concept for the 2020s, combining top-level technology and service design to create world-class experiences and events as well as boost the wellbeing of the citizens. The total cost for the project is estimated to be approximately €530 million.

Let Me Entertain You

The project kicked off, as an invitation-only architecture contest was held and Helsinki/Shanghai-based architecture firm PES-Architects came out on top with their entry ‘Luoto’ (Islet). According to plans, the construction will start in autumn 2020 – and the center could, conceivably, be up and running by 2022.



'Luoto'

The experience center is expected to become a significant year-round destination in Turku, with plenty to see: an indoors amusement park, a theme park, activity parks, cultural spaces and exhibitions, diverse events, a multi-purpose arena...

From the perspective of the City, the undertaking is a key downtown spearhead project which enhances the attractiveness of the city in terms of events and tourism – along with the vitality of the city center. As the city center expands into Turku's rail yard, it will also create a new neighborhood of approximately 1,000 residents.

Take Me to the River

A historical part of the Turku identity is, of course, River Aura and the Baltic Sea. Situated by the river, the Old Town is being developed as an attractive tourist destination and a lively "urban living room" for the students, university staff, visitors and citizens. The Old Town with its large unified park and pavilions for cafés and galleries will form a vivid platform for the creation of new businesses and services.

In the coming years, the downtown area will make the push towards also the river delta and the harbor. In addition, the Turku of the future will bring its the archipelago – which is among the most beau-

tiful in the world – to the forefront more and more.

"With all these elements coming together, we feel that Turku possesses the most European identity of all the cities in Finland," Turto says.

Driven by Science

Just a walking distance from the downtown area, we find Turku Science Park, one of the biggest and oldest science parks in Finland. Located in the immediate vicinity of the Kupittaa railway station and the Turku-Helsinki motorway, the Turku Science Park is home to the University of Turku, Åbo Akademi University, Turku University of Applied Sciences, Diaconia University of Applied Sciences and over 400 other organizations and companies which employ a total of nearly 16,000 people.

Turku Science Park fosters also active start-up culture which is promoted by the start-up community SparkUp, based in ElectroCity. Furthermore, coworking space Werstas opened in 2015 and has been a success story from the beginning. Presently, the coworking space has some 7,600 square metres in three buildings – and all the premises are full.

According to Mikko Lehtinen, Managing Director of Turku Technology Prop-

erties, Turku Science Park could continue its integration into the downtown area by expanding the Turku Science Park area across Helsingintie road, to the present Itäharju industrial district, by 2029.

Come Together Right Now

This means that the Turku Science Park of the future would integrate working, living and leisure even more closely as part of the existing urban structure and public transport connections.

"This would be done by building a deck construction from Kupittaa to Itäharju," explains Lehtinen, adding that the deck is a great fit for all types of hybrid construction, from residential to services to office.

"Also, public sector projects, such as schools, could be realized here. The first priority, however, is student housing," Lehtinen says.

"The deck alone could feature as much as 200,000 square meters of new construction and there is another 200,000 square meters likely to be available for development in the neighborhood."

According to initial plans, different buildings ranging from high to low would provide a varied appearance as well as leaving room for large green areas.

New bold plans are needed since



Blue Industry Park

Science Park is quickly outgrowing its former premises.

“We have 140,000 square meters of leasable space – and about 100 square meters presently available,” Lehtinen says.

Smarter & Wiser

The brainpower of the Science Park is needed also in the realization of ‘Smart and Wise Turku,’ one of the city’s spearhead projects that combines the strategic goal of regional carbon neutrality in 2040 with the Smart City concept. The aim is to contribute to the citizens’ well-being and boost the city’s competitiveness.

Under Smart and Wise Turku game plan, essential enablers are digitalization and the data the City has accumulated. Digitalization enables the production of services untied to time and location, leading into an increase in the productivity of the city’s own operations (Smart City). By creating conditions for the citizens and companies to utilize the data, the city enables economically, socially and environmentally sustainable growth that supports wellbeing (Wise City).

Mikko Lehtinen and Jouko Turto agree that “going Smart & Wise” is the way of the future. “For example, how we use information to make better decisions is of crucial importance,” Lehtinen says, pointing out that Turku has the opportunity to be a “digital powerhouse” in the coming years.

“Also, in international comparison, it is clear that Turku has a lot of frontrunner expertise in these fields,” adds Turto.

Introducing: Blue Industry Park

Beyond the downtown and the Science Park, there is something exciting in the works

right by the Turku shipyard. Blue Industry Park aims to become a leading production and innovation cluster of the maritime and manufacturing industries, serving companies of all sizes while strengthening the industrial clusters in the Turku region.

Janne Alho, Project Manager, Blue Industry Park, explains that the competitive advantage of Blue Industry Park is the synergy created by the cooperation of enterprises and other actors in the area.

“Blue Industry Park combines a critical mass of resources and expertise and a competitive setting with production, product development and research,” Alho sums up, adding that the park has 60 hectares open for development.

Furthermore, the logistic connections link the Blue Industry Park companies directly to the global markets by road,

rail and air. The area provides an excellent setting for production, as well as continuous renewal, and maintenance and development of top expertise, Alho adds.

Ecosystem Edge

Blue Industry Park represents a move from Network Economy to Ecosystem Economy, advancing the evolution of the Finnish maritime cluster. The know-how of the Park is crucial for the success of the shipyard – and vice versa.

“The shipyard used to put out one ship every year, whereas now it’s two ships. The faster production rate will require for the suppliers to grow as well,” Alho says.

Eventually, the Blue Industry Park is set to feature as many as 100 companies and 10,000 employees. ●

In the Pipeline: One Hour Train

Ranked high in the City of Turku’s list of key initiatives is the One Hour Train, a high-speed rail link between Turku and Helsinki. According to the plans, a new direct railway line from Espoo to Salo via Lohja will be constructed for the link. The link will also include the Espoo regional railway line, the Salo-Turku double-track railway line and the Turku rail yard area.

Already in the early phases of the project, the travel time will be reduced by more than 30 minutes from present time.

“The One Hour Train will add immensely to the over-all connectivity of Turku, making life easier – and more efficient – for companies, for instance,” says Jouko Turto.

Eventually, as the equipment is modernized to enable the maximum speed of the new railway, the travel time will be reduced by almost an hour, and the distance between the destinations can be travelled in approximately 75 minutes. The distance between Kupittaa, Turku, and Pasila, Helsinki, will clock in at 60 minutes.

So far, the State has granted the project €40 million to cover the costs of planning. As the Helsinki-Turku connection has European TEN-T status, the venture is eligible to apply for significant funding from the EU, as well.

If, indeed, a decision to build the railway is made in the formation of the new Government in spring 2019, traffic operations could commence in the late 2020s. ●

RE Finland: Gathering of the Tribes

RE Finland in Tampere was the place to go in mid-November Finland, if you're a local real estate professional. The biggest event for the Finnish real estate business, the one-and-a-half-day seminar was hosted at Tampere-talo.



This year, the topics of the seminar ranged from investment and construction to the proper use of the F-word (Fear). Executives and experts of the Finnish real estate industry were treated with eye-opening presentations, showcasing multiple perspectives. As always, there was ample time for networking in a fun atmosphere.

The keynote for first day, Wednesday 14th November, was given by Oona Strathern who has worked for more than 20 years as a trend consultant, speaker and author. As well as writing about building and living in the future, she has worked on many studies and reports for the German Zukunftsinstitut. Strathern divides her time between Germany, London and the "Future Evolution House" she is building in Vienna.

There No "I" in Future

At Tampere, Strathern talked about how understanding and exploring the megatrends is the key to understanding how we will live in the future. The demands today on our homes and cities are bigger than ever before: not just in terms of technology, but also in terms of our longer lives, gender roles, work and design. How will architects, city planners and designers face the challenges of increasing technology, mobility and our multi-biographical lives?

In Strathern's mind, the revolution will very much be a "We-volution", as we

move towards a new network culture. Furthermore, changing lifestyles mean that our homes are becoming increasingly flexible, modular and "smart".

"Smart living will not just be about how we can integrate technology, but also about social intelligence, adaptability and flexibility," she says, adding that the home of the future will, in a hyper-urban world, be a more "mindful" space. In addition to technology, such factors as layout, design and function come to play here.

Emotional Edge

Another thought-provoking presentation was heard later on in the day as Kevin Gaskell took to the stage. An accomplished entrepreneur, team builder and inspirer, Gaskell led iconic brands such as Porsche and BMW to unprecedented levels of success before starting to create global businesses from scratch.

In the true "superhero CEO" mode, he has conquered both North and South Pole, but not for the adrenaline fix, but to raise money for a cancer hospital. Gaskell also has more than passing familiarity with the real estate business, having started out his career as a civil engineer working on buildings.

At Tampere, Gaskell talked about the importance of capturing emotion to build better business. "If you get people to engage, you can invite them on a journey with you," he said.

Alchemy Agenda

Gaskell gave the audience his magic formula, too: Commit + Connect + Create. He pointed out that he doesn't run his businesses on numbers, but on "the magic of shared achievement".

"You need a clear plan, and then you need to let the team simply go out and do it."

At RE Finland, there was a lot of talk about digitalization, and Gaskell addressed the issue, too, saying that it is both "the biggest threat and the greatest opportunity" facing companies today. ●



Culture Club Helsinki

Culture is deeply integrated into the DNA of any true city – and Helsinki is showing the way with the launch of Amos Rex art museum and the new city centre library, Oodi. Both projects are great examples of how culture can stay relevant in the age of social media and ever-shortening attention spans.

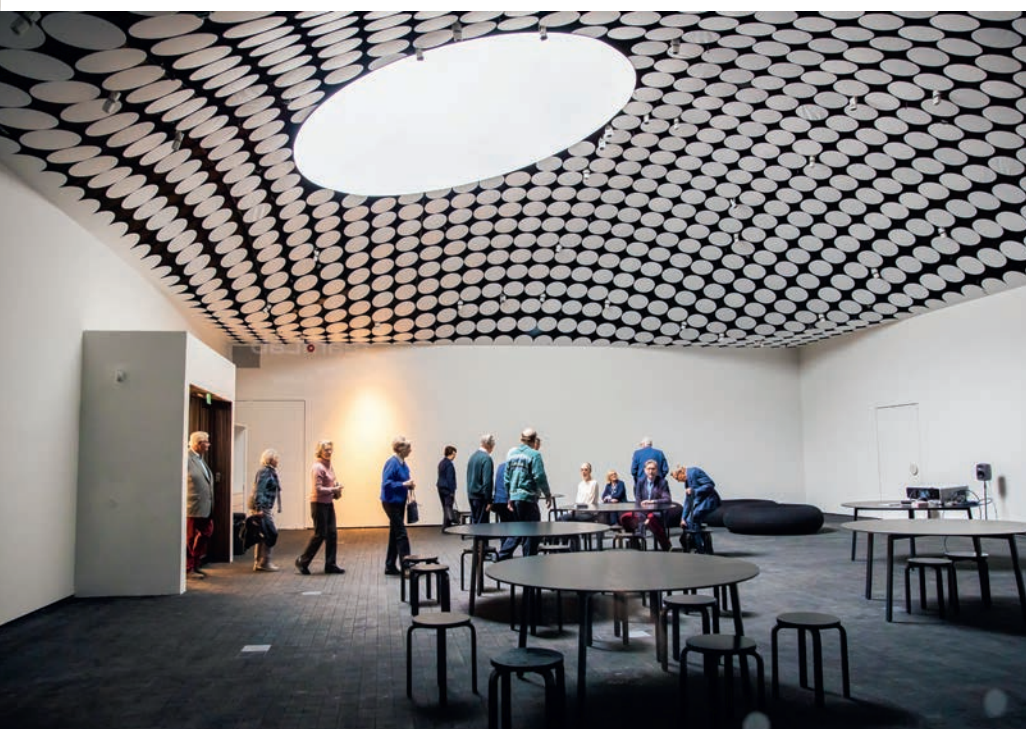


Photo: Yiping Feng and Ling Qinyang

Designed by Finnish architects JKMM, Amos Rex opened its doors in August – and found a seemingly endless line of people on the sidewalk waiting to get in. Months later, the situation is still the same: people are queuing up to get the goods on the cultural newcomer.

Principle architect Aimo Jaaksi says that the museum has really mobilized large numbers of people; and, to boot, also international media has been swooning about the museum, with such stalwart players as BBC and The Guardian tipping their hat to the project.

“There was something here that has just clicked right away,” says Jaaksi, while admitting to being a “little surprised” by the museum’s popularity. As the first ten weeks saw 140,000 visitors to the museum – a new record in Finland – it is clear that Jaaksi and his crew have really hit a homerun with this one.

Photo: ALA Architects



Photo: ALA Architects





Photo: Tuomas Lushemo



Going Deep

The entrance to Amos Rex is through Lasipalatsi (“glass palace”), a distinguished 1930s Functionalist pavilion comprising restaurants, shops, the Bio Rex cinema and an open square behind it. All the newbuild gallery spaces of Amos Rex, however, are underground.

“It was really the only viable option for us to go underground,” explains Jaaksi.

JKMM worked with the City planners to determine how Lasipalatsi Square would remain as an important civic space within Helsinki while also allowing the public to enjoy Amos Rex’s only visible new built elevation, its roofscape. The solution came

in the form of highly sculptural roof lights that also address the challenge of bringing daylight into the subterranean exhibition spaces. The roof lights create a new topography, their gently rolling forms playing on the idea of an urban park in keeping with the integrity of the square.

“This way we’re not totally filling up the square with new construction, and, on the other hand, are letting people know of the museum’s existence in some manner,” Jaaksi says.

Let There Be Light

Inside the gallery spaces, visitors looking up to the generous steel-framed concrete sky-

lights will feel connected to the city through JKMM's carefully considered views opening out to the street-level above. The architects felt it to be especially important for visitors to experience a sense of place, to feel located in a specific part of the city, even when they are six meters below ground.

From a museum design point of view, the structure of the large domed skylights has enabled JKMM to shape a column-free 2,200 square meter exhibition hall. There is no doubt that curators will find this a delightfully flexible space in which to mount exhibitions.

Asmo Jaaksi comments that integrating one of Finland's architecturally pioneering 1930s buildings – Lasipalatsi – as part of the Amos Rex project was “a moving experience”.

“By adding a bold new layer to Lasipalatsi, we feel we are connecting past with present.”

Ode to Books

A stone's throw (or two) away from Amos Rex, we find Helsinki Central Library Oodi which opened on 5 December 2018, on Independence Day eve. Oodi, a winner of a past architectural competition, is a striking building with its glass and steel structures and wooden facade, its design a combination of traditional and contemporary flavors. The energy-efficient library is an impressive calling card for Finnish architecture and fits its surroundings like a glove.

ALA Architects is responsible for the architectural planning. Antti Nousjoki from ALA Architects observes that Oodi will be “one of the freest buildings” in Helsinki (or even in the Nordic Countries) where the visitor can do many things and take initiative in what they want to do.

“Oodi is a constantly learning and developing tool for those living in or visiting Helsinki,” Nousjoki says.

Culture Superhub

The library building in the heart of Helsinki consists almost entirely of public space and will offer a wide selection of services, becoming the new central point for the city's impressive public library network. The design divides the functions of the library into three distinctive levels: an active ground floor, a peaceful upper floor, and an enclosed in-between volume containing more specific functions.

This concept has been developed into an arching form that invites people to utilize the spaces and services underneath, inside and on top of it. The resulting building is truly an inspiring and highly functional addition to the urban life of Helsinki and the Töölönlahti area. ●

Sami J. Anteroine





Real estate market maintains momentum

Finnish real estate market is still in fine form and firing on all cylinders.

If the year 2017 was white-hot with its record-breaking transaction volume (€10.2 billion), the year 2018 is red-hot. According to data by independent research organization KTI Finland, transaction volume for January-October was €7.3 billion, making it the second highest Jan-Oct volume of all time (after 2017).

Lauri Tiensuu, Director at Advium Corporate Finance, says that this year has surpassed the expectations of many industry experts. "The year 2017 was seen as such an outlier with, for example, the largest-ever property transaction in Finland taking place," Tiensuu says, referring to Blackstone's Polar Bidco acquiring the listed company Sponda and her assets. Another large property company transaction occurred as China Investment Corporation acquired Logisor from Blackstone's fund.

"These two Blackstone deals contributed to half of the transaction volume, so it was a pretty extraordinary year in that regard. Nevertheless, this year we're getting quite close to that total transaction volume, thanks to a multitude of transactions," Tiensuu believes.

Going Shopping

This year is special also in regard to the fact that it features the largest ever single asset transaction in Finland: namely, Itis shopping center, which is now changing hands from Dutch property investor Wereldhave to a fund managed by Morgan Stanley Real Estate Investing. Itis shopping center is located in the Itäkeskus district in Eastern Helsinki, and it is one of the largest shopping centers in the Nordic countries. The gross transaction price was announced to be EUR 516 million, and net of deferred tax liability at EUR 450 million.

The hottest type of real estate in the land has not been retail, however, but offices – with almost one third of the total volume (31%). According to the statistics of KTI, some 211,000 sqm of new office space were under construction at the end of September in the Helsinki Metropolitan Area (Helsinki, Espoo and Vantaa).

Other cities are following suit: for example in Tampere, there is some 30,000 sqm of new office space under construction.

Time to Move

Tiensuu credits the solid economy as the key driver in the office boom.

"During the leaner years, many companies who had plans for new premises put those plans on hold. Now those companies are ready to make their move," Tiensuu says, adding that for certain type of enterprises – such as IT/tech companies – great-looking, modern office is an important tool all around.

"In order to attract the best talent, for example, it's really important to provide a working environment that is enjoyable," he points out. These high-performance businesses regularly operate in sectors where the office-related costs do not constitute a huge slice of the total costs – and therefore it makes sense to woo people with killer premises.

More and more, these premises are multispace and flexible, Tiensuu believes. "We are seeing the total number of square meters coming down and efficiency per square meter going up."

Cherry-picking in the Provinces?

Strong Finnish performance of late is no big surprise to industry people, also from an international perspective. The share of foreign investors is likely to grab two thirds of this year's volume (66% by October) and also new international players have entered the market.

Tiensuu assesses that as Finnish economy indicators are solid, international players have taken interest – and have ventured also outside the "Big Three", namely Helsinki Metropolitan Area, Tampere and Turku. There may be attractive "stones previously left unturned" in other areas, too – and as the foreign investors' knowledge of the local markets has increased, they feel more confident in "going rural".

Still, Tiensuu points out that the international players are far from a homogenous group: there are different types of companies with totally different agendas.

"Foreign core investors new to the market are extremely selective whereas the opportunistic investors have widened their scope and are venturing to quite exotic strategies. Between these two investor types there is a multitude of strategies being implemented."

Hurray for Housing

In addition to offices – a traditional foreign investors' go-to play – also the residential side has attracted the international crowd. Tiensuu comments that a stable residential market contributes to this trend – and also, for example, that in Finland you can more easily sell off single apartments, too.

"When you look around Europe and compare the situation to Finland, you can easily make the case that urbanization here is not yet on the same level," Tiensuu says, adding that this should mean that there are opportunities to be tapped into in the form of residential market in the cities, for instance.

According to Tiensuu, also such properties as logistics centers and hotels are very much on foreign investors' radar. "If you look at the evolution of logistics, for example, there is a powerful megatrend that supports development there," Tiensuu says, referring to the rise of e-commerce which requires for the entire transportation chain to be reworked.

No Dark Clouds Ahead – Yet

But is the current winning streak sustainable? What is waiting for us around the corner, in 2019? – Tiensuu believes that the good times are not going away any time soon:

"The real estate market will continue to be very active, driven by both domestic and foreign demand."

According to Tiensuu, there's still plenty of "dry powder" stored up in the

proverbial basements of industry players: there's a lot of capital, earmarked for real estate, that has been raised from investors that still needs to find a happy home.

"There is unallocated capital all around Europe, and some of it is bound to make its way to Finland."

In the RAKLI-KTI Property Barometer October survey, the prime yield for Helsinki CBD offices was assessed at 4.1% (10 basis points higher than in last spring's survey). Office yields also increased slightly in all other cities. Prime retail property yields

also increased slightly, while yields for residential properties continued to decrease and stood at 3.7% for central Helsinki. The Barometer respondents expect yields to remain rather stable during the next 12 months.

Get Creative

In his ten years in the sector, Tiensuu has seen the number of players increase and liquidity improve. Solid real estate assets of the yesteryear – such as retail or logistics

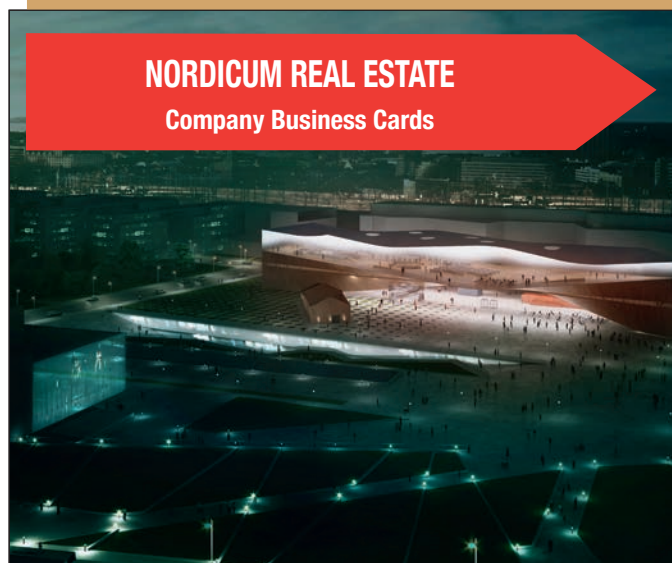
– have been joined by other types of properties with perhaps more nuances.

"Rental plots and multispace office solutions are examples of this. As new niche items keep appearing and gaining success, it seems clear that it pays to be innovative," he says. Part of the outside-the-box mentality is recognizing the ongoing transition from infrastructure to services.

"The entire Space as a Service angle is on the rise and many players are exploring new roles as service providers more and more." ●



Photo: Esa Ahtevuura / GSS Lucky-Design



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Specialty Areas

Advium Corporate Finance Ltd is a leading Finnish corporate finance advisor in major real estate transactions and one of the leading M&A advisors in Finland. Since its foundation in 2000, Advium has advised in more than 180 transactions with a deal value in excess of 13 billion euro.

See pages 15 and 54

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Specialty Areas

A compact sized city of Järvenpää is one of the fastest growing city in Finland. As a part of the Helsinki Metropolitan area, just 20 minutes from the International Airport of Helsinki, Järvenpää is a regional centre of business and commerce. Järvenpää has – right now and in the future – many major development projects. Be part of our story of growth!

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CITY OF TURKU URBAN ENVIRONMENT DIVISION

P.O.Box 355
(Puolalankatu 5)
FI-20101 Turku
Finland
Phone: +358 2 330 000
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HELSINKI RING OF INDUSTRY

Kauppakaari 11
FI-04200 Kerava
Finland
Phone +358 40 318 2818
www.industryhelsinki.fi



Contact Person

Mr Antti Kuusela
Director
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Specialty Areas

Helsinki Ring of Industry consists of 10 cities surrounding the Capital Region of Finland. It is one of the best locations for asset-seeking investment in the EU. The turnover of technology industry in the region is over 25 billion €, from which a large proportion is international business.

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KONE ELEVATORS

P.O. Box 675
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FI-05801 Hyvinkää
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www.kone.com



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Specialty Areas

Innovative elevators, escalators and automatic building doors, as well as solutions for maintenance and modernisation, which add value to the life cycle of any building.

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LOCALTAPIOLA REAL ESTATE ASSET MANAGEMENT LTD

Revontulenkkuja 1
FI-02010 LocalTapiola
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Phone +358 9 4531



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Specialty Areas

LocalTapiola Real Estate Asset Management Ltd provides real estate investment and management services. The company is owned by LocalTapiola General Mutual Insurance Company, LocalTapiola Mutual Life Assurance Company and 20 LocalTapiola regional companies. 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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OULU – CAPITAL OF NORTHERN SCANDINAVIA

BusinessOulu
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Specialty Areas

We offer direct assistance to individuals, corporations and other organisations interested in accessing the business markets in Oulu.

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RUUKKI

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Subsidiaries & Representatives

Ruukki has a presence in over 20 countries; find your nearest representative via www.ruukki.com

Specialty Areas

For investors, developers, designers and construction companies, we offer a wide range of sustainable products and services, such as frame structures, sandwich panels and facade claddings, including design tools, tailored solutions, advanced designs and excellent project management.

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SENATE PROPERTIES

P.O. Box 237 (Lintulahdenkatu 5 A)
FI-00531 Helsinki, Finland
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Specialty Areas

Our portfolio encompasses everything from standard office buildings and specialist premises customised to tenants' specifications, to exclusive high-end properties. We develop properties that are no longer being used by government organisations to prepare them for sale on the commercial market.

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SRV GROUP PLC

Derby Business Park
P.O. Box 555
(Tarvonsalmenkatu 15)
FI-02601 Espoo, Finland
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Specialty Areas

SRV is a leader in the development of innovative construction projects. We seek to provide the best customer experience as a builder of urban centres and to be the industry's most inspiring workplace. Genuine cooperation and enthusiasm is visible in every encounter with us.

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NOTES:



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 **Kiinko**