

Back in Business

Aulanko property investment convention gave cause for optimism.

Real estate professionals met in Aulanko, Hämeenlinna, in November 2010 with a new sense of momentum, as strings of top-level speakers gave their views on what to expect from the future.

In one of the most anticipated panel discussions of Annual Convention of Property Investment Prospects, top officials from the Greater Helsinki Area – Olavi Louko (Espoo), Hannu Penttilä (Helsinki) and Jukka Peltomäki (Vantaa) – sat down to talk metropolitan development. The Helsinki Metropolitan Area will stay on the growth path for decades to come, and it is up to the decision-makers of the region's three big cities to make sure that everybody is on the same page.

The panellists were of the opinion that the 2010's will go down in history as a "golden era of construction" since there are so many large, exciting projects underway. However, the State of Finland would like to see one city in place of the present three. The panellists countered by saying that they have nothing against such plans, but they criticised the Government for being a difficult negotiating partner.



Early Bird Market

Coinciding with the metropolitan dialogue, there are already those trying to sniff out new trends in the market. Michael Schönach from Catella listed several real estate subsectors which remain underdeveloped in Finland. One such field is healthcare – due to e.g. demographic reasons – but Schönach cautions against hype. Also public sector is expected to open up, but those contracts may be long time coming. In addition, Schönach expects to see large-scale logistics centres ripen into interesting options as they become available in the investment market.

Tapani Piri from Jones Lang LaSalle traced the market evolution from the crazy days of 2006–2007 to the present situ-

ation. In a heated market, property buyers were so desperate to strike a deal they would jump through just about any hoops. Overkill was evident as two-phased auctions with full vendor due diligences and parallel buyer side due diligences entered the scene. In the current situation, however, Piri points out that one should play nice with the buyer – the negotiations are now more balanced.

Greener Communities

With Climate Change pressing on, green construction is clearly here to stay – to give the seminar participants the latest, there was Director David Wood from Harvard. He noted that responsible investors are turning to environmental alternatives as tenants keep demanding greener prem-

ises. Entire sustainable communities are making their entrance, such as JESSICA in Europe and Sustainable Communities Initiative in the USA.

Beyond such projects, there's a glimpse of entire sustainable cities, which would utilise public-private partnerships to achieve holistic infrastructure. Wood is expecting investment vehicles to follow the visionary ideas which are already out there. The big question is, whether the green wind is strong enough to carry such heavy load: is there room (and time) for the market to develop?

A Finnish version of a sustainable community is the Low2No city block which will be raised in Jätkäsaari in Helsinki. Jätkäsaari is a Sitra pilot which will examine whether a zero carbon urban project can be replicable – and how to best steer infrastructure, institutions and culture towards that goal.

Marco Steinberg from Sitra points out that this is not a demonstration project. The 22,000 square metre development project calls for a € 60 million investment.

Design on Low2No was started in May 2010 and completion is slated for early 2013. According to Steinberg, creation of "common culture and language" as well as new retail and service concepts are among the main drivers in the project. ●

