

FINLAND HOTELS

Helsinki Hotel Market Snapshot

Hotel Pipeline in Helsinki

REPORT FIGURES

Q4 2022

FIGURES | FINLAND HOTELS | 2022

Strong growth in new supply in Helsinki

Increased construction costs cause project delays

SERVICED APARMENT SECTOR CONTINUES TO DOMINATE NEW SUPPLY

There are 8 confirmed hotel developments with ca. 1,600 rooms confirmed in Helsinki accounting for a 7% CAGR in the hotel supply since 2016. The largest segment is Aparthotels with 45% of total bedrooms in the pipeline. Future aparthotels will include Noli Studios in Katajanokka, Herttoniemi and Malmi.

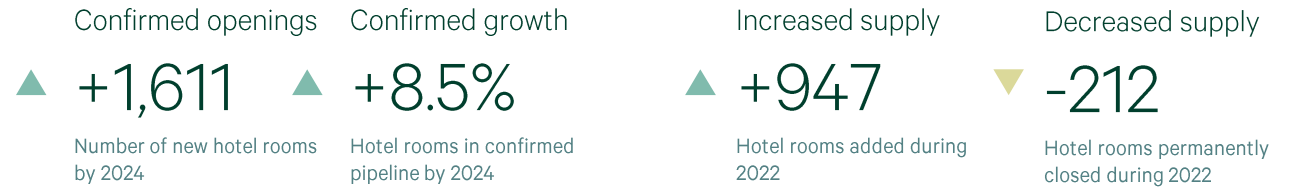
LUXURY HOTELS TO DIVERSIFY THE HOTEL OFFERING

Luxury hotels follow aparthotels with the second largest pipeline share of 22% of future hotel rooms. It will be a notable addition to the Helsinki market which currently has only 2.4% of all hotel rooms in the Luxury sector. The Luxury hotels in pipeline include Grand Hansa Hotel – The Unbound Collection by Hyatt scheduled to open in 2023 and Maria F hotel to be fully opened in 2024.

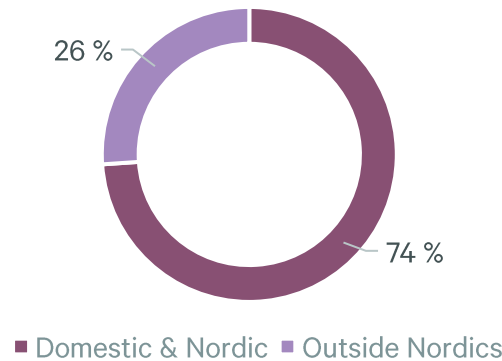
And addition to the Upscale hotels is expected by early 2024 – a new build completely made of wood to be operated by the local hotel chain Sokotel and under their upscale brand Solo. A newcomer to the Finnish market – Radisson RED, will also occupy a new building in the Helsinki centre and add to the Midscale offering. The Budget/Economy segment with the planned Citybox hotel remains on schedule and should open in early 2024.

FURTHER DELAYS DUE UNCERTAIN ECONOMIC ENVIRONMENT

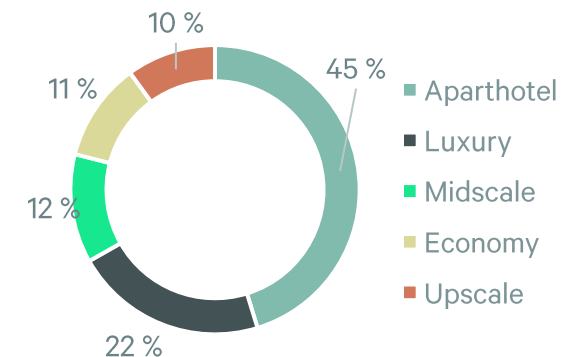
Although the pipeline shows strong growth, unpredictable growing construction and financing costs slow down hotel development projects. Investors and creditors are cautious and lean towards flight-to-quality assets, with the highest ESG credentials and operator agreements backed up by strong guarantees.



Confirmed Pipeline by Brand



Confirmed Pipeline by Hotel Class



Source: CBRE Hotels Finland, 2023

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Hotel developers are cautious

Newly opened hotels added variety to existing supply, other developments are postponed

Helsinki comprises a total of 81 hotels and aparthotels with 13,700 bedrooms, 800 rooms more than a year before. The city centre recorded three hotel openings in 2022 - Scandic Helsinki HUB with 352 rooms, Hotel Mestari with 237 rooms and Hotel Ax with 173 rooms. In addition, a new operator in Aparthotel sector entered the Helsinki market – Unity with 106 rooms. Also Bob W and Koti Hotel added 20 and 60 apartments respectively to their portfolios. A small 21-room Best Western Hotel Midpoint and Forenom Hostel Kutomotie have closed their doors.

Helsinki city centre ▲ **+5%** by 2024

The prime city centre location currently has 43 hotels with over 7,000 rooms. Three future developments with a total of 347 rooms have been confirmed. As an example, Maria F hotel which claims to be the first Ultra Luxury hotel in Helsinki.

Jätkäsaari

The highly popular area among the hotel developers and operators has seen several delays in the development due to extreme increase on construction costs. Two hotel openings have nevertheless occurred in 2022 – Hotel Ax and Unity, making it total three hotels being in Jätkäsaari. Over 800 more hotel rooms are still in the planning phases of the development in Jätkäsaari.

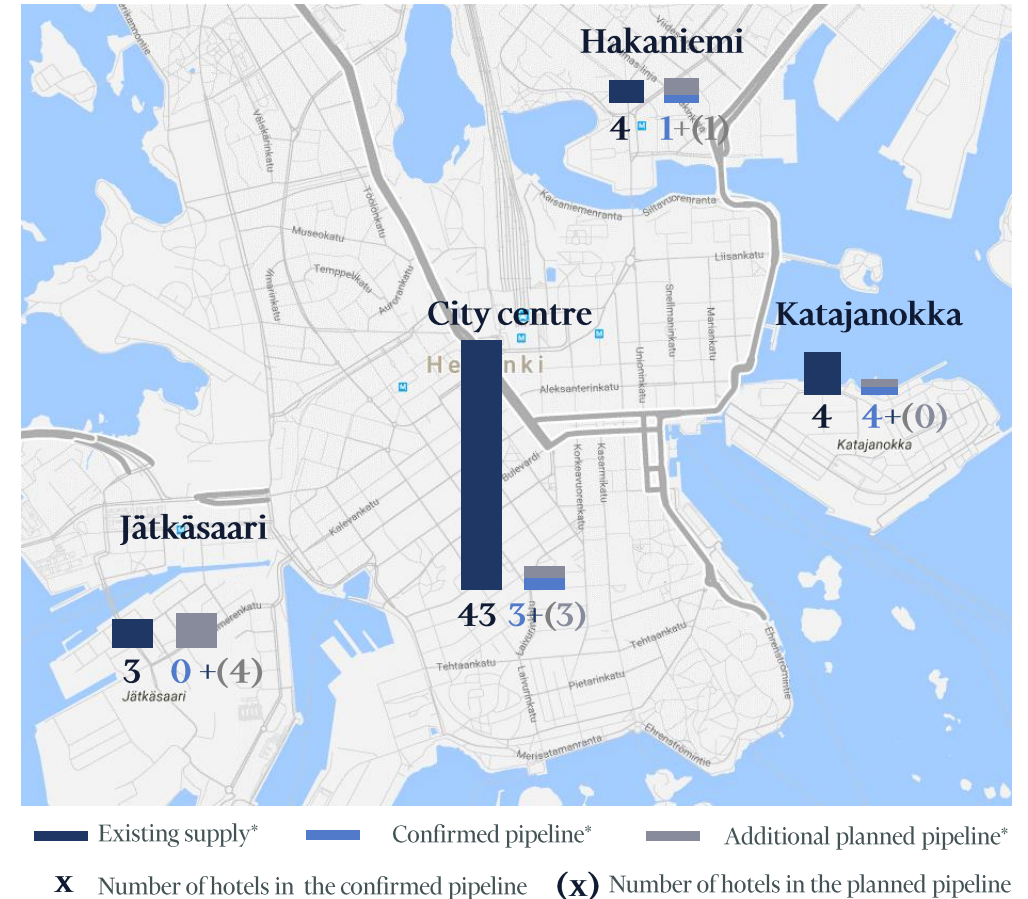
Katajanokka ▲ **+37%** by 2024

A renovated historic property opened its doors in 2022 in Katajanokka and includes rental apartments, retail units and 60 premium serviced apartments. Operated by Koti Hotel. Therefore, current supply is 1,034 rooms. Over 380 bedrooms and apartments in two hotels/aparthotels are included in confirmed developments.

Hakaniemi ▲ **+33%** by 2024

There were no changes in supply over the last year and stays c. 500 rooms. The ongoing hotel development with the international Budget/Economy brand Citybox in place is still confirmed for opening in 2024.

Current and future hotel supply by submarket



*By number of rooms

Source: CBRE Finland Hotels, 2021



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