

Market Reviews

Q3 2025 Shopping Centers: Resilient Despite Conditions – Still Room for Growth



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The Finnish shopping center market continues to outperform the broader retail sector, particularly in the Helsinki Metropolitan Area. Visitor numbers in shopping centers across Finland grew by 2.7% year-on-year in July–September, while in the Helsinki region both sales and visitor numbers increased by over 3%, according to statistics from the Finnish Council of Shopping Centers. Since the lows of the COVID-19 pandemic, sales and visitor indexes have developed steadily, and this positive trend is also reflected in the occupancy rates of shopping center tenants.

On average, shopping centers are nearly fully leased, indicating strong tenant interest and the centers' attractiveness as commercial locations. They continue to draw sales and customer traffic away from traditional street-level retail. Over recent decades, a significant number of large shopping centers and hypermarkets have been built in Finland, shaping the structure of the retail sector. Consumers increasingly prefer convenient, centralized shopping experiences where a wide range of services is available in one location, further reinforcing the position of shopping centers.

Shopping centers have proven their viability as a retail concept, even though the economic situation limits their full growth potential. According to Citycon's Q2 2025 valuation statement, the decline in sales per visitor that began after 2021 has continued into 2025, indicating that while visitor numbers are increasing, sales are not keeping pace. Shopping centers are responding by focusing on boosting foot traffic and extending dwell time, measures expected to support sales growth as economic conditions improve. A strengthening economic environment would further enhance the sales potential of shopping centers", summarizes **Anton Takkavuori**, real estate analyst at **Retta Management**.

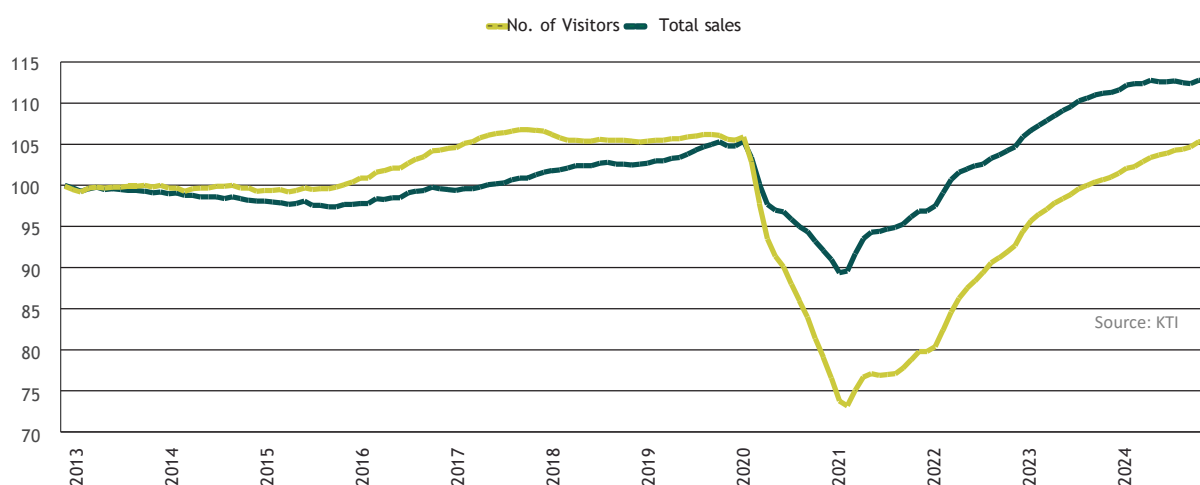
Shopping centers are, on average, nearly fully leased, reflecting strong tenant interest and the centers' appeal. Consumers increasingly favor convenient, centralized shopping experiences with diverse services under one roof.

Despite growth in visitor numbers and total sales, average spending per visitor has declined since 2021. Rising purchasing power and falling unemployment next year may help reverse this trend.

To address falling spend per visit, shopping centers are focusing on boosting foot traffic and extending dwell time through a more diverse service offering, which is expected to support sales growth. Improving sales and high occupancy further strengthen the outlook for a revitalized transaction market.

Shopping Center Sales and Visitor Indexes

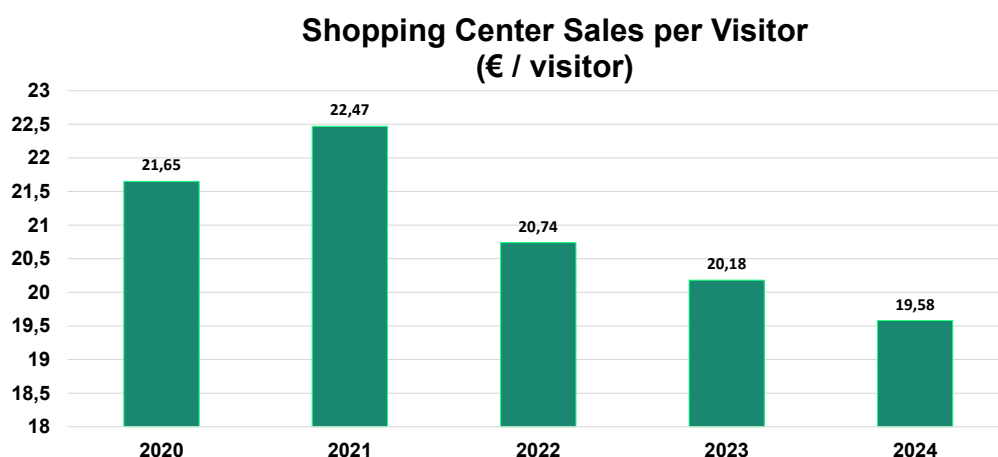
Index 2012=100, 12-Month Moving Average, Whole Finland



On the Lookout for an Economic Boost

Household savings rates remain high, and consumer outlooks regarding employment prospects are still pessimistic. On the positive side, the dip in purchasing power is finally expected to recover: the purchasing power of an average-income earner is projected to return to 2020 levels by 2026, driven by real wage growth and reductions in income taxation.

The Ministry of Economic Affairs and Employment forecasts that unemployment will begin to decline next year, which, if realized, could reduce consumer pessimism. However, these forecasts should be viewed with caution. Nevertheless, a falling unemployment rate would be a significant factor in restoring consumer confidence and supporting retail activity. Although total sales in shopping centers have increased, average spend per visit has been declining for several years. This may indicate that customers are visiting more frequently but making smaller purchases each time. During the COVID-19 pandemic, particularly in 2021, the situation was the opposite: visits were less frequent, but average spending per visit was significantly higher.



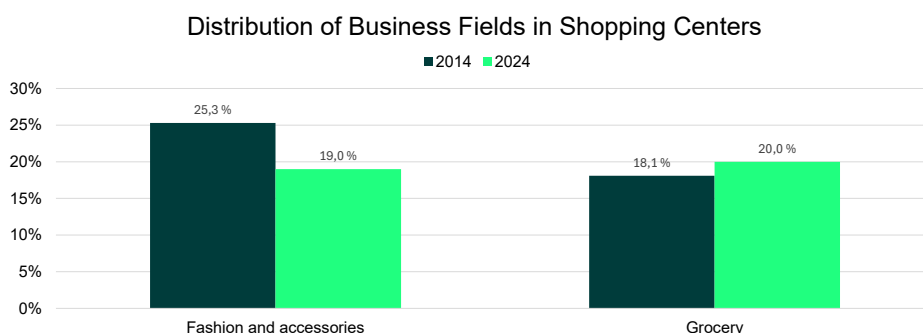
Source: Finnish Council of Shopping Centers

Even in challenging times, there are success stories

Sales growth in shopping centers has been particularly strong in grocery and department stores, as well as in the beauty and health sectors. Grocery stores and department stores still account for the largest share of shopping center sales volumes, acting as anchor tenants that drive foot traffic and provide the foundation for the shopping centers' vitality. Sales growth in grocery and department stores accelerated in Q3 2025, reaching 3.6% year-on-year.

The health, beauty, and wellness sector has been one of the strongest performers in shopping centers in the short term. This growth reflects consumers' increasing focus on personal well-being and their willingness to spend on related products and services—even everyday luxuries are often maintained during challenging times. In Q3, sales of beauty and health products grew by 6.6% compared to the previous year.

In contrast, sectors such as fashion, accessories, and leisure goods have shown signs of strain: sales in July–September were more than three percent lower than a year earlier. Fashion—once a key anchor for shopping centers—has lost ground. Between 2014 and 2024, fashion's share of leased shopping center floor area dropped by several percentage points. Even so, fashion retailers still occupy a significant share of total leased space, and physical stores continue to play a central role in shaping the customer experience, especially in fashion. Today, however, grocery stores hold a slightly larger share of the leasable floor area.



Source: Finnish Council of Shopping Centers

According to the Federation of Finnish Special Commodity Trade, the situation in specialty retail has been challenging this year. One clear exception to the overall weakness in specialty retail has been the optical sector where demand has remained strong—good vision is not something consumers are willing to compromise on. For example, according to Kaupan Tila, Silmäasema has succeeded in doubling its revenue and increasing its operating profit tenfold since 2017. Growth in the optical sector is driven by an aging population and the opening of new optical stores across the country, a trend that is also reflected in shopping centers.

Revenue Development by Industry Index (2015=100)



Source: Statistics Finland and the Federation of Finnish Special Commodity Trade

One step at a time in the right direction

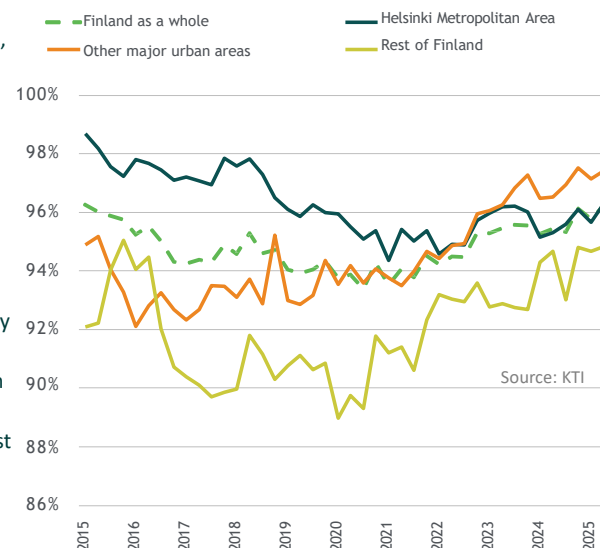
During the most challenging phases of the pandemic, the decline in footfall at grocery-anchored local service centers was significantly smaller than at centers driven by specialty retail. According to the Federation of Finnish Special Commodity Trade, signs of recovery are already visible in the specialty retail market—good news for shopping centers that rely heavily on specialty tenants. Strengthening sales and customer flows would support the vitality of these centers and provide additional potential in the transaction market. Overall, the amount of vacant retail space in shopping centers has remained moderate, reducing investor risk and supporting cash flows.

Signs of recovery have also been observed in the shopping center transaction market this past year, and after a long quiet period, several major transactions have been completed. Recent sales include shopping centers Skanssi and Mylly, and the ownership structure of Mercada Oy has also changed this year. Mercada's portfolio consists mainly of grocery stores leased to Kesko, but it also includes a few significant shopping centers.

"Although average spend per visitor in shopping centers has declined, its level varies widely between shopping centers. Average spend, footfall, and occupancy together determine a center's performance, which is why shopping centers are broadening their tenant mix with operators that generate steady and predictable customer flows. Pop-up stores, e-commerce pick-up points, health services, and public services—such as libraries—can boost footfall surprisingly effectively and strengthen overall appeal", summarizes **Takkavuori**.

Sources used in the article: Citycon Finnish Council of Shopping Centers, Kaupan tila ja KTI

Average Occupancy Rates, Shopping Center Retail Spaces



Source: KTI

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