10 September 2026

Research Finland

GDP forecast upgrade for 2027: Google investment boosts growth

- **We revise Finnish GDP growth forecast for 2027 up to 2.1% [previous: 1.4%] due to Google's EUR 13bn investment announced on Wednesday.**
- **The acceleration of growth modestly improves the outlook of public finances in the short term, but the main impact will be on the municipality level.**
- **Electricity prices will face upward pressure in the medium term. If plans to build more nuclear capacity do materialise, Finland's competitiveness will get a boost.**
- **Key risks to the forecast: the breakdown of investment costs is unknown, and the timeline of the construction process might be overly optimistic.**

On Wednesday, Google announced they will invest EUR 13bn in data centres and clean energy infrastructure in Finland in the coming years. This is one of the largest industrial investments ever recorded in Finland, and as a result, we revise our 2027 GDP growth forecast to 2.1% (previous 1.4%). The EUR 13bn investment will be spread out over several years. In addition to building three new data centres and expanding an existing one, Google also announced plans to invest in nuclear and wind power, and battery storages.

Google claims that the investment increases Finnish GDP by EUR 3.6bn annually during the construction phase from 2027 to 2028. We view these estimates as optimistic. Typically, the vast majority (up to 70-80%) of the total data centre investment goes to data-processing capacity. Investments into servers imported to Finland will net out to zero in GDP accounting. That said, the construction investment will be sizable.

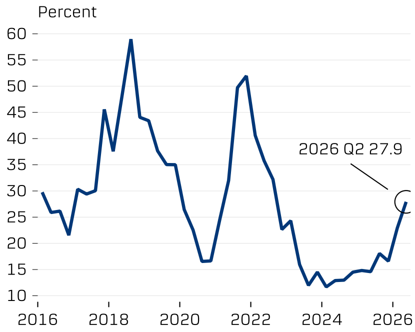
Google estimates that the announced projects will employ 16,000 workers in construction industry alone. The total estimated employment impact during the construction phase is 37,000 jobs. We estimate that construction labour costs account for roughly 30% of the total investment cost. Hence, we estimate that Google's investment will increase Finnish GDP by roughly 2 billion euros in 2027 and 2028. In 2027, GDP will grow 2.1% (pr. 1.4%). The 2028 forecast will be published in the next Nordic Outlook in early December.

The updated forecast has two key risks: the breakdown of investment costs, not least the split between construction and IT equipment, is unknown and Google's announced timeline for the project seems tight. In addition, if the surge in chip prices continues, it can convert into an even higher share of costs allocated towards IT equipment than we have seen in the past.

As for the timeline, Google might run into issues with permitting and labour constraints. The sector has seen a surge of investments in 2026 and 2025. Data centre projects require specialised labour, and we are seeing signs of this labour scarcity. The share of Finnish construction industry companies reporting lack of skilled labour as a constraint for growth grew to 28 % in June. Potential labour constraints would delay the construction timeline and hence dampen the growth effect in 2027.

Chart 1: The risk of labour shortages is rising

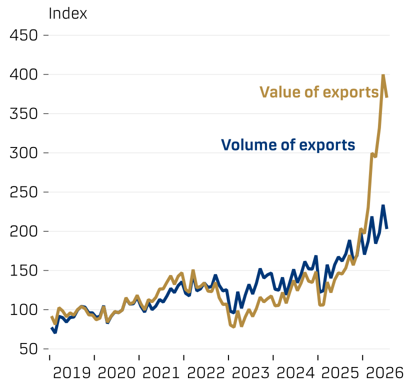
Finland: Construction, Production/Sale Barriers to Growth, Shortage of Skilled Labor (% of Respondents)



Source: Macrobond, Confederation of Finnish Industries

Chart 2: A divergence in value from volume points towards a surge in chip prices

South-Korea: electronics exports



Source: Macrobond, BOK

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The acceleration of growth modestly improves the outlook of public finances in the short term, but we do not expect the data centres to become a major tax revenue source for the government. At the municipal level, the data centres will be helpful as they pay property taxes and land rent.

The Google investment is bullish for the Finnish electricity price in the medium term, as it will boost demand massively. According to the Prime Minister Petteri Orpo, the government is preparing a price ceiling for Finnish households for crisis times. According to Minister of Climate and Environment, Sari Multala, the initial plan would be to cap the retail price at 18c/kWh and a prerequisite would be that the European Council would declare an emergency. In our view, at such high level, the price cap would be mostly symbolic, and unlikely to be enforced (the cap would be roughly three times higher than in Norway, for example). Hence, we do not expect a notable negative impact from potential electricity subsidies on public finances over the forecast horizon.

Importantly, alongside a PPA covering 50% of production from Loviisa nuclear power plant, Google and Fortum published a memorandum of understanding on developing nuclear and renewable assets in Finland. Additional investments on power generation would naturally alleviate electricity price pressures, while a new nuclear plant would contribute to both affordability and availability of electricity in the long term, thus materially boosting Finland's competitiveness and attractiveness as a destination for industrial investments.

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Date of first publication

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