



AT A GLANCE
Q2 2020

BRUSSELS OFFICE MARKET

IN AN UNPRECEDENTED QUARTER, THE BRUSSELS MARKET RECORDED AN INEVITABLE SLOWDOWN IN ACTIVITY. ONCE AGAIN, PUBLIC DEMAND KEEPS TAKE-UP GROWTH POSITIVE.

OCCUPIER MARKET

The second quarter of the year began in unknown territory, without any comparatives and with the feeling that going to the office had become obsolete. Yet at the end of the period, letting activity recorded an increase in office take-up volume thanks to two deals from European institutions closed during the last days of the quarter.

While the European Commission will rent the 30,600 sq.m of "The One" building, the European Union's diplomatic service will occupy 13,300 sq.m in the Belmont Court. The other notable transaction was the pre-let of the "Commerce 46" project by the Dutch Bank ING. The property will develop 14,200 sq.m and its completion is scheduled for 2022.

During Q2, 103,300 sq.m was transacted bringing the year-to-date take-up to 183,500 sq.m. This figure, taking account the situation, stands at 16% below the 5-yr average of the first six months. The split of take-up between private and public arrives almost at even balance at 53 and 47% respectively.

By contrast, the slowdown is more visible in the number of transactions signed during the last three months. The 66 deals recorded on the Brussels office market compared to

the 5-yr quarterly average of 90 operations corresponds to a decline of 25%.

By 1st July, the office stock amounted to 13,256,800 sq.m of which 921,900 sq.m were considered as immediately vacant. This level translated a global vacancy rate for the Brussels office market of 7.0%, stable compared to the previous quarter. No new schemes delivered on a speculative basis entered into the market over the last three months.

The vacancy rate within the CBD market continued its downward trend at 2.7%, 30bps below compared to the level achieved in Q1. Only the City-Centre has seen its availability increase resulting from vacant space released into the market.

The vacancy rate in the Decentralised area and Periphery ended the first period at 11.1% and 19.2% respectively.

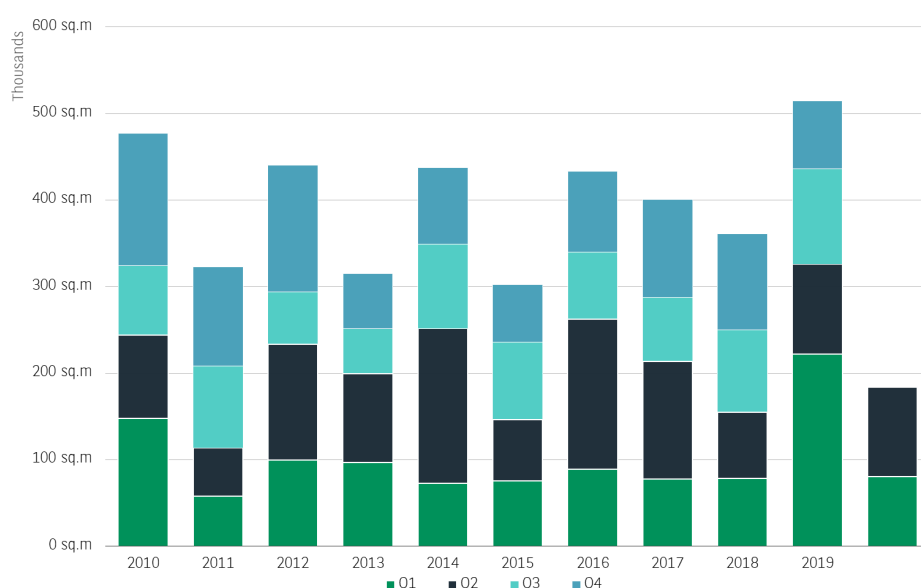
The development pipeline scheduled during the second part of the year is currently estimated at 101,500 sq.m of which 56,900 sq.m without commitment. However, several speculative projects could be postponed until the office demand shows signs of recovery. The notable schemes

planned for completion before the end of the year with uncommitted vacant space are the Manhattan Centre and the speculative part of Gare Maritime project in North district.

During the second quarter, the rental values for Brussels office market remained unchanged with the key prime headline rent at € 315/sq.m and the average at € 172/sq.m.

The Louise district saw its prime rent increase to 270€/sq.m thanks to the letting of the top floor in the IT tower.

OFFICE TAKE-UP



183,500 SQ.M

YTD OFFICE TAKE-UP



315 €/SQ.M

PRIME RENT



7.0%

VACANCY RATE

MAIN OFFICE TRANSACTIONS— YTD 2020

Date	Building	Transaction	Surface (sq.m)	Tenant	District
Q2 2020	The One - Rue de la Loi 107-109,1040 Brussels	Letting	30,658	European Commission	Leopold
Q2 2020	Commerce 46 - Rue du Commerce 46,1040 Brussels	Pre-Let	14,200	ING	Leopold
Q2 2020	Belmont Court - Rue Belliard 51-55,1040 Brussels	Letting	13,263	European Union External Action	Leopold
Q2 2020	Art Building - Avenue des Arts 20,1000 Brussels	Sale	7,148	Confédération de la Construction	Leopold
Q1 2020	Serenitas - Av.Van Nieuwenhuyse 2 - 6,1160 Brussels	Pre-Let	7,000	CFE	Dec. South-East
Q1 2020	Da Vinci Park - Rue de la Fusée 40,1130 Brussels	Letting	6,409	Electrolux	Dec.North-East
Q1 2020	Rue de l'Aqueduc 118,1050 Brussels	Letting	5,859	African, Caribbean and Pacific Group of States	Louise
Q1 2020	Schaarbeeklei 198,1800 Vilvoorde	Sale	5,646	Politiezone Vilvoorde-Machelen	Periphery NW
Q1 2020	Excelsiorlaan 8,1930 Zaventem	Sale	4,500	Digital Office Centre	Airport
Q1 2020	Manhattan Center - Avenue du Boulevard 21,1210 Brussels	Pre-Let	3,737	Yara	North

INVESTMENT MARKET

Over the second quarter, the investment market was affected by the health crisis. Investment of € 380 million took place during this period, compared to the 5-yr quarterly average of €481 million. However, thanks to a historically strong first quarter, the market in H1 2020 posted its best performance.

The contraction in Q2 is the consequence of a market slowdown and a shift in trading patterns. Negotiations continue to be lengthy (especially for large priced products) although the real estate sector remains attractive to investors.

The largest deal occurred in Q2 Deka Immobilien acquired the Silver Tower in the North district for €210 million at a record yield of 3.25%. The 41,000 sq m property will be delivered during Q1 2021 and the Brussels region will occupy it for a fixed period of 18 years. Although this sale marks a record in terms of yield, the property is not the most expensive acquisition by sq.m due to the weakness of rental level signed.

Given that core assets are still (and even more so now) coveted by investors, the prime yield remained stable at 3.90% for a standard 6/9 lease term. For long-term contracts, the prime yield decreased to 3.25%



€ 2,14 BN

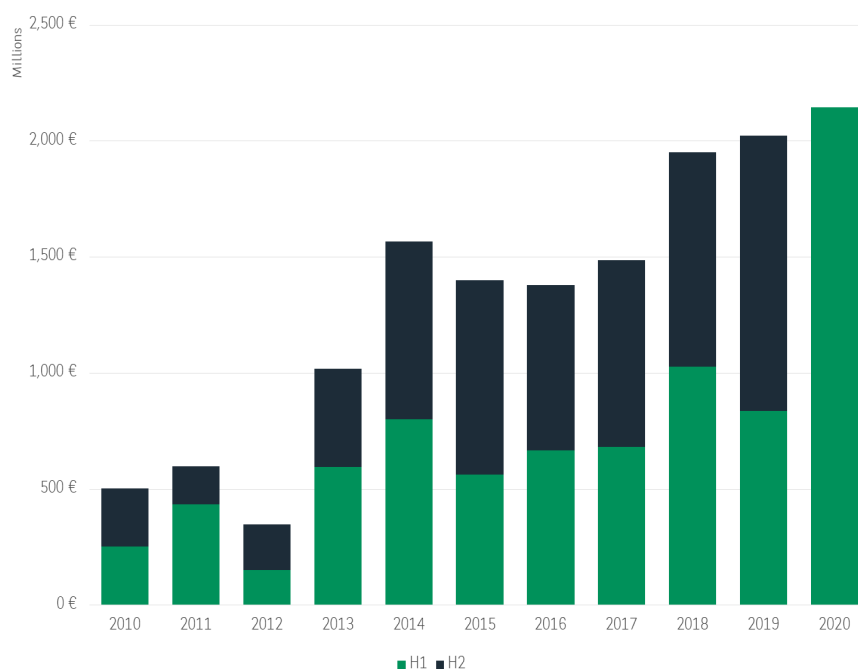
INVESTMENT VOLUME BRUSSELS OFFICE MARKET



3.90%

PRIME YIELD

INVESTMENT VOLUME IN BRUSSELS OFFICE MARKET



MAIN INVESTMENT TRANSACTIONS - 2020

FINANCE TOWER

Bld du Jardin Botanique 50, 1000 Brussels
City Center
110,000 sq.m
€ 1.2 BN
Valesco



SILVER TOWER

Place Saint-Lazare 3, 1210 Brussels
North district
41,000 sq.m
€ 210 M
DEKA Immobilien



PLATINUM

Avenue Louise 223-247, 1050 Brussels
Louise district
23,700 sq.m
€ 145 M
REAL IS



GLAVERBEL

Ch. de La Hulpe 166, 1170 Brussels
Decentralised South-East
31,000 sq.m
€ 95 M
Buysse & Partners

