



AT A GLANCE
Q3 2020

BRUSSELS OFFICE MARKET

MARKET INDICATORS REMAIN GREEN DESPITE THE DOWNTURN IN RENTAL ACTIVITY WITH INVESTORS CONTINUING TO ACQUIRE CORE ASSETS

OCCUPIER MARKET

The leasing activity ended the period with a take-up volume of 58,400 sq.m bringing the year-to-date volume to 241,000 sq.m. Although the Q3 take-up was 40% below the quarterly average, the year to date level stands at only 19% below the 10-yr average.

The transaction activity registered an increase compared to Q2, when the market experienced deepest contraction. The Brussels marketplace recorded 77 transactions, half of which were located within the CBD market. Small-sized transactions (< 1,000 sq.m) mainly lead the market dynamic in Q3. This segment represented 88% of total deals closed in Q3.

Within the CBD, new projects have continued to attract demand driven by the flexibility and the efficiency required by occupants. These transactions included the pre-letting of 4,824 sq.m by the legal company White & Case in the project "The First" in the Leopold district. In addition, Touring Assurances has rented 3,950 sq.m in Quatuor located in the North district.

The vast majority of companies used the time presented by a quieter summer period to adapt their real estate strategy. The outcome from these decisions will create market opportunities, albeit shaped by similar requirements, namely a decrease in office space occupied. The largest occupiers, where the implementation of new hybrid

workspace will have more impact, should be active in the coming months.

At the end of Q3, the vacancy rate resumed an upwards trend resulting from the completion of speculative schemes in the North district. The delivered projects included Gare Maritime (50,700 sq.m) & Manhattan Center (46,700 sq.m) in the North district. Gare Maritime & Manhattan have 8,500 sq.m and 24,900 sq.m respectively that still needs occupiers.

At the 1st October, the office stock amounted to 13,277,600 sq.m of which 949,800 sq.m were considered as immediately vacant. This level translated a global vacancy rate for the Brussels office market of 7.2% compared to 7.0% in Q2.

Marked by these deliveries, the vacancy rate within the CBD market moved to 3.1%, 40bps above the level observed in Q2. The notable increase though has occurred in the North that saw its vacancy rate increase to 4.1% versus 2.1% in the previous quarter.

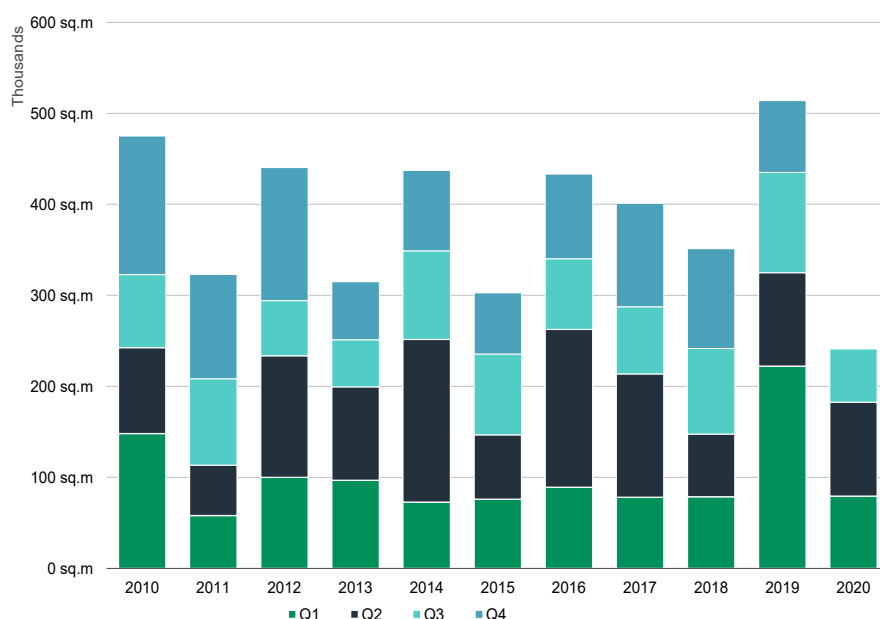
The vacancy rate in the Decentralized area and Periphery ended the period at 11.0% and 19.1% respectively.

Over the final quarter of the year, 15,700 sq.m may complete of which only the remaining 1,406 sq.m of the Tweed Building will be at risk. The speculative pipeline scheduled in 2021 is currently estimated at 179,100 sq.m

and concerns mainly large sized buildings. The main schemes include Möbius II (32,600 m²), Quatuor (61,200 sq.m) and Victoria Regina Tower (25,000 sq.m) in the North district, Mult-Tower (39,750 sq.m) in the City Center, Copernicus (13,000 sq.m) & Monteco (3,900 sq.m) in the Leopold district.

Over Q3, the rental values for Brussels office market remained unchanged with the key prime headline rent at € 315/sq.m and the average at € 171/sq.m. While no decrease in the prime rent is expected in the coming periods, reduction should be visible in average rents resulting from the weakness of office demand.

OFFICE TAKE-UP



241,000 SQ.M

YTD OFFICE TAKE-UP



315 €/SQ.M

PRIME RENT



7.2%

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	EEAS - 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 - Avenue Edmond Van Nieuwenhuyse 2 - 6,1160 Brussels	Pre-Let	7,000	CFE	Dec. South-East
Q3 2020	Excelsiorlaan 75,1930 Zaventem	Letting	6,414	TBWA Belgium	Periphery Airport
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
Q3 2020	The First - Rue de la Science 37,1000 Brussels	Pre-Let	4,824	White & Case	Leopold

INVESTMENT MARKET

Over the third quarter, the investment market on the Brussels office market continued to be affected by the health crisis. Investment of € 173 million took place during this period, compared to the 5-yr quarterly average of €354 million.

However, thanks to a historically strong first quarter, the market over the nine months showed its best performance ever.

The contraction in investment volume since Q2 is the consequence of market slowdown and a shift in trading transactions. Investment market negotiations continue to be lengthy, although the real estate sector remains attractive to investors.

The largest deal registered in Q3 was the acquisition of Blue Tower in the Louise district for €112 million by Goldman Sachs. The Blue Tower, one of the landmark buildings of the Louise district, totals 24,200 sq.m and is 99% let.

Coveted by investors, the prime yield for core assets remained stable at 3.90% for standard leases. For long-term contracts, the prime yield continued to be traded at 3.25%.



€ 2,32 BN

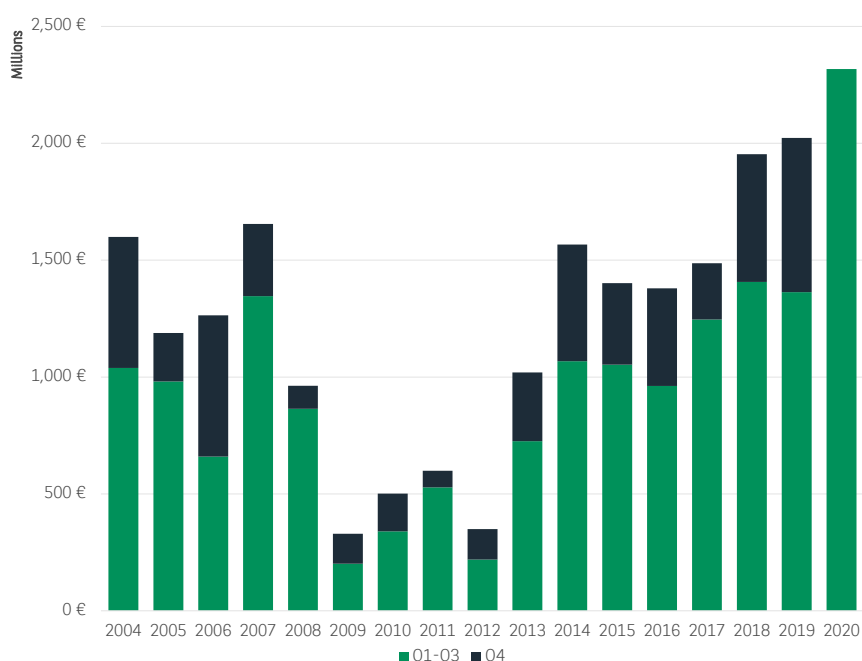
INVESTMENT VOLUME
BRUSSELS OFFICE MARKET



3.90%

PRIME YIELD

INVESTMENT VOLUME IN BRUSSELS OFFICE MARKET



MAIN INVESTMENT TRANSACTIONS - 2020

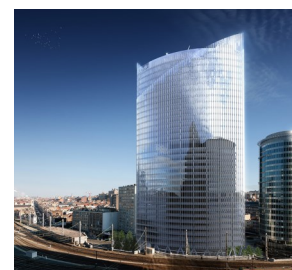
FINANCE TOWER

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



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



BLUE TOWER

Av. Louise 326, 1050 Brussels
Louise
24,200 sq.m
€ 112 M
Goldman Sachs

