



**AT A GLANCE
Q1 2021**

BRUSSELS OFFICE MARKET

A TIMID FIRST QUARTER ALTHOUGH SHOWING POSITIVE SIGNS OF GROWTH TO COME

OCCUPIER MARKET

After an unprecedented past year, the market indicators of the first quarter remain gripped by economic uncertainty and the intensification of teleworking. This context encourages companies to adopt a careful approach and the market indicators in Q1 reflect this fragile situation.

In terms of volumes transacted, office take-up rebounded by 50% during the first three months compared to the equivalent period a year earlier and ended the quarter at 108,800 sq.m. The improvement came from three deals above 10,000 sq.m. European Institutions were responsible for signing 2 out of the 3 top deals. One included the acquisition of 26,000 sq.m in the Realex project to establish a future conference center. The other was a lease agreement concluded for the preletting of 13,000 sq.m in the Copernicus.

The last notable deal of the quarter was also a pre-let transaction. The energy company, Total, has decided to establish their new Brussels headquarters in the Multi-Tower in the hyper city center. The company will occupy 16,500 sq.m for the next 12 years.

Analysis of the number of transactions brings us back to the actual dynamism of market activity, which remains influenced by the obligation to homework in Belgium. With only 56 deals during the first three months, Brussels office market experienced its second lowest quarter in the last decade. All transaction segments, except for a range of deals

above 10,000 sq.m, were impacted and stood 34% below the quarterly average over the last five years.

However, if the intensification of the vaccination campaign carries out as planned, an upturn in activity should probably be visible after the summer times.

The upward trend on the vacancy rate, started during the final quarter 2020, has continued albeit at a slow pace. As per 1st April, the immediate supply went above the symbolic mark of one million sq.m translating to a vacancy rate of 7.7%. Today, more than ever, the voids are located in office space of the grade C & B markets. Users favour office space in the prime segment, which is an important proportion of pre-let transactions.

Over the last 12 months, the vacancy rate within the CDB rose by 70 bps to stand at 3.70% in Q1 2021. The decentralised and periphery areas witnessed similar expansions that saw their vacancy rate increase respectively by 40 bps and 140 bps over the last 12 months. The vacancy rate in the Decentralised area and Periphery ended the period at 11.2% and 19.0%.

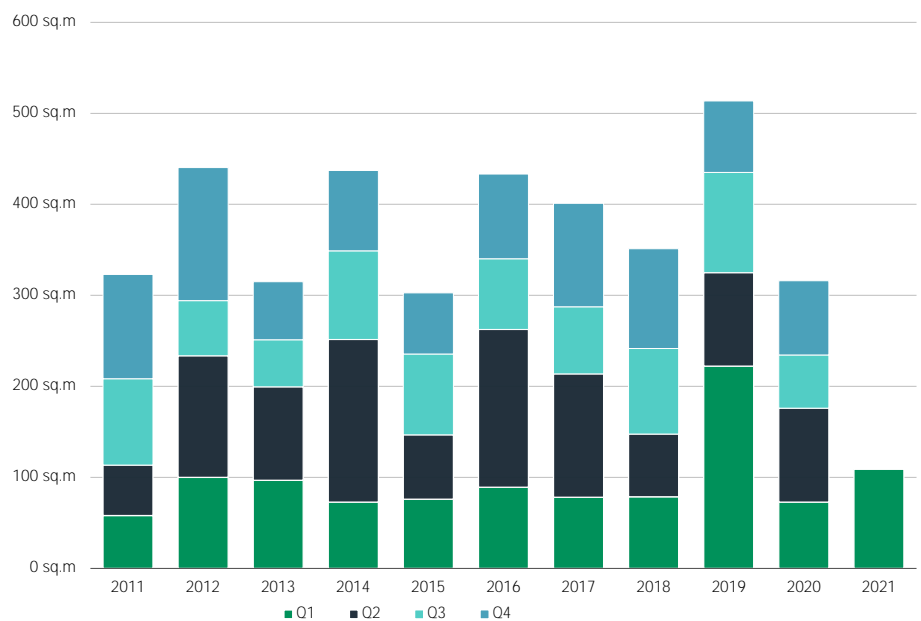
The future new supply is currently estimated at 352, 200 sq.m of which only 39% on a speculative basis. Developers and investors may be reluctant to launch new speculative programs this year because of the uncertainty about market direction. The main speculative schemes are located in the

Nord district with four projects.

The evolution of headline rents mirrors the 2-speed market. On the one hand, premium rents are holding up, mainly in areas where quality supply remains limited. In the Leopold district, the prime rent is confirmed at € 315 / sq.m per year. At the same time, some buildings that are older or located in less popular areas are facing some slight drop in values.

The commercial incentives granted by the owners continue their upward trend because of the weakness in transactional activity. This increase affects all sectors with greater variation depending on the location.

OFFICE TAKE-UP



108,800 SQ.M

OFFICE TAKE-UP



315 €/SQ.M

PRIME RENT



7.7%

VACANCY RATE

MAIN OFFICE TRANSACTIONS

Date	Building	Transaction	Surface (sq.m)	Tenant	District
Q1 2021	Realex - Rue de la Loi 93-97,1000 Brussels	Sale	25,967	European Commission	Leopold
Q1 2021	Multi Tower - Boulevard Anspach 1,1000 Brussels	Pre-Let	16,542	Total	City-Centre
Q1 2021	Copernicus - Rue de la Loi 51,1000 Brussels	Pre-Let	13,024	European Commission	Leopold
Q1 2021	West Gate - Alfons Gossetlaan,1702 Groot-Bijgaarden	Pre-Let	5,043	Brico	Per. North-West
Q1 2021	Esprit Courbevoie - ,1348 Louvain-la-Neuve	Pre-Let	5,000	Silversquare	Periphery South
Q1 2021	Avenue ds Arts 44,1040 Brussels	Letting	4,400	Clockwise	Leopold
Q1 2021	Park 7 - Hermeslaan 7,1831 Diegem	Pre-Let	4,200	SECO Group	Periphery Airport
Q1 2021	Moniteur Building - Av.Général Dumonceau 54,1190 Brussels	Sale	3,798	CPAS de Forest	Dec. South-West
Q1 2021	Boulevard du Souverain 23-25,1170 Brussels	Pre-Let	3,000	Claeys & Engels	Dec. South-East
Q1 2021	Marquis Building - Avenue du Marquis 1,1000 Brussels	Letting	2,867	The Federal Agency for Nuclear Control	City-Centre
Q1 2021	Metropolis - Rue Froissart 79-93,1040 Brussels	Letting	2,554	European Commission	Leopold

INVESTMENT MARKET

After an exceptional year in 2020, the Q1 2021 volumes invested in commercial real estate in Belgium stood at € 626 million, including € 299 million in the Brussels office market. This volume was certainly down over the year, but annual reduction is a comparison with a historic Q1 2020: the market is still lively.

Developers who have taken positions in the most dynamic office submarkets led investment activity in Q1. Illustrative of this is Alides, who acquired the 12,800 sq.m of Montoyer 34 in the Leopold for an estimated amount of €55 million. Codic purchased the Chancellerie project in the City Center for a volume of €45 million.

The investment market was driven mostly by transactions under €50 million. The most important of which was the acquisition by a Chinese investor of the Arsenal building in the decentralized South-East for over €30 million.

Nonetheless, prime yields have evolved during the first three months of the year, standing at 3.75% for shorter leases (< 9yrs) and 3.15% for buildings offering a secure cash flow of more than 9yrs.



€ 299 M

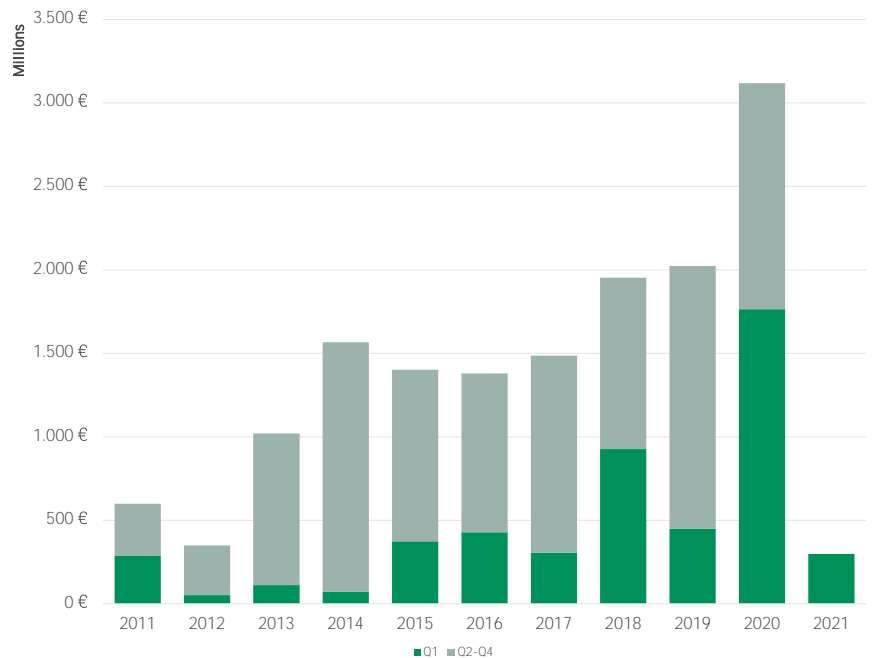


3.75%

**INVESTMENT VOLUME
BRUSSELS OFFICE MARKET**

PRIME YIELD

INVESTMENT VOLUME IN BRUSSELS OFFICE MARKET



MAIN INVESTMENT TRANSACTIONS

MONToyer SCIENCE

Rue Montoyer 34, 1000 Brussels
Leopold district
12,800 sq.m
€ 55 M
Alides



CHANCELLERIE

Rue des Colonnies 40, 1000 Brussels
City-Center
13,600 sq.m
€ 45 M
Codic



ARSENAL

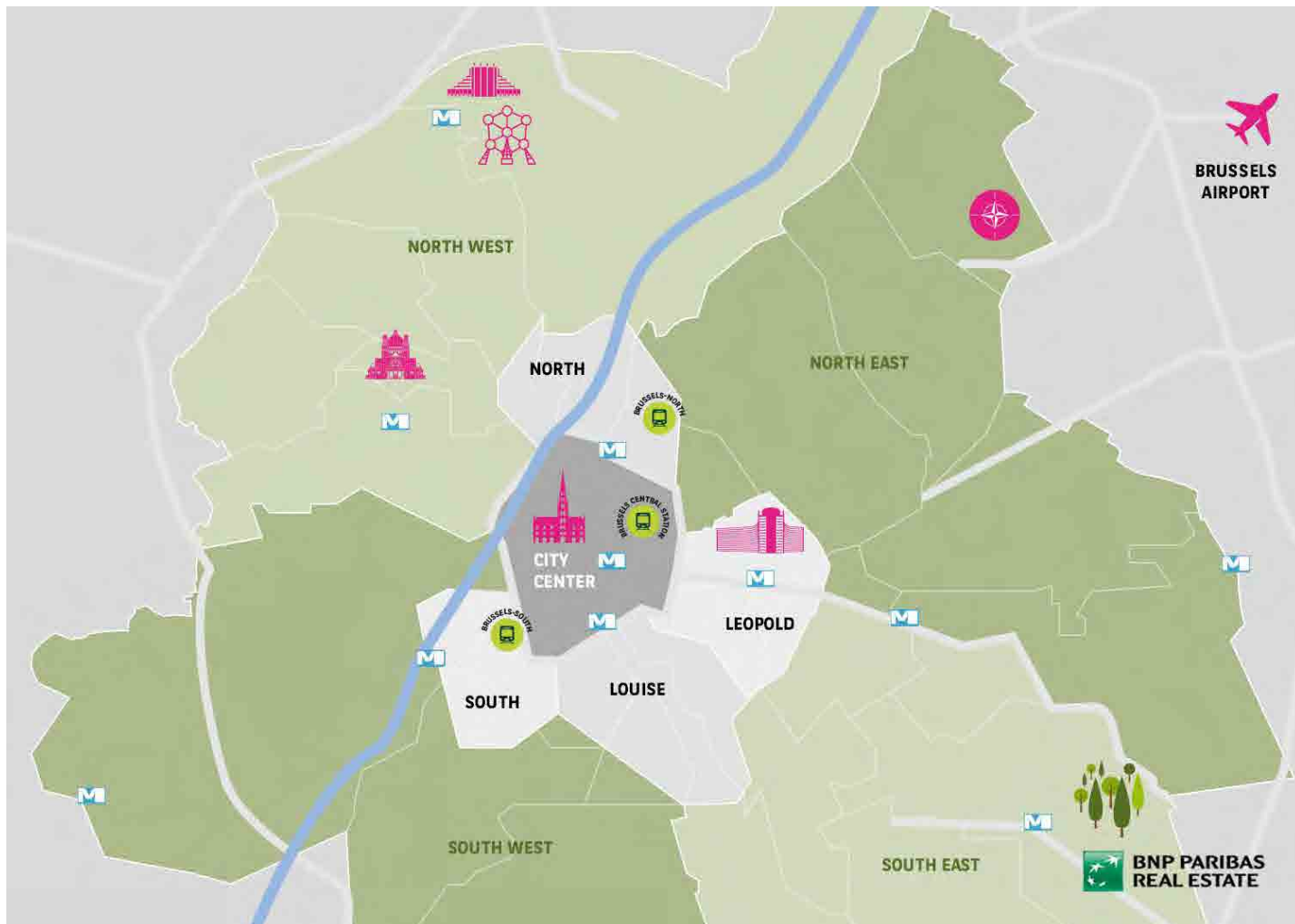
Bld Louis Schmidt 7,1040 Brussels
Dec. South-East
8,817 sq.m
€ 32 M
Chinese Investor



ESPRIT COURBEVOIE

Louvain-La-Neuve
Per South
8,300sq.m
€ 27 M
Befimmo





CONTACT US

BNP PARIBAS REAL ESTATE BELGIUM
AVENUE LOUISE 235, 1050 BRUSSELS
TEL. : + 32 2 646 49 49

INVESTMENT

François van den Branden
 Tel.: +32 2 643 10 23
francois.vandenbranden@bnpparibas.com

TRANSACTION

Bertrand Cotard
 Tel.: +32 2 643 10 30
bertrand.cotard@bnpparibas.com

VALUATION

Nabil Mouloua
 Tel.: +32 2 643 10 34
nabil.mouloua@bnpparibas.com

PROPERTY MANAGEMENT

David Goldfinger
 Tel.: +32 2 290 59 48
david.goldfinger@bnpparibas.com

RESEARCH

Pascal Mikse
 Tel.: +32 2 290 59 23
pascal.mikse@bnpparibas.com

BNP Paribas Real Estate: Simplified joint stock company with capital of € 383.071.696 - 692 012 180 RCS Nanterre - Code NAF 7010 Z - CE identification number FR 666 920 121
 80 Headquarters: 167, Quai de la Bataille de Stalingrad - 92867 Issy Les Moulineaux - BNP Paribas Real Estate is part of the BNP Paribas Banking Group - October 2019



**BNP PARIBAS
 REAL ESTATE**

**Real Estate
 for a changing
 world**