



AT A GLANCE
Q3 2021

BRUSSELS OFFICE MARKET

A QUIET QUARTER AWAITING THE FINAL RUSH

OCCUPIER MARKET

In the third quarter, Brussels take-up totaled 74,300 sq.m reflecting a marginal quarter-on-quarter increase of 2 %. This brings the take-up observed since January 1st to 255,500 sq.m, which is 12 % up on the same period last year.

The City-center market in particular recorded a strong take-up level this quarter, largely attributable to two transactions. The largest was KU Leuven's 21,000 sq.m acquisition at boulevard Pacheco 20, 1000 Brussels from Belfius Bank. The other came from the Belgium National Bank who will occupy the 9,600 sq.m in the Arenberg 5-7 building vacated in 2023 by the Vlaamse gemeenschap.

In contrast to take-up, the quarterly number of transactions at 66 deals continued to stand 20% below the 5-yr quarterly average.

Office demand is oriented towards quality assets offering high levels of service and well located, a requirement emphasized by the pre-lets recorded during the last three months.

The lifting of several sanitary restrictions in Q3 should improve occupier confidence. This will continue to play a part in supporting leasing activity over the next quarter as life gradually returns to normality.

After a pause in Q2, supply across the Brussels office market increased by 6.8% on the previous quarter reaching 1,096,100 sq.m. This equates to a vacancy rate of 8.2% and remains below the 10-yr quarterly average of 9.1%. The

upward movement observed during Q3 resulted from speculative schemes delivered in the market. Notable developments that reached completion included 33,000 sq.m of the Möbius II, Quatuor complex, a 61,200 sq.m development of which 79 % are already pre-let, and the CBTC 20,000 sq.m development in the periphery South.

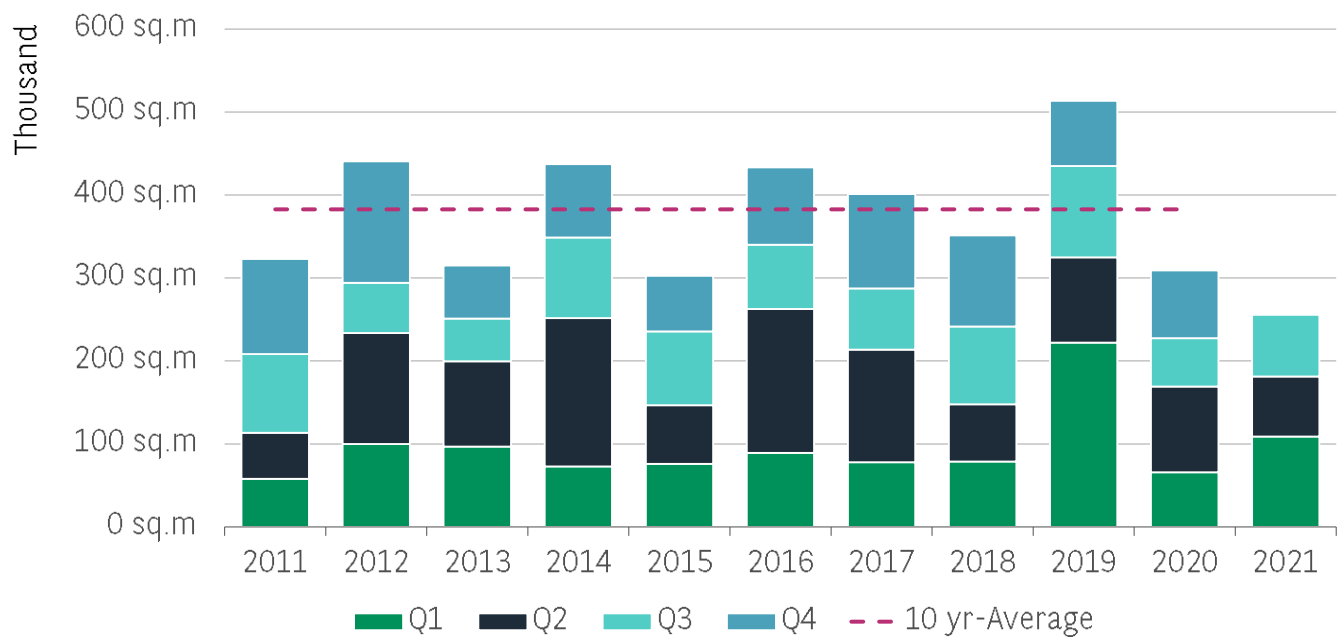
Geographical disparities are still very marked with a vacancy rate of 4.1 % throughout the CBD while reaching 20.6% in the Periphery. Suffering from the lack of attractiveness, the majority of vacant offices concern space of grade C or B

Some 117,500 sq.m of office development are set to complete over the final quarter; of this, only 9% are without pre-commitment. The most notable scheme completed will be the 90,000 sq. m new HQ of BNP Paribas Fortis in the City-Centre. In 2022, another 198,100 sq. m is currently planned to enter the market of which 59% is on a speculative basis. Most speculative schemes are in the CBD and the Periphery.

Prime office rents for Brussels remained steady in Q3 2021 at €315/sq.m/yr. The high demand for quality office space keeps this status-quo in the rental price. In addition, rental values could rise slightly over the coming months due to competition within the prime segment.

In parallel, commercial property incentives stabilized although higher than seen in recent years. The magnitude varies depending on the location, the quality of the asset, and the owner's commercial strategy.

OFFICE TAKE-UP



255,500 SQ.M

OFFICE TAKE-UP



315 €/SQ.M

PRIME RENT



8.2%

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
Q3 2021	Boulevard Pacheco 44,1000 Brussels	Sale	21,000	KU Leuven	City-Centre
Q1 2021	Multi Tower - Boulevard Anspach 1,1000 Brussels	Pre-Let	16,542	TotalEnergies	City-Centre
Q2 2021	The Wings - Culligalaan 3,1930 Zaventem	Pre-Let	15,033	EY	Periphery Airport
Q1 2021	Copernicus - Rue de la Loi 51,1000 Brussels	Pre-Let	13,024	European Commission	Leopold
Q3 2021	Rue d'Arenberg 5-7,1000 Brussels	Pre-Let	9,657	BNB - NBB	City-Centre
Q3 2021	Quatuor - Boulevard Baudouin 30,1000 Brussels	Letting	5,706	Just Eat Take-Away	North
Q2 2021	Victoria Tower - Square Victoria Regina 1,1030 Brussels	Pre-Let	5,500	Working From (Ennismore)	North
Q1 2021	West Gate - Alfons Gossetlaan,1702 Groot-Bijgaarden	Pre-Let	5,043	Brico	Periphery North-West
Q1 2021	Courbevoie - Boulevard de Wallonie,1348 Louvain-la-Neuve	Pre-Let	5,000	Silversquare	Periphery South

INVESTMENT MARKET

Commercial real estate investment in Belgium amounted to € 1.95 bn over the first nine months of the year. This weak result, compared to the 5-yr average, demonstrates that the investment market still suffered the consequences of the epidemic. However, the marked improvement in the health situation and economy are already reflected by an acceleration of activity. The many ongoing negotiations lead us to predict a very active last quarter.

Accounting for 45% of the transaction volume since the start of the year, the Brussels office market continues its dominance of the commercial real estate investment market in Belgium.

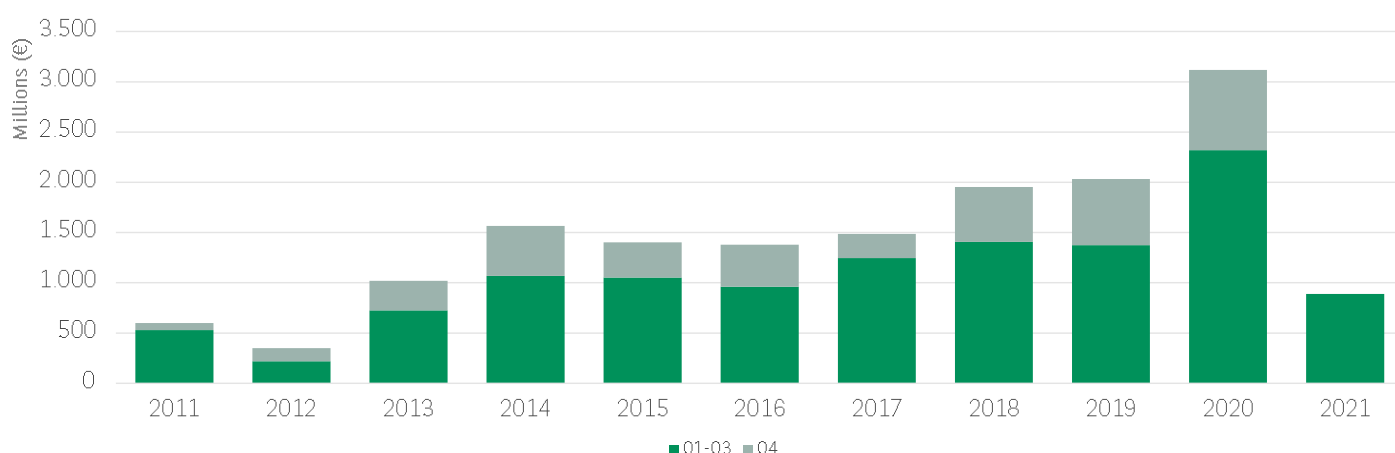
The investment activity remains driven by great demand for core assets, with investors looking for high-quality assets on prime locations offering greater security in terms of their occupancy. The strong competition in the prime segment,

coupled with a limited supply, is driving down prime office yields to 3.50% for 6/9 contracts.

The largest deal of the quarter was the acquisition of Espace Orban in the Leopold district by a French investor represented by AXA REIM. The fully refurbished property, occupied by European Commission for the next 19 years, was sold at an investment volume of €130 million.

 **3.50%**
PRIME YIELD

INVESTMENT VOLUME IN BRUSSELS OFFICE MARKET



MAIN INVESTMENT TRANSACTIONS

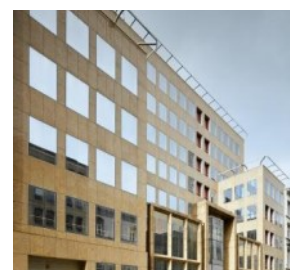
PWC CAMPUS

Culliganlaan 1831 Brussels
Airport
30,200 sq.m
€ 131.7 M
SmartAssets



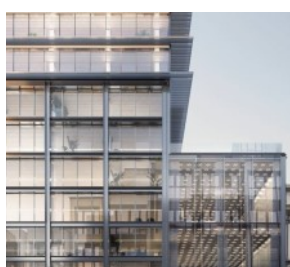
ESPACE ORBAN

Rue de la Science 27-31, 1000 Brussels
Leopold
17,100 sq.m
€ 130 M
AXA REIM



COMMERCE 46

Rue du Commerce 46, 1000 Brussels
Leopold
14,200 sq.m
€ 120 M
Allianz



WATSON & CRICK HILL

1348 Louvain-la-Neuve
Periphery South
28,000 sq.m
€ 90 M
Kadans Science Partner



