



**AT A GLANCE
Q4 2021**

BRUSSELS OFFICE MARKET

BOTH OFFICE TAKE-UP AND INVESTMENT END THE YEAR IN A RALLY

OCCUPIER MARKET

Leasing activity during the final quarter of the year was extremely intensive and closed 2021 in a positive way. Some 195,200 sq.m of office space were let or sold for own occupation over the last three months bringing the total year at 450,700 sq.m. This result correspond to a rebound of 46% compared to a sagging year in 2020 and is 12% higher than the 5-year average. The regain of activity was also visible in the number of transactions: 123 deals were signed in Q4, the highest level over the last decade. Despite this final rally, the annual figures increased by only 3% Y-o-Y.

The demand for office space in 2021 has seen the growing influence of the environmental aspect in occupier criteria. Sustainability became a central element in the choice of new office space in the same way as the traditional criteria of location and mobility. The combination of these key factors drove the targeting of high-quality properties by occupiers within the central business districts. Initiated mainly by corporates during earlier quarters of 2021, the public sector followed suit at the end of the year.

This trend was illustrated by two large-scale transactions in the North district by the Belgian Federal State, marking at the same time, its return to the transactional market. They acquired the 33,000 m² of the Mobius II tower developed by Immobel & Fidentia and the 14,000 m² of Networks. The

greening of occupied space by the public sector will be one of the demand drivers over the next coming period.

In the private sector, the two transactions over 10,000 sq.m concluded were Proximus' leasing of 37,500 sq.m in the Boreal building located in the North district to accommodate temporarily its HQ, and the letting of 11,500 sq.m by ITUC in the City-Center.

Immediate supply across the Brussels office market decreased slightly on the previous quarter reaching 1,075,100 sq.m. This decrease resulted from the relative absence of new office completions without pre-commitment. As per January 1st, the overall vacancy rate stand at 8.0% versus 8.2% in Q3. Geographical disparities are still very marked with a vacancy rate of 3.7 % throughout the CBD while reaching 19.9% in the Periphery. The majority of vacant offices concern space of grade C or B suffering from lack of attractiveness.

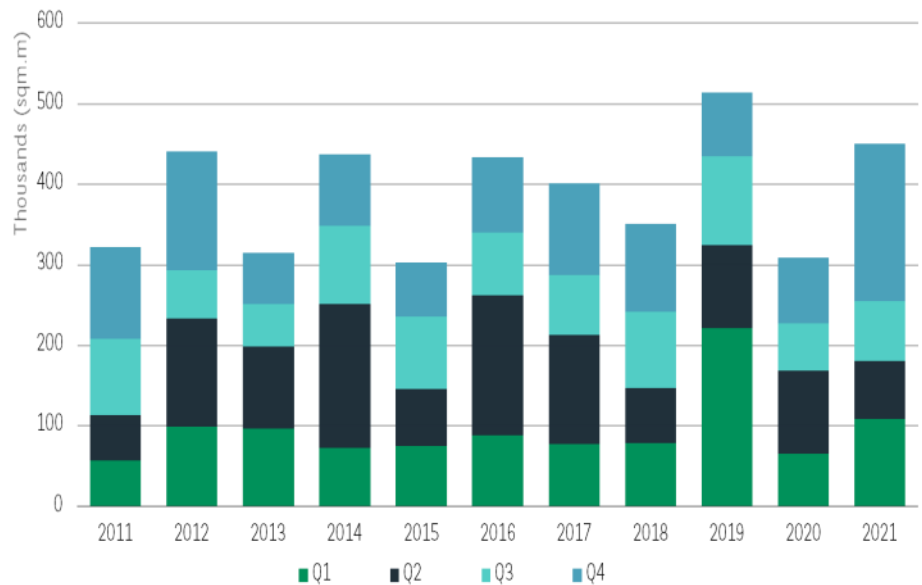
Of the 196,400 sq.m of office development planned for completion over 2022, around 32% are without pre-commitment. The most speculative schemes are in the CBD, including the Regence 52 - 13,000 sq.m.- of Jaspers in the City center, the 7,000 sq.m Belnine developed by Kairos in the Leopold District.

The appetite for best-in-class properties pushed up prime rents. Currently, the prime sustainable office space is

OFFICE TAKE-UP

trading at a rental value close to €320 by sq.m. By contrast, the rental values for property located in less attractive locations or with lower quality are expected to erode from lack of interest.

In parallel, the commercial property incentives stabilized at a high level. The magnitude varies depending on the location, the quality of the asset, and the owner's commercial strategy.



450,700 SQ.M

OFFICE TAKE-UP



320 €/SQ.M

PRIME RENT



8.0%

VACANCY RATE

MAIN OFFICE TRANSACTIONS

| Date | Building | Transaction | Surface (sq.m) | Tenant | District |
|---------|--|-------------|----------------|--|-------------------|
| Q4 2021 | Boreal - Rue du Progrès 55, 1210 Brussels | Letting | 37,496 | Proximus | North |
| Q4 2021 | Möbius II - Avenue Roi Albert II 36, 1000 Brussels | Sale | 33,688 | Régie des Bâtiments - Regie der Gebouwen | North |
| 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 |
| Q4 2021 | Networks NØR - Boulevard du Roi Albert II 9, 1210 Brussels | Sale | 13,500 | Régie des Bâtiments - Regie der Gebouwen | North |
| Q1 2021 | Copernicus - Rue de la Loi 51, 1000 Brussels | Pre-Let | 13,024 | European Commission | Leopold |
| Q4 2021 | City-Center - Boulevard du Jardin Botanique 22-24, 1000 Brussels | Letting | 11,500 | ITUC | City-Centre |
| Q3 2021 | Rue d'Arenberg 5-7, 1000 Brussels | Pre-Let | 9,657 | BNB - NBB | City-Centre |

INVESTMENT MARKET

The recovery of the commercial real estate investment market accelerated during the last quarter. Around 48% of 2021's investment volume in the office segment in Brussels was realized during Q4.

Unsurprisingly, the office segment has been very affected by the pandemic, particularly from uncertainties about the impact of teleworking on the demand for office real estate. Although reallocation strategies are evolving, offices remain the leading asset class for investors, reinforced by tangible signs of a recovery in the rental market.

The investment activity remains driven by a high demand for core assets. Investors continue to look for high-quality assets in prime locations offering greater security in terms of their occupancy.

The largest deal of the quarter was the acquisition of Astro Tower in the Leopold district by Union Investment for an estimated volume of €240 M. The other notable deal was the sale of Tweed in the City Center to BNP REIM.

Prime yields stood at 3.50% for shorter leases (< 9yrs) and 3.15% for long-term contracts.



€ 1.65 BN

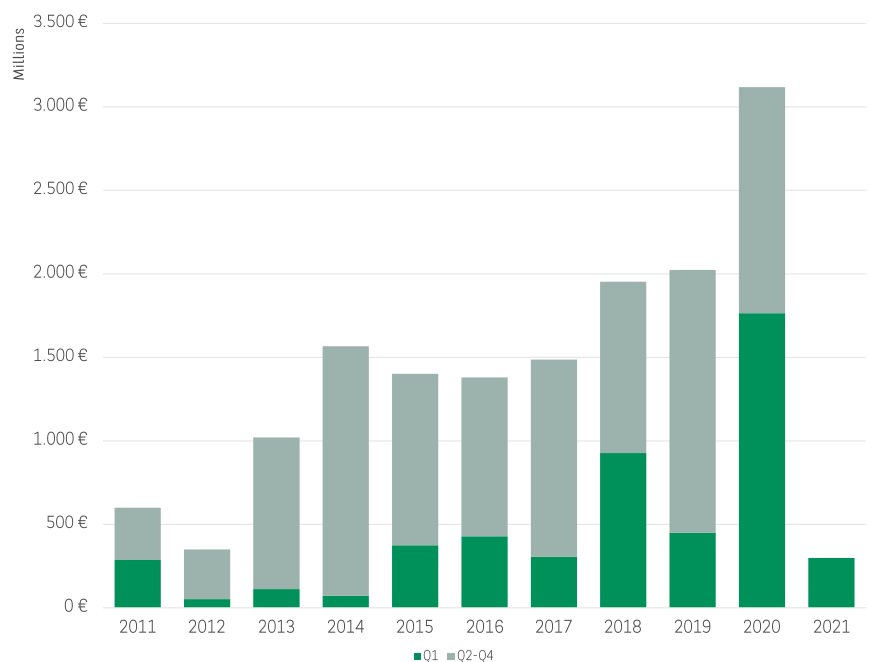


3.50%

INVESTMENT VOLUME
BRUSSELS OFFICE MARKET

PRIME YIELD

INVESTMENT VOLUME IN BRUSSELS OFFICE MARKET



MAIN INVESTMENT TRANSACTIONS

ASTRO TOWER

Av de l'Astronomie 14, 1210 Brussels
Leopold
32,000 sq.m
€240 M
Union Investments



STEPHANIE I & STEPHANIE SQUARE

Avenue Louise
Louise
22,300 sq.m
€157 M
KGAL



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

