



**AT A GLANCE
Q2 2022**

BRUSSELS OFFICE MARKET

MID-ZED DEALS KEEP OFFICE TAKE-UP POSITIVE WITH STRONG ACTIVITY IN INVESTMENT OVER THE FIRST HALF OF 2022

OCCUPIER MARKET

Deterioration in growth prospects and a climate of geopolitical uncertainty marked the second quarter. The lettings market remains active though, particularly in the mid-sized segment. In the first half of 2022, office take-up reached 130,200 sq.m, remaining well behind the 10-year average. With a volume of 55,800 sq.m, activity in the second quarter is in line with the previous quarter, showing an increase in the number of transactions but the overall volume restricted by the absence of large transactions over 10,000 sq.m.

The small segment (< 1,000 sq.m) continues to post very good results, with take-up up 16% compared to H1 2021, as well as a jump of 27% in the number of transactions. It is the same picture for transactions between 1,000 and 10,000 sq.m. Office take-up reached 90,300 sq.m, representing an increase of 18% compared to the same period in 2021.

The main transactions over the past three months have come from entities in the public sector. The Dutch Embassy acquired 8,200 sq.m of the K-Nopy project in the European district. At the same time, the Crystal building, located in the same district, was purchased by a foreign state entity. Finally, CityDev will relocate its headquarters to the City Centre building and occupy 5,197 sq.m.

On 1st July 2022, the average vacancy rate for the Brussels market remained at 8.0%, reflecting an immediately available offer of 1,069,700 sq.m. However, this trend hides disparity between sectors. While the vacancy rate within the CBD stands at 3.9%, the rates outside the city centre and in peripheral areas are 11.6% and 20.1% respectively.

Vacancy in the prime segment is almost non-existent in Brussels, representing 0.92% of total stock.

Since the beginning of the year, the volume of completed properties has reached 125,200 sq.m. In the past three months, 51,800 sq.m have been delivered, of which only 6,000 sq.m were speculative. The main deliveries are the Regina Tower and Networks Nor in the Northern District, as well as 6,700 sq.m of BelNine in the European District.

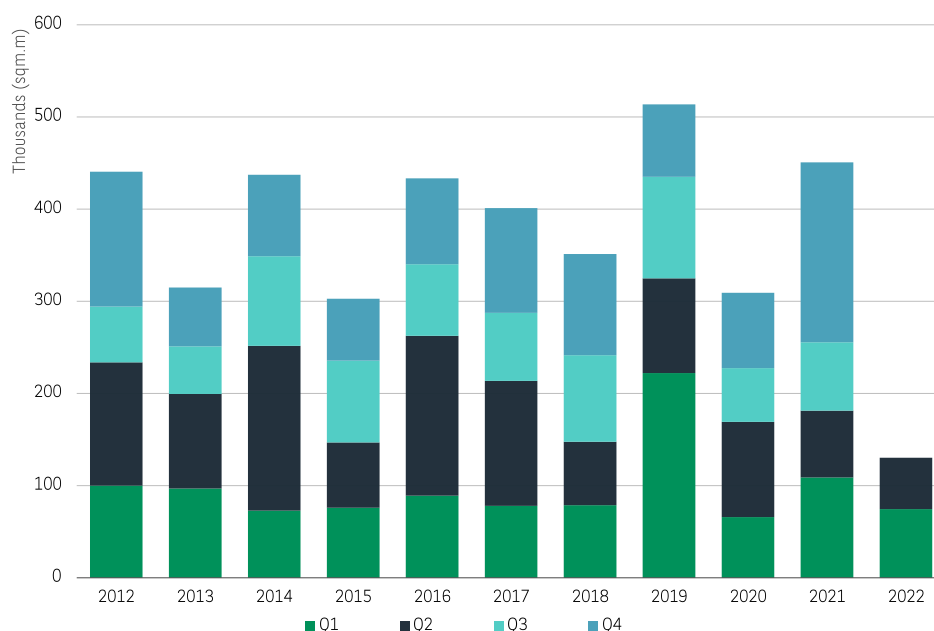
In the second half of the year, the expected delivery volume is 82,500 sq.m, of which 50% will be at risk. The future offer includes 14,000 sq.m of subletting in Commerce 46, and The Belliard (2,600 sq.m) in the European District. In the periphery, approximately 12,000 sq.m. in Immogra's Onyx in Machelen and 3,500 sq.m in Resolve's Strombeek Business Park will be completed.

The market is seeing an increase in rental value polarisation. The high-end rents in the CBD benefit from the

OFFICE TAKE-UP

need for centrality and for modern, flexible and scalable offices, and driven upwards thanks to the limited offer. It is becoming increasingly common to record transactions of significant sizes at values above €300/sq.m. This pattern will lead to growth in high-end rents over the coming months.

Previously occupied space, on the other hand, suffers from supply that is more abundant and is less attractive to users. Consequently, their rents are beginning to fall slightly.



130,200

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
Q2 2022	K-Nopy - Rue de Trèves 31-35, 1000 Brussels	Sale	8,200	Embassy of Netherlands	Leopold
Q1 2022	Corporate Village - Bayreuth - Leonardo da Vincilaan 9, 1930 Zaventem	Letting	7,400	Carrefour	Per. Airport
Q1 2022	Parc de l'Alliance E - Place du Luxembourg 4, 1420 Braine -l'Alleud	Letting	6,237	Supreme Headquarters Allied Powers Europe	Per. South
Q1 2022	Airport Garden - Bessenveldstraat 23, 1831 Diegem	Letting	6,125	Bogaerts International School	Per. Airport
Q2 2022	City Center - Boulevard du Jardin Botanique 22-24, 1000 Brussels	Letting	5,197	Citydev.Brussels	City-Centre
Q1 2022	Boulevard Poincaré 78/79, 1060 Brussels	Letting	4,785	Veolia	South
Q2 2022	Crystal - Avenue de Cortenbergh 60, 1000 Brussels	Sale	4,245	International Administration	Leopold
Q2 2022	Treves Center - Rue de Trèves 45, 1040 Brussels	Letting	3,837	Pxs	Leopold
Q1 2022	Rue de la Source 15, 1060 Brussels	Letting	3,542	Actiris	Louise
Q1 2022	Marquis Building - Rue du Marquis 1, 1000 Brussels	Letting	3,164	Single Resolution Board	City-Centre

INVESTMENT MARKET

With €1.436 bn invested, the second quarter confirmed the positive predictions for activity levels forecast at the beginning of the year. It brings the overall amount invested in the Brussels office market since the beginning of the year to €1.928 bn, three times the volume seen in H1 2021.

Several large-scale transactions (> €100M) drove volumes in H1 2022. Three of the four largest deals took place in the Northern District, including the sale of North Galaxy, North Light & Pole Star Towers and Proximus Towers.

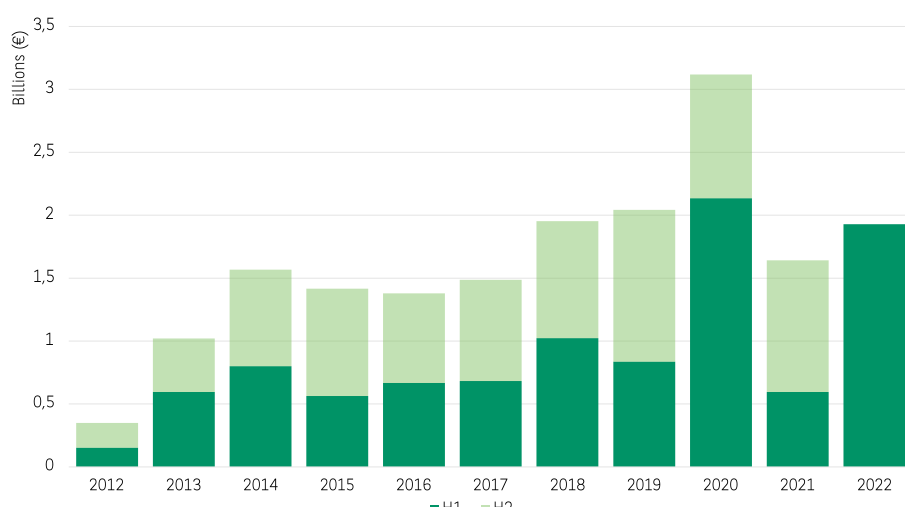
The turbulent economic and geopolitical conditions in the first half of the year had little impact on investment volumes. Indeed, the deals closed during the first six months were at the same level of yield compared to previous quarters. However, given the rapidly changing conditions for financing arising from economic problems, it is now common to see yield requirements change during negotiations, between the due diligence and signing.

In light of this development, and in an environment of increasing uncertainty,

more buyers will be inclined to make changes to acquisition strategies. It is likely that further price corrections will emerge, the extent and terms of which remain difficult to identify.

Although there is still plenty of liquidity and appetite for real estate, there is now less clarity around pricing. That means the market may enter a less active phase as players reposition themselves in readiness to what repricing brings.

INVESTMENT VOLUME IN BRUSSELS OFFICE MARKET



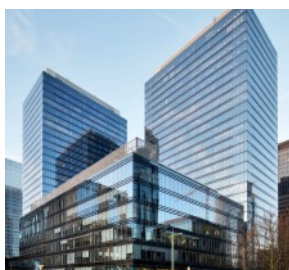
€ 1,928 BN

INVESTMENT VOLUME BRUSSELS OFFICE MARKET

MAIN INVESTMENT TRANSACTIONS

NORTH GALAXY

Bld du Roi Albert II 33, 1030 Brussels
North
104,900 sq.m
€622 M
KB Securities



NORTH LIGHT & POLE STAR

Bld Simon Bolivar 34, 1000 Brussels
North
75,000 sq.m
€400 M
Whitewood Green Capital Fund



PROXIMUS TOWERS

Bld du Roi Albert II 27, 1030 Brussels
North
105,000 sq.m
€185 M
Immobel



SOUVERAIN 23-25

Bld du Souverain 23-25, 1160 Brussel
Decentralised South-East
52,300 sq.m
€160 M
Baloise



