



AT A GLANCE  
**Q3 2022**

## **BRUSSELS OFFICE MARKET**

# **A MARKETPLACE WEATHERING THE CHALLENGING ENVIRONMENT**

## **OCCUPIER MARKET**

The economic environment remains complex and uncertain, characterized by galloping inflation and declining prospects for growth in the coming quarters. Despite this gloomy picture, the activity of the Brussels market is firm both occupationally and for investment.

The occupancy of offices in Q3 reached 73,500 sq.m, bringing the total volume since the beginning of the year to 203,800 sq.m.

The dynamics observed during the first six months of the year continues: market activity largely driven by the small and medium-sized segment that is at pre-pandemic levels of take-up. No transactions were recorded for deals greater than 10,000 sq.m, although this situation is expected to reverse in the next quarter.

In the last three months, 35% of the leased space took place in buildings located in the airport area. Several transactions by the Irish flexible office operator Workways boosted pick-up.

At the same time, Capgemini rented 4,200 sq.m in the newly constructed Onyx building in the Park 7 building. The digital strategy consulting company Devoteam will occupy 2,700 sq.m in the project Ghelmaco's The Wings.

Within the CBD, the significant transaction recorded in Q3 was 5.420 m<sup>2</sup>, let by Alpha Crédit in the Chancellerie building. In the decentralized area, the most important

transaction was the acquisition of the Souverain 68 for its own occupation by the CPAS Watermael-Boitsfort.

On 1st July 2022, the average vacancy rate for the Brussels market dropped slightly to 7.8%, reflecting an immediately available office space of 1,046,000 sq.m.

The vacancy share of grade A space increased slightly to 150,000 sq.m. This largely resulted from the completion of new and refurbished buildings with spare office space to let. Among the buildings to enter the market were Commerce 46 in the Leopold district, Hotel des Douanes in the North, and the Onyx building in the periphery.

The vacancy rate within the CBD remains stable at close to 4.0%, while the decentralized and periphery areas recorded downward pressure at 11.2% and 19.2%, respectively.

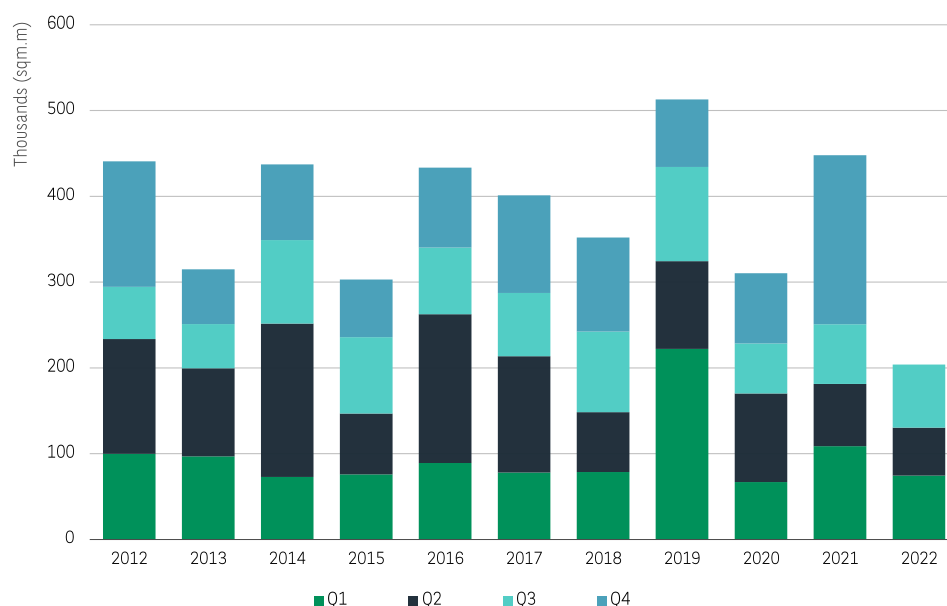
Only 6,300 sq.m of office development are set to complete over the final quarter; of this, only 2,600 sq.m are without pre-commitment. In 2023, another 205,00 sq. m is currently planned to enter the market of which 71% is on a speculative basis. Most speculative schemes are in the CBD and the Periphery.

Rent premiums are under increasing pressure in areas where demand is most robust, reflecting the corporate need for centrality and quality space. Within the Leopold district, rental values for new space are rising to 330 euros. On the other hand, the buildings offering lower-quality space,

OFFICE TAKE-UP

values remain stable or even in decline.

The level of commercial concessions remains high and polarized between prime and second-hand space. While for new buildings incentives are stable, they are increasing for buildings suffering from lack of attractiveness to tenants. This includes previously occupied space where supply is more abundant and buildings are mostly older..



**203,800** SQ.M

OFFICE TAKE-UP



**330** €/SQ.M

PRIME RENT



**7.8%**

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	Periphery Airport
Q1 2022	Parc de l'Alliance E - Place du Luxembourg 4, 1420 Braine -l'Alleud	Letting	6.237	Supreme Headquarters Allied Powers Europe (SHAPE)	Periphery South
Q1 2022	Airport Garden - Bessenveldstraat 23, 1831 Diegem	Letting	6.125	Bogaerts International School	Periphery Airport
Q3 2022	Radius - Excelsiorlaan 79, 1930 Zaventem	Sale	5.977	Workways	Periphery Airport
Q3 2022	Montagne du Parc - Rue de la Chancellerie 1, 1000 Brussels	Letting	5.420	Alpha Credit	City-Centre
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	Austrian Federal Economic Chamber	Leopold
Q3 2022	Park 7 - Onyx - Hermeslaan 7, 1831 Diegem	Letting	4.212	Capgemini	Periphery Airport

**INVESTMENT MARKET**

With € 1.2bn invested in commercial real estate in Belgium, the third quarter remains positive, continuing the activity seen in the first half. Nearly €4.9bn in the first nine months of 2022 is 48% more than in 2021.

The situation is similar in the Brussels office market, which is already reaching an investment volume of € 2.5bn. The acquisition by Union Bancaire Privé of the Egmont office complex for nearly €385 million is the major deal of this quarter. This

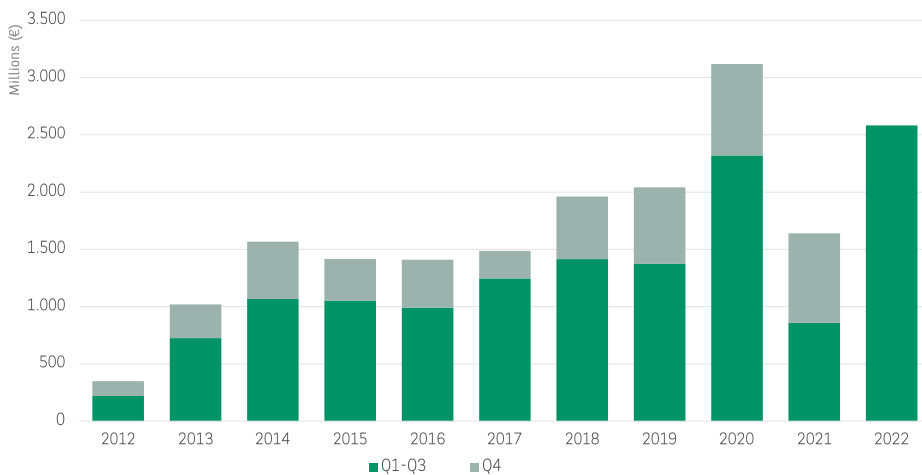
quarter's good investment performance partly stems from negotiations taking place before the Ukraine conflict started with its subsequent impact on inflation and monetary policy. However, similar to most European countries, the Belgium market now faces a mismatch between buyer and seller requirements that may lead to some temporary inertia occurring.

Indeed, the market has entered a phase of repricing, resulting in a

slowdown in the number of transactions expected in Q4. To regain a consensus on values, this is a necessary step. Moreover, it is not linked to lack of attractiveness of commercial real estate or by a financial crisis.

As a result, the prime yield started to adjust and stands now at 3.50% for buildings offering long-term contracts, while the prime yield for a 6/9-year stands now at 4.00%.

**INVESTMENT VOLUME IN BRUSSELS OFFICE MARKET**



**€ 2,582 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



**EGMONT I & II**

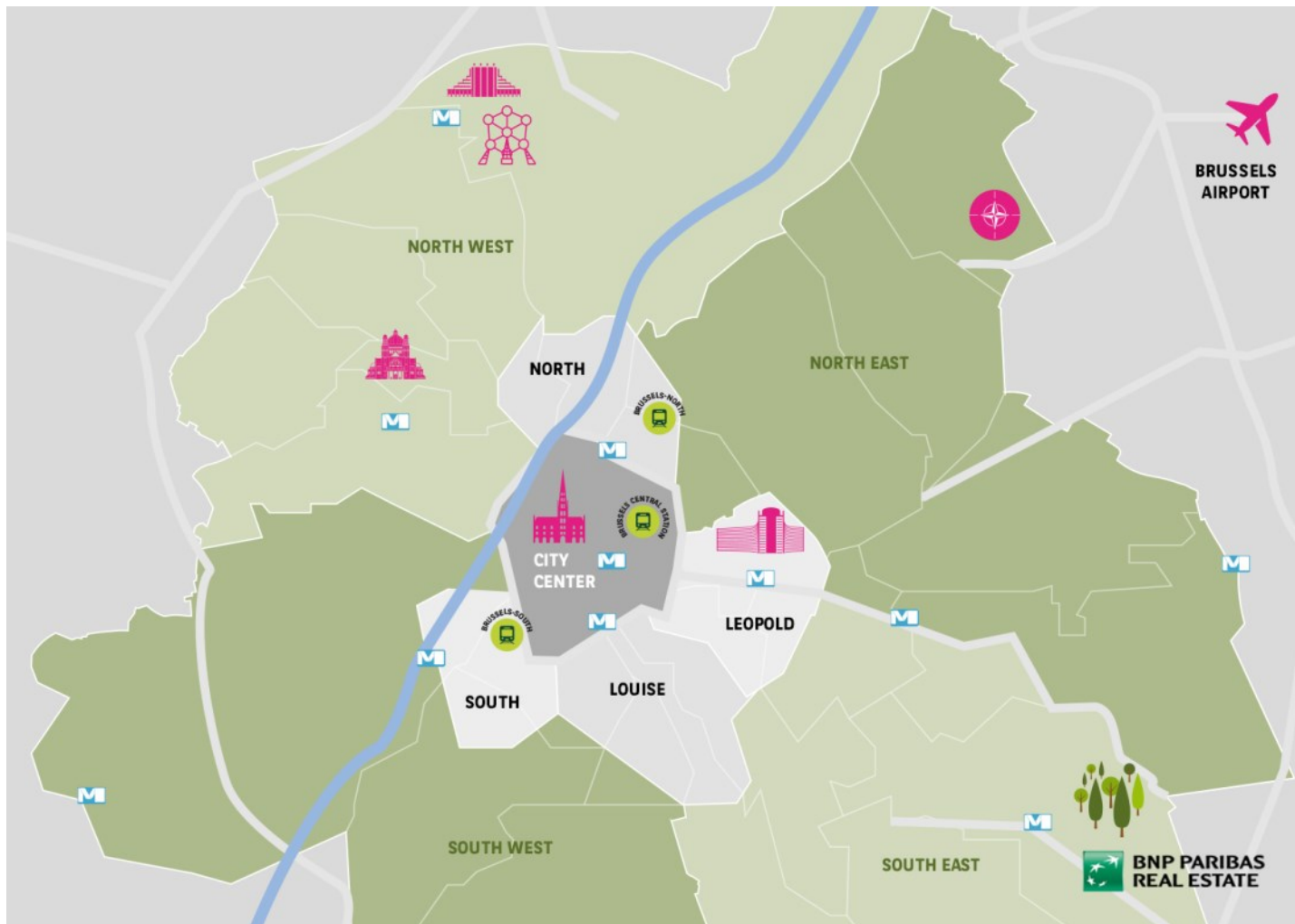
Rue des Petits Carmes 15, Brussels  
City-Centre  
51,300 sq.m  
€385 M  
UBP



**PROXIMUS TOWERS**

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





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