



AT A GLANCE
Q1 2023

BRUSSELS OFFICE MARKET

AN UNSURPRISINGLY QUIET QUARTER

OCCUPIER MARKET

Slowdown in activity was already noticeable in the second half of 2022, and this trend is continuing at the beginning of this year. Office take-up in the Brussels office market began the year on a low note with 71,300 m², -4% compared to Q1 2022 and -25% compared to the ten year quarterly average. Occupiers are cautious due to the uncertain economic context characterized by ongoing price increases, business slowdown and persistent geopolitical tensions. In this situation, potential tenants are more selective in their choices, giving particular attention to the property's location and quality.

The drop-in activity mainly affects the small (<1,000 sq.m) and medium sized (1,000-5,000 sq.m) unit segments. These recorded declines of 12% and 15% respectively compared to Q1 2022. The decline in small units is even more pronounced at -25% compared to the long-term average.

Only the segment of transactions between 5,000 to 10,000 sq.m showed an increase over the year, with volume reaching 24,277 sq.m.

The principal transactions are the pre-lease of 6,900 sq.m by Securitas in "The wings" project in Zaventem; the acquisition of a building located at rue de la Fusée 98 in Evere by Solvay, of which 6,000 sq.m are offices, and the acquisition by the European Parliament of a 5,935 sq.m building at rue de Trèves 9 in the European quarter.

For the fourth consecutive quarter, no transactions over 10,000 sq.m were recorded in the office market, which strongly impacts the take-up level. However, the requirements of large occupiers remain live, and activity in this segment should rebound in the coming months.

In Q1 2023, immediately available supply continued its slow erosion and now stands at 987,300 sq.m (-1.5% compared to the previous quarter), reflecting a vacancy rate of 7.4%. Over the quarter, the building "The First," with 7,400 sq.m of space, of which only 1,029 sq.m is still available, entered the market.

For new or renovated future supply, the pipeline for the next nine months is estimated at 146,200 sq.m, of which 36% are pre-leased. The projects most at risk are the renovation of the 27,000 sq.m Ring Station Campus in the South district, the 15,300 sq.m Chancelier in the City Center, and the Meadow with its 13,500 sq.m on the periphery airport district.

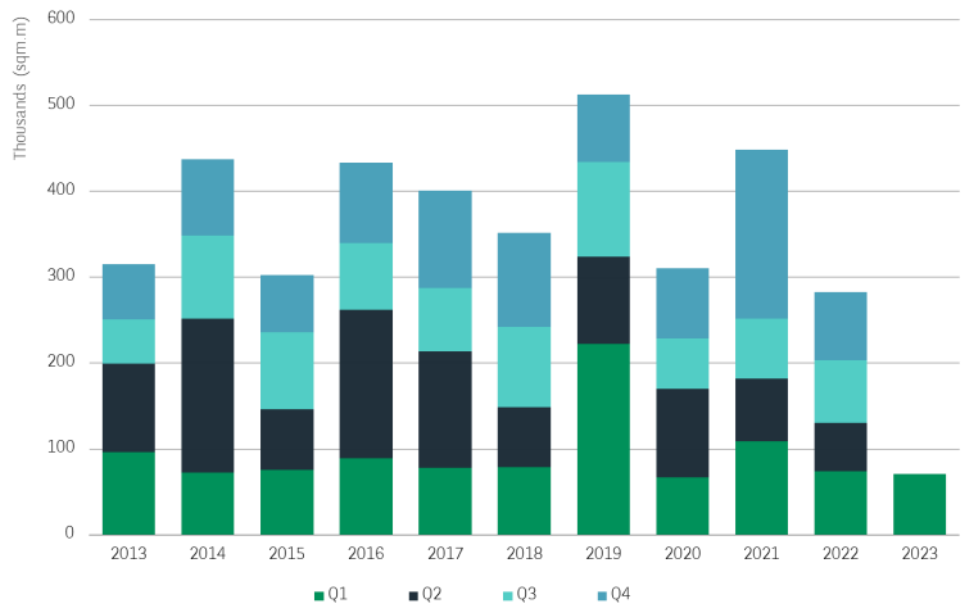
The focus on quality and centrality remains the vector for rental value increase. Indeed, the lack of quality supply in the CBD, the inflationary context, and the attractiveness of modern office space easily accessible by public transport combine to drive rents up.

The historical disparity between central districts is diminishing, as evidenced by the pre-lease of 3,143 sq.m by

OFFICE TAKE-UP

law firm Clifford Chance in the "The Louise" project at an estimated rent of €330/sq.m. This level, equivalent to prime rents in the Leopold quarter, was never reached by a significant transaction in the Louise quarter before.

In the periphery area, and despite more abundant supply, rents are increasing thanks to new projects that stand out for their intrinsic build qualities and good accessibility.



71,300 SQ.M

OFFICE TAKE-UP



330 €/SQ.M

PRIME RENT



7.4%

VACANCY RATE

MAIN OFFICE TRANSACTIONS

Date	Building	Transaction	Surface (sq.m)	Tenant	District
Q1 2023	The Wings - Culligalaan 3, 1930 Zaventem	Pre-Let	6,942	Securitas	Per. Airport
Q1 2023	Rue de la Fusée 98, 1130 Brussels	Sale	6,000	Solvay	Dec NE
Q1 2023	Rue de trèves 9, 1000 Brussels	Sale	5,935	European Parliament	Leopold
Q1 2023	Crown House - Avenue de la Couronne 159-165, 1050 Brussels	Sale	5,400	Fédération Wallonie-Bruxelles	Dec SE
Q1 2023	Ocean House - Belgicastraat 17, 1930 Zaventem	Sale	4,623	Dstny	Per. Airport
Q1 2023	Aria - Rue Ravenstein 36, 1000 Brussels	Pre-Let	3,364	Sodexo	City-Centre
Q1 2023	The Louise - Avenue Louise 149, 1050 Brussels	Pre-Let	3,143	Clifford Chance	Louise
Q1 2023	Strombeek Business Park - Boechoutlaan 55, 1853 Strombeek-Bever	Letting	2,109	EG - Eurogenerics	Per NW
Q1 2023	Park 7 - Onyx - Hermeslaan 9, 1831 Diegem	Letting	2,000	Signature IWG	Per. Airport
Q1 2023	Strombeek Business Park - Boechoutlaan 55, 1853 Strombeek-Bever	Letting	1,914	MediaMarkt	Per NW

INVESTMENT MARKET

Not surprisingly, the investment market has been slow in the first quarter, caught between tougher financing conditions, construction cost increases, and yield decompression. With €158M invested in the Brussels office market, it represents a sharp decrease of nearly 68% compared to Q1 2022. This is also the lowest amount invested since the second quarter of 2018.

This performance is unsurprising as it aligns with the slowdown observed in

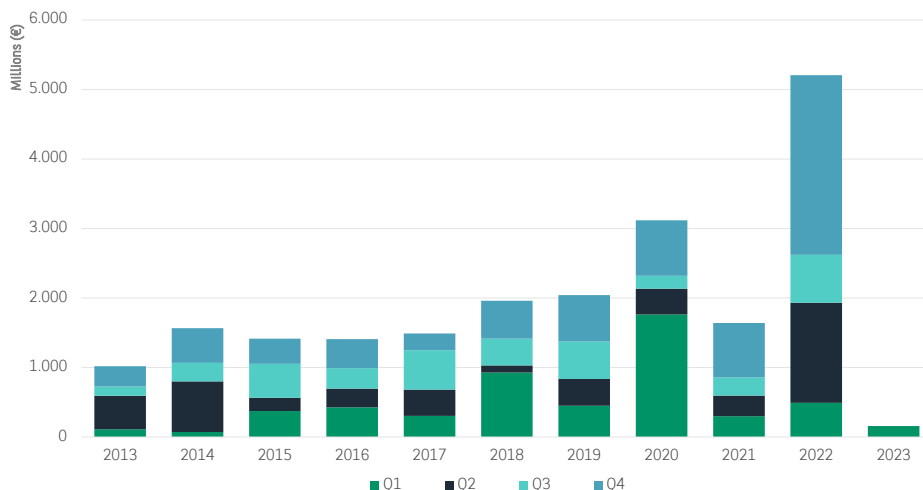
2022. The market is still characterized by investors' wait-and-see attitudes and lack of depth. This is magnified by the unfinished program of monetary policy tightening by the ECB. Combined with fewer transactions to provide comparable evidence, it is more complex to determine short-term real estate risk and this extends out the price adjustment phase.

However, the transactions that have occurred provide some indication of the pricing seen as acceptable. Indeed,

the sale of Treesquare, a 6,300 sq.m building located at the epicenter of the market, fully let and with a Breeam Excellent certification and a B+ EPB, was negotiated at a volume of € 43.7M, reflecting a yield of 4.4%. The new owner is the German investment manager KGAL Investment Management.

Based on this, real estate rates for standard leases are now traded at 4.40% and 4.00% for long-term leases."

INVESTMENT VOLUME IN BRUSSELS OFFICE MARKET



€ 158 M

INVESTMENT VOLUME
BRUSSELS OFFICE MARKET

MAIN INVESTMENT TRANSACTIONS

TREESQUARE

Square de Meeûs 5, 1000 Brussels
Leopold
6,565 sq.m
€43,7 M
KGAL Investment Management



WOOD HUB

Av. Van Nieuwenhuysse 2, 1160 Brussels
Decentralised South-East
6,668 sq.m
€34 M
Ethias



RTL HOUSE

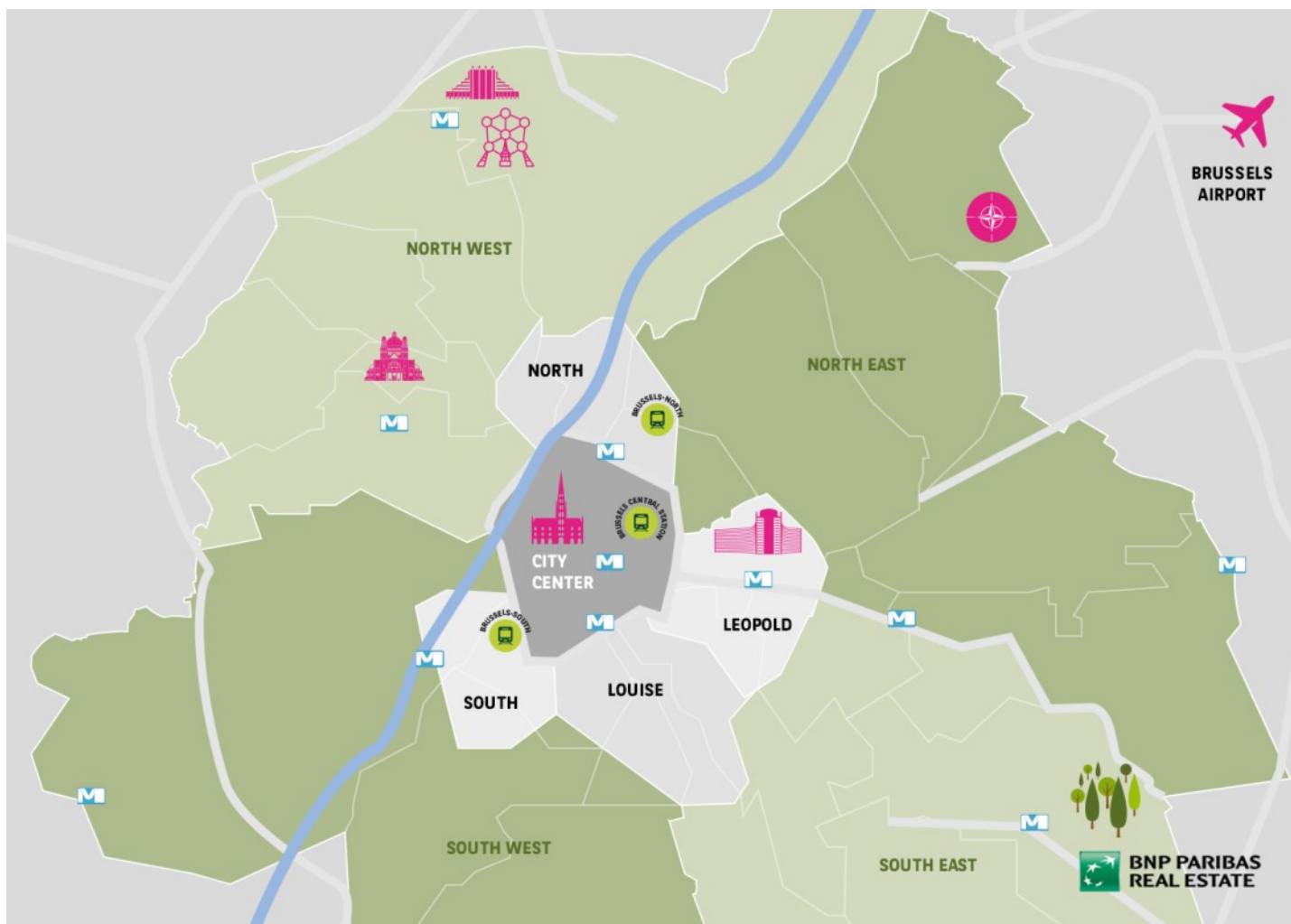
Av. Jacques Geogin 2, 1030 Brussels
Decentralised North-East
17,700 sq.m
€29 M
CORUM Asset Management



THE RAILS

Rue des Deux Gares 84, 1070 Brussels
South
11,675 sq.m
€23,5 M
citydev.brussels





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