



**AT A GLANCE  
Q3 2023**

# **BRUSSELS OFFICE MARKET**

## **CHALLENGES AND CHANGES ARE THE KEYWORDS**

### **OCCUPIER MARKET**

Over the past three months, office take-up presents a mixed picture with volume reaching around 59,200 sq.m. Throughout the year, economic conditions continued to hamper the Brussels office market. Further complications come from cost optimization strategies, and a more selective approach by tenants about location and intrinsic quality of buildings. The combination of these factors has resulted in a lengthening in decision-making processes.

The downside is a decrease in the number of transactions with only 196 lettings or owner-occupier purchase operations this year. This figure is 15% below the 5-year average for January to September. The most pronounced drop-in activity occurred in the small space segment (< 500 sq.m), which has seen an 18% decrease in number of transactions compared to the average.

The upside is that the volume of take-up observed since the beginning of the year is actually slightly higher than the same period last year. The return of the European public sector to the rental market and demand for quality buildings sustains take-up volumes in Brussels.

The third quarter has not deviated from this trend. The public sector and significant leases in new buildings boosted Q3 take-up. The main transaction was the letting of the Commerce 46 building in the Leopold district by the European Commission. In the Periphery Airport, three transactions totaling 6,500 sq.m occurred in The Wings

project. Finally, the French cosmetics group, L'Oréal, will relocate its headquarters from the Decentralized area to the North District within the Quatuor building. The multinational will occupy 2,616 sq.m.

In Q3 2023, the immediate supply decreased again by 2.5% compared to the previous quarter, reaching 934,300 sq.m, with an average vacancy rate for the entire market of 6.9%. The most significant decrease this quarter occurred in the Leopold Quarter, which saw its vacancy rate decrease to 2.2% thanks to the occupancy of Commerce 46.

The supply in Grade A buildings also recorded a significant decrease (-12.8%) compared to the previous quarter, reflecting an available supply of 96,100 sq.m. The "tightness" is especially palpable in the central business districts where Grade A space is extremely limited.

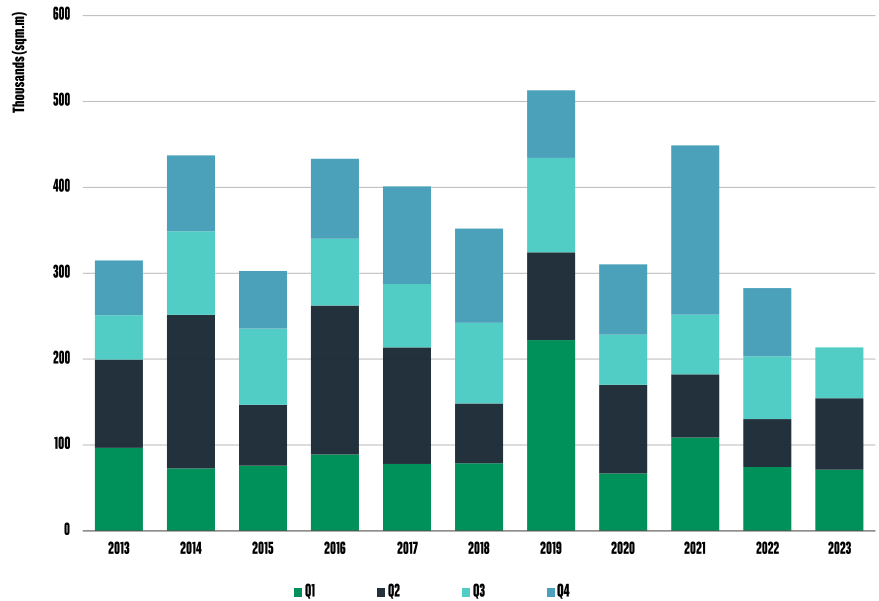
The consequence of extreme low vacancy is a new increase in prime rents that now stand at €340/sq.m/year. Interestingly, this rent level was not achieved by a transaction in the Leopold district but in the Louise district. It was negotiated through a pre-lease of 1,572 sq.m by a law firm in "The Louise" project. This deal demonstrates that tenants are willing to pay premiums for buildings with a strong identity, compliant with the latest environmental standards, while offering a wide range of services to occupants.

It also highlights the significant divergence between rents

OFFICE TAKE-UP

for new buildings and environmentally obsolete second-hand buildings, where the gap may widen in the coming months.

In the last quarter, approximately 73,300 sq.m of new or renovated space may enter the Brussels office market, with 43% of it being at risk. The main deliveries include The Wings (34,800 sq.m) and The Meadow (13,800 sq.m) in the Periphery Airport, as well as the Chancelier (13,500 sq.m) in the city center district. Currently, the 2024 pipeline is estimated at 243,500 sq.m, of which 36% remains available for



**213,700** SQ.M

OFFICE TAKE-UP



**340** €/SQ.M

PRIME RENT



**6.9%**

VACANCY RATE

MAIN OFFICE TRANSACTIONS (Q1-Q3 2023)

Date	Building	Transaction	Surface (sq.m)	Tenant	District
Q2 2023	North Light - Bd. Simon Bolivar 34, 1000 Brussels	Letting	36,500	European Commission	North
Q3 2023	Commerce 46 - Rue Belliard 5-7, 1000 Brussels	Letting	13,800	European Commission	Leopold
Q1 2023	The Wings - Culliganlaan 3, 1930 Zaventem	Pre-Let	6,942	Securitas	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
Q3 2023	Iris Tower - Boulevard Saint-Lazare 2, 1210 Brussels	Letting	5,540	Paradigm.brussels	North
Q1 2023	Crown House - Av. de la Couronne, 1050 Brussels	Sale	5,400	Fédération Wallonie-Bruxelles	Dec. SE
Q2 2023	Keiberg II - Excelsiorlaan 71, 1930 Zaventem	Sale	4,634	Omnium Consult	Airport
Q1 2023	Ocean House - Belgicastraat 17, 1930 Zaventem	Sale	4,623	Dstny	Airport
Q2 2023	The Gradient - Av. de Tervueren 270, 1150 Brussels	Letting	4,157	Cofinimmo	Dec. SE

**INVESTMENT MARKET**

Totalling €1.71 billion, the volumes invested in commercial real estate in Belgium since the beginning of the year have decreased by 50% compared to the same period in 2022. With an investment volume of €544 million, the Brussels office market also records a sharp decline (-79%) compared to the same period a year earlier.

These results come as no surprise and are linked to various factors, such as the slow pricing adaptation in the real estate sector, reduced attractiveness compared to other financial investment vehicles, and the caution of

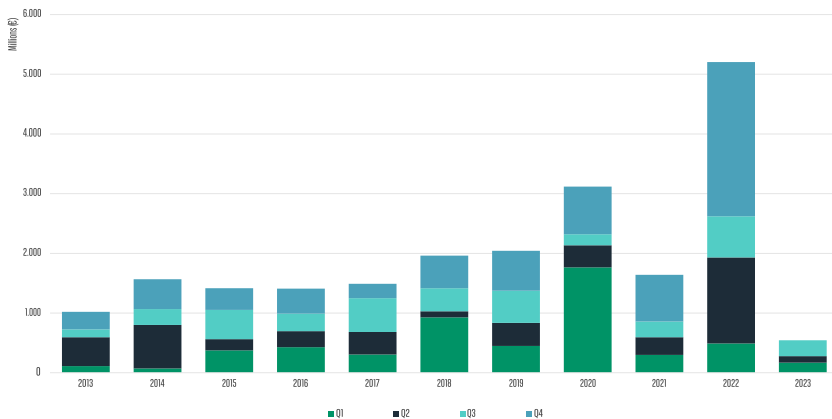
market participants. It continues to signal that real estate risk premiums are far from settled.

Over the past three months, one transaction dominates the Brussels investment market: the sale of the City Center office building (located at the border between pentagon and North district) for a price exceeding €100 million. The property, totaling 31,000 sq.m of office space, has recently undergone renovations and received a BREEAM 'Excellent' certification.

Other key transactions include IG Immobilien's acquisition of the Cortenbergh 71 building (7,300 sq.m) located in the Leopold district and the sale of the Boréal building (37,500 sq.m) to the Ghelamco in the North district.

In the current context, yield rates continue to decompress, registering a new increase of 25 basis points compared to the second quarter. The prime yield for standard lease terms stands at 4.75%, and for long-term leases, it is at 4.25%.

**INVESTMENT VOLUME IN BRUSSELS OFFICE MARKET**



**€ 544 M**

**INVESTMENT VOLUME  
BRUSSELS OFFICE MARKET**

**MAIN INVESTMENT TRANSACTIONS (Q1-Q3 2023)**

**CITY CENTER**  
Bd. du Jard. Bot. 20-24, 1000 Brussels  
City-centre  
31,700 sq.m  
MEAG



**BOREAL**  
Rue du Progrès 55 1210 Brussels  
North  
37,500 sq.m  
Ghelamco

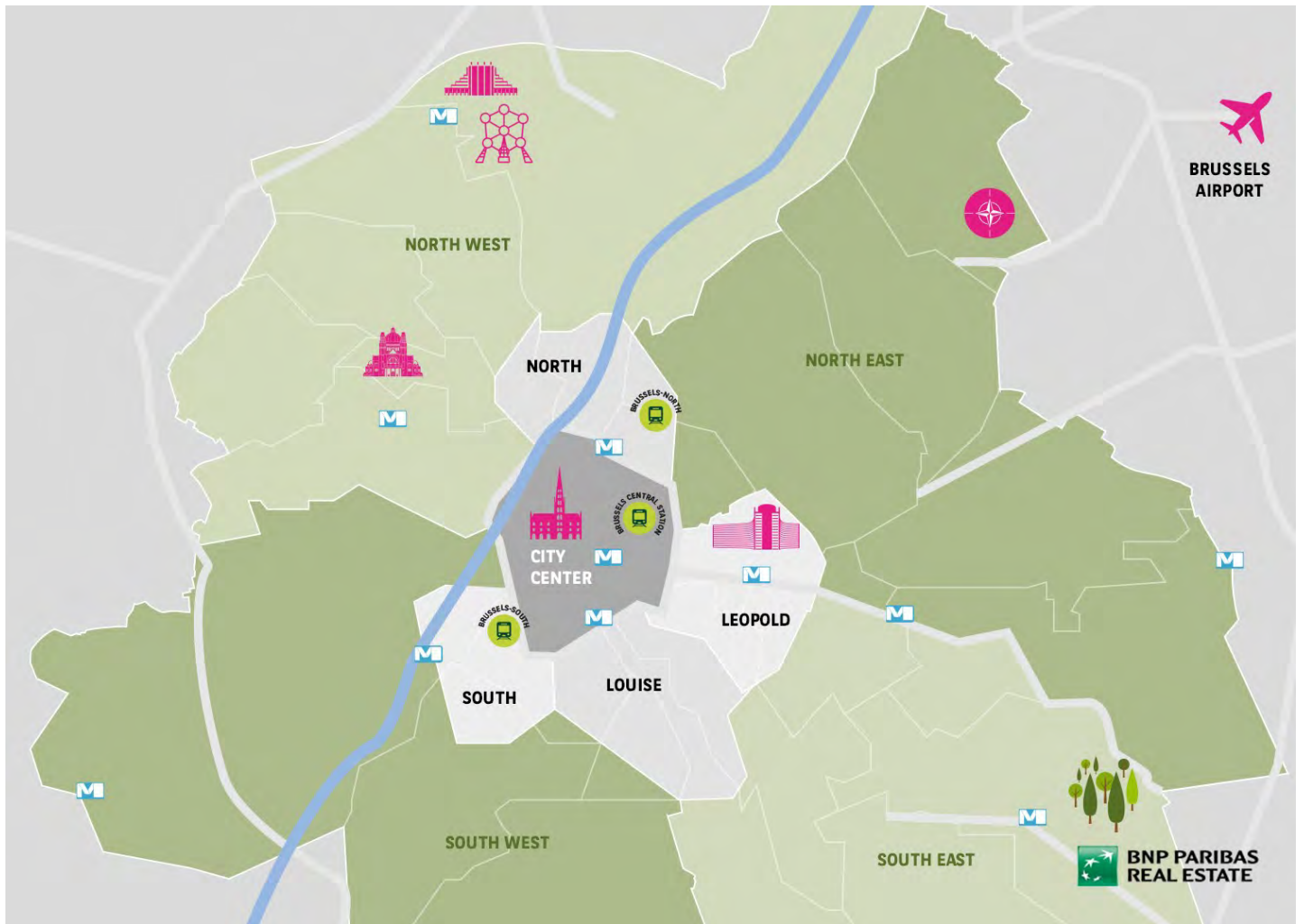


**TREESQUARE**  
Square de Meeûs 5,1000 Brussels  
Leopold  
6,565 sq.m  
KGAL Investment Management



**LIBERTY HOUSE**  
Rue de la Loi 57, 1000 Brussels  
Leopold  
10,300 sq.m  
Alides





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