



**AT A GLANCE  
Q4 2023**

## **BRUSSELS OFFICE MARKET**

# **GLOBAL UNCERTAINTY LED TO CERTAINTY IN PERFORMANCE**

## **OCCUPIER MARKET**

Over the last three months of the year, office space take-up in the Brussels market experienced a modest rebound with 90,000 sq.m. recorded, albeit still below average. For the entire year, the take-up level stands at 308,000 sq.m. (+9% year-on-year and -19% compared to the five-year average). The activity showed resilience given the economic, financial, and geopolitical context, as well as the structural change in the office sector.

Despite relatively sluggish economic growth, the small unit segment (< 1,000 sq.m.) remained relatively strong at 86,200 sq.m. (-11% compared to the five-year average). Transactions in medium-sized (1,000 to 5,000 sq.m.) and large spaces (> 5,000 sq.m.) were weaker with respective decreases of 21% and 23% compared to the five-year average. Activity in Q4 should have been better, especially in the medium and large unit segment, but for delays that pushed deal signing to the first quarter.

The main transactions recorded during the last quarter were:

- Haute École Fransisco Ferrer who will occupy the 11,399 sq.m. of the Waterside building in the North district.
- Wallonie-Bruxelles Enseignement pre-let 9,428 sq.m. at Pacheco 32 located in the city-centre.
- The Belgian Institute of Postal Services and Telecommunications (BIPT-IBPT) is moving its offices

to the Allianz Tower in the North District, and will occupy 5,652 sq.m. of office space.

For the third consecutive year, the number of lease renegotiations increased, reaching over 150,000 sq.m. in 2023. This phenomenon is explained by caution, decision delays, and especially company desire to control fixed costs after a period of high inflation.

The vacancy rate ended the year at 6.9%, showing a decrease over the year (compared to 7.5% in Q4 2022). This ratio translates to an overall vacant space volume of 928,500 sq.m, including 113,400 sq.m of grade A vacancy. Grade A vacancy increased slightly during the final quarter due to new completions. The most significant delivery is the Chancelier building in the City-Centre totalizing 15,300 sq.m.

The current major CBD availability is in the North district with 18,800 sq.m in the Admiral building recently vacated and released into the market in Q4. The other major units are Botanic Tower (15,600 sq.m) and Manhattan Center (13,800 sq.m).

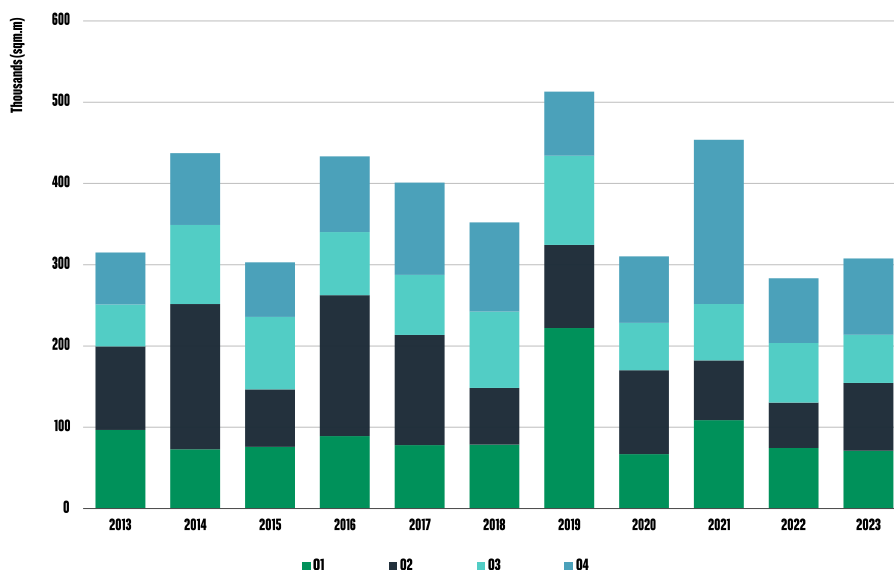
Office vacancy in the CBD decreased to 3.4% in the last quarter of 2023. The decentralised and peripheral markets witnessed lower rates at 10.4% and 17.3% respectively.

The office development pipeline scheduled for 2024 is estimated to include 226,200 sq.m of projected office completions, with 128,300 sq.m (44%) still undergoing

OFFICE TAKE-UP

marketing.

The overall prime rent in Brussels saw an increase to €350/sq.m/year in Q4 following the signing of a prelet transaction in the Leopold area. Prime rents remained stable in all other CBD submarkets, although select new developments are posing challenges to these levels. Simultaneously, average rents have been on the rise over 2023, notably in the CBD markets led by transactions in grade A buildings.



**308,700** SQ.M

OFFICE TAKE-UP



**350** €/SQ.M

PRIME RENT



**6.9%**

VACANCY RATE

MAIN OFFICE TRANSACTIONS (2023)

Date	Building	Transaction	Surface (sq.m)	Tenant	District
Q2 2023	North Light - Boulevard 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
Q4 2023	Waterside - Quai de Willebroeck 33, 1000 Brussels	Sale	11,399	Haute École Fransisco Ferrer	North
Q4 2023	Pacheco - Boulevard Pacheco 32-34, 1000 Brussels	Pre-Let	9,428	Fédération Wallonie-Bruxelles	City-Centre
Q1 2023	The Wings - Culliganlaan 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
Q4 2023	Allianz Tower - Bd du Roi Albert II 32, 1000 Brussels	Letting	5,652	Institut Belge des Postes et Télécommunications (IBPT)	North
Q3 2023	Iris Tower - Boulevard Saint-Lazare 2, 1210 Brussels	Letting	5,540	Paradigm.brussels	North
Q1 2023	Crown House - Av de la Couronne 159-165, 1050 Brussels	Sale	5,400	Fédération Wallonie-Bruxelles	Dec SE

## INVESTMENT MARKET

The investment market concluded a year of underwhelming performance, with €2.4 billion injected into Belgium's commercial real estate over the past 12 months. The investment activity in Brussels' office market for 2023 stands at €618 million, marking a significant 78% decrease compared to the five-year average. This trend persisted in the last quarter, with only €78 million invested, stemming from the challenges posed by price corrections despite stabilization in interest rates.

Pricing adjustment was a feature of

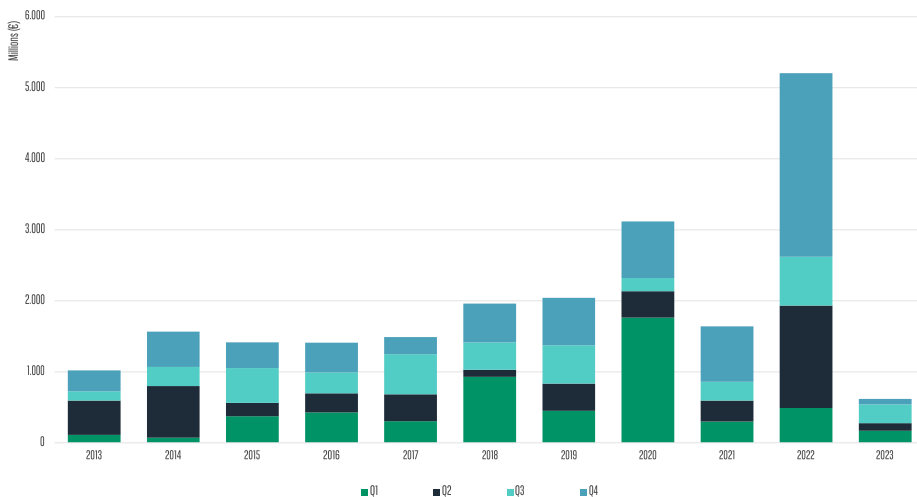
2023 with Q4 marked by a renewed decompression of prime yields. The prime yield currently registers at 5.00% for assets with standard leases and 4.40% for long-term leases.

Several factors contribute to the decline in investment volumes. Firstly, the rise in yield rates inherently triggers a devaluation of assets. Additionally, in a volatile environment, investors tend to gravitate towards smaller transactions out of caution. In 2023, 90% of transactions, accounting for 73% of the invested volume, were executed on amounts below €50

million. Conversely, only two transactions exceeding this threshold were concluded during the same period.

Notable transactions in the last quarter included the sale of the Royal Center building at 170 Rue Royale by P&V insurance to Growners. Cofinimmo also concluded the sale of Park Hill in Diegem, acquired by License To Construct. Park Hill, a development dating back to the year 2000, encompasses 16,500 m<sup>2</sup> of office space.

## INVESTMENT VOLUME IN BRUSSELS OFFICE MARKET



€ 619 M

INVESTMENT VOLUME  
BRUSSELS OFFICE MARKET

## MAIN INVESTMENT TRANSACTIONS (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

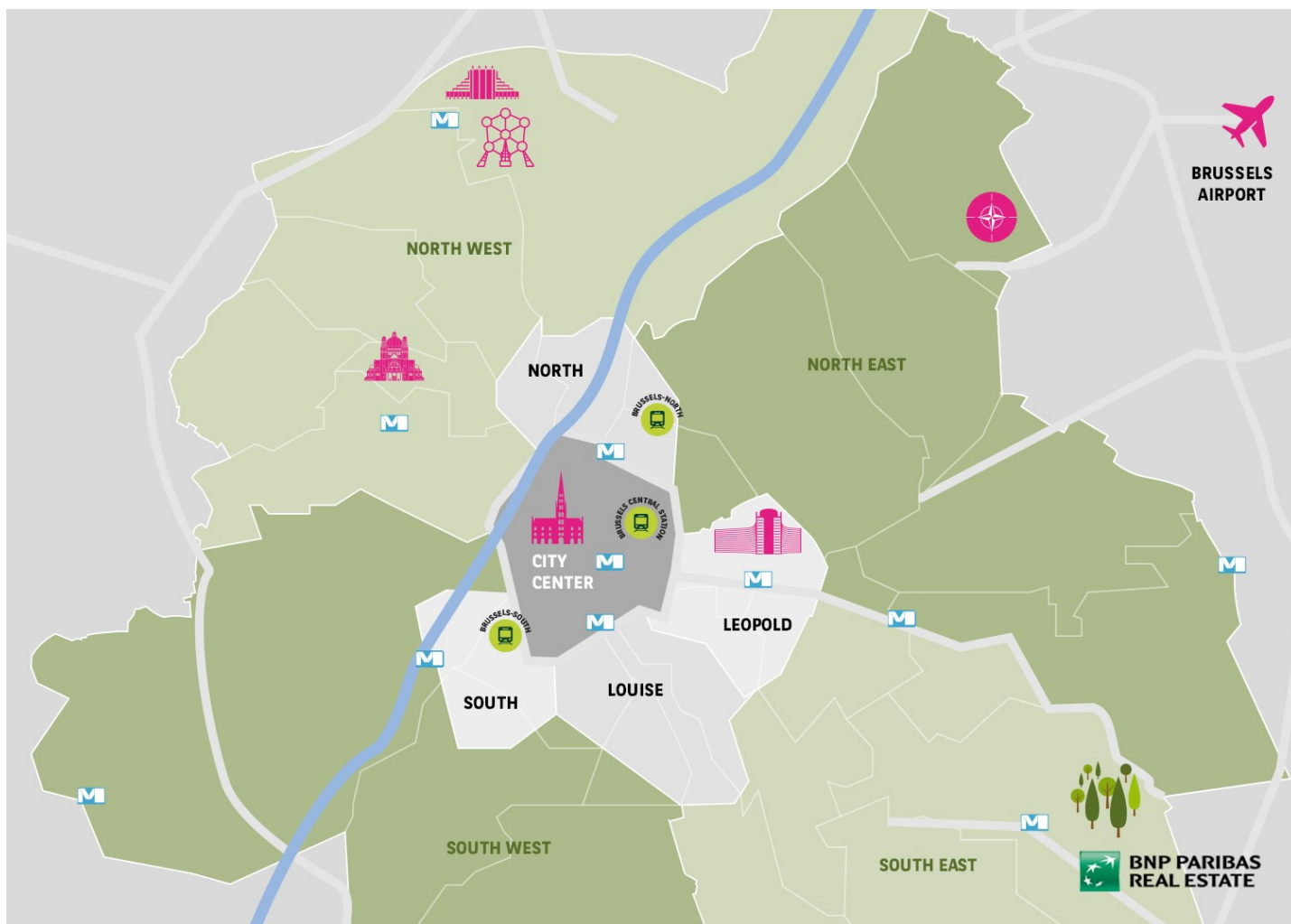
Rue de la Loi 57, 1000 Brussels

Leopold

10,300 sq.m

Alides





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