AT A GLANCE
Q2 2024

BRUSSELS OFFICE MARKET

BRUSSELS OCCUPATION MARKET FIRING UP AS TAKE UP IMPROVES

OCCUPIER MARKET

In the first half of 2024, office take-up improved reaching 164,500 sqm (+6.5% compared to H1 2023) with a significant rebound in the second quarter. However, caution is needed about recovery as volumes remain largely dependent on transactions in the 5,000 sqm plus segment that can be erratic across quarters.

Other transactions are expected in the next semester, and although cost optimization and space reduction strategies continue, they seem to have peaked.

In the past three months, four transactions have been recorded. The most significant came from the energy group Engie's decision to move its headquarters to the Oxy project in the heart of downtown Brussels. They will occupy approximately 31,500 sqm, making it the largest private sector transaction since 2021. The other large private sector deal was Proximus' lease in the Boreal building.

Meanwhile, the European Commission has signed two major pre-leases to meet their environmental needs. They will occupy the entire 20,600 sqm of Montgomery Park and 14,300 sqm of Montoyer 34.

Immediately available supply surged in the second quarter, surpassing the symbolic million sqm mark. The increase is due to several significant project deliveries and second-hand space reentering the rental market. As of July 1st, the overall market vacancy rate stands at 8% compared to 7.1% in Q1.

This increase affects the entire market but is most visible in the CBD with the delivery of the 31,700 sqm The Louise building, of which 60% remains vacant. Othesr include the Ring Station Campus with 22,400 sqm available in the southern district, and 6,100 sqm of Montoyer 10, of which 88% is unlet. These deliveries, along with the reintroduction of the Arenberg complex to the rental market, have pushed the CBD vacancy rate to 4.4% (vs. 3.6% in Q1).

The decentralized areas and the periphery have seen their vacancy rates reach 11.6% and 18.1%, respectively. Over the next six months, the vacancy rate is expected to stabilize with a relatively low project pipeline.

Around 46,400 sqm of completions may occur during H2, of which only 19,500 sqm is speculative. The expected deliveries include the Xenon building in Park 7 (10,862 sqm in the Periphery Airport area), 4,400 sqm of L375 in the Louise district, and 4,200 sqm of the Zen Building in the North district.

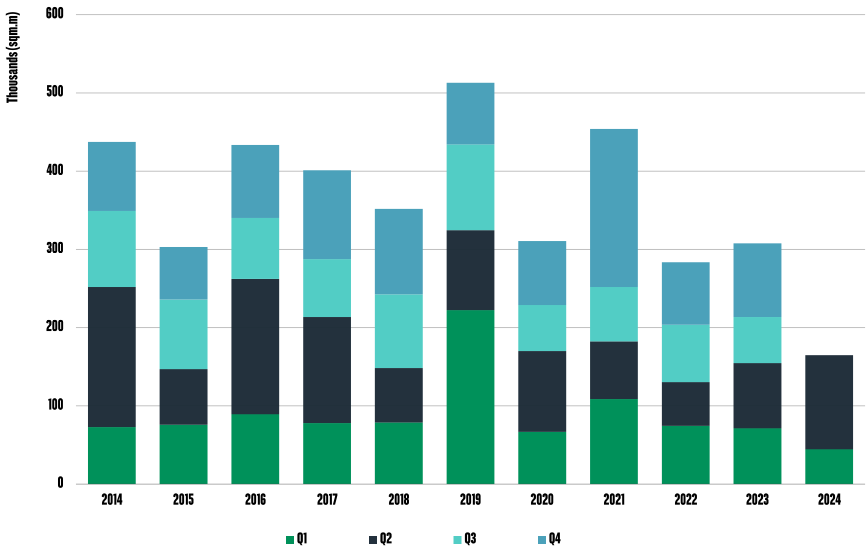
Prime rents continue to stand out, recording a new increase In Q2 thanks to a 983 sqm transaction by RBB Economics in the Regent Park building at €390/sqm. This upward trend is also reflected in average rents, which continue to rise

OFFICE TAKE-UP

quarter after quarter across all market areas. The main vector for the rental increase remains driven by a demand focused on quality and centrality.

However, this does not hide the significant gap that exists between rents for new buildings and those for second-hand, ecologically obsolete buildings, a gap that continues to widen.

The upward pressure on prime rents is expected to continue in the second half of 2024 and should exceed the €400/sqm/year mark.



164,500 SQ.M
OFFICE TAKE-UP

390 €/SQ.M
PRIME RENT

8.0%
VACANCY RATE

MAIN OFFICE TRANSACTIONS

Date	Building	Transaction	Surface *(sq.m)*	Tenant	District
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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INVESTMENT MARKET

Investment in commercial real estate in Belgium has significantly increased this quarter, bringing the annual total to €1.6 billion. However, this volume was mainly supported by a large transaction, the closure of the EU deal during the second quarter of the year.

The €900 million acquisition by Cityforward, a Belgian fund managed by Whitewood and held by SFPIM, of 23 buildings in the Leopold district significantly contributed to the increase in investment volumes. This is one of the largest office market transactions in Brussels in recent times. It is important both in terms of volume and what it reveals about the market state and future needs influenced by the European Green Deal. Of the 23 buildings, 2 were subsequently sold by Cityforward. Beaulieu 25 and 29-33 were sold to Vicinity and Matexi for residential conversion, and the Science 11 building (9,045 sqm) to Alides.

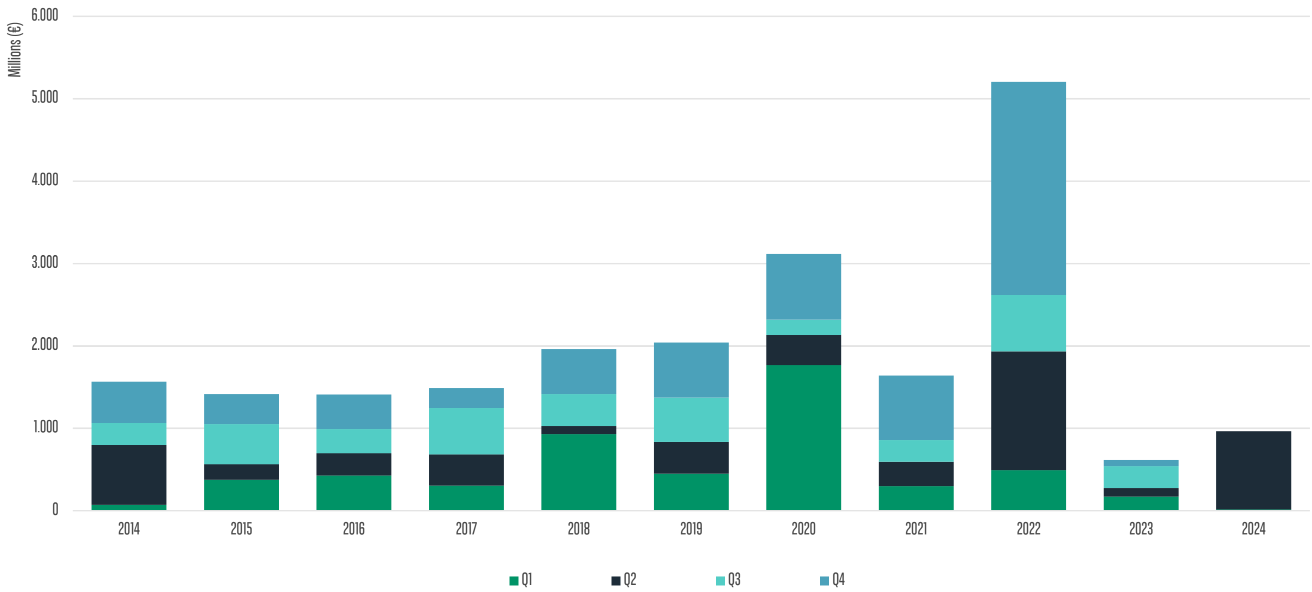
Nevertheless, this significant transaction does not change the fact that investment in the office segment in Brussels remains at a low level. Activity continues to be dominated by value-added and opportunistic transactions.

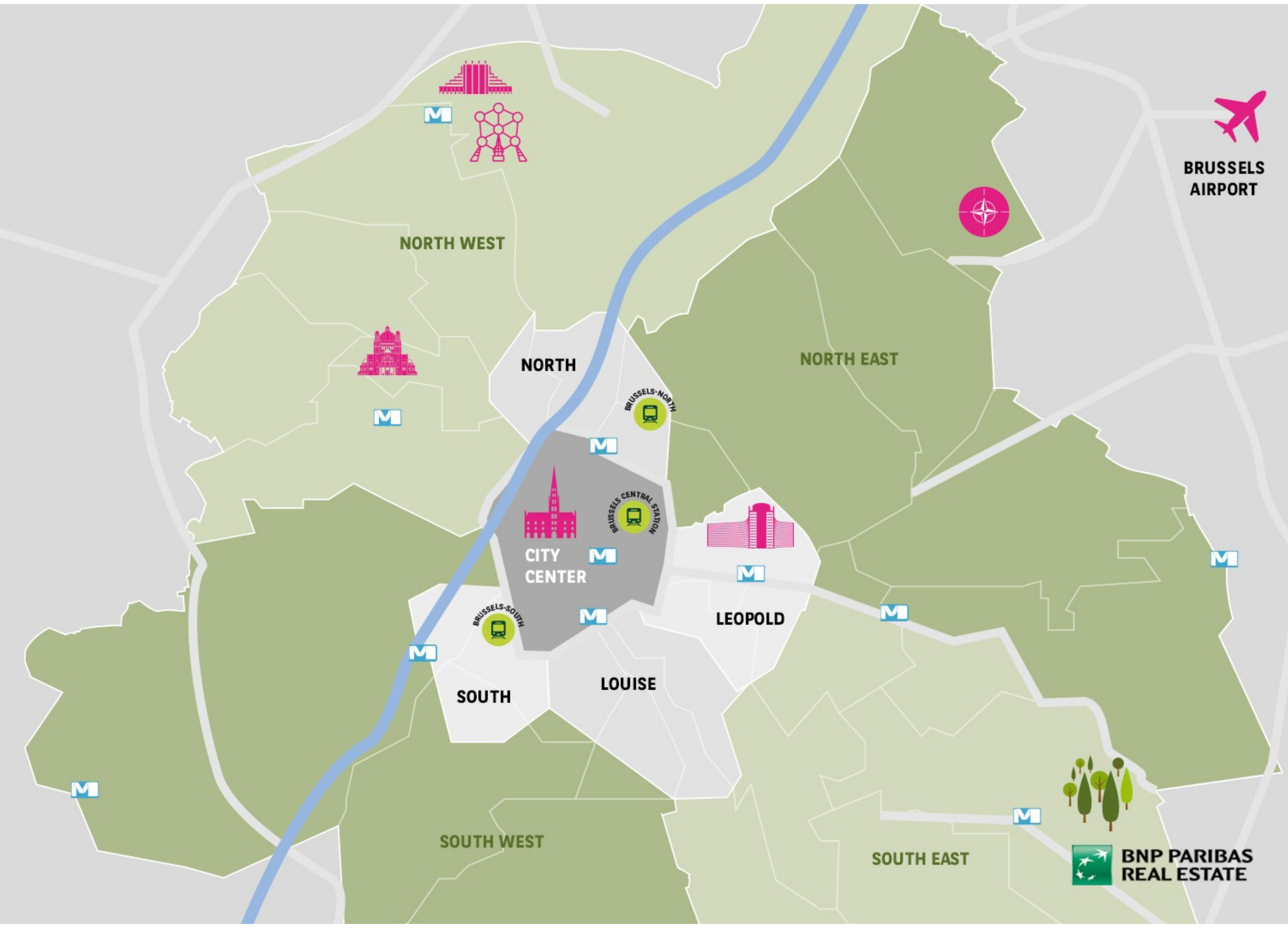
Although the recent interest rate cut by the ECB is welcome, interest rates remain relatively high, exerting continuous pressure on the spreads between sale and purchase prices. Prime investment yields are considered stable in the first half of 2024. They are still estimated at 5.25% for standard leases and 4.70% for long-term contracts.

€ 1.03 BN

INVESTMENT VOLUME
BRUSSELS OFFICE MARKET

INVESTMENT VOLUME IN BRUSSELS OFFICE MARKET





CONTACT US

BNP PARIBAS REAL ESTATE BELGIUM
AVENUE LOUISE 235, 1050 BRUSSELS
TEL. : + 32 2 646 49 49

INVESTMENT
François van den Branden
Tel.: +32 2 643 10 23
francois.vandenbranden@bnpparibas.com

LETTING & SALES
Bertrand Cotard
Tel.: +32 2 643 10 30
bertrand.cotard@bnpparibas.com

VALUATION
Nabil Mouloua
Tel.: +32 2 643 10 34
nabil.mouloua@bnpparibas.com

PROPERTY MANAGEMENT
David Goldfinger
Tel.: +32 2 290 59 48
david.goldfinger@bnpparibas.com

RESEARCH
Pascal Mikse
Tel.: +32 2 290 59 23
pascal.mikse@bnpparibas.com

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