

BELGIUM Office Market Snapshot

Third Quarter | 2018



MARKET INDICATORS

Market Outlook

Prime Rents:	Stable outlook in all markets.	▶
Prime Yields:	Prime yields are forecasted to remain stable for the rest of the year.	▶
Supply:	Several speculative projects are still expected for the last quarter of the year.	▶
Demand:	Demand can usually be relied on to peak in major markets during the last quarter.	▶

Prime Office rents – September 2018

LOCATION	€		US\$		GROWTH %	
	SQ.M	SQ.FT	YR	YR	1YR	5YR CAGR
Antwerp (Singel)	155	16.8	0.0	2.8		
Liege	150	16.3	7.1	4.6		
Ghent	150	16.3	0.0	0.7		
Mechelen	145	15.7	-3.3	0.7		
Leuven	150	16.3	3.4	0.7		
Namur	160	17.4	3.2	0.6		
Charleroi	130	14.1	8.3	0.3		

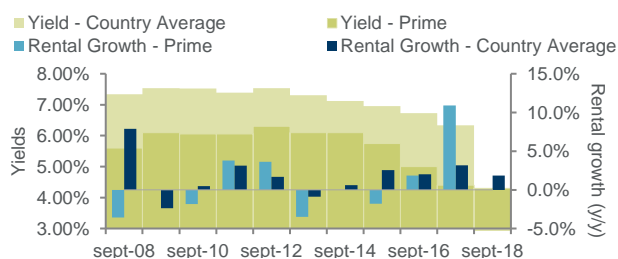
Prime Office yields – September 2018

LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Antwerp (Singel)	6.25	6.25	6.60	7.50	6.25
Liege	6.75	6.75	6.75	8.75	6.75
Ghent	6.25	6.25	6.75	8.25	6.25

NOTE: The above yields are for typical 6/9 leases.

With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

Recent performance



Overview

GDP growth is forecasted to slow down in 2018 and 2019 at 1.4% then 1.5%. The US-China trade war weighs on European supply chains and exports while financing conditions remain favourable and boost private fixed investment. The unemployment rate decrease is bottoming out slightly at 6.2% though the labour market remains in excellent shape with a vacancy rate that rose further recently. On the financial market, the ECB recently announced its willingness to keep the interest rates unchanged at least up to the end of 2019.

Occupier focus

Activity in Q3 improved on a disappointing Q2 to align with the five-year average of 56,000 sq m – 46,000 sq m in Flanders and 10,000 sq m in Wallonia. Furthermore, Wallonia total take-up this year (54,000 sq m) is already at its best level since 2012.

The standout markets were Antwerp (33,800 sq m), Namur (7,700 sq m) and Leuven (5,500 sq m). Namur benefits from Belfius establishing their new 6,000 sq m headquarters near the station in the *Combattants* project, while the quarter's largest deal took place in Antwerp where VF Europe are letting 7,700 sq m in *The Link*.

All prime rents remain stable with no change foreseen for the last three months of the year. The Wallonia prime rent (Namur) is EUR 160/sq m/year – the Flanders prime rent (Antwerp) is EUR 155/sq m/year.

Investment focus

Investment activity in Q3 has reached its highest level this year with EUR 59 million recorded thanks to stable demand (especially in Antwerp and Ghent) and several interesting files are currently on the market. The current total for 2018 is EUR 86 million.

Outlook

Large speculative projects can continue to attract large deals over the coming quarters as there is a consistent underlying appetite for large quality spaces in regional office markets.

An increase of investment volumes will continue to depend on international players' interest in (off-market) big tickets.

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LOCATION	BUILT STOCK (SQ.M)	TAKE-UP (SQ.M)	TAKE-UP YTD (SQ.M)	UNDER CONSTRUCTION (SQ.M)
Antwerp	2,274,000	33,800	68,500	50,000
Ghent	1,034,000	6,000	30,100	40,700
Leuven	548,000	5,400	17,100	7,800
Mechelen	324,000	1,600	19,000	0
Liège	428,000	800	26,000	43,000
Namur	470,000	7,700	9,100	27,000
Charleroi	427,000	1,000	19,000	21,500

Source: Cushman & Wakefield

Key Occupier Transactions

PROPERTY	MARKET	TENANT	SIZE (SQ.M)	TRANSACTION TYPE
The Link	Antwerp	VF Europe	7,700	Letting
Combattants	Namur	Belfius	6,000	Purchase
Bijkhoevenlaan 26	Antwerp	CWS Boco	2,500	Letting
Viaduct-Dam 106	Antwerp	DNF Service Center	2,000	Purchase
Klein Dalenstraat 45	Leuven	Arinto	1,800	Letting
Sneeuwbeslaan 14	Antwerp	Optimco	1,500	Letting
Namur Office Park	Namur	Forem	1,200	Letting

Source: Cushman & Wakefield

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