

BELGIUM

Industrial Market Snapshot

Second Quarter | 2018



MARKET INDICATORS

Market Outlook

Prime Rents:	Stable outlook into 2019.	▶
Prime Yields:	Outlook has been revised to "Stable" due to selective requirements of investors.	▶
Supply:	Almost all logistics developments are turnkey.	▶
Demand:	Reliable semi-industrial demand should remain stable and therefore robust.	▶
	Globally weak demand could be boosted by demand for large spaces in brownfield reconversions.	▲

Prime Industrial Rents – June 2018

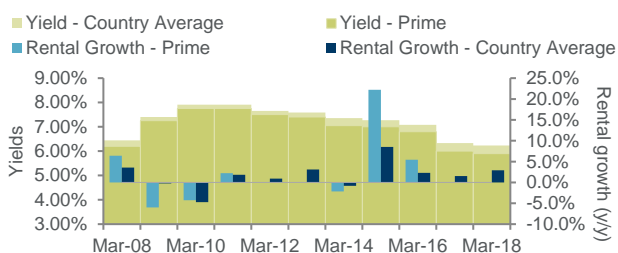
LOGISTICS LOCATION	€	US\$	GROWTH %	
	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Brussels	58.0	6.31	0.0	4.7
Antwerp	45.0	4.89	-2.2	0.0
Liège	39.0	4.24	0.0	2.2
Genk	40.0	4.35	2.6	0.5
MANUFACTURING LOCATION	€	US\$	GROWTH %	
	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Brussels	60.0	6.53	4.3	1.8
Antwerp	55.0	5.98	-1.8	0.0
Liège	45.0	4.89	-4.3	2.4
Ghent	35.0	3.81	-20.5	-4.0
Genk	40.0	4.35	5.3	2.1

Prime Industrial Yields – June 2018

LOGISTICS LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Brussels	5.90	5.90	6.00	7.75	5.90
Antwerp	5.90	5.90	6.00	7.75	5.90
Liège	7.00	7.00	7.10	8.25	7.00
Genk	6.90	6.90	7.00	8.25	6.90

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

According to latest figures, GDP growth is expected to slow down in 2018 and 2019 to stand between 1.3% and 1.5%. The unemployment rate is around 6.5% thanks to an improving employment market, though many jobs are still vacant in Belgium. Business and consumer confidence indices present mixed feelings.

Occupier focus

Semi-industrial activity has picked up to 171,000 sq. m (+14%) in Q2 – although remains slightly under the strong average of recent years. The country- and Brussels prime rent increased to EUR 60/sq. m/year at the beginning of the year due to substantial demand for quality spaces.

Logistics demand is at its second lowest level since 2010 with a total of 89,000 sq. m. Deals are decreasing in size and number as the market adapts to new realities (urban logistics, international competition, automation ...). Nevertheless large deals are not to be excluded in the future thanks to a strong Belgian multimodal network (e.g. Cainao at Liège Airport) as well a large-scale brownfield reconversions (former Ford Genk site). Such large deals have tipped the scale in the past and can continue to do so.

Investment focus

Less than €10 m of industrial investments were recorded in Q2 with international investors being very selective despite the much-vaunted attractive yields offered within this segment.

Outlook

Occupiers tempted to purchase their own spaces (a relevant segment of the semi-industrial market) have a bit more time than expected to carry out operations as the ECB has recently announced it will not increase its reference rate before mid-2019 at the earliest.

We have revised our forecast of logistics prime yields to "stable" with little evidence of deals potentially materialising at rates under 5.90%.

This report has been produced by Cushman & Wakefield LLP for use by those with an interest in commercial property solely for information purposes. It is not intended to be a complete description of the markets or developments to which it refers. The report uses information obtained from public sources which Cushman & Wakefield LLP believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate and complete. No warranty or representation, express or implied, is made as to the accuracy or completeness of any of the information contained herein and Cushman & Wakefield LLP shall not be liable to any reader of this report or any third party in any way whatsoever. All expressions of opinion are subject to change. Our prior written consent is required before this report can be reproduced in whole or in part. ©2018 Cushman & Wakefield LLP. All rights reserved.

Bart Vanderhoydonck

Head of Industrial Agency, Belgium
 Avenue des Arts 56 Kunstlaan, B-1000 Brussels
 Tel: +32 479 960 809
bart.vanderhoydonck@cushwake.com
cushmanwakefield.com