BELGIUM

Industrial Market Snapshot

Third Quarter | 2018

MARKET INDICATORS

Market Outlook

Prime Rents:	Stable outlook for the end of the year.
Prime Yields:	Logistics outlook again oriented downwards with game-changing deals in the pipeline.
Supply:	Almost all logistics developments are turnkey. Substantial pipeline for coming months.
Demand:	Reliable semi-industrial demand should remain stable and therefore robust.
	A slight end-of-year increase may be expected. Demand is not expected to decrease in Q4.

Prime Industrial Rents – September 2018

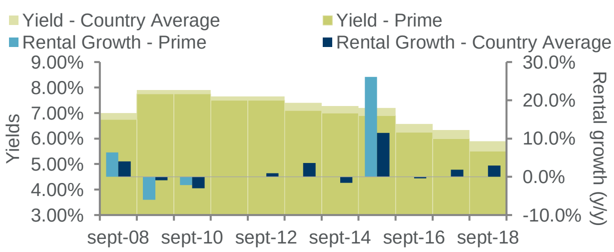
LOGISTICS LOCATION	€ SQ.M YR	US$ SQ.FT YR	GROWTH % 1YR	5YR CAGR
Brussels	58.0	6.29	0.0	4.7
Antwerp	45.0	4.88	-2.2	0.0
Liège	39.0	4.23	0.0	2.2
Genk	40.0	4.34	2.6	0.5
MANUFACTURING LOCATION	**€ SQ.M YR**	**US$ SQ.FT YR**	**GROWTH % 1YR**	**5YR CAGR**
Brussels	60.0	6.51	4.3	1.8
Antwerp	55.0	5.97	-1.8	0.0
Liège	45.0	4.88	-4.3	2.4
Ghent	35.0	3.80	-20.5	-4.0
Genk	40.0	4.34	5.3	2.1

Prime Industrial Yields – September 2018

LOGISTICS LOCATION (FIGURES ARE GROSS, %)	CURRENT Q	LAST Q	LAST Y	10 YEAR HIGH	10 YEAR LOW
Brussels	5.50	5.90	6.00	7.75	5.50
Antwerp	5.50	5.90	6.00	7.75	5.50
Liège	6.80	7.00	7.10	8.25	6.80
Genk	6.70	6.90	7.00	8.25	6.70

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

Demand for semi-industrial spaces was booming in Q3 with a total take-up of 268,000 sq m (+57%), compared to a quarterly average of 209,000 sq m. This was thanks to dynamic activity in Flanders (190,000 sq m, +180%) driven by the usual Antwerp-Brussels axis districts, but especially led by West Flanders which had a record quarter with 56,000 sq m. Brussels (57,000 sq m, +92%) also had a very good quarter, whereas Wallonia (21,000 sq m, -71%) was below par.

Logistics demand was more reassuring than in previous quarters with take-up of 160,000 sq m – nearer its 184,000 sq m quarterly average. Flanders was the main contributor thanks to dynamics activity in Antwerp, Limburg and East Flanders (North Sea Port). Despite witnessing a take-up decrease, Wallonia also recorded a good quarter thanks to a good number of modestly sized deals. The market is adjusting to smaller transactions and owners are offering creative solutions to fill up vacant spaces and are also developing smaller sheds like the units at Liège Airport's *Flexport City*.

Investment focus

More than EUR 85 million of investments were recorded in Q3 which was one of the better quarters of investment in recent years thanks to a significant increase in the logistics segment as international interest begins to materialise.

Outlook

Semi-industrial activity might be difficult to match, whereas logistics activity can be expected to increase at the end of the year.

The latter also applies to the investment market with several deals expected to close in Q4.

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