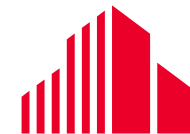


# BRUSSELS OFFICE MARKET

Occupiers & Investors dynamics

26 February 2021



**CUSHMAN &  
WAKEFIELD**



01

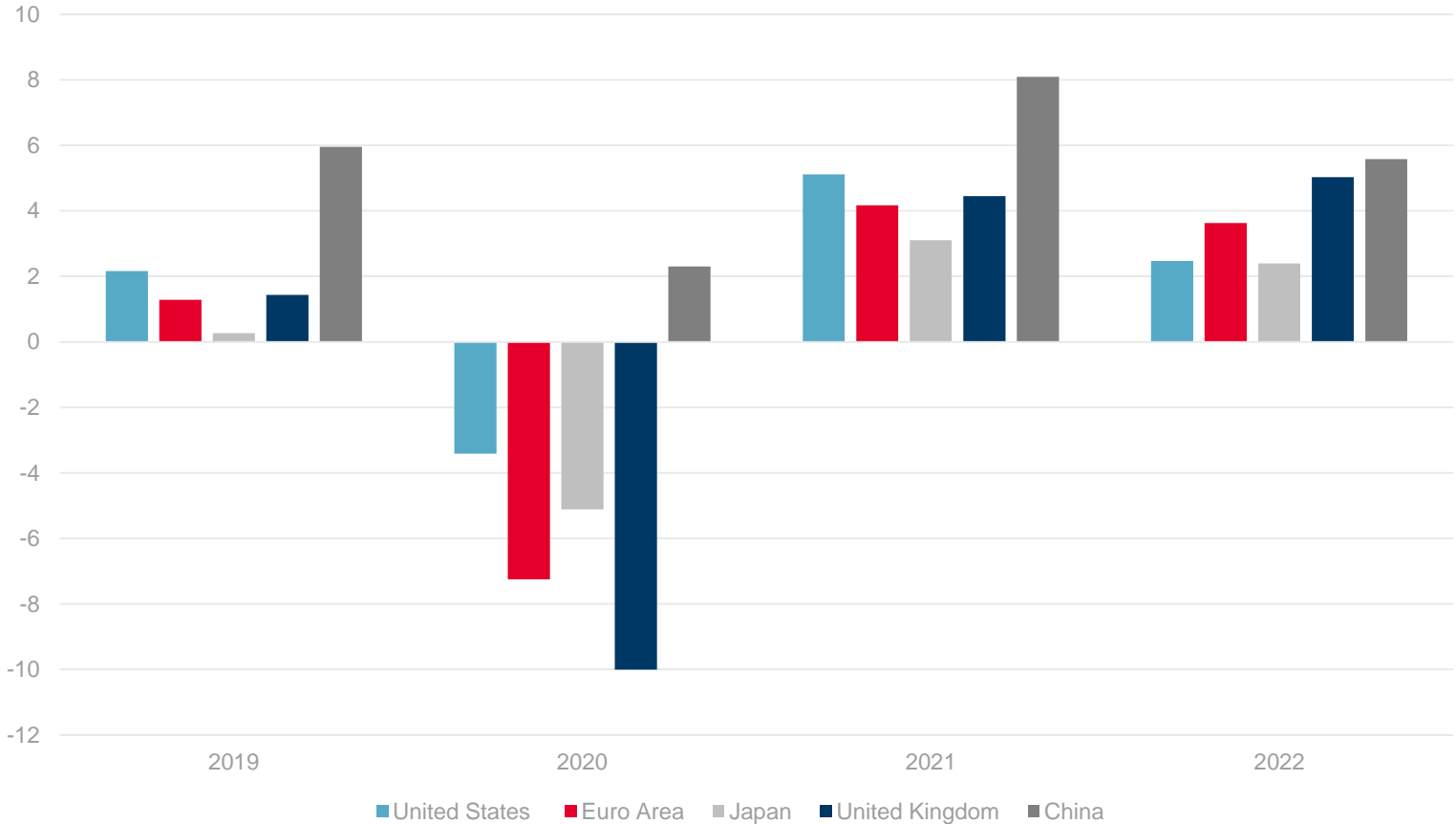
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MACROECONOMIC OVERVIEW

# GDP GROWTH

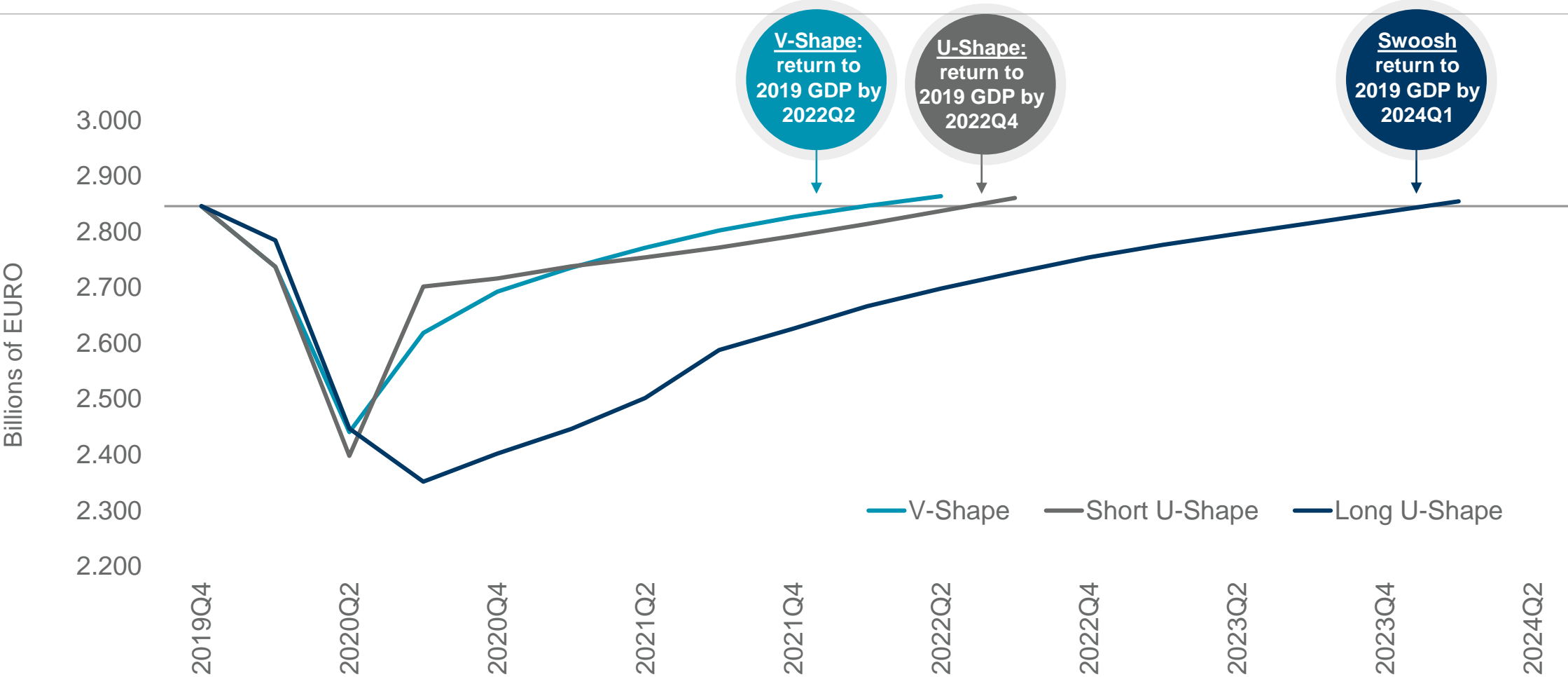
World output, YoY in %

Euro Area being the most impacted



# THE ROAD BACK TO 2019

Eurozone real GDP

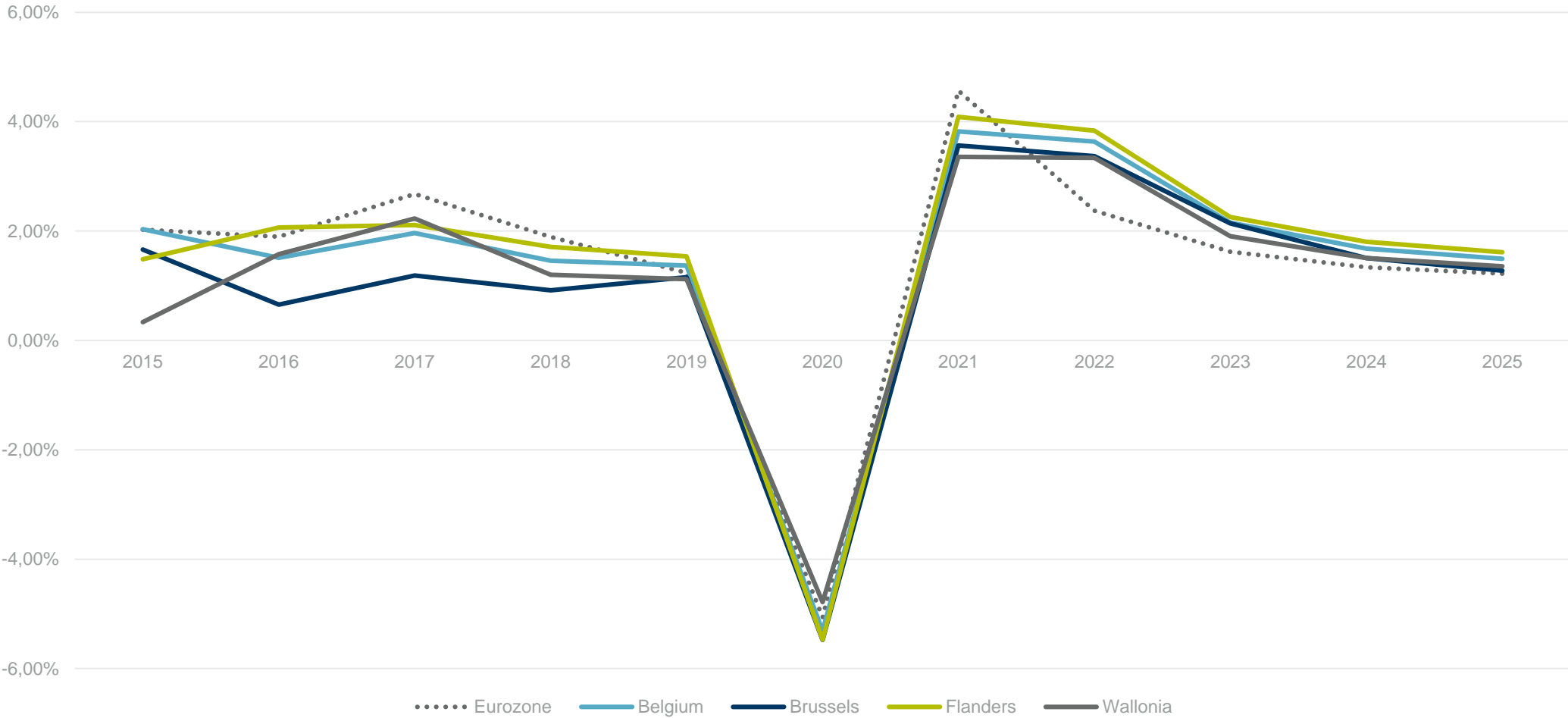


Source: V-Shape = Oxford Economics Baseline; Short U-Shape = Moody's Analytics Baseline, Long U-Shape = Oxford Economics Downside

Most recent forecasts as at 06-05-2020

# MACROECONOMIC OVERVIEW

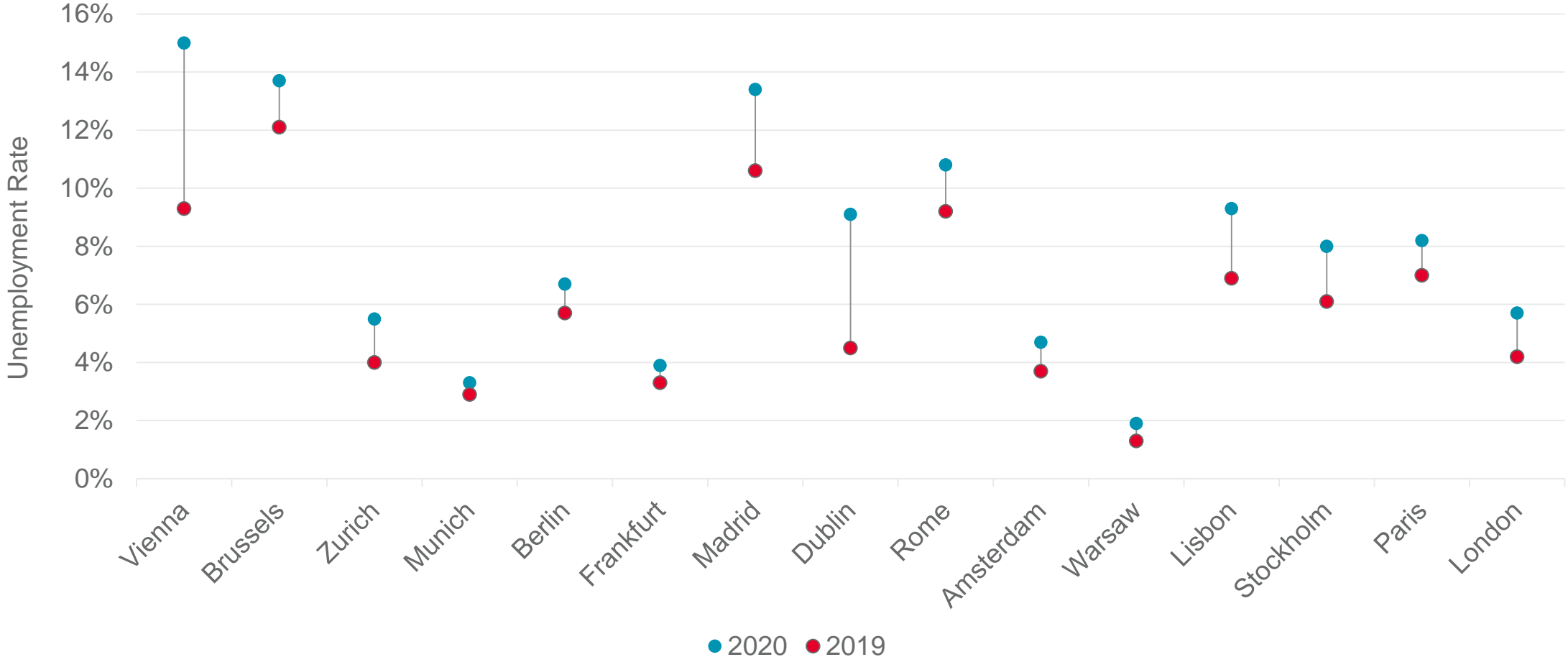
## GDP Growth (%) – Post COVID-19



Source: Oxford Economics

# MACROECONOMIC OVERVIEW

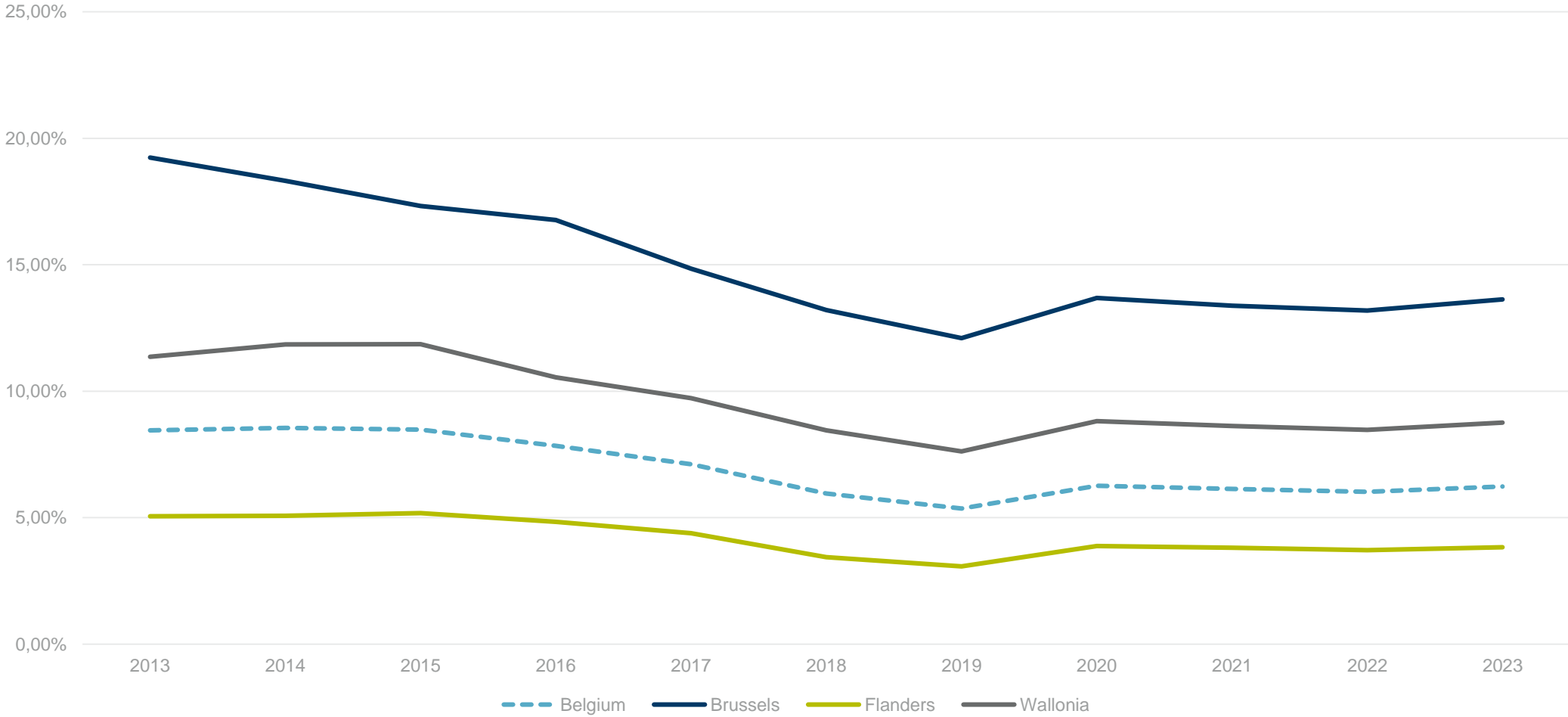
## Unemployment Rate (%) in European cities



Source: Eurostat, Oxford Economics

# MACROECONOMIC OVERVIEW

## Unemployment Rate (%) – Post COVID-19



Source: Eurostat, Oxford Economics

# MACROECONOMIC OVERVIEW

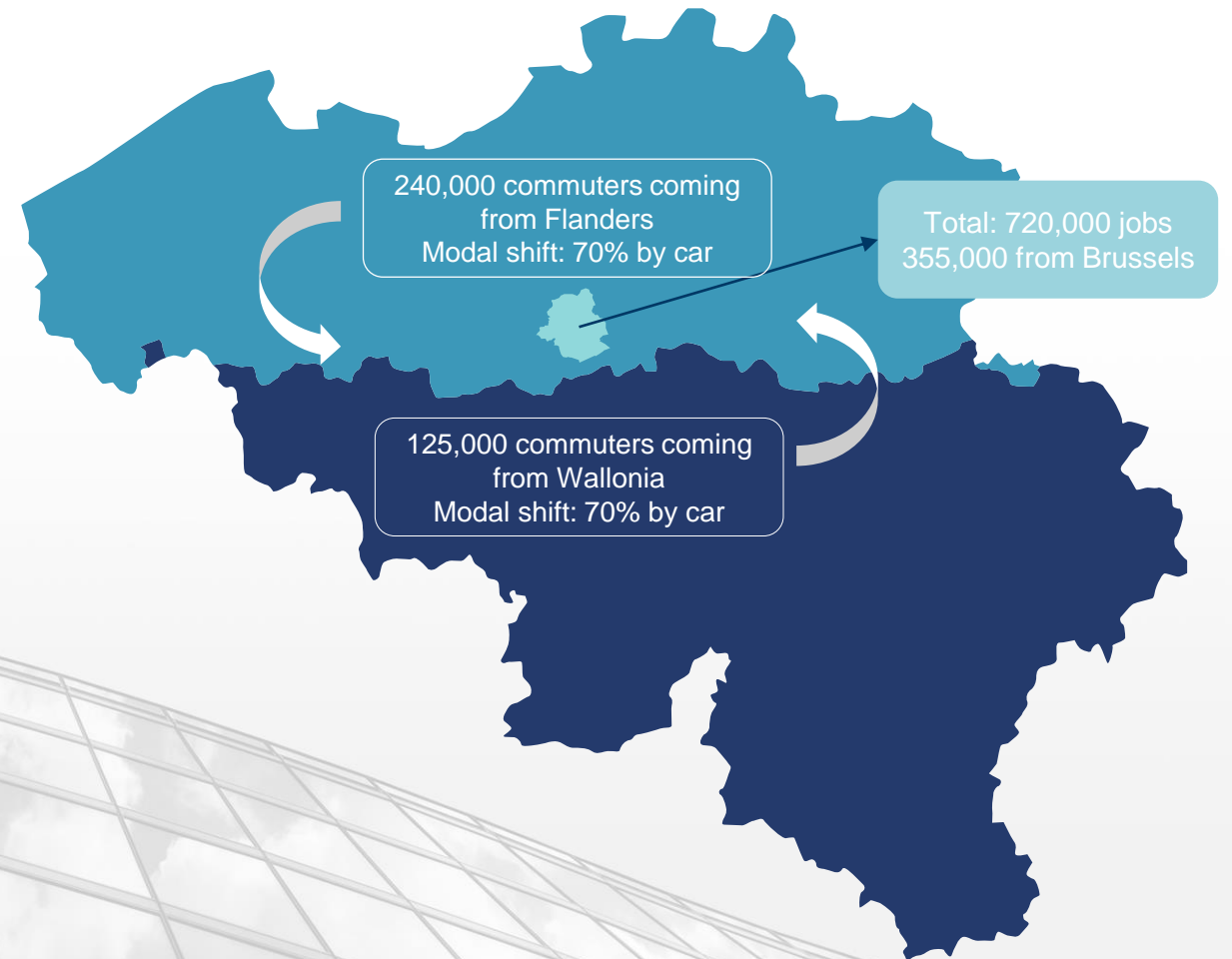
## Employment and Commuters



COMMUTERS  
REPRESENT **50%**  
OF THE BRUSSELS'  
WORKFORCE...



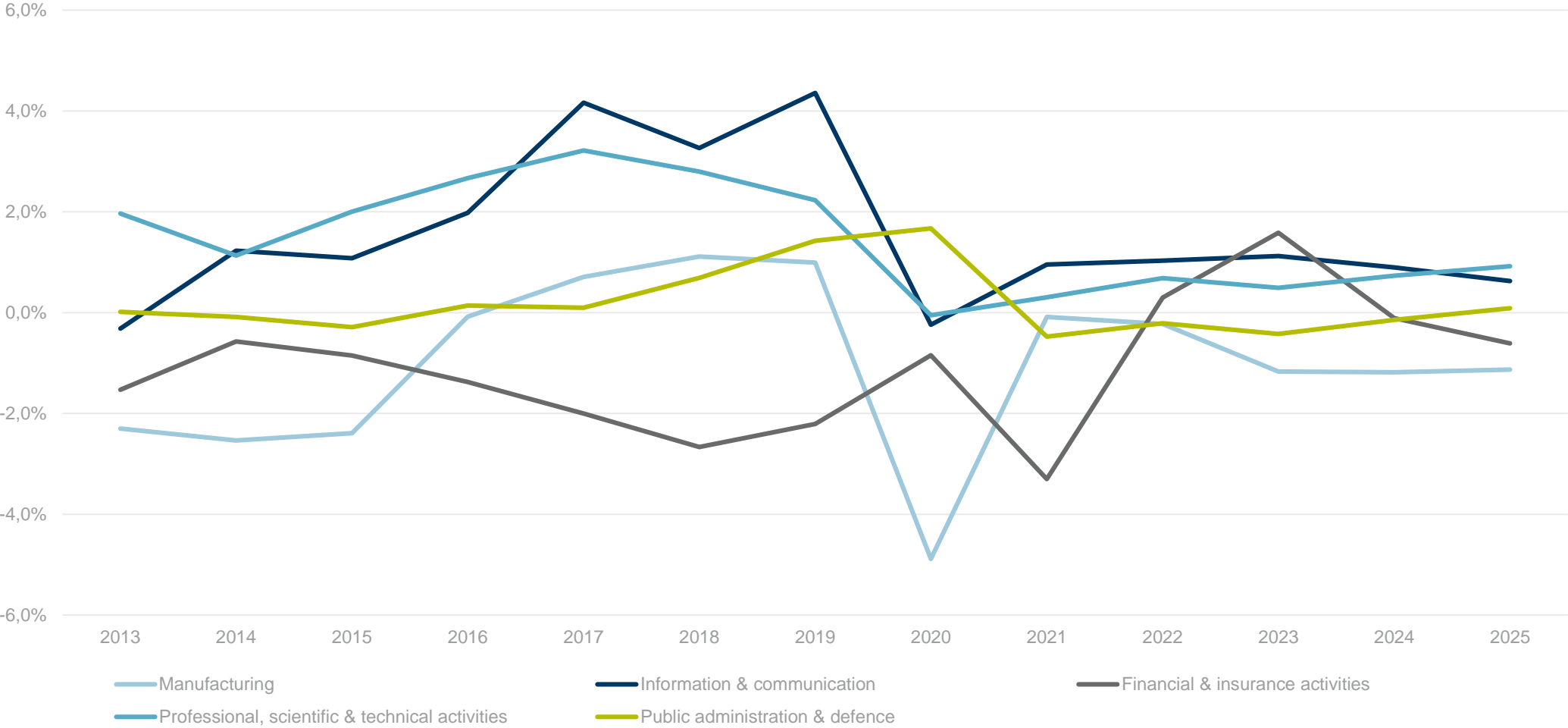
... AND THIS  
FIGURE COULD  
**INCREASE** IN THE  
FUTURE





# MACROECONOMIC OVERVIEW

## Employment Growth (%) – Post COVID-19



Source: Eurostat, Oxford Economics



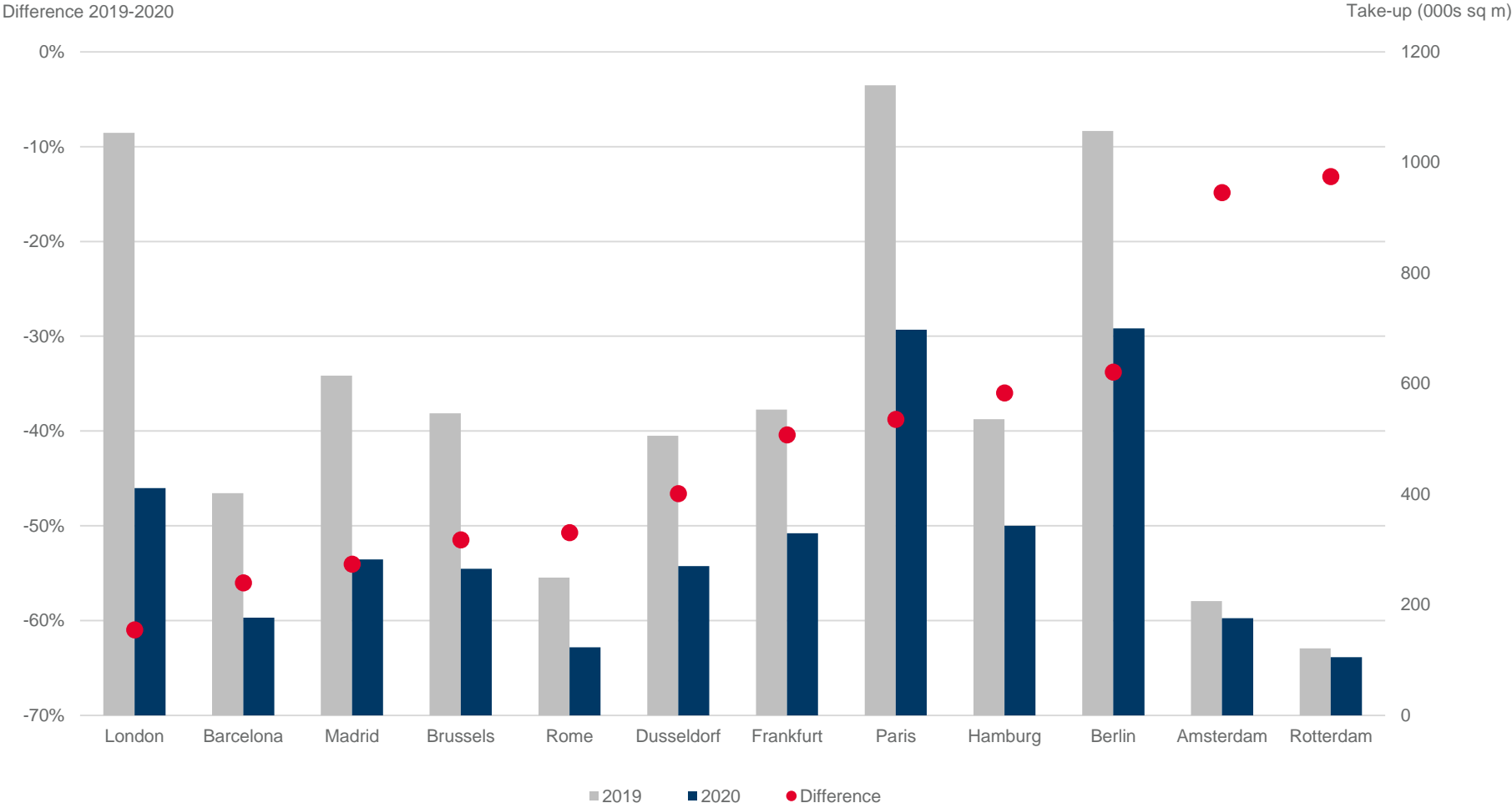
02

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EMEA OCCUPATIONAL  
MARKET

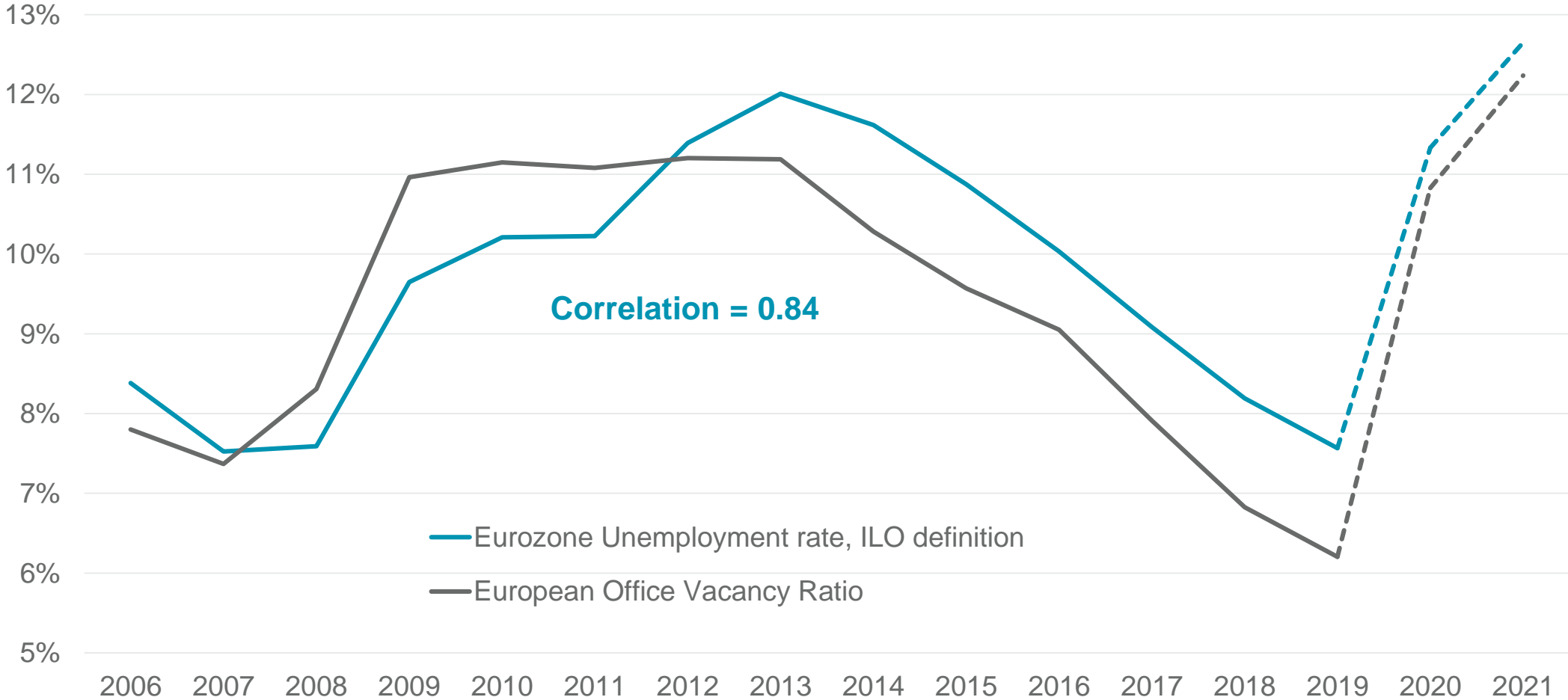
# OFFICE TAKE-UP IN EUROPE

Take-up globally 40% below 2019 levels



# OFFICE VACANCY TO RISE

European Unemployment vs. vacancy



# OUTLOOK FOR PRIME RENTS & PRIME YIELDS

Impacting values in the short to medium-term

### Rental Growth

	Office	Retail	Logistics
Europe	↘	↘	↗
UK	↘	↘	→
France	↘	↘	→
Germany	→	↘	↗
Benelux	↘	↘	↗
Belgium	→	↘	↗
Nordics	↘	↘	→
Semi-core	↘	↘	↘
CEE	↘	↘	↘
Rest EU	↘	↘	↗

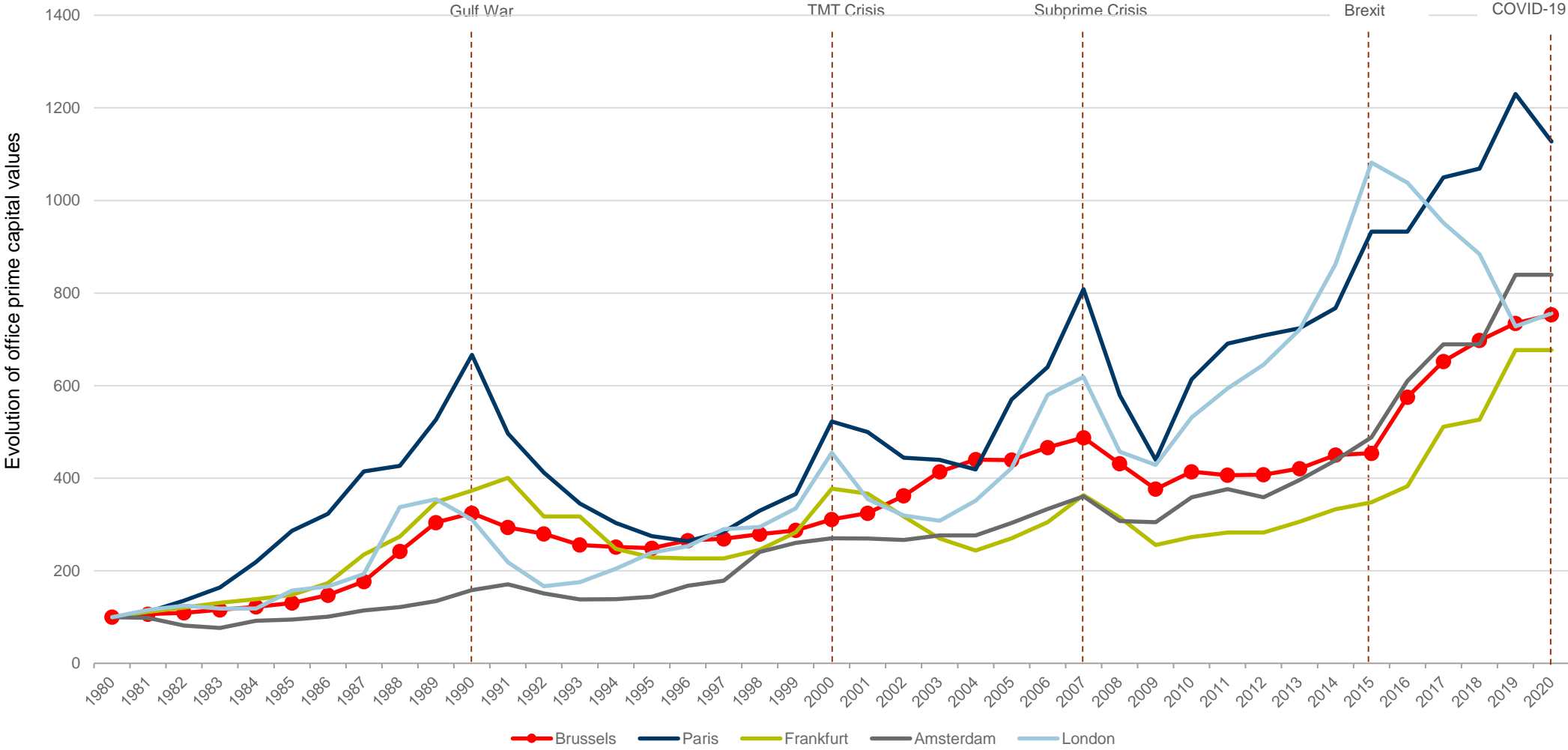
### Yields

Office	Retail	Logistics
↗	↗	↗
↗	↗	↗
↗	↗	↗
↗	↗	→
↗	↗	→
↘	↗	↘
↗	↗	↗
↗	↗	↗
↗	↗	↗
↗	↗	→

Source: Cushman & Wakefield Research

# IMPACT ON OFFICE CAPITAL VALUES

With Belgium more resilient to economic crises





03

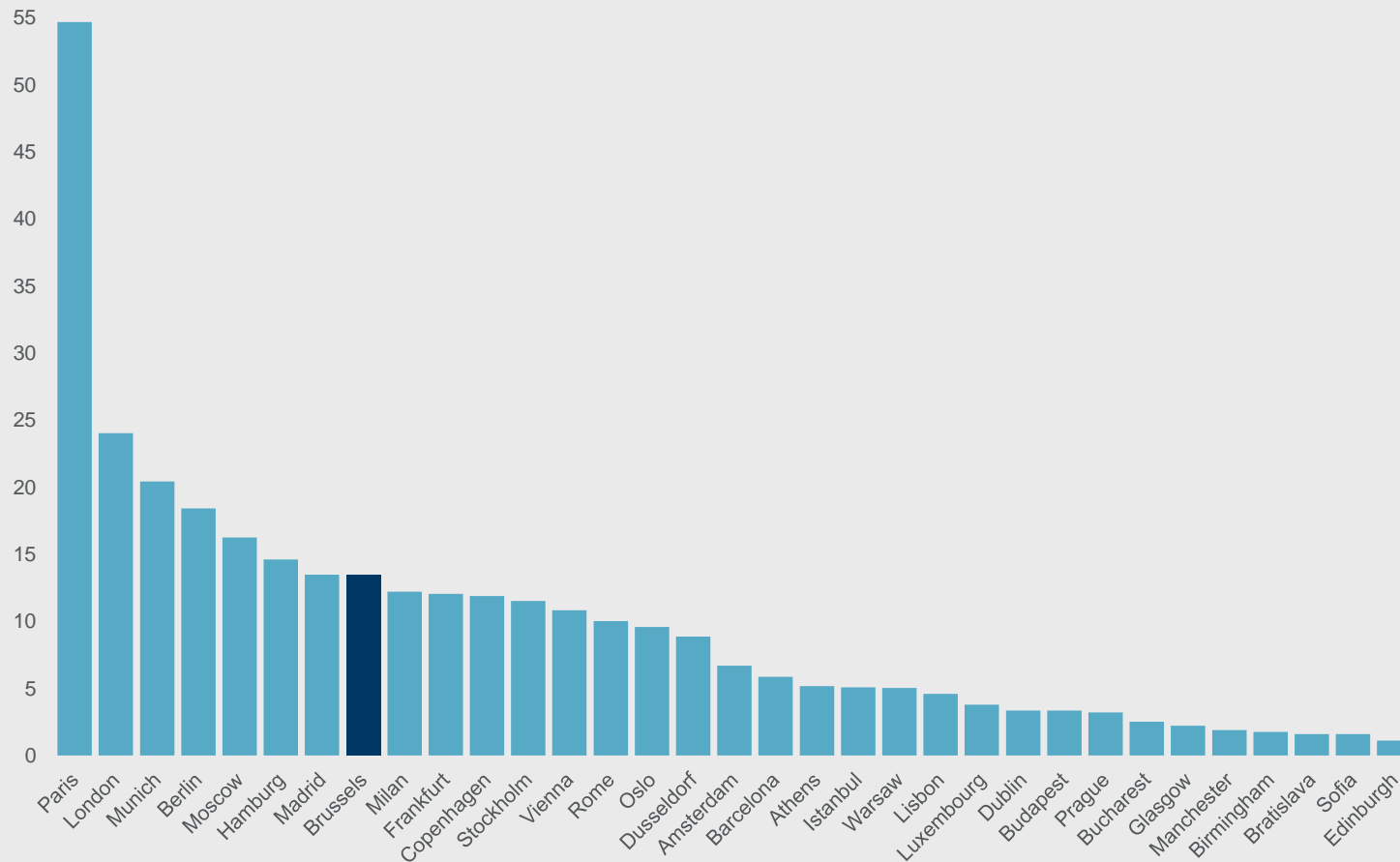
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BRUSSELS

LETTING MARKET

# OFFICE MARKET

## Office Stock // European Comparison



## BRUSSELS

With an office stock of around **13,5 million sq m**, Brussels is the 8<sup>th</sup> most important office market in Europe.



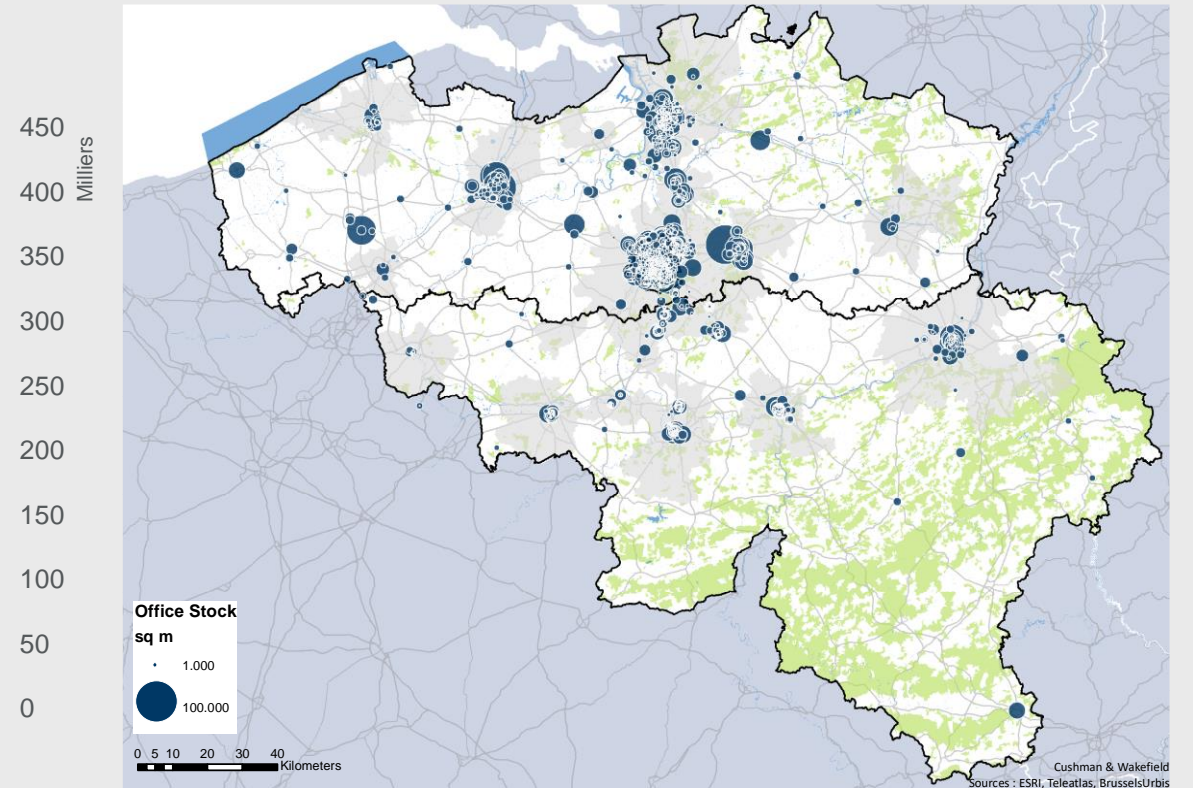
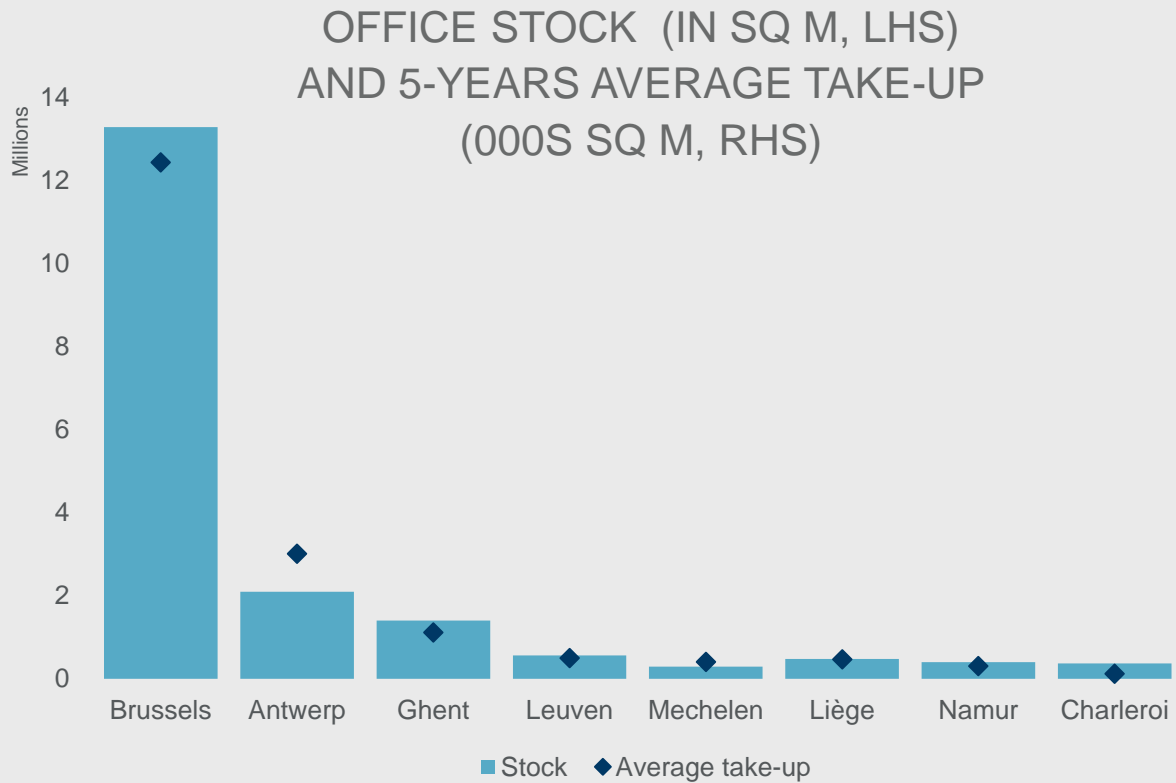
## PARIS

Paris is by far the 1<sup>st</sup> market in terms of stock, close to **55 million sq m**.



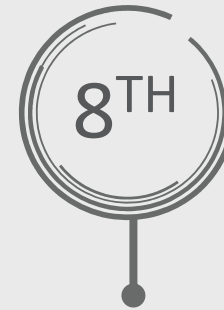
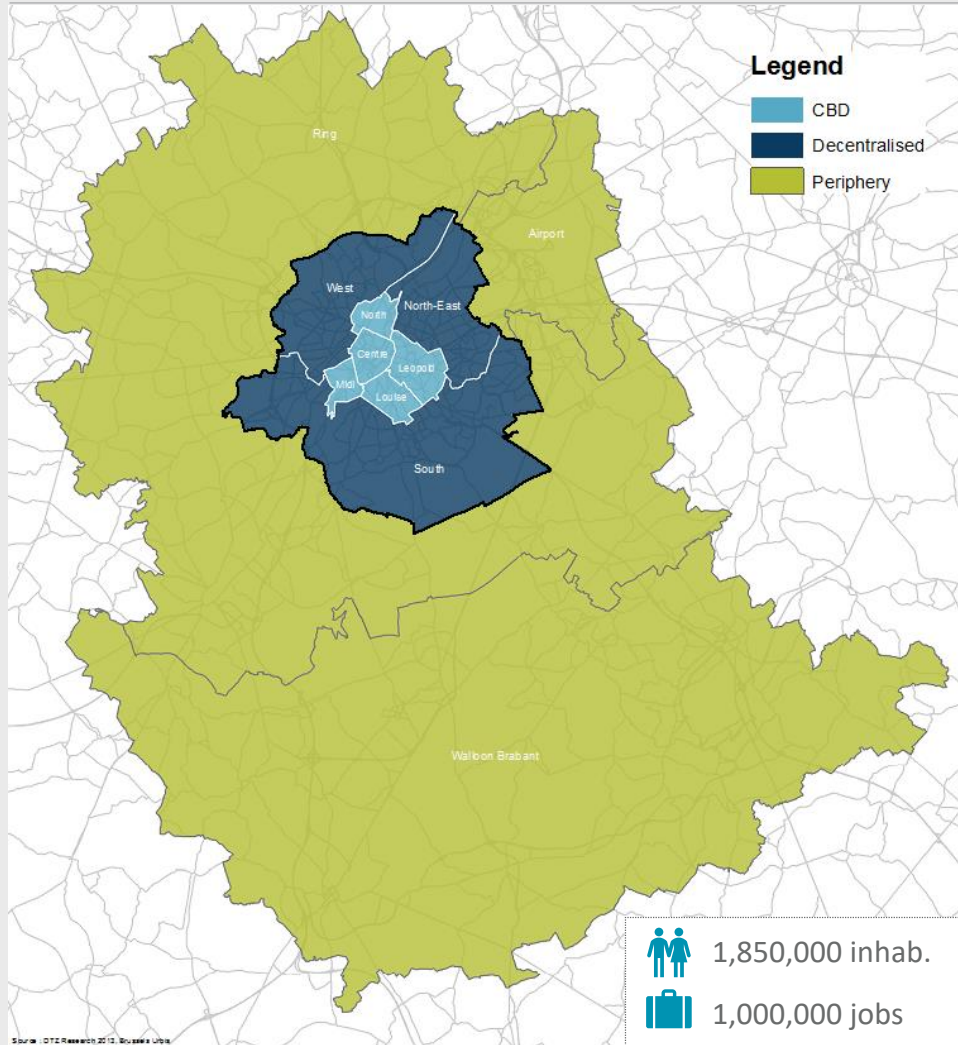
# OFFICE MARKET

## Introduction



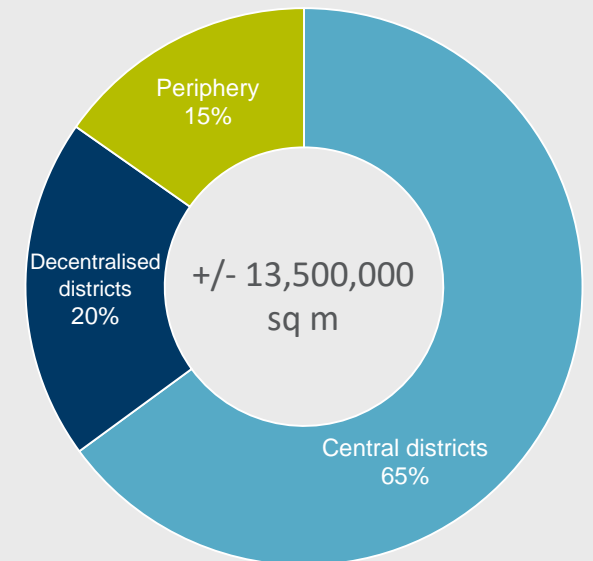
# OFFICE MARKET

## Introduction



Brussels is the eighth most important office stock in Europe after Paris, London, Munich, Berlin, Moscow, Hamburg and Madrid.

## OFFICE STOCK IN BRUSSELS PER DISTRICT



# BRUSSELS OFFICE MARKET

## Introduction



**42**

**INTERGOVERNMENTAL  
ORGANISATIONS**



**15%**

**OF THE GDP LINKED TO THE  
INTERNATIONAL PRESENCE  
IN BRUSSELS**



**20,000**

**LOBBYISTS**



**5,500  
DIPLOMATS**



**121,000**

**JOBS LINKED TO THE  
INTERNATIONAL  
PRESENCE, BOTH DIRECTLY  
AND INDIRECTLY\***



**± 90,000**

**ENTERPRISES ARE  
REGISTERED IN BRUSSELS,  
REPRESENTING MORE  
THAN 72,000 JOBS**

*\*(=17% OF THE EMPLOYMENT)*



**300**

**REGIONAL & LOCAL  
REPRESENTATIONS**



**1<sup>ST</sup>**

**EUROPEAN CONGRESS  
CITY**



**1<sup>ST</sup>**

**CITY WORLDWIDE WITH THE  
HIGHEST NUMBER OF  
DIPLOMATS**

# BRUSSELS OFFICE MARKET

The European Presence in Brussels



**20**

ORGANISATIONS OF THE  
EUROPEAN UNION



**CAPITAL**

OF THE EUROPEAN UNION



**40,000**

JOBS IN THE DIFFERENT  
EUROPEAN INSTITUTION



**1,950,000 SQ M**

OCCUPIED WITH DIFFERENT REAL ESTATE POLICIES:

EC & AGENCIES:	1,000,000 SQ M	→	60% LET
PARLIAMENT:	± 600,000 SQ M	→	80% OWNED
COUNCIL:	± 240,000 SQ M	→	100% OWNED
COMMITTEE OF REGIONS:	± 50,000 SQ M	→	85% OWNED
EEAS:	± 50,000 SQ M	→	100% LET

# BRUSSELS OFFICE MARKET

The Belgian Federal Presence in Belgium // Building Agency



**1,123**

**BUILDINGS OCCUPIED  
IN BELGIUM**



**7,290,000**

**SQ M OCCUPIED IN BELGIUM**



**71%**

**OWNED BY  
THE FEDERAL STATE**



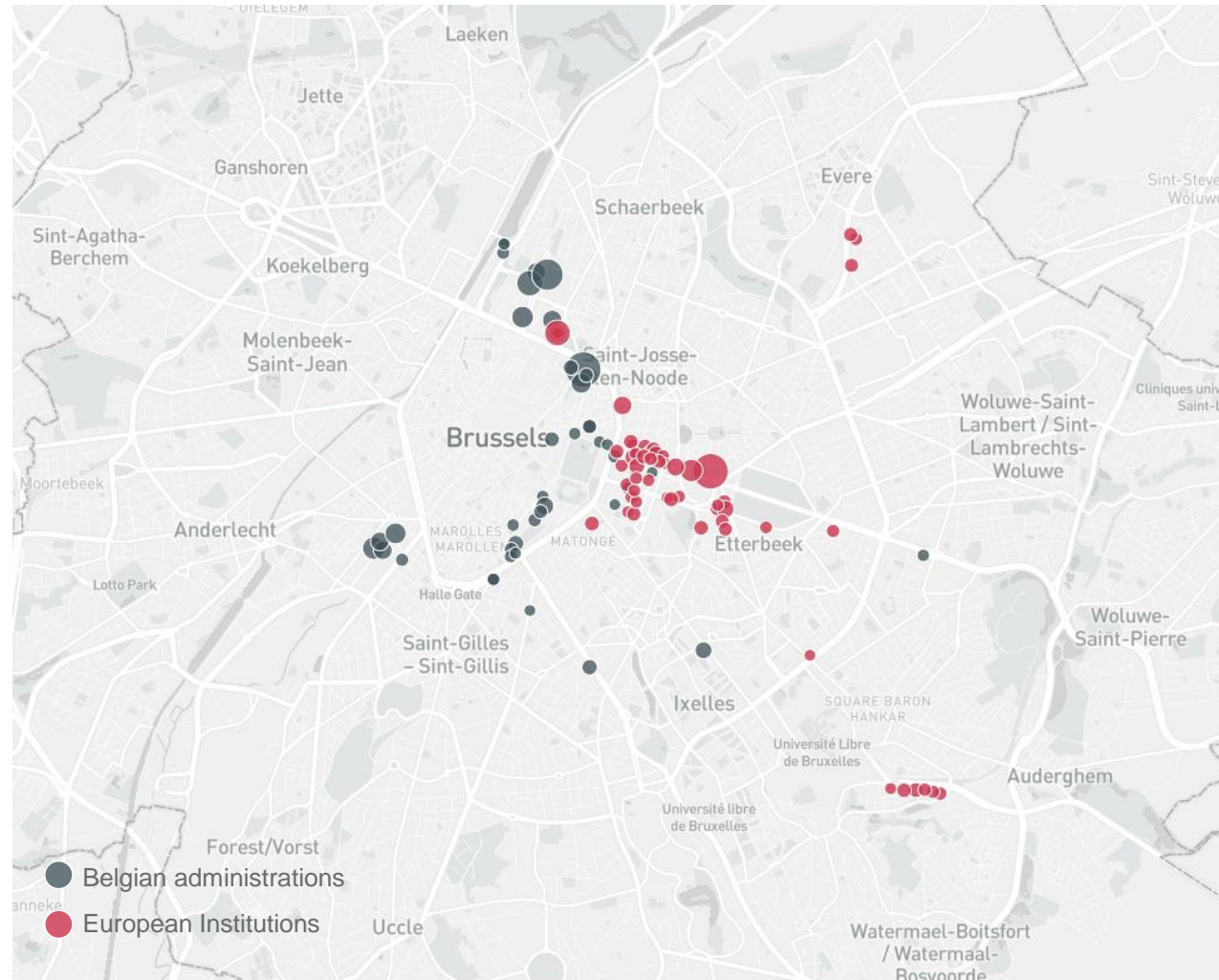
**3,220,000 SQ M**

**OCCUPIED IN BRUSSELS, WITH SOME DIFFERENCES:**

<b>OWN USE BUILDINGS:</b>	90 buildings
<b>OWN USED SURFACES:</b>	1,670,000 sq m
<b>LET BUILDINGS:</b>	61 buildings
<b>LET SURFACES:</b>	1,550,000 sq m

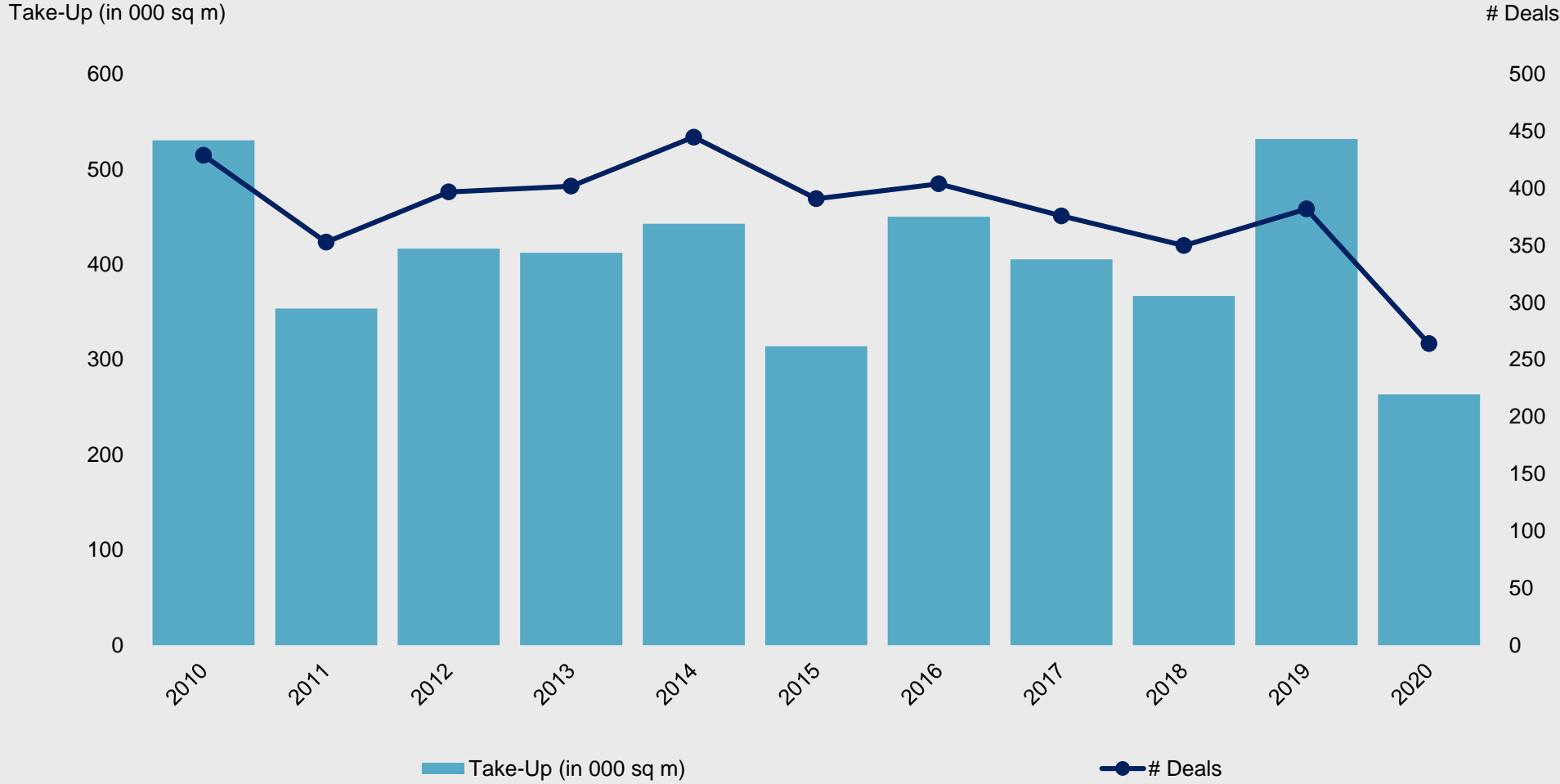
# OFFICE MARKET

## Location of the EU Institutions & Belgian Administrations



# OFFICE MARKET

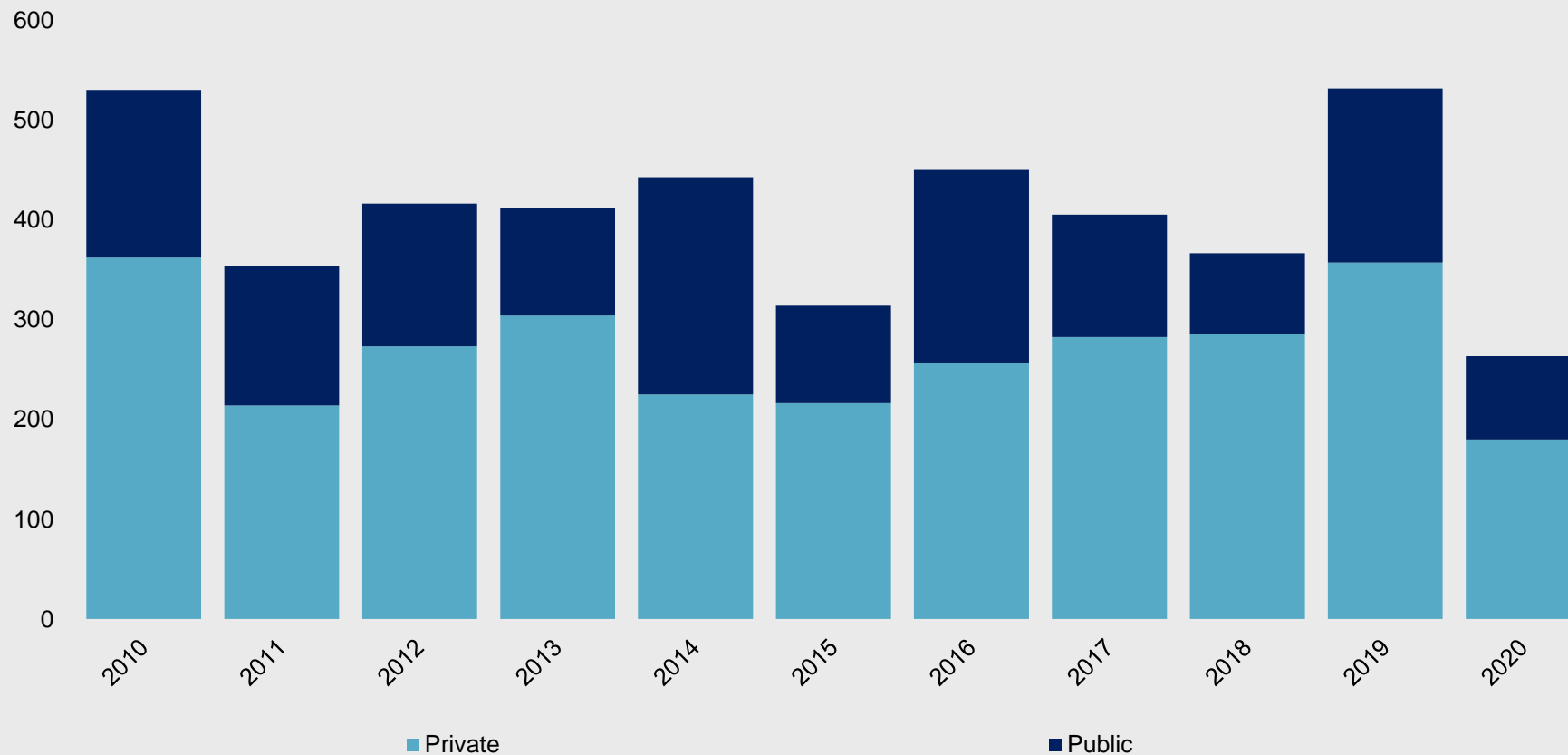
## Take-up Analysis



# OFFICE MARKET

## Take-up Analysis // Public & Private Sectors

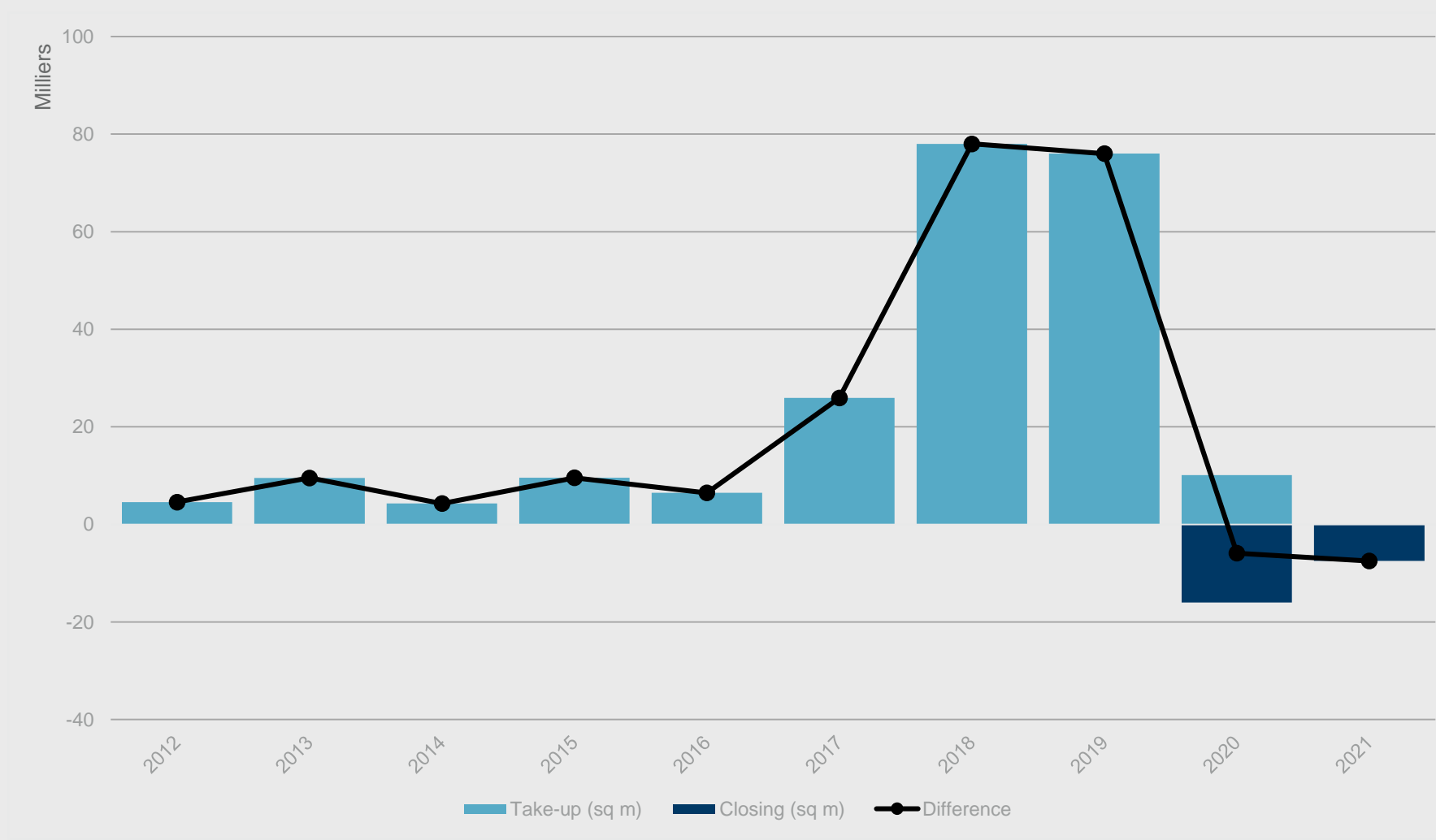
Take-Up (in 000 sq m)





# CO-WORKING ANALYSIS

## Co-Working Take-up in Brussels



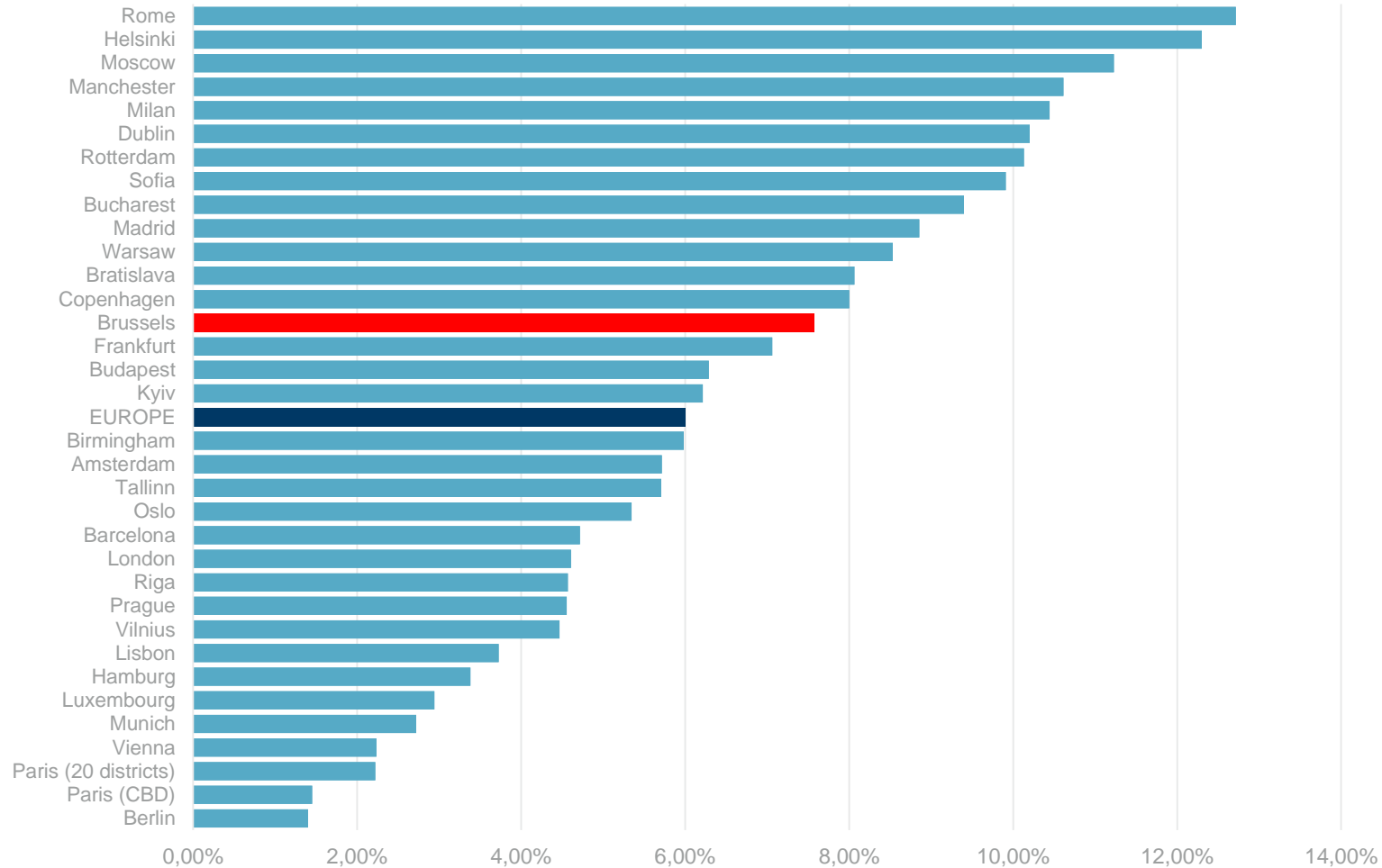
# CO-WORKING ANALYSIS

## Main Operators in Brussels

OPERATOR	SURFACES (SQ M)	# COWORKING SPACES
IWG (Regus & Spaces)	+ 58,500	26
SilverSquare *	46,000	14
Fosbury & Sons	20,500	4
WeWork	18,000	3
Tribes	12,500	4
Meet District *	12,000	2
Multiburo	9,200	6
Buzzy Nest	6,400	2
Interoffices	5,500	6
Mundo Centre *	5,500	1
OffiCentre	4,100	1
Servcorp	4,100	3
Welkin & Meraki	3,500	1
Co.Station	3,300	2
Transforma	3,100	2
The Crescent	3,000	1

# OFFICE MARKET

## Vacancy Rate in Main European Markets

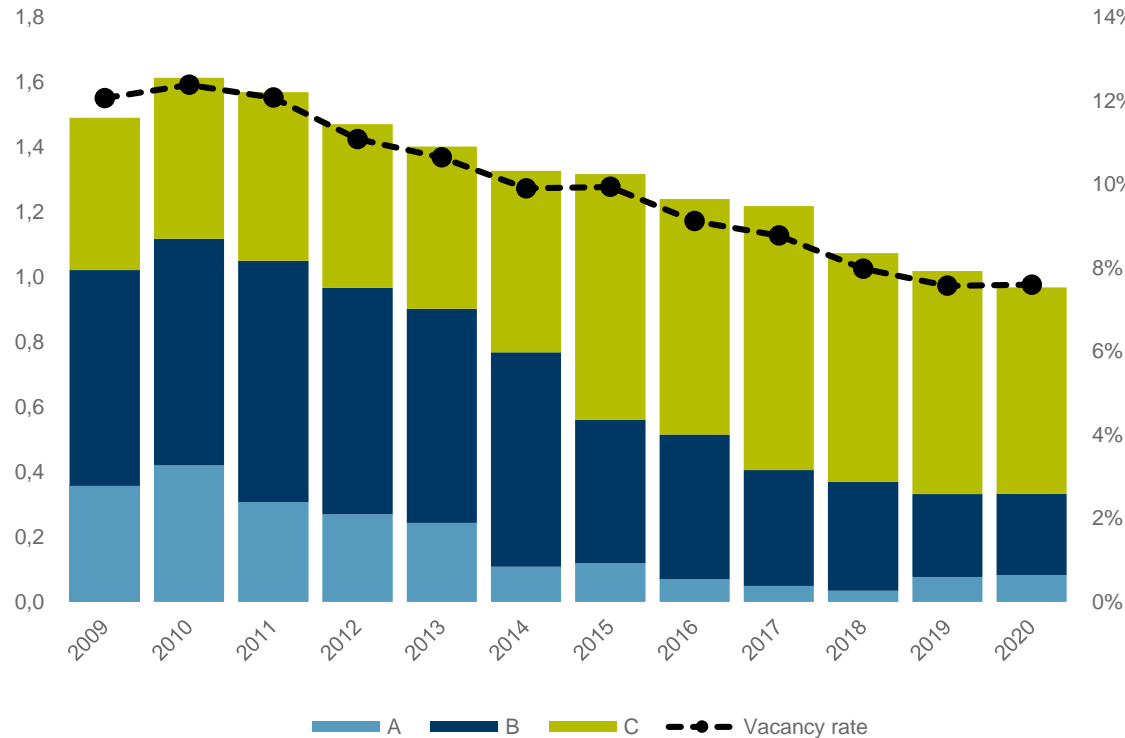


Source: Cushman & Wakefield

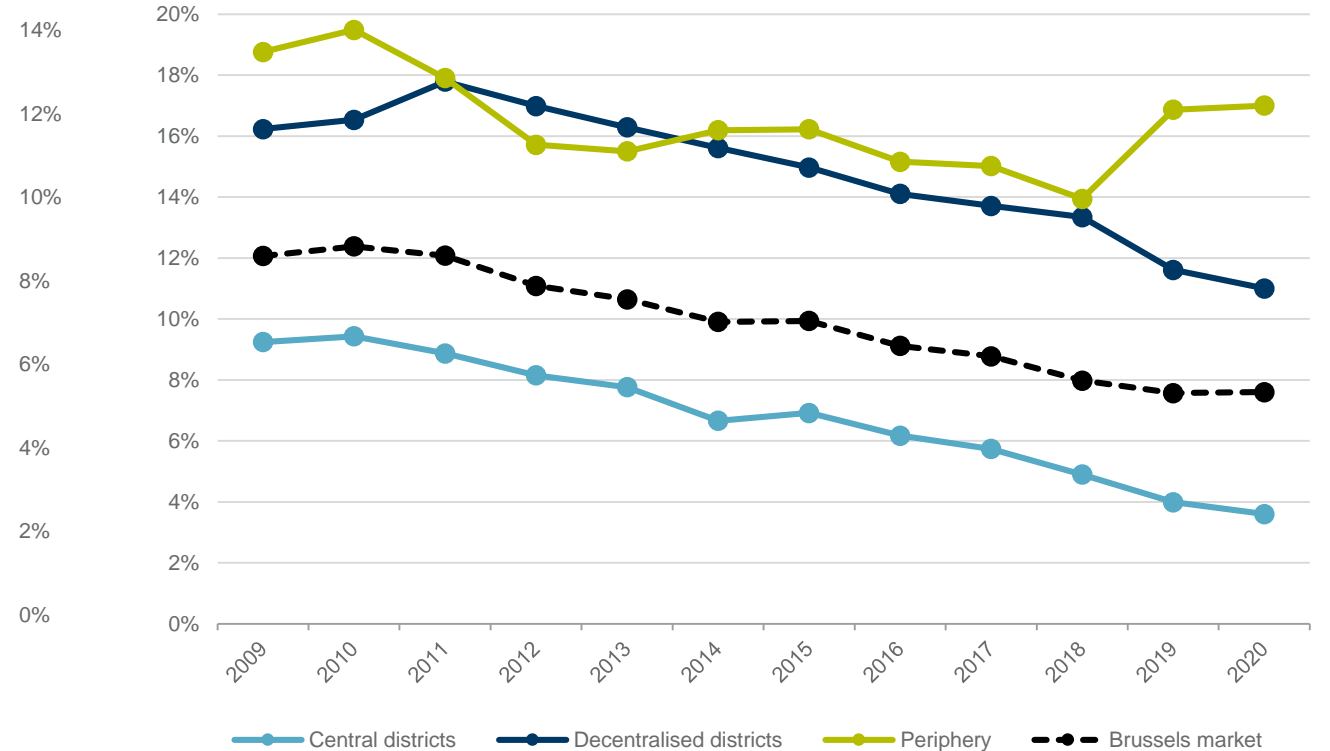
# BRUSSELS OFFICE MARKET

## Vacancy Rate

AVAILABLE SPACES BY BUILDING GRADE (IN M SQ M, LHS)  
AND BRUSSELS VACANCY RATE (% , RHS)



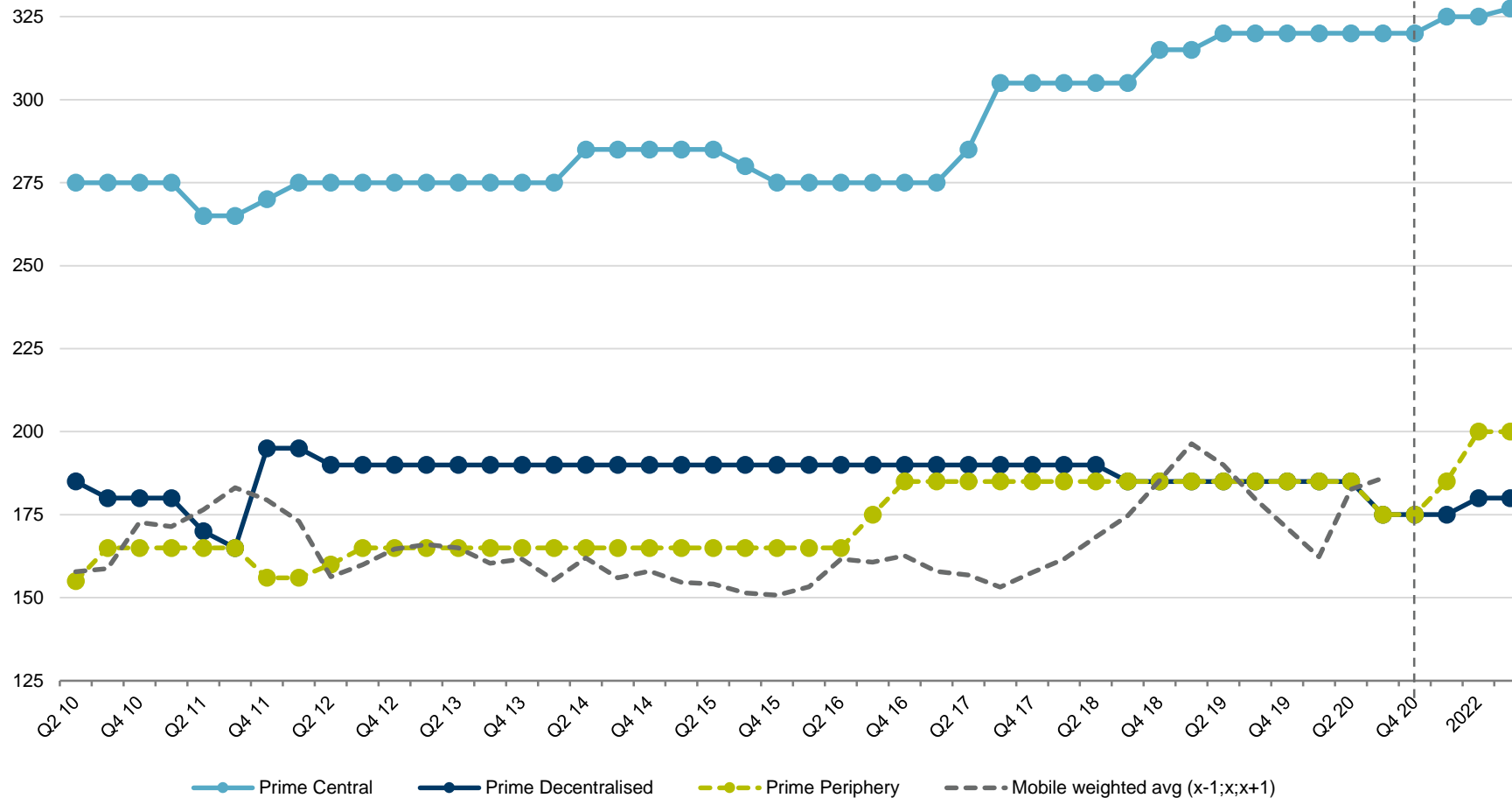
DIFFERENT TRENDS OBSERVED BETWEEN DISTRICTS,  
VACANCY RATE, IN %



# BRUSSELS OFFICE MARKET

## Rents

PRIME AND WEIGHTED AVERAGE RENT EVOLUTION (EUR/SQ M/YEAR)



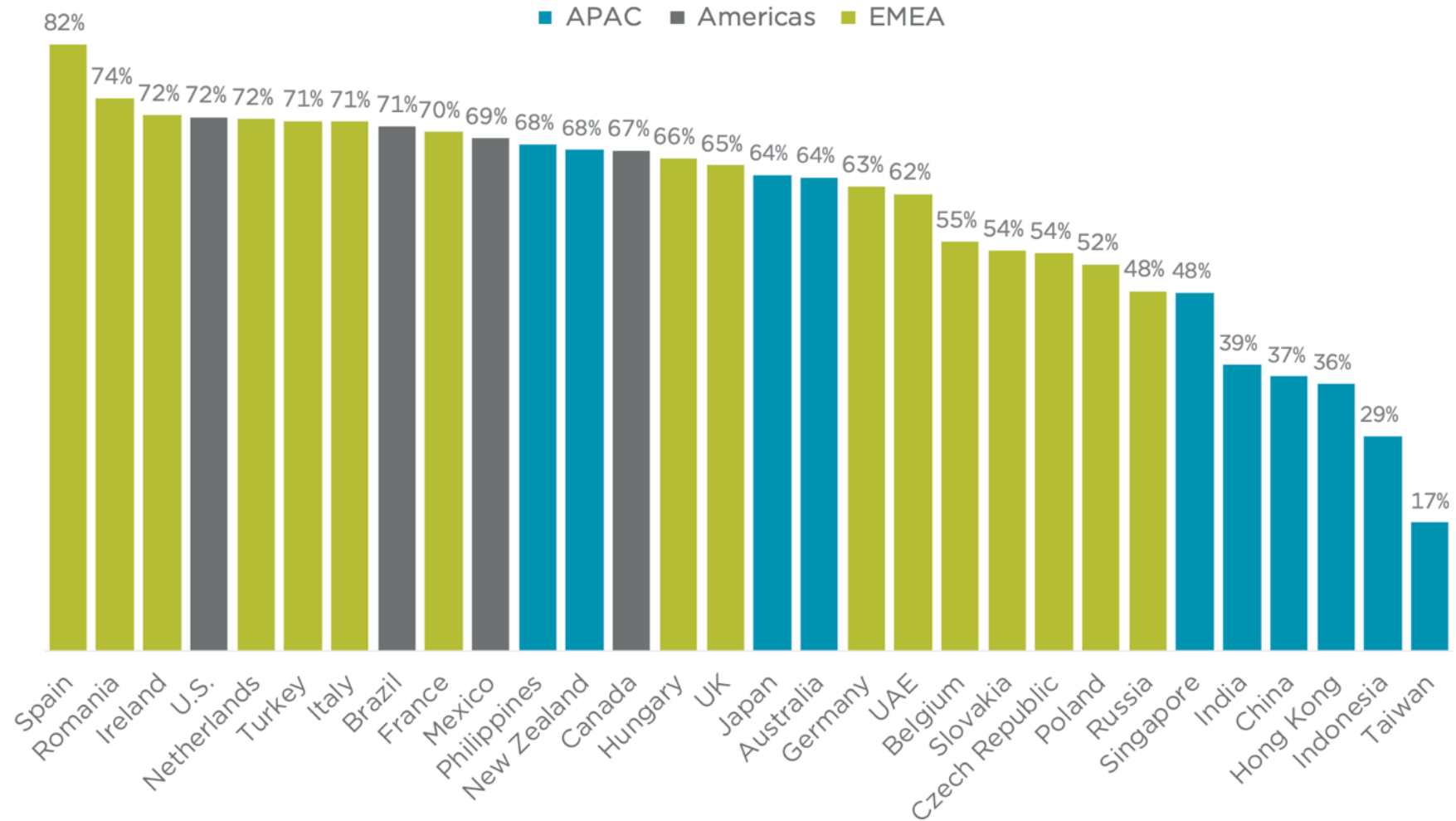
PRIME RENTS RECORDED FOR TRANSACTIONS > 500 SQ M.

RENTS COULD BE HIGHER FOR VERY SMALL TRANSACTIONS

# THE FUTURE OF THE OFFICE LANDSCAPE

REMOTE WORKING EXPECTED TO INCREASE IN THE COMING MONTHS...

## EMPLOYEES' EXPECTATIONS FOR INCREASED REMOTE WORK IN THE FUTURE

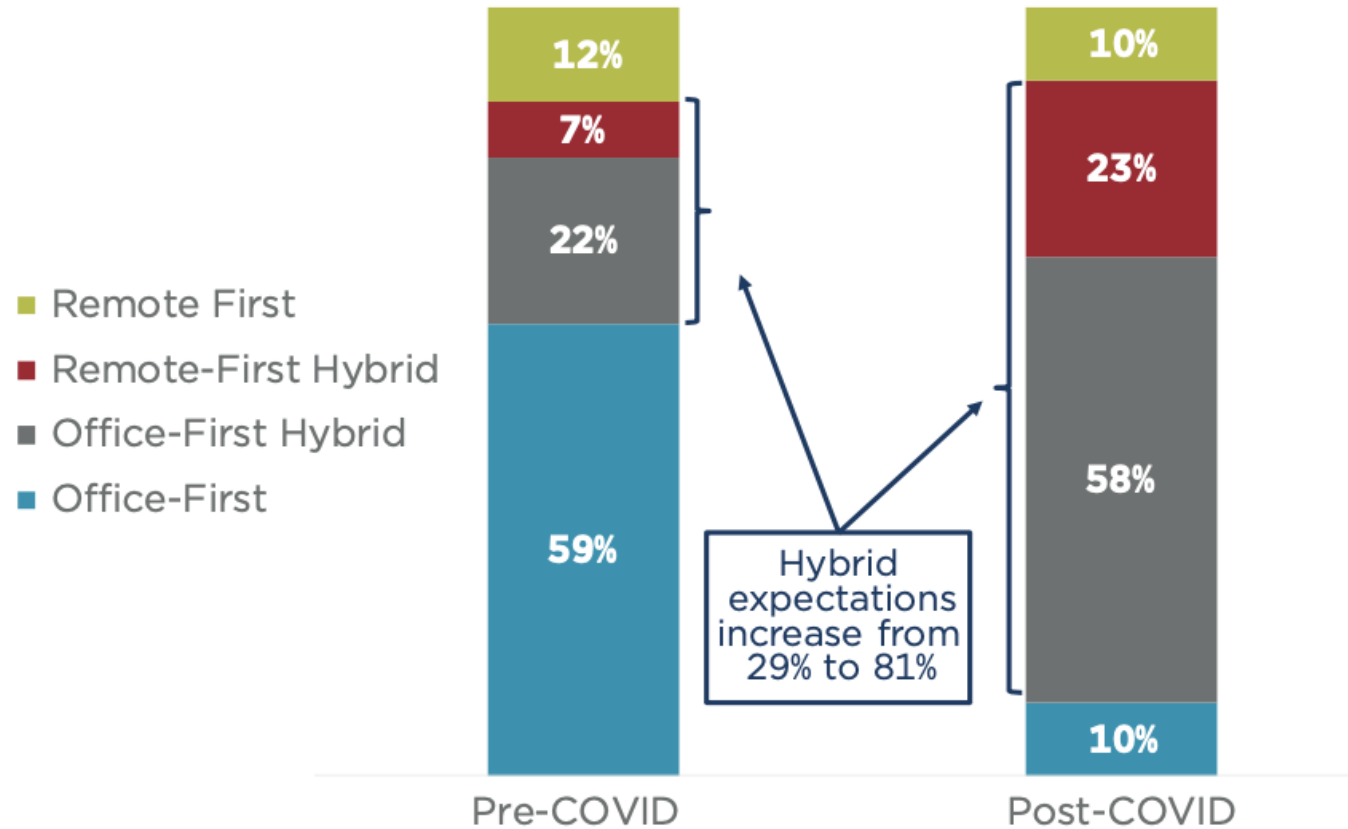


Source: Cushman & Wakefield Experience per Square Foot™ (XSF) 2020 Survey

# THE FUTURE OF THE OFFICE LANDSCAPE

...IMPLYING NEW WAYS OF WORKING...

## MOVING TOWARDS ECOSYSTEMS

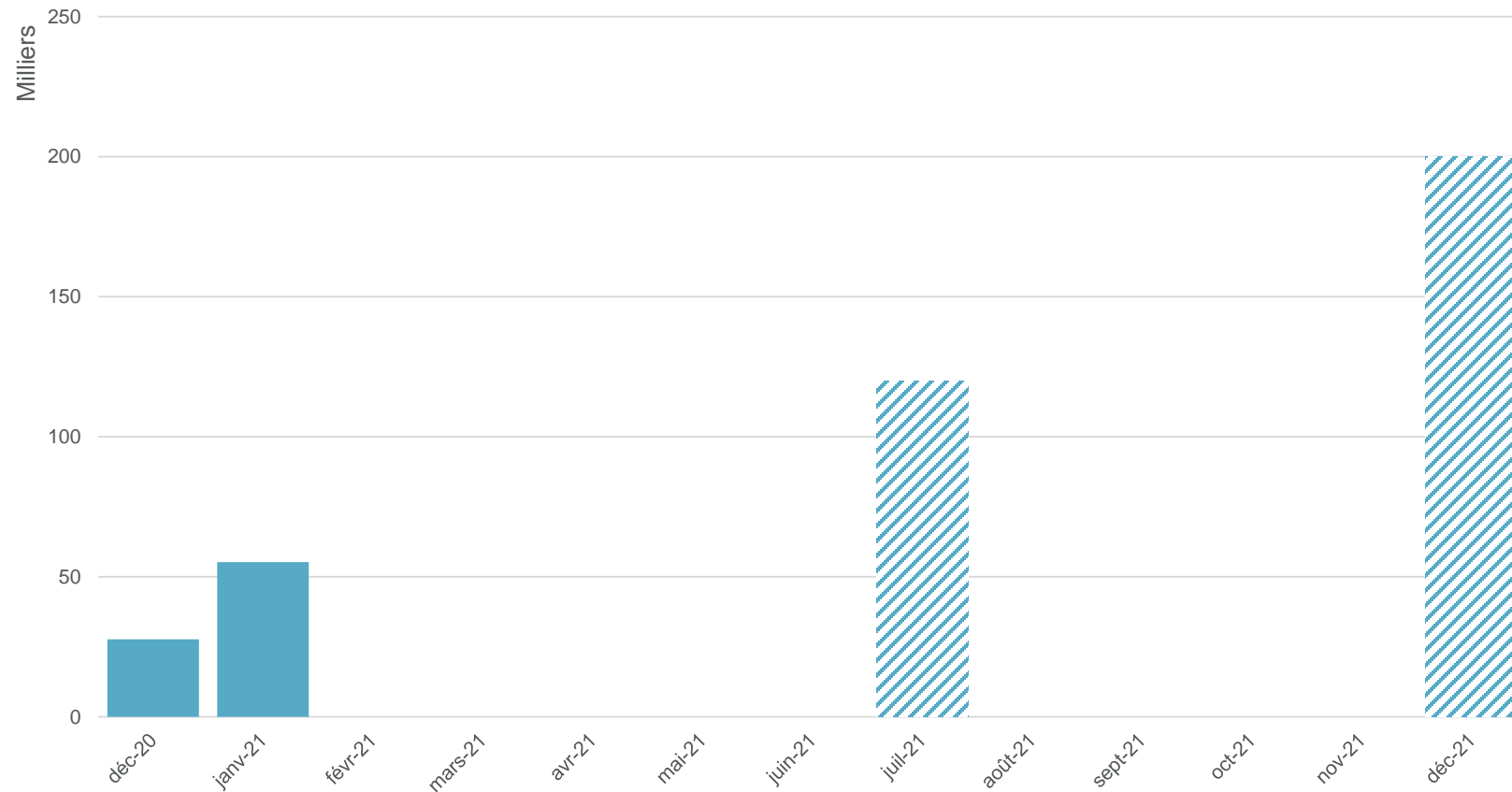


**Source:** CoreNet Global; Cushman & Wakefield Research.

# THE FUTURE OF THE OFFICE LANDSCAPE

... WITH A POTENTIAL STRONG INCREASE OF "GREY SPACES"

MONTHLY FOLLOW-UP OF GREY SPACES (000S SQ M) AND YEAR-END ESTIMATION



OTHER THINGS UNCHANGED, A 200,000 SQ M OF GREY SPACES WILL CONTRIBUTE TO A 1.5% INCREASE OF THE VACANCY RATE



# THE FUTURE OF THE OFFICE LANDSCAPE

WHAT'S NEXT TO COVID-19 ?

---

CONCENTRATION  
TO VIBRANT  
&  
MIXED-USE  
ENVIRONMENT

MORE SPACES  
FOR  
COLLABORATION  
&  
LEARNING

HEALTH  
MANAGEMENT

INCREASE OF  
AGILE WORKING  
TREND

TOWARDS  
MORE  
FLEXIBILITY

INCREASING USE  
OF TECHNOLOGY  
TO MONITOR THE  
ACTIVITY

WELL-BEING

HYBRIDATION OF  
THE  
WORKPLACE

# THE FUTURE OF THE OFFICE LANDSCAPE

IMPACT FOR THE BRUSSELS OCCUPATIONAL MARKET

---

TOWARDS  
**320,000 SQ M**  
ON A YEARLY  
BASIS

VACANCY AROUND  
**9%**  
BY 2022

GROWING  
**DISPARITIES**  
BETWEEN FLEXIBLE  
AND OBSOLETE  
OFFICE SPACES

PRIME RENTS TO  
**325**  
€ / SQ M / YEAR  
BY THE END OF 2021



04

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**BRUSSELS OFFICE  
PIPELINE**

# BRUSSELS OFFICE MARKET

## Future Supply by status

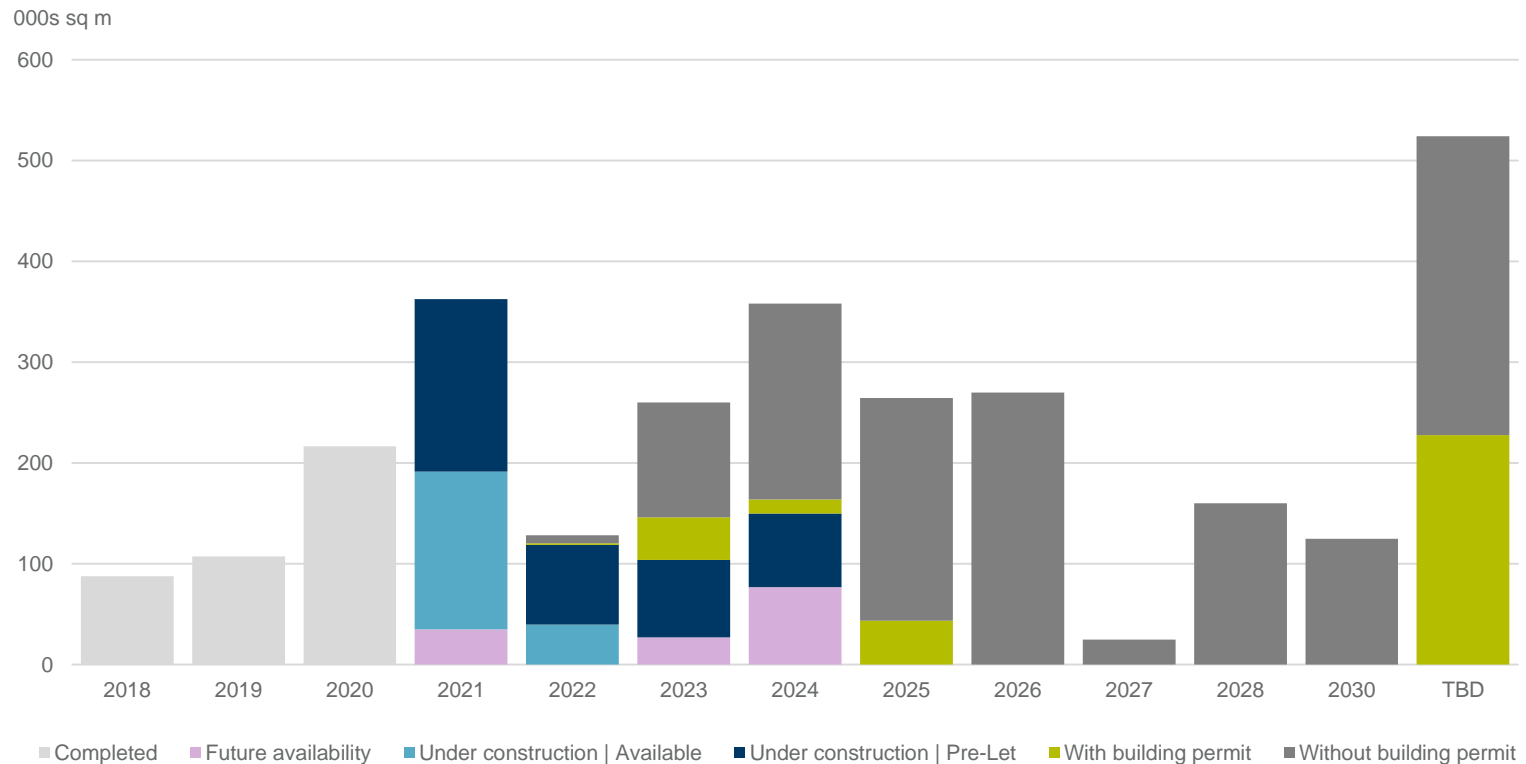
└ Future availabilities: 139,000 sq m

└ Speculative pipeline: 196,000 sq m

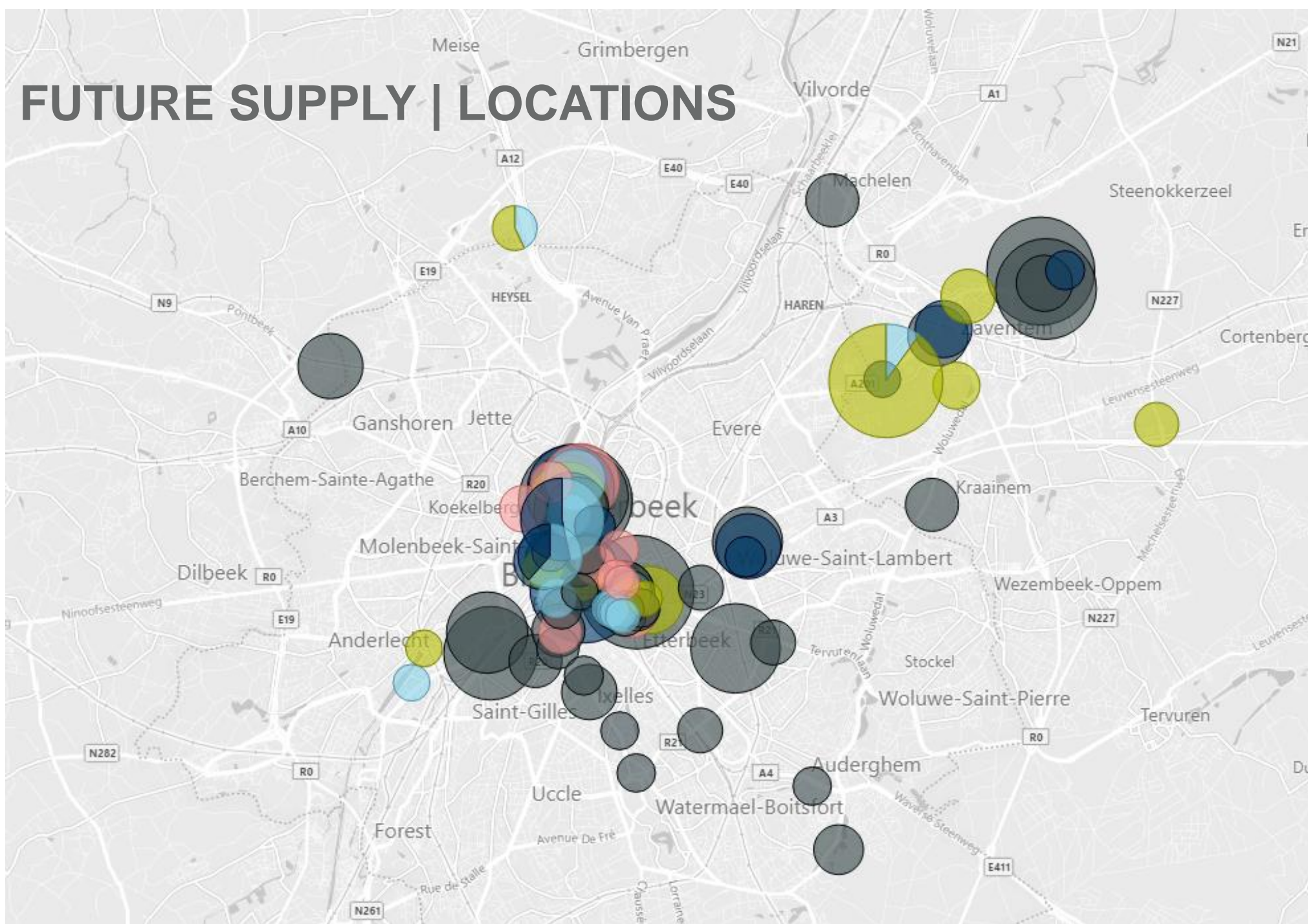
└ Pre-let pipeline: 400,000 sq m

└ With building permits: 329,000 sq m

└ Without building permits: 1,400,000 sq m



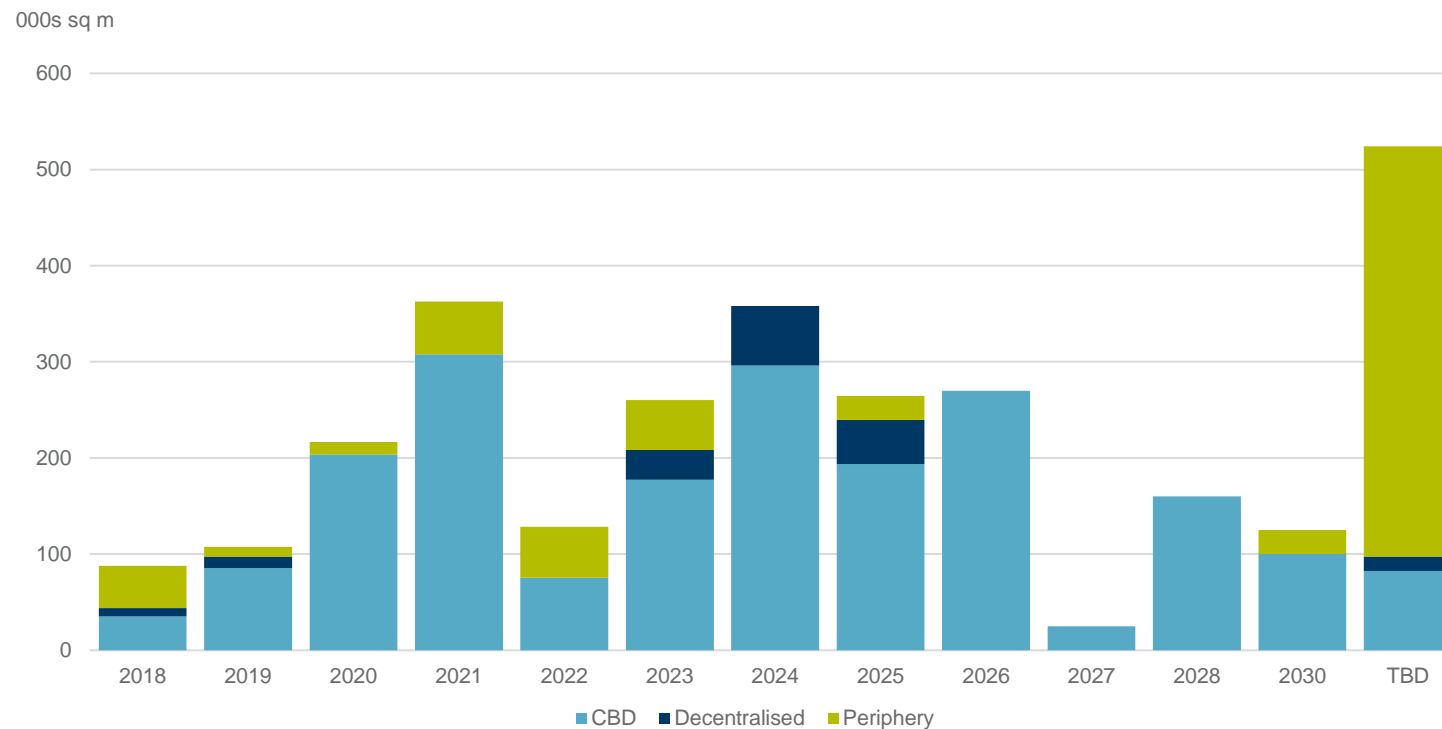
# FUTURE SUPPLY | LOCATIONS



# BRUSSELS OFFICE MARKET

## Future Supply by district

- └ CBD: 1,700,000 sq m (68% of the total)
- └ Decentralised: 150,000 sq m (6% of the total)
- └ Periphery: 640,000 sq m (26% of the total)



# 05



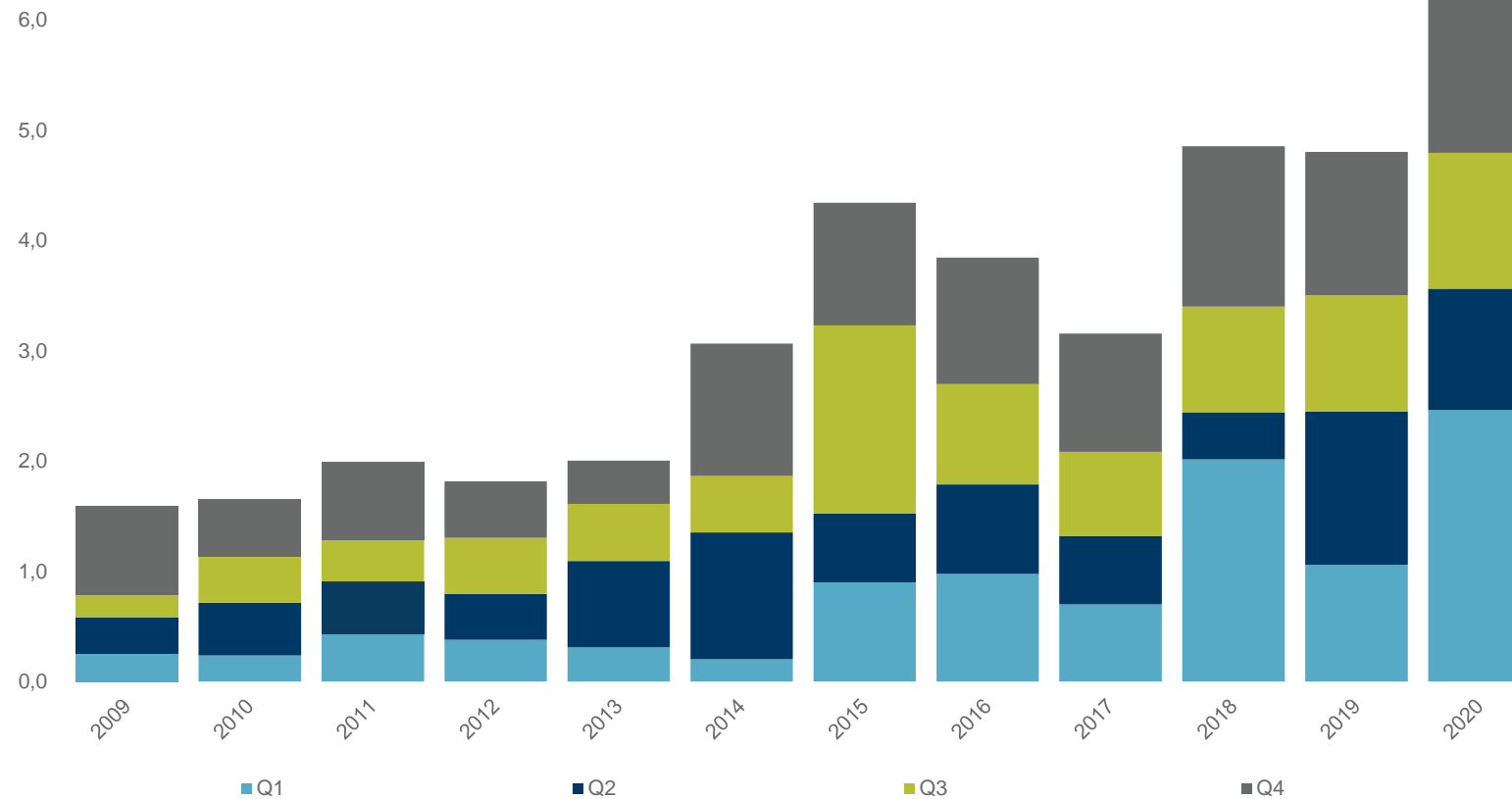
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## INVESTMENT MARKET

# INVESTMENT MARKET

## Investment Market in Belgium (All sectors)

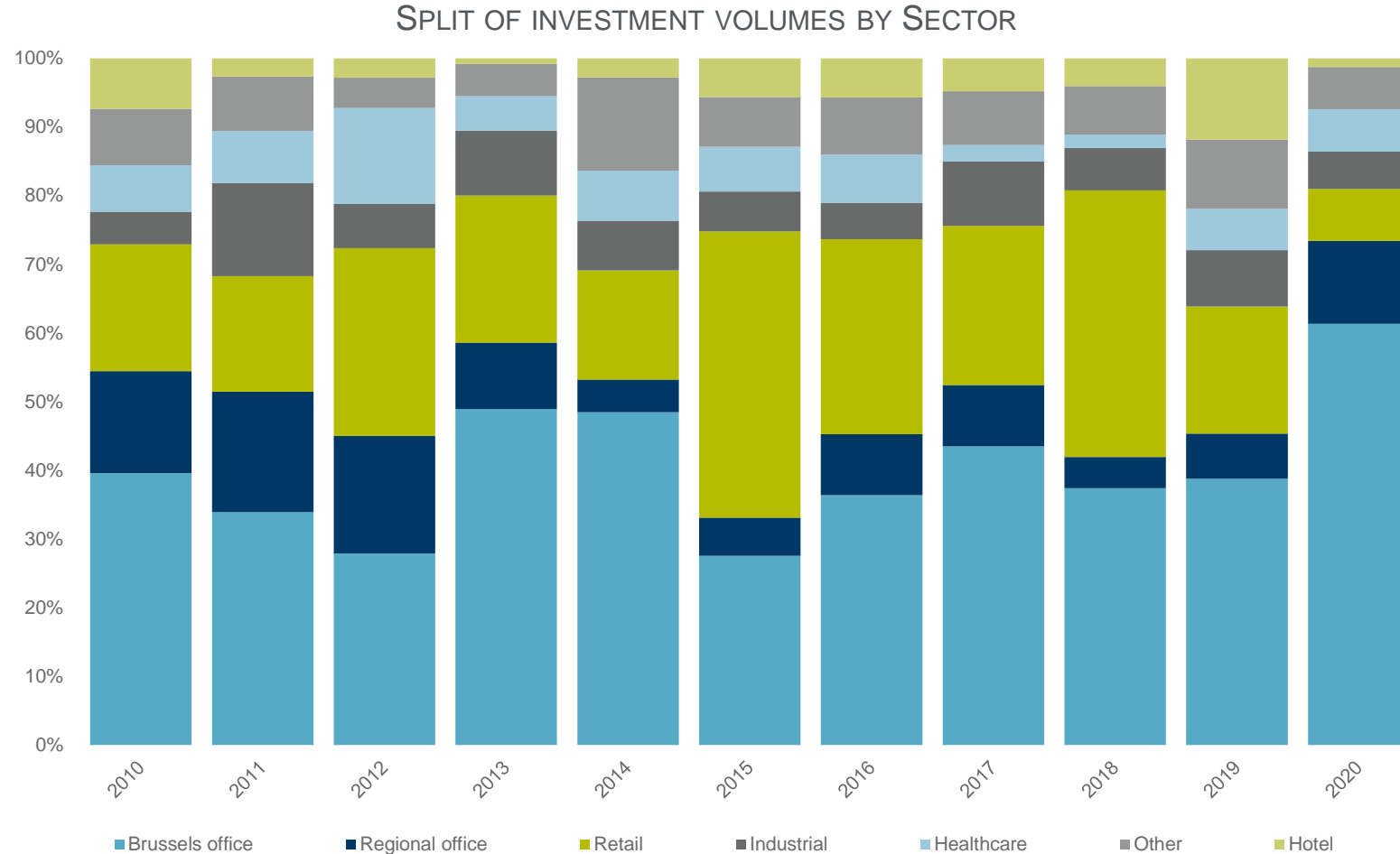
INVESTMENT VOLUMES BY QUARTER (EUR BN)





# INVESTMENT MARKET

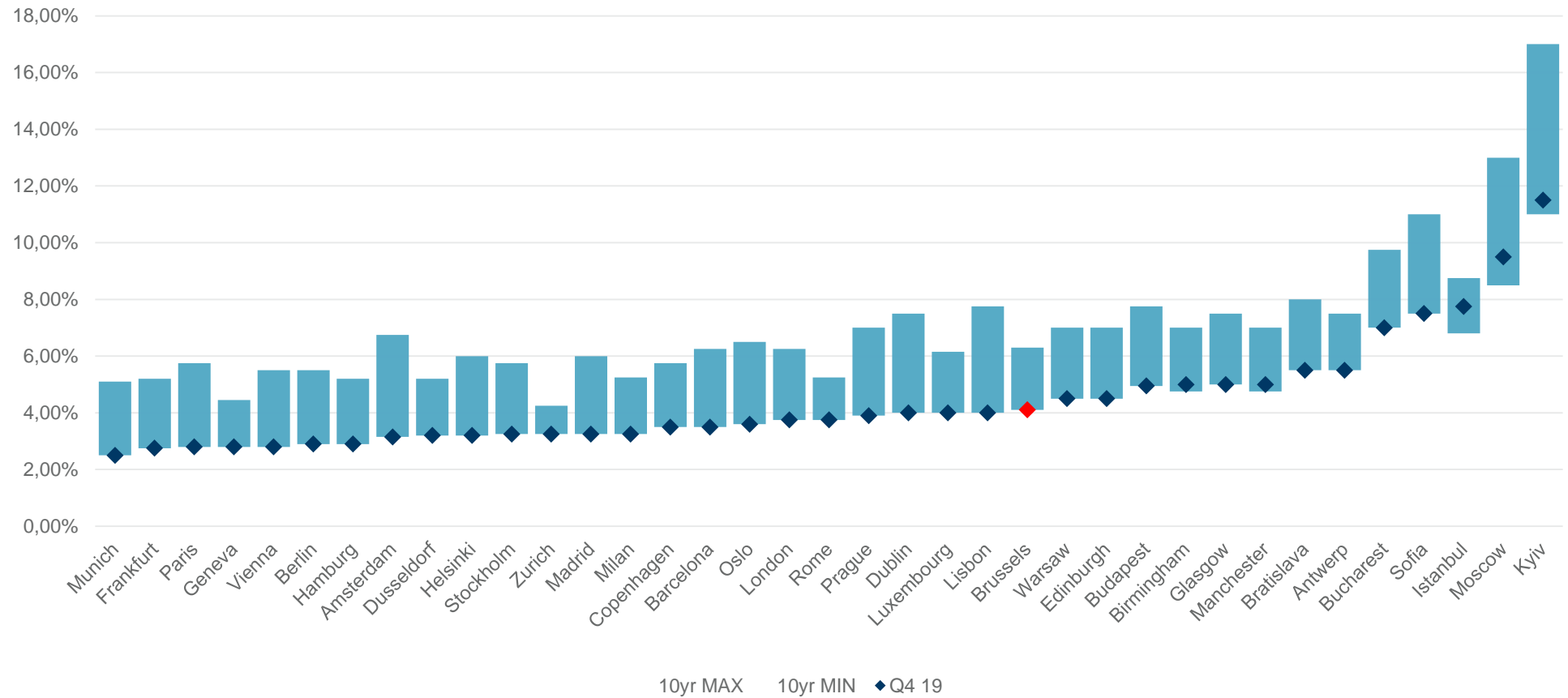
## Investment Market in Belgium (All sectors)



# INVESTMENT MARKET

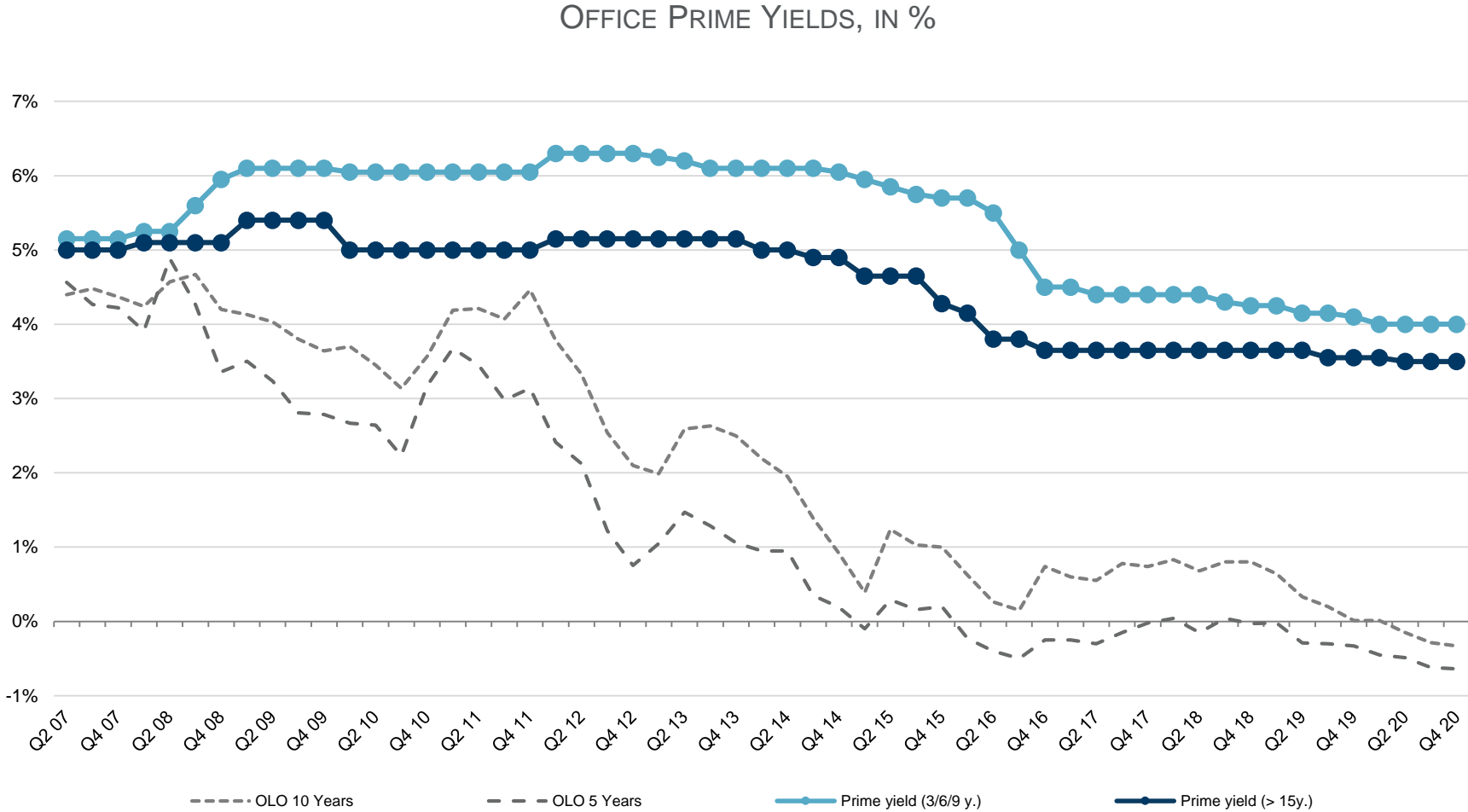
## Prime Yields // European Comparison

Prime Office Yields in Major European Cities (in %)



# INVESTMENT MARKET

## Prime Yields in Brussels



# CONTACTS

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[Cedric.vanmeerbeeck@cushwake.com](mailto:Cedric.vanmeerbeeck@cushwake.com)

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## Data Series

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- The data series has been prepared based on information which has been collected through our own Research, Capital Markets and Agency teams as well as material available to us from public and other external sources. In respect of all external information, the sources are believed to be reliable (unless stated) and have been used in good faith. However, Cushman & Wakefield has not verified such information and cannot accept responsibility for their accuracy and completeness, nor for any undisclosed matters that would affect the conclusions we have drawn. Nonetheless, in interpreting the information used, we have had to rely on the validity and accuracy of the data and information sources available to us.
- We have taken every possible care in the collation of this data series. The data is believed to be correct at the time of reporting, but may be subject to change during the life of the project and beyond and as new information becomes available. We reserve the right to change data without prior notice in the light of revised market opinion and evidence.
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