



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
785,000 sq m Take-up 2024 YTD	▼	—
68 €/sq m/year Prime rent Logistics & Semi-Industrial	—	—
357 MEUR Investment volume 2024 YTD	—	—

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
1.1% GDP Growth	▼	—
72% Employment Rate	▲	▲
3.5% Industrial turnover index (June 2024, month-on-month)	▼	▲

Source: National Bank of Belgium (NBB) and Statbel

BELGIUM'S STEADY COURSE AMID INFLATIONARY CHALLENGES

The Belgian's economy expanded by 1.1% in the second quarter of this year, driven by strong private consumption and governmental spending. However, the growth was tempered by the country's trade deficit. This quarterly performance aligns with projected growth rates of 1.3% for 2024 and 1.4% for 2025. Private consumption is expected to remain robust, supported by the indexation of the wages and social benefits. Economic activity in the Eurozone rebounded in the first half of this year, with a growth rate of 0.6% in Q2 2024. The ECB projects an overall growth level of 0.8% for 2024, with all member states returning to a positive growth rate. The southern rim of the Eurozone (e.g. Spain, Croatia and Malta) is set to outpace the growth levels of the northwestern countries.

Belgium experienced the highest inflation of the Eurozone in August 2024, with the Harmonized Consumer Price Index (HCIP) inflation rate reaching 4.3%, compared to an overall inflation rate of 2.2% in the Eurozone. Belgian inflation is expected to rise in 2024 to 4.0%, before decreasing to 2.3% in 2025.

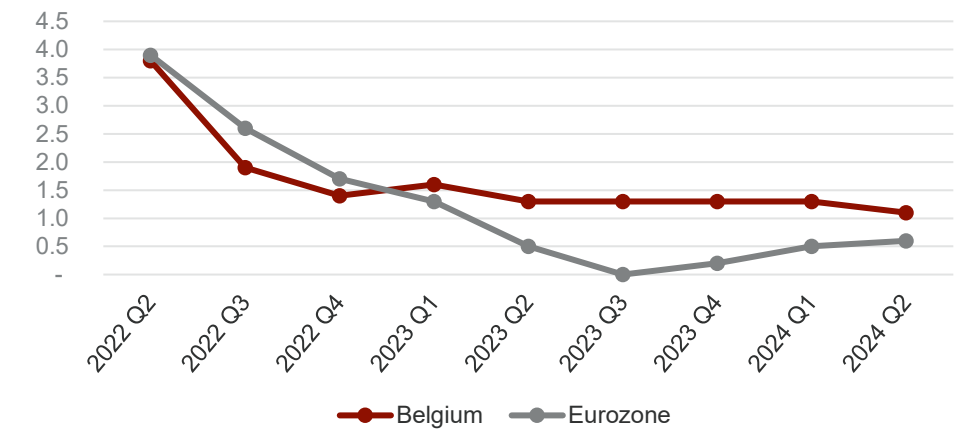
ECB LOWERING INTEREST RATES

The impact of the monetary policy tightening from December 2021 to September 2023 continues to affect the growth outlook for 2024. However, after the interest rate cuts in June and September of 2024, where the main refinancing operations rate (MRO) was lowered to 3.65%, the slowdown effect on the economic activity is expected to gradually ease through the remainder of 2024 and into 2025.

STRIVING TOWARDS AN 80% EMPLOYMENT RATE

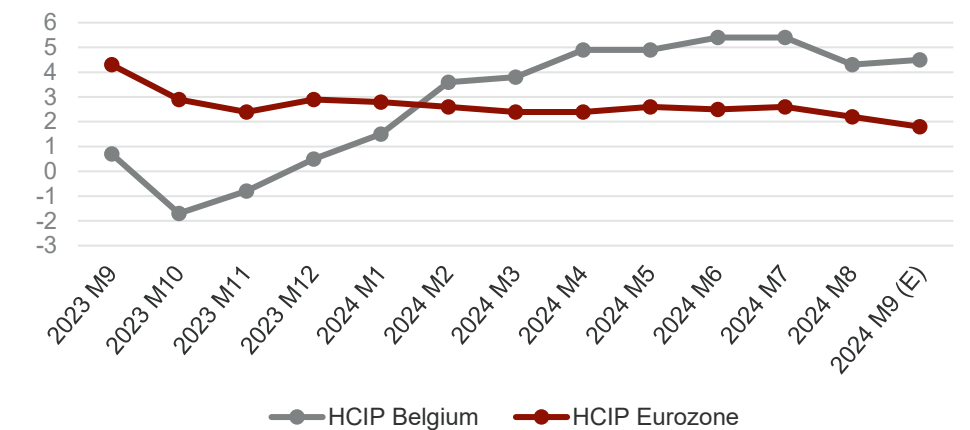
The employment rate in Belgium remained stable at around 72% for the 20-64 age group in the first half of the year. The Walloon Region saw a 3.8% increase in employment, while Brussels experienced a 1.6% decline. Despite no growth in the Flemish Region, it still holds the highest employment rate. Achieving the federal goal of 80% employment will require ongoing job creation and increased labor market participation.

GDP GROWTH (in % of change prev. year)



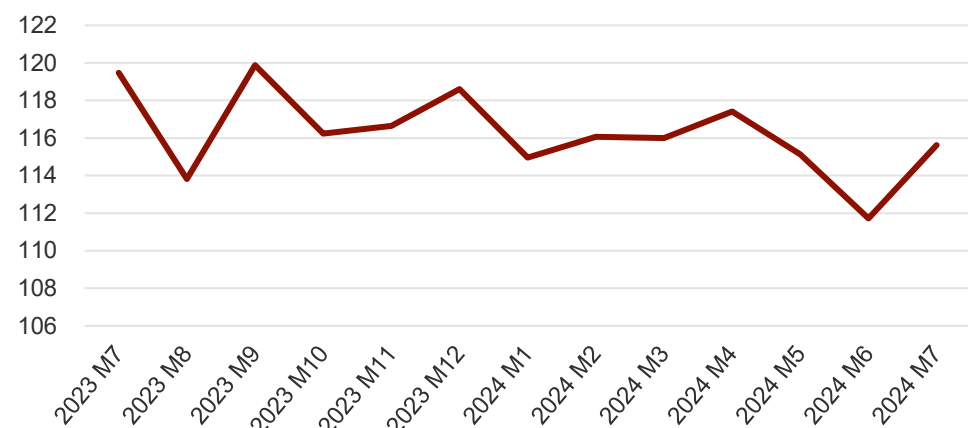
Source: European Central Bank (ECB)

INFLATION RATE (HCIP in % of change)



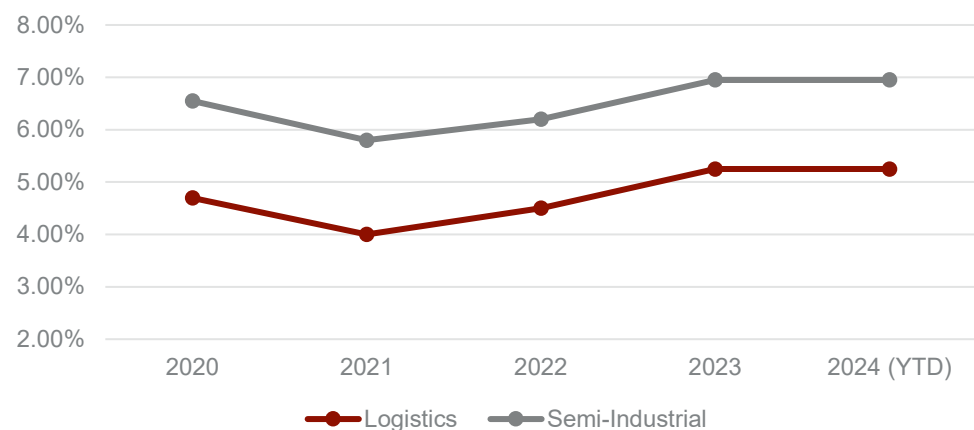
Source: National Bank of Belgium (NBB)

INDUSTRIAL TURNOVER INDEX (2021 = 100)

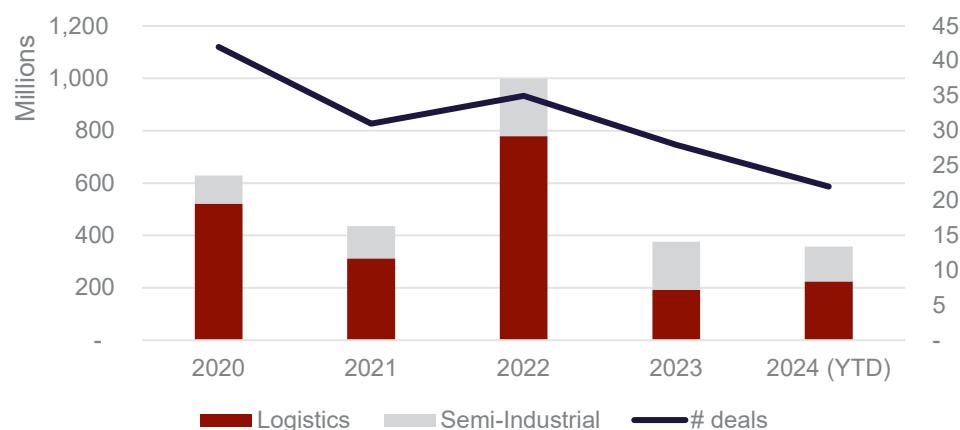


Source: Statbel

PRIME YIELDS BY SECTOR



INVESTMENT VOLUME BY SECTOR (in EUR)



INDUSTRIAL SECTOR FACES TURBULENCE AMID STRUCTURAL SHIFTS

The industrial sector is experiencing significant volatility, with companies like Van Hool, Audi Brussels, and AkzoNobel announcing layoffs and restructuring plans. The potential for a lengthy list of businesses facing similar fates poses a threat to the sector’s stability and employment levels. In July 2024, the seasonally adjusted industrial turnover index of Belgium rose by 3.5% compared to June 2024, indicating a rebound in industrial activity and increased demand. However, the index showed a decline of 3.2% year-on-year, suggesting that while recent growth is promising, overall performance remains below last year’s levels.

One of the priorities of the European Commission following the recent elections is to implement initiatives such as the Green Deal Industrial Plan, which aims to enhance the competitiveness of EU industries by promoting sustainability and innovation. This initiative is set to begin in January 2025, further shaping the industrial landscape in Europe and improving the competitiveness globally.

PRIME YIELDS HOLD STEADY

This quarter, prime yields remain stable at 5.25% for logistics and 6.95% for semi-industrial properties. In logistics, two core investment transactions—DC Oude Bunders in Maasmechelen and MG New Docks in Evergem (Ghent)—continue to set the benchmark for the year. Expectations indicate that yields might be lower than those achieved for these two properties if situated along the key Brussels-Antwerp E19/A12 axis or E40 corridor.

For semi-industrial properties, the prime yield holds at 6.95%. This rate is supported by the sale-and-leaseback of the Balta site in Waregem this quarter, which achieved a yield of around 7.00%. The deal includes a 15-year fixed triple-net lease and a prime location along the E17 motorway.

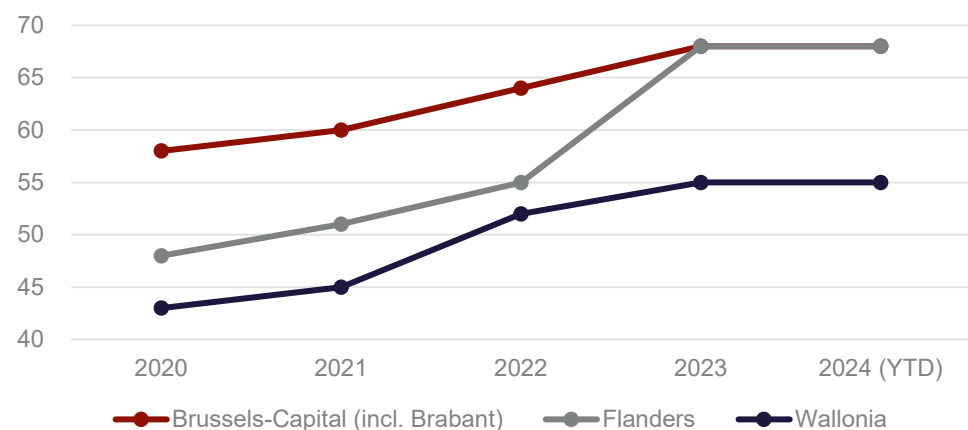
INVESTMENT VOLUMES CLOSING IN ON LAST YEAR’S TOTAL

Investment volumes for the first three quarters are approaching last year’s total. In the logistics sector, 102 MEUR in investment has been recorded across five deals, all within the Flemish Region. Notably, Blackstone acquired an 80% stake in the Burstone portfolio, with two of its 32 assets located in Belgium. Other transactions include the purchase of a multi-tenant, last-mile logistics facility in Wommelgem by SmartUnit for 20 MEUR and the sale of Isowill’s distribution center in Hoboken for 12 MEUR.

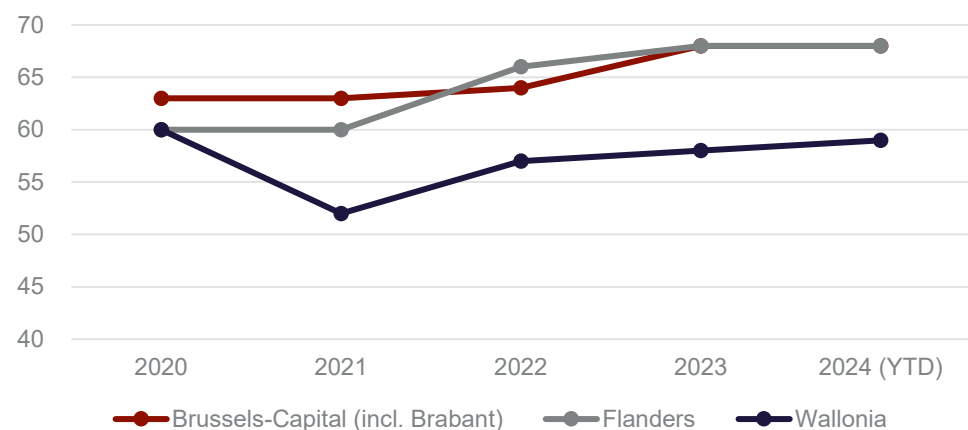
OUTLOOK

- Belgium’s economy grew by 1.1% in Q2 2024, driven by private consumption and government spending, despite a trade deficit.
- Projected growth rates are 1.3% for 2024 and 1.4% for 2025.
- The ECB’s interest rate cuts in 2024 are expected to ease the negative effects on investment of previous monetary policy tightening.
- The employment rate remained stable at 72%, with regional variations. Achieving an 80% employment rate will require ongoing job creation.
- The industrial sector faces volatility with layoffs and restructuring, but recent growth in industrial turnover indicates potential recovery.
- The European Commission’s Green Deal Industrial Plan aims to enhance competitiveness through sustainability and innovation starting in 2025.
- Investment market is more active in the Flemish Region.

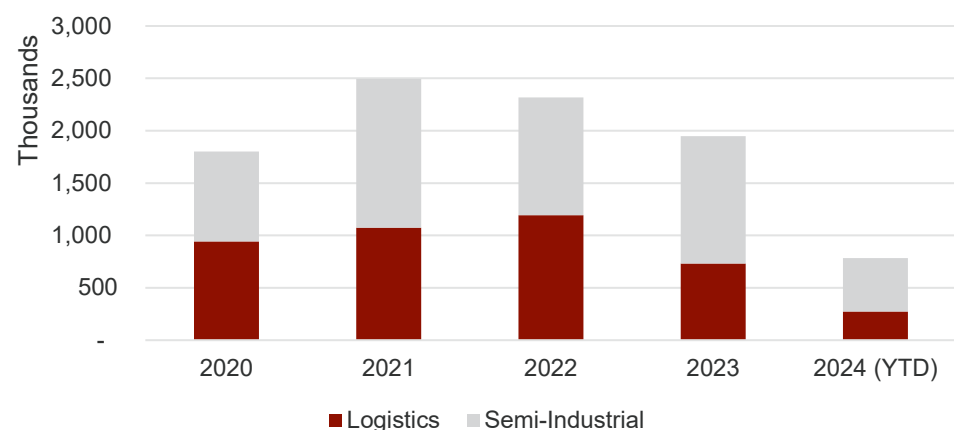
PRIME RENTS LOGISTICS (EUR/sq m/year)



PRIME RENTS SEMI-INDUSTRIAL (EUR/sq m/year)



TAKE-UP BY SECTOR (sq m)



In the semi-industrial sector, five deals have generated a total investment volume of 95 MEUR, with four major assets located in Flanders. Two significant transactions were the sale of Sappi’s former paper factory in Lanaken for approximately 50 MEUR (including land, buildings, and equipment) and the Balta production site in Waregem for 40 MEUR.

CONSISTENT PRIME RENTS IN BOTH SECTORS

Prime rents in both sectors have remained stable throughout 2024, with the country’s prime rent set at 68 EUR/sq m/year for both logistics and semi-industrial asset classes. In the logistics market, prime rents are primarily influenced by the latest transactions in the Brussels-Antwerp axis and along the E40 corridor, particularly around Erembodegem. Meanwhile, in the semi-industrial sector, a greater number of smaller take-up transactions, typically below 5,000 sq m, have defined the prime rent. These transactions have occurred in the same region as those in the logistics sector, highlighting the ongoing demand for spaces within Flanders. Overall, the stability in prime rents suggests a resilient market despite the lower take-up volumes observed this year.

TAKE-UP VOLUME FALLS SHORT OF PREVIOUS YEARS

For the logistics market, Q3 2024 saw a limited number of transactions, with a total quarterly take-up of 72,000 sq m across just four deals, averaging 18,000 sq m per deal. The largest letting transaction was secured by Eddie Stobart, a British logistics and supply chain company, which leased around 50,000 sq m in the Europe Inland Logistics 21 complex in Ham. Additionally, notable deals included Stogema in Orcq, Wallonia, and National Sweden in the WLP XVIII complex in Ghent, a company specializing in rubber and plastic products, which took up 10,000 sq m each.

In the semi-industrial sector, the take-up amounted to 122,000 sq m across 104 deals, with an average of 1,170 sq m per deal. Owner-occupier deals stood out, particularly those of MRS Team and the emerging self-storage company, Storo. MRS Team, a van supplier, completed the largest transaction, acquiring 9,900 sq m and becoming the owner-occupier. Storo purchased the former premises of Growners in Zaventem, where they plan to open their fifth self-storage facility by spring 2025.

For both sectors, the total take-up volume over the first three quarters remains significantly below the levels seen in previous years. This decline can be attributed to a combination of economic uncertainty, rising interest rates, and increased caution among occupiers, leading to fewer large-scale transactions and delayed decision-making across the market.

OUTLOOK

- Prime yields for logistics and semi-industrial properties remain stable.
- Investment volumes are approaching last year’s total, with significant deals in both the logistics and semi-industrial sectors.
- Prime rents for logistics and semi-industrial properties have remained stable. Prime rents are primarily influenced by transactions along Brussels-Antwerp axis and the E40 corridor.
- Take-up volumes for both sectors are below previous years. The decline in take-up volumes for both sectors can be attributed to economic uncertainty, rising interest rates, and increased caution among occupiers.

MARKET STATISTICS

SUBMARKET	SECTOR	STOCK * (sq m)	TAKE-UP ** Q3 2024 (sq m)	TAKE-UP ** YTD 2024 (sq m)	PRIME RENT (EUR/sq m/year)	INVESTMENT VOLUME Q3 2024 (EUR)	INVESTMENT VOLUME YTD 2024 (EUR)	PRIME YIELD (%)
Flanders	Logistics	23,604,000	61,000	247,000	68	102,000,000	219,000,000	5.25
	Semi-Industrial	16,516,000	79,000	365,000	68	94,000,000	132,000,000	6.95
Brussels-Capital Region	Logistics	482,000	-	-	68	-	-	5.25
	Semi-Industrial	876,000	8,000	21,000	68	1,000,000	1,000,000	6.95
Wallonia	Logistics	4,532,000	11,000	27,000	55	-	5,000,000	5.30
	Semi-Industrial	3,808,000	34,000	125,000	59	-	-	7.35
BELGIUM TOTALS		49,818,000	193,000	785,000		197,000,000	357,000,000	

The area of the Brabant provinces is, as from this MarketBeat, included in the totals of their actual region.

* Includes the total GLA of the property, incl. office parts.

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SECTOR	TENANT	GLA (sq m)	TYPE
Europe Inland Logistics 21	Flanders	Logistics	Eddie Stobart	44,788	Letting
R. de la Terre à Briques 6, Orcq (Tournai)	Wallonia	Logistics	Stogema	11,000	Letting
WLP XVIII, Evergem	Flanders	Logistics	National Sweden	11,000	Letting

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SECTOR	SELLER/BUYER	GLA (sq m)	PRICE (EUR)
Sappi site Lanaken	Flanders	Semi-Industrial	Sappi / UTB	110,000	50,000,000
Balte site Waregem	Flanders	Semi-Industrial	Balta / WDP	70,000	39,700,000
Portfolio – 2 of 32 assets (80% share)	Flanders	Logistics	Burstone / Blackstone	105,000	55,000,000

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