

**MARKET FUNDAMENTALS**

	YOY Chg	12-Month Forecast
<b>€390</b> Prime rent (per sq m)	▲	▲
<b>5.15%</b> Prime yield	=	▼
<b>340,000</b> Take-up (sq m)	▲	=
<b>8.47%</b> Vacancy Rate	▲	=
<b>436,500</b> Under Construction (sq m)	=	=

Source: Cushman & Wakefield

**ECONOMIC INDICATORS**

	YOY Chg	12-Month Forecast
<b>1.01%</b> Belgium GDP Growth	▼	▲
<b>3.11%</b> Belgium Consumer price index	▼	▼
<b>5.63%</b> Belgium Unemployment Rate	▲	▲

Source: Moody's Analytics, BNB, Eurostat, December 2024

**MODEST ECONOMIC GROWTH WITH HIGH INFLATION**

The Belgian economy is set to close 2024 with a modest GDP growth of 1.01% year-on-year, slightly outperforming the average eurozone growth 0.76%. This growth is mainly fueled by private and public spending, while contraction in international trade, encompassing both imports and exports, is a dampening factor. Looking ahead, GDP growth projections align with the broader eurozone trends, with forecasts indicating growth rates of 1.15% in 2025 and 1.36% in 2026. (source: Moody's)

Belgium notes the highest inflation of the eurozone, with a HICP of 4.8% while the average in the eurozone is 2.2% for November 2024. Categories that fueled the rise in consumer prices the most are alcohol & tobacco and housing & electricity. Inflationary pressures however are expected to ease over time, with a gradual decline to 2.9% in 2025 to 1.9% in 2026. (source: Eurostat)

Meanwhile, the labor market has shown stability, with an unemployment rate of 5.63% in 2024. (Source: Moody's) However, a significant challenge remains in reactivating the approximately 526,500 individuals unable to work due to long-term illness, a record figure reported in 2023.

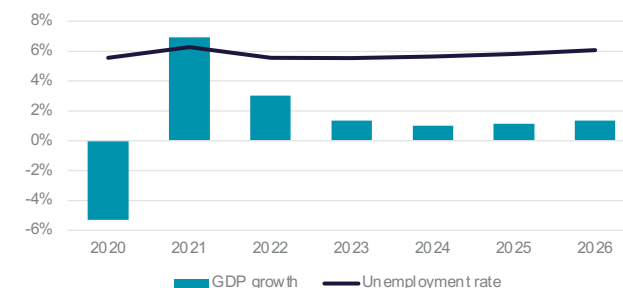
**GOVERNMENT FORMATION: REFORM TALKS AND DEBT CONCERNS**

Economic developments are tied to socio-economic reforms that a new federal government is likely to implement. Since the June 2024 elections, negotiations among potential coalition parties have not yet reached breakthrough. A proposed savings plan of more than €20 billion for the next legislative period is under discussion. Earlier this year, Belgium was placed under an excessive debt procedure by the EU as both public debt and budget deficit surpass the EU limits. Potential measures, such as a capital gains tax on shares, could influence investment strategies in the real estate sector.

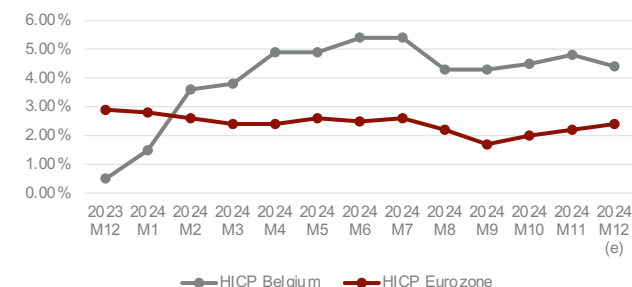
**INTEREST RATE CUTS SET STAGE FOR REAL ESTATE REBOUND**

Stock markets have performed strongly over the past year, with the S&P 500 up 33% and the Bel20 gaining 15% since the start of 2024, but real estate as an investment product has yet to regain widespread investor interest. Activity and transaction volumes in the sector are expected to stabilize in the coming year. The ECB has already reduced interest rates twice in Q4 2024 and is anticipated to lower them further four times next in 2025 as eurozone inflation appears under control. This will improve the leveraging effect on real estate, which can restore transaction volumes.

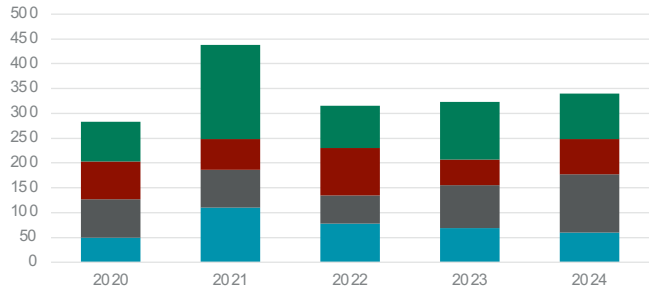
**GDP GROWTH & UNEMPLOYMENT RATE**



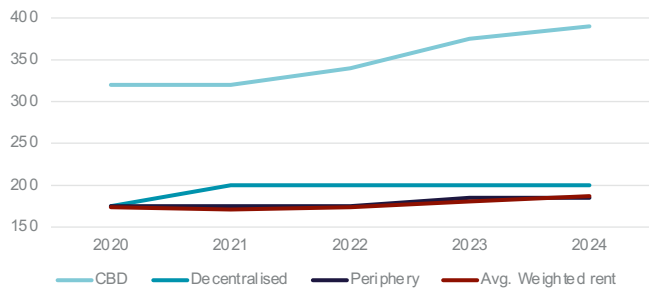
**HARMONIZED INDEX OF CONSUMER PRICES**



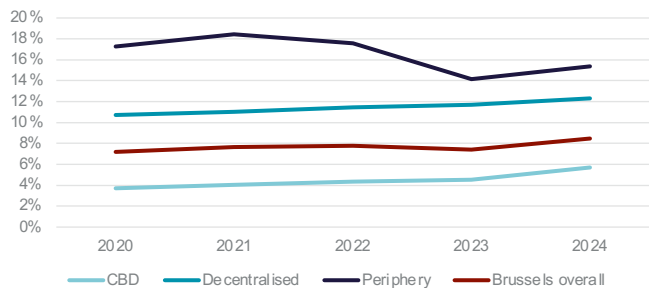
TAKE-UP BY QUARTER (000S SQ M)



PRIME RENTS (€/SQ M/YEAR)



VACANCY RATE



A YEAR OF GROWTH FOR BRUSSELS OFFICE ACTIVITY

With a total take-up of nearly 340,000 sq m, the Brussels office leasing market demonstrated solid performance in 2024 compared to the subdued activity levels seen over the past two years. This improvement reflects heightened market activity, as evidenced by a notable rise in the number of transactions, rising to 353 in 2024 compared to 313 in 2023. A key highlight was Q4, which alone accounted for over 100,000 sq m of take-up, representing roughly one-third of the year's total volume.

The increase in leasing activity was driven by both private and public sector demand, showcasing renewed interest across various segments of the market. Larger deals played a crucial role in driving this uptick, particularly in the CBD, where demand for high-quality office spaces remains robust. However, this activity was not confined to central locations; peripheral markets such as the Ring and Brabant Walloon also recorded significant activity, driven by new developments and strong interest in modern, sustainable office spaces.

STABLE PRIME RENTS MASK SUBMARKET SURGES

Prime rents in the CBD remained stable at €390/sq m/year in Q4, with no movement observed over the past quarter. Similarly, prime rents in the Decentralised and Periphery markets held steady at €200 and €185/sq m/year, respectively. However, notable growth in prime rents was recorded in specific submarkets. In the Ring, the newly delivered *Stroombeek BP* project achieved record rental levels, while in the Brabant Walloon, Codic's *Wellwood* project saw its first transaction, driving prime rents higher. It remains to be seen whether this marks the start of a broader trend in the submarket or if these figures represent isolated activity.

Conversely, average rents experienced a slight decline in Q4, attributed to a greater proportion of transactions involving Grade C buildings. This dynamic reflects tenant preferences and the ongoing supply of lower-quality stock in certain submarkets.

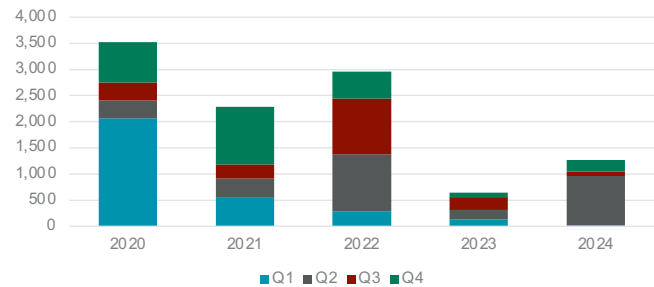
VACANCY RATES EDGE HIGHER

Despite the rebound in activity, vacancy rates in the Brussels office market edged higher, rising by 10 basis points in Q4. This marks a continuation of the upward trend seen in recent years, driven by multiple factors. A sustained decline in long-term demand for office space, influenced by remote work adoption and corporate downsizing, has put upward pressure on vacancy rates. Additionally, a significant pipeline of new deliveries, many of which remain partially or entirely vacant upon completion, has exacerbated the imbalance between supply and demand.

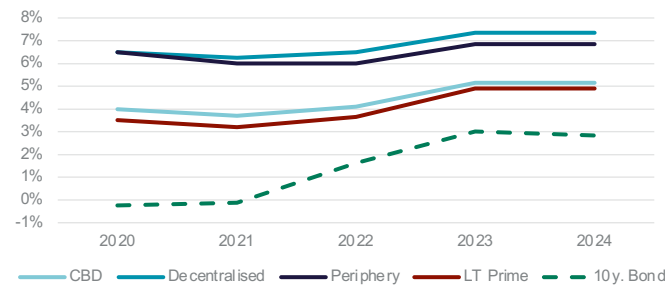
OUTLOOK

- Looking ahead, the leasing market is expected to maintain stable levels of demand in terms of both square meters transacted and the number of deals. However, a few potential mega-deals, particularly involving public sector entities such as the European Commission and European Parliament, could provide a boost to overall take-up. Similarly, several large-scale private sector transactions are anticipated in the coming months, potentially driving further activity.
- On the rental side, moderate growth is expected in prime rents, though the pace of increase will likely decelerate compared to previous months.
- Meanwhile, vacancy rates are projected to remain steady at around 8.5%. Nonetheless, the polarisation between Grade A assets and lower-grade properties is expected to intensify, with Grade B and C buildings facing increasing challenges in attracting tenants.

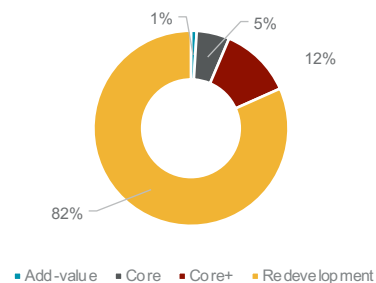
INVESTED VOLUMES (MILLION)



PRIME YIELDS



INVESTMENT VOLUMES: SHARE PER RISK (2024)



CORE DEALS PROVIDE GLIMMERS OF HOPE

The Brussels office investment market recorded a total volume of €1.265 billion in 2024, a significant increase compared to the €650 million registered in 2023. However, this headline figure is heavily skewed by the Cityforward transaction, which alone accounted for €900 million. Excluding this extraordinary deal, the market saw only €365 million in investments, highlighting a substantial decline in market activity compared to previous years. In Q4, €214 million was invested across six transactions, marking a continuation of the year’s slow activity. This included the first forced sale in recent memory, with *TdO* acquired by Straco & Downtown for €68 million. Such sales highlight the strain placed on certain asset holders in a high-cost financing environment.

On a more positive note, the quarter saw a modest recovery in Core transactions, with Deka acquiring *Tervueren II* for €37.5 million at a 5.60% yield, and Altoria IM purchasing *Arcadia* for €33 million at a 6.80% yield. These deals signal cautious investor interest in high-quality assets, but they remain exceptions rather than a broader trend.

STABILITY SECURED: TRANSACTION CONFIRMS YIELD BENCHMARKS

Prime yields in the Brussels office investment market demonstrated notable stability throughout 2024, maintaining the theoretical benchmark of 5.15% for CBD office assets. This stability was reaffirmed by the *Tervueren II* transaction, which transacted at a yield of approximately 5.50%, closely aligning with market expectations. Additionally, long-term prime yields are converging with prime yields, maintaining only a slight premium.

RESISTANCE TO RATE ADJUSTMENTS

Despite recent reductions in ECB interest rates and a decline in 10-year government bond yields, prime yields have shown resistance to compression. This is partly due to Belgium being among the countries where insufficient market corrections have occurred, largely because of a lack of transactional evidence. Persistent macroeconomic and geopolitical uncertainties have led investors to adopt conservative pricing strategies, maintaining higher returns to compensate for perceived risks. Additionally, while borrowing rates have eased slightly, they remain significantly higher than pre-2022 levels, deterring aggressive bidding and limiting yield compression. Refinancing activity offers an additional perspective on market dynamics: the successful refinancing of high-profile assets such as *Tour des Finances* underscores the ongoing appeal of well-located, secure office investments in a challenging financial environment.

OUTLOOK

- Looking forward, the Brussels office investment market is expected to face both challenges and opportunities. The easing of ECB rates and declining government bond yields may gradually translate into a mild compression of prime yields, potentially reversing two years of yield expansion. However, this process is likely to be slow, given the cautious sentiment that continues to dominate the market.
- On the investment side, activity is anticipated to recover modestly, driven by a potential resurgence in larger deals and greater investor confidence. However, much will depend on the broader economic recovery and the extent to which financing conditions improve in the coming year.

### MARKET STATISTICS Q4 2024

SUBMARKET	INVENTORY (sq m)	AVAILABILITY (sq m)	VACANCY RATE	Q4 2024 TAKE-UP	2024 TAKE-UP	UNDER CONSTRUCTION (SQ M)	PRIME RENT (€/sq m/year)	PRIME YIELD
<b>Brussels (Overall)</b>	<b>13,854,624</b>	<b>1,174,000</b>	<b>8.47%</b>	<b>101,160</b>	<b>349,118</b>	<b>436,502</b>	<b>€390</b>	<b>5.15%</b>
Leopold	3,489,162	120,154	3.44%	19,872	81,657	55,743	€390	5.15%
Centre	2,510,662	129,900	5.17%	7,928	76,027	135,790	€340	5.25%
North	1,619,477	186,486	11.52%	2,830	12,137	18,886	€270	5.80%
Louise	875,761	64,749	7.39%	9,222	21,114	5,000	€340	5.30%
Midi	618,538	18,227	2.95%	-	1,136	23,000	€195	6.00%
Decentralised	2,411,367	296,769	12.31%	22,143	68,120	90,000	€200	7.35%
Periphery	2,329,657	357,716	15.35%	29,665	74,427	98,435	€185	6.85%

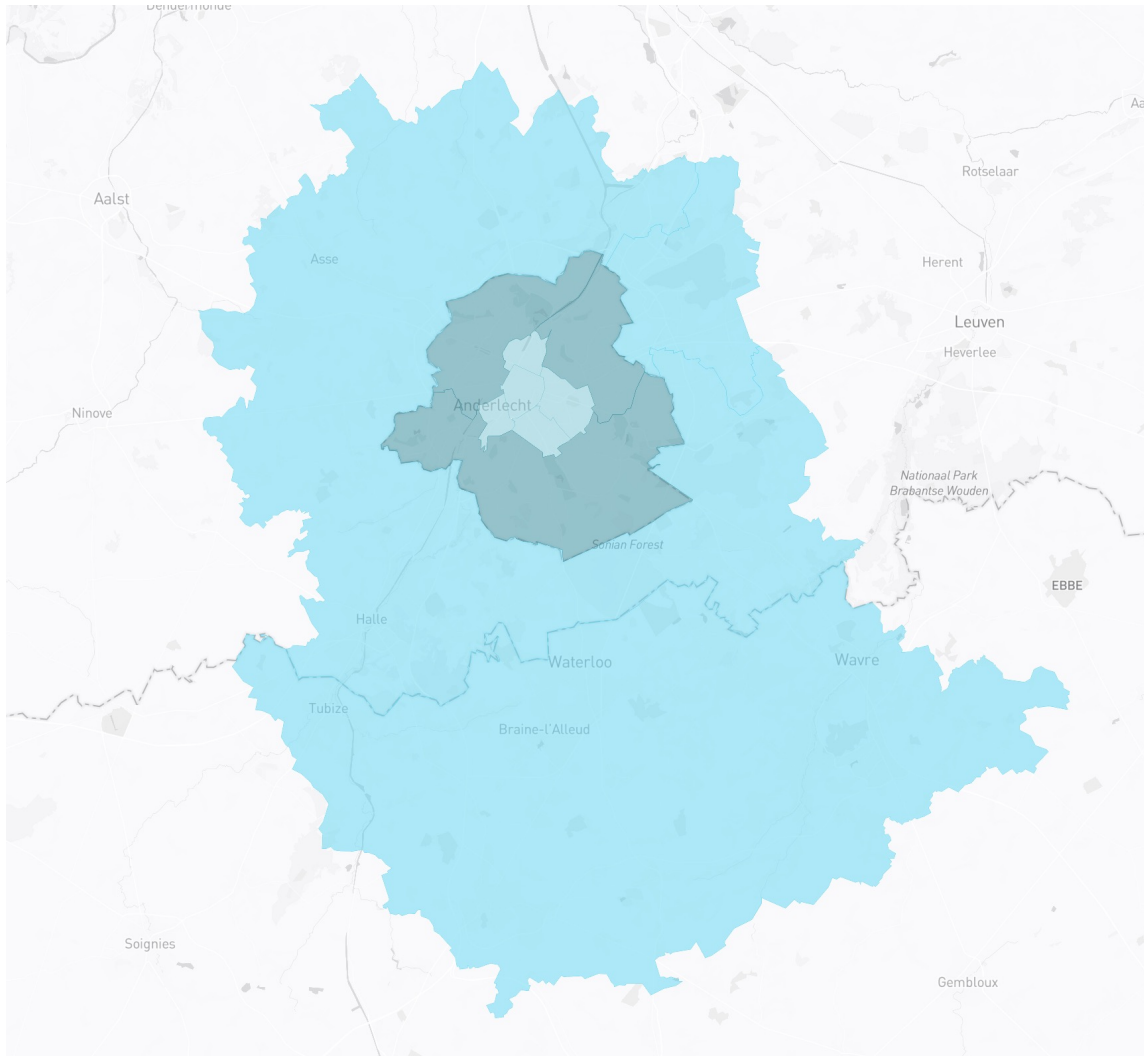
### KEY LEASE TRANSACTIONS Q4 2024

SUBMARKET	PROPERTY	TENANT	SQ M	TYPE
Periphery	The Pulse	Traxio	7,535	Purchase
Decentralised	Neerveld 109	UCL	6,674	Purchase
Leopold	Espace Rolin	HE2B	4,288	Letting
Leopold	Loi 62	IWG	3,971	Letting

### KEY INVESTMENT TRANSACTIONS Q4 2024

SUBMARKET	PROPERTY	BUYER / SELLER	PRICE (MEUR)	YIELD
Louise	TdO	Straco & Downtown / Genii Capital	68	12.60%
Leopold	Tervueren II	Deka / AG Real Estate	37.5	Approx. 5.50%
Periphery	Park Lane	Global Asset Capital / Cofinimmo	33	12.60%
Centre	Arcadia	Altoria IM / Abrdn	33	6.80%
Leopold	Lux 40	Unibra / Cofinimmo	27	6.20%

OFFICE SUBMARKETS



**BENJAMIN DEVIE**  
Senior Research Analyst  
Tel: +32 (0)492 11 35 10  
[benjamin.devie@cushwake.com](mailto:benjamin.devie@cushwake.com)

**MAXIMILIEN MANDART**  
Head of Occupier Services  
Tel: +32 (0)478 24 08 02  
[maximilien.mandart@cushwake.com](mailto:maximilien.mandart@cushwake.com)

**MARC-ANTOINE BUYSSCHAERT**  
Head of Belgium & Luxembourg  
Tel: +32 (0)478 99 58 75  
[marc-antoine.buysschaert@cushwake.com](mailto:marc-antoine.buysschaert@cushwake.com)

**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com).

©2025 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield (“CWK”). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK’s securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.