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2016



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MARKET ANALYSIS: BELGIUM

I. OFFICE MARKET IN BELGIUM

A. BRUSSELS

2016 proved to be a stand-out year for the Brussels office market, with the strongest demand registered in four years. Two stories dominated the headlines through the year, the return of the public sector and the re-emergence of corporates in the final quarter of the year.

B. REGIONS

Regional activity in 2016 showed there is life in office markets outside of Brussels. Antwerp drove the market higher with 110,600 m² of take-up, while Ghent, Mechelen, and Liège also performed well, besting their numbers from the year before.

C. DEMAND

Total office take-up in Belgium registered 756,702 m² in 2016, a 31% improvement year-over-year. Brussels demand amounted to 455,869 m², while regional demand was 300,833 m².

Belgian public sector demand drove the market higher with 195,985 m² of take-up, a 95% increase over the previous year. The three largest deals of the year were all from the Belgian government totaling 93,900 m². Corporates surged in Q4 and increased by one-third in 2016.

D. VACANCY

Steady take-up, limited new stock, and the conversion of office space to alternative uses have kept vacancy in check. In Brussels, vacancy declined to 9.30% for the year, while Antwerp and Ghent experienced 12.1% and 5.1% vacancy, respectively. High quality, grade A space is particularly scarce in major markets.

E. DEVELOPMENT

Office completions remained limited in 2016. The next two years, though, should bring more than 137,000 m² of speculative space to the Brussels market. Works are progressing in the Kievit and Post X districts in Antwerp, while major markets in Wallonia such as Liège will add significant space in the intermediate term.

F. RENT

Prime office rent remains €285/m² in Brussels. In Ghent and Antwerp it is €155/m² and €150/m², respectively, while Liège increases to €140/m². Overall, rents remain stable.



G. INVESTMENT

Total CRE investment in Belgium amounted to €3.7 billion in 2016. This was the second best post-crisis year for real estate investment in Belgium.

Offices accounted for €1.68 billion of the investment total, of which €1.46 billion (87.3%) was direct to Brussels properties.

Key stats: 9.3% Brussels vacancy; 285eur/sqm/yr prime rent; 4.75% prime yield for standard leases

sources: CBRE

II. RESIDENTIAL MARKET IN BELGIUM

A. BRUSSELS

The upward trend in Brussels residential real estate reached a new high in 2015. Preliminary 2016 figures are mixed, with fewer transactions counted though high H1 2016 prices registered. Market fundamentals are still broadly supportive of Brussels residential real estate.

B. REGIONS

Varying dynamics are impacting the residential real estate market outside of Brussels. Select smaller towns are seeing a movement of retirees from homes to apartments, while larger cities like Antwerp and Ghent are being supported by a growing foreign base.

C. POPULATION

Last year Belgium added 58,866 people (0.53%) among its ranks. This increase consisted of 11,205 from the net natural balance and 47,682 from net international migrations. Over the last decade, the top ten communes in terms of growth have all been found in the Brussels Capital Region.

The number of households has also been increasing in Belgium but at a slower rate than the wider population. Households at the beginning of 2015 counted 4,822,301.

D. HOUSING STOCK

New stock increased by 42,029 net units in 2015. Of these, 32,993 (78.5%) were apartments.

The City of Brussels has responded to rapid population growth with apartment construction of 1,530 units in 2015 alone. This is almost one-third of the total 4,651 units added in the Brussels Region. Bruges and Leuven have also added notably to stock.

E. PRICES

Average transaction prices for apartments leveled off in 2014 only to rebound in 2015, registering a 5% increase for Belgium as a whole. Markets with notable price increases were Antwerp (10.9%), Mechelen (15.0%), Charleroi (10.6%), and Liège (8.1%), while Brussels Region (2.0%) and Leuven (4.2%) were more moderate. Ghent, though, claimed the greatest increase as prices jumped more than 18%.



Apartment prices were recorded at €220,340 in Belgium, €229,715 in Brussels, €201,064 in Antwerp, €259,040 in Ghent and €149,950 in Liège. Preliminary data indicate a mixed year for prices in 2016.

F. NEW BUILDS

Exit prices for typical new apartments in Brussels range from 2,200 €/m² to 4,000 €/m², with luxury projects reaching upwards of 6,000 €/m². In Antwerp, exit values are 2,500 €/m² to 3,500 €/m² and more than 5,000 €/m² in select new towers.

Key stats: 221,375 avg price of apartments in Belgium through H1 2016; 44,585 residential building permits issued through Oct 2016; 42,029 net new housing completions in 2015.

sources: FOD Economie, BISA, CBRE

III. LANDBANKING IN BELGIUM

A. HOUSING STOCK

The most recent numbers by the FPS Economy, SMEs, Self-Employed and Energy indicate a housing stock of 5,318,905 residential units in Belgium in 2015. 58.2% of all residential units are located in Flanders, 31.2% in Wallonia and 10.6% in Brussels.

The proportion of apartments in the total Belgian housing stock has increased by 30% in the last 10 years. 1 out of 4 housing units is an apartment nowadays.

B. BUILDING PERMITS

The statistics on building permits authorized in 2016 are available for the first three quarters of the year. The number of permits was up significantly compared to 2015. For the total of Belgium, construction permits were obtained for 41,403 residential units in the first 9 months of the year, up 18.1% compared to the same period in 2015.

The strong performance was solely due to Flanders, where permits for 33,273 residential units (+32.6%) were obtained. Especially the construction of apartments is growing strong, showing a rise of 46.1% as compared to 2015.

In Brussels and Wallonia, building permits are on a negative trend since 2014, and less permits were introduced or granted in the first 9 months of 2016 for the construction of residential units as a whole and apartments in particular.



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