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Analysts' Day
Property Tour Roadbook

Antwerp, Thursday 13 January 2011

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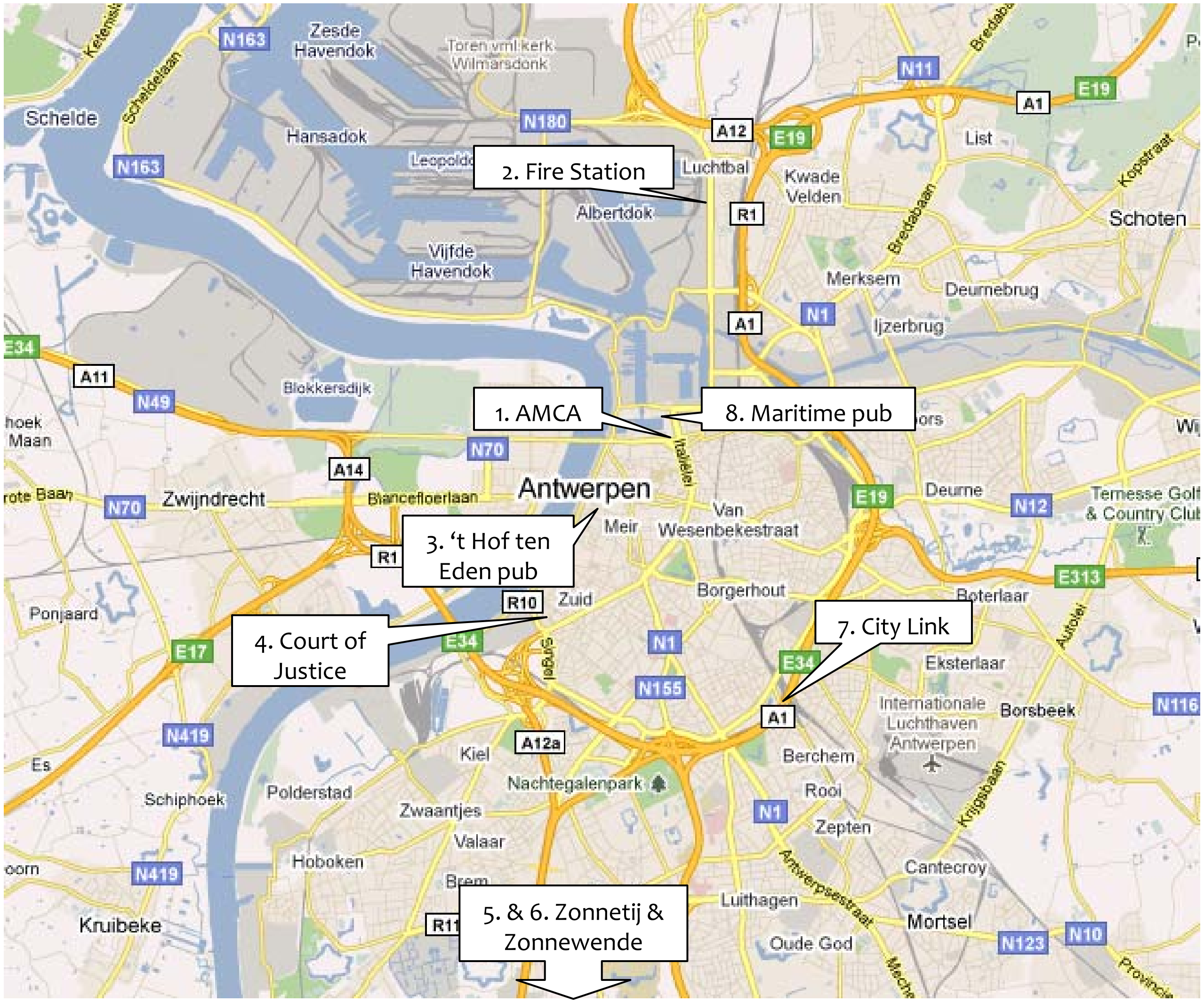
Program of the day

8:30	Coffee, refreshments and registration
9:00	Presentation : "*Cofinimmo's presence in the Antwerp property market*" by Serge Fautré - CEO, Jean Carbonnelle - CFO and Laurence Gacoin - Antwerp Area and PPP Development Manager
10:00	Presentation : "*The Antwerp and Brussels office markets*" by Vincent Leroux - Head of Belgium Research & Global Geomatics, DTZ
10:30	Presentation : "*Cofinimmo's presence in the nursing home segment*" by Sébastien Berden - Business and Development Manager, Nursing Homes Belgium
11:30	Departure Property tour : the new Fire Station of the City of Antwerp, owned by Cofinimmo
12:30	Lunch in the "'t Hof van Eden" pub, owned by Pubstone, a subsidiary of Cofinimmo
14:00	Property tour : the Antwerp Court of Justice, a landmark building designed by architect Richard Rogers and owned by Cofinimmo
15:00	Property tour : Zonnetij en Zonnewende nursing homes Presentation : "*The nursing home segment : an operator's point of view*" by Bart Bots - CEO, Senior Living Group
16:30	Property tour : City Link office building (drive by)
17:00	Refreshments in the "Maritime" pub, also owned by Pubstone
18:00	Return of the bus to the Avenue Building


2. Fire Station
1. AMCA
8. Maritime pub
3. 't Hof ten Eden pub
4. Court of Justice
7. City Link
5. & 6. Zonnetij & Zonnewende
Schelde
Zesde Havendok
Toren vml.kerk Wilmarsdonk
Hansadok
Albertdok
Vijfde Havendok
Blokkersdijk
Antwerpen
Zwijndrecht
Blancefloerlaan
Meir
Van Wesenbekestraat
Zuid
Borgerhout
Luchtbal
Kwade Velden
Merksem
Deurnebrug
Ijzerbrug
Schoten
List
Deurne
Boterlaar
Eksterlaar
Borsbeek
Internationale Luchthaven Antwerpen
Berchem
Rooi
Zepten
Cantecroy
Mortsel
Luithagen
Oude God
Kiel
Nachtegalenpark
Zwaantjes
Valaar
Brem
Hoboken
Polderstad
Schiphoek
Kruibeke
Ponjaard
Es
Singel
Antwerpsestraat
Ternesse Golf & Country Club

1. AMCA : Avenue Building & London Tower
Noorderplaats 5-9 – 2000 Antwerp

Location	• Antwerp periphery • Nearby the important road "Noorderlaan", the Waaslandtunnel, the city center, the area "Eilandje" and the harbor
Descriptive	Beginning 2011, Cofinimmo will acquire 100% of the shares of AMCA SA, a company which owns the Avenue office Building and part of the London Tower (office spaces).
Construction year	2011
Superstructure	13.035m² (9.405m² in Avenue Building and 3.630m² in London Tower)
Number of parking spaces	237 inside parking spaces
Occupancy rate	between 10% and 20%
Tenants	BNP Paribas Fortis, GMAC,…

2. Antwerp Fire Station
Noorderlaan 69 – 2030 Antwerp

Location	Antwerp periphery
Descriptive	Public-Private Partnership
Construction year	2008
Superstructure	23.585m²
Tenant	City of Antwerp
Lease information	• 37 year-lease, at the end of which the City of Antwerp becomes the owner of the building (finance lease) • Sale of 90% of the finance lease receivables to BNP Paribas Fortis • Cofinimmo is responsible for the maintenance of the building

3. ‘t Hof van Eden pub
Groenplaats 11 – 2000 Antwerp

Location	• Antwerp centre • In the historical and commercial heart of Antwerp
Construction year	1965
Superstructure	Café : 278m^2 and apartment 1st floor : 111m^2
Tenant	AB Inbev
Lease information	• 27 year master lease, with possibility for tenant to vacate 1,75% of the premises each year as from the 7^{th} year • Fixed rent, indexed to CPI • Limited maintenance obligations for Cofinimmo (walls, facades, roofs)

4. Antwerp Court of Justice
Bolivarplaats 20 – 2000 Antwerp

Location	Antwerp centre
Descriptive	• Public-Private Partnership • A landmark building, designed by British architect Richard Rogers, who also designed the Centre Pompidou in Paris and the Millenium Dome in London
Construction year	2005
Superstructure	45.829m²
Tenant	Belgian Buildings Agency
Lease information	• 36 year-lease, at the end of which the Buildings Agency has an option to buy the building (finance lease) • Sale of 91,5% of the finance lease receivables to BNP Paribas Fortis • Cofinimmo is responsible for the maintenance of the building

5. Zonnetij nursing home
Leugstraat 11 – 2630 Aartselaar

Location	Antwerp periphery
Construction year	2006 (construction) & 2009 (renovation)
Superstructure	5.951m²
Number of beds	242
Tenant	Senior Living Group
Lease information	• 27 year-lease • Fixed rent, indexed to CPI • Limited maintenance obligations (triple net lease)

6. Zonnewende nursing home
Boomsesteenweg 15 – 2630 Aartselaar

Location	Antwerp periphery
Descriptive	Formerly a hotel, now converted into a nursing home
Construction year	1978 (construction) and 2009 (renovation)
Superstructure	8.278m^2
Number of beds	187 (175 beds and 12 service flats)
Tenant	Senior Living Group
Lease information	• 27 year-lease • Fixed rent, indexed to CPI • Limited maintenance obligations (triple net lease)

7. City Link office building
Posthofbrug 10-16 – 2600 Berchem

Location	• Antwerp periphery • Nearby the Antwerp Singel R10, the Antwerp Ring R1 and the Berchem railway station
Construction year	2009
Superstructure	27.108m² (4 buildings of 6.777m²)
Number of parking spaces	554 inside parking spaces and 34 outdooor parking spaces
Occupancy rate	100%
Tenants	Mercator, Arcadis, Randstad, Soresma,…

10. Maritime pub
Napoleonkaai 55 – 2000 Antwerp

Location	• Antwerp periphery • Nearby the city center and the area "Eilandje"
Construction year	1920 (construction) and 2010 (renovation)
Superstructure	$340 m^2$
Tenant	AB Inbev
Lease information	• 27 year master lease, with possibility for tenant to vacate 1,75% of the premises each year as from the 7th year • Fixed rent, indexed to CPI • Limited maintenance obligations (walls, facades, roofs)

Before renovation :

After renovation :

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ANALYSTS' DAY

13/01/2011

ANALYST DAY

- Introduction: Welcome to Antwerp
- Cofinimmo in Antwerp: offices – nursing homes - pubs
- Antwerp Office Market

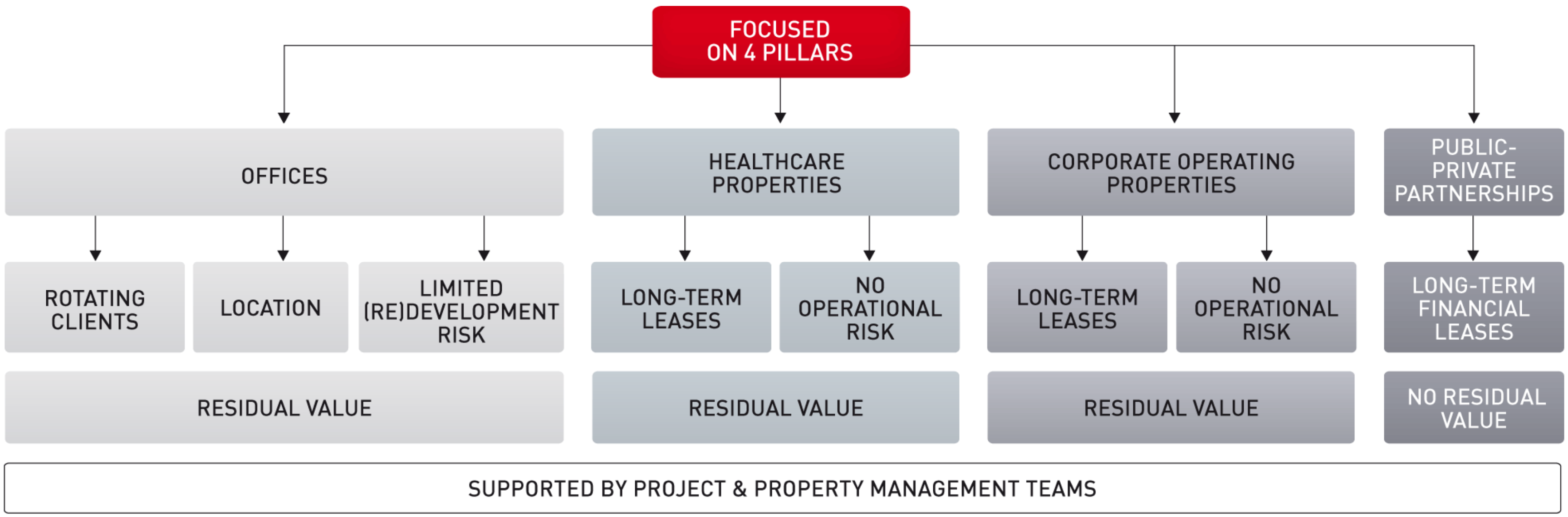
Welcome to Antwerp: the City of Challenges

- Past:
  - City of Brabo: liberation of Antwerp by Brabo by cutting off the hand of giant Antigoon
  - City of Breughel, Rubens, Plantin, Mercator and Lipsius
  - City with strategic location at the Scheldt: economically prosperous

- Today:
  - Economic success still due to location at the Scheldt: Europe's 2nd largest harbour and the 5th largest in the world
  - Diamond City – famous Diamond Games racket
  - Fashion City: famous fashion school + fashion designers (Dries Van Noten, Walter Van Beirendonck, Ann Demeulemeester)
  - University City: young people, new technologies

Cofinimmo in Antwerp: offices – nursing homes - pubs

Strategy


FOCUSED ON 4 PILLARS
OFFICES
HEALTHCARE PROPERTIES
CORPORATE OPERATING PROPERTIES
PUBLIC-PRIVATE PARTNERSHIPS
ROTATING CLIENTS
LOCATION
LIMITED (RE)DEVELOPMENT RISK
LONG-TERM LEASES
NO OPERATIONAL RISK
LONG-TERM LEASES
NO OPERATIONAL RISK
LONG-TERM FINANCIAL LEASES
RESIDUAL VALUE
RESIDUAL VALUE
RESIDUAL VALUE
NO RESIDUAL VALUE
SUPPORTED BY PROJECT & PROPERTY MANAGEMENT TEAMS

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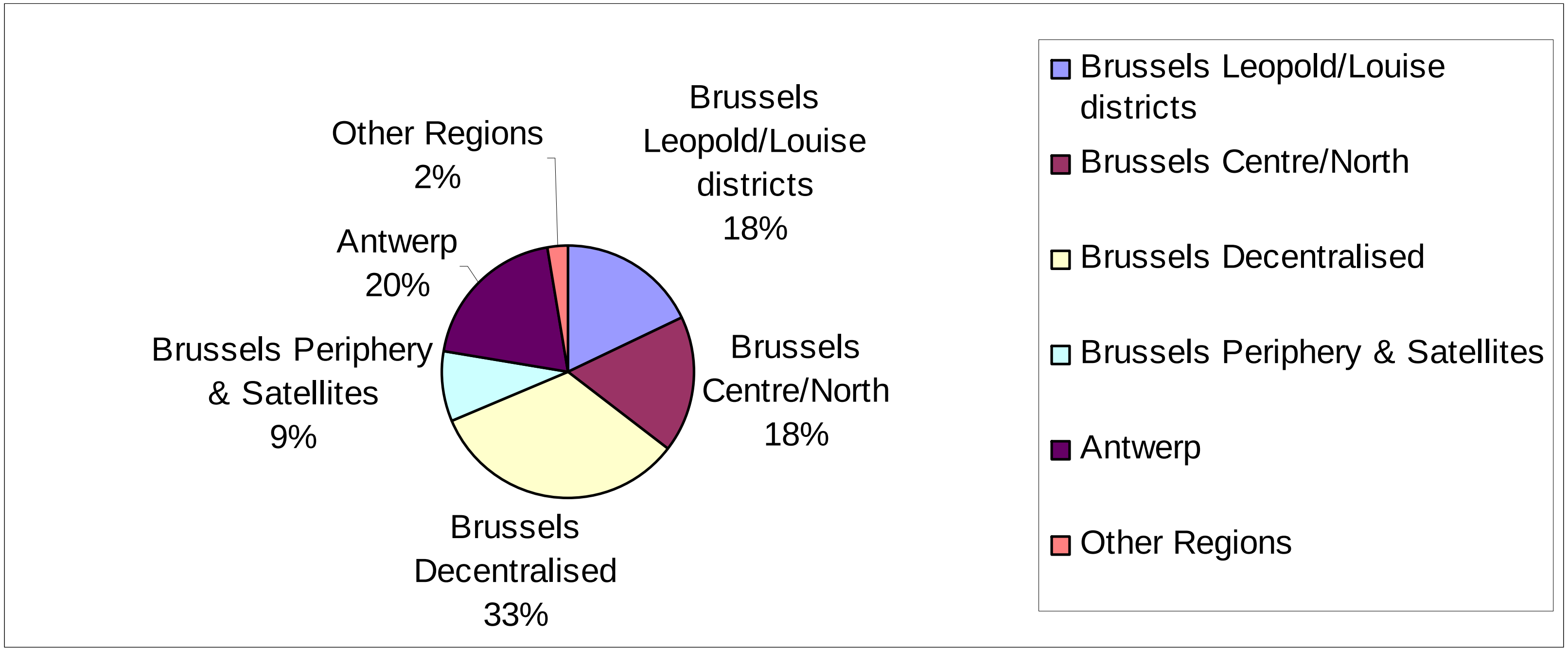
Office market – breakdown by region



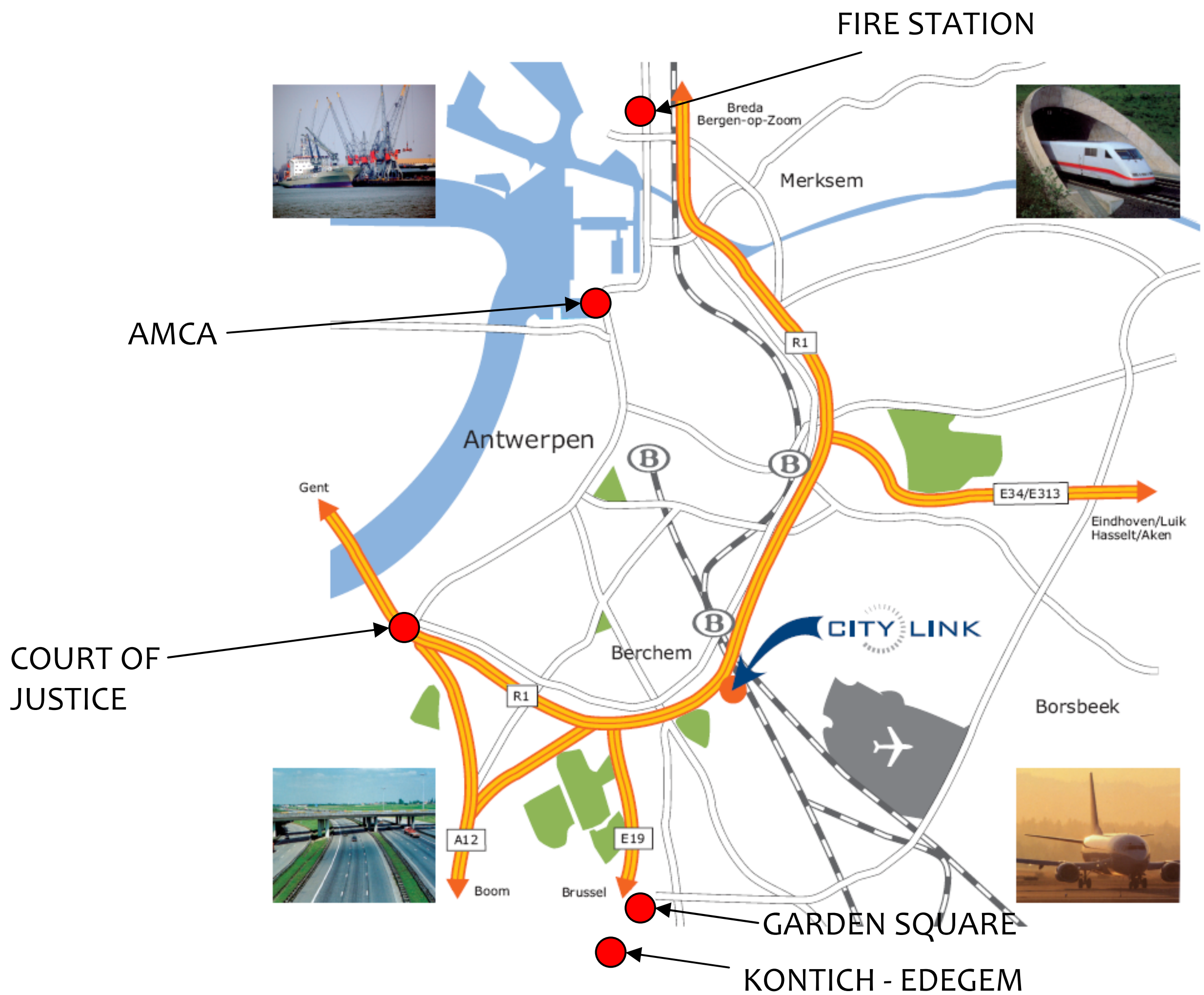
Antwerp includes Court of Justice, Fire Station, Police station Hekla and offices in Mechelen
Breakdown based on superstructure in sqm

Cofinimmo's Antwerp Offices

	superstructure (sqm)	number of buildings	occupancy rate
Antwerp	**189,132**	**23**	**98%**
Garden Square	7,464	3	99.5%
Prins Boudewijnlaan 41	6,007	1	97%
Prins Boudewijnlaan 43	6,007	1	94%
Prins Boudewijnlaan 43a - Hekla	4,805	1	100%
Veldkant 31-33	9,41	3	100%
Veldkant 35	4,096	4	94%
Noorderlaan - Fire Station	23,585	1	100%
City Link	26,916	4	100%
Court of Justice	72,131	1	100%
Mechelen Station	28,711	4	100%

Occupancy rate – Total office portfolio (on 30.09.2010) 92.36%

Location Antwerp Cofinimmo Offices



Investments

AMCA = Avenue Building & London Tower

- **The Avenue Building consists of:**
  - 7 overground floors (inclusive ground floor)
  - approximately 9.405 sqm of office area
- **The Londen Tower consists of:**
  - 5 overground offices floors (inclusive ground floor) and 18 apartment floors
  - approximately 3,530 sqm of office area
  - the offices are separated from the residential area

- **Strategic location: nearby the important road ‘Noorderlaan’, the Waaslandtunnel, the city center, the area « Eilandje » and Spoor Noord (in full expansion) and the harbor**
- **Large surfaces (+/- 1,375 sqm per floor) in Avenue Building**
- **Expected initial rental yield: between 6.10 % and 7.11 %**
- **Good energy performance: EPB index 74 (required <100)**

City Link: fully let within 6 months after acquisition

City-Link office business park

- Berchem (Antwerp) close to the Singel and railway station
- 4 office blocks totaling 27,108 sqm and 587 parking spaces
- Investment value: € 63.08 million
- 100 % let to tenants of good standing: Randstad Tempo Team, Mercator and Arcadis Gedas for average lease terms of over 9 years
- Gross initial yield fully let: 6.32%
- Good energy performance: EPB index 74 (required <100)

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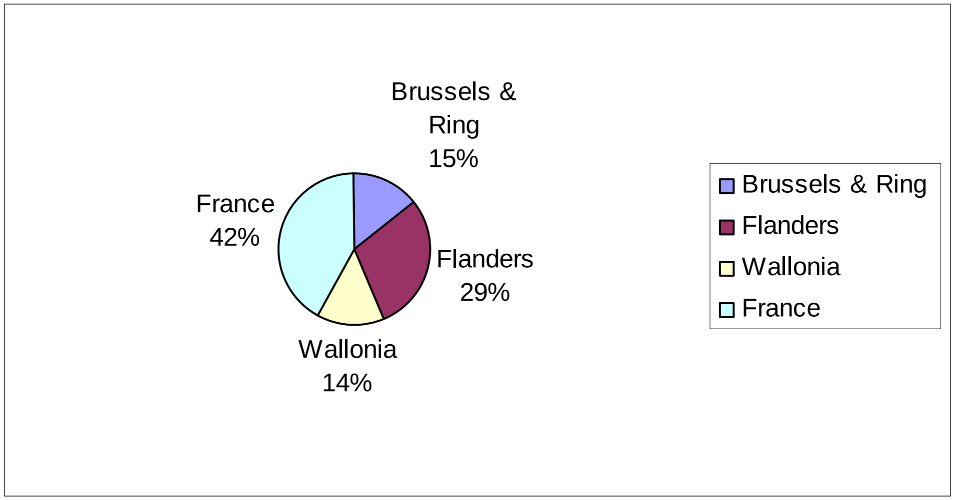
Cofinimmo continuously improves the quality of it's portfolio by an active arbitrage policy

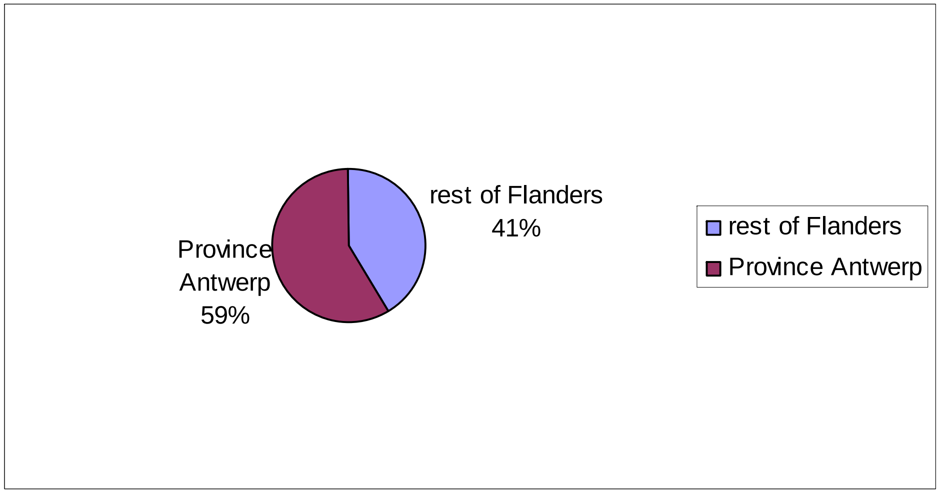
RECENT SALES						
Buildings	**Type**	**Superstructure (m²)**	**Sale price**	**Realised gain**	**Type**	**Date**
Singel	**Offices**	32,269	71,5 M €	18,2 M €	long leaseholds	end 2007
Green Plaza		8,656				
Plantin Moretus building		6,314				
Quinten Building		3,189				
Regent Building		3,276				
Royal House		3,436				
AntwerpGate1		5,657				
AntwerpGate2		1,741				
Perifery						
Cleydaellaan	Offices + warehouse	4,965	1,6 M €	0,2 M €	sale	dec 2008
Prins Boudewijn 24 A	Offices	9,714	15,5 M €	0,9 M €	long leasehold	2006
Harbour						
Noorderlaan	Commercial	24,300	24,3 M €	0,7 M €	long leasehold + tréfonds	2010
		71,248	**112,9 M €**	**20,02 M €**		

Healthcare properties breakdown

Breakdown by Region



Breakdown Flanders



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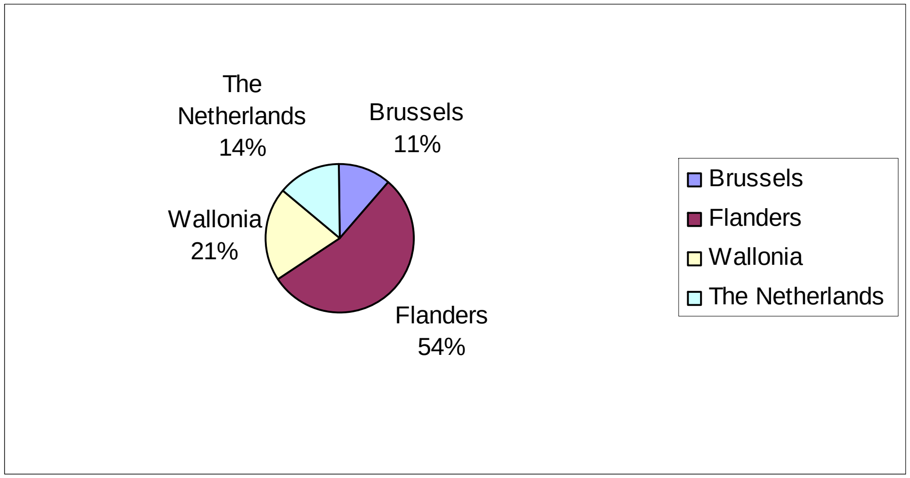
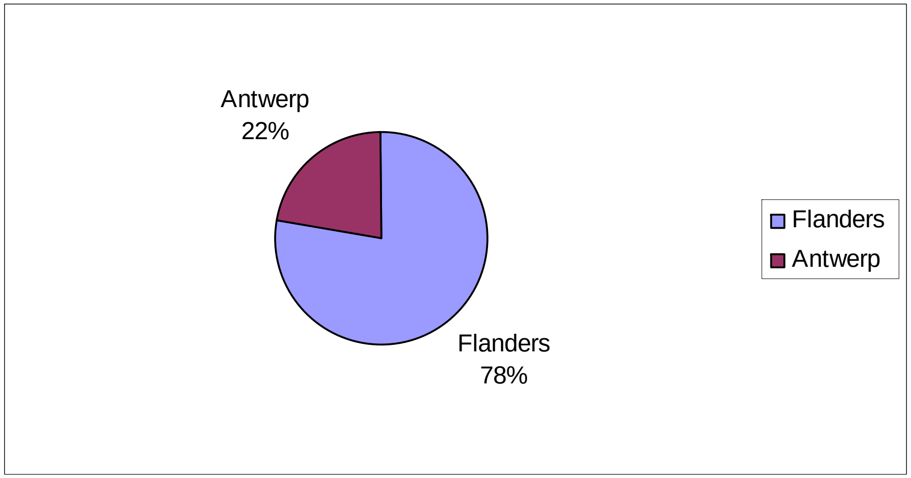
Pub portfolio breakdown

- Breakdown by Region



- Breakdown Flanders



ANTWERP OFFICE MARKET

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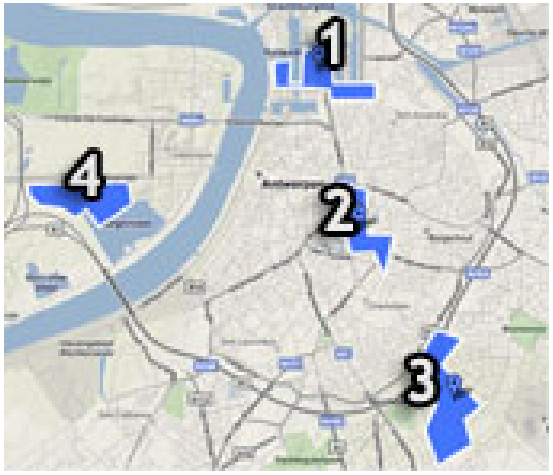
Antwerp Office market

ANTWERP	COFINIMMO
Total stock: +/- 2,105,000 m²	Total stock: 189,132 m² (= 9 %) (excl. Parking and archives)
Vacancy +/- 220,000 m²	Vacancy 920 m²
Vacancy rate: +/- 10.45%	Vacancy rate: +/- 2%
Prime rent: 140 €/m²	

Antwerp Office market

Antwerp office market is divided in 4 mayor zones:

1. Antwerp Docklands
2. Antwerp Diamond District
3. Antwerp Berchem
4. Antwerp West Park



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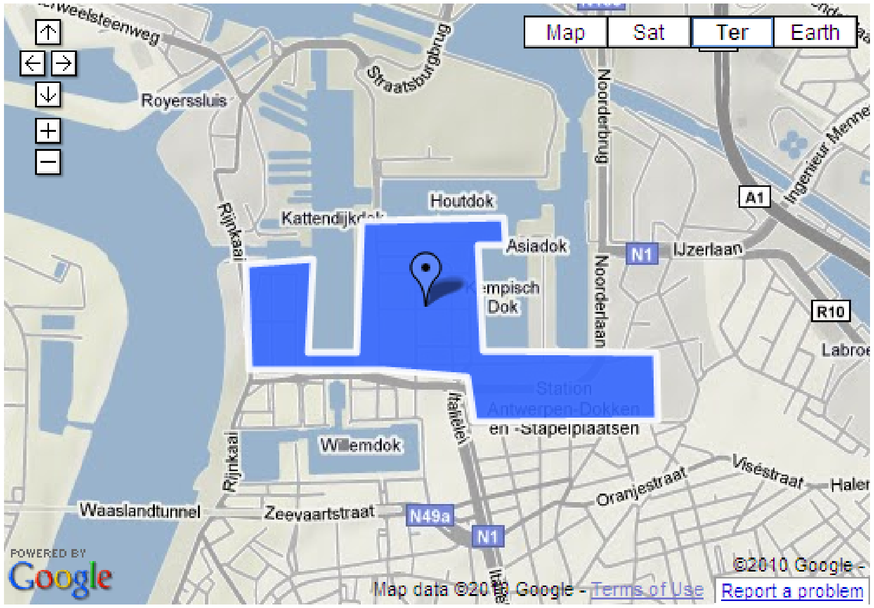
Antwerp Office market

1. Antwerp Docklands

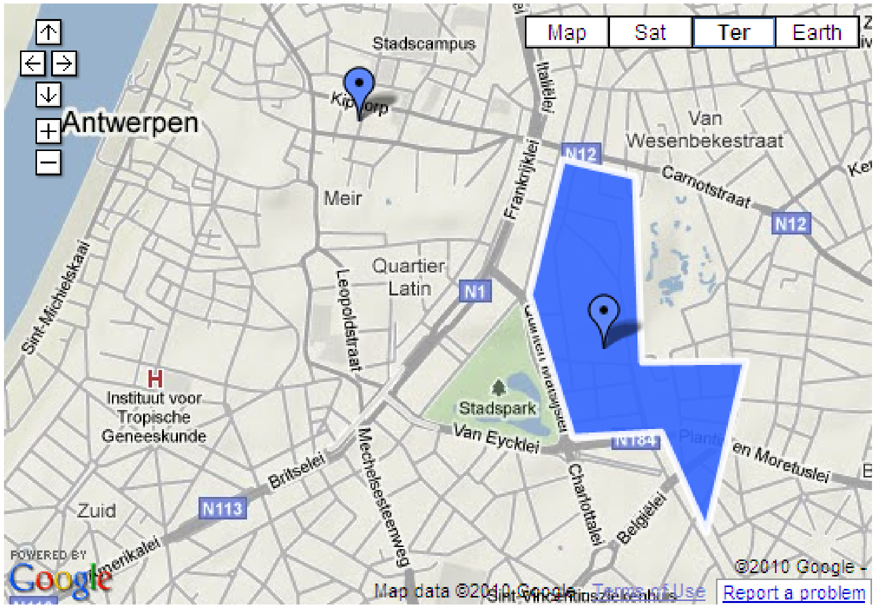
- **Companies related to harbour activity**
- **Mix of old and new office buildings**
- **Eilandje: most recent project with availability: AMCA**



Antwerp Office market

2. Antwerp Diamond District

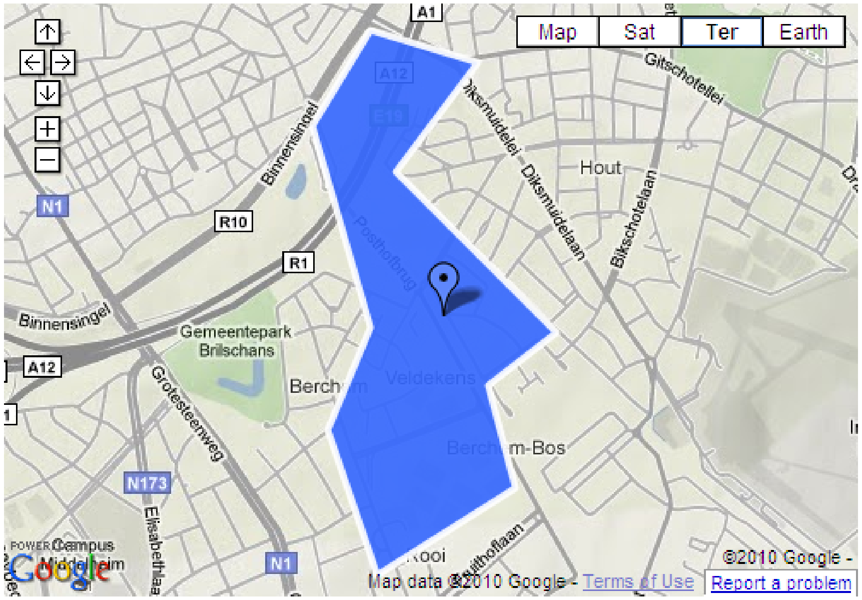
- **North: lack of modern office buildings**
- **Around central station: diamond quarter**
- **South: along Leien, Mechelsesteenweg and Plantin and Moretuslei: institutional administration and bank sector**
- **Almost 50% of vacancy rate, due to presence of older buildings**



Antwerp Office market

3. Antwerp Berchem

- **Newer office projects**
- **Institutions and private companies**
- **Most recent project: City Link**
- **Biggest event of 2009: rent of Mercator Insurances of 13,808 m² in City Link**



Antwerp Office market

4. Antwerp West Park

- **New urban zone on the left bank of the river Scheldt**

Antwerp Office market

Cofinimmo also has offices in other parts of the Antwerp Region:

- Periphery
  - **Along major highways E19, A12 and E313, E34**
  - **Office parks (Veldkant 31-33, Veldkant 35, Prins Boudewijnlaan 41-43, Garden Square)**
  - **Industrial and logistic buildings**
- Mechelen
  - **Situated in industrial zones north and south and around railway station (Mechelen Station)**

Antwerp Office market

- Antwerp office market has a lot of potential:
  - **More local institutions are looking for offices in Antwerp (f.e. Flemish Administration)**
  - **Antwerp Headquarters:**
    - Public/private partnership between City of Antwerp and private sector
    - Wants to attract head offices of international companies in Benelux
  - **Presence of world harbour**
  - **Universities: highly educated and highly productive workforce**

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SUSTAINABLE AND ENVIRONMENTAL FRIENDLY DEVELOPMENT

- Additional investments of Cofinimmo for City Link and AMCA to achieve **EPB level 74**

For AMCA:

Isolation: U-roof 0,17 W/sqmK

Isolation: U-walls 0,40 W/sqmK

Steam humidifier on gas

Ventilation groups with frequency variation (VAV in meeting rooms, CAV in offices)

Lighting equipped with movement detection in sanitary blocks, offices, staircases

Lighting in offices connected to a daylight depended regulation

For City Link:

U = 0.3 W/m^{2}K for floor and parking

U = 0.2 W/m^{2}K for roof

U = 0.3 W/m^{2}K for facade

Steamhumidifier on gas

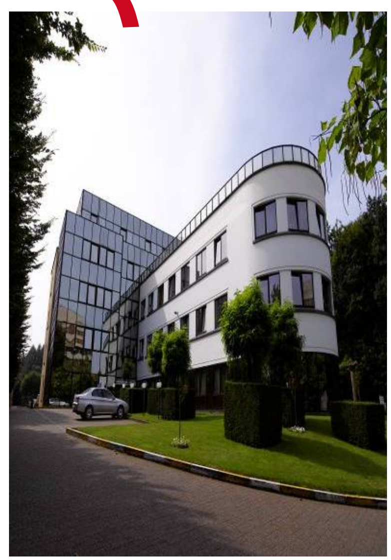
Ventilationgroups with frequency variation (VAV in meeting rooms, CAV in offices)

Lighting equiped with movement detection in meeting rooms

Ligthing in offices connected to a daylight depended regulation

- AMCA: Green roof
- Environmental friendly policy
- Breeam-in-use Certificate for Asset and Building Management

Q&A



Disclaimer:

This presentation is directed to financial analysts and institutional investors and is not to be considered as an incentive to invest or as an offer to acquire Cofinimmo shares.

The information herein is extracted from Cofinimmo annual and half-yearly reports and press releases but does not reproduce the whole content of these documents.

Only the French annual and half-yearly reports and press releases form legal evidence.

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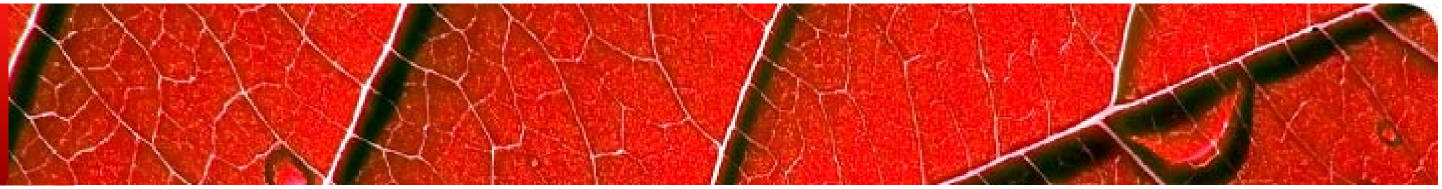
Properties for the Elderly and Healthcare

November 2010



A. Introduction

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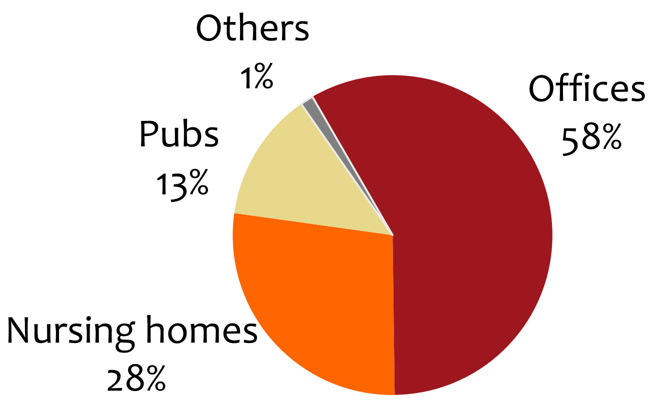
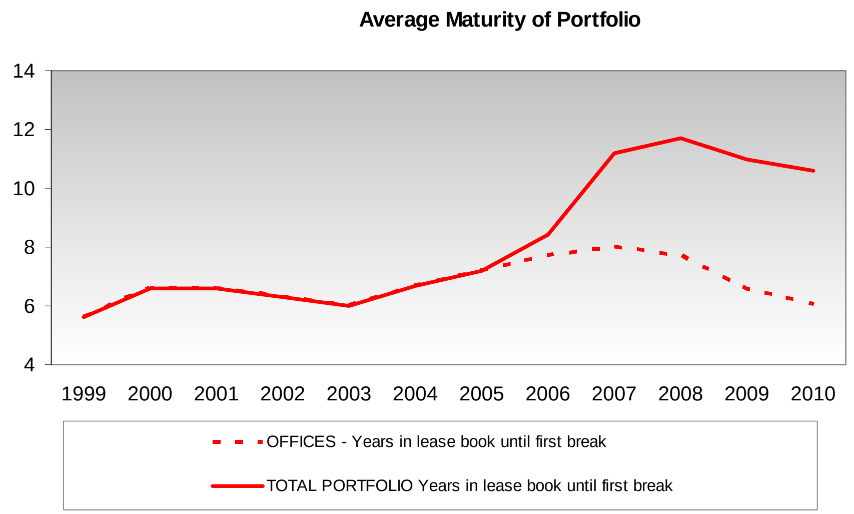
Nursing Homes vs global portfolio

	30.09.2010	31.12.2009
Portfolio of investment properties - Fair value (x € 1,000,000)	3,006.0	3,040.7
Nursing homes	**827.0**	**802.5**
Occupancy rate – Total portfolio	95.34%	96.86%
Occupancy rate – Office portfolio	92.36%	94.82%

Breakdown by asset type (% of fair value)



Maturity of leases (in years until first break)



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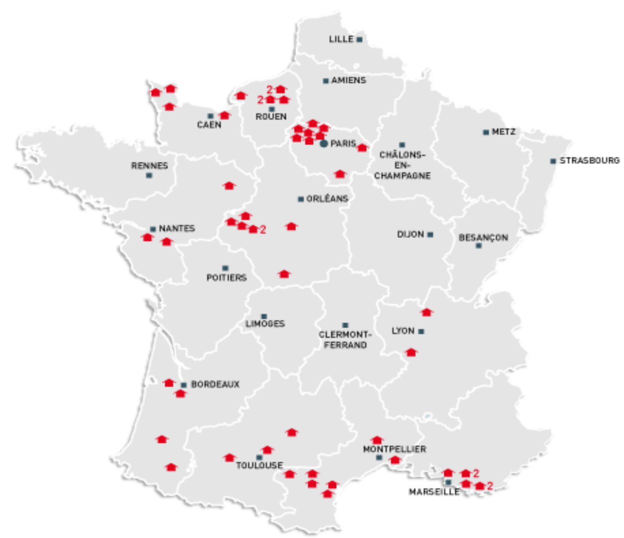
Cofinimmo elderly & healthcare portfolio characteristics

- 100 care homes with 9,900 beds in Belgium and France
  - Nursing Homes
  - Nursing and Care Homes
  - Clinics (after-care, psychiatric, day-care)
- Long-term contractual relationships
  - 27 years in Belgium
  - 12 years in France[1]
- Only property company with specialised nursing home Project Management

	Belgium	France	Total
Fair value	491 M€	336 M€	827 M€
Units	49	51	100
Number of beds	5,704	4,174	9,878
Average lease length	25 years	9 years	
Rental income 2009 (9m)	17 M€	17 M€	34 M€
Rental income 2010 (9m)	22 M€	18 M€	40 M€



[1] Shorter lease contracts due to tax advantages related to lower registration duty.

B. Key Features of the market

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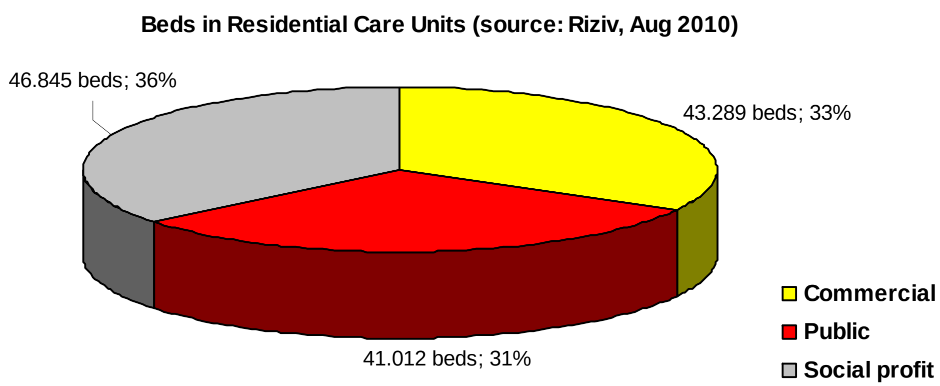
Demand potential

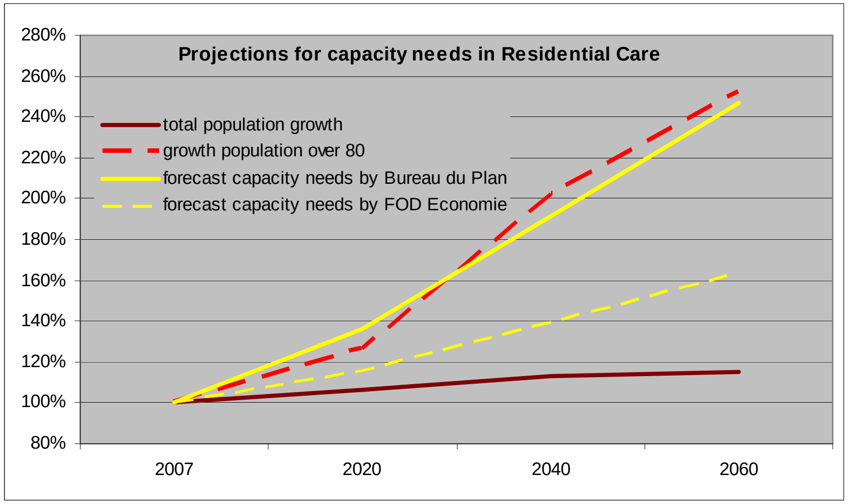
Actual size of the market



Actual capacity : 131.000 beds

Strict capacity planning by Authorities

Demand Potential



Needed capacity in 2050:

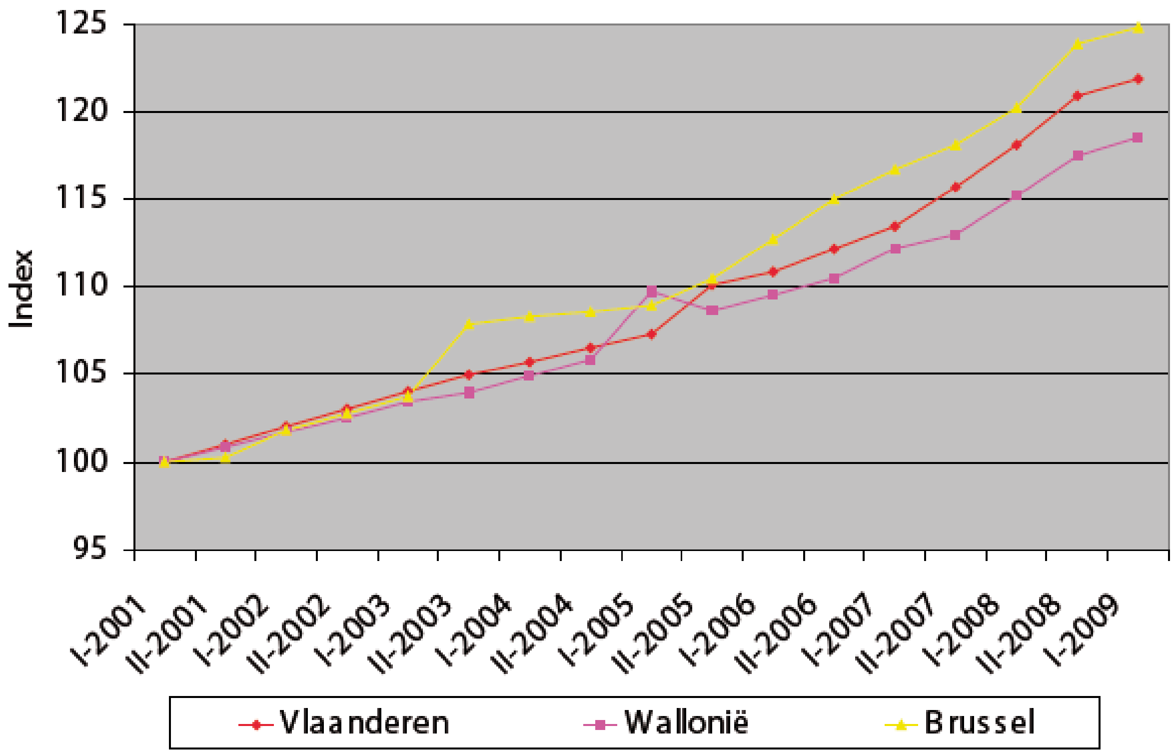
- Bureau du Plan: + 180.000 beds
- FOD Economie: + 74.000 beds

Compensating factors :

- Healthy life expectancy (+0.3 years per year 95-01)
- Policies towards elderly and healthcare spending
- Consumption patterns of elderly

Resilience of operators' revenues

Evolution of day prices

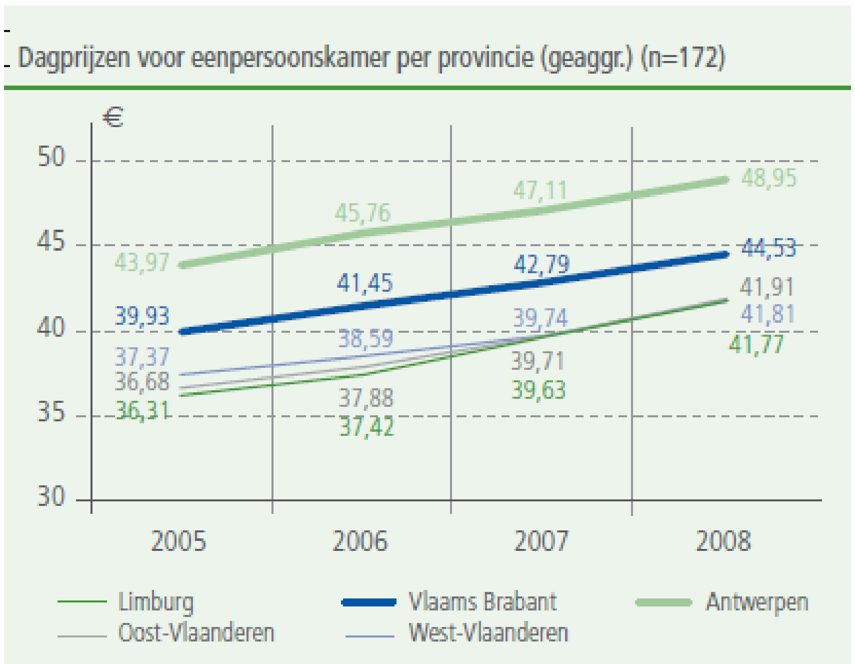


Source: FOD Economie, 2009

- Once day prices are fixed they can only be modified by
  - **Indexation**
  - **Structural works**
- Day prices are annually indexed to composite index derived from CPI and health care costs
- Day prices grew on average 2.56% per year (2001 – 2009)

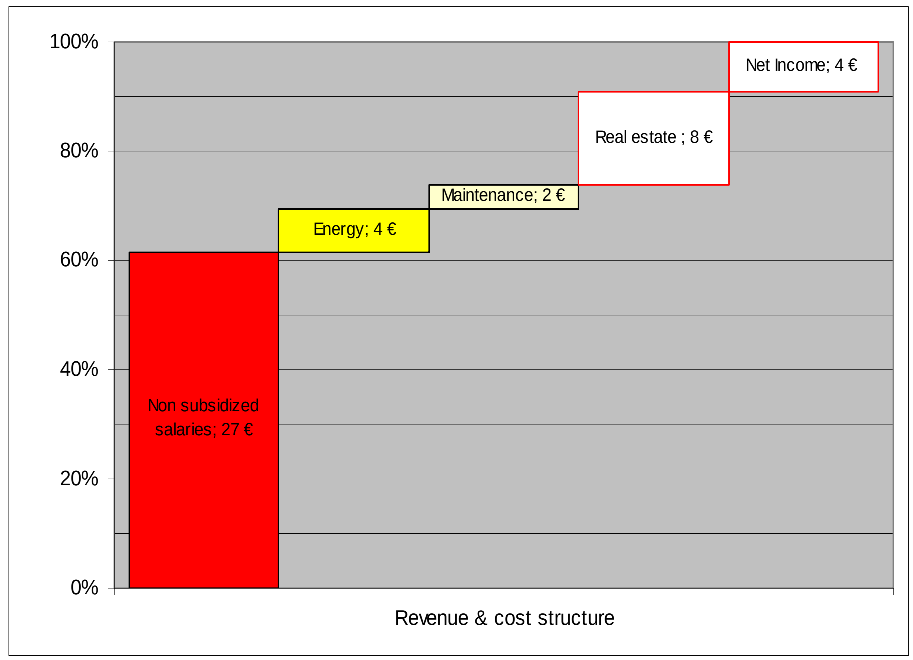
Solid operational revenue structure

Evolution of operators' revenue



Source: Dexia

Revenue structure



Conclusion:

- EBITDAR Margin: 27%
- Net Income margin: 9%
- Target RE cost/Ebitdar: 66%

C. Our role in this market

Leverage of real estate construction expertise

Cofinimmo ← Long-term lease → The Care institution/Operator

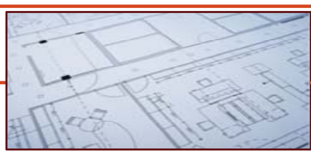
Cofinimmo owns the bricks and provides to the operator **flexible financing, property and maintenance services**

The Care institution/Operator provides **care and accommodation** services to residents/patients

Acquisition + Project financing +/or Development research

+/or Building program & planning +/or Select study offices +/or Concept & permit

+/or Tendering/Contracting +/or Construction & delivery +/or Quality control



+/or Technical audit & due diligence +/or Sustainability +/or Structural maintenance

Key features of rental Contracts

Operator

Long term lease

Cofinimmo
flexible workspace

Owner of land

Sale of land or provision of land right

- **Long term partnership relation with tenants (f.e. win-win deals on future works)**
- **Long-term contractual relationships**
  - 27 years in Belgium
  - 12 years in France[1]
- **Fixed rents from operator**
- **Annual indexation to CPI (or composite index in France)**
- **Mostly triple net rents with limited maintenance obligation**

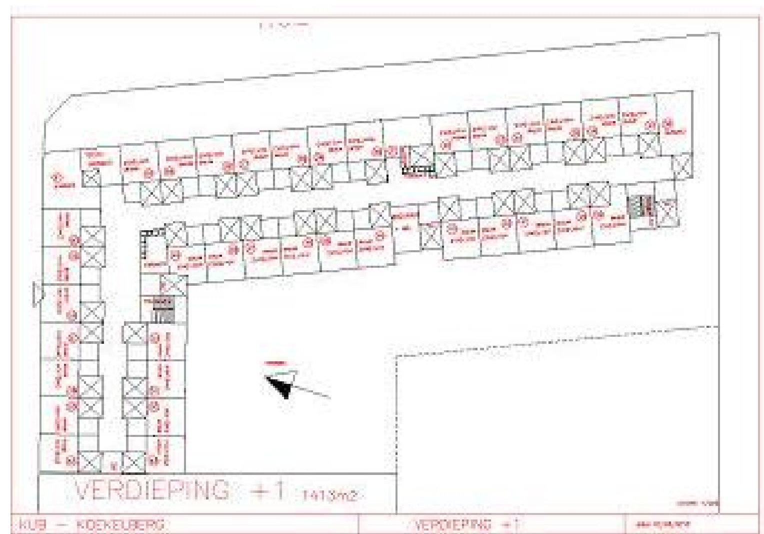
[1] Shorter lease contracts due to tax advantages related to lower registration duty

Development of view on design of institutions

Nursing homes – recommendations

Building program

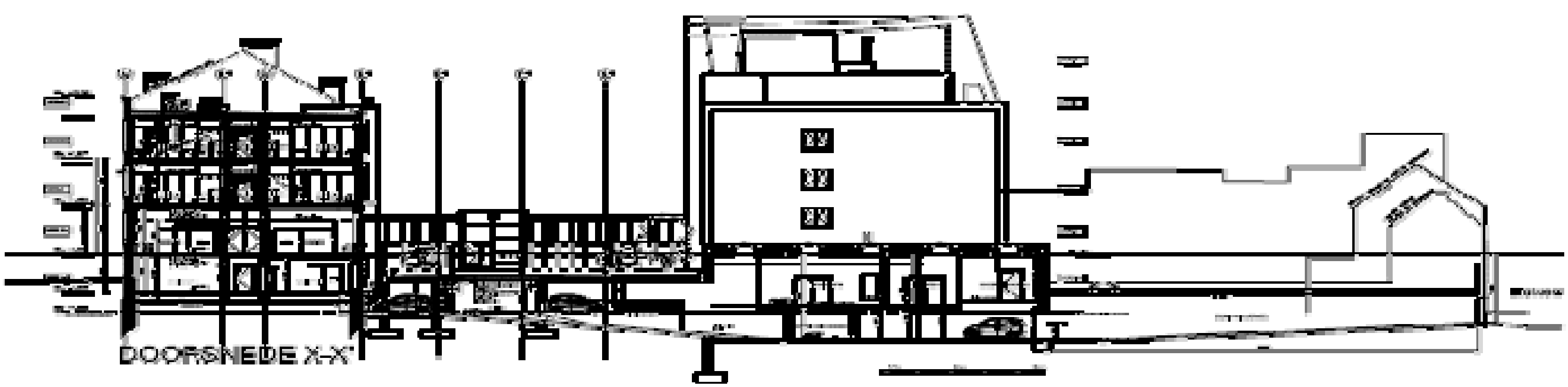
- 20-30 beds per floor = efficient care unit
- Minimum 80-120 beds per nursing home
- Organisation in living groups leading to horizontal facilities
- Tendency towards mainly single bedrooms
  (# of double bedrooms limited by regional prescriptions)
- Tendency towards homes with mixture of nursing homes & service flats, possible extended with day centre or home care services



Examples of recent Cofinimmo developments

Bellevue, Brussels: Transformation of 2 office buildings into a nursing home with 143 rooms

- 2 buildings: 3,056m² and 4,597m²
- Construction of a 1,000m² underground parking lot with 35 places
- Creation of a garden in between the 2 buildings on top of the parking
- Budget of works: €9,500,000, VAT & studies excluded
- Work started: June 2008
- Works ended: January 2010
- Mission Cofinimmo: full Project Management



Examples of recent Cofinimmo developments (cont'd)

Bellevue, Brussels: Transformation of 2 office buildings into a nursing home with 143 rooms

Before

After

Examples of recent Cofinimmo developments (cont'd)

Weverbos, Gentbrugge: Construction of a new nursing home for 100 residents

- Total surface superstructure: 5,387m²
- Optimisation of the operator's project; construction next to the existing nursing home (instead of on top of it)
- Negotiation of the urban regulations & building program
- Budget of works: €1,850,000
- Works started: May 2010
- End of works foreseen in June 2011
- Mission Cofinimmo: full Project Management & Development

During

After

D. Risk management

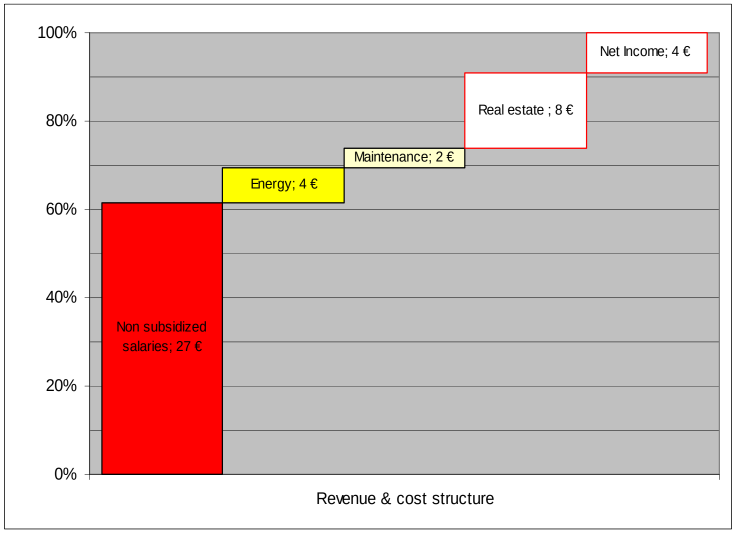
Credit risk anticipation and monitoring of business risks

Cofinimmo 's requirements

- Feasability study for each project
- Due diligence of operators business plan
- Rent covenants at 65% of EBITDAR
- Consolidation of credit risk
- Transfer of maintenance risk to operator
- Requierements with regard to energy and environmental performances (« green leases »)
- Rental guarantees

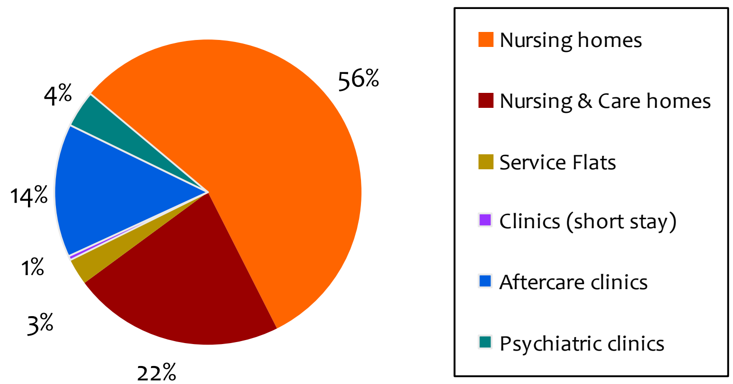
The resulting rent is systematically appreciated against the projects'CF generation

	Cofinimmo tenants	
	Belgium	France
Rent per bed	4.650	5.250
Rent/EBITDAR	59%	49%

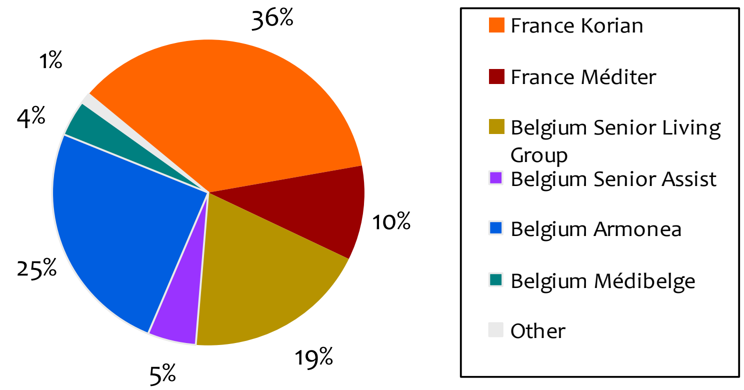


Revenue diversification

Breakdown per type of institution



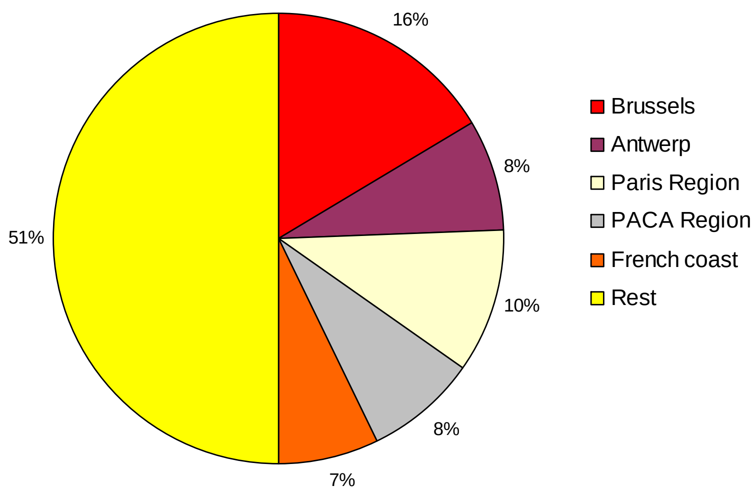
Breakdown per operator



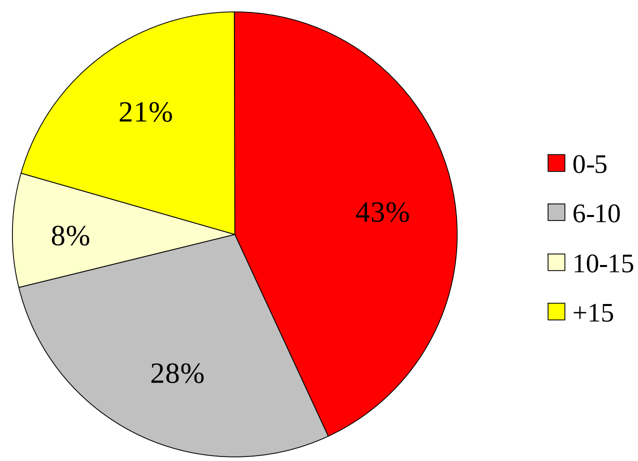
Conservative real estate valuation

	Gross yield 30.09.2010	Gross yield 2009	Gross yield 2008	Gross yield 2007
Gross yields	6.38%	6.45%	6.24%	5.86%
Belgium	*6.03%*	*6.15%*	*5.94%*	*5.86%*
France	*6.86%*	*6.83%*	*6.59%*	*N.A.*

Location of portfolio



Average age of Belgian portfolio



E. Track record and Pipeline

Recent transactions

23.12.2010 Acquisition of Lucie Lambert in Buizingen (South West Brussels)

- Area of 8,046 sqm accommodating 149 beds
- Operated by Orpea Group
- Annual initial rent: € 1.336 million
- Initial acquisition yield 6,3% (NN equivalent)

21.12.2010 Acquisition of Saint Ignace in Laeken (Brussels)

- Area of 8,708 sqm accommodating 150 beds
- Operated by the Senior Living Group
- Annual initial rent : € 0.72 million
- Initial acquisition yield 6,5% (NN equivalent)

Recent transactions

January 2010 Delivery of home Bellevue in Brussels

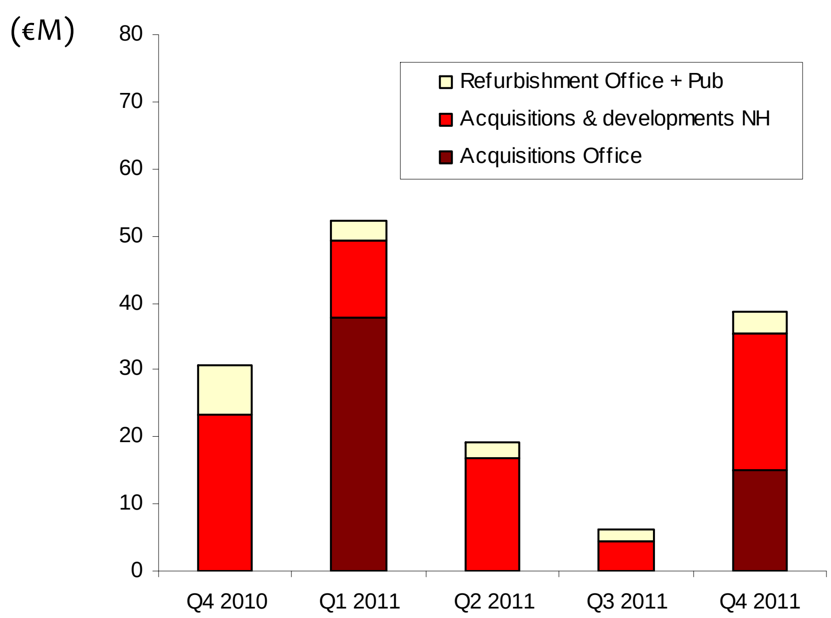
- Area of 7,500 sqm accommodating 153 beds
- Operated by the Senior Assist Group
- Annual initial rent: € 1.05 million
- Initial acquisition yield 6,18%

05.01.2010 Acquisition of Prinsenpark in Genk

- Area of 8,169 sqm accommodating 120 beds
- Operated by the Senior Living Group
- Annual initial rent : € 0.70 million
- Extra area of 7,510 sqm accomodating 34 beds and 40 service flats to be built
- Initial acquisition yield 6,60%

Development Pipeline

- Total investment pipeline 2010-2011: € 147 million (excl. refurbishment)
  - € 31 million in 2010
  - € 116 million in 2011
- Nursing homes: € 76 million (fully pre-let)
- Avenue Building, office building in Antwerp: € 38 million
- Police station in Dendermonde: € 15 million (fully pre-let)



Our objective

Expand our vast experience in the nursing & care homes sector towards the hospital sector where there is a particular need for multifaceted expertise

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Only the French yearly and half-yearly financial reports and press releases form legal evidence.o

DTZ Research

Property Times
Brussels Offices Q4 2010
Bitter and sweet

11 January 2011

Contents

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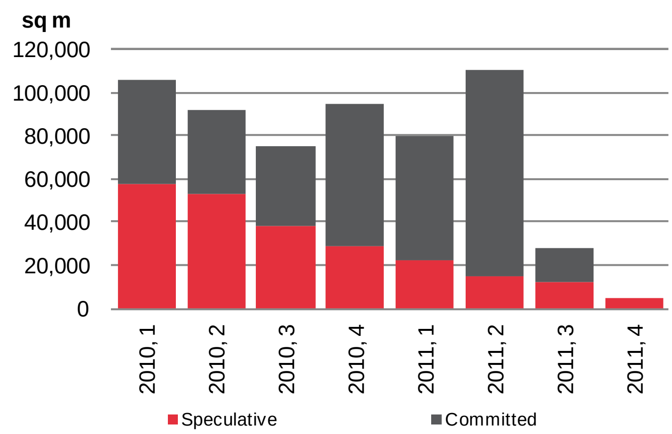
- While the outlook for the Brussels office market has been gloomier every quarter in 2010, some major last minute deals have brought some Christmas cheer to the end of the year. The total annual take-up figure reaches an unexpected 517,235 sq m as more than 112,000 sq m in transactions have been recorded during the final few weeks of 2010.
- However, some of the market's fundamentals remain worrying, namely a record high availability (12.28% and 1.6m sq m), especially for recent buildings in the Central districts and a considerable pressure on effective rents with gratuities up to 2.5 months per year of lease.
- On a brighter note, the speculative pipeline for 2011 has completely dried out (Figure 1), which should allow for availability to start decreasing next year. On top of this, private sector activity seems to be slowly picking up. Oxford Economics forecasts an average annual growth of office employment reaching 1.4% between 2011 and 2015 in Brussels.
- Rents should therefore stabilize in 2011 and improve towards the end of the year on the back of stronger economical growth and weaker pipeline.
- Therefore there is a mixed feeling regarding the market's medium term outlook. The existing situation is one of the most preoccupying ever known on the market but positive factors are emerging to help mitigate the situation in 2011.

Figure 1
New Supply & Pipeline



Source: DTZ Research

Economic overview

Amid the ongoing political deadlock in Belgium, investors are becoming concerned that the current caretaker government will be unable to introduce the structural reforms needed to place the public finances onto a sustainable medium-term path. In recent weeks, the spread between the country's sovereign debt and benchmark German bunds has risen above 100bp as the sovereign debt crisis has intensified in the aftermath of the Irish bailout (Figure 2).

Against this background of heightened uncertainty, our forecasts for the Belgian economy are weighted to the downside. We continue to envisage only a moderate acceleration in the pace of activity over the course of 2011, with GDP growth forecast at just 2.1% (Figure 3). The boost from net exports is set to fade as demand from the German economy slows, while domestic demand will gradually pick up, supported by a recovery in investment expenditure.

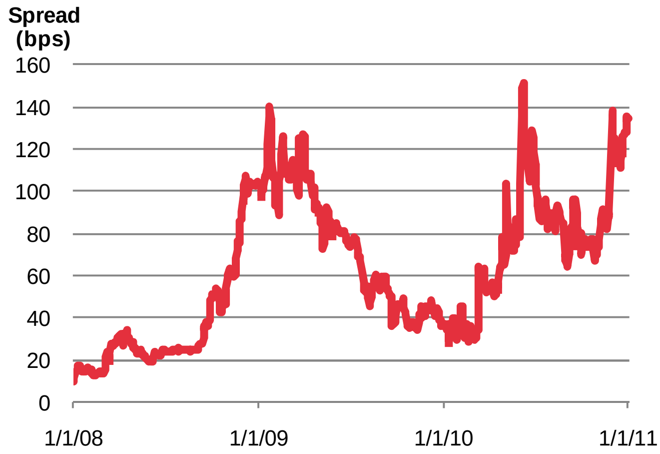
Harmonised consumer price inflation in Belgium was running at an annual rate of 3.0% in November, significantly above the Eurozone average of 1.9%. This mainly reflects a steeper rise in retail energy prices than in other Eurozone countries due to a different mechanism for setting tariffs. The recent surge in inflation should therefore prove short-lived and we are forecasting consumer price inflation will average 2.1% in 2011 after 2.2% this year (Figure 4).

Looking more specifically at Brussels, the outlook for 2011 is more upbeat with GDP forecast to rise by 3.5%. This will be founded on a robust pickup in activity across private services, led by financial services, while the public sector should continue to grow with Belgium facing a less onerous fiscal adjustment than a lot of other Eurozone countries. The labour market should also see a healthy recovery, with employment expected to grow by 1.3% in 2011. This will be led by office-based sectors, with job creation expected to comfortably outpace both national and European city averages.

Source: Oxford Economics

Figure 2

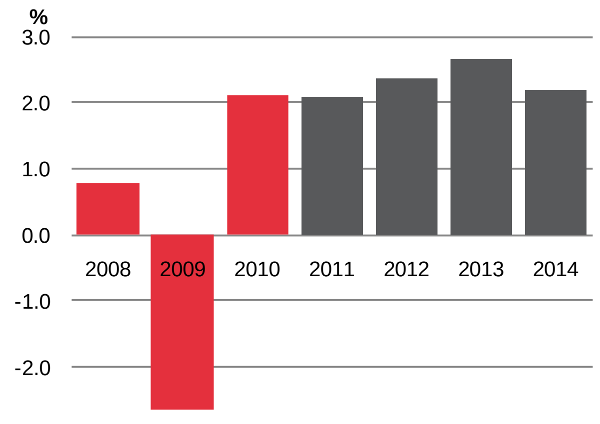
Belgium: spread over bunds



Source: Oxford Economics

Figure 3

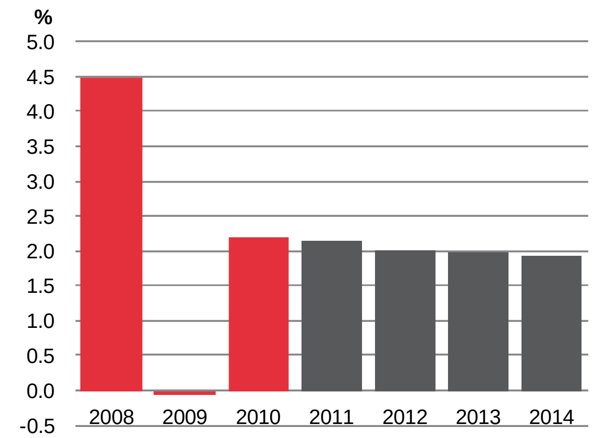
Belgium: GDP growth forecast



Source: Oxford Economics

Figure 4

Belgium: Consumer Price Index



Source: Oxford Economics

Brussels market

Up until two weeks before the year's end, only a weak take-up totalling 40,000 sq m had been recorded during Q4. This figure would have made it the worst quarter of the decade and would have been in direct line of the decrease observed since Q4 2009 (Figure 5). However, in the last few days of 2010, take-up of more than 112,000 sq m has been recorded, half of which in one of the top 10 deals of the decade: the letting of 55,000 sq m of offices (as well as 10,000 sq m of additional spaces for specific use) by the Federal Police in the *BelAir* development of Breevast and Immobel. With 517,235 sq m, take-up in 2010 is therefore much higher than expected and only 10% below average.

However, this should not overshadow the fact that the Brussels office market has not regained its full shape. Availability is still at an historic high (Figure 5), effective rents have dropped considerably (Figure 6) and the economic outlook for the private sector is uncertain. Both prime and effective rent should however stabilise in 2011 and improve towards the end of the year.

The most worrying factor remains the high availability in recent buildings within the Central districts (CBD): 435,000 sq m are still vacant in buildings less than five years old within the Central districts. There are only 61,000 sq m in the Decentralised districts and 83,000 sq m in the periphery.

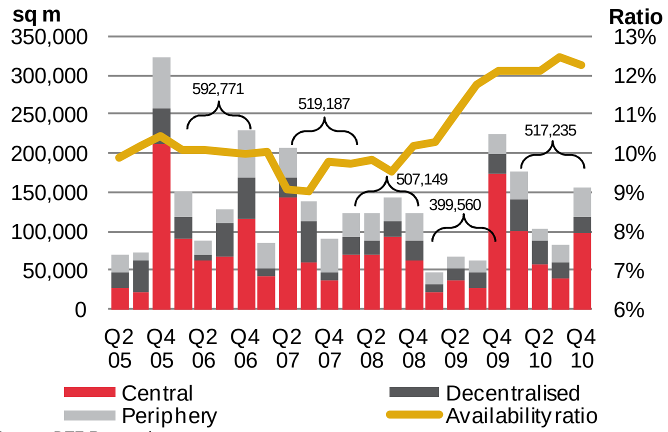
Two positive elements are comforting as far as the medium term outlook is concerned: the speculative pipeline has virtually dried out for 2011 (Figure 7) and private sector activity is improving, especially the IT-Telecom sector (more than double 2009 level and triple 2008 level). Several purchases for own use have also been recorded, which can be a sign of long term confidence from the corporate sector but also of depressed value on the market.

Table 1

Market indicators Q4 2010	
	Brussels office market
Stock (sq m)	13,064,305
Take-up (sq m)	156,161
Take-up in 2010 (sq m)	*517,235*
Availability (sq m)	1,603,981
Availability ratio (%)	12,28
New supply (sq m)	94,368
Of which speculative	*28,378*
Prime rent (€/sq m/year)	275

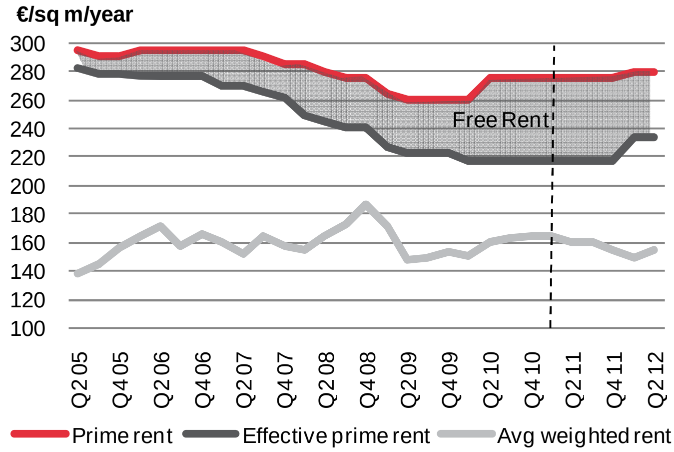
Source: DTZ Research

Figure 5
Take-up & availability



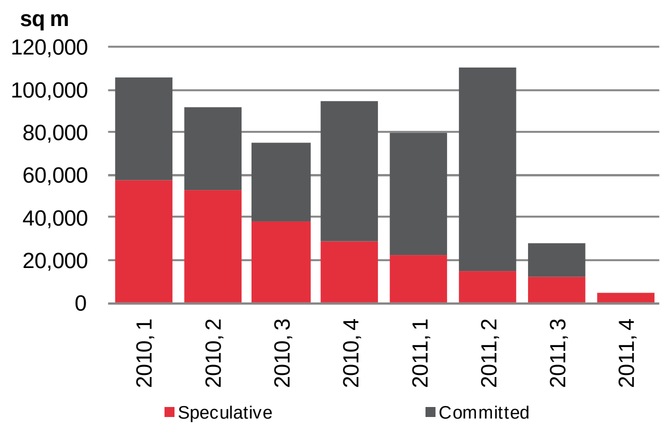
Source: DTZ Research

Figure 6
Rents



Source: DTZ Research

Figure 7
New supply & pipeline



Source: DTZ Research

Central districts

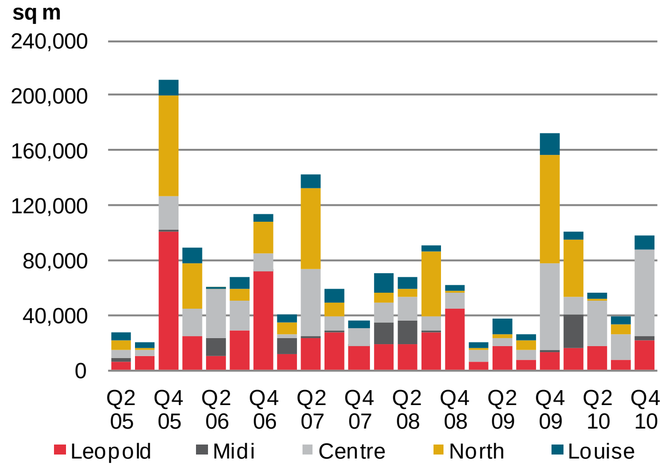
More than 55% of the quarterly take-up figure in the Central district is due to the single transaction of the Federal Police in the redevelopment project of the "Cité Administrative" rebranded *BelAir*. The total figure amounts to 97,704 sq m (Figure 8), including 55,000 due to the *BelAir* deal. This allows the Central district to score 20% better than its average and helps forget the poor level of transactions observed during the last quarter as well as in 2009 (GDF-Suez deal aside). However, this should not hide the fact that activity is under pressure in the area as only 198 transactions have been observed. This is certainly better than last year's result of 175 but a long way from 2008 (265 deals), 2007 (271 deals) or even 2006 (251 deals). The Central districts have had to rely on the big deals since 2009 but it reveals the relative uncertainty of the broader economy.

Looking at the results per districts (Figure 8), the Centre is clearly off the chart (63,274 sq m) with a result almost identical to Q4 2009 when the *Forum* and the *t'Serclaes* deals had also boosted the end of the year. As usual, the Midi district has proven very quiet in 2010, except for a transaction by the Consulate of Morocco in Q4 (2,745 sq m purchased) and the lettings of Infrabel in Q1. While no transaction took place in the North district in Q4, the Leopold district has accomplished its best level of quarterly take-up since Q4 2008 with 21,626 sq m. This remains nonetheless 30% below its average but next quarter will most probably see the long-awaited letting of the Capital building (50,000 sq m). Two interesting deals are the purchase by Fluxys of the building it was already partly occupying (Guimard 6, 6,285 sq m) and the first letting in *Pericles* (KBC new development) by Hogan Lovells (2,230 sq m) at a headline rent of €250/sq m/year. Finally the Louise district has also performed better than previous quarter with 10,059 sq m, mainly due to the letting of 4,800 sq m by EU Joint initiatives in the *White Atrium*, a first in the Louise district (Figure 9).

Nearly 226,000 sq m (50% pre-let) have been delivered in 2010 in the Central districts, 65,618 sq m of which during the fourth quarter. Fortunately, only 16,400 sq m are speculative with the delivery of the renovated *Froissart 95* of Befimmo (3,185 sq m) and the *Trio* (Duo-Tertio) of CBRE Investors (13,193 sq m). These two developments have been certified by BREEAM as "Excellent" and "Very Good" respectively. The two other deliveries are a turn-key for Securex (*Fusio* 9,240 sq m) and GDF-Suez (*Pole Star*, 40,000 sq m).

Figure 8

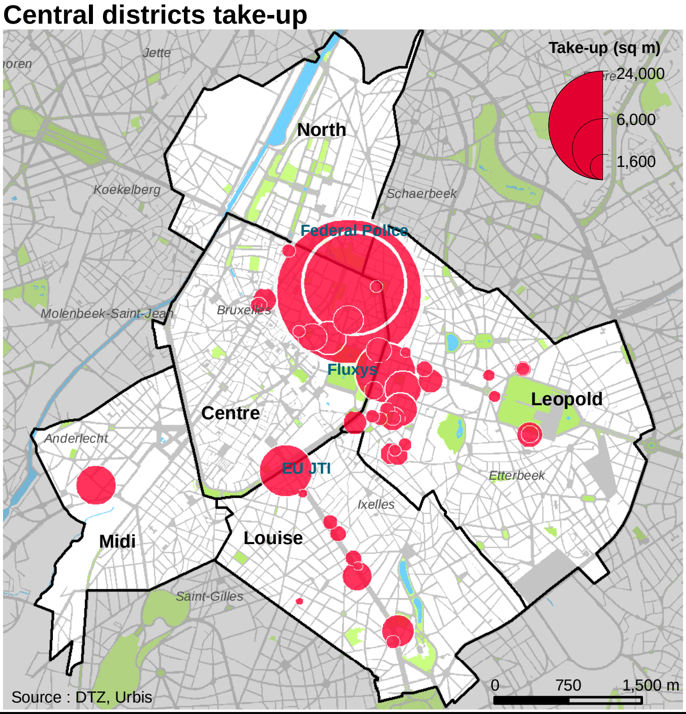
Central districts take-up



Source: DTZ Research

Figure 9

Central districts take-up



Source : DTZ, Urbis

Central districts

Availability remains the main threat for the Brussels market in general and the Central districts in particular. Having reached an all-time maximum of 826,933 sq m in Q3, available office spaces in the Central districts have now decreased by 3% to 799,195 sq m in Q4 (availability ratio of 9.48%). The main issue the Central districts need to face is the huge availability of recent office spaces (under five years old) with nearly 435,000 sq m, representing 54% of the total availability.

Looking at the figures for each district (Figure 10), the Louise district is the only one with a situation worse off in Q4. The reason for this increase is the delivery of the empty *Trio* building. Other landmarks such as the *White Atrium* and the *Platinum* have indeed improved their occupancy ratio with new lettings during the quarter. The Leopold district confirms the downward trend started in Q2 but there are still 347,464 sq m available and an availability ratio of 10.84%. Lettings in the *Pericles* and the *Neo* are however a good sign as far as the availability in recently delivered buildings are concerned.

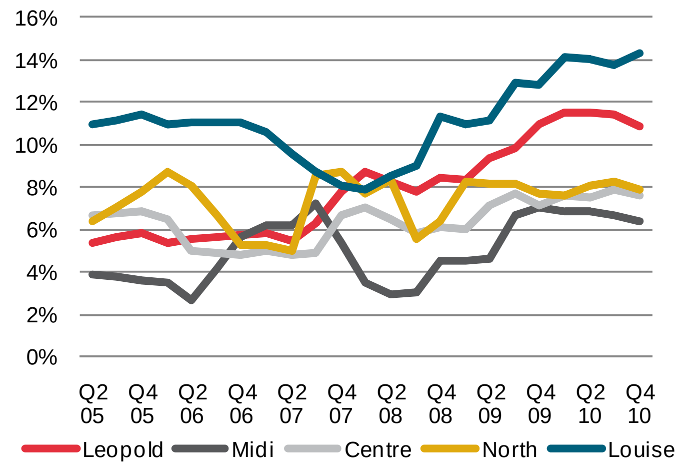
It is worth noting that 24% of the available spaces in the Central districts are to be found in lump surfaces of more than 10,000 sq m. This figure is significantly lower in the Decentralised districts (9%) or the Periphery (8%).

Prime rents are witnessing a downward trend, with the notable exception of the Leopold prime rent which has stabilised at around €275/sq m/year (Figure 11). The general decrease of prime rents is mostly due to the lack of transactions on the higher end of the market as well as to the competition existing amongst the numerous newer buildings.

The headline weighted average rent is however back to the level observed in 2008-09 with €192/sq m/year recorded in the Central districts in 2010; to this, a rent-free period ranging from 2 to 2.5 months/year of lease should be applied. The average effective rent observed in the Central districts in 2010 is therefore ranging from €150 to €160/sq m/year. Having reached an historical maximum in terms of free-rent, the situation should improve in 2011 in line with a stronger economical activity and a weaker development pipeline.

Figure 10

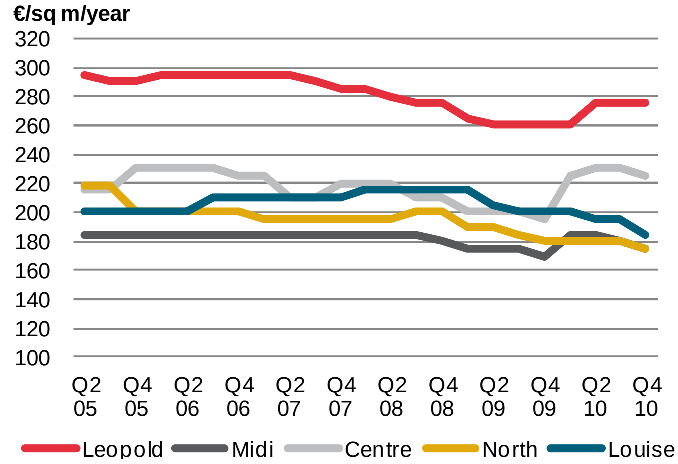
Central districts availability



Source: DTZ Research

Figure 11

Central districts prime rents



Source: DTZ Research

Decentralised districts

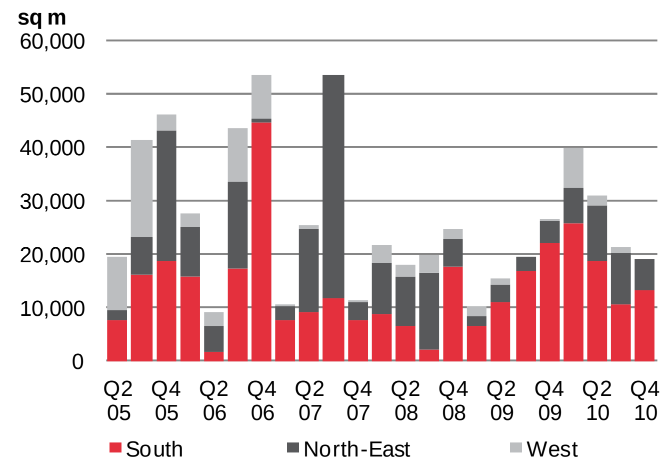
Conversely to the Central districts, activity in the Decentralised districts has been decreasing since the beginning of the year to reach the lowest quarterly level since mid-2009 with 18,991 sq m. This is an 11% drop on the quarter and 39% below average. On the bright side, the annual level of take-up (111,207 sq m) is significantly higher than the level observed in 2009 (+55%), in 2008 (+32%) or even in 2007 (+10%). The excellent level of activity observed at the beginning of the year, mainly due to the VUB (10,495 sq m in the *Plaine 5*) and the UCL (8,879 sq m in the *Wafelaerts 47-51*), has helped in achieving this result.

Once again, the West district has no transaction to show for and the South district is making most of the effort (Figure 13). The main transaction of the quarter however is to be found in the North-East district within a building that has struggled to increase its occupancy. Indeed, SAP has let 3,000 sq m in the *Leopoldthree* building, which will represent a significant size compression as SAP currently lets more than 5,000 sq m in the *Glaverbel* building. The other major deals are to be found in the South district, among which Portima (2,900 sq m in the *Hulpe 150*) and Towers Watson (2,370 sq m in the *Serenitas)*.

Four new developments have been delivered this quarter, only one of which is speculative. The last phase of the *Atlantis* development in the West district has been delivered by Codic for UBS. Its 12,000 sq m are awaiting tenants. The three other deliveries are pre-let developments and total 16,750 sq m. Only one speculative development amounting to 15,000 sq m is planned for 2011, namely the renovation of the former L'Oreal building renamed *Crescent*, with 26% of its surfaces already pre-let to AMP Lagardère last quarter.

Figure 12

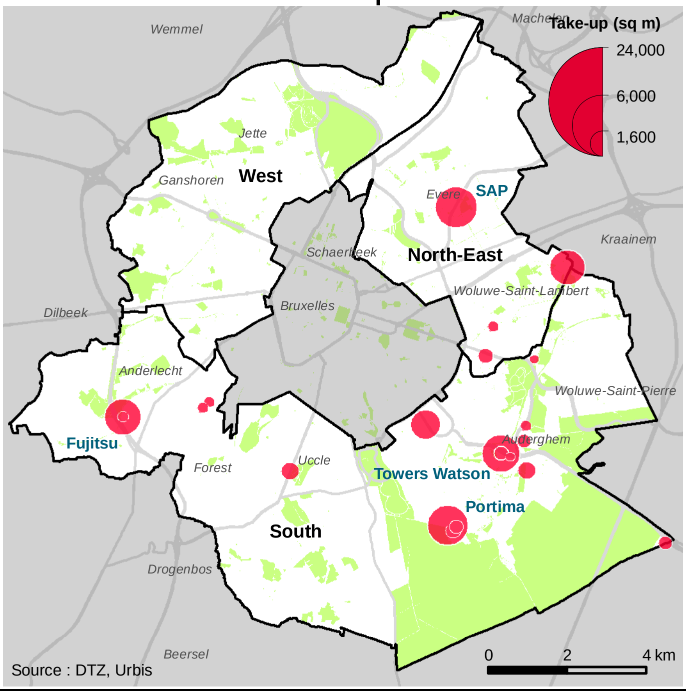
Decentralised districts take-up



Source: DTZ Research

Figure 13

Decentralised districts take-up



Source : DTZ, Urbis

Decentralised districts

Despite the delivery of 12,000 empty square meters, the total availability of the Decentralised districts has only increased by 4,000 sq m to 426,000 sq m and an availability ratio of 16%. This remains one of the highest availability ever observed in the area (second only to Q4 2009) but the situation seems to be stabilising. The almost non-existing speculative pipeline for 2011 will certainly help control the situation.

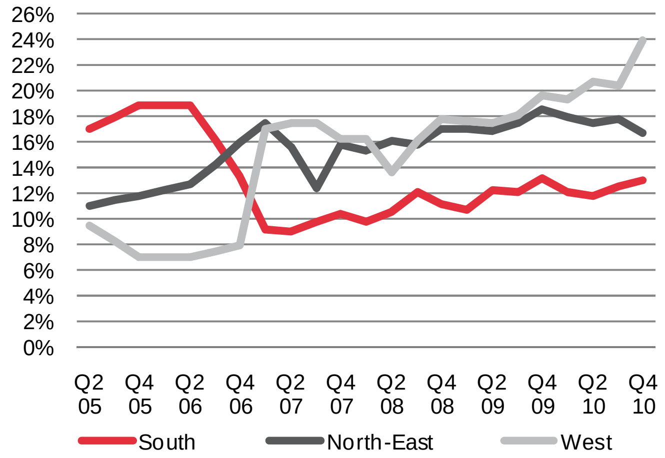
Thanks to the SAP letting and the planned conversion of the *Colonel Bourg 128* into a nursing home, the North-East district is the only one to decrease its total availability (-7%). The situation in the West district on the other hand has worsened with the delivery of the *Access Building* (*Atlantis*). Despite an impressive vacancy ratio totalling 24%, actual available space amounts to 71,433 sq m, altough this still represents nearly five years' worth of take-up. Despite the fair level of activity, the South district has also reached a maximum with 150,000 sq m available, owing notably to the now empty former building of the Embassy of the Netherlands (5,294 sq m) (Figure 14).

Unlike the Central districts, the problem at hand is not with new buildings waiting for an occupant but with outdated buildings waiting for a new life. A third of the availability in the Decentralised districts lies in buildings of more than 15 years old, thus not meeting current standards of occupancy. While reconversion has already started with examples such as the *Marcel Thiry 216*, The *Colonel Bourg 128* or the *Wafelaerts 47-51*, a lot more will need to be done in the coming years.

Prime rents haven't changed over the quarter with the maximum still being recorded in the South districts at €180/sq m/year. The average weighted headline rent is well below that of the Central districts at €134/sq m/year, up 2% from 2009.

Figure 14

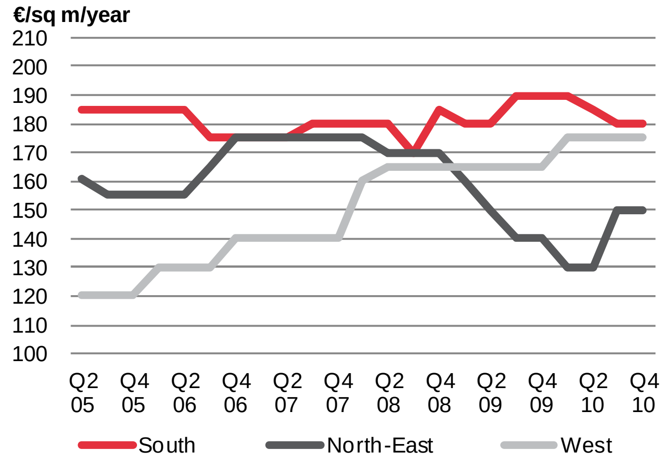
Decentralised districts availability



Source: DTZ Research

Figure 15

Decentralised districts prime rents



Source: DTZ Research

Periphery

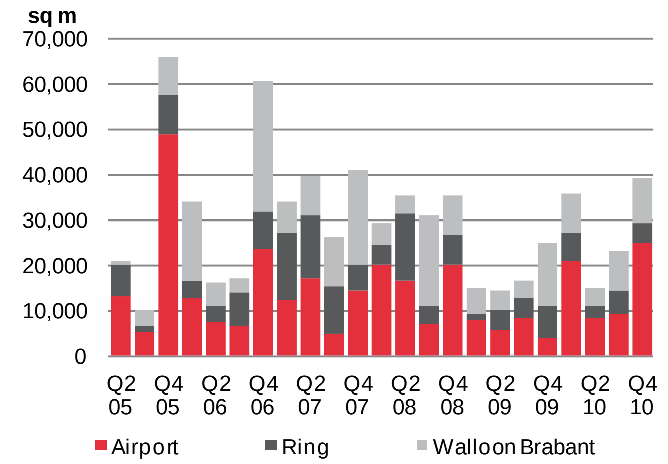
Owing to Johnson & Johnson purchasing for own use the *Airport Business Centre* from AG Real Estate (10,845 sq m), the Q4 take-up has been boosted to 39,471 sq m in the last couple of week of December in the Periphery. This is the highest quarterly level of take-up observed since Q4 2007 and 30% above average. Along with the equally good Q1 (35,729 sq m) and the below average Q2-3, the Periphery has reached an annual take-up level of 113,462 sq m, up 60% from 2009. Despite being 8% below average, it is a positive sign for the activity in the area. (Figure 16)

The Airport is once more the main provider of activity with nearly 25,000 sq m and a handful of deals above 1,000 sq m (Figure 17). Walloon Brabant comes in second with 10,000 sq m, half of which is due to the reorganisation of the occupancy of Bristol Meyers Squibb in the *Parc de l'Alliance*. The Axis Office Parc continues to demonstrate its success with no less than six deals over the quarter and more than a dozen in 2010, some at the prime rent level. The Ring district has performed much less with 4,615 sq m, the major deal being the purchase of the Vilvoorde Loft Projects (1,612 sq m) by Woestijnvis.

No new developments have been delivered over the quarter. This is in line with the rest of the year as only 57,000 sq m have been added to the stock in the Periphery, 26,000 sq m of which are empty (eg: the Airport Plaza). Some smaller speculative developments are planned for next year (Porte du Lion in Braine l'Alleud, Twin Square, Sablon, ...), totalling nearly 20,000 sq m. As only one development of 30,000 sq m is planned for delivery in 2012-13 (Collines de Wavre), we can expect the availability ratio to stabilise or even improve in the coming years.

Figure 16

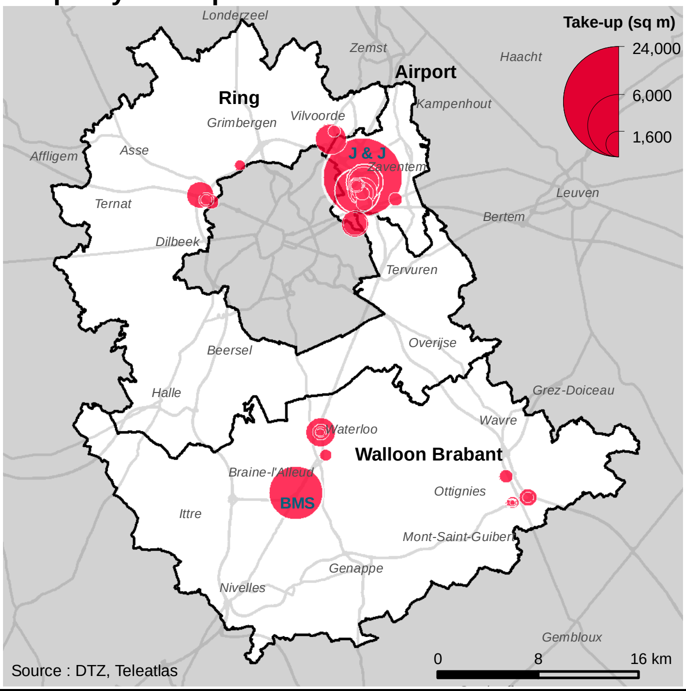
Periphery take-up



Source: DTZ Research

Figure 17

Periphery take-up



Source : DTZ, Teleatlas

Periphery

There seems to have been no increase in occupied spaces in the Periphery in 2010 as the total availability increased from 350,000 sq m to 379,000 sq m. This increase is roughly equal to the addition of new empty office spaces. This is one the highest levels of availability ever observed, though the situation was comparable at the beginning of 2007 with 386,000 sq m available. The availability ratio for the area is now nearing 20% once again, a level that the market hasn't known since Q1 2007 (Figure 18).

The vast majority of the available space is located in the Airport district (244,000 sq m) and more specifically in the *Corporate Village/Airport Plaza* area. These two adjacent business parks indeed hold 63,000 sq m of empty spaces which represent 25% of the district vacancy and a local vacancy ratio of 55% despite very recent buildings.

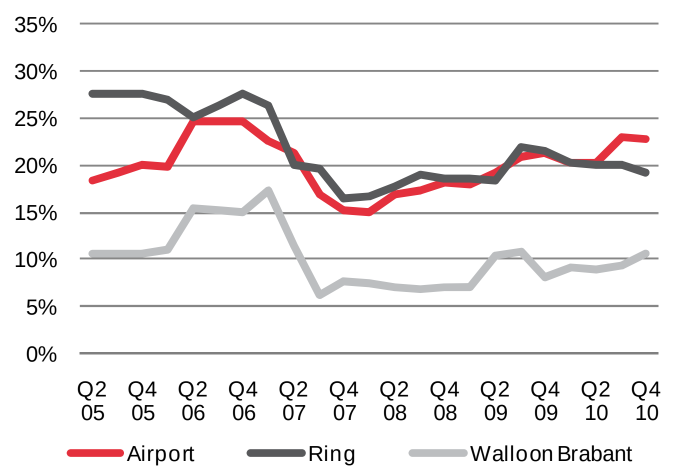
The Ring district is the good example in the Periphery as it has reduced its availability continuously since Q3 2009, dropping from 104,800 to 94,000 sq m and reaching a ratio of 19.30%. It now has a better situation than the Airport district. The main pocket of availabilities in the Ring district remains the Vilvoorde municipality with 42,000 sq m.

The Walloon Brabant has suffered an increase of its availability to 41,456 sq m (from 29,000 sq m at the end of 2009). The main reason lies in the compression of occupancy undertook by Bristol Meyers Squibb, freeing several thousand square meters in the *Parc de l'Alliance*. This can however be a good opportunity to attract new tenants in a market that doesn't have many opportunities for larger corporates.

Prime rents have remained stable over the quarter with the *Corporate Village* still recording the highest headline rent at €165/sq m/year (Figure 19). The average weighted headline rent on the other hand decreased to €130/sq m/year in 2010, dropping 4% from €136/sq m/year in 2009.

Figure 18

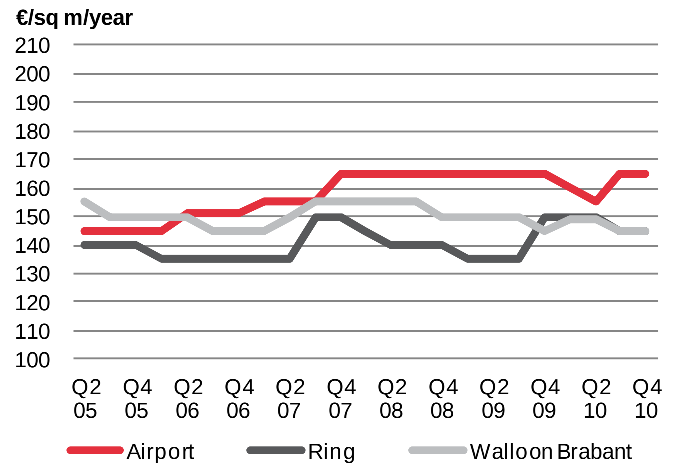
Periphery availability



Source: DTZ Research

Figure 19

Periphery prime rents



Source: DTZ Research

Key statistics – occupier market

Table 2

Occupier market

	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q/Q change (%)	Y/Y change (%)	Directional outlook
Central								
Stock (m sq m)	8.35	8.40	8.44	8.45	8.45	0	0	▶
Take-up (sq m)	172,987	100,370	56,107	38,385	97,704	-32	155	▼
Availability (sq m)	774,364	813,921	824,056	826,933	802,295	0	-3	▼
Availability ratio (%)	9.27	9.69	9.76	9.79	9.50	0	-3	▼
New supply (sq m)	0	31,266	35,820	28,718	65,618	-20	128	▼
Prime rents (€/sq m/year)	260	260	275	275	275	0	0	▶
Decentralised								
Stock (m sq m)	2.65	2.64	2.66	2.67	2.67	0	0	▶
Take-up (sq m)	26,238	39,883	31,008	21,325	19,991	-31	-11	▶
Availability (sq m)	434,001	411,201	410,302	421,405	425,567	3	1	▶
Availability ratio (%)	16.35	15.55	15.42	15.77	15.91	2	1	▶
New supply (sq m)	0	0	27,356	19,823	28,750	-28	45	▼
Prime rents (€/sq m/year)	190	190	185	180	180	-3	0	▶
Periphery								
Stock (m sq m)	1.86	1.87	1.89	1.92	1.94	2	1	▶
Take-up (sq m)	24,787	35,729	15,001	23,261	39,471	55	70	▶
Availability (sq m)	350,389	337,678	338,661	374,536	379,219	11	1	▶
Availability ratio (%)	18.81	18.09	17.89	19.48	19.54	9	0	▶
New supply (sq m)	17,056	4,500	26,200	26,211	0	0	-100	▶
Prime rents (€/sq m/year)	165	160	155	165	165	6	0	▶

Source: DTZ Research

Table 3

Leasing transactions

Submarket	Building	Offices (sq m)	Tenant - occupier	Transaction
Centre	BelAir (F & D buildings)	55,000	Federal Police	Letting
Airport	Airport Business Centre	10,845	Johnson & Johnson	Purchase
Leopold	Guimard Centre	6,285	Fluxys	Purchase
Walloon Brabant	Parc de l'Alliance F-G	5,080	Bristol Meyers Squibb	Letting
Louise	White Atrium	4,800	Five EU Joint Technology Initiatives	Letting
Airport	H. Henneaulaan 366	3,312	Smith & Nephew	Letting
North-East	Olympiades	3,000	SAP	Letting
South	Hulpe 150	2,900	Portima	Letting
Midi	Vétérinaires 55	2,745	Consulat du Maroc	Purchase

Source: DTZ Research

Definitions

Take-Up

Represents the total office floor space known to have been either let, pre-let or developed for tenants as well as sold or pre-sold to owner-occupiers as known on the last day of the quarter. Adjacent office spaces, when known, are not included. Pure contract renewals, sales and leasebacks and sub-lettings are not included.

New supply

Represents the total amount of floor space that has reached practical completion as known on the last day of the quarter (including major refurbishments) regardless whether the space is occupied or still available on the market.

Prime yields

Represents the initial yield estimated to be achievable for a notional office property of highest quality and specification in the best location fully let and immediately income producing in a market at the survey date.

Stock

The office property stock is the sum of office properties which are in use and office properties standing empty at the time of analysis. The office property stock is not a static amount. Due to new-build or totally refurbished operations it increases (new supply), due to demolition, change of use or even larger refurbishments that make the space not usable for a significant amount of time, it decreases.

Prime rent

Represents the attainable average prime rent that could be expected for an office unit (min. 500 sq m) commensurate with demand in each location, highest quality and specification in the best location in a market at the survey date. The rent is given as a base rent, i.e. no service charge or tax is included.

Square meters

Unless stated otherwise, the square meters used in this publication refer to the Gross Leasable Area definition for Brussels. For more information, see our DTZ insight: Office Lease Area Comparison.

Availability

Represents the total floor space in existing properties, which are physically vacant, ready for occupation and being actively marketed as known on the last day of the quarter (with a margin of error of 5%). The vacancy rate represents the total vacant floor space divided by the total stock at the survey date.

Brussels submarkets

Since 2007, the submarkets within the limits of the Brussels Capital Region are derived from the division made by the Department of Land Use Planning and Housing in its Review of office property. The periphery submarkets are delimited using zip code limits. The complete list of zip code used is available on simple demand.

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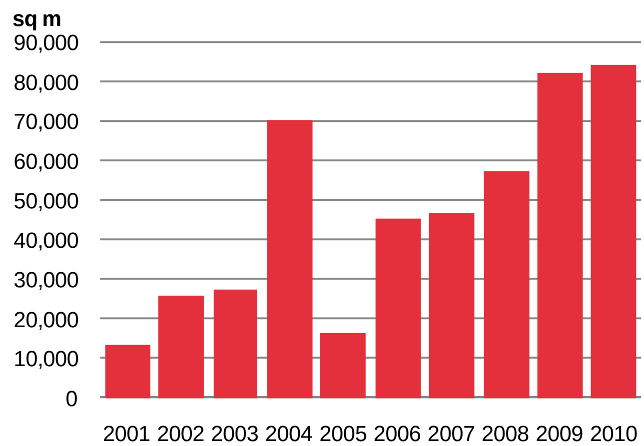
- Despite a drop of 6% on annual basis, take-up in the secondary markets remains 27% above its decennial average with a figure of 236,392 sq m.
- Public sector is the main contributor to the activity with more than 80,000 sq m or 35% of 2010 take-up (Figure 1). This trend is ongoing since 2007 and reveals a clear strategy of public authorities towards national decentralisation.
- The positive economical outlook should allow for a sustained activity in the coming years, provided that the current political climate does not generate too much uncertainty.
- Antwerp and Ghent remain the main drivers of the secondary markets with a 75% share of the activity.
- While Antwerp, Ghent, Namur, Liège and Charleroi have recorded above average figures, this is not the case for Mechelen and Leuven.
- Prime rents have remained stable, with the notable exception of Charleroi where it has increased from €110/sq m/year in 2009 to €130/sq m/year in 2010. The prime location in secondary markets remains the Kantoren Zuid development in Leuven (€155/sq m/year).

Figure 1
Secondary markets: Public sector take-up



Source: DTZ Research

Economic overview

Amid the ongoing political deadlock in Belgium, investors are becoming concerned that the current caretaker government will be unable to introduce the structural reforms needed to place the public finances onto a sustainable medium-term path. In recent weeks, the spread between the country's sovereign debt and benchmark German bunds has risen above 100bp as the sovereign debt crisis has intensified in the aftermath of the Irish bailout (Figure 2).

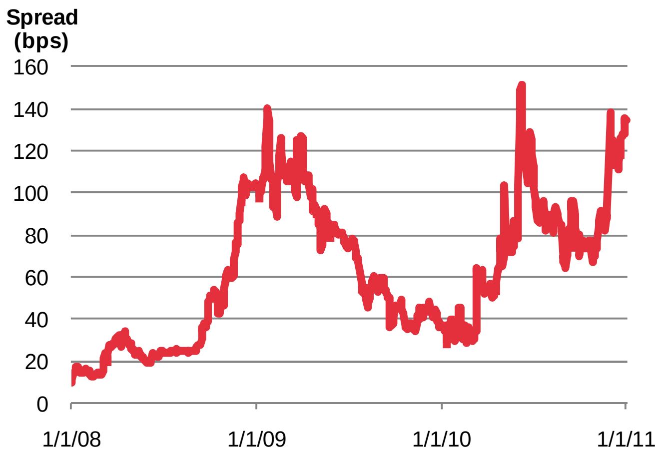
Against this background of heightened uncertainty, our forecasts for the Belgian economy are weighted to the downside. We continue to envisage only a moderate acceleration in the pace of activity over the course of 2011, with GDP growth forecast at just 2.1% (Figure 3). The boost from net exports is set to fade as demand from the German economy slows, while domestic demand will gradually pick up, supported by a recovery in investment expenditure.

Harmonised consumer price inflation in Belgium was running at an annual rate of 3.0% in November, significantly above the Eurozone average of 1.9%. This mainly reflects a steeper rise in retail energy prices than in other Eurozone countries due to a different mechanism for setting tariffs. The recent surge in inflation should therefore prove short-lived and we are forecasting consumer price inflation will average 2.1% in 2011 after 2.2% this year (Figure 4).

Source: Oxford Economics

Figure 2

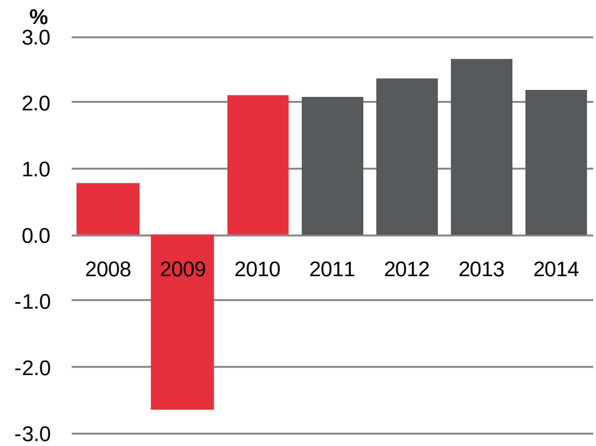
Belgium: spread over bunds



Source: Oxford Economics

Figure 3

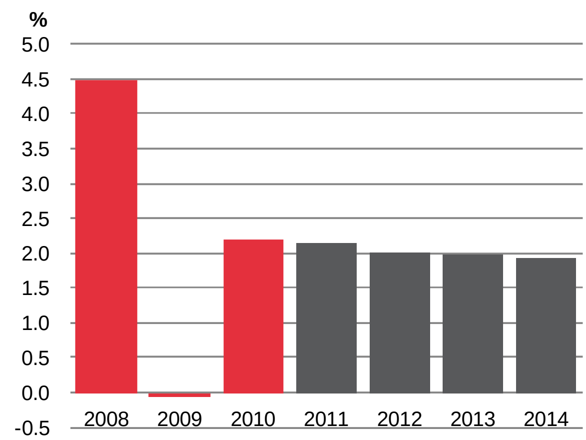
Belgium: GDP growth forecast



Source: Oxford Economics

Figure 4

Belgium: Consumer Price Index



Source: Oxford Economics

Belgium secondary markets

Despite a drop of 6% on annual basis, take-up in the secondary markets remains 27% above its decennial average with a figure of 236,392 sq m (Figure 5). This confirms the good health observed on the secondary market since 2007. Antwerp and Ghent remain the main drivers of the secondary markets and their combined share of the total take-up is of 75% with respectively 118,900 sq m and 58,500 sq m.

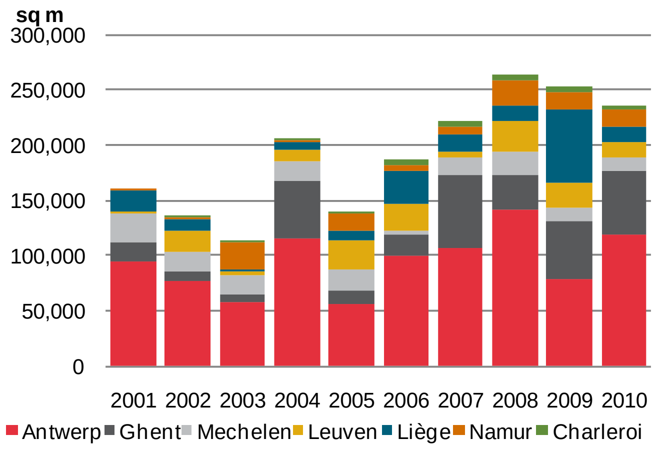
The positive economical outlook should allow for a sustained activity in the coming years, provided that the current political climate does not generate too much uncertainty.

The most striking factor in the dynamism on the secondary market is the involvement of the public sector. Looking at Figure 6, it is obvious that the public sector has had a major influence on the take-up boost recorded since 2007. This is especially true for 2009 and 2010 where more than 80,000 sq m has been the result of public sector activity. This is the result of a clear strategy from the regional authorities to increase the national decentralisation but regional centralisation of their administration in a context of political regionalisation. The Flemish authorities have made a clear statement that they would be creating VAC (Vlaams Administratief Centrum) in every province of Flanders and the Walloon region government seems to be looking at increasing its presence in Namur. This trend will therefore continue and developers as well as owners are looking at the best ways to benefit from this re-organization.

Prime rents have remained mostly stable over the year with the notable exception of Charleroi who has increased from €110/sq m/year in 2009 to €130/sq m/year in 2010 (Figure 7). Leuven remains the most expensive market of Belgium when it comes to prime rents with the new development *Kantoren Zuid* as the prime location.

Figure 5

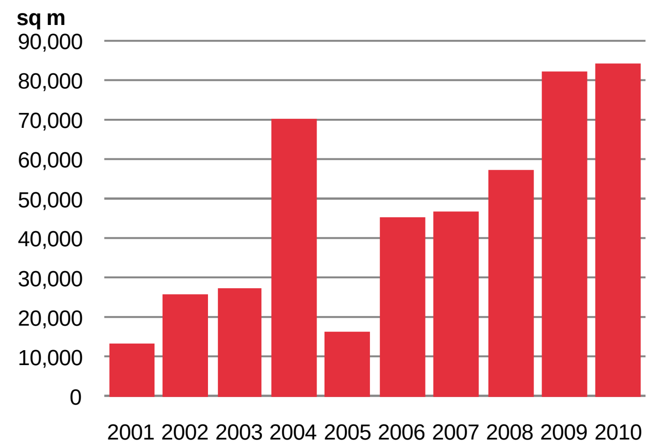
Secondary markets: Take-up



Source: DTZ Research

Figure 6

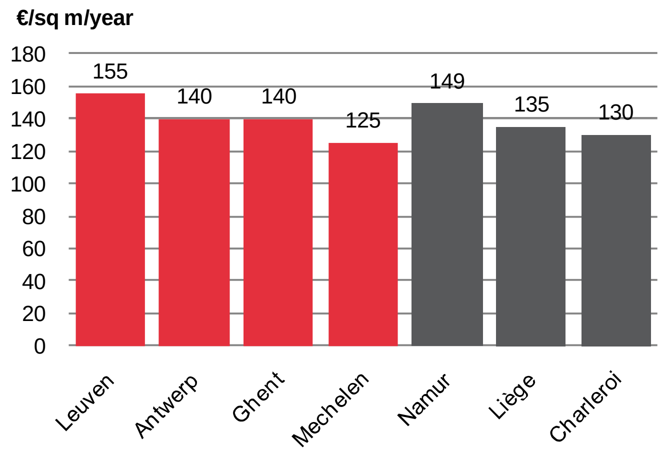
Secondary markets: Public sector take-up



Source: DTZ Research

Figure 7

Secondary markets: Rents – Q4 2010



Source: DTZ Research

Antwerp

Antwerp seems to be the best performing market in Belgium when it comes to office take-up. Indeed, the second office market of Belgium has shown an increase of 50% on 2009 with a total take-up in 2010 standing at 118,900 sq m. This is well above the average of 92,000 sq m and demonstrates a strong dynamism in the Centre and Singel districts as very few transactions have been recorded in the periphery (Map 1).

Over the course of the year, more than 60,000 sq m have been recorded in the Centre (61% above average) and 37,000 sq m in the Singel (150% above average). The Singel has never recorded as much activity (Figure 8).

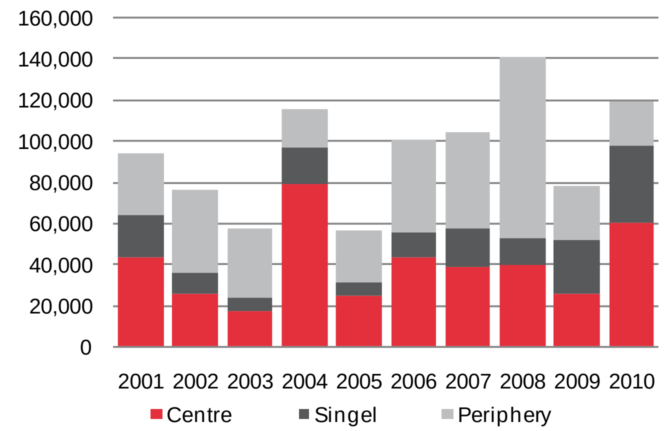
As can be seen on Map 2, the two main transactions of the second semester have been observed in the Singel, namely:

- Vivium has let 14,000 sq m in the Mercator building (short term lease during the refurbishment of their building next door).
- AGSOA (Stedelijk Onderwijs Antwerpen) has purchased AXA's former HQ (8,742 sq m).

The public sector has had strong influence on the activity with some of the major transactions and more than 31,000 sq m but the local private sector remains the main driver of the market. Nearly 90% of the transactions are below 1,000 sq m, to be compared with 75% in Brussels. This shows that local players, very often linked to the logistic activities of the port, are largely contributing to the good health of the market.

Figure 8

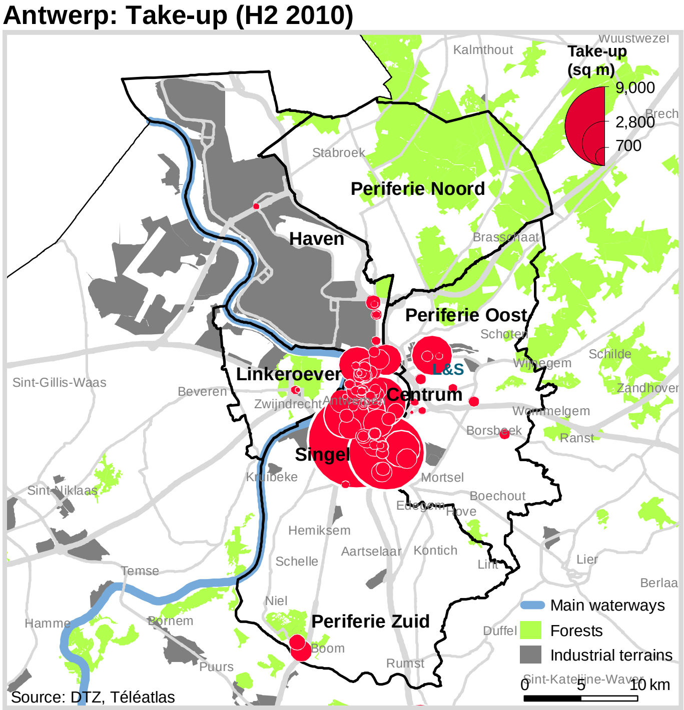
Antwerp: Take-up



Source: DTZ Research

Map 1

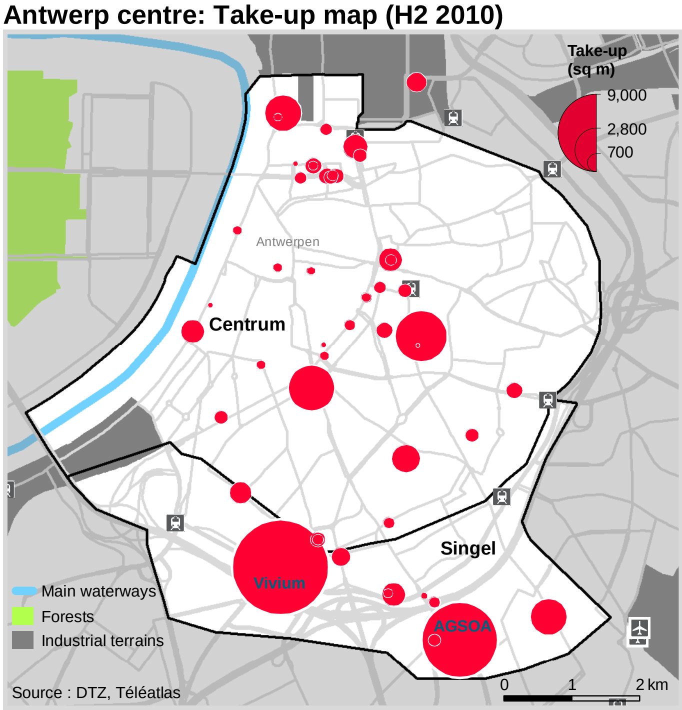
Antwerp: Take-up (H2 2010)



Source: DTZ, Téléatlas

Map 2

Antwerp centre: Take-up map (H2 2010)



Source : DTZ, Téléatlas

Antwerp

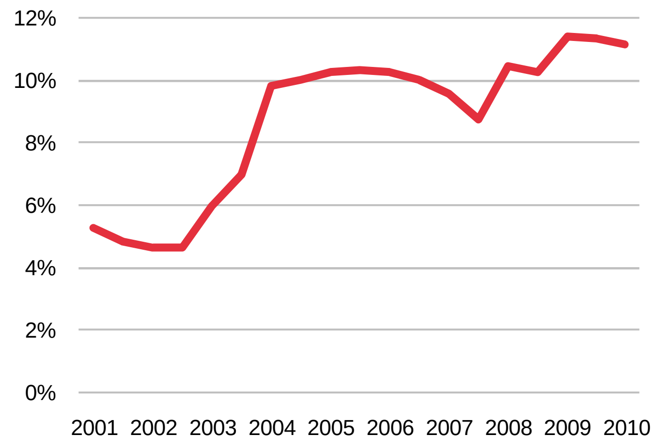
Another characteristic of Antwerp is the strong proportion of purchases for own use (30%) as compared with Brussels (16%). The main reason lies in the fact that local players will rather buy their property. A majority of those companies are still privately held and the founder often prefers investing its money into bricks than "giving it away" in rent.

The availability that now stands at roughly 220,000 sq m or 10.45% (Figure 9) is mainly to be found in outdated buildings in the Centre. Worth noting is the ongoing refurbishment of the city Centre outdated stock into residential units. Some availability exists in the Single in newer buildings but it is not sufficient to provide the occupant with many letting options. While we expect developer to come back to Antwerp given the good take-up activity and the oversupply existing in Brussels, it is not an easy market given the low average deal size and the strong purchase habit. However, if new developments are designed in such a way that they can easily be divided, it should meet the existing demand for small modern premises in the Singel.

The prime rent has moved back to its previous level of €140/sq m/year, notably with buildings such as the Plantin & Moretus Business Center and other centrally located assets (Figure 10). However, the average weighted headline rent has decreased to €111/sq m/year with a significant proportion of deals taking place between €60 and €90/sq m/year.

Figure 9

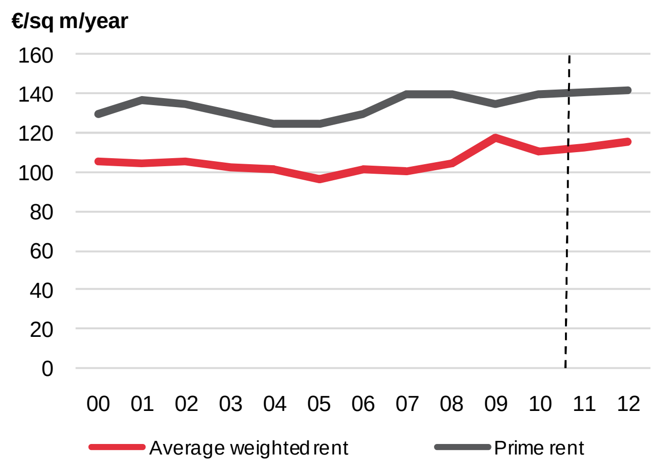
Antwerp: Availability



Source: DTZ Research

Figure 10

Antwerp: Rents



Source: DTZ Research

Ghent

Take-up in Ghent in 2010 was nearly double its decade average of 32,800 sq m, clocking up 58,500 sq m (Figure 11), a 13% increase on 2009. On closer inspection, this number has been significantly boosted by the pre-letting of 36,000 sq m of office space in the new Vlaams Administratief Centrum (VAC) by the Flemish Government. The nature of this transaction is in keeping with the current trend on the Ghent real estate market over the last decade. The public sector has indeed been an important contributor to the Ghent market activity during the period between 2001 and 2010. Driving this point home is the second largest recorded transaction on the market (The Loop, 7,200 sq m) in 2010 - a purchase for own occupation made by the Vlaams Milieumaatschapij (VMM), a Flemish government agency.

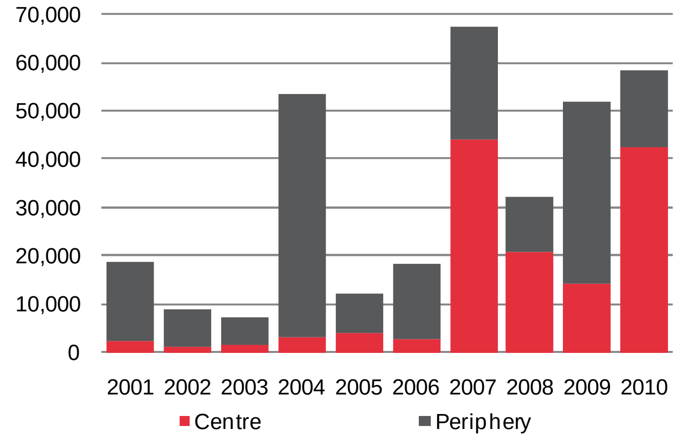
A more in-depth retrospective look at the decade (especially throughout its latter part) reveals that the above-average take-up years of 2004 (31,000 sq m let by the Regie der Gebouwen), 2007 (36,200 sq m let by the Federale Overheidsdienst Justicie), as well as 2010 have been heavily influenced by public sector activity. The only exception was 2009, when despite a 9,250 sq m letting by the city of Ghent, take-up would have remained above average at 42,500 sq m instead of 51,800 sq m.

In 2010, the Centrum district came top in terms of take-up with a total of 42,400 sq m (72% of Ghent's total), which includes the 36,000 sq m VAC pre-letting (Map 3). Take-up in the periphery amounts to 16,100 sq m (Figure 11), 77% of which is accounted for by the Zuid district (12,400 sq m), the only periphery district closely rivalling the Centrum (Map 3). It is worth noting that the Zuid district rivals the Centrum even more closely in terms of number of transactions (22 to the Centrum's 28). The biggest transaction (and third overall) in the Oost district was Optima's letting of 1,485 sq m in the Zuiderpoort Office Park, during Q3.

After three years of stability at €135/sq m/year, Ghent's prime rent has increased to €140/sq m/year in 2010. This new level is mainly to be attributed to the Zuiderpoort Office Park. Most lettings are however to be found between €100 and €120/sq m/year.

Figure 11

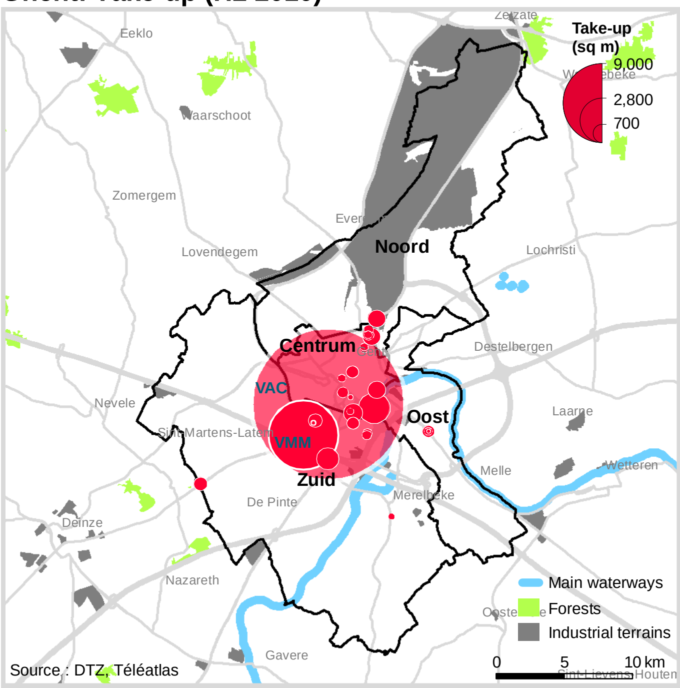
Ghent: Take-up



Source: DTZ Research

Map 3

Ghent: Take-up (H2 2010)



Source : DTZ, Téléatlas

Mechelen

Activity on the Mechelen office occupier market was on the decline for a third year running, decreasing by 10% y-o-y. As shown in Figure 12, this year's recorded total of 11,000 sq m is Mechelen's second lowest of the decade.

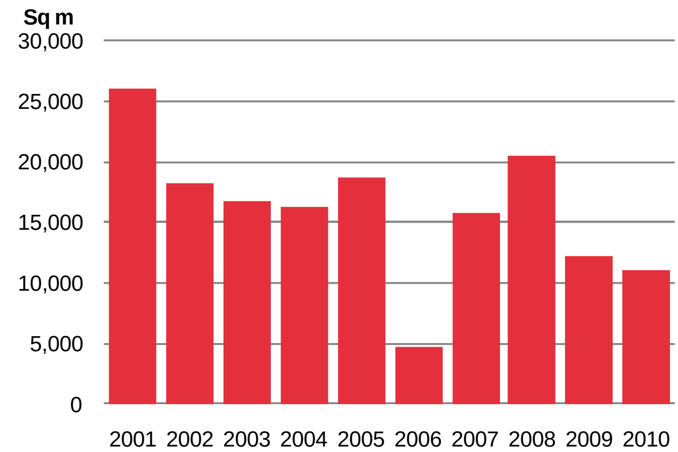
Some solace may be found in the fact that the decline since 2009 is not as intense as it was between 2008 and 2009. Encouragement can also be drawn from the fact that take-up in Mechelen grew on a quarterly basis, culminating at 4,000 sq m (36% of the yearly total) in Q4.

In addition, some relatively notable transactions were recorded during the second half-year. Worth a mention are the letting of 3,190 sq m in the Stephenson Plaza by Alken-Maes (Map 4) during Q3 and Cummins' letting of 2,550 sq m in Rumst for its European headquarters. The Alken-Maes deal demonstrates that Mechelen's main business poles are being filled, something which was also shown by the letting of 1,003 sq m of offices (Q4) in the Mechelen Campus by Hasköning. One should however keep in mind that while Mechelen was once a popular location due to its low rents, the Brussels periphery is now giving it a decent run for its money (DTZ Insight – In-house view of Belgium 2010), which should have a negative impact on its overall capacity to attract or even retain occupiers.

The above-mentioned rent in Mechelen is stable, with a prime rent remaining at €125 for the second year running (Table 1). This level of rent is repeatedly recorded in the Mechelen Campus business park. Average rents are to be found between €80 and €120/sq m/year.

Figure 12

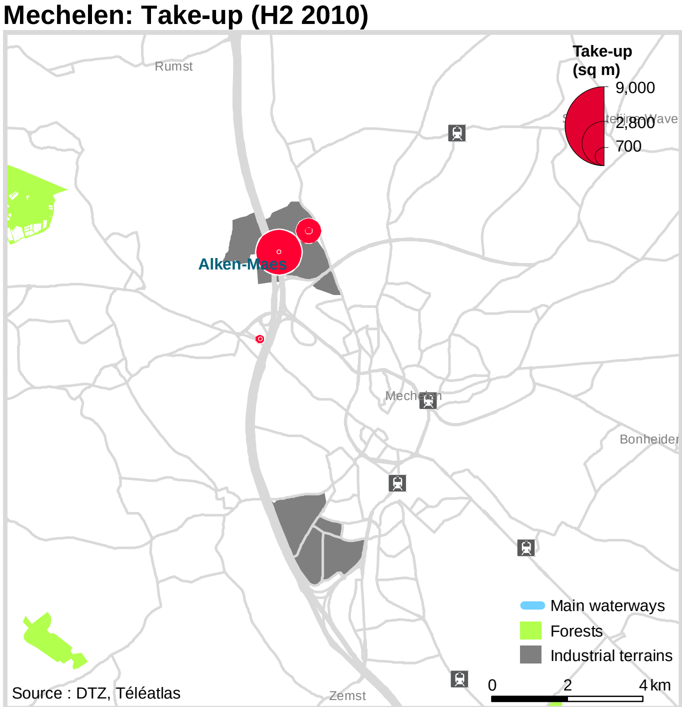
Mechelen: Take-up



Source: DTZ Research

Map 4

Mechelen: Take-up (H2 2010)



Source : DTZ, Téléatlas

Leuven

Leuven has had a steady 2010 by the last decade's standards. Indeed, its take-up (14,100 sq m) is just below the 15,500 sq m average. Somewhat worryingly though, take-up has slipped for third consecutive year – this time by 35% compared to 2009 (Figure 13).

A look at the new occupiers in 2010 unsurprisingly reasserts the niche that Leuven has carved itself as an important research hub in Belgium, mostly due to the KUL (Katholieke Universteit Leuven). Indeed lettings in the Arenberg and Greenhill Campus research parks accounted for 11 out of the 16 recorded transactions which took place throughout the year. With a potential B5 building in the Arenberg park, and the 3,000 sq m Bio-Incubator II building being built (to be delivered in 2011) just on its outskirts, the emphasis certainly remains on research in Leuven.

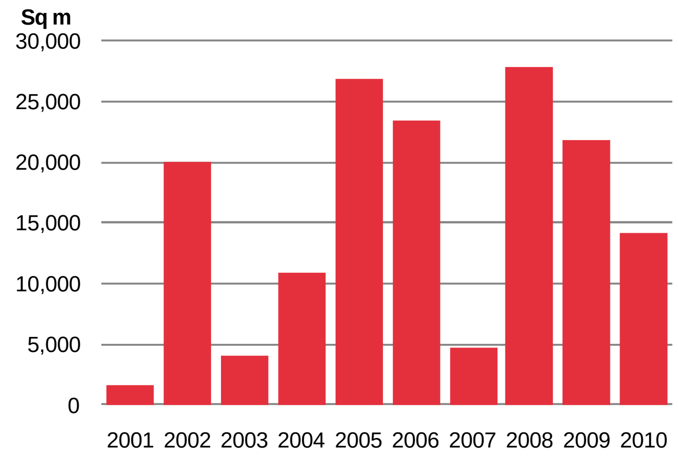
The largest deal took place in the Arenberg Wetenschapspark where five start-ups took residence in the recently delivered (December 2009) B3 and B4 buildings, taking up 9,238 sq m in total (Map 5). The Riziv (Federal health institution) moving into the 1,177 sq m of the *Exos* wing of *Kantoren-Zuid* at Kop Van Kessel-Lo constitutes the largest non research-related letting in Leuven (Q2).

The nature of the transactions registered in 2010 is also worth noting since every last one of them are letting deals.

The prime rent in Leuven has increased to €155/sq m/year in Q2 2010 with the lettings of Riziv and Deloitte in the new development *Kantoren Zuid*.

Figure 13

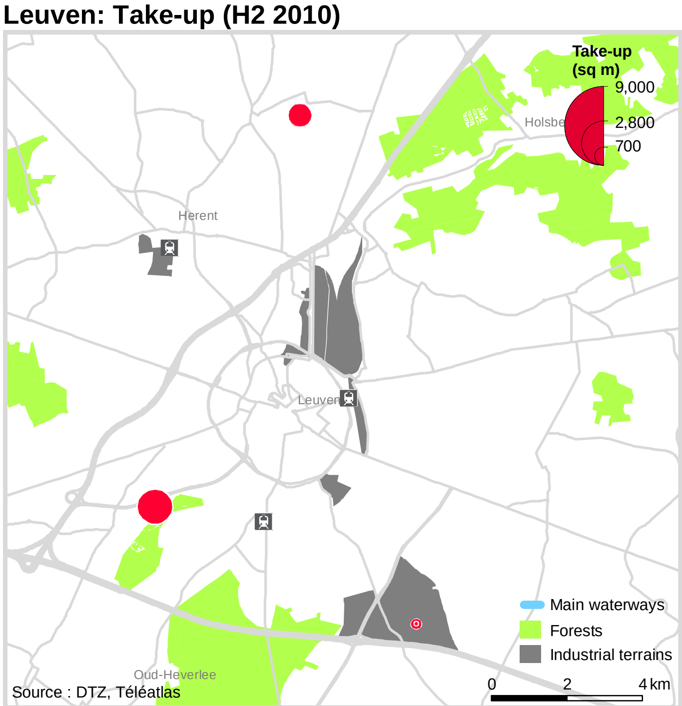
Leuven: Take-up



Source: DTZ Research

Map 5

Leuven: Take-up (H2 2010)



Source : DTZ, Téléatlas

Liège

After last year's exceptional take-up due to the pre-letting of the Finance Tower refurbishement project (53,000sq m), Liège take-up is back to a more "usual" 14,661 sq m (Figure 14). This level is even above the average when excluding the Finance Tower deal.

Activity has considerably improved in the second half of the year with 11,770 sq m as opposed to 2,690 sq m during the first half. Electricity providers have made the year for Liège as both SPE/Luminus and Lampiris have taken-up new spaces totalling 7,500 sq m (Map 6). SPE/Luminus has let 4,000 sq m in the *Ilot Saint Michel* while Lampiris has purchased the abandoned *Hospice Saint Michel* (3,500 sq m) to relocate its 100 employees and will dedicate half of the building to apartments.

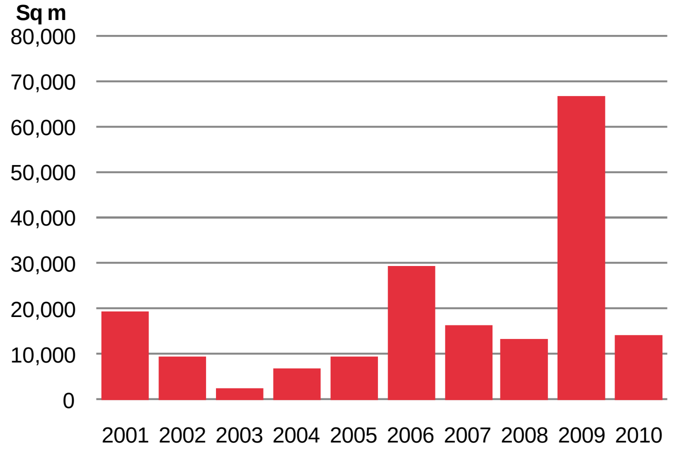
Few developments are planned in Liège, despite its lack of quality office space. Worth noting however is the delivery of the *Office Park Alleur* (6,530 sq m). With 67% of its office space already let, this development confirms the need for new "up-to-standard" office spaces in Liège.

Two developments are in early planning stages, namely the refurbishement and extension of the Archipel Business Centre (8,000 sq m) and a large office development of 20,000 sq m by the Horizon Groupe on the rue du Fourneau. Another development has already received its building permits, the Office House in Rocourt which will develop 3,600 sq m of quality office space.

Prime rent has remained stable over the last two years at €135/sq m/year. The new prime location is the *Office Park Alleur*. As a general rule, rents in Liège are between €80 and €110/sq m/year.

Figure 14

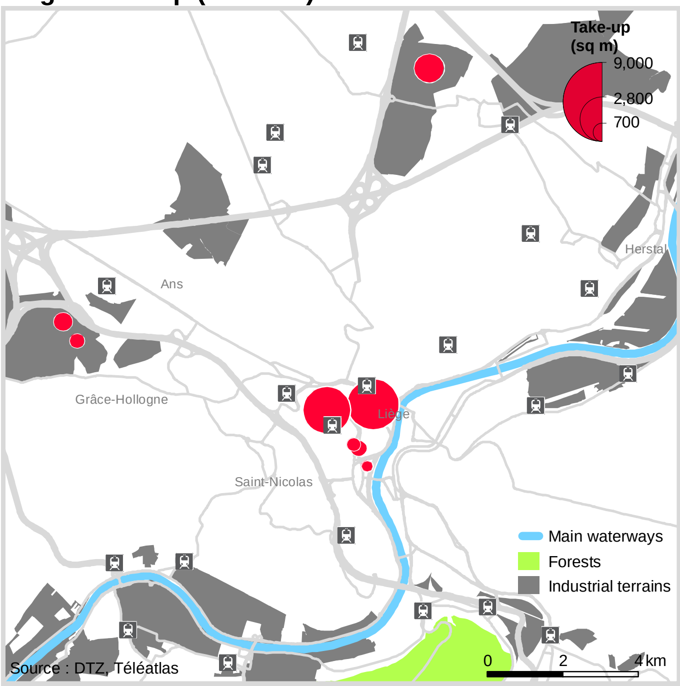
Liège: Take-up



Source: DTZ Research

Map 6

Liège: Take-up (H2 2010)



Namur

Once again, Namur has earned its title of administrative capital of the Walloon region as 66% of take-up has been realised by the public sector. With a total figure of nearly 15,000 sq m, the activity in Namur is down 8% but still above the decennial average of 10,000 sq m (Figure 15).

The main transaction of the second half of the year is the purchase by the Croix-Rouge of its new 3,000 sq m headquarter in Rhisnes (Map 7). The federal state comes in second with the letting of 2,450 sq m by the Régie des Bâtiments in the city centre.

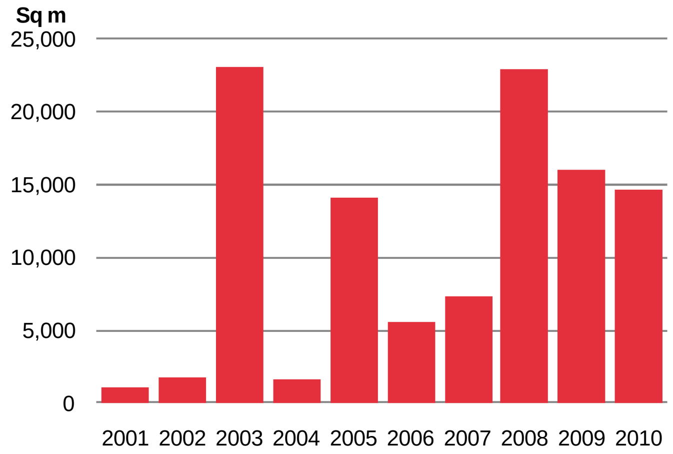
Namur has witnessed a surge of activity over the last three years, largely due to the public sector. This could be the result of an active strategy carried out by the public authorities in order to strengthen their presence in Namur in a context of regionalisation.

Surfing on this trend, many developers are now taking a close look at Namur. Not only is there a potential for future growth if the regionalisation continues further but developers also have to put their teams to work at a time when the Brussels office market is already facing a major overcapacity. The latest development to be delivered in the coming weeks is the *Synergie et Croissance* green development (2,440 sq m), located in the south of Namur.

After the dip observed at the beginning of the year due to a lack of transactions, the prime rent is back at €149/sq m/year. The prime location remains the *Namur Office Park* as no challenger has been delivered on the market.

Figure 15

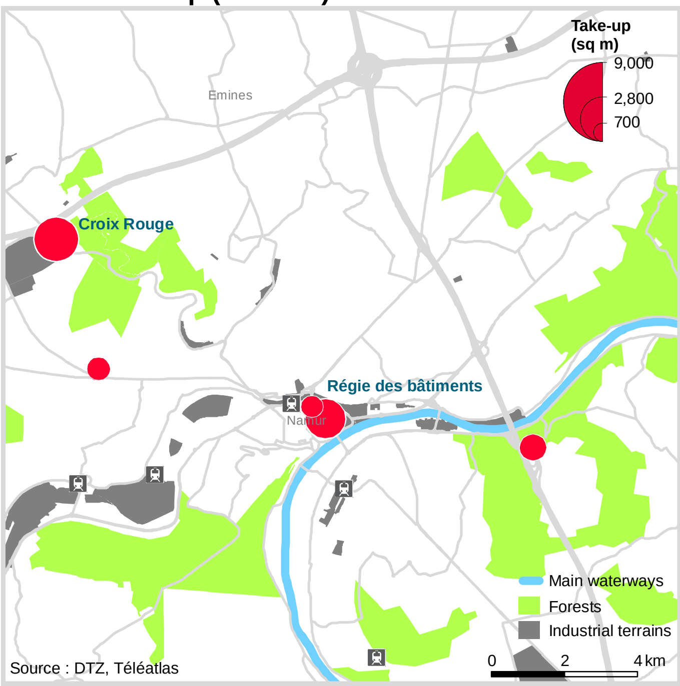
Namur: Take-up



Source: DTZ Research

Map 7

Namur: Take-up (H2 2010)



Charleroi

Obtaining reliable figures on Charleroi office market activity remains a major difficulty. This market is indeed characterised by a strong opacity. The main Belgian brokers are not, or very discreetly, present and nearly all the transactions are realised either between parties or with the help of a local broker. It is therefore difficult to obtain figures on the occupational activity and the resulting image is biased by the fact that Igretec has kindly accepted to provide us with the letting figures from its business parks.

Based on the known figures, the activity in Charleroi has been relatively stable between 2006 and 2010. We have indeed recorded 4,800 sq m of take-up which is a 6% increase on 2009 but within the last 5 years average (Figure 16). However, the figure is probably slightly higher due to some small transactions that have probably taken place in the city centre.

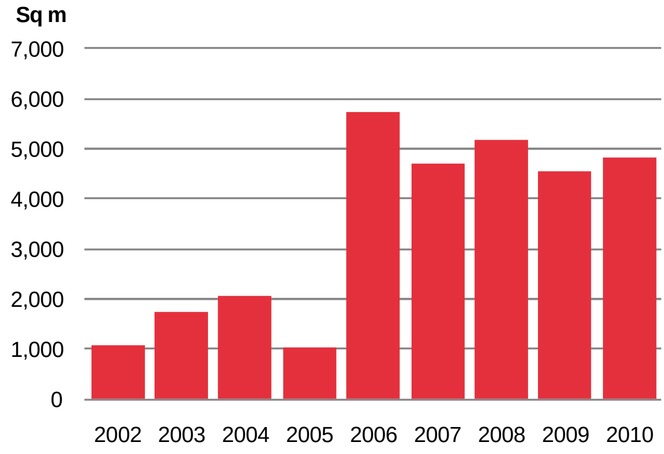
Only one transaction has been recorded during the second semester, the letting of 1,600 sq m to Carnoy, south of the Aéropole (Map 8).

For the first time in years, an increase has been observed for Charleroi prime office rent. The level of rent observed for the prime segment of the market had remained stable at €110/sq m/year since before 2004. Recent transactions have however occurred between €120 and €130/sq m/year. The latest one is the letting of 355 sq m by the SWDE in the Aéropole (Q2 2010).

However, most of the office stock remains well below the prime segment level and these kinds of rents are very rarely observed on the market. Rents in the Downtown district are usually to be found between €50 and €70/sq m/year. The Aéropole manages to achieve higher rents going from €100 to €120/sq m/year.

Figure 16

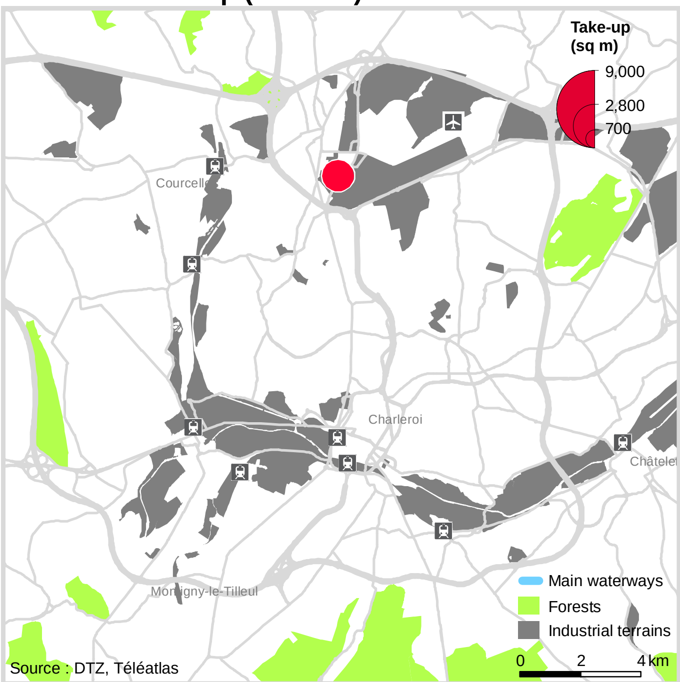
Charleroi: Take-up



Source: DTZ Research

Map 8

Charleroi: Take-up (H2 2010)



Key statistics – occupier market

Table 1

Occupier market - Flanders

	2007	2008	2009	2010	Y/Y change (%)
Antwerp					
Stock (m sq m)	1.85	1.94	2.03	2.11	3.73
Take-up (sq m)	104,831	140,685	77,896	118,869	52.60
Prime rents (€/sq m/year)	140	140	135	140	3.70
Ghent					
Stock (m sq m)	0.72	0.75	0.75	0.77	2.77
Take-up (sq m)	67,191	32,316	29,536	58,462	97.93
Prime rents (€/sq m/year)	140	135	135	135	0.00
Mechelen					
Stock (m sq m)	0.24	0.25	0.26	0.26	1.66
Take-up (sq m)	15,800	20,447	12,260	10,976	-10.47
Prime rents (€/sq m/year)	120	135	125	125	0.00
Leuven					
Stock (m sq m)	0.35	0.41	0.43	0.45	5.88
Take-up (sq m)	4,727	30,360	16,871	14,129	12.91
Prime rents (€/sq m/year)	130	135	135	155	14.81

Source: DTZ Research

Table 2

Major occupiers transactions in 2010 - Flanders

Q	Market	Building	Offices (sq m)	Tenant - occupier	Transaction
3	Gent	VAC Gent	36,000	Vlaamse Overheid	Pre-Letting
2	Antwerp	Copernicus	14,080	VDAB	Letting
4	Antwerp	Mercator Building	14,000	Vivium	Letting
4	Antwerp	Grote Steenweg 224	8,742	AGSOA	Purchase
4	Gent	VMM – The Loop	7,200	VMM	Purchase

Source : DTZ Reseach

Key statistics – occupier market

Table 3

Occupier market - Wallonia

	2007	2008	2009	2010	Y/Y change (%)
Liège					
Stock (m sq m)	0.46	0.46	0.47	0.47	0.00
Take-up (sq m)	16,258	12,110	66,758	14,460	-78.34
Prime rents (€/sq m/year)	120	120	135	135	0.00
Namur					
Stock (m sq m)	0.34	0.36	0.37	0.40	7.38
Take-up (sq m)	7,319	22,844	11,771	14,661	24.55
Prime rents (€/sq m/year)	150	150	150	149	-0.67
Charleroi					
Stock (m sq m)	0.38	0.38	0.38	0.38	0.05
Take-up (sq m)	4,688	5,164	4,559	4,835	6.05
Prime rents (€/sq m/year)	110	110	110	130	18.18

Source: DTZ Research

Table 4

Major occupiers transactions in 2010 – Wallonia

Q	Market	Building	Offices (sq m)	Tenant - occupier	Transaction
3	Tournai	Rue du Château	6,000	Régie des Bâtiments	Letting
1	Tournai	Château-Rempart 1	4,300	Régie des Bâtiments	Letting
3	Liège	Ilot Saint Michel	4,000	SPE/Luminus	Letting
4	Liège	Hospice Saint Agathe	3,500	Lampiris	Purchase
4	Marche	Allée du Monument	3,470	Mutualité chrétienne	Purchase

Source : DTZ Reseach

Definitions

Take-up

Represents the total floor space known to have been let or pre-let to tenants or sold or pre-sold to owner-occupiers as known on the last day of the quarter. Pure contract renewals, sales and leasebacks and sublettings are not included.

New supply

Represents the total amount of floor space that has reached practical completion as known on the last day of the quarter (including major refurbishments) regardless of whether the space is occupied or still available on the market.

Prime yields

Represents the initial yield estimated to be achievable for a notional office property of highest quality and specification in the best location fully let and immediately income-producing in a market at the survey date.

Stock

The office property stock is the sum of office properties which are in use and office properties standing vacant at the time of analysis. The office property stock is not a static amount. It increases owing to new-build or totally refurbished operations (new supply) and decreases owing to demolition, change of use or even larger refurbishments that make the space not usable for a significant amount of time.

Prime rent

Represents the attainable average prime rent that could be expected for an office unit (minimum 500 sq m) commensurate with demand in each location, highest quality and specification in the best location in a market at the survey date. The rent is given as a base rent, that is, no service charge or tax is included.

Square metres

Unless stated otherwise, the square metres used in this publication refer to the Gross Leasable Area definition for Brussels. For more information, see our *DTZ Insight: Office Lease Area Comparison*.

Availability

Represents the total floor space in existing properties which are physically vacant, ready for occupation and being actively marketed as known on the last day of the quarter (with a margin of error of 5%). The vacancy rate represents the total vacant floor space divided by the total stock at the survey date.

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