MARKET FUNDAMENTALS

	YoY Chg	12-Month Forecast
302,400 sq m Take-up 2025 (YTD)	▲	=
€525 million Investment volume 2025 (YTD)	▲	▲
5.15% Prime yield logistics	▼	▼

ECONOMIC INDICATORS

	YoY Chg	12-Month Forecast
0.44% GDP Growth YoY 2025 (e)	▼	▲
5.90% Unemployment rate	▲	▲
-4.57% Industrial turnover index growth YoY January 2025	▼	=

Source: Moody's and Statbel

SLOWER GROWTH AND RISING GEOPOLITICAL RISKS

Belgium entered 2025 with modest economic growth expectations. According to Moody's Analytics, the country's GDP is projected to grow by just 0.44% this year, a figure already revised downward. This baseline forecast assumes an effective 10% U.S. tariff rate on EU exports. In a downside scenario, where U.S. tariffs rise to 20% among other adverse assumptions, Belgium would likely fall into recession with GDP contracting by -1.3%.

Commercial real estate may offer relative stability in the current environment, particularly for income-generating assets that are less exposed to global trade dynamics. Rental cash flows tend to remain stable, even during periods of uncertainty, while the potential for monetary easing in response to slower growth expectations could support financing conditions and sustain investor interest.

BELGIAN INFLATION REMAINS ELEVATED

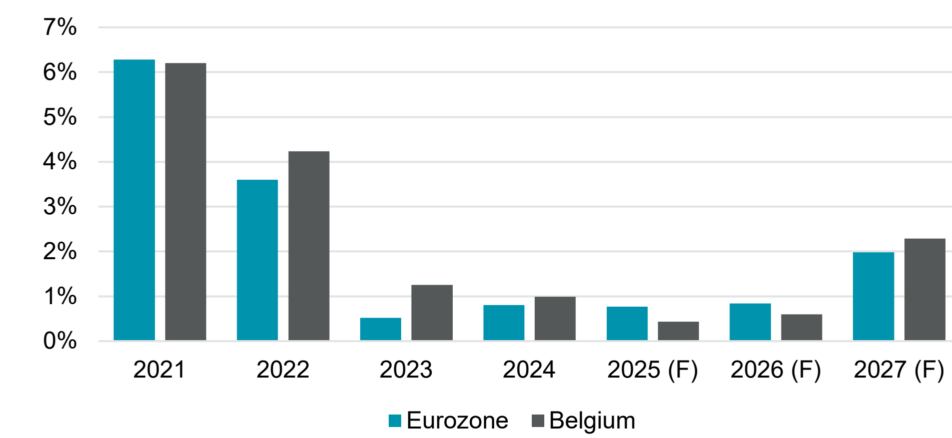
Inflation remains elevated. Belgium's harmonized inflation rate (HICP) was estimated at 3.6% in March, well above the Eurozone average of 2.2%. The strongest price increases were recorded in housing, utilities, and hospitality, while communication services saw price declines.

In construction, the building federation Embuild reports that while prices for essential materials like steel, wood and plastics have eased towards early 2022 levels, labour costs remain high and key materials such as cement and bricks are still more expensive than pre-crisis. As a result, overall building costs have stabilised rather than fallen, keeping pressure on development budgets.

SHIFTING INTEREST RATE ENVIRONMENT

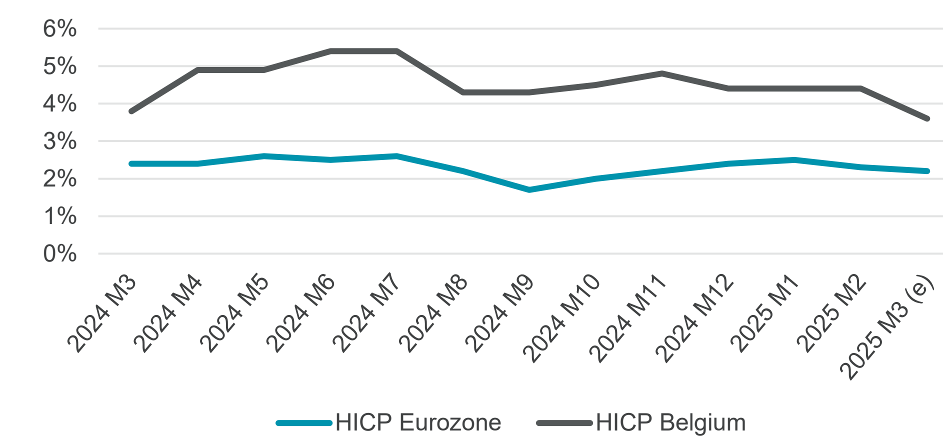
Interest rates fluctuated over the past month. Fixed-rate loans, linked to long-term government bond yields, became more expensive in early March after Germany announced a more flexible debt policy. However, by the end of that month, stabilising inflation in the Eurozone brought those yields back down, easing pressure on fixed-rate borrowing. Meanwhile, variable-rate loans, tied to EURIBOR, benefited from two ECB rate cuts in Q1 2025, leading to lower financing costs for floating-rate debt.

GDP GROWTH (in % of change prev. year)



Source: Moody's Analytics (baseline scenario - April 2025)

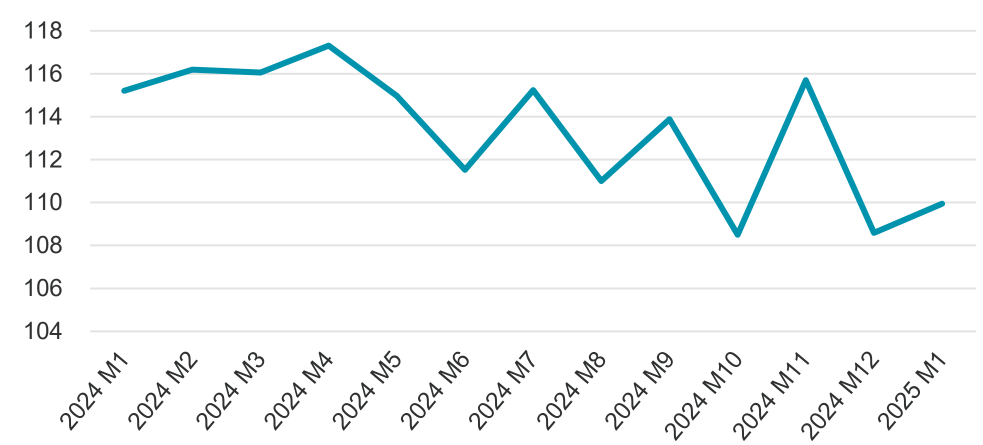
INFLATION RATE (HICP in % of change)



Source: European Central Bank (ECB)

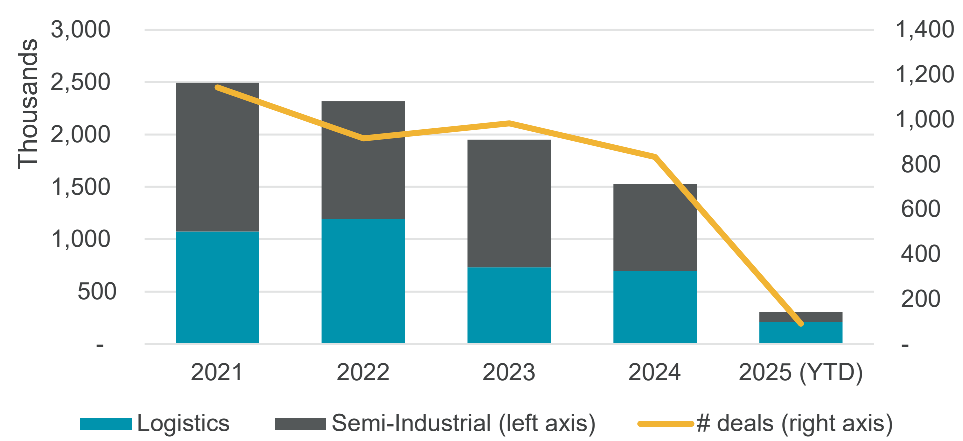
BELGIUM
INDUSTRIAL Q1 2025

MANUFACTURING TURNOVER INDEX (2021 = 100)

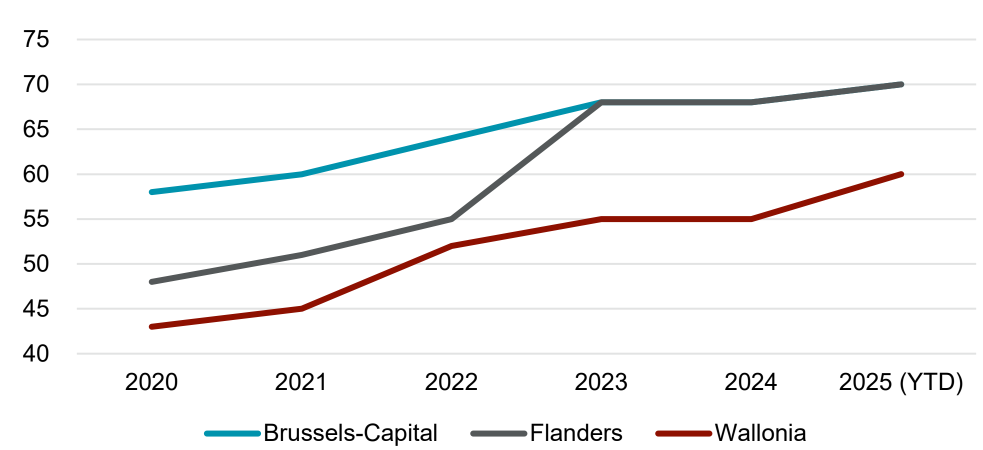


Source: Statbel

TAKE-UP BY SECTOR (sq m)



LOGISTICS PRIME RENTS BY REGION (€/sq m/year)



SIGNS OF HOPE FOR BELGIAN INDUSTRY AMID UNCERTAINTY

The European Commission's Clean Industrial Deal is sparking cautious optimism across Belgium's industrial sector. For the first time, there appear to be a shared political urgency, across Flemish, federal and EU levels, to support industry through a more coherent policy framework. Yet, high energy costs remain a major unresolved concern, with few specific solutions beyond group purchasing proposals.

Recent doubts over future investment plans by ArcelorMittal and BASF, with the latter currently running at just 65% capacity, have highlighted the fragility of Belgium's and European's industrial climate. Against that backdrop, Volvo Cars' decision to expand its production line in Ghent for the new electric EX30 offers a rare but encouraging signal of renewed confidence in the country's industrial future.

OCCUPIER MARKET: SOLID START TO THE YEAR

The occupier market opened the year on a solid footing, with total take-up in the first quarter reaching approximately 302,400 sq m across 90 recorded transactions. While this marks a more than 25% increase in take-up volume compared to the same period last year, the number of deals actually declined by around 25%, highlighting the growing impact of a few large-scale transactions on overall market dynamics.

Within the logistics segment, one of the most notable transactions was a subletting deal involving Logent, a logistics services provider, which sublet nearly 50,000 sq m from Eutraco at MG Big Bear in North Sea Port, Ghent. This transaction was completed in partnership with Volvo Cars, which recently announced the expansion of its production line in Ghent, an initiative expected to generate 350 new jobs.

Another prominent deal this quarter was Nolmans Retail Group's acquisition of the LCP site in Genk for own occupation, offering a lettable area of over 45,000 sq m. While approximately half of the site is currently leased to SKF, a global industrial engineering company, Nolmans is expected to take over the entire premises in due course.

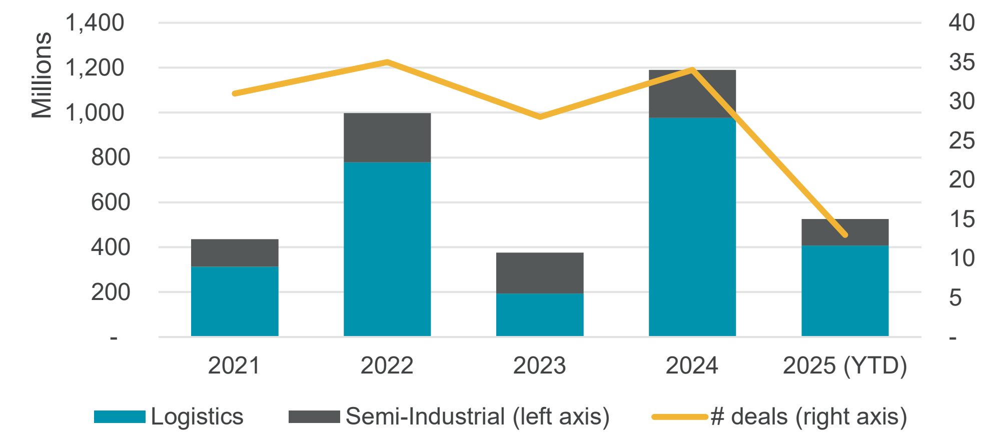
PRIME RENTS: UPWARD PRESSURE ACROSS THE BOARD

Prime rents continued to rise across the key regions during the first quarter. In the Brussels-Capital Region and Flanders, prime logistics rents increased from €68/sq m/year to €70/sq m/year, driven by robust market sentiment and active negotiations underway. Wallonia followed, with prime rents in Liège, its key logistics hub, moving upward from €55/sq m/year to €60/sq m/year. These rent increases reflect an adjustment to higher construction costs and alignment with neighbouring country benchmarks, rather than intensified occupier competition.

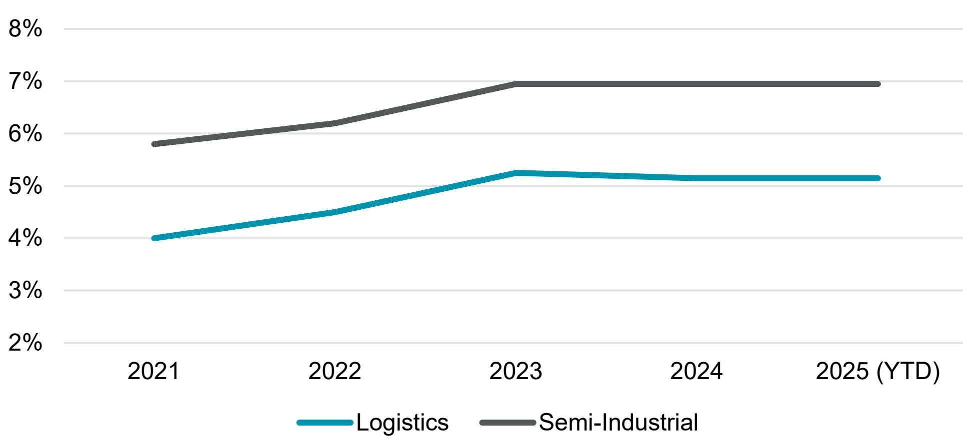
OUTLOOK

- Belgian GDP projected to rise by 0.44% in 2025, indicating a period of economic stagnation. U.S. trade tariffs could cut up to almost 2% of Belgian GDP in a downside scenario.
- Inflation stays above the Eurozone average, driven by persistent cost pressures in especially energy. The key question is whether energy prices can be stabilized, especially as energy infrastructure costs are expected to remain elevated
- Slower economic growth may push the ECB to continue interest rate cuts, which could ease financing conditions.
- EU's Clean Industrial Deal and political momentum could spur long-term investment if energy concerns are addressed.
- Q1 take-up rose 25% YoY, but number of deals fell, suggesting a shift toward larger-scale transactions.
- Prime logistics rents rose to €70/sq m/year in Brussels and Flanders, and to €60/sq m/year in Liège.

INVESTMENT VOLUME BY SECTOR (€)



PRIME YIELDS BY SECTOR



INVESTMENT MARKET: TURNING POINT IN INVESTOR CONFIDENCE

Investor confidence in the industrial and logistics market is clearly picking up. Total investment volume reached approximately €525 million after the first quarter, reflecting renewed momentum and investor confidence.

On national level, investor WDP led the charge with several key acquisitions, including the former Renault site in Vilvoorde, a short-term let 30,000 sq m site in Courcelles (with long-term re-letting plans) and another site in Londerzeel. Montea also remained active, investing in WLP X – Cargo City West in Bierset, a strategic development by the Weerts Group.

International investors signalled their continued interest as well. A major milestone was the acquisition of MG Park Malinas by DEKA Immobilien, marking the German investor's entry into the Belgian logistics market. The transaction is estimated at around €100 million. Additionally, the Logicor portfolio was acquired by Ares Management Corporation, a US-based asset manager, for an estimated €145 to €150 million, further highlighting global appetite for Belgian logistics assets.

PRIME YIELDS: HOLDING FIRM AFTER RECENT ADJUSTMENT

Prime yields remained stable in the first quarter, following the logistics yield compression seen at the end of last year. For logistics assets, prime yields are maintained at 5.15%, with current market conditions offering little incentive for further compression, despite strong investor appetite. In the semi-industrial segment, prime yields are holding at 6.95%. However, due to the limited number of core product transactions in this category, it remains challenging to define yield trends with certainty. Nonetheless, underlying demand remains intact, particularly for well-located and future-proof assets.

OUTLOOK

- €525M invested in Q1 suggests the start of a turning point in investor sentiment, especially in logistics. Strong Q1 deals may encourage more owners to bring core assets to market in the coming quarters.
- Prime logistics yield holding at 5.15%, reflecting equilibrium between pricing expectations and investor demand.

KEY OCCUPIER TRANSACTIONS Q1 2025*

PROPERTY	SUBMARKET	OCCUPIER	GLA (SQ M)	TYPE
LCP Genk-Zuid	Logistics	Nolmans Retail Support	46,650	Purchase
MG Big Bear	Logistics	Logent	48,989	Subletting
Macbeth Nivelles	Logistics	Suntory	16,150	Letting

KEY SALES TRANSACTIONS Q1 2025*

PROPERTY	SUBMARKET	SELLER / BUYER	GLA (SQ M)	PRICE (MEUR)
Portfolio	Logistics	Logicor / Ares Management Corp.	220,850	145-150
MB Park Malinas	Logistics	MG Real Estate / Deka Immobilien	71,500	100
Site Renault	Semi-industrial	Alcopa / WDP	n/a	100

*Transactions in the table include key sales transactions in the market, and are not necessarily closed by Cushman & Wakefield.

ANNECHIEN VEULEMANS MRICS
Senior Research Analyst
Tel: +32 (0)476 83 54 09
annechien.veulemans@cushwake.com

BART VANDERHOYDONCK
Partner I Head of Industrial Agency
Tel: +32 (0)479 96 08 09
bart.vanderhoydonck@cushwake.com

VINCENT VANDERSTRAETEN
Partner I Capital Markets
Tel: +32 (0)494 18 83 05
vincent.vanderstraeten@cushwake.com

GREGORY LAMARCHE MRICS
Partner I Head of Valuations & Advisory
Tel: +32 (0)494 26 07 58
gregory.lamarche@cushwake.com