MARKETBEAT
REGIONAL
OFFICE Q2 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
€190/sq m/year Prime rent	=	▲
6.60% Prime yield	=	▼
103,000 sq m Take-up (YTD)	▼	=
202,000 sq m Under Construction	=	=

Source: Cushman & Wakefield

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
0.84% Belgium GDP Growth (e)	▼	▼
2.20% Belgium Consumer price index	▼	▼
6.37% Belgium Unemployment Rate	▲	▼

Source: Moody's Analytics, BNB, Eurostat, July 2025

MODEST GROWTH FUELED BY PUBLIC & CORPORATE INVESTMENT

Belgium's **GDP growth for 2025 is projected at 0.84%,** slightly below the Eurozone average of 1.02%. In the first quarter, economic growth was primarily supported by fixed capital formation from both public authorities and private enterprises. In contrast, household investment exerted a dampening effect, and the decline in exports, linked to the recent U.S. tariff measures and associated uncertainty, further constrained growth.

Amid slowing economic activity, unemployment is expected to rise slightly to 6.37% in 2025, driven mainly by unemployment in the industrial sector. However, a **recovery in employment** is anticipated in 2026, supported by the planned reform of the unemployment benefit system, which aims to enhance labour market participation.

EUROZONE HITS INFLATION TARGET

In June 2025, **Eurozone inflation aligned precisely with the ECB's 2.00%** target and is expected to remain stable throughout the year. Following the recent phase of post-pandemic inflation, the ECB has announced a strategic shift, aiming to incorporate a wider range of risk scenarios into its policy framework. The ECB also notes that companies have become more agile in adjusting prices, enabling faster responses to potential shocks such as the U.S. tariffs.

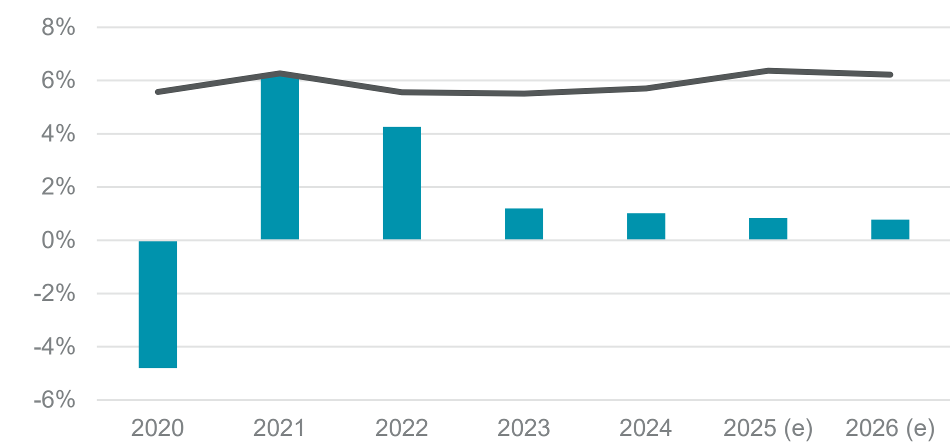
In contrast, **Belgian inflation remains elevated at 2.8%,** primarily due to rising costs for service vouchers and public transportation. A gradual easing towards 1.8% is forecasted by the ECB in 2026.

MONETARY POLICY AND FISCAL DEVELOPMENTS

With inflation back on target, the ECB cut key interest rates for the eighth consecutive time in June 2025. As a result, **interest rates continue on a downward trajectory**, while government bond yields have remained relatively stable. Financial markets have responded with renewed calm.

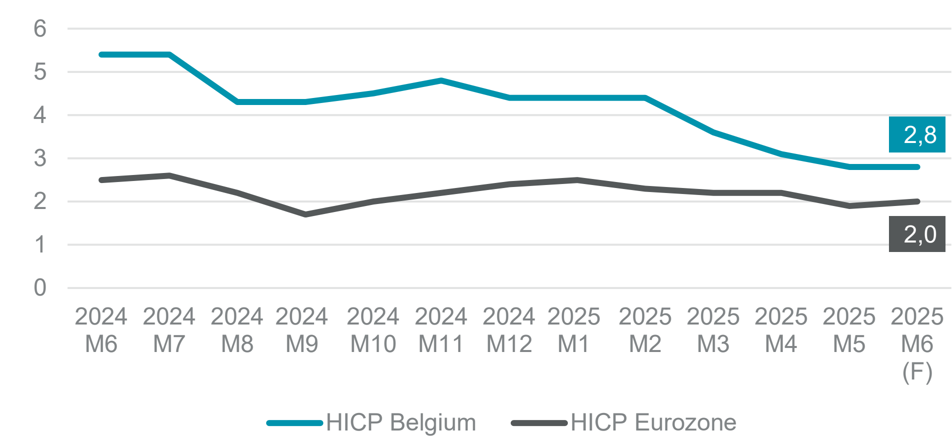
At the national level, coalition partners have reached an agreement on the introduction of **a capital gains tax**. Capital gains on financial assets held by individuals will be taxed at 10% (with reduced progressive rates), marking a significant shift in the country's fiscal landscape.

GDP GROWTH & UNEMPLOYMENT RATE



Source: Moody's Analytics (July 2025)

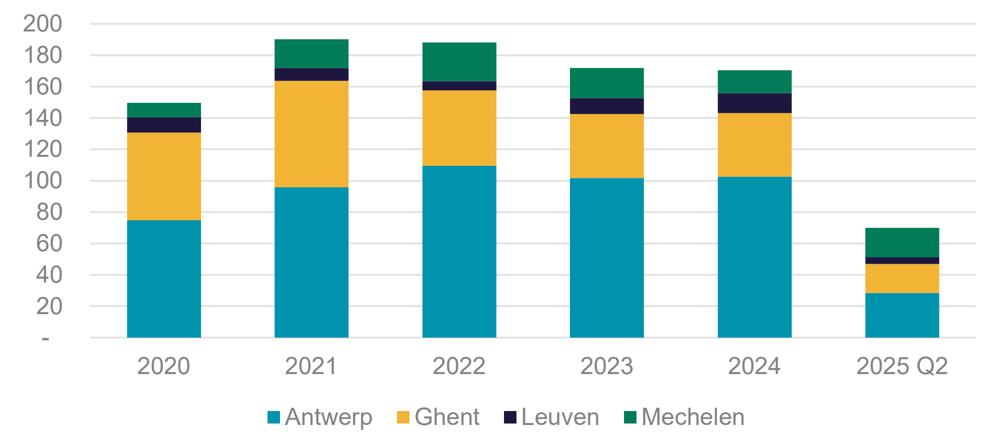
INFLATION RATE (HICP in % of change)



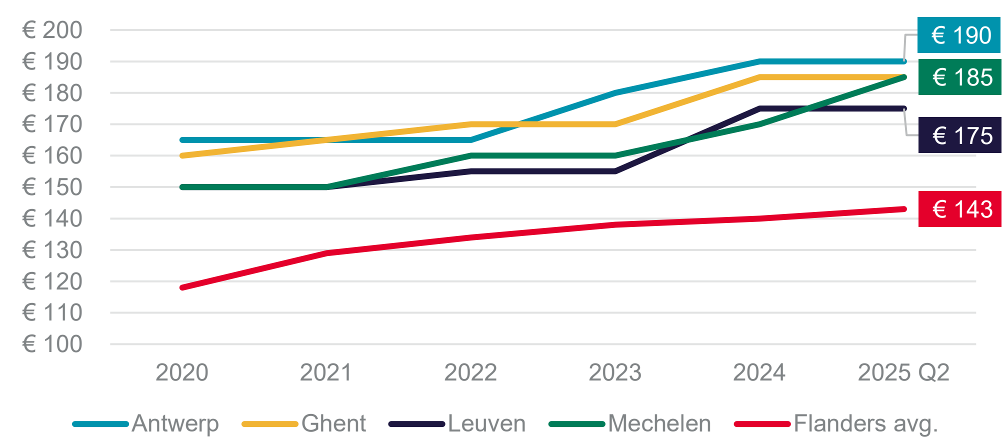
Source: European Central Bank (ECB)

FLANDERS

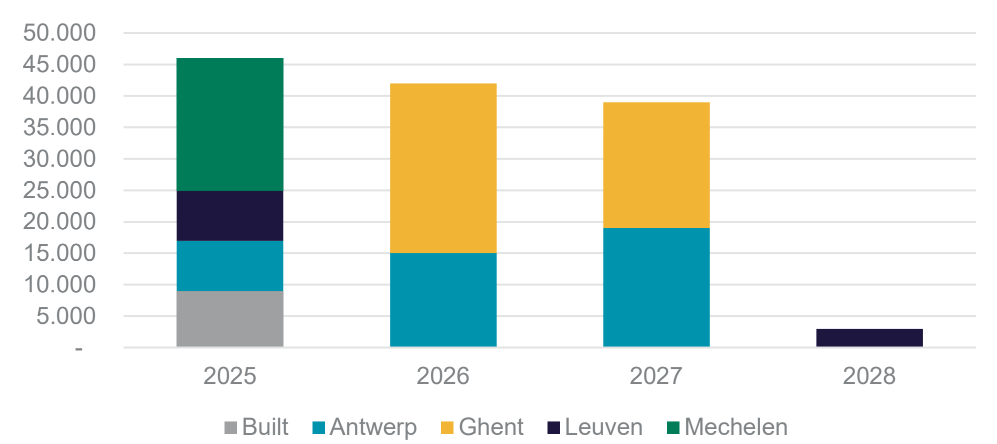
TAKE-UP BY CITY (000S SQ M)



PRIME RENTS (€/SQ M/YEAR)



PIPELINE UNDER CONSTRUCTION



TAKE-UP ACTIVITY SLOWS SHARPLY IN MOST MARKETS

The regional office market in Belgium experienced a notable slowdown in occupier activity during the second quarter of 2025, with take-up volumes falling short of expectations in most cities. **Antwerp**, the largest regional hub, recorded **just 11,111 sq m of take-up in Q2**, bringing the **H1 total to 28,415 sq m**. This marks a significant deceleration compared to previous years and reflects a cautious approach from occupiers amid ongoing economic uncertainty.

Ghent saw an even sharper drop, with **only 2,638 sq m transacted in Q2**. Despite a stronger first quarter, this brought the **H1 total to 18,531 sq m**, indicating a subdued first half overall.

In contrast, **Mechelen stood out as the most active regional market in Q2**, driven by two major transactions in the *Mechelen Business Tower*: Eneco (5,158 sq m) and Wyre (2,579 sq m). These deals contributed to a **quarterly total of 18,816 sq m, already surpassing the city's full-year 2024 performance**. This surge highlights the appeal of well-located, modern office space in smaller, accessible cities.

Across the four key regional cities, **total take-up for H1 2025 reached approximately 77,000 sq m**, reflecting a market still in recovery mode and well below pre-pandemic levels.

MEASURED GROWTH AHEAD

Prime rents across regional office markets remained stable in Q2 2025, following the upward adjustments seen in 2024. In Antwerp, prime rents held at €190/sq m/year, maintaining its position as the most expensive regional market. Ghent followed closely at €185/sq m/year, while Leuven remained unchanged at €175/sq m/year.

Notably, **Mechelen saw a further increase to €185/sq m/year**, reflecting growing demand for quality space and a tightening supply of new developments.

The regional office pipeline is set to remain active over the coming years. Following a similar trend to 2024, more than 45,000 sq m of new office space is expected to be delivered in 2025, reinforcing the gradual renewal of the regional office stock.

This momentum is projected to continue, with comparable volumes anticipated in both 2026 and 2027. Altogether, **nearly 150,000 sq m of new space is scheduled for delivery over the next three years**, with the majority concentrated in Antwerp and Ghent—the most established and dynamic regional office markets.

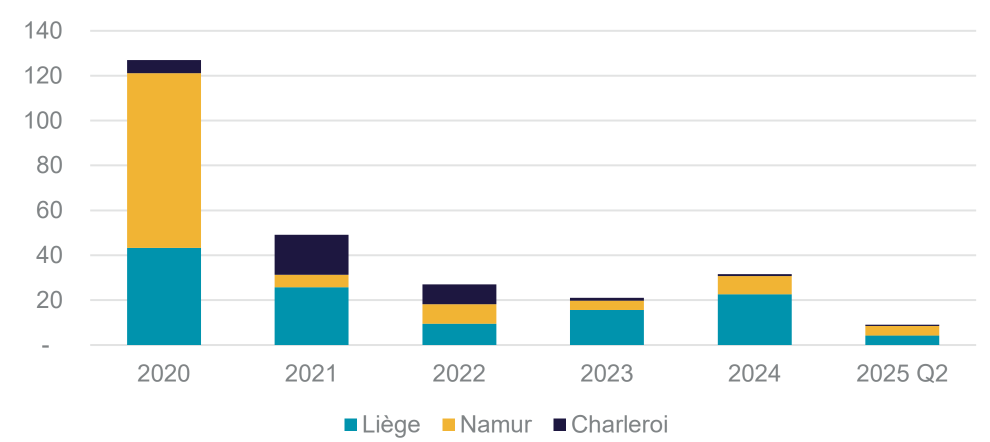
While this upcoming supply will help modernize the offering and meet evolving occupier expectations, it may also challenge absorption in submarkets where demand remains subdued.

OUTLOOK

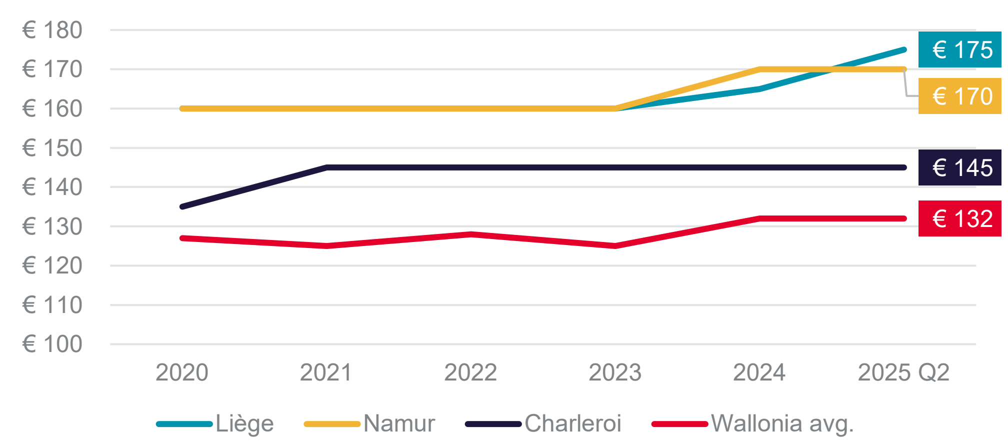
- The Flemish office market is expected to post a moderate performance in 2025, with full-year take-up likely to reach around 160,000–170,000 sq m, broadly in line with 2024. Activity remains highly polarized, with Antwerp and Ghent continuing to attract the bulk of demand, while smaller markets like Leuven and Mechelen show more volatility.
- Prime rents are expected to rise across all major markets, driven by limited availability of high-quality space and sustained occupier demand for energy-efficient, future-proofed offices. Antwerp is set to remain the most expensive regional market, with rents holding or edging above €190/sq m/year.
- Overall, Flanders is expected to remain more resilient than Wallonia, but the market will continue to be tenant-driven, with performance hinging on location, ESG credentials, and flexibility.

WALLONIA

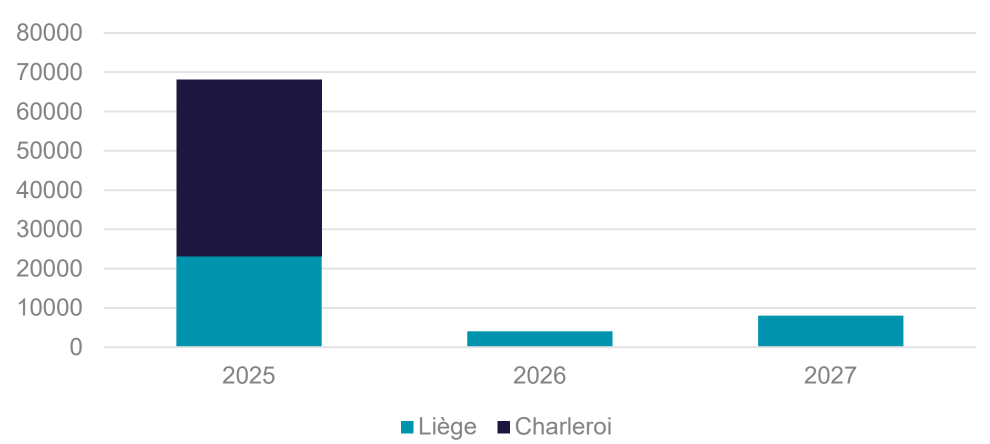
TAKE-UP BY CITY (000S SQ M)



PRIME RENTS (€/SQ M/YEAR)



PIPELINE UNDER CONSTRUCTION



WALLONIA OFFICE MARKET STALLS AS DEMAND SLOWS

Wallonia's office market remained subdued in the second quarter of 2025, with leasing activity continuing to lag across the region's key cities. The latest figures confirm a market still struggling to regain momentum, with take-up volumes at historically low levels.

Liège, traditionally the region's most active office hub, recorded **just 1,255 sq m of take-up in the second quarter, bringing its H1 total to 4,210 sq m**. This marks a significant slowdown compared to pre-pandemic averages and reflects a lack of major occupier movements or new demand drivers in the city. Despite its relatively large inventory and ongoing development activity, Liège has yet to see a meaningful rebound in leasing volumes.

Namur followed closely, with **750 sq m transacted in Q2 and 4,215 sq m for the first half of the year**. While the city benefits from its role as the regional administrative capital, demand remains fragmented and largely driven by smaller occupiers, with no significant public or private sector expansions recorded in recent quarters.

Charleroi, meanwhile, continues to face the most acute challenges. With **just 470 sq m of take-up in Q2 and a total of 680 sq m for H1**, the city remains well below sustainable levels of market activity. This performance is particularly concerning given the scale of new supply expected in the coming years, raising questions about long-term absorption and viability.

In total, Wallonia's three main office markets combined for **just over 9,000 sq m of take-up in H1 2025**, underscoring the region's ongoing difficulties in attracting sustained occupier demand. As a result, vacancy rates have increased across all markets, reflecting the widening gap between supply and demand.

TOUR ESCALE LIFTS LIÈGE PRIME RENTS

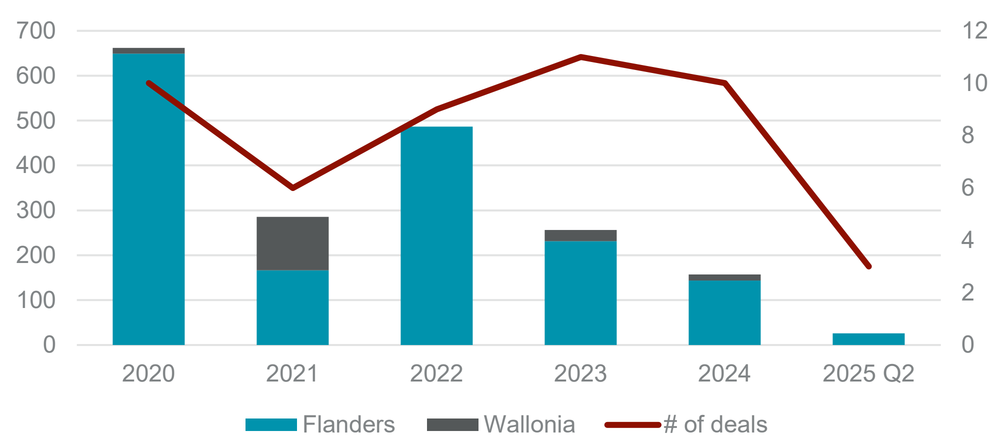
Despite the weak activity, prime rents remained stable, with one notable exception. **Liège saw a further increase to €175/sq m/year**, up from €165 in 2024. This rise is supported by a tightening supply of quality space and recent transactions in Tour Escale, which have helped establish a new benchmark for top-tier rents in the city. Namur held steady at €170/sq m/year, while Charleroi continued to lag behind at €145/sq m/year—a level that reflects the persistent lack of leasing activity, which continues to weigh on rental growth.

Looking ahead, Wallonia's development **pipeline is beginning to take shape, with over 68,000 sq m of new office space scheduled for delivery by 2027.** This includes 23,100 sq m in Liège and a substantial 45,000 sq m in Charleroi. While these projects aim to modernize the region's office stock, they also raise **concerns about absorption capacity**, particularly in Charleroi, where annual take-up has averaged just 1,500 sq m since 2023.

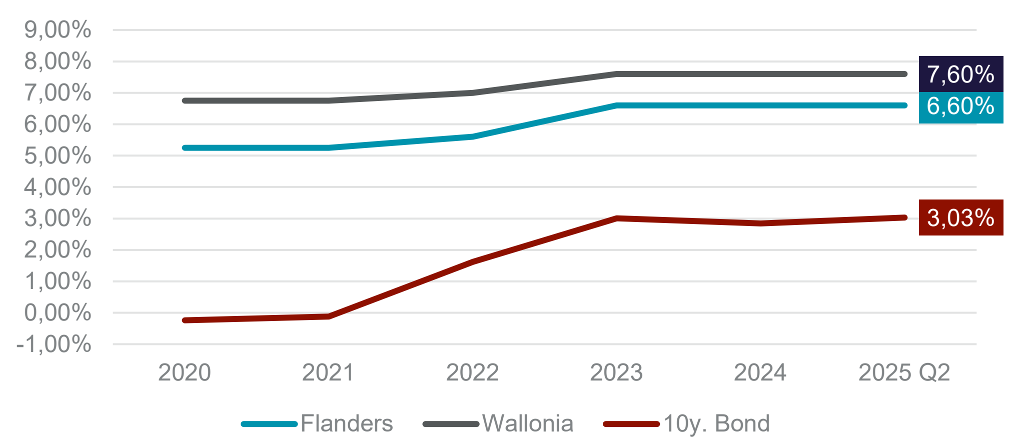
OUTLOOK

- The outlook for the Walloon office occupational market in 2025 remains decidedly cautious, shaped by weak demand fundamentals, rising vacancy, and a lack of large-scale occupier activity. Based on current trends, full-year take-up across the region's three main markets: Liège, Namur, and Charleroi; is unlikely to exceed 20,000 sq m, which would mark one of the lowest annual volumes in recent memory.
- While prime rents are expected to remain stable in the short term, Liège and Namur could see moderate upward pressure in the coming years, particularly for high-quality, centrally located buildings. In contrast, Charleroi is unlikely to follow this trend, as its market continues to suffer from chronically low activity and limited tenant interest.
- With demand still fragile and new supply on the horizon, 2025 is shaping up to be a transitional year, with the region's recovery likely to be gradual and uneven.

INVESTED VOLUMES (MILLION)



PRIME YIELDS



INVESTMENT MARKET REMAINS IN A HOLDING PATTERN

The regional office investment market in Belgium remained firmly in low gear during the second quarter of 2025, with **no transactions recorded**, a continuation of the subdued trend that has now become entrenched. This marks not just a weak quarter, but a prolonged period of stagnation that has persisted for several years, with volumes consistently falling well below historical averages.

The lack of activity in Q2 follows a muted first quarter, where only three transactions were registered, **totaling just over €26 million**. This figure was already 55% below the five-year average, and the complete absence of deals in Q2 only deepens concerns about the structural fragility of the regional office investment landscape.

At the heart of this stagnation lies a critical and ongoing absence of core transactions. For several consecutive years, the market has failed to produce a steady flow of institutional-grade, income-generating office deals in regional cities. This void has deprived investors and valuers of the benchmarks needed to recalibrate pricing and risk premiums. The result is a self-reinforcing cycle of illiquidity, where uncertainty deters investment, and the lack of investment further clouds market visibility.

This prolonged drought in investment activity is not occurring in a vacuum. It reflects a confluence of macroeconomic and structural factors. Despite the European Central Bank implementing another interest rate cut in Q2 2025, the anticipated revival in investor sentiment has yet to materialize. **Persistent inflationary pressures, geopolitical instability, and subdued economic growth continue to weigh on investor confidence.**

PRIME YIELDS: STABLE AMID INERTIA

With no new deals to provide pricing benchmarks, **prime office yields in regional markets remained unchanged** for the seventh consecutive quarter. In **Flanders**, yields held steady at **6.60%**, particularly in key cities such as Antwerp and Ghent. In **Wallonia**, prime yields in Liège and Namur continued to hover around **7.35%**.

This yield stability, however, should not be mistaken for market strength. Rather, it reflects a lack of transactional evidence and a cautious wait-and-see approach from investors. Even as financing conditions begin to ease, the absence of compelling investment opportunities and the ongoing repricing of risk are keeping yield compression at bay.

While isolated transactions in Q1, such as the sale of Spaces Zuid in Antwerp at a sharper 6.00% yield, hint at selective demand for core, fully-let assets in prime micro-locations, these remain exceptions rather than indicators of a broader market shift.

OUTLOOK

- The outlook for Belgium's regional office investment market remains cautious, weighed down by persistent structural limitations and macroeconomic uncertainty. While recent and expected ECB rate cuts may gradually ease financing conditions, any recovery in secondary office locations is likely to be slow and uneven.
- The continued absence of core transactions has eroded pricing transparency and investor confidence, particularly in regional cities where liquidity is already thin. Without a pipeline of institutional-grade, income-secure assets, capital inflows are expected to remain limited.
- Investor sentiment is further dampened by geopolitical instability, trade tensions, and concerns over Europe's economic resilience. In this context, capital will remain highly selective, favoring core, well-let assets in prime urban locations offering long-term income visibility.

MARKET STATISTICS Q2 2025

SUBMARKET	INVENTORY (sq m)	AVAILABILITY (sq m)	VACANCY RATE	Q2 2025 TAKE-UP	2025 TAKE-UP	UNDER CONSTRUCTION (SQ M)	PRIME RENT (€/sq m/year)	PRIME YIELD
Flanders								
Antwerp	2,483,614	144,291	5.80%	11,111	28,415	42,000	€190	6.60%
Ghent	1,126,677	57,477	5.10%	2,638	18,531	47,000	€185	6.60%
Leuven	577,255	33,554	5.81%	2,252	4,243	11,000	€175	7.35%
Mechelen	289,576	n.a.	n.a.	13,480	18,816	22,000	€185	7.35%
Wallonia								
Liège	615,016	28,158	4.58%	1,255	4,210	35,000	€175	7.60%
Namur	617,767	18,759	3.04%	750	4,215	-	€170	7.60%
Charleroi	517,680	27,919	5.39%	470	680	45,000	€145	7.85%

KEY LEASE TRANSACTIONS Q2 2025

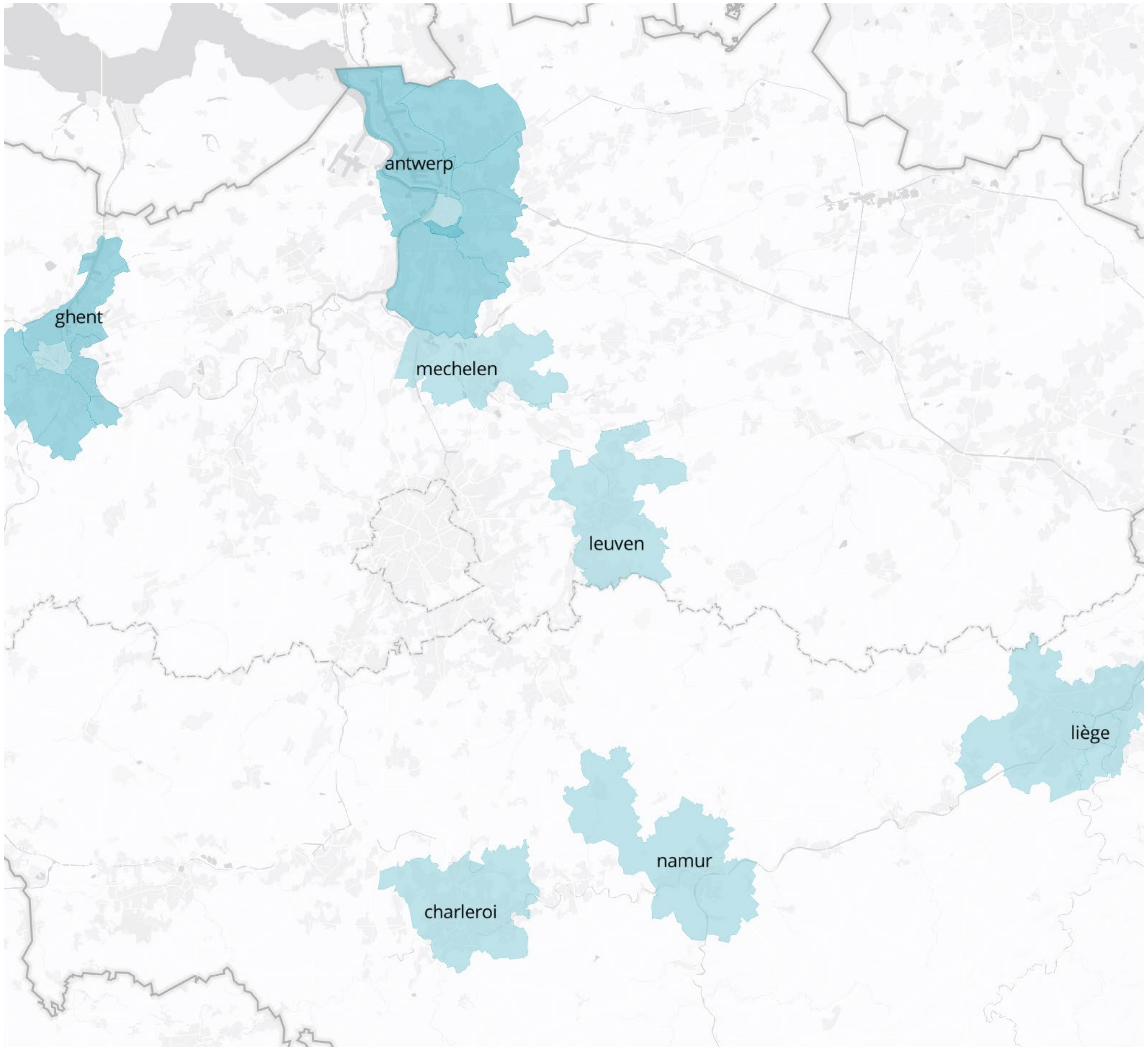
SUBMARKET	PROPERTY	TENANT	SQ M	TYPE
Mechelen	Mechelen Business Tower	Eneco	5,158	Letting
Mechelen	Mechelen Business Tower	Wyre	2,579	Letting
Antwerp	Kielsbroek 4	AML Labo	2,000	Letting
Mechelen	Egide Walschaertstraat 20	Astara Western	1,746	Letting
Mechelen	Het Zegel	Amista	1,452	Letting

KEY INVESTMENT TRANSACTIONS Q2 2025

SUBMARKET	PROPERTY	BUYER / SELLER	PRICE (MEUR)	YIELD

Source: Cushman & Wakefield

OFFICE SUBMARKETS



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