MARKETBEAT
BRUSSELS
OFFICE Q2 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
€390/sq m/year Prime rent	▲	▲
5.15% Prime yield	=	▼
130,000 sq m Take-up (YTD)	=	=
8.72% Vacancy Rate	▲	=
585,000 sq m Under Construction	=	=

Source: Cushman & Wakefield

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
0.84% Belgium GDP Growth (F)	▼	▼
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.

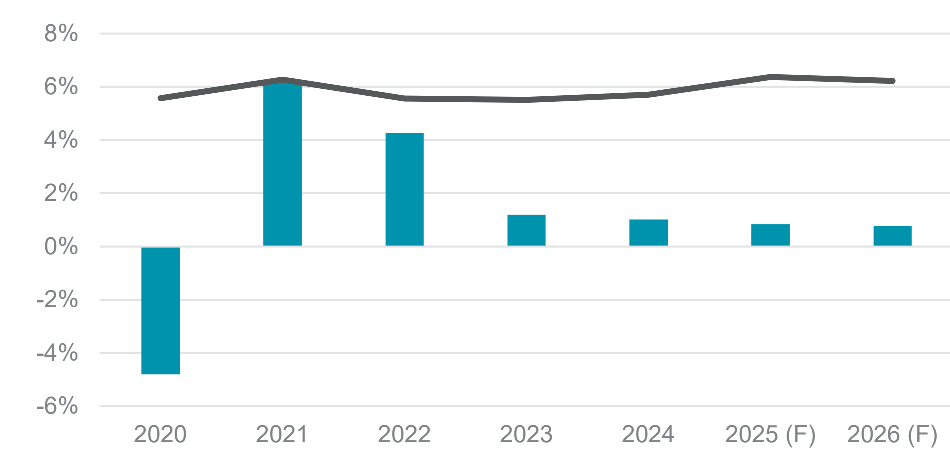
In contrast, **Belgian inflation remains elevated at 2.8%,** primarily due to rising costs for service vouchers and public transportation. A gradual easing towards 1.8% is forecasted by the ECB in 2026.

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.

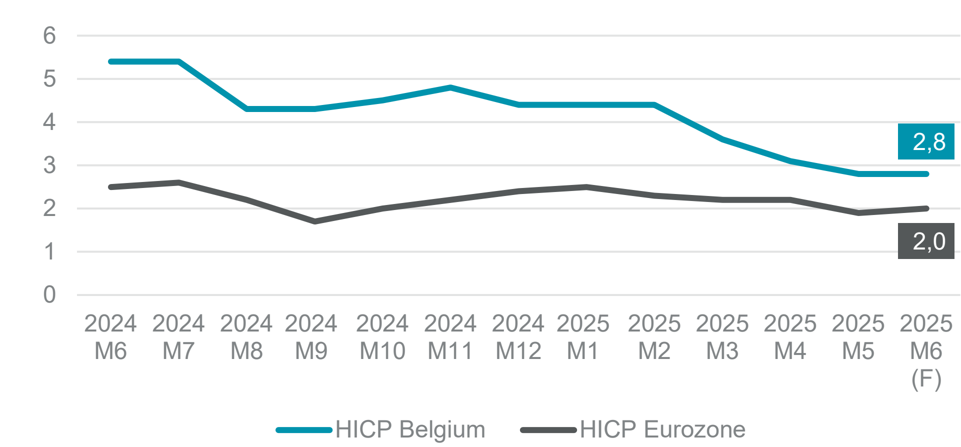
At the national level, coalition partners have reached an agreement on the introduction of **a capital gains tax**. Capital gains on financial assets held by individuals will be taxed at 10% (with reduced progressive rates), marking a significant shift in the country's fiscal landscape.

GDP GROWTH & UNEMPLOYMENT RATE



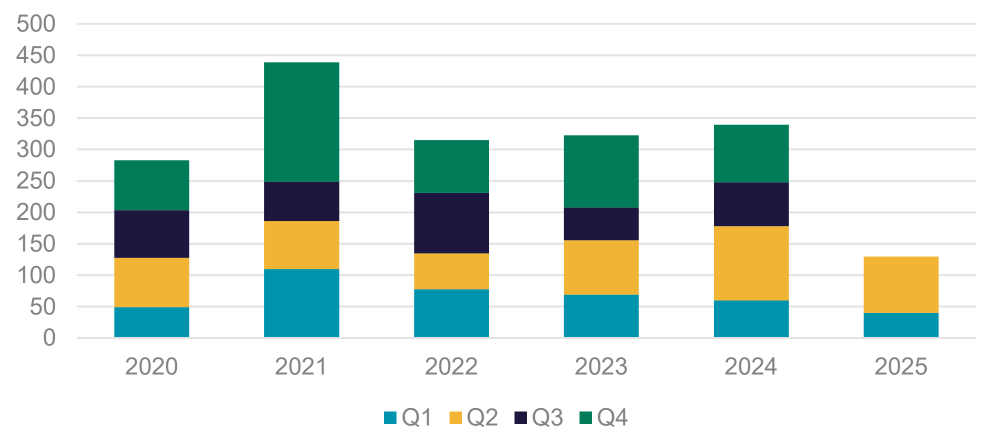
Source: Moody's Analytics (July 2025)

INFLATION RATE (HICP in % of change)

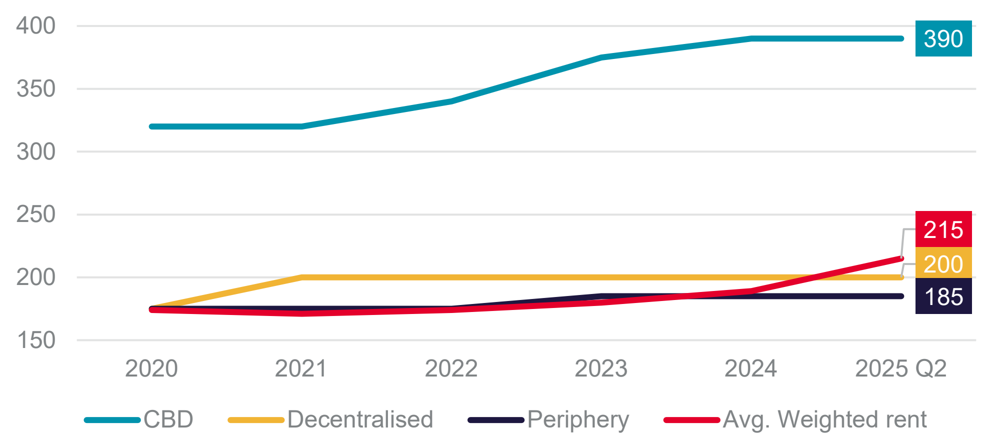


Source: European Central Bank (ECB)

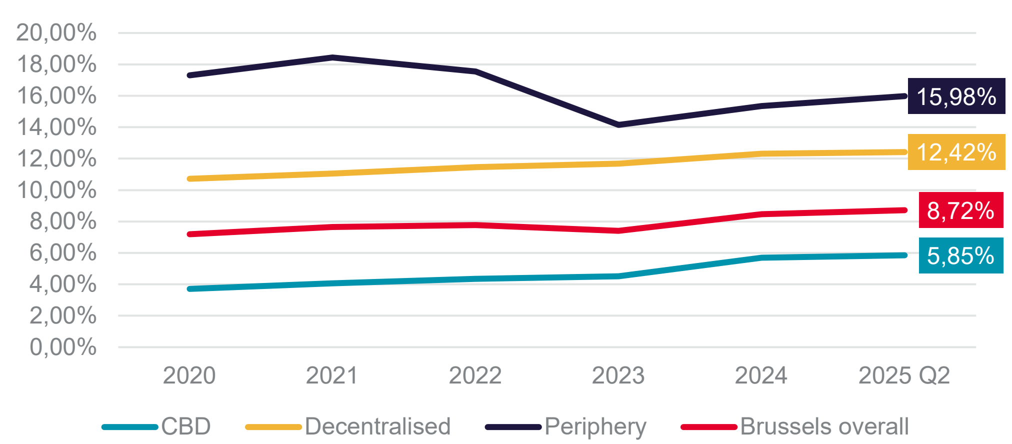
TAKE-UP BY QUARTER (000s SQ M)



PRIME RENTS (€/SQ M/YEAR)



VACANCY RATE



MOMENTUM MASKS A FRAGILE RECOVERY

The **Brussels office market** recorded a take-up of **89,428 sq m in the second quarter of 2025**, bringing the total for **the first half of the year to 130,000 sq m.** While this figure aligns with the five-year average for the same period, the underlying market dynamics reveal a more subdued reality. The apparent stability is largely the result of a more active second quarter, but this masks a market heavily reliant on a few large-scale transactions, with limited depth in the broader leasing landscape.

Indeed, the **two largest deals of the quarter accounted for almost half of the total take-up**. The European Commission continues to rationalise its real estate footprint, having signed for space in Befimmo's *LOOM* project in the European Quarter. The European Parliament has also contributed to the quarter's volume with a pre-leasing agreement for AXA's *Monterra* project, also located in the European Quarter.

Despite a few headline transactions, the broader market continues to be driven primarily by smaller occupiers, with limited activity in the mid-sized segment.

PRIME RENTS: GROWTH ON THE HORIZON

On the rental front, prime rents in Brussels remained unchanged this quarter at €390/sq m/year. However, the lease signed by Deutsche Bank in the *SQM29* building, at a higher rent, suggests **upward pressure on future prime rents**, particularly for high-quality, centrally located assets with strong ESG credentials. Although this lease will only take effect in 2027, it serves as a forward-looking indicator of where the market may be heading.

In the **North District**, a modest increase was recorded, with the **new prime rent set at €290/sq m/year**. This adjustment reflects the announced pre-letting by Proximus at €315/sq m/year. However, it's important to note that this transaction has not yet been included in official figures, as it remains subject to planning approval for the development of the new *Proximus campus* at Tour & Taxis.

VACANCY RISES AMID SLOWER PRE-COMMITMENTS

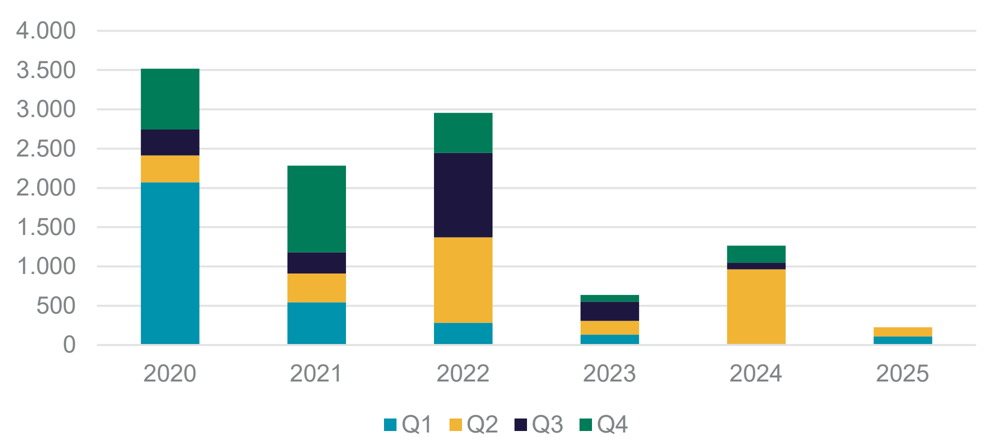
Office vacancy in Brussels continued its **gradual upward trend in Q2 2025**, reaching **8.72% overall**. The CBD rose slightly to 5.85%, while the Decentralised and Periphery zones reached 12.42% and 15.98%, respectively, highlighting ongoing challenges in non-core locations.

On the supply side**, 133,620 sq m of new space has been delivered so far this year**. Looking ahead, the development pipeline remains active, with over **460,000 sq m expected by 2028**. However, pre-letting levels have weakened significantly. As of mid-2025, only 42% of upcoming space through 2026 is pre-let, a sharp contrast to the 70% average pre-letting rate observed between 2015 and 2021. This shift reflects a more cautious occupier market and a higher degree of speculative development.

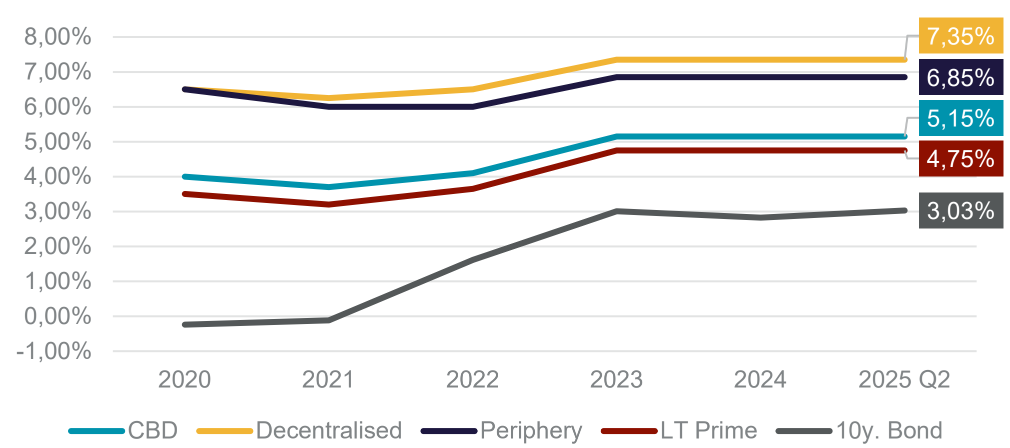
OUTLOOK

- The second half of 2025 is expected to bring continued selectivity and cautious momentum in the Brussels office market. While overall demand remains steady, the market continues to be shaped by a clear divide between large institutional activity and more subdued private sector demand.
- A key driver in the coming months will be the European Institutions, which are actively pursuing a strategy to rationalise and modernise their real estate footprint.
- In parallel, the Proximus pre-letting at Tour & Taxis, though not yet reflected in take-up statistics due to pending permit approval, is also expected to play a major role in shaping market activity. Together, these large-scale commitments signal a renewed focus on high-performance, sustainable office space, and could help anchor demand in an otherwise cautious leasing environment.
- Rental levels, which have remained stable in recent quarters, are now expected to trend upward in the second half of the year. Early signals from recent pre-lettings and forward deals suggest that prime rents are likely to increase.

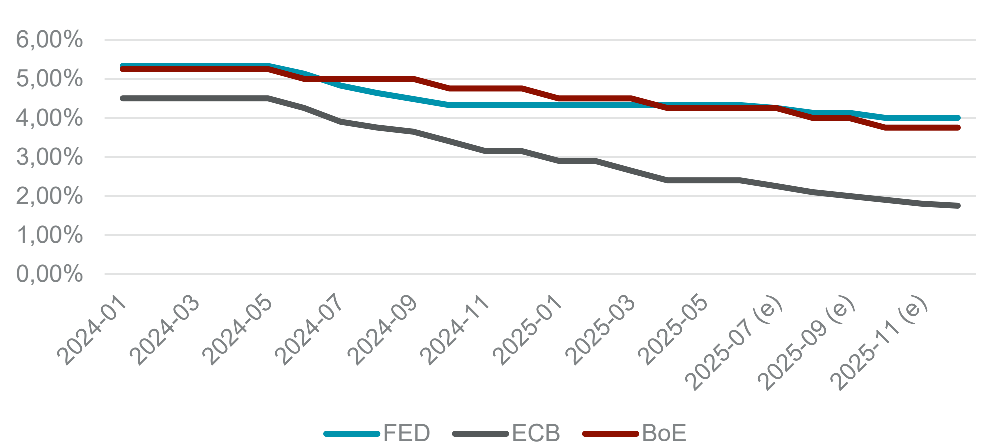
INVESTED VOLUMES (MILLION)



PRIME YIELDS



CENTRAL BANKS RATES



ONLY SIX DEALS IN H1 REFLECT MARKET HESITATION, BUT MOMENTUM IS BUILDING

The Brussels investment market remained relatively quiet in **Q2 2025**, with just **€120 million transacted across two deals**, bringing the **H1 total to just under €230 million over six transactions**. While volumes remain historically low, the market is showing early signs of reawakening, with several ongoing processes and renewed investor interest beginning to take shape.

The most significant transaction of the quarter was the acquisition of the *Proximus Towers* by Nextensa for €80 million. This deal is part of a broader and ambitious redevelopment project. Nextensa acquired the real estate from Proximus for €62.5 million and secured the necessary planning permit from Immobel for an additional €18 million. Rather than a traditional core investment, this transaction reflects a strategic repositioning play with a strong development angle.

The only other transaction recorded this quarter was the acquisition of the *Lloyd George* project, which change hands for just over €39 million. The transaction, which emerged from a broader financial restructuring process, illustrates how investors are increasingly targeting assets with repositioning potential in established locations.

Despite the low volume, **there are some encouraging signs of renewed momentum.** Several institutional investors are actively raising capital and re-engaging with the market, supported by a more stable interest rate environment and improving clarity on pricing. **A number of processes are underway**, including both core and long-term core assets, which could help re-establish benchmarks and restore confidence in the second half of the year.

PRIME YIELDS: STABLE FOR NOW, BUT CONDITIONS FOR MOVEMENT ARE EMERGING

Prime office yields in Brussels remained unchanged, extending a full 18-month period of stability. This continued flatlining comes despite a sustained and gradual easing of monetary policy by the European Central Bank, which has now brought its benchmark rate down to 2.40% as of June 2025, with further cuts anticipated in the second half of the year.

This yield stability reflects a market still in search of clear pricing benchmarks, with limited transactional evidence to support repricing.

However, with **capital raising activity picking up** and investors actively exploring opportunities, the conditions for yield compression are gradually forming. As more deals progress and close, particularly in the core and long-term core segments, **prime yields could begin to adjust**, especially for best-in-class assets in central locations.

OUTLOOK

- Looking ahead, the outlook is increasingly positive. While the lack of core transactions has weighted on volumes, the growing number of ongoing processes, coupled with rising investor engagement, suggests that the market is moving closer to a turning point.
- Importantly, a number of core and long-term core assets, including *Arts-Lux* and *The Muse*, are currently in the pipeline. If successfully transacted, these could provide the benchmarks needed to re-anchor pricing and restore confidence.
- At the same time, a growing imbalance between supply and demand is beginning to emerge. Investor appetite for core assets is increasing, yet much of the existing stock is ageing and the supply of new, high-quality products remain limited. As a result, forthcoming developments, particularly those that meet the highest ESG standards and are well-located, are expected to achieve premium pricing, supported by limited availability and strong institutional interest.

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
Brussels (Overall)	**13,779,148**	**1,201,855**	**8.72%**	**89,428**	**129,582**	**585,309**	**€390**	**5.15%**
Leopold	3,475,384	118,999	3.42%	52,615	57,714	213,234	€390	5.15%
Centre	2,518,444	142,187	5.65%	3,707	7,944	124,786	€340	5.25%
North	1,552,263	180,257	11.61%	-	191	13,600	€290	5.80%
Louise	859,098	70,559	8.21%	6,165	8,495	-	€340	5.30%
Midi	618,538	16,247	2.63%	890	1,027	75,000	€195	6.00%
Decentralised	2,422,596	300,773	12.42%	9,994	19,523	20,000	€200	7.35%
Periphery	2,332,825	372,834	15.98%	16,057	34,688	138,689	€185	6.85%

KEY LEASE TRANSACTIONS Q2 2025

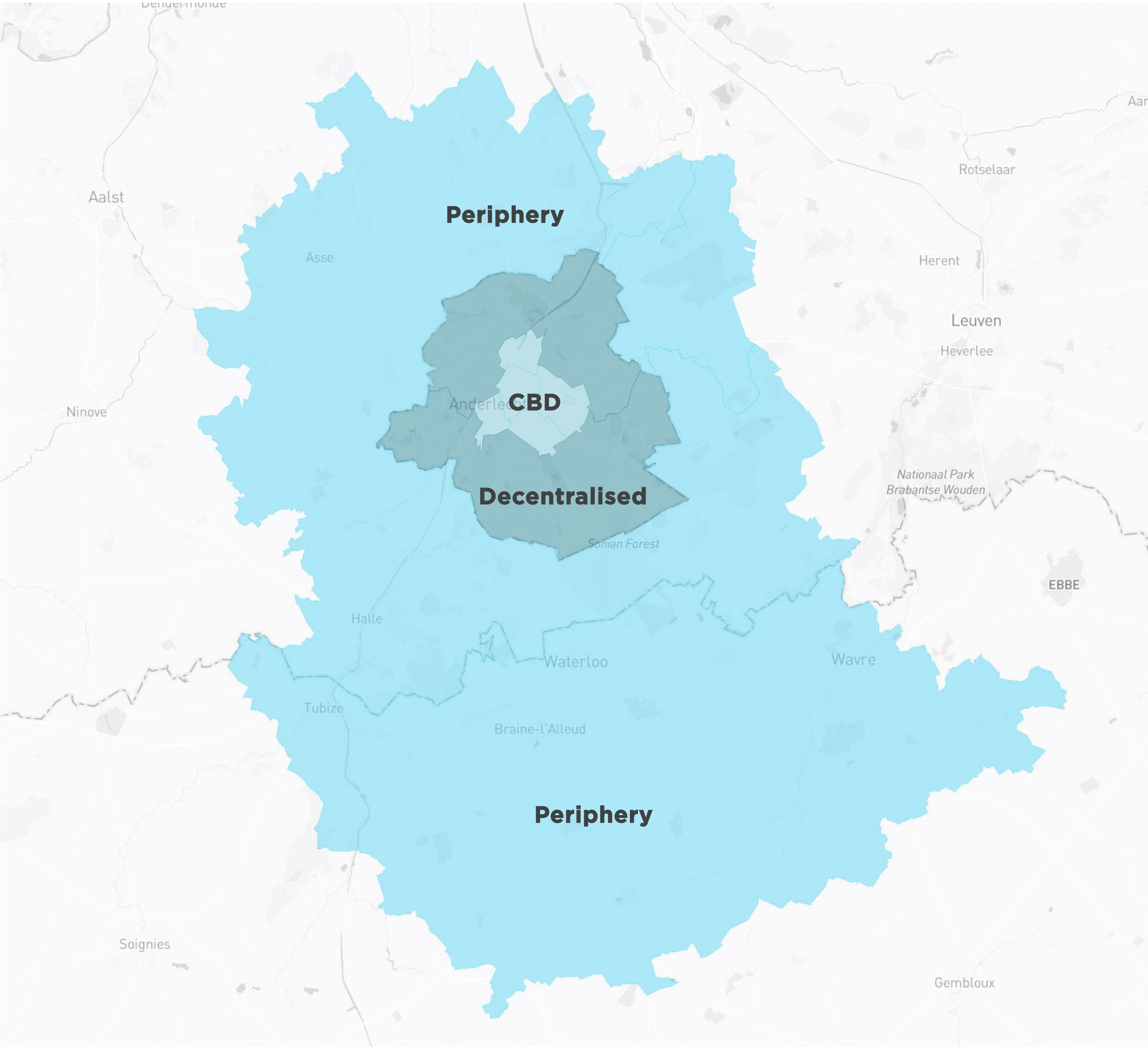
SUBMARKET	PROPERTY	TENANT	SQ M	TYPE
Leopold	LOOM	EU Commission	22,360	Pre-letting
Leopold	Monterra	EU Parliament	19,251	Pre-letting
Leopold	SQM 29	Deutsche Bank	5,705	Pre-letting

KEY INVESTMENT TRANSACTIONS Q2 2025

SUBMARKET	PROPERTY	BUYER / SELLER	PRICE (MEUR)	YIELD
North	Proximus Towers	Nextensa / Proximus	80.5	n.a.
Louise	Lloyd George	Ethias / Ghelamco	39.3	n.a.

Source: Cushman & Wakefield

OFFICE SUBMARKETS



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