



BNP PARIBAS
REAL ESTATE

RESEARCH

MARKET PRESENTATION

LUXEMBOURG OFFICE MARKET Q1-Q3 2023

OCTOBER 2023

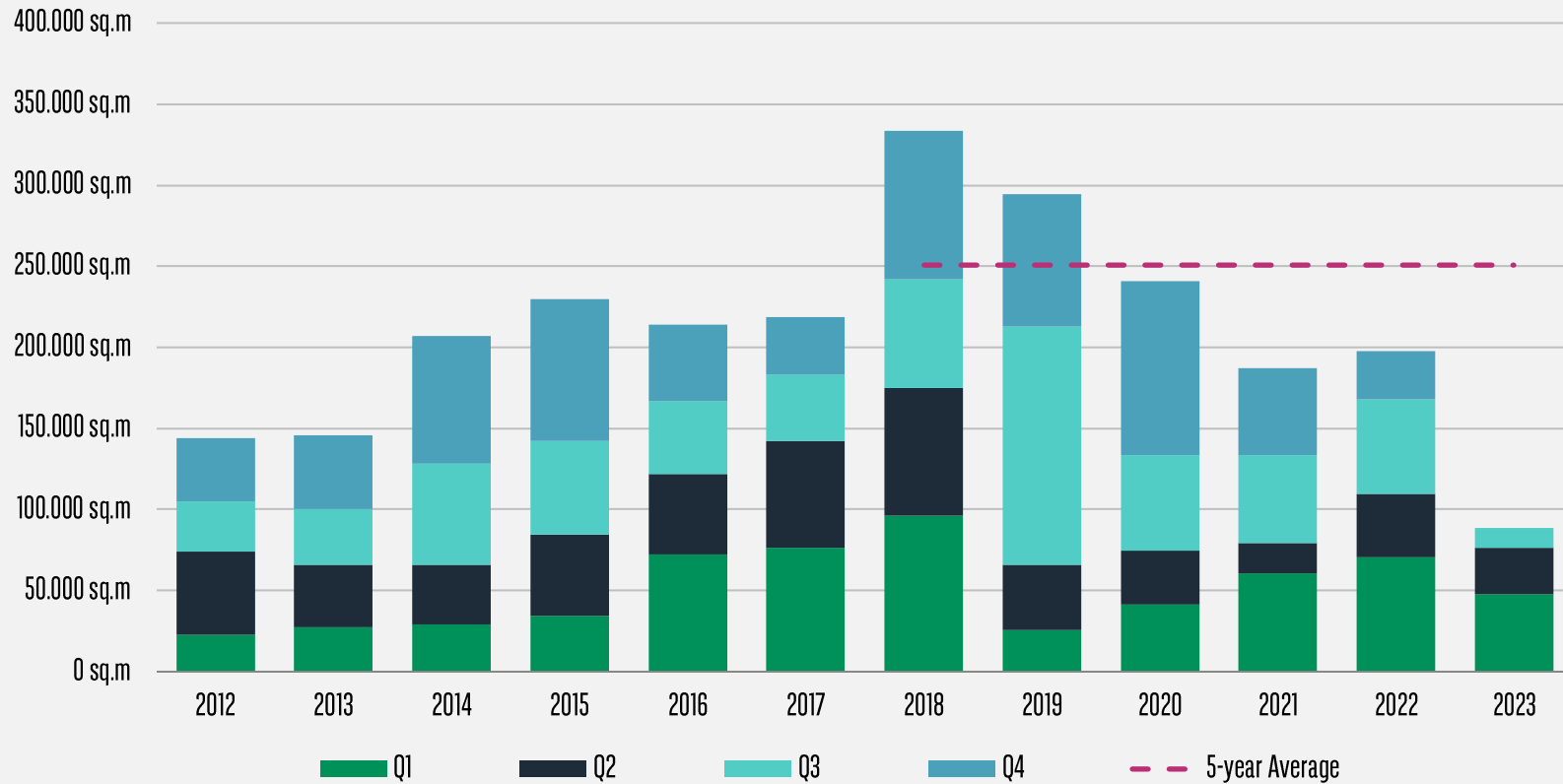




CHAPTER 1

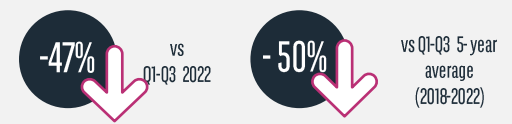
OCCUPIER MARKET

WELL BELOW THE STANDARDS

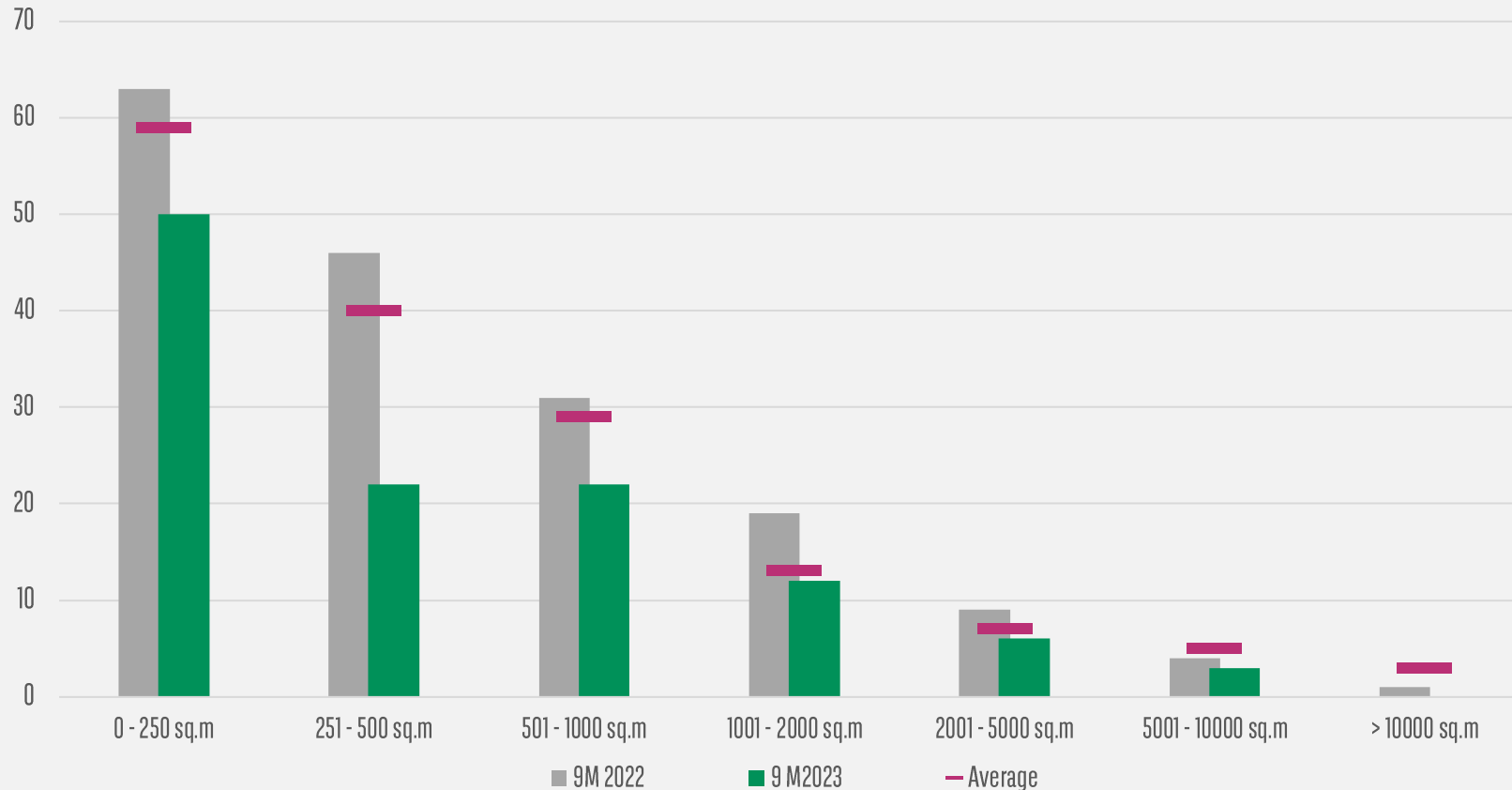


88,300 sq.m

sq.m recorded since the beginning of the year



DECLINE IN EACH TRANSACTION SEGMENT



-34%

OF TRANSACTIONS RECORDED OVER H1
COMPARED TO THE EQUIVALENT PERIOD
IN 2023

THE AVERAGE SIZE BY TRANSACTION
STANDS AT 824 sq.m

LARGEST DEALS IN 2023

LETTING

LUXEMBOURG STATE

Ettelbruck One | Ettelbruck

Surfaces : 8,744 sq.m



LARGEST DEALS IN 2023

PRE-LET

INTERTRUST LUXEMBOURG

White House | Gasperich

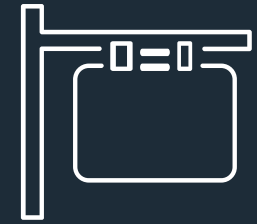
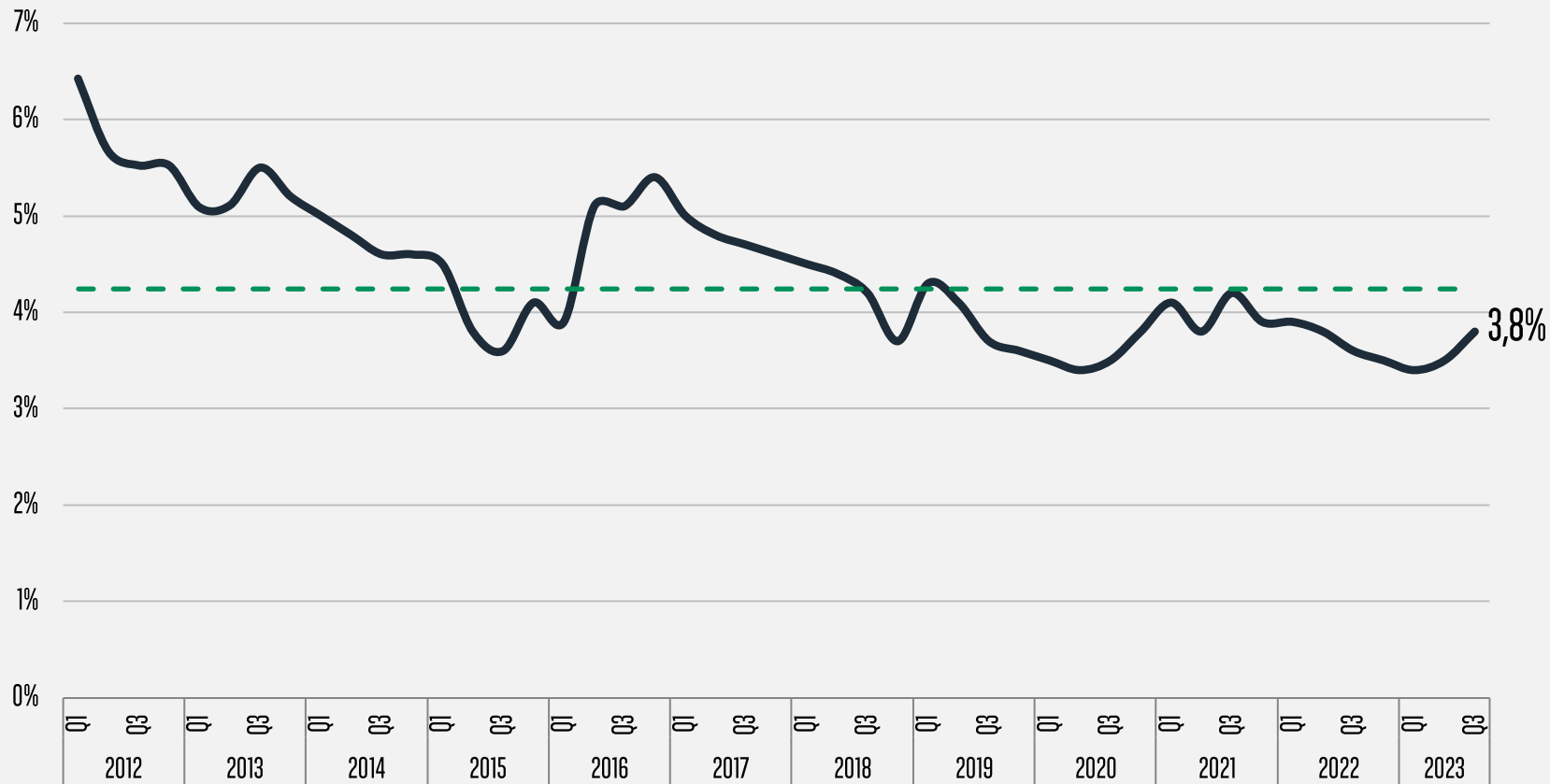
Surfaces : 6,479 sq.m



MAIN TRANSACTIONS RECORDED

Date	Tenant	Type of transaction	Offices Size (sq.m)	Address	Building Name	Area
Q1 2023	Luxembourg State	Letting	8,744	Avenues des Alliès	Ettelbruck One	Northern Luxembourg
Q1 2023	Intertrust Luxembourg	Letting	6,479	Boulevard Friedrich Wilhelm Raiffeisen	White House	Gasperich
Q1 2023	Etat du GDL	Letting	5,542	Rue de Gasperich	H20	Howald
Q1 2023	Julius Baer Luxembourg	Letting	4,575	Rue Edward Steichen	Vertbois	Kirchberg
Q1 2023	DLA Piper	Letting	4,409	Boulevard Grand Duchesse Charlotte	NOVA	CBD
Q3 2023	Engelwood	Letting	2,329	Rue Eugène Ruppert	Hitec	Gasperich
Q2 2023	Luxembourg State	Letting	2,287	Rue Guillaume Kroll	Technopolis E	Gasperich
Q2 2023	EY Law	Letting	2,109	Avenue John F. Kennedy	K2 Crescendo 1	Kirchberg
Q1 2023	Intertrust Luxembourg	Letting	1,798	Boulevard Friedrich Wilhelm Raiffeisen	Emerald	Gasperich
Q1 2023	Cube Infrastructure Managers SA	Letting	1,771	Place de la Gare	Central Plaza	Station
Q2 2023	CFL	Letting	1,706	Place de la Gare	Accinauto	Station
Q2 2023	Broad Street Luxembourg Sarl	Letting	1,495	Henri M. Schnadt	Printzipal	Gasperich
Q2 2023	BDL	Letting	1,450	Boulevard Royal	Carrefour	CBD
Q1 2023	Apex Fund Services	Letting	1,408	Rue Gabriel Lippmann	E-Building	Munsbach

SLIGHT INCREASE



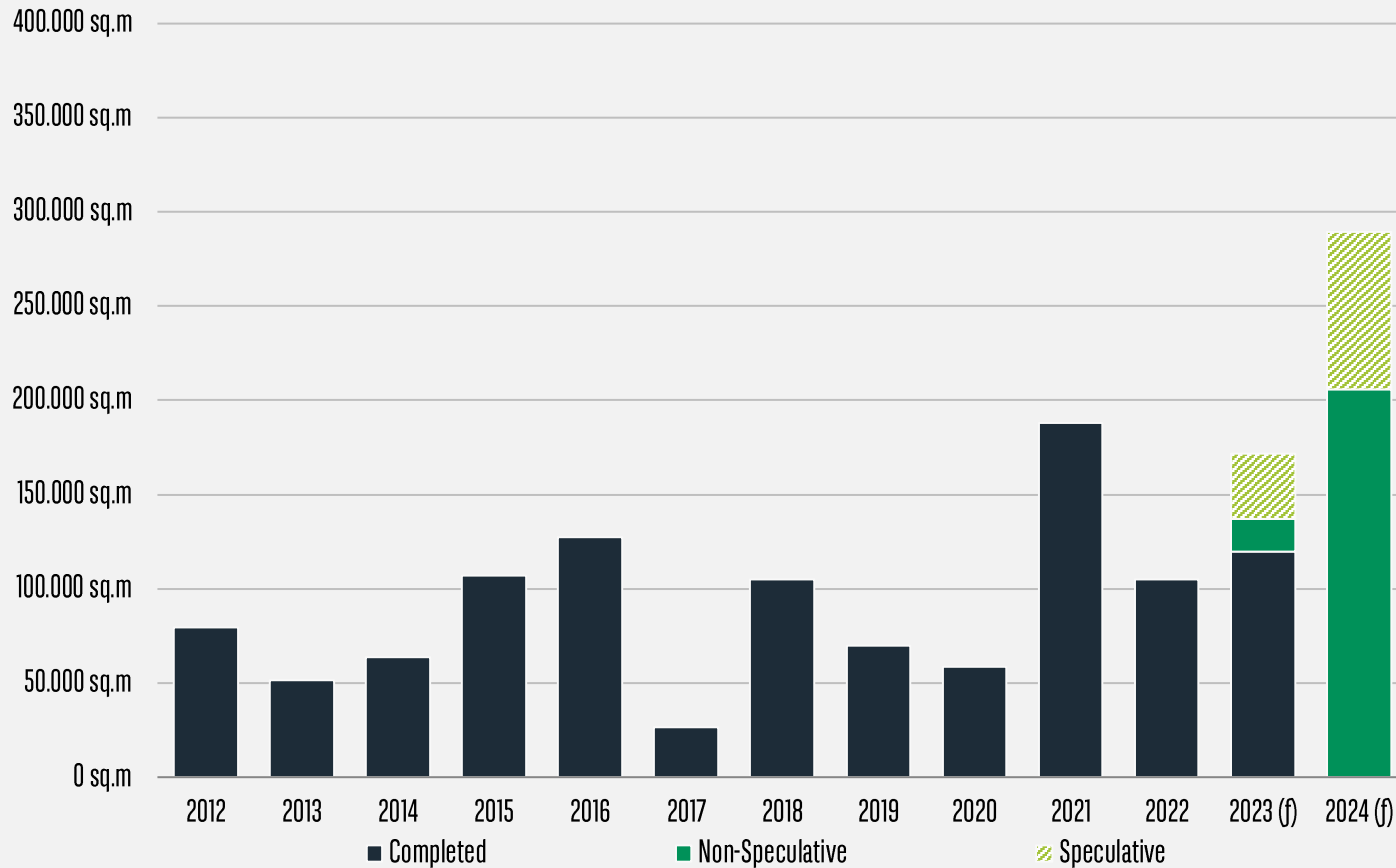
3.8%

vs 3.6% in Q3 2022

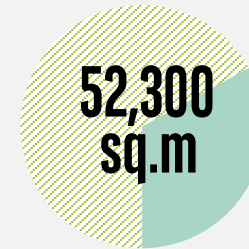
SLIGHT INCREASE DUE TO THE DELIVERY OF TERRE-ROUGE BUILDING F IN ESCH-BELVAL.

HOWEVER, THIS LEVEL REMAINS WELL BELOW THE LONG TERM AVERAGE DELIVERIES

PIPELINE OF PROJECTS



Q4 2023



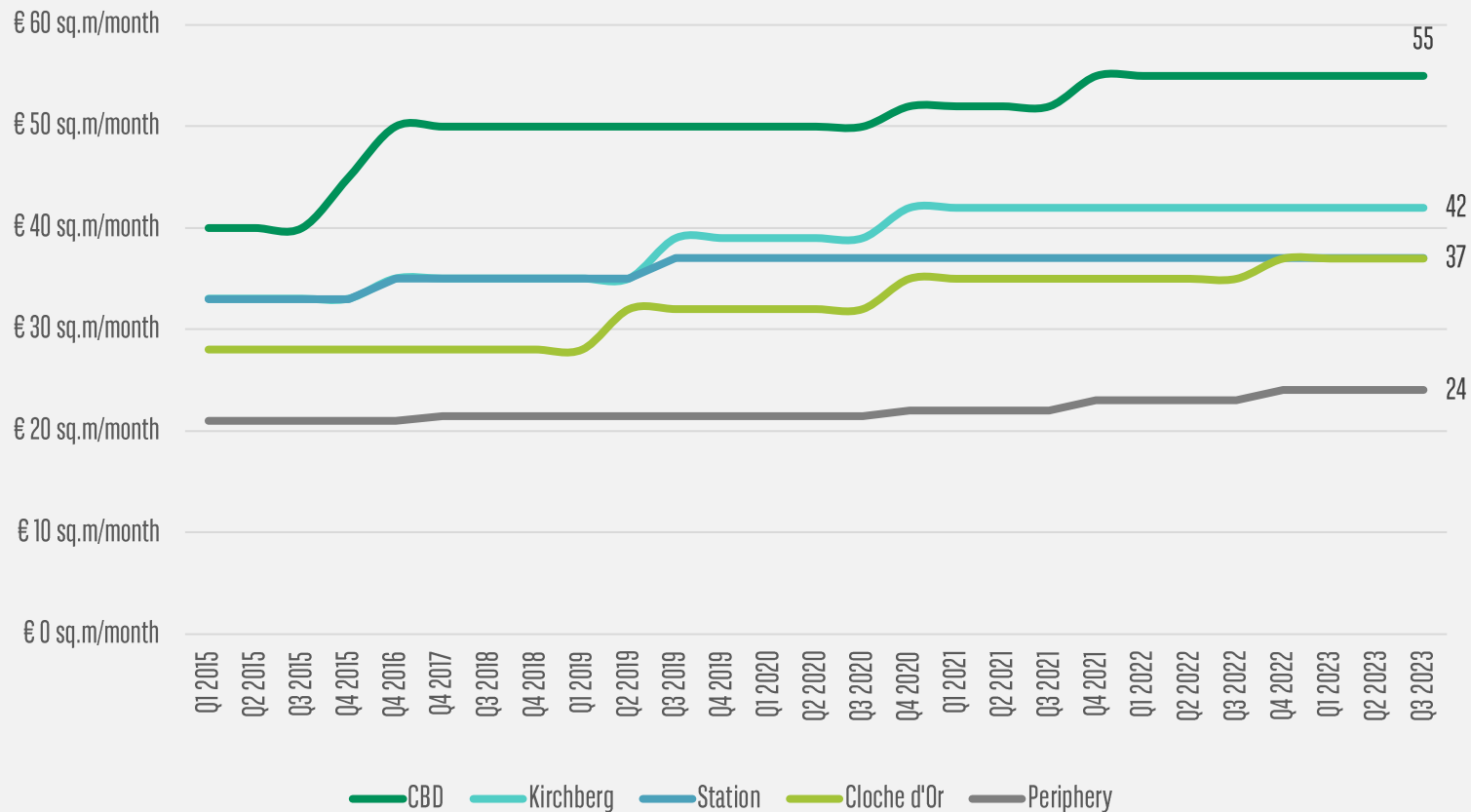
Of which 33% are only pre-committed

FY 2024



Of which 71% are already pre-committed

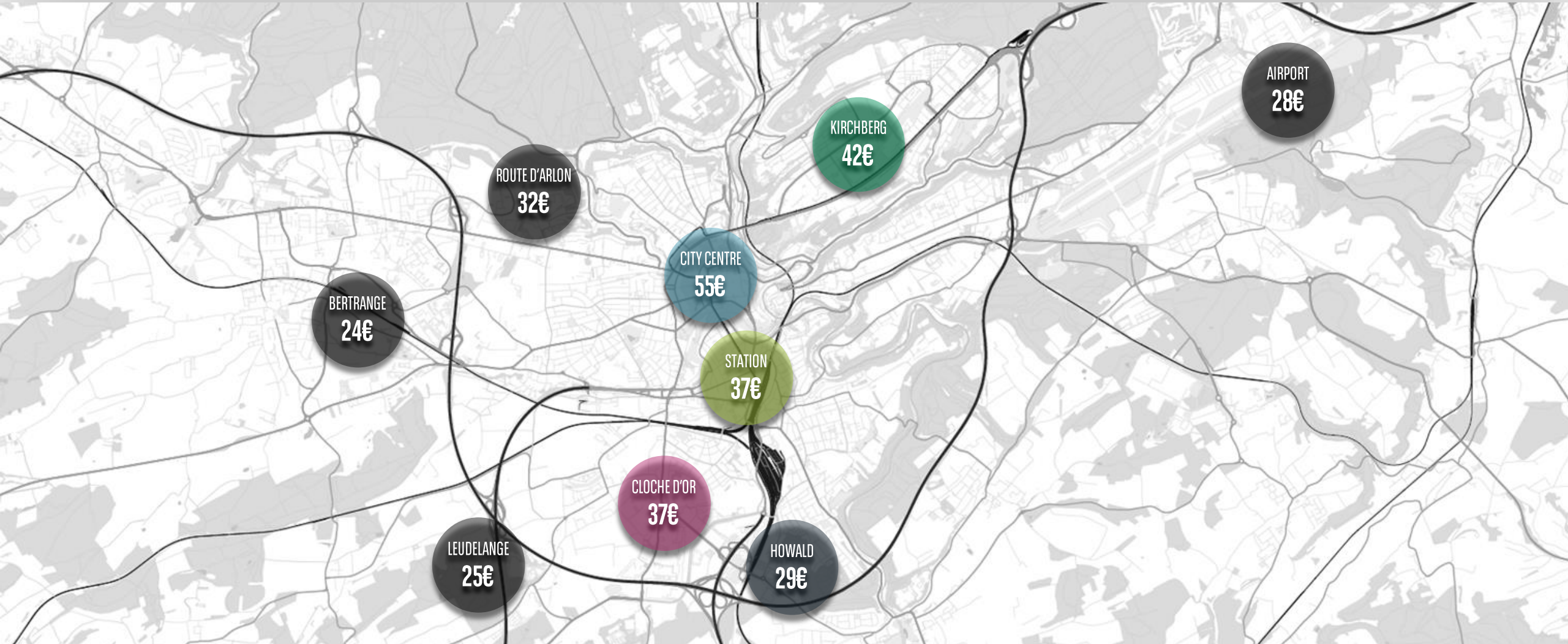
DRIVEN BY THE FLIGHT TO QUALITY



€55

PRIME RENTS ARE STABLE BUT UNDER UPWARD PRESSURE

BY OFFICE DISTRICTS

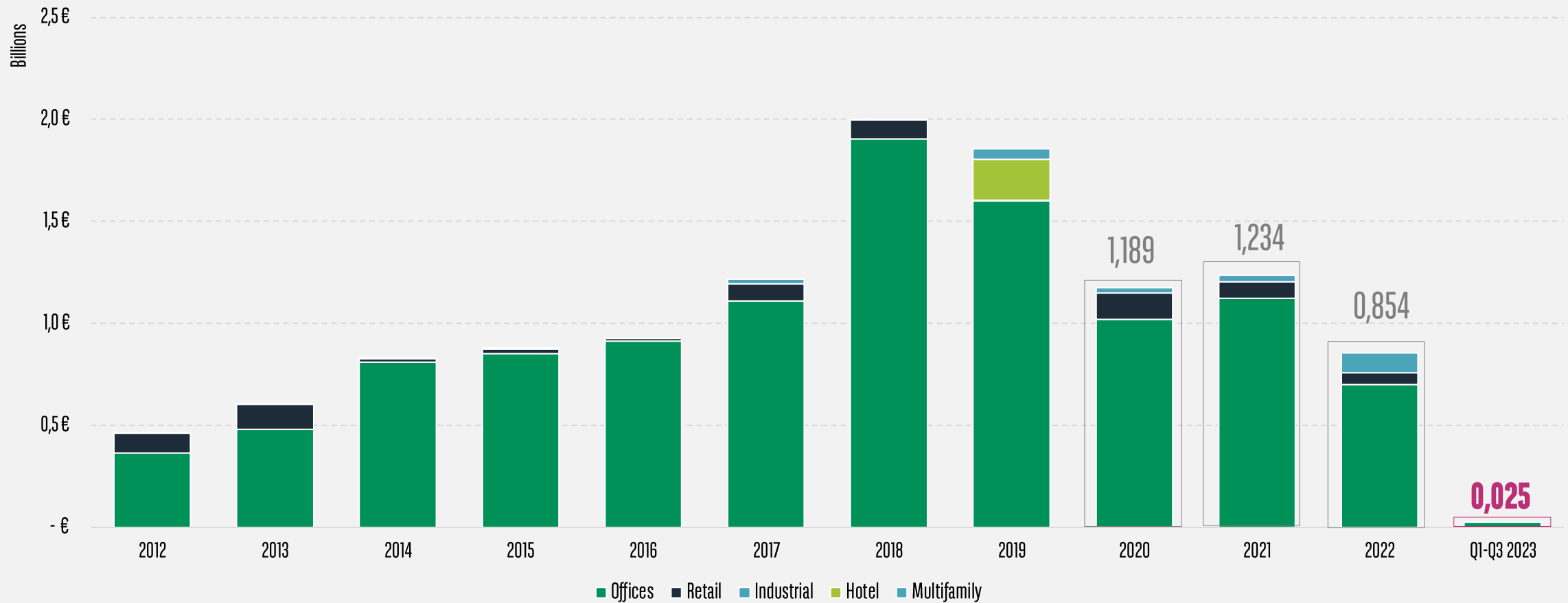




CHAPTER 2

INVESTMENT MARKET

ON PAUSE



* Excluding land and own-occupation transactions

LARGEST TRANSACTION OF THE YEAR

**Boulevard Joseph II 7
1840 Luxembourg**

Surfaces: 1,530sqm

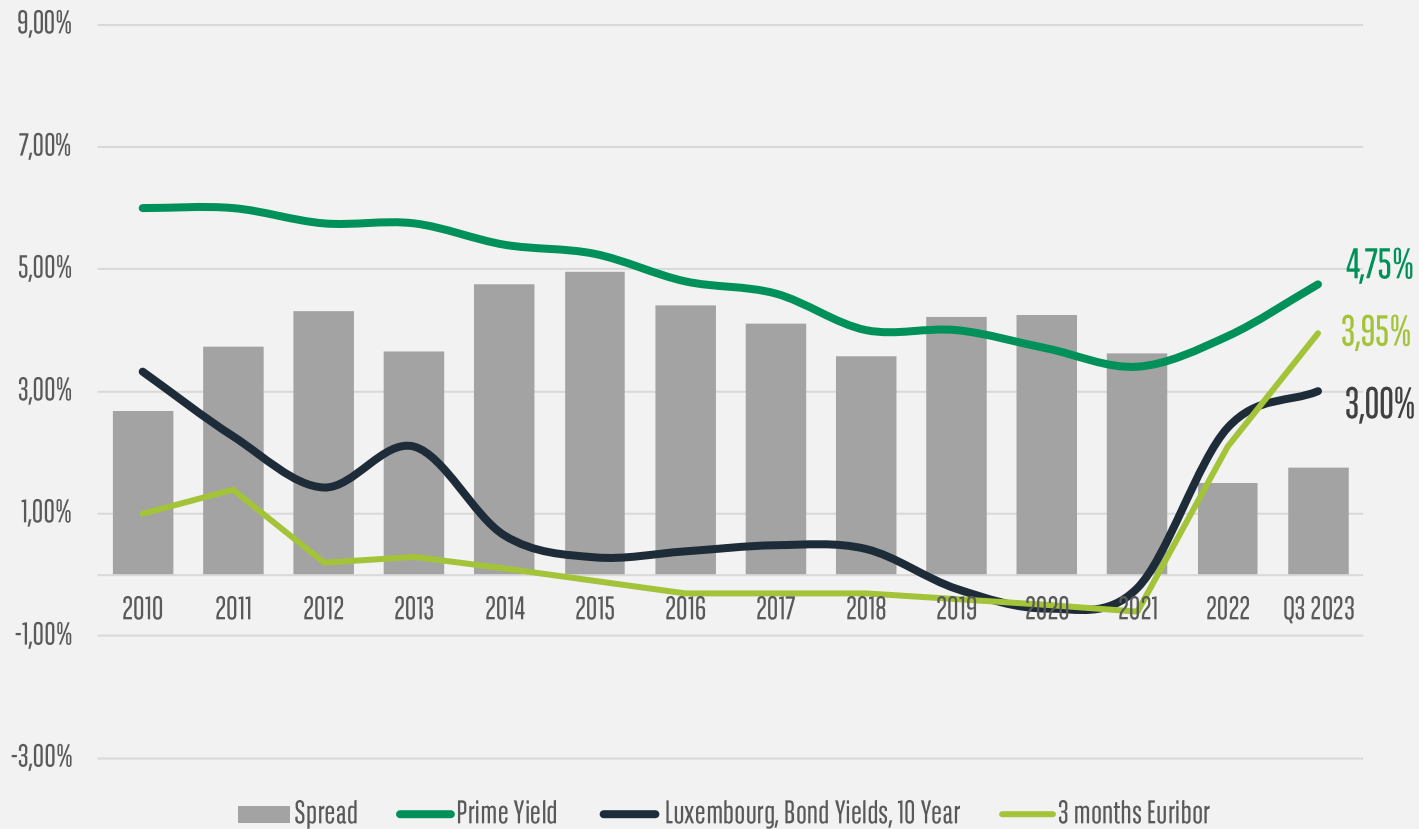
Investor: **GRUPE WAJSBROT**

Volume: €17 Million



INVESTMENT MARKET

YIELDS



4.75%

Prime office yield

SENSITIVITY MATRIX : PRIME YIELD

VS EXPECTATION OF OLO 10 YEARS & RENT INDEXATION

Rent indexation	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%	3.25%	3.50%	4.00%
OLO 10 years										
3.50%	6,5	6,3	6,0	5,8	5,5	5,3	5,0	4,8	4,5	4,0
3.25%	6,3	6,0	5,8	5,5	5,3	5,0	4,8	4,5	4,3	3,8
3.00%	6,0	5,8	5,5	5,3	5,0	4,8	4,50	4,25	4,0	3,5
2.75%	5,8	5,5	5,3	5,0	4,8	4,5	4,25	4,00	3,8	3,3
2.50%	5,5	5,3	5,0	4,8	4,5	4,3	4,00	3,75	3,5	3,0
2.30%	5,3	5,1	4,8	4,6	4,3	4,1	3,80	3,55	3,3	2,8
2.25%	5,3	5,0	4,8	4,5	4,3	4,0	3,75	3,50	3,3	2,8
2.00%	5,0	4,8	4,5	4,3	4,0	3,8	3,50	3,25	3,0	2,5
1.75%	4,8	4,5	4,3	4,0	3,8	3,5	3,25	3,00	2,8	2,3
1.50%	4,5	4,3	4,0	3,8	3,5	3,3	3,0	2,8	2,5	2,0
1.25%	4,3	4,0	3,8	3,5	3,3	3,0	2,8	2,5	2,3	1,8
1.00%	4,0	3,8	3,5	3,3	3,0	2,8	2,5	2,3	2,0	1,5
0.75%	3,8	3,5	3,3	3,0	2,8	2,5	2,3	2,0	1,8	1,3
0.50%	3,5	3,3	3,0	2,8	2,5	2,3	2,0	1,8	1,5	1,0
0.25%	3,3	3,0	2,8	2,5	2,3	2,0	1,8	1,5	1,3	0,8
0.00%	3,0	2,8	2,5	2,3	2,0	1,8	1,5	1,3	1,0	0,5

This sensitivity analysis is modelled using the theoretical financial risk premium. The results may differ according to the economic environment and property fundamentals. For the prime assets, the market could tolerate real estate rate elasticity vs. long rates significantly lower.

Source: BNP Paribas Real Estate.



BNP PARIBAS REAL ESTATE



www.realestate.bnpparibas.lu