LUXEMBOURG OFFICE MARKET

MARKET PRESENTATION – Q2 2021

RESEARCH
LUXEMBOURG | JULY 2021

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

OCCUPIER MARKET

DYNAMIC YEAR

OFFICE TAKE-UP

EUROPEAN COMPARAISON

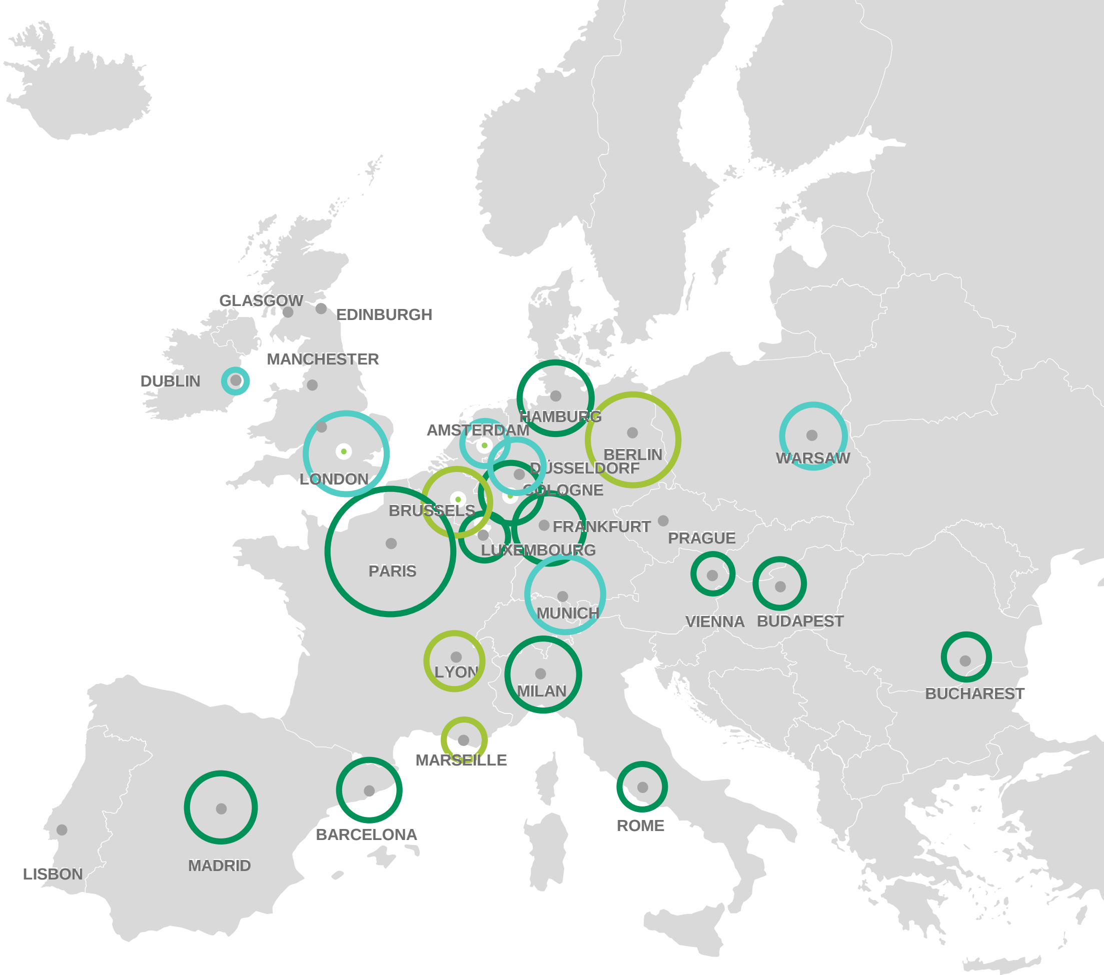
H1 2021 vs H1 2020

CENTRAL LONDON	-28%
BERLIN	-1%
CENTRAL PARIS	+8%
AMSTERDAM	-53%
MADRID	+10%
MILAN	+23%
WARSAW	-31%
BRUSSELS	+3%
DUBLIN	-81%
LUXEMBOURG	+34%

Deals in thousand sqm

500
250
100

> +5%
-5 to +5%
< -5%



EUROPE – 2021 H1

3.92M sqm

25 markets

- 1% vs H1 2020

Rebound in take-up in Q2

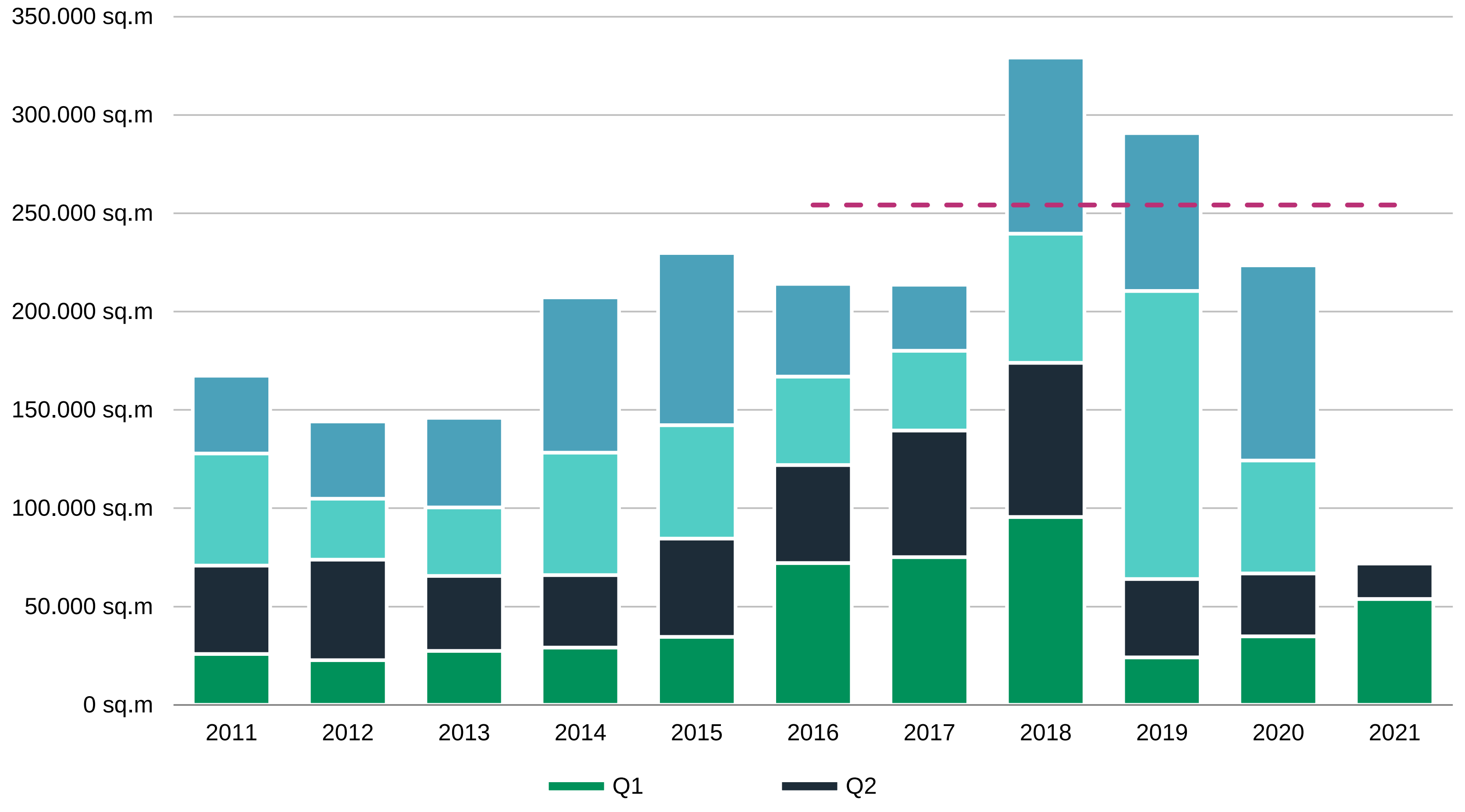
- Take-up at the end of H1 2021 was stable (-1%) compared to last year.
- Letting activity in Q2 2020 was severely hit by the peak in the pandemic. Volumes are consequently still well below their long-term average.
- However, the rebound in volumes was not seen in all markets yet, with some of them still declining while others have seen growth.

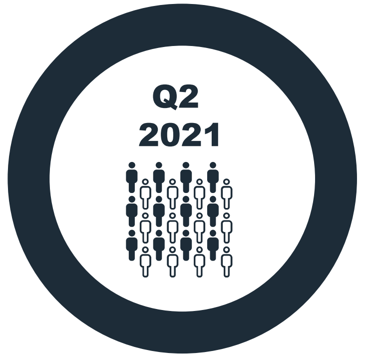
BNP PARIBAS REAL ESTATE

Real Estate for a changing world

OFFICE TAKE-UP

ON RECOVERY MODE DESPITE A WEAK Q2





71,863 sq.m

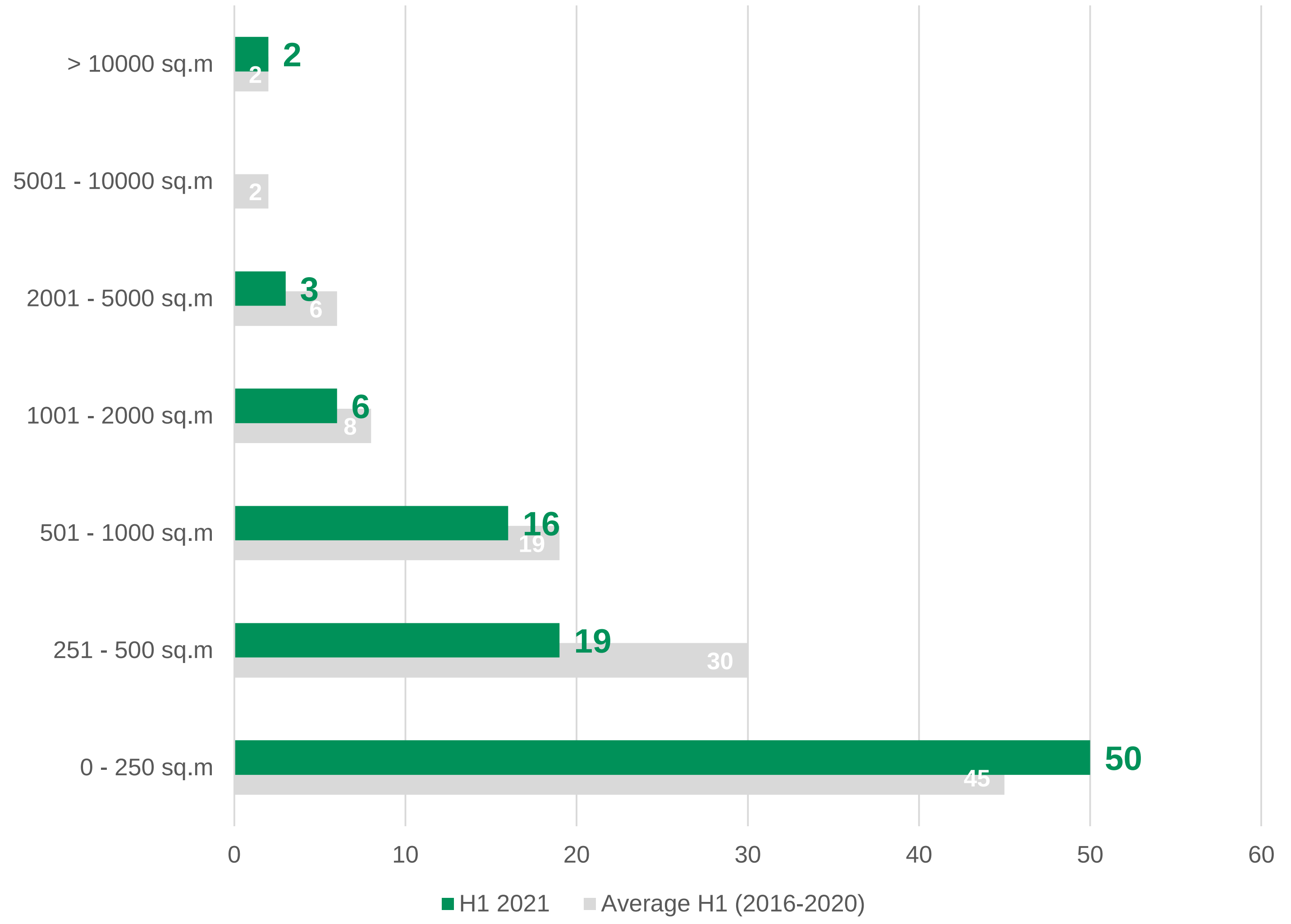
Slight increase thanks to a strong initial quarter

+8% vs Q1 2020

-37% vs quarterly average H1 (2016-2020)

OFFICE TAKE-UP

NUMBER OF TRANSACTIONS BY SIZE



-13%

LIMITED DECLINE OF ACTVITY COMPARED TO THE 5-YR AVERAGE ILLUSTRATING THE RESILIENCE OF LUXEMBOURG MARKET

PRE-LET

SOCIÉTÉ GÉNÉRALE LUXEMBOURG

ICÔNE | Esch-Belval

Surfaces : **17,303 sq.m**

LARGEST DEALS OF THE SEMESTER

PRE-LET

LUXEMBOURG RED CROSS

RUE DES SCILLAS | Howald

Surfaces : **13,400 sq.m**

OFFICE TAKE-UP

BY DISTRICT *in sq.m*

BY SECTOR *in sq.m*

MAIN CHANGE IN THE OCCUPIER MARKET

EUROPEAN PARLEMENT

KAD 2

KIRCHBERG

Surfaces : **127,000 sq.m**

Publications Office of the EU

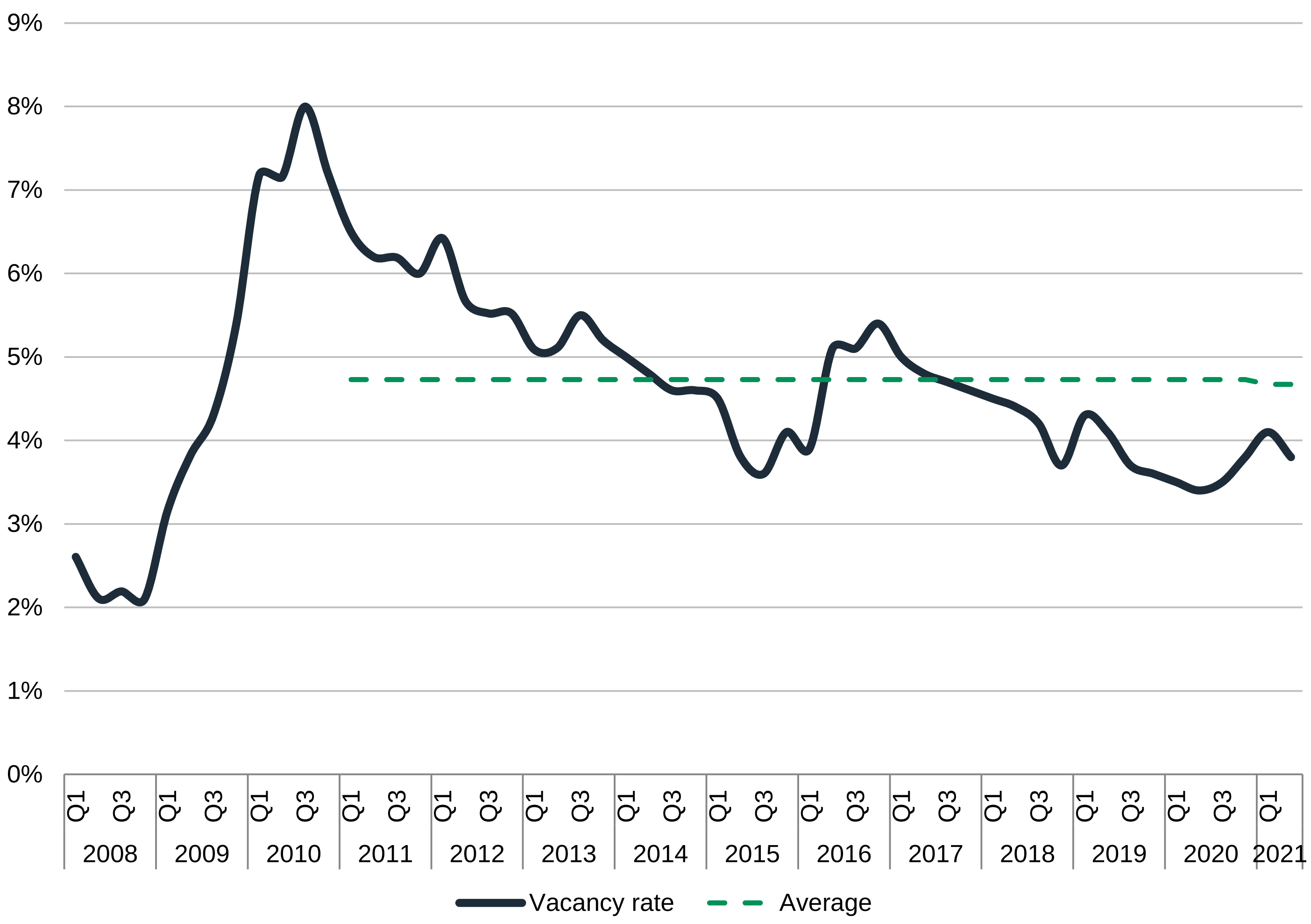
MERCIER

STATION

Surfaces : **18,000 sq.m**

SUPPLY & VACANCY

VACANCY RATE



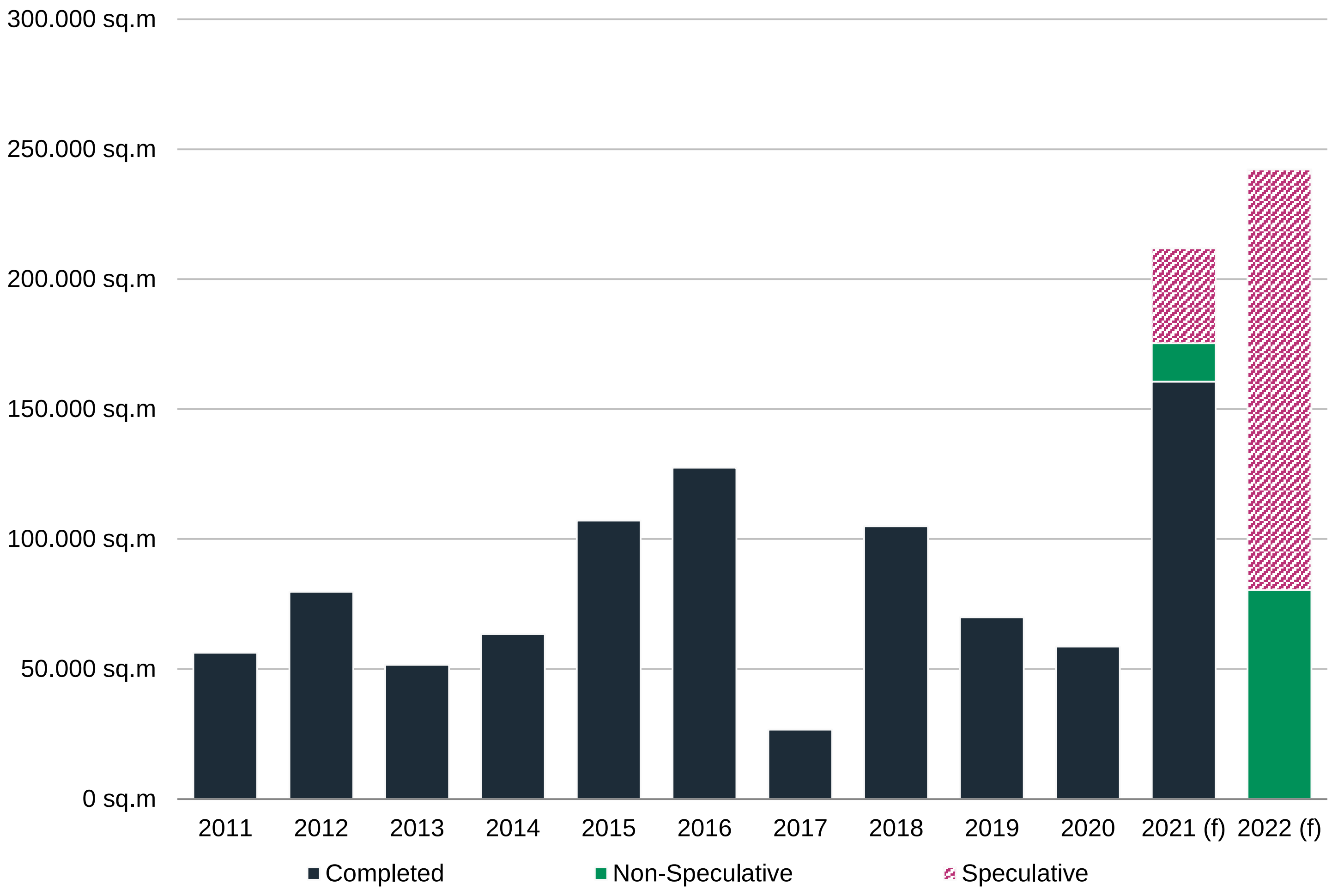
3.8%

vs 3.4% in Q1 2020

DROP OF VACANCY AFTER 3 CONSECUTIVE QUARTER OF INCREASE

SUPPLY & VACANCY

FUTURE SUPPLY



51,225 sq.m

H2 2021

Of which **29%** with pre-commitment

242,296 sq.m

2022

Of which **33%** with pre-commitment

MAIN SPECULATIVE SCHEMES IN H2 2021

MAIN SPECULATIVE SCHEMES IN H2 2021

WELL 22: 5,000 sq.m

32% Pre-let

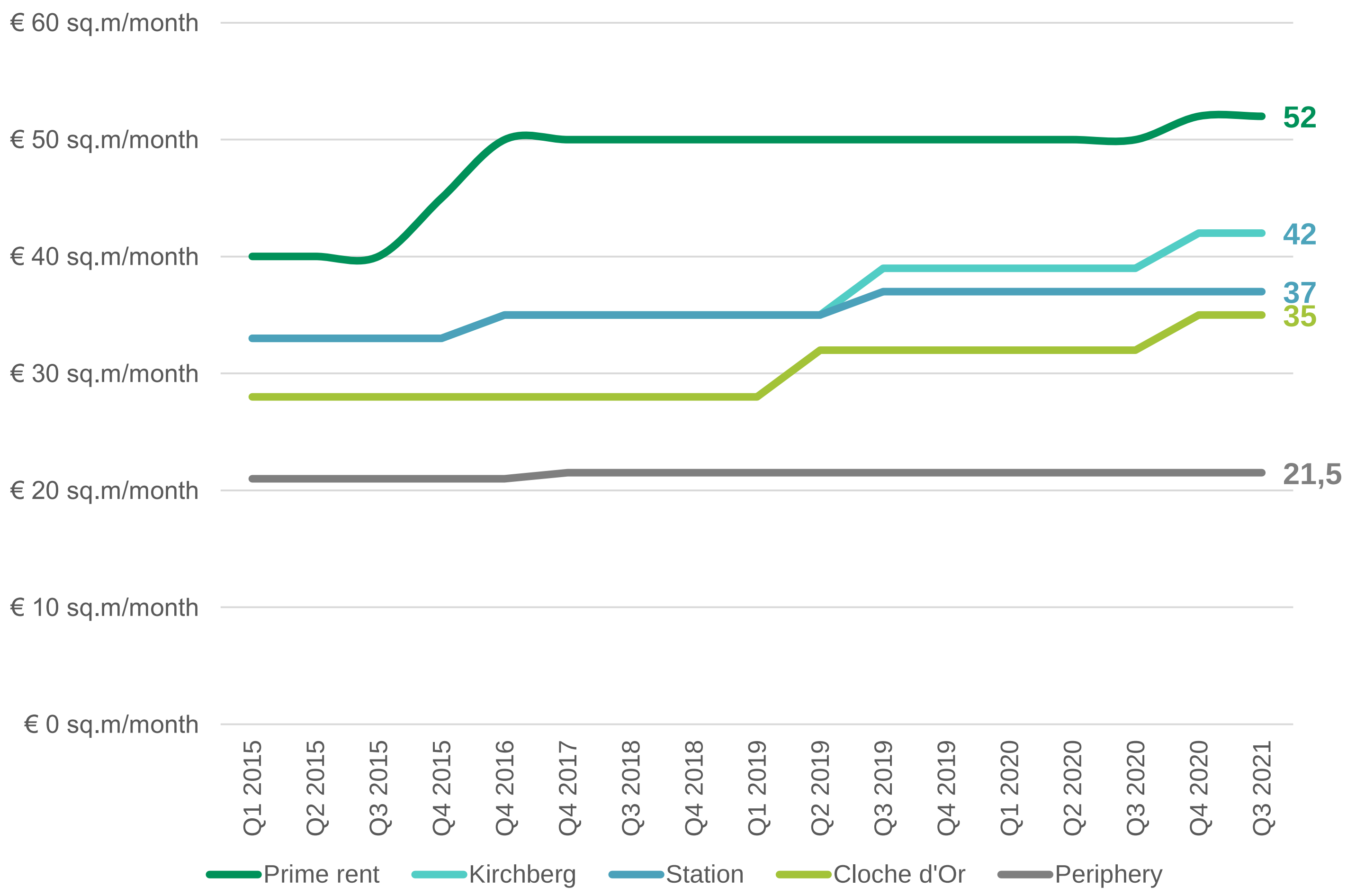
IKO - HOWALD

TRISIDE: 5,200 sq.m

FELTES - STRASSEN

RENTAL VALUES

HEADLINE PRIME RENTS

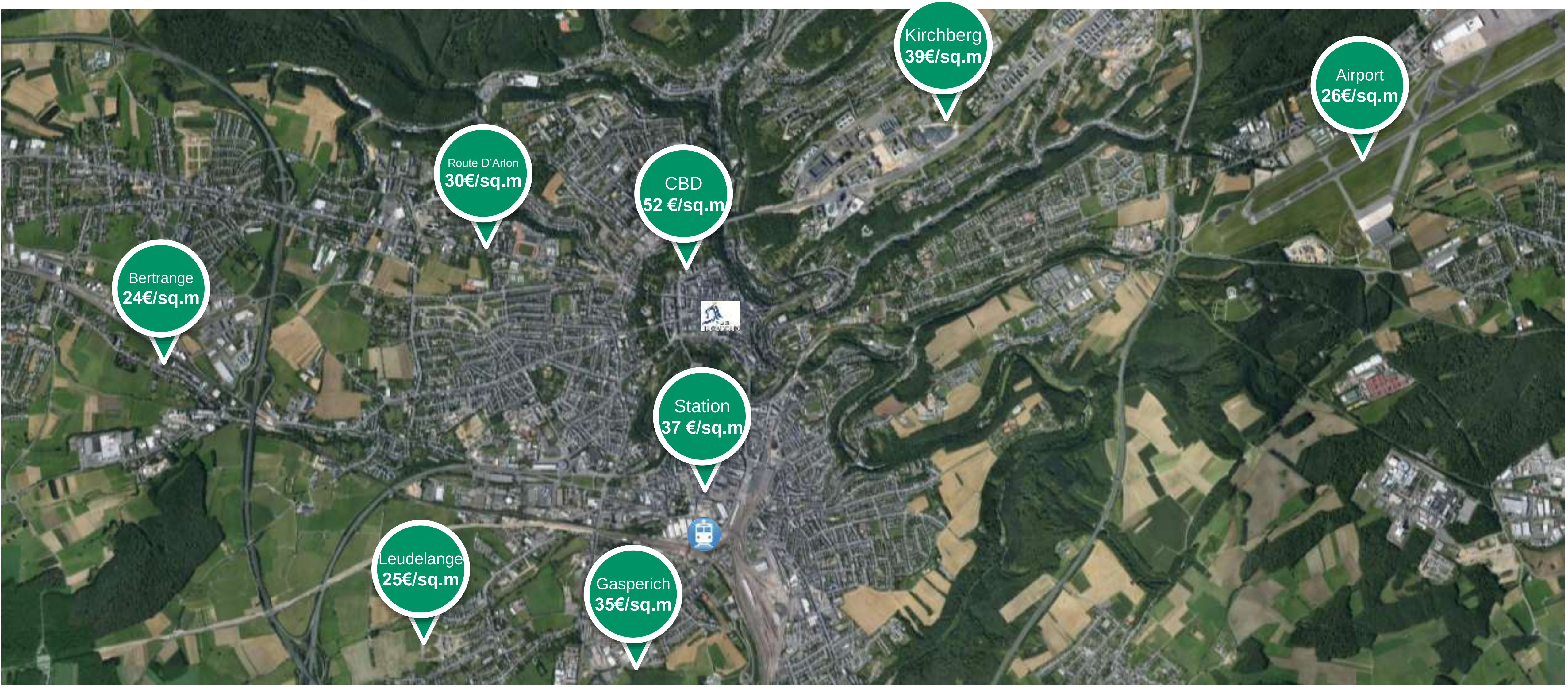


€52 sq.m/ month

OCCUPIER'S APPETITE FOR HIGH QUALITY SPACE COMBINED WITH LIMITED SUPPLY PUSH UP THE RENTAL VALUE IN THE PRIME SEGMENT

RENTAL VALUES

BY OFFICE DISTRICTS

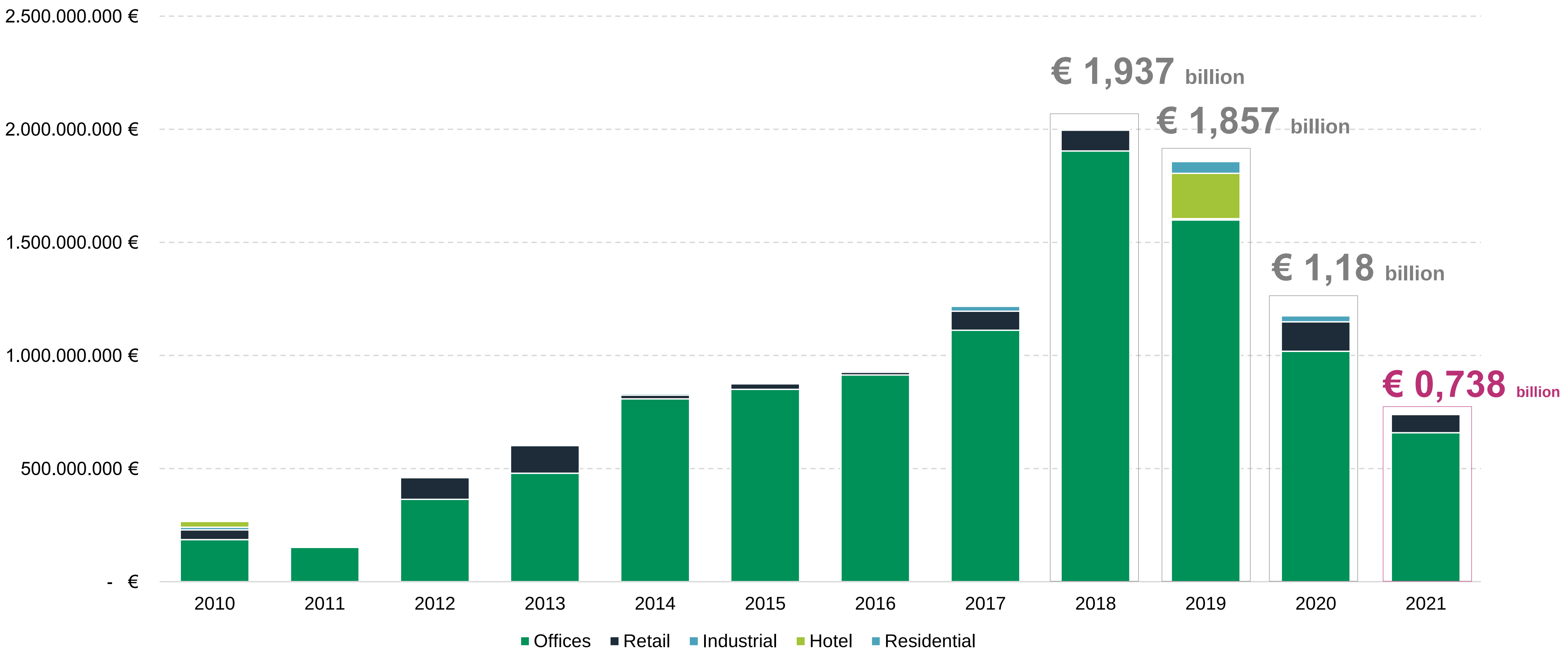


INVESTMENT MARKET

REMAINING VERY STRONG

INVESTMENT MARKET

EXPECTED TO END THE YEAR AT € 1,2 BILLION



Excluding owner occupation transactions and land

NOTABLE TRANSACTIONS OF THE SEMESTER

H2O - HOWALD

€ 150Million

Surfaces : **26,500 sq.m**

Investor : **Lone Star**

Yield : **6.5%**

NOTABLE TRANSACTIONS OF THE SEMESTER

MELIUS - GASPERICH

€ 105Million

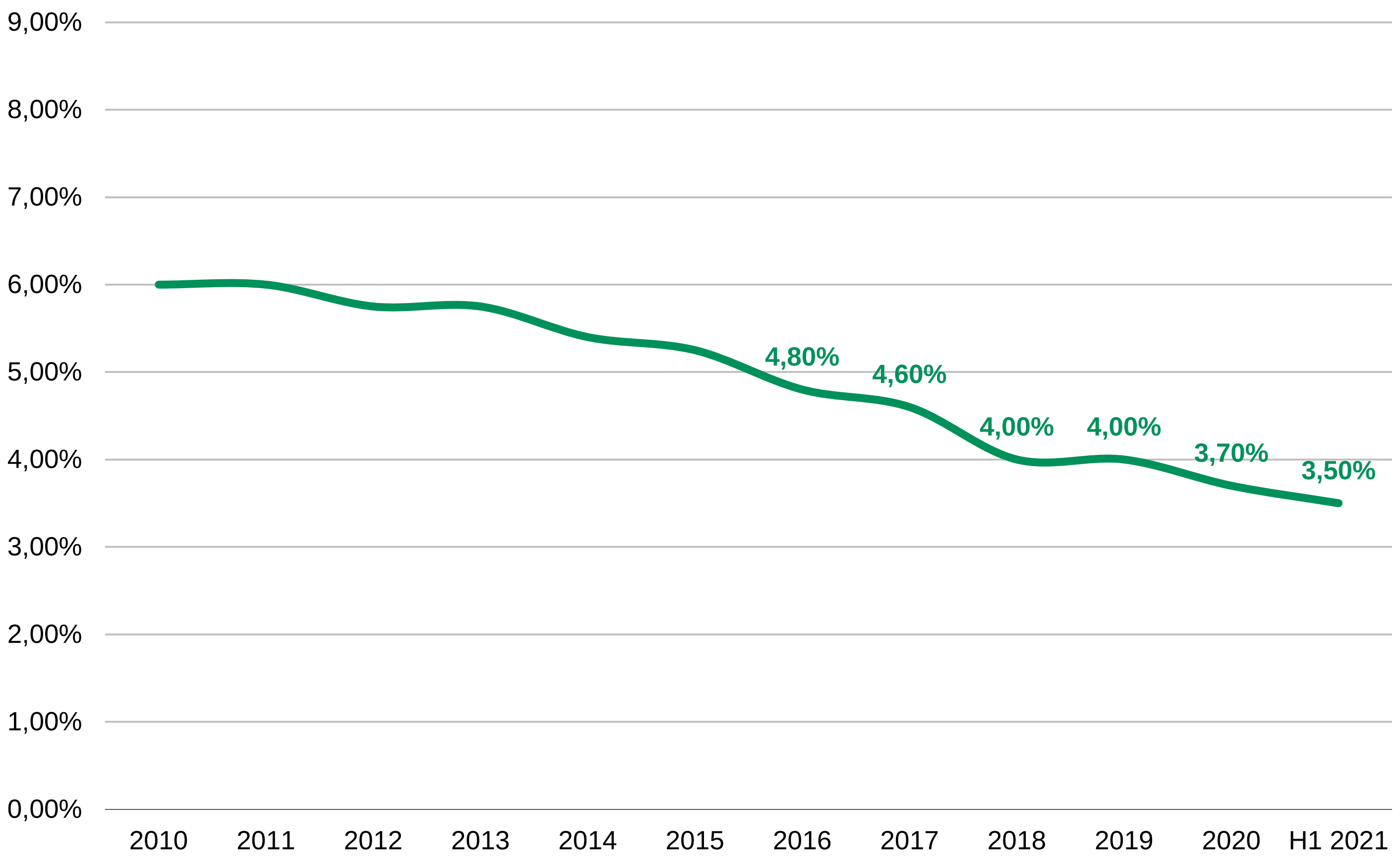
Surfaces : **11,700 sq.m**

Investor : **GENERALI**

Yield : **3.5%**

INVESTMENT MARKET

YIELDS



3.50%

Prime office yield

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THANK YOU

www.realestate.bnpparibas.lu