

LUXEMBOURG OFFICE MARKET

MARKET PRESENTATION – 2021

RESEARCH
LUXEMBOURG | JANUARY 2022



**BNP PARIBAS
REAL ESTATE**

Real Estate for a changing world

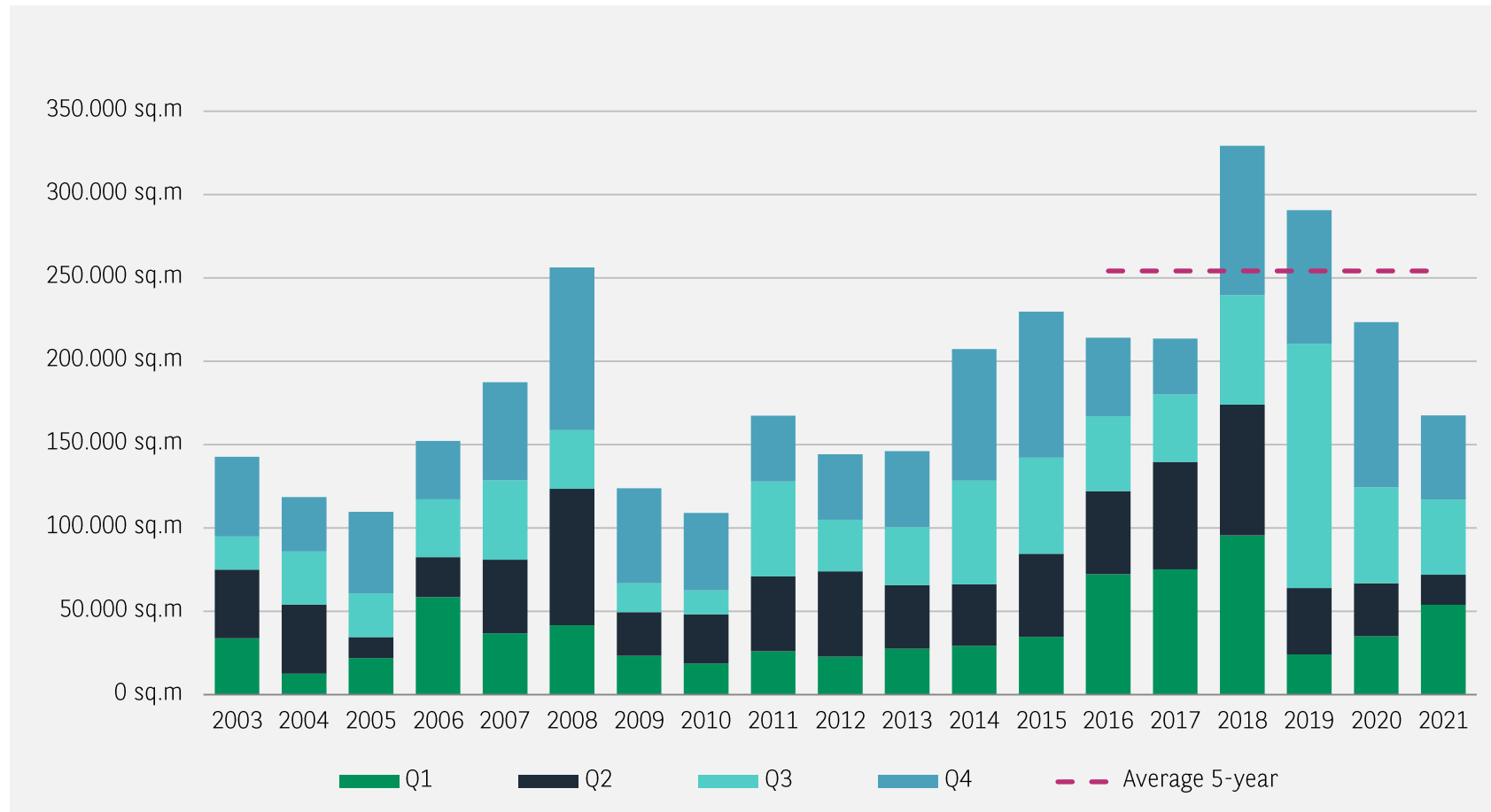
OCCUPIER MARKET



BNP PARIBAS
REAL ESTATE



LESS BUT BETTER

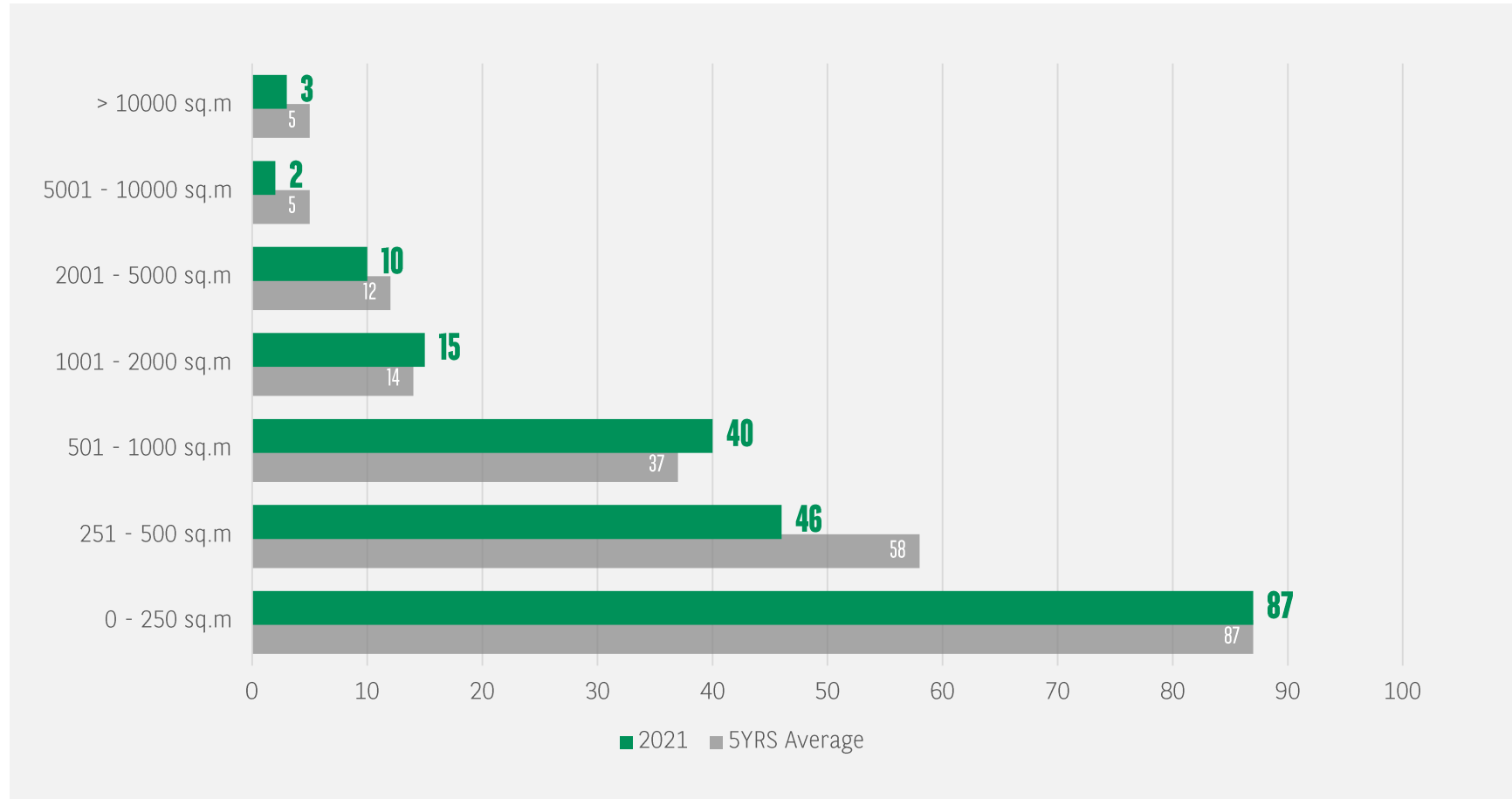


167,411 sq.m

Office take-up declined strongly in 2021



NUMBER OF TRANSACTIONS BY SIZE



-7%

OF TRANSACTIONS SIGNED
IN 2021.

THE AVERAGE SIZE BY
TRANSACTION DECLINED TO
827 sq.m vs 1,164 sq.m (2016-
2020)

LARGEST DEALS OF THE YEAR

PRE-LET

BGL BNP PARIBAS

TOWER III | KIRCHBERG

Surfaces : **18,300 sq.m**



LARGEST DEALS OF THE YEAR

PRE-LET

SOCIÉTÉ GÉNÉRALE LUXEMBOURG

ICÔNE | Esch-Belval

Surfaces : 17,303 sq.m



NOTABLE TRANSACTIONS RECORDED IN 2021

Date	Tenant	Type of transaction	Offices Size (sq.m)	Street	Street Number	Building Name	Area
Q1 2021	La Croix Rouge	Pre-Let	13,400	Rue des Scillas	15-25	Maison de la Croix-Rouge	Howald
Q4 2021	CFL	Letting	8,192	Boulevard d'Avranches	16	Dairy House	Station
Q3 2021	BEI	Letting	5,100	Boulevard Pierre Frieden	43	LHO	Kirchberg
Q4 2021	Vistra	Letting	4,630	Eugène Ruppert	16	Quatuor	Cloche d'Or
Q1 2021	Merbag	Own Occupation	3,768	Rue de Luxembourg	81	New Calyx Phase I	Southern Luxembourg
Q4 2021	EBRC	Letting	3,597	Rue Jean Fischbach	19-23	Buzz	Leudelange
Q4 2021	Gen II Luxembourg Services Sarl	Letting	2,909	Rue des Bruyères	22	WELL 22	Howald
Q3 2021	Athome	Pre-Let	2,805	Rue Charles Darwin	5	The Bronze Gate	Cloche d'Or
Q4 2021	EHP	Letting	2,442	Boulevard Gde Duchesse Charlotte	32-34	Glacier	CBD
Q4 2021	Hauck & Aufhäuser	Letting	2,314	Rue Gabriel Lippmann	1C	Enop 2	Munsbach
Q1 2021	CAMCA Assurance	Letting	2,072	Allée Scheffer	9	Business center Glacis C	Limpertsberg
Q1 2021	IKO	Own Occupation	2,034	Rue des Bruyères	22	Well 22	Howald
Q2 2021	CHL	Letting	1,933	Route d'Arlon	100-112	High 5	Belair - Merl
Q4 2021	Mazars	Letting	1,568	Impasse drosbach	12C	Technopolis	Cloche d'Or
Q3 2021	Perrard S.A.	Letting	1,500	Zone Industrielle Breedewues	6		Airport
Q1 2021	Immobilière Feltes	Own Occupation	1,249	Rue du Kiem	161	Triside	Strassen
Q1 2021	Pandomus	Pre-Let	1,207	Rue d'Hollerich	31	Landewyck I	Station

NOTABLE CHANGES IN THE OCCUPIED SPACES*



European Parliament

127,000 sq.m
Konrad Adenauer II | Kirchberg



Post Luxembourg

27,000 sq.m
STATION



Publication Office of the European Union

18,000 sq.m
Mercier building | STATION

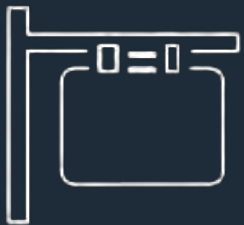
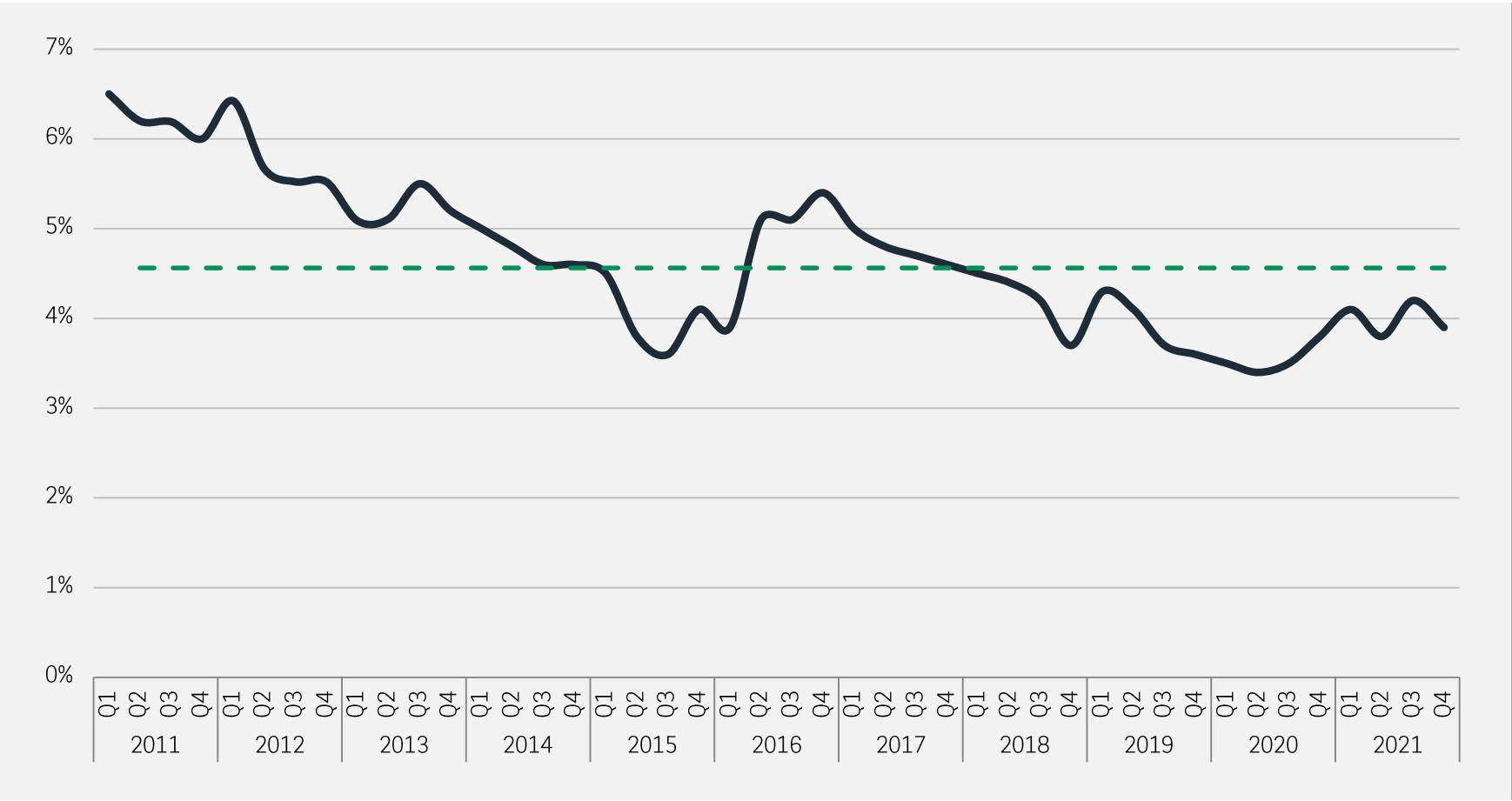


Union Investment

10,800 sq.m
Aerogolf II | AIRPORT

** Surfaces not included in the take-up figures 2021*

STABLE ON YEAR ON YEAR

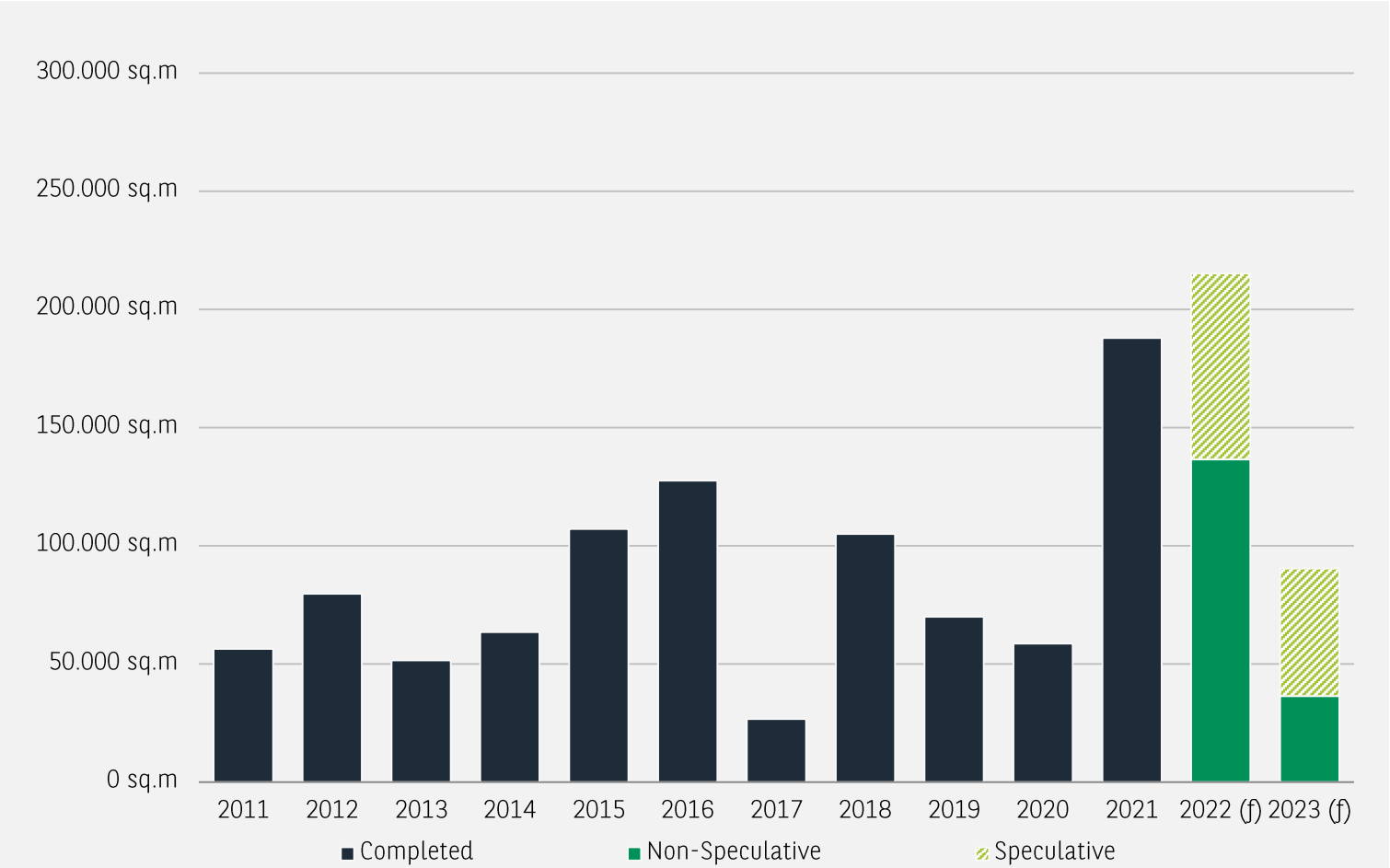


3.9%

vs 3.8% in Q4 2020

LIMITED SPECULATIVE PIPELINE
LEADS TO A DECREASE IN THE
VACANCY RATE

PIPELINE OF PROJECTS



2022

215,300 sq.m Of which 64% are already pre-committed

2023

LIMITED DELIVERIES
90,400 sq.m Of which 40% are already pre-committed

LARGEST SPECULATIVE SCHEMES PLANNED FOR 2022



ROYAL PARK | CBD
10,000 sq.m : fully available | Q2 2022

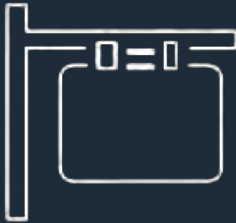
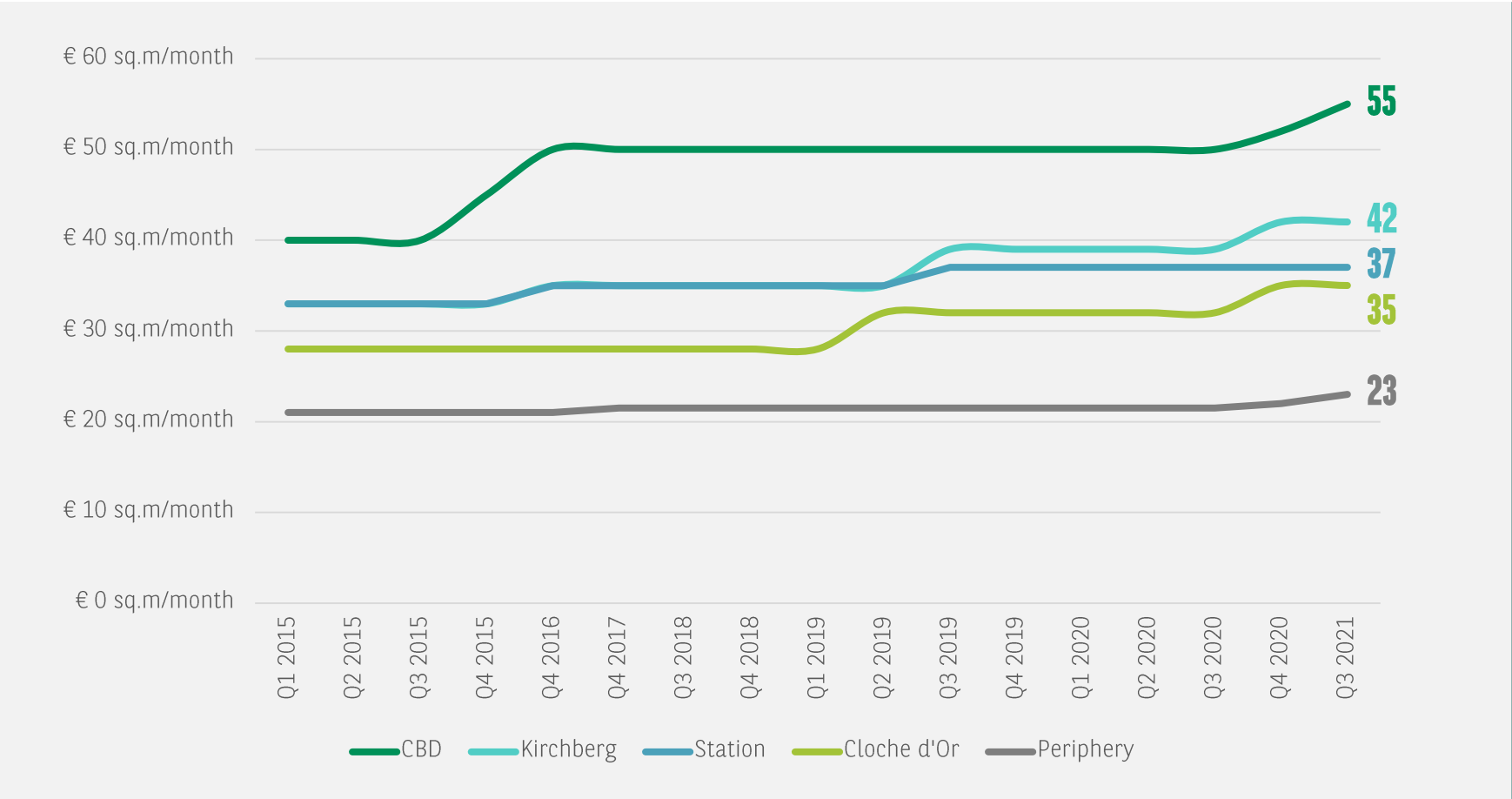


THE WAVES | Kirchberg
14,500 sq.m : fully available | Q3 2022



CONNECTION | Hamm
17,696 sq.m : 18% pre-let | Q4 2022

DRIVEN BY THE FLIGHT TO QUALITY

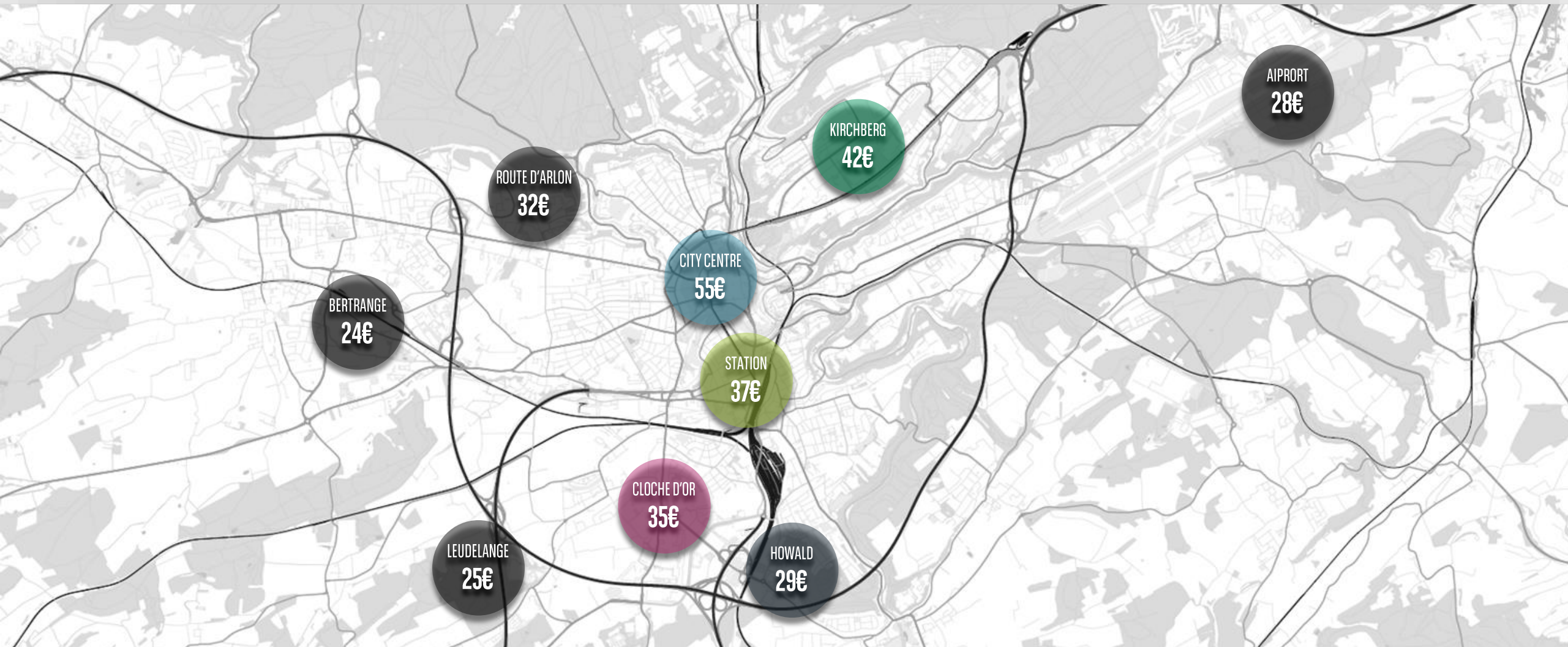


€55

Vs €52 in 2020

INCREASE DUE TO OCCUPIER'S
APPETITE FOR HIGH QUALITY
SPACE COMBINED WITH THE
LIMITED SUPPLY

BY OFFICE DISTRICTS



RETHINKING OFFICE SPACES



BNP PARIBAS
REAL ESTATE



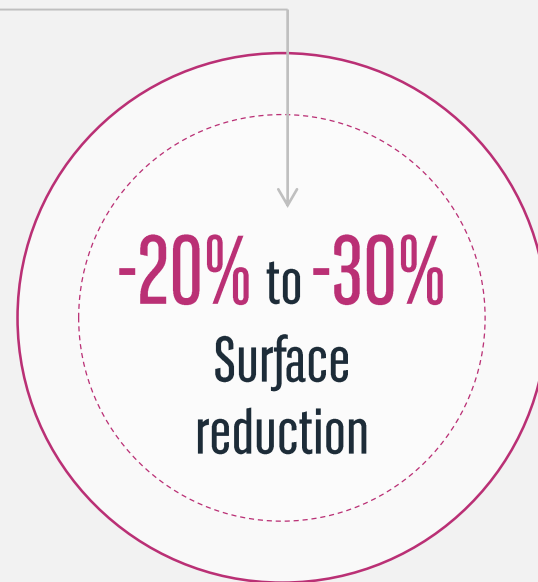
SMALLER BUT MORE FLEXIBLE OFFICES

Offices will change

WILL OFFICES SHRINK?

The rise in teleworking and the increased share of the workforce working remotely on a daily basis (estimated at 40%) could lead to a reduction of the average office size.

However this change in office use should be more significant in large companies and in some specific business sectors such as bank, finance, insurance. Organization change should remain more modest in small and medium sized companies.











FROM TRADITIONAL OFFICE LAYOUT TO MORE HOT DESKING?

Hot desking appears as a one of the most likely future trends for post-pandemic companies. A hot desking rate of 0.6 to 0.7 desk/employee seems to be a reasonable assumption, that matches the expected doubling of the workforce working remotely.

Less people in the office on a daily basis allows companies to reduce their office space and to use their office surface for larger meeting rooms and flexible spaces that can be adapted for different purposes.

DISRUPTED AND ACCELERATED TRENDS

The pandemic accelerated the transformation of offices

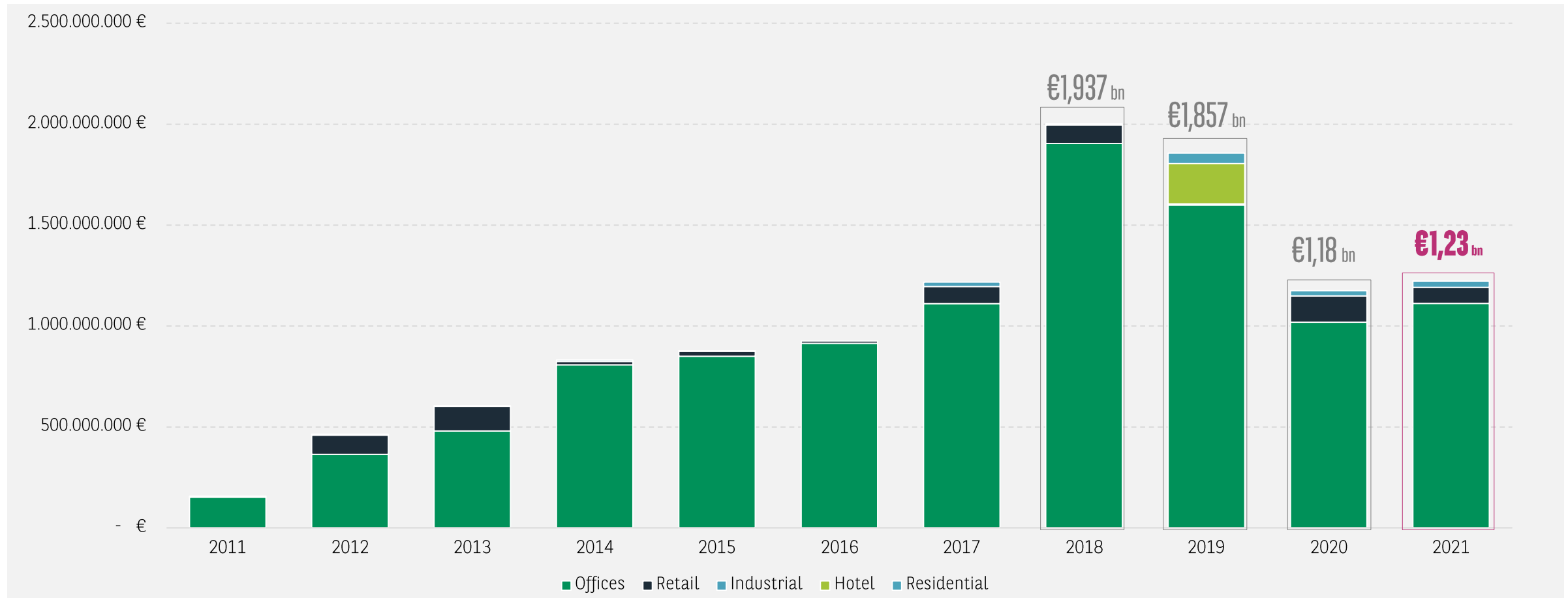
Major trends	De densification	Remote work	Flexibility	CSR
Before Covid-19				
Covid-19 impact				
Learnings, next steps	<ul style="list-style-type: none"> ▪ Growth of larger metropolises slowed ▪ Opportunity for second-cities ▪ Rebalancing national investments ▪ Offices are becoming multi modal (including other services: click and collect , mobility options) 	<ul style="list-style-type: none"> ▪ Major step in digitalisation ▪ Some productivity gains in remote working 	<ul style="list-style-type: none"> ▪ Dynamic workplace ▪ Collaboration spaces moving walls, modular desks ▪ New mobility modes ▪ Micromobility (scooters, bicycles) significant boost ▪ Cities building new infrastructure 	<ul style="list-style-type: none"> ▪ Office ▪ Electrification of the fleet ▪ Less energy ▪ Less surface area ▪ Less paper ▪ Less travel

INVESTMENT MARKET



BNP PARIBAS
REAL ESTATE

SLIGHT INCREASE DEMONSTRATING INVESTOR INTEREST IN LUXEMBOURG



* Excluding land and own-occupation transactions

NOTABLE TRANSACTIONS IN 2021



OFFICE PROPERTY	H2O
SURFACES	26,800 sqm
PRICE BY SQ.M	+/- 5,600 €
VOLUME	€ 150 M
PURCHASER	Lone Star




OFFICE PROPERTY	THE STAGE
SURFACES	14,000 sq.m
PRICE BY SQ.M	+/- 10,000 €
VOLUME	€ 140 M
PURCHASER	REAL IS



OFFICE PROPERTY	EX-RENAULT
SURFACES	30,000 sqm
PRICE BY SQ.M	+/- 4,350 €
VOLUME	€ 130 M
PURCHASER	Atenor

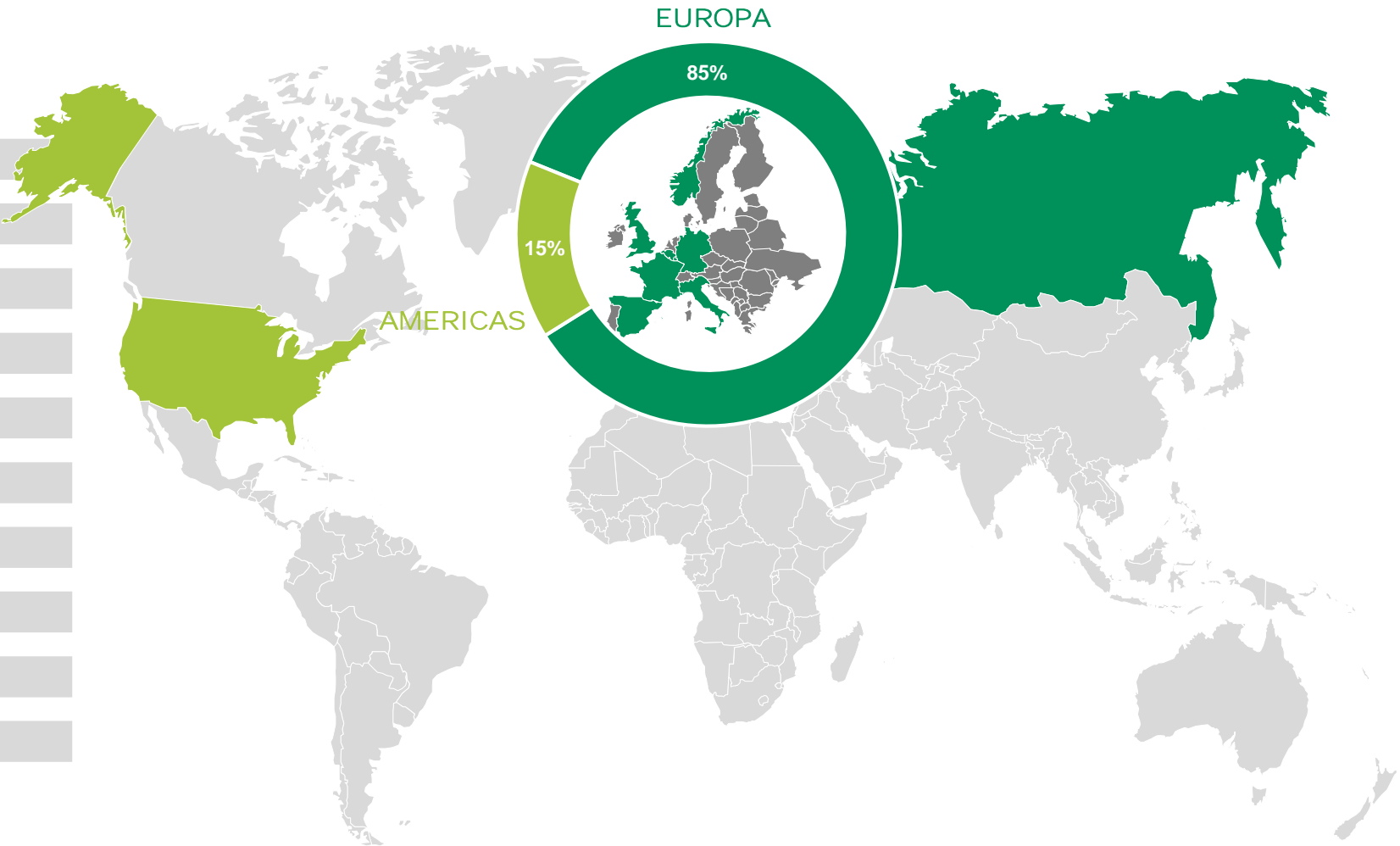
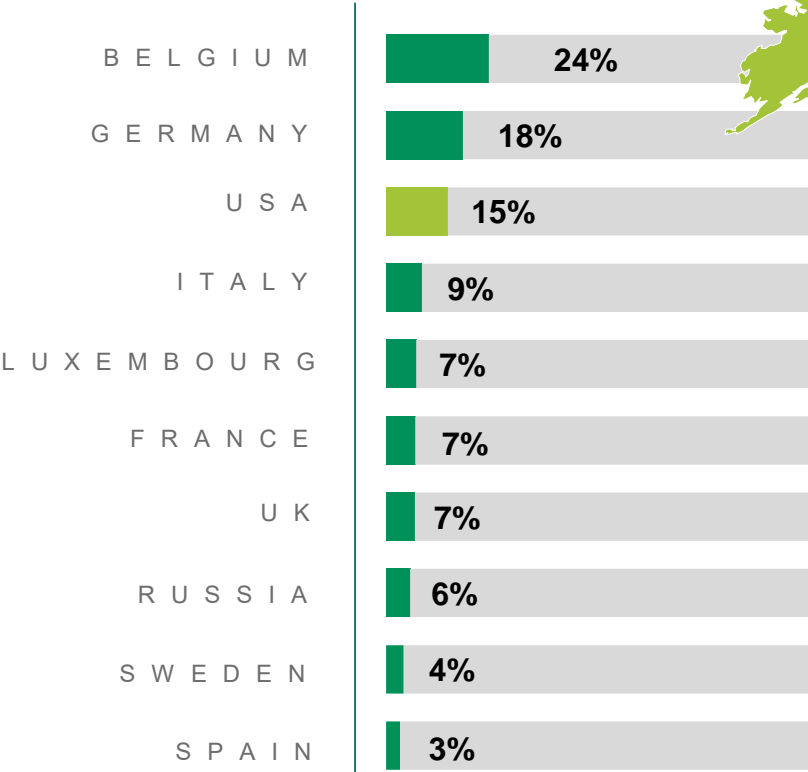
** Excluding land and own-occupation transactions*

NOTABLE TRANSACTIONS 2021



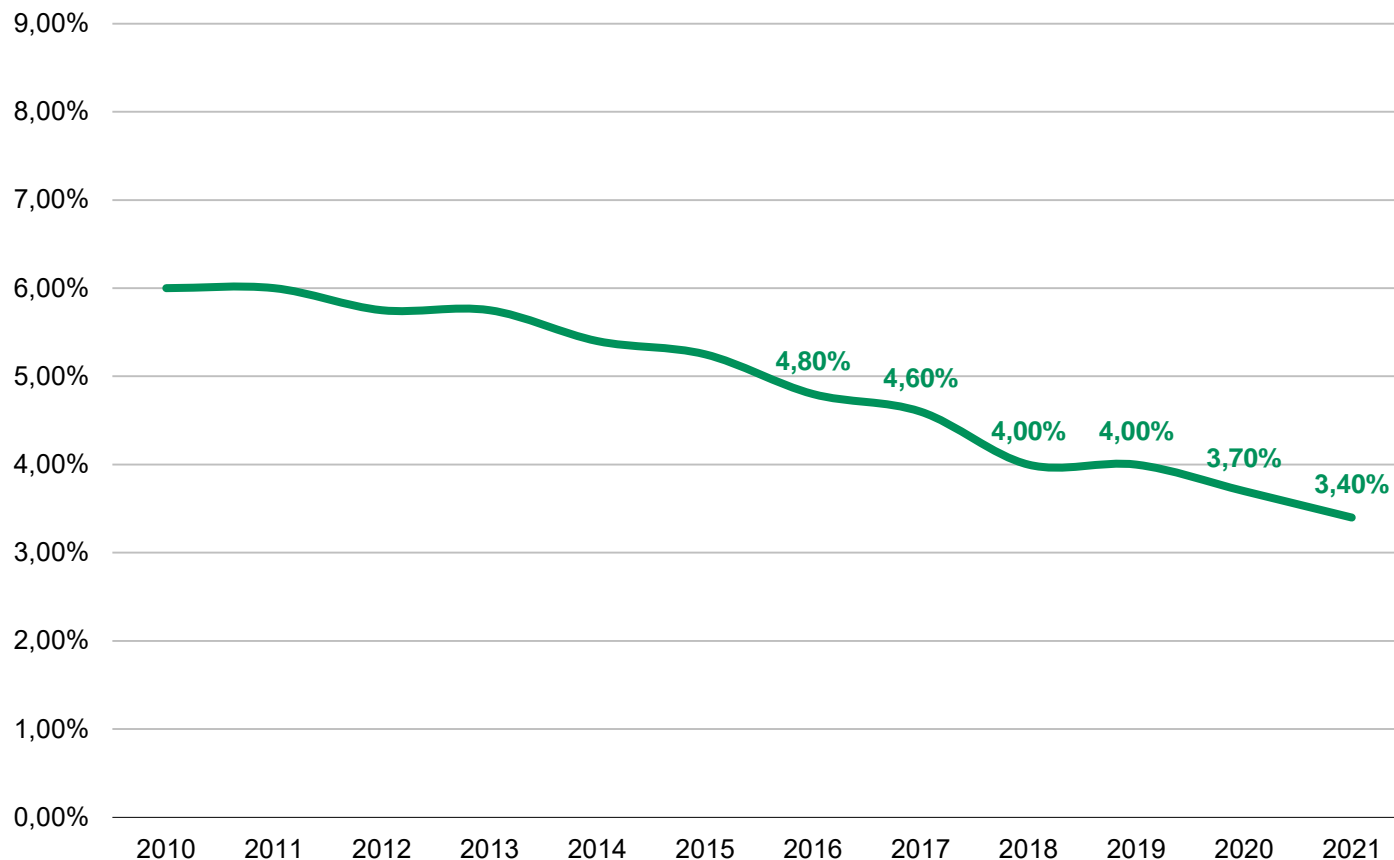
Date	Address	Building name	Transaction	Segment	Size (sq.m)	Volume (€ M)	Vendor	Purchaser	District
Q2 2021	Boulevard de Kockelscheuer	Melius	Investment	Offices	11,700	105	Hannover Leasing	Generali	Cloche d'Or
Q4 2021	6a Circuit de La Foire Internationale,	Kubik	Investment	Offices	8,000	84.8	Ceetrus	Schroders	Kirchberg
Q1 2021	Rue des Primeurs 5	Espace Strassen	Investment	Offices	10,500	70	Ogeo	FFF Fund I	Strassen
Q1 2021	Rue du Brill 11,	Cora Foetz	Sales & Leaseback	Retail	12,100	70	Louis Delhaize	Private	Foetz
Q1 2021	Rue Des Bruyeres 60	Show	Investment	Offices	8,000	52	Soludec	Catella IM	Howald
Q4 2021	Boulevard Prince Henri 13	Prince	Investment	Offices	3,490	50	Eaglestone	Monceau Assurance	CBD
Q4 2021	Avenue de la Liberté 78-80	The Arc	Investment	Offices	2,649	45	Eaglestone	Real IS	Station
Q2 2021	Avenue Emile Reuter 10	Ravelin	Investment	Offices	1,900	41.5	Baltisse	Spanish Family Office	CBD
Q4 2021	310-312 Route d'Esch	TotalEnergies	Investment	Mixed	10,000	41	TotalEnergies	Immobel	Cloche d'Or
Q3 2021	Rue Plaetis, 3a - 5	Plaetis	Investment	Offices	3,000	40	AM Alpha	KanAm Group	CBD
Q4 2021	Zone Industrielle Riedgen	MG Lux	Investment	Industrial	13,000	30.9	MG real estate	CBRE Investment Management	Dudelange
Q1 2021	Rue de Bitbourg 11	Bitbourg 11	Investment	Offices	20,000	30	Private Investor	AG Real Estate	Hamm
Q1 2021	Rue Peternelchen 1	Cubus C1	Investment	Offices	5,000	29.7	Iko Real Estate	Befimmo	Howald
Q3 2021	Rue Antoine Jans 10	Faience	Investment	Offices	1,925	24	Fidentia	Private Investor	Limpertsberg
Q1 2021	Avenue JF Kennedy 41,		Investment	Offices	2,000	21	Private Investor	Ceetrus	Kirchberg

INVESTORS ORIGIN



INVESTMENT MARKET

YIELDS



3.40%

Prime office yield

NEW COMPRESSION OF PRIME
YIELD DRIVEN BY THE LACK OF
PRIME SUPPLY COMBINED
WITH SOLID FUNDAMENTALS



BNP PARIBAS
REAL ESTATE

Real Estate for a changing world



BNP PARIBAS
REAL ESTATE

THANK YOU



www.realestate.bnpparibas.lu