

LUXEMBOURG OFFICE MARKET

MARKET PRESENTATION – Q3 2022

RESEARCH

LUXEMBOURG | OCTOBER 2022



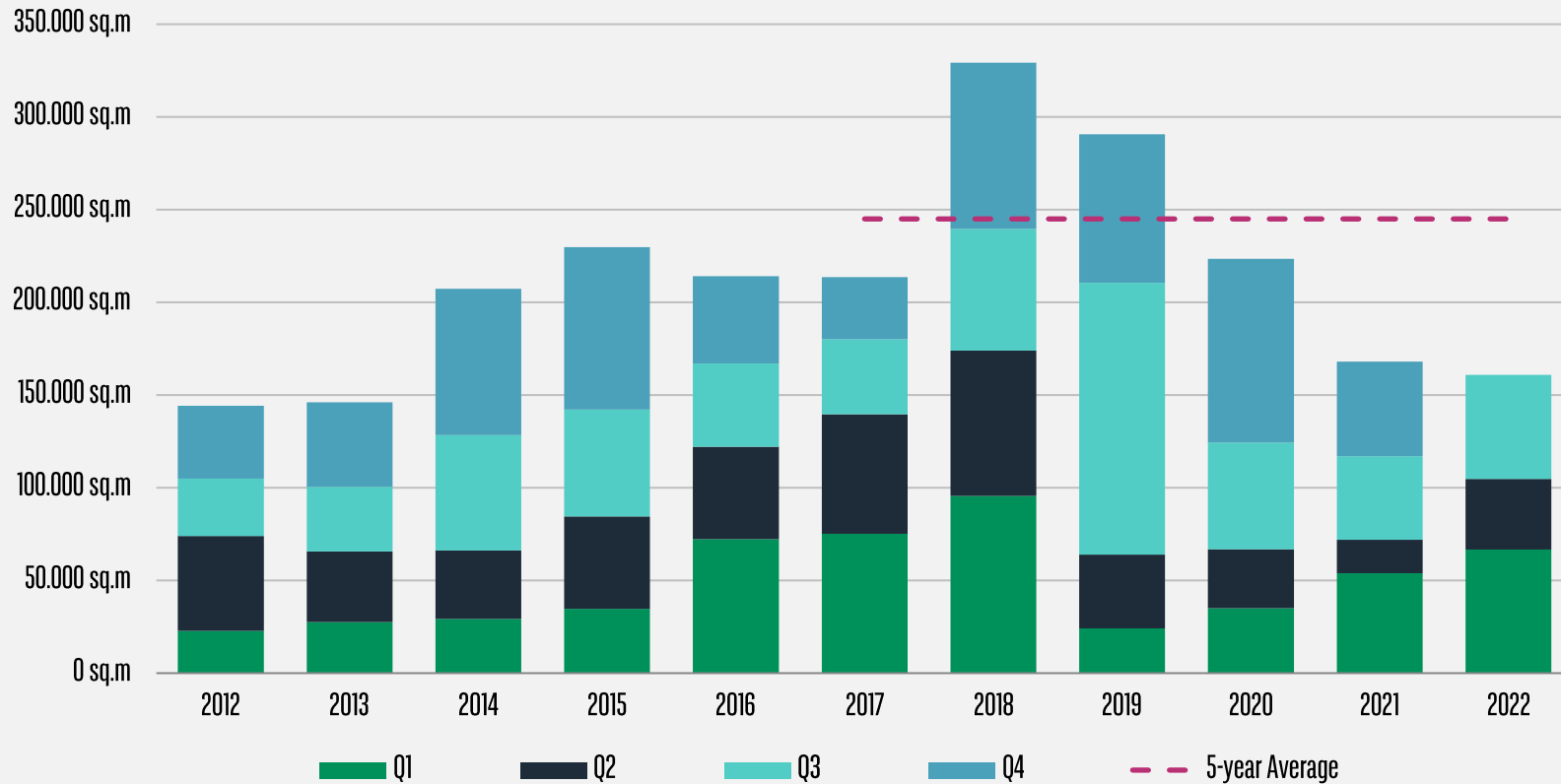
**BNP PARIBAS
REAL ESTATE**

Real Estate for a changing world

OCCUPIER MARKET

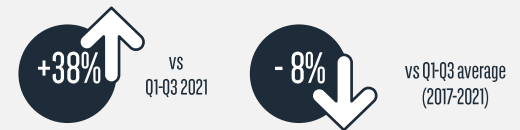


Q3 DEMAND BOOSTED BY THE PUBLIC SECTOR

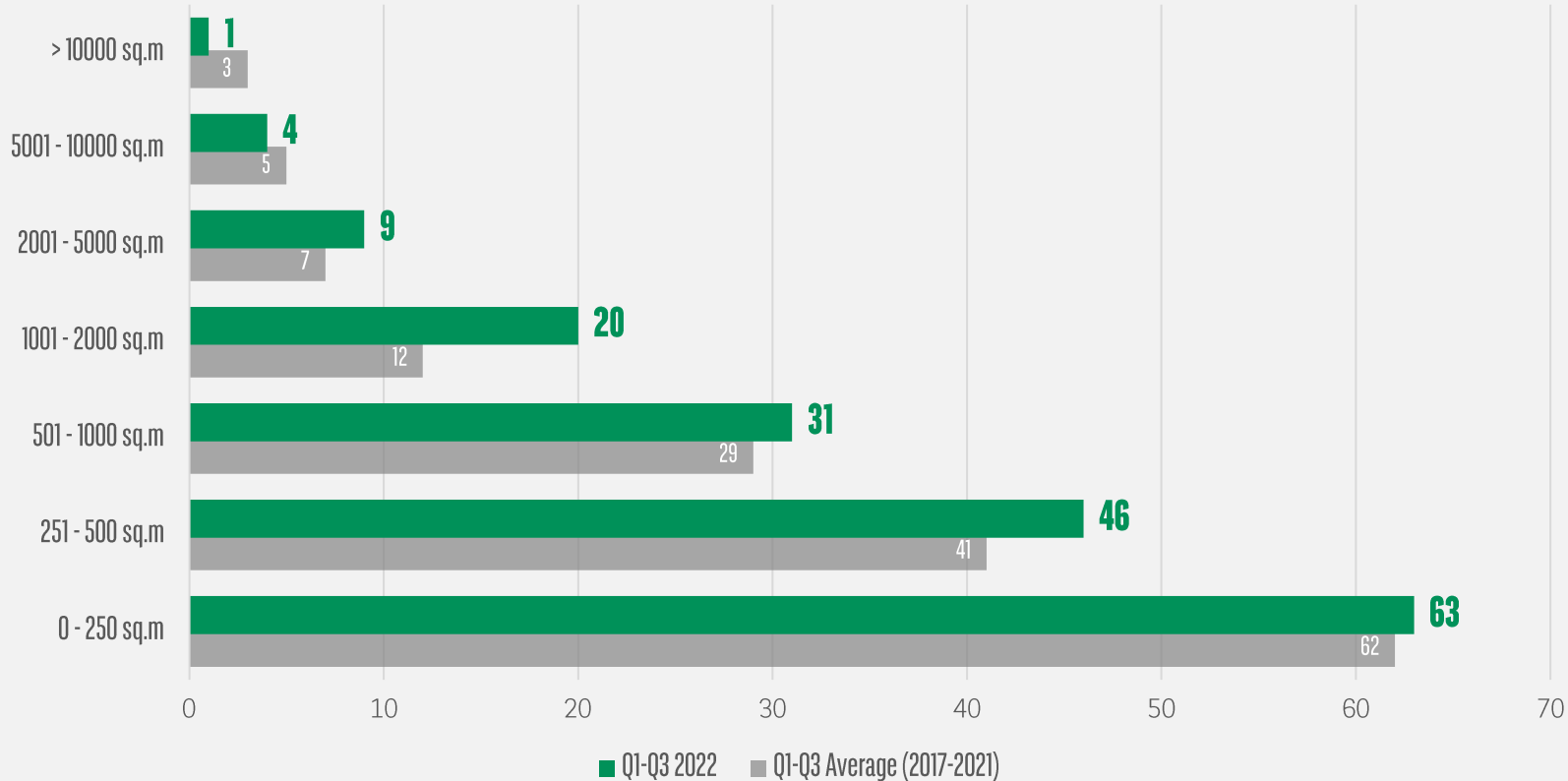


160,900 sq.m

Recovery confirmed during Q3



BACK TO ITS PRE-PANDEMIC LEVEL



+5%

OF TRANSACTIONS SIGNED DURING THE NINE FIRST MONTHS IN COMPARAISON WITH THE Q1 -Q3 AVERAGE (2017-2021)
THE AVERAGE SIZE BY TRANSACTION STANDS AT 894 sq.m

LARGEST DEALS | Q3 2022

LUXEMBOURG STATE

THOMAS EDISON 2 | STRASSEN

Surfaces : 9,407 sq.m

LETTING

LUXEMBOURG STATE - DEFENSE

SERRA A | KIRCHBERG

Surfaces : 5,809 sq.m

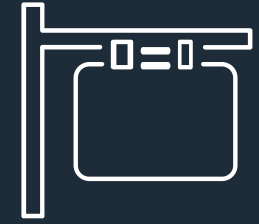
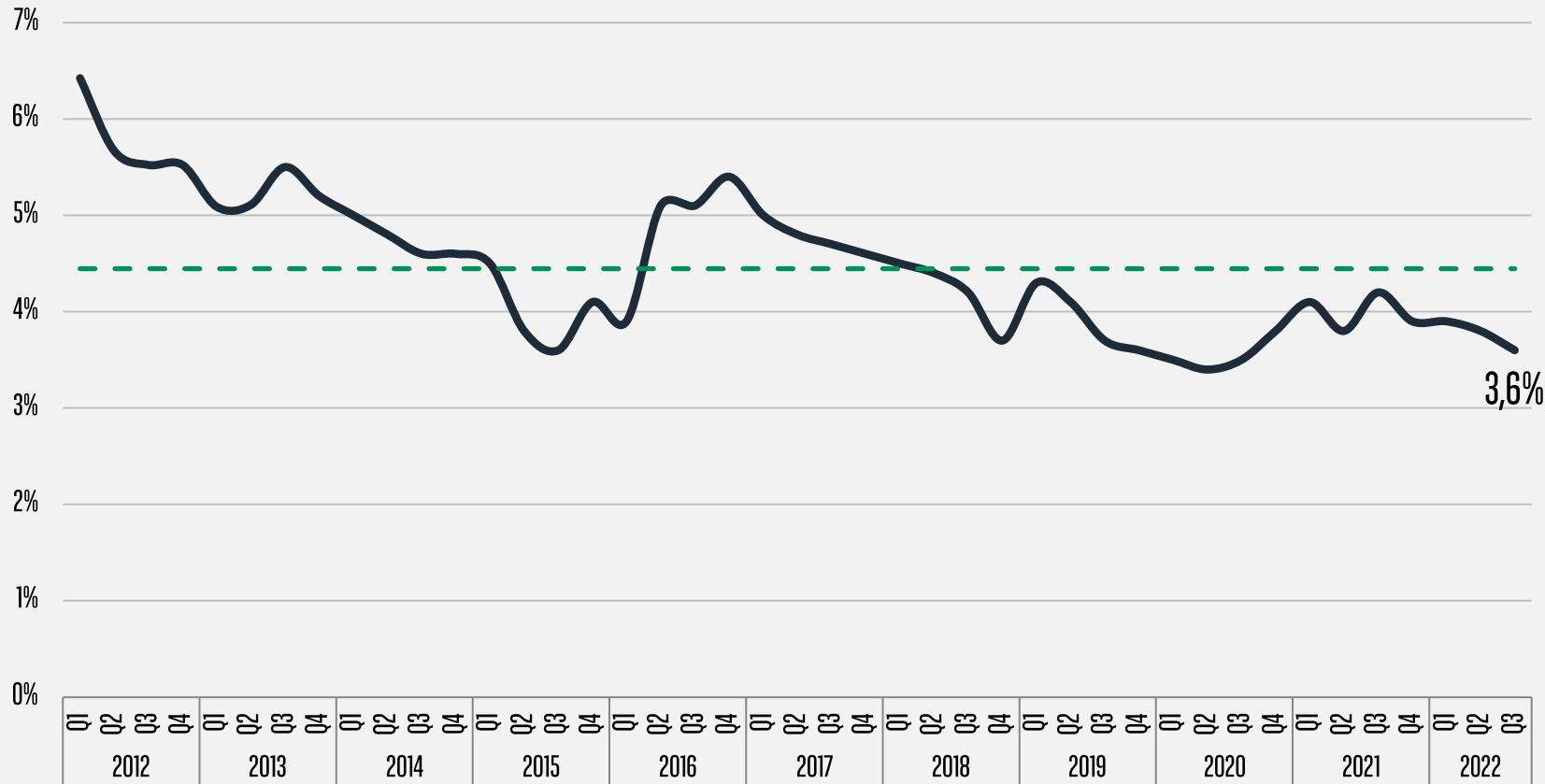
PRE-LET



OTHER NOTABLE TRANSACTIONS RECORDED

Date	Tenant	Type of transaction	Offices Size (sq.m)	Address	Building Name	Area
Q1 2022	PWC	Pre-Let	33,027	Rue Robert Stumper 2	Projet Renault	Cloche d'Or
Q3 2022	L.S.C. Engineering Groupe	Own Occupation	6,495	Rue Albert Simon 4	Albert Simon 4	Sandweiler - Contern
Q2 2022	Cardif Lux Vie	Pre-sale	6,302	Rue des Scillas	The Edge (AXS)	Howald
Q3 2022	Banque UBP	Pre-Let	4,500	Rue Henri Schnadt 8	HS8	Cloche d'Or
Q1 2022	Cobolux	Own Occupation	3,436	Biwer - 1 Haapstroos 1	Coboluxcenter	Eastern Luxembourg
Q3 2022	Etat du GDL	Letting	3,235	Rue Robert Stumper 11	Cromos	Cloche d'Or
Q1 2022	STIBBE	Pre-Let	3,080	Boulevard Raiffeisen	Emerald	Cloche d'Or
Q3 2022	CAA	Letting	3,023	Rue Robert Stumper 12	Cromos	Cloche d'Or
Q2 2022	CVC Capital Partners	Letting	2,972	Rue de la Porte Neuve 29	Royal Park	CBD
Q1 2022	Go Brand (Gopuff)	Letting	2,819	Route d'Esch 48	COSY	CBD
Q1 2022	Ministère de l'Education	Letting	2,733	Porte de France 14	Les Terres Rouges, bloc C1	Esch - Belval
Q1 2022	Rcarré S.A.	Letting	2,065	Parc d'activités de Capellen 38	CAP2	Capellen - Mamer
Q2 2022	ARTEC 3D	Letting	1,860	Breedewues 11	CND	Airport
Q1 2022	CMS Debacker	Letting	1,859	Rue Charles Darwin 5	The Bronze Gate	Cloche d'Or
Q2 2022	Ministère de l'Education	Letting	1,739	Rue de Gasperich 33	H20	Howald
Q2 2022	Compass	Letting	1,602	Rue de l'innovation 11	MG Park Verne	Esch - Belval
Q1 2022	Mirabaud	Letting	1,591	Rue du Fort Niedergrünwald	OBH	Kirchberg

DOWNWARD TREND

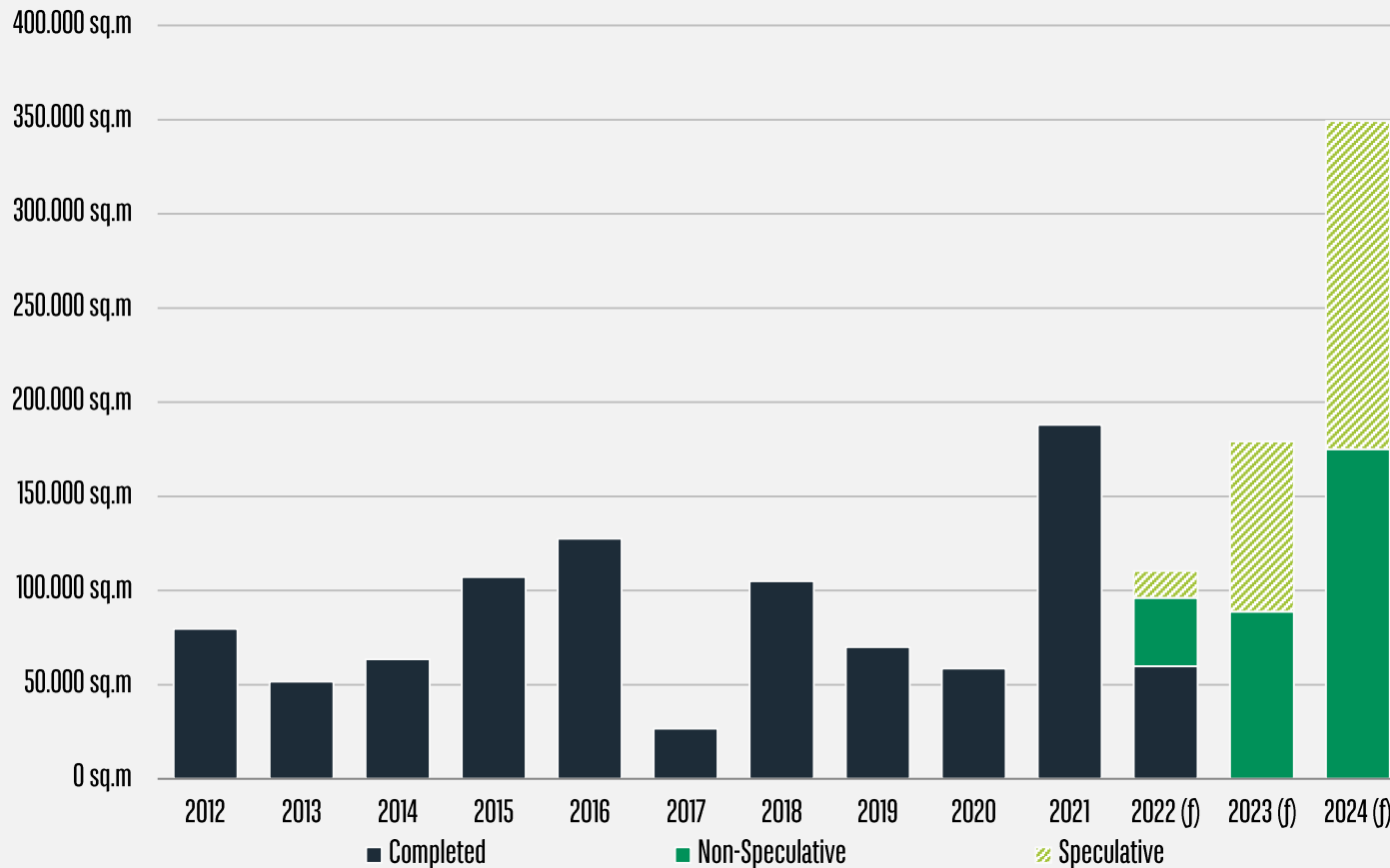


3.6%

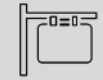
vs 4,2% in Q3 2021

AVAILABLE SUPPLY REMAINS WELL BELOW THE LONG TERM AVERAGE DUE TO THE LIMITED SPECULATIVE DELIVERIES

PIPELINE OF PROJECTS



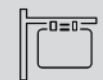
Q4 2022



37,200
sq.m

Of which 95% are
already pre-committed

FY 2023

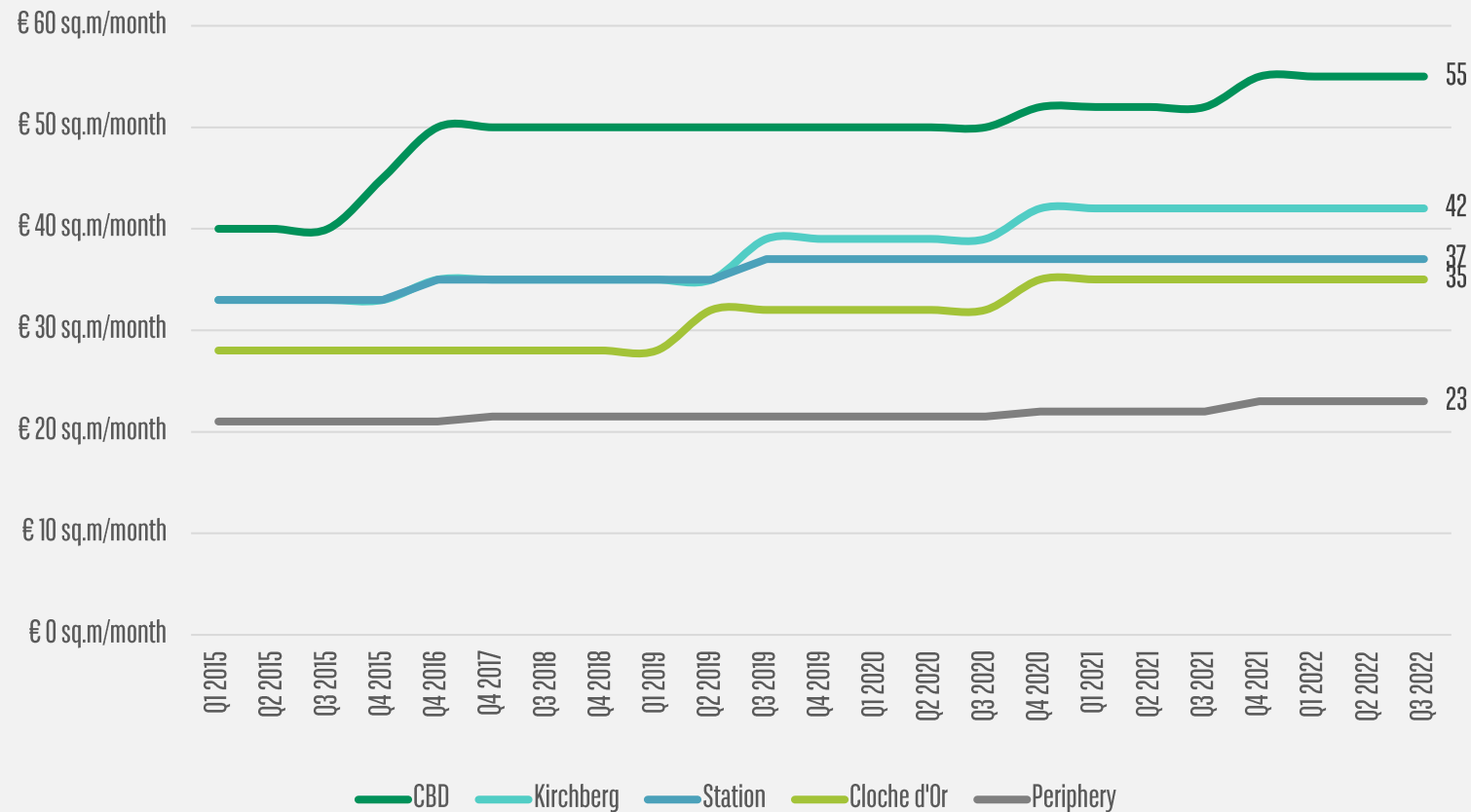


LIMITED DELIVERIES

192,500
sq.m

Of which 53% are
already pre-committed

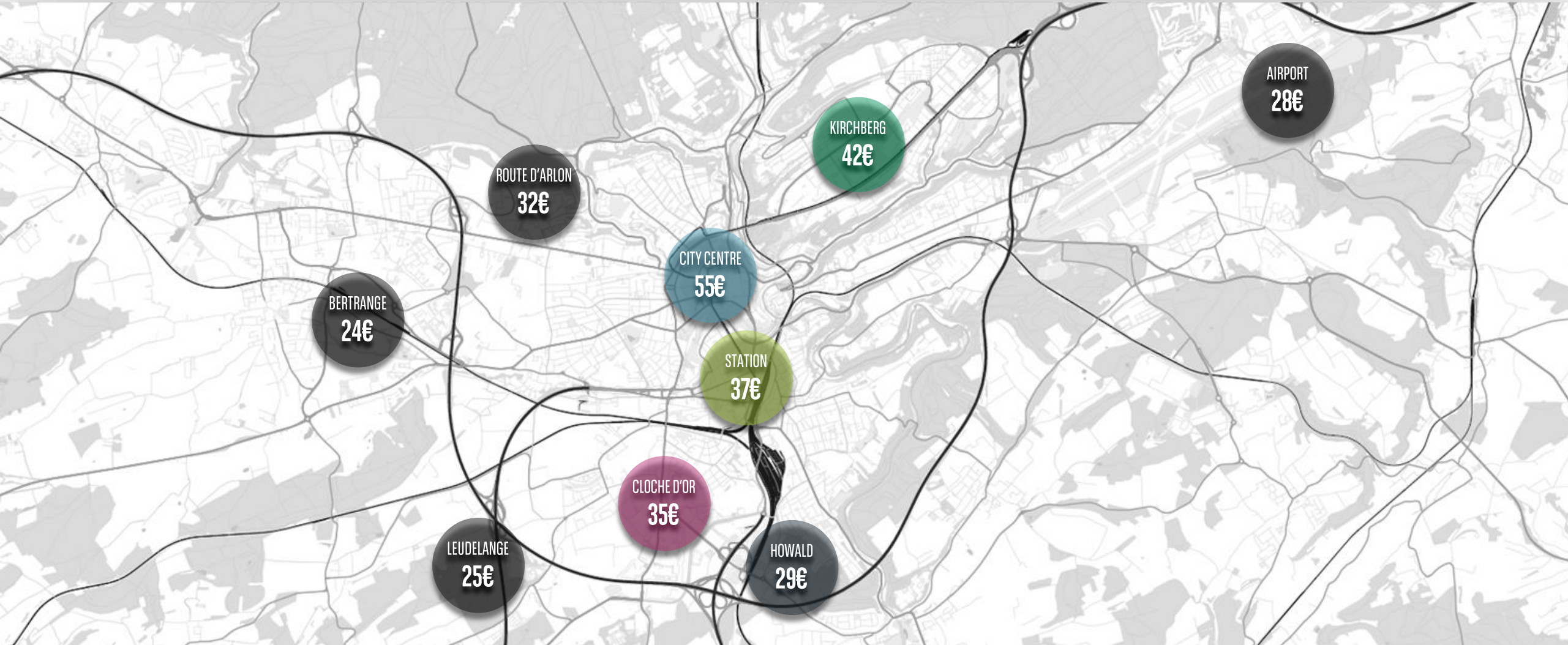
DRIVEN BY THE FLIGHT TO QUALITY



€55

UPWARD PRESSION RESULTING FROM AN OFFICE DEMAND MAINLY FOCUSED ON THE PRIME ASSET

BY OFFICE DISTRICTS

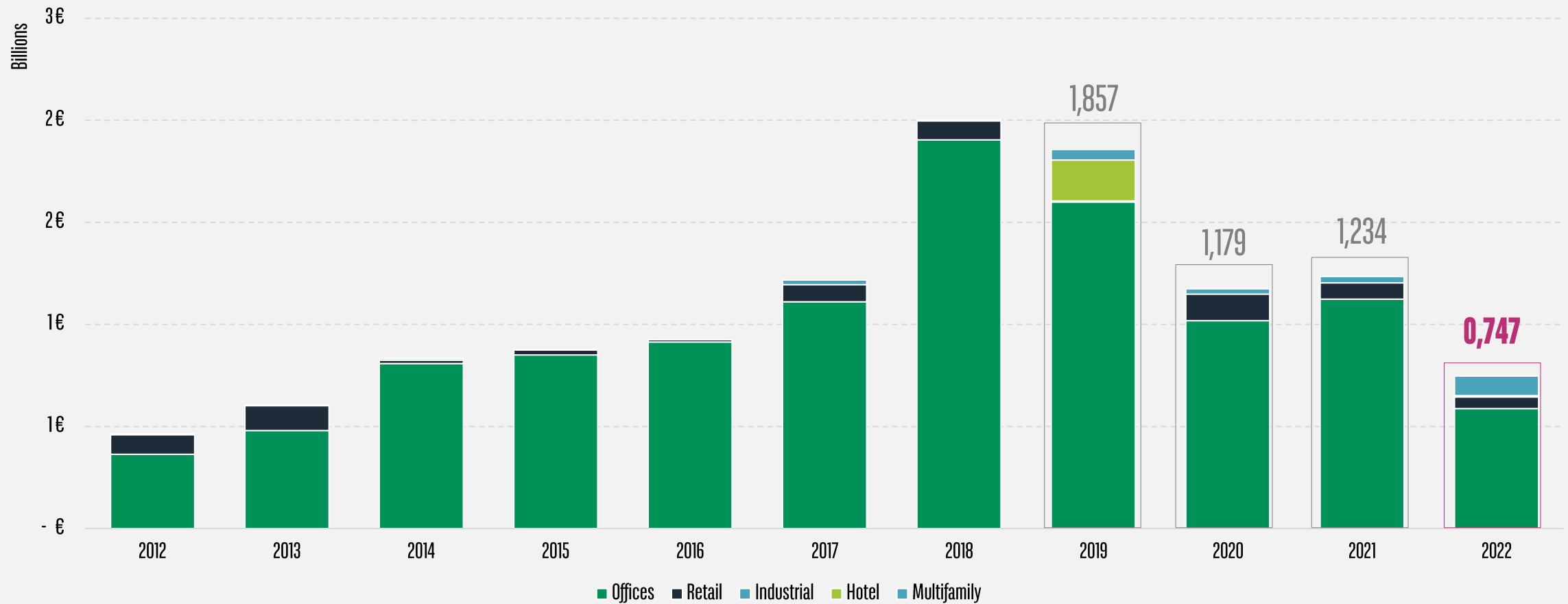


INVESTMENT MARKET



BNP PARIBAS
REAL ESTATE

SLOWDOWN DURING Q3



* Excluding land and own-occupation transactions

LARGEST TRANSACTION RECORDED DURING Q3

OBH

Surfaces: 10,600 sqm

Investor: REAL IS

Volume: €100 Million



NOTABLE TRANSACTIONS



OFFICE PROPERTY	ICONE
SURFACES	18,800 sq.m
VOLUME	€145 M
PURCHASER	AG Real Estate



OFFICE PROPERTY	WOODEN
SURFACES	9,600 sq.m
VOLUME	€80 M
PURCHASER	ACRON Real Estate Investments



OFFICE PROPERTY	THE CORNER
SURFACES	6,862 sq.m
VOLUME	€55M
PURCHASER	Monceau Assurance

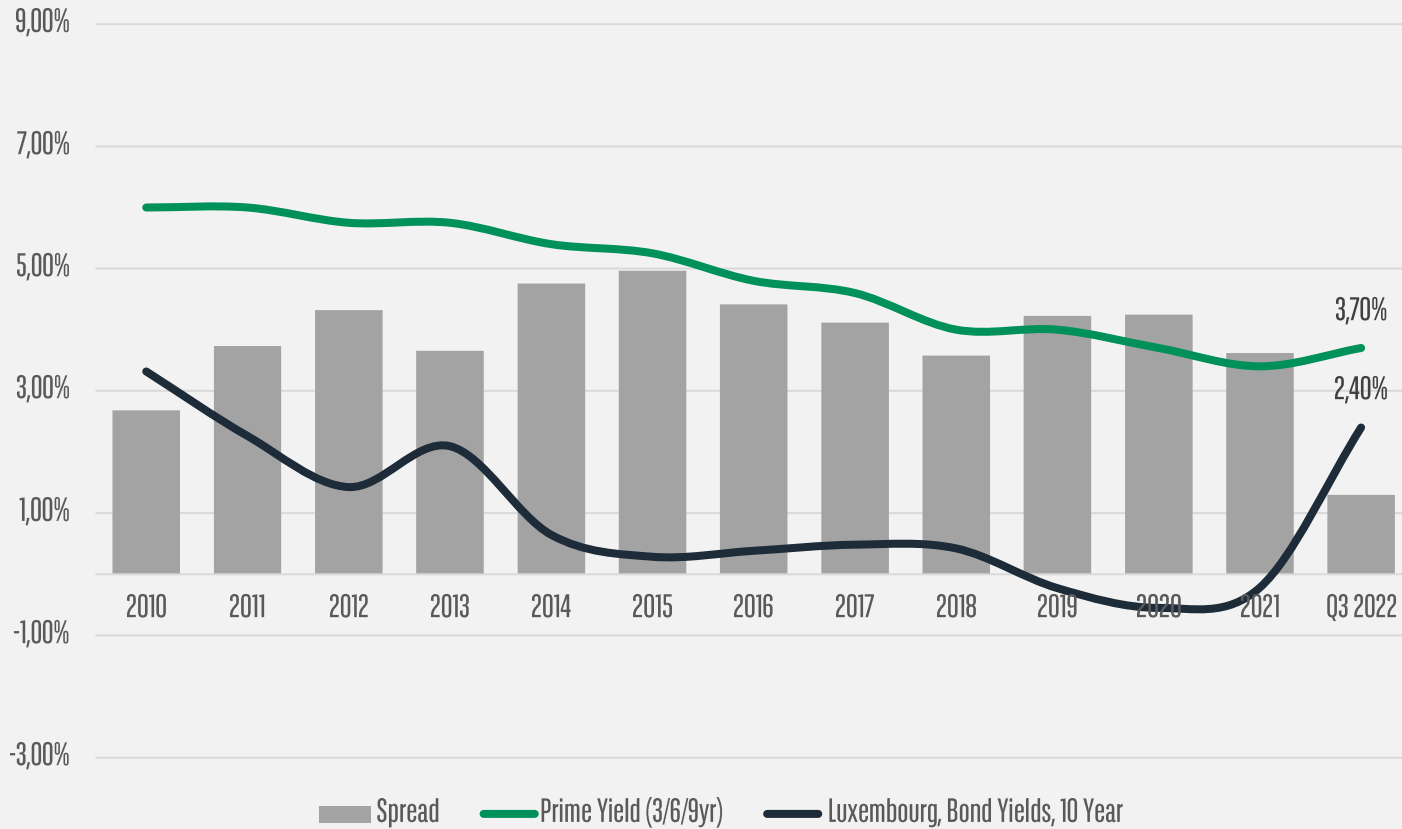
* Excluding land and own-occupation transactions

OTHER TRANSACTIONS 2022

Date	Address	Building name	Transaction	Segment	Size (sq.m)	Volume (€ M)	Vendor	Purchaser	District
Q1 2022	Rue Jean Monnet 4		Investment	Offices	3,846	48.5	Nextensa	Edmond de Rothschild REIM	Kirchberg
Q2 2022	Rue des Scillas, 1137 Howald	AXS lot 2	Investment	Multi-Family	10,500	47	Baltisse	Capelli Luxembourg	Howald
Q2 2022	Rue des Scillas, 1137 Howald	AXS lot 1	Investment	Multi-Family	9,211	40	Baltisse	Capelli Luxembourg	Howald
Q2 2022	Rue Leon Laval 17, 3372 Leudelange	W4	Investment	Offices	4,955	35	Parfinindus	Catella	Leudelange
Q2 2022	Parc d'Activites Capellen, 41	MG Escape	Investment	Retail	9,400	34.5	MG real estate	Patrizia	Capellen / Mamer
Q1 2022	Avenue de la Gare 15, I-1611 Luxembourg		Development	Retail	3,500	18	Redevco	ICN Development	Station
Q1 2022	Avenue Pasteur 8-10-12	Pasteur 8-12	Investment	Offices	1,700	15	Credito Emiliano	Nordbridge	CBD
Q2 2022	Rue Nicolas Braunshausen 10, 1257 Luxembourg	Bahia	Investment	Multi-Family	1,941	9	Thomas & Piron Luxembourg	Cenaro	Route d'Arlon
Q1 2022	Grand'Rue 37	Delhaize-Ettelbruck	Investment	Retail	845	4.4	Trium Holding	Family office	Ettelbruck

INVESTMENT MARKET

YIELDS



3.70%

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