

RESEARCH

# MARKET PRESENTATION

## LUXEMBOURG OFFICE MARKET 2022

JANUARY 2023

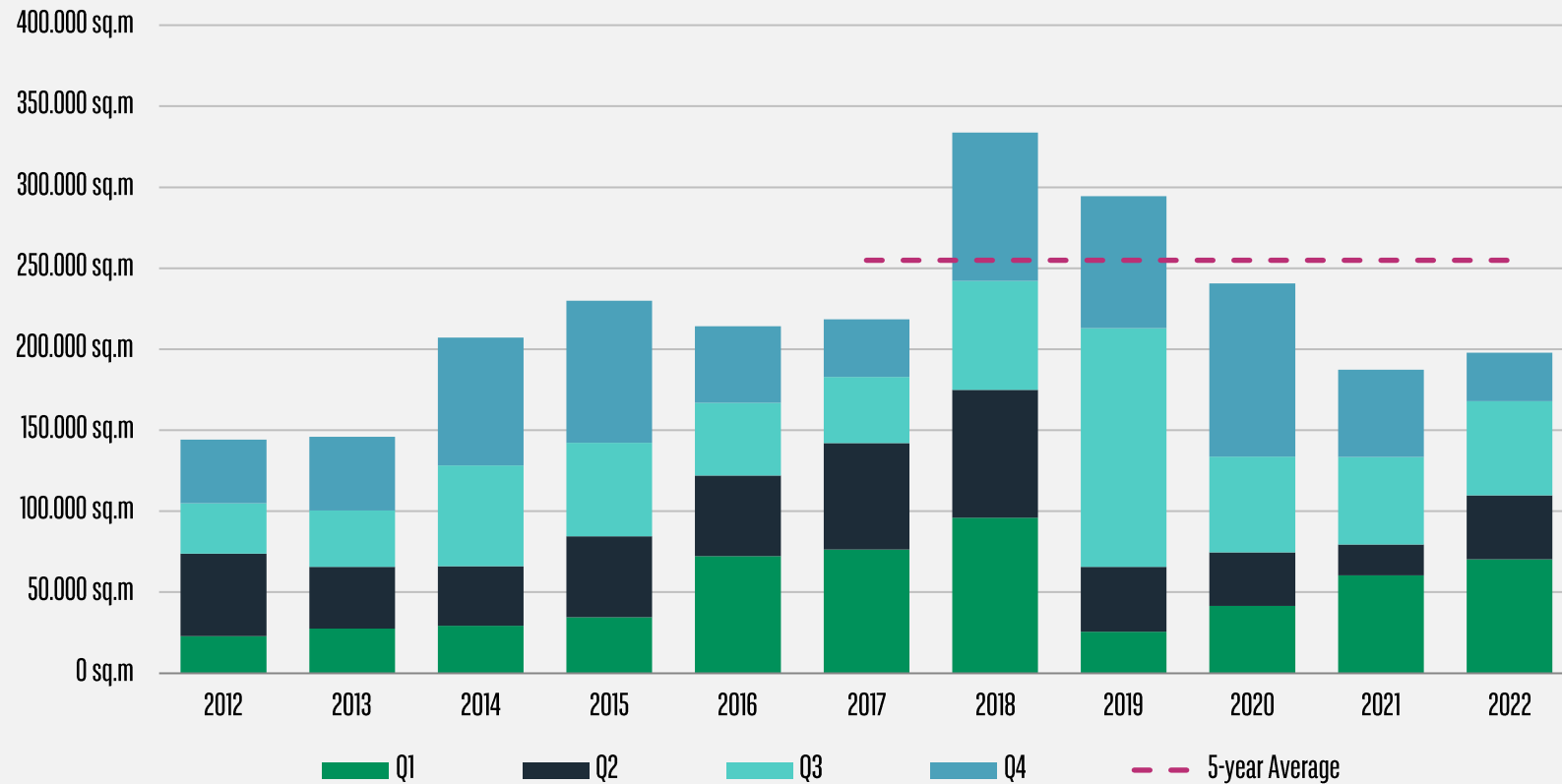




CHAPTER 1

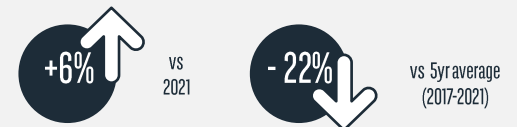
# OCCUPIER MARKET

# SLIGHT IMPROVEMENT BUT REMAINS ABOVE THE AVERAGE

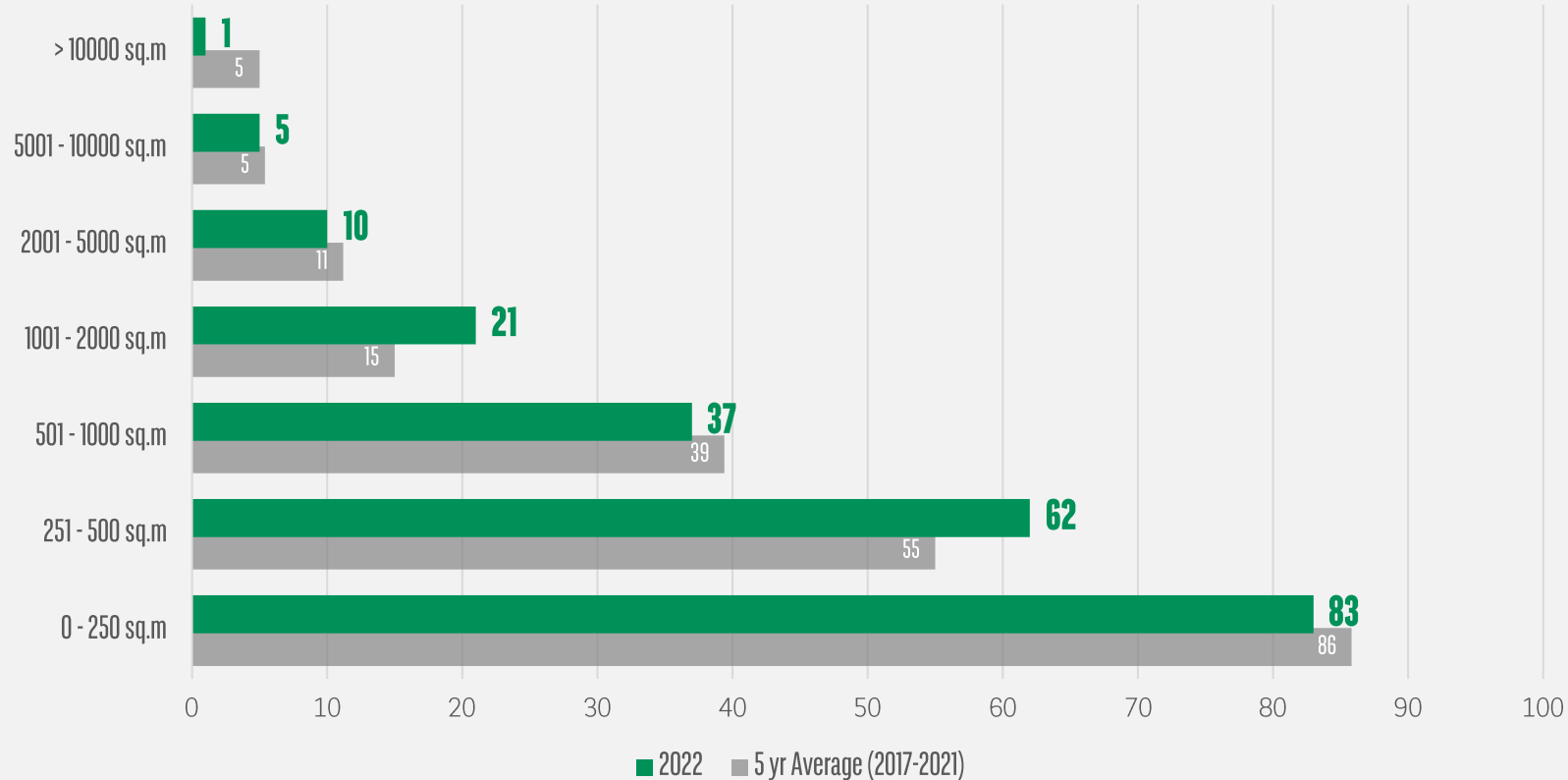


2022  
197,800 sq.m

Slight improvement but remains well below the average



# IMPROVEMENT IN THE SEGMENT BETWEEN 1,000 & 2,000 SQM



# +5%

OF TRANSACTIONS RECORDED IN 2022  
COMPARED TO THE 5-YR AVERAGE  
(2017-2021)

THE AVERAGE SIZE BY TRANSACTION  
STANDS AT 798 sq.m



LARGEST DEALS OF THE YEAR

PRE-LET

PWC

NEW CAMPUS | CLOCHE D'OR

Surfaces : 33,027 sq.m





LARGEST DEALS OF THE YEAR

# LUXEMBOURG STATE THOMAS EDISON 2 | STRASSEN

Surfaces : **9,407 sq.m**

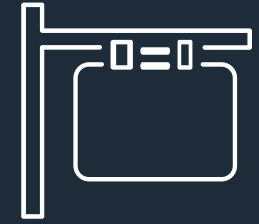
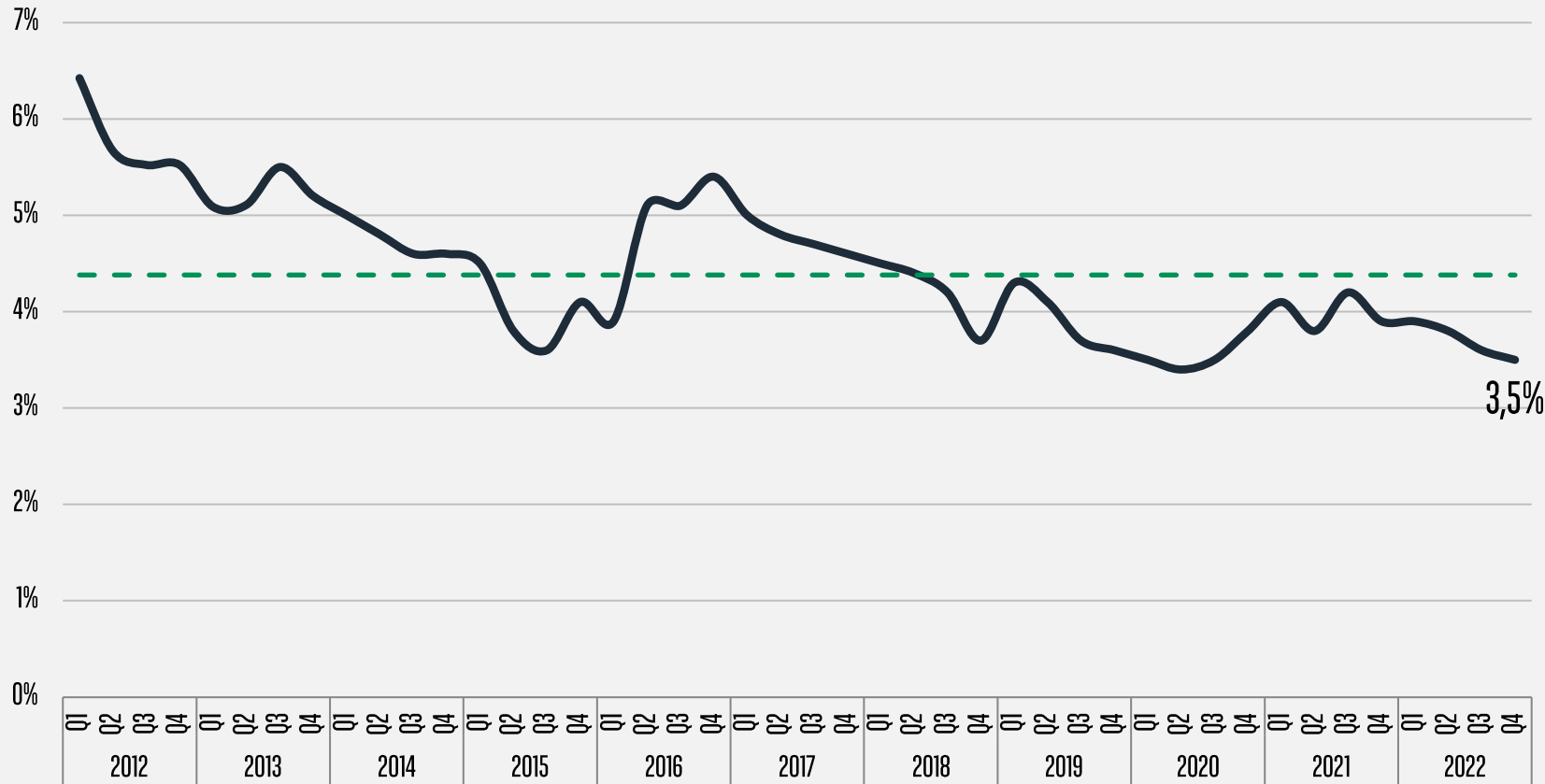
LETTING



## 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	Gasperich
Q3 2022	Etat du GDL	Letting	9,407	Rue Thomas Edison 2		Strassen
Q4 2022	Etat du GDL	Letting	6,543	Rue du Dernier Sol 1	ULTIMATE	Station
Q3 2022	L.S.C. Engineering Groupe	Sale	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
Q2 2022	Ministère de la Défense	Pre-Let	5,859	Avenue John F. Kennedy	Serra A	Kirchberg
Q3 2022	Banque UBP	Pre-Let	4,500	Rue Henri Schnadt 8	HS8	Gasperich
Q4 2022	Ministère de la Justice	Letting	4,034	Rue Hugo Gernsbach	SERRA B	Kirchberg
Q1 2022	Cobolux	Sale	3,436	Biwer - 1 Haapstroos 1	Coboluxcenter	Eastern Luxemburg
Q3 2022	Etat du GDL	Letting	3,236	Rue Robert Stumper 11	Cromos	Gasperich
Q1 2022	STIBBE	Pre-Let	3,080	Boulevard Raiffeisen	Emerald	Gasperich
Q3 2022	CAA	Letting	3,023	Rue Robert Stumper 11	Cromos	Gasperich
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	HSBC	Sub-letting	2,439	Boulevard Kockelscheuer 18	Spaces Kockelscheuer	Gasperich
Q1 2022	Rcarré S.A.	Letting	2,065	Parc d'activités de Capellen 38	CAP2	Capellen - Mamer

# DOWNWARD TREND



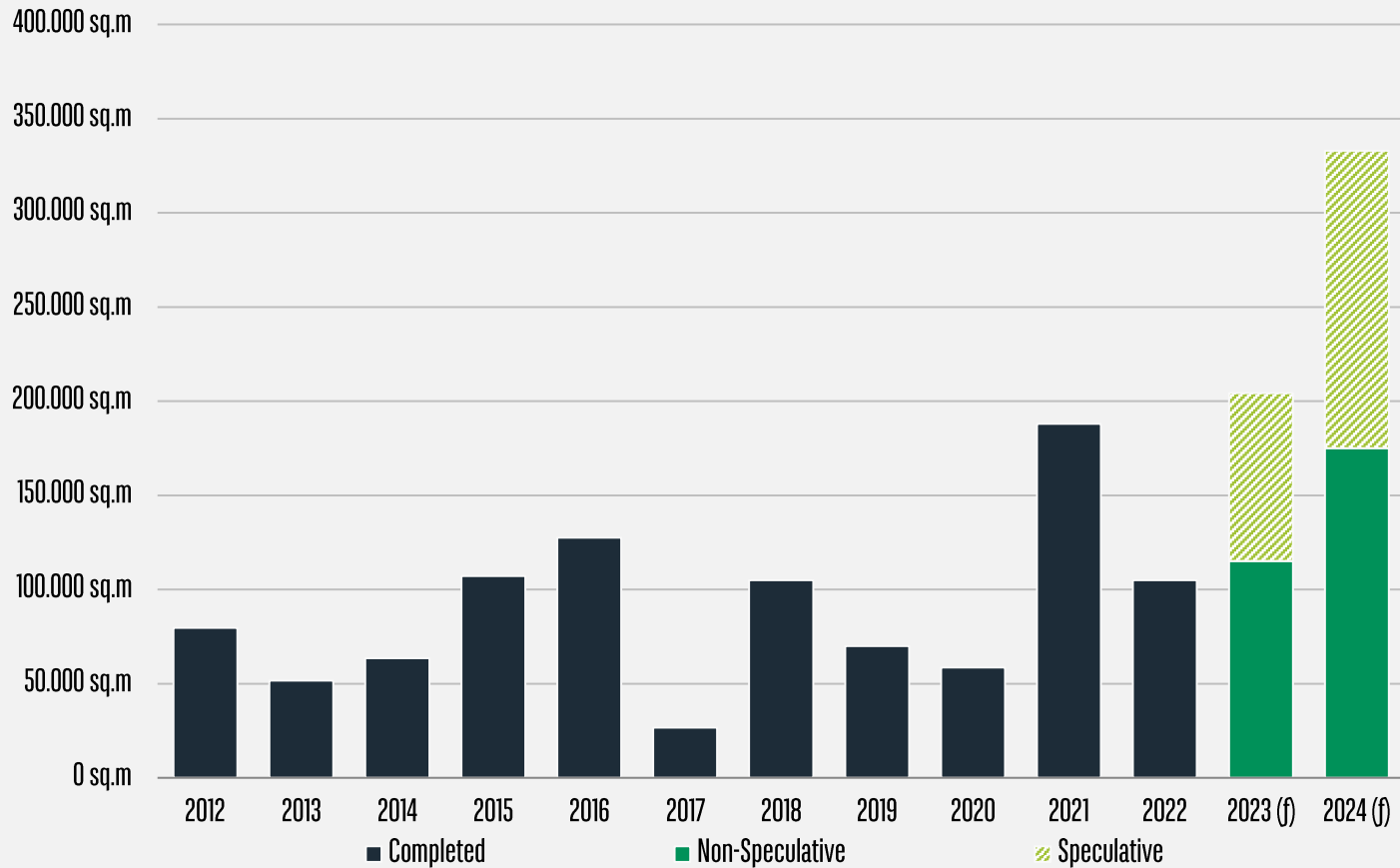
# 3.5%

vs 3.9% in 2021

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



# PIPELINE OF PROJECTS



## 2023

204,251 sq.m

Of which 66% are already pre-committed

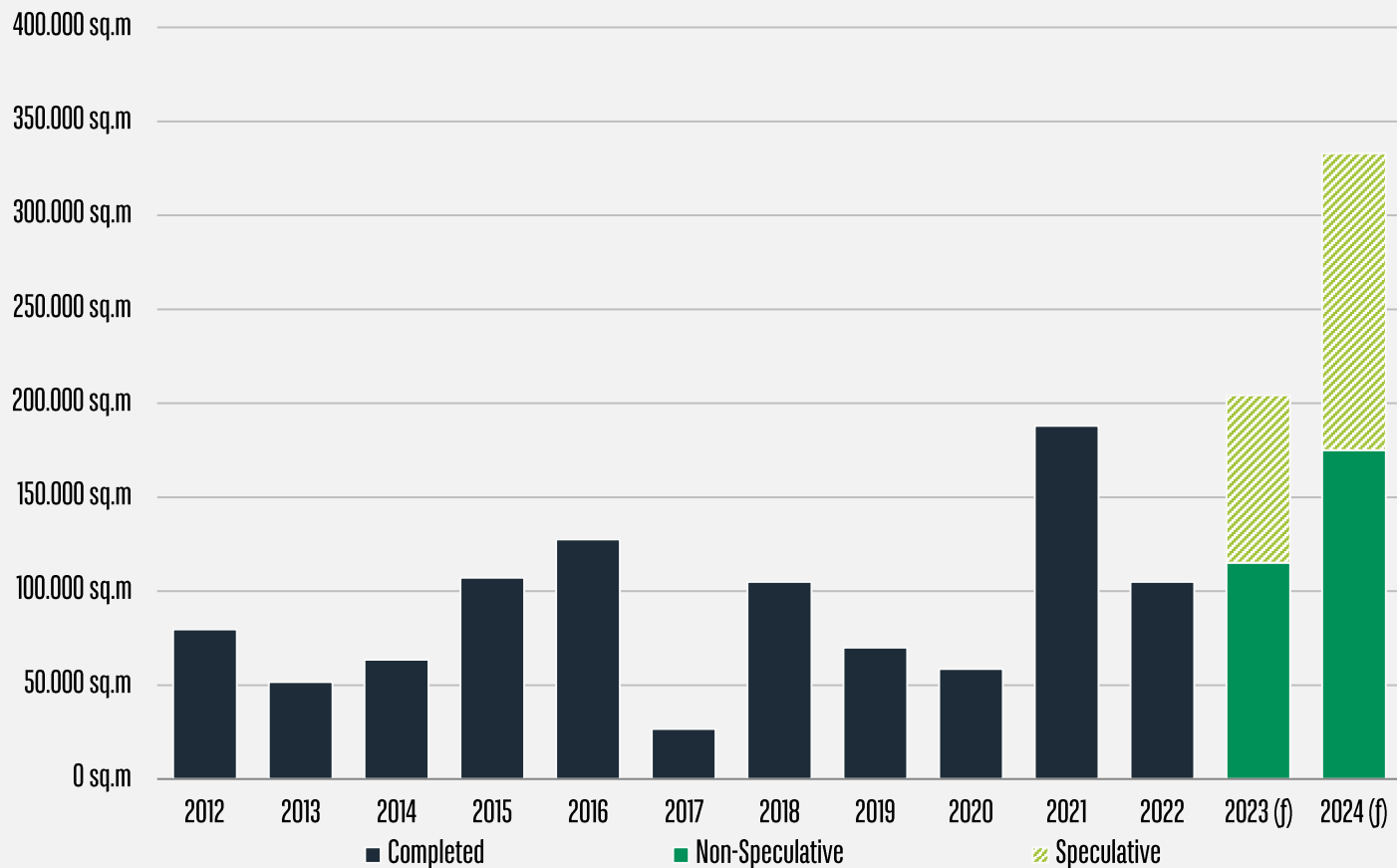
## 2024

332,977 sq.m

LIMITED DELIVERIES

Of which 53% are already pre-committed

# PIPELINE OF PROJECTS



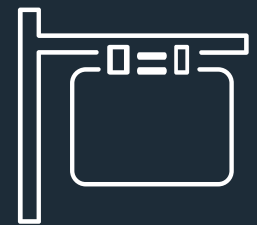
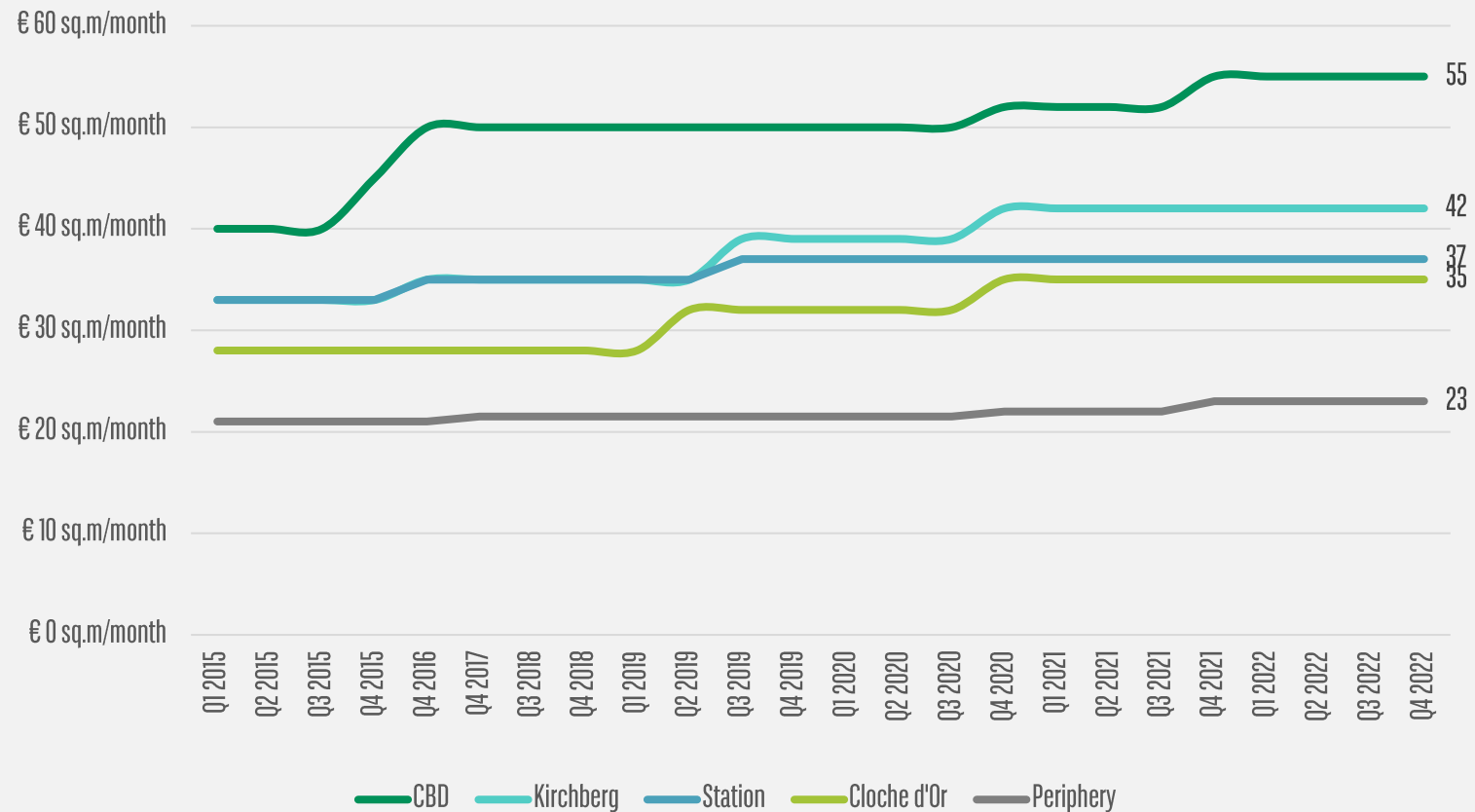
## 2023



## 2024



# DRIVEN BY THE FLIGHT TO QUALITY

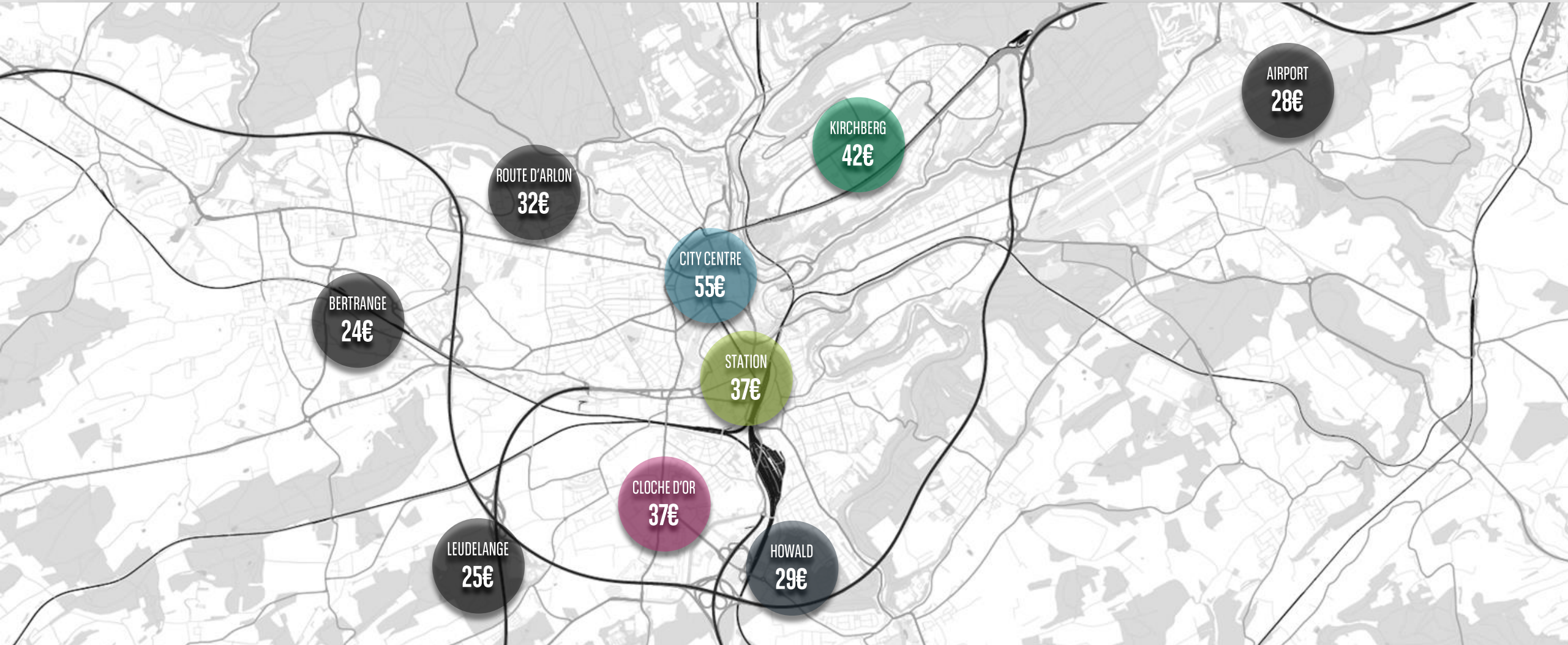


€55

PRIME RENTS ARE STABLE BUT UNDER UPWARD PRESSURE



# BY OFFICE DISTRICTS

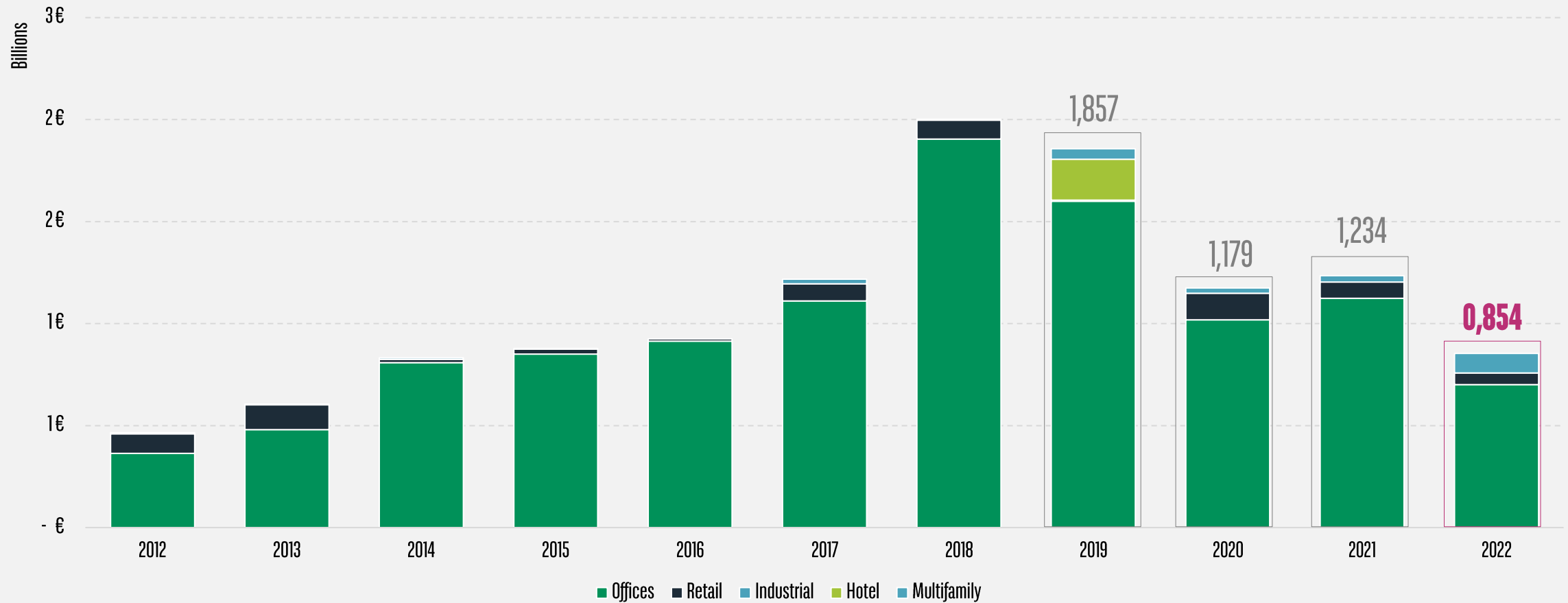




CHAPTER 2

# INVESTMENT MARKET

# CHANGING ENVIRONMENT



\* Excluding land and own-occupation transactions



LARGEST TRANSACTION OF THE YEAR

# ICONE BUILDING

Surfaces: 18,800 sqm

Investor: AG REAL ESTATE

Volume: €145 Million





# NOTABLE TRANSACTIONS



<b>OFFICE PROPERTY</b>	<b>OBH</b>
<b>SURFACES</b>	10,600 sq.m
<b>VOLUME</b>	€100 M
<b>PURCHASER</b>	Real IS



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



<b>OFFICE PROPERTY</b>	<b>BRONZE GATE</b>
<b>SURFACES</b>	5,040 sq.m
<b>VOLUME</b>	€65 M
<b>PURCHASER</b>	REInvest Asset Management

\* Excluding land and own-occupation transactions

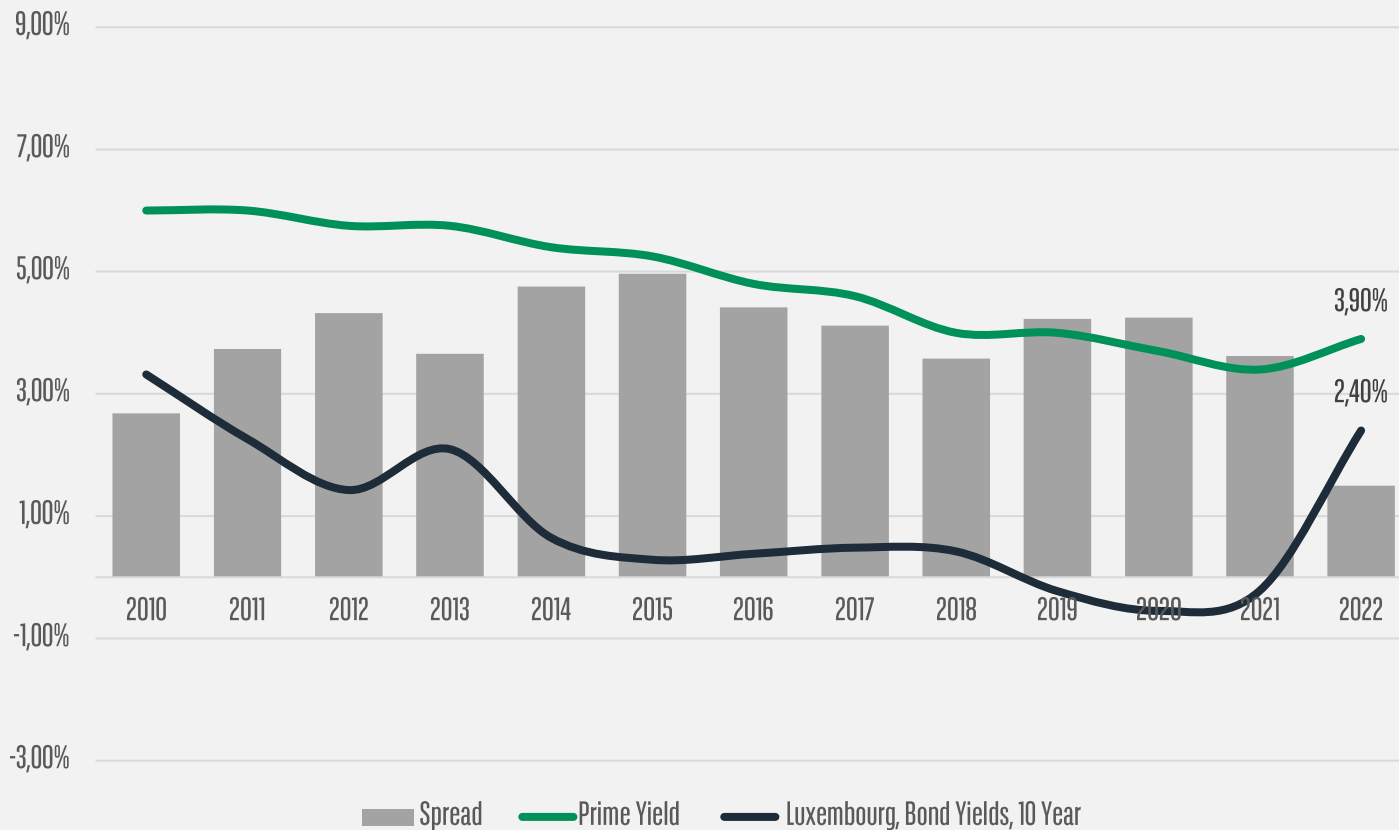
## OTHER TRANSACTIONS 2022

Date	Address	Transaction	Segment	Size (sq.m)	Volume (€ M)	Vendor	Purchaser	District
Q2 2022	Bronze Gate - Rue Charles Darwin 5, L-2411 Luxembourg	Investment	Offices	5,040	65	Nextensa	REInvest Asset Management	Gasperich
Q1 2022	The Corner - Rue des Scillas 20	Investment	Offices	6,862	55	Baltisse	Monceau Assurance	Howald
Q2 2022	Rue Jean Monnet 4, 2180 Luxembourg	Investment	Offices	3,846	48,5	Nextensa	Edmond de Rothschild REIM	Kirchberg
Q4 2022	AXS lot 2 - Resi - Rue des Scillas , 1137 Howald	Investment	Multi-Family	10,500	47	Baltisse	Capelli Luxembourg	Howald
Q2 2022	Espace Kennedy C - Rue Edward Steichen 14, 2540 Luxembourg	Investment	Offices	4,475	42	Allianz	Baltisse JV Straco	Kirchberg
Q2 2022	AXS lot 1 - Resi - Rue des Scillas , 1137 Howald	Investment	Multi-Family	9,211	40	Baltisse	Capelli Luxembourg	Howald
Q2 2022	W4 - Rue Leon Laval 17, 3372 Leudelange	Investment	Offices	4,955	35	Parfinindus	Catella	Leudelange
Q1 2022	MG Escape - Parc d'Activites Capellen, 41	Investment	Retail	9,400	34,5	MG real estate	Patrizia	Capellen
Q1 2022	Avenue de la Gare 15, l-1611 Luxembourg	Development	Retail	3,500	18	Redevco	ICN Development	Station



# INVESTMENT MARKET

## YIELDS



# 3.90%

Prime office yield  
(long term lease >12 yr)

# 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](http://www.realestate.bnpparibas.lu)