

RESEARCH

# MARKET PRESENTATION

## LUXEMBOURG OFFICE MARKET 2023

JANUARY 2024

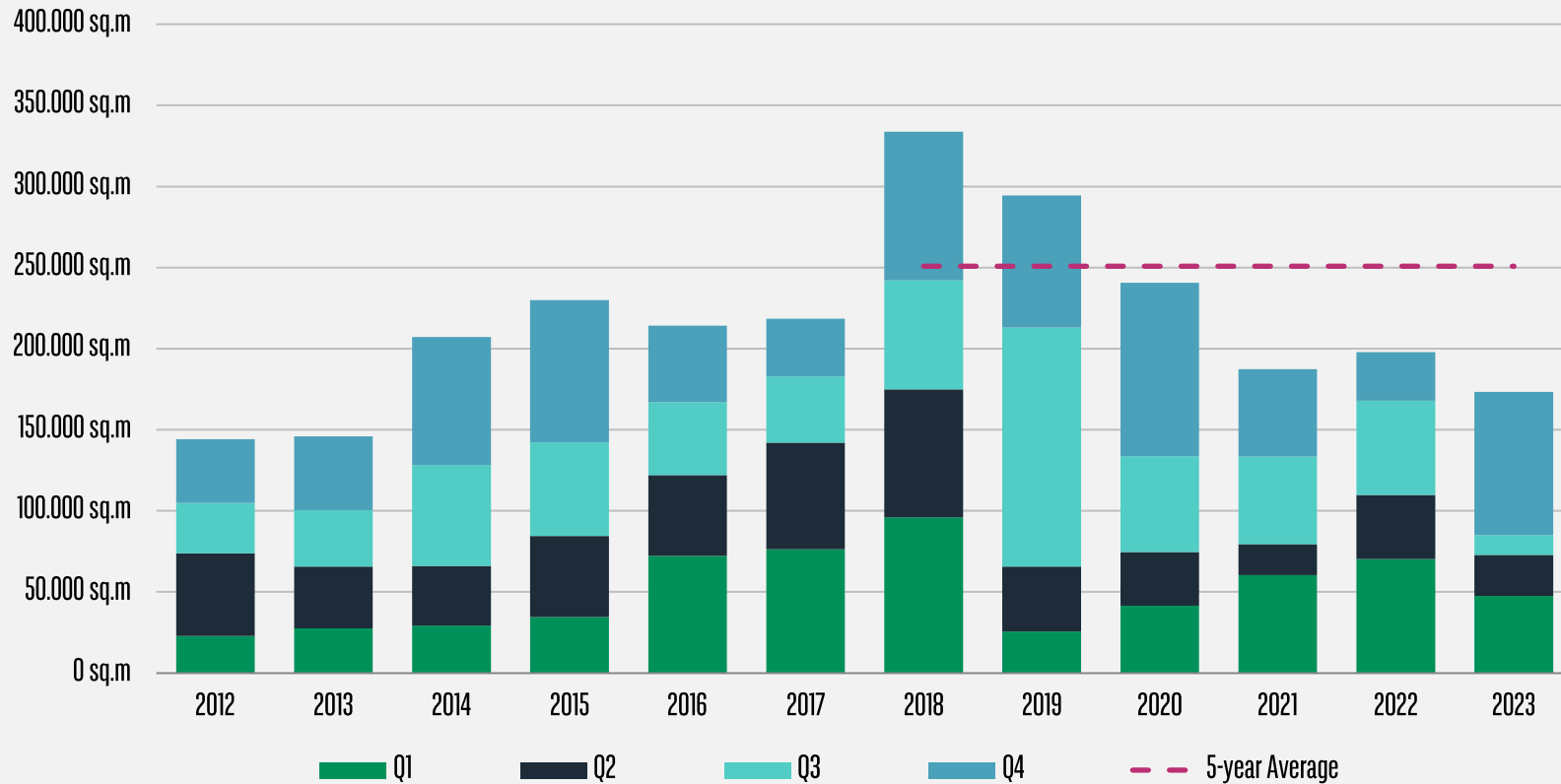




CHAPTER 1

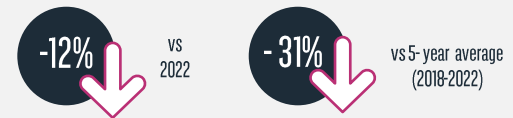
# OCCUPIER MARKET

# Final quarter boosted by large deals



2023  
173,600 sq.m

sq.m recorded over 2023





LARGEST DEALS IN 2023

ACQUISITION FOR  
OWN OCCUPATION

**KPMG**

**"KRONOS" | KIRCHBERG**

**31,000 sq.m**





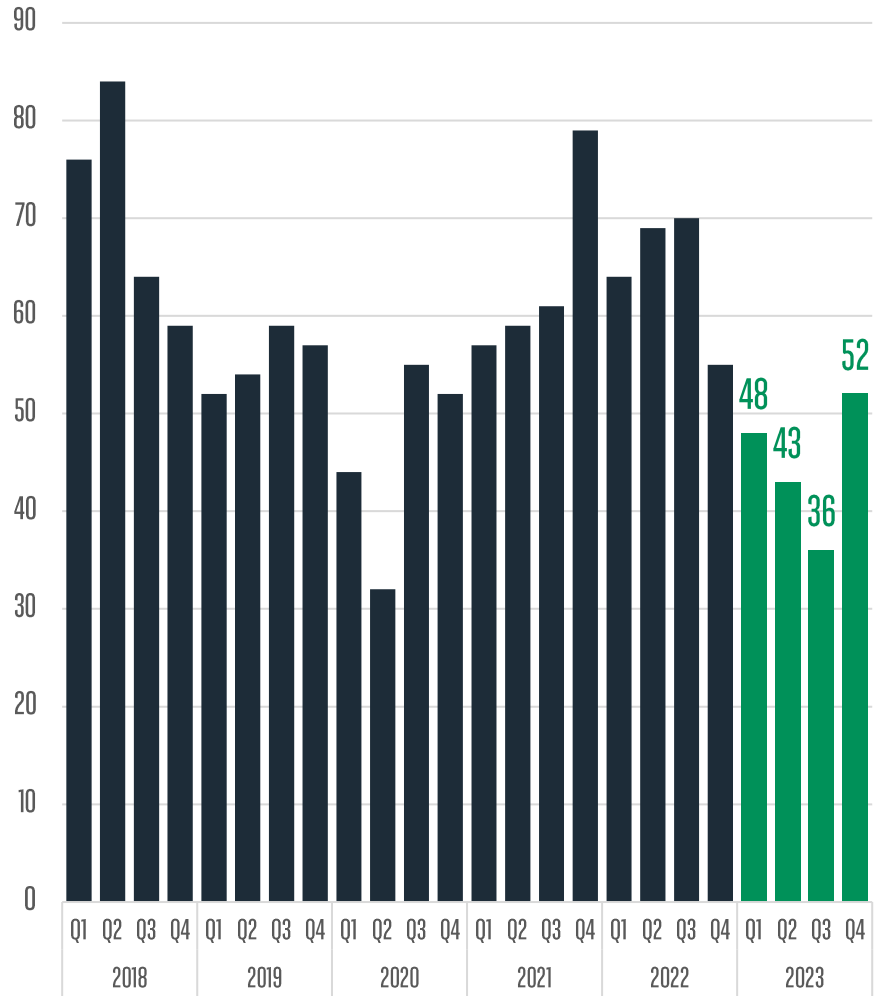
LARGEST DEALS IN 2023

LETTING

# EUROPEAN PARLIAMENT KONRAD ADENAUER 2 | KIRCHBERG 30,000 sq.m



# LEASING ACTIVITY DRIVEN BY SMALL-SIZED TRANSACTIONS

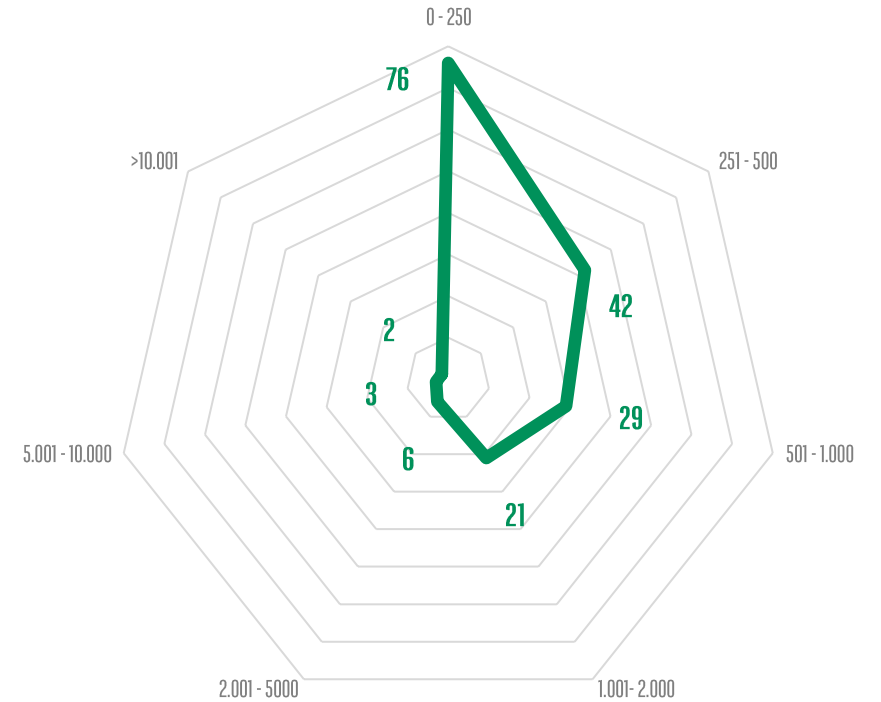


2023  
**179**

TRANSACTIONS  
RECORDED

-30%  
vs 2022

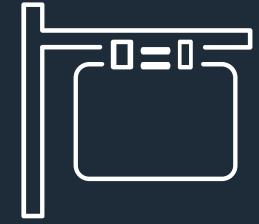
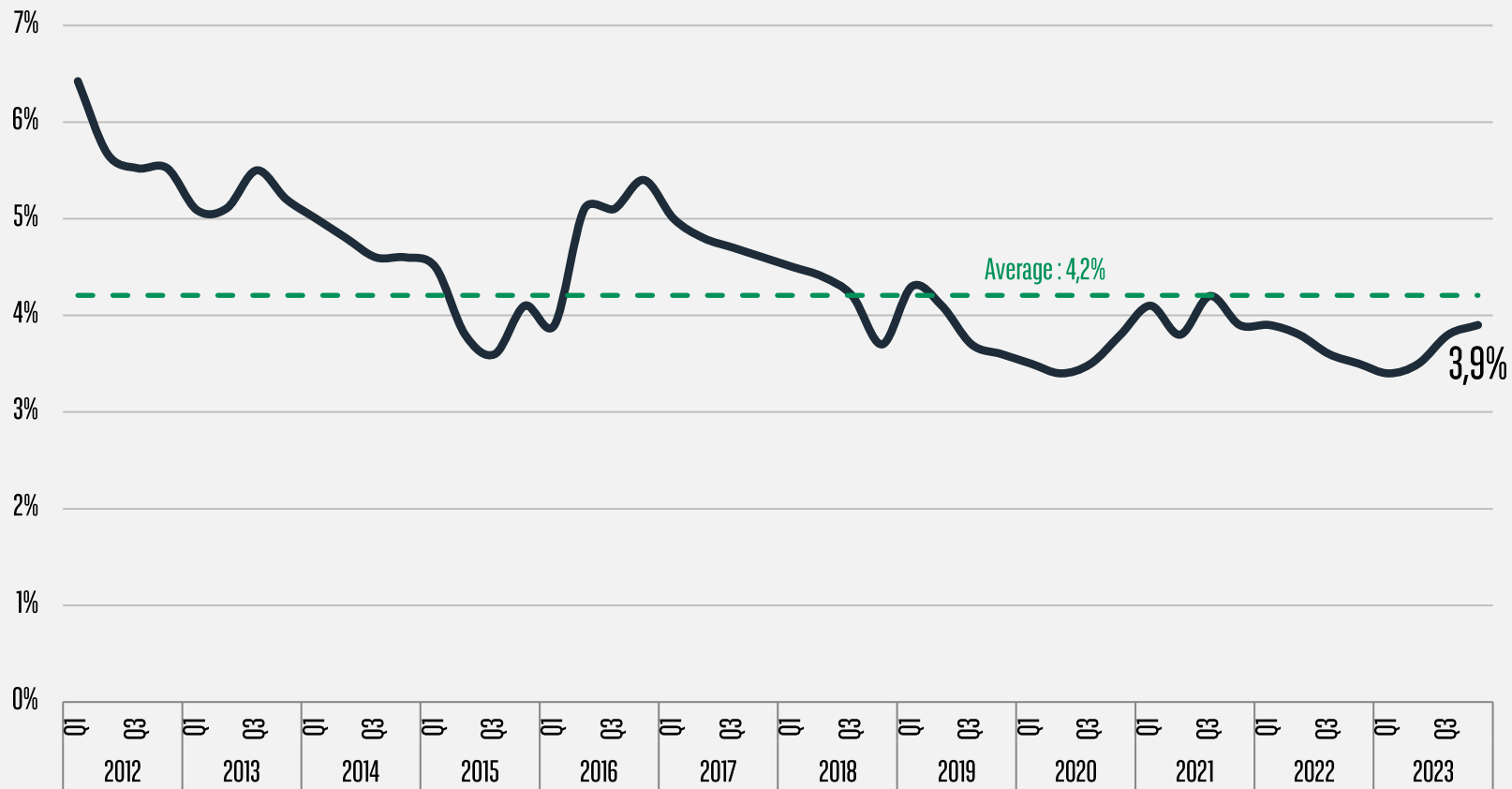
-25%  
vs 5-year average  
(2018-2022)



# MAIN TRANSACTIONS RECORDED

Date	Tenant	Type of transaction	Offices Size (sq.m)	Address	Building Name	Area
Q4 2023	KPMG	Sale	31,000	Rue Edward Steichen	<b>KRONOS</b>	Kirchberg
Q4 2023	European Parliament	Letting	30,000	avenue JF Kennedy	<b>Konrad Adenauer 2</b>	Kirchberg
Q1 2023	Luxembourg State	Letting	8,744	Avenues des Alliés	<b>Ettelbruck One</b>	Northern Luxembourg
Q1 2023	Intertrust Luxembourg	Letting	6,479	Boulevard Friedrich Wilhelm Raiffeisen	<b>White House</b>	Gasperich
Q1 2023	Luxembourg State	Letting	5,542	Rue de Gasperich	<b>H20</b>	Howald
Q1 2023	Julius Baër	Letting	4,575	Rue Edward Steichen	<b>Vertbois</b>	Kirchberg
Q1 2023	DLA Piper	Letting	4,409	Boulevard Grand Duchesse Charlotte	<b>NOVA</b>	CBD
Q4 2023	CBRE Luxembourg	Letting	3,140	Route d'Esch	<b>Prism</b>	Gasperich
Q3 2023	Green Square SA (Engelwood)	Letting	2,329	Rue Eugène Ruppert	<b>Hitec</b>	Gasperich
Q2 2023	Luxembourg State	Letting	2,287	Rue Guillaume Kroll	<b>Technopolis E</b>	Gasperich
Q2 2023	EY	Letting	2,109	Avenue John F. Kennedy	<b>K2 Crescendo 1</b>	Kirchberg
Q4 2023	LBR	Sale	2,017	Avenue de la Gare 29-31	<b>Connex</b>	Station
Q4 2023	Croix-Rouge	Letting	1,858	Rue Bové	<b>LSBC</b>	Belair - Merl
Q1 2023	Intertrust Luxembourg	Letting	1,798	Boulevard Friedrich Wilhelm Raiffeisen	<b>Emerald</b>	Gasperich
Q1 2023	Cube Infrastructure Managers SA	Letting	1,771	Place de la Gare	<b>Central Plaza</b>	Station

# SLIGHT INCREASE

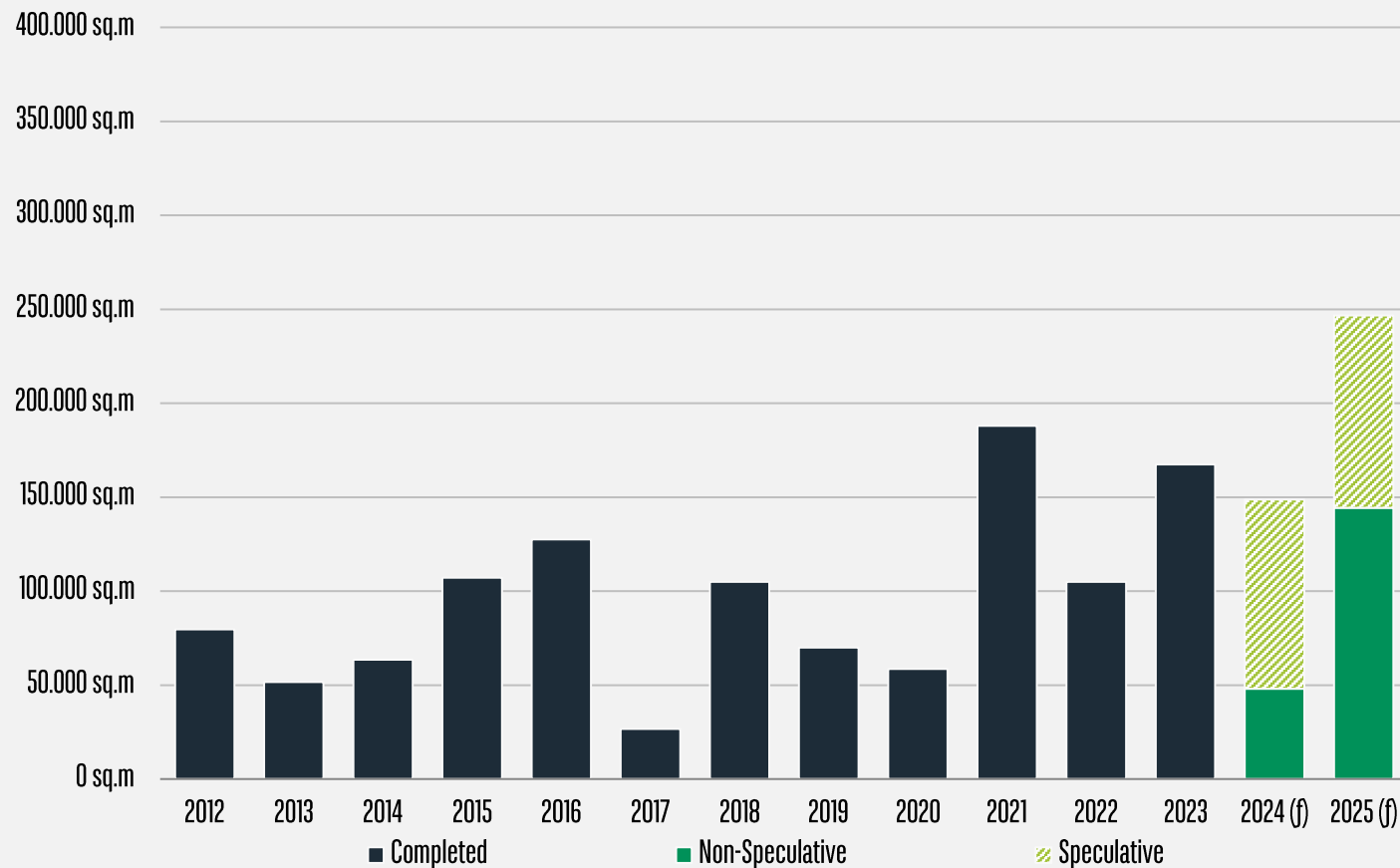


# 3.9%

vs 3.5% in Q4 2022



# PIPELINE OF PROJECTS

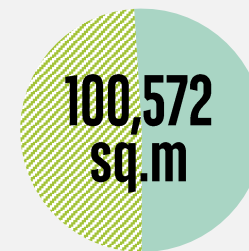


## 2024



Of which 33% are only pre-committed

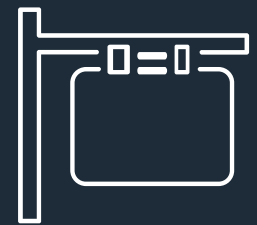
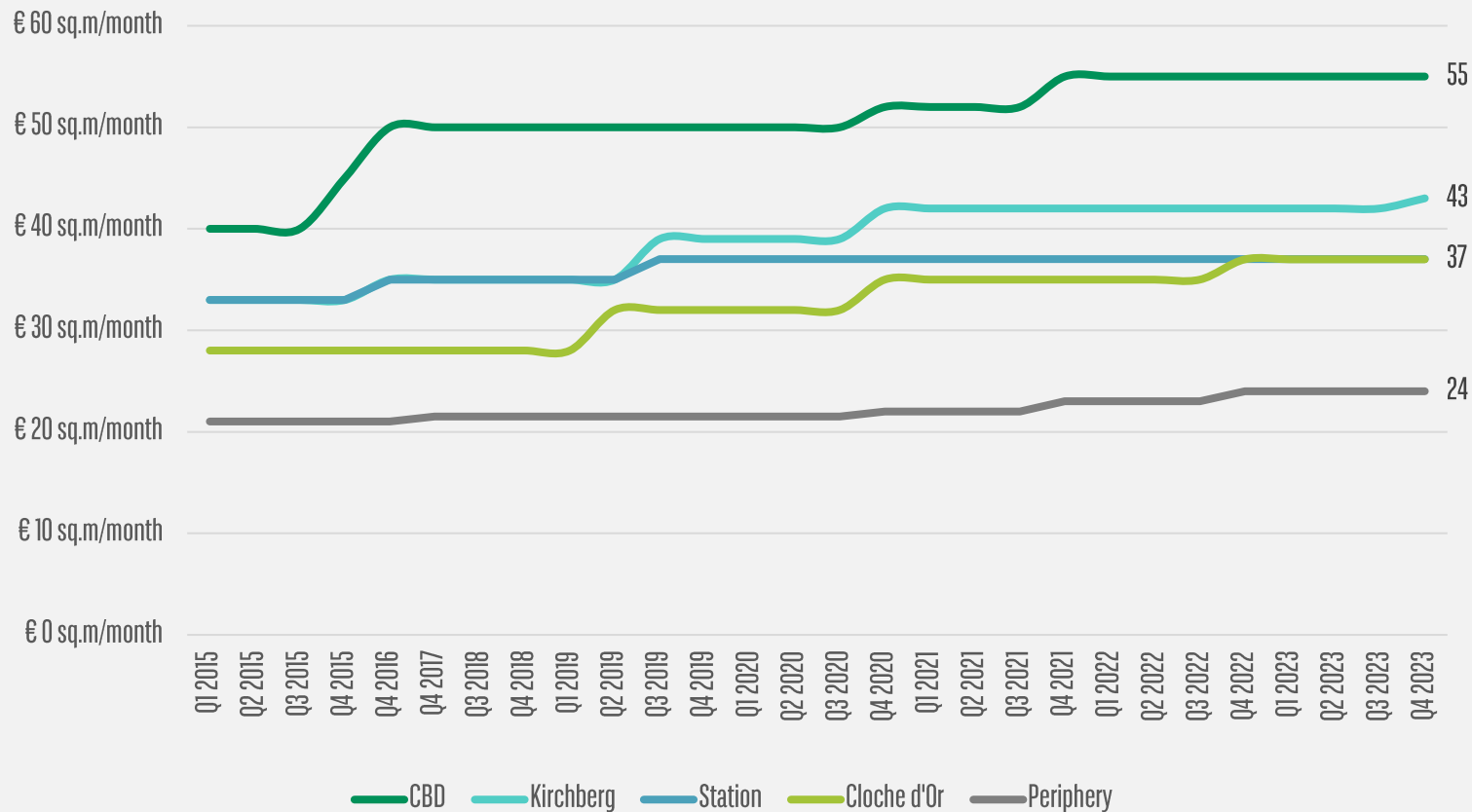
## 2025



Of which 59% are already pre-committed



# REMAIN UNCHANGED

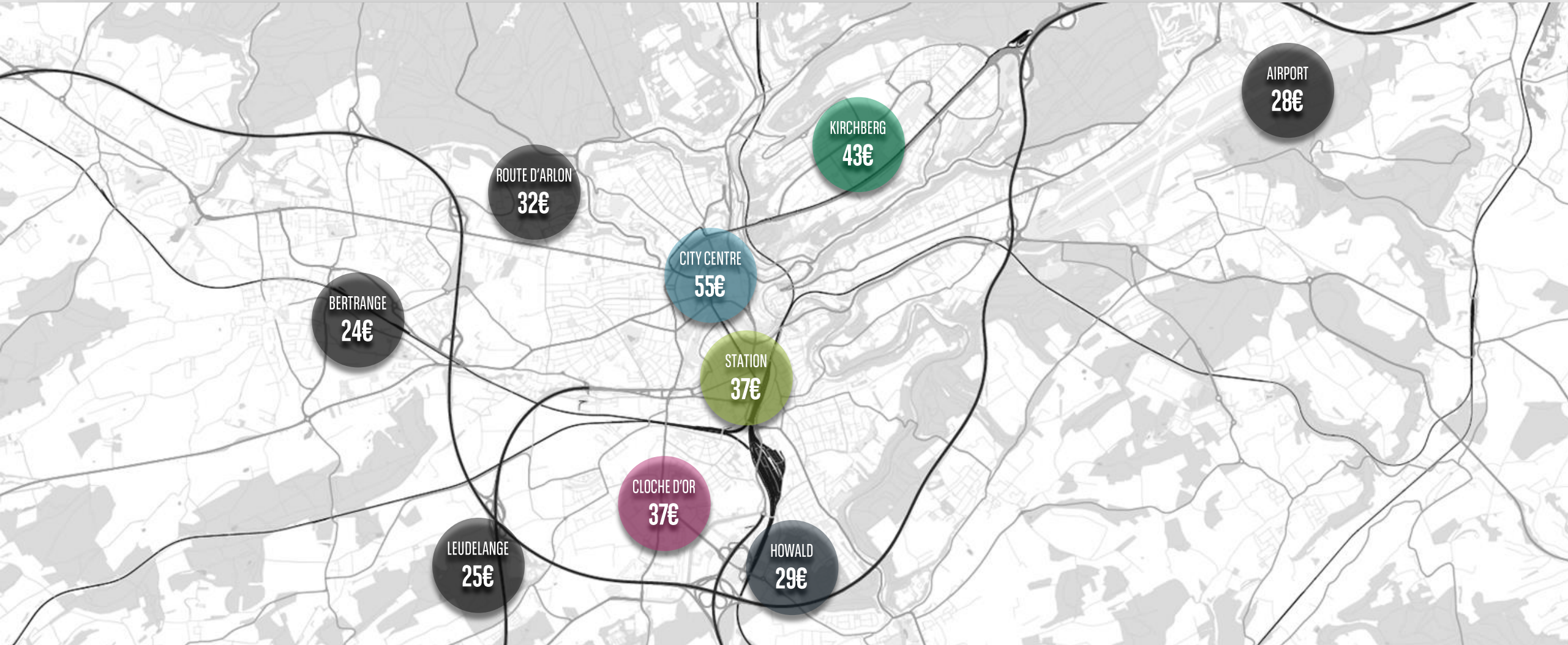


€55

PRIME RENTS ARE STABLE BUT UNDER UPWARD PRESSURE



# BY OFFICE DISTRICTS





# SIGNIFICANT CHANGES IN 2024

## THE VAT RETURNS TO NORMAL



The VAT is returning to its standard rate, increasing by one percentage point to 17% from January 1, 2024, after being reduced to 16%. The intermediate and reduced rates are now set at 14% and 8%, respectively.

## REMOTE WORKING: EQUALITY



In the realm of telecommuting, German cross-border workers will finally experience equality with their Belgian and French counterparts as of January 1. Thanks to recent agreements between the countries, they can now engage in 34 days of telecommuting per year without facing fiscal consequences, aligning with the European framework effective since July 1, 2023. Cross-border workers must adhere to two criteria: 34 days for income tax purposes and maintaining 49% of their annual working time to stay affiliated with Luxembourg's social security.

## NEW TRAM LINE



The tram line extension to the National Stadium is anticipated in 2024, encompassing five new stops between Bonnevoie and Cloche d'Or, including Scillas, Howald Gare, Lycée Vauban, Wassertuerm, and Stadion.

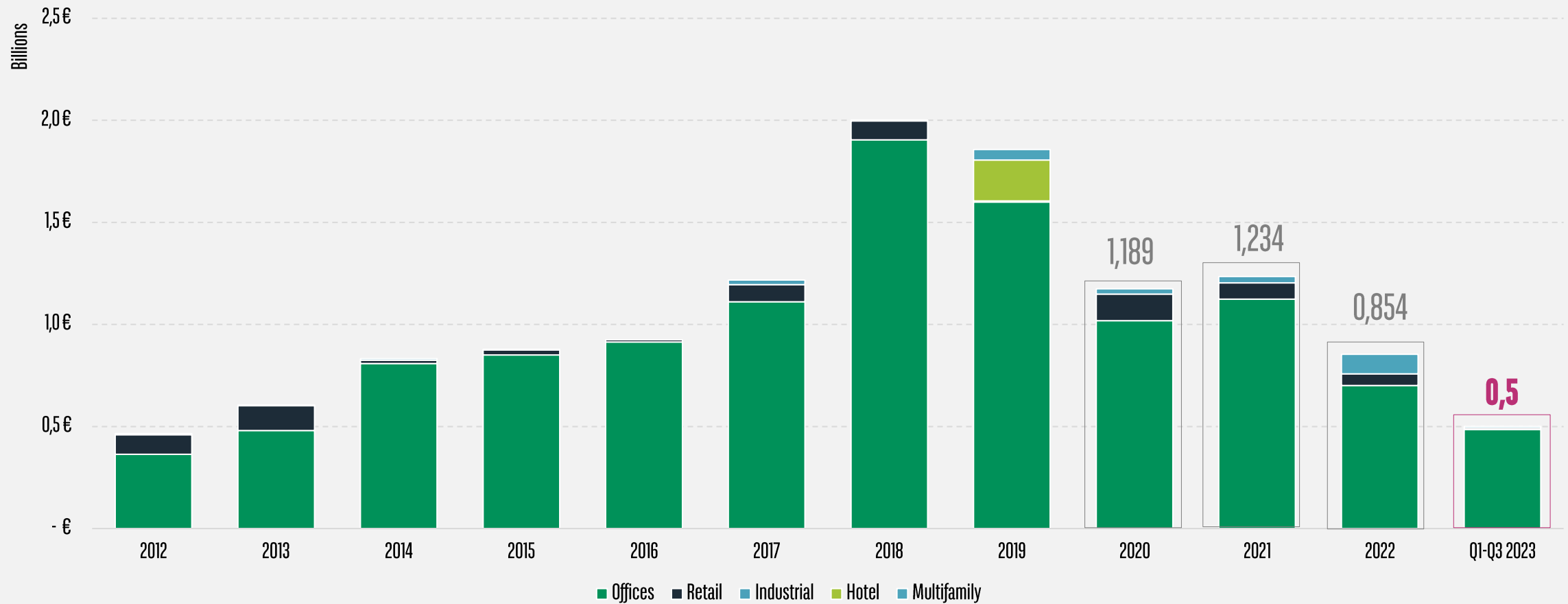


CHAPTER 2

# INVESTMENT MARKET



# LEAD BY THE KRONOS' TRANSACTION



\* Excluding land and acquisition for own-occupation



LARGEST TRANSACTION OF THE YEAR

## KRONOS BUILDING

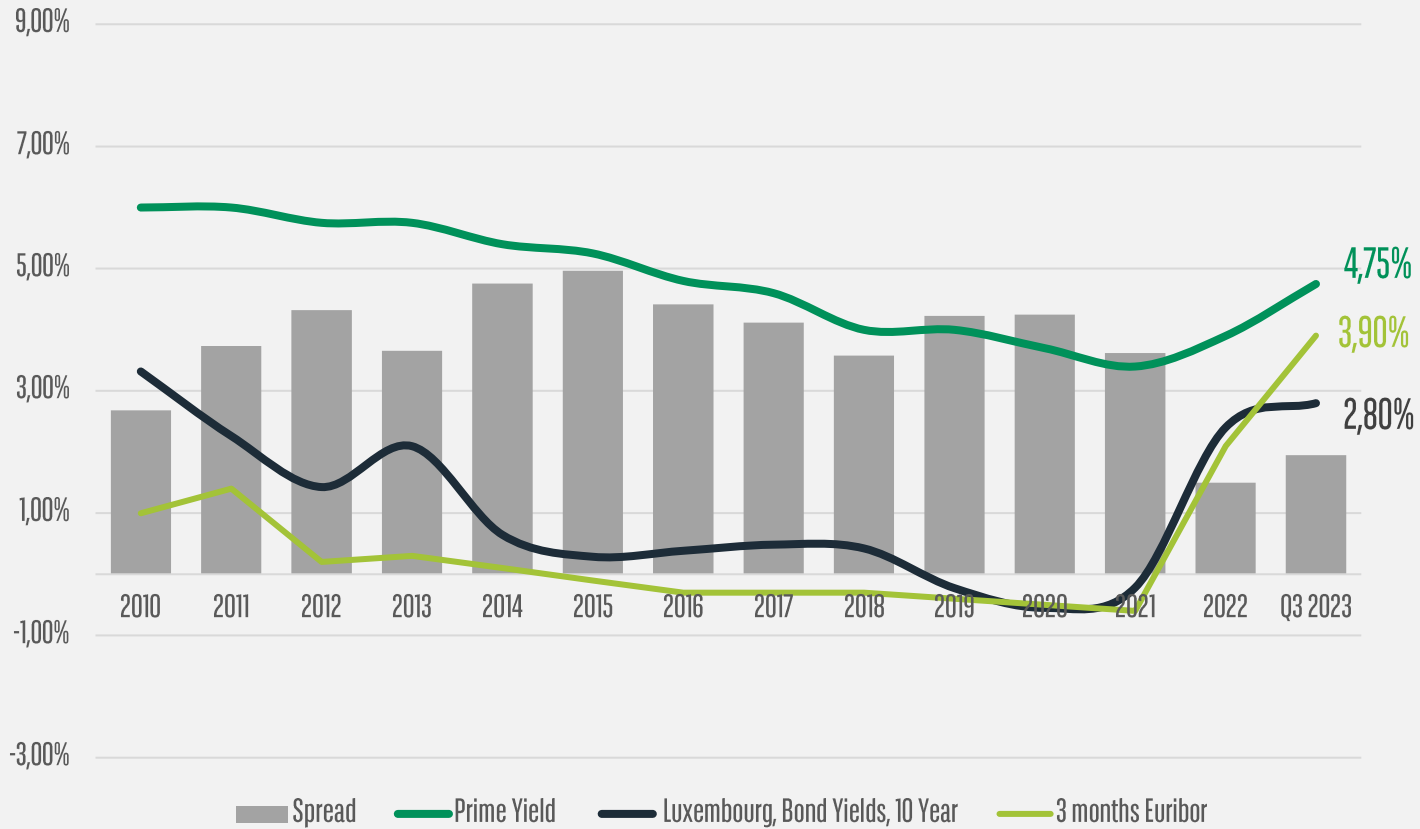
Surfaces: 35,000 sqm  
Investor: BPI and KPMG





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