

RESEARCH

MARKET PRESENTATION

LUXEMBOURG OFFICE MARKET | Q1 2024

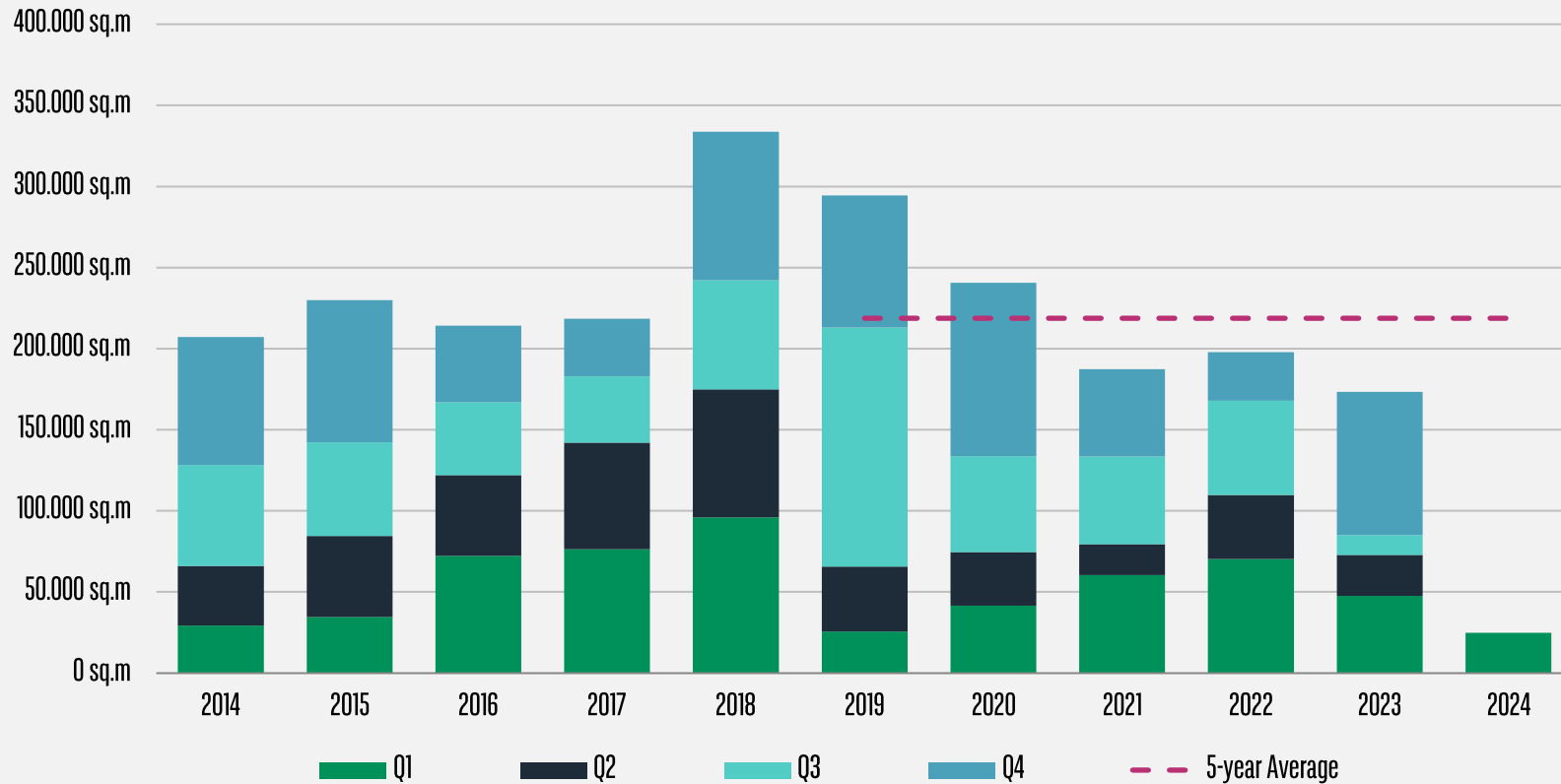
APRIL 2024



CHAPTER 1

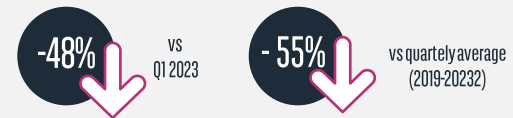
OCCUPIER MARKET

VERY WEAK START



24,900 sq.m

recorded over the first three months



LARGEST DEALS IN Q1 2024

LETTING

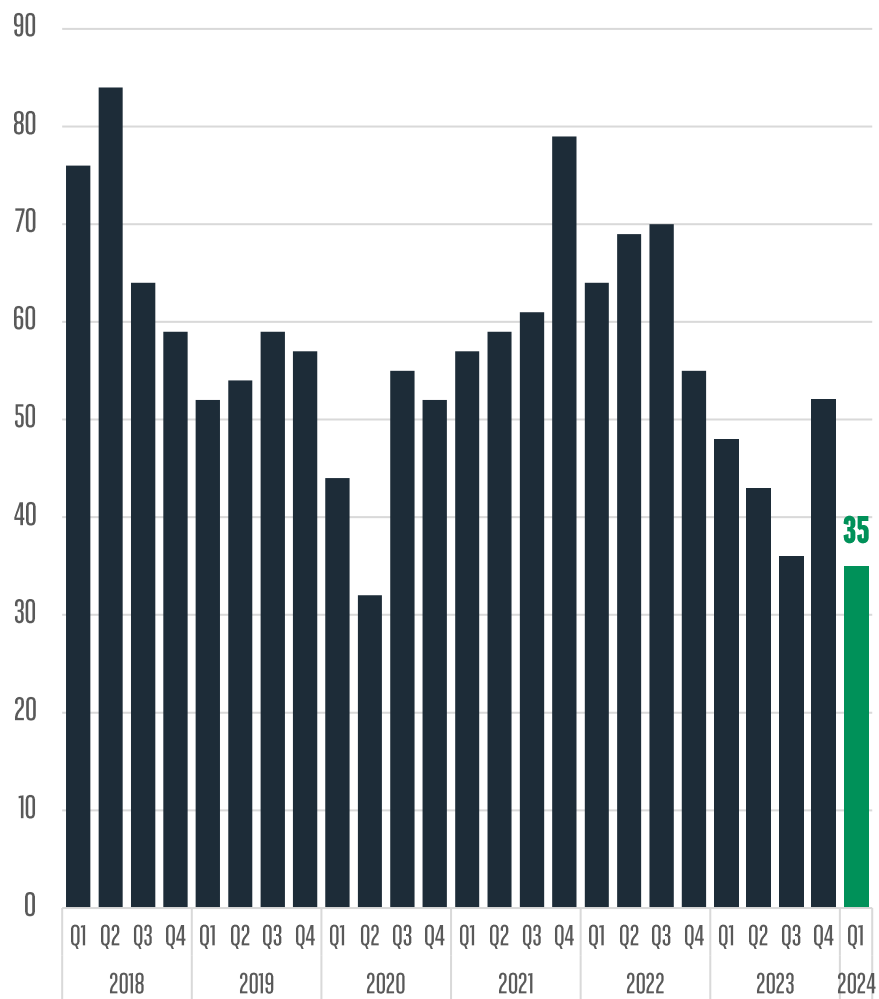
LUXEMBOURG STATE

LES TERRES ROUGES | ESCH-BELVAL

9,990 sq.m



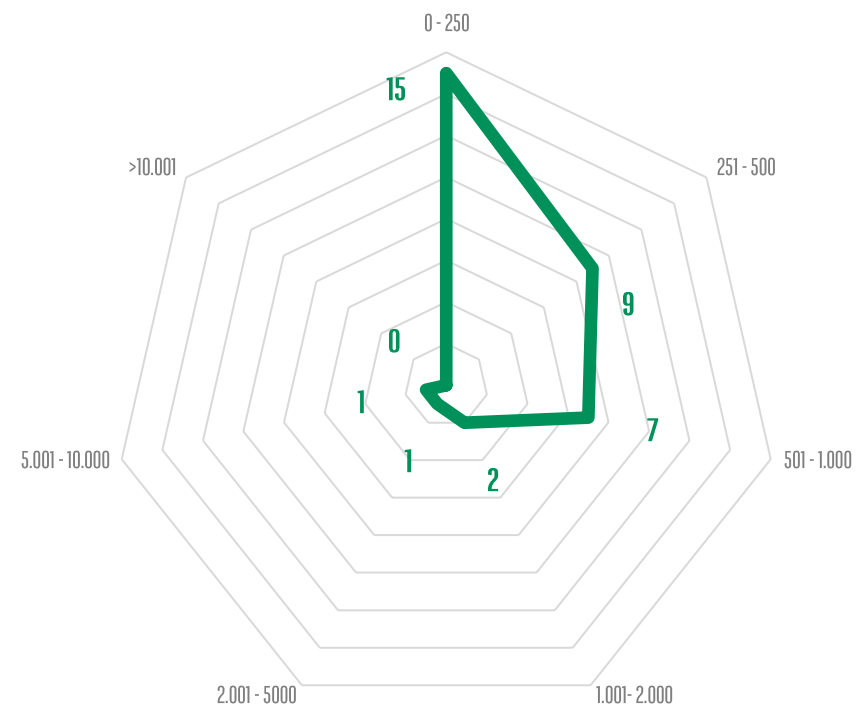
STILL DRIVEN BY SMALL-SIZED TRANSACTIONS



TRANSACTIONS
RECORDED



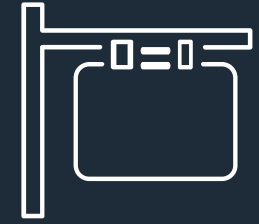
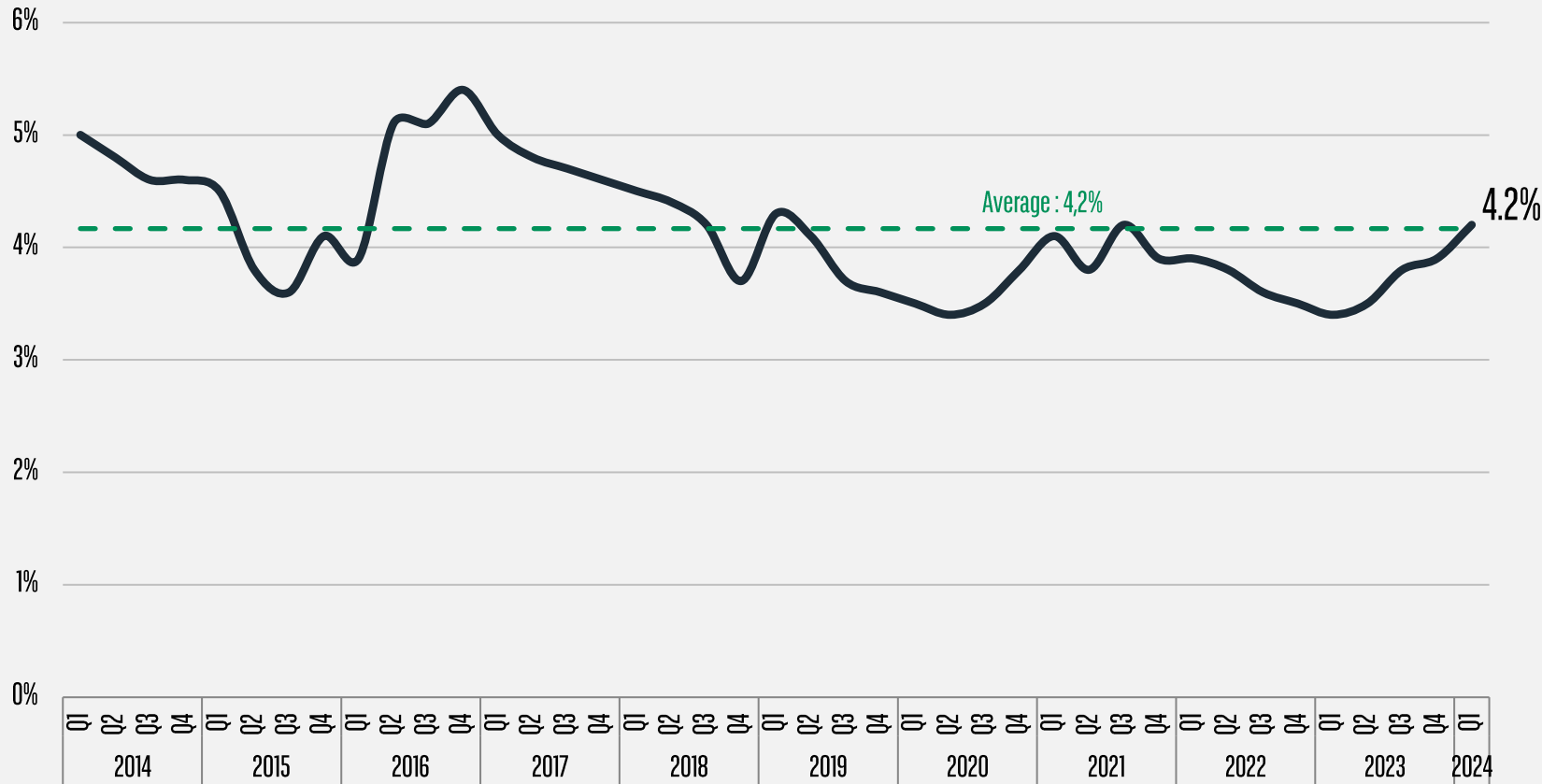
AVERAGE SIZE : 711 sq.m



MAIN TRANSACTIONS RECORDED

| Date | Tenant | Type of transaction | Offices Size (sq.m) | Address | Building Name | Area |
|---------|--------------------------------|---------------------|---------------------|---------------------------|----------------------------|--------------------|
| Q1 2024 | Luxembourg State | Letting | 9,910 | Porte de France | Les Terres Rouges F | Esch-Belval |
| Q1 2024 | PwC | Letting | 2,054 | Boulevard F.W. Raiffeisen | The Emerald | Cloche d'Or |
| Q1 2024 | IWG | Letting | 1,563 | Route de Trèves | Moonar | Airport |
| Q1 2024 | Fisher Investments Luxembourg | Sub-letting | 1,364 | Avenue John F. Kennedy | K2 Ellipse | Kirchberg |
| Q1 2024 | Commerzbank Finance &CB | Letting | 997 | Rue Jean Monnet | IJK | Kirchberg |
| Q1 2024 | Scottish Widows Europe | Letting | 851 | Rue Albert Borschette | K2 Forte 2 | Kirchberg |
| Q1 2024 | FB tech S.A. | Letting | 752 | Rue Jean Fischbach | Neiuisen | Leudelange |
| Q1 2024 | ARENDT & MEDERNACH S.A. | Letting | 669 | Rue de Noertzange - Kayl | | Southern Periphery |
| Q1 2024 | Opportunity Business Center SA | Sub-letting | 629 | Rue Robert Stumper | The Fluke | Cloche d'Or |
| Q1 2024 | DF Holding SA | Letting | 568 | Avenue de la Liberté | Alib | Station |
| Q1 2024 | SFEIR BENELUX S.A. | Letting | 561 | Avenue de la Liberté | The Arc | Station |
| Q1 2024 | 3S MONEY | Letting | 500 | Boulevard Royal | Forum Royal | CBD |

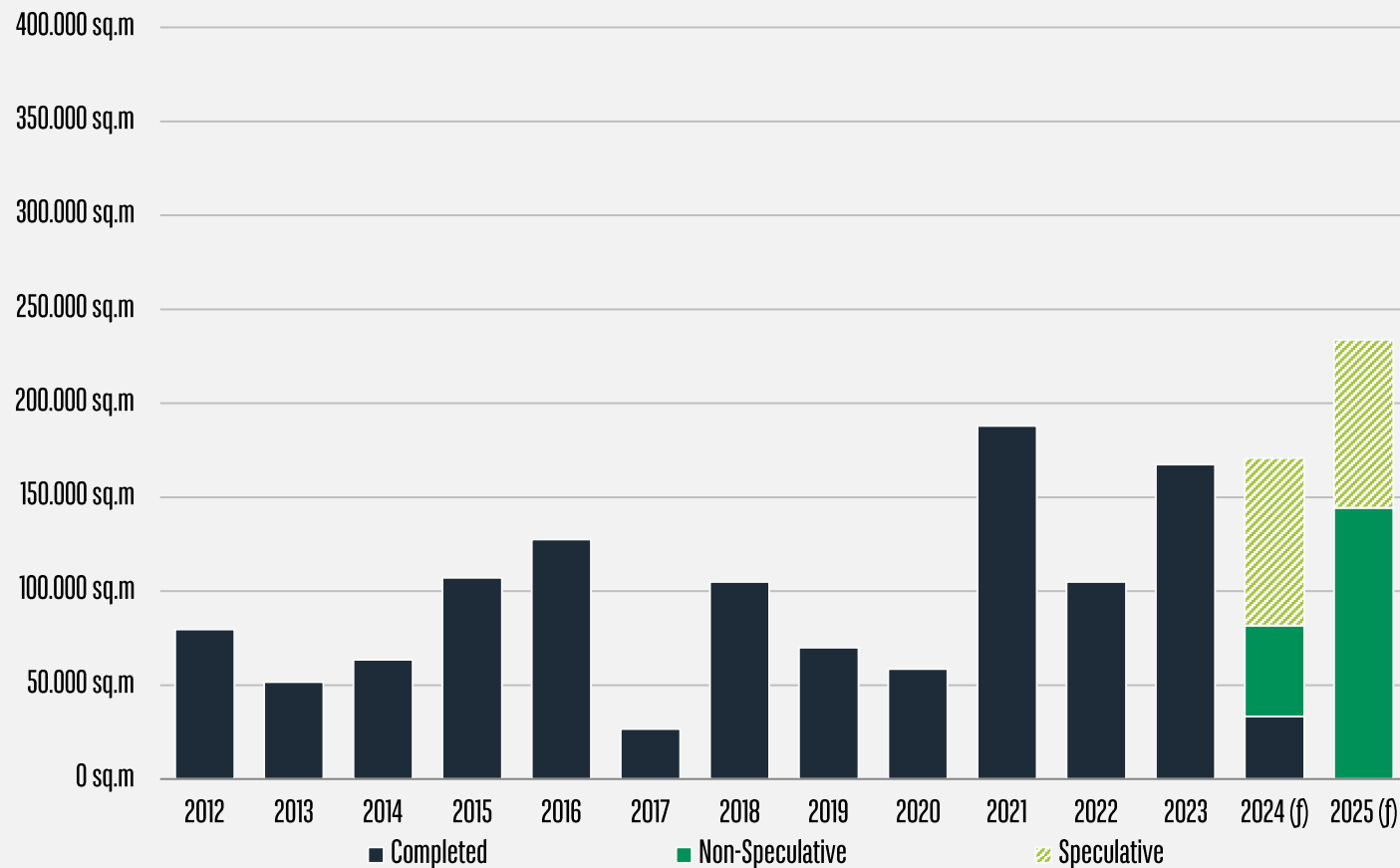
INCREASE LED BY VACANT SPACE RELEASED INTO THE MARKET



4.2%

vs 3.4% in Q1 2023

PIPELINE OF PROJECTS



Q2 -Q4 2024



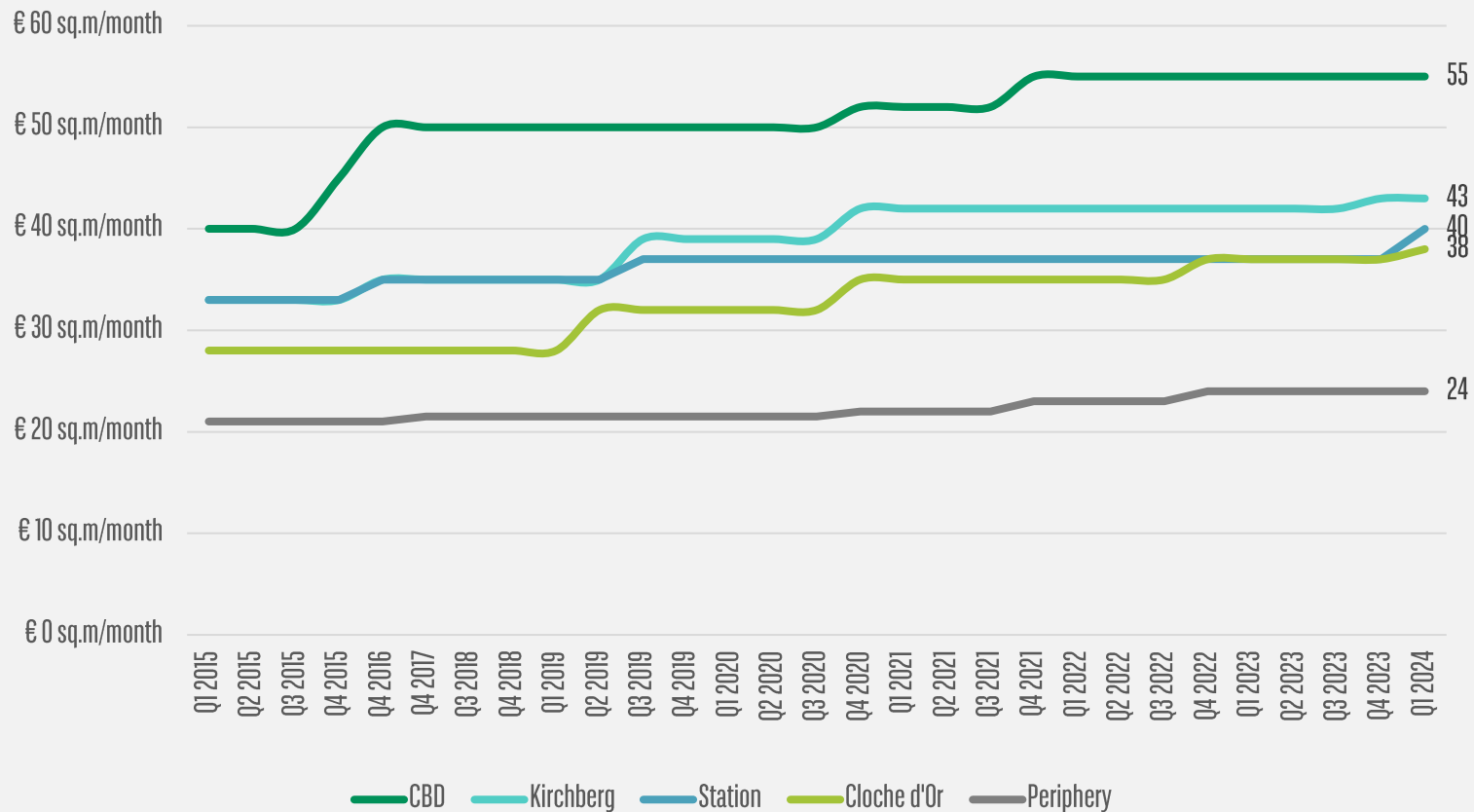
Of which 36% are only pre-committed

FY 2025



Of which 72% are already pre-committed

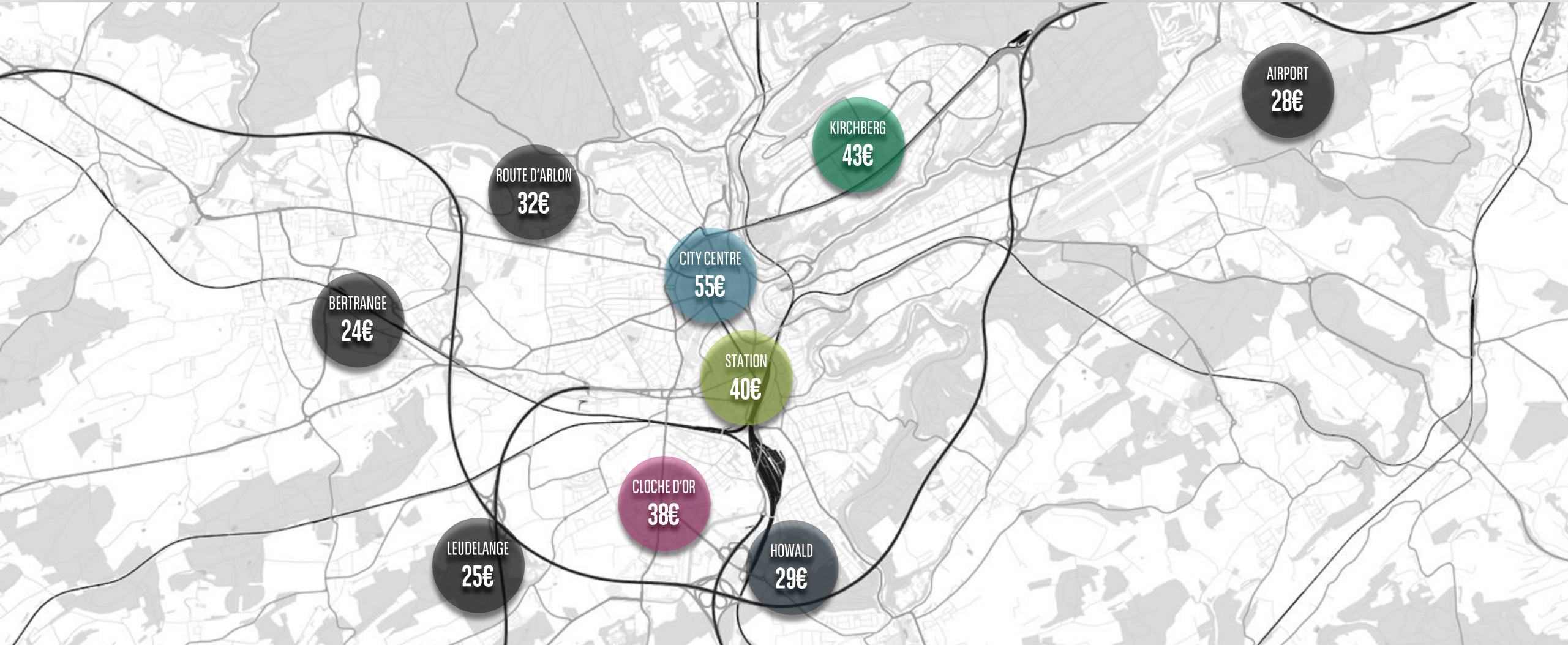
REMAIN UNCHANGED



€55

PRIME RENTS ARE STABLE BUT UNDER UPWARD PRESSURE

BY OFFICE DISTRICTS

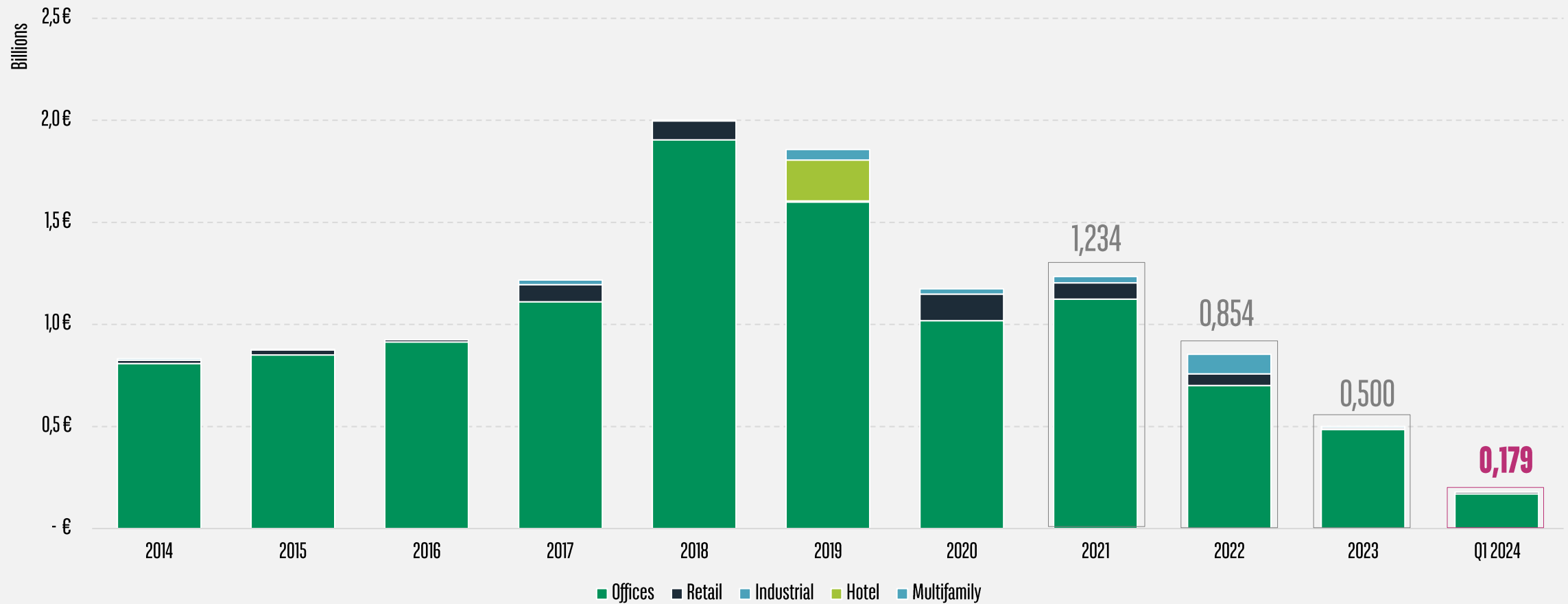




CHAPTER 2

INVESTMENT MARKET

A BENCHMARK DEAL



* Excluding land and acquisition for own-occupation

LARGEST DEALS IN Q1 2024

ROYAL PARK | CBD

SURFACE : 10,500 sq.m

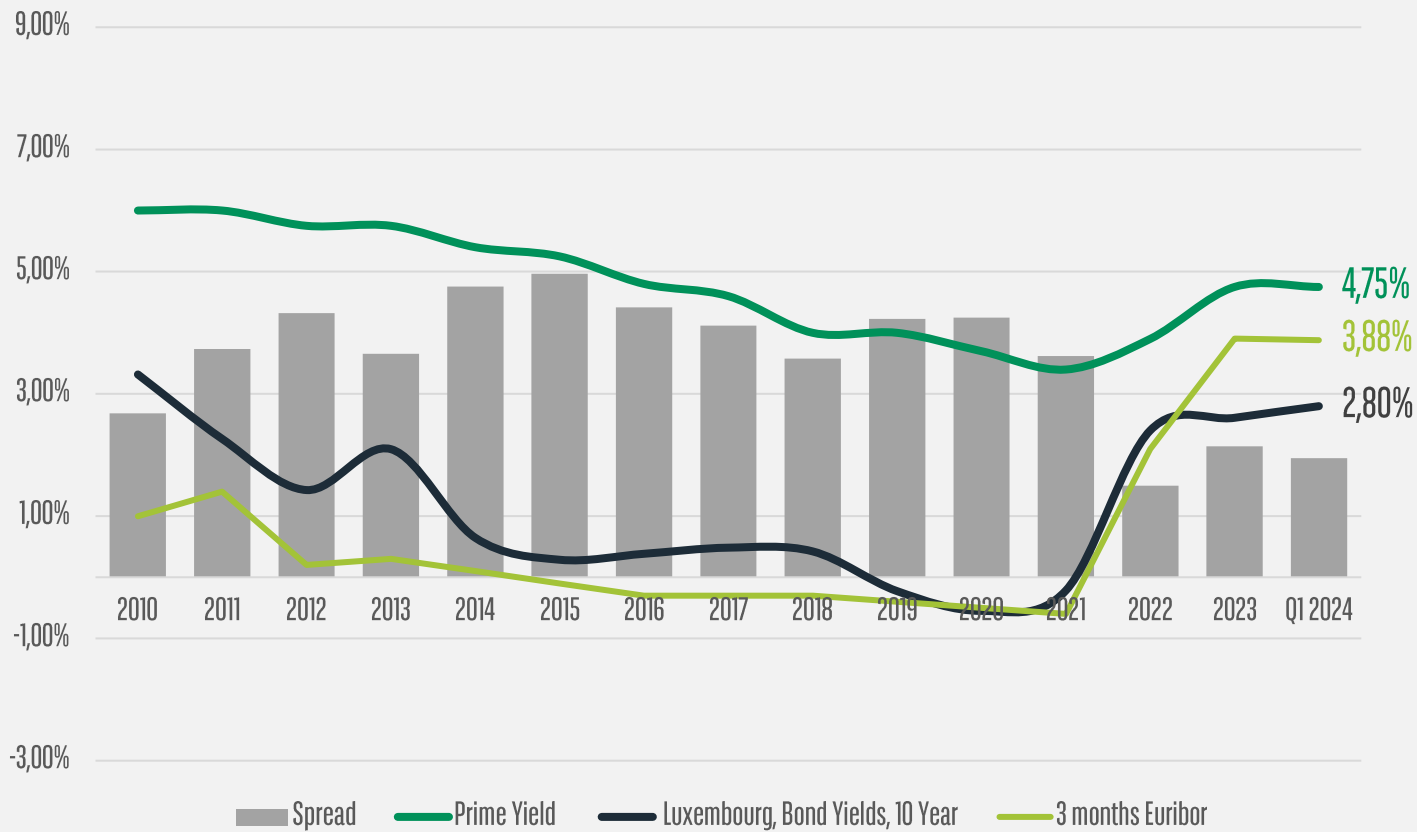
INVESTOR : Spanish private investor

INVESTMENT VOLUME : € 170M

YIELD : 4,75%

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