

Belgium Office Occupier Cost Guide 2024



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Belgium Office Costs 2024

Office occupation costs in Belgium can be considerably different across regions, communes and submarkets. In this report, we will give a brief overview of all costs associated with occupying an office building.

OFFICE OCCUPATION COSTS

Office occupation costs consist of expenses related to renting an office space. These costs include rents on offices, archives and parking spaces. But also taxes and service charges will further increase the total occupation cost of an office space.

Additional costs can be office design & build expenses such as fit-out costs and furniture.

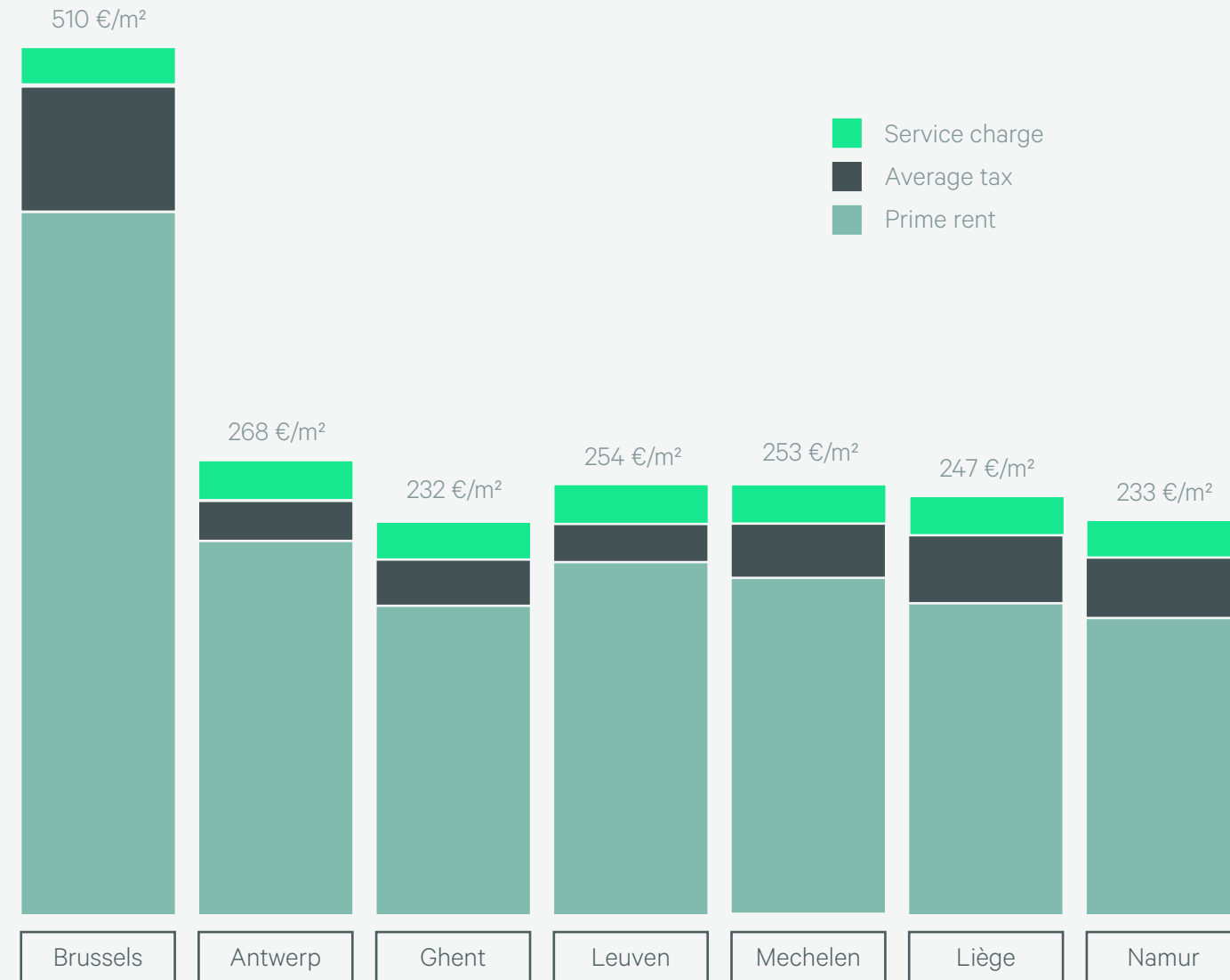
510 €/m²

For prime office space in Brussels, the total occupation cost amounts to 510 €/m²/year



Office occupation costs per city for the best office space at the best location (excl. fit-out costs and furniture)

Source: CBRE Belgium



BRUSSELS IS THE MOST EXPENSIVE

It is no surprise that Brussels is by far the most expensive office location in Belgium. In the European Leopold district, rents up to 400 €/m²/year are paid for the best and newest office space. On top of that, office taxes are much higher in Brussels and can amount to 80 €/m² in certain communes.

Please note however that cheaper office space can be found in Brussels. Besides the more expensive central business districts, office rents tend to be more affordable in the decentralised and peripheral communes in and around Brussels. Also, older office space will trade at lower rents. Average office rents in Brussels are closer to 185 €/m²/year.

Yet, office taxes will always be high in the Brussels Capital Region. In the Flemish and Walloon communes just outside of the Brussels Capital Region, taxes are easily 50 to 75% lower. This explains partly why a lot of international companies like to have their headquarters just outside of Brussels.

185€/m²

Average office rents in Brussels are closer to 185 €/m²/year

REGIONS ON THE RISE

While significantly cheaper than Brussels, offices in the Belgian regional cities are becoming more expensive as well.

Almost all cities have seen office rents increase in the last two years. This is especially true for new, sustainable and well-located offices. In Antwerp, such offices trade at 200 €/m²/year. And new prime rents were obtained in Leuven (195 €/m²/year) and Mechelen (185 €/m²/year) in recent months. Ghent looks atypically cheap today at 175 €/m²/year, but it can be expected that a new sustainable office building in the city-centre would be commercialised at a higher rent.

The Walloon cities tend to trade at somewhat lower office rents, but do have higher office taxes on average.

200€/m²

In Antwerp, the best offices trade at 200 €/m²/year or slightly higher.

Office rents

QUALITY OFFICE SPACE IS LIMITED

Office rents in Belgium are experiencing significant increases. This is due to limited new development and low availability of quality office space.

While ESG requirements have become more stringent, inflation has resulted in escalated construction costs and higher financing costs for developers and landlords. In turn, developers and landlords require higher rents.

The scarcity of quality space has lessened the importance of rents in the decision-making process of choosing new office spaces. Instead, finding the right space in the correct location has become a higher priority, particularly for large corporates.

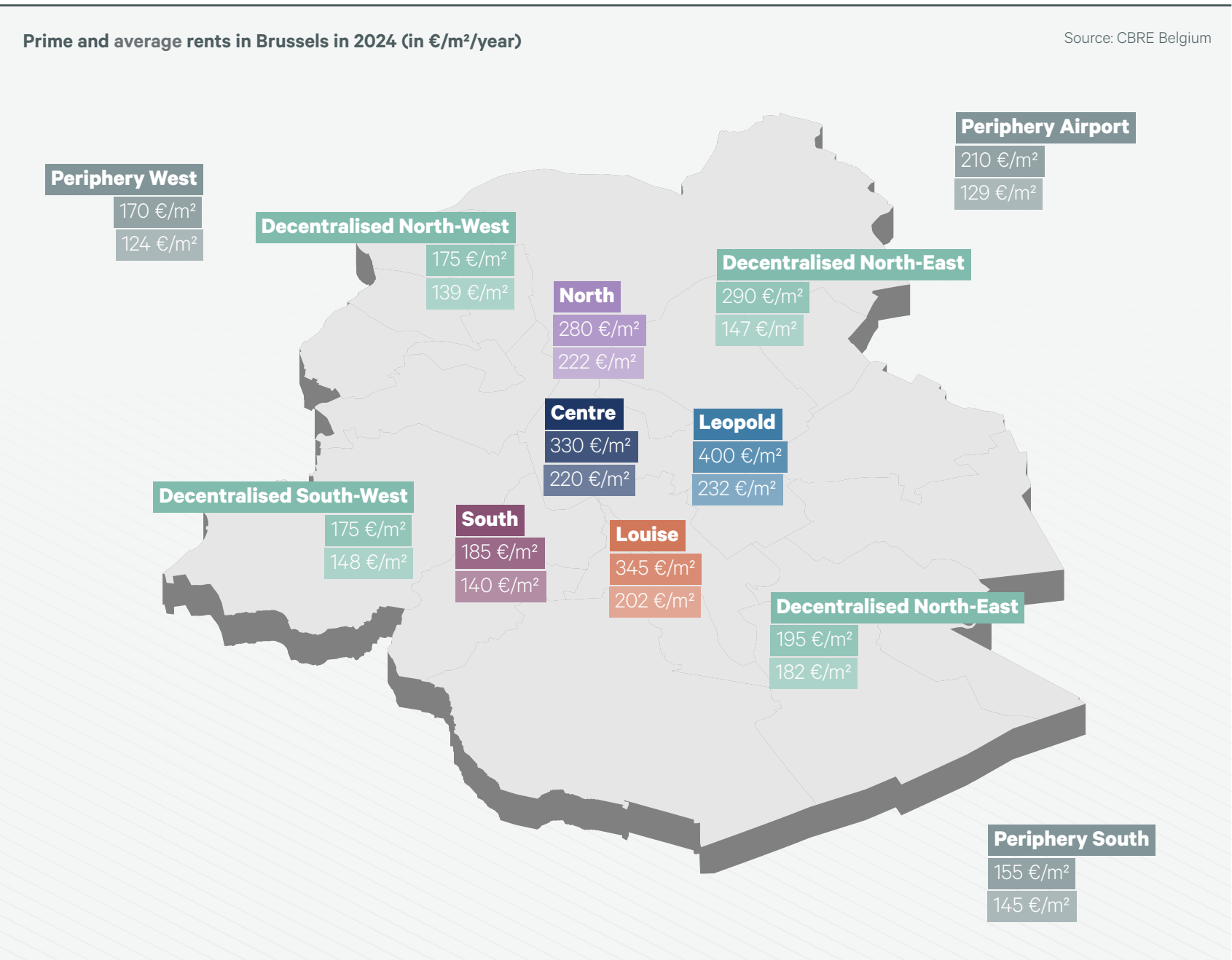
This shift has also led to renegotiations in good quality buildings and locations maintaining rental levels, as businesses opt to secure their current spaces when suitable alternatives are not available.

All over Belgium, prime rents for office space have seen double-digit growth since the end of 2022. Average rents, on the other hand, have stabilised.

Prime and average rents in Belgian cities in 2024 (in €/m²/year)

Source: CBRE Belgium





NEWER BUILDINGS ARE MORE EXPENSIVE

Newer buildings typically perform better in terms of rental performance compared to older buildings, primarily due to their alignment with ESG standards. Newer buildings often incorporate energy-efficient systems, use sustainable materials, and have designs that promote social well-being, all of which are key components of ESG. These factors are more costly to build and can attract more tenants, leading to higher rental income.

400€/m²

Brussels tops the list with prime office rents at 400 €/m²/year.

In contrast, older buildings often require renovations to meet current ESG standards, which can be costly and time-consuming. Keeping the current tenants by renegotiating and extending their lease at stable or slightly lower rents is therefore an often preferred strategy.

RENTAL VALUES FOR OFFICES PER CITY

In terms of office rents in various Belgian cities, as of 2024, Brussels tops the list with prime office rents at 400 €/m²/year. Antwerp follows with 200 €/m²/year, and Ghent has a prime rents of 175 €/m²/year. Lastly, Liège and Namur have the lowest rents, at 170 €/m²/year.

In each of these cities, average rents tend to be significantly lower. By compromising on age, amenities or energy efficiency, lower rents can be negotiated. Also location is an important indicator to determine rents. In each city, offices tend to be considerably cheaper outside of the city's central business hub. As a result, it should not be too difficult to find office space in each price range.

RENTS ON ARCHIVES

Digitisation has significantly reduced the need for physical archive space in office buildings. With the advancement of technology, documents are increasingly stored in digital formats, eliminating the need for physical storage in basements or other archive spaces. This shift not only conserves space but also leads to significant cost savings, as archive space typically trades at 50% of office rent.

50%

Rents paid for archives are usually estimated at 50% of the office rent per square meter.

RENTS ON PARKINGS

As for parking spaces in office buildings, they remain an integral part of office infrastructure and are typically proportionally distributed to tenants.

They serve as a convenience for employees and visitors, potentially increasing the appeal of the building. However, the need for parking spaces may vary depending on the location of the office and the prevalence of alternative transportation methods.

In turn, centrally located office buildings will have fewer underground parking units (1 unit per 100 to 200 m²). More parking units might be available in peripheral locations, with 1 parking unit per 40 to 80 m² of office space.

In the city-centre of Brussels, an underground parking space will cost up to 2,500 €/unit/year. Parking space in suburban office parks will be lower at some 1,300 to 1,600 €/unit/year.



Taxes on office space

In this analysis, CBRE uses a set of 218 office buildings in Belgium, to calculate the fiscal pressure on office space per commune, per submarket and per Region.

In Belgium, taxes on offices vary widely per commune and region. Local authorities depend largely on these taxes for funding. As a result, important differences have emerged between urban and suburban areas, or between regions.

Taxes on office space have increased considerably in recent years. This is partly through inflation and indexation, but also because of higher tax rates and struggling communes searching for new or higher income streams.

As such, the differences on a local level are huge. Office taxes vary from as low as 10 €/m²/year in peripheral office submarkets to as high as 80 €/m²/year in some Brussels communes.

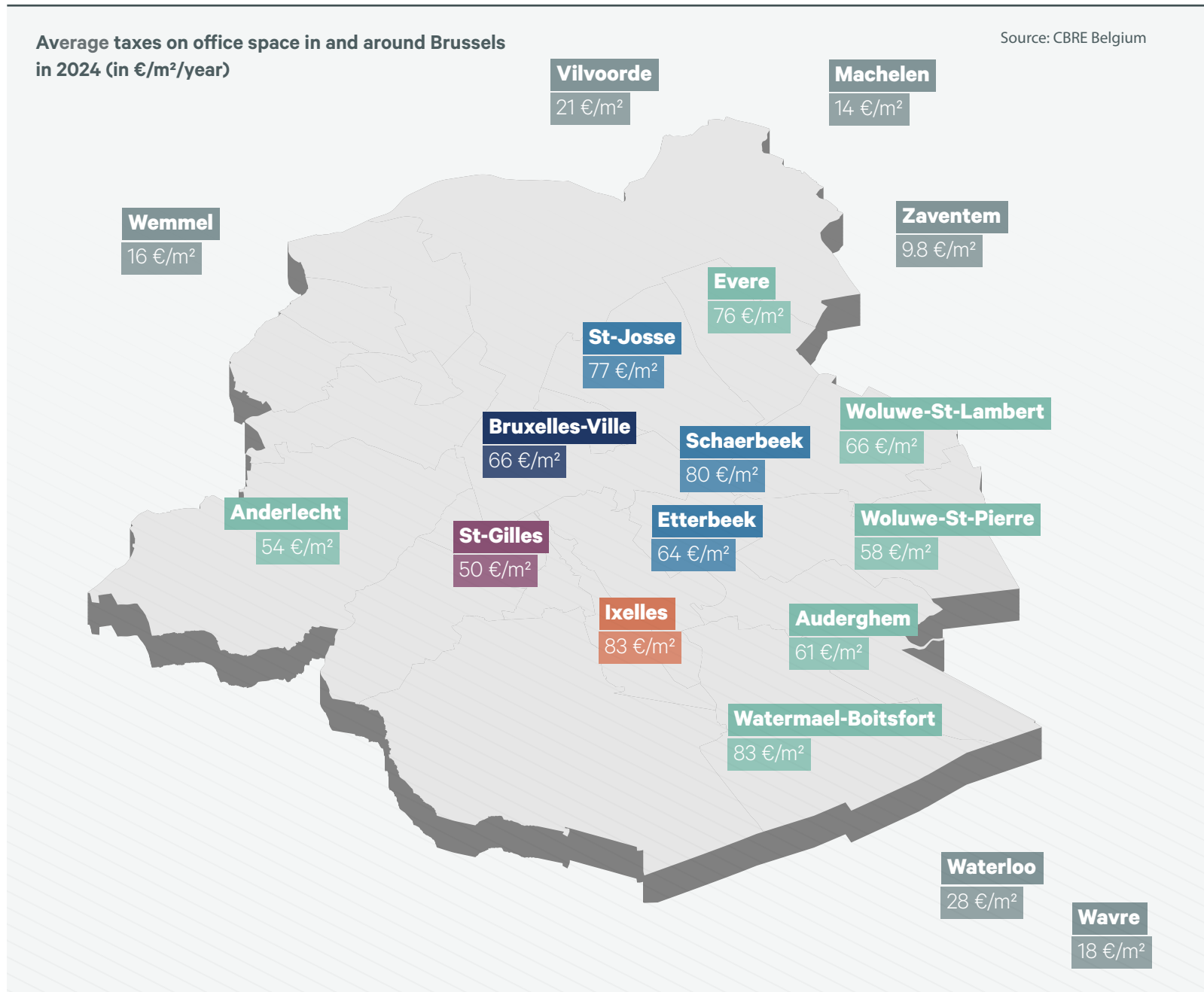
218

CBRE uses a set of 218 office buildings in Belgium, to calculate the fiscal cost

Average taxes on office space in Belgian cities in 2024 (in €/m²/year)

Source: CBRE Belgium





PRÉCOMPTE IMMOBILIER / ONROERENDE VOORHEFFING

Real estate taxes (précompte Immobilier or onroerende voorheffing) are paid on the assumed rental income (revenu cadastral or kadastraal inkomen) of a building, annually indexed to the health price index. The tax rate (centimes or opcentiemen) is charged by the region, province and commune. The tax rate can therefore vary significantly in between location.

This tax rate is applicable to all real estate, not only offices. For professional real estate (offices, retail, logistics, ...), this tax is typically transferred to the tenant for payment.

For some buildings in Brussels, the précompte immobilier or onroerende voorheffing can be as high as 60 €/m²/year.

80 €/m²

Office taxes vary from as low as 10 €/m²/year in peripheral office submarkets to as high as 80 €/m²/year in some Brussels communes

OTHER TAXES ON OFFICE SPACE

Regional and local governments can levy additional taxes on office space. These taxes are typically paid by the landlord and reinvoced to the tenant.

Taxes are considerably higher in the Brussels Capital Region, mostly due to extra fiscal charges made by the Region and local communes. The Brussels Region charges a regional office tax of 10.6 €/m²/year. A communal tax on office space varies per commune. In Brussels, this ranges from 9 €/m²/year in Auderghem to 27 €/m²/year in Saint-Josse and Ganshoren. Five communes within the Brussels region charge an additional tax for parking spaces. In Ixelles, this amounts to 337.5 €/parking.

Taxes are considerably lower outside of Brussels, in both Flanders and Wallonia. In Walloon-Brabant, a similar office tax (7.5 to 8.6 €/m²/year) is charged in Waterloo, Braine-L'Alleud and La Hulpe. A number of communes in Flanders do the same, but at or below 1 €/m²/year.

Service charges

The tenant pays service charges to the landlord for operating and maintaining the office building.

Service charges cover:

- Maintenance of technical equipment, including air conditioning and elevators
- Building management fees & property insurance
- Cleaning of common areas, such as hallways, stairwells, and windows. And waste removal.
- Reception, security & access control. Especially
- Electricity for common areas, for which the tenant

pays its proportional share. But often, also private charges are included if individual measurement is not possible.

Belgian law prohibits the landlord from recovering more than the actual cost incurred in providing these services from tenants. The law requires the landlord to provide the tenant with invoices upon request. Service charges are therefore adjusted at the end of the year once actual costs are known.

On average, service charges vary in between 37 and 69 €/m²/year.

Average service charges for an office building in Belgium

Type of service charge	Cost
Technical maintenance	10 - 18 €/m ² /year
Property management & insurance	6 - 9 €/m ² /year
Cleaning & waste	6 - 9 €/m ² /year
Reception, security & access control	3 - 15 €/m ² /year
Utilities (including private useage)	12 - 18 €/m ² /year
Total of service charges	37 - 69 €/m²/year



Fit-out costs

All offices in Belgium come in shell open-space condition with unfinished interior. The tenant has to customize the office interior in terms of fit-out, furniture and technology.

Depending on the type of strategy a company has, some floor types are more favourable than others. An important factor is the total time that will be spent working in the office, expressed in days per week.

If a company opts for having its employees working in the office at least three days per week, the office should be equipped with workstations and breakout rooms. If the office is more of a destination for remote workers, a different concept might be more suitable.

In Belgium, fit-out costs range from 1,050 €/m² to 1,650 €/m² for activity space layout, from 1,000 €/m² to 1,600 €/m² for the team space layout and from 1,750 €/m² to 2,500 €/m² for the event space layout.



ACTIVITY SPACE

The Activity-based space provides a design focussing on the individual worker. This layout is similar to agile floor plans and the "office as an attractor concept". It allows for solo working, including workstations and breakout rooms. It also enhances collaboration areas and fewer workstations compared with typical agile layouts.

In Belgium, fit-out costs range from 1,050 €/m² to 1,650 €/m² for an activity space layout.*



TEAM SPACE

The Team-based focusses on effective and flexible working. This layout is a form of collaborative agile space, offering a middle ground between the "Office as an Attractor" and "Office as a Destination" concept. There is a focus on team-based/collaborative working in breakout rooms areas as well as temporary and fixed meeting room spaces. This type of floor is highly adaptable to meet requirements of fixed teams.

In Belgium, fit-out costs range from 1,000 €/m² to 1,600 €/m² for an activity space layout.*



EVENT SPACE

Event floor plans align with the "Office as a Destination" concept, where staff come to the office for a one-off occasion, such as a town hall or client meeting. The focus here is to create a town hall style, all-hands areas and client reception areas. Similar to the team space, event office space has highly adaptable meeting room spaces and limited working stations.

In Belgium, fit-out costs range from 1,750 €/m² to 2,500 €/m² for an activity space layout.*

* The above fit-out costs are based on Gross Lettable Area, as is market practise in Belgium.

In the CBRE Global Office Fit-Out Cost Guide 2024, fit-out costs tend to be more expensive, as Net Useable Area (NUA) is used for international comparison.

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