

# Waiting for new projects



Patrizia Tortolani,  
Economist - MRICS  
de Crombrugge & Partners



Pascal Vanhumbeeck  
Consultant  
de Crombrugge & Partners

**The Antwerp office market is the second largest office market in Belgium after Brussels. Total stock is estimated at around 1,900,000 m<sup>2</sup> (excluding Mechelen) representing around 10% of total Belgian office stock. The Antwerp port activities and international trading hub for diamonds are both important economic drivers. The decision to build the Oosterweel connection should help to solve the numerous mobility issues but the final planning for the realisation isn't clear yet and works could last for almost a decade. In the meantime, the city risks losing attraction due to the lack of new appealing projects and the increasing mobility problems.**

After a poor performance in 2012 the Antwerp take up level declined further from just above 100,000 m<sup>2</sup> in 2012 to around 80,000 m<sup>2</sup> in 2013. A fall of almost 20%. It was only thanks to a very busy last quarter that Antwerp managed to stay ahead of Ghent. In general all regional cities except Ghent were confronted with a fall in take up. In Antwerp most of the take up was situated in the Ring district (40%) followed by the centre (27%). The Port area and periphery had an equal share of around 15%.

In the city centre hardly any transactions above 1,000 m<sup>2</sup> were observed. The largest transaction in the Ring district was the letting by Argenta of 3,300 m<sup>2</sup> at the 'Veldekens' near Berchem station. In total owner Wereldhave Belgium has now managed to rent more than 5,200 m<sup>2</sup> spread over several building in this office park. The largest letting transaction in the periphery was completed in Kontich where Veritas rented 3,320 m<sup>2</sup>.

Purchases for own use was a trend, alongside regular letting transactions. The purchase of **Stadswaag 6** (around 4,000 m<sup>2</sup>) by the International Academy of Film and Television in the centre district and the purchase by Scouts en Gidsen Vlaanderen (3,300 m<sup>2</sup>) in the Ring district are two examples.

## Investments

The largest investment transaction on the Antwerp market was clearly the acquisition of the Amca building by Befimmo. This large scale office building of almost 55,000 m<sup>2</sup> offices and 5,000 m<sup>2</sup> of archives dates from the early nineties. It is fully occupied by the financial federal administration for a remaining duration of 16 years and represents an investment volume of

110 million Euros. In the center district Baloise Insurance bought the **Kievit II** office building, currently under construction and pre-let to Electrabel, for an estimated € 30.000.000. In the periphery Banimmo sold its property at the Prins Boudewijnlaan to a private investor. The 5.400 m<sup>2</sup> office building with related mixed use space of 1.500 m<sup>2</sup> was acquired by Banimmo in 2007 and later renovated.

## Stable vacancy thanks to re-conversion and few new projects

The limited development and take up levels appear to balance each other, causing little movement in the relatively high vacancy rate (around 11%). Several elements point to a possible decline in vacancy over the coming years.

Firstly, no additional deliveries are expected on the market in 2014. Projects currently under construction are for own occupation (**Port House** and **Province House**) or pre-let (**Kievit II Electrabel**).

Secondly, it can be observed that, just as in Brussels, some older office buildings that don't meet the criteria for modern office space are to be transformed, if possible, to a residential destination. The current offices of Electrabel situated on the Mechelsesteenweg (some 15,000 m<sup>2</sup>) and the '**Tolhuis**' building (16,000 m<sup>2</sup>) on the banks of the Schelde in the area of the MAS museum are both likely to receive a new residential destination as they were bought by the residential developers LIFE and Immogra Project Development. The Desguinlei 100 '**Mercator Building**' (14,000 m<sup>2</sup>), currently used by the Antwerp Province before moving to their new offices, and bought by Banimmo at the end of 2013, will also be transformed to a residential building.



As a result some 45.000 m<sup>2</sup> will disappear from office stock. In many cases this is a logical choice when considering the life cycle of the building and the enormous renovation costs on one side, and the uncertain office demand on the other. Although the situation is completely different, as no building exists, the **Louise Marie project** at the Desguinlei will probably be developed as a residential project instead of the planned office tower. It is a sign that developers believe more in the growth of the residential market as more housing is needed to meet the increasing population in urban regions such as Antwerp.

### Projects pipeline

Based on the vacancy rate it may be believed that no new developments are necessary but this overall figure needs some nuancing as most of the supply is often located in older buildings that don't meet current expectations, either in the field of possible tenants or in the field of current environmental building standards. New projects are needed but as no speculative developments are underway the market remains in stalemate. The limited number of projects under construction at the moment are either pre-let, or for own use. But there are also several future developments in the pipeline of which some could be developed in the short term

Of the three construction areas in the Kievit II project zone, the 15.000 m<sup>2</sup> site on the corner of de Plantijn en Moretuslei and Van Immerseelstraat is the most attractive. It lies barely 400 meters from the entrance to the station. Currently rising out of the ground here is an 11-storey office tower which will be the new home of Electrabel. A second tower will host 34 apartments and a public ground floor. Baloise Insurance has bought the Kievit II office building pre-let to Electrabel for an estimated € 30.000.000.

## Brief overview of real estate developments per district.

### Port

*Area situated north of the center, beginning at the 'Eilandje' and on to the current port via the Noorderlaan*

- No large scale office projects on the way.
- Limited office development can be observed within some residential developments such as het Eilandje, the **Cadiz project** offering 18 office units for a total area of 5,771 m<sup>2</sup>.
- Despite some discussions regarding technical issues, construction of the new spectacular **Antwerp Port House** (more than 10,000 m<sup>2</sup> of office space) continues. Works should be finished by the end of 2016.
- In the same area, at **Park Spoor Noord**, large scale public buildings are being developed, more specifically two high

schools are under construction (**Artesis Plantijn University College**) and in the period from 2014-2018, a new hospital (**ZNA**) will be built.

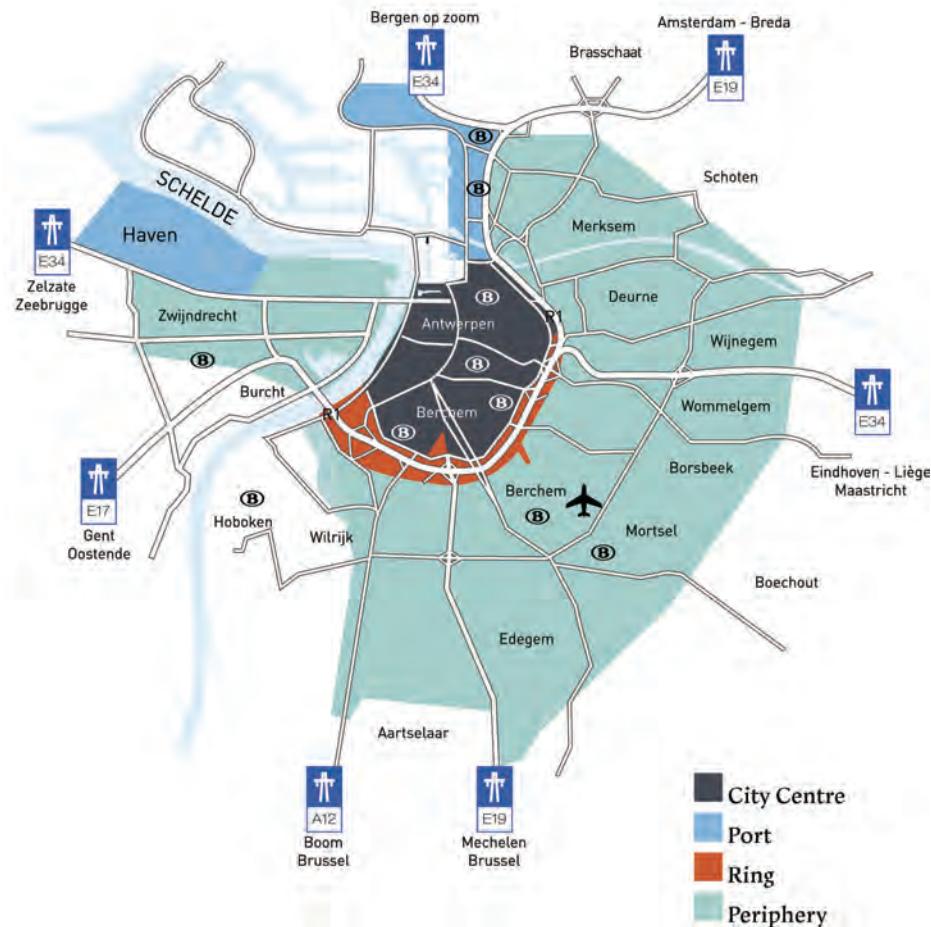
### Center

*Area situated inside the inner ring road (Singel) adjacent to the port zone in the north*

Two main developments are located in this zone:

- Firstly the construction of the new Electrabel Antwerp headquarters (**Kievit II**) next to Antwerp Central station. The project consists of two towers, one office tower of 11,000 m<sup>2</sup> and one residential building, constructed on a common podium unit at ground level. Next to it, additional mixed developments are planned in the future.

### The business districts of Antwerp



The business districts on the map represent the classification used by Jones Lang LaSalle

© Jones Lang LaSalle

The market is geographically divided into 4 main zones: Port, Centre, Singel (Ring zone) and Periphery. With a stock of some 1,900,000 m<sup>2</sup> excluding Mechelen, Antwerp is the second largest office market in Belgium with 10 % of the total national market.

Vacancy currently stands at around 11 %.

Prime rents in a range of €135 /m<sup>2</sup>/year to €145 /m<sup>2</sup>/year are paid in the centre and ring zones whereas in the port zone, depending on the quality of the buildings, prime rents are located at around €120 /m<sup>2</sup>/year.

- In the southwest of the centre zone and almost at the border of the Ring zone, the demolition of the old **Antwerp Province house** along the Queen Elisabethlei started in 2013. In the same place a new office tower (some 32,000 m<sup>2</sup>) will be constructed by the summer of 2017.

#### Ring / Singel

*Area extending along the city ring road and both sides of the Singel and Binnensingel*

Following the delivery of the **Onyx building** in 2013 two possible short term projects can be observed :

- City Link 2 & 3** by real estate developer Willemen consisting of two office buildings with a total area of 27,000m<sup>2</sup>. The project is expected to be completed once 60 % is rented. It will be one of the first projects in Antwerp to aim to be awarded a 'very good' label from BREEAM.
- X-Antwerp** (located near Antwerp-Berchem station) is an urban renewal project with a balanced mix of mainly office and school buildings, complemented by retail and leisure. The final Masterplan for the area, which is being developed in close cooperation with the city of Antwerp, is still under study.

It includes the development of 115,000 m<sup>2</sup> of above ground space (of which 48,000 m<sup>2</sup> of office space). The not-for-profit organisation Syntra, an organiser of training courses, has announced its intention to install its new campus at X-Antwerp. Construction works should start in 2014 and be finished late 2015.

Over the longer term possible extra office space may appear in the **Nieuw-Zuid** project area. For this mixed use development area the master plan allows for the possible development of 40,000 m<sup>2</sup> to 70,000 m<sup>2</sup> of supra-local accommodation or office space.

More to the south and almost on the periphery, limited office development is scheduled in the **Blue Gate** re-conversion project. In the project description there is an option for creating offices but in general this will be within a semi-industrial context.

### Periphery

*The area covering all other communes located around Antwerp, essentially to the south and west of the city and the left bank of the Schelde*

No new projects are expected in the short term but on the left bank of the Schelde a total new urban development area – **Regatta** – is under construction. At the border of this mainly residential project the master plan allows for the development of 40,000 m<sup>2</sup> of offices. If there is insufficient office demand the area can be used for residential developments. Up to now no specific office projects have been put on the market.

Pascal Vanhumbeeck  
Consultant ■

Patrizia Tortolani  
Economist, MRICS ■

de  Crombrugghe & Partners

## KIEVIT KANTOOR ANTWERPEN

[www.kievit-kantoor.be](http://www.kievit-kantoor.be)

- prime location - Antwerpen Centraal Station
- new development: 6000 m<sup>2</sup> to let
- bream excellent
- previous phase successfully let to GDF-Suez



EMMANUEL CEUSTERS

T: 03 231 88 76 - [emmanuel.ceusters@ceusters.be](mailto:emmanuel.ceusters@ceusters.be)



RALPH SCHELLEN

T: 03 212 15 90 - [ralph.schellen@eu.jll.com](mailto:ralph.schellen@eu.jll.com)

