



The 'Artevelde' stadium construction works are scheduled for completion in 2012. The master plan includes two ten-floor buildings with 28,000 m² of office space, with direct access to underground parking.

Ghent: huge investments in new projects

With a total stock of 1,36 million m², the Ghent office market represents the second office market in Flanders and the third in Belgium in terms of existing stock. The market can be divided into four districts : the centre, the northern region, the eastern region and the southern region.

The centre represents a share of ± 58 % of the stock (see chart). The southern district accounts for 25% of which one third is in recent buildings. The eastern district only represents 12% of the total stock, half of this being accounted for by the new buildings of the 'Zuiderpoort'. Although the centre represents the major share of the stock, we are observing a transfer from the centre towards the suburbs because supply of new buildings can be found in this area. These locations often enjoy better accessibility, and locations near the exits of the E40 and E17 are the most appreciated. Demand for central locations, where main occupiers are public administrations, architects offices, call centres or ICT firms, has decreased over the years. This is the main reason why more and more buildings are being converted into residential units.

Supply increases on average by 35.000 m² a year, which remains moderate as it represents less than 3 % of the overall supply. Taking into account current planned office projects, the stock is likely to rise by more than 275.000 m² during the next decade. This represents a stock increase of more than 20%.

Expected change in local domination

Local and regional companies currently dominate the office market, but this is likely to change in the future. For the past 2 years, an increasing number of companies from the Brussels region or from abroad have been choosing Ghent for their new headquarters. One of the reasons can be found in the absence of traffic congestion.

But the city is also investing huge amounts in new projects and in marketing campaigns to attract more regional and national companies. With one of its biggest projects ('The Loop') with a potential development of 552.500 m² of which 155.000 m² (offices) the City is even focusing on international companies. The strengths of Ghent are the presence of the university, the know-how industry and the port.

Four major zones

The marketing plan of the city defines four headquarter zones. The first one is the redevelopment of the area around **Ghent Saint Peter's railway station** where a total development of 82.000 m² is planned along the Fabiolalaan. The Flemish authorities decided in September 2010 to construct a new Flemish Administrative Centre in this zone with an area of 36.000m². They intend to use the office building at the beginning of 2014.

Second zone is '**The Loop**' (155.000 m² office spaces including the MG Tower), where the Flemish authorities decided in September 2010, to construct a new office building (7.500 m²) for the Flemish Environmental Agency (VMM), to be used as a centralized location for the field organisations of the VMM.

Alongside The Loop, as already mentioned, is the construction of the MG Tower, a project of the de Paepe Group situated at the St-Denijs-Westrem exit of the E40. This 24 floor high office tower will have a surface area of 23.500 m² of office space and will bring together the activities of KBC which are currently spread over several buildings in and around Ghent. The construction works started in March 2010 and are scheduled to be finished by mid 2012.

Even before the office buildings have been delivered, 25% of the 237.000 m² of the office space to be developed at The Loop and at Ghent Saint Peter's railway station has already been taken up.

The third zone is the '**Artevelde**' stadium, located at the intersection of the E17 and E40 motorways and the R4 ring road. This is a multifunctional modern project that consists of the following elements:

- a 20,000-seater, football stadium, with business seats, skyboxes, restaurants and other catering facilities, 14,000 m² of office space and 9,000 m² of retail space.



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- two ten-floor buildings with 28,000 m² of additional office space, with direct access to underground parking,
- 12,000 m² of retail space, to be occupied by a major store,
- a 150 room, three star residential unit for longer stays,
- 1,500 underground parking spaces.

Construction works on this multifunctional project have started and are scheduled for completion in 2012.

Finally, the town of Ghent in collaboration with AG SOB (a city development firm) intends to renew the whole area round the **Oude Dokken** in order to create 1.300 to 1.500 new housing units, leisure and green areas, office buildings (± 18.000 m²), and public amenities such as schools, sports hall and public library. The whole project will last approximately 10 to 15 years.

Low vacancy rate

During 2010, approximately 70.000m² of transaction volume has been registered on the Ghent office market. This figure exceeds the average volume over the past decade, which stands at around 44.000 m². This is the result of the three above mentioned major transactions on The Loop site and in the immediate vicinity of Ghent Saint Peter's railway station. Thanks to these transactions, the Ghent office market performed well last year.

The prospering Ghent office market is also reflected in the low vacancy rate, which has remained stable in comparison with 2009, counting for approximately 60.000m² or 4.4% of the overall office supply. But in the long term, this vacancy rate could rise if the market does not absorb the extra office capacity, created by new office development and also by occupiers who have decided to centralise their services (see KBC) or to reduce their occupation levels.

Relatively lower rates than elsewhere

Top rents vary around €140 / m²/year and medium rents around €110/m²/year. Up to now, the low levels of rents (lower than in some other Flemish cities), which bring with them very restricted negotiation margins for lessors and developers, explain the rarity of the new developments in Ghent. Future developments risk generating a downward pressure on the already low rental values. Nevertheless, these plans will be spread out over a period of more than 10 years, suggesting a volume of building which should remain in line with the yearly average.

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'Project Sofa': redevelopment of the area around Ghent Saint Peter's railway station with 82.000 m² of office spaces planned along the Fabiolalaan. The Flemish authorities decided in September 2010 to construct a new Flemish Administrative Centre (VAC) in this zone with an area of 36.000m². At the end of 2009, the developer Euro Immo Star organized an architecture competition: the architecture bureau Poponcini & Lootens has been selected to outline the design of this zone.

