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Belgium PropertyInsight

News and trends in the Belgian property market



CBRE
CB RICHARD ELLIS

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ECONOMICS

ECONOMIC INDICATORS FOR BELGIUM

	2005	2006	2007	2008	2009	2010 (e)
GDP growth	2,2%	2,8%	2,9%	1,0%	-2,9%	0,6%
Domestic demand	2,9%	2,4%	3,1%	2,3%	-2,0%	0,1%
Exports	3,9%	5,0%	4,5%	1,5%	-15,7%	1,4%
HICP (change)	2,8%	2,3%	1,8%	4,5%	0,1%	1,3%
Health index	2,2%	1,8%	1,8%	4,2%	0,8%	1,1%
Unemployment rate	8,5%	8,3%	7,5%	7,0%	8,2%	9,9%

ECONOMIC INDICATORS FOR EU-27

	2005	2006	2007	2008	2009	2010 (e)
GDP growth	2,0%	3,2%	2,9%	0,8%	-4,1%	0,7%
HICP (change)	2,3%	2,2%	2,1%	3,3%	0,3%	1,1%
Unemployment rate	8,9%	8,2%	7,1%	7,0%	9,1%	10,3%

FINANCIAL INDICATORS

	2005	2006	2007	2008	11/2009
Euribor (3 months)	2,02%	3,72%	4,68%	2,89%	0,71%
OLO (10 years)	3,31%	3,99%	4,45%	3,77%	3,55%

CONSTRUCTION INDICATORS

	2005	2006	2007	2008	06/2009
Issued permits (residential)	59.384	61.155	53.791	52.057	22.800
ABEX index (construction costs)	604	635	660	694	670

SOURCE: BNB, OCDE, GDSEI, CE, CB Richard Ellis

OFFICES IN BRUSSELS

Leasing activity increased sharply by the end of 2009 as it was boosted by a number of large transactions. Office demand is expected to further recover in the coming months as companies reactivate real estate decisions. With void levels rising, rental values however remain under pressure. Investment activity picked-up, reflecting a general improvement in investor sentiment with more activity from foreign buyers.

OFFICE DEMAND

Demand for office space in Brussels increased sharply towards the end of the year, after remaining subdued for most of 2009. A total take-up of 453.641 m² was realised in 2009 in the Brussels office market. This compares with an annual of average of 560.000 m² in the period 2004-2008.

The strong upturn in leasing activity was supported by a series of large-scale deals, with both corporates and the public sector committing to new office projects in the CBD. In the North area for instance, GDP Suez let the North Light and Pole Star projects by Fortis. Both buildings in total will offer 75.000 m² of space. Suez will centralize part of its activities in the new office complex from 2011 onwards. It yet remains uncertain which of the buildings currently occupied by Suez will be vacated. In the City Centre, the Chambre des Représentants signed for the entire Forum project (43.000 m²) while the HUB purchased the recently completed t'Serclaes (16.373 m²). In the Louise, letting activity continued in the project The Platinum, with the Federal Government signing for 12.670 m² of offices.

Despite the recent transactions, the public sector has been largely absent in 2009. On the corporate side, cautiousness is still prevailing, but increasingly companies are taking advantage of the market conditions to soften lease terms and in some cases to upgrade to higher quality buildings. This has led to a series of letting transactions in new energy-efficient office developments such as the Platinum, the Solaris, the Atlantis and the Corporate Village Aramis.

Leasing activity is expected to see further improvement in the coming months as a growing number of companies reactivate real estate decisions. Office space enquiries are rising and will likely materialize into a series of transactions in 2010. For 2010, CB Richard Ellis expects a take-up of 500.000 m². Also the public sector will be more active in 2010, with a considerable number of public tenders representing a potential demand for office space of 210.000 m². This concerns office space enquiries from the European institutions, EU representations and Belgian administrations.

DEVELOPMENT

In 2009, approximately 360.000 m² of space was delivered onto the Brussels office market. Most notable completed projects this year include the Capital (54.000 m²) in the Leopold area, the Zenith tower (30.000 m²) in the North district and the Corporate Village Aramis (18.000 m²) in the Periphery Airport submarket. Next to the Corporate Village, CBRE Investors has recently finalized the construction of the first two office blocks (9.800 m²) of the Airport Plaza complex. The largest upcoming developments in 2010 are The Platinum (23.600 m²) in the Louise

PRIME RENTS AND VACANCY RATES IN BRUSSELS



area, Meeûs 23 (17.300 m²) in the Leopold district and Renaissance (10.300 m²) in the City Centre.

Looking ahead, there are signs that development activity is slowing down. Developers are increasingly reluctant to start development schemes until they have secured occupants for their projects. As the effects of the current low levels of starts feed through across the market, a period of weaker supply growth is expected from 2011 onwards. While there are still some 210.000 m² of speculative projects in the pipeline for 2010, only 145.000 m² of uncommitted space is expected to come online in 2011.

AVAILABILITY

There is currently some 1,46 million m² of office space under offer, or 11.31% of the total Brussels office stock. Void levels have increased sharply as a result of slow demand and sustained development activity.

Recent layoffs have caused a number of companies to find solutions for excess office space. This has caused a subletting market to emerge. While the financial crisis did have a profound impact on the Belgian financial institutions, this has not (yet) resulted in square meters returning to the market. With them owning most of their office space, it is difficult to ascertain whether this will be the case in the immediate future. In Brussels, financial institutions occupy over 700.000 m² of office space.

RENTAL VALUES

Rental values have declined towards the end of the year as a result of the increased competition among landlords. Prime office space in the Brussels European district now trades at rents of 265 euro/m²/year, down from 275 euro/m². Similar declines in rental values have been observed across the market.

Confronted with a larger choice of available office space, occupiers have been blessed with a significant rise in their negotiating power. Those with pending breaks are now able to extend their leases in exchange of more favourable terms. Landlords on the other hand have been observed to offer potential tenants more generous incentives to fill voids. The window of opportunity for occupiers to take advantage

of this market will likely remain open for some time in 2010, and ultimately depends on the pace and strength of recovery when it comes.

INVESTMENT ACTIVITY

Investment activity increased markedly towards the end of the year, reflecting the improving investor's sentiment. 308 millions euros have been invested in the Brussels office market, with most of the deals taking place in the second half.

MOST NOTABLE TRANSACTIONS

Date	Building	Submarket	Floor Area	Occupant
12/2009	Forum	Centre	43.000 m ²	Chambre des Représentants
12/2009	North Star	North	40.000 m ²	GDF Suez
12/2009	North Light	North	33.759 m ²	GDF Suez
12/2009	T'Serclaes	Centre	16.373 m ²	HUB
12/2009	Belliard 73	Leopold	7.500 m ²	European Parliament
12/2009	Alma Court	Periphery (Airport)	4.652 m ²	Ingersoll Rand
09/2009	Solaris	Decentralised (South-East)	4.480 m ²	Nauta Dutilh
11/2009	Collines de Wavre	Periphery (South)	4.190 m ²	Abott
08/2009	The Platinum	Louise Area	3.900 m ²	Bird & Bird
12/2009	Delta project	Decentralised (South-East)	3.797 m ²	Fiat Group Automobiles
10/2009	North Plaza A	North Area	3.270 m ²	Amlin
11/2009	Luchthavenlaan 6-10	Periphery (Airport)	3.200 m ²	Connections
08/2009	Roupe Square	City-Centre	2.957 m ²	St-Goedele Brussel
09/2009	Corporate Village A	Periphery (Airport)	2.767 m ²	Astra Zeneca

The revival in activity was driven by foreign investors, the German closed-ended funds in particular. Signa Property Funds purchased the new Mobistar headquarters from Banimmo. Real IS acquired the new Ernst & Young headquarters in the Pegasus Park from SEGRO. Both transactions concern long-term fix leases (15 years), and are very suitable for subsequent securitisation.

Well located, modern buildings with strong tenants and sufficient secured cashflow remain the most sought after products. There is evidence however that investors are starting to broaden

their investment scope towards more risky assets at significant discounts. Prime office properties with 3/6/9 year leases in Brussels trade at 6,25% in the central business districts, while prime suburban properties are valued at 7,5% in the more cyclical suburban office districts.

THE REGIONAL OFFICE MARKETS

Regional demand for office space is still being affected from the uncertain economic and business environment. Recent increase in leasing activity however suggests that office demand could be soon stabilize. Rents remain under pressure as a result of the lower leasing volume. Investment activity is still low, with most of the investors remaining firmly focused on the prime segments of the market.

OFFICE DEMAND

Take-up in 2009 totalled 273.694 m². This figure includes the exceptional deal realized by the Regie de Batiments in Liège (52.700m²) and, more recently, the purchase of the MG Tower project (24.127 m²) in Ghent by KBC. Office demand in the regional markets continues to be affected by the considerable degree of uncertainty that still exists among corporates. Most companies remain highly focussed on costs reduction and preoccupied with maximising the efficiency of occupied space. As a result expansion appetite remains rather limited.

While take-up in Antwerp was down 30% year-on-year, in Ghent the stronger public sector contribution was partly able to compensate for the weaker demand from the private sector. Looking ahead, the more attractive rental and purchasing conditions could help stimulate demand. Some tenants seem yet to be taking advantage of the current weaker market conditions to acquire their offices. In Antwerp, a series of occupants have decided to move into the recently completed City Link in Antwerp, such as Mercator Verzekeringen, Arcadis Gedas, Randstad and TCLM.

DEVELOPMENT POTENTIAL

Development is being sustained in a number of regional office market cities, although developers are noticed to be more cautious and in some cases have been delaying the construction of projects. Development was particularly strong in Antwerp in 2009. Notable completed projects here include the New Zuid (7.915 m²), the City Link (26.700 m²) and the Den Bell (44.000 m²). This scheme was fully committed by the public sector. Antwerp has another 35.000 m² to be developed by the end of 2010,

MOST NOTABLE TRANSACTIONS

Date	Building	City	Floor Area	Type	Occupant
11/2009	City Link	Berchem (Antwerp)	13.808 m ²	Letting	Mercator Verzekeringen
11/2009	City Link	Berchem (Antwerp)	4.518 m ²	Letting	Arcadis Gedas
10/2009	Campus Remy	Wijgmaal (Leuven)	10.500 m ²	Sale	KVLV
10/2009	Van de Weverstraat 20	Antwerp	3.770 m ²	Sale	FEKA
10/2009	City Link	Antwerp	2.080 m ²	Letting	Randstad
08/2009	Mensura House	Antwerp	2.060 m ²	Letting	SNCF Fret Benelux
10/2009	Oude Leeuwenrui 25	Antwerp	1.590 m ²	Sale	Unizo
10/2009	Walenstraat 86	Hasselt	1.500 m ²	Sale	Saga Consulting
10/2009	Antwerpsesteenweg 329	Kapellen (Antwerp)	1.630 m ²	Sale	Bank J. Van Breda & Co
07/2009	City Link	Berchem (Antwerp)	1.000 m ²	Letting	TCLM

DEVELOPMENT PIPELINE

Project	City	Total Floor Area (offices)	Date of completion
Avenue Building	Antwerp	10.000 m ²	2009
Grote Steenweg (AXA)	Antwerp	30.000 m ²	2010
Stephenson Plaza	Mechelen	5.837m ²	2010
Leuven VAC	Leuven	22.660 m ²	2010
Noordster	Antwerp	15.000 m ²	2010
MG Tower	Ghent	21.460 m ²	2012
Artevelde	Ghent	28.655 m ²	2013

mostly speculative. On the Loop site in Ghent, the commercialization of the first office components have been launched and construction works have started. In the longer term, the site has a development potential of 155.000 m² of office space. In Liège, the completion of the Guillemins high speed train terminal has sparked interest from the local office market. Similar schemes have been started in Brussels, Antwerp and more recently Ghent, where new office clusters have been formed

around the main local train stations. In Liège, the local development authority plans to develop some 100.000 m² of new office space around the Liège Guillemins station in partnership with private developers. This new amount of space will likely bring a breath of fresh air to the market, which remains characterized by a lack of high-quality office space.

RENTAL VALUES

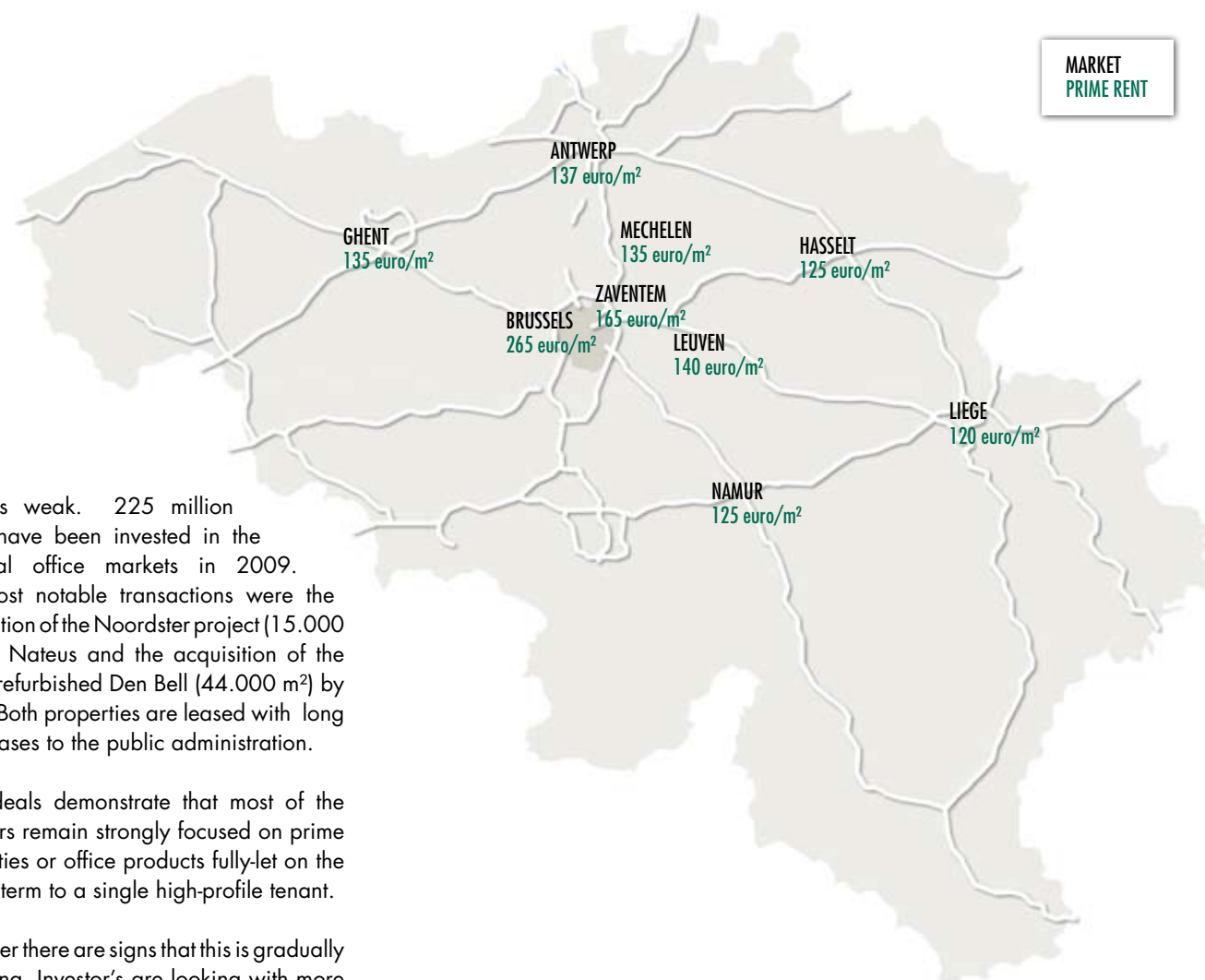
Prime office rents have come under pressure in the regional cities as a result of the deterioration of the letting market. Landlords are offering rental discounts and generous incentive packages to attract tenants.

Prime office space in Antwerp is being let at 137 euros/m². In Ghent and Mechelen prime office floor trades at 135 euros/m². In Liège, well located modern office space trades at 120 euros/ m².

INVESTOR ACTIVITY

Investment activity in the regional cities

OFFICE STATISTICS FOR THE REGIONAL MARKETS



remains weak. 225 million euros have been invested in the regional office markets in 2009. The most notable transactions were the acquisition of the Noordster project (15.000 m²) by Nateus and the acquisition of the newly refurbished Den Bell (44.000 m²) by Fortis. Both properties are leased with long term leases to the public administration.

Such deals demonstrate that most of the investors remain strongly focused on prime properties or office products fully-let on the longer term to a single high-profile tenant.

However there are signs that this is gradually changing. Investor's are looking with more interest at alternative office products, provided that these are well located. But those investors seem ready to buy only at a significant discount.

LOGISTICS IN BELGIUM

Demand for logistics remains generally subdued due to the downturn, although there are early signs of a recovery. With speculative development lacking, availability has increased only slightly. Rents however have come under pressure, especially for existing space. After a very slow first half of the year, investors interest in logistics properties is picking-up again.

DEMAND

The economic downturn has clearly impacted on take-up levels in the Belgian industrial market. In the first eleven months of the year take up slightly exceeded 725.132 m² (a decrease of 32% compared to 2008). 56% concerned units larger than 5.000 m².

Costs control and the desire to maximize the efficiency of occupied space are still primary concerns for most of the logistics tenants. As a result, these have remained extremely cautious about further expansion.

Some companies however have fared quite well despite the tougher market conditions. The retail sector and in particular food distribution, have continued to expand their warehouse capacity.

Although demand for logistics space is still relatively weak and large transactions remain scarce, there are signs of improvement in

the market.

A number of retailers are still in search of additional storage space to accommodate expansion. Also, those companies anticipating a likely increase in stocks levels in 2010, have started to look more closely for additional warehouse space.

Quality logistics at reasonable prices in particular seems to attract a considerable interest, as confirmed by a handful of recent transactions.

DEVELOPMENT

Speculative development has virtually ceased in the current market, with developers reluctant to start any new logistics schemes without an occupant. Uncommitted projects have been put on hold, scaled down or partly deferred towards a later point in time. Today, only 45.000m² of logistics space is being built at risk.

The most notable logistics development schemes scheduled for completion by the end of 2009 include the first phase (25.000 m²) of the Canal Logistics project along the Brussels canal and unit 1 (20.000 m²) of the first phase of the Maritime Logistics in Bornem.

Many projects controlled by developers are only available in the form of turnkey development. There are currently more than

MOST NOTABLE TRANSACTIONS

Date	Building	Floor Area	Type	Occupant
11/2009	3600 Genk, Brikkenovenstraat	16.379 m ²	Letting	LDM
11/2009	3600 Genk, Brikkenovenstraat	16.000 m ²	Letting	Terumo Europe
11/2009	2830 Willebroek, Prologis DC III	15.530 m ²	Letting	Cristall Europe
10/2009	2550 Kontich, Brouwersveld	13.336 m ²	Sale	Verbessem Transports
11/2009	2321 Meer, Brusselstraat	11.696 m ²	Letting	VPK
10/2009	2430 Eindhout, Eindhout Logistics	9.760 m ²	Letting	Kuehne & Nagel

2 million m² of potential turnkey projects that can be developed on demand.

When funding is available, custom development for own occupation is a suitable alternative since it allows them to adapt the premises to their specific needs and maximize the efficiency of their operations.

A remarkable feature of logistic development is the reasonably short time of construction works, particularly relative to other sectors such offices. As such, developers are more able to respond quickly to changes in demand levels and time the delivery of their new projects accordingly. This helps avoiding significant imbalances in demand-supply through market cycles.

CANAL LOGISTICS (BRUSSELS)



MARITIME LOGISTICS (BORNEM)



AVAILABILITY

The vacancy rate in the Belgian logistics market is currently estimated at 7.20%. Some 480.000 m² of logistics space in units larger than 10.000 m² can currently be considered available onto the market.

With only a little amount of speculative space lining up throughout the year, the increase in availability was well contained despite the tougher market conditions. In some locations however, lower leasing activity combined with unlet speculative development and growing subletting have resulted in local increases in vacancy.

The province of Liège has currently the higher amount of vacant space relative to its stock, mostly thereof is modern and of good quality. Availability in Liège is estimated at 15,60%. In the A12/E19 submarket, the space under offer remains reasonably low at 7,05%. Along the E313 6,15% of the stock is currently available.

RENTAL VALUES

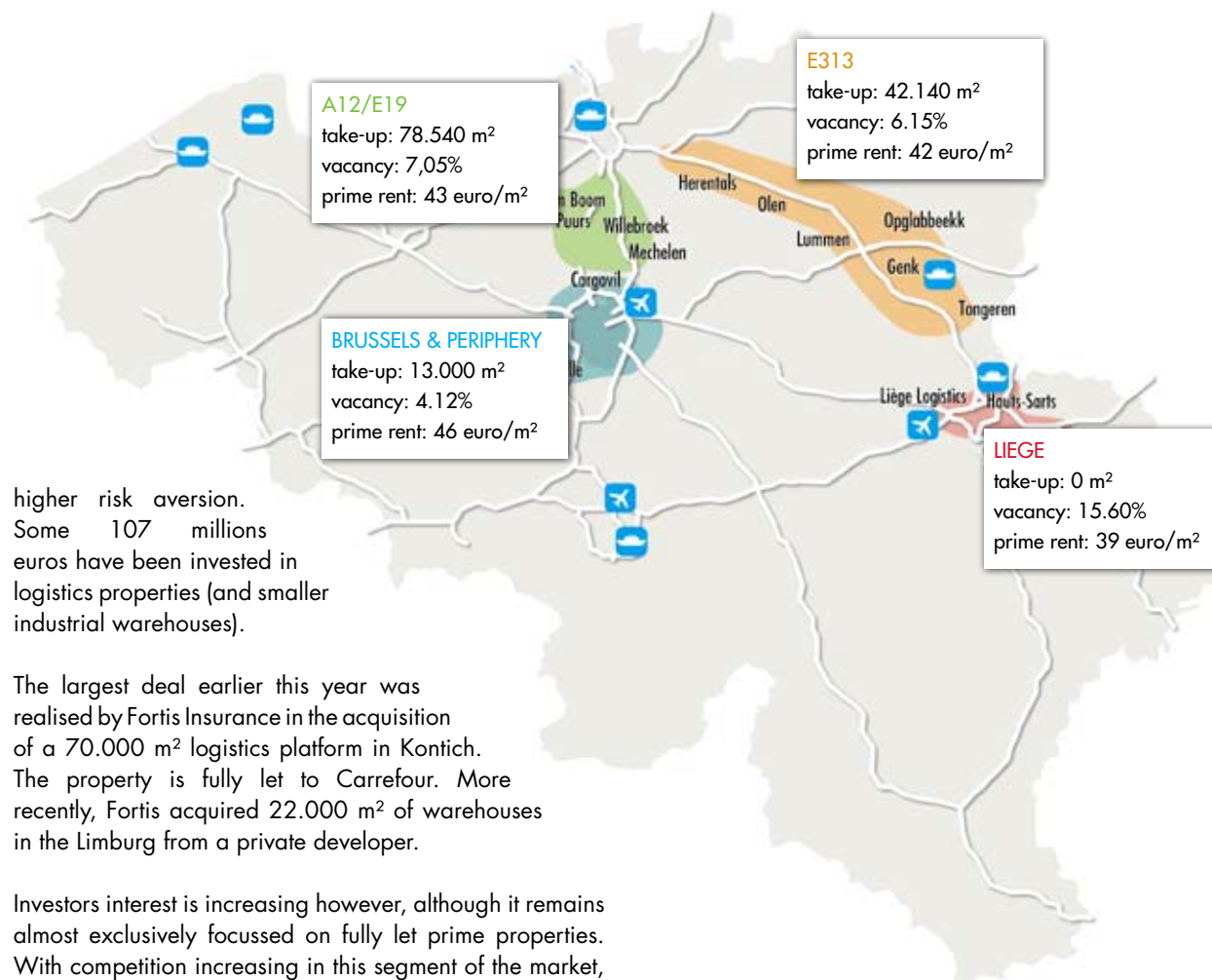
Rental values remain under pressure across the Belgian logistics market, especially for existing space. For turnkey projects, rents have appeared much more resilient. As the decrease in construction costs has been insufficient to compensate for the recent rise in yields, developers remain reluctant to cut prices for their turnkey projects.

Prime logistics space trades at 43 euro/m² along the Brussels/Antwerp axis and 46 euro/m² in the Brussels periphery. Prime rents stand at 42 euro/m² along the E313. Quality warehousing in the best location in Liège is being let at 39 euro/m².

INVESTMENT ACTIVITY

Investment activity in the logistics market has been low this year, reflecting the difficult access to credit and investors'

IMPORTANT LOGISTICS ZONES



higher risk aversion. Some 107 millions euros have been invested in logistics properties (and smaller industrial warehouses).

The largest deal earlier this year was realised by Fortis Insurance in the acquisition of a 70.000 m² logistics platform in Kontich. The property is fully let to Carrefour. More recently, Fortis acquired 22.000 m² of warehouses in the Limburg from a private developer.

Investors interest is increasing however, although it remains almost exclusively focussed on fully let prime properties. With competition increasing in this segment of the market, yields have started to stabilise. For prime logistics properties yields are currently estimated at 7.6%. Unlikely, secondary properties are still perceived as too risky by the majority of investors, especially foreign ones.

THE BELGIAN RETAIL MARKET

The Belgian retail market is surprisingly well supported, with most retailers rather optimistic about their future in Belgium. Especially the larger brands continue to expand, although more cautiously.

CONSUMER CONFIDENCE

Disposable income seems to have actually risen for most Belgian households as a result of fiscal stimuli, salary indexations, low inflation and low mortgage rates. Additionally consumer confidence has shown serious signs of improvement in the last few months, which is promising for retailers going into the yearend holiday's season.

“ **STABLE PURCHASING POWER, BUT FRAGILE CONSUMER CONFIDENCE** ”

Nonetheless, consumer confidence seems somewhat fragile at the same time. With most European countries coming out of recession, it is anticipated that the Belgian economy will soon follow suit. However, with a serious rise in Belgian government debt as a result of the financial crisis, it is likely that any recovery will be subdued. A higher tax burden in the coming years could imply lower levels of consumption. Another major factor in the future performance

of the retail sector is unemployment. Local consumption levels and national consumer confidence could easily be dented by layoffs in a number of suffering manufacturing industries.

FURTHER EXPANSION

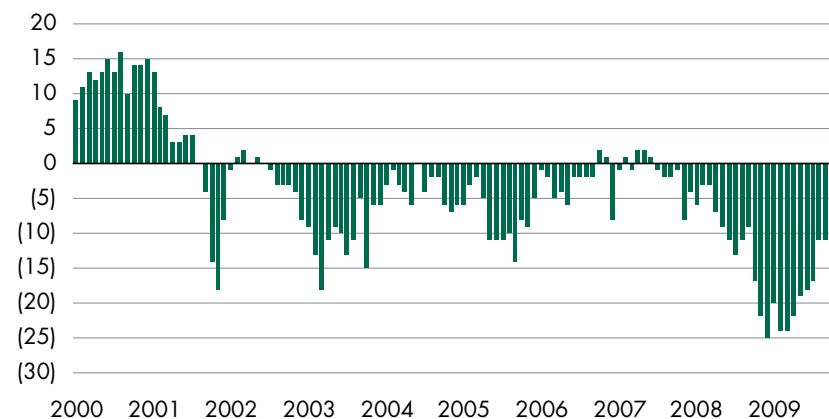
Retailers have performed remarkably well through the current downturn. Food and grocery retailers in particular are seemingly unaffected by the economic crisis. Also the big international retail chains appear determined to increase market share.

- MediaMarkt has agreed terms on new shops in Mechelen, Sint-Niklaas and Mons.
- Fnac will open a 3.400 m² retail store in the renovated Galleries de la Toison d'Or in Brussels, where also outdoor leisure specialist AS Adventure will open a new retail unit of 1.954 m².
- Other notable lease transactions in the last few months concern a new flagship store in Brussels for Nespresso, expansions by H&M into suburban retail parks and by McGregor/Gastra and Camaieu into shopping centers.
- Newcomers Primark and Tom Tailor recently opened their first Belgian stores in the new MédiaCité shopping center in Liège, and will open additional stores in Belgium's largest cities.

Despite a certain sense of optimism among the bigger retailers, expansion happens in a much more prudent fashion with transactions taking longer to complete. Retailers, particularly the

CONSUMER CONFIDENCE INDICATOR

(SOURCE: BNB)



RETAIL SALES GROWTH (YEAR-ON-YEAR IN %)

(SOURCE: ECB)

	04/09	05/09	06/09	07/09	08/09	09/09
EU27	0.5%	-0.7%	0.3%	0.0%	-0.3%	-0.4%
Belgium	-0.9%	0.5%	-1.1%	1.1%	-0.9%	0.1%
Germany	0.6%	-0.8%	-0.9%	1.5%	-1.8%	-0.5%
Spain	0.0%	-0.4%	1.0%	-1.0%	1.3%	-1.0%
France	1.4%	-0.7%	1.0%	-0.7	0.8%	-
The Netherlands	-0.7%	-0.5%	-0.6%	0.8%	-0.7%	-
United Kingdom	0.2%	-0.8%	1.8%	-0.2%	0.1%	0.1%

larger players, look for opportunities and use the uncertain economic conditions to secure new space at lower rents. Among

the smaller retail chains, the healthiest and cash-rich retail chains are taking advantage of the current downturn by

RENTAL VALUES - HIGHSTREET RETAIL UNITS OF 200M² WITH 7M FRONT

Street	City	Minimum rent	Maximum rent
Meir	Anwterp	1.600 euro/m ² /year	1.700 euro/m ² /year
Steenstraat	Bruges	1.000 euro/m ² /year	1.100 euro/m ² /year
Rue Neuve	Brussels	1.500 euro/m ² /year	1.600 euro/m ² /year
Veldstraat	Ghent	1.100 euro/m ² /year	1.200 euro/m ² /year
Hoogstraat	Hasselt	1.000 euro/m ² /year	1.100 euro/m ² /year
Vinave d'Ile	Liège	900 euro/m ² /year	1.000 euro/m ² /year

RENTAL VALUES - SHOPPING CENTER UNITS OF 200M² WITH 7M FRONT

Street	City	Minimum rent	Maximum rent
Wijnegem Shopping	Antwerp	1.200 euro/m ² /year	1.400 euro/m ² /year
Woluwe Shopping	Brussels	1.100 euro/m ² /year	1.250 euro/m ² /year
City II	Brussels	950 euro/m ² /year	1.050 euro/m ² /year
L'Esplanade	Louvain-La-Neuve	600 euro/m ² /year	700 euro/m ² /year
Belle Île	Liège	650 euro/m ² /year	750 euro/m ² /year
Les Grands Prés	Mons	550 euro/m ² /year	650 euro/m ² /year

RENTAL VALUES - RETAIL WAREHOUSE UNITS OF 1.000M² WITH 20M FRONT

Street	City	Minimum rent	Maximum rent
Bredabaan	Schoten	140 euro/m ² /year	160 euro/m ² /year
Rue de Stalle	Brussels	130 euro/m ² /year	150 euro/m ² /year
Kortrijksesteenweg	Ghent	110 euro/m ² /year	130 euro/m ² /year
Leuvensesteenweg	Zaventem	130 euro/m ² /year	150 euro/m ² /year
City-Nord	Charleroi (Gosselies)	100 euro/m ² /year	120 euro/m ² /year
Rue Basse Campagne	Liège (Herstal)	100 euro/m ² /year	120 euro/m ² /year

doing mergers and acquisitions as new strategies for expansion.

SLOWDOWN IN DEVELOPMENT ACTIVITY

New commercial developments are taking longer to commercialise, and most developers have temporarily stopped or delayed their pre-commercialisation efforts. A decrease in construction activity is expected for 2010 and 2011.

Build-to-suit developments for grocery stores in stand-alone formats do not seem affected by the economic recession, but are facing an increasingly strict urban planning regime.

Also demand for well structured out-of-town retail parks with a good commercial mix, excellent accessibility and a central parking remains substantial.

The lack of sizeable retail units along the primary highstreets in Belgian cities further supports new city-centre retail development initiatives and other commercial regeneration developments.

RENTAL VALUES

While primary markets remain strong, secondary or tertiary markets could see rents fall in the coming months. Retailers looking to expand during the economic boom have made considerable forays into these lesser markets in the past four to five years. Since this expansion has recently stopped, rising local vacancies could have a detrimental effect on rents.

Belgium's better quality high street locations on the other hand have fared quite well in recent times, with no major declines in footfall. With very little new supply coming through, primary retail unit shortages remain. Those, which do come onto the market, are usually snapped up quite quickly, keeping vacancy rates down. Rental values for the better quality high street locations are expected to stabilize.

RETAIL INVESTMENT ACTIVITY

In 2009, 537 million euros have been invested into Belgian retail. As such, retail was one of the most active asset classes.

Most investment activity concerns high street transactions, with especially private investors being extremely keen to invest their personal funds in this stable market. While demand is large, the offer of good-quality high street units is extremely low with nearly no investors interested in selling. With rental corrections expected to be limited in the top-tier of this market, prime investment yields have stabilized at around 5.25%.

Shopping centres and retail parks are generally seen as more risky in the current economic climate, with less investors willing to make sizeable offers. Notable shopping centre deals were mostly done by Fortis Real Estate, acquiring both the Brussels Centre Monnaie, the Gent-Zuid shopping Centre and a 50% share in Trade Mart. At the end of the year, Union Invest acquired the K in Kortrijk.

THE RESIDENTIAL MARKET

The economic downturn has also been felt in the residential market. The uncertain economic outlook has curbed overall demand for housing. A tougher commercialisation process has forced some developers to offer higher discounts and incentives to sell unsold properties. This is resulting in more attractive purchasing conditions, which could help boost demand for new properties.

DEMAND

The economic slump continues to affect the Belgian residential market, and was most pronounced in the first half of the year with a decrease in the number of sold properties. 15.840 apartments were sold in Belgium in the first six months of 2009, 17,5% down compared to the same period of 2008. Credit constraints and the uncertain economic outlook and employment prospects have also been putting off some perspective buyers. Less people seem to have access to the housing market, with the amount of credit granted for purchase purposes in the first semester down by 18%.

Demand for mortgage loans seems to have improved since mid 2009, and the decline in sold properties has slowed down. Whilst there's still a lot of uncertainty about demand and particularly the potential impact of rising unemployment on household's purchasing power, such recent evolutions might suggest

that some kind of stabilisation in housing demand is yet well under way.

ACQUISITION VALUES

The Belgian residential market is going through a period of stagnation, with a marginal decrease in housing values being observed. According to the SPF Economy the price of housing has declined slightly over the first six months of the year.

Not all properties are alike however. Larger single-family homes appear to suffer more from the decline in prices.

Apartment's values on the contrary have held up reasonably well until now, despite the decrease in units sold. Downward pressures on prices are rising. Tougher and lengthy commercialization processes have forced some developers to offer discounts and other kind of incentives to sell unsold properties.

In Brussels, a new apartment now costs 2.650 euro/m² on average. The European district, and the residential districts to the south-east remain the most expensive locations, with prices above 3.000 euro/m² on average. To the west of the city, new apartments trade at property values of around 2.000 euro/m² on average.

In Antwerp, acquiring a new apartment costs 2.400 euro/m² on average, compared

AVERAGE PRICES FOR NEW APARTMENTS IN BRUSSELS



to 2.250 euro/m² in Ghent. Standard apartments along the coast in Ostend trade at 2.300 euro/m² on average.

In Wallonia, new apartments are being sold at 2.000 euro/m² in Namur, 1.700

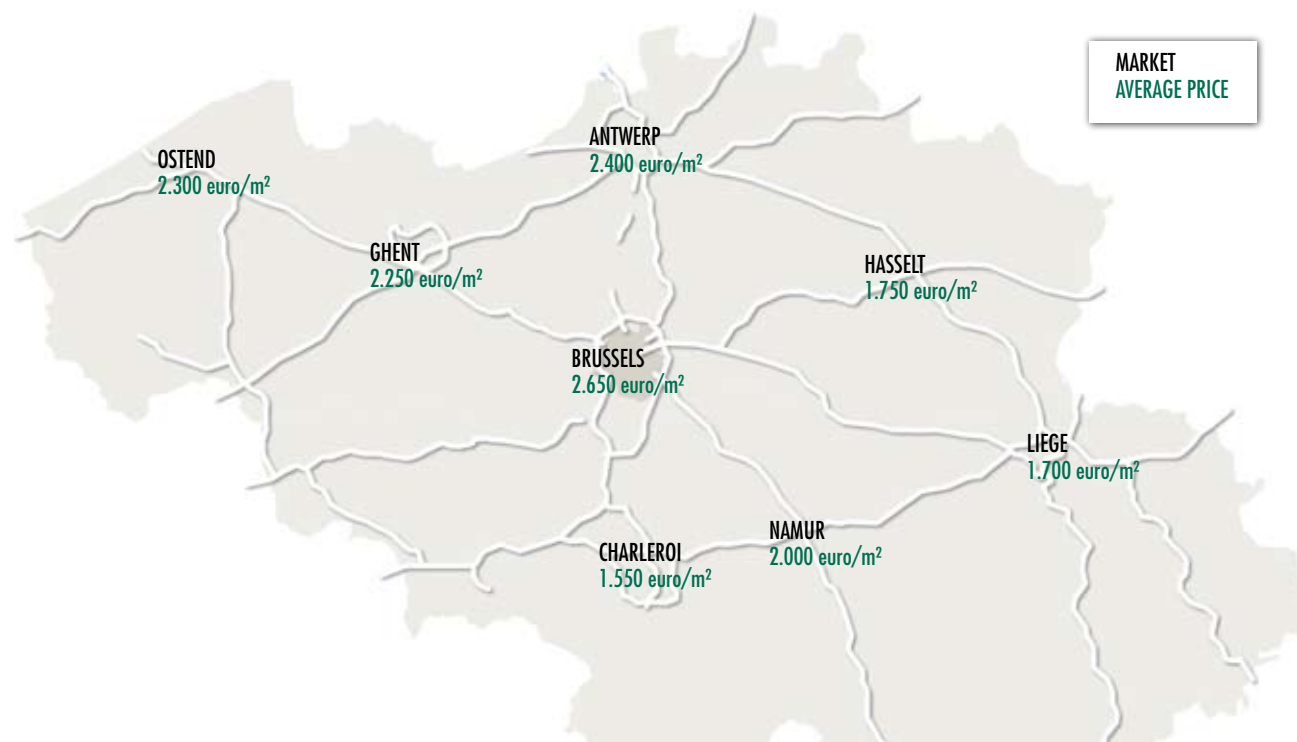
euro/m² in Liège and 1.550 euro/m² in Charleroi.

OUTLOOK

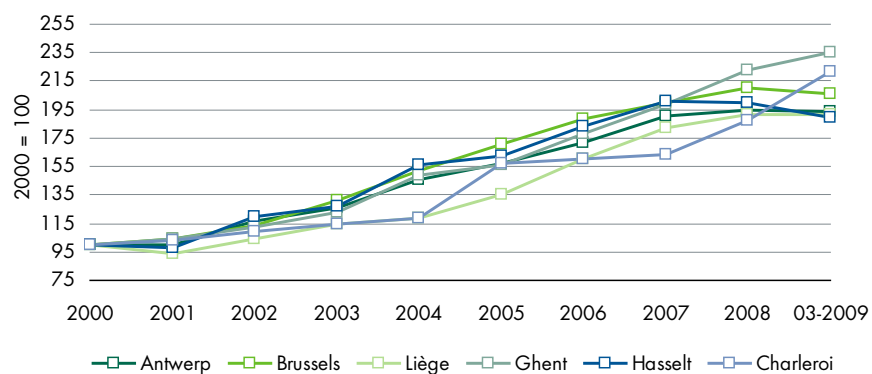
While cautiousness prevails among developers and investors, the outlook for the residential market appears to be quite optimistic. Compared to other major European countries, the Belgian residential market doesn't seem overheated, and has not experienced the dramatic rise in prices which has been noticed in countries such as the UK, Spain or Ireland.

Lending conditions in the credit market are improving and a recent rise in consumer confidence seems to indicate that demand for housing will probably regain strength in 2010. Also, the fact that housing now is generally available at more attractive price conditions, could help boost demand for new properties.

AVERAGE PRICES FOR NEW APARTMENTS IN BRUSSELS



PRICE EVOLUTION FOR APARTMENTS PER CITY



RESIDENTIAL STATISTICS PER CITY

City	Permits issued (2000-2009)	Population increase (2000-2008)	Annual price growth (2000-2008)
Brussels Region	25.141	89.173	8,60%
Antwerp	3.904	25.546	7,66%
Ghent	10.109	13.070	9,32%
Hasselt	7.003	3.485	8,00%
Liège	3.035	4.463	7,50%
Charleroi	2.329	1.126	7,25%

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