



# Editions & Séminaires

THE FUTURE OF HOUSING IN BRUSSELS

14 FEBRUARY 2012

**CBRE**

# Developer interest has changed ...

---

---

## OFFICES

- Economic uncertainty
- Tough leasing market
- Vacancy rate
- Rents under pressure
- Yields up
- Difficult exit
- Financing
- ...

---

## RESIDENTIAL

- Population growing
- Prices rising
- Increasing demand
- Alternatives in elderly homes, hotels, student rooms, ...
- Multiple investors/occupants





1

# Brussels housing dynamics

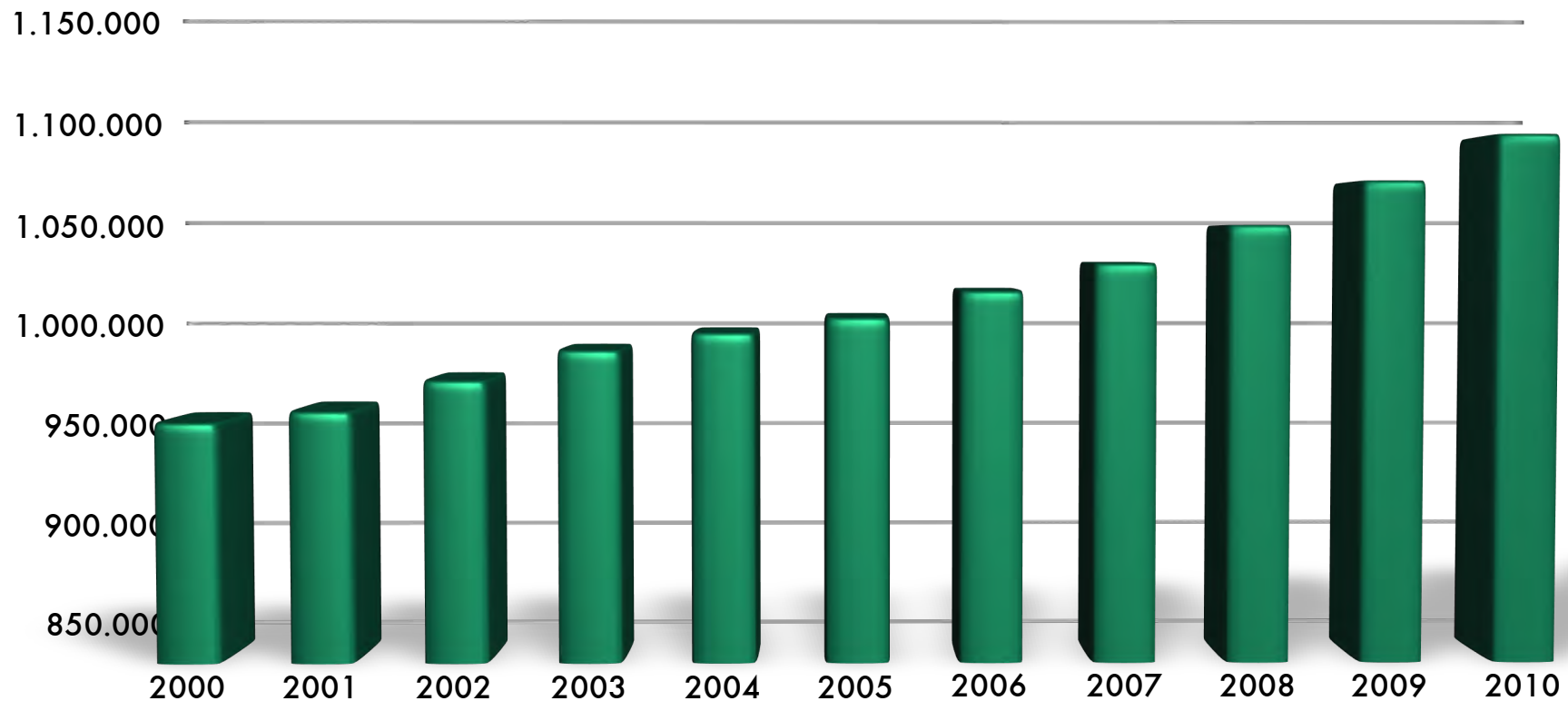


# Brussels population increase is huge!

Increase since 2000

+ 130.220 people (or +13.6%)

Brussels population



■ Pop.growth

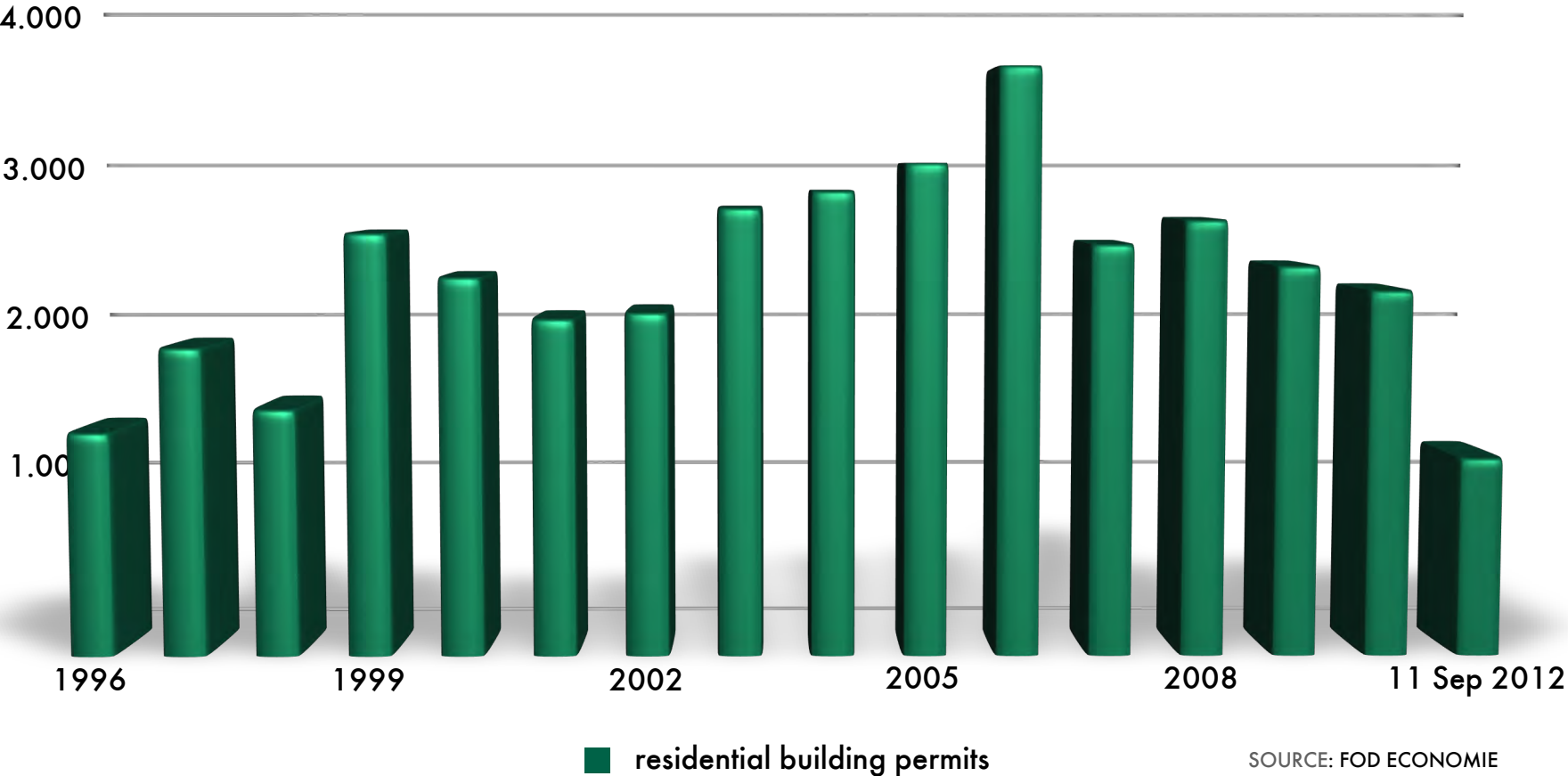
SOURCE: FOD ECONOMIE

# ... but we are building less and less!

Since 2007

Only 2.250 units per year

Obtained building permits for housing



SOURCE: FOD ECONOMIE

# But what about 2020!

---

BRUSSELS POPULATION IN 2020

+ 110.000 people

So we need:

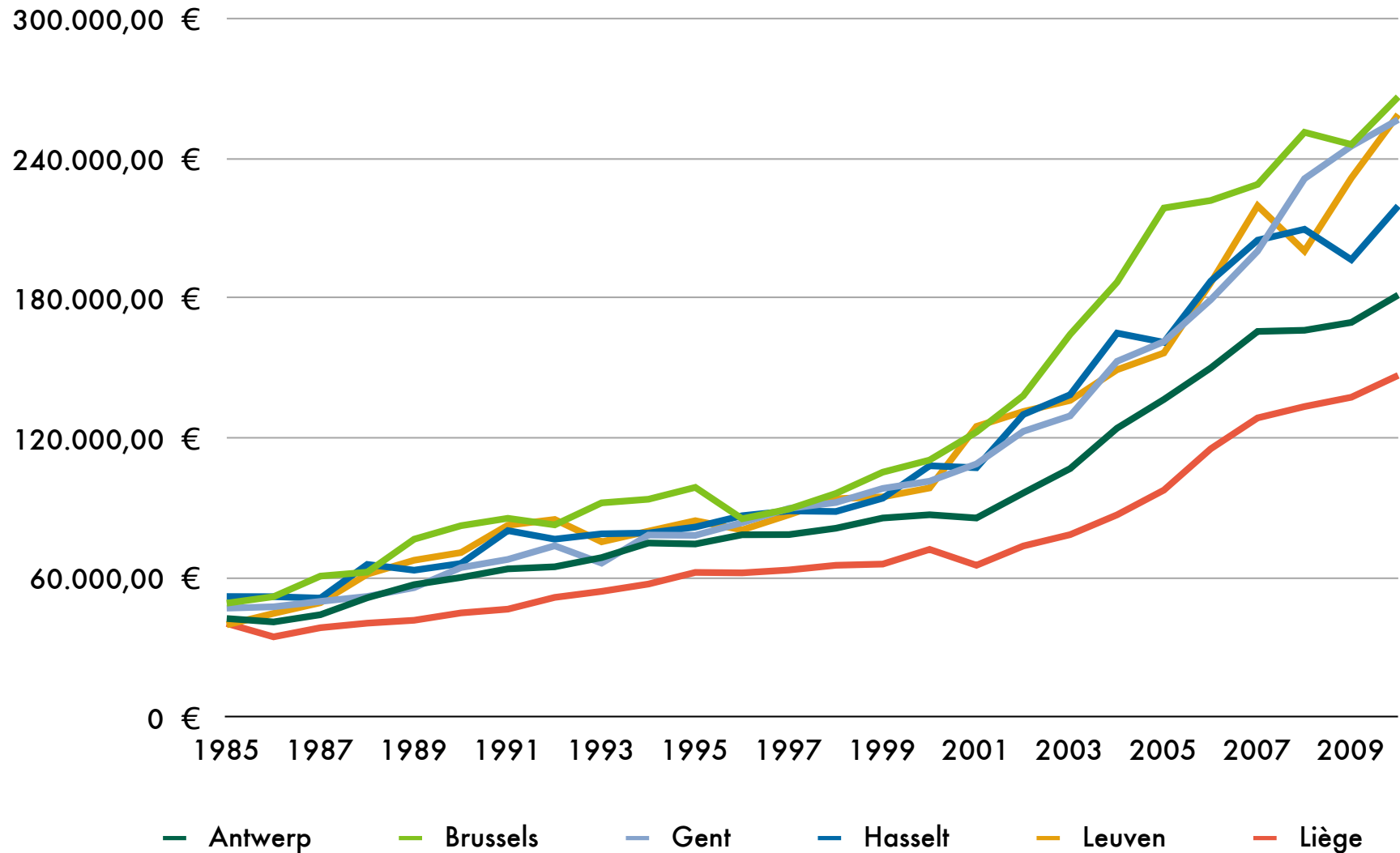
52.380 new residential units

(or +/- 5.000 per year)

(Based on 2,1 people per unit)

# In the meanwhile ...

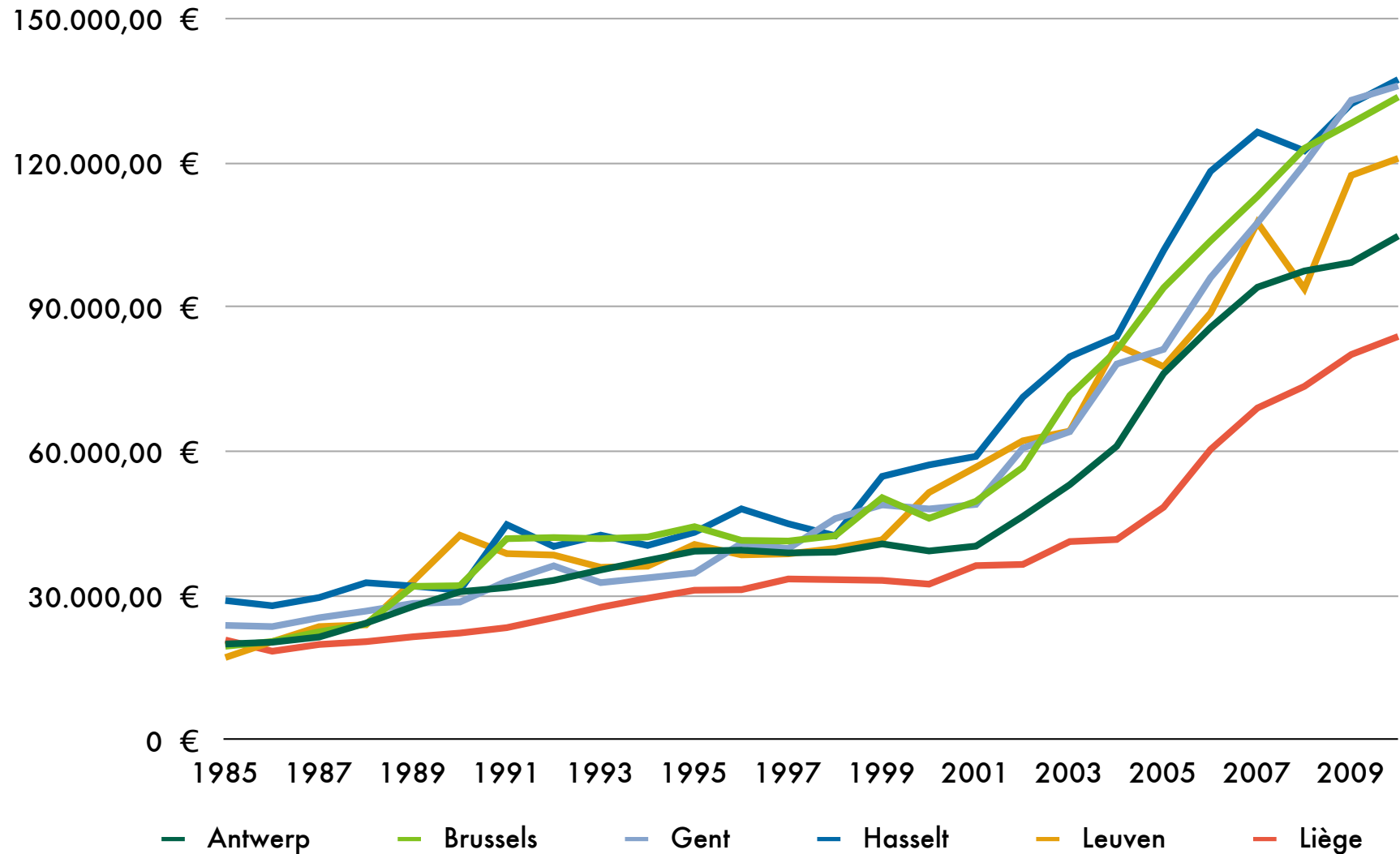
Q75 prices for flats being sold.



SOURCE: FOD ECONOMIE

# ... even for the lower-priced housing

Q25 prices for flats being sold.

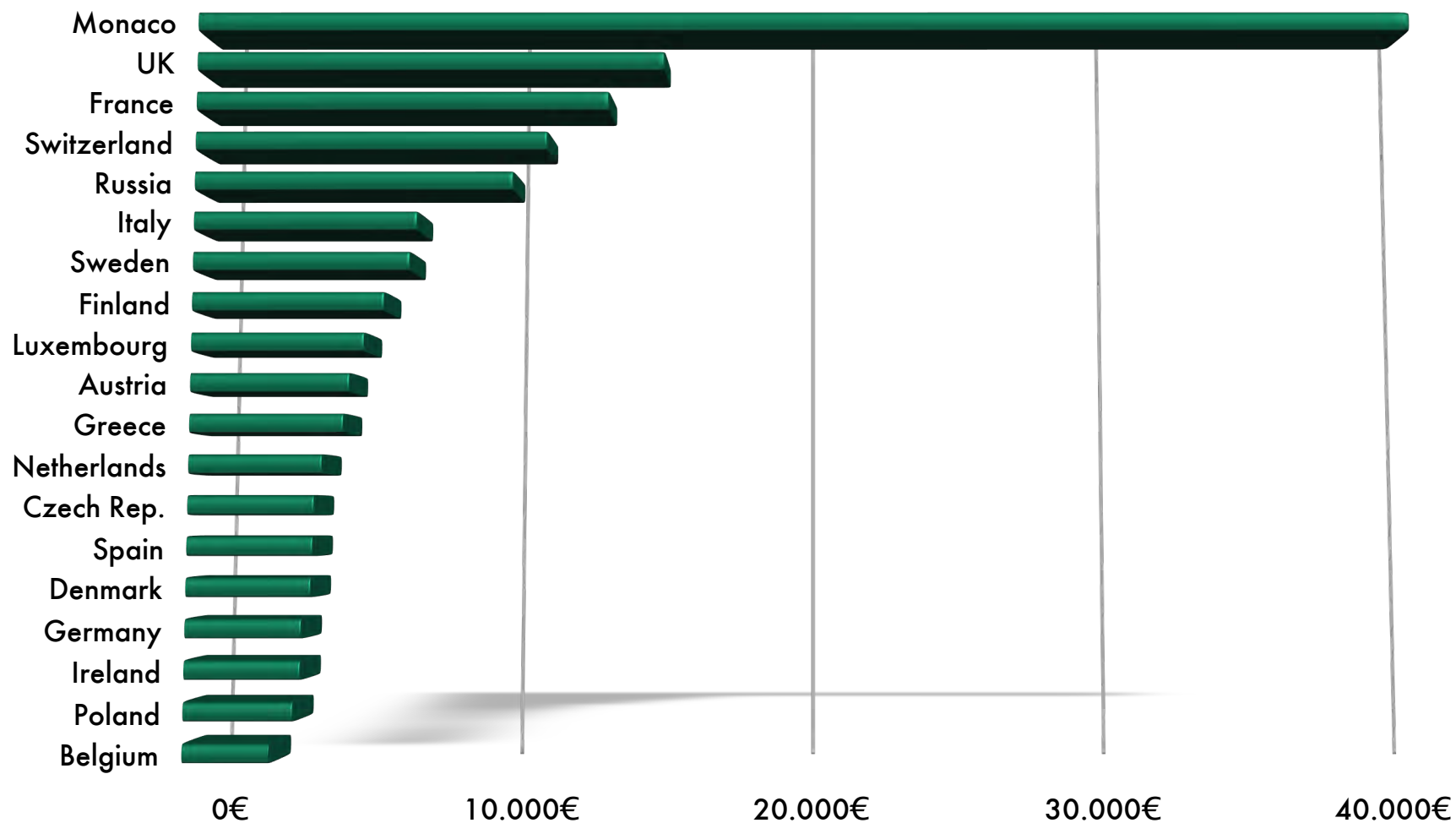


SOURCE: FOD ECONOMIE



# ... but Belgium/Brussels is not expensive

Average price per square meter for a 120 m<sup>2</sup> apartment  
City-centre of the most important city



# So what is the problem?

- Not enough land available?
- Land too expensive?
- Prices have risen too much
- Social housing is not profitable
- Occupant/Investor?
- What do we need?



---

## A profitability study for residential development

- Land value: 500 euro/m<sup>2</sup>
  - Construction cost: 1.100 euro/m<sup>2</sup>
  - Other costs: 300 euro/m<sup>2</sup>
  - Profit margin: 400 euro/m<sup>2</sup>
- 
- Total price per m<sup>2</sup>: 2.300 euro/m<sup>2</sup>





2

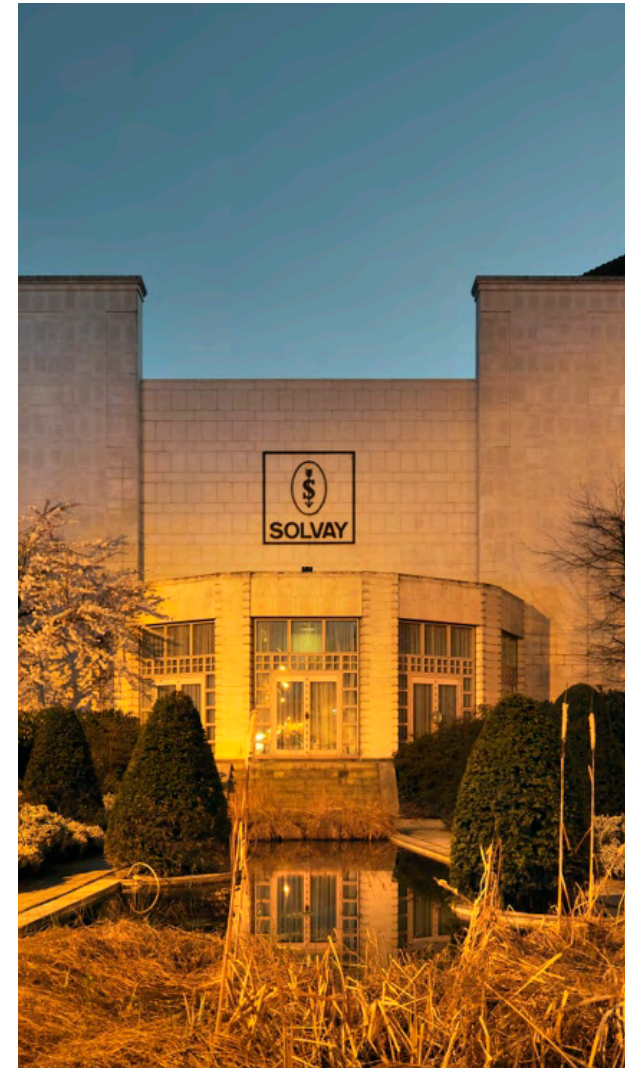
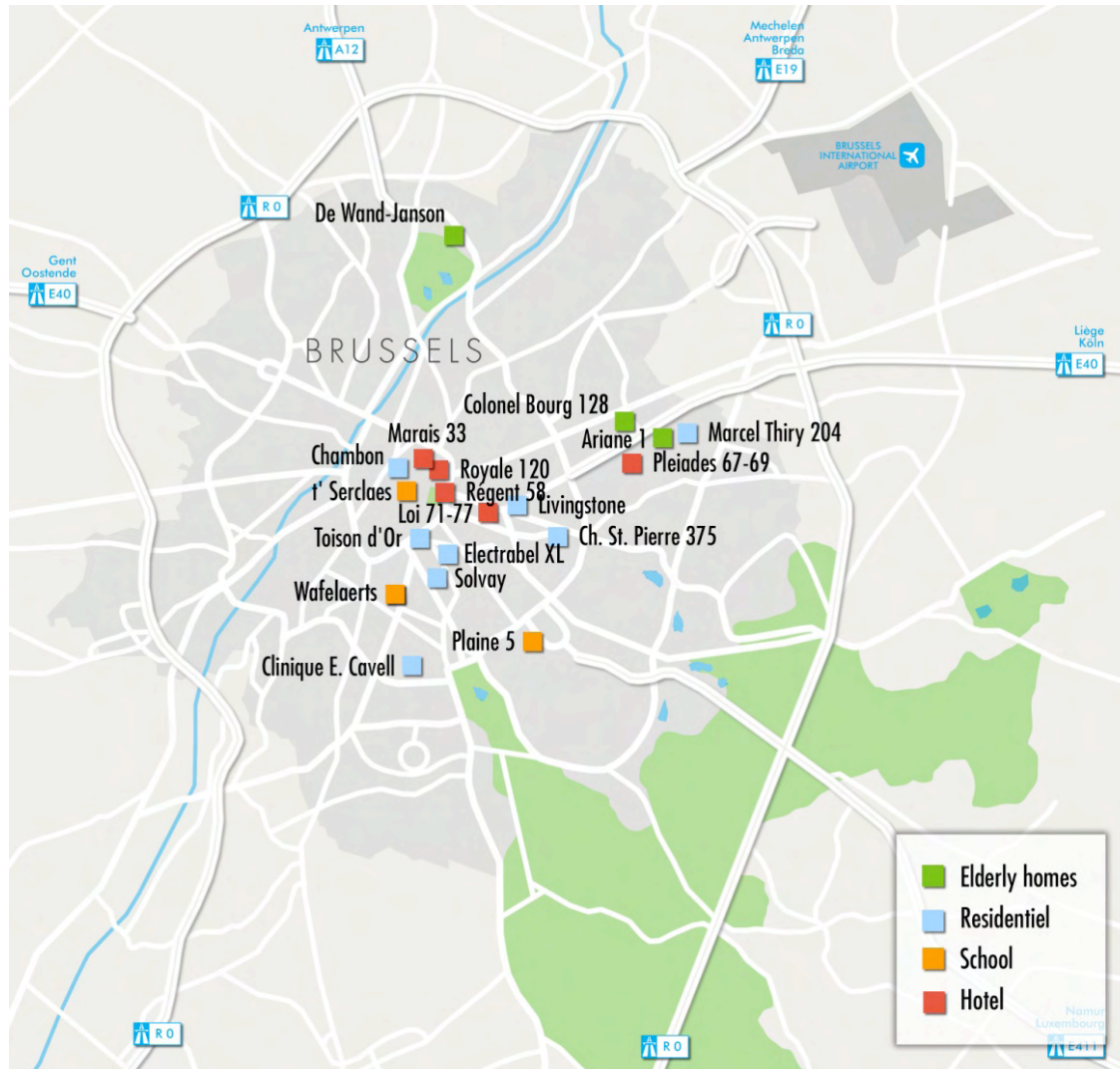
## Reconversion





# Reconversion

Lots of office space being reconverted in housing, hotels and elderly homes



# Alternatives to housing

---

---

## Hotels

- Overnights in Belgium up 4.4% in 2011.
- Cities doing very well!

---

## Student homes

- Brussels urgently needs extra student homes, as compared to other Belgian cities.

---

## Elderly homes

- 19.000 extra beds needed in 2020
- 65.000 extra beds needed in 2050

---

## Schools

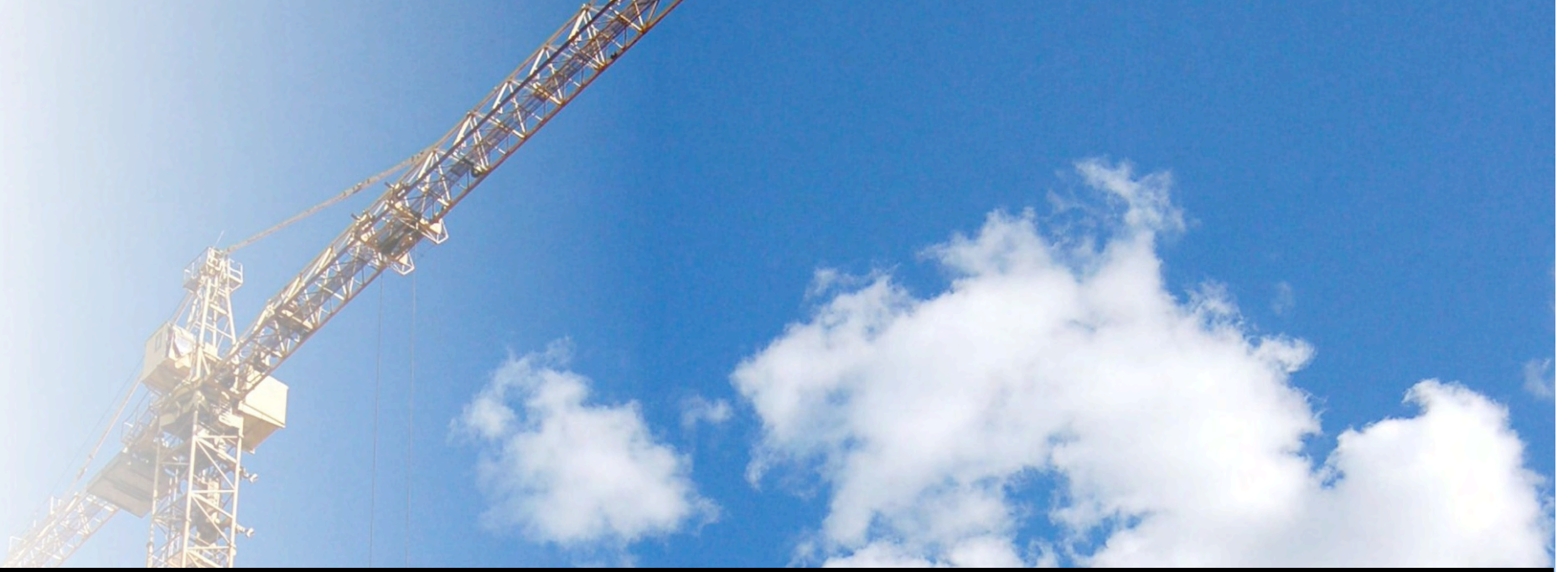
- Brussels demand for office space was dominated by schools and universities.
- 2011 take-up by education amounted to 33.814 m<sup>2</sup>.

## Solvay headquarters (Ixelles)

- One of the largest residential redevelopment schemes in the last 20 years
- Huge interest from developers (15 offers)
- Buyer was selected not only on price, but also on:
  - ★ Urban integration of project,
  - ★ Quality of project with respect to Solvay corporate image.
  - ★ Sustainability
- Project potential of over 45.000 m<sup>2</sup>
  - ★ 500 to 750 residential units,
  - ★ Housing over 1.250 people







**Thank you**

