



Density in an oversupplied market

Does Brussels need High-Rise?

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1. Context

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1. Context

Employment densification and sustainability

Density is a key lever of sustainable urban development. Low density drives transportation loads, functional and social segregation.

Brussels has seen one of Europe worst urban sprawl since the 50' * causing many of today's mobility and social-economic problems.

Today's strong demographic growth provides the potential for the densification of Brussels.

Residential and employment location trends are strongly correlated.

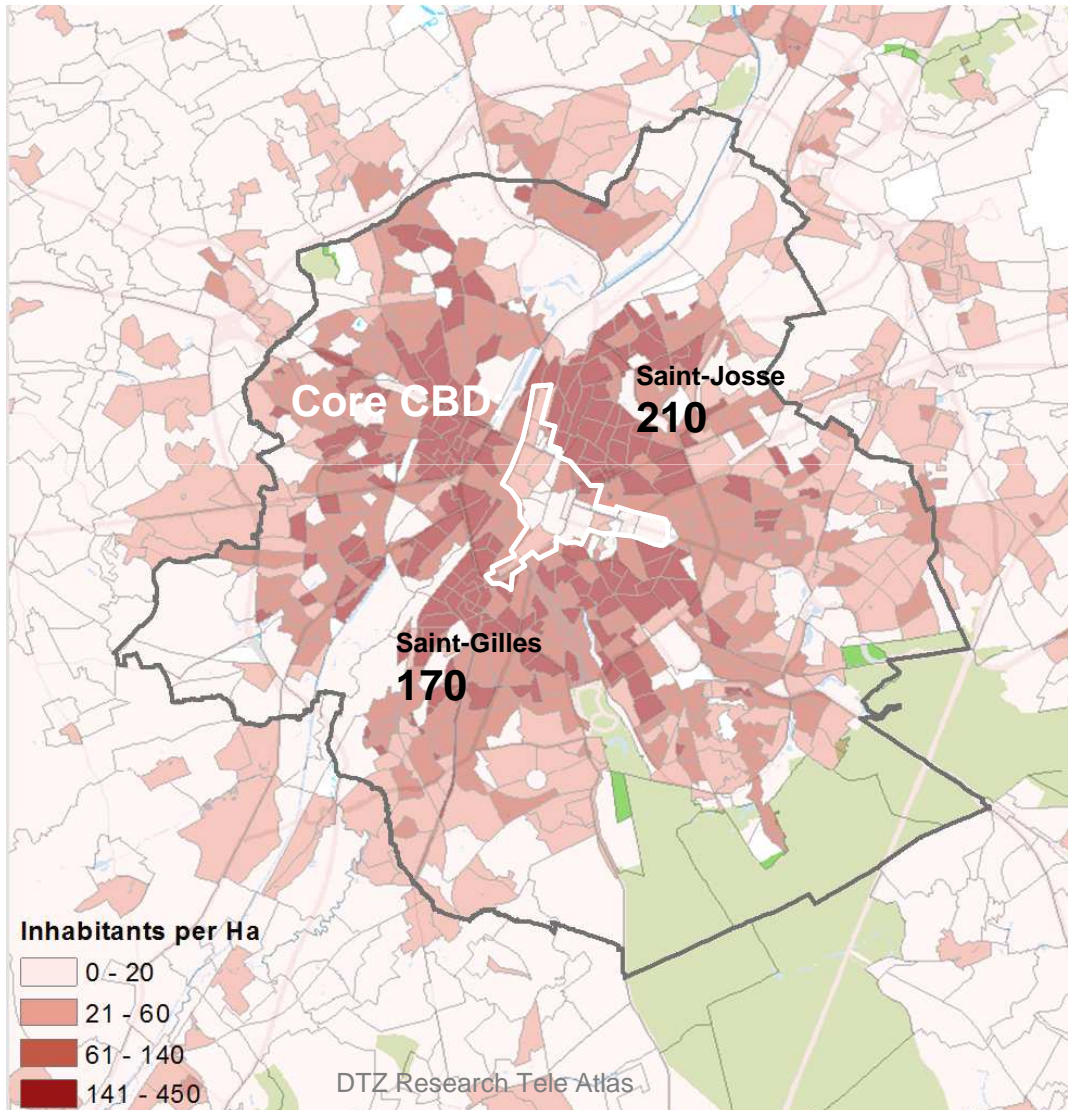
Attracting new employment in highly connected core urban areas is as important as retaining inhabitants.

Making Brussels business districts more attractive is key to create a sustainable, mixe-used and socially inclusive city.

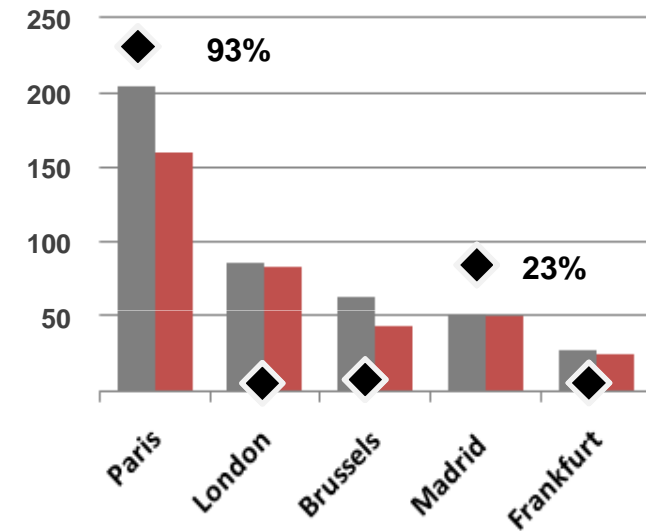
* *"Urban sprawl in Europe"* :European Environment Agency 2006 Report.

2. Brussels the density issue

A mid to low built up density in European comparison



Residential density / ha



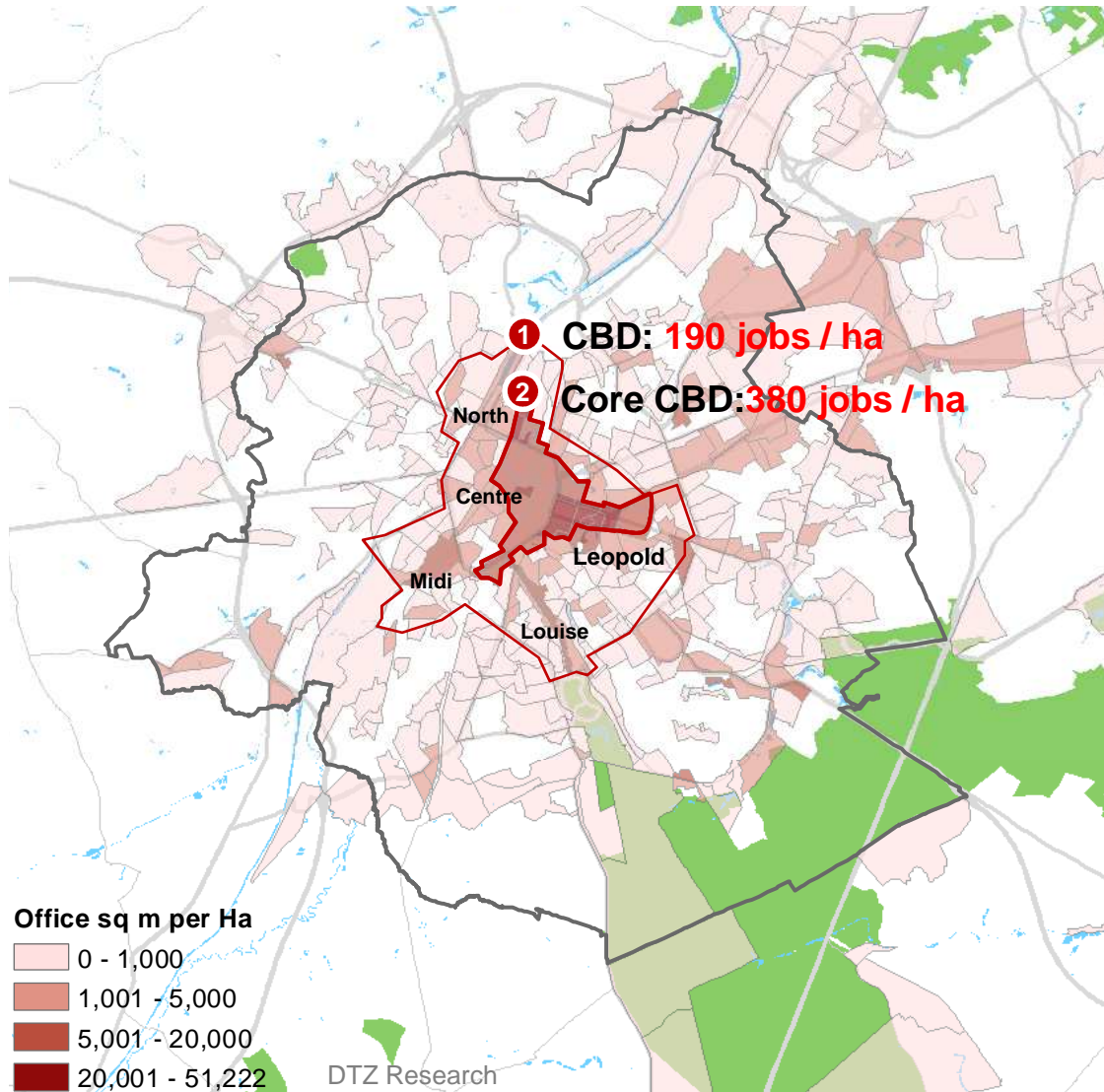
◆ % of population living in dense areas > 200 habitants / ha

■ Inhabitants per Ha

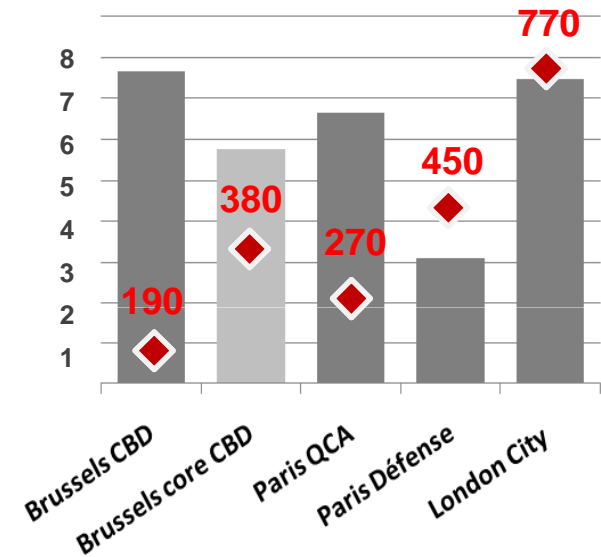
■ Total employment per Ha

2. Brussels the density issue

One of EU largest CBD by stock with still a strong densification potential



Office employment density / ha

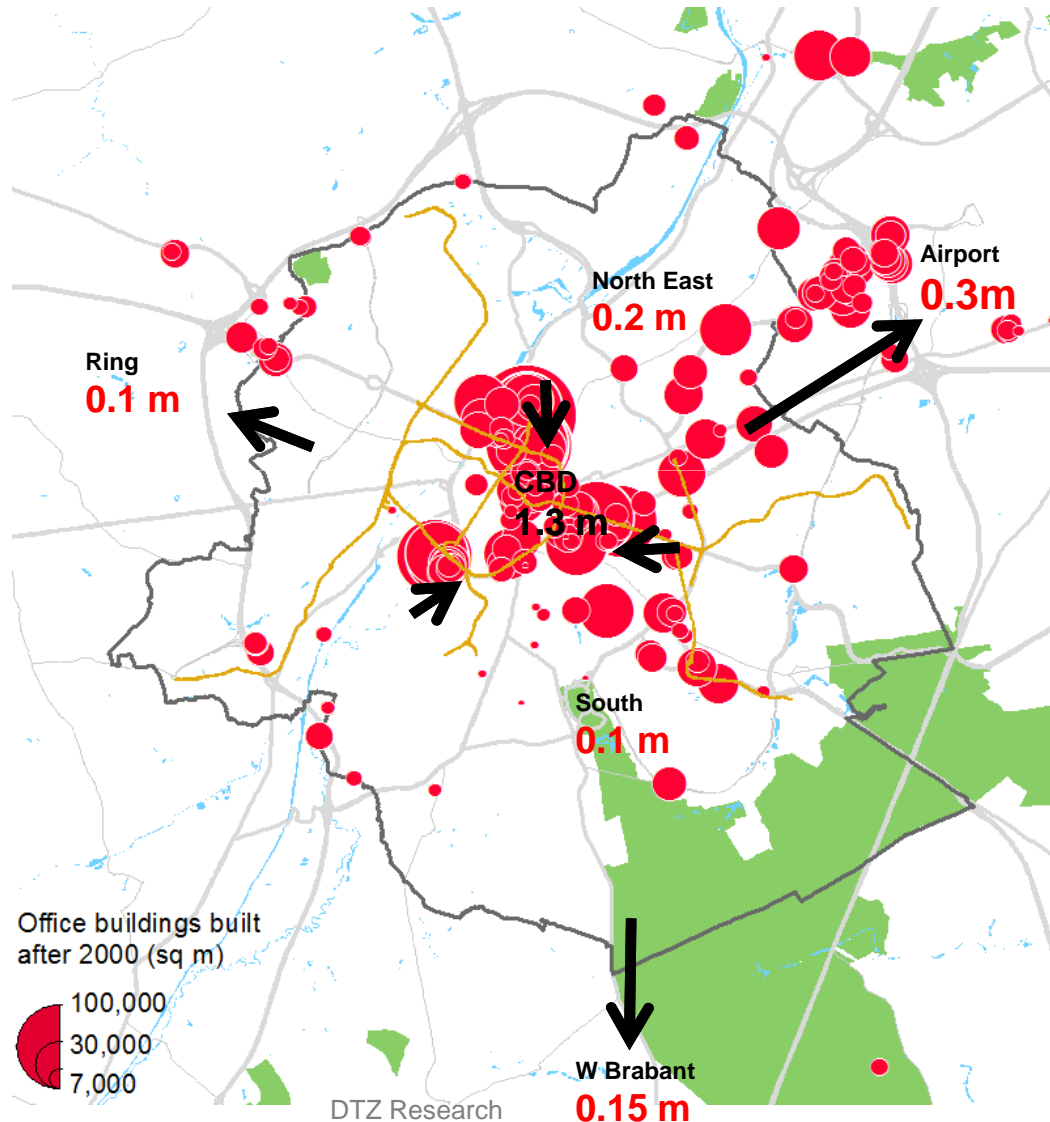


■ Occupied stock million sq m
 ◆ Office based workers / ha

* CBD: Leopold, Centre, North, Louise, Midi

3. The Office market

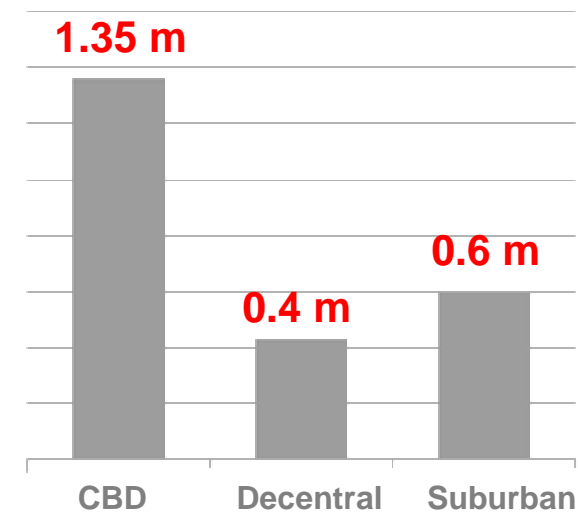
Supply: the last 10 years 40% was outside target densification areas



Office supply 2000-2010:

2.4 million sq m offices have been delivered

Over 1 million with low public transport connectivity.

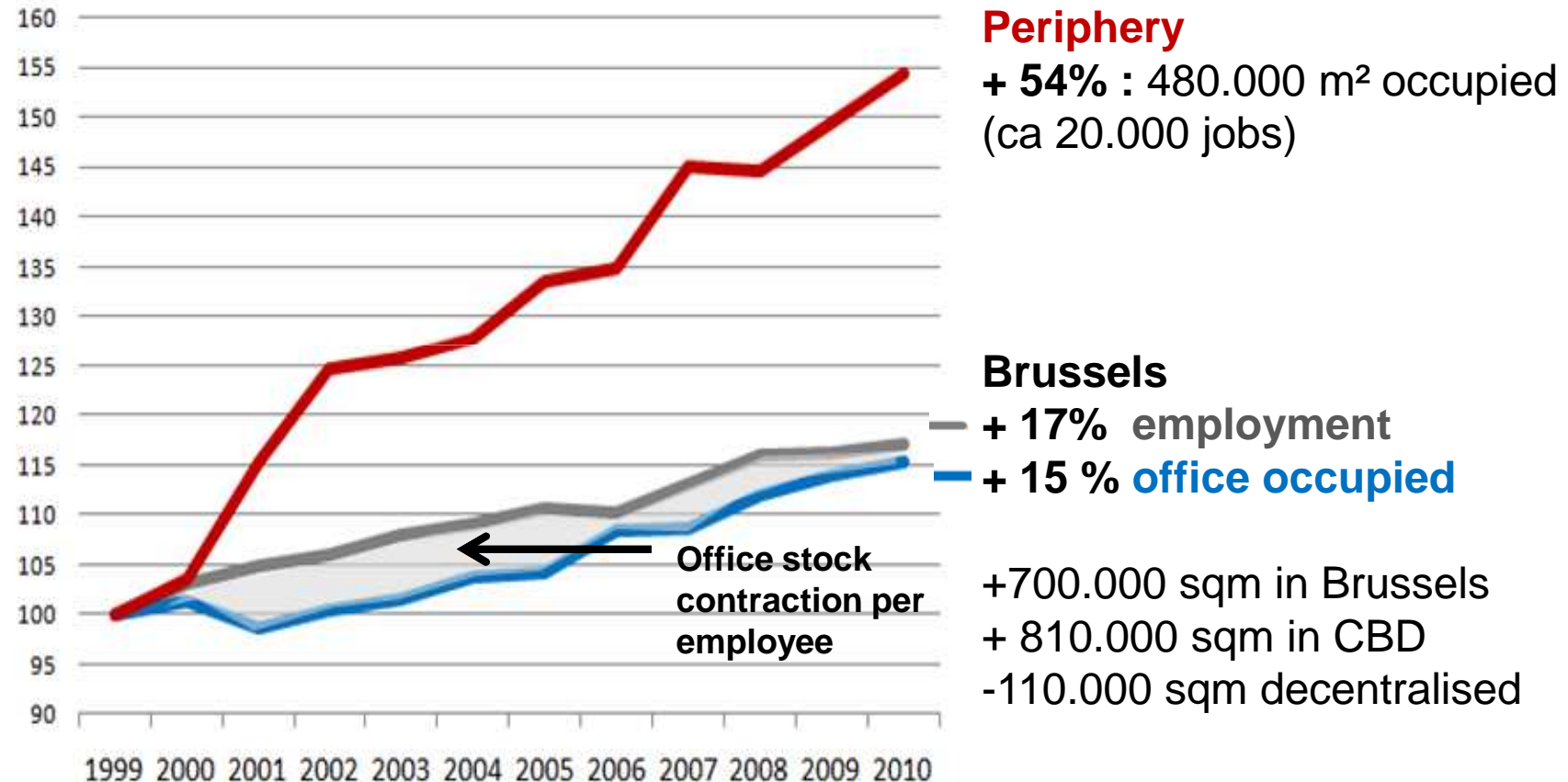


* Leopold, Centre, North, Midi

3. The Office market

Demand: sprawling of office has accelerated during last decade

Job creation & net office absorption between 1990 and 2010 (1999 =100)



Periphery

+ 54% : 480.000 m² occupied
(ca 20.000 jobs)

Brussels

+ 17% employment

+ 15 % office occupied

+700.000 sqm in Brussels

+ 810.000 sqm in CBD

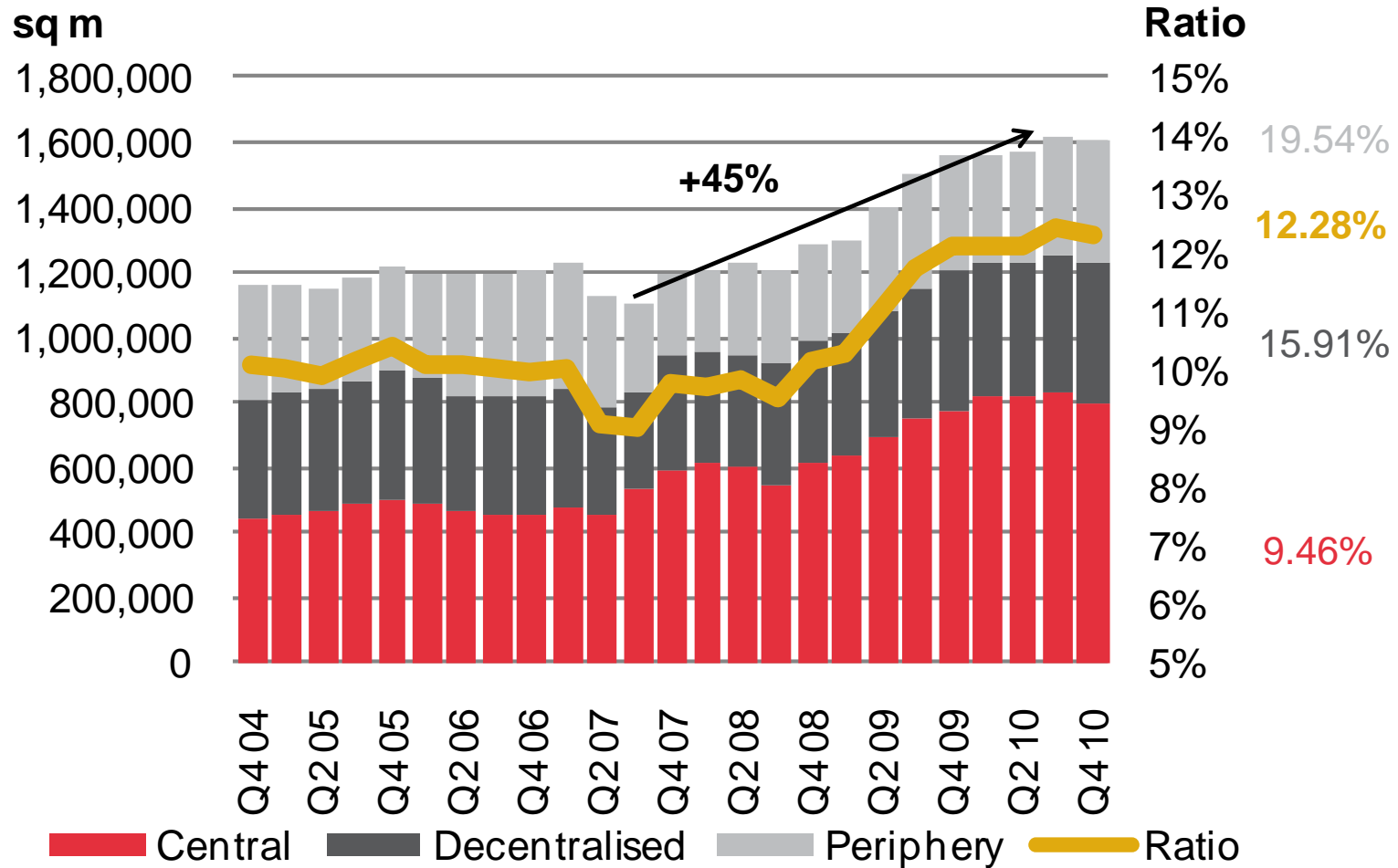
-110.000 sqm decentralised

Oxford econometrics DTZ Research

Fiscal competition & « car policies » are key drivers of employment sprawl!

3. The Office market

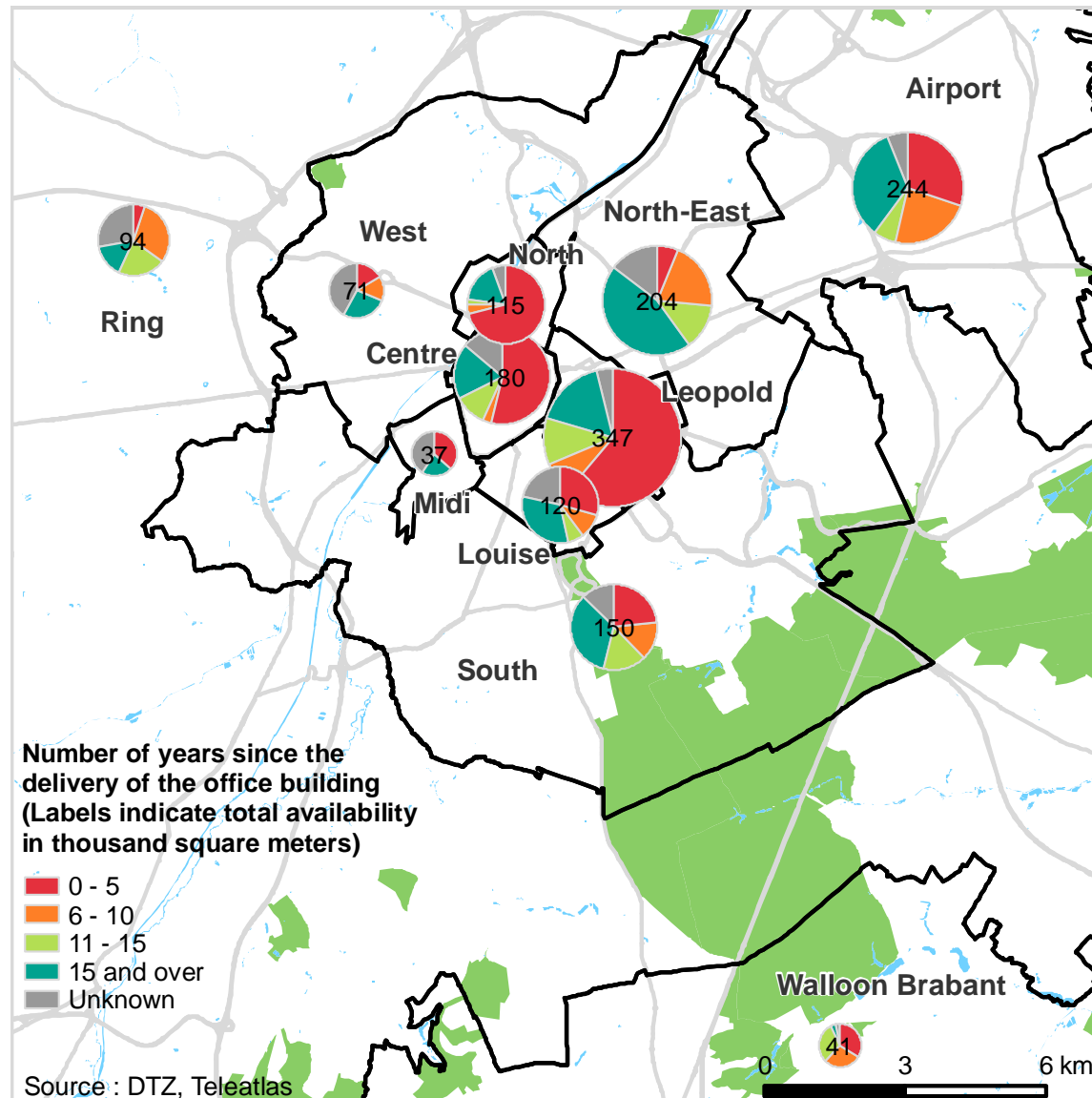
Vacancy has reach historic heights in all market segments



Source: DTZ Research

3. The office market

Vacancy is high even in new stock



54% of the availability in the CBD (435,000 sq m) is in buildings of <5 y.o.

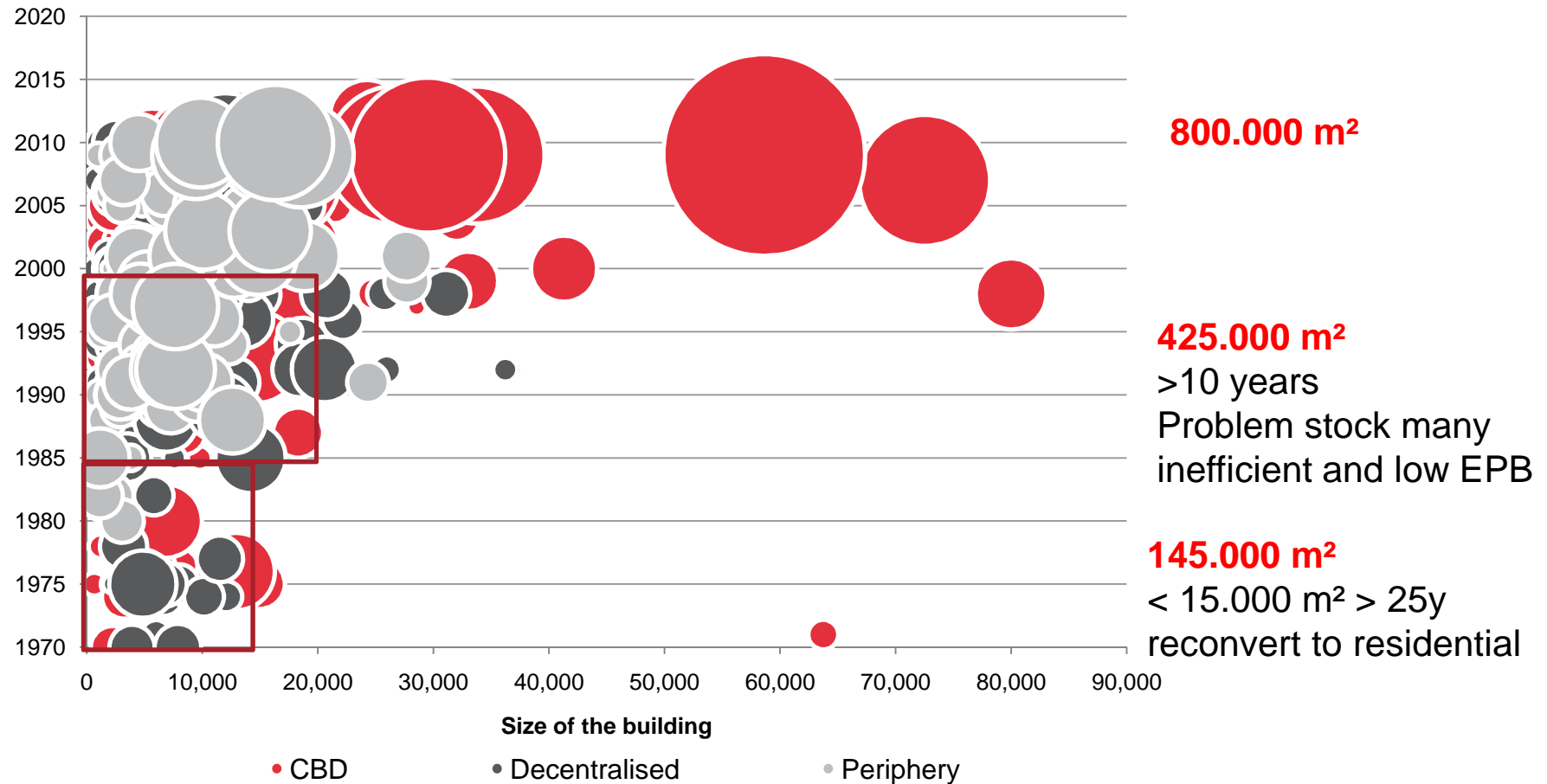
Different issue in Decentralised with nearly 50% >10 y.o.

3. The office market

Vacant stock includes many building over the end of their life cycle.

Availability by size and age of the building

Last renovation

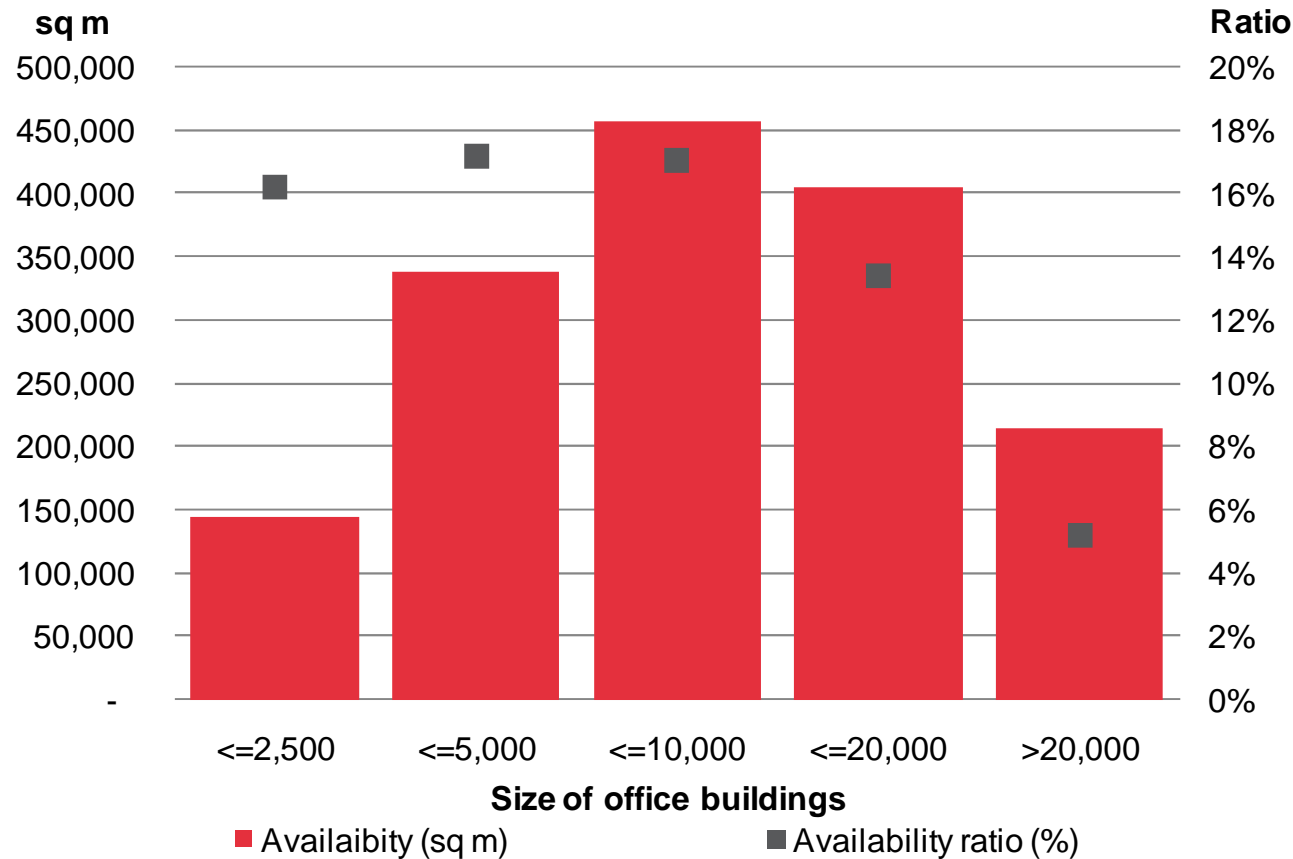


Source : DTZ Research

3. The office market

Vacancy is low for larger buildings

Availability by size of the building

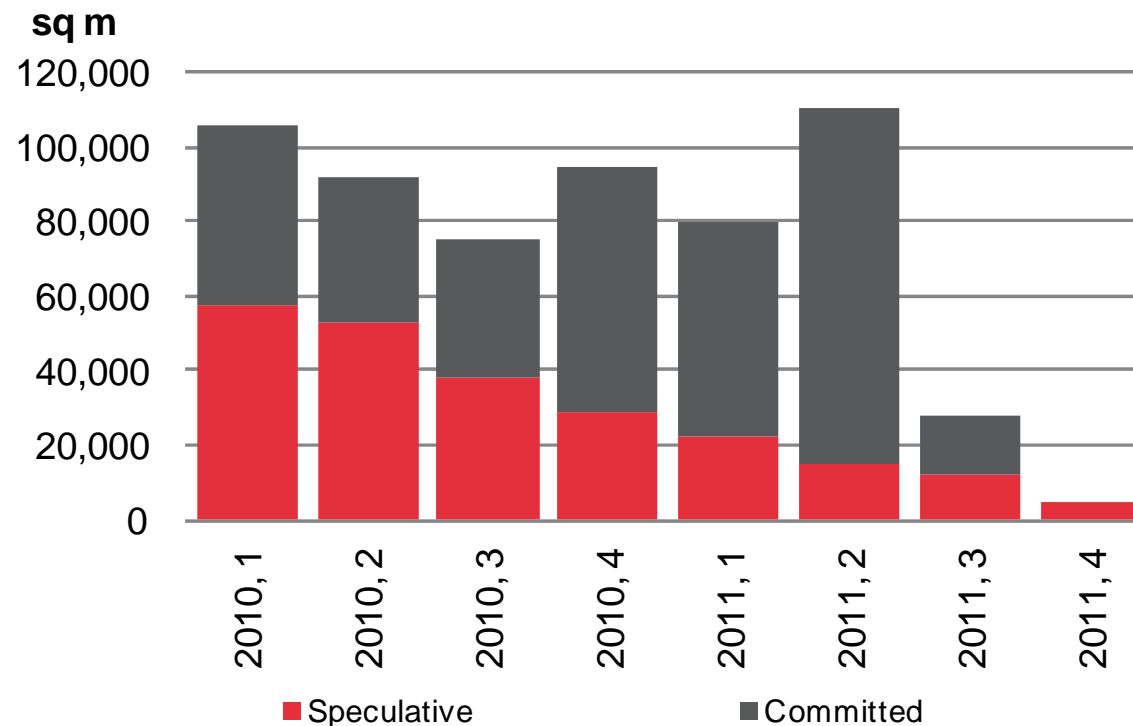


Occupier trends especially in CBD are driving demand for larger scale developments.

Large scale provides: consolidation, open plan efficiency, flexibility, common services.

3. The office market

Outlook is brighter on the back of reduced pipeline



Source: DTZ Research

Nearly 600,000 sq m have been delivered empty in the last 3 years.

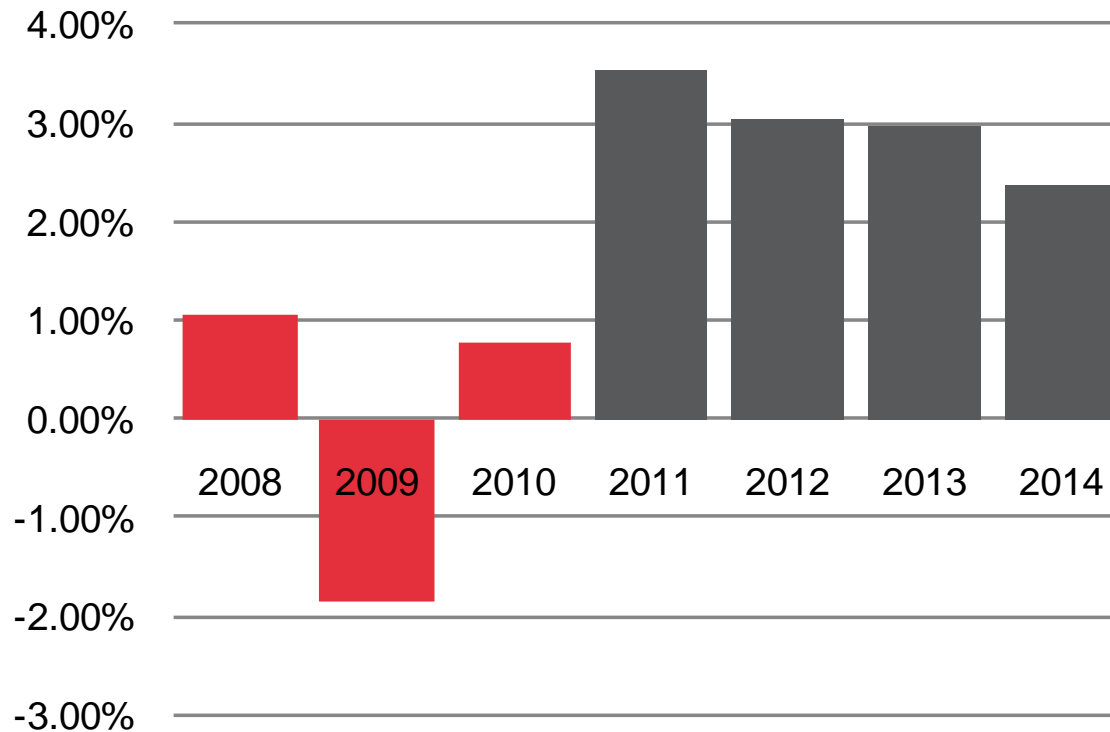
Only 54,000 sq m will be in 2011.

Positive for availability and rents.

3. The office market

Outlook is brighter on the back of improved economical perspectives

Brussels GDP Growth



Source: Oxford Economics

Strong GDP Growth
forecasted for 2011-13



1.4% annual office
employment forecasted
growth



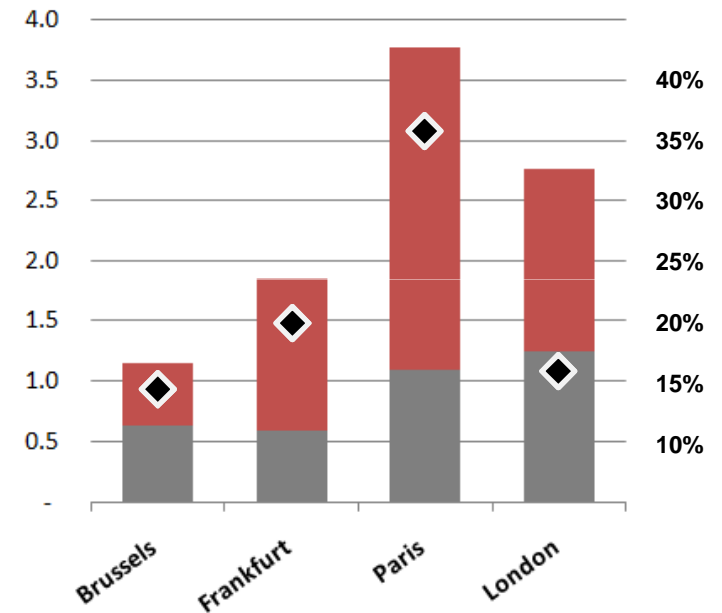
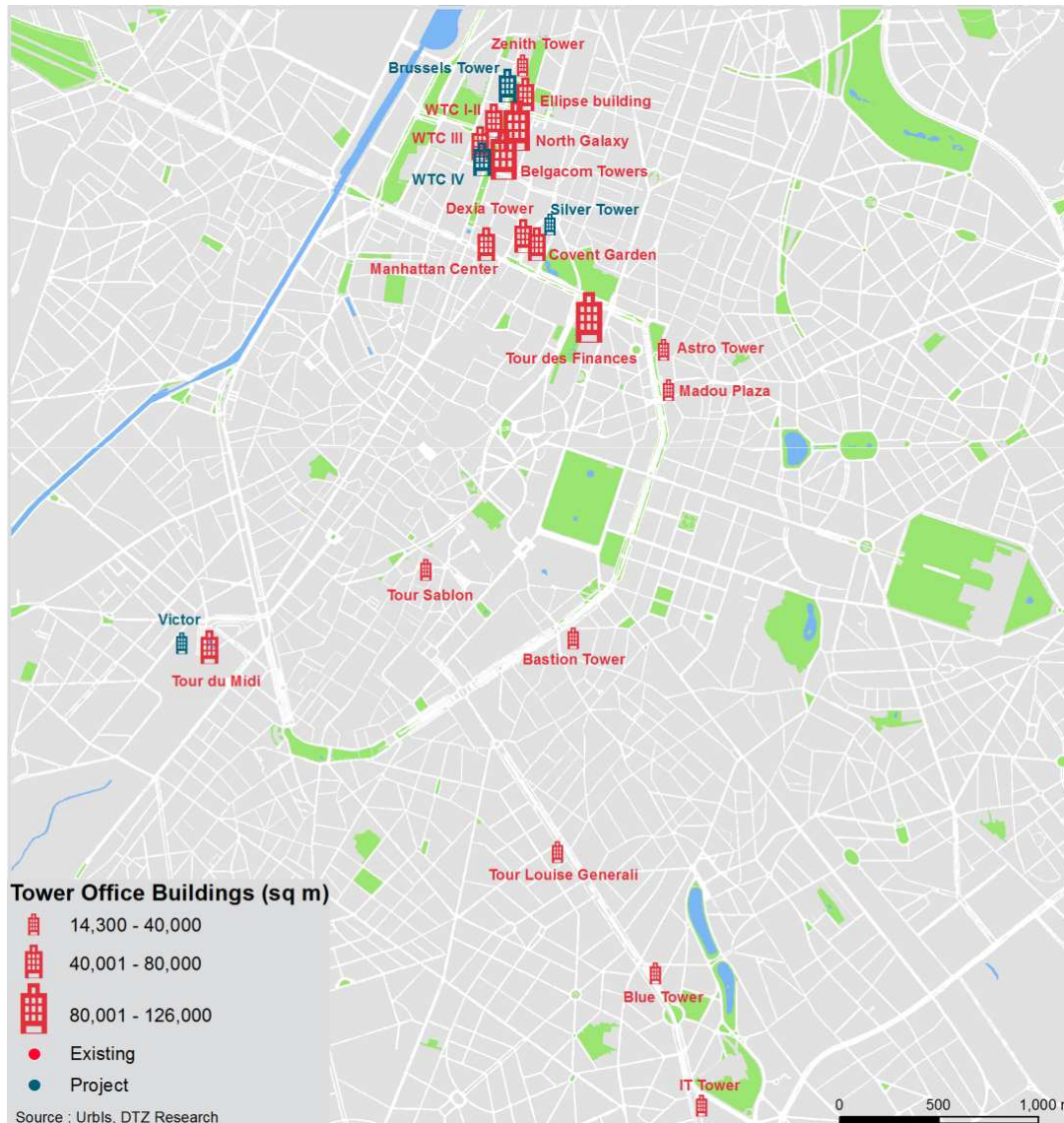
± 5,000 new office jobs /
year



± 1,000,000 sq m needed
in 10 y

4. The High-rise issue

Brussels has a high ratio of High-rise in stock but few are really tall or iconic



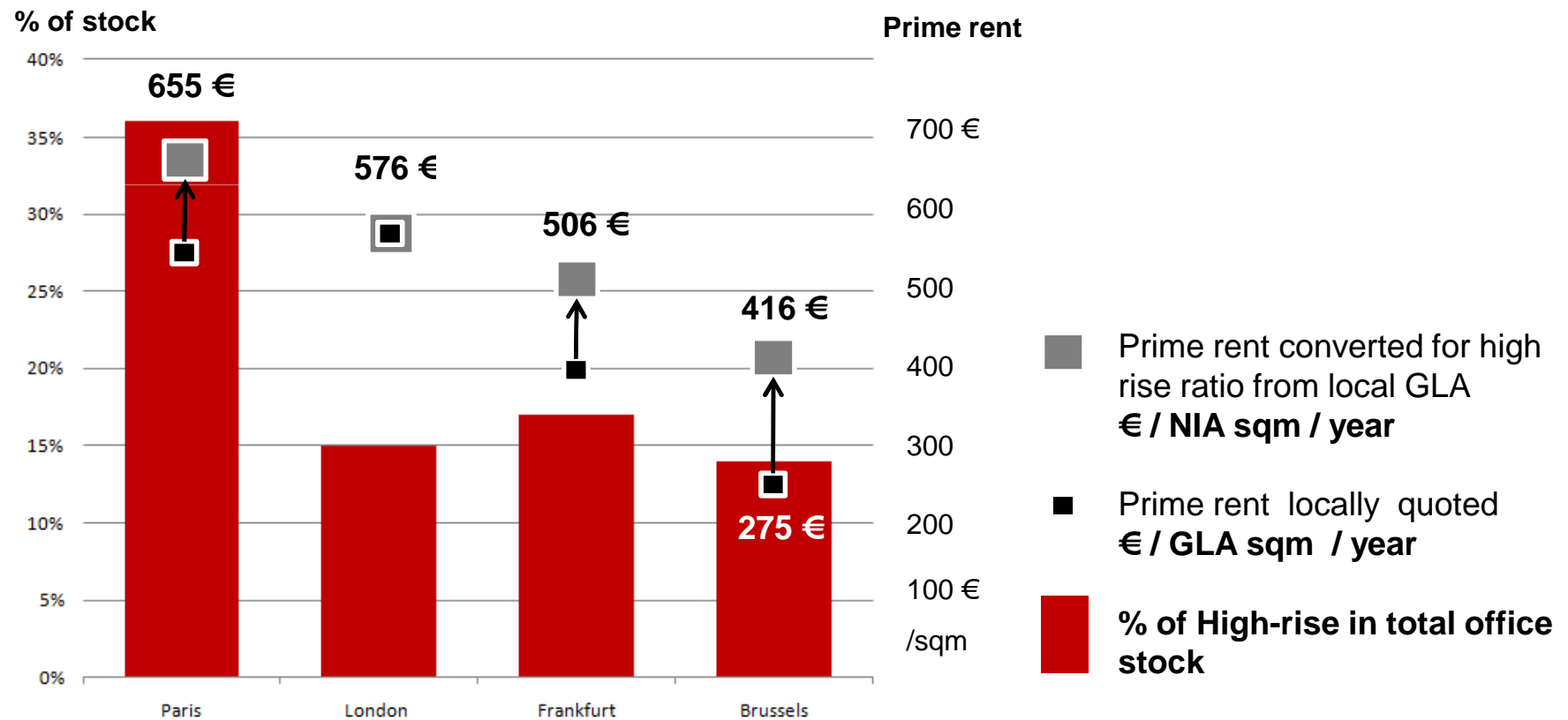
- ◆ % of high-rise in total office stock
- High-rise stock > 20 floors < 30 fl
- High-rise stock > 30 floors

4. The High-rise issue

Brussels High-rise development economics are better than they look

On a “like for like” NIA basis High-rise rents in Brussels are closing the gap.

There is a relative correlation between rental levels and High-rise stock.



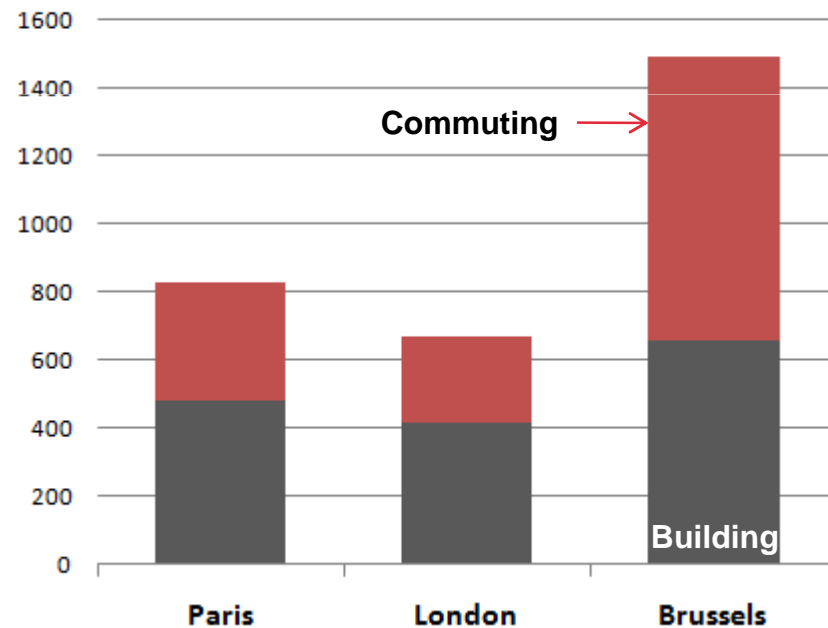
4. The High-rise issue

As part of a densification strategy environmental impact is positive

Today high energy performance will be more expensive to reach in High-rise.

In Brussels over 50% of office employment related CO₂ emissions are driven by commuting and not building energy performance.

Example of annual CO₂ emissions per employee in kg



Located at proximity of key public transport nodes and part of a densification exercise to attract employment back to CBD High-rise can have a clear positive impact on CO₂ emissions.

Estimated based on typical private sector access modal split in a building with CO₂ emissions of 30 kg /year/ sqm

5. Conclusions

Brussels needs a comprehensive CBD densification strategy

Brussels CBD has the potential by its size and connectivity to become one of Europe most attractive places to work.

Current CBD is wrongly defined, not attractive and has no status

Vacancy is high but not matching strong demand for larger products.

Brussels needs to reinvent its CBD with a development & delivery strategy

- ✓ Residential reconversion for older stock and small units.
- ✓ Office densification within a newly defined CBD boundary
- ✓ A limited number of iconic high rise close to key transport nodes
- ✓ Increased public space, residential and retail uses.
- ✓ Harmonised fiscal and urban planning policies