

MARKET OVERVIEW

Luxembourg

The Savills logo, consisting of the word "savills" in a red, lowercase, sans-serif font, is centered within a solid yellow square. This square is positioned in the lower-middle section of the image, overlapping the facade of a modern building.

savills

Q1 2022

KEY FIGURES Q1 2022



STOCK: 4.41 million sq m



TAKE-UP: Letting: 34,701 sq m
Pre-let: 36,107 sq m
5-year annual average: 202,124 sq m



VACANCY: 3.48%



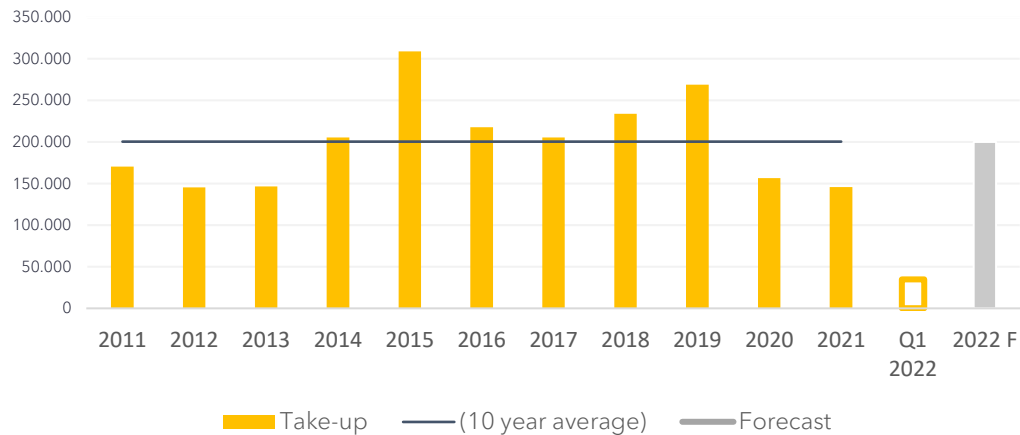
PRIME RENT: 51€/sq m/month - CBD

	STOCK	TAKE UP	VACANCY
LUXEMBOURG	4.41 million sq m	34,701	3.48%
KIRCHBERG	1.2 million sq m	4,707	0.80%
CBD	880,000 sq m	5,360	1.31%
CLOCHE D'OR	510,000 sq m	4,814	6.64%
STATION	445,000 sq m	2,249	0.86%

Take-up

Luxembourg office market remains strong and active with high demands and with a take-up of 34,701 sq m and 36,107 sq m for pre-letting transactions.

Take-up in Q1 is lower than last year at the same period. However, it is not necessarily a sign of a bad year to come. A positive forecast would be to expect a take-up similar to 2021 (145,693 sq m) by the end of the year.

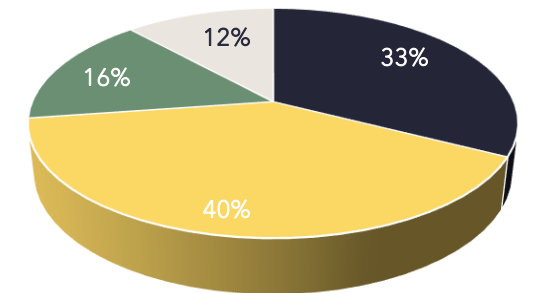


Top sectors

The analysis demonstrates that **Banking & Finance** accounted for a significant proportion of take-up (33%), totalling 8,956 sq m.

The **IT-Technology** sector was also a key contributor accounting for 4,277 sq m transacted representing a share of 16%.

Public Institution represent 12% of take-up, for a total of 3,237 sq m.



Legend: Banking & Finance (dark blue), IT - Technology (green), Public Institution (light grey), Unknown / Other (yellow)

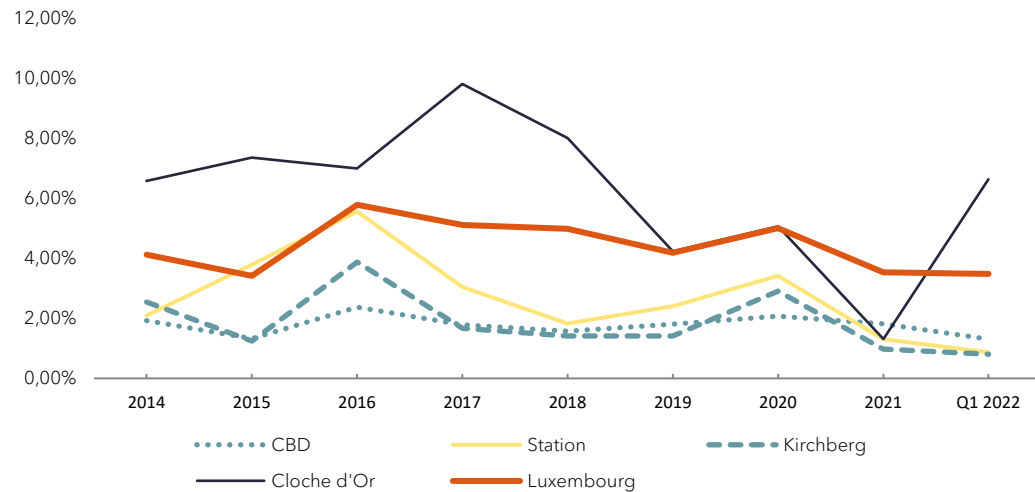
34,701 sq m

take-up Q1 2022

36,107 sq m

pre-letting transactions

Vacancy



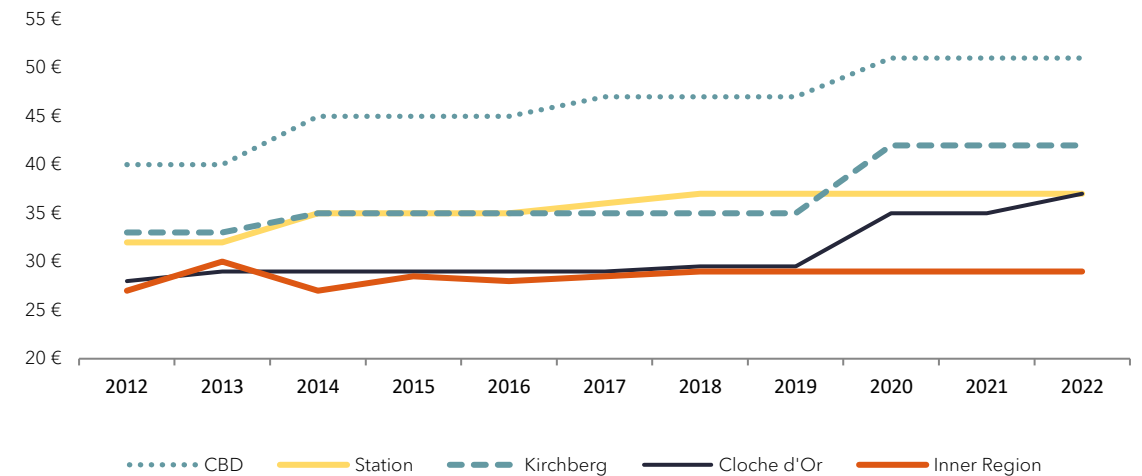
Overall vacancy rate in Luxembourg has decreased from 3.53% in Q4 2021 to 3.48% in Q1 2022.

The lowest vacancy rate is recorded in Kirchberg with **0.80%** followed by the CBD **1.31%** and Station **0.86%**. There is a strong increase for the Cloche d'Or vacancy, which reaches **6.64%**, due to the delivery of new buildings which are not already fully let..

Source : Savills research

3.48 %
Vacancy rate

Prime rents



Prime rents remain stable compared to 2021.

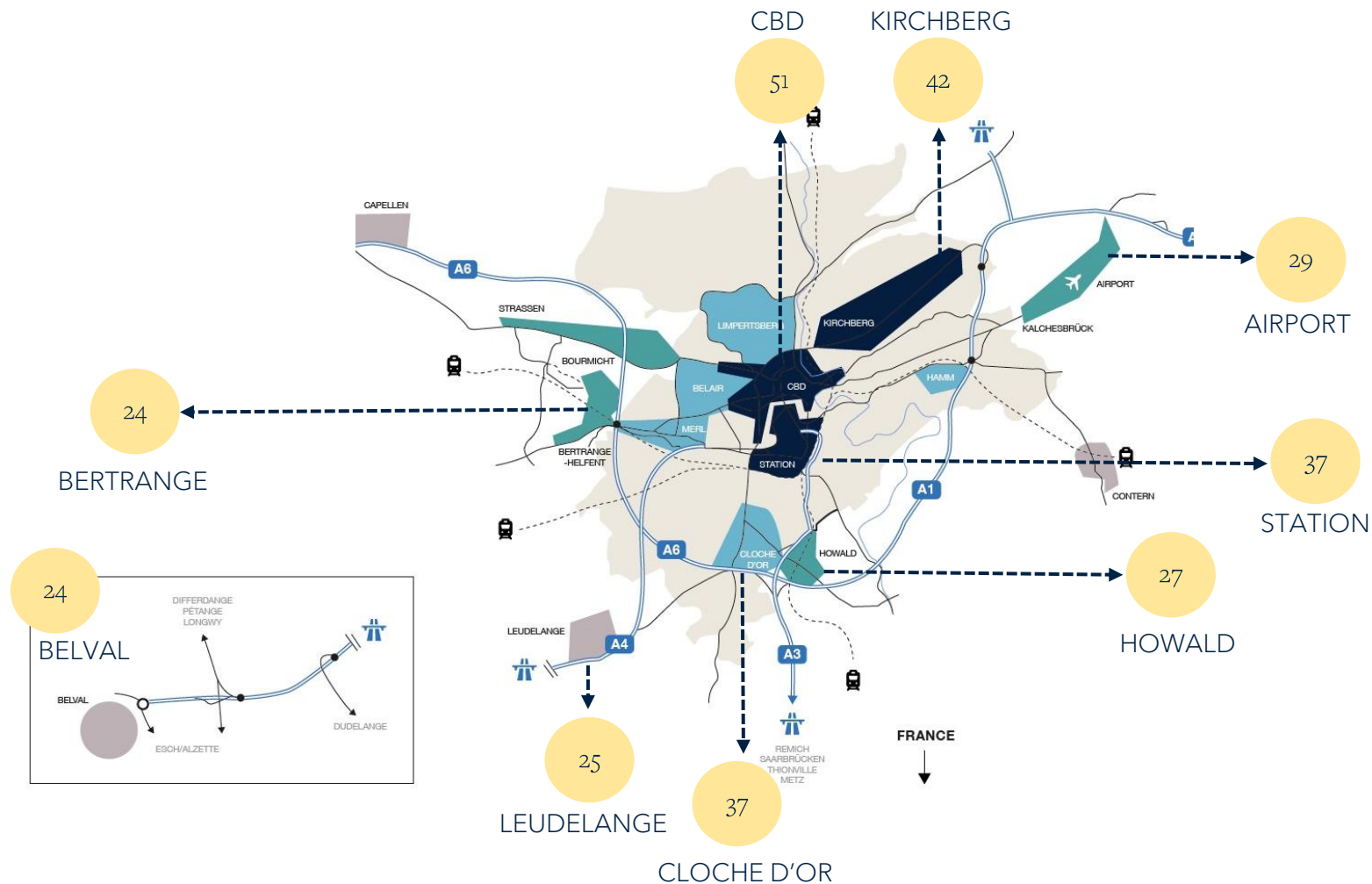
Currently prime rents in CBD stand at **51€/sq m/ month**, in Kirchberg prime rents amount to **42€/sq m/month**, to **37€/sq m/month** in Cloche d'Or and in Station.

In the City districts, Inner Region and in the Greater Region prime rents range between **20€ to 30€/sq m/month**.

51 €/sqm
Prime rent

PRIME RENTS PER DISTRICT

in €/sq m/month



SIGNIFICANT TRANSACTIONS



COSY

- CBD
- 2,819 sq m
- Occupant : Go Brand



LES TERRES ROUGES

- Esch Belval
- 2,733 sq m
- Occupant : Ministry of Education



SPACES KOCKELSCHEUER

- Cloche d'Or
- 2,439 sq m
- Occupant : HSBC



CAP2

- Capellen
- 2,067.77 sq m
- Occupant : Rcarré S.A.



BRONZE GATE

- Cloche d'Or
- 1,859 sq m
- Occupant : CMS

OCCUPATIONAL MARKET

Q1 2022

RANGE OF OVERALL AREA PER DESK (includes client space, workspace and amenities)



Legal
18-22 sqm



Financial
(Trading)
10-14 sqm



Financial
(Boutique/private client)
16-22 sqm



Corporate
10-14 sqm



Media
10-20 sqm



Insurance
10-12 sqm

Source : Savills research

Those range of sizes really depends on how client focused each particular office is, having a large client suite will heavily increase the overall area per desk ratio.

The amount of amenity spaces also needs to be taken in to account. Offices that also offer in house restaurants, cafes, gyms, training suites, high density storage, will also have a higher area per desk ratio.

Workspace density plays a big factor also. Some firms may historically have planned desks very densely / tightly / close together (insurance & financial trading), others may already plan desks in a more relaxed spacious way (legal offices).

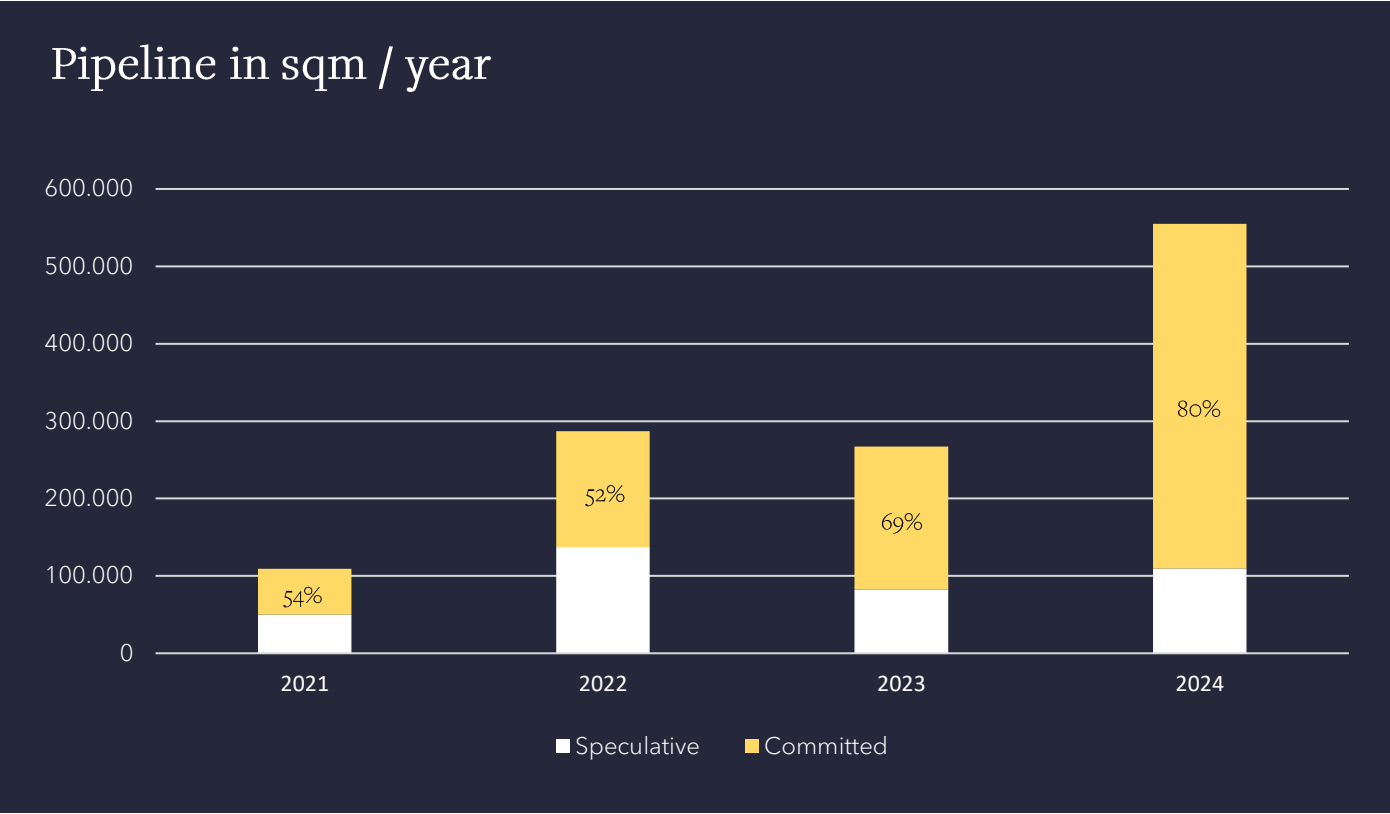
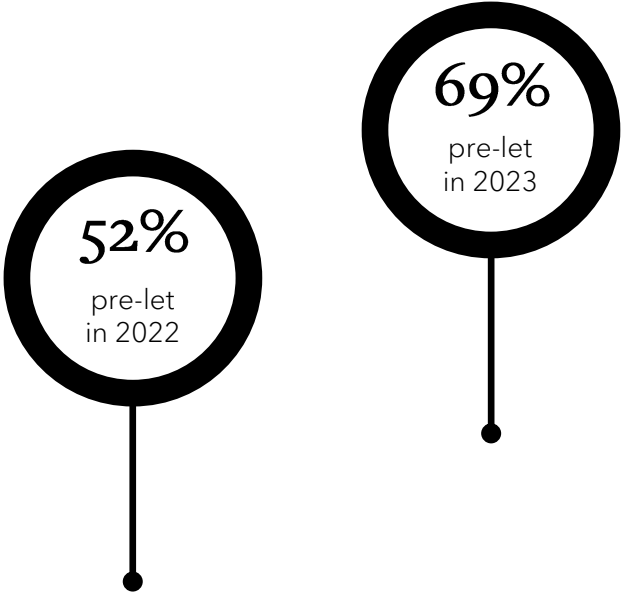
According to KKS Savills (our workspace & design team), since Covid, the space planning is seeing usage levels in the office at 50 - 60% and an increase in relaxed and more spacious workspace / desk planning. This does not result in a reduction of overall space for companies but a re-balance of space types based on usage.

DEVELOPMENTS IN PIPELINE

Q1 2022

Around **286,000 sq m** of office spaces will be delivered in 2022 out of which 52% are already pre-let before completion.

More and more companies try to secure office spaces by pre-letting agreements made well in advance of the building delivery. Hence tenants who are looking for high quality spaces in prime locations must be ready to commit min.12-18 months before the delivery of the new premises.



Source : Savills research

INVESTMENT MARKET

Q1 2022

2019

Total commercial investment volume	€1,648,000,000
Average volume per office transaction	+/- €26 million
Number of deals	29

€ 1.65
billion

2020

Total commercial investment volume	€1,132,000,000
Average volume per office transaction	+/- €42 million
Number of deals	25

€ 1.13
billion

2021

Total commercial investment volume	€ 1,442,000,000
Average volume per office transaction	+/- € 53 million
Number of deals	27

€ 1.44
billion

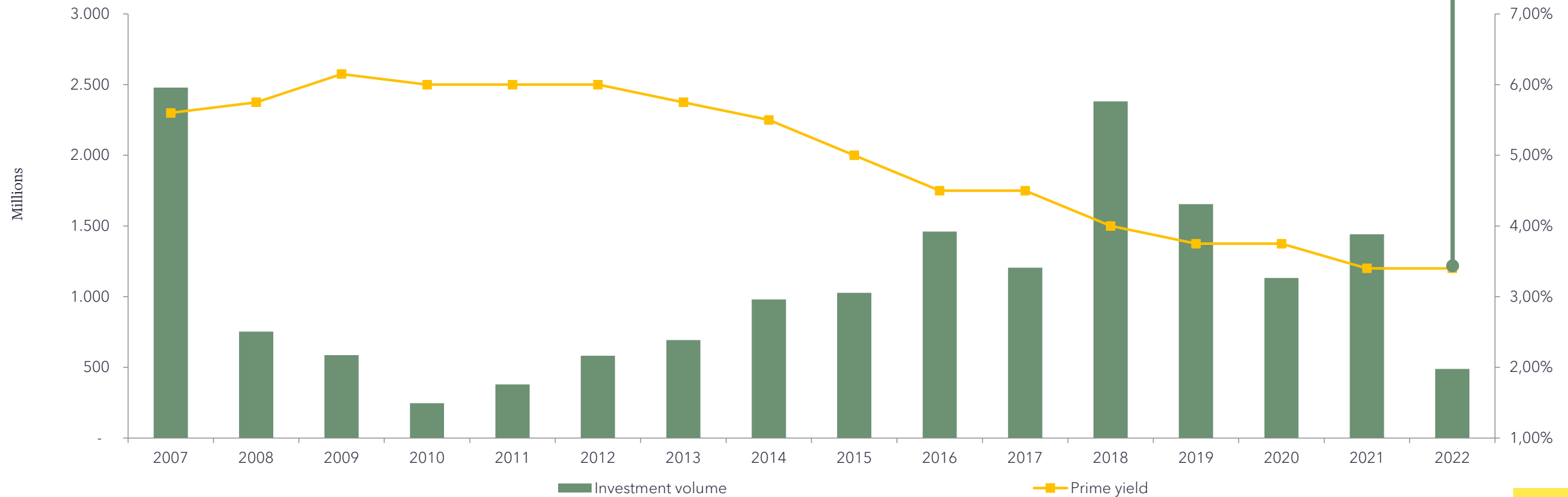
Q1 2022

Total commercial investment volume	€489,000,000
Average volume per transaction	+/- € 49 million
Number of deals	10

€ 490
million

Source : Savills research

INVESTMENT VOLUME VS PRIME YIELD



MAJOR TRANSACTIONS Q1 2022



TITANIUM

- Cloche d'Or
- 20,000 sq m
- Buyer : CODIC
- Price (in million) : €110



MONNET 4

- Kirchberg
- 4,100 sq m
- Buyer : Rotschild REIM
- Price (in million) : €49



ICON

- Belval
- 18,700 sq m
- Buyer : AG Real Estate
- Price (in million) : €145

INVESTMENT MARKET

Q1 2022

Taxation and structuration

- Mainly share deals in Luxembourg → no taxation on share deals
- Corporate income tax in Luxembourg City: 24.94%
- VAT (17%) applied on commercial leases
- Stamp duties are applied for Asset deals.

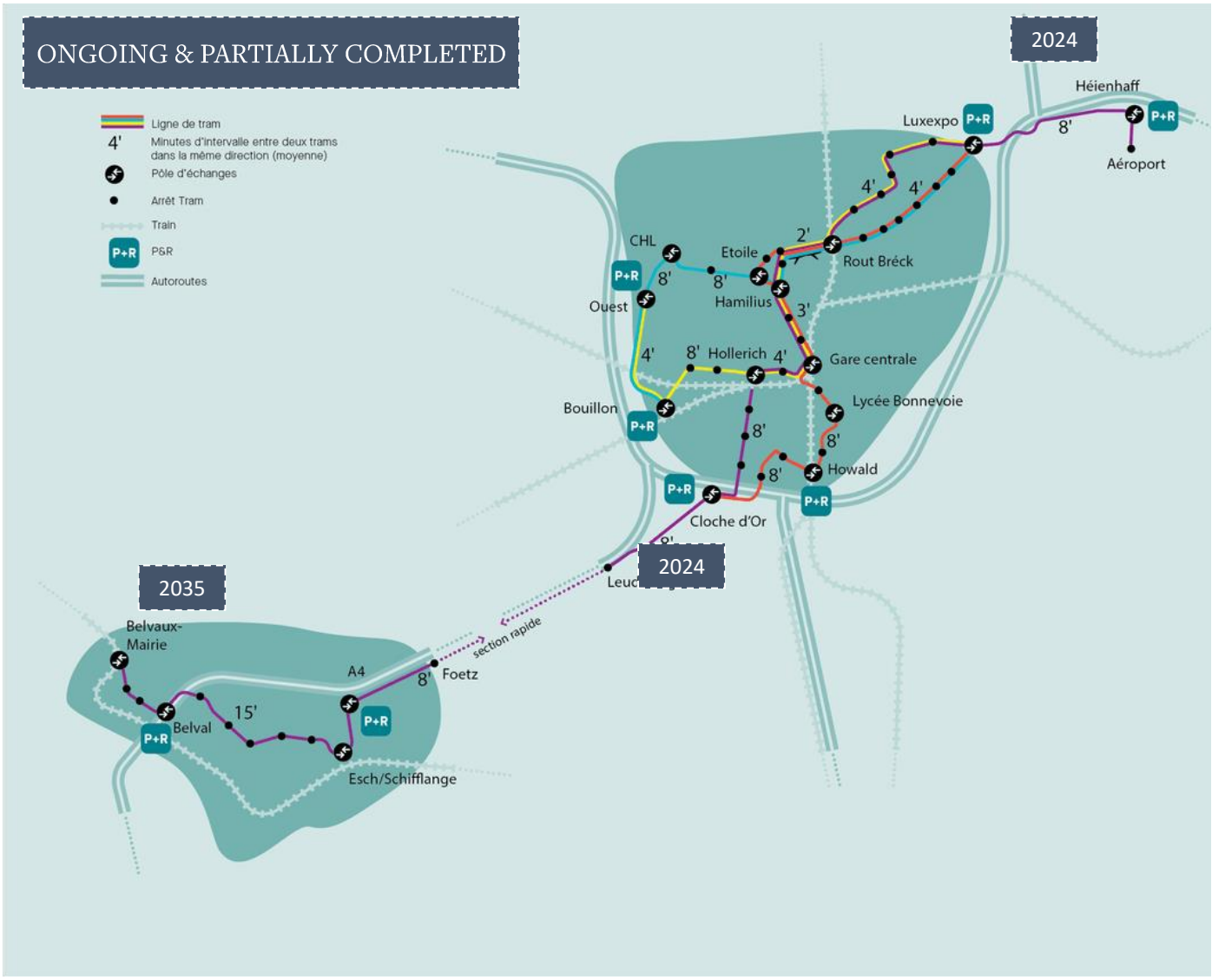
Legal matters

- Retail leases: break every 3 years
- Offices leases: from 3/6/9 to very long-term leases (> 12 years)

	Asset within the City of Luxembourg	Asset outside the City of Luxembourg
Registration tax	6%	6%
Transcription tax	1%	1%
Municipal surcharge	3%	-
	10%	7%



TRAMWAY PROJECT



For further information, please contact us

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