

HP renegotiation compensates overall disappointing take up



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Mechelen is located in the South of the Province of Antwerp, between the cities of Antwerp and Brussels and represents an office stock of $\pm 460,000$ m². The three business zones – north and south industrial zones and the centre – benefit from very good access to the motorway E19 (Amsterdam – Paris). The centre zone benefits from the nearby railway station. The huge infrastructure works around the railway station and the complete renewal of it will make this zone even more attractive.

Mechelen is a relatively young market with office buildings initially only present in the city centre. Several new business parks were developed during the nineties and the first decade of the century in the industrial zones situated alongside the E-19. During that period Mechelen became the alternative for the mobility problems around Brussels and Antwerp. But this time is over and activity in Mechelen remains low. Due to the financial crisis and limited demand, new developments became rather rare over the past years except in the surroundings of the station, where the strategic expansion is one of the major objectives of the Mechelen Municipal Urban Plan, aiming for the construction of a new railway (the Bypass) and a new access road for cars and trucks (the Tangent), as well as the reconstruction of roads and squares around the station. This urban regeneration of the station will undoubtedly transform Mechelen in the next few years and put it back on the market.

Take-up falling

Thanks to the renewal by Hewlett-Packard of its lease of 13,500 m² in the Mechelen Business Tower (located near the E19 motorway in

Mechelen North), take up figures of $\pm 16,400$ m² represented an increase of almost 65% compared to previous year. However, this large-scale renewal covers up very disappointing figures, as the take up (excl. this deal) represented only $\pm 2,750$ m², corresponding to a 72,5 % decrease compared to 2013, which was already well below the 10 year average of around 15,000 m². This is mainly due to the very poor activity of the corporate sector, which constitutes the major part of market activity in Mechelen, as administrations have remained completely inactive on the market since 2005. Most of the transactions were concluded for small areas of below 1,000 m².

No movement in rental level was observed. Prime rent remained stable at €135/m²/year, while average rents vary between 80 and €120 /m²/year. The vacancy rate is around 11 % but it is very low in new buildings (< 3 %).

Real estate developers attracted by the railway station renewal

The new central station with its new infrastructure and parking give potential for new developments in this area. which will undergo a

complete transformation. In addition to the new central station, all the neighbouring properties will also be renovated and incorporated into the city's new centre.

The Beherman Group wants to play a major role in this urban renewal project. The Group itself owns over thirteen hectares of land in this development, in an area called **Ragheno Park**. This former brownfield site is being gradually reshaped into an attractive business park. The site is currently fully under development and will include residential and business units. The first large development is the new headquarter building of the Flemish Red Cross, which is nearing completion and should be occupied by the end of the year.

The next big project, called **Pure M**, is the construction of three new office buildings totalling 20,000 m². These buildings will be located along Motstraat and will form a buffer zone between the existing railway infrastructure on one side, and the residential area behind it. In the **Ragheno Business Park II**, MG Real Estate also has a project to build 2,900 m² of office space.

Just a stone's throw from the station, along the Leuven-Dijle kanaal, the offices of the **Zuidpoort** complex are part of a renewed and revived district with apartments, shops and restaurants around a central garden square. Sanoma Belgium moved into some 12,000 m² in June 2013. Around 1,500 m² of high-quality offices are still available to be rented in units from 500 m² and a new construction consisting of 6,700 m² of offices and café/restaurant units is still available.

Non speculative real estate developments

Except for these real estate projects and part of that located on Blarenberglaan 4, the new developments in the pipeline are not speculative. Real Estate developers are often waiting for occupiers before starting construction. **The Blarenberglaan 4** project along the E19 on the former industrial Cummins site has now been completed by real estate developer BVI.BE.

It involved the renovation of the industrial buildings (9,500 m²) and the construction of a new office building of around 4,600 m² along the Blarenberglaan. 2,000 m² offices are now offered to let or for sale. Just beside this project, on Blarenberglaan 2a, the **York Business Park** is to be built by real estate developer Uplace. This 5-storey building will develop a total surface area of 7,412 m² of office space. Construction will begin once a contract with an occupant has been signed, and is set to last a year.

In Mechelen North, developers Bvi.be and Resolve are developing the **Blokhuis** SME park on a site of 7,000 m². Built-to-suit buildings (200 m² to 3,000 m²) are offered for sale. Three new buildings, for Porsche, Carglass and SG Lighting are already completed and occupied.

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