

# SUPER WAREHOUSES

# IN BELGIUM

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EVERY DAY, 1,644  
SQUARE METERS  
OF LOGISTICS  
SPACE IS ADDED  
IN BELGIUM

The Belgian logistics sector is booming. An estimated 600,000 square meters of new warehouses will be added this year. What's striking is that the warehouses are becoming larger, more sophisticated, and more diverse, so-called super warehouses. Even more marked: rents are also threatening to rise for the first time in years. You currently pay 55 euros per square meter for a warehouse in a prime location in Brussels, which is an absolute record. The reason? Even during

this COVID-19 pandemic, the demand for storage space remains extremely high and will increase further due to growing e-commerce.

A record breaking three million+ square meters of new, 40,000+ square meter logistics warehouses were built between 2013 and 2019. That's equivalent to 443 football fields, or 1,174 square meters per day. This number is only expected to increase in the coming years.

This year, for example, it is estimated that almost 600,000 square meters of new built stock will be added, accounting for some 1,644 square meters per day. There are already about 400,000 square meters of new warehouses in Belgium in the pipeline for 2021 and 2022. The increasing demand for such warehouses is a direct result of the COVID-19 pandemic and the fact that we are all ordering more online. Shops and businesses are obliged to build up more strategic stocks.

E-commerce is flourishing like never before and the demand for storage capacity is very high. For many companies, online sales proved to be the lifeline during the lockdown. This will continue in the coming years. There's still space for development in Belgium, especially in the provinces of Limburg and Liège, which are cheaper than Antwerp or East Flanders. The Netherlands has been on the radar for years, but the market for new large logistics centers is shifting to Belgium right now.

## LARGER, MORE SOPHISTICATED, AND MORE DIVERSE

Not only were more distribution-centers added, but they also became larger, more sophisticated, and more diverse. More than 41 of these so-called "mega distribution-centers," or "super warehouses," have popped up in Flanders. A good example is the Heylen Warehouses logistics hub of 150,000 square meters on a site in the Port of Ghent. There are approximately seven more of that order of magnitude in the pipeline.

The warehouses are getting bigger and bigger because logistics are increasingly evolving. Today, we see more automation or handling by robots. For example, a large two-story distribution center will be built near the capital Brussels, Belgium.

The Ports of Antwerp and East Flanders—with the Port of Ghent—are doing particularly well. About half of all warehouses were built in these provinces, while some were built on the border with Brussels.

Last year, for the first time ever, Belgian take-up rose to more than two million square meters of warehouses, some 8% more than in 2018. And everything looks like the take-up this year will equal or even break that record.

## LOW VACANCY

The consequences of this boom on the warehousing market can be seen clearly. Barely 1% of all warehouses in Belgium are currently not in use. This is a historical low level of vacancy, making Belgium a leader in Europe as the immediately available space has been leased in record time.

There is an acute shortage of available space in all markets. As a result, prices—which remained at the same level year after year—are beginning to rise slightly. Today, the average headline rent is 45 euros per square meter; in 2018 and 2017, it was 43 and 41 euros respectively. In 2020 it has risen to the highest (prime) rent Belgium has ever seen, at 55 euros per square meter in Brussels.

## NETHERLANDS & BREXIT

For years, Belgium lost large warehouses—and therefore income and employment—to the Netherlands, due to better regulation of night work. But that time is gradually coming to an end.

That Belgium will play a key role for logistics in Europe in the coming years is fate. Not only will more stocks be needed because of e-commerce and—due to COVID-19—more just-in-case supply chains, but also our most strategic location remains important. Rents in the Netherlands are 20% higher on average and land prices have also risen enormously. Belgium can better position itself as a cost-efficient alternative in this respect. Logistics providers that want to establish or grow in Europe should therefore consider Belgium. Moreover, they have a hard time finding employees in our neighbouring country, the Netherlands.

Lastly, real estate experts are saying that Brexit will also accelerate our market. When the UK becomes an external market, businesses need a hub within the single European market. Belgium makes for an interesting gateway, partly because of the presence of the European institutions, which is believed to give our market an extra boost. ▼

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## MEET THE AUTHOR

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