

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
4.35-4.50% Prime Yield Multi-Family	▲	▲
€1,366 month Av. Apartment Rent Brussels	▲	▲
€2.27 billion Investment Volume H1 2026	▲	▼

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
0.6% GDP Growth YoY 2026 (F)	▼	▲
6.1% Unemployment Rate 2026 (F)	▼	▼
4.6% Inflation Rate (HICP) September 2026	▲	▼

Sources: Moody's Analytics, Eurostat, CIB-Federia-Korfine

ECONOMIC GROWTH REVISED DOWN

Moody's has lowered its outlook for the Belgian economy compared to the previous quarter. **GDP growth is now forecast at 0.6% in 2026**, against 0.7% last quarter. The expected recovery in 2027 is also softer, at 1.0% instead of 1.3%. Belgium continues to grow more slowly than the euro zone, where Moody's expects 1.0% in 2026 and 1.5% in 2027.

Recent figures confirm this slowdown. The Belgian economy stagnated in the second quarter, with GDP flat compared to the previous quarter and 0.5% higher than a year earlier (NBB). **Household consumption remained the main support**, rising by 0.4%, while business investment and industrial activity declined. Stronger exports helped to offset this slowdown. Public finances also remain under pressure, with Moody's Ratings expecting a budget deficit of 5.3% of GDP in 2026.

Unemployment is expected to **remain broadly stable** at 6.1% in 2026. The gap between the regions remains large, ranging from 3.3% in Flanders to 14.6% in Brussels.

ECB RAISES RATES A SECOND TIME

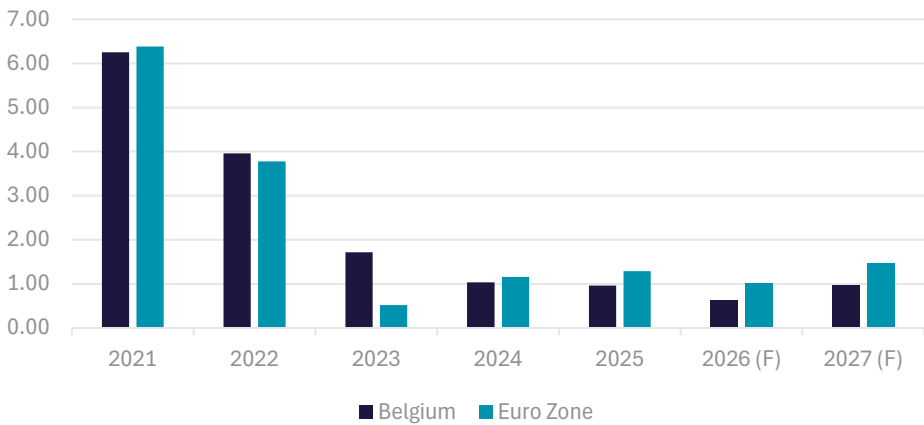
In September, the **ECB raised its key interest rates by 25 basis points** for the second time this year, taking the deposit rate to 2.50%. The **ECB expects inflation to stay above its 2% target until 2028**. Mid October, ECB President Christine Lagarde said she sees no signs yet that higher energy prices are spreading to the rest of the economy, but that the bank is watching this closely. A further rate increase remains likely, with markets expecting a third hike later this year.

Belgian **10-year government bond yields rose to 4.1% at the end of September 2026**, around 60 basis points above June. German bond yields stood at 3.5% and 3-month Euribor at 2.6%, impacting financing terms.

INFLATION RISES AGAIN ON ENERGY PRICES

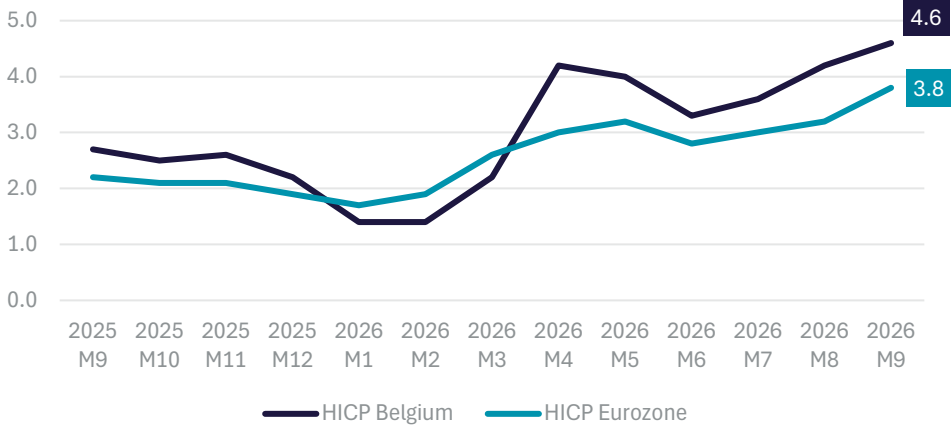
Inflation has picked up again after easing in June. **Belgian HICP inflation rose to 4.6% in September**, up from 3.3% in June. Energy is the main driver, following the energy shock caused by the conflicts in Ukraine and the Middle East. Moody's now forecasts average Belgian HICP inflation of 3.7% in 2026, up from 3.4% last quarter.

GDP GROWTH (in % of change prev. year)



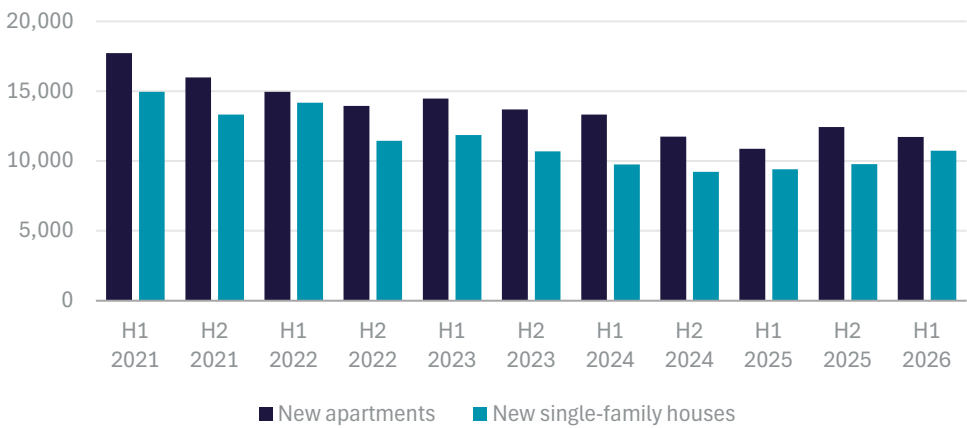
Source: Moody's Analytics (baseline scenario - October 2026)

INFLATION RATE (HICP in % of change)



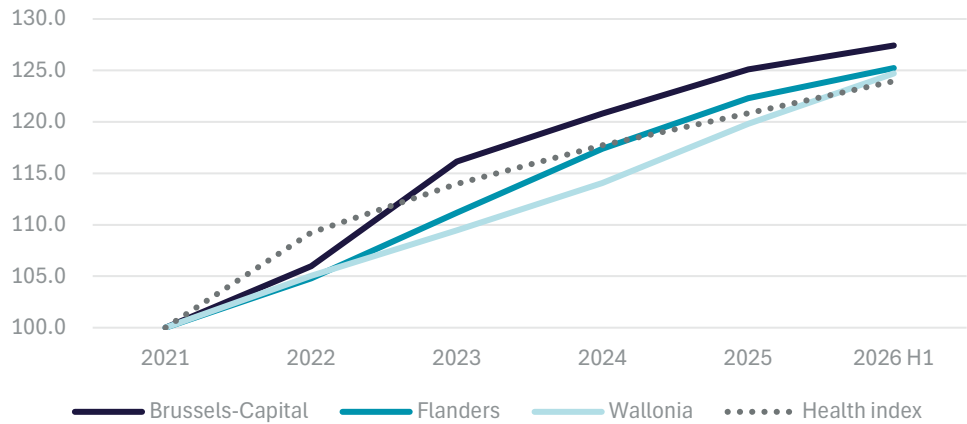
Source: Eurostat

BUILDING PERMITS FOR NEW HOMES



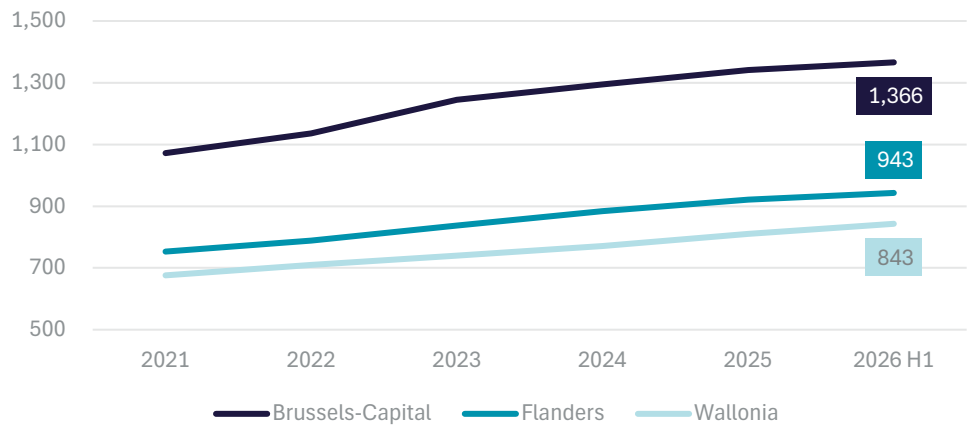
Source: Statbel

INDEX AVG MONTHLY APARTMENT RENTS (2021 = 100)



Source: CIB, Federia, Korfine; Cushman & Wakefield

AVERAGE MONTHLY APARTMENT RENTS (EUR)



Source: CIB, Federia, Korfine

HIGHER BORROWING COSTS AND LIMITED NEW SUPPLY

Borrowing to buy a home became more expensive in 2026. The **average rate on new mortgages fixed for more than ten years**, the most common type in Belgium, rose from 3.33% at the end of 2025 to **3.53% in August (NBB)**. Febelfin figures show that **banks granted around 58,000 mortgage loans** for the purchase of a home in H1 2026, **9% fewer than a year earlier**, although still more than in the first half of 2023 and 2024. In Flanders, buyers will face higher purchase costs as well, as registration duties on a sole family home return from 2% to 3% in January 2027.

New supply recovered only partially. Statbel figures show that **permits were issued for 22,472 new homes in H1 2026**, 11% more than a year earlier, but still almost a third below the level of H1 2021. The recovery came mainly from houses (+14% YoY), while apartments rose by 8% to 11,728 permitted units. As a result, apartments accounted for 52% of new homes, against 54% a year earlier. Flanders drove most of the increase, while permits in Brussels remained stable at around 1,100 homes, almost all apartments.

RENTS CONTINUE TO RISE, AT A MORE MODERATE PACE

According to CIB, Federia and Korfine, the **average monthly rent of an apartment reached €1,366 in Brussels, €943 in Flanders and €843 in Wallonia in H1 2026**. Compared with a year earlier, rents rose by 3% in Brussels, 5% in Flanders and 4% in Wallonia. Growth slowed in Brussels, where the median rent remained at the level of H2 2025. The sector organisations point out that rents usually rise less in the first half of the year, so this does not necessarily signal a turning point. Affordability remains a challenge in Brussels: only around a quarter of homes were let for less than €1,000 per month, against more than half in 2021.

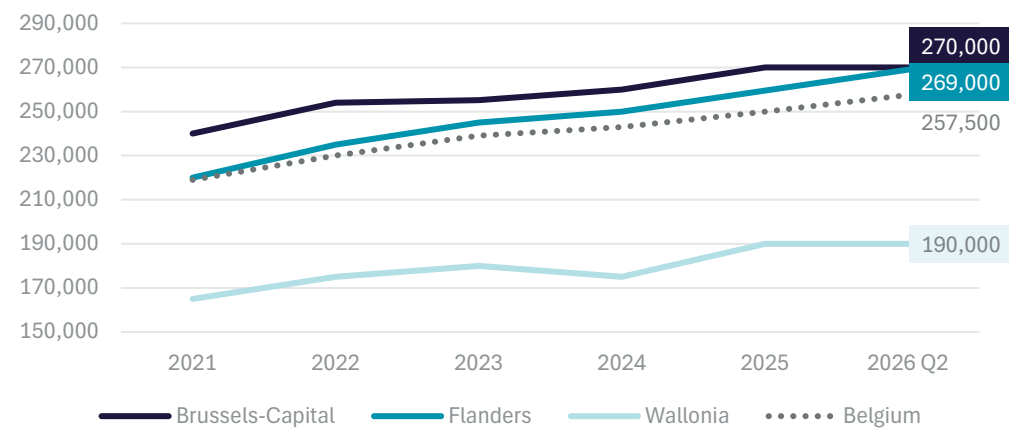
OCCUPANCY REMAINS HIGH, BUT RENTAL GROWTH DIFFERS BY SEGMENT

According to their latest half-year reports, listed Belgian residential players remain almost fully let, with **occupancy rates of around 98% to 99% in multi-family and student housing**. Rental growth, however, differs by segment. **Student housing benefits from short leases** that follow demand and inflation quickly, with like-for-like rental growth close to 5%, while multi-family portfolios recorded around 2% to 3%. **Senior housing shows a different picture**. Long leases with operators keep rental income secure, but occupancy in Belgian care homes eased slightly, to around 93% to 94% at operator level. For investors, the risk in this segment sits with the operator rather than the building.

OUTLOOK

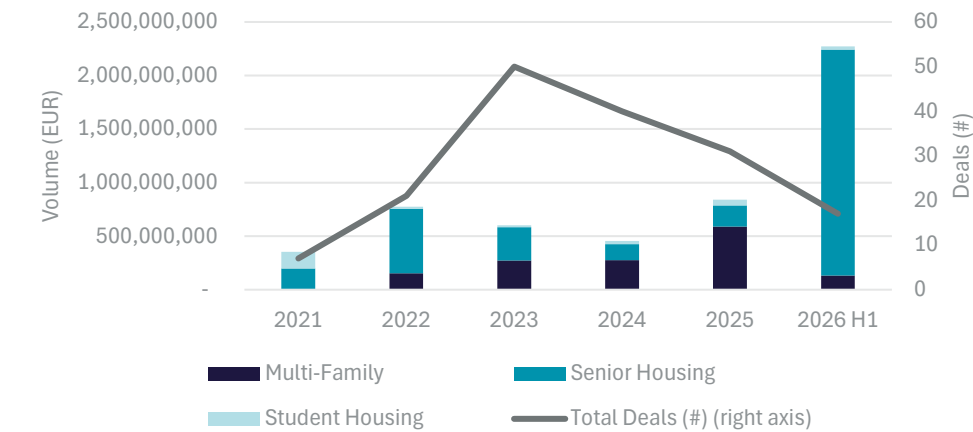
- **Economic growth** is expected to remain soft at 0.6% in 2026, with a slower recovery to 1.0% in 2027.
- **Inflation** is expected to stay well above target, with HICP at 4.6% in September and a 3.7% average forecast for 2026.
- **Financing conditions** are expected to tighten further, following two ECB rate increases and a 60 basis point rise in Belgian 10-year bond yields between June and September.
- Higher mortgage rates and the increase in Flemish registration duties from January 2027 could **weigh on home buying**.
- Limited new supply and high occupancy are expected to keep **the rental market tight**. Rents are likely to continue rising, as growth usually picks up in the second half of the year.
- **Investor interest in living is expected to remain solid**, led by multi-family, while further activity is expected in healthcare following the takeover of Cofinimmo by Aedifica.

MEDIAN UNIT PRICES APARTMENTS (EUR)



Source: Statbel

INVESTMENT VOLUME BY SECTOR (EUR)



Note: sales to households are not included in this context.

KEY INVESTMENT TRANSACTIONS H1 2026

PROPERTY	SUBMARKET	SELLER / BUYER	# Units	PRICE (MEUR)
Cofinimmo portfolio (residential part)	Senior Housing	Cofinimmo / Aedifica	10,200	~2,066 *
Bel Residential	Multi-Family	Nextensa / Vicinity	196	~67
Vilvordia	Multi-Family	Matexi / Vicinity	59	~25
Prince Royal, Ixelles	Senior Housing	Cofinimmo / CPAS Ixelles	88	~18

* Allocated value, source MSCI.

Transactions in the table include key transactions in the market, and are not necessarily closed by Cushman & Wakefield.

UNDERLYING INVESTMENT ACTIVITY PICKS UP

Excluding the takeover of Cofinimmo by Aedifica, living investment reached **€206 million in H1 2026 across 15 transactions** with disclosed pricing, well above the €123 million recorded a year earlier. **Multi-family** accounted for almost two thirds of this volume. Vicinity was the most active buyer, with three acquisitions in Brussels and Vilvoorde for a combined ~€111 million. In **senior housing**, the CPAS of Ixelles acquired an asset from Cofinimmo for €18 million, and Aedifica committed €16.5 million to the extension of a complex in Tessenderlo-Ham, leased to Korian for 20 years. **Student housing** saw several smaller deals, led by the sale of two student buildings in Antwerp and Leuven by Federale REIM for ~€10 million.

Including the Cofinimmo takeover, total investment reached €2.27 billion.

According to MSCI, the Belgian senior housing part of the portfolio accounts for an allocated value of around €2.07 billion for 74 properties. The Belgian Competition Authority approved the takeover on the condition that Aedifica divests around €300 million of Belgian healthcare assets over the coming years, which is expected to generate further activity in the healthcare segment.

PRIME YIELDS MOVE OUT

Prime yields moved out during the first half of the year. **Prime multi-family** yields now stand between **4.35% and 4.50%**, compared with 4.00% at the end of 2025. **Student housing prime yields rose to 5.25%**, while **senior housing prime yields** now range between **5.25% and 5.50%**.

DEFINITIONS

- **Investment volume:** total capital allocated by professional investors in the living sector, including both completed transactions and committed projects, where investment budgets have been secured as part of an income-generating strategy.
- **Prime yield:** consistently achievable gross initial yield for a grade A asset in a prime location. In senior housing, this typically assumes a long lease to a strong operator, while in multi-family and student housing, it is based on stabilised occupancy without covenant weighting.

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