Research

Luxembourg

Office | Q2 2025

JLL SEE A BRIGHTER WAY

Luxembourg

- The Luxembourg office market is recovering with strong growth of take-up generated by key corporate tenants taking large surfaces in projects under development.
- Vacancy increased moderately due to completions, the trend will remain upward oriented but less than previously anticipated given the reboot of preletting activity.
- Prime rents ended unchanged at city level at €54 / sq.m. / month, though we experienced rental growth in the Station district.

Fundamentals		Forecast
YTD take-up	102,970 sq.m.	↑
Vacancy rate	4.2%	↑
Prime rent	€54/sq.m./m	↑
Average rent	€32.9/sq.m./m	→
Under construction	515,514 sq.m.	↓
Preleased	72%	↑
Prime yield	4.50%	↓

Project-driven activity continues to dominate the Luxembourg office market, delivering robust take-up of 63,785 sq.m. in Q2 – a significant 63% increase from Q1 2025 and 148% year-over-year. Year-to-date take-up has reached 102,970 sq.m., surpassing H1 2024 figures by 104%. Notable transactions include JP Morgan securing 13,975 sq.m. in Gio's The Waves project in Kirchberg, PwC leasing 9,500 sq.m. in Nextensa and Grossfeld's Eosys project (Cloche d'Or), and Baker McKenzie taking 2,640 sq.m. in Iko's Ekxo project (Cloche d'Or).

Vacancy rates remain relatively stable at 4.2%, up marginally from 4% last quarter but unchanged from year-end 2024. In absolute terms, 194,628 sq.m. is currently vacant, with the moderate increase primarily attributed to new completions in central districts. Given the strong preletting performance year-to-date, our outlook on vacancy evolution has become more optimistic, though we still anticipate a modest upward trend.

Construction activity stands at 515,514 sq.m., with 72% already prelet. Approximately 58,382 sq.m. is expected to be completed speculatively in H2 2025, with 29% located in central districts.

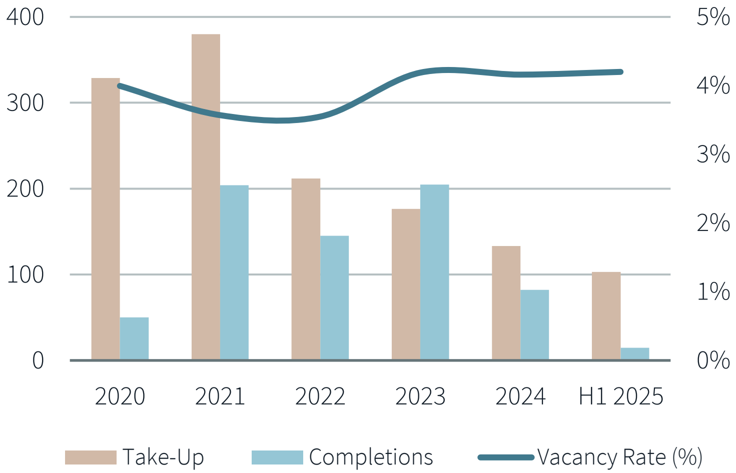
Prime rents remain stable at €54 per sq.m. per month (excluding VAT) in the CBD's Boulevard Royal area. The Station district saw 7.5% rental growth driven by lettings in Iko's Unicity project. City-wide average rents hold steady at €32.90 per sq.m. per month.

Q2 investment activity featured both core and owner-occupier transactions. In a notable core segment deal, JLL advised on the sale of the renovated Vertbois building in Kirchberg (leased to Julius Baer) to a family office. H1 2025 office investment volume reached approximately €274 million, substantially exceeding the €193 million recorded in H1 2024.

Prime office yields remain unchanged at 4.50%.

Historical supply and demand trends

sq.m. (thousands)



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