

Cover Story

Real Estate



A lot more than just a roof

TEXT Catherine Moisy

TRANSLATION FROM FRENCH Martin Davies, Hannah Ekberg

Whether you are a company or an individual, having a roof over the heads of your business or your family is a fundamental need. Real estate affects everyone. However, in Luxembourg, the subject is complex. It is not easy for companies or individuals to find accommodation at a 'reasonable' price and this reality has an impact on the country's economic dynamics and its attractiveness. Whilst the sector offers many opportunities, deep reflection is needed on both the evolution of work and lifestyle that are likely to transform the very design of buildings and their uses.

— The International Market of Real Estate Professionals (*Marché International des Professionnels de l'Immobilier*, MIPIM), a flagship global real estate fair, highlighted both Luxembourg's appeal to investors and also of the country's interest in this economic sector. This major real estate fair has existed for more than 30 years and 2020 should have been the 15th time Luxembourg participated with a national pavilion. Covid forced the organisers to cancel but a date has already been set for June 2021. Each year, the Chamber of Commerce organises the Luxembourg stand, enabling around 20 companies to benefit from a well-displayed showcase on site. The Luxembourg pavilion is one of the 10 most visited stands at the show, according to the organiser Reed Midem, and Carlo Thelen, CEO of the Chamber of Commerce confirmed, *'we are certainly the country which, proportionally, is the most represented at MIPIM'*. Year after year, the interest of Luxembourg companies in this prestigious fair continues despite the increasing price of an entry ticket. The contacts established on site are of high quality and some exhibitors achieve up to 50% of their annual turnover there. Architects and engineers, real estate agents, construction companies, consulting firms and developers of real estate projects, as well as banks, insurance companies and lawyers can meet professional visitors with

high partnership potential, made up largely of investors who have long known about Luxembourg's attractiveness, especially, in the words of former Minister of the Economy, Etienne Schneider, in a speech given at MIPIM 2019, *'its stability, its flourishing economy, its constantly growing demography, its triple A score awarded by the rating agencies, and therefore its low level of risk'*.

Has the situation changed in 2020 following the successive waves of Covid? Apparently not. According to the real estate consultancy firm Cushman and Wakefield, Luxembourg remains extremely competitive and stable due to its dynamic economic and demographic growth, the return on real estate assets being assured and the risk lower than on other categories of investment. Cushman and Wakefield, however, observe a shift towards new buildings rather than older occupied buildings, which had previously been more popular, but which are becoming scarce. It should be noted that companies for whom real estate is not the core business are also interested in the opportunities offered by this sector and do not hesitate to imagine construction or development of their real estate assets. Cactus, which plans to add an offer of 200 housing units to its commercial development project in Lallange by 2023, or Editpress, which sold its historic headquarters in

Esch-sur-Alzette to the developer Immoebel, are two examples of this trend.

Overview of the office real estate market

According to the major commercial real estate consulting firms, there are a little more than 4.2 million square metres of offices in Luxembourg, which correspond to more than 6.5m² per inhabitant, i.e., a density of offices higher than in Paris, for example, which has 54.25 million square metres of offices for 12.21 million inhabitants (2019 figures). The vast majority of offices in Luxembourg are concentrated in the capital and, more precisely, in four districts: the city centre, Kirchberg, the area near the station and the Cloche d'Or district, which together account for 70% of the total. Despite this substantial supply, demand for the residential market is increasing rapidly and the vacancy rate (available space) is at around 3%, one of the lowest in Europe, just behind Berlin and Munich, where the rate is closer to 2%. 2020 saw the construction of an additional 280,000m² and more than 500,000 additional square metres are planned for 2024 but in general, these new offices do not remain vacant for long and are almost all pre-let before they are built, which does not allow much leeway in the market to curb rent increases, which are at record level in the city centre - as in all capitals. Companies looking for affordable square metres should therefore look at outlying municipalities or Esch/Belval, which offers rents that are up to half the price of Luxembourg City.



Profession: Real estate

To learn everything about access to the real estate professions (agent, promoter, property administrator or condominium manager), the House of Entrepreneurship of the Chamber of Commerce has published a small brochure which recounts the conditions to be fulfilled, gives advice and provides a checklist for building up a file, as well as useful contacts for exploring certain topics.

■ The brochure can be downloaded or ordered from www.cc.lu/services/publications

The House of Training, for its part, offers more than 20 training courses related to real estate: taxation, access to the profession, rental management, builders' liability...

■ Information and registration here: www.houseoftraining.lu



Staging

Do you know about home staging? Coming from the United States, this technique consists of dressing up a property to make it more attractive and thus promote and accelerate its sale or rental. The home stager begins by visiting the premises and making a diagnosis after evaluating the lighting, decoration, furniture and the general atmosphere of each room. Then, he or she makes recommendations and gives advice ranging from a simple cleaning/rearrangement to a complete makeover, including some equipment repairs or facility renovations. Often, special care will be given to the kitchen and bathroom, which are the rooms that most influence the final decision of potential customers. In the case of empty accommodation, the home stager can offer the rental of trendy furniture and attractive decorative elements. The principle is also to correct small defects such as a lack of light or a cramped room while enhancing the potential. The main thing is that the future occupants can imagine themselves living in the premises. The final touch will be taking beautiful professional photos.

'There are a little more than 4.2 million square metres of offices in Luxembourg, which correspond to more than 6.5m² per inhabitant'

In 2019, the market was particularly dynamic. According to JLL, it was the third best year of the last decade in terms of occupancy, after 2009 and especially 2015, which saw the University move to its Belval site. In 2019, occupancy was 20% higher than the average for the previous five years, with a few emblematic operations: the new Ferrero headquarters near the airport, or the move of Allen and Overy to the 'Infinity Working' building in Kirchberg. Occupations are driven by the needs of service companies, banks and also institutions. The latter have greatly contributed to maintaining good momentum in 2020, despite the current context, with state administrations responsible for 32% of occupancies, followed by the banking/finance sector at 23%. In this sector, the Brexit phenomenon is undoubtedly not totally unrelated to this performance. The Financial Times headlined one of its recent articles, 'Luxembourg among biggest winners from Brexit'. Indeed, the country ranks second among those markets that have seen the most relocations of British companies to its soil. There are 73 - compared to 79 in Ireland - which have established a head office, branch or subsidiary here (September 2020 figures). These are mainly private banks, investment companies and specialist insurance companies, including JP Morgan, UBS, Lloyds, Citibank, M&G, Fidelity, Prudential, FM Global, etc. These companies will undoubtedly be driven to grow once the final terms of Brexit are known.

Has covid upset the cards?

While the Covid crisis does not yet seem to be reflected in the figures for the office real



estate market, profound transformations in the use of office space are nevertheless underway, which will probably only reveal all their facets once the crisis has passed, an as yet unknown period. In this regard, many organisations are trying to forecast, with the aid of surveys measuring the feelings of employees, the consequences of massive teleworking on the future of office buildings. The situation - almost simultaneously worldwide - has given rise to the adaptation of many professional tasks to 'remote' mode and has played the role of a giant social laboratory. However, the need to rethink how work is organised predates the Covid crisis. The traffic congestion in cities, the shortage of skilled labour, the arrival on the labour market of generations Y (born between 1980 and 1995) and Z (born after 1995) for whom flexibility and choice in how they want to work are of particular importance, as well as the substantial presence of cross-border workers in the Luxembourg workforce, had already pushed many companies to try teleworking, but it



01. MIPIM 2019. The growing number of visitors to the Luxembourg national pavilion shows the attractiveness of the country for real estate actors.

is clear that they remained timid and that the forced experience of 2020 has been a huge boost to the trend. Real estate professionals draw two somewhat contradictory conclusions. On the one hand, logic would dictate that companies would need less office space in the future to develop their businesses because they would use teleworking more often for their employees and they would wish to reduce their costs after going through this major crisis. At the same time, the new social distancing requirements may become established permanently to reduce the threat of new pandemics and will require more space to accommodate the same number of employees, whether for workstations, meeting rooms, circulation areas (including lifts), and even sanitary facilities. These two trends could end up in a draw. Most real estate experts agree that there will always be a need for office space and all the more so in Luxembourg where, despite the crisis, companies do not seem intent on revising their recruitment targets downwards, according

to the Chamber of Commerce's *Baromètre de l'Economie* for the second half of 2020, published last November. For employers, the perceived advantage of office space is that it can stimulate team spirit and encourage collaboration, coordinate activities, communicate the company's culture, make common resources available to employees (copiers, printers, meeting spaces) and - a factor which is expected to increase in importance in the future - encourage creativity, innovation and performance. Some analysts also expect that the crisis will see an increased need for direct communication between the company and its employees, especially when it comes to welcoming and training new recruits. For employees, coming to the office is synonymous with social interaction, direct collaboration and the transmission of knowledge, all of which are difficult to offer in exclusively digital relationships. JLL conducted a survey of 3,000 employees in mid-2020 showing that 58% missed the office and its advantages. This proportion rises to 65% for those under

35. In various surveys carried out in several countries, among employees who have experienced teleworking, few respondents express the desire to work from home permanently. Then, of course, there are jobs in industry or personal services, or which require a level of confidentiality and data security which are almost impossible to adapt to digital mode.

There are benefits of teleworking and top of the list is the time saved by not having to commute, for 45% of the people questioned by JLL. Then comes the flexibility of working hours and the work/life balance. But many respondents also recognised the drawbacks of this type of working: insufficient and poorly equipped space at home, the presence of distractions, the lack of privacy in some cases and especially the lack of social interaction with colleagues. These findings are encouraging real estate experts to plan for a change in office space usage rather than a drastic reduction in surface area.

‘The choice of location can have a decisive impact on the success of the company because it can sometimes determine the quality of interaction with customers and partners.’

Tomorrow's workspaces

The major change should lie in the particular care taken in the development (high quality experiences and services) of collaborative spaces for better interaction between colleagues, but also with partners or clients. Spaces of a new kind will have to be developed within offices while traditional individual spaces, ‘in competition’ with teleworking, will have to be at least as pleasant as the home to attract the new talent companies want to hire. Calmness, brightness and a pleasant temperature are basic criteria that will need to be met. This heralds the end of noisy and tiring open spaces and the return to smaller workspaces.

Another point of attention should focus on the technological aspects of new office buildings. These will have to meet higher expectations in terms of connectivity linked to a hybrid form of work encompassing both face-to-face and digital models, and they will also need to respond to the growing need for less energy consumption and better management of resources whatever they may be. According to Professor Christian Lackner, doctor in charge of the healthcare division of Drees and Sommer, a consulting and management company for real estate projects, this will extend to a rigorous selection of materials, not only to promote durability and circular models but also to allow easier maintenance and even disinfection. Interior spaces will also have to be

designed in such a way that they can be quickly modified and adapted to a new reality, the real estate version of the concept of agility, which is definitely becoming quite fashionable.

In terms of location, things should change as well. Certain companies will undoubtedly be led to favour areas closer to the homes of their employees, rather than congested city centres. This hypothesis is confirmed by Professor Lackner who imagines that, *‘to prepare for possible new pandemics, companies could advantageously replace over-frequented central offices with smaller entities spread out over the country closer to where employees live’*. This would mean accepting a broader meaning of the notion of teleworking as not necessarily consisting of working from home but rather from a place distant from colleagues, whether that be at home, in a cafe, a hotel or a co-working space. This means of organising workplaces is bound to have repercussions on the need for public transport links in the municipalities on the outskirts of towns.

The future winners of the office property market should therefore be the promoters and developers able to ally themselves with innovative companies or startups offering a range of intelligent services to manage comfort (light, temperature, ventilation), or allocation of workspaces in real time, according to the density of use of the premises, and providing professional premises with multiple reservation services: offices, meeting rooms but also parking or shared cars, instructions for receiving or sending parcels, smart lockers,... This logic could also be applied to entire business districts for the sake of pooling services and optimising the use of resources, as will be the case in the emerging Heidestrasse district in the heart of Berlin, where 85,000m² of offices, shops, restaurants, hotels and housing will share intelligent digital control to optimise use of space and organisation of offices.

Finding a roof to put over your business' head

In the context of a difficult real estate market, the question of where to house their business is often one of the priorities for





04



05

entrepreneurs. In an article available on the 'Meet an entrepreneur' platform run by the non-profit organisation Nyuko, the House of Entrepreneurship provides an update on this theme by first emphasising the choice of location. This can indeed have a decisive impact on the success of the company because it can sometimes determine the quality of interaction with customers and partners. In addition, this is a decision with a significant financial component, often involving long-term commitments, whether it involves taking out a lease or a bank loan.

From a legal point of view, for businesses subject to the right of establishment, it will be essential that the chosen premises be in accordance with the required criteria which stipulate that *'the chosen premises must be adapted to the nature and size of the business carried out.'* For example, it will be difficult to imagine the creation of

02. 03. 04. 05. In Luxembourg, the city centre (02), the Kirchberg (03), the station (05) and the Cloche d'Or (04) districts alone account for 70% of the capital's office stock.

© 02: Engel & Volkers – 03: Mehdi Farahmand – 04: Nexvia – 05: Jared Lisack



Jean Paul Scheuren
 President, Real estate chamber

'We anticipate continued business.'

What are the current opportunities and challenges in the real estate industry?

The main opportunities for the real estate industry (real estate agents, trustees and developers) lie in rampant digitalisation. Hardly a week goes by without a new technology company developing a new concept for our businesses. Some people even anticipate the disappearance, or at least the shrinkage, of the brokering and management professions. For digitalisation to remain an opportunity, we must therefore remain on the alert, anticipate changes and prepare our members for them. This is one of the reasons for the creation of VIVI, the portal of the Real Estate Chamber and its members, which aims to be the leader in the digitalisation of the real estate professions.

Another big trend is the concentration of actors. Working as a 'lone wolf' is getting more and more difficult. The strength of the Real Estate Chamber's network, with its professional exchange, is a real response to the needs of the self-employed who wish to remain so.

Finally, another big challenge for the real estate sector is the growing and often excessive amount of real estate expenditures (known as 'housing cost overburden') in low-income and even middle-income households. This exists across Europe and presents us with a huge risk of losing social cohesion. Our sector must participate in the search for solutions to this real issue for society.

What are the prospects for the sector in the short and medium terms?

The real estate sector does not seem to have suffered too much from the health crisis. In the short and medium term, the main risks remain a hike in interest rates from the European Central Bank and a tightening of credit conditions for developers and individuals, one having a negative effect on supply, the other on demand. A double contraction would be a critical risk for the real estate sector.

In the short and medium terms, we anticipate that real estate brokerage business and the number of notarial acts will be maintained, and a slight increase in the number of new homes. Supply will remain strong but will still not meet an ever-increasing demand.

Do your members see demand evolving, quantitatively and qualitatively, as a result of the Covid crisis?

The health crisis that has kept people in their homes and encouraged teleworking has certainly had an impact on demand with the search for additional recreational or working spaces and more modular spaces.

The subjects of nature conservation, the search for more eco-responsible materials and consumption with a reduced footprint also emerged during lockdown.

The future will show us whether these trends will be sustained.



Sophie Ensel
Graphic designer,
So Graphiste

‘To compensate for the missing part of my contribution, the Mutualité de Cautionnement guaranteed part of my loan.’

When and why did you look for premises for your business?

I looked for a place for my business about two and a half years ago, between the end of 2017 and the beginning of 2018. Given that my business was growing more and more, and the recruitment of an employee to help me, I needed a more spacious place where we would feel comfortable and, above all, a place where we really considered ourselves ‘at home’.

Did you buy or rent?

At first, I was more looking for something to rent, then, comparing what a rental property would cost me versus owning a property, I realised that there were more advantages to choosing the second option. In addition to having a place of my own that I could customise, I had the option of getting a larger space with a monthly cost equal to or even less than a rental.

What difficulties have you encountered? What assistance have you been able to benefit from?

The only real difficulty I encountered, and it was by no means negligible, was that I had insufficient financial means compared to what the banks were charging for the real estate I wanted. This is where invaluable help turned out to be one of the master keys of this wonderful project: the *Mutualité de Cautionnement* (‘mutual guarantee fund’). In fact, to make up for what I lacked, this organisation guaranteed part of my loan and thus enabled me to obtain an agreement from my bank to launch the project. I would also like to take this opportunity to thank the people who referred me to this organisation and the employees of the Mutualité de Cautionnement who were interested in my project and showed great responsiveness in handling my file.

What would you recommend to a VSE looking to find accommodation in Luxembourg?

I would recommend buying as soon as possible! It is true that the costs of real estate are very high in Luxembourg, so I would say, based on my experience, that finding a lower cost rental could be a first step, allowing time to raise the necessary funds to purchase your own workspace. An investment is never in vain and, especially in Luxembourg, I think the risk remains moderate, if not minimal.



06. Esch-Belval, where rents per square metre for office space are almost half those in Luxembourg City, may represent a fallback solution for companies looking for affordable premises.

© BENG ASSOCIATE ARCHITECTS / Participant in the 2020 OAI Project Owners Prize

07. The relocation of the University to its new premises in Belval was one of the major real estate transactions of 2015, making a vintage year for the real estate profession.

© Fonds Belval



06



08



09

08. 09. 10. In 2019, the two flagship real estate projects were the Infinity Building (08) in Kirchberg, and the new Ferrero headquarters (09 and 10), near the airport. Infinity offers both offices taken over by the law firm Allen and Overy, a residential tower corresponding to new vertical construction trends and a shopping centre with restaurants and sports halls in order to offer residents a maximum of on-site services. The new Ferrero headquarters, built around an Atrium designed like an Italian village square, offers its occupants light and airy spaces in an elegant and timeless structure, a true architectural and technical feat.

© 08 : Immobel – 09 et 10 : PERRY WEBER & ASSOCIATES ARCHITECTS / Participant in the 2020 OAI Project Owners Prize



10

a restaurant in a room of 30m², when this area is perfectly suited for a consulting activity. As important company documents are supposed to be kept at the company's headquarters, security and accessibility aspects will also be essential when choosing a location. To guide companies in choosing a place to establish themselves, the House of Entrepreneurship lists the criteria to be taken into account, which can have more or less importance depending on the nature of the business: visibility, type of environment (commercial, residential, etc.), type of clientele expected, competition, accessibility, attractiveness, urban development (future sites, construction projects), rent and/or cost of the investment in the event of transformation, configuration of premises, technical installations and applicable town planning rules in the case of a construction project.

In addition, the entrepreneur must consider the need for flexibility, the possible need to exchange with a community of entrepreneurs and the development prospects. Depending on the answers to these questions, a whole range of possibilities exist, notably more and more business centres, co-working spaces, or incubators, some of which are specialised in one type of activity.

In the same article, the House of Entrepreneurship analyses the advantages and disadvantages of domiciling a business in its own private premises, in particular from a tax point of view and from the point of view of the relations with its owner. Read more here: <https://meetanentrepreneur.lu/je-lance-mon-business-a-quel-endroit/>.

New frontiers

The line between working time and private time tends to be blurring and so is the boundary between working and living spaces. Drees & Sommer note in their report, 'The World of Work Reinvented', that, *'the categories 'living' and 'working' will become more and more intertwined. Indeed, the three areas of work, private life, and home must be intelligently linked to each other. Due to the lack of space, the new neighbourhoods will offer a diversity that will result in more mixed-use buildings.'*

So, it is no longer possible to talk about real estate without considering both the professional and the residential, especially since the topic of housing and its cost is omnipresent in Luxembourg and weighs on both its social cohesion and its attractiveness. In a

country that welcomes, on average, more than 10,000 new inhabitants per year – 13,000 in 2019, the equivalent of the population of Bascharage – and where, given the galloping demand for housing, real estate prices are showing growth rates in double digits, it seems unreasonable to imagine imposing on households the cost of the additional space necessary to maintain a 'home office'. Housing prices, which already had an important responsibility to not frighten (or, not too much) talent or companies likely to relocate to Luxembourg, may also find themselves in the spotlight if more and more people have to consider a larger house to be able to work in comfort.

This situation does not apply just to Luxembourg, but it is likely to raise pointed questions here. Deloitte carried out a study in July 2020 comparing 22 European countries and 60 cities and showing that Luxembourg has the highest price per square metre for apartments for sale. At the city level, Luxembourg City, with an average of EUR 9,565/m², is relatively far behind Paris (EUR 12,863/m², on average) – where property prices are almost three times higher than the French national



Together, that's all

A new trend in real estate, especially for young workers and especially in urban centres, co-living is the link between shared accommodation and co-working. It envisages a new way of living together by sharing both one's private life and one's professional life with a community sharing the same building where living space and workplaces meet. Each resident has a private personal space and access to common areas, which can be dedicated to conviviality (living room, kitchen), to work (offices), or to leisure (games, sports, cinema...). In general, this accommodation is provided furnished, includes a service pack (insurance, internet, cleaning, etc.) and the rental period is flexible. The main argument for this type of accommodation is its socialising dimension, particularly suited to a population of young people who travel for work and often arrive in towns where they do not know anyone. Thus, in Luxembourg the formula could have a bright future ahead of it!



11. 12. 13. 14. The *home office* and remote work, which are becoming commonplace thanks to new technologies and the arrival in the professional world of young generations eager for flexibility, are radically transforming the expectations of individuals regarding their workspaces, which they want, above all, to be comfortable, adaptable and user-friendly.

© 11 : Dillon Shook
12 : Standsome Worklifestyle
13 : Brooke Cagle
14 : Mimi Thian

'The capital of Luxembourg is by far the most expensive city in the country but the gap with other municipalities is much less marked than in other countries'

average - but ahead of London (EUR 7,699/m²). The capital of Luxembourg is by far the most expensive city in the country but the gap with other municipalities is much less marked than in other countries, with prices around 34% higher than the national average, although just about the same situation exists in Brussels as compared to the rest of Belgium. At the same time, secondary towns are seeing prices increase as new residents are attracted because they cannot afford the capital. Thus, prices in Esch-sur-Alzette, are, according to Deloitte, catching up with Frankfurt and are more than Copenhagen and Oslo! And Differdange is more expensive than Amsterdam. It should be noted that the Covid crisis has not slowed down the rise in prices. According to a study conducted by Immotop.lu of the advertisements published on its site over the first three quarters of 2020, rents seemed stable but the median price per square metre for apartments rose by 9.5% and for

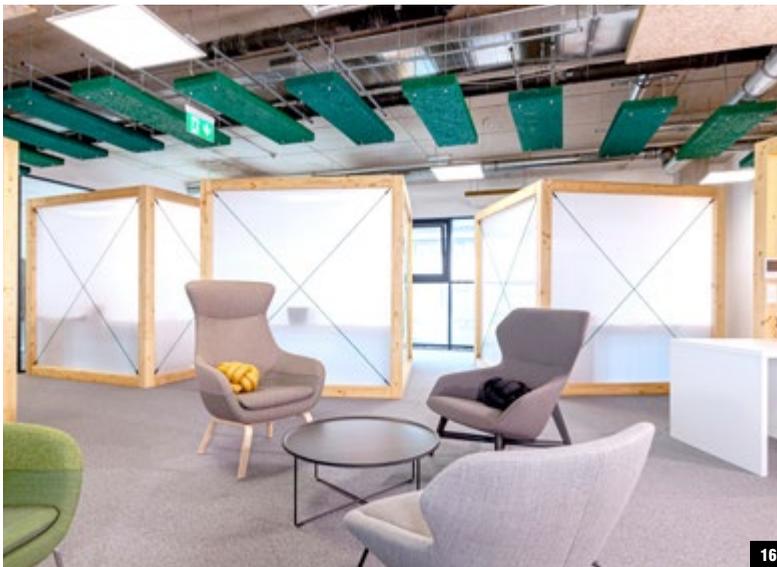
houses by 15%, over the period. The crisis seems to have further increased the attractiveness of houses; the number of contact requests generated by a house advertisement being double those for an apartment advertisement.

These very high prices, which are increasing faster than salaries, weigh heavily on household budgets and accentuate the rate of effort (cost of housing compared to disposable income, considering any housing assistance) people need to make to finance their housing. Between 2010 and 2018, this rate rose from 30.8% to 32.6% for homeowners with a loan, but at the same time it rose from 29.8% to 36.7% for tenants. These figures rise to more than 50% for the lowest paid, 20% of households (note N° 25 of the Housing Observatory, LISER and Ministry of Housing, June 2020). This dangerous trend has prompted the Systemic Risk Committee to recommend



15. 16. The interior design of professional premises should guarantee light and comfort, but also places of conviviality and creativity to promote collaboration and innovation.

© 15: Volk Coworking et 16: BELVEDERE ARCHITECTURE/Participant in the 2020 OAI Project Owners Prize



‘Coming to the office is synonymous with social interaction, direct collaboration and the transmission of knowledge, all of which are difficult to offer in exclusively digital relationships’

taking certain legal measures aimed at tackling over-indebtedness.

Affordable housing initiatives

During the inaugural roundtable of the Home Expo fair which took place in October 2020 at Luxexpo The Box, Henri Kox, Minister of Housing, admitted, *‘the less well-off are not served. This is where we need to act. We have stimulated demand with subsidies, but we have neglected supply.’*

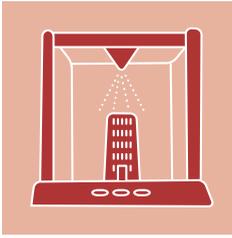
The government offensive to fight against this reality that cannot be sustained long term, is based on two main levers: increasing the supply of affordable public housing and reforming rental leases to better protect tenants in the private market.

Increasing supply is based, under a law from 1979, on a large State subsidy for initiatives to build low-cost housing by public

developers and municipalities. The law has not produced all the desired effects - only 2% of rental stock in Luxembourg City and only 4% in the rest of the country is social housing - and will soon be reformed to increase its efficiency. As of this year, Housing Pact 2.0 will be added to this system, an instrument intended to further encourage municipalities to create the type of housing necessary to rebalance supply. Support for municipalities includes a financial envelope of EUR 550 million constituting a special support fund for housing development. This currently finances the construction of 3,600 housing units, divided into 308 projects, in 57 municipalities. In addition, the various promoters of affordable housing such as the National Affordable Housing Company (*Société Nationale des Habitations à Bon Marché*, SNHBM), the Housing Fund, the municipalities themselves, and certain associations, have identified possibilities for the construction of 4,000 additional housing

units from 2024. These projects include reconversions of brownfield sites and therefore whole new districts, but also smaller projects carried out by municipalities of all sizes, including rural ones. In its official opinion on the budget, the Chamber of Commerce, as spokesperson for companies and ‘guardian’ of economic life, welcomes this public investment effort which aims to promote the competitiveness and attractiveness of the Grand Duchy in the medium term by helping to eliminate the bottleneck in housing. But the institution would have preferred the allocated funds to be directed as a priority towards those municipalities intended to become ‘centres of development and attraction’ (CDA), and considering additional criteria such as transport, the environment and the proximity of business zones.

At the same time, the government has announced a reform of property taxes by 2023



Historic innovation

For several months now, the German construction company Peri, in association with Cobod, a Danish supplier of 3D concrete printers, has been responsible for a number of world firsts by erecting buildings entirely made with the ultra-innovative method of 3D printing. On 7 July 2020, they built their first show house in Belgium, at Westerlo near Antwerp, with the largest 3D printer in Europe. In October 2020, the experience was repeated in Beckum, Germany but this time for a real single-storey house, with 80m² of living space per level. More recently, in November 2020, at Wallenhausen, Bavaria, Peri took another step forward with the construction of a small 380m² building housing five apartments. Built in just six weeks, it is the largest 3D printed building in Europe... until the next one.



17

‘The flagship measure of this reform is undoubtedly the introduction and supervision of co-tenancy in Luxembourg law, a practice hitherto deprived of clear status.’

and is also moving forward on other files to try to increase the amount of land available for construction. This concerns in particular the ‘building land contract’ draft bill (Baulandvertrag), which provides deadlines for starting work to install mains services and then build on land deemed suitable for development in the general development plans (*plan d’aménagement général*, PAG). This bill is accompanied by a desire for positive consultation with landlords, to actively involve them in future urban developments. It also contains a simplified procedure for modifying the PAG and the possibility of regrouping, in cases where a project for a new residential district requires the pooling of land from several owners, so that the refusal of only one of them could no longer block the entire project.

The reform of rental leases provides for a fair distribution of agency fees, now covered 50/50 by the lessor and the tenant, and a reduction in the rental guarantee payable from three to a maximum of two months’ rent. The flagship measure of this reform is undoubtedly the introduction and supervision of co-tenancy into Luxembourg law, a practice hitherto deprived of clear status. Given the growing demand for this type of



18

17. The secondary cities of Luxembourg - here Differdange - are seeing their property prices increase as new residents become interested in them as an alternative to the capital which has become too expensive.

© At Home

18. Belval is a successful model for converting an industrial wasteland into a mixed neighbourhood offering housing, offices, shops and educational and leisure facilities. Many new site reconversion projects should see the light of day in the more or less near future, including the Stadium, Villeroy/Rollingrgrund, and the Heintz van Landewyk/Paul Wurth districts in Luxembourg City, or the Rout Lëns district to the south-west of Esch-sur-Alzette, to name but a few.

© Fonds Belval



19

rental, the measure should facilitate a coming together of the existing stock of (too) spacious housing with the growing number of one-person households. In a way, this allows for sustainable use of existing real estate resources. In addition, the bill makes changes in the rules governing the rental of furnished accommodation and in particular of furnished rooms, by obliging the lessor to clearly distinguish the rent, the supplement for use of the furniture, and the amount of any ancillary services offered.

Inventing the real estate of the future

The future will judge the effectiveness of these measures to provide more affordable housing once they have been put in place and have taken effect. In the nearer future, the changes in habits caused by Covid mean that more qualitative developments in the use of space are undoubtedly to be

19. The Fund for the Urbanisation and Development of the Kirchberg Plateau is rapidly increasing its supply of affordable housing (here, east Réimerwee project). In the long term (10 or 20 years), the district is targeting 27,500 inhabitants, two-thirds of whom should benefit from affordable housing (40 to 60% below market prices), both for rent and for sale, thanks to price ceilings imposed on promoters and on the provision of land in the form of long-term 99-year leases.

© Tralux Immobiliers / PETITDIDIERPRIoux ARCHITECTES



Patrick Mischo
 Office Senior Partner,
 Allen & Overy Luxembourg

‘Involving our employees allowed us to instil a common creative energy.’

When and why did you decide to move to a new head office?

The idea of a move emerged in 2016. Convinced of the importance of innovation in the work environment, we felt it essential to offer exceptional new premises to both our customers and our employees.

How did you decide between an existing building or a new building?

Several internal working groups as well as engineers and teams of architects, supported by external consultants, did a considerable amount of work. We conducted interviews, polls and even a time use study which consisted of analysing the routes taken by our associates within the firm. All this data collected upstream has enabled us to visualise behaviours and expectations, thus giving us the keys to shape our future work environment.

What were your main wishes for the new building?

We wanted to give our offices a new dimension by rethinking the workspace as we know it. Through our collaboration with the team of architects, our vision materialised; we were offered a set of spaces that were both different and complementary. Certain areas intended for concentration and others which encourage collaboration coexist in harmony. We also wanted a flexible, stimulating, inspiring and communication-friendly workspace that above all reflects the DNA of Allen & Overy in Luxembourg. Involving our employees made it possible to instil a common creative energy - everyone was able to actively join the project and add their contribution to the building.

'The crisis seems to have further increased the attractiveness of houses.'



anticipated. As we have seen, real estate experts do not envisage the end of offices tomorrow, but their design will undoubtedly evolve and not just because of a fear of future epidemics. Progress in communication technologies and the evolution of hierarchical and management relationships in organisations are also profoundly modifying the premises needs of companies. In addition, households will undoubtedly aspire to find housing with outside space with the possibility of modulating the interior space as their needs and constraints evolve. Housing will need to respond to its more frequent use as a place of work, either by having dedicated workplaces or a common workplace for several apartments within a residence, for example. These trends are corroborated by the results of a post-lockdown survey, conducted in June 2020 by real estate development company IKO. To the question, 'in your opinion, which essential room would significantly improve your comfort?', an outdoor space was cited by 70% of respondents, and an additional room that could be adapted by 22% of them. Beyond the



22



23

20. 21. 22. 23. Following lockdown and the constraints caused by the coronavirus, the need to get closer to nature is very present. Gardens, balconies, views of nature and green spaces will become more important in the criteria for choosing accommodation.

© 21 : Anouck Pesch Architect + Steve Troes
20 and 23 : DECKER, LAMMAR & ASSOCIATES
22 : SCAHT ARCHITECTURE & DEVELOPMENT/
Participant in the 2020 OAI Project Owners Prize

housing itself, expectations are emerging on the development of neighbourhoods as revealed by the responses to the question, 'what would you like to see strengthened or improved in your neighbourhood following lockdown and social distancing measures?' The top three responses relate to nearby green spaces, more pleasant places to walk and cycle paths. —



Jos Dell
Architect,
President of the OAI (Order
of Architects and Consulting
Engineers)

'We have to think about modular, flexible spaces'

What are the main concerns of building construction managers today?

Luxembourg is a laboratory for resilient construction, focused on the circular economy and social responsibility. Our country, by its characteristics - small area, but large number of workers - is an excellent breeding ground for thinking which allows us to build up a certain amount of knowledge. Project managers are wondering what office space to build in the future, given that a number of employees will be working from home, and how to set up the offices of tomorrow. Large open spaces are certainly not going to persist in companies, as project managers are looking to move towards a layout offering greater flexibility. Different workspaces will be physically separated. Multifunctional zones or boxes, in a way, allow you to be somewhat isolated while promoting communication. It is likely that the all or nothing approach, that is to say, having either completely open spaces or small partitioned offices, will disappear. These new workplaces must therefore be usable and reusable over a long period, without the need for major renovation, and used by staff who can evolve or change their form. Ultimately, office workers will become nomads through the office, who would have access to reserved spaces that could also be shared.

Are these concerns the same for residential real estate?

The concerns of project managers are much the same. Designers are called upon to think about new arrangements, both inside and outside. Even if there is a growing attraction of residents for the countryside, moving away from the city to get a larger house with a garden, this will be quickly hampered by the issue of price per square metre which remains very high. However, in cities, people also need to get some fresh air. Creating huge balconies or loggias is not feasible. We are therefore now considering proposing, for example, common spaces between neighbours, of a size that will promote social relations while preventing the spread of a virus. In Luxembourg, the tertiary sector is quite developed, which means that teleworking works rather well. The lockdown has, however, shown that it is necessary to have fallbacks in order to be able to isolate and work. It is not a question of just increasing the number of small spaces, as that would be nothing but arranging spaces differently. We have to think about modular, flexible spaces. We must also look at the issue of acoustics to provide greater working comfort.