



01

## Capital attraction

— Brussels offers a safe investment opportunity for speculators looking for easy continental links and value-for-money property.

Writer Andy Round  
Illustration Damien Aresta

Brussels may be a little city, but it has always had big ambitions, especially when it comes to being a shrewd property investment opportunity. For would-be speculators who are prepared to put in a little time and effort, our cherished capital isn't to be overlooked.

Fashionable property investment cities come and go, but the great thing about the Belgian capital is it seems to slip under the international radar despite experiencing occasionally phenomenal price growth.

"The price of houses in Brussels went up by an incredible 50 per cent in 2005, 13 per cent last year and we estimate that they will stabilise to seven per cent by the end of 2007," Paul de Wael of property research consultants Stadim tells *The Word*. "Apartments in the city increased by 15 per cent two years ago, 10 per cent in 2006 and will even out at about five per cent by the end of this year."

Stadim compiles its figures based on all transaction sales registered with the Belgian government and its research shows that the average price of an apartment in 2005 was 180,000 euros and was expected to be 200,000 euros by the end of this year. Average house prices, rose from 350,000 euros two years ago to € 400,000 in the first half of this year."

"We are seeing a cooling down of the market. I think it will go down further to five or six

per cent in 2008," says de Wael. "The number of transactions are down by 15 per cent in the first half of this year compared to 2006."

Patrick Menache, the CEO of the estate agency Macnash, says the biggest demand is for apartments between € 200,000 and € 300,000 and houses priced from € 400,000 to € 500,000. He says 72 per cent of his clientele are from abroad.

"What is interesting is that a large number of sellers now are having to accept a reality check of between eight and 12 per cent between the price they are asking and what people will pay. Last year it was between six and eight per cent," he says.

The double-digit price rises of the past two years may be easing out, but Menache believes that you still get a lot of property for your money in Brussels. "With prices in the city between about € 1,700 and € 3,200 per square metre, property here represents very good value compared to a European average of about € 5,000."

A recent survey by the UK mortgage lender Halifax found that Belgium as a whole enjoyed the cheapest property prices in Europe with France at € 168,000 while Finnish homes were the lowest at € 131,000.

So what are the big incentives to invest in Brussels? Well, to start with there is a lot to be said for the city's connections. Eurostar's

new high-speed route from St Pancras International means London is now only one hour 51 minutes away from our beloved capital. Paris and Amsterdam, be it by Thalys or by car, are also only a couple of hours away from the city.

The fact that Brussels is home to hundreds of thousands of European civil servants, politicians and miscellaneous EU worker bees cannot be overestimated either. Demand for well-appointed property is always high, as Menache points out there are more embassies in Brussels than Washington. With more countries scheduled to join the EU, even more bureaucrats will be shoehorned into the city.

“Average rental in Brussels is between € 800 and € 850, a safe yield of six per cent,” says Menache. “We have a lot of Irish and French investors who come to the city and buy a few apartments to rent out to young EU professionals. My recommendation is rent out a small furnished flat.”

Not negligible is Brussels’ attractive cost of living. A decent meal in a good restaurant is easily a third cheaper than in London or Paris. In a recent survey by the Economist magazine, Belgium was ranked the 12th best country for quality of living out of 187 countries. Norway came top followed by Iceland and Australia. Close neighbours such as the UK and France came 17th and 16th.

Then there are the financial issues. Graham Edwards who manages his wife’s portfolio of 18 properties says: “There is a negligible annual tax on rental income known as a precompte immobilier, which has never kept

up with inflation and no capital gains tax if you hold on to the property for more than five years. Recently the government has started to register the number of rent contracts which could suggest that it is considering taxing rents, but that is only speculation.”

“ In a recent survey by the Economist magazine, Belgium was ranked the 12<sup>th</sup> best country for quality of living out of 187 countries ”

The big negatives about buying in Belgium, on the other hand, are the huge levels of registration tax and notary fees that can easily add 15 per cent to your purchase prices. These fees are huge, but in many respects they have helped keep the market stable. However, the property upside is that mortgage loans start at about 4.5 per cent and can be fixed for long terms.

For Edwards, originally from America, Brussels has proved to be a lucrative base. “I’ve worked with a lot of foreign investors and I’ve always encouraged them to look at Brussels as a long term proposition that requires a little effort. You can achieve good gains if you take time out to renovate a building and find a good team to do the work for you.”

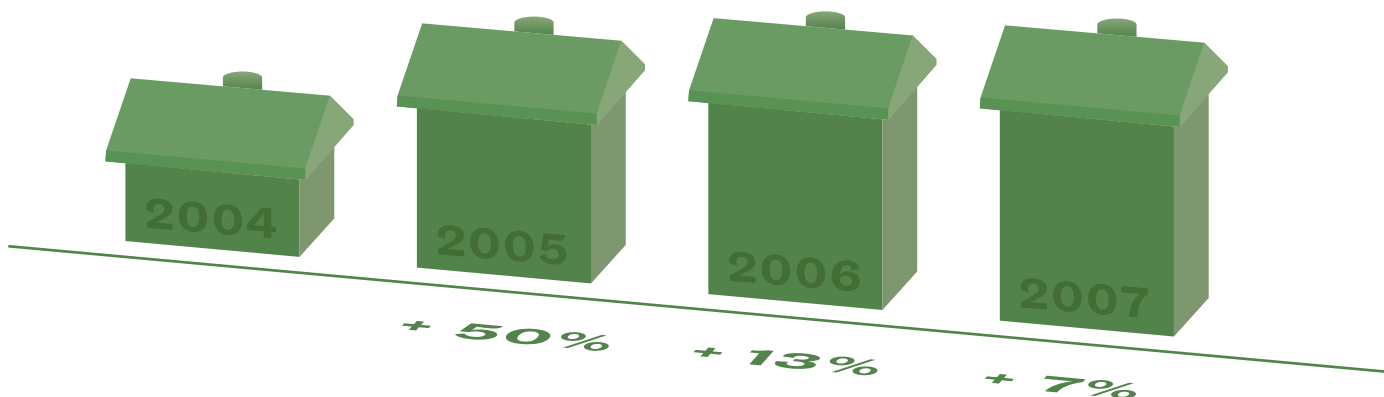
Houses of character are very common in Brussels and offer good opportunities to be

divided into apartments or transformed into huge modern homes. “I remember once buying this house from the family of a plumber,” he says. “There was just one sink in the whole place and the plumbing needed doing from scratch.”

As with any city, much depends on location. Within just a few minutes’ drive, prices can rise or dip dramatically. Much sought after locations like Ixelles near the university or those close to the EU institutions rent out quickly as do the huge houses of the leafy residential areas of Woluwe-Saint-Lambert or suburban Tervuren.

And this is all very well and good, but Edwards is looking to the city’s north light years away from the glass and steel of EU institutions or Brussels’ 16th century Grand Place. “At the moment, I’m investing in the run down areas by the canal. It’s bit more unsavoury with a giant scrap yard that’s being cleared. I know it is a bit risky, but I’m pretty sure the returns will be good in five or six years.”

- 01. Investment opportunities abundant in Brussels
  - 02. Increase of the average price of a house in Brussels
- source: Stadim



# Macnash AssociateS

— Macnash AssociateS isn't your typical real estate agency. The company was founded in 1999 after Belgo-American founder and owner Patrick Menache, freshly returned from a stint in Washington's property market, noticed a gap in Brussels' property market. He believed no agency catered specifically to the city's ever-growing international and expat communities so took it upon himself to build one which did.

Writer Nicholas Lewis

And build he did! Six agencies and 8 years later, 72% of Macnash's sales are to foreign buyers based in Brussels whilst a staggering 94% of its rental business also comes from expats and international players.

And, as Mr. Menache is quick to reveal, this is as much the result of the company's big-bang advertising campaigns which often splash him (in a kilt!) across Brussels' public buses as it is the result of a well thought-out and perfectly-honed management style and business model which revolve around its various stakeholders, be they owners, tenants or staff.

Indeed, the company functions like your typical advertising or PR agency, with its account directors, managers and executives (Macnash respectively calls them Partners, Associates and Stagiaires). This has proved

a hit with the agency's demanding clients, who value their own personal contact within the agency. The company's aggressive communication campaign (37% of total revenues are reinvested in advertising) has also considerably contributed to the agency's meteoric rise; from Property-led magazines to public buses and rental boards (on which the company spends 16,000 a month), the man-in-the-kilt has today become as ubiquitous as those white earphones.

Here at The Word we like to celebrate success. In some cases, 100% home-bred success. So when we got word of the opportunity to have breakfast with Mr Menache, we got the coffee brewing... little did we know, we were in for one of the most absurdly-funny and entertaining morning interviews for a while.

NL Mr. Menache, can you begin by telling us a bit about your company and its peculiarities. PM Well, the first thing I'd say is that the company is, before anything else, a people-orientated company. Secondly we do more advertising, bigger advertising and cleverer advertising than any other agency. We have a structure which empowers our 'partners' and encourages them to take on more responsibilities. Thirdly, I think our 'corporate culture', inspired by my stint in Washington, is a great asset allowing us to attract the best people in the business. Indeed, we are often approached by agents working with the competition, keen to join our agency. This is the result of a fair and rewarding remuneration package. Lastly, our Irish-sounding name has definitely given us that international-feel, a crucial factor in being the leader in real estate for expats and internationals living in Brussels.

NL How would you describe your management style and its role in making Macnash what it is today?

PM Firstly, I would describe my management style as very hands-on and honest. I don't play around and the same goes for the company as a whole. When dealing either with me, my people or the company, clients know what they can expect and how they'll be treated. It is definitely a US-influenced style of management, one which emphasises the importance of people and communication. We also, very early on, recognised why clients were coming to us: the level of service we provided. It sounds cliché but we pride ourselves on our structure and the benefits it provides our clients. On a personal level, I make sure to remain accessible to each and every one of our clients: if you

go to our website, you'll notice you can either email or call the management. In both cases, emails and calls come directly to me. The last thing I'd say is that I make a point, wherever I go, of ensuring people remember me and the company; I am Macnash's most dedicated brand ambassador!

“ I don't play around and the same goes for the company ”

NL Why do you think expats having just arrived in Brussels call upon Macnash for their property needs?

PM put simply, our Irish-sounding name. You would not believe the amount of business we get due to people thinking we are a huge multinational property agency. Perception is half the battle won.

NL How do you measure your success?

PM by the level of brand awareness we achieve. Let me give you an example: I was on holiday in Capri. I started talking with this man from Luxembourg and, at the end of the conversation, we exchanged business cards. It turned out he had heard of Macnash and couldn't get over the fact he had just been speaking to its CEO.

NL To this day, does anything still astonish you?

PM of course! What continues to astonish me the most is the power of word-of-mouth. You wouldn't believe the amount of people that come to me after having been referred to Macnash by a friend or colleague. Marketers, I believe, greatly underestimate the power of word-of-mouth.

NL On a more personal note, how do you spend your Sundays?

PM It starts with breakfast on Place du Sablon, followed by a close inspection of all the Antique stalls. We finish off the weekend with a family tradition: the Sunday night movie (I strongly recommend "We Own the Night", James Gray's latest movie).

NL And what do you like the most about Brussels?

PM The Sablon, the Canterbury and the Quincailleterie. Architecturally, I love the MIM (Musée des Instruments de Musique) and its café's view over Brussels.



## Patrick Menache's First...

### **Property bought**

A house on Avenue du Peru, bought in 1987.

### **Thing he does in the morning**

Write down all the ideas he had before and during his sleep.

### **Thing he does when meeting someone**

Ask him a 1,000 questions to find out exactly who he is and where he wants to go.

### **Deal gone wrong**

Unfortunately, it was with a friend. After deciding he wanted to get a foothold in Brussels' property market, I took it upon myself to find him one of the most promising investment opportunities. With most negotiations done and the deal close to being signed, he pulled out at the last minute, concerned at the high costs of renovation. He would have been a millionaire today.

Macnash's go-getting Mr Menache