

## Belgrade Office, Q2 2017

# The strong demand has retained the vacancy rate at the low level

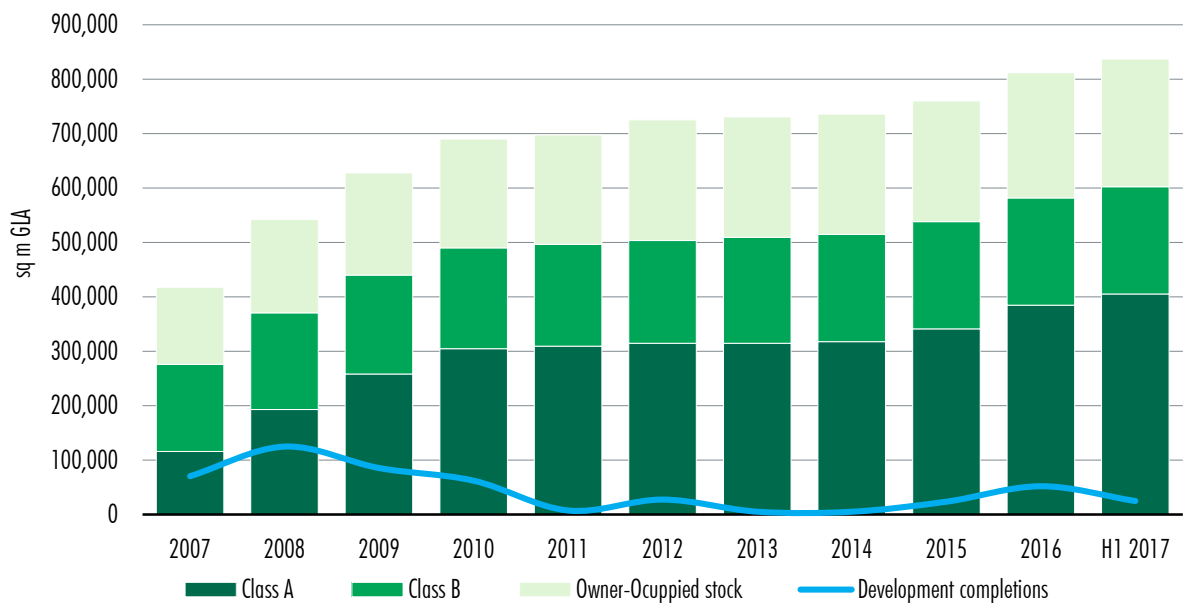
▲ Total Stock  
**837,000 sq m**

▲ Take up  
**35,823 sq m**

▲ Vacancy rate  
**7.6%**

\*Arrows indicate change from the corresponding quarter in the previous year.

Chart 1 – Belgrade Office Stock



Source: CBS International, part of the CBRE Affiliate Network

### Q2 2017 SUMMARY

- Belgrade has witnessed the completion of two office buildings in Q2 2017, totaling 25,000 sq m of GLA, which brought the modern office stock to the level of app. 837,000 sq m of GLA
- The demand has significantly grew as compared to the previous quarter, standing at the level of 35,823 sq m
- Speculative office stock amounts to app. 602,200 sq m of GLA and participates in the total Belgrade office stock with the share of 72%
- New deliveries have affected the slight increase in the vacancy rate, equaling 7.6% at the end of the second quarter

**OFFICE SUPPLY**

Thanks to the completion of two office buildings in the second quarter of 2017, Belgrade modern office stock was pushed to the level of 837,000 sq m of GLA. Consequently, the speculative (leasable) office stock reached the level of app. 602,200 sq m of GLA, while the owner-occupied stock increased to the level of app. 234,800 sq m of GLA.

After the finalization of the third building of app. 10,000 sq m within the GTC’s FortyOne office complex and after the completion of the first phase of Immorent’s Sirius complex of app. 14,500 sq m, both in New Belgrade area, further enlargement of Belgrade office supply continues as the reconstruction and expansion of Napred’s N House in New Belgrade Block 21 progresses. Additional 5,000 sq m of GLA will be delivered to the office market within N House project, which will total 10,700 sq m of GLA upon completion.

In addition, a few small-scale projects are also under construction, being developed by local investors. The construction works on Roaming’s office building in Juzni Boulevard are in progress, comprising 4,500 sq m, while the same area will be enriched by additional 5,500 sq m of office space, as the completion of Ziegel House office building is scheduled for 2017 year-end.



In terms of further developments, Israeli AFI Europe is aiming to develop an upscale residential and business complex Skyline, totalling 68,000 sq m. This new symbol of Belgrade will be located at the prestigious location in Kneza Milosa Street, whereas the office tower will encompass app. 30,000 sq m of GLA.

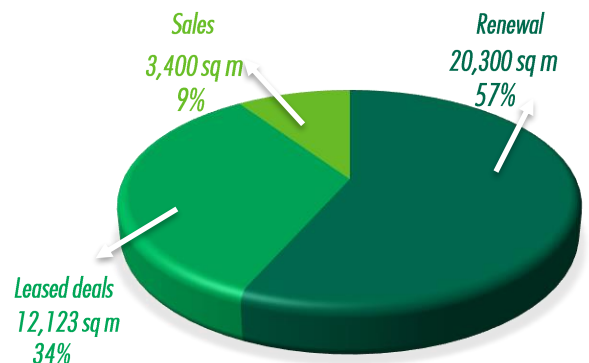
Shikun & Binui Group, in cooperation with AFI Europe, is planning to develop an office building Business Garden within the Central Garden project, totalling 16,000 sq m. Moreover, GTC has commenced the reconstruction of two existing buildings within its office complex GTC Square in New Belgrade Block 41, which will be renamed into Green Heart. The reconstruction process will additionally include the development of three new schemes, which will total 46,000 sq m GLA of office space upon completion.



**OFFICE DEMAND**

The second quarter of 2017 recorded an intensive activity on the office market, with 22 completed transactions and the total take-up amounting to 35,823 sq m, which represents a significant increase as compared to the previous quarter. As of the beginning of 2017, the total take up totals 45,525 sq m, being by 22% larger as compared to the corresponding period of the previous year.

Chart 2 – Analysis of Take up, Q2 2017



Source: CBS International, part of the CBRE Affiliate Network

## VACANCY

Even though two office buildings were completed in Q2 2017, causing the stock increase, the strong absorption of the new space has retained the vacancy at the similar level, being only marginally increased to the level of 7.6%, at the end of Q2 2017.

Table 1 – Pipeline projects

Location	Project	Investor	Size	Status
New Belgrade	N House	Napred	10,700	Under construction
Vracar	Ziegel House	Trgomen nekretnine	5,500	Under construction
Vracar	Office building	Roaming	4,500	Under construction
New Belgrade	Green Heart	GTC	46,000	Under construction/ renovation
Downtown	Central Garden	AFI Europe, Shikun&Binui	16,000	Planned
Downtown	Skyline	AFI Europe	30,000	Planned
New Belgrade	Usce Tower 2	MPC Properties	22,000	Planned
New Belgrade	ABlok	Deka Inzenjering	25,000	Planned

Source: CBS International, part of the CBRE Affiliate Network

## RENTAL LEVELS

During Q2 2017, the asking rents for Class A office buildings remained stable, ranging between EUR 14.5-16.5/sq m/month, while the asking rents for Class B office schemes varied between EUR 11-12/sq m/month. Prime yields for modern office schemes range between 8.75-9.25%.

## CONTACTS

**Dragan Radulovic**  
Managing Director  
Serbia  
dragan.radulovic@cbre.rs

**Milica Nikolic**  
Head of Office Agency  
Serbia  
milica.nikolic@cbre.rs

**Tamara Kostadinovic**  
Head of Market Research  
Serbia  
tamara.kostadinovic@cbre.rs

## CBRE SERBIA OFFICE

CBS International doo  
Part of the CBRE Affiliate Network  
88b, Omladinskih brigada Str.  
11070 Belgrade, Serbia  
+381 11 22 58 777

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