

RESEARCH REPORT

Belgrade Residential Market

CBRE | Serbia

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Q3 2015

HOT TOPICS

- The first phase of Central Garden, large-scale residential complex is completed, while the construction on the second phase continues as per schedule
- Belgrade residential market preserves the strong demand, more specific within the projects reflecting good location price-quality balance. As per statistics, nearly 5,000 apartments were sold in Belgrade during the first three months in 2015

Serbia essentials

Population (Census 2011)	7,186,862
Average salary (EUR) September 2015	365
Average Household Expenditure (EUR) Q2 2015	480
Unemployment rate (Labor Force Survey – Q2 2015)	17.9%
GDP Q2 2015 (y-o-y)	1.0%
CPI September 2015 (y-o-y)	1.4%

Belgrade essentials

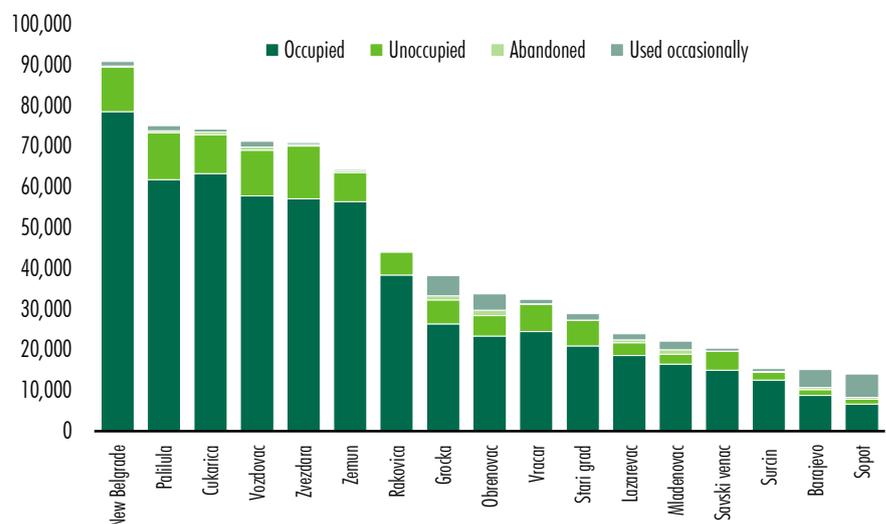
Population (Census 2011)	1,659,440
Average salary (EUR) September 2015	458
Average Household Expenditure (EUR) Q2 2015	554
Unemployment rate (Labor Force Survey – Q2 2015)	18.5%

Source: Statistical Office of the Republic of Serbia

RESIDENTIAL SUPPLY

As per data provided by the Statistical Office, Belgrade total residential stock amounts to 734,909 residential units, out of which 702,775 units are used for permanent habitation (occupied, unoccupied and abandoned), while 32,134 units are used occasionally, i.e. for vacation and recreation, during seasonal works and for performing activity. In the last decade, nearly 75,000 apartments were developed and delivered to the market. More specific, few municipalities recorded the stronger increase in the residential supply, such as New Belgrade, Zvezdara and Vozdovac, each having more than 10,000 additional units in total as compared to 2004-stock.

TOTAL RESIDENTIAL STOCK PER USAGE IN BELGRADE MUNICIPALITIES



Source: Statistical Office of the Republic of Serbia

For several years now, New Belgrade has been attracting the investors' attention, due to its favorable positioning, superior infrastructure, ample land lots, hosting a major portion of modern office buildings and shopping malls. Therefore, the residential development activity was and still is considerably high.

At the moment, the largest active project is ABlok, presuming 840 residential units in total, out of which 296 units have already been completed, and 230 apartments are currently under construction in the second development phase. The second largest project, West 65, situated in New Belgrade block 65, has already supplemented the residential stock with 150 units, while the second phase foresees the construction of additional 100 residential units, out of 514 units initially planned within the complex.

After the completion of 303 units in the first phase, the local company Neimar V continues the construction of its project Savada, located in Block 67, by developing additional 200 apartments. The completion date of this phase is scheduled for Q1 2017.

The prospective period should also witness the development of another large-scale project in New Belgrade block 63. The investor Energogroup aims to develop nearly 200-unit large residential complex Sun City at the corner of Jurija Gagarina Street and Gandijeva Street.

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In terms of the supply in Belgrade city centre, Q3-end has brought 89 new residential units to the market, being completed within the first phase of the large-scale project, situated along Dalmatinska street, Central Garden. The second phase envisages the development of the third and the fourth building totaling 89 units, while the whole complex will comprise 500 units, supported by numerous family-friendly amenities.

DEMAND

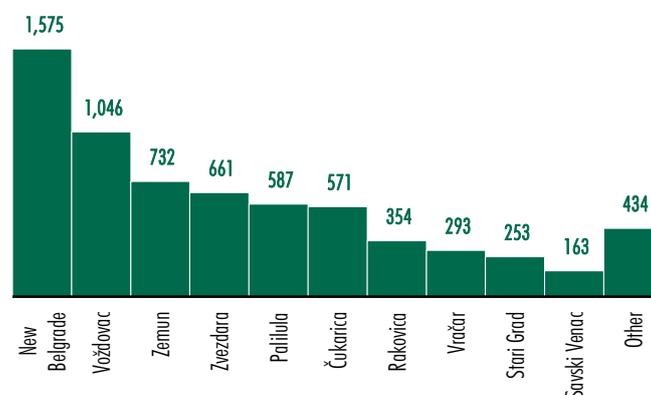
Belgrade residential market preserves the strong demand, more specific within the projects reflecting good location price-quality balance. As per the latest available Republic Geodetic Authority's data, nearly 7,000 apartments were sold in Belgrade during 2015. By far, the largest number of sold apartments was recorded in New Belgrade municipality, followed by Vozdovac, Zvezdara and Zemun municipalities.

SALES PRICES AND RENTAL LEVELS

The asking sales prices for the projects characterized by the medium quality of finishes vary between EUR 1,700-2,200 (VAT included), while in the case of the high-end projects in central Belgrade municipalities, the asking prices start off from EUR 2,200 (VAT included).

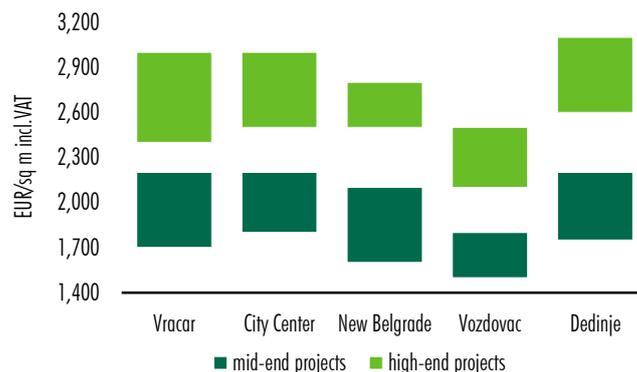
The rental levels for newly built properties command the prices between EUR 10-13/sq m, while the rents for the renovated properties range between EUR 8-10/sq m.

SOLD APARTMENTS IN BELGRADE IN 2015



Source: Republic Geodetic Authority, Sales Price Register, latest available data

AVERAGE ASKING PRICES OF MID-END AND HIGH-END PROJECTS IN BELGRADE



Source: Statistical Office of the Republic of Serbia

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