

Belgrade Office, Q3 2017

# Belgrade's Downtown office market is regaining investors' attention

 Total Stock  
**842,000 sq m**

 Take up  
**17,300 sq m**

 Vacancy rate  
**7.3%**

\*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

Q3 2017 SUMMARY

- The Belgrade modern office stock currently stands at the level of 842,000 sq m of GLA, including both speculative and owner-occupied office space
- During the third quarter of 2017, one small-scale office scheme was completed, in the owner-occupied segment
- Year-to-date completions exceed 30,000 sq m of GLA, including the third phase of GTC FortyOne complex, Immorent's Sirius and Basal's small-scale scheme in New Belgrade
- Along with new deliveries, the strong leasing activity marked the year 2017, with the take up of nearly 63,000 sq m

**OFFICE SUPPLY**

Belgrade office market has witnessed the further increase of the supply in Q3 2017, predominantly in the owner-occupied segment, as the small-scale scheme Basal's Atrium 63 in New Belgrade's block 63, was completed. This office scheme of app. 5,000 sq m, was purchased during the construction works by Novomatic company. The finalization of the office building has pushed the volume of modern office stock to the level of 842,000 sq m.

Several projects under construction indicate the further growth of the total office stock. The construction of Chinese Cultural Center in New Belgrade recently commenced at the location of former Chinese Embassy in New Belgrade. The complex, developed by Chinese Shandong Hi Speed Group, should hold over 32,000 sq m, comprising a cultural center, apartments and accommodation for the employees, as well as the office space which will occupy app. 9,000 sq m.

In terms of the future deliveries, Israeli AFI Europe and Shikun&Binui Group are ready to initiate the expansion of its complex in the city center, Central Garden, by developing the office tower Business Garden, which will total 12,500 sq m of GLA. This modern office building will feature 15 floors and 220 underground parking places. The completion is planned in Q1 2019. Along with this project, AFI Europe is aiming to commence the construction of its mixed-use high-rise project Skyline Belgrade, featuring two residential towers and one office tower, totaling over 100,000 sq m.



In Q3 2017, after a while, Belgrade real estate market has witnessed an investment transaction in the office segment, when GTC has acquired the Belgrade Business Center of 17,900 sq m of GLA, located in New Belgrade municipality. With this acquisition, GTC's portfolio in Serbia was enlarged to app. 98,000 sq m of GLA.

**OFFICE DEMAND**

Year-to-date take-up reached the level of app. 63,000 sq m, whereas the new lease transactions participated with the highest share of 71%. In terms of demand in Q3 2017 only, the total take-up stood at the level of 17,300 sq m with 25 transactions recorded.

**VACANCY**

Even though the modern office stock grew by more than 80,000 sq m in the previous 18 months, the vacancy rate grew only marginally in some quarters and, in general, has kept the downward trend, thanks to the strong demand. At the Q3 2017, the vacancy rate further dropped to the level of 7.3%

**RENTAL LEVELS**

The asking rents remained between EUR 14.5-16.5 sq m/month for Class A office buildings, and between EUR 11-12/sq m/month for Class B premises. Positive movements in Belgrade office market had also an effect on the yields, which compressed to the level between 8.5-9.0% for modern office space.

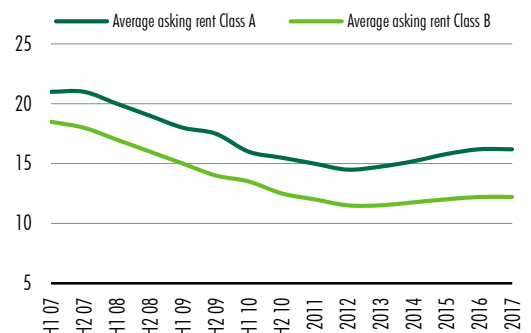


Table 1 – Pipeline projects

<i>Project</i>	<i>Investor</i>	<i>Size</i>	<i>Status</i>
N House	Napred	10,700	Under construction
Ziegel House	Trgomen nekretnine	5,000	Under construction
Office building	Roaming	4,500	Under construction
Green Heart	GTC	46,000	Under construction/renovation
Chinese cultural center	Shandong Hi Speed Group	9,000	Under construction
Business Garden	AFI Europe, Shikun&Binui	12,500	Preparation phase
Skyline	AFI Europe	30,000	Planned
Usce Tower 2	MPC Properties	22,000	Planned
Navigator 2	MPC Properties	27,000	Planned

Source: CBS International, part of the CBRE Affiliate Network

**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

To learn more about CBRE Research, or to access additional research reports, please visit the Global Research Gateway at [www.cbre.com/researchgateway](http://www.cbre.com/researchgateway)

