

### HOT TOPICS

- The period of steady residential activities continued in the first quarter of 2015
- Central Garden, residential-commercial complex located in Dalmatinska Street, will significantly contribute to the residential supply
- During the Q1 2015, sales prices remained mostly stable as well as rental levels

#### Serbia essentials

Population (Census 2011)	7,186,862
Average salary (EUR) March 2015	358
Average Household Expenditure (EUR) 2014	464
Unemployment rate (Labor Force Survey – Q4 2014)	16.8%
GDP Q4 2014 (y-o-y)	-1.8%
CPI March 2015 (y-o-y)	1.9%

Source: Statistical Office of the Republic of Serbia

#### Belgrade essentials

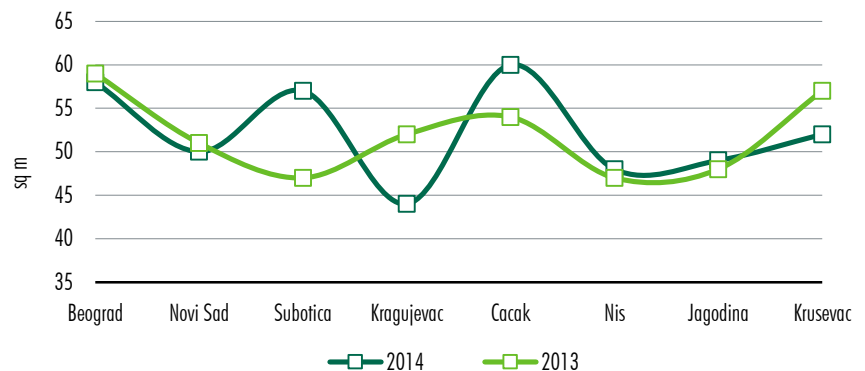
Population (Census 2011)	1,659,440
Average salary (EUR) March 2015	453
Average Household Expenditure (EUR) 2014	533
Unemployment rate (Labor Force Survey – Q4 2014)	15.9%

Source: Statistical Office of the Republic of Serbia

### RESIDENTIAL SUPPLY

The period of the intensive residential activities continued in the first quarter of 2015, while Belgrade remains the center of residential developments in the country. According to the official statistics, the average size of the newly built units completed in 2014 in Serbia amounted to 53 sq m, while the average size for the new residential units in Belgrade was above national average, being at the level of 58 sq m.

#### AVERAGE SIZE OF THE NEWLY BUILT APARTMENTS IN SERBIA (SQ M)



Source: Statistical Office of the Republic of Serbia

The strong development of New Belgrade municipality further continued in the first months of 2015. The local company Deka Inzenjering completed the first phase of its residential complex ABlock totalling 296 apartments and recently commenced the construction of the second phase which will consist of 230 apartments. Savada, the large-scale residential project, located in the immediate vicinity of ABlock, will hold 303 apartments and 33 retail units, after the completion in Q2 2016. The residential complex Atrium63 entered the final construction phase, hosting 91 units that will be added to the market.

Due to the limited number of available lots, Belgrade city center usually witnesses the development of smaller-scale residential projects.

Therefore, the significant contribution to the new supply will be brought by the residential project Central Garden, located in-between the streets of Dalmatinska, Stanoja Glavasa, Kneza Danila and Starine Novaka. The first phase presumes the construction of two residential buildings totalling 89 apartments, two levels of underground garage and retail space on the ground floor, whereas the whole complex shall total 100,000 sq m and host 500 apartments, office tower holding 16,000 sq m, private park of 2,600 sq m, numerous retail facilities on the ground floor, gym, reception, and 24/7 security. The first phase shall be finished in March 2016 whereas the entire complex is set for completion within 5-year period.

In terms of the new deliveries, by far the most important project planned for Belgrade is Belgrade Waterfront, planned by joint efforts of Serbian Government and UAE developer Eagle Hills. Belgrade Waterfront should spread on the surface of app. 90 hectares, comprising residential buildings, offices, large shopping mall, luxury hotels, including the tower of 200 meters. As announced, the project shall start with 2 residential towers.

# RESEARCH REPORT

## Belgrade Residential Market

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Q1 2015

### DEMAND

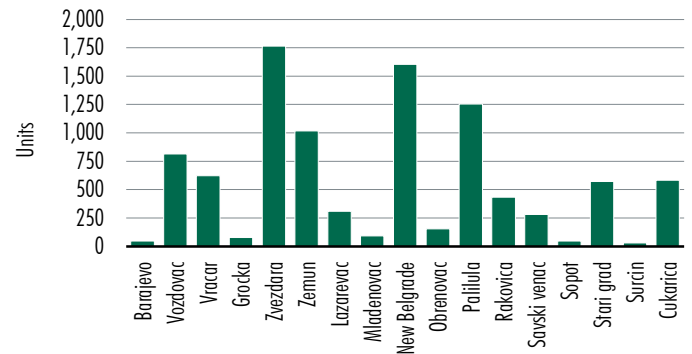
As per data published by Republic Geodetic Authority, 9,700 apartments were sold in whole Belgrade (including all 17 municipalities) in 2014, whereas nearly 9,000 units were marketed in urban Belgrade municipalities. If we analyze the share per municipalities, the largest share is recorded in Zvezdara municipality (18%), followed by New Belgrade municipality (17%), Palilula municipality (13%) and Zemun municipality with the share of 10%.

With the inflow of international developers, the standards of quality of the construction works and level of finishes are at a far more sophisticated level, moving the standards ahead with almost each new larger-scale development. The location, the mix of units, the apartment structure, level of finishes are key parameters differentiating the unique selling points and competitiveness of the individual projects. Examples of a successful projects with strong sales dynamics even during the construction phase presume careful elaboration on the expectations of the target group.

### SALES PRICES & RENTAL LEVELS

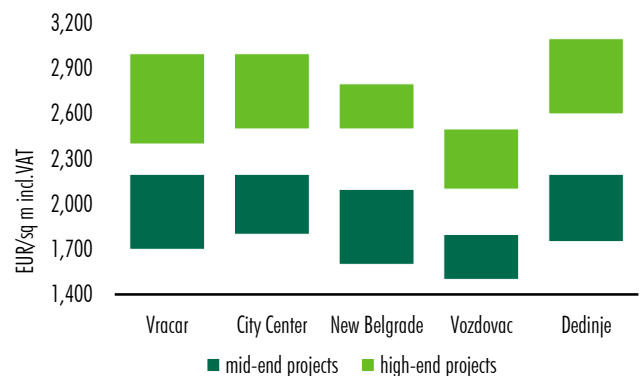
During the Q1 2015, sales prices remained mostly stable. The prices for the most mid-end projects range between EUR 1,700-2,200 with VAT included. The asking prices of high-end projects, in central Belgrade municipalities, start off from EUR 2,200 (VAT included). The trend of stable rental levels continued in Q1 2015. For new built properties, prices range between EUR 10-13/sq m, while for renovated properties, rental levels vary between EUR 8-10/sq m.

### NUMBER OF SOLD APARTMENTS IN BELGRADE IN 2014



Source: Republic Geodetic Authority, Sales Price Register

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



Source: Statistical Office of the Republic of Serbia

Dragan Radulovic  
Managing Director  
CBS International doo Beograd  
Part of the CBRE Affiliate Network  
Airport City Belgrade  
88b Omladinskih Brigada Street  
11070 Belgrade, Serbia  
t: +381 11 22 58 777  
e: dragan.radulovic@cbre.rs

Mina Kalezic  
Sales & Marketing Manager  
CBS International doo Beograd  
Part of the CBRE Affiliate Network  
Airport City Belgrade  
88b Omladinskih Brigada Street  
11070 Belgrade, Serbia  
t: +381 11 22 58 777  
e: mina.kalezic@cbre.rs

Tamara Kostadinovic  
Head of Market Research  
CBS International doo Beograd  
Part of the CBRE Affiliate Network  
Airport City Belgrade  
88b Omladinskih Brigada Street  
11070 Belgrade, Serbia  
t: +381 11 22 58 777  
e: tamara.kostadinovic@cbre.rs

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