

RESEARCH REPORT

Belgrade Residential Market

CBRE | Serbia

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Q4 2014

HOT TOPICS

- Belgrade residential market entered the phase of intensive development
- In the heart of the city center, in Dalmatinska Street, Israeli investors AFI Europe and Shikun & Binui Group commenced the development of a large mixed-use project Central Garden

Serbia essentials

Population (Census 2011)	7,186,862
Average salary (EUR) December 2014	411
Average Household Expenditure (EUR) Q3 2014	446
Unemployment rate (Labor Force Survey – Q3 2014)	17.6%
GDP Q3 2014 (y-o-y)	-3.6%
CPI December 2014 (y-o-y)	1.7%

Belgrade essentials

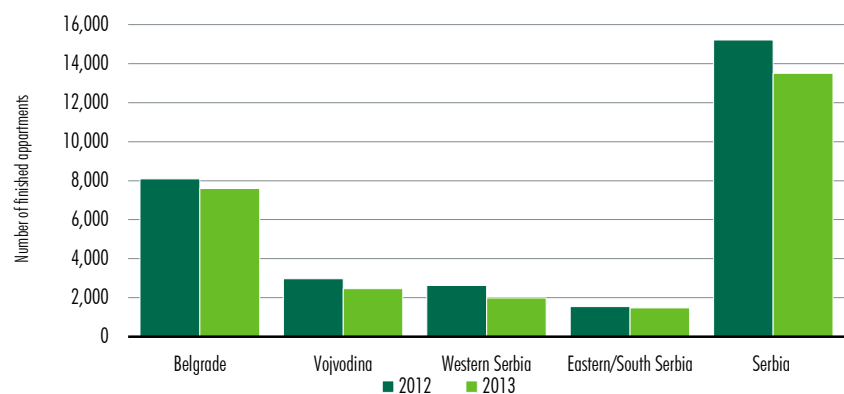
Population (Census 2011)	1,659,440
Average salary (EUR) December 2014	517
Average Household Expenditure (EUR) Q3 2014	498
Unemployment rate (Labor Force Survey – Q3 2014)	17.3%

Source: Statistical Office of the Republic of Serbia

RESIDENTIAL SUPPLY

According to the official data, the number of completed apartments in Serbia declined by 11% in 2013, as compared to 2012-results. Belgrade, as the most developed region in Serbia, marked the share of 56%, with nearly 7,600 completed units in 2013. As per the official data for H1 2014, the average size of dwellings in Serbia stands at the level of 54 sq m. According to the same source, the average size for new apartments in Belgrade is above national average, being 60 sq m, while the second largest city Novi Sad has the average apartment size of 50 sq m.

NUMBER OF CONSTRUCTED APARTMENTS IN SERBIA



Source: Statistical Office of the Republic of Serbia

The recovery of Belgrade residential market has been supported by development of several recently completed residential projects, such as Alpha City of 299 units in Zvezdara municipality, Paunov Breg of 107 units in Banjica settlement, Harmony Apartments of 80 units and Marmil land of 159 units both located in Juzni Boulevard, as well as Obelisk apartments of 108 units situated in New Belgrade municipality. In addition, few large-scale projects are also underway, which will significantly enlarge the residential supply in the forthcoming period.

Location-wise, New Belgrade municipality hosts the largest number of ongoing residential projects. The local company Deka inženjering almost completed the construction of the first phase of the project ABlok, totaling 296 apartments. The second phase should commence in spring 2015, with 230 apartments. In the immediate vicinity, local company Neimar V intensively continues the construction of complex Savada, holding 303 apartments and 33 retail units. The project should be completed in Q2 2016. Furthermore, the residential complex Atrijum 63 of 91 units, located in New Belgrade block 63, should be completed in spring 2015.



Central Garden
Dalmatinska Street

In terms of developments in Belgrade city center, Israeli investors AFI Europe and Shikun & Binui Group recently commenced the development of large mixed-use project Central Garden, located within Dalmatinska, Knez Danilova, Starine Novaka and Stanoja Glavasa streets.

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The preparatory works commenced in late 2014, while the construction works will continue as of beginning of 2015. The first phase of complex Central Garden features two buildings with 89 residential units. According to the investor plans, the whole complex will be constructed in phases, totalling 100,000 sq m with 500 residential units, retail space on the ground floor and office tower.

DEMAND

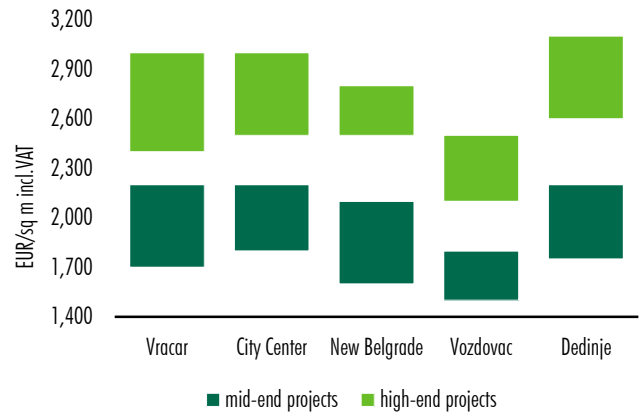
The whole 2014 has kept the trend of renewed interest of the buyers which commenced in the second part of 2012. In general, well-developed projects in line with the location requirements and target group needs, and the right balance between the quality and the price always sell.

SALES PRICES & RENTAL LEVELS

During the 2014, sales prices remained mostly stable. The asking prices of high-quality projects, in central Belgrade municipalities, start off from EUR 2,200 (VAT included). In addition, prices for the most mid-end projects varying between EUR 1,700-2,200 with VAT included.

During 2014, rental levels were mostly stable. For renovated properties, rental levels range between EUR 8-10/sq m. As far as rental levels for new buildings concern, they range between EUR 10-13/sq m, while for some properties they amount to 15/sq m, depending on the location and quality of the property.

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



Source: Statistical Office of the Republic of Serbia

ASKING RENTAL LEVELS IN BELGRADE (EUR/SQ M/MONTH)

Location	Renovated Properties	Newly Built Properties
Dedinje	8-10	10-14
Vracar	8-10	10-13
New Belgrade	6-8	9-12
Downtown	7-10	8-15

Source: CBS International, part of the CBRE Affiliate Network

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