

RESEARCH REPORT

Belgrade Residential Market

CBRE | Serbia

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Q3 2014

HOT TOPICS

- The number of projects delivered to the market in 2014 points out more evident recovery of Belgrade residential market
- The majority of on-going residential projects are located in New Belgrade
- The reputable Israeli investors AFI Europe and Shikun & Binui Group announced the development of a large-scale residential complex called Central Garden of 100,000 square meters in Dalmatinska street

Serbia essentials

Population (Census 2011)	7,186,862
Average salary (EUR) August 2014	389
Average Household Expenditure (EUR) Q2 2014	440
Unemployment rate (Labor Force Survey – Q2 2014)	20.3%
GDP Q2 2014 (y-o-y)	-1.1%
CPI September 2014 (y-o-y)	2.1%

Belgrade essentials

Population (Census 2011)	1,659,440
Average salary (EUR) August 2014	483
Average Household Expenditure (EUR) Q2 2014	506
Unemployment rate (Labor Force Survey – Q2 2014)	18.3%

Source: Statistical Office of the Republic of Serbia

RESIDENTIAL SUPPLY

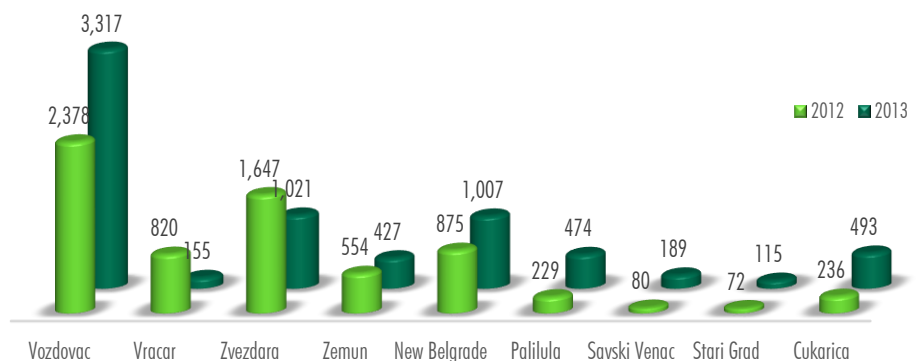
The signs of recovery and positive movements in Belgrade residential market became even more evident in 2014. A significant number of residential projects, both high-quality and mid-end projects, are either recently completed, either being under active construction, indicating the further development of Belgrade residential market in the forthcoming period.

As per the official statistics, the total number of completed apartments in Belgrade in 2013 amounted to 7,596 units. The largest increase was noted in Vozdovac, New Belgrade, Zvezdara municipalities, while the biggest drop in development activity has been recorded in Vracar, Savski Venac and Stari Grad municipalities.

As far as the total supply is concerned, it has recently been enriched with a completion of several residential projects, i.e. 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, Obelisk apartments of 108 units and 150 units within West65 complex, situated in New Belgrade municipality.

Furthermore, the construction process has been also finalized on the largest residential project in Belgrade, Stepa Stepanovic settlement, developed by Building Directorate of Serbia on behalf of Government of Serbia. The complex comprises 44 buildings and 4,616 apartment units.

NUMBER OF CONSTRUCTED APARTMENTS



Source: Statistical Office of the Republic of Serbia

In terms of the prospective offer, the majority of on-going residential projects are located in New Belgrade municipality. After the completion of the first phase, PSP Farman commenced the construction of additional 100 units within the residential complex West65.

A local company Deka Inzenjering intensively works on its mixed-use project Ablok in block 67a, which comprises 296 apartments and 27 retail shops in the first phase. Also, in the same block, NeimarV has begun the development of Savada project of 303 apartments and 33 retail units. In addition, another residential scheme of 91 units, called Atrium 63 should be completed in New Belgrade block 63, in the next few months.

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The reputable Israeli investors AFI Europe and Shikun & Binui Group announced the development of a large-scale residential complex called Central Garden in the center of Belgrade, in Dalmatinska street. The 100,000 square meters large complex of app. 500 residential units will be constructed in phases, whereas the first phase will encompass the construction of 89 residential units.

The preparatory works recently commenced, while the construction process should start in the first months of 2015.



Central Garden
Residential project Dalmatinska street

SALES PRICES & RENTAL LEVELS

The sales prices of residential units remained mostly stable, due to the more balanced demand-supply ratio. In central Belgrade municipalities, the asking prices of high-quality projects start off from EUR 2,200 (VAT included), with most mid-end projects varying between EUR 1,700-2,200 with VAT included. The prices are mostly determined by location and by the quality of finishing works.

Stable demand characterized the leasing segment in Q3 2014. In general, typical rental levels range between EUR 8-10/sq m for renovated properties. Newly built properties range between EUR 10-13/sq m, while some properties may have asking rents up to EUR 15/sq m, depending on the location and the quality properties.

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



Source: CBS International, part of the CBRE Affiliate Network

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