

RESEARCH REPORT

Skopje Property Market

CBRE | Macedonia

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H1 2015

HOT TOPICS

- Skopje office stock remained at the level of app. 155,000 sq m of GLA of class A and B office buildings
- A local company Transmet with the support of Gjorce Petrov Municipality commenced the construction works on the project Emporio Business Center

Macedonia essentials

Area (square kilometers)	25,713
Population, estimation 2014	2,069,172
Average Monthly Net Salary (EUR) April 2015	353
Average monthly household expenditure (EUR), 2013	423
Unemployment rate Q1 2015	27.3%
GDP (estimation) Q1 2015 (Y-o-Y)	3.2%
CPI change May 2015 (Y-o-Y)	0.3%

Skopje essentials

Area (square kilometers)	87.90
Population, 2013 estimate	612,514
Average Monthly Net Salary (EUR) 2013	401

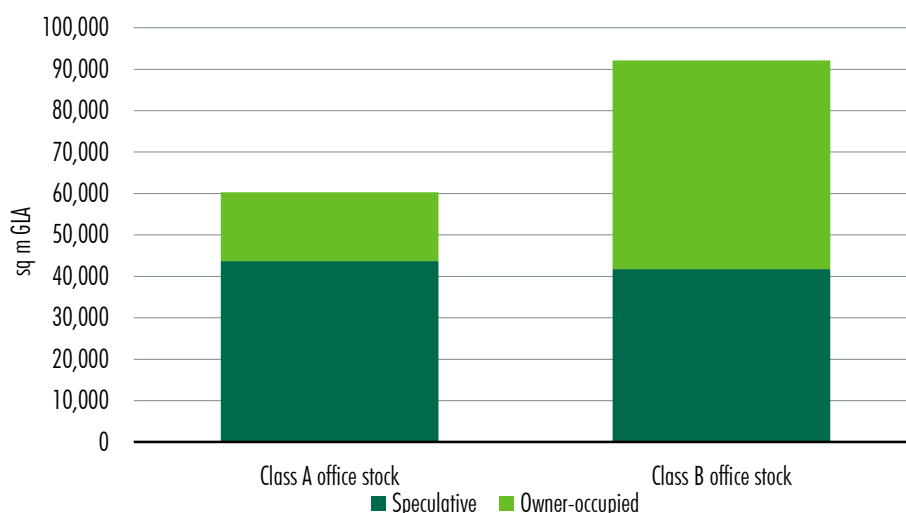
Source: State Statistical Office, National Bank of the Republic of Macedonia, City of Skopje

SKOPJE OFFICE MARKET

Skopje office market can be characterized as immature, due to the limited number of modern office buildings. At the end of Q2 2015, Skopje office stock remained at the level of app. 155,000 sq m of GLA, including class A and class B speculative and owner-occupied stock.

Furthermore, the share of Class A office stock amounts to 40%, i.e. 60,000 sq m including both speculative and owner-occupied stock, while out of total Class A office stock app. 45,000 sq m is built for speculative purposes only, i.e. to be leased to the tenants.

OFFICE STOCK (SQ M GLA)



Source: CBS International, part of the CBRE Affiliate Network

Location-wise, the modern office buildings are mainly located in the business district of city center. In terms of the new deliveries, only few small-scale projects class B office buildings are currently under construction, planned to be completed in the prospective period. Having in mind that as of recently, the market has noted the trend of converting the residential or retail space into the office space, the slight increase in the total stock could be expected.

In order to ensure the market transparency, the amendments to The Law on Real Estate Cadastre were adopted by the Parliament of the Republic of Macedonia. In accordance to this changes, every sales transaction or lease acquisition should be approved by the public notary, while the achieved sales and lease prices are recorded into the unique Registry of prices and leases.

RENTAL LEVELS

Prime asking rents for Class A office space in Skopje range between EUR 9 and EUR 16 per square meter per month. As compared to the previous quarter, a slight decrease in the rental levels of class B office schemes was noted, currently standing between EUR 7 and EUR 13 per square meter per month.

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SKOPJE RETAIL MARKET

As far as the total stock is concerned, only few shopping centers can be considered as modern, such as Skopje City Mall, Ramstore Mall, Vero Center and Capitol Mall. At the end of Q2 2015, the stock of modern shopping centers remains unchanged, standing at the level of 86,000 sq m of GLA. In addition, Skopje retail market comprises few small-scale retail schemes, totalling 13,000 sq m of GLA. The market is characterized by the strong demand which caused the limited vacancy rate in the modern shopping centers, which varies around 3%, while in the less-attractive retail schemes, vacancy rates are higher.

In terms of the new deliveries, the local company Transmet with the support of Gjorce Petrov municipality, commenced the construction works on the project Emporio Business Center, which will be located in the city center, in Gjorce Petrov Street. As per the plans, the complex will comprise 30,000 sq m of GBA, out of which 60% is planned for shopping space and 40% for the office space. This modern mixed-use project will be completed in 2016.

Moreover, one of the largest ongoing projects in Skopje is Cehavir Sky City project, being developed along Serbia Boulevard, which apart from the four 40-storey residential towers, should also encompass a shopping centre of 32,000 square meters. The shopping center will have ground and three upper floors. As per the investor's plans, the complex should be completed by 2017.



Emporio Business Center, Skopje

ASKING RENTS FOR HIGH-STREET RETAIL UNITS

Location	Size	Asking price (EUR/sq m)
Centar		Up to 40
Aerodrom	< 150 sq m	9-16
Karposh		9-27

Source: CBS International, part of the CBRE Affiliate Network

RENTAL LEVELS

The asking rents for the retail units in the high street zone range between EUR 9 and EUR 40/sq m/month depending on the location and the type of the retail unit. The asking rental levels in the shopping centres usually vary between EUR 12-40/sq m/month depending on the type and format of the shopping centre.

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