

Belgrade Office, Q1 2017

Strong development activity continues with several ongoing office projects

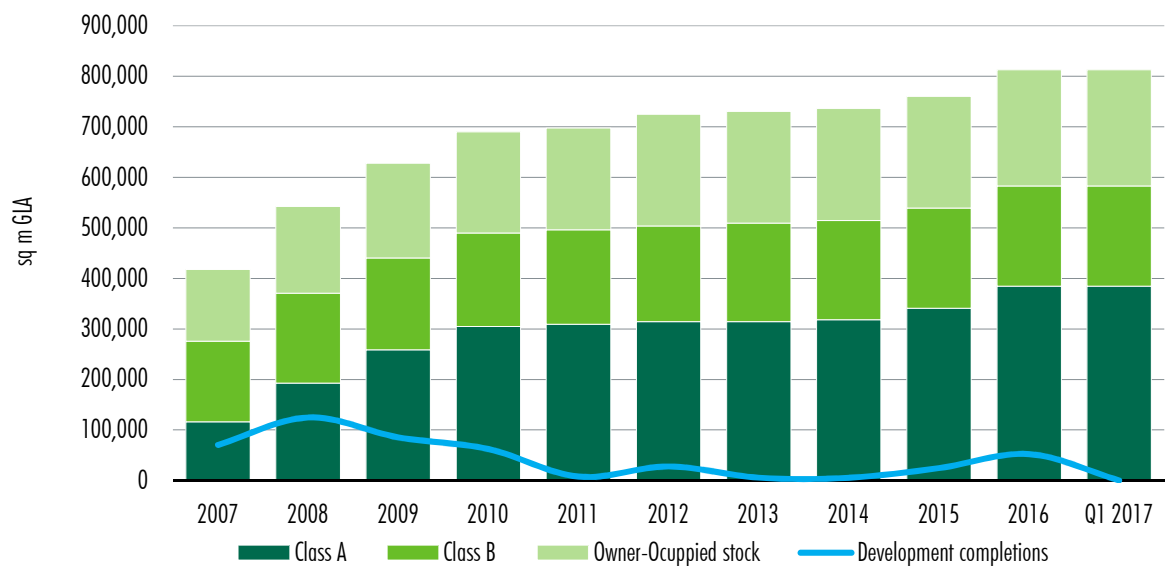
Total Stock
812,000 sq m

Take up
9,700 sq m

Vacancy rate
7.4%

*Arrows indicate change from the corresponding quarter in the previous year.

Figure 1 – Belgrade Office Stock



Source: CBS International, part of the CBRE Affiliate Network

Q1 2017 SUMMARY

- With no new deliveries during the first quarter of 2017, Belgrade total modern office stock remains at the level of 812,000 sq m
- New completions expected in 2017 will increase the total stock by app. 35,000 sq m of GLA of modern office space
- In the first quarter of 2017, the take-up equaled 9,700 sq m
- The office market has witnessed the decline in the vacancy rate, amounting to 7.4% at the end of the first quarter of the year

OFFICE SUPPLY

After the strong development activity and increase of the office supply during 2016, in Q1 2017 Belgrade modern office stock remains at level of 812,000 sq m of GLA, including Class A and Class B office buildings in both speculative/leasable and owner-occupied segment.

Since the finalization of few office buildings is expected in 2017, the total office stock will be enriched by app. 35,000 sq m of GLA of modern office space.

The third building of app. 10,000 sq m within GTC's FortyOne office complex is scheduled for the second quarter of 2017. In Q2 2017, the completion of the first phase of Immorent's Sirius complex of app. 14,500 sq m is also expected, as well as the completion of office building Atrium63 of 5,000 sq m which also enters the final construction phase.

The reconstruction of Napred's N House Business Center in New Belgrade Block 21 goes as per investor's plans. This Class A complex will be expanded by additional app. 5,000 sq m, totaling 10,700 sq m of GLA upon completion.



In terms of the new developments, Israeli AFI Europe and Shikun & Binui Group are planning to commence the construction of the first modern office building in Belgrade downtown. This office scheme will be developed within well-established Central Garden residential complex and will hold app. 16,000 sq m of GLA.

One of the most active developers in the market, GTC is aiming to renovate and upgrade its office complex GTC Square in New Belgrade Block 41, renaming it into Green Heart. Namely, the investor intends to reconstruct two existing schemes and construct three new buildings, which will total 46,000 sq m GLA of office space upon completion.

OFFICE DEMAND

In the first quarter of 2017, the take-up equaled 9,700 sq m, while the total number of recorded transactions is 11, which represents a slight drop as compared to the previous quarter. In terms of demand by sector of business, Hi-Tech and IT companies are still the most active.



VACANCY

With no new completions and steady demand, the office market has witnessed the decline in the vacancy rate, amounting to 7.4% at the end of the first quarter of the year.

RENTAL LEVELS

The asking rents for Class A office buildings remained between EUR 14.5-16.5 sq m/month, while the asking rents for Class B office remained between EUR 11-12/sq m/month. Prime yields for modern office schemes range between 8.75-9.25%.

Table 1 – Pipeline projects

Location	Project	Investor	Size	Status
New Belgrade, block 43	Sirius	Immorent	1 st phase/14,500	2017
New Belgrade, block 63	Atrium 63	Basal	5,000	2017
New Belgrade, block 21	N House	Napred	10,700	2017
New Belgrade, block 41	FortyOne	GTC	3 rd phase / 10,000	2017
New Belgrade, block 41	Green Heart	GTC	46,000	Planned
Downtown	Central Garden	AFI, Shikun&Binui Group	16,000	Planned
Downtown	Skyline	AFI	30,000	Planned
New Belgrade, block 21	Usce Tower 2	MPC Properties	22,000	Planned
New Belgrade, block 67a	ABlok	Deka	25,000	Planned

Source: CBS International, part of the CBRE Affiliate Network

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