

**1,017,489**  
Office Stock

YoY Chg



12-Mo. Forecast



**23,500**  
Take-up Q4 2020



**EUR 15-17**  
Class A Rent per sq m



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q3 2020

**-1.4%**  
GDP Growth rate Q3 2020

YoY Chg



12-Mo. Forecast



**9%**  
Serbia Unemployment Rate



**7.8%**  
Belgrade Unemployment Rate



Source: Statistical Office of the Republic of Serbia, YoY Change vs Q3 2019

## ECONOMY

The economic stability in Serbia continued for a few years, including 2019, when GDP increased by 4.2% in real terms. The beginning of 2020 promised to retain a positive trend, however the lockdown measures due to coronavirus pandemic resulted in the contraction of GDP in Q2 by 6.4%. In Q3, GDP growth stood at -1.4%, which was better than initially expected. Due to faster recovery of industrial production, smaller decline in investments, better performance of services and better agricultural season, the GDP forecast for 2020 was revised, from -1.5% to -1.0% by the National Bank of Serbia. The overall forecast for 2021 is favorable, NBS measures should enable full recovery next year, with a growth rate of around 6%, and a return to a stable and sustainable growth path of around 4% thereafter.

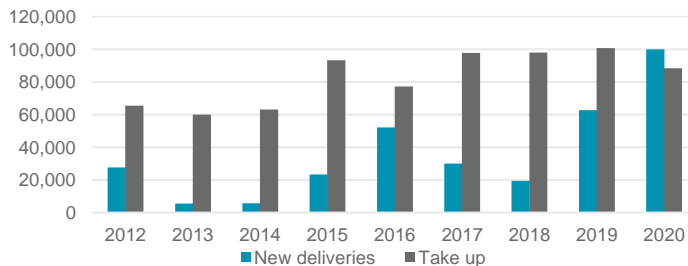
## SUPPLY AND DEMAND

Strong development activity continued in Q4 2020, when four office buildings were completed, i.e. MPC's Navigator 2, Shandong Plaza, Immorent's Sirius B and office building in Block 32, bringing the completions to the level of 47,700 sq m. Summarizing the entire 2020, development completions amounted to nearly 100,000 sq m, which makes the year 2020 the most active in the previous 10-year period. For the first time, Belgrade modern office stock has exceeded one million square meters of GLA, to be precise app. 766,000 sq m of GLA are speculative/leasable office stock, while app. 251,000 sq m are built for owner-occupation purposes. Despite the current situation caused by coronavirus, the leasing activity slowed down in the first months of 2020 only. Q4 2020 marked the stable total take up of 23,500 sq m, which brings the annual demand to the level of 88,000 sq m, or 12% lower as compared to 2019-results. New supply in the downtown as well as refurbishment of older projects caused the increase in demand in the city center, totaling 30% in 2020. During the last months of 2020, new projects were also initiated, the largest one is AFI Tower, 132-metre high office tower with 31 floors within Skyline Belgrade complex.

## RENTS AND VACANCY

The asking rental values of Class A office buildings vary between EUR 15-17/sq m/month, while the asking rents of Class B stock amount to around EUR 11-13/sq m/month. Prime yields vary between 8.00-8.75%. Numerous projects, being constructed in 2020, have caused further escalation of vacancy rate, reaching the level of app. 8.6% at the end of 2020. In 2021, the decline of vacancy rate could be expected, having in mind that pipeline projects will be available as of late 2021 and further in 2022.

## SPACE DEMAND / DELIVERIES



AFI TOWER Skyline Belgrade

## MARKET STATISTICS

SUBMARKET	INVENTORY (SQ M GLA)	AVAILABILITY	OVERALL VACANCY RATE	CURRENT QTR TAKE-UP	YTD OVERALL TAKE-UP (SQ M)	UNDER CNSTR (SQ M)
Center	242,304	13,936	5.8%	10,424	25,921	30,000
New Belgrade	737,628	73,022	9.9%	12,825	57,662	114,114
Wider Central Area	37,557	500	1.3%		3,750	9,700
<b>BELGRADE TOTALS</b>	<b>1,017,489</b>	<b>87,458</b>	<b>8.6%</b>	<b>23,249</b>	<b>87,333</b>	<b>153,814</b>

## KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SQ M	TYPE
Blok 32	New Belgrade	Comtrade	4,500	lease
K-District - office building	Center	RTRK	3,500	pre-lease
Navigator 2	New Belgrade	Rio Tinto	2,500	lease
Business Garden	Center	Syneos health	1,700	expansion
Sirius A	New Belgrade	N4T	700	lease
Makedonska 44 - M44	Center	Whyttest	500	lease

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## KEY CONSTRUCTION COMPLETIONS 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M GLA	OWNER / DEVELOPER
GTC Green Heart - N3	New Belgrade	Schneider Electric	5,200	GTC
Airport City Belgrade - Phase IV 2300	New Belgrade	Robert Bosch	12,000	AFI Group
Usce Tower 2	New Belgrade	Emric	23,000	MPC
Square 43	New Belgrade	KPMG	2,800	ZAP
Kings Cross	Wider Central Area	/	3,700	Group of investors
M44	City Center	DESK & More	5,350	Marera Propepties
Navigator 2	New Belgrade	Zühlke	27,000	MPC
Shandong Plaza	New Belgrade	/	7,500	Shandong Hi-Speed Group
Sirius B	New Belgrade	/	8,700	Immorent
Blok 32	New Belgrade	Comtrade	4,500	PMC Inzenjering