

**1,017,489**  
Office Stock

YoY Chg



12-Mo. Forecast



**19,000**  
Take-up Q1 2021



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



(Overall, All Property Classes)

## ECONOMIC INDICATORS

**1.2%**

GDP Growth rate Q1 2021  
YoY Change vs Q1 2019

YoY Chg



12-Mo. Forecast



**9.9%**

Serbia  
Unemployment Rate  
Q4 2020



**8.9%**

Belgrade  
Unemployment Rate  
Q4 2020



Source: Statistical Office of the Republic of Serbia,

## ECONOMY

After healthy growth of 4.2% in 2019, the total annual GDP in 2020, obtained as the sum of four quarters, decreased by 1.0%, when compared to the previous year. However, despite the crisis caused by COVID-19 pandemic, Serbia's economic contraction in 2020 is among the smallest in Europe. Serbia faced the crisis with strong fundamentals and growth momentum as the result of the reform measures taken as of 2014, while the economy and businesses were supported by Government's financial package during the 2020, so the major drop of employment was avoided. According to the latest available data from the Statistical office of the Republic of Serbia, in Q1 2021, real GDP increased by 1.2% in comparison to the corresponding period of the previous year. Furthermore, Serbia's economy does not rely significantly on high-contact intensive sectors such as tourism, which were hit hard by the pandemic, so IMF projected real GDP growth of 5% in 2021.

## SUPPLY AND DEMAND

The total supply of modern office stock remained unchanged at the level of 1,017,500 sq m of GLA, to be precise app. 766,000 sq m of GLA is speculative/leasable office stock, while app. 251,000 sq m is built for owner-occupation purposes. However, construction activity is high, over 100,000 sq m of office space is expected to be completed by the end of the year, as per current investors plans. Namely, NCR is finishing its 40,000 sq m campus, Delta Group is close to completion of its new headquarters, while the works on B23 office building, that were on hold for several years, are progressing well.

Additionally, the office market has witnessed several sales transactions in the previous period. Namely, Marera Properties bought BIGZ building, also former Beobanka's building, known as Brankova office building, was purchased by Astoria Properties, in addition to this, several smaller transactions took place on the market. These office buildings, upon refurbishment, will become a part of the modern office stock. Looking at the office market as a whole, the market is experiencing strong development activity with almost 250,000 square meters in various phases of construction (under construction or renovation), which are planned to be completed by the beginning of 2023 at the latest. In the first three months of 2021, the total take-up was 19,000 sq m, which represents an increase of app. 25% as compared to Q1 2020.

## RENTS AND VACANCY

At the moment, in general, the asking rental levels for Class A range between EUR 15-17/sq m/month, while average asking rents of Class B stock amount to EUR 11-13/sq m/month. During the 2020, there was no significant impact on the headline rents, bearing in mind that the investors were applying different pricing strategy for the tenants (i.e., rent-free period to be used earlier than stipulated in lease agreements, a waiver of certain obligations and/or tenant incentives, etc.). Along with new trends in demand, it is expected that further pressure will be put on the effective rental levels in the forthcoming period.

The lack of new deliveries on the market, which would increase the total office stock, along with a steady demand, reverted the upward trend which was noticeable in the last four quarters, and at the end of Q1 2021, the vacancy rate declined to the level of 8.1%.

## ASKING AVERAGE RENTS CLASS A & CLASS B OFFICE BUILDINGS (EUR/SQ M INCL. VAT)



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