

MarketInSight

Skopje Office, H2 2019



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OFFICE SUPPLY

After the period characterized by limited construction activity, Skopje office market saw a new completion during 2019. Namely, MakAutostar has developed Premium Business Center in September 2019 in Aerodrom settlement, featuring 12,000 sq m of GLA leasable area. Therefore, at 2019 year-end, the contemporary office supply in Skopje stands at the level of app. 240,000 sq m of GLA, out of which speculative (leasable) office stock reaches the level of nearly 160,000 sq m.

The share of class A office space is on rise. Out of the total stock, app. 38% of the share or 92,000 sq m belongs to Class A office schemes and 62% represents Class B office buildings.

At the end of 2019, Skopje is facing the strong construction activity. The further development will be supported by the completion of several projects currently under construction, indicating the growth of the stock for approximately 95,000 sq m of GLA in the next several years.

VACANCY

Even though a new office building was completed in late 2019, causing the stock increase, the stable demand has retained the vacancy at a similar level, noting a slight decrease to the level of 7.6%. If we calculate the vacant space in Class A office stock only, the vacancy rate at the end of 2019 amounted to 5.2%.

OFFICE DEMAND

The demand for high-quality office space is mostly coming from large companies from the banking, legal, pharmaceuticals sectors, however ICT industry and outsourcing service companies such as software development companies remain the key demand driver, showing the interest in expanding their activities on the local market.

Also, call centers made a remarkable progress in 2019 in terms of the expansion, mostly marking demand for Class B office buildings. This trend is expected to continue, with several call centers from other larger Macedonian cities planning to open another location in Skopje.

RENTAL LEVELS

The asking rents for Class A office buildings usually range between EUR 10-14 per square meter per month, while the asking rents for Class B office schemes varied between EUR 7-10 per square meter per month. Significant changes in the rents are not expected in the following period.



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Table 1 – Pipeline projects

Location	Project	Investor	GLA (sq m)	Status
Skopje, Downtown	Nastel BC	Nastel Skopje	10,500	Under construction
Skopje, Downtown	Diamond of Skopje	Limak	11,000	Under construction
Skopje, Downtown	Enterprise	Elan Property	14,000	Under construction
Skopje, Avtokomanda	Skopje East Gate	Balfin Group	60,000	Planning Phase

Source: CBS International

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