



ECONOMY

According to the official statistics, real GDP growth in Q4 2023 was 3.8% y/y, making a real growth on an annual level equal to 2.5%. Projected GDP growth for 2024 is in the range of 3-4%, while the projection of the growth in 2025 and 2026 is in the range of 4-5%, considering the realisation of the investments planned for organising the EXPO 2027 exhibition. Inflation has been decreasing since April 2023 and the slowdown intensified in the second half of 2023 due to reduced growth in the prices of food and products and services within core inflation. In March 2024, the key policy rate remained unchanged at 6.5%. Serbia registered a record-high EUR 4.5 billion FDI inflow in 2023, equivalent to around 6.1% of GDP. Foreign direct investments are expected to continue to play a key financing role in the following period, as Serbia has a good business climate driven by macroeconomic reforms, financial stability and fiscal discipline, as well as numerous incentives disposable to foreign investors.

SUPPLY AND DEMAND

Following a remarkable surge in new deliveries totalling 133,000 sq m in 2023, the initial quarter of 2024 saw the completion of a small-scale office building spanning 2,000 sq m of GLA, situated in Belgrade Downtown and developed by local investor Rudnap. At the end of Q1 2024, Belgrade's modern office stock stands at the level of 1,320,784 sq m of GLA, with Class A office buildings making for 59% and Class B projects comprising the remaining 41%.

Development activities remain robust, although a slight slowdown is evident. Over the years, New Belgrade has been the primary focus for investors, however, the old part of the city is gaining its deserved attention, keeping in mind the number of projects currently under construction in this part of Belgrade. Namely, the office complex BIGZ is nearly completed, while the construction of both Brankov Business Center of 8,500 sq m and Hyde Park City, a business park adjacent to Prokop railway station, is currently underway. The office building ARTKLASA, located in the Dorcol area, along the the Danube bank, spreading over an area of 11,800 sq m GLA is nearly ready for occupation. Approximately 55,000 square meters are forecasted to be finalised in 2024, all located in Belgrade city centre.

Major New Belgrade projects are led by AFI Europe, which is currently developing a new phase of 27,000 square meters in the Airport City Belgrade Business Park. In addition, a well-known construction company Napred is working on its Block 26 Project, which will comprise an app. 11,000 sq m of office space in the first phase in addition to the residential part.

On the demand side, after two record years, 33,050 sq m has been transacted in Q1 2024, which is a lower quarterly figure as compared to previous quarters in 2023. Nonetheless, 69 transactions were closed in total, which is in line with the average number of deals per quarter, usually 45-65 transactions, so the decline in the take-up indicates that the most active were tenants looking for smaller spaces. Looking further at the figures, 50 deals pertain to tenants leasing the premises of 500 sq m or less.

RENTS AND VACANCY

The average asking rental levels for Class A buildings are between EUR 15.5-17.5/ sq m/month, while rents for Class B premises amount to EUR 11.5-14/sq m/month. The overall vacancy rate continued to decrease, dropping to 6.79% at the end of Q1 2024, while the vacancy rate for Class A properties fell to 5.3%. The yields for prime office space have remained at the Q4 levels, i.e. 8.25-8.75%.

Tamara Kostadinovic

Partner | Head of Market Research
Airport City Belgrade

11 Tadije Sondermajera St., 11070 Belgrade, Serbia
Tel: +381 11 22 58 777

tamara.kostadinovic@cw-cbs.rs

[cushmanwakefield.com / cw-cbs.rs](https://cushmanwakefield.com/cw-cbs.rs)

CBS INTERNATIONAL / CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

CBS International, part of Cushman & Wakefield Group
©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield ("CWK"). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK's securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.