

## Serbian capital on the office market map: Belgrade to hit 1 million square meters of office space



By the end of the year 2020, the Serbian capital will with the finalization of the office development schemes currently under construction reach 1 million square meters of office space in its offer, which will enable better flexibility for the companies which have been trying to find adequate offices for years.

However, although this data sounds optimistic, it is important to know that Zagreb has reached that figure several years ago, while our neighbours, like Budapest, Bucharest or Bratislava, already have more than two or three million square meters of modern office space in their offer.

The largest number of transactions in Serbian capital continues in New Belgrade, but recently the focus of tenants interest is moving towards the old city area, especially with the construction of Business Garden, as the only Class A office building in the city center.

-The new wave of construction that is coming will give plenty of opportunities to the companies in pursuit of a change, since the absence of new projects along with the steady growth in demand has led to a further decline in the vacancy rate in 2018, which currently stands at a historical minimum of below 4%. The demand has also marked the record take-up levels this year with over 100,000 sq m of leased office space till the end of 2018. The current rental levels already show a slight increase over the previous years, but with the constant cyclical movement which is inherent in the real estate market, the ratio between supply and demand further reflects the rental levels. In the next couple of years, there will be no drastic changes in rents, but I am sure that the demand will continue to be stable – says Bojan Jevtic, Regional Head of Office Agency, from the leading real estate consultancy CBS International, part of the Cushman & Wakefield Group.

However, the situation in this segment is better than ever, and the evidence to that is that about 30% of the modern office space is absorbed before the office building starts with the construction.

-More often domestic companies decide to buy, while the international companies rarely choose to do so, as in the event of a slight increase or decline in business operations, the companies remain with the property they practically do not know what to do with. That's why the share of purchases by large foreign companies is just over 10%. IT and telecommunication companies are the main generators of the large demand and more often they choose our country strategically for their future business operations both in Serbia and in SEE region – Jevtic points out, adding that new trends have introduced high-rise office buildings of 15 or 20 floors, which was not the case before in the market, but also the new approaches in interior design with ever more relaxing office space solutions enabling better communication among the colleagues as well as a motivational boost and better productivity therefore.