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“Balkans Property Forum” Held in Belgrade – Serbian Real Estate Market Looking at Even Bigger Growth in 2023



(Photo: Belkisa Abdulović)

The real estate market in Southeast Europe is continuing to grow regardless of the influence of the inflation, the war in Ukraine and the energy crisis.

This year, **the real estate market in Serbia experienced a record demand for business, logistics and residential space, and this growth trend will continue in 2023.** Real estate prices still depend on the inflation and the growth of the prices in the construction sector, so it is to be expected **for banks to be somewhat stricter next year in the sense of approving loans, and for the existing loans to be somewhat more expensive due to the increase of Euribor.**

Remote work has spread in companies in which the workers are more creative when they work from different locations, whereas other companies are bringing back workers to offices, because they believe that working from home is no longer as productive.

These are just some of the conclusions of the participant in the international conference on real estate in Southeast Europe “Balkans Property Forum 2022”, which was organized for the fourth time in Belgrade by Property Forum and the British Royal Institution of Chartered Surveyors (RICS), the press release says.

Real estate prices and demand

According to Srdjan Teofilovic of **CBS International**, **this year, the demand for office space doubled and that is the reason why investors and financiers are continuing projects in that field and currently building around 200,000 m2 in Belgrade.** The inflation and the increased inflow of foreigners (around 100,000) as a consequence of the Russian-Ukrainian crisis, have led to an additional pressure on the growth of prices, making this year a record-breaking year when it comes to the number of sold apartments, the amount of money spent on purchasing, but also when it comes to the price of rented apartments, **because Belgrade does not have than many apartments for rent.**

– In 2023, banks should be expected to be somewhat stricter regarding loan approval, whereas the existing loans will be somewhat more expensive due to the growth of Euribor. We don't expect this to have any sort of dramatic impact, because, **in Belgrade, 70% of the apartments are bought from own funds** – Teofilovic says and reminds that, based on the analysis of the past years, **around 20,000 apartments are sold in Belgrade annually**, which, for a city of two million residents, is a relatively small number. Cash buyers are people who have already had some real estate and people who are successful in their business, with an emphasis on the IT sector, where the salaries are rather high and they can buy those apartments without a loan.

On the other hand, the crisis will not have a drastic impact on the construction of industrial facilities, because **CTP Serbia will double its portfolio next year and build an additional 250,000 m2.** According to Petar Kolognat, Head of Business Development at CTP Serbia, the trend of nearshoring is present at the moment – where companies are changing their business strategies due to the collapse of the supply chain, due to which **they are moving their production capacities from the Far East to Western Europe – which is a great opportunity for the region and Serbia.**

He called the announcement of the Ministry of Construction about the cancelation of land conversion an incentive measure.

– That will drastically facilitate the procedure of the construction of industrial facilities. That would be a very positive step – he said.

In Serbia, the demand for all types of real estate is growing, and Head of Corporate Banking of **Eurobank Direktna** Milan Vicentic estimated that the real estate prices at that moment, according to some indicators, were at their peak or near their peak.

– On the majority of the average market, I believe that the prices are currently at their peak. However, that doesn't depend on the demand only, but also on the growth of the inflation on the European level and the real purchasing power. A lot depends on the prices of materials, which is a considerable input for investors – Vicentic warns and points out that **“it is not realistic to expect a drop of interest rates in the coming year**, because, in the past few years, they have been at a historic low”.

– I don't expect the increase of interests on housing loans to lead to repayment problems or a drop in the demand for real estate – concluded Vicentic.