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Marta Sredojević: Real estate and office space trends in Belgrade

We spoke with Marta Sredojević, Head of Office Agency at CBS International – Cushman & Wakefield affiliate partner, about real estate and office space trends in Belgrade.



The first three quarters have concluded. What are your impressions and experiences? In which direction are we heading this year?

After a record-breaking 2022, where demand exceeded all expectations, with a total of 230,000 square meters of office space leased throughout the year, the beginning of this year has seen continued stable demand and strong construction activity. In 2023, 133,000 square meters of new office space have already been built, surpassing the highest number of newly constructed square meters in a single year, with an additional 50,000 square meters expected by the end of 2023.

What are the significant transactions in the office space market?

In the first three quarters of 2023, there were a total of 156,000 square meters leased in 169 transactions, with CBS Office Team handling 46,000 square meters. The largest transactions were made by IT companies, followed by those in the banking sector and logistics companies. There was also a notable share of sales

transactions, continuing the trend of office space purchases that have expanded in recent years.

Inquiries for renting space come from various sectors such as IT, pharmaceuticals, and others. To what extent is the market able to meet their needs?

During 2023, the IT industry has the largest share in the total leased space at 38% (59,000 square meters leased in Q1-Q3), followed by the Consumer Services & Leisure sector at 27%, with prominent lessees from logistics and distribution, as well as retailers. The financial sector ranks third, with providers of banking and auditing services taking the lead. Despite the increasing overall supply in Belgrade, there is still a mismatch between supply and demand. The demand is so high that spaces are often leased before the project's completion, as evidenced by AFI Europe consistently having most of its space leased before the construction is finished.

The market offers diverse spaces. What is your experience with the office spaces that tenants lease? What represents the current trend in space demand?

There is still significant demand for modern business complexes with various amenities and available parking. International companies, especially, are inclined towards "green buildings" designed to reduce environmental impact and improve overall quality of life. They are willing to pay higher rents for space in certified buildings to lower operational costs. Investors in Belgrade are gradually adopting global trends, with a total of 18 LEED-certified office buildings currently on the Serbian market, and 26 more in the process of obtaining LEED certification. There is also a significant demand for coworking and shared service spaces, mostly leased by freelancers and startups before expanding their workforce and opting for long-term office space leases. In Belgrade, 17 companies currently provide this type of workspace rental. New generations of employees seek flexibility in work, with many starting their careers during the COVID-19 pandemic and lockdown, making remote and hybrid work a normal way of working. Hybrid work has changed tenant requirements, and many companies are moving towards flexible workspaces and multifunctional areas with additional amenities, as the future of office space is expected to play a significant role in retaining and attracting quality talent.

Can we expect the construction of new business facilities in the coming years at the same intensity as before?

Currently, 115,000 square meters of modern office space are under construction in Belgrade, with several large projects expected to start in the near future. Development activity is exceptionally stable and in line with demand.

To what extent is this market developed in other cities in Serbia? Is Novi Sad becoming our new business center?

The market for modern office space in Serbia is almost entirely focused on Belgrade, with a very low percentage of offerings in other cities. Increased demand is influenced by the IT sector and the sector providing business services to clients worldwide, where Belgrade has emerged as a significant center. Novi Sad is the only city that has witnessed the construction of modern business spaces in good locations in recent times, and several major class A business complexes have been announced. The demand from ICT companies for modern office space has significantly increased, providing the opportunity for Novi Sad to develop as a regional IT center.

What spaces can we consider if we want to lease office space this year? What projects are currently active in Belgrade in 2023?

The largest business park in Belgrade, Airport City Belgrade in New Belgrade, is constantly expanding and improving its business spaces through new phases, with a new business tower currently under construction. New Belgrade will soon see the completion of the reconstruction of Sava Center, which, in addition to a modern congress center, will offer modern office space for lease. Additionally, the supply of office space in the city center is growing in line with increased demand in recent years, with a trend of renovating old buildings into modern business complexes, such as the renovation of the old BIGZ printing house, Artklas in Luka Beograd (formerly an old mill), Brankov Business Center in Zeleni Venac, and others. Upon completion of renovation, these spaces will offer modern office spaces for lease with various additional amenities.

Beograd

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