

YoY Chg      12-Mo. Forecast

**14,184**

Issued building permits for residential buildings Q1-Q3 2023



**16,340**

No. of sold residential units in Belgrade in 2023



**2,685**

Average sales price of newly-built apartments in Belgrade H1 2023



(Overall, All Property Classes)

### ECONOMIC INDICATORS

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**3.6%**

GDP Growth rate Q3 2023  
YoY Change vs Q3 2022



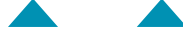
**6.4%**

Belgrade Unemployment Rate  
Q3 2023



**EUR 920**

Belgrade Average net salary  
Jan-Nov 2023



Source: Statistical Office of the Republic of Serbia

### ECONOMY

Serbia has positively maintained economic stability and garnered confidence from both consumers and investors. This is evident in the cumulative real GDP growth from 2020 to 2023, which reached approximately 12%. In Q3 2023, real GDP growth stood at 3.6% year-on-year, while as per the latest National Bank of Serbia's expectations for the entire year of 2023 is 2.5%. The projected GDP growth for 2024 ranges from 3% to 4%, with a medium-term expectation of returning to pre-crisis growth rates of 4% annually. Inflation, having followed a declining trajectory since April, returned to a single-digit level in October and further decelerated to 7.6% year-on-year in December 2023. Projections indicate a continued decrease in inflation throughout the forecast period, with an anticipated return to the target tolerance band by mid-2024 and an approach to the central point of the target by the end of 2024.

### SUPPLY AND DEMAND

In the opening quarters of 2023, construction activity slowed down, mainly due to the prolongation of the process of issuing the building permits. However, in H2 situation on the market improved and Belgrade residential market keeps marking positive trends on the supply side. Several large projects were initiated during the year within central Belgrade's municipalities, while 17 ongoing projects with 400+ units are currently in the construction phase in Belgrade.

According to the 2022-Census, New Belgrade municipality holds the largest share in Belgrade's residential stock with more than 100,000 residential units, while nearly 3,000 new apartments are currently under development, set for completion in the next two years. In addition to already established projects in New Belgrade, such as Wellport, New Minel and Airport Garden, which are experiencing new phases, 2023 saw the commencement of a new mixed-use project named Soul 64 with 906 residential units planned for development, as well as project Belmondo, which should bring another 244 apartments to the market. In the same area, a group of local investors launched a new project of 156 apartments, named Terminal 10 Residences. Also, Lastavice project in Blok 58 and The One residential project situated in block 64 announced the commencement of new phases in 2024. After a period of limited construction activity, two major developments were initiated in Cukarica municipality in 2023, i.e., Banovo Brdo Residences which will consist of an app. 900 apartments upon completion, and Victory Gardens with more than 1,200 units.

In terms of large-scale projects, Savski Venac is the most active municipality. Specifically, 20 skyscrapers within the Belgrade Waterfront project are currently under construction, while Belgrade's city centre will be enriched by the latest project King's Circle Residence, at the most attractive location on a Slavija Square.



Terminal 10 Residences, New Belgrade



Inobacka Dedinje, Omladinska, Savski Venac

Also, Lisicji potok settlement along Omladinska Street is a very active area lately within this municipality, with several small-scale, high-end projects in the construction phase, e.g., D'HOME, Merin Dedinje, Elysian Lux Gardens, Fox Creek Residence, while Inobacka company, based in Novi Sad, aims to develop project named Inobacka Dedinje, totalling 16 luxury apartments.

When it comes to demand for residential units, the reduced offer in the first half of 2023 had an impact on the number of transactions, as well, which went down by 25% in comparison with the previous year. Even though the number of issued building permits in the residential segment improved in H2 2023, it is clear that demand is on a declining path. Belgrade's municipalities with the largest share in the total number of sold apartments during 2023 are Zvezdara (15%), New Belgrade (13%) and Vozdovac (12%), while in the observed period, all central municipalities experienced a drop in the number of sold units. The largest decline in sales transactions was marked in New Belgrade (-38%), Stari Grad (-33%), Savski Venac (32%) and Vracar (32%), i.e., in the municipalities which dictate the highest price ranges in Belgrade residential market.

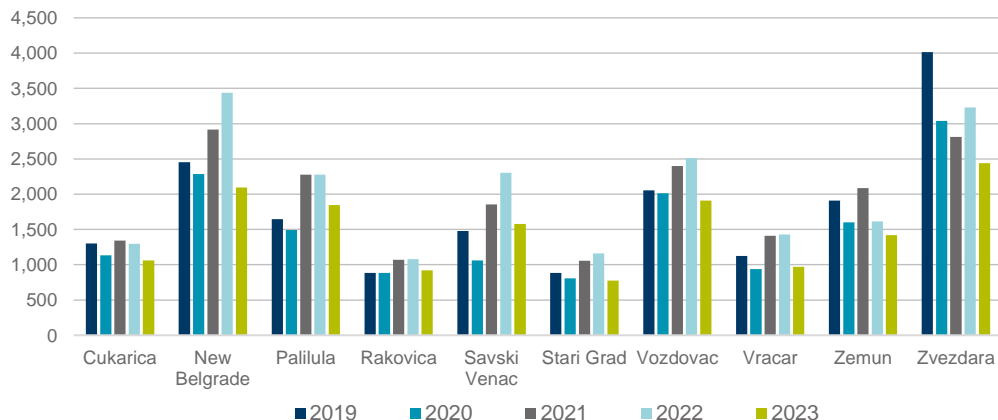
Nevertheless, it is expected that demand will remain strong and stable in the following period, i.e., in the range between 16,000 and 18,000 sold units on an annual level, which is still several times more than number of completed units. Due to a lack of alternative investment options, the residential market became the main investment opportunity in Serbia. At the same time, the rental market is still undeveloped, as compared to more developed European markets, whereas the built-to-rent projects are in the initial phase with only one large-scale project developed for rental purposes. Therefore, the typical Serbian citizen aims to buy an apartment for their own purposes and this is one of the reasons why the demand for residential units will always be strong. Since the supply of residential projects improved in the previous 5 years, thanks to the arrival of foreign investors, who develop large mixed-use complexes with numerous additional amenities, the interest of the diaspora also increased and represents a significant share in buyers' profile, which is expected to continue in the future.

### PRICING

Even though the slight increase in prices of newly-built units in Belgrade was noted in the first half of 2023, mostly due to high inflation that peaked in Q1 2023, the market stabilized in the second half of the year. During 2023, the investors offered certain discounts on sales prices up to 5% for all types of buyers which was not the case in 2022.

In 2024, the stagnation of the residential market could be anticipated, and prices are likely to moderate after years of sharp growth. However, a significant fall in the sales prices is not foreseeable, especially within the large-scale projects, carefully planned and developed in phases by renowned investors, which record high absorption rates and mark gradual increases in the sales prices, even within the same development phase. It is expected that the situation with credit buyers will improve in the second half of 2024, due to the forecasted decrease of interest rates for housing loans. In general, the number of credit buyers is larger within the secondary market, as well as lower to mid-end residential projects, who are aiming to buy an apartment for their own needs, while their share is smaller in upscale residential projects. Therefore, a slight correction in the prices is expected in case of less attractive smaller residential projects of local developers and within the secondary market.

**SOLD APARTMENTS IN CENTRAL BELGRADE'S MUNICIPALITIES 2019 - 2023**



Source: Republic Geodetic Authority

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