

10,978

Number of completed residential units in Belgrade in 2023

YoY Chg



12-Mo. Forecast



8,273

No. of sold residential units in Belgrade in H1 2024



2,661

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



(Overall, All Property Classes)

ECONOMIC INDICATORS

4.7%

GDP Growth rate Q1 2024
YoY Change vs Q1 2023

YoY Chg



12-Mo. Forecast



6.5%

Belgrade Unemployment Rate
Q1 2024



EUR 1,031

Belgrade Average net salary
Q1 2024



Source: Statistical Office of the Republic of Serbia

ECONOMY

Having in mind the package of economic measures implemented by the Serbian Government and National Bank of Serbia (NBS), Serbia recorded a cumulative real GDP growth of 12% during the period 2020-2023. According to the official statistical data, real GDP growth in the first quarter of 2024 was 4.7%, with all sectors on the production side positively contributing to the growth, with the largest contribution from the service sectors and construction. As announced by the NBS, real GDP growth in Serbia is expected to accelerate to 3.5%, driven by domestic demand in 2024. For 2025 and 2026, the growth is projected in the range of 4-5%, considering the implementation of investments planned within the EXPO 2027 Project. After the record year 2022, when foreign direct investments (FDI) reached the level of EUR 4.4 billion, a new highest FDI inflow of EUR 4.5 billion was recorded in 2023, which brings the total to more than EUR 23 billion in the previous 5 years, with over €12 billion directed towards tradable sectors. Inflation has been on a declining path since April 2023, while in June 2024 slowed down to 3.8% y/y.

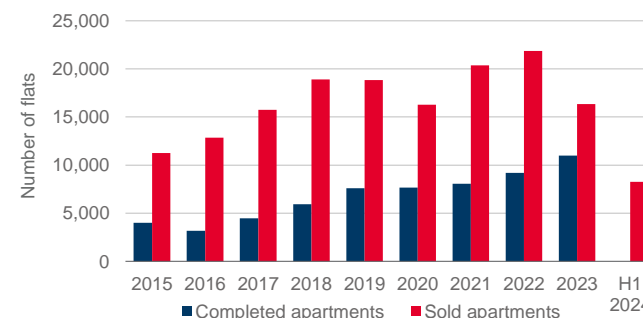
SUPPLY AND DEMAND

In the first half of 2024, the trend of price stabilisation, which marked the entire 2023, and which followed dynamic growth in 2021 and 2022, continued. According to the data of the Republic Geodetic Agency, the total volume of transactions on the real estate market in Serbia in Q1 was 1.5 billion euros and represents a decrease of 2.6% compared to the same period of the previous year. The largest share in the total transaction volume refers to apartments, i.e., 56%, which is 1% more than in the first quarter of 2023. Furthermore, 50% of the total volume of transactions in Serbia refers to Belgrade, while when it comes to the residential market, that number is almost 58%.

According to the most recent official statistics, Belgrade residential market witnessed further growth in new residential stock. In 2023, the number of completed residential units amounted to 10,978 apartments, which represents a YoY growth of 19%. The municipality of Savski Venac was the most active Belgrade area in terms of constructed units and it participated with a share of 20% in the total new supply in 2023, mostly thanks to the large-scale project Belgrade Waterfront. The second-best performer showed to be the municipality of Zvezdara, which contributed with a share of 14% in the total construction activity. Even though Zvezdara lacks any ongoing large-scale residential development, the settlements within this municipality Lion, Bulbuder, Cvetkova pijaca and Mirijevo have witnessed a significant number of small to medium projects. Furthermore, Zemun and Palilula municipalities had a significant share in newly-built units, i.e., 11% and 10%, respectively.

Looking at the number of transactions, in the first half of 2024, a total of 8,273 apartments were sold in Belgrade, showing a minor decline of 4% as compared to H1 2023. Analysing Belgrade's central municipalities only, the most significant slowdown was noted within the municipalities which command the highest sales prices - Savski Venac (-45%), Vracar (-22%), Stari Grad (-15%) and Palilula (-15%). On the other side, the demand for residential units increased by 24% in Rakovica and 21% in Zemun. The largest share in the total number of transactions in H1 2024 was achieved by the municipalities of Zvezdara (16%), New Belgrade (13%), Vozdovac (11%) and Zvezdara (11%).

RESIDENTIAL SUPPLY VS DEMAND IN BELGRADE



Source: Statistical Office of the Republic of Serbia, Republic Geodetic Authority

For the past several years Belgrade's residential market has been witnessing the rising trend in the development of large-scale projects, carefully planned and developed in phases by renowned investors, which record high absorption rates and mark a gradual increase in the sales prices, even within the same development phase, driven by strong demand from buyers.

Currently, one or more of these projects are either under construction or in the planning stages throughout most Belgrade municipalities. The municipality of New Belgrade leads with the highest number of large residential projects, exceeding 400 apartments in total, followed by the municipalities of Savski Venac, Stari Grad, Vozdovac, and Palilula. Some of the prominent projects currently underway or scheduled for commencement by the end of the year in New Belgrade include the first phase of the Panorama 26 project by investor Napred, Pupin's Palace and the second phase of the Nev Minel project by investor Galens, new development by the renowned Israeli investor Shikun & Binui Group named Newport, Kvar 64 by Greda Valjevo, Delta District by Delta Real Estate etc. In the municipality of Savski Venac, the Belgrade Waterfront project continues its expansion within new phases. Furthermore, the municipality of Vozdovac is witnessing the development of two large-scale projects, each encompassing over 600 apartments, namely Vozdov Kvar and Elixir Vozdovac, while the municipality of Palilula awaits for the commencement of the second phase of the BIG Residences project as well as a new phase of the Sunnyville project. The Marina Dorcol project, currently in its final stage of preparation, represents the largest residential undertaking in the municipality of Stari Grad.

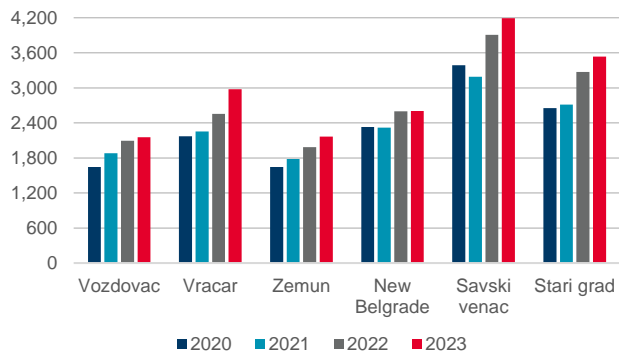
Additionally, the first half of the year saw the completion of Belgrade's inaugural build-to-rent project: the luxurious AFI Home Skyline residential complex. This development comprises 147 exquisitely furnished rental apartments across 27 floors, setting a new standard in the city's rental market.

PRICING

According to the Statistical Office of the Republic of Serbia, the average sales price of newly built apartments in Belgrade amounted to EUR 2,661/sq m at the end of 2023, which is a slight growth of 3%, compared to the previous year. The most significant growth in sales prices was noted in Rakovica (20%) and Vracar (16%) and Zemun (9%) municipalities.

Regarding apartment sales prices, a modest but consistent increase is anticipated. Namely, the increase in the overall quality of the offer will gradually narrow the gap between high-quality and lower-quality projects, consequently, high-quality projects are expected to maintain stable prices with a slight upward trend, while prices for lower-quality projects will align with market demand. This situation is particularly visible in locations characterized by intensive construction, in addition, investors in each subsequent phase of the project raise the selling price within the project, which affects the overall growth of the selling prices of the apartments.

PRICES OF NEWLY BUILT UNITS IN BELGRADE'S MUNICIPALITIES



Source: Statistical Office of the Republic of Serbia



Panorama 26, New Belgrade



Newport, New Belgrade

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