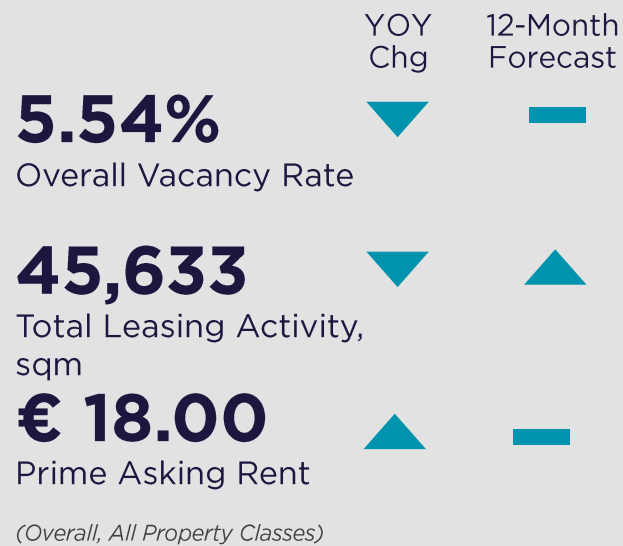
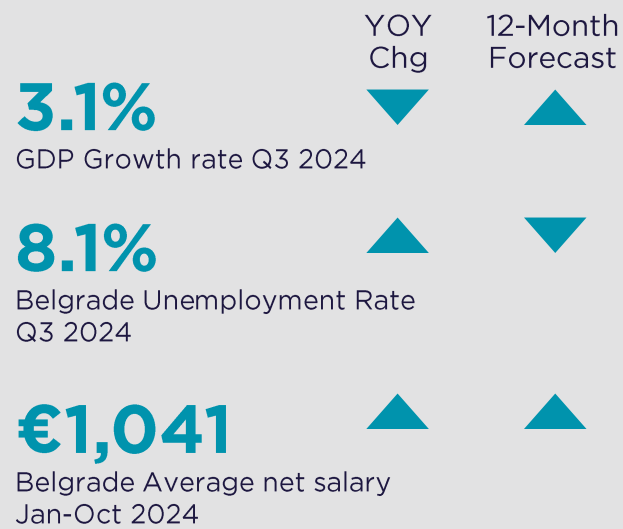


MARKET FUNDAMENTALS



ECONOMIC INDICATORS



(Overall, All Property Classes)
Source: Statistical Office of the Republic of Serbia

ECONOMY

Real GDP growth in Q3 2024 reached 3.1% year-over-year. According to preliminary data from the Statistical Office of the Republic of Serbia, the GDP growth for 2024 is estimated at 3.9%, primarily driven by an increased activity in the service sectors, manufacturing, construction and mining, while agriculture and energy contributed negatively. Looking ahead, the National Bank of Serbia anticipates GDP growth to accelerate further in 2025 and 2026, reaching a range of 4.0-5.0%, supported by new investments related to the specialized EXPO 2027 exhibition.

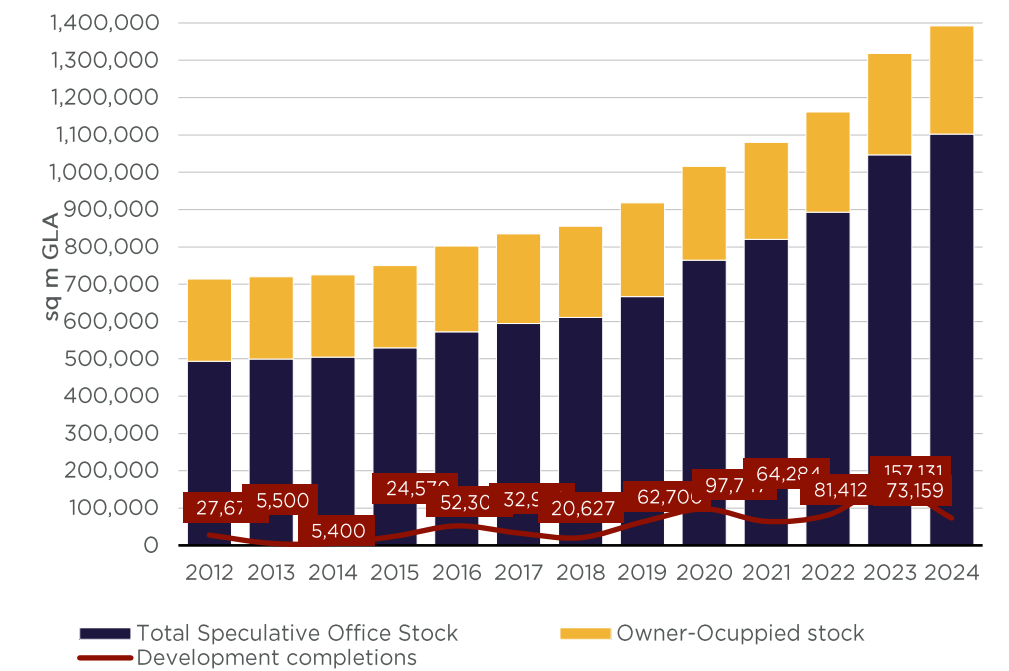
Foreign direct investment (FDI) inflows for the first eleven months of 2024 totalled EUR 4.6 billion, marking a 7.9% increase as compared to the same period in 2023. Inflation has been on a downward trajectory since April 2023, with a notable deceleration in H2 2023 and H1 2024. The average inflation rate for 2024 is 4.6%. In October 2024, Standard & Poor's upgraded Serbia's credit rating to investment grade (BBB-).

SUPPLY

In the final quarter of 2024, Belgrade office supply was further pushed to the level of 1,392,457 sq m of GLA, thanks to the completion of BIGZ office building and three buildings within Hyde Park complex, developed along the main train station Prokop, which caused the stock increase of 40,000 sq m. The total annual completion amounts to the app. 74,000 sq m. At the end of the year, the share of Class A office stock slightly decreased to 57%, while the remaining 43% belonged to Class B premises. Class B office buildings have experienced steady development in the last 2 years, driven by demand from cost-conscious tenants seeking functional yet affordable workspace solutions within newly built or refurbished buildings.

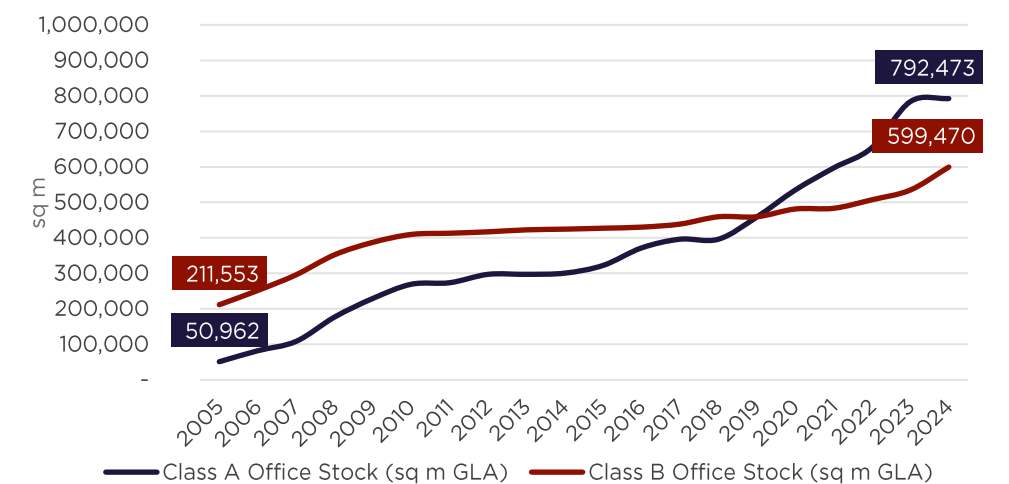
With several projects being announced for development or expansion of the existing projects, the strong development activity continues, with 80,000 sq m set for delivery by 2025 year-end, out of 99,600 sq m currently under construction.

TOTAL STOCK / NEW DELIVERIES



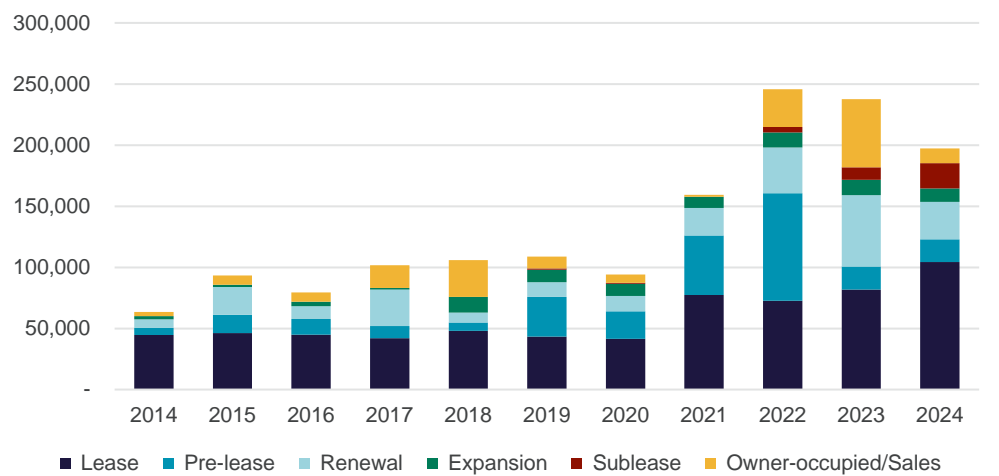
Source: CBS International, part of Cushman & Wakefield Group

EVOLUTION OF STOCK PER CLASS

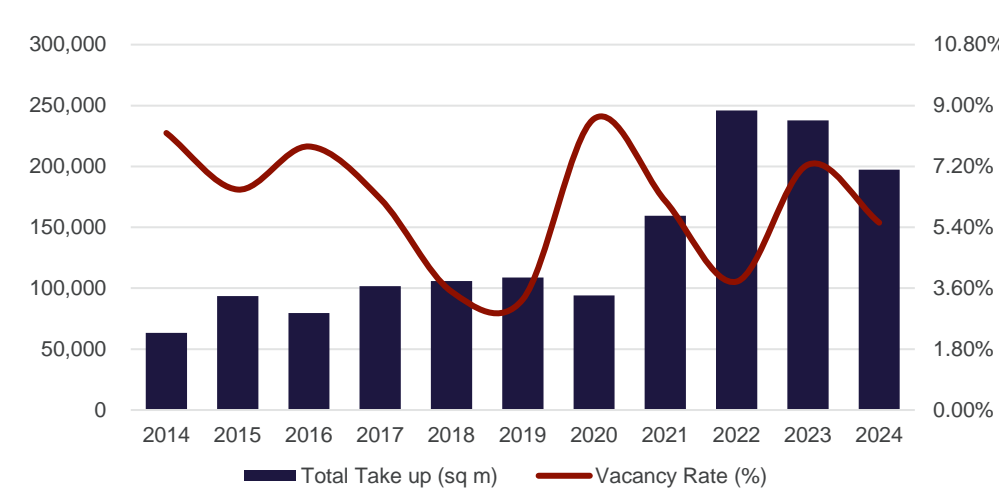


Source: CBS International, part of Cushman & Wakefield Group

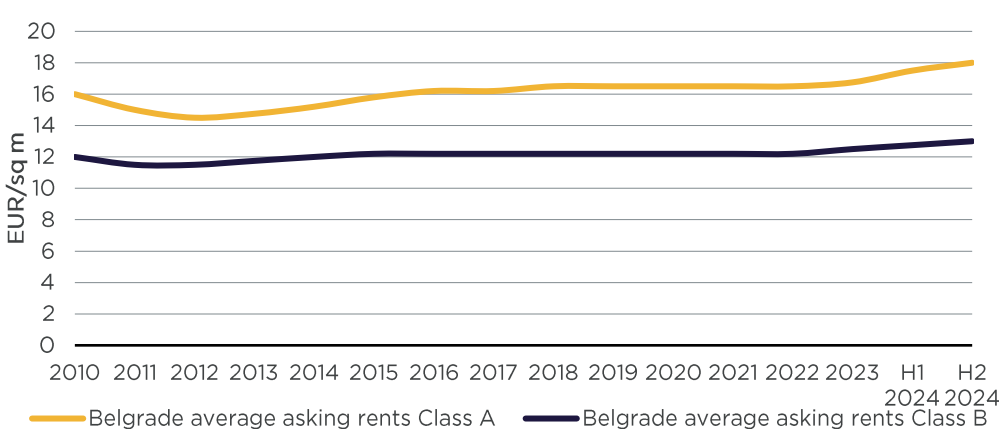
TAKE-UP STRUCTURE



TAKE-UP VS VACANCY RATE



ASKING RENTS FOR CLASS A AND CLASS B



Source: CBS International, part of Cushman & Wakefield Group

DEMAND

The occupier demand in the last quarter amounted to app. 45,000 sq m, whereas the share of sublease was 11%. Looking at the annual demand, it amounted to 197,350 sq m, including all types of deals. The portion of new leases is the highest, totalling 104,000 sq m or 53%, followed by the renewal of 16%. In recent years, the share of sales transactions and subleases has grown, standing the 28% in 2023 and 17% in 2024, versus 10% in 2019. Despite the slight decrease in the take-up of 15% as compared to 2023 figures, it is stronger than the 5-year annual average of 170,000 sq m.

The office market is showing signs of increasing maturity, marked by a rising number of sublease and sales transactions. Companies are optimizing their real estate portfolios by subleasing excess space, reflecting a strategic shift towards flexibility and cost efficiency. At the same time, demand for office property purchases is growing, driven by investors and owner-occupiers seeking long-term stability amid fluctuating rental markets.

PRICING

In Q4 2024, rental rates remained largely unchanged from the previous quarter but showed a year-on-year increase, especially in the prime Class A office segment, where rents have reached EUR 18/sq m/month. For premium office spaces in the most desirable buildings, rental prices can surpass this level. Meanwhile, asking rents for Class B offices range between EUR 11.5 and 14/sqm/month.

After consistent growth since early 2022, prime yields have stabilized. This trend was also observed in Belgrade Office Market during the H2 2024. Given the prevailing market sentiment and increasing demand for high-quality office properties, prime asset yields were revised in the previous quarter, now ranging between 8.00% and 8.50%.

VACANCY

The limited addition of modern office space in the first three quarters of 2024 and stable demand led to a decline in the vacancy rate on the market. However, the supply increase in Q4 2024 slightly pushed the vacancy rate to the level of 5.54%, from the previous quarter's 5.04%. Although the overall vacancy slightly increased, it dropped in Class A office segment to 2.93% in Q4 2024, from 3.16% in Q3 2024. In the following period, vacancy rates will strongly vary by location and the quality of the building. Class A buildings in prime locations are expected to be fully leased, while buildings at less attractive locations, may experience a longer period to reach full occupancy.

OUTLOOK

- The coworking market grew significantly in 2023 and 2024, adding around 25,000 sq m in the recent period to a total of 77,300 sq m, at the end of 2024. The share of the coworking market in the total Belgrade modern office stock has increased to 5.6% at the end of Q4 2024
- By adopting remote work policies, major tech companies made surplus office space available for subleasing. A significant increase in subleased space, mostly by coworking companies is a trend that will remain in the forthcoming period
- Following variations in the average deal size, it settled at approximately 750 sq m in 2024
- Limited new supply in the first half of 2025 will drive further vacancy rate decline, helping absorb remaining space from previous years
- The rent stabilization is anticipated during 2025
- Having in mind the ongoing negotiations regarding certain assets, it is expected that investment volume in this property segment will improve in the following months

MARKET STATISTICS

SUBMARKET	TOTAL STOCK (SQM)	OVERALL VACANCY RATE (%)	CURRENT QTR TOTAL LEASING ACTIVITY (SQM)	UNDER CONSTRUCTION (SQM)	YTD CONSTRUCTION COMPLETIONS (SQM)	ASKING RENT CLASS A (EUR/SQM)*
City Centre	371,663	5.54%	43,766	38,100	49,173	16-19
New Belgrade	958,737	5.06%	127,728	61,500	/	16.5-19
Wider Central Area	62,057	12.87%	25,857		24,500	/
BELGRADE TOTAL	1,392,457	5.54%	197,352	99,600	73,673	/

*Asking rental levels presuming standard fit-out contribution

SELECTED LEASE TRANSACTIONS Q4 2024

PROPERTY	INVESTOR	TENANT INDUSTRY	SQM	TYPE
AFI City Zmaj	AFI Europe	Consumer Goods	4,500	lease
Usce Tower	MPC Properties	Legal	1,100	lease
Green Heart	Grandum	Professional Services	1,000	renewal + expansion
Sava Business Center	CA IMMO	Pharmaceutical	580	renewal
GTC X	GTC	Professional Services	2,000	expansion
Artklasa	Aselus	IT Company	530	lease
Airport City Belgrade (Business Avenue Tower 1)	AFI Europe	Consumer Goods	785	pre-lease

KEY CONSTRUCTION COMPLETIONS Q4 2024

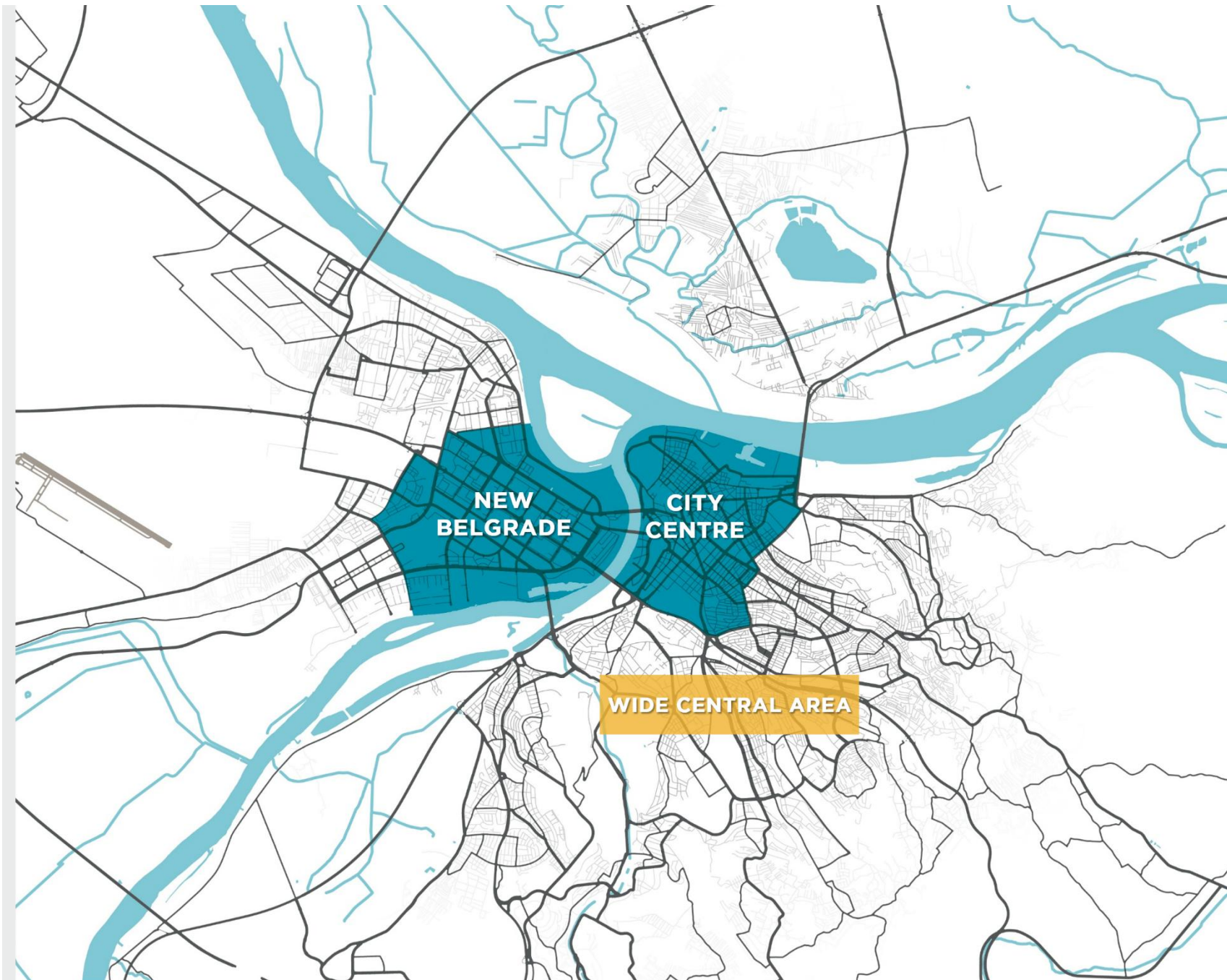
PROPERTY	LOCATION	MAJOR TENANT	BUILDING SIZE (SQM GLA)	DEVELOPER / OWNER
BIGZ office building	Savski Venac	Desk & More	24,000	Marera Properties, Aleksandar Group
Hyde Park phase 1	Savski Venac / Prokop	n/a	24,500	Railway City / Various owners

SELECTED PIPELINE PROJECTS

PROPERTY	LOCATION	SQM (GLA)	DEVELOPER	ESTIMATED COMPLETION DATE
Tehnohemija	Palilula / City Area	13,600	Tehnohemija	Q1 2025
Hyde Park City phase 2	Savski Venac / Prokop	24,500	PSP Farman	2025
Airport City Belgrade	New Belgrade	27,000	AFI Europe	Q1 2025
Panorama 26	New Belgrade	11,000	GP Napred	Q4 2025
Bel Mondo	New Belgrade	7,500	PSP Farman	2025
Delta District	New Belgrade	16,000	Delta Real Estate	2027

Source: CBS International, part of Cushman & Wakefield Group

OFFICE SUBMARKETS



NEW BELGRADE

- Stock: app. 958,740 sq m
- 69% of the stock

CITY CENTRE

- Stock: app. 371,660 sq m
- 27% of the stock

WIDE CENTRAL AREA

- Stock: app. 62,000 sq m
- 4% of the stock

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