

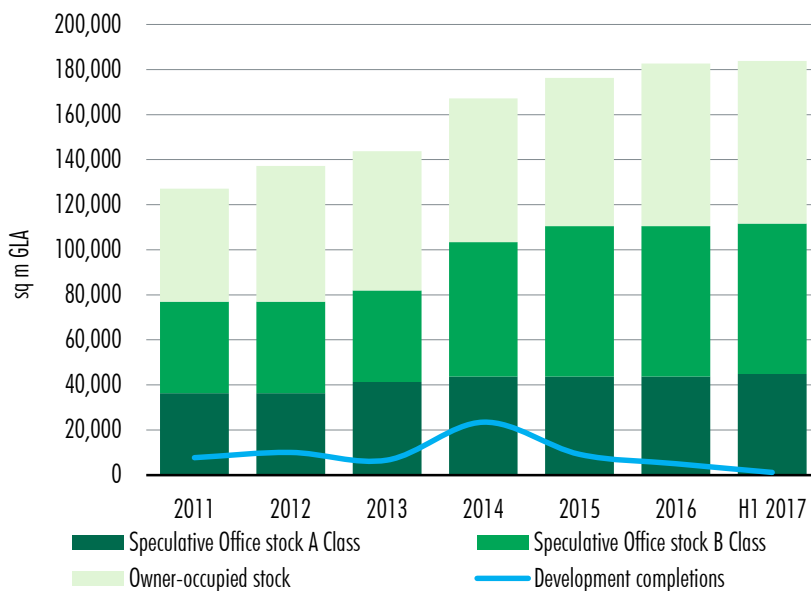
Skopje Office Market, H1 2017

Skopje Office Market spots positive takeoff with several on-going projects

 Total Stock
184,000 sq m

*Arrows indicate change from the corresponding quarter in the previous year.

Figure 1 – Skopje Office Stock



184,000 sq m GLA
Skopje Existing Modern Office Stock

112,000 sq m GLA
Speculative/leasable office stock, including Class A and Class B office schemes

72,000 sq m GLA
Owner – occupied office stock, including Class A and Class B owner-occupied schemes

Source: CBS International, part of the CBRE Affiliate Network

H1 2017 SUMMARY

- With no new completions in the first half of 2017, Skopje modern office stock currently stands at the level of 184,000 sq m of GLA
- In terms of new supply, the total amount of the space currently under construction exceeds 23,000 sq m of GLA
- In H1 2017, the total leasing activity remained balanced. The vacancy rate shows a mild step-down in both Class A and Class B office space segment
- Rental levels remain unchanged, ranging between EUR 11-15/sq m/month for Class A office space and EUR 8-12/sq m/month for Class B office space

OFFICE SUPPLY

As of the beginning of 2017, Skopje modern total office stock has remained unchanged and stands at the level of app. 184,000 sq m of GLA.

Furthermore, the speculative (leasable) office stock amounts to 112,000 sq m, while the owner-occupied supply stands at the level of 72,000 sq m, including Class A and Class B office schemes.

In the following period, the construction activity will have a positive impact on the overall office supply, as the several projects are under construction, such as Nastel Business Centre and Mercedes Benz's Business Center, indicating the growth of the stock by app. 23,000 sq m of GLA.



Nastel Business Centre
10,000 sq m GLA

VACANCY

In the first half of 2017, the vacancy rate has slightly dropped in both Class A and Class B office segments. A further decrease in vacancy rate is expected as a result of the resolved political crisis.

OFFICE DEMAND

The demand for the office space in H1 2017 was marked by the takeover of Hyperium Business Centre, totaling 6,200 sq m of GLA, which was acquired by Grawe Real Estate Group. This transaction, wherein the yield is estimated at 10%, is significant for the local market and sends a positive signals for potential property investors across the region.



Soravia Business Center
11,000 sq m GBA/ 6,200 sq m GLA

The future demand is expected to be primarily driven by foreign companies in ICT sector, followed by outsourcing service companies and the software developers, who show interest in expanding their activities in the local market.

RENTAL LEVELS

During H1 2017, the asking rents for Class A office buildings remained unchanged and vary between EUR 11-15/sq m/month, while the asking rents for Class B office schemes varied between EUR 8-12/sq m/month.

Table 1 – Pipeline projects

Location	Project	Investor	GLA (sq m)	Status
Skopje, Downtown	New Intex BC	Nastel Skopje	10,000	under construction
Skopje, Karposh	Mi-Da / Groteks Gradba BC	Mi-Da / Groteks Gradba	1,500	under construction
Skopje, Aerodrom	Mercedes Benz BC	MakAutostar Skopje	12,000	under construction

Source: CBS International, part of the CBRE Affiliate Network

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Definitions

Total Stock – the sum of speculative modern Class A and Class B office stock and owner-occupied stock.

Speculative/leasable office stock is the stock developed and dedicated to be offered to the market.

Class A: Best space available – i.e. new or high-quality secondhand space at good location, with the prime technical specification and prominent market image.

Class B: Good-quality second-hand space - i.e. no longer prime because of factors such as age or location.

Pipeline developments – office space currently being developed/under construction

Vacancy Rate – the ratio of vacant office space to total stock

Prime Rent – typical ‘achievable’ open market headline rent (can be hypothetical) for a unit of standard size of the highest quality and specification and in the best location in the market, at the survey date. It does not need to be identical to any of the transactions, particularly if the deal flow is limited or made up of unusual one-off deals

Total Leasing Activity – office space known to have been let or pre-let, sold or pre-sold to tenants or owner-occupiers during the survey period, including renewals.

