

RESEARCH REPORT

Skopje Property Market

CBRE | Macedonia

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H2 2015

HOT TOPICS

- Skopje office stock stands at the level of 175,000 sq m of GLA, including class A and B office buildings
- Skopje retail market is witnessing the development of few modern schemes

Macedonia essentials

Area (square kilometers)	25,713
Population, estimation as of 30.06.2014	2,069,471
Average Monthly Net Salary (EUR) November 2015	357
Average monthly household expenditure (EUR), 2014	522
Unemployment rate Q3 2015	25.5%
GDP (estimation) Q3 2015 (Y-o-Y)	3.5%
CPI change October 2015 (Y-o-Y)	-0.3%

Skopje essentials

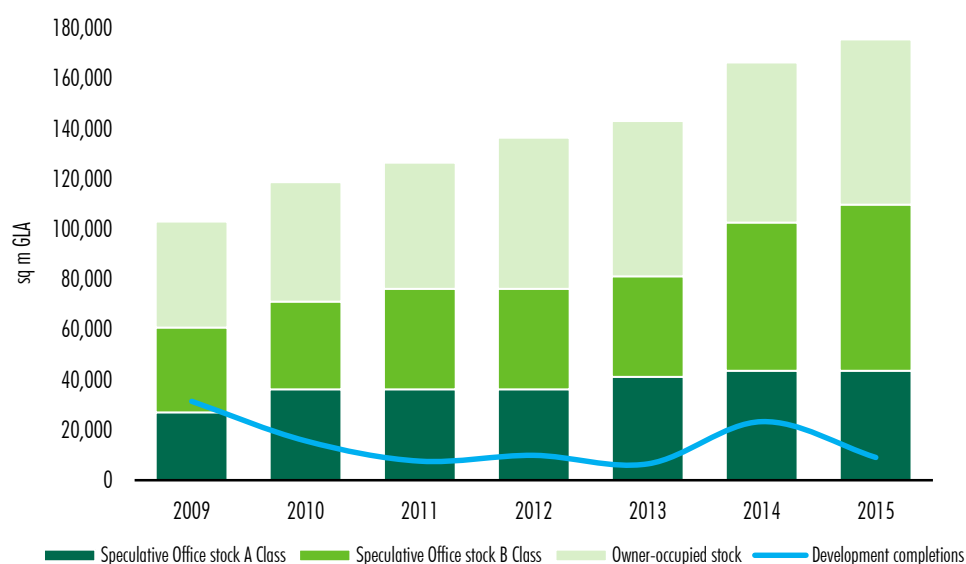
Area (square kilometers)	87.90
Population, 2013 estimate	612,514
Average Monthly Net Salary (EUR) 2015	491

Source: State Statistical Office, National Bank of the Republic of Macedonia, City of Skopje

SKOPJE OFFICE MARKET

As of 2014, Skopje office stock has been enlarged by app. 30,000 sq m of GLA, thanks to the construction of a few small-scale schemes and redevelopment of the existing premises into modern office space. At the end of 2015, the modern office supply amounted to 175,000 square meters of GLA, out of which app. 110,000 square meters belong to speculative/leasable stock and app. 65,000 sq m is owner-occupied office stock. Analyzing the supply pre classes, the major part of stock could be categorized as Class B, while Class A holds the share of 35% in the total stock.

OFFICE STOCK (SQ M GLA)



Source: CBS International, part of the CBRE Affiliate Network

Location-wise, the majority of modern office supply is located in the prime business district area. In terms of new deliveries, there are few small-scale projects of Class B office buildings currently under construction, expected to be completed by the end of 2016. In addition, having in mind the traditional trend of converting residential space into office space, a slight increase in the total stock of office space should be noted.

During the second half of 2015, the demand for office space was driven by ICT industry, the call centers and the outsourcing service providers. These companies usually request flexible office space that can be adjusted to meet their needs, which typically involves several offices, a conference room and an open space for team interaction.

RENTAL LEVELS

The rental rates for Class A and Class B office space remained unchanged during the second half of 2015, ranging between EUR 9 -16 per square meter per month and between EUR 7 - 13 per square meter per month, respectively.

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SKOPJE RETAIL MARKET

Standing at the level of 86,000 sq m at the end of 2015, the total stock of modern shopping centers has remained unchanged. Apart from the modern shopping centers, shoppers also enjoy retail space available within larger commercial projects. However, some Class A business centers have followed corporate strategies for responding to increased demand for modern office space. This has triggered a conversion in total of 1,500 square meters of the retail space in Class A office scheme, causing a slight drop in the supply of the small scheme retail shopping units.

As far as the new space is concerned, Skopje retail market will be enriched by two shopping malls, which are currently under construction. The first complex comes as a public-private partnership of a local company and the Municipality of Gjorche Petrov. This complex will accommodate the shopping area of 30,000 sq m of GBA, located on the main city boulevard. The second complex is developed as mixed-use scheme that includes four forty-storey high residential blocks and a shopping mall of 32,000 sq m, spread on the ground and three upper levels. These modern mixed-use retail schemes are expected to be completed over the course of the next two years. Furthermore, one of the largest announced projects is the Luxury Balkan Mall, to be developed in the vicinity of Alexander the Great Airport. The Bulgarian investor ISA 2000 plans to build a mall double in size of what is currently the biggest shopping mall in Skopje, Skopje City Mall, which comprises 100,000 sq m of GBA/39,000 sq m of GLA.



Luxury Balkan Mall, Skopje, Alexander the Great Airport

ASKING RENTS FOR HIGH-STREET RETAIL UNITS

Location	Size	Asking price (EUR/sq m)
Centar		Up to 40
Aerodrom	< 150 sq m	9-16
Karposh		9-27

Source: CBS International, part of the CBRE Affiliate Network

RENTAL LEVELS

Similarly as the office rental rates, the asking rents for high street units remained stable, ranging between EUR 15 – 30 per square meters per month, depending on the location and the type of unit, while the rents for the retail units in the shopping centres vary between EUR 12 – 40 per month.

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