

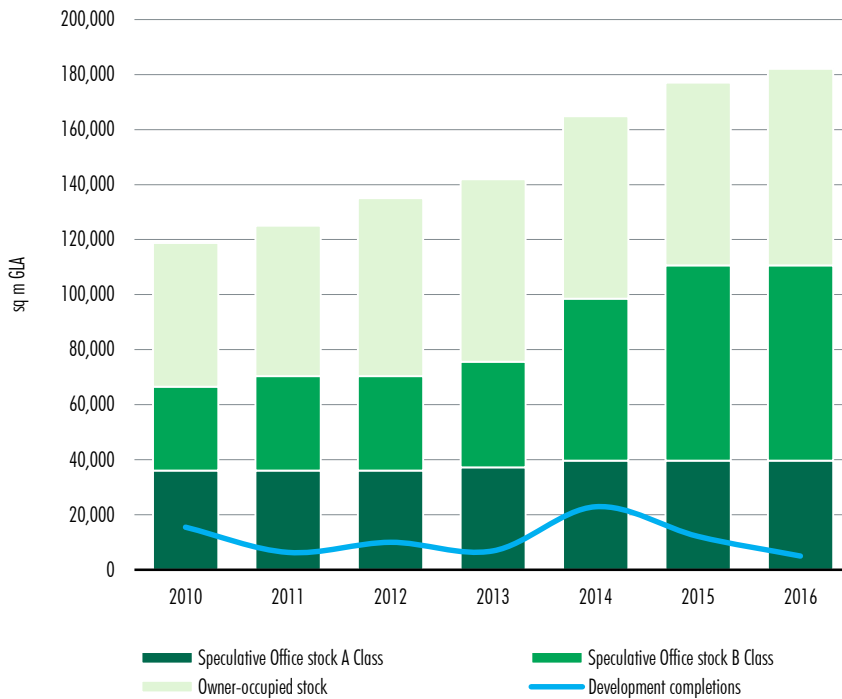
Skopje Office Market, 2016

Office market shows overall positive outlook

 Total Stock
182,000 sq m

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

Figure 1 – Skopje Office Stock



182,000 sq m GLA
Skopje Existing Modern
Office Stock

110,000 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

YEAR 2016 SUMMARY

- The Skopje modern office stock currently stands at the level of 182,000 sq m
- The total amount of the space currently under construction exceeds 25,000 sq m of GLA, representing a significant increase y-o-y
- In 2016, total leasing activity remained mostly balanced, as per vacancy rate a mild step-up was witnessed in the Class A office space segment, while in the B Class office space segment the rate remained stable
- Rental levels remain mostly stable

OFFICE SUPPLY

Skopje modern total office stock, including Class A and Class B speculative stock, stands at 110,000 sq m, which combined with owner-occupied stock of 72,000 sq m totals 182,000 sq m of GLA.

In terms of the new deliveries, several projects are under construction, indicating the growth of the stock by app. 25,000 sq m of GLA, which would increase the stock in the forthcoming period.

VACANCY

During 2016, the vacancy rate has remained mostly stable in the Class B office segment. When it comes to the Class A office stock, vacancy rate noted a moderate increase.

A slight increase in vacancy rate for both Class A and Class B buildings could be expected, having in mind the number of commercial and mixed-use projects being under construction or planned for development.



MakAutostar
Business Centre
12,000 sq m GLA

OFFICE DEMAND

The demand for the office space in the 2016 has registered a stable and constant rise, being somewhat larger as compared to 2015. The take up was mostly driven by ICT sector, services industry and software developer companies.

The future demand is expected to continue to be led by the ICT sector, outsourcing service companies and the software developers, who show interest in expanding their activities in the local market. Usually these expansions are met with restraints within the same building premises, therefore, relocations to more suitable offices are expected.

RENTAL LEVELS

During 2016, the asking rents for Class A office buildings ranged between EUR 11-15/sq m/month, while the asking rents for Class B office schemes varied between EUR 8-12/sq m/month.



SMS Construction
Business Centre
1,200 sq m GLA

Table 1 – Pipeline projects

Location	Project	Investor	GLA (sq m)	Status
Skopje, Downtown	New Intex BC	Nastel Skopje	10,000	under construction
Skopje, Downtown	SMS Construction BC	SMS Construction Skopje	1,200	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	preparation phase

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.

