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OFFICE REPORT

SKOPJE H2 2024

CBS
INTERNATIONAL

ECONOMIC OVERVIEW

North Macedonia's economy grew by 3.2% year-on-year in Q4 2024, up from 3% in the previous quarter, marking the highest growth since Q2 2022, according to the National Bank of the Republic of North Macedonia. The Construction sector expanded by 13.2%, while Professional, Scientific, and Technical Activities, along with Administrative and Support Services, grew by 10.6%. The International Monetary Fund projects real GDP growth of 3.6% in 2025.

The average net salary in 2024 reached EUR 671.5, up 12.6% year-on-year, according to data from the State Statistical Office. For the entire 2024, the average annual inflation rate was in line with the expectations and equalled 3.5%. Domestic and international institutions predict a downward inflation trend, with the IMF forecasting 2.3% in 2025 and 2.0% in 2026, aligning with North Macedonia's Ministry of Finance expectations.

The labour market showed moderate improvement in Q3 2024, with unemployment dropping to a historic low of 12.3%, reflecting a 3.7% annual decline in unemployment rate.

OFFICE DEMAND

In 2024, despite the slowdown in the first half of the year, the overall demand for office space picked up in the second half, with the total take-up reaching 41,645 sqm of GLA, representing an increase of over 16% compared to the previous year. Demand for office space was primarily driven by IT companies and Business Outsourcing Companies. Looking at the average deal size in 2024 it amounted to 1,068 sqm, which is a notable increase from 730 sq m, indicating a shift towards larger office premises.

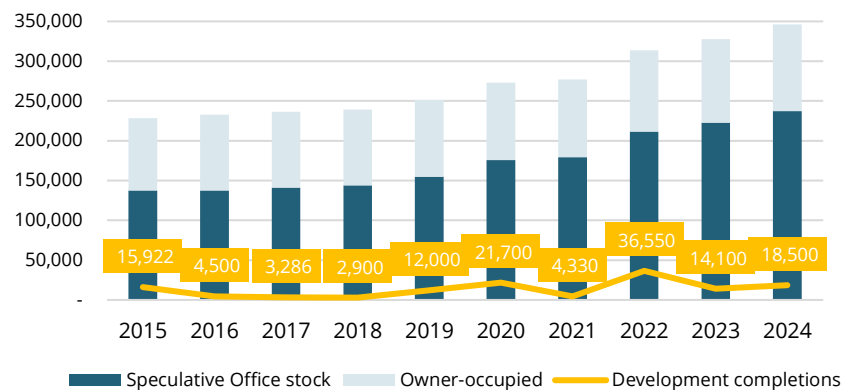
The concept of co-working spaces is gaining popularity especially among freelancers, startups, and small businesses, offering both flexibility and affordability. Skopje's office market is no exception, with a growing number of coworking operators. Key players in this segment include Regus, CEED Hub Skopje, Highspace, INNOX Innovation Center, and Property ONE.

OFFICE SUPPLY

In the second half of 2024, there were no new deliveries in the Skopje office market, and the office stock remained at the level of 346,362 sq m of GLA, with total annual completion amounting to approximately 18,500 sq m. At the end of the year, the share of Class A office stock accounted for 46% totalling 158,932 sq m, while the remaining 54% presumed Class B premises. The speculative office stock represented 68% of the total stock (237,107 sq m). Analysing the stock by submarkets, 63% of the total stock is located in the City Centre, while Aerodrom accounts for 19% and Karpoš for 18%.

Looking ahead, the office market outlook remains positive, with a strong development pipeline. Currently, over 103,000 sq m of modern office space is under construction, with completion expected by the end of 2026. In 2025 alone, nearly 60,000 sq m is set for delivery, including large mixed-use projects such as Porta Superium by Porta Inzenjering, offering 21,000 sq m of office space, and Grand Skopje by MG Fashion, contributing 20,000 sq m GLA. Additionally, Business Center BJUTI and Business Center SKUPI, both by developer Specijal Gradba, will further expand the market supply.

Chart 1 - TOTAL OFFICE STOCK SKOPJE - DEVELOPMENT COMPLETIONS



Source: CBS International

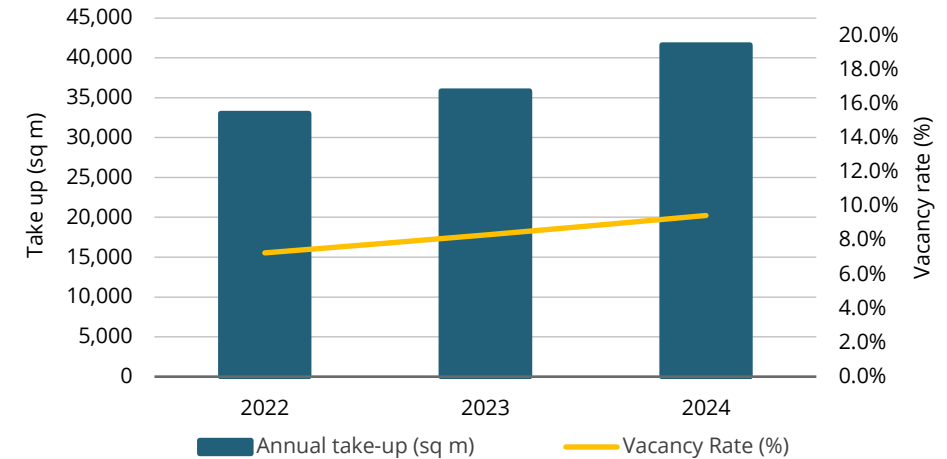
RENTAL LEVELS

Regarding rental levels, they remained stable throughout 2024 following an increase in the previous year, holding steady at EUR 14.00–16.00 per square meter per month for Class A office buildings. A similar trend was observed in the Class B office segment, where rents remained within the range of EUR 10.50–13.00/sqm/month. However, prime office rents for Class A buildings within newly developed projects in the most desirable areas can reach asking prices of EUR 16.00–18.00 /sqm/month.

VACANCY

Due to the slowdown on the supply side and stable demand for office space during the second half of 2024, the vacancy rate decreased from 10.2% to 9.4%. Taking into consideration strong pipeline in 2025, an increase in the vacancy rate could be expected short-term looking.

Chart 2 - SKOPJE OFFICE DEMAND VS VACANCY



Source: CBS International

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