

# MarketInSight

*Skopje Office, H2 2018*

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## OFFICE SUPPLY

Skopje modern office stock, including both Class A and Class B speculative office supply, stands at the level of 145,257 sq m, which combined with the owner-occupied stock of 79,675 sq m totals 224,932 sq m of GLA.

In the second half of 2018, no new Class B office supply has appeared on the market, however the increase in the Class B office stock was mainly due to the conversions of other types of properties, i.e. the reconstruction of existing buildings or conversion of less attractive retail units into an office space. A few multi-level parking garages will also contribute to the stock increase, since they should be converted into a modern office space, enriching the total stock in the forthcoming year.

In terms of the new deliveries, several projects are under construction, indicating the growth of the stock for approximately 85,000 sq m of GLA, which would increase the stock in the forthcoming period.

## VACANCY

In the year of 2018, the overall vacancy rate has slightly dropped to the level of 9%.

Following the stronger demand, a further decrease of vacancy rate in office space stock is expected for both Class A and Class B as a result of the resolution of political crisis and positive political climate in the country.

## OFFICE DEMAND

The current demand is dictated by the Western-led companies in the ICT sector and outsourcing service companies such as software development companies, which show the interest in expanding their activities on the local market.

Also, call centers made a remarkable progress in 2018 in terms of expansion, mostly in the demand for Class B office buildings. This trend is expected to continue, with several call centers from other larger Macedonian cities planning to open another location in Skopje.

According to the National Statistics office, 1,460 building permits have been issued in H2 2018, most of them in the city of Skopje.

## RENTAL LEVELS

In H2 2018, the asking rents for Class A office buildings ranged between EUR 10-14 per square meter per month, while the asking rents for Class B office schemes varied between EUR 7-10 per square meter per month.



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Table 1 – Pipeline projects

Location	Project	Investor	GLA (sq m)	Status
Skopje, Downtown	Nastel BC	Nastel Skopje	10,000	Under construction
Skopje, Aerodrom	Premium BC	MakAutostar Skopje	12,000	Final Phase
Skopje, Avtokomanda	Skopje East Gate	Balfin Group	60,000	Planning Phase

Source: CBS International

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