

# MarketInSight

*Skopje Office, H1 2020*

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## CORONAVIRUS OUTLOOK

A severe global situation caused by COVID-19 that started at the beginning of the year is having an impact on global economy, but is yet too early to estimate precisely forthcoming effects of it. Skopje office market entered year on a solid basis, with healthy occupancy demand for a few years, vacancy rate constantly dropping, significant development activity and effective rental levels.

## OFFICE SUPPLY

The level of contemporary office stock stayed unchanged in the first half of 2020, as the market did not witness any new developments amidst the COVID-19 situation. Therefore, 2020 enters its first half with contemporary office supply in Skopje standing at the level of app. 240,000 sq m of GLA, out of which speculative (leasable) office stock reaches the level of nearly 160,000 sq m. The share of class A office space stayed unchanged with approx. 38% of the share or 92,000 sq m out of the total stock while 62% represents Class B office buildings.

Furthermore, in the first half of 2020, Skopje office market is facing strong development activity. Modern office stock is expected to be enlarged by the end of 2020 by approx. 28,500 sq m with the planned completion of two Class A office buildings in Skopje downtown, Enterprise Business Center and Nastel Business Center. Additionally, after completion of the other projects in pipeline, Skopje office stock is expected to rise for approximately 70,000 sq m of GLA over the next several years.

## VACANCY

The period is characterised by lower level of leasing activity, even though there were no new completions, the vacancy rate noted a slight increase to the level of 8.4%. If we calculate the vacant space in Class A office stock only, the vacancy rate remained unchanged at 5.22%.

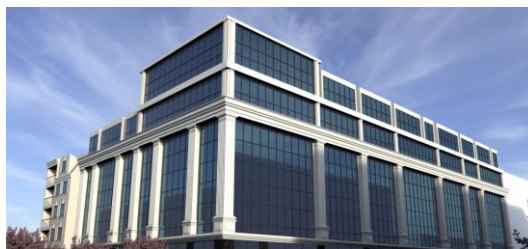
## OFFICE DEMAND

When it comes to demand, no significant changes are expected, current office sizes will remain steady, although social distancing requires less populated office space it will be compensated with more employees working from home, as precautionary measures for fighting COVID-19. ICT industry, regardless of the situation, continues to be the major demand driver, and in the following period the demand of the business sector is expected to grow.

However, the landlords are also not immune to the situation, trying to provide the tenants with more eased rental terms. Lease agreements are about to change for lessees in a more favourable sense, contributing to more flexible commercial terms and conditions.

## RENTAL LEVELS

The asking rental values of Class A office buildings range between EUR 10-14 per square meter per month, while the average rents of Class B stock amount to EUR 7-10 per square meter per month.



Nastel Business Center

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Table 1 – Pipeline projects

Location	Project	Investor	GLA (sq m)	Status
Skopje, Downtown	Nastel BC	Nastel Doo	10,500	Under construction
Skopje, Downtown	Diamond of Skopje	Limak Invest	11,000	Under construction
Skopje, Downtown	Enterprise	ESS Properties	14,000	Under construction
Skopje, Avtokomanda	Skopje East Gate	Balfin Group	60,000	Planning Phase
Skopje, Downtown	KAM Business Complex	Kamfud doo	4,000	Under construction

Source: CBS International

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