

# MarketInSight

*Skopje Office, H1 2022*



### OFFICE SUPPLY

In the first half of 2022, two Class A office buildings were completed in Skopje, totalling approx. 14,000 sq m, the Kan Business Centre of 8,000 sq m GLA and the East Gate office building of 6,000 sq m. Hence, the total supply of modern office stock in Skopje now amounts to 291,700 sq m, including Class A and Class B office buildings, whereas speculative office stock stands at the level of 193,000 sq m of GLA and owner-occupied stock totals approx. 98,000 sq m of GLA. Out of the total stock 44% of the share or 127,000 sq m belongs to Class A office schemes and 56% represents Class B office buildings.

In terms of the new deliveries, several projects are under construction or announced, indicating the growth of the stock for approximately 80,000 sq m of GLA, which would increase the stock in the forthcoming period.

### VACANCY

Even though two new office building were completed in the first half 2022, causing the stock increase, the stable demand has retained the low vacancy, thus noting a slight increase to the level of 6.73%. If we calculate the vacant space in Class A office stock only, the vacancy rate at the end of H1 2022 amounted to 4.06%, which is the lowest recorded rate for this class.



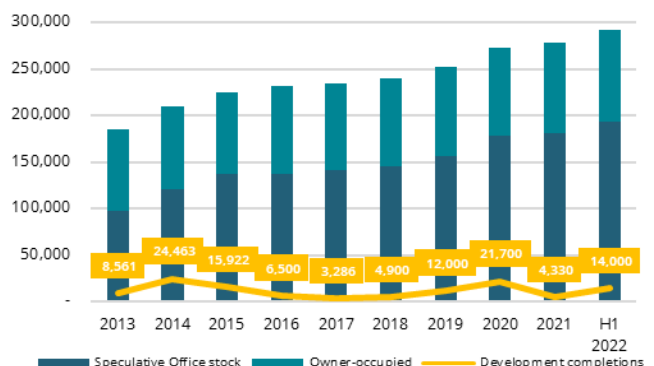
### OFFICE DEMAND

As per our market intelligence, the total leasing activity exceeds 12,000 sq m in H1 2022. In the previous period demand for high-quality office space was mostly coming from large companies from the ICT industry and outsourcing service companies, such as software development companies showing the interest in expanding their activities on the local market. Furthermore, call centers made a remarkable progress in the first half of 2022 in terms of the expansion, mostly marking demand for Class A office buildings.

### RENTAL LEVELS

The asking rental values for Class A office buildings slightly increased in the first half of the year, to the level EUR 13-15 per square meter per month, mainly caused by the limited offer of modern office stock. Hence, the same trend was visible for the Class B office stock also, which now amounts to EUR 10-12 per square meter per month. Due to the exposure of the North Macedonian economy to the ongoing Russia-Ukraine conflict, there was an increase in energy prices and consequently an increase of service charges in office buildings to the level of EUR 3,6-4 per square meter per month.

Chart 1 – Skopje office stock



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Table 1 – Pipeline projects

Location	Project	Investor	GLA (sq m)	Status
Skopje, Downtown	Diamond of Skopje	Limak Invest	5,500	Under construction
Skopje, Downtown	Enterprise, 2 <sup>nd</sup> phase	Elan Properties	4,000	Under construction
Skopje, Center	La Piz	Darvage	3,600	Under construction
Skopje, Avtokomanda	Skopje East Gate	Balfin Group	66,000	Planning Phase
Skopje, Gazibaba	Riverside	Sanik Company	22,000	Planning Phase
Skopje, Center	Grand Skopje	MG Fashion	n/a	Announced

Source: CBS International

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