

YoY Chg 12-Mo. Forecast

116,000

Modern office stock in sq m



EUR 14 - 17

Class A office rent per sq m



75,000

Modern retail stock in sq m



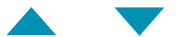
(Overall, All Property Classes)

ECONOMIC INDICATORS 2021

YoY Chg 12-Mo. Forecast

12.4%

Montenegro GDP Growth rate in 2021e



16.6%

Montenegro Unemployment Rate in 2021



EUR 532

Montenegro average net salary in 2021



Source: Monstat - Statistical Office of Montenegro
YoY Change vs 2020

ECONOMY

The economy of Montenegro has started to recover strongly in 2021 following one of the worst contractions in 2020 when the GDP decline of 15.3% was recorded. After a slow start, tourism picked up strongly in the summer 2021, with the number of foreign tourists' arrivals and overnight stays in collective accommodation reaching around 85% of 2019 levels in July – August. The Government saw a significant boost in the revenue over the summer months, propping up the fiscal accounts. According to preliminary Monstat data, a real decline of 6.5% was recorded in Q1 2021, while respective growths of 19% and 25.8% were recorded in Q2 and Q3 in comparison with the same quarter of the previous year. As per estimates, GDP growth of 12.4% is foreseen for 2021.

OFFICE MARKET

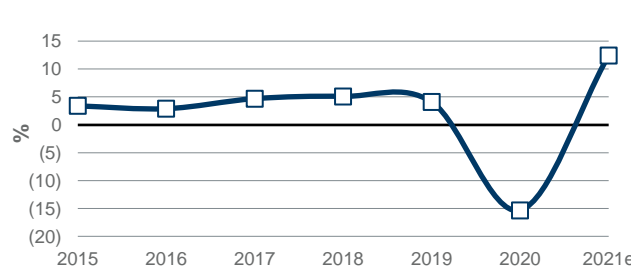
Montenegro office market is still considered to be immature with insufficient supply of the modern office buildings. Several years ago, Podgorica speculative office stock was extremely limited since the stock consisted almost solely of owner-occupied buildings. In the recent years, with a few new developments, Podgorica has been able to offer modern office space to the potential tenants.

In the last several years strong construction activity has been going on in the area stretching from Capital Plaza complex beyond Delta City Shopping Mall, but mainly in the residential segment. However, within these residential complexes office component was also envisaged. Upon completion, these projects will completely transform this area of Podgorica. Also, several smaller sized office buildings are being constructed in Podgorica such as Grozener Business Centre totalling approx. 2,500 sq m. the latest delivery on the market is Glosarij Office building totalling approx. 4,100 sq m, which a wholesale medicine and medical supplier Glosarij has built for its HQ.

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

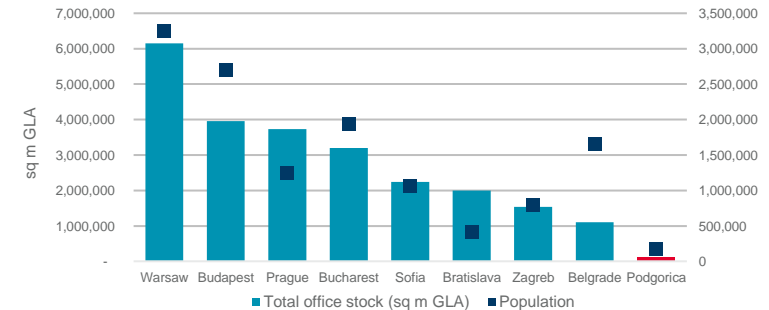
At the moment, the speculative office stock in Podgorica exceeds 75,000 sq m, while the total modern office stock is app. 116,000 sq m. The highest asking rental levels are recorded in the modern office premises in the centre of Podgorica, ranging between EUR 14 -17 per sq m/month, while prime office premises, at top locations could exceed this range. The lower prices were marked in case of lower quality office space located in the old part of the city, varying between EUR 10-12 per sq m/month.

GDP of Montenegro (%) in period 2007- 2021



Source: CBS International

Office Market Stock in the Region in 2021



Source: CBS International

RETAIL MARKET

Podgorica retail market has not experienced any new deliveries in 2021, hence modern retail stock remained at the level of approx. 73,000 sq m, or 393 sq m per 1,000 inhabitants. As compared to the regional cities, Podgorica retail market can still be considered as less developed, since the regional average is 500 sq m per 1,000 inhabitants.

However, the retail market was dynamic in terms of investment transactions as the largest retail format in Podgorica Delta City was acquired by the BIG CEE for EUR 95 mil., as continuation of the BIG Shopping Centers', expansion strategy in the Balkans and Eastern Europe.

RESIDENTIAL AND MIXED-USE MARKET

The Montenegrin economy is strongly influenced by the net FDI inflows, especially real estate and tourism sectors. Due to the COVID-19 pandemic that hit the world in 2020 the FDI substantially decreased, according to the Central Bank of Montenegro. However, in 2021 the FDI increased by 18.1% compared to the previous year, and reached EUR 898.4 million, while investments in real estate more than doubled, and grew to EUR 278.3 million from EUR 116.4 million in 2020.

Consequently, a demand for residential units increased, which pushed the sales prices of the newly-built apartments to the level prior to the pandemic. Namely, the average price recorded in Montenegro in 2021 increased by 25% in comparison with 2020, while a similar increase was recorded regarding the sales prices in Podgorica. In the coastal region, the prices are significantly above the national average, and remained at the same level as in the previous year.

When looking at the construction activity in 2020 the number of apartments built was 6.4% higher than in 2019 despite the pandemic. However, in 2021 the number of issued building permits for apartments fell by 50% from 1294 units in 2020 to 649 units in 2021, according to the official statistics.



Delta City, Podgorica

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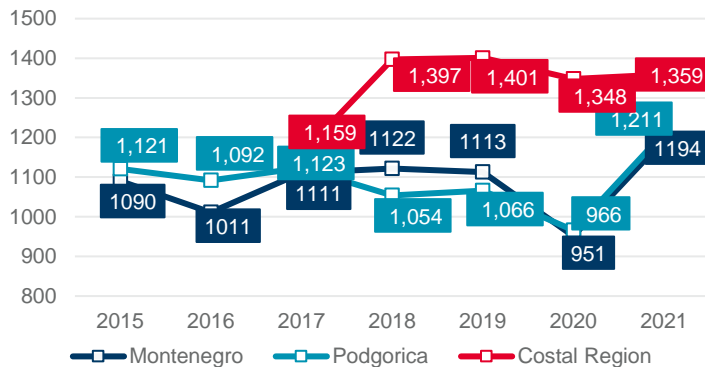
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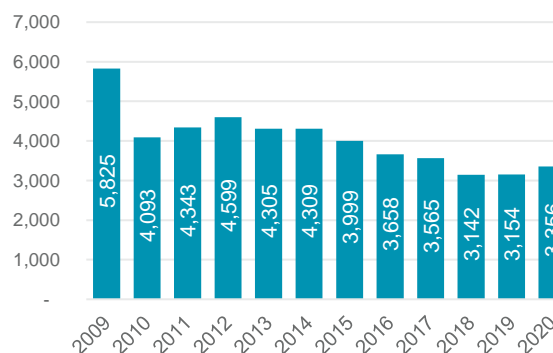
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Average sales prices (EUR/sq m) of newly-built apartments 2015-2021



Source: Monstat - Statistical Office of Montenegro; since 2017 data on the average prices are published by the regions

Total number of completed apartments in Montenegro 2009 - 2020



Source: Monstat - Statistical Office of Montenegro