

	YoY Chg	12-Mo. Forecast
<b>118,000</b> Modern office stock in sq m	▲	▲
<b>EUR 13.5-15.5</b> Class A office rent per sq m	▲	▬
<b>38,000 sq m</b> Office space under construction	▲	▲

(Overall, All Property Classes)

### ECONOMIC INDICATORS Q1 2023

	YoY Chg	12-Mo. Forecast
<b>6.1%</b> Montenegro GDP Growth rate in Q1 2023	▼	▼
<b>15.5%</b> Montenegro Unemployment Rate in Q1 2023	▼	▼
<b>EUR 770</b> Montenegro average net salary in Q1 2023	▲	▲

Source: Monstat - Statistical Office of Montenegro  
YoY Change vs Q1 2022

### ECONOMY

Montenegro's economy grew faster than expected in 2022 owing to strong private consumption and a good tourism season. After the decline of 15.3% in 2020, the economy picked up strongly in 2021, recording the overall GDP growth of 13%. In 2022, the economy of Montenegro records a relatively high rate of real GDP growth, rising by 7.1%, 12.7% and 3.2%, from Q1 to Q3 respectively. Finally, Q4 2023 recorded the growth of 3.3%. However, due to the unfavorable global economic outlook and persistent inflation, the expected growth in 2023 is at the level of 2.8% y/y, while moderate acceleration is expected in 2024, i.e 3.5% y/y. According to MONSTAT data, Montenegro recorded the highest inflation in 2022 since regaining its independence in 2006 as the inflation was under the prevailing influence of global factors related to the movement of prices, primarily of raw materials, food and oil. A double-digit annual growth rate of consumer prices was recorded as of April 2022, and the peak was measured in November 2022 amounting to 17.5%. Afterwards, prices have started slowing down, being increased by 8.4% on average in May 2023, as compared to May 2022. Expected inflation for 2023 is between 3-7%.

### SUPPLY AND DEMAND

In the recent years, with a few new developments, Podgorica has been able to offer modern office space to the potential tenants. In addition to the few modern office buildings located along Boulevards of Dzorđa Vasiingtona and Sveti Petar Cetinjski, the market has also witnessed the development of several large mixed-use projects, with significant share of commercial space dedicated for office use.

As of 2021, the new construction cycle has commenced, with several office buildings being completed or in the various construction phases. Turkish investor GZNR Group has completed a small-scale office building, Grozener Business Center of app. 2,500 sq m GLA. The latest delivery on the market was Glosarij Office building totalling approx. 4,100 sq m, which a wholesale medicine and medical supplier Glosarij has built for its HQ.

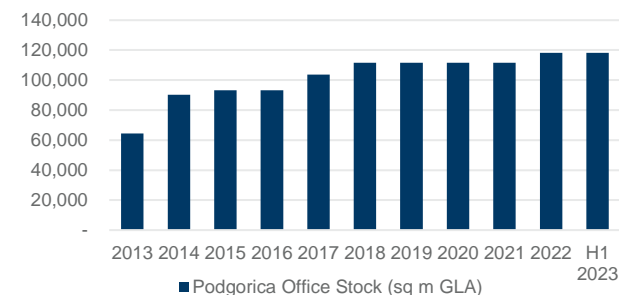
With no new completions in H1 2023, Podgorica modern office stock remains at the level of 118,000 sq m of GLA, while the speculative office stock stands at the level of app. 80,000 sq m. Development activity in this property segment is improving, with several new projects that will enlarge the total supply of modern office space in Podgorica by nearly 40,000 sq m in the next two years.

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.

### RENTS AND VACANCY

In the first quarter of 2022, the rental levels in Podgorica slightly increased and further stabilized. Currently, the asking rental levels for the modern office premises in the centre of Podgorica range between EUR 13.5-15.5 per sq m/month, while rents for the prime office premises at top locations may go up to EUR 17 per sq m/month. The lower quality office spaces command the prices between EUR 10-12 per sq m/month.

### Podgorica Office Stock Evolution (sq m GLA)



Source: CBS International

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