

UDC 332.834:728.22(497.11 Novi Beograd)

Review paper

Received: -

Accepted: October 20, 2021.

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## NEW BELGRADE - A PARADISE FOR RESIDENTIAL REAL ESTATE INVESTORS

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**Abstract:** *The real estate market in Serbia has shown exceptional resistance to the coronavirus pandemic. At the same time, this is an extremely dynamic market, and the current period is characterized by a boom in new construction in the residential market, strong construction activity, increased supply of luxury construction, and extremely strong customer demand for this category of real estate despite unprecedentedly high prices per square meter. As such, this market deserves attention and there is a need to research this phenomenon.*

*The subject of this paper is the analysis of New Belgrade, the most populous and also one of the smallest municipalities in the capital of Serbia, with an emphasis on the construction of the residential real estate. In this paper, we will try to answer the question of why this municipality is the choice of foreign and domestic investors to invest in the projects and construction of luxury residential real estate, and also why the real estate built in this location is so sought after among buyers despite its high price.*

**Keywords:** *real estate, residential real estate, investments, construction, New Belgrade.*

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### 1. GENERAL APPROACH TO THE RESEARCH PROBLEM

New Belgrade, as one of the 17 Belgrade municipalities and at the same time the most populous, having over 250,000 inhabitants, is attracting significant attention from both foreign and domestic investors in terms of the construction of the residential real estate. (Opstina Novi Beograd, 2008) In this paper, we will try to determine the reasons why this location is attractive for the construction of residential buildings, and what are the reasons on the other hand, why the municipality of New Belgrade is a favorable place to live in and the choice of many buyers when deciding where to buy an apartment. During the analysis of the subject of research in this paper, we will present several current significant projects for the construction of residential real estate at this location. This research is based on the application of a multidisciplinary approach to the problem, due to the very nature of

the industry of real estate market, which is reflected in the cohesion of law, economy, construction, and investment policy. Based on the consideration of these aspects, it is necessary to focus the research towards the prism and goal of this paper, which can be seen in the title itself.

This problem has been addressed to some extent by state bodies, especially the Republic Geodetic Authority, whose reports represent the starting point for the analysis of the real estate market in Serbia, as well as analysis of developments in terms of construction activity and real estate prices. Also of great importance are the analyzes and opinions of world-renowned consulting companies such as CBRE, Cushman & Wakefield, CBS, Colliers, Data Investment, PwC Serbia, Ernest & Young, KPMG, Deloitte, etc., which are also supporting investors, some in the sale of built real estate, and some in the analysis of location or investment risk.

The paper is conceived in a way that starts from the analysis of New Belgrade as a microlocation, published statistics and certain conclusions of the professional public, and then discusses investment projects in real estate at this location. Due to the limited scope of work, representative examples of residential real estate under construction projects will be taken as a result of investments by both domestic and foreign investors. The topicality of this problem contributes to the scientific, but also practical, significance of this paper, and as authors we will try to present in a short form the state of this segment of the real estate market at the microlocation, and try to determine future trends.

## 2. RESULTS OF THE CONDUCTED RESEARCH

The main question posed by this paper is why New Belgrade is such an attractive location for investors, who decide to invest in real estate construction in this location, and on the other hand, for buyers who decide to settle in this part of the city. The answer is the result of this cause-and-effect relationship because if there were no interested buyers, there would be no investor interest in the construction. When analyzing New Belgrade as an attractive location, we took into account the following factors: geographical location, demographic data, as well as important infrastructural determinants for the life of citizens.

At the beginning of the 20th century, urban plans showed tendencies for the expansion of Belgrade to the left side of the river Sava (Maricic & Petric, 2020). As New Belgrade was swampy ground, due to the fact that it lies on the banks of two rivers - the Sava and the Danube, it was necessary to "dry out" such terrain and adapt it for the construction of numerous buildings and the entire infrastructure. New Belgrade is a municipality that is practically built from the ground up, so it is characterized by wide streets and boulevards at right angles, which is a rarity in Belgrade. After the end of the Second World War, on April 11, 1948, New Belgrade

was built in the famous youth work actions, in the period from the 1950s to the 1980s. Therefore, we conclude that this municipality was largely built in block-style neighborhoods during socialism, similar to the apartment blocks in the Soviet Union. Currently, New Belgrade consists of 72 blocks, with several sub-blocks (such as block 70A) and the areas of Bežanijska Kosa and Ledine, which are not arranged in this way. Although in a not-so-large area, of only 4,096 hectares, New Belgrade has as many as 19 local communities, which also represent the centers for many gatherings in the area.

Infrastructurally, this is one of the best-equipped, most urban, and most dynamic parts of Belgrade. It is connected to other parts of the city by as many as 6 bridges and the E-75 highway. This municipality abounds in schools, kindergartens, hospitals, shopping malls, markets, and supermarkets, and public transport is rich in numerous bus and tram lines. It is important to note that in this municipality there is the Palace of Serbia, two Courts, Cadastre, Municipality and Local Self-Government, Tax Administration, Archives, numerous churches, House of Culture, Congress Center Sava Center, Sports Hall, Stark Arena, world-famous hotels, numerous banks, as well as a dormitory and several colleges. Apart from the listed facilities that make everyday life easier for New Belgraders and provide a feeling of living in a "mini-city" where almost all services are available, as well as hilly city events, New Belgrade is also a location where many companies, domestic and foreign businesses operate. Recently, a lot of business facilities and office space have been built, most attractive for foreign companies. This is also one of the leading reasons why buyers choose New Belgrade as a location for housing, optimizing the time and cost of going to work and living in the same micro-location. In addition to satisfying residential and business ambitions, New Belgrade is also a perfect place for relaxation in walks and various sports activities along the banks of the Sava and the Danube, or in numerous parks and green areas. Also, there are numerous rafts, clubs, restaurants and other catering facilities, for lovers of gastronomy and nightlife.

New Belgrade used to be called an "area intended only for sleeping" because it was mostly intended for housing without other contents, and now this is one of the most popular locations, if not the most popular, for living and working. When we have considered the reasons why this location is a good choice for both investors and buyers, in the following we will present several significant projects in the residential real estate segment.

### **2.1. Representative examples of residential real estate in New Belgrade**

The brief overview of the projects under construction in the residential real estate segment is given further in this paper that includes examples for 3 domestic and 3 foreign investors. Each of these projects can be considered as a representative of modern urban construction following world trends and admixtures of luxury. Such a

style of construction was previously inconceivable for Belgrade. Now quality materials, modern design, eco-friendly aspirations, and smart systems have become the standard and example of construction, which of course has its price.

**Scheme No. 1. : Belgrade Residential Market Snapshot Q2 2021**  
**NOTABLE LARGER SCALE PROJECTS**  
**UNDER CONSTRUCTION**

| Project                         | Investor                     |
|---------------------------------|------------------------------|
| Wellport 2 <sup>nd</sup> phase  | Shinkun & Binui Group        |
| Sakura Park                     | Goldberg Real Estate         |
| West 65 – Tower                 | PSP Farman                   |
| Savada 3                        | Neimar V                     |
| New Minel 1 <sup>st</sup> phase | Galens Invest                |
| Petica                          | Gradevinska Direkcija Srbije |
| Kennedy Residence               | Merin Properties             |
| Plato Bežanija                  | Finvest                      |
| The One 1 <sup>st</sup> phase   | Aleksandar Group             |
| Zepterra 1 <sup>st</sup> phase  | Yihai Properties Group       |
| Elixir Garden                   | Elixir Group                 |

 **Average price** ▶  
 New build apartments  
 €1,990 psqm

 **Construction permits**  
**for new dwellings** ▶  
 Belgrade area – April - May  
 + 1.6% y-o-y

(Source: CBRE, <https://www.cbre.rs/en/research-and-reports/Belgrade-Residential-Market-Snapshot-Q2-2021>, accessed October 10, 2021.)

Wellport is a significant project because it is the first condominium in New Belgrade. It is characterized by a great position near the largest business park Airport city. This project was declared the best residential complex on the Serbian real estate market by the reputable magazine "CIJ". The total value of this investment is estimated at as much as 130 million euros, and it covers 50,000 square meters of gross area. The building is made of 2 levels below ground, ground floor + 8 floors + withdrawn floor. In this area, in terms of residential real estate, 500 modernly equipped apartments are planned, structures from studios to five-room apartments. The construction is characterized by top construction materials and equipment, and the apartments are made according to the principle of smart house system, and the

building itself offers services of reception, maintenance, video surveillance, garage, park and sports field. The price of such apartments ranges from 2,200 euros / sq.m.

The investor who is building this facility is Shikun & Binui Group, a well-known investor in residential and commercial real estate in Central and Eastern Europe. It is a leading Israeli investor that has been in business for almost a century, whose portfolio includes numerous infrastructure projects and real estate constructions, from the Israeli parliament, power plants, highways, ports, tunnels and more. The conceptual design was created by Israeli architect Rami Wmmer.

Sakura Park is a residential complex in block 58 built by Czech investor Goldberg Real estate group that has many years of experience. This residential and commercial building spreads over an impressive 1.4 hectares. Due to the proximity of the Sava Quay, Delta City shopping center, the road offers a healthy lifestyle, a trim track, and a fitness & spa center on 900 sqm. The leitmotif of this project is the awakening of healthy habits and connections with nature, and the name of the project itself bears the name - Sakura (cherry blossom).

This project is slightly higher than the above-presented project Wellport, and includes 3 levels below ground + ground floor + 9 floors + withdrawn floor. 228 apartments, 12 business apartments, 4,830 square meters of premises and office space, as well as 321 garage space, are characterized by a smart management system, high-quality construction, comfort, and modern design with luxury equipment. Of course, this comfort comes with a price of 2.500 euros/sqm + VAT. The paradox is that this facility is located near the New Belgrade heating plant, and it will be heated by heat pumps, similar to the construction in the Czech Republic and Slovakia.

The Zepterra project is presented in the media as one of the examples of successful cooperation between Serbia and China. The construction of this project is a partnership of Zepter Group as one of the largest Serbian investors and Yihai Properties group, a Chinese investor, recognized in the real estate market, as well as in the world of education and other investments. This investor has exceptional references such as the number of buildings he has built-in China, Dubai and the United States, and his portfolio is worth as much as 8,000,000 square meters built in these locations.

The project covers 100,000 square meters in block 65, of which the residential part occupies 75,000 square meters. The building will have two ground floors + 8 floors + withdrawn floor, as well as 2 levels under ground, and it will consist of 4 lamellas, 227 apartments with a structure from two-bedroom to five-bedroom apartments, a park and a garage. Considering that this project is only in the phase of creation and construction of the first lamella, the prices are not yet publicly available and it can be said that they are "variable", depending on the arrangement and

construction phase, and are available individually on request. It is assumed that the price per square meter is from 2,400 euros / sq.m. and more + VAT.

The next in a series of projects that we will present is West Tower 65. Upon completion of construction, this building will be the tallest in Belgrade, 155 m high. The residential building that has so far carried this epithet in New Belgrade is the Genex Tower (West Gate of Belgrade), 118 m high, and if we add the antenna - 135 m high. This imposing project with a glass facade is one in a series of buildings of the West 65 complex, which consists of a business - residential complex and West 65 Shopping mall. The Tower itself will have 40 floors with as many as 447 luxury residential units 40 - 400 square meters, as well as 72 business premises. Residents of this complex will be served by cinema, community room, garden, reception and video security, maintenance, as well as an impressive spa & wellness center with a pool. The price exceeds the examples shown so far and reaches over 3000 euro/sqm.

The project is the work of the world-famous English architect Fletcher Priest and a team of architects from the company of investor PSP Farman. This complex is the result of decades of work of the Serbian investor and businessman Branislav Grujic, who is the chairman of the company PSP Farman Holding. The Tower is the result of many years of experience at home and abroad, with over 2 million square meters built.

The next project is the work of state investments. Petica is a business-residential complex built by the Construction Directorate of Serbia. This institution was established by the decision of the State of the Republic of Serbia, mainly for the purpose of managing investments in construction.

The building was constructed in the shape of number 5 and hence the name, and it consists of 60,000 square meters for residential - business purposes. Due to its location in block 63, close to schools, transportation, markets, promenades along the Sava and greenery, this project is a good choice for families. For this reason, among 308 built apartments, the most represented are three-bedroom apartments. This building has a ground floor + 9 floors and an attic, and the price per square meter is on average new construction in New Belgrade - about 2,500 euros/sqm + VAT.

Savada 3 is a continuation of the Savograd, Savada and Savada 2 project and is located in the oldest core of New Belgrade, in Tosin Bunar. Quality construction and equipment of apartments are represented, with a price of 2,400 euros/sq.m. (Including VAT). We offer apartments from 30 to 190 square meters, structures from one-bedroom to five-bedroom apartments. The investor who built this facility - Neimar V is one of the largest entrepreneurs in the country, with over 300 employees and 25 years of experience in investing, designing, and performing works, with over a million square meters built.

### 3. CLOSING CONSIDERATIONS

The subject of this paper is the analysis of New Belgrade, with an emphasis on the construction of residential real estate in this municipality, as well as the reasons why this area is a favorite among buyers and investors. To conduct this research, we presented several projects under construction financed by foreign and domestic investors, and we considered the data on the municipality itself, considering the factors of development, geographical and demographic characteristics...

Based on the conducted research, we also mentioned the exact data on the prices of newly built apartments, as well as the value of the undertaken investments. According to the published data of the Statistical Office of the Republic of Serbia for the first half of 2021, the average price of new apartments in New Belgrade was 276,852 RSD / sqm (which is about 2,350 euros/sqm), with an average apartment size of 68 sqm. (Statistical Office of the Republic of Serbia , 2021) Also, the analysis was performed by the CBRE company, according to which the construction activity in Belgrade is extremely strong and shows a tendency of growth, as well as an increase in issued building permits. Belgrade is the absolute winner in terms of sold apartments, and New Belgrade still remains the municipality where the construction of residential real estate is most represented.

Prices are stable and could be said that they are quite high. Despite the coronavirus pandemic, construction activity was maintained as well as the functioning of all participants in the real estate market. The reasons for high real estate prices can be found in several factors. This is primarily because no significant residential buildings have been built over the years, especially not so luxurious ones. Energy-efficient buildings, the use of quality construction materials and smart housing systems, contribute to the quality but also to the cost of construction, which jumped globally during the pandemic. Furthermore, New Belgrade has become the center of multinational companies, the IT industry, retail companies, and banking. With the increase in revenue, the appetites of customers who want luxury also rise, and that desirables contents old buildings can hardly offer. In addition, mostly the younger world works for foreign companies. They are creditworthy and at the same time do not have a "roof over their heads". Housing loans have never been more favorable, which contributes to strengthening the purchasing power of buyers and consequently to strengthening the demand for the purchase of apartments.

Also, the state promotes the growth of the construction profession and real estate market development by maintaining macroeconomic stability in the country, stable inflationary trends, and provides numerous incentives to foreign and domestic investors in the form of various financing, project financing services, loans, and other incentive arrangements. The issuance of building permits has been digitized, and the process from the verification of the contract on the sale of real estate, banking

transactions to the registration of ownership in the cadastre has been facilitated and simplified. Furthermore, as another factor why the residential real estate market in Belgrade is so active, we can say that the purchase of real estate is traditionally considered to be one of the best ways of placing free capital and a safe form of investment.

It is important to mention that the long-awaited plan of detailed regulation of the area between Yuri Gagarin and Zemunska streets ("IMT") has been made, regulating this area of the city municipality of New Belgrade. Numerous mentioned facilities are located in this area, and it is expected that this "gold-worthy" land will stimulate great interest among investors to invest in new residential and commercial buildings. The previous industrial purpose of this area, where companies and factories such as Minel, Engine and Tractor Industry, Castings Factory, etc. were located, is changing its spirit and in the near future will become a new center for the construction of residential and commercial real estate on about 50 hectares. It is expected that about 20,000 citizens will live here, in over 5,000 new apartments, as well as that lot of business and commercial facilities will be built. Also, this plan regulates the issues of improving the entire infrastructure of this area, and the plan is to build more schools, kindergartens, hospitals etc.

Based on all the above, we can conclude that New Belgrade is an excellent choice for buyers of newly built apartments and that it has received a new look in the last few years. Numerous new residential projects are expected, which will certainly not lag behind the standards set by the above-mentioned projects.

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