

Report

of Real Estate Market in the Federation of BH for the first half of 2024.

August
2024

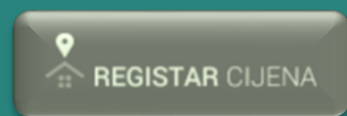


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Summary

This report provides an analysis of the real estate market in the Federation of BH for the period from January to June 2024. The report covers an overview of the markets for apartments, houses, and construction land, with a particular focus on key trends, as well as changes in prices, supply, and demand. The data analysis includes all sales contracts received up to and including **August 26, 2024**.

The total realized value of real estate from sales contracts in the first half of 2024 in the Federation of BH amounted to 727,875,445.00 BAM, which is 16.6% less compared to the first half of 2023, according to available data.

In the first six months of 2024, the total number of realized sales contracts was 10,522, representing a decrease of 8% compared to the first six months of 2023.

Regarding the overview of the real estate market in the first half of 2024, three categories of real estate dominated in terms of the number of transactions: agricultural land, apartments, and construction land. In terms of contract value, the markets for apartments, construction land, and houses prevailed.

Territorially, the highest number of real estate sales was achieved in Sarajevo Canton, with 20% of the total number of sales, contributing to 42% of the total monetary turnover. It is followed by Tuzla Canton with 19% of the total number of sales, Zenica-Doboj Canton with 17%, and Una-Sana Canton with 13%.

In the apartment market in the first half of 2024, the City of Sarajevo (Stari Grad, Centar, Novi Grad, Novo Sarajevo, Ilidža, and Vogošća) had a highest share of the total number of sales contracts with 33%. The most notable areas in terms of the number of sold apartments were Tuzla, Centar Sarajevo, Mostar, Zenica, Novi Grad Sarajevo, Novo Sarajevo, and Vogošća.

The highest price achieved for an apartment in the Federation of BH in the first half of 2024 was in the municipality of Novo Sarajevo, with a total price of 712,000 BAM and a usable area of 105 m².

The price for the most expensive house with the land was achieved in the municipality of Vogošća, reaching 1,000,000.00 BAM, with a usable area of 380 m² and a total land area of 2,330 m², built in 2000.

The highest price for construction land was achieved in the municipality of Novi Grad, reaching 7,100,000.00 BAM for a plot of 2,392 m².

The real estate market report aims to improve market transparency and efficiency. The report also provides valuable information and guidance in formulating decisions related to key strategic issues in the real estate sector.

1. Introduction

The establishment of the Sales Price Register Database in the Federation of Bosnia and Herzegovina is regulated by the Regulation on the Sales Price Register Database ("Official Gazette of the Federation of Bosnia and Herzegovina", No. 94/23), where Articles 9 and 10 define the collection and processing of data mandated by the Federal Administration for Geodetic and Real Property Affairs for the purposes of implementing the Regulation. To ensure timely monitoring of prices and analysis of the real estate market, the Sales Price Register was established. The development of this register was realized through the cooperation of the Federal Administration for Geodetic and Real Property Affairs (FGA) and the Tax Administration of the Federation of BH, whose officials are internal users of the system along with the Real Property Valuation Commissions from the Local Self-Government Units in the Federation of BH. The property value assessment commissions, together with the tax office officials of the Federation of BH, collect all necessary data for entry into the SPR through harmonized form of Minutes during the process of estimation of real estate value that are the subject of the sale.

Public access to the Real Estate Price Register data ensures that the public is informed about the prices of transacted properties. The goal of establishing and maintaining the Sales Price Register is to systematically monitor prices and analyse the real estate market, while public access provides all participants and investors in the real estate market in the Federation of BH with easily accessible data on achieved prices and other characteristics of properties in different locations and time periods.

The semi-annual real estate market report is based on the principle of transparency, which seeks to ensure that the results are clear, publicly available, and derived from minimal data manipulation, especially in cases where the sample was not representative. This principle guided the entire process of preparing the sales overview and data analysis. The value of statistical indicators largely depends on the size and representativeness of the sample.

During the preparation for the analyses, the FGA conducted professional data processing and selected only quality transactions for analysis. Professional processing includes a review of each sale supplemented by the commissions: additional data entry control and assessment of the quality of the sale based on statistical analyses. Only sales that are assessed as quality enter the analyses for real estate market interpretation. Mixed transactions are not included in the analyses of individual submarkets.

In order to inform the public about the state of the real estate market in the Federation of BH, the Federal Administration for Geodetic and Real Property Affairs conducted professional data processing for the first half of 2024. This processing includes sales contracts for the main market categories by value: apartments, residential buildings, and construction land. It is important to note that the analyses are based on data received by August 26, 2024, while sales contracts for the first half of the year continue to be received and processed.

2. Semi-Annual overview of the Real Estate Market volume and financial transactions in the Federation of BH

The total number of sales contracts registered during the period **from January 1, 2024, to June 30, 2024**, in the Federation of BH amounts to **10,522**, while the realized value from sales contracts amounts to **727,875,445.00 BAM**. Out of this number, **10,180** contracts with a realized value of **691,264,605.00 BAM** relate to the secondary market, while **342** contracts with a realized value of **36,610,840.00 BAM** pertain to first sales.

Of the **10,180** registered sales contracts, the subject of transaction were **9,799**, of which Municipal Commission entered data for **7,909** sale contract into SPR, and only such transactions were taken in preparation for real estate market analysis considered for real estate market analysis preparation. Out of the **7,909** sales contracts, **392** refers to mixed contracts, and the value of such is **45,776,761 BAM**.

Considering the available data, the real estate market volume in the first half of 2024 recorded an **8%** decrease compared to the same period in 2023, while the total value realized from sales contracts decreased by **17%**.

The number of sales contracts divided according to the individual sub-market, compared with the first half of 2023, is shown in Figure 1, while Figure 2 shows the value of these contracts at the FBH level. There are three dominant categories of real estate based on the number of transactions: agricultural land 40%, apartments 18%, and construction land 16%. In terms of contract value, the market for apartments prevails at 36%, construction land at 18%, and houses at 17%. Observing the charts (Figures 1 and 2) for the dominant real estate categories, a decrease in the number of transactions and the total value of transacted properties can be noted. (Please note that sales contracts for the mentioned period are still being processed.)

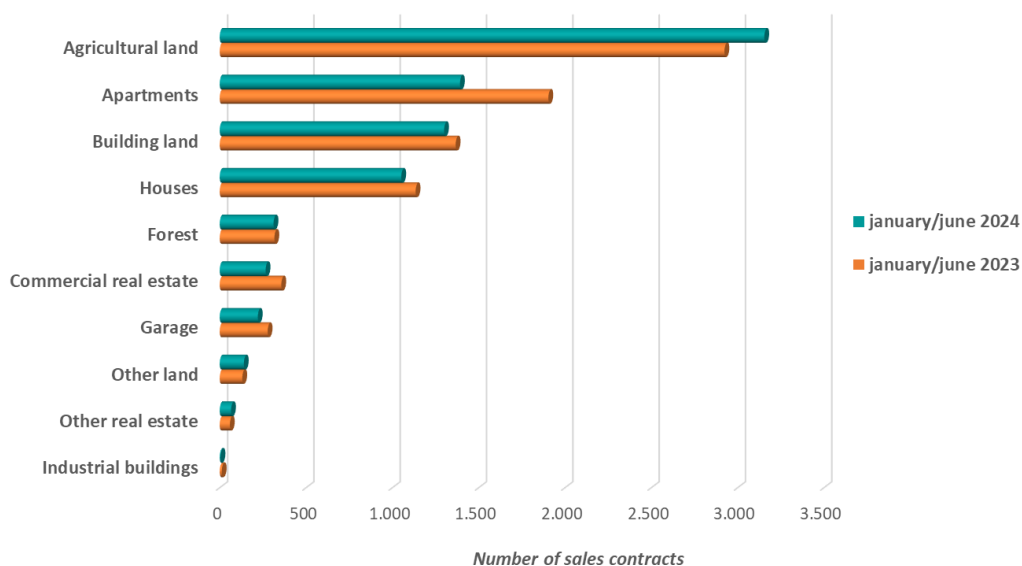


Figure 1. The number of sales contracts divided according to the real estate market in the first half of 2023. and 2024.

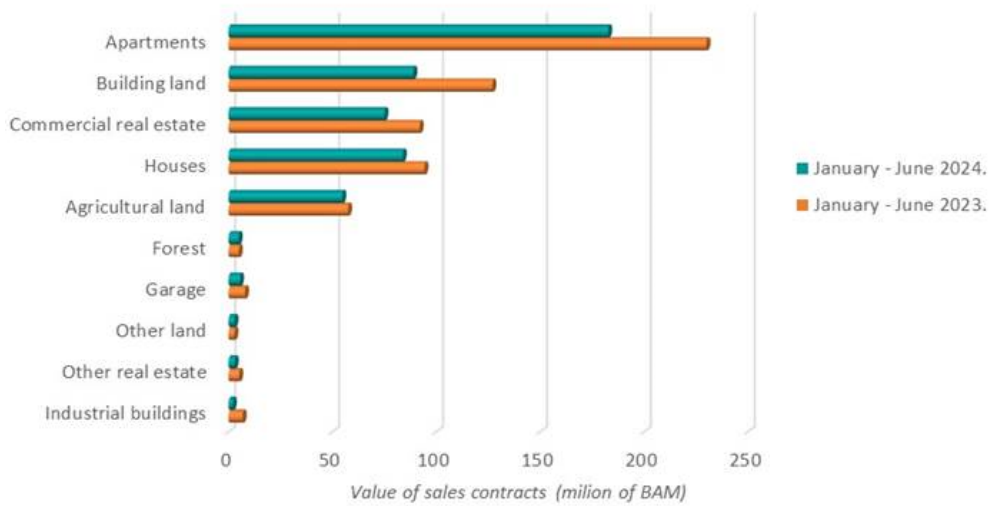


Figure 2. The value of transferred real estates divided according to the real estate market in the first half of 2023. and 2024.

In the first half of 2024, the highest number of transactions was realized in April. Figure 3 shows that the number of completed sales follows the upward trend from 2022 and 2023. However, since May, there has been a noticeable decline in the number of transactions, partly because new contracts are still being processed. In the coming months, as new contracts are recorded, a clearer picture of the total number of sales contracts will become apparent.

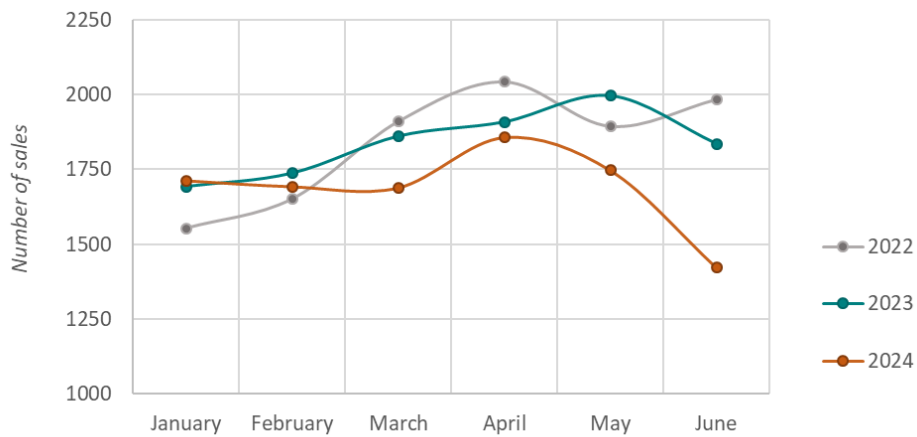


Figure 3. The number of sales contracts by month

3. Market overview

Highest Achieved Prices of Real Estate in the Federation of BH for the First Half of 2024, up to August 26, 2024:

- The highest price for a house was in the municipality of Vogošća, and its total price was 1,000,000.00 BAM, with a usable area of 380 m² and a total land area of 2,330 m², built in 2020.
- The highest price for an apartment was in the municipality of Novo Sarajevo, and its total price was 712,000.00 BAM, with a usable area of 105 m², located in a building constructed in 2010.
- The highest price for a commercial space (shop) was in Mostar, and its total price was 1,340,000.00 BAM, with a usable area of 435 m², located in a building constructed in 2018.
- The highest realized price of a business building is in the area of the municipality of Novi Travnik and its total price was 3,662,000.00 BAM, with a usable area of 4,143 m² and a total land area of 12,574 m², built in 2015.
- The highest price for a garage (garage or parking space in a building) was in the municipality of Centar Sarajevo, and its total price was 43,000.00 BAM, with a usable area of 16 m², located in a building constructed in 2015.
- The highest price for construction land was in the municipality of Novi Grad Sarajevo, and its total price was 7,100,000.00 BAM for a land area of 2,392 m².
- The highest price for agricultural land was in the municipality of Gračanica, and its total price was 78,200 BAM for a land area of 8,399 m².

According to available data for the first half of 2024 in the Federation of BH, the average price of an apartment is 4% higher, while the price of a house is 3% lower, and the price of construction land is 15% lower compared to the first half of 2023.

The following section of the report provides a more detailed overview of the market for those types of real estate that had a sufficient number of quality transactions for analysis purposes.

3.1. Apartments

The total number of registered sales contracts related to apartments is 1,196. The highest volume of apartment transactions in the first half of 2024, as of August 26, 2024, was recorded in the cities of Tuzla, Centar Sarajevo, Mostar, Zenica, Novi Grad Sarajevo, and Novo Sarajevo. The local self-government units with the highest number of apartment transactions are shown in Figure 4. According to the available data, 33% less apartments were sold during the first half of 2024 compared to the same period in 2023.

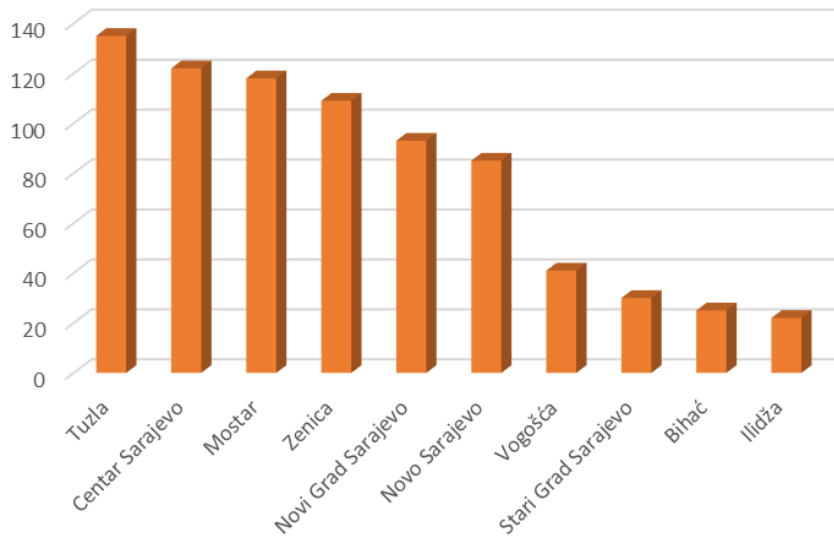


Figure 4. Graphical representation of the number of sales related to apartments

Analyses of prices and areas of sold apartments were conducted on a sample of 929 sales contracts, where the number of municipalities with the most sales is shown in Figure 4, while the statistical parameters of prices are calculated on the basis of the samples presented in Table 1. In accordance with the available data, the average apartment price in the Federation of BH is 2,330 BAM/m², and the average usable apartment area is 54 m². Compared to the same period in 2023, the average apartment price increased by 4%.

Municipality	Average value [BAM/m ²]	Price range		Number of data
		Min [BAM/m ²]	Max [BAM/m ²]	
Centar Sarajevo	3.770	790	6.395	101
Stari Grad Sarajevo	4.000	1.850	6.180	25
Novo Sarajevo	3.720	715	6.530	70
Novi Grad Sarajevo	3.030	910	5.380	81
Ilidža	2.750	1.580	5.180	22
Vogošća	2.690	1.140	3.320	35
Tuzla	2.550	240	3.880	96
Zenica	2.140	1.070	3.710	91
Mostar	2.110	560	3.685	98
Bihać	1.960	320	2.970	20

Table 1. Statistical parameters of apartment price in the Federation BH

In the Federation of BH, the highest average price of apartments per square meter were realized in the municipality of Stari Grad Sarajevo. During the first half of 2024, as well as in the previous two years, the highest average apartment prices were realized in the municipalities of Stari Grad, Centar, and Novo Sarajevo. An increasing growth price trend was recorded in Mostar, with a 27% increase, and in Bihać with a 25% increase, while in the municipalities of Stari Grad, Centar, Novo Sarajevo, Novi Grad, Ilidža, Vogošća, and Tuzla, the price growth trend has slowed compared to the same period last year. In Zenica, the price growth trend remained the same as in the first half of 2023.

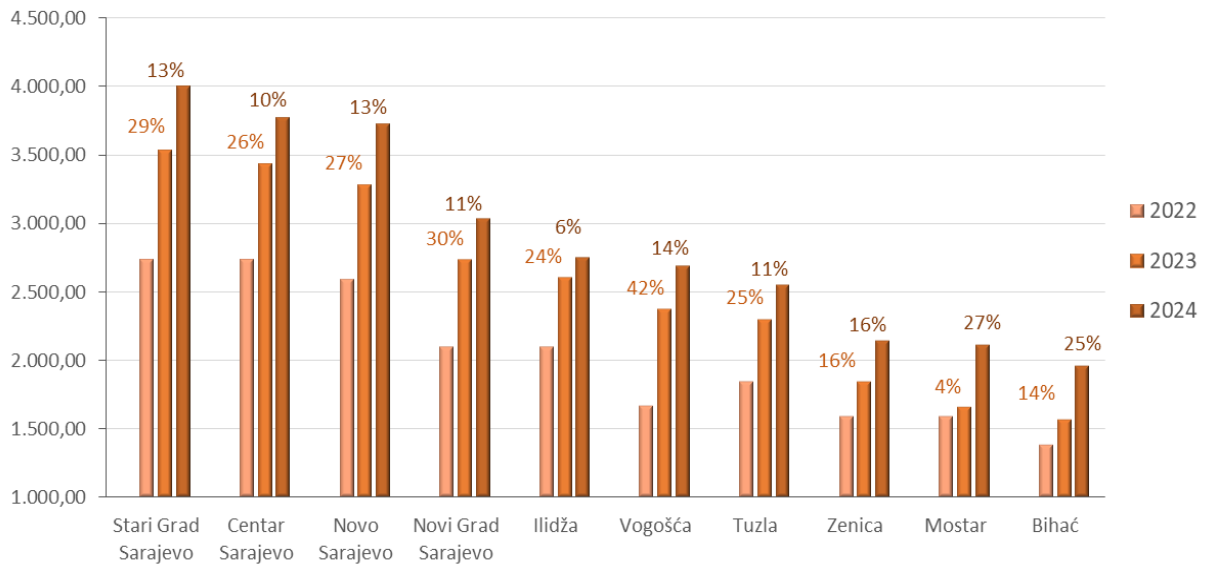


Figure 5. Semi-annual price growth trend by municipality

The following chart shows apartment transactions according to various apartment sizes. Most of the apartments sold are between 40 and 70 m², and at least apartments over 100 m².

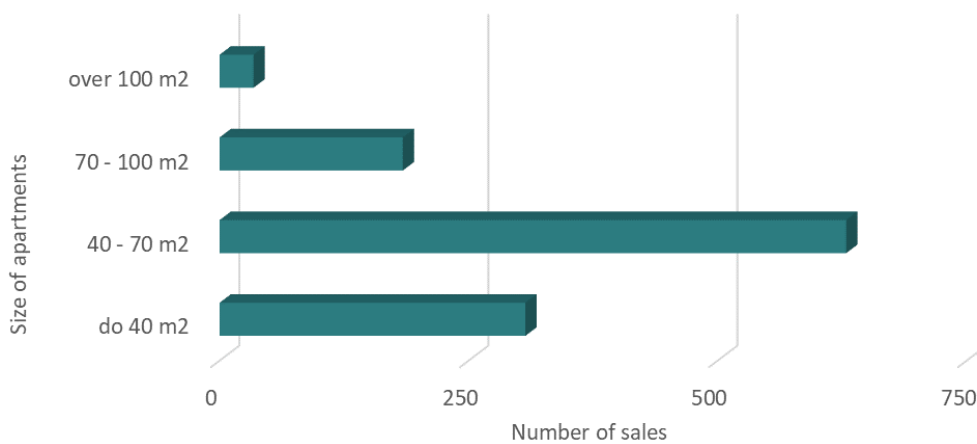


Figure 6. Graphical presentation of the apartments sold according to the area

3.2. Residential buildings

The total number of registered sales contracts, which refers to residential buildings, is 1,052, and in those contracts there are 1,106 properties classified as residential buildings. The residential buildings market includes the following classifications: house, duplex house, and cottage. An overview of prices at the level of the Federation of BH is provided in Table 2.

Type of residential building	Number of real estates	Minimum realized price (BAM/m ²)	Location	Maximum realized price (BAM/m ²)	Location
House	876	45	Fojnica	4.420	Novo Sarajevo
Terraced house	-	-	-	-	-
Duplex house	8	210	Fojnica	760	Mostar
Summer house	101	105	Busovača	3.685	Ilijaš

Table 2. Statistical parameters of residential buildings price in the Federation BH

Based on a sample of 575 contracts related to houses in the Federation of BH, the following average values were obtained: the average usable area of the property is 128 m², the average price per usable area is 780 BAM/m², the average area of the property with land is 1,000 m², the average price per area of the property with land is 235 BAM/m², and the average price of the property with land is 101,600 BAM.

3.3. Land overview

The land market in the Federation of BH has not been regulated and often in the contracts it is stated that a certain type of land is being transacted, while in reality, the sale involves a different type of land or even a different classification of the market. As a result, the FGA has recently focused more on the classification of properties to separate agricultural land from non-agricultural land and to accurately reflect the share of different sub-markets of real estate in the total turnover. For comparison, an analysis of what was registered within the contracts and what LSG Commission recorded on the ground will be presented.

Figure 7 shows the number of registered sales contracts by the type of land market according to the contracts (Figure 7, left) and what the LSG recorded in the field (Figure 7, right). Of the total number of contracts in which agricultural land was registered, 38% were found not to be traded as agricultural and therefore, the classification was changed to the actual type of real estate.

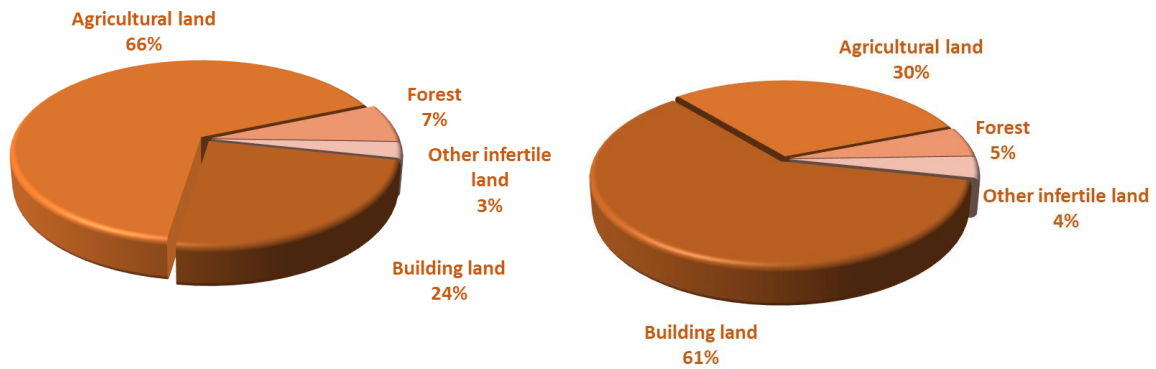


Figure 7. Graphical representation of the number of sales according to the type of land market

The prices of building land are determined solely by location and the permits themselves, and price increases can also be influenced by changes in land use.

Based on a sample of 1,606 contracts, the average price of building land in the Federation of BH for the first half of 2024 is 37 BAM/m², with the highest recorded price reaching 2,970 BAM/m² in the municipality of Novi Grad Sarajevo.

For the same period in 2023, the average price of building land was 44 BAM/m², with the highest recorded value at 4,117 BAM/m² in the municipality of Centar Sarajevo. The average price for building land in 2023 was 37 BAM/m², suggesting that the price might stabilize by the end of the year with the processing of pending cases.

Based on a sample of 627 contracts, the average price of agricultural land in the Federation of BH for the first half of 2024 is 2.90 BAM/m².