

BELGRADE

Retail Q2 2024



	YoY Chg	12-Mo. Forecast
590,000 sq m Belgrade Retail Stock	▲	▲
€ 48.00-50.00 Average prime SC rent, sq m/month	▬	▬
8.00-8.50% Prime SC Yields	▲	▼

(Overall, All Property Classes)

ECONOMY

Having in mind the package of economic measures implemented by the Serbian Government and the National Bank of Serbia (NBS), Serbia recorded a cumulative real GDP growth of 12% during the period 2020-2023. According to the official statistical data, real GDP growth in the first quarter of 2024 was 4.7%, with all sectors on the production side positively contributing to the growth, with the largest contribution from the service and construction sectors. As announced by the NBS, real GDP growth in Serbia is expected to accelerate to 3.5%, driven by domestic demand in 2024. For 2025 and 2026, the growth is projected in the range of 4-5%, considering the implementation of investments planned within the EXPO 2027 Project. After the record year 2022, when foreign direct investments (FDI) reached the level of EUR 4.4 billion, a new highest FDI inflow of EUR 4.5 billion was recorded in 2023, which brings the total to more than EUR 23 billion in the previous 5 years, with over EUR 12 billion directed towards tradable sectors. Inflation has been on a declining path since April 2023, while in June 2024, it slowed down to 3.8% y/y.

SUPPLY AND DEMAND

With rather limited completions during the previous 5 quarters, Belgrade's modern retail stock mildly increased. However, in Q2 2024, the second phase of the Ava Shopping Park was completed covering 10,000 sq m, which brought many retail brands to this destination, such as PEPCO, Terranova, Dr. Max, Lilly, Eglo, Bonati, Watch, PremiumPet, Kigili, Extreme Intimo, Barbolini. Developed next to the IKEA furniture store, Ava Shopping Park now totals 28,000 sq m.

With this project, Belgrade's modern retail stock reached the level of nearly 590,000 sq m of GLA. Looking at the types of formats, the largest share of 53% belongs to the Western-type shopping centres, split into 7 formats, due to their larger size. However, in terms of the number of formats, there is the largest number of retail parks in Belgrade i.e. 9, which will be further increased considering that one retail park of 32,000 sq m is currently under construction. At the same time, two are planned for development in Belgrade.

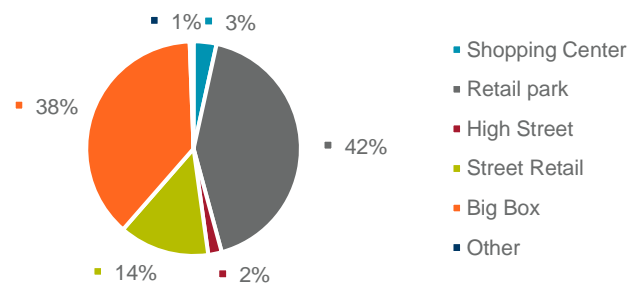
Elsewhere in Serbia, the trend remains the same, with the investors focusing solely on retail park developments. In April 2024, the municipality of Ub witnessed the opening of Nova Retail Park with a total area of 12,350 sq m, out of which 11,500 sq m in 20 stores are dedicated to the tenants. The same investor is planning four retail parks in Ruma, Sid, Cuprija and Kula. Looking at the new supply, these latest openings increased the total Serbian modern retail stock to 1,247,668 sq m or 188 per 1,000 inhabitants (per Census 2022). In terms of the projects that will come to the market, there are 7 retail parks currently under construction in Kikinda, Subotica, Velika Plana, Arandjelovac, Sid, Smederevska Palanka and Prokuplje totalling 50,000 q m, while within two existing projects in Vrbas and Subotica, the development of second phases is underway. Recent completions boosted the share of the retail parks to 38% which will be increased in the next 18 months with the mentioned projects, as there are no projects in the planning phase in any segment other than retail parks. Summarizing all projects currently under construction, 90,832 sq m are being developed throughout Serbia, including Belgrade.

ECONOMIC INDICATORS

	YoY Chg	12-Mo. Forecast
4.7% GDP Growth rate Q1 2024 YoY Change vs Q1 2023	▲	▲
6.5% Belgrade Unemployment Rate Q1 2024	▲	▼
EUR 1,031 Belgrade Average net salary Q1 2024	▲	▲

Source: Statistical Office of the Republic of Serbia

TAKE UP IN SERBIA SPLIT PER TYPE OF FORMAT (H1 2024)



Source: CBS International, part of Cushman & Wakefield Group

In terms of the demand, after the stable first quarter with the app. 13,750 sq m, the second quarter was much stronger with nearly 55,000 sq m, leading to the total take-up in H1 2024 in Serbia to 68,750 sq m. Having in mind the new offer, the largest number of deals were signed in the retail park formats (app. 29,000 sq m), followed by the big-box formats. Due to the lack of new shopping centres on the market, the demand remains limited at 2,500 sq m or 3%.

Location-wise, the demand in Belgrade amounted to 39,700 sq m in H1 2024. During the first 6 months of 2024, Serbian retail scene was enriched with a few new brands that entered the market, such as Mix Markt, Il Gufo, Ozdilek, Jamie's Italian, Mōmax, Assouline and Hogan.

MARKET STATISTICS Q2 2024

CITY	RETAIL STOCK (SQ M GLA)	DENSITY (RETAIL STOCK PER 1,000 INH.)*	RETAIL PIPELINE (SQ M GLA)	AVERAGE PRIME RENT(€/sqm/month)
Belgrade	590,000	350	32,000	48-50**
Novi Sad	124,400	337	-	20-35
Nis	76,600	307	-	18-30
Kragujevac	65,216	381	-	15-30
SERBIA TOTAL	1,247,668	188	90,832	

* Census 2022

**For units up to 150 sq m on the ground floor

Source: CBS International, part of Cushman & Wakefield Group

CONSTRUCTION COMPLETIONS IN BELGRADE AND SERBIA H1 2024

PROPERTY	SUBMARKET	TYPE OF SCHEME	SQ M GLA	DEVELOPER
Ava Shopping Park, phase 2	Belgrade	Retail Park	10,000	IKEA
Nova Retail Park	Ub	Retail Park	11,500	Go Shop Retail Park Ruma

Source: CBS International, part of Cushman & Wakefield Group

KEY ONGOING PROJECTS IN SERBIA

PROPERTY	SUBMARKET	TYPE OF SCHEME	DEVELOPER	SQ M GLA	DELIVERY YEAR
NEST Kikinda	Kikinda	Retail Park	RC Reinvest/RC Europe RSB	5,000	2024
Retail Park Subotica	Subotica	Retail Park	MD Inzenjering	4,500	2024
Retail Park Vrbas - 2nd phase	Vrbas	Retail Park	Jadran / VS Retail 2022	4,000	2024
RIVA shopping centar	Velika Plana	Retail Park	Donić doo Velika Plana	4,617	2024
SHOP PARK Arandjelovac	Arandjelovac	Retail Park	Niksen Ltd	9,745	2024
NOVA Retail Park Sid	Sid	Retail Park	Go Shop Retail Park Ruma	12,000	2025
Retail park	Smederevska Palanka	Retail Park	Trafos doo	4,320	2024
Penta Park	Prokuplje	Retail Park	CPI Property Group / Penta Ge.Co.	9,000	2024
STOP SHOP - 2nd phase	Subotica	Retail Park	CPI Property Group	5,650	2024

Source: CBS International, part of Cushman & Wakefield Group

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PRICING

Throughout H1 2024, Belgrade's major shopping centres have kept the average rent levels stable, with rates between EUR 23-28 per square meter per month. Prime rents for the most attractive shopping formats have also remained steady, ranging from EUR 48-50 per square meter per month. In the retail parks sector, prime rents remain at EUR 8.5-12/sq m/month, while the prime pedestrian locations also kept stable rental levels in the first months of 2024.

After several investment transactions in the big box and retail park segment, the latest transaction occurred in the shopping centres segment, when the second largest Serbian shopping centre Promenada of 48,900 sq m was sold to Israeli BIG CEE for EUR 177 million. This is the largest investment transaction in Serbia in the last three years. Following this sale, NEPI Rockcastle will no longer own any property in Serbia and will cease its operations. Yields for premium shopping centres are ranging between 8.00-8.50%. Retail parks mark yields of 8.25-9.00%, while Big Box formats indicate yields between 8.50-9.00%.

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