

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
590,000 Belgrade Retail Stock	▲	▲
€48-50 Average prime SC rent, sqm/month	▲	▲
8.00% Prime SC Yields	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
3.1% GDP Growth rate Q3 2024	▼	▲
8.1% Belgrade Unemployment Rate Q3 2024	▲	▼
€1,041 Belgrade Average net salary Jan-Oct 2024	▲	▲

(Overall, All Property Classes)
Source: Statistical Office of the Republic of Serbia

ECONOMY

Real GDP growth in Q3 2024 reached 3.1% year-over-year. According to preliminary data from the Statistical Office of the Republic of Serbia, GDP growth for 2024 is estimated at 3.9%, primarily driven by increased activity in the service sectors, manufacturing, construction and mining, while agriculture and energy contributed negatively. Looking ahead, the National Bank of Serbia anticipates GDP growth to accelerate further in 2025 and 2026, reaching a range of 4.0-5.0%, supported by new investments related to the specialized EXPO 2027 exhibition.

Foreign direct investment (FDI) inflows for the first eleven months of 2024 totalled EUR 4.6 billion, marking an 7.9% increase as compared to the same period in 2023. Inflation has been on a downward trajectory since April 2023, with a notable deceleration in H2 2023 and H1 2024. The average inflation rate for 2024 is 4.6%. In October 2024, Standard & Poor's upgraded Serbia's credit rating to investment grade (BBB-).

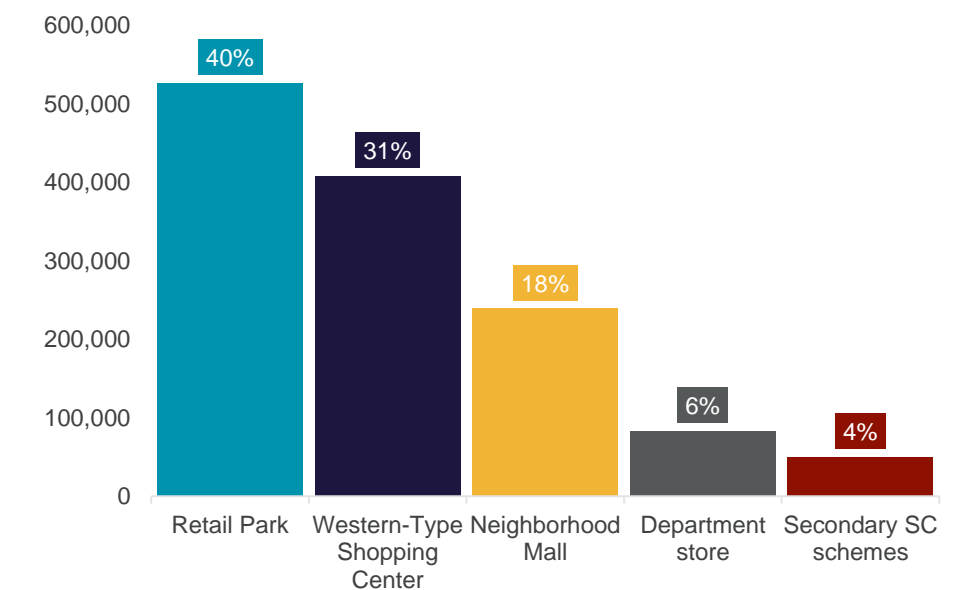
SUPPLY

The last quarter was very strong regarding the new supply across Serbia. Namely, as the investors' interest is increasingly shifting toward smaller Serbian cities. It was further confirmed by the intensive openings in the last months of 2024.

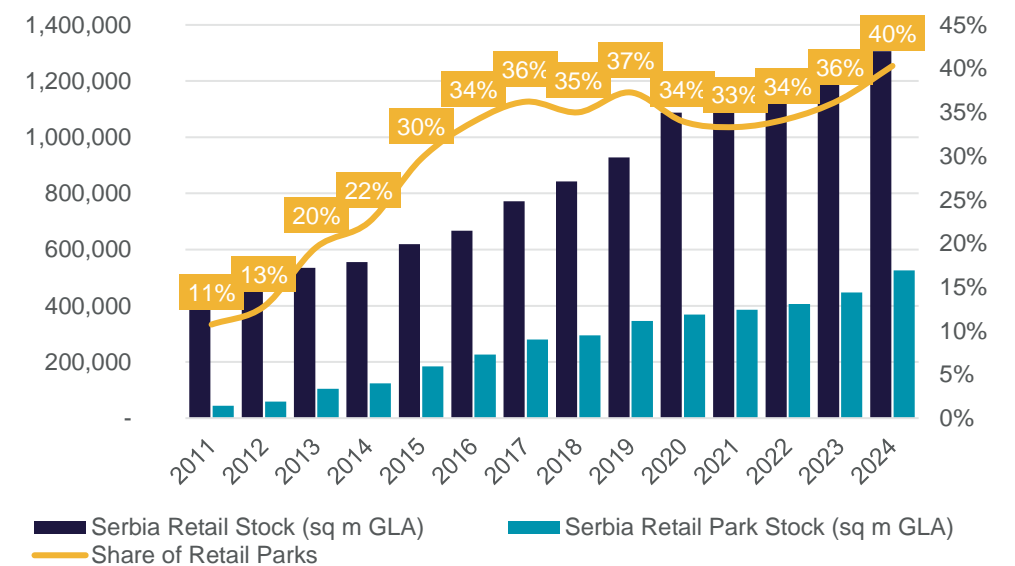
In Q4, 6 new retail parks were delivered to the market in the following cities: Kikinda, Subotica, Ruma, Smederevska Palanka, Prokuplje and Svilajnac, all formats varying between 4,000-8,000 sq m in size. In addition, STOP SHOP Subotica and Retail Park in Vrbas were expanded for an additional 5,650 sq m and 4,000 sq m respectively. Looking at the new completions in Q4 2024, the total stock increased by nearly 44,000 sq m of GLA. Together with projects completed earlier this year, 2024-new completions amount to the app. 80,000 sq m, all in the retail park segment, which currently holds a share of 40% of the total retail stock.

At the end of the year, Serbian total modern retail stock stands at 1,306,255 sq m of GLA, including all types of formats.

SUPPLY PER TYPE OF SCHEME IN SERBIA (sq m)

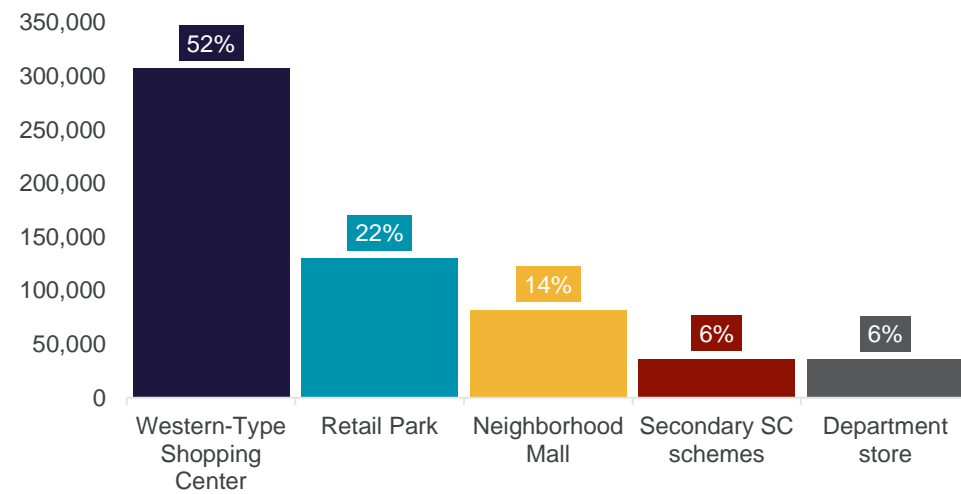


RETAIL PARK EVOLUTION IN SERBIA



Source: CBS International

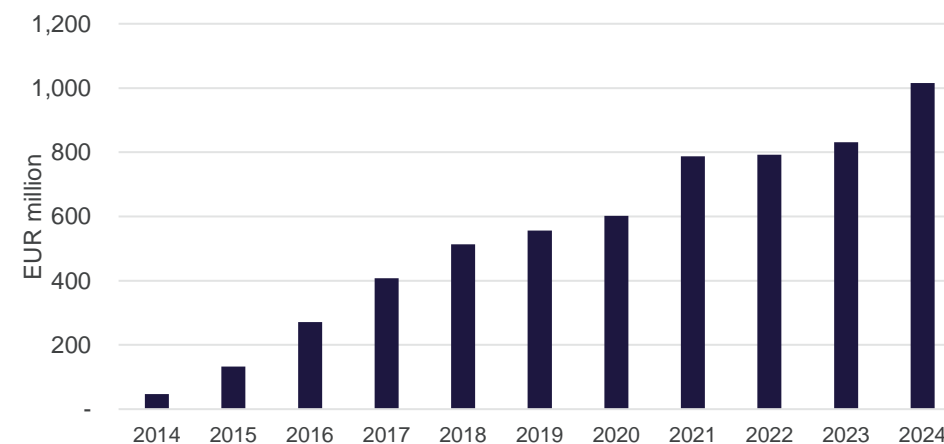
SUPPLY PER TYPE OF SCHEME IN BELGRADE (sq m)



2024 ANNUAL TAKE UP (sq m)



CUMULATIVE RETAIL INVESTMENT VOLUME (EUR)



Source: CBS International

Retail parks are set to maintain their dominance in 2025, with 10 projects currently under construction, encompassing a total of 133,750 sq m.

With no new completions during the quarter, Belgrade’s modern retail supply remained steady at 590,000 sq m in Q4 2024, split in 30 retail formats available for shoppers. The largest share of 52% belongs to Western-Type Shopping Centres.

DEMAND

The total take up in Q4 2024 equalled 47,700 sq m, whereas the smaller share of app. 6,400 was recorded in Belgrade, while 41,300 sq m in other Serbian cities, considering the stronger development activity outside the capital and higher availability of new formats. In line with the trends, the largest number of deals were signed in retail parks (51%), followed by Big-Box formats and street retail units.

The total annual demand in Serbia stands at 144,900 sq m, showing an increase of 30% as compared to 2023 figures, which amounted to 110,000 sq m. Out of the total take up in 2024, 57,100 sq m were noted in Belgrade and 87,800 sq m elsewhere in Serbia.

PRICING

Due to strong demand in the retail park sector, average rental rates have increased slightly during the 2024, now ranging from EUR 9-13 per sq m/month. In Belgrade’s major shopping centres, rental rates have remained stable, ranging from EUR 22-28 per sq m/month, with prime units commanding EUR 45-50 per sq m/month. High street locations are becoming more appealing, especially for service-oriented businesses and the food and beverage (F&B) sector. Traditional retail stores, particularly in fashion and home goods, have gradually shifted to retail park formats.

From the investment side, the largest recent retail investment was the sale of Promenada SC in Novi Sad for EUR 177 million to Israeli BIG CEE. In the investment market, the retail segment still attracts the largest number of investors, followed by the office segment. In the previous decade, the cumulative investment volume in the retail segment exceeded EUR 1 billion.

Yields for premium shopping centres in Belgrade range from 8.00-8.50%, while retail parks yield between 8.25-9.00%, and big-box formats show yields of 8.50-9.00%.

BIG-BOX FORMATS

The market share of hypermarkets and retail chains in Serbia has been constantly growing during the past years. At the end of 2024, the total stock of the retail warehouse (Big-Box) stands at 993,750 sq m, while Belgrade counts for 451,300 sq m GBA.

OUTLOOK

- In recent years, shopping centers and retail parks have become the preferred destinations for retailers in Belgrade, while the prime high street zone is primarily dominated by food and beverage operators, service providers and more affordable brands. This trend is expected to persist moving forward.
- Retail parks are setting the standard with their remarkable resilience, appealing to budget-conscious shoppers and retailers alike thanks to their cost-effectiveness and flexibility. By the close of 2025, Serbia will welcome 10 new retail parks, adding a total of 133,000 sq m to the market.
- Retail remains a dominant driver in the investment market, with shopping centres, retail parks and big-box schemes attracting strong investor interest, as offer stability and growth potential. Well-positioned properties remain key drivers of investment activity.
- Shopping centres will continue reshuffling their spaces and introducing new brands and amenities to better serve the needs of modern consumers.

MARKET STATISTICS

CITY	RETAIL STOCK (SQ M GLA)	DENSITY (RETAIL STOCK PER 1,000 INH.)*	RETAIL PIPELINE (SQ M GLA)	AVERAGE PRIME RENT IN SHOPPING CENTRES (€/ sqm/ month)
Belgrade	590,845	351	32,000	45-50**
Novi Sad	124,399	337	-	20-35
Nis	76,617	307	14,000	18-30
Kragujevac	65,216	381	-	15-30
SERBIA TOTAL	1,306,255	197	133,745	

* Census 2022

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

CONSTRUCTION COMPLETIONS IN BELGRADE AND SERBIA Q4 2024

PROPERTY	SUBMARKET	TYPE OF SCHEME	SIZE (sqm GLA)	DEVELOPER
NEST Kikinda	Kikinda	Retail Park	5,000	RC Reinvest/ RC Europe RSB
SUper Shop	Subotica	Retail Park	5,114	MD Inzenjering
Shopping Park Ruma	Ruma	Retail Park	7,000	Local developer
Retail Park	Smederevska Palanka	Retail Park	4,320	Rafos doo
PENTA Park Prokuplje	Prokuplje	Retail Park	8,737	CPI Property Group / Penta Ge.Co.
Resava Retail Park	Svilajnac	Retail Park	4,000	KSP Alpha
Retail Park Vrbas	Vrbas	Retail Park	4,000	Jadran / VS Retail 2022
STOP SHOP Subotica	Subotica	Retail Park	5,650	MPC Properties

KEY ONGOING PROJECTS IN SERBIA

PROPERTY	SUBMARKET	TYPE OF SCHEME	DEVELOPER	SIZE (SQM GLA)	DELIVERY YEAR
BIG Cacak - 1st phase	Cacak	Retail Park	BIG CEE	16,000	2025
Nis Retail Park	Nis	Retail Park	BDS Properties	14,000	2025
Smederevo Retail Park	Smederevo	Retail Park	Coka	15,000	2025
BIG Sabac	Sabac	Retail Park	BIG CEE	10,000	2025

SELECTED NEWCOMERS 2024

PROPERTY	SUBMARKET	TENANT	TYPE OF SCHEME	SIZE (SQM GLA)
BW Galerija	Belgrade, City Centre	Il Gufo	Shopping centre	120
BW Galerija	Belgrade, City Centre	Jamie's Italian	Shopping centre	650
Street location	Belgrade, Kvantas	Mömax	Big Box	4,700
BW Galerija	Belgrade, City Centre	Hogan	Shopping centre	150

KEY SALES TRANSACTIONS 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SIZE	SELLER / BUYER
Promenada SC	Novi Sad	Univerexport	49,000	NEPI RockCastle / BIG CEE

Source: CBS International, part of Cushman & Wakefield Group

TAMARA KOSTADINOVIC

Partner, Head of Market Research

Mob: +381 64 70 10 880

tamara.kostadinovic@cw-cbs.rs

DUSAN MILETIC

Director of Brokerage Operations

Mob: +381 63 86 18 667

dusan.miletic@cw-cbs.rs

MARKO KATANIC

Senior Consultant | Retail Agency

Mob: +381 63 302 567

marko.katanic@cw-cbs.rs

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