



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
3,104,648 Total stock Q4 2024 (sq m)	▲	▲
88,500 Take-up H2 2024 (sq m)	▲	▬
€4.0-6.0 Prime Asking Rent <small>(Overall, All Property Classes)</small>	▲	▬

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 <small>(Overall, All Property Classes) Source: Statistical Office of the Republic of Serbia</small>	▲	▲

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, the 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.

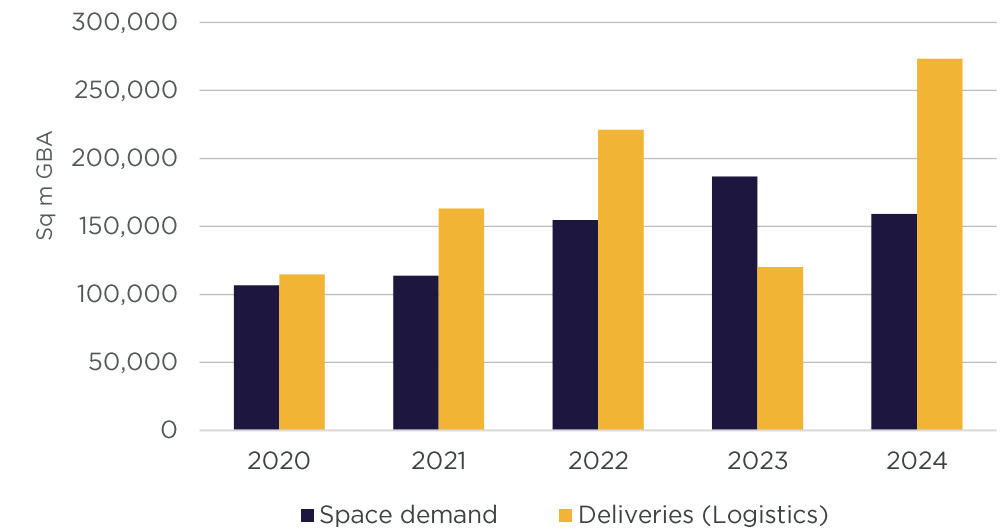
Foreign direct investment (FDI) inflows for the first eleven months of 2024 totalled EUR 4.6 billion, marking a 7.9% increase as compared to the same period in 2023. Inflation has been on a downward trajectory since April 2023, with a notable deceleration in H2 2023 and H1 2024. The average inflation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

SUPPLY

Summarizing 2024, eight industrial facilities with a total area of more than 300,000 sq m were completed in Belgrade and its wider industrial area (Pecinci and Stara Pazova municipalities) out of which 80% or 243,000 sq m are speculative stock. At the same time, the remaining deliveries refer to owner-occupied production facilities. By the end of 2024, the cumulative modern logistics and production supply in Belgrade has reached 3.1 million square meters of GBA. As the market has matured and evolved, the demand for modern logistics space has increased, and logistics stock dominated new deliveries of industrial space in Belgrade in 2024.

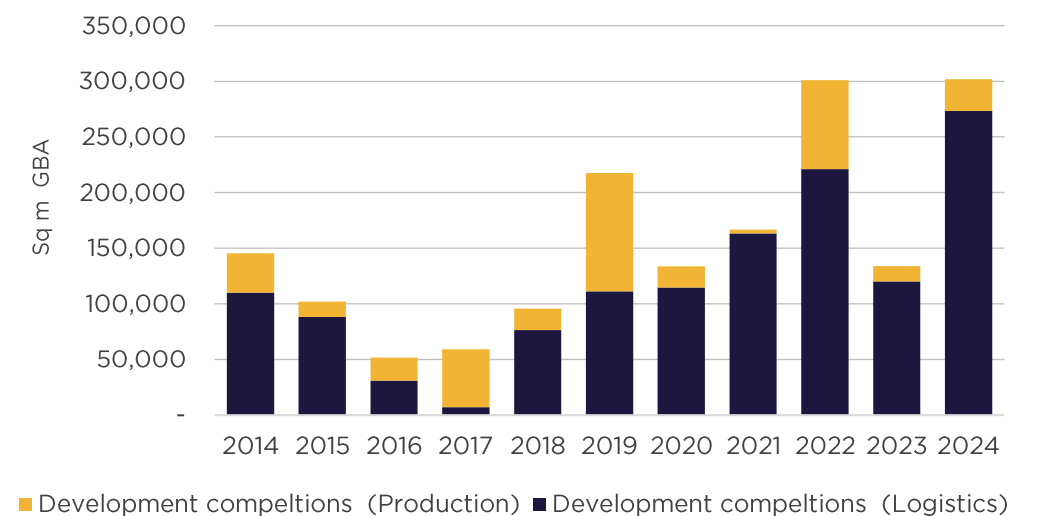
On the other side, Serbia's industrial market saw the completion of an additional 540,000 sq m GBA in 2024 and the total supply surpassed 6.9 million sq m, mostly thanks to the completion of 370,000 sq m large Chinese tyre factory Linglong. When it comes to new supply, 490,000 sq m of industrial space is currently under construction in Serbia, set for delivery by the end of 2025.

SPACE DEMAND / DELIVERIES (LOGISTICS)



Source: CBS International
* data is given for Belgrade (incl. Pecinci i Stara Pazova)

NEW DELIVERIES / LOGISTICS VS PRODUCTION



Source: CBS International
* data is given for Belgrade (incl. Pecinci i Stara Pazova)

The automotive industry in the CEE region and Serbia have also been facing significant challenges in recent years due to supply chain disruptions, rising costs, and the transition to electric vehicles. Also, inflation and economic uncertainty have impacted car sales, leading to reduced production levels and affecting the entire supply chain. Since the automotive sector is a major driver of demand for industrial facilities in Serbia, especially production facilities, the crisis has led to delays in new factory developments.

DEMAND

The total leasing activity in the second half of 2024 amounted to 88,500 sq m in Belgrade’s wider industrial area (without owner-occupied completions) and together with the first two quarters of 2024 take-up reached 160,000 sq m. Despite the decline of 14% in comparison with last year, demand is in line with a five-year average of 145,000 sq m. At the end of 2024, demand surpassed new supply due to the large share of pre-lease deals in 2023, i.e., the majority of the new deliveries in 2024 were already occupied in the previous period. New leases lead the take-up structure with a share of 56%, followed by pre-leases and expansions, which contributed with shares of 25% and 13% respectively. The occupier demand was mainly driven by logistics & transportation companies, distributors and retail chains, while the production facilities were mainly occupied by the automotive industry and food production. Demand for automated logistics and modern warehouses is higher in Belgrade region and municipalities in its vicinity (Stara Pazova and Pecinci), while the demand for production facilities, particularly in the automotive industry, is much higher in other larger cities across Serbia. The largest operators are Nidec, Continental, BMTS Technology, Jiangsu Lianbo and Shanghai Huizhong Automotive in Novi Sad, Yanfeng in Kragujevac, etc.

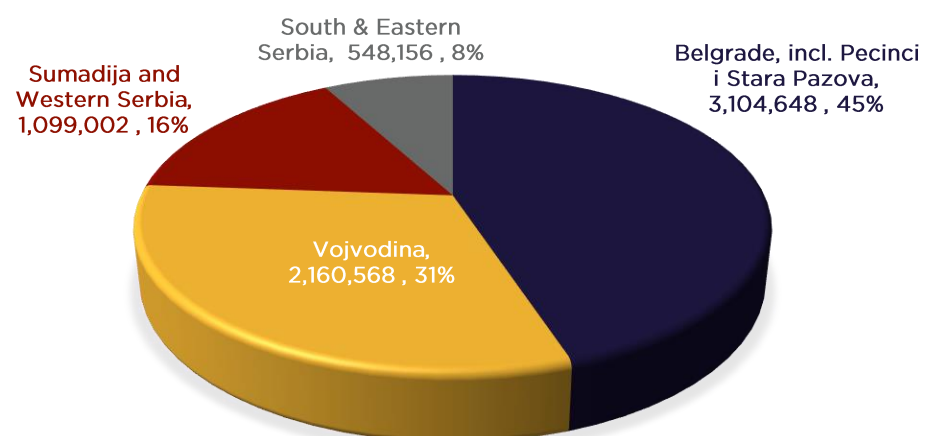
PRICING

The price increase was observed in the second half of 2024 due to the growing demand for modern warehouse space, as well as the improved supply driven by increasingly sophisticated tenant requirements. Namely, modern logistics facilities are currently considered one of the most attractive assets among commercial properties. The rents in Belgrade now range between EUR 4.0 and 6.0 square meters per month, depending on the industrial zone. Rental levels for newly built fully fitted assets which presume all necessary electrical and mechanical installations and auxiliary areas could exceed this range at the most attractive industrial zones along the highway towards Zagreb (Dobanovci, Ugrinovci, Pecinci, Simanovci). The attractiveness of this property segment was confirmed by a decline in prime yields which amount to 8.00-8.50% at the end of 2024.

OUTLOOK

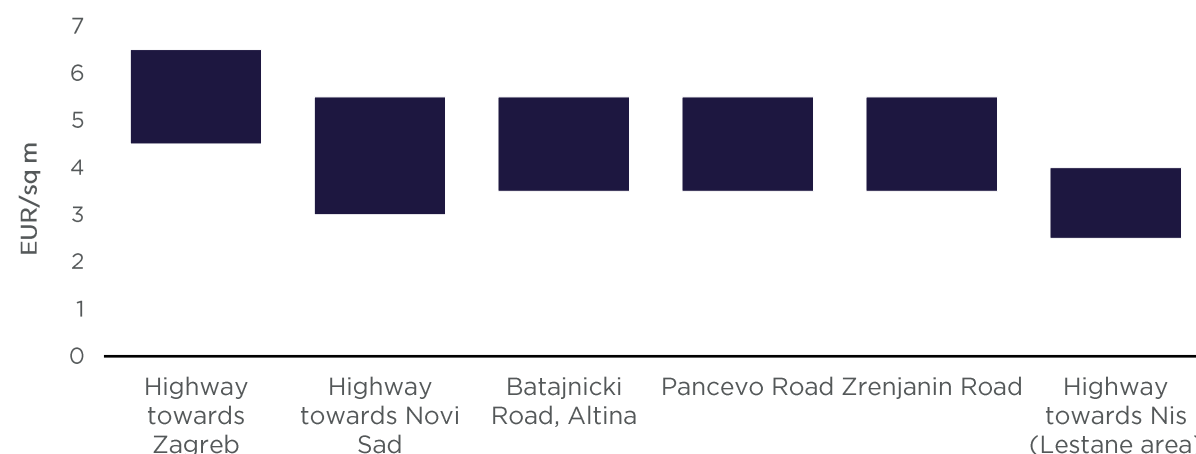
- Pipeline in Belgrade metropolitan area looks promising with 130,000 sq m of logistics space currently under construction and 350,000 sq m planned for development
- Long-term demand for modern logistics and industrial facilities is expected due to emerging nearshoring trends - manufacturers are considering shifting production closer to end markets to reduce reliance on distant suppliers
- The vacancy rate will remain below 5%, since developers prefer to commence the construction works when a certain portion of pre-leases are secured, resulting in nearly full occupancy upon project completion

INDUSTRIAL STOCK PER REGIONS (SQ M GBA)



Source: CBS International

RENTAL LEVELS IN THE MAIN INDUSTRIAL ZONES



Source: CBS International



CTPark Jagodina – JAG 1, Jagodina, 18,000 sq m GBA

KEY CONSTRUCTION COMPLETIONS IN BELGRADE AND SERBIA H2 2024

PROJECT	TYPE OF FACILITY	CITY // INDUSTRIAL ZONE	SQ M	KEY TENANTS
Linglong	Production	Zrenjanin	370,000	Owner-occupied
CTPark Belgrade West - SIM6	Warehouse	Pecinci / Simanovci	38,000	Logistics & transportation company
CTPark Novi Sad East - NSE1	Warehouse	Novi Sad / Industrial zone Kac	23,000	Logistics & transportation company
CTPark Jagodina JAG1 – 1st phase	Production	Jagodina	18,000	Pharmaceutical company
CTP NIS1 A	Warehouse	Nis	15,000	Logistics & transportation company
Mioni	Production	Mionica	14,700	Owner-occupied
OCSiAI	Production	Stara Pazova	10,000	Owner-occupied

KEY LEASE TRANSACTIONS H2 2024

PROPERTY	CITY	TENANT	SQ M	TYPE
CTPark Novi Sad East	Novi Sad / Industrial zone Kac	Automotive manufacturer	19,000	Manufacturing
CTPark Belgrade West - SIM6	Pecinci / Simanovci	Logistics & transportation company	38,000	Warehouse / Logistics
VGP	Belgrade / Dobanovci	Logistics & transportation company	7,000	Warehouse / Logistics
CTPark Belgrade North - NBC 4	Stara Pazova / Novi Banovci	Home appliances supplier	1,700	Warehouse / Logistics

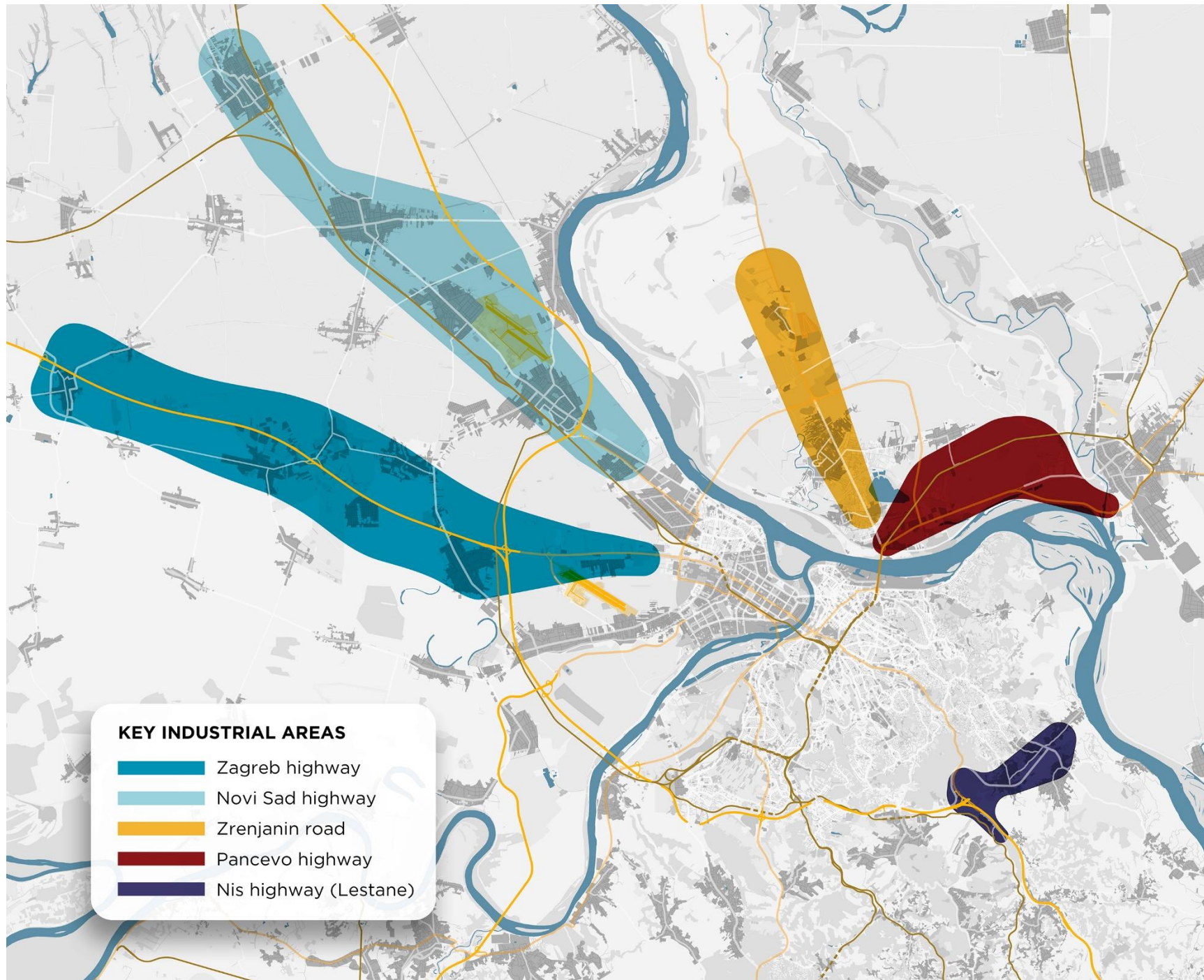
Source: CBS International

PIPELINE PROJECTS IN BELGRADE AND SERBIA H2 2024

PROPERTY	CITY	TYPE	SQ M	OWNER/DEVELOPER	COMPLETION DATE
CTPark Belgrade Borca - BGB1	Belgrade / Borca	Warehouse / Logistics	51,000	CTP	2025
CTPark Belgrade West - SIM7	Pecinci / Simanovci	Warehouse / Logistics	45,000	CTP	2025
IPB - Industrial Park Belgrade - new phases	Pecinci / Simanovci	Warehouse / Logistics	29,000	IPB	2025
UDI / Logistics park Simanovci	Pecinci / Simanovci	Warehouse / Logistics	59,000	UDI Group	Planned
Besico / Besico Park Belgrade North	Stara Pazova / Nova Pazova	Warehouse / Logistics	46,000	Besico	Planned
Wacker Neuson - 2nd phase	Kragujevac	Production	30,000	Wacker Neuson	2025
Vorwerk Autotec - 2nd phase	Cacak / Preljina	Production	25,000	Vorwerk Autotec	2025

Source: CBS International

INDUSTRIAL ZONES – BELGRADE WIDER INDUSTRIAL AREA



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

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