

BELGRADE

Retail Q2 2020

43,000 sq m

New completions in Q2

YoY Chg



12-Mo. Forecast



266 sq m

Per 1,000 inhabitants



6

Western-type formats



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2020

5%

GDP Growth rate Q1 2020

YoY Chg



12-Mo. Forecast



9.7%

Serbia Unemployment Rate



7.1%

Belgrade Unemployment Rate



Source: Statistical Office of the Republic of Serbia, YoY Change vs Q1 2019

ECONOMY: Retail trade marked recovery in May 2020, after the decline in April

Due to the positive performance in January and February, the economy was not strongly affected by the coronavirus pandemic in the first quarter of 2020, despite the contraction in March. The economy grew by app. 5% in Q1, recording a positive growth rate for the 22nd consecutive quarter. As a consequence of lockdown measures, retail trade turnover collapsed in April, dropping by -18.6% yoy in current prices. However, as retailers opened their doors to customers, the recovery started in May, with retail sales increasing by 4.7% yoy. The increase was mainly driven by food, beverages and tobacco sales and non-food products increasing, while fuel sales recorded a fall of -4.9% yoy. As per the National Bank of Serbia's projections, GDP is likely to contract by app. 1.5% in 2020 and to rebound by app. 6% in 2021.

SUPPLY OR DEMAND: New completions boosted the modern retail stock

In terms of new developments, for the last two years, Belgrade retail market has been experiencing a real expansion, after a period of reduced activity. After the completion of GTC Ada Mall in May 2019 and BIG Fashion Park in December 2019, Belgrade retail offer was recently enriched with the opening of MPC's BEO Shopping Center in Zvezdara Municipality. This 43,000 sq m-large retail scheme offers more than 150 domestic and international brands to the customers, while the German brand Peek & Cloppenburg opened its first store in Serbia within this mall.

Belgrade modern retail stock currently totals 440,000 sq m of GLA, or 266 sq m per 1,000 inhabitants, while the average of the capital cities of CEE region exceeds 500 sq m per 1,000 inhabitants.

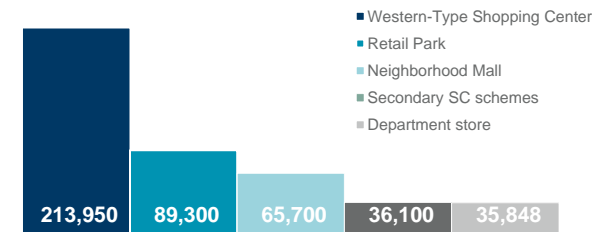
PRICING: The retail market was the most affected

The retail market that suffered a great deal during pandemic period is coming back to normal with reopening of the shopping malls as of 8th May. The high-street was also affected in the previous period, since the main pedestrian zones depend significantly on the high footfall and attract mostly tourists. When it comes to the rental levels, the previous period was marked by a difficult and complex negotiations between tenants and landlords regarding rental payments. However, there were no interruptions in construction activity on the retail market, yet previous ongoing projects are slightly postponed.

PRIME RENT

HIGH-STREET	SIZE OF UNITS (SQ M)		
	<150	150-500	>500
Knez Mihailova St	Up to 100	60-80	40-60
Terazije Square/ Kralja Aleksandra Boulevard	45-60	30-45	20-30
Modern Shopping Centers	50-70	35-50	up to 35

RETAIL STOCK BY PRODUCT TYPE (SQ M GLA)



MARKET STATISTICS

	SHOPPING CENTRE STOCK	SHOPING CENTRE PIPELINE	PRIME YIELD
Center	40,959	93,000	7.75-8.25%
New Belgrade	138,683	11,000	7.75-8.25%
Wider Central Area	225,256		8-8.25%
Suburban area	36,000	8,500	n/a
BELGRADE TOTALS	440,898	112,500	

KEY LEASE TRANSACTIONS H1 2020

PROPERTY	SUBMARKET	TENANT	SQ M	FORMAT
Roda Centre	New Belgrade	Decathlon	4,000	Retail Warehouse – planned opening in Sep/Oct 2020
BEO Shopping Centre	Wider Central Area	Peek&Cloppenburg	3,800	Shopping center
Kralja Petra	Center	Jacadi	90	High street
Rakovica	Wider Central Area	Vitorog	3,400	Retail Warehouse
Stadion SC	Wider Central Area	Terranova	900	Shopping center – planned opening in Sep 2020

KEY SALES TRANSACTIONS H1 2020*

PROPERTY	SUBMARKET	SELLER / BUYER	SQ M
Aviv Park Zrenjanin	Zrenjanin	Aviv Arlon / BIG CEE	23,000

**Sales transactions, incl. investment transactions*

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M GLA	OWNER / DEVELOPER
Beo Shopping Center	Wider Central Area	Peek & Cloppenburg, Reserved, H&M	43,000	MPC

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