

# BELGRADE

Retail Q1 2021



**534,000 sq m** ▲

Retail stock in Q1 2021

YoY Chg

12-Mo. Forecast

**322 sq m** ▲

Per 1,000 inhabitants

**7** ▲

Western-type formats

(Overall, All Property Classes)

## ECONOMIC INDICATORS

**1.2%** ▲

GDP Growth rate Q1 2020

YoY Change vs Q1 2019

**9.9%** ▼

Serbia Unemployment Rate Q4 2020

**8.9%** ▼

Belgrade Unemployment Rate Q4 2020

Source: Statistical Office of the Republic of Serbia,

## ECONOMY

After healthy growth of 4.2% in 2019, the total annual GDP in 2020, obtained as the sum of four quarters, decreased by 1.0%, when compared to the previous year. However, despite the crisis caused by COVID-19 pandemic, Serbia's economic contraction in 2020 is among the smallest in Europe. Serbia faced the crisis with strong fundamentals and growth momentum as the result of the reform measures taken as of 2014, while the economy and businesses were supported by Government's financial package during the 2020, so the major drop of employment was avoided. According to the latest available data from the Statistical office of the Republic of Serbia, in Q1 2021, real GDP increased by 1.2% in comparison with the corresponding period of the previous year. Furthermore, Serbia's economy does not rely significantly on high-contact intensive sectors such as tourism, which were hit hard by the pandemic, so IMF projected real GDP growth of 5% in 2021. Looking at the retail market only, in 2020 the turnover of retail trade in the Republic of Serbia increased by 4.3% at constant prices, compared to 2019.

## SUPPLY OR DEMAND

Belgrade retail market was very active, despite the COVID-19 pandemic. During the year, two western-type shopping centres were opened, enriching Belgrade's retail offer with additional 136,000 sq m of GLA. Consequently, Belgrade's total modern retail stock reached the level of 534,000 sq m of GLA. In Q1 2021, development activity continued, with three projects currently under construction. AVA Shopping Park is being developed by IKEA at the same location as IKEA store, PSP Farman is developing Shopping centre within West 65 residential complex and RC Europe is developing Nest Obrenovac Retail Park. The Nest Obrenovac is due for opening at the end of May, while other two projects should be opened by the end of the year, and will together bring to the market additional 50,000 sq m of GLA. The vacancy rate was usually around 5%, due to the vacant space in smaller-scale retail schemes. With the opening of Galerija Shopping Centre, the vacancy rate on the market grew, as portion of premises remained vacant, planning to be opened during 2021. The biggest single transaction on the market in the first quarter, Homemania took 10,000 sq m for its new store at Zmaj Shopping Park. Several brands that are already present on the market expanded their operations namely Turkish brand Kigili opened stores in Usce and Rajiceva Shopping Centres, while Aksa opened its new store of approximately 900 sq m in Stadion Shopping Centre.

## PRICING

Unlike most European countries, where only grocery stores and pharmacies operated for the most of the quarter, in Serbia, despite the shortening of working hours in shopping malls, activity continued normally until mid-March, when shopping malls were closed. However, pedestrian zones and retail parks remained open for the entire period. All of these influenced investors to apply different pricing strategies, which means the introduction of rents that directly depend on turnover for new leases, the period of non-payment of service charges as a means of lowering effective rents. In 2021, it is expected that further pressure will be put on the rent levels, if the situation and measures related to the operation of retail market continue.

## RETAIL MARKET SUPPLY - BELGRADE VS. REGION



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