MARKETBEAT

BELGRADE

Industrial H2 2021

CUSHMAN & WAKEFIELD

	YoY Chg	12-Mo. Forecast
2,300,000 sq m Belgrade total stock *	▲	▲
120,000 sq m Belgrade take-up in 2021	▲	▬
3-5 EUR/sq m Rental prices	▬	▬

** Belgrade (incl. Pecinci and Stara Pazova) (Overall, All Property Classes)*

ECONOMIC INDICATORS

	YoY Chg	12-Mo. Forecast
7.7% GDP Growth rate Q3 2021 *YoY Change vs Q3 2020*	▲	▼
10.5% Serbia Unemployment Rate* *Q3 2021*		▼
551 Serbia Average net salary *Q3 2021*	▲	▲

Source: Statistical Office of the Republic of Serbia
**due to the changes in the methodology, the 2021-figures could not be compared to the data published prior to 2021*

ECONOMY

The real GDP growth in the third quarter of 2021, as compared to the corresponding period of the previous year, amounted to 7.7%. According to the projections, a similar growth rate is estimated for Q4 2021. As the result of growing activity in the industry, construction and the service sectors, supported by the new package of economic measures adopted by the National Bank of Serbia and the Government, GDP growth in 2021 will exceed expectations and real growth of 7.5% is estimated for 2021. Inflation, which has accelerated in the recent months due to rising food and global fuel prices and disruptions in supply chains, is expected to return to the National Bank of Serbia target range around mid-2022. Average inflation in 2021 stood at 4.0%. Macroeconomic and financial stability, including structural reforms, has created a favourable climate for FDI, which amounted to EUR 3.9 billion in 2021.

SUPPLY AND DEMAND

Over the last two quarters of 2021, the industrial market continues to demonstrate resilience to the challenges posted by the COVID-19 pandemic and effects of supply chain disruptions. Figures confirm the positive growth in terms of strong absorption and an increasing demand for larger spaces, as well as boost in the speculative supply, particularly in Belgrade area. In the second half of 2021, new deliveries amounted to 470,000 sq m, which pushed the total Serbian industrial and logistics stock to the level of 4,900,000 sq m. When it comes to Belgrade and industrial zones in its close proximity (Pecinci and Stara Pazova), H2 completions amounted to nearly 100,000 sq m, while the total supply of modern space exceeds 2,300,000 sq m.

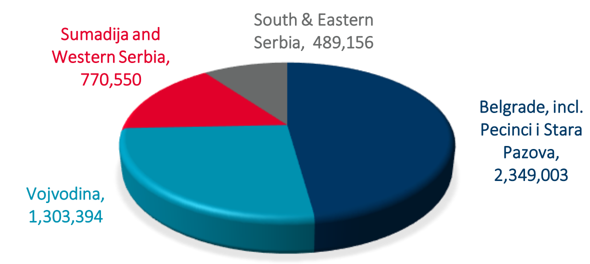
Demand for industrial space in H2 2021 in Belgrade area was slower than previous two quarters, totalling around 40,000 sq m, however, new lettings are at the similar level as the equivalent period of last year, bringing the year's total volume of absorption to 120,000 sq m, being 20% stronger than 2020. The share of pre-leases is on rise, amounting to app 65% of total take-up.

E-commerce remains the main reason for the search for new warehouse and distribution facilities, whereas the location of distributive centre is crucial, since the concept of e-commerce model is based on fast delivery of ordered goods, while return logistics model of business should simplify the process at the acceptable cost. Therefore, the locations close to highway, with available labor and connection to the public transportation will continue to have a significant role in attracting larger occupiers.

RENTS AND VACANCY

The sales prices for the logistics space increased in the previous period due to the increase of the development land prices and construction cost, however effective rents of modern logistics space in Belgrade and industrial zones in its close proximity (Pecinci and Stara Pazova) remained at the same level of EUR 3-5 /sq m/month. Asking prices for more sophisticated premises in the settlements closer to Belgrade rose thanks to highly advanced amenities and limited offer on the market. Second half of the year was marked by the contraction of yields for prime warehouse and logistics, which now range between 8.00-9.00% at the end of 2021. The yields for modern production complexes in Belgrade vicinity amount to 8.50-9.50%

INDUSTRIAL STOCK PER REGIONS (SQ M)



BELGRADE

Industrial H2 2021

PIPELINE PROJECTS IN BELGRADE AND SERBIA

INVESTOR / PROJECT	TYPE OF FACILITY	LOCATION / CITY	SUBMARKET / INDUSTRIAL ZONE	SIZE SQ M	COMPLETION DATE
Linglong	Manufacturing	Zrenjanin	Southeast Industrial zone Ecka	393,000	2025 (3 phases)
Toyo Tires	Manufacturing	Indjija	Indjija	120,000	2022
Minth Automotive Europe 3rd and 4th phase	Manufacturing	Loznica	Loznica	73,000	2022
LIDL	Warehouse - Distribution	Lapovo	Lapovo	57,000	2022
CTP	Manufacturing / Warehouse	Novi Sad	Working Zone North IV	37,000	2022
Transfera	Warehouse - Logistics	Stara Pazova	Novi Banovci	30,000	2022
Delta Real Estate	Warehouse - Distribution	Stara Pazova	Nova Pazova	16,000	2022

KEY CONSTRUCTION COMPLETIONS IN BELGRADE AND SERBIA 2021

PROPERTY	SUBMARKET / CITY	MAJOR TENANT	SQ M	OWNER / DEVELOPER
Brose	Pancevo	Owner-occupied	60,000	Brose Fahrzeugteile GmbH & Co. KG
Leoni	Kraljevo	Owner-occupied	52,000	Leoni Wiring Systems Southeast
Xingyu	Nis	Owner-occupied	48,000	Xingyu Automotive Systems Co LTD
Minth 2nd phase	Loznica	Owner-occupied	45,000	Minth Automotive Europe
CTP Kragujevac 2nd and 3rd phase	Kragujevac	Yanfeng	35,000	CTP
CTP Belgrade Nort 1st phase	Stara Pazova	Tehnomanija	20,000	CTP
CTP Belgrade Nort 2nd phase	Stara Pazova	Milsped	28,000	CTP
Barry Callebaut	Novi Sad	Owner-occupied	15,000	Barry Callebaut

KEY LEASE / SALES TRANSACTIONS IN BELGRADE AND SERBIA 2021

PROPERTY	SUBMARKET / CITY	TENANT	SIZE OF DEAL	TYPE
CTPark Belgrade Centre	Belgrade, Kvantas	Tehnomanija	50,000	pre-lease
CTP Kragujevac	Kragujevac	Yangfeng Seating	30,000	pre-lease
CTPark Novi Sad	Novi Sad	Nidec	26,500	pre-lease
CTP Belgrade North	Belgrade, Novi Banovci	Milsped	20,000	lease
CTPark Belgrade West	Belgrade, Simanovci	Bosch	18,000	pre-lease
ThyssenKrupp	Indjija	Terra Production	17,000	sales
LogiStar / Sport Vision	Belgrade, Simanovci	Gorenje	3,700	lease
Transport Vozdovac	Belgrade, Vozdovac	Emotion	3,500	lease

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