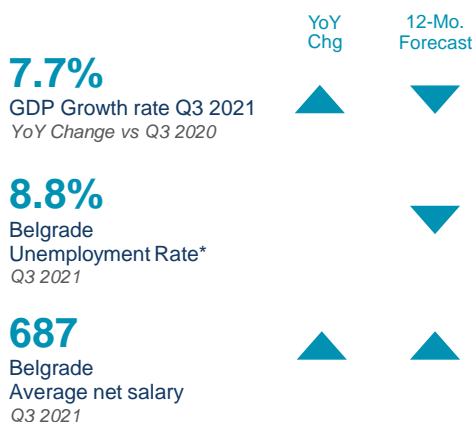


(Overall, All Property Classes)

## ECONOMIC INDICATORS



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

After the intensive development activity that occurred in the period 2017-2020, the year 2021 noted slightly slower trend with only two completed retail formats in Belgrade. Namely, after the completion of Nest retail park in the Belgrade municipality Obrenovac in Q2, the last quarter has witnessed the completion of WEST 65 totalling 11,000 sq m. This format is opened within established West 65 residential complex, which will complement the offer in this part of New Belgrade. With this opening, the modern total retail stock in Belgrade has reached the level of 555,000 sq m of GLA, or 334 sq m per 1,000 inhabitants.

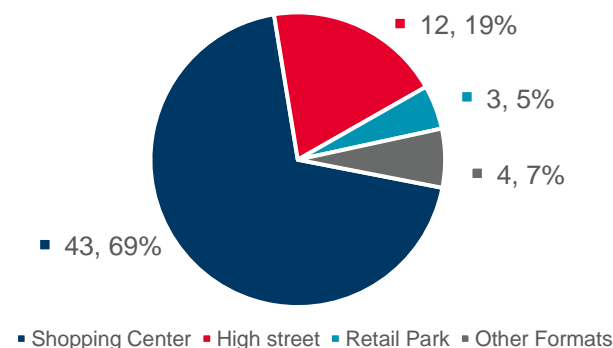
Looking at Serbian market as a whole, the interest among investors remains strong. Despite coronavirus, during 2021, four retail formats were completed elsewhere in Serbia and opened to the customers, including Delta Planet, the large western-type shopping centre of 30,000 sq m opened in the third largest Serbian city, the city of Nis. Well-established retail investor BIG CEE has expanded its retail park in the city of Novi Sad by additional 10,000 sq m, bringing new offer to the city, including the first Decathlon outside of Belgrade. In addition, two smaller retail formats were completed in Pirot and Leskovac of 8,000 and 5,500 sq m respectively, which together with the formats completed in Belgrade bring the annual completion to the level of 80,000 sq m. Consequently, the total modern retail stock in Serbia amounts to app. 1,150,000 sq m of GLA, or 160 per 1,000 inhabitants.

Although, e-commerce has boomed during the pandemic, since the consumers shifted from store visits to ordering from home. Still, traditional in-store shopping is still very present in Belgrade and Serbia and stores continue to recover to pre-pandemic levels, especially as the Covid-19 vaccine becomes available. Moreover, in-store experience is facing transformation as well, since the shopping centres are focusing on expanding their entertainment offer. An importance of physical stores, which provide an intimate and personalised aspect of shopping experience, is confirmed by the increased footfall in Belgrade shopping centres during 2021. However, high-street zones were under pressure during 2021, related to decrease in the number of tourist's arrivals, as well as expansion of online sales.

## PRICING

For several years in a row, the retail investment volume is high, which is confirmed in 2021 as well, when the total investment volume in retail segment in 2021 reached EUR 186 million. Namely, during the summer 2021, BIG Shopping centres has acquired two retail formats, Plaza Kragujevac shopping centre of 22,000 sq m and Krusevac retail park of nearly 9,000 sq m, for EUR 61 million in total. In addition, Delta City, one of the most popular shopping centres in Belgrade, was acquired by MPC Group for EUR 115 million in September 2021, to name a few. The constant activity along with the stable demand caused the further pressure on the yield levels, which currently range between 8.00-9.00% for the retail parks and 7.75-8.25% for modern shopping centres. The prime high street units command the yields in the range of 6-7%. Having in mind the recovery of demand after relaxation of measures, significant impact on rents and sales prices was not recorded, remaining rather stable.

## NEWCOMERS IN PERIOD 2017-2021





## KEY CONSTRUCTION COMPLETIONS IN BELGRADE AND SERBIA 2021

PROPERTY	SUBMARKET	TYPE OF SCHEME	SQ M GLA	DEVELOPER
Delta Planet	Nis	Western-Type Shopping Center	30,000	Delta Real Estate
West65 Mall	Belgrade	Neighbourhood Mall	11,000	PSP Farman
NEST Obrenovac	Belgrade	Retail Park	8,158	RC Reinvest
PULS Shopping Park	Piot	Retail Park	8,000	AB MARKET PIROT
Sajam Shopping Center	Leskovac	Neighbourhood Mall	5,500	Metla komerc

## PIPELINE PROJECTS IN BELGRADE AND SERBIA

PROPERTY	SUBMARKET	TYPE OF SCHEME	DEVELOPER	SQ M GLA	COMPLETION DATE
AVA Shopping Park	Belgrade	Retail Park	IKEA	30,000	2022
Obrenovac TC	Belgrade	Secondary SC schemes	Galens	3,000	2022
Stop.Shop - 2 <sup>nd</sup> phase	Vrsac	Retail Park	Immofinanz	2,000	2022

## KEY LEASE TRANSACTIONS IN 2021

PROPERTY	SUBMARKET	TENANT	SQ M	FORMAT
Zmaj Shopping Park	Belgrade	Crafter	10,000	Secondary SC schemes
Galerija Shopping Centre	Belgrade	Zara	3,650	Western-Type Shopping Center
WEST65 Mall	Belgrade	Forever Young	2,700	Neighbourhood Mall
Ava Shopping Park	Belgrade	LIDL	2,400	Retail park
BIG Fashion Park	Belgrade	Emmezeta	1,700	Retail Park

## KEY SALES TRANSACTIONS IN 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SQ M
Zemun Park - Retail Park	Belgrade	IBC / Marera Properties	15,000
SC Kragujevac Plaza; Krusevac Retail Park	Kragujevac; Krusevac	NEPI Rockcastle / BIG CEE	31,000
Delta City	Belgrade	Capital & Regional PLC, Hyprop (REIT) / MPC Properties	30,000



Delta Planet Nis, 30,000 sq m GLA

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