

MARKETBEAT BELGRADE

Industrial H1 2022



	YoY Chg	12-Mo. Forecast
2,470,000 sq m Belgrade total stock H1 2022 *	▲	▲
70,000 sq m Belgrade take-up H1 2022	▲	—
3.5-5 EUR/sq m Rental prices	—	—

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

ECONOMIC INDICATORS

	YoY Chg	12-Mo. Forecast
4.4% GDP Growth rate Q1 2022 YoY Change vs Q1 2021	▲	▼
8.6% Belgrade Unemployment Rate Q1 2022	▼	▼
770 Belgrade Average net salary Q1 2022	▲	▲

Source: Statistical Office of the Republic of Serbia

ECONOMY

Following the outbreak of the conflict in Ukraine and due to its negative effect and uncertainty regarding its duration, NBS has revised a projection of GDP growth for 2022 to a range of 3.5-4.5%, down from a range of 4-5%. The real GDP growth in the first quarter of 2022 stood at 4.4% y/y, driven by service sectors and industrial production. The prolongation of the energy crisis, further increase in food prices and raw materials, as well as deepening problems with global supply chains, resulted in high inflation, not just in Europe, but also globally. Consequently, an overall inflation in Serbia climbed further, amounting to 10.4% in May. After a peak in June/July, NBS forecast shows that an annual inflation should begin to decline and stand at around 8% at the end of 2022, while the return to the target tolerance band is expected in H2 2023. In response to growing inflation pressures, NBS increased the key policy rate, third month in a row. In April it was increased by 50bp to 1.5%, followed by further 50bp hikes in May and June to 2.5%.

SUPPLY AND DEMAND

The total stock of modern logistics space in Belgrade, along with the municipalities in its close proximity Stara Pazova and Pecinci, stands at app. 2,470,000 sq m, out of which logistics stock accounts for 70% of the total industrial supply. If we exclude Stara Pazova and Pecinci, Belgrade has only app. 1,230,000 sq m of industrial supply, whereas 67% is logistics and warehouse space, i.e., 825,000 sq m. Industrial supply in Stara Pazova amounts to nearly 700,000 sq m and 540,000 sq m is located in Pecinci. The total stock in Serbia slightly exceeds 5,000,000 sq m. In the first half of 2022, Belgrade industrial market was boosted by new 105,000 sq m of industrial space, out of which 35% was developed for speculative purposes, while the percentage of logistics space within new deliveries stands for 70%. New supply is mainly located around the network of major roads, in the settlements on Belgrade outskirts, such as Dobanovci and Batajnica, as well as Stara Pazova municipality. The largest developments in H1 2022 were the first phase of Nestle Adriatic S production facility in Surcin area, which will comprise 23,000 sq m upon completion of all phases. In the segment of logistics, Transfera has developed 30,000 sq m large facility in Novi Banovci for lease and Delta Real Estate completed warehouse and logistics project of 16,000 sq m in Nova Pazova.

New lettings (excluding owner-occupation deals) concluded in the H1 2022 in Belgrade industrial zones amount to app. 70,000 sq m of warehouse and logistics space. Share of pre-lease deals is on constant rise, amounting to app. 60% of the total take-up in the first two quarters of 2022. The largest deals recorded in mentioned period are Intereuropa, which contributed with 15,000 sq m in the CTP's Belgrade Nort project, while TLS Slovenia will occupy 12,000 sq m in Industrial Park Belgrade's sixth phase.

In addition to already present Czech CTP Group, one of the largest industrial developers in Central Europe, Serbian market witnessed the recent entrance of VGP Group, the developer of logistics and industrial parks across Europe. Namely, the Belgium-based investor is aiming to develop a large industrial park for speculative purposes in Belgrade's industrial zone Dobanovci. In late 2021, VGP purchased 114 ha of construction land for development of warehouse complex totalling 368,000 sq m.

RENTS AND YIELDS

The rents of modern logistics space in Belgrade and industrial zones in its close proximity (Pecinci and Stara Pazova) amount to EUR 3.5-5/sq m/month. Land prices for industrial land in Belgrade surrounding area vary between EUR 20-50/sq m, while the land suitable for commercial/retail development in Belgrade vicinity range between EUR 50-100/sq m, depending on the location, access, infrastructural amenities and development efficiency. The prime yield for modern logistics facilities in Belgrade industrial zones range between 8.00-9.00%, while the yields for modern production complexes amount to 8.50-9.50%

Tamara Kostadinovic

Head of Market Research

Airport City Belgrade, 11 Tadije Sodermajera St.,
11070 Belgrade, Serbia

Tel: +381 11 22 58 777

tamara.kostadinovic@cw-cbs.rs

[cushmanwakefield.com / cw-cbs.rs](https://cushmanwakefield.com/cw-cbs.rs)

CBS International, part of Cushman & Wakefield Group

©2022 All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.