

MARKETBEAT BELGRADE

Industrial H2 2022



CUSHMAN &
WAKEFIELD

CBS
INTERNATIONAL

YoY
Chg

12-Mo.
Forecast

2,702,963 sq m

Belgrade total stock in 2022 *



215,000 sq m

Belgrade take-up in 2022



4.0-5.5 EUR/sq m

Rental prices in H2 2022



8.0-9.0%

Yields for modern logistics



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

ECONOMIC INDICATORS

YoY
Chg

12-Mo.
Forecast

1.0%

GDP Growth rate Q3 2022

YoY Change vs Q3 2021



7.5%

Belgrade
Unemployment Rate
Q3 2022



801

Belgrade
Average net salary
Q3 2022



Source: Statistical Office of the Republic of Serbia

ECONOMY

According to Statistical Office of the Republic of Serbia, Serbian economy slowed down significantly in the third quarter of 2022 when the real GDP grew by only 1% y/y. Due to the factors from the international environment, the GDP growth projection for 2022 have been corrected downward and estimated to make the growth of 2.3%. In line with the expected slowdown in economic activity in Q4 and at the beginning of 2023, NBS have also corrected the growth for 2023, to the range of 2.0-3.0%. During the 2022, inflation was driven by food and energy prices and reached the 15.1% y/y in November. The inflation is expected to have a peak in Q1 2023, supported by announced increase of electricity and gas in January. According to the NBS estimation, the average inflation in 2023 will be at the level of 12.5% and it will return to the target tolerance band in H2 2024. Given that the inflation targets exceeded previous estimations, the NBS continued to tighten monetary conditions in December by increasing the key policy rate by 0.5 pp, to 5%.

SUPPLY AND DEMAND

The industrial market in Belgrade and the municipalities in its close proximity Stara Pazova and Pecinci continues to perform strongly in the second half of 2022. Namely, 300,000 sq m of new industrial space was delivered in this period. As a result, total Belgrade modern industrial stock (incl. Stara Pazova and Pecinci municipalities) has reached 2,700,000 sq m at the end of 2022, whereas 72% belongs to warehouse facilities and 28% to manufacturing. Looking at Belgrade market only, the total modern industrial supply amounts to 1.23 million square meters.

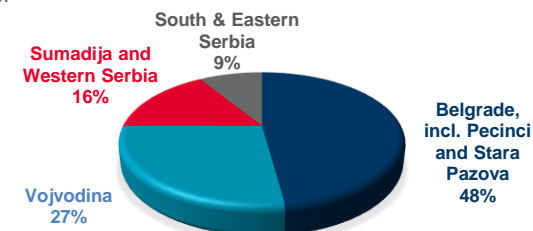
The share of the quality logistics space is improving constantly, supported by the entrance of large international developers. As the Czech CTP Group already established its position in Serbian market, Belgium-based VGP and Slovakian Besico should develop their first facilities during the 2023 and 2024. When it comes to the industrial market across Serbia, the total stock amounts to 5,600,000 sq m at the end of 2022, whereas 426,000 sq m are new completions. The share of warehouse/logistics space is 43%.

In terms of demand, industrial sector exceeded expectations and showed that is crisis-resistant. Moreover, COVID-19 disruptions created unique opportunities and triggered the growth of this market segment. The rise in e-commerce and online sales has played a key role in the increased activity on Belgrade industrial and logistics market during 2022. In addition, inflow of foreign investors from Russia and Ukraine had the impact, as well. The take-up figures (excl. owner-occupation deals) reached 145,000 sq m in H2 2022, while the total transaction volume in Belgrade (incl. Stara Pazova and Pecinci) in 2022 amounts to 215,000 sq m, representing a YoY increase of 79%.

The logistics and distribution companies had the highest share in the demand structure, around 60%. Occupiers continue to focus on the main industrial zones in Belgrade, such as Dobanovci, Batajnica and Surcin, as the key locations, while the most preferable locations remained industrial zones around Belgrade, such as Simanovci industrial zone in Pecinci municipality, as well as Nova Pazova and Novi Banovci in Stara Pazova municipality. Developers are searching for new opportunities for land acquisition in order to enlarge their portfolios, as well as newcomers. The announcement of the Ministry of Construction regarding the cancelation of land conversion an incentive measure should considerably accelerate the procedure of the construction of industrial facilities.

PRICING

The rents of modern logistics space in Belgrade and industrial zones in its close proximity slightly rose during 2022 to the range of EUR 4.0-5.5/sq m/month, as the result of stronger demand, increased construction costs and higher energy prices. Average land prices for industrial purposes in Belgrade surrounding area vary between EUR 25-50/sq m, while the land suitable for commercial/retail development in Belgrade vicinity range between EUR 50-100/sq m.



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PIPELINE PROJECTS IN BELGRADE AND SERBIA

INVESTOR / PROJECT	TYPE OF FACILITY	LOCATION / CITY	SUBMARKET / INDUSTRIAL ZONE	SIZE SQ M	STATUS	COMPLETION DATE
Linglong	Production	Vojvodina Region / Zrenjanin	Industrial zone Jugoistok-Ecka	393,660	Under construction	2025
CTP / CTPark Belgrade Center	Warehouse / Logistics	Belgrade Region / Belgrade	New Belgrade - Kvantas	136,000	Under construction	2023
Besico Park Belgrade North	Warehouse / Logistics	Vojvodina Region / Stara Pazova	Industrial zone Nova Pazova	46,000	Planned	2023 / 2024
Kemoimpex	Warehouse	Vojvodina Region / Indjija	Indjija Industrial zone	40,000	Under construction	2023
VGP - 1st phase	Warehouse / Logistics	Belgrade Region / Belgrade	Ugrinovci Industrial zone	20,000	Planned	2024
ZF Friedrichshafen	Production	Vojvodina Region / Pancevo	Industrial zone Severna	25,000	Under construction	2023
CTP / CTP Belgrade North - NBC 5	Warehouse / Logistics	Vojvodina Region / Stara Pazova	Industrial zone Novi Banovci	15,000	Under construction	2023

KEY CONSTRUCTION COMPLETIONS IN BELGRADE AND SERBIA IN 2022

PROPERTY	SUBMARKET / CITY	MAJOR TENANT	SQ M	OWNER / DEVELOPER
Toyo Tires Serbia	Indjija	Owner-occupied	117,000	Toyo Tire Corporation
Industrial Park Pobeda	Novi Sad	Lagermax	60,000	Marera Properties
LIDL Distribution centre	Lapovo	Owner-occupied	57,000	LIDL
Transfera - TLC 1	Stara Pazova / Novi Banovci	n/a	30,000	Transfera
CTPark Novi Sad - NVS 2	Novi Sad	Nidec	26,000	CTP
CTPark Belgrade North - NBC 3	Stara Pazova / Novi Banovci	Intereuropa	25,000	CTP
CTPark Belgrade West - SIM4	Pecinci / Simanovci	Bosch	20,000	CTP
Delta Distribution centre	Stara Pazova / Nova Pazova	Owner-occupied	16,000	Delta Real Estate
Industrial Park Belgrade 06	Pecinci / Simanovci	TLS Slovenia	12,000	Industrial Park Belgrade

KEY LEASE TRANSACTIONS IN BELGRADE AND SERBIA IN 2022

PROPERTY	CITY / INDUSTRIAL ZONE	TENANT	SIZE OF DEAL	TYPE
CTPark Belgrade Centar	Belgrade / Kvantas	Tehnomanija	57,000	Warehouse / Distribution
CTP Park Kragujevac	Kragujevac	Yanfeng	33,000	Production
JPAI HOME	Stara Pazova / Krnjesevci	Euroroad 011	26,000	Warehouse
Industrial Park Pobeda	Novi Sad / Petrovaradin	Lagermax	19,000	Warehouse / Logistics
CTPark Novi Sad - NVS3	Novi Sad / Radna zona Sever IV	Nidec	18,000	Production
CTPark Belgrade West - SIM5	Pecinci / Simanovci	Milsped	16,000	Warehouse / Logistics
Industrial Park Belgrade 06	Pecinci / Simanovci	TLS Slovenia	12,000	Warehouse / Logistics

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