

YoY Chg 12-Mo. Forecast

580,504 sq m

Belgrade Retail Stock Q4 2022

350 sq m

Per 1,000 inhabitants in Belgrade

7.75-8.25%

Belgrade Prime SC Yields Q4 2022

(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

EUR 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 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

With no new completions in late 2022, the total retail stock in Belgrade remains at the level of 580,000 sq m of GLA. Summarizing the whole year, Belgrade retail supply grew by app. 25,000 sq m, due to completion of three retail parks, all located in suburban municipalities. Throughout the previous year, the most active of all retail sectors was the retail park segment, a trend that will also continue in the forthcoming period. In terms of the future offer, Belgrade retail stock will be enriched by completion of four retail parks during 2023, while other Serbian cities such as Stara Pazova, Ruma, Loznica, Vrbas and Arandjelovac will witness development of retail park formats for the first time. At the end of 2022, Serbia has 1,184,862 sq m of GLA of the modern retail supply.

During 2022, there has been a strong leasing activity across Belgrade. The total take-up amounts to app. 45,000 sq m, out of which 77% are new leases. The most preferred retail scheme for tenants was retail parks, i.e., 56%, followed by shopping centres (40%). Several international brands entered Serbian market in 2022 within existing and newly opened retail schemes, as well as prime high street locations: Elisabetta Franchi, Karl Lagerfeld, Furla, s. Oliver, Colin's, DoGo, to name a few.

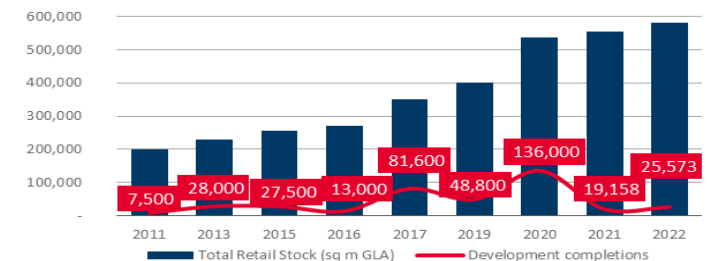
The pandemic era has led to certain changes in consumer behaviour across the globe and emerging trends included the development of online grocery platforms, increasing demand for click & collect, while retailers started to use different omnichannel models, selling on the social platforms, launching an online store, etc. Customer experience has become essential, and landlords are trying to follow the global trends and improve offer by providing additional benefits to the consumers, especially in food and beverage and entertainment segment. Additionally, operators such as Wolt and Glovo are constantly expanding their offer, from F&B to home decor and DIY categories, while 2022 saw the opening of their first ship-from-store concept stores.

Although the buyers and tourists returned to main pedestrian zones in Belgrade, which had a significant rebound in the footfall traffic, the second half of 2022 was marked by increasing trend of relocation of retailers to retail schemes instead of high street units, since they record a higher footfall.

PRICING

The leading Belgrade shopping centres maintain a rather stable level of rents during 2022, ranging between EUR 20-50/sq m/month, while the base rents for retail parks in Belgrade amount to EUR 8.5-12/sq m/month. Although the asking rental levels at the prime pedestrian locations are traditionally high and mostly stable, there are some exceptions in the form of rent reduction, considering the fact that shopping centres and retail parks became prime shopping destinations. It is particularly notable for retail units at the less attractive locations, where the asking rent price is reduced by 10-15%.

BELGRADE RETAIL MARKET DEVELOPMENT (SQ M GLA)





CONSTRUCTION COMPLETIONS IN BELGRADE AND SERBIA 2022

PROPERTY	SUBMARKET	TYPE OF SCHEME	SQ M GLA	DEVELOPER
AVA Shopping Park - 1st phase	Belgrade, Bubanj potok	Retail Park	18,000	IKEA
TCM Mladenovac - 2nd phase	Belgrade, Mladenovac	Neighborhood Mall	4,300	TCM
Retail park Obrenovac	Belgrade, Obrenovac	Retail Park	3,000	Divao Properties
STOP SHOP Vrsac - 2nd phase	Vrsac	Retail Park	2,000	Immofinanz

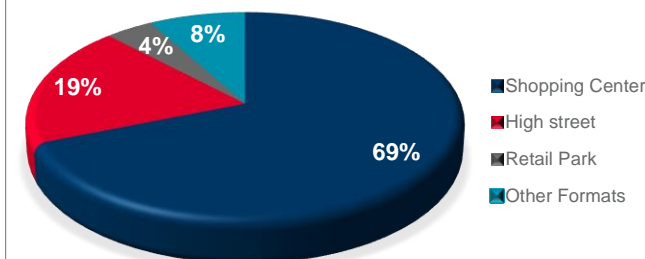
KEY PIPELINE PROJECTS IN BELGRADE AND SERBIA

PROPERTY	SUBMARKET	TYPE OF SCHEME	DEVELOPER	SQ M GLA	COMPLETION DATE
Retail Park Surcin	Belgrade, Surcin	Retail Park	RE Company	30,000	Q3 2023
BIG Pazova	Stara Pazova	Retail Park	BIG CEE	18,310	Q1 2023
Retail park Arandjelovac	Arandjelovac	Retail Park	Niksen Ltd	12,000	Q4 2023
AVA Shopping Park - 2nd phase	Belgrade, Bubanj potok	Retail Park	IKEA	10,000	Q4 2023
BIG Kragujevac	Kragujevac	Retail Park	BIG CEE	8,000	Q3 2023
Delta Planet - 2nd phase	Nis	Western-type SC	Delta Real Estate	8,000	Q1 2024
Retail park Vrbas	Vrbas	Retail Park	VS Retail 2022	5,000	Q2 2023

KEY LEASE TRANSACTIONS IN BELGRADE AND SERBIA IN 2022

PROPERTY	SUBMARKET	TENANT	SQ M	FORMAT
Kragujevac Delta Park	Kragujevac	Delhaize	3,000	Retail Park
AVA Shopping Park	Belgrade	LIDL	2,397	Retail Park
BW Galerija	Belgrade	H&M	2,100	Western-type SC
Big Box Uradi Sam	Krusevac	Uradi Sam	1,800	Big Box
Delta Planet Nis	Nis	Decathlon	1,700	Western-type SC
TCM Mladenovac	Belgrade	LC Waikiki	1,420	Neighborhood Mall
AVA Shopping Park	Belgrade	JYSK	1,371	Retail Park

NEWCOMERS IN PERIOD 2017-2022



Source: CBS International, part of Cushman & Wakefield Group

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