



(Overall, All Property Classes)

ECONOMIC INDICATORS



Source: Statistical Office of the Republic of Serbia

ECONOMY

Serbia has successfully maintained economic stability and garnered confidence from both consumers and investors. This is evident in the cumulative real GDP growth from 2020 to 2023, which reached approximately 12%. In Q3 2023, real GDP growth stood at 3.6% year-on-year, and expectations for the entire year of 2023 is 2.5%. The projected GDP growth for 2024 ranges from 3% to 4%, with a medium-term expectation of returning to pre-crisis growth rates of 4% annually. Inflation, having followed a declining trajectory since April, returned to a single-digit level in October and further decelerated to 7.6% year-on-year in December. Projections indicate a continued decrease in inflation throughout the forecast period, with an anticipated return to the target tolerance band by mid-2024 and an approach to the central point of the target by the end of that year.

SUPPLY AND DEMAND

The absence of new completions in Q4 2023 has kept the modern retail stock in Belgrade at the same level, maintaining a total of 580,000 sq m of GLA, encompassing 30 modern retail formats. Investigating the overall retail offer in Belgrade highlights a predominant prevalence of Western-style formats, comprising 7 schemes and 53% of the total stock, which is largely attributed to the considerable sizes of these properties. Alongside, the retail park segment has experienced the most significant expansion in recent years in terms of the number of formats i.e. 8 schemes and 20% of the total Belgrade retail stock. After substantial development up to early 2022, the retail market in Belgrade is currently undergoing rather limited development activity, marked by the construction of only two retail parks. This construction will result in a 40,000-square-meter increase in the retail supply in 2024.

With 1,226,168 sq m of modern retail stock at the end of 2023, Serbia has app. 170 sq m per 1,000 inhabitants. In many developed European countries, retail density varies between 250-500 sq m, therefore Serbia could be considered less developed than the rest of the region. Looking at the retail density across the 22 cities in Serbia, the most developed market is Indjija, but still in line with the average numbers, while on the contrary, Smederevo stands out as the least developed city in Serbia in terms of retail density. The potential for new developments exists in the majority of Serbian cities.

MODERN RETAIL STOCK PER 1,000 INHABITANTS IN KEY SERBIAN CITIES



Leasing activity in Belgrade remained stable in Q4 2023. The leased area approached 18,000 sq m during this period, contributing to a total demand of 57,000 square meters in 2023. On a broader scale in Serbia, the demand exceeded 110,000 square meters. Notably, shopping centres and retail parks have emerged as the preferred choice for retailers, while the high street is predominantly occupied by food and beverage operators, service providers, and more budget-friendly brands.

MARKET STATISTICS Q4 2023

CITY	RETAIL STOCK (SQ M GLA)	DENSITY (RETAIL STOCK PER 1,000 INH.)	RETAIL PIPELINE (SQ M GLA)	AVERAGE PRIME RENT (€/sqm/month)
Belgrade	580,000	350	42,000	48-50*
Novi Sad	124,400	364	-	20-35
Nis	76,600	294	8,000**	18-30
Kragujevac	65,216	363	-	15-30
SERBIA TOTAL	1,226,168	171	93,000	

*For units up to 150 sq m on the ground floor

** Planned expansion

CONSTRUCTION COMPLETIONS IN BELGRADE AND SERBIA 2023

PROPERTY	SUBMARKET	TYPE OF SCHEME	SQ M GLA	DEVELOPER
STOP SHOP S. Mitrovica 2nd phase	Sremska Mitrovica	Retail park	2,300	CPI Property Group
NEST Vrsac - 2nd phase	Vrsac	Retail Park	2,800	RC Europe RSB
NEST Obrenovac - 2nd phase	Belgrade, Obrenovac	Retail Park	2,848	RC Europe RSB
Bor Retail Park	Bor	Retail Park	4,400	Bor Properties doo
Retail Park Vrbas	Vrbas	Retail Park	5,000	VS Retail 2023
BIG Pazova - 1st phase	Stara Pazova	Retail Park	18,000	BIG CEE
BIG Kragujevac	Kragujevac	Retail Park	7,000	BIG CEE

Source: CBS International, part of Cushman & Wakefield Group

KEY ONGOING PROJECTS IN BELGRADE AND SERBIA

PROPERTY	SUBMARKET	TYPE OF SCHEME	DEVELOPER	SQ M GLA	DELIVERY YEAR
NOVA Retail Park	Kula	Retail Park	GO SHOP Retail Park	15,800	2024
NOVA Retail Park	Ub	Retail Park	GO SHOP Retail Park	11,500	2024
NOVA Retail Park	Ruma	Retail Park	GO SHOP Retail Park	12,200	2024
AVA Shopping Park - 2nd phase	Belgrade, Bujanj potok	Retail Park	IKEA	10,000	2024

Source: CBS International, part of Cushman & Wakefield Group

PRICING

The prominent shopping centres in Belgrade have maintained stable average rent levels throughout 2023, ranging from EUR 23-28/sq m/month. Simultaneously, the prime rents for the most appealing schemes have remained in the range of EUR 48-50/sq m/month. In the retail parks segment, prime rents have remained steady in 2023, ranging from EUR 8.5-12/sq m/month. Prime pedestrian locations traditionally command high asking rental levels, and these levels generally remained stable in Q4 2023.

A decline in investment activity was noticeable during 2023, although a few transactions have been noted in certain retail formats, particularly in the big box and retail park segment. The most significant transaction in 2023 is the acquisition of the two retail parks, NEST Obrenovac and NEST Kraljevo of app. 20,000 sq m by Israeli BIG CEE. Yields for premium shopping centres have contracted to the range of 8.00-8.50%. Retail parks mark yields in the range of 8.25-9.00%, while Retail Warehouse/Big Box formats indicate yields in the range of 8.50-9.00%.

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