

Belgrade Industrial, H1 2017

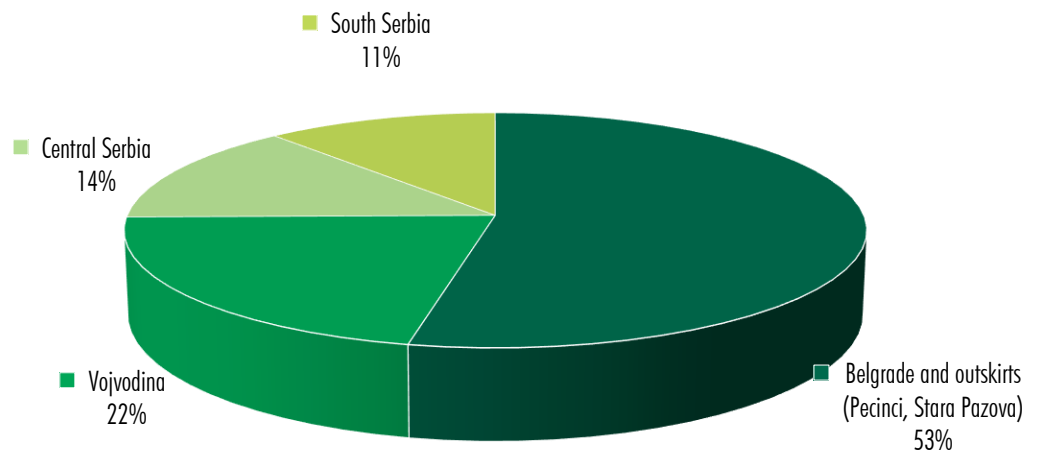
Excellent opportunities for industrial and logistics developments

▲ Total stock Serbia
1,600,000 sq m

▲ Total stock Belgrade
830,000 sq m

*Arrows indicate change from the previous year.

Chart 1 – Total Industrial stock per regions



Source: CBS International, part of the CBRE Affiliate Network
GBA - Gross Building Area

H1 2017 SUMMARY

- In order to attract new investments, Serbian authorities have been working to create incentives programs and to promote investment opportunities of the country
- American Ametek opened a new factory in Subotica, totaling 10,000 sq m, while German Leoni opened its third factory in Serbia, in Nis industrial zone, comprising 22,000 sq m
- Japanese Yazaki has completed its factory in the city of Sabac, totaling 30,000 sq m. The opening is scheduled for September 2017
- The rental prices of modern industrial space usually range between EUR 3-5/sq m/month, the older facilities that lack modern features command the prices of EUR 2-3/sq m/month

SUPPLY

The total modern logistics stock in Serbia is app. 1.6 million sq, whereas Belgrade and the settlements in its vicinity hold the major share in the total Serbia stock, amounting to over 800,000 sq m.

In order to attract new investments, local governments were creating incentives programs, such as tax exemptions, incentives for creation of new jobs, local allowances and incentives (free land, lower fees for the establishment of the company, tax deductions for the improvement of the environment) as well as financial incentives, which makes other parts of Serbia also interesting for the foreign investors.

Serbian Government has signed an agreements on the construction of a two new industrial parks. China Road and Bridge Corporation is planning to develop the largest industrial park in this part of Europe, on the left side of the Danube, close to Pupin's Bridge, while the HBIS Group signed an agreement with Serbian Government on development of Chinese-Serbian industrial park in Smederevo, occupying around 500 ha. In addition to already existing industrial zones, Indjija and Pecinci municipalities have announced the construction of new ones.

As per the investments in the distribution sector, German LIDL has completed its distribution center in Stara Pazova municipality and is waiting for usage permit.

RENTAL LEVELS

The rental prices of modern logistics space usually range between EUR 3-5/sq m/month, depending on the quality, size and features of the property. More sophisticated premises usually exceed this level thanks to highly advanced amenities and limited offer on the market.

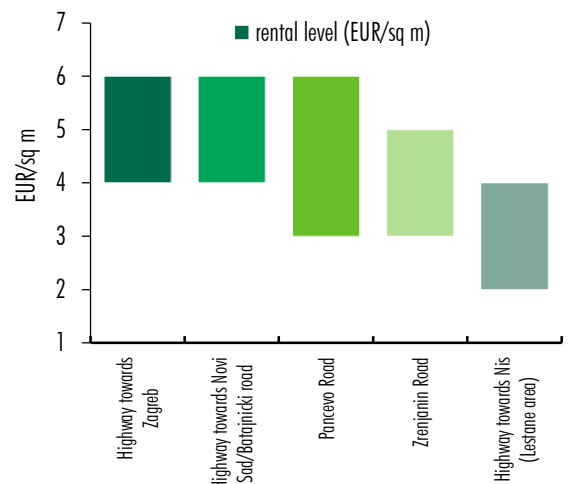
The rental levels in older facilities that lack modern features vary between EUR 2-3/sq m/month.

When it comes to the manufacturing sector, American Ametek opened a new factory in Subotica, totaling 10,000 sq m, while German Leoni has opened its third factory in Serbia, in the industrial zone of the city of Nis, amounting to 22,000 sq m.



After completion of its second operating facility in Ruma, French Hutchinson is aiming to open two more facilities in Serbia by the end of 2020. Japanese Yazaki has completed the factory in Sabac and the opening is scheduled for September 2017. The total area of this production facility will amount to 30,000 sq m. In terms of the future investments, Quass announced plans to construct a new factory of 5,000 sq m in Indjija, while Filipino IMI has selected Niska Banja for their first facility of 12,000 sq m.

Chart 2 - Rental levels (EUR/sq m)



Source: CBS International, part of the CBRE Affiliate Network

LAND

After several years which lacked any larger land transactions due to the limited demand with only few distressed assets marketed for sale, as of 2015 and throughout 2016, the positive tendency in this property segment has started, with a number of construction land lots in Belgrade being sold, as well as in the cities in Serbia, such as Novi Sad, Krusevac, indicating the recovery in this segment of the market.

Land prices for industrial land in Belgrade surrounding area and in the key towns in Serbia vary between EUR 10-30/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 prices for land suitable for commercial developments in central Belgrade area range between EUR 200-300/sq m of GBA, while the locations in wider Belgrade area command lower prices, set between 50-100/sq m of GBA. The prices of the land for residential development in central Belgrade area vary between EUR 400-800/sq m of GBA, while in the wider Belgrade area sales prices are set between EUR 100-300/sq m of GBA.



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