

RESEARCH REPORT

Belgrade Retail Market

HOT TOPICS

- At the end of Q3 2015, the share of the retail park formats equals 28% of the total stock of 560,000 sq m, as compared to the share of 8% recorded in 2013
- The most recent opening was recorded in the city of Zrenjanin, where Aviv Arlon opened the retail scheme Aviv Park Zrenjanin of 25,000 sq m

Serbia essentials

Population (Census 2011)	7,186,862
Average salary (EUR) September 2015	365
Average Household Expenditure (EUR) Q2 2015	480
Unemployment rate (Labor Force Survey – Q2 2015)	17.9%
GDP Q2 2015 (y-o-y)	1.0%
CPI September 2015 (y-o-y)	1.4%

Belgrade essentials

Population (Census 2011)	1,659,440
Average salary (EUR) September 2015	458
Average Household Expenditure (EUR) Q2 2015	554
Unemployment rate (Labor Force Survey – Q2 2015)	18.5%

Source: Statistical Office of the Republic of Serbia

SHOPPING CENTERS

Even though the opening of Zemun Retail park of app. 16,000 sq m in May 2015 has increased the total retail stock to the level of 245,000 sq m or 148 sq m per 1,000 inhabitants, Belgrade still could be considered as less developed retail destination as compared to the regional capitals. Having in mind that Belgrade retail stock includes all types of assets: Western-style shopping centers, neighborhood malls, retail parks, department stores and secondary shopping centres, the volume of Western-style space only totals app. 105,000 sq m GLA, split between three malls.

Several active retail projects indicate the solid increase of the stock in the forthcoming period. The opening of Aviv Arlon's scheme Aviv Park Zvezdara is scheduled for the beginning of November 2015, which will boost the city's retail supply by new 11,500 square meters. By 2017, Belgrade should be enriched by two new shopping malls, Rajiceva Shopping Center and Belgrade Plaza. Being developed along the main pedestrian zone Knez Mihajlova street, Rajiceva Shopping Center will comprise app. 15,300 square meters of GLA and more than 80 stores.

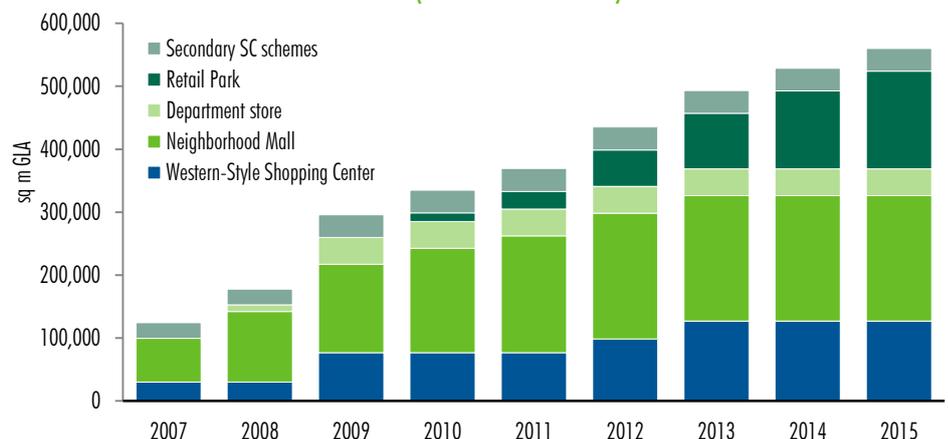
In addition, Israeli company Plaza Centers recently commenced the preparatory works on its shopping center Belgrade Plaza, which should hold 32,500 sq m of GLA. Upon the completion of these formats, Belgrade total retail stock will surpass the level of 300,000 sq m of GLA.



Although facing stronger development at the moment, Belgrade remains very attractive location among the investors, as it can absorb higher shopping centre provision rates due to its size. A few large-scale projects were announced for development, such as Delta Planet, which presumes 70,000 sq m of GLA and 250 units more, or shopping center being planned within immense Belgrade Waterfront complex, envisaging 140,000 sq m of GBA.

When considering the retail market throughout Serbia, the trend of intensive construction of retail park formats continues. At the end of Q3 2015, the share of the retail park formats equals 28% out of the total stock of 560,000 sq m, as compared to the share of 8% recorded in 2013.

SERBIA TOTAL RETAIL STOCK (SQ M OF GLA)



Source: CBS International, part of the CBRE Affiliate Network

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Q3 2015

Within the retail park segment, the most recent opening was recorded in the city of Zrenjanin, where Aviv Arlon opened the retail scheme Aviv Park Zrenjanin of 25,000 sq m. Numerous new brands were introduced to the market, such as H&M, C&A, NewYorker, Deichmann, etc.

Following the opening of Stop.Shop format of 6,300 sq m in the city of Cacak, Austrian Immofinanz Group has selected Nis and Subotica for further expansion of their network, with the schemes of 13,500 and 10,000 sq m which should be realized respectively. Subotica has also been acknowledged by the local developer MPC Properties as a prospective retail destination where they have been actively working on their new retail scheme of 10,000 sq m.

In terms of the newcomers, CineStar Cinemas, the brand behind the largest German cinema operator, will open the first cinemas in Pancevo and Zrenjanin, within Aviv Park, followed by the third large multiplex, scheduled for completion in Q1 2016 within BIG CEE Shopping Mall in Novi Sad. In addition, Polish shoe retailer CCC and mixed-fashion retailer LPP are among the international names expected to enter the Serbian market.

RETAIL WAREHOUSE

Although in the recent period the food operators have slowed down the development pace, the furniture operators are noting an ascending trend. After the opening of Emmezeta furniture store, the domestic operator Forma Ideale opened 5,000 sq m-large store within renovated Extra Center, which totals 11,500 sq m and includes household equipment stores, such as: Galerija podova, Techno Mag and Dormeo.

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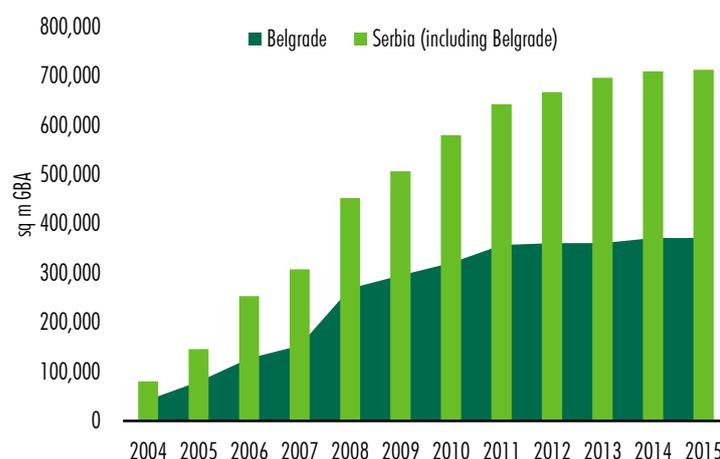
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PRIME RENTS (EUR/SQ M)

Location	Size of units		
	<150 sq m	150 - 500 sq m	> 500 sq m
Knez Mihailova Street	Up to 100	60-80	40-60
Terazije Square/Kralja Milana Street/Kralja Aleksandra Blvd	45-60	30-45	20-30
Secondary high street (Pozeska, Gospodska)	35-45	25-35	Up to 25
Modern Shopping Centres	50-70	35-50	Up to 35

Source: CBS International, part of the CBRE Affiliate Network

RETAIL WAREHOUSE STOCK



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