

SERBIA

Retail Market Snapshot

Second Quarter | 2018



Overview

According to the Statistical Office of the Republic of Serbia, GDP grew by 4.6% in the first quarter of 2018, in comparison with the corresponding period in 2017. In terms of the household expenditure in Serbia, it amounted to EUR 537 in Q1 2018, marking an increase of 3.7% as compared to Q1 2017.

Occupier focus

The demand for high street destinations remains high, since many brands, already present in the market, have decided to expand their retail network by opening new stores in the main pedestrian zone. New Calzedonia and Intimissimi store will be opened in Knez Mihailova Street during the summer, as well as new LPP's Reserved and Mohito store. IKEA's showroom of 900 sq m was opened in May 2018 in Knez Mihailova Street.

Japanese furniture and household goods chain Miniso entered Serbian market, by opening its first store in Stadion Shopping Center, while new locations in several cities across Serbia are announced for opening. Swedish H&M has opened its thirteen store in Serbia, in Capitol Park Sabac. Moreover, one of the most recognized coffee companies and coffeehouse chains, American Starbucks has announced its entrance to Serbian market, as well as one of the worlds's largest sports chain Decathlon.

The expansion of several existing schemes is planned, i.e. British investor Poseidon Group is aiming to expand its Capitol Park Rakovica by additional 2,300 sq m. Also, South-African NEPI Rockcastle announced its plans to enlarge Kragujevac Plaza shopping center by additional 10,000 sq m.

Developer focus

In Q2 2018, Serbian modern retail stock remained unchanged, standing at the level of app. 732,000 sq m of GLA. Belgrade retail stock comprises 345,000 sq m of GLA, out of which only four formats are considered to be modern western-style shopping centers, totaling app. 137,000 sq m GLA. With two large-scale projects currently in the construction phase, GTC's Ada Mall and BW Galerija shopping center, Belgrade retail offer will be enlarged by additional 127,000 sq m GLA in the next two years.

After the opening of two retail parks in Q1 2018, Poseidon Group has commenced the preparation works on its fourth retail park in Serbia, in the city of Leskovac, intending to open ten retail parks by the end of 2020. Austrian Immofinanz, Czech RC Reinvest and South-African NEPI Rockcastle also announced new projects, proving that the retail parks segment will continue to experience intensive development in the forthcoming period.

Outlook

Due to the low vacancy in the existing shopping centers and almost zero vacant space at prime locations, retailers are looking for new locations, targeting new retail schemes planned to be delivered in the upcoming period.

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MARKET INDICATORS

Prime Rents: Stable but growth possible in prime locations.

Prime Yields: No significant change in prime yields is expected.

Supply: Serbian market keeps attracting the investors, as the numerous projects are announced for development

Demand: High demand both in prime and secondary locations

Prime Retail Rents (EUR/sq m) - June 2018

BELGRADE HIGH STREET ZONE	SIZE OF UNITS (SQ M)		
	<150	150-500	>500
Knez Mihailova Street	Up to 100	60-80	40-60
Terazije Square/ Kralja Milana Street/ Kralja Aleksandra Boulevard	45-60	30-45	20-30
Secondary High Street (Pozeska, Gospodska)	35-45	25-35	Up to 25
Modern Shopping Centers	50-70	35-50	Up to 35

Retail Projects – under construction and planned

LOCATION	PROJECT	SIZE GLA SQM	STATUS
Belgrade, Cukarica	Ada Mall	34,000	under construction
Belgrade, City Center	BW Galerija	93,000	under construction
Krusevac	NEPI Retail park	10,000	under construction
Novi Sad	NEPI Promenada	47,000	under construction
Sabac	NEPI Retail park	8,000	under construction
Sremska Mitrovica	Stop.Shop	7,000	under construction
Leskovac	Capitol Park	8,300	preparation phase
Belgrade, New Belgrade	West 65	17,000	planned
Belgrade, Obrenovac	RC Reinvest Retail park	10,000	planned
Belgrade, Vidikovac	BIG Fashion Vidikovac	65,000	planned
Belgrade, Zvezdara	MPC IPM	44,000	planned
Nis	Delta Planet	40,000	planned



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