

Overview

The industrial production in the Republic of Serbia increased by 5.2% in the period January - April 2018, as compared to the corresponding period of 2017. If we analyze per sections, electricity, gas, steam and air conditioning supply recorded the highest growth of 11.4%, followed by manufacturing, which noted an increase of 3.9% and mining, which recorded the growth of 2.5%. The inflow of foreign direct investment (FDI) into Serbia rose to EUR 2.5 billion in 2017, from EUR 1.8 billion marked in 2016.

Investor focus

In the first half of 2018, the local company Agromarket, one of the leading suppliers on the pesticides market in Serbia, has opened the distribution and logistics center of 15,000 sq m in Indjija industrial zone, while German company Leoni has opened a new production facility of 20,000 sq m in Nis industrial zone. Leoni, which produces an optic fibers and cables, opened its fourth industrial facility in Serbia since 2009, being one of the ten largest exporters. LIDL Serbia's logistics center of 45,000 sq m was recently opened in Nova Pazova Municipality, while the openings of the LIDL retail stores across Serbia are expected by the end of the year. New deliveries have pushed Serbian total stock to the level of app. 1,700,000 sq m, whereas Belgrade industrial stock has exceeded the level of 910,000 sq m.

When it comes to the prime industrial yields, they remained stable and range between 11-12%.

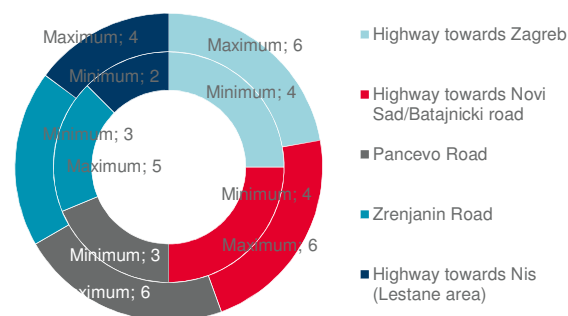
Occupier focus

The majority of industrial facilities are built for the own-occupation purposes or as per specific client's needs, therefore, the speculative market is still rather limited.

Outlook

Development activity remains high, as numerous projects are announced for development, while several facilities are in the construction phase. After the opening of a new facility in Nis, German company Leoni is planning to develop another production facility in Serbia, in the city of Kraljevo. The construction of a new facility, which will occupy app. 65,000 sq m, should commence in late 2018. The whole investment will be completed in late 2019. After the opening of the production facility of 38,000 sq m in Obrenovac Municipality in 2016, Chinese producer of car and engine components Mei Ta has commenced the construction of its second facility in Obrenovac industrial zone. The new facility will cover 55,000 sq m and it is expected to be completed in six to eight months. The investor is also considering the development of the logistics center in the third phase. The Austrian company Zumtobel Group continues the construction of its production facility in the city of Nis, which will hold 40,000 sq m. The opening is scheduled for September 2018. Several cities across Serbia will witness the expansion of their industrial zones.

Industrial Rents – Jun 2018 (EUR/sq m)



Pipeline projects – Mid-2018

| INVESTOR | TYPE OF FACILITY | LOCATION | SIZE | STATUS |
|--------------------|------------------|--------------|--------|--------------------|
| Mei Ta | Production | Obrenovac | 55,000 | Under construction |
| Zumtobel Group | Production | Nis | 40,000 | Under construction |
| EyeMaxx | Logistic | Novi Banovci | 30,000 | Under construction |
| Essex | Production | Zrenjanin | 15,000 | Under construction |
| ZF Friedrichshafen | Production | Pancevo | 50,000 | Under construction |
| Delphi | Production | Leskovac | 25,000 | Under construction |
| HealthCare Europe | Production | Ruma | 10,000 | Under construction |
| IMI | Production | Niska Banja | 14,000 | Under construction |
| Leoni | Production | Kraljevo | 65,000 | Planned |
| MV Invest | Production | Zrenjanin | 12,000 | Planned |
| Zlatibor gradnja | Production | Indjija | 12,000 | Planned |
| Prica | Logistic | Indjija | 4,000 | Planned |

Source: CBS International, part of Cushman & Wakefield Group