

RESEARCH REPORT

Belgrade Retail Market

CBRE | Serbia

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Q1 2015

HOT TOPICS

- After a few years with limited construction activities, Belgrade Retail Market entered the active phase in terms of new developments
- In Q1 2015, the total retail stock remained at the level of 230,000 sq m of GLA

Serbia essentials

Population (Census 2011)	7,186,862
Average salary (EUR) March 2015	358
Average Household Expenditure (EUR) 2014	464
Unemployment rate (Labor Force Survey – Q4 2014)	16.8%
GDP Q4 2014 (y-o-y)	-1.8%
CPI March 2015 (y-o-y)	1.9%

Source: Statistical Office of the Republic of Serbia

Belgrade essentials

Population (Census 2011)	1,659,440
Average salary (EUR) March 2015	453
Average Household Expenditure (EUR) 2014	533
Unemployment rate (Labor Force Survey – Q4 2014)	15.9%

Source: Statistical Office of the Republic of Serbia

SHOPPING CENTER STOCK

Since as of 2013 Belgrade retail market saw no new developments, the total retail stock remained at the level of 230,000 sq m, i.e. 140 sq m per 1,000 inhabitants. Furthermore, the total retail stock consists of all types of retail schemes: western-style shopping centers, neighbourhood malls, department stores and secondary shopping center schemes (stand-alone objects of min. 5,000 sq m with large share of hypermarket and retail gallery), whereas only three shopping centres (app. 105,000 sq m GLA) could be considered as western-style shopping centers.

TOTAL RETAIL STOCK (SQ M OF GLA)



Source: CBS International, part of the CBRE Affiliate Network

Having in mind that the opening of Zemun Retail park is scheduled for May 2015, the second quarter of 2015 will witness the increase in retail stock of nearly 16,000 sq m of GLA, which is developed as the first phase. As per the investor's plans, the construction works will continue on the second phase which will total 5,000 sq m. Once completed, the retail park Zemun should comprise 30,000 sq m of GBA. Israeli investor Aviv Arlon continues the construction works on Aviv Park Belgrade, located in Zvezdara municipality, which will comprise 11,000 sq m. In addition, Belgrade notes the continuation of construction works on Rajiceva Shopping Center which will encompass 15,000 sq m of GLA and which will be located along the main pedestrian zone, Knez Mihajlova street.

Over the last few years, retail parks have become the most attractive retail formats among developers across Serbia, since they require lower initial investment. Therefore, the further increase in the total stock will be supported by the opening of Immofinanz Group's Stop.Shop. Retail park in Cacak of 6,300 sq m, scheduled for the opening on April 30rd 2015. The following brands are at tenants' disposal: DIS hypermarket, Lilly Drogerie, Djak, Takko Fashion and Deichmann. After Cacak, Immofinanz Group selected Subotica and Nis to develop similar retail schemes of app. 7,300 sq m and app. 13,500 sq m, respectively. Aviv Arlon continues the construction works on their retail park in Zrenjanin holding 32,000 sq m of GBA.

After a certain delay, a local company Delta Holding recently announced the commencement of construction works on the shopping center Delta Planet, planned for late 2015. Once completed, Delta Planet will become the largest shopping centre in the country, covering 180,000 sq m of GBA with more than 250 units envisaged.

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In terms of the new offer, Nike and Weekend Max Mara both opened shops in Usce Shopping Center, while Stadion Shopping Center welcomed Via Spiga, VIP and Calzedonia. Also, Belgrade is expecting the entrance of Turkish fashion brand LC Waikiki in the prospective period. Due to the stable demand and limited offer of retail destinations, the prime shopping centers record almost no vacancy. The vacancy rate on the market as a whole stands between 3-5%, due to the vacant space in less attractive retail schemes.

HIGH STREET RETAIL

The first quarter of 2015 marked the decline in vacancy rates, due to the stable demand. In terms of the newcomers, the prestigious Italian brand LIST, part of LIST Fashion Group, opened its first store in Serbia, located in the main pedestrian zone, of Knez Mihailova Street.

RETAIL WAREHOUSE

One of the largest food retailers in Serbia DIS further expanded its network. Within the Stop.Shop Retail park in Cacak, DIS opened the store of app. 4,000 sq m. German Metro Cash & Carry resized its store in Subotica, by the opening of smaller concept of 2,000 sq m.

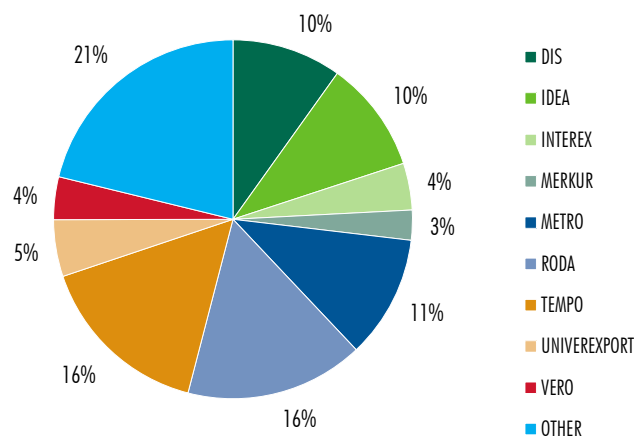
As per the latest information, IKEA received the location permit for the first department store in Belgrade, which should be located in Bubanj Potok, while German LIDL continues the search for new locations, since they target to open several stores across the country simultaneously.

PRIME RENTS (EUR/SQ M)

Location	Size of units	
	< 150 sq m	> 150 sq m
Knez Mihailova Street	Up to 100	40-60
Terazije Square/Kralja Milana Street/Kralja Aleksandra Blvd	45-60	30-40
Secondary high street (Pozeska, Gospodska)	25-40	20-30
Modern Shopping Centres	50-70	15-60

Source: CBS International, part of the CBRE Affiliate Network

THE RETAIL WAREHOUSE STOCK PER OPERATORS



Only stand-alone properties larger than 1,000 sq m are included in the total stock
Source: CBS International, part of the CBRE Affiliate Network

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