

RESEARCH REPORT

Belgrade Retail Market

CBRE | Serbia

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Q2 2014

HOT TOPICS

- Capitol Park was officially opened on April 3rd in Sabac, featuring 17 retail units, ranging from 109 to 3,000 sq m
- The Croatian Agrokor Group closed the acquisition of 53-percent stake in Slovenian retail chain Mercator, thus becoming its majority owner. The total value of the transaction amounts to EUR 544 million

Serbia essentials

Population (Census 2011)	7,186,862
Average salary (EUR) June 2014	388
Average Household Expenditure (EUR) Q1 2014	477
Unemployment rate (Labor Force Survey – Q2 2014)	20.3%
GDP Q2 2014 (y-o-y)	-1.1%
CPI July 2014 (y-o-y)	2.1%

Belgrade essentials

Population (Census 2011)	1,659,440
Average salary (EUR) June 2014	482
Average Household Expenditure (EUR) Q1 2014	571
Unemployment rate (Labor Force Survey – Q2 2014)	18.3%

Source: Statistical Office of the Republic of Serbia

SHOPPING CENTER STOCK

According to global CBRE annual research ("How Global is the Business of Retail") on the presence of leading international brand retailers, in 2014 Serbia's positioned at 46th place on the global list, with 19% of share. Croatia is ranked at 39th place with 25% of share. Belgrade itself holds 114th place, among 188 cities which participated in the research across the world.

The total retail stock in Belgrade remained unchanged at the end of Q2 2014, standing at app. 230,000 sq m of GLA, which includes all types of retail schemes: western-style shopping centers, neighbourhood malls, department stores and secondary SC schemes. At the moment, Belgrade retail stock comprises only three modern western-style shopping centers (in total app. 105,000 sq m GLA).

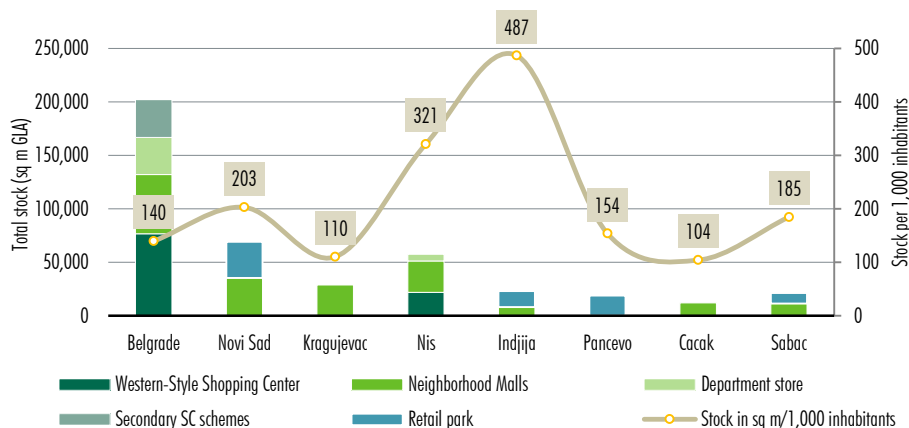
In terms of the new developments, the opening of Retail park One in Zemun, is scheduled for Spring 2015. The retail scheme of 15,000 sq m being developed by Israeli investor IBC will host brands such as: Univerexport, Homecenter, Metro shoes, Baldino, Djak Sport, N Sport, Lilly, T-Group, Magaza, Celestino.

In addition, Aviv Arlon intends to develop a retail park in Belgrade, in Zvezdara municipality totaling 11,000 sq m GLA. Belgrade retail market should also witness the development of Capitol Park Rakovica of 20,000 sq m.

In city of Sabac, Poseidon Property's retail scheme Capitol Park totaling 9,700 sq m, with 17 stores was opened in April 2014, comprising brands such as Tempo, C&A, NewYorker, JYSK, Deichmann, Takko Fashion etc.



The construction works on Vivo shopping park Jagodina are underway. The project will comprise 10,000 sq m with app. 30 stores, while the opening is expected in late 2014. Slovenian company Toming targets Cacak to open its first retail scheme of 7,000 sq m. Austrian Immofinanz Group is also looking for locations for retail park development. At the moment, their scheme Stop.Shop of 11,000 sq m is planned for development in Subotica. Subotica should also witness the development of 10,000 sq m large retail park, planned by MPC.



Source: CBS International, part of the CBRE Affiliate Network

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HIGH STREET RETAIL

One of the largest franchise retailers Al-Hokair Group has acquired Delta Fashion Serbia, enlarging their portfolio in Serbia for brands Monsoon, Accessorize, Aldo shoes, Sergent Major and Costa Coffee. At the moment, the group is looking for further expansion throughout Serbia and the region, planning to introduce a number of new brands to the market.

Belgrade prime high street zone experienced the intensive changes in the previous period. H&M set the opening of its first high street store of 2,500 sq m in Knez Mihajlova street for September 2014, TimeOut and Garinello changed their locations while Telekom Srbija became new tenant, all indicating that Knez Mihajlova records almost zero vacancy. The most popular areas of Kralja Aleksandra Boulevard also witnessed few openings and tenants changes, marking no vacancy as well.

RETAIL WAREHOUSE

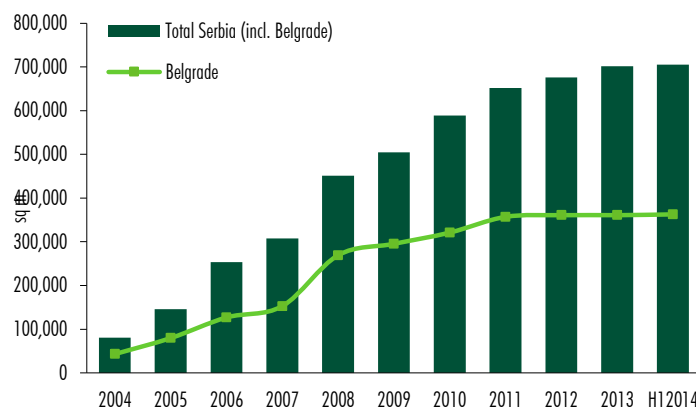
Although the retail warehouse segment entered the phase of slowdown, with only few opened small-scale schemes as of the beginning of 2014, Serbian market is considered to be very attractive among the international chains, proven by the few well-known retailers which are actively searching for the proper locations for their market positioning, such as German Lidl and Kaufland and French Carrefour.

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 Blvrd	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 (SQ M GBA)



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

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