

RESEARCH REPORT

Belgrade Retail Market

CBRE | Serbia

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Q3 2014

HOT TOPICS

- Vivo Shopping Center was officially opened on September 18th in Jagodina, on 10,000 sq m featuring 33 retail units.
- H&M opened its first high street store in Belgrade, located at the beginning of the main pedestrian zone, in Knez Mihajlova Street.
- Greek food chain Veropoulos, opened new store of app. 6,000 sq m in Belgrade, municipality of Cukarica

Serbia essentials

Population (Census 2011)	7,186,862
Average salary (EUR) August 2014	389
Average Household Expenditure (EUR) Q2 2014	440
Unemployment rate (Labor Force Survey – Q2 2014)	20.3%
GDP Q2 2014 (y-o-y)	-1.1%
CPI September 2014 (y-o-y)	2.1%

Belgrade essentials

Population (Census 2011)	1,659,440
Average salary (EUR) August 2014	483
Average Household Expenditure (EUR) Q2 2014	506
Unemployment rate (Labor Force Survey – Q2 2014)	18.3%

Source: Statistical Office of the Republic of Serbia

SHOPPING CENTER STOCK

At the end of Q3 2014, Belgrade retail stock remained at the level of app. 230,000 sq m of GLA (including all types of retail schemes: western-style shopping centres, neighbourhood malls, department stores and secondary retail schemes), or 140 sq m per 1,000 inhabitants, which is still significantly below the average of the capital cities in the region.

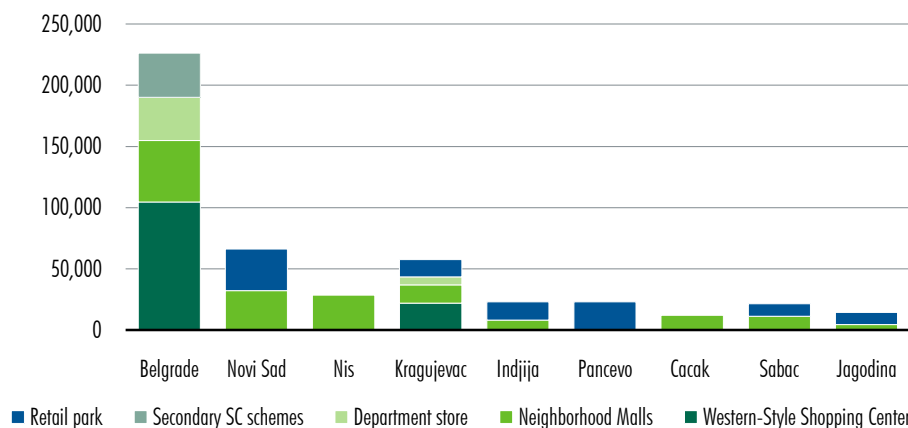
With only three regional shopping centres trading totalling 105,000 sq m, the scarcity of supply in Belgrade market has created a competitive retailer environment in the city with population of 2-million inhabitants. Therefore, Belgrade rarely witnesses any vacant space in the prime shopping centers. The vacancy rate on the market usually stands around 5%, due to the available space in less attractive retail schemes.

In terms of new developments, IBC's retail park One in Zemun holding 15,000 sq m is expected to open in spring 2015. As of September 2014, company Ashtrom continued the construction works on Rajiceva Shopping Center, located downtown. With 15,300 sq m GLA, this retail scheme will feature three underground levels of parking with around 500 parking space and six floors of leasable space with more than 80 units. The investors aim to deliver the project in 2017.

More than EUR 15 million was invested in Vivo Shopping Center in Jagodina, which was officially opened on September 18, 2014. With total of 10,000 sq m and 33 retail shops, this retail scheme offers brands Takko Fashion, NewYorker, Extreme Intimo, Springfield, Sport Vision, Deichmann, dm...



Austrian Immofinanz Group intends to develop its first retail scheme of 7,000 sq m in Cacak. As per the investor's plan, the project should be completed by Spring 2015. Moreover, 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

Since Belgrade has limited modern shopping center stock, the high street remains very important retail environment.

After entering Serbian market in September 2013, H&M opened its first high street store in Belgrade, located at the beginning of the main pedestrian zone, in Knez Mihajlova Street. This is the biggest store in Serbia, on 3 levels covering more than 2,270 sq m. At the same time, Spanish brand Shana entered market and opened its first store in Belgrade, in Knez Mihailova Street.

RETAIL WAREHOUSE

The Agrokor Group, the largest privately owned company in Croatia, took over Slovenian Mercator and become the biggest food chain in Serbia. Greek food chain Veropoulos, opened new store of app. 6,000 sq m in Belgrade, in the municipality of Cukarica.

In accordance with the Memorandum of understanding which Swedish IKEA has signed with Serbian representatives, the first IKEA department store should be opened in late 2016 in Belgrade, near highway E-75.

Looking ahead, the market is anticipating the arrivals of LIDL, Carrefour and Kaufland.

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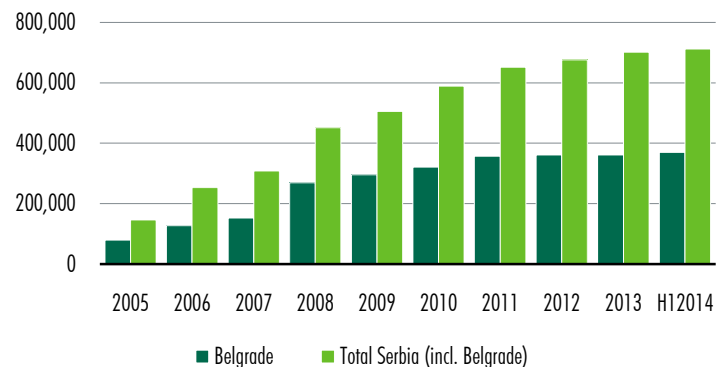
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PRIME RENTS (EUR/SQ M)

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 (SQ M GBA)



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



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