Belgrade City Report

Izveštaj o Beogradu

Q4 2014 / T4 2014

JLL

Economy/Investment

Economy/Investment

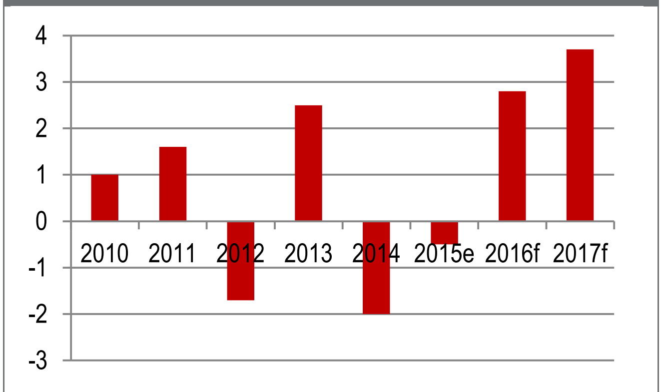
Economy

2014 was marked by the realisation of many significant investments across the country and during the first ten months, Foreign Direct Investments accounted for €1.15 billion, presenting an increase of more than 50% in comparison to 2013. In addition, a positive impact is expected to come from the projects agreed at the 3rd CEE economic summit co-hosted by Serbia and China, such as the modernization of the Belgrade-Budapest railway, the construction of new thermal power plant in Kostolac and expanding the nearby Drmno open pit coal miner's capacity.

Over the medium term, a positive underlying trend is set to return to growth in 2016, supported mainly by export growth, public sector reform, stabilisation of the local currency and inward investments. During the third quarter 2014, the year on year GDP drop contracted to 3.6%.

The long term outlook will be influenced by the restrained corporate investment, weakening of trading partners, flood damage, rising public debt and unemployment rate.

GDP Growth (%) **Rast BDP(%)**



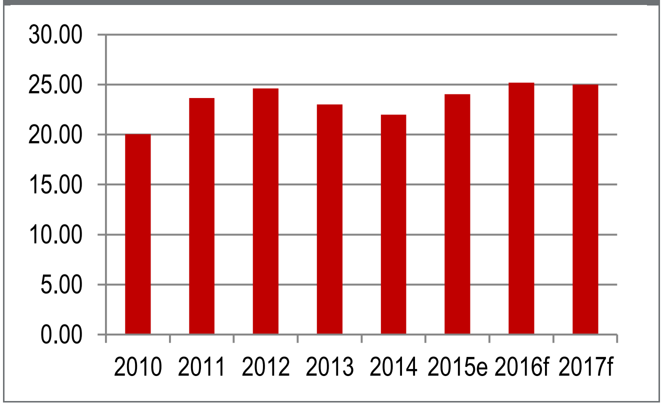
Source/Izvor: Oxford Economics, January 2015

During December 2014, the National Statistical Office noted a 0.4% decrease in consumer price growth compared to the previous month, while average annual growth contracted by 2.9%. When compared to the previous month, the highest growth was seen in the sector of communication (2.5%), while a decrease was noted in alcoholic drinks and tobacco (-2.7%), transport (-2.1%) and food and non-alcoholic drinks (-0.4%).

In November 2014, industrial production noted an 8.7% decrease compared to the corresponding period of the previous year. The decrease was mainly influenced by the mining sector (-24.1%), processing industry (-2.7%) and electrical energy, gas, steam supply and conditioning (-23.7%).

In Q3 2014, according to the Labour Force Survey conducted by the National Statistical Office, the unemployment rate among the population aged between 15 and 64 decreased by 280bps in comparison to the previous quarter and stood at 18.4%.

Unemployment Rate (%) **Stopa nazaposlenosti (%)**



Source/Izvor: Oxford Economics, January 2015

The average net salary in Belgrade during November 2014 amounted to RSD 54,630 or €455, which is approximately 24% higher than the average salary in Serbia (€368).

Political Situation

The promised cut of subsidies to state owned enterprises is currently worth around 3% of GDP and is expected to release funds for private investment. This however will not improve until there is an increase in demand and an easing of monetary conditions. Changes approved to state pensions, labour laws, bankruptcy rules and new commitments to privatisation and subsidy reduction, set a course for sustainably reducing public spending. The IMF will monitor their implementation as well as funding transition costs if needed. The draft 2015 budget sets out plans to reduce recurrent public spending by up to €1.4 billion (4% of GDP), much of it from SOE restructuring.

Privreda/Investicije

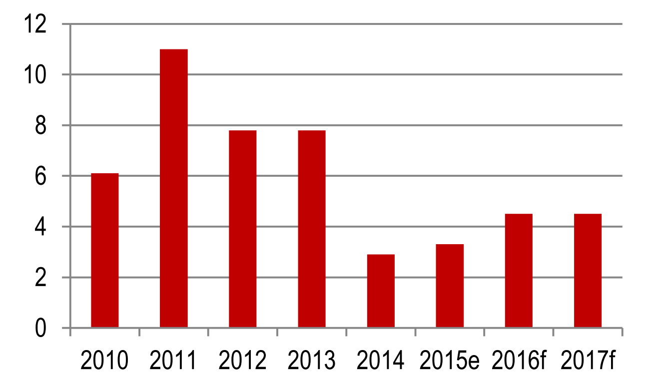
Privreda

Realizacija veoma značajnih investicija širom zemlje obeležila je 2014. godinu, i tokom prvih 10 meseci strane direktne investicije iznosile su 1.15 milijardi evra, predstavljajući rast od preko 50% u poredjenju sa 2013. godinom. Pored toga, očekuje se pozitivan uticaj od projekata dogovorenih tokom 3. ekonomskog samita Kine i zemalja centralne i istočne Evrope koji je održan u Beogradu, uključujući modernizaciju pruge Beograd – Budimpešta, izgradnju nove termoelektrane u Kostolcu i proširenje kapaciteta Drmno rudnika.

Pozitivan trend rasta koji se očekuje u 2016-oj godini biće uzrokovan rastom izvoza, reformom javnog sektora, stabilizacijom lokalnog kursa kao i domaćim investicijama. Tokom trećeg kvartala 2014. godine pad BDP-a je dostigao 3.6% na godišnjem nivou.

Na dugoročni razvoj u najvećoj meri će uticati ograničene korporativne investicije, slabljenja trgovinskih partnera, posledice od poplava, porast javnog duga kao i stopa nezaposlenosti.

CPI (%) **Inflacija (%)**



Source/Izvor: Oxford Economics, Januar 2015.

Tokom decembra 2014. godine, Republički zavod za statistiku Srbije je zabeležio pad potrošačkih cena od 0,4% u odnosu na prethodni mesec, dok je prosečan godišnji rast iznosio 2,9%. Najveći rast u odnosu na prethodni mesec je zabeležen u sektoru komunikacije (2,5%), dok je najveći pad zabeležen u sektorima alkoholnih pića i cigareta (-2,7%), transporta (-2,1%), hrane i bezalkoholnih pića (-0,4%).

Tokom novembra 2014. godine industrijska proizvodnja beleži pad od 8,7 % u odnosu na isti period prethodne godine. Pad je u najvećoj meri zabeležen u sektoru rudarstva (-24,1%), preradjivačkoj industriji (-2,7%) i snabdevanju električnom energijom, gasom, parom i klimatizacija (-23,7%).

Na osnovu Ankete o radnoj snazi koju sprovodi Republički zavod za statistiku, stopa nezaposlenosti u Srbiji tokom trećeg kvartala 2014. je iznosila 18,4% medju populacijom 15-64 godine, što predstavlja smanjenje od 280 baznih procentnih poena u odnosu prethodni kvartal.

Yields % **Stope prinosa %**

Sektor/ Sektor	Yield/ Stopa prinosa %	Changes on previous quarter/ Promene u odnosu na prethodno tromesečje
Office/ Kancelarijski prostor	9	↔
Shopping Centers/ Tržni centri	8.75	↔
Logistics/ Logistički objekti	10.25	↔

Source/Izvor: JLL, Januar 2015

Prosečna neto zarada isplaćena tokom novembra 2014. godine u Beogradu iznosila je 54,630 dinara odnosno €455, sto je oko 24% više od prosečne plate u Srbiji (€368).

Politička situacija

Predvidjenim smanjenjem subvencija za državna preduzeća koje trenutno čine 3% BDP-a, očekuje se oslobadjanje sredstava za privatne investicije, medjutim ne očekuje se poboljšanje sve dok ne dodje do povećanja potražnje i ublažavanja monetarnih uslova. Promene odobrene za državne penzije, zakon o radu, pravila o stečaju, smanjenje subvencija i posvećenost privatizaciji, postepeno će dovesti do održivog smanjenja javne potrošnje. Ukoliko bude potrebno, MMF će pratiti primenu kao i finansiranje troškova tranzicije.

Nacrtom budžeta za 2015. godinu su predvidjeni planovi za smanjenje javne potrošnje za 1,4 milijarde evra (4% od BDP-a), većinom od restrukturiranja državnih preduzeća.

Office Market

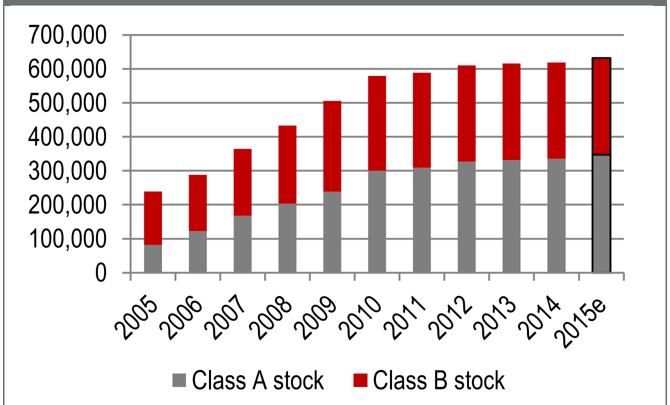
Office Market

Supply

Belgrade has recorded a limited supply of new modern office schemes, with less than a 2% increase over the last 24 months. During the last quarter of 2014, the office market has witnessed the completion of New Mill office tower (3,665 m²), which is a part of mixed use commercial complex including the Radisson Blue Old Mill hotel. The office tower spreads over 10 floors with flexible floor plates of around 400 m².

In the next twelve months, the A class office stock is expected to increase by approximately 13,000 m², with completion of the 1st phase of GTC's FortyOne and Deneza office buildings, both located in New Belgrade. The distinct need for new office development is reflected in pre-let figures as the future GTC project has already been more than 60% pre-leased. In addition, in the market will receive two new office projects for owner occupation purposes. The AFI Group has also expressed their interest in developing new office buildings next to their existing project, Airport City.

Total Class A & B Stock (m²) / Ukupna ponuda prostora klase A i B (m²)



Source/Izvor: JLL, January 2015

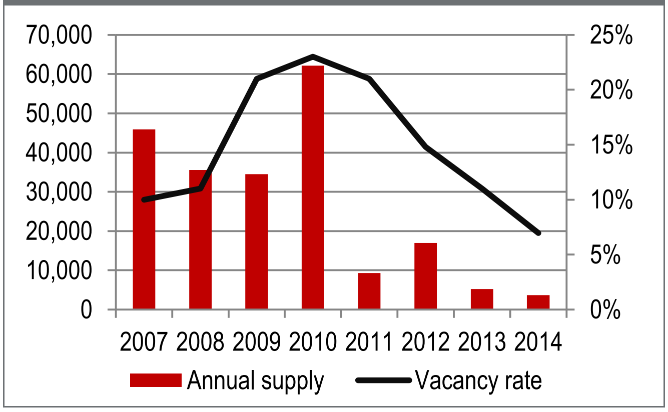
Demand

During the last quarter of the year, higher occupier activity was recorded with overall take-up exceeding 20,000 m², pointing out a significant increase when compared to the corresponding period of last year. Market activity was dominated by new lease requirements (91%), while the remainder was distributed among the renewal of contracts (5%) and pre-lease deals (4%). Traditionally, most of the activity occurred in New Belgrade with most of the occupiers seeking smaller floor plates of up to 500 m², with several transactions exceeded 1,000 m². The most active sector on the market was IT, followed by the public and consumer goods sectors.

Vacancy

In Q4, the A and B class vacancy rate continued its decreasing trend and stood below 7%, while the A class office vacancy stood at 7.8%. Such a trend is expected to change with the completion of new office deliveries on the market. However, we believe that the new supply will be absorbed quickly due to the increased demand from occupiers for new office space.

Office Class A Completions (m²) and Vacancy Rates (%)/ Završena izgradnja zgrada klase A (m²) i stopa nepopunjenosti (%)



Source/Izvor: JLL, January 2015

Rents and Yields

The decrease of the vacancy rate and an insufficient supply of modern offices resulted in a rental increase in Q4. Current headline rents range from €15 - 17 m² / month. Rents for B class office premises in New Belgrade range from €9 - 11 m²/month and in the downtown area from €10-12 m²/month. Rents for offices in wider New Belgrade are up to €11 m²/month, while rents for modern office premises in the downtown do not exceed €16 m²/month. Landlords continue to offer incentives such as rent free periods, fit-out contributions and additional free parking spaces. Yields for prime offices in Belgrade remained stable and stand at 9.00%.

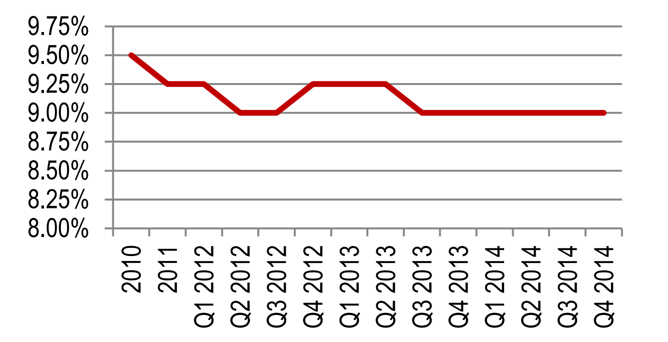
Kancelarijski prostor

Ponuda

Tokom prethodne dve godine na tržištu Beograda je zabeležena manja ponude novog kancelarijskog prostora, sa porastom od svega 2%. U poslednjem kvartalu je završena izgradnja poslovne kule New Mill (3.665m²), koja je deo mešovitog komercijalnog kompleksa koji obuhvata Hotel Radisson Blue Old Mill. Poslovna zgrada se prostire na deset spratova sa fleksibilnim osnovama sprata od oko 400m².

U narednih 12 meseci, završetkom izgradnje prve faze projekta GTC Fortyone i poslovne zgrade Deneza na Novom Beogradu, očekivan je porast ponude modernog kancelarijskog prostora klase A za oko 13.000m². Značajna potreba za novim kancelarijskim prostorom se ogleda i u činjenici da je budući projekat GTC-a već preko 60% izdat. Pored toga, u narednom periodu tržište će biti obogaćeno za još dve poslovne zgrade za potrebe vlasnika. Takodje, jedan od prisutnih investitora AFI Group je izrazio zainteresovanost za izgradnju novog projekta pored već postojećeg poslovnog kompleksa Airport City.

Prime Office Yields %
Stopa prinosa prvoklasnog prostora %



Source/Izvor: JLL, Januar 2015

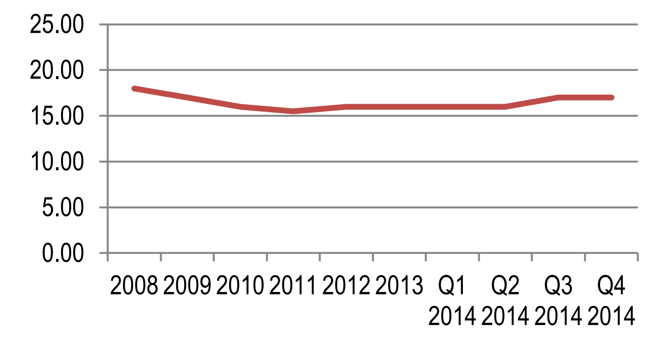
Potražnja

Tokom poslednjeg kvartala je zabeležena povećana aktivnost na tržištu kancelarijskog prostora sa ukupnom aktivnošću koja prelazi 20.000 m² površine ,što predstavlja značajan porast u odnosu na isti period prethodne godine. Tržišnu aktivnost su najvećim delom činili novi zakupi (91%), dok su ostatak obuhvatili obnove postojećih ugovora (5%) i pred zakupi (4%). Tradicionalno se najveći deo transakcija dogodio na Novom Beogradu, i većina zakupaca je tražila manji prostor veličine do 500 m², sa svega nekoliko transakcija veličine preko 1.000m² . Najaktivniji zakupci na tržištu su bili iz IT sektora, zatim javnog i sektora robe široke potrošnje.

Raspoloživi prostor

Stopa raspoloživog prostora je nastavila sa opadajućim trendom i tokom četvrtog kvartala je bila ispod 7% u okviru zgrada klase A i B, dok je raspoloživ prostor u zgradama klase A činio 7,8% ponude. Promena opadajućeg trenda se očekuje sa završetkom novih poslovnih zgrada na tržištu. Medjutim, očekujemo da će nova ponuda biti brzo iskorišćena usled velike potražnje zakupaca za novim prostorom.

Prime Rents €/m²/month
Cene zakupa prvoklasnog prostora €/m²/mesečno



Source/Izvor: JLL, Januar 2015

Visine zakupa i stope prinosa

Konstantan pad stope raspoloživog prostora i nedovoljna ponuda modernog kancelarijskog prostora uticala je na porast zakupa prvoklasnog prostora u trećem kvartalu i trenutno je u rasponu od €15-17 m²/mesečno. Zakup prostora klase B na Novom Beogradu je u rasponu €9-11 m²/mesečno, dok je u starom delu grada €10-12 m²/mesečno. Na širem području Novog Beograda, zakup modernog prostora je u visini do €11m²/mesečno, dok u centru grada ne prelazi €16m²/mesečno. Zakupodavci nastavljaju da nude podsticaje poput rent-free perioda (uglavnom tri meseca), dodatnih parking mesta bez naknade i učešća u troškovima završnih radova. Stopa prinosa za prvoklasne kancelarijske prostore u Beogradu je 9,00%.

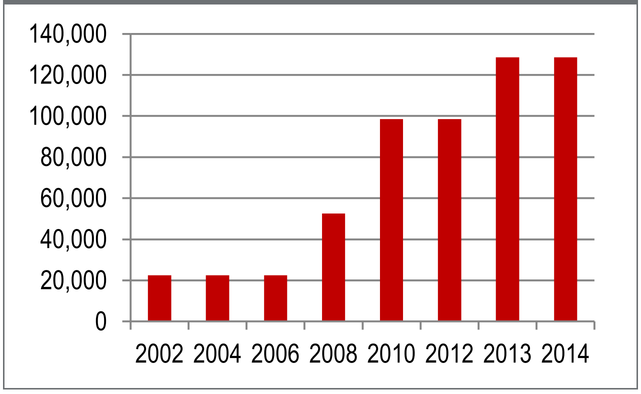
Retail Market

Retail Market

Supply

During 2014, there were no large retail scheme completions in Belgrade. However, 2014 was mainly notable for the delivery of retail parks within the secondary cities, namely Vivo Shopping Park (10,000 m²) in Jagodina and Capitol Park (9,500 m²) in Šabac. In addition, the Belgrade retail market is expecting the completion of its first retail park, One Belgrade (15,000 m²), scheduled for spring 2015 and developed by Israeli company, Industrial Building Corporation. This scheme will include 50 shops and will offer an entertainment area, together totalling approximately 20,000 m². Furthermore, Aviv Arlon commenced construction of a retail park in the Zvezdara municipality in Belgrade (10,500 m²), scheduled for completion at the beginning of 2016. Besides the commercial area, the project will also include a residential complex.

Prime Shopping Centre Stock in Belgrade (m²)
Ponuda prvoklasnih tržnih centara u Beogradu (m²)



Source/Izvor: JLL, January 2015

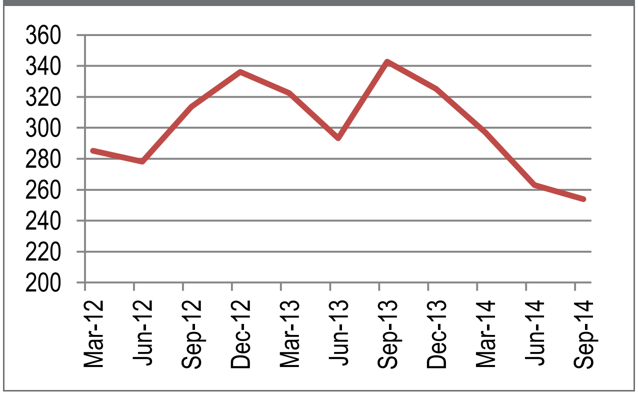
Further future shopping centre development in Belgrade remains quite uncertain with several projects remaining to be on hold. In 2014, Israeli company, Ashtrom Group announced the re-commencement of its mixed use complex including a shopping centre in Rajićeva Street (15,300 m²) and is expected for completion in 2017. Throughout 2014, the market has witnessed increasing interest from potential and existing investors, predominantly in the retail segment. NEPI has acquired one of the country's prime centres, Kragujevac Plaza, from Plaza Centers and Mitiska Reim, from Brussels, has acquired an 85% interest in the newly completed Capitol Park Sabac.

Furthermore, Swedish retail chain Ikea has announced that it plans to open the first out of five department stores at the end of 2016 in Belgrade – in the Bubanj potok area.

Demand

When considering market entry, the majority of retailers are focused on Belgrade's prime retail assets. Therefore, modern shopping centres have excellent occupancy, with vacancy being constantly close to zero. We have also recently witnessed new brands refocusing on retail parks and smaller neighbourhood centres. During the last quarter, two new retailers entered the market, namely Sugarfree from Greece and Goose from Turkey, introducing their brands within Zira shopping center, located in the downtown area.

Retail Spending in € per Capita in Belgrade
Maloprodajna potrošnja u € po stanovniku u Beogradu



Source/Izvor: JLL, January 2015

Rents and Yields

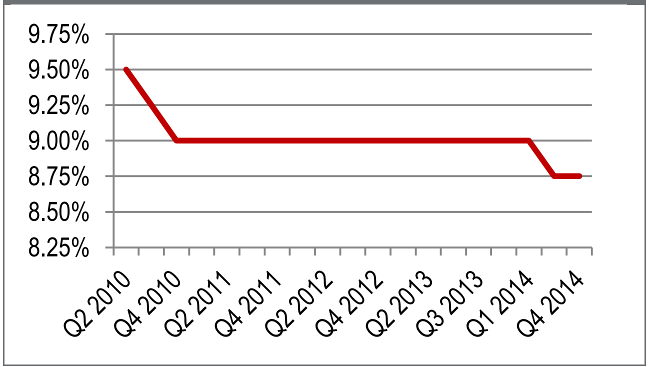
Average rents in prime shopping centres in Belgrade remained stable, ranging from €25-27 m²/month. Retail units sized from 100 - 200 m² within prime shopping centres stand at €60 m²/month, while rents for such units on the high street remained at €80 m²/month. Yields remained stable following the compression to 8.75% in the previous quarter.

Maloprodajni prostori

Ponuda

Tokom 2014. godine, u Beogradu nije zabeležena izgradnja većih maloprodajnih objekta. Medjutim, proteklu godinu je obeležila izgradnja maloprodajnih parkova u sekundarnim gradovima, tačnije Vivo Shopping Park (10,000m²) u Jagodini i Capitol Park (9,500m²) u Šapcu. Osim toga, ponuda maloprodajnog tržišta Beograda biće obogaćena prvim maloprodajnim parkom One Belgrade (15,000m²), investitora Industrial Buidling Corporation, sa očekivanim završetkom radova u proleće 2015. godine. Pomenuti objekat će obuhvatiti 50 prodavnica i rapolagaće sa zabavnim parkom na površini od oko 20,000m². Aviv Arlon je počeo izgradnju maloprodajnog parka na Zvezdari, Beograd (10,500m²), a predvidjeni završetak radova je početkom 2016. godine. Pored komercijanog dela, projekat će obuhvatiti i stambeni kompleks.

Prime Shopping Center Yields
Stopa prinosa prvoklasnih tržnih centara



Source/Izvor: JLL, Januar 2015

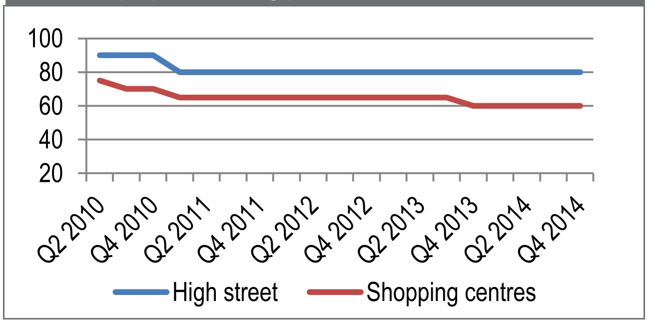
Izgradnja tržnih centara u Beogradu je i dalje neizvesna sa nekoliko projekata koji su na čekanju. U 2014. godini izraelska kompanija Ashtrom Group je najavila nastavak izgradnje mešovitog kompleksa koji obuhvata tržni centar Rajićeva (15,300m²), čiji se završetak očekuje u 2017. godini. Tokom 2014. godine na tržištu je zabeležen povećan interes potencijalnih i već postojećih investitora, pretežno u segmentu maloprodaje. Kompanija NEPI je kupila jedan od prvoklasnih tržnih centara Kragujevac Plaza od kompanije Plaza Centers, i Mitiska Reim iz Brisela je preuzela 85% interesa u novootvorenom maloprodajnom parku Capitol Šabac.

Švedski maloprodajni lanac Ikea je najavio otvaranje svoje prve od pet robnih kuća krajem 2016. godine kod Bubanj potoka u Beogradu.

Potražnja

Prilikom razmatranja ulaska na tržište, većina maloprodajnih lanaca se fokusira na prvoklasne maloprodajne objekte u Beogradu. Shodno tome, moderni tržni centri imaju visoku stopu popunjenosti, sa stopom slobodnog prostora konstantno oko nule. Od nedavno je primećeno preusmeravanje novih brendova ka maloprodajnim parkovima i manjim lokalnim centrima. Tokom poslednjeg kvartala, dva nova maloprodajna lanca su ušla na tržište i to su Sugarfree iz Grčke i Goose iz Turske, otvaranjem prvih prodavnica u okviru tržnog centra Zira koji se nalazi u centru grada.

Prime rents €/m²/month
Cene zakupa prvoklasnog prostora €/m²/mesečno



Source/Izvor: JLL, Januar 2015

Visine zakupa i stope prinosa

Prosečne cene zakupa u prvoklasnim tržnim centrima su ostale stabilne, u rasponu od €25 - €27m²/mesečno. Cene zakupa maloprodajnih jedinica u prvoklasnim tržnim centrima površine 100-200 m² su €60 m²/mesečno, dok su cene zakupa za isti prostor u Knez Mihajlovoj ulici ostale €80 m²/mesečno. Nakon smanjenja na 8.75% tokom prethodnog kvartala, stope prinosa su ostale stabilne.

Market Practice

Market Practice

Leasing Market Practice

Lease length

- Average lease length is 5 years, 3 – 5 years are common in the city centre and 5 (rarely 7) years on the outskirts
- In a few cases longer leases can be agreed
- 3 year break options are becoming more common

Payment Terms

- Rents are quoted in € and paid monthly in advance in either € or RSD according to the exchange rate on the day of the payment

Rental Deposit

- It is common to agree on a cash deposit or bank guarantee equal to 3 months' rent for all types of premises (office, retail and industrial)
- Indexation is annually in line with European CPI

Other Charges

- Service and energy charges (Utilities and direct consumption are paid separately)(offices and industrial)
- Service charges and marketing costs (retail)

Insurance

- The landlord covers costs of building insurance (recovered by service charges). The tenant covers insurance of own premises, contents and civil liabilities

Incentives

- Offered by the landlords in form of 3 month rent free period, fit-out contributions and free of charge additional parking space

Tržišna praksa zakupa prostora

Dužina zakupa

- Prosečna dužina zakupa je 5 godina - uglavnom se prostori u centru grada zakupljuju na 3 – 5 godina, a na periferiji na 5 (retko 7 godina)
- U malom broju slučajeva se vrši zakup prostora na duži period
- Sve su češće mogućnosti raskida ugovora nakon 3 godine

Uslovi plaćanja

- Cene zakupa se navode u € a plaćaju se mesečno unapred ili u € ili u RSD prema kursu valute na dan plaćanja

Depozit

- Praksa je da se depozit plaća u kešu ili bankarskom garancijom u iznosu od tri mesečne rente za sve vrste prostora (kancelarijski, maloprodajni i industrijski)
- Indeksacija se vrši godišnje i usklađena je sa evropskim rastom potrošačkih cena

Ostali troškovi

- Troškovi usluga i potrošnje električne energije (troškovi održavanja i direktne potrošnje plaćaju se posebno) (kancelarijski i industrijski prostori)
- Troškovi usluga i marketinga (maloprodajni prostori)

Osiguranje

- Vlasnik prostora pokriva troškove osiguranja zgrade (naplaćuje se od naknade za troškove usluga). Zakupac plaća osiguranje za sopstvene prostorije, pokretnu imovinu i civilna lica

Podsticaji

- Vlasnici prostora prilikom izdavanja mogu davati i podsticaje u vidu izdavanja prostora na period od 3 meseca bez naknade, uređenja prostora o sopstvenom trošku ili dodatna parking mesta gratis

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