BELGRADE RETAIL MARKET ATTRACTING NEW INTERNATIONAL BRANDS

**Hot topics**

- One of the most recognized fashion brands in the world, Swedish H&M will enter Serbian market in September 2013, by opening stores in Delta City and Stadion shopping center
- Rental levels remained mostly stable, during entire 2012
- Serbia retail scene was greatly affected during 2012 due to the opening of few retail schemes

**Serbia essentials**

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<th>November 2012</th>
<th>December 2012</th>
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<tbody>
<tr>
<td>Population (Census 2011)</td>
<td>7,186,862</td>
<td>1,659,440</td>
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<tr>
<td>Average salary (EUR)</td>
<td>375</td>
<td>456</td>
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<tr>
<td>Average Household</td>
<td>438</td>
<td>535</td>
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<td>Expenditure (EUR) Q3 2012</td>
<td>22.40%</td>
<td>20.10%</td>
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<tr>
<td>Unemployment rate (Labor</td>
<td>-2.5%</td>
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<td>Force Survey - October 2012)</td>
<td>12.2%</td>
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<td>GDP Q3 2012 (y-o-y)</td>
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The local DIY company Uradi sam opened 5,000 sq m large store in Roda centre in New Belgrade’s block 64, while Point center offer was enriched by Deichmann, dm-drogerie markt and Duki Daso. Danish brand JYSK opened a 1,200 sq m large store in Karaburma shopping centre. DIS hypermarket Zmaj now hosts sports store Đak and will offer more fashion brands in the future, since the share of the hypermarket has been reduced.

The only on-going project in Belgrade is a mixed-use project of 75,000 sq m of GBA, being developed at the location of Sports Center FC Vozdovac. Shopping centre Stadion will comprise app. 30,000 sq m of GLA and is planned to be completed in March 2013. The shopping center will include a number of renowned retailers, such as Roda hypermarket on 4,100 sq m, C&A, H&M, New Yorker, Lilly, Takko Fashin, Intersport.

**Shopping center stock**

The total shopping centre stock of in Belgrade remained unchanged at the end of 2012, standing at 200,000 sq m of GLA, which includes all types of retail schemes: western-style shopping centres, neighbourhood malls, department stores and secondary SC schemes.

After the opening of the renovated Mercator shopping center on September 1st, new tenants, such as Swedish brand Lindex and Italian kids brands Monnalisa and Hitch-hiker are now available in the market.

The vacancy rate as a ratio in total of 200,000 sq m of all types of retail schemes dropped to a level below 9%, thanks to reshuffling of the present tenant mix in smaller-scale retail schemes. More specific, the vacancy rate in western-style modern shopping mall remains close to 0%.

**Chart 1: Serbia shopping center stock (sq m GLA)**

Source: CBS International, part of the CBRE Affiliate Network
One of the most recognized fashion brands in the world, long-awaited Swedish H&M will enter Serbian market in 2013, by opening stores in Belgrade in September 2013. The first store will be opened in Delta City, holding 2,500 sq m, while the second one will be in Stadion shopping center.

Although Belgrade retail scene marked modest development, the other cities in Serbia were active during 2012. Once regional center of Serbia, Kragujevac welcomed 22,000 sq m-large shopping mall Plaza Kragujevac in March 2012 developed by Israeli investor Plaza Centers. A local developer opened Fashion Park in Indjija, holding 15,000 sq m, while Israeli BIG CEE finished and opened the first phase of the retail park in Novi Sad, totaling 10,000 (including brands such as C&A, Deichmann, Takko fashion, New Yorker and Home centar), while another 30,000 sq m are envisaged to be finished in the first half of this year.

Another Israeli developer Aviv Arlon expanded Aviv Park Pancevo, currently comprising 19,000 sq m of fully leased retail park. The construction of the last phase of Aviv park already commenced and retail park should offer additional 4,500 sq m.

The company Mercator S completed and opened its 20,000 sq m of GBA large Roda Center in Krusevac in August. In mid-2012, the construction works on the shopping center Vivo of 10,000 sq m in Jagodina commenced. Recently, several brands already have chosen Vivo, such as JYSK, NewYorker, Sport Vison, Lilly, etc.

Throughout the previous years, the most active of all development sectors in Serbia was the retail park segment, a trend that will continued in the forthcoming period. In terms of future offer, Israeli investor IBC is planning to develop the tail park Power center in Zemun, whereby the first phase will include the development of 15,300 sq m, expected to be delivered in 2014. Slovenian company Toming targets Cacak to open its first retail scheme of 7,000 sq m, while Supernova intends to develop its first retail park in Zrenjanin, of 5,500 sq m.

In addition, Poseidon Group and Yu Kapital are aiming to construct the first retail park in Sabac, Capitol Park, totaling 10,000 sq m, while Dayland Group plans to build Roses Designer Outlet Park in Stara Pazova, totaling 24,500 sq m. Yet, the completion dates of these projects are uncertain at the moment.

**HIGH STREET RETAIL**

After the slight slowdown in the demand for Belgrade high street units in the first months in 2012, the previous few months brought a positive trend in this market segment. The good value for money fashion brands have been among the market’s strongest performers in 2012, offering quality products at more acceptable prices. The rental levels remained within the same price range during the whole year.
Only in prime pedestrian zone Knez Mihajlova street, the market noted several transactions and new entrants, as of beginning of 2012, such as the entrance of New Look in Q1, Guess by Marciano in Q2, Italian shoes brand Cinti in Q3, Luna fashion, BOMAR watches and Vapiano restaurant chain. In addition, Dutch well-known brand Scotch & Soda is now available to the customers in recently opened store in Kralja Milana street, Fly London can be found in its store at Terazije Square, while a small-scale Chinese trade centre La Solella of 1,400 sq m is also opened at Terazije Square. In addition, C&A opened its second store in Belgrade, in Delta City, the first Sketchers mono-brand store has been opened in Usce, while Greek men fashion brand Ivergano is available in Fashion Park Indijja.

RETAIL WAREHOUSE

The second half of 2012 recorded the openings of small-scale schemes in Serbia. German wholesale trade chain Metro Cash & Carry opened the store called “Metro po meri” of 2,000 sq m in Pozarevac, French Intermarche opened its second store in Belgrade Interex, at the corner of Ustanicka and Vojislava Ilica street, while Greek retail chain Veropoulos opened its fifth store in Belgrade, in Vozdovac area. The local company DIS will open the store at the location of Frech DIY chain Mr.Brickolage in Nis in April 2013.

In terms of new entrants, German Lidl is looking for proper locations for their market positioning, planning to open its fifth store in Belgrade, in Vozdovac area. The local company DIS will open the store at the location of Frech DIY chain Mr.Brickolage in Nis in April 2013. French Carrefour actively searches for new locations to enter Serbian market.

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Definitions

Total Shopping center stock represents the stock of all modern centrally managed retail formats of minimum 5,000 sq m of GLA, including the types:
- Western-style shopping centers (retail formats of minimum 20,000 sq m of GLA, with included entertainment/food corner)
- Neighborhood malls (retail schemes of minimum 5,000 sq m of GLA, without entertainment corner)
- Department stores (retail formats with various goods, organized into separate departments)
- Secondary SC schemes (centrally managed stand alone objects of minimum 5,000 sq m with large share of hypermarket and retail gallery of minimum 10 retail units)
- Retail parks (retail development usually situated out of town or in the suburban area of a town). Retail warehouse stock represents the stock of all stand-alone properties that hold more than 1,000 sq m (only these properties are considered as big box facilities).

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