

RESEARCH REPORT

Belgrade Retail Market

HOT TOPICS

- Capitol Park was officially opened on April 3rd in Sabac, featuring 17 retail units, ranging from 109 to 3,000 sq m
- Serbian retail scene enters into more positive phase with the several on-going projects announced for the forthcoming period, whilst retail park becomes the most preferred retail scheme among investors

Serbia essentials

Population (Census 2011)	7,186,862
Average salary (EUR) March 2014	375
Average Household Expenditure (EUR) Q4 2013	489
Unemployment rate (Labor Force Survey – October 2013)	20.1%
GDP 2013 (y-o-y)	2.5%
CPI March 2014 (y-o-y)	2.3%

Belgrade essentials

Population (Census 2011)	1,659,440
Average salary (EUR) March 2014	474
Average Household Expenditure (EUR) Q4 2013	593
Unemployment rate (Labor Force Survey – October 2013)	16.7%

Source: Statistical Office of the Republic of Serbia

SHOPPING CENTER STOCK

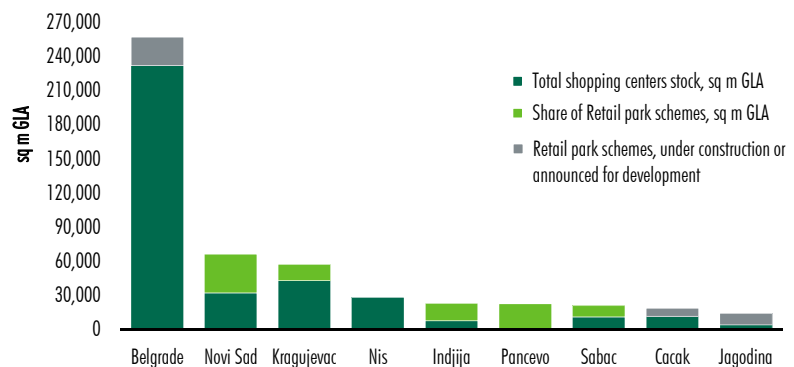
Even though the opening of Stadion Shopping Center of 30,000 sq m in spring 2013 has enlarged the shopping center stock, Belgrade still suffers from a lack of modern retail space, with app. 230,000 sq m to serve almost 2 million people. At the moment, Belgrade retail stock comprises only three modern western-style shopping centers (in total app. 100,000 sq m GLA).

Due to the limited offer, Belgrade rarely sees any vacant space in the prime shopping centres. Small modifications in unit sizes are enabling landlords to introduce certain new brands and keep the existing tenants in the centre. Strong demand in smaller schemes which characterized the previous few months led to the decline in vacancy level, dropping below 5%.

In the recent period, investors' activity was strong in the retail park development, having in mind that these schemes require less initial capital. The preference for the retail park development among the investors is proven with the significant share of these schemes already being developed or under construction, whilst few projects are planned for the prospective period.

The only on-going project in Belgrade is a Retail park One in Zemun, being developed by Israeli investor IBC. The first phase envisages 15,000 sq m, expected to be opened in September 2014. In addition, Aviv Arlon intends to develop a retail park in Belgrade, in Zvezdara municipality of 11,000 sq m GLA.

Elsewhere in Serbia, after nine months of development, retail park Capitol Park totaling 9,700 sq m, with 17 stores was officially opened on April 3rd in Sabac. The offer comprises brands such as Tempo, C&A, NewYorker, JYSK, Deichmann, Takko Fashion etc.



Source: CBS International, part of the CBRE Affiliate Network

December 2013 witnessed the commencement of the construction works on the shopping center Vivo in Jagodina. The project will comprise 10,000 sq m with app. 30 stores, while the completion and opening is expected in Q3 2014. In addition, Slovenian company Toming targets Cacak to open its first retail scheme of 7,000 sq m.

In terms of new offer, the first store of U.S. Polo ASSN was opened in Usce shopping center, where also Cineplexx started to work on April 9th. Also, US accessories brand Claire's entered Serbian market, by opening two stores in Novi Sad.

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Q1 2014

HIGH STREET RETAIL

Belgrade high street brand offer recorded a noticeable improvement in the recent period. Namely, in March, the luxury Italian fashion brand Max Mara opened its store in Knez Mihailova street, while also Italian brand Gagliardi opened the store in Cika Ljubina street.

Apart from H&M which entered Serbian market in September 2013, the value fashion segment on the whole is doing well in Serbia, with international brands such as C&A, New Yorker, Deichmann, Takko Fashion all now well-established and trading successfully.

RETAIL WAREHOUSE

Although the retail warehouse segment entered the phase of slowdown, with only few opened small-scale schemes, the late 2013 marked the beginning of construction works on Vero hypermarket in Zarkovo, which, upon completion, will increase the total stock by 8,000 sq m. Furthermore, in Q1 2014 market witnessed the expansion of Univerexport which opened stores in Novi Sad of 1,500 sq m and in Belgrade of 1,800 sq m.

Serbian market is considered to be very attractive among the international chains, proven by the few well-known retailers which are actively looking for the proper locations for their market positioning, such as German Lidl and Kaufland and French Carrefour.

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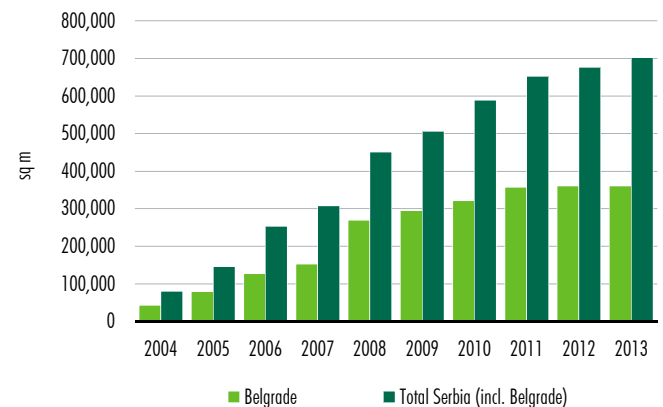
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PRIME RENTS (EUR/SQ M)

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)



Source: CBS International, part of the CBRE Affiliate Network



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