

# RESEARCH REPORT

## Belgrade Industrial Market

### HOT TOPICS

- Logistics market in Serbia is mostly concentrated around Belgrade, near highway E-70 and E-75
- Rental levels remain mostly stable during first half of 2014

### INDUSTRIAL AND LOGISTICS MARKET OVERVIEW

Due to favourable geo-strategic position with possibility of easy accessing the EU market, Serbia offers remarkable opportunities for industrial and logistics developments in mid-to-long term. Serbia links Western Europe and the Middle East via strategic transportation routes Corridors 10 and 7, representing excellent location for future regional logistics centres, which may effectively serve West Balkans Region. Corridor 10 as one of the most important pan-European transport corridors that connects Austria, Hungary, Slovenia, Croatia, Serbia, Bulgaria, Macedonia and Greece, is also one of the most important strategic and infrastructural projects for Serbia. As Government announced, this project should be realized by 2016 year-end.

The logistics/industrial market is expected to expand in years to come. Many well-known international companies are interested investing in Serbia, either in the new production capacities, either in expansion of the current ones.

#### Serbia essentials

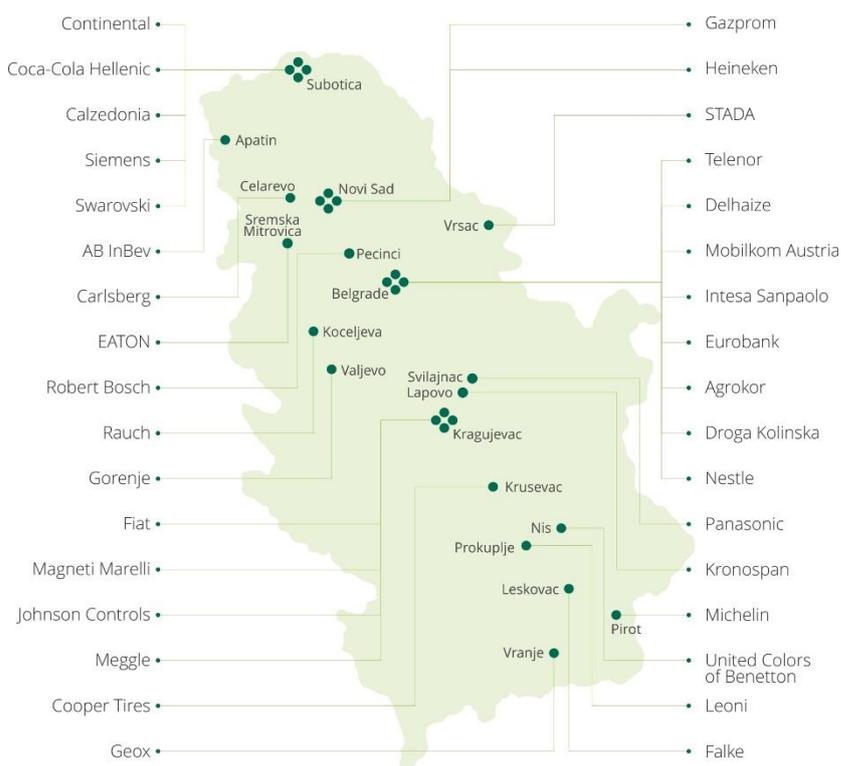
Population (Census 2011)	7,186,862
Number of Households (Census 2011)	2,487,886
Average salary (EUR) June 2014	388
Average Household Expenditure (EUR) Q1 2014	477
Unemployment rate (Labor Force Survey – Q2 2014)	20.3%
GDP Q2 2014 (y-o-y)	-1.1%
CPI July 2014 (y-o-y)	2.1%

#### Belgrade essentials

Population (Census 2011)	1,659,440
Number of Households (Census 2011)	606,433
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

### LARGE INVESTORS



In February 2014, the car components factory Streit Nova was completed and opened in Stara Pazova's industrial zone on 3-hectare large plot. The complex comprises 6,000 sq m of production facilities and 2,000 sq m of office premises.

Also, the American supplier of systems and components for the automotive industry Cooper Standard opened its factory in Sremska Mitrovica, in June 2014. The factory occupies the total area of 19,200 sq m.

As of the beginning of 2014, the construction works on Swarovski factory commenced in Subotica. The total investment should amount to EUR 21 million, while in the first phase, the company will invest EUR 15 million to begin the basic production.

Moreover, French giant Michelin aims to expand its capacities in Serbia, by constructing the another plant in Pirot. As planned, new warehouse and manufacturing facility will be completed in late 2014. In addition, Dr. Oetker started the development of 7,850 square meters large factory in Simanovci settlement.

Fresenius Medical Care announced the opening of the factory of 1,000 sq m for November 2014 in Vrsac. Also, within a free trade zone in Vranje, the well-known Italian shoes producer Geox commenced the construction of its factory of 20,000 sq m, which represents the important investment for this part of Serbia, in terms of the unemployment reduction and the overall improvement of the life standard.

### BELGRADE INDUSTRIAL MARKET

In general, logistics market in Serbia is still immature, with a small portion of modern logistic centers. Roughly estimated, the total stock of modern logistic space in Serbia exceeds 800,000 sq m.

The majority of modern and sophisticated logistics facilities are located in Belgrade and in the settlements in its close proximity, along highway E-75, such as Stara Pazova, Krnjesevci, Simanovci and Pecinci, holding app. 500,000 sq m of modern space.

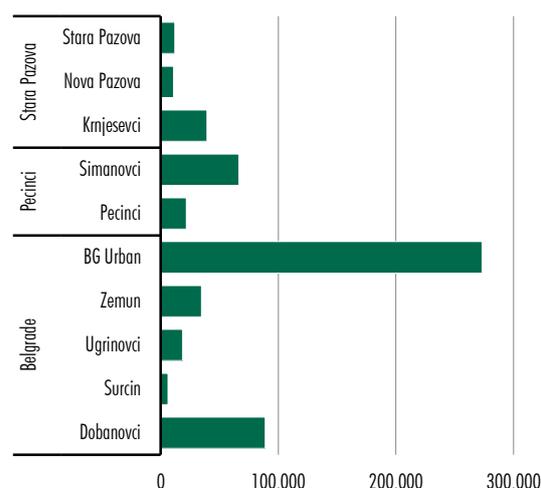
More specific, the number of companies that provide outsourced logistics services is increasing, at the moment, third party logistics (3PL) operators stock amounts to app. 200,000 sq m.

Delta Holding commenced the construction of its distribution center of 20,000 sq m in the municipality of Stara Pazova. The same settlement is witnessing the construction of 70,000 sq m large distribution center of Belgium Delhaize Group.

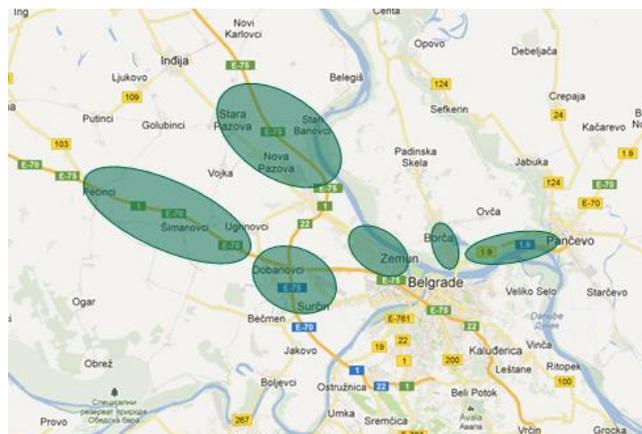
Austrian Post will invest app. EUR 5 million in a construction of City Express logistics center in Belgrade, which will be situated close to Belgrade National Airport Nikola Tesla. Furthermore, Gebruder Weiss aims to expand its logistic Center in Dobanovci by 9,000 sq m of warehouse space and by 1,300 sq m of office premises.

EyemaxX announced the commencement of the construction of the first phase of Logistics Center in Stari Banovci, totaling 17,000 sq m. Schenker, German company for transportation and logistics, already signed an agreement with Eyemaxx to lease nearly 4,000 sq m within the Belgrade Log Center.

### INDUSTRIAL STOCK IN BELGRADE AND VICINITY



Source: CBS International, part of the CBRE Affiliate Network



Source: CBS International, part of the CBRE Affiliate Network, locally prepared



EyemaxX, Log Center Belgrade

# RESEARCH REPORT

## Belgrade Industrial Market

CBRE | Serbia

PART OF THE CBRE AFFILIATE NETWORK

www.cbre.rs

H1 2014

A demand for industrial and logistics space is usually generated from transportation, FMCG, distribution and pharmaceutical companies. Evident recession in the global markets has had a serious impact on demand in this market segment recently, lowering on one side the requests for space and on the other side, forcing already present companies to relocate their operations into smaller premises or outsource to specialized 3PL companies.

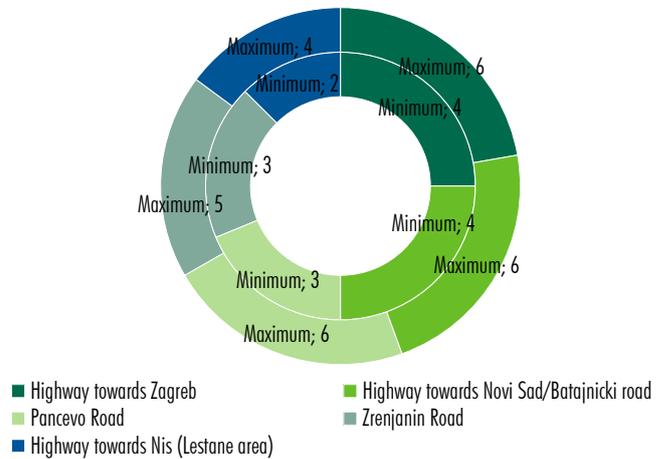
The rental prices of modern logistics space usually range between EUR 3-6/sq m/month, depending on the quality, size and features of the property, while more sophisticated logistics premises may exceed this level thanks to highly advanced amenities and limited offer on the market. The rental levels in older facilities that lack modern features vary between EUR 2-3/sq m/month.

### LAND

The Serbian legal framework recognizes two land categories most commonly used for investment purposes: construction land and agricultural land, with freehold or leasehold ownership. Land prices for industrial land in Belgrade surrounding area vary between EUR 10-30/sq m, while the land suitable for commercial/retail development in Belgrade vicinity range between EUR 50-100+/sq m, depending on the location, access, infrastructural amenities and development efficiency.

With regard to the land for residential developments in Belgrade, the land prices may vary significantly, as they are determined by location and the position of the plot and development potential. In case of land lots enjoying solid residential development potential, central city locations mark the following price ranges: prime Dedinje area EUR 800-1,000/sq m of the land lot, lower Dedinje area 400-600/sq m of the land lot, Vracar and city center area EUR 200-400/sq m of gross buildable area.

### THE RENTAL LEVELS (EUR/SQ M/MONTH)



Source: CBS International, part of the CBRE Affiliate Network

Dragan Radulovic  
Managing Director  
CBS International doo Beograd  
Part of the CBRE Affiliate Network  
Airport City Belgrade  
88b Omladinskih Brigada Street  
11070 Belgrade, Serbia  
t: +381 11 22 58 777  
e: dragan.radulovic@cbre.rs

Goran Zivkovic  
Deputy Managing Director  
CBS International doo Beograd  
Part of the CBRE Affiliate Network  
Airport City Belgrade  
88b Omladinskih Brigada Street  
11070 Belgrade, Serbia  
t: +381 11 22 58 777  
e: goran.zivkovic@cbre.rs

Tamara Kostadinovic  
Head of Market Research  
CBS International doo Beograd  
Part of the CBRE Affiliate Network  
Airport City Belgrade  
88b Omladinskih Brigada Street  
11070 Belgrade, Serbia  
t: +381 11 22 58 777  
e: tamara.kostadinovic@cbre.rs

### DISCLAIMER

CBS International (part of the CBRE Affiliate Network) confirms that information contained herein, including projections, has been obtained from sources believed to be reliable. While we do not doubt their accuracy, we have not verified them and make no guarantee, warranty or representation about them. It is your responsibility to confirm independently their accuracy and completeness. This information is presented exclusively for use by CBS International clients and professionals and all rights to the material are reserved and cannot be reproduced without prior written permission of CBS International.



PART OF THE CBRE AFFILIATE NETWORK

CBRE