

## Belgrade Retail, Q1 2016

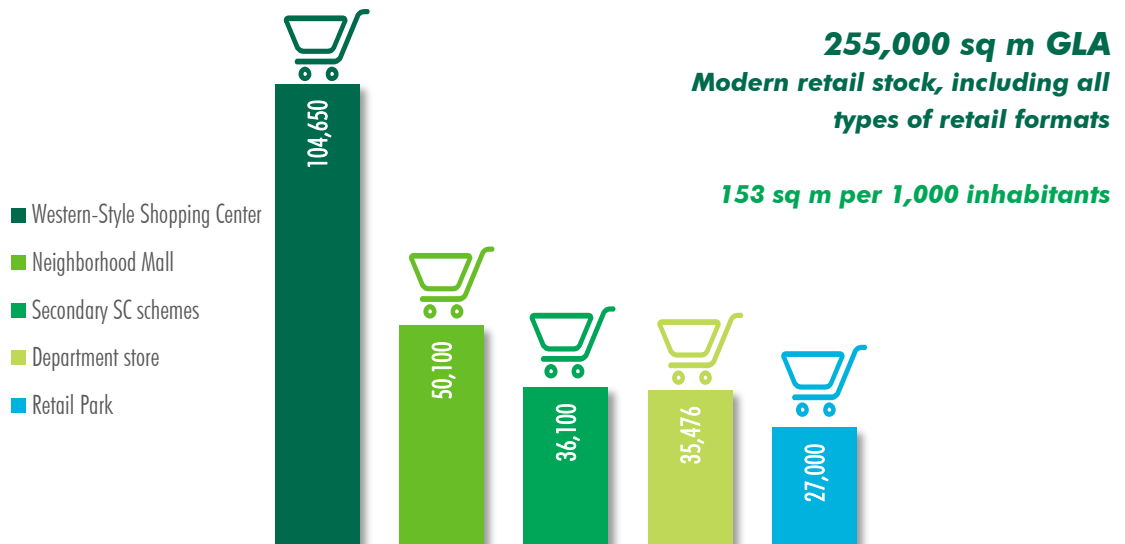
# Retail market stays in the investors' focus

 Total Stock  
**255,000 sq m**

 Stock per 1,000 inhabitants  
**153 sq m**

\*Arrows indicate change from the corresponding quarter in the previous year.

Figure 1 – Belgrade Retail Stock per types of formats



Source: CBS International, part of the CBRE Affiliate Network

### Q1 2016 SUMMARY

- The modern shopping center stock in Belgrade stands at the level of 255,000 sq m of GLA
- In terms of new developments, several active retail projects indicate a solid increase in Belgrade stock in the forthcoming period
- Swedish IKEA commenced the development of its first store in Serbia of 30,000 sq m.
- The first quarter has witnessed the opening of two retail schemes in Subotica and Nis, leading to the increase of the total stock to the level of 600,000 sq m of GLA
- The share of retail parks in the total retail stock in Serbia further grew to the level of 30%

**SHOPPING CENTERS**

With no new completions in Q1 2016, Belgrade modern retail stock remained unchanged, standing at the level of 255,000 sq m of GLA. Analyzing the stock per capita, it amounts to 153 sq m per 1,000 inhabitants, still being significantly below the regional average.

In terms of new developments, several active retail projects indicate a solid increase in Belgrade stock for the forthcoming period. By 2017, Belgrade should be enriched by two new shopping malls, Rajiceva Shopping Center and Belgrade Plaza. Being developed along the main pedestrian zone Knez Mihajlova street, Rajiceva Shopping Center will comprise app. 15,300 square meters of GLA and more than 80 stores.

Israeli company Plaza Centers actively works on its shopping center Belgrade Plaza, which should hold 32,500 sq m of GLA.

In addition, a local company MPC Properties recently commenced the construction of its project Retail park Borca which will hold app. 12,000 sq m and should be completed by 2016-year end. Upon the opening of these formats, Belgrade total modern retail stock will surpass the level of 300,000 sq m of GLA.

As far as the announced projects are concerned, after developing Capitol Park in the city of Sabac, Poseidon Group and Mitiska REIM aim to develop the retail scheme Capitol Park in Belgrade municipality Rakovica, comprising around 21,000 sq m.

After being active in Belgrade office market segment, a well-known developer GTC announced the development of its first shopping center in Belgrade, Ada Mall, which should comprise 32,000 sq m of GLA.



Belgrade as the capital dominates the real estate scene, however in the retail segment other key Serbian towns mark upward trend and generate more interest from the developers.

Recently, the city of Subotica has witnessed the opening of the retail park Shoppi of 10,000 sq m, being developed by MPC. The brands such as H&M, New Yorker, C&A, Tom Tailor, Takko and Deichmann opened doors of their stores to the buyers.

After the opening of Stop.Shop format of 6,300 sq m in the city of Cacak, Austrian Immofinanz Group has completed the retail scheme Stop.Shop of 13,500 sq m in the city of Nis.

Due to the completion of these schemes, the total retail modern stock grew in Q1 2016, totalling app. 600,000 sq m of GLA. At the moment, the share of retail park formats amounts to 30% of the total stock, as compared to the share of 8% marked in 2013.

Table 1 – Pipeline projects

Location	Project	Investor	Status
Belgrade, Downtown	Rajiceva Shopping Center	Ashtrom Group and Avital	under construction
Belgrade, Palilula	Belgrade Plaza	Plaza Centers	under construction
Valjevo	Stop.Shop	Immofinanz	under construction
Belgrade, Borca	Borca Retail Park	MPC Properties	under construction
Belgrade, Rakovica	Capitol Park Rakovica	Poseydon Group	preparation phase
Belgrade, Cukarica	Ada Mall	GTC	preparation phase
Sombor	Capitol Park Sombor	Poseydon Group	preparation phase

Source: CBS International, part of the CBRE Affiliate Network

In terms of the newcomers, CineStar Cinemas, the brand behind the largest German cinema operator, opened the first locations in Pancevo and Zrenjanin, as part of Aviv Parks, and within BIG CEE mall in Novi Sad.

After entering the Serbian market in 2013, H&M secured several stores across Serbia, whereas the most recent was established in Novi Sad high street zone. LTB opened its first store in Belgrade pedestrian zone, in Knez Mihajlova Street.

The first Spanish Zara Home in Serbia opened at the place of former Marks & Spencer location in Usce shopping center. Also, Turkish Waikiki recently enriched the Usce shopping center's offer.

The most recent investment transactions confirmed the increased attractiveness of the Serbian retail market, when the two largest Serbian malls have been purchased by South African funds. Atterbury Europe, jointly with Attacq Limited, has acquired a one-third stake in a EUR 259 million-worth MPC Properties' portfolio of seven retail schemes, including the country's largest mall, Usce Shopping Centre of 47,000 sq m GLA. In February 2016, Hyprop Investments Limited and Homestead Group have confirmed the purchase of two Delta City malls in Belgrade and Podgorica, of 30,000 sq m and 23,000 sq m GLA respectively, for EUR 202.8 million in total.

Table 2 – Rental levels

Location	Size of units		
	< 150 sq m	150 - 500 sq m	> 500 sq m
Knez Mihailova Street	Up to 100	60-80	40-60
Terazije Square/Kralja Milana Street/Kralja Aleksandra Blvd	45-60	30-45	20-30
Secondary high street (Pozeska, Gospodska)	35-45	25-35	Up to 25
Modern Shopping Centres	50-70	35-50	Up to 35

Source: CBS International, part of the CBRE Affiliate Network

## RETAIL WAREHOUSE

After developing the test store in the city of Smederevo, German LIDL has commenced the construction of its stores in Belgrade, in Vojislava Ilica Street and in Bor, Zrenjanin and Sabac.

The first IKEA department store in Serbia of 30,000 sq m will be developed along highway E75, in Belgrade outskirts. The construction recently commenced, being planned for completion in summer 2017.

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