



SERBIA MARKET INSIGHT REPORT S1 2022

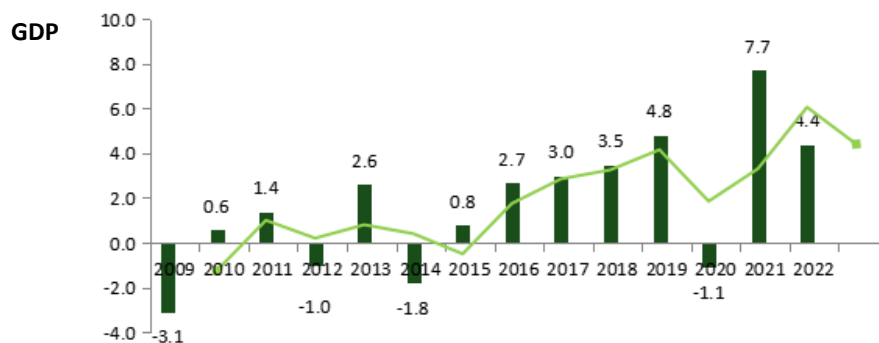
The Serbian economy growth moderated notably in the first quarter

MACRO FIGURES

The pace of economic growth moderated notably in the first quarter 2022.

The breakdown of components, calls for caution regarding future growth. Fixed investment growth moderated sharply in Q1 and while inventory build-up stimulated growth significantly, it is likely that destocking in the later stages of the year will weigh on economic activity. Household spending growth remained upbeat, seemingly undeterred by rising price pressures. Turning to the second quarter, inflation rose further in April and is unlikely to have peaked; producer price inflation also intensified in April. More positively, merchandise exports expanded robustly in the same month. Meanwhile, political pressure on Serbia is building.

Economic growth will cool sharply this year, but remain healthy nonetheless. Meanwhile, higher commodity prices will stoke inflationary forces and eat into consumers' pockets. However, solid wage growth and a tighter labor market should provide some support.



Source: Ministry of Finance of Republic of Serbia, NBS, Danos RESEARCH

SERBIA ECONOMY S1 OVERVIEW

The return of GDP to the pre-crisis level achieved in 2021 is the result of increased activity in the industry, construction and service sectors. According to RZS data, GDP growth in 2022 was maintained at around 4.4%.

Despite the conflict between Ukraine and Russia, which had a negative impact on the prices of primary products on the world market, as well as supply chains, the service sector and industry had the primary influence on GDP growth.

Economy recovers

FDI - The inflow of foreign direct investments reached record levels of around 8% of GDP.

The inflow of FDI in the period January-April 2022 amounted to 768 million euros. In the period 2019-2021, the largest part of FDI inflows still came from EU countries, but with a growing participation of countries, of which China, the USA and European countries outside the EU - Russia, Turkey and Switzerland - stand out.

The current level of inflation during S1 2022

Inflation was largely influenced by food and energy prices. Inflation in May 2022 amounted to 10,4%.

Core inflation remained stable, averaging 1,8%, thanks to macroeconomic stability and exchange rate stability.

The unemployment rate in S1 2022 was 10,6%.

According to the data, the unemployment rate decreased by 2,2 percentage points in S1 2022 compared to S1 2021.

The employment rate in S1 2022 was 49,3%, which recorded a growth of 3,0 pp compared to the same quarter of the previous year, with an increase in the rate of informal employment from 10,9% to 13,3%.

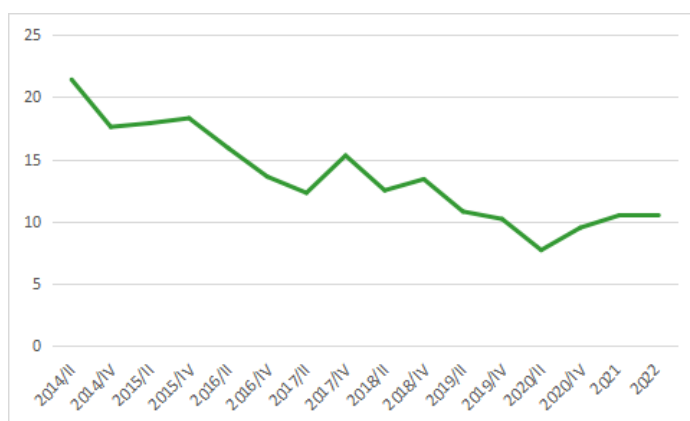
In March 2022, the average salary increased nominally by 14,4%, and in real terms by 4,9%.

The year-on-year growth of average wages in March amounted to 14,4%, while the growth of wages was still influenced by the growth of wages in the private sector, where employment increased by 1,9%.

Growth was recorded in private sector service activities, construction and agriculture. The decline in employment was recorded in the financial sector. Observed by activities, growth is present in information and communications, administrative and service activities, processing industry, scientific activities, construction and accommodation and food service .

In the period January - April 2022, total formal employment increased by about 36 thousand persons.

Unemployment rate in S1 2022, 10,6%



Source: Ministry of Finance of Republic of Serbia, NBS, Danos RESEARCH

OFFICE MARKET REPORT S1 2022

In 2022 Serbian Office market remains among the most attractive market segments

PIPELINE OFFICE PROJECT			
Project/Investor	Location	Area (sqm)	Status
AFY CITY ZMAJ	Zemun	70.000	Under construction
B23 OFFICE PARK	New Belgrade	57.000	Under construction
GTC X	New Belgrade	17.000	Under Construction
BIG CEE office project	New Belgrade	90.000	Announced
Airport City 5th phase	Block 65/New Belgrade	15.000	Under construction
Skyline / AFI	Belgrade	30.000	Under construction
West 65 Tower	New Belgrade	70.000	Under construction
Bridge Plaza	New Belgrade	15.000	Under construon
Alco Busineee Center	New Belgrade	13.500	Under construction
Green Escape/Imel Group	New Belgrade	69.000	Under construction
TLD	Belgrade - center	8.300	Under construction

Source: Danos RESEARCH

**prime
yields**

8 %

**Class A office buildings in CBD €/sqm
15-16,5**

**Class B office buildings €/sqm
10-12**



BELGRADE OFFICE MARKET

The Belgrade Office market remains among the most attractive market segments.

The office market continues to be the main focus of the investors primarily due to its healthy fundamentals. Demand remained strong, despite the overall situation.

The total stock was brought up to over 1 million sqm.

TOTAL A AND B OFFICE STOCK BELGRADE	Over 1.million sqm
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New pipeline projects and developments shows that investors recognized a strong movement in office leasing activity, which persists in S1 2022. Several pipeline projects were announced to be opened in this year.

Investment yields in the Balkans region are still considerably higher compared to other parts of Central and Eastern Europe. The yields for prime offices in Belgrade staid in range between 8,00-8,75%. The asking rental values remained at the same level as in the previous period.

The vacancy rate has continued its downward trend and decreased from 7,7% to 6%.

Further decrease of vacancy rate is expected having in mind that several of pipeline projects are set for completion in 2022.

During S1 2022, two projects of existing premises were refurbished into modern business premises, Centroprom Building and Palata Beograd. Until the end of the year building Tri Lista Duvana in the city center will be opened for the new tenants.

The trend of co-working spaces remains strong.

MARKET TRENDS GRADE A OFFICES



**Vacancy rate
6 %**

Demand	
Vacancy	
Rents/Sale	
Short term outlook	



RETAIL MARKET REPORT S1 2022

SLOW DOWN IN RETAIL DEVELOPMENT ACTIVITIES

Overview

After a strong development cycle in retail segment in the previous period, development activity has slowed down in S1 2022.



Retail market noted opening of the AVA SHOPPING PARK with over 19.000 sqm done by Swedish IKEA next to the existing IKEA.

Marera properties started expansion of Zemun Retail Park for additional 8.000 sqm.

New openings

AVA SHOPPING PARK

Until 2021, four modern type shopping centers, four retail parks and one neighbourhood mall were delivered to the Belgrade retail market.

Take up in retail segment that was recorded until the end of 2021 with Retail park Obrenovac - nearly 15.000 sqm, West 65 Mall - nearly 10.000 sqm and Delta Planet Nis with 40.000 sqm has now grown for additional 19.000 sqm of AVA SHOPPING PARK.

MARKET TRENDS

Demand	
Vacancy	
Rents/Sale	
Short term outlook	

**PRIME SHOPPING
CENTER STOCK-Belgrade**

464.000 sqm GLA

Rental levels in Belgrade

prime yields

8 %

26eur/sqm - 28eur/sqm





LOGISTICS MARKET REPORT

The logistics and industrial market remains one of the most attractive segments on the Serbia real estate market

OVERVIEW

During 2022 demand on the market continues to rise.

Construction activities on the logistics and industrial market have proven once more that Serbia is an attractive destination for existing and international investors and affecting a slight increase in rents. Investment yields remains stabile.

LOGISTICS REAL ESTATE MARKET

The industrial and logistics sector in Serbia notes an increase in the number of logistics and industrial facilities. The beginning of the year was marked with the completion of several projects on the industrial and logistics market.

CTPark North II with 26.000 sqm of A class warehouse space near highway E-75, Transfera 1 with over 50.000 sqm distribution warehouse space and Ananas distribution warehouse - Delta Holding.

The total supply of modern industrial space in Belgrade and its vicinity exceeds 2.3 million sqm.

City of Belgrade with its surrounding area remains the wealthiest region equipped with efficient infrastructure, representing the main logistics spot. CTPark West is under construction, Delta Transportni sistemi are under construction within their logistic center with additional 16.000 sqm, VGP announced construction of business complex in Dobanovci, Lidl logistic center, one of the largest in the region is in construction in municipality Lapovo. In area of 60.000 sqm distribution center is located in industrial zone, next to the highway E-75.

S1 2022 MARKET INSIGHT REPORT RESIDENTIAL MARKET REPORT

Residential market remained the strongest real estate segment

OVERVIEW

During S1 2022, the trend of building a large number of residential and business premises throughout the country continued. As demand is constantly rising, the construction works are noted in Belgrade greather area as well as in other parts of the country. Driven by demand prices have increased in 2022, newly built as well as old built.

SERBIA RESIDENTIAL MARKET

Investing in apartments has proven to be the safest way to invest and protect capital.

The real estate market in Belgrade remains the largest market in Serbia. New developments expanded across all Belgrade areas bringing positive outlook in residential market and showing construction activities in other parts of the city as well as in New Belgrade. Bringing several new projects and many anounced pipline projects as well as large-scale residential projects.

The average prices of apartments in Belgrade in the old buildings reached 1,680 eur/sqm with change of YonY by 15 percent, and in the new built 2,165 eur/sqm with change of YonY by 9 percent. The price of the apartments in Belgrade remains higher than anywhere else in Serbia.

Apartments between 50 sqm and 70 sqm remains the most interesting for byers.

New developments

RESIDENTIAL PROJECTS			
Project	Location	Total size sqm / Units	Status
BW WATERFRONT	Belgrade	By phases	Under Construction
WEST 65 TOWER	Novi Beograd	40346 / 294	Under Construction
WELLPORT	Novi Beograd	50000 / 500 in phases	Under Construction
PARK VILA RESIDENCE	Vozdovac	Na / 330	Under Construction
SAKURA PARK	Novi Beograd	37500 / 228	Under Construction
ZEPTERRA	Novi Beograd	75000 / 227	Under Construction
THE ONE	Novi Beograd	91000 / 230	Under Construction
NEW MINEL	Novi Beograd	61000 / 328 in phases	Under Construction
KENNEDY RESIDENCE	Novi Beograd	38000 / 170	Under Construction
PETICA	Novi Beograd	60000 / 308	Under Construction
ZELENA AVENIJA	Zemun	35000 / 400 (a+cs)	Under Construction
LASTAVICE	Zemun	69100 / Na	Under Construction
VOJVODA RESIDENCE	Vozdovac	Na / 127+	Under Construction
ELIKSIR GARDEN	Novi Beograd	50900/237+20	Under Construction
PUPINOVA PALATA	Novi Sad	12500 / 170	Under Construction

Source: Danos RESEARCH

S1 2022 MARKET INSIGHT REPORT



TOURISM & HOTEL MARKET REPORT S1 2022

Recovery of tourism in Serbia, opening of a new hotels announced

OVERVIEW

The tourism sector in Serbia has been gaining growing importance for the economy in the past years.

Although Serbia has a favorable geographical position and beautiful landscape, the market possibilities of the tourism sector within are still not fully realized. Still there is noticeable development of domestic tourism and accommodation offer mainly ethno villages and accommodations in nature.

In the Republic of Serbia, in May 2022, compared to May 2021, the number of tourist arrivals was by 88,4% greater, while the number of tourist overnight stays was by 56,1% greater.

In May 2022, compared to May 2021, the number of overnight stays of domestic tourists was by 33,3% greater while the number of overnight stays of foreign tourists was by 103,8% greater.

Belgrade is richer for another hotel. The Envoy hotel is located in the center and extends over nine floors in the reconstructed building of the former Australian embassy.

This growth trend was also recognized by Accor, one of the leading groups in the field of tourism and hospitality, which is opening another hotel in Serbia this fall. The group signed a contract for a new hotel located in New Belgrade. Thanks to the partnership of Accor and BGroup, the first By Mercure hotel in Serbia will be opened in Belgrade. The former Hotel Bleecker will be renovated and rebranded as Hotel Bleecker Belgrade By Mercure.

Delta Real Estate announced a new investment cycle. Belgrade is getting a new hotel and business tower. The planned project of the new InterContinental Belgrade hotel will complete Belgrade's accommodation offer with five stars and 220 exclusive rooms.

After the construction of the Fruške Terme hotel in 2019, in 2022 they expand the accommodation capacity and entertainment facilities. Currently, Fruške Residence apartments and a swimming pool complex are being built in the immediate vicinity of the hotel.

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