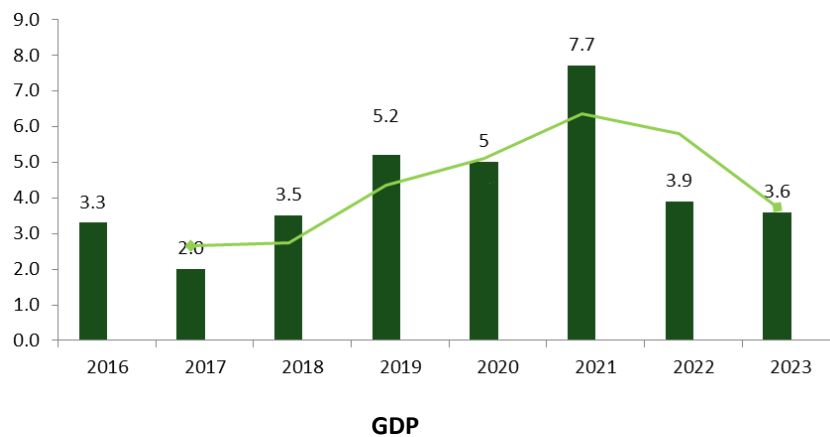




## SERBIAN MARKET REPORT S2 2023

### MACRO FIGURES

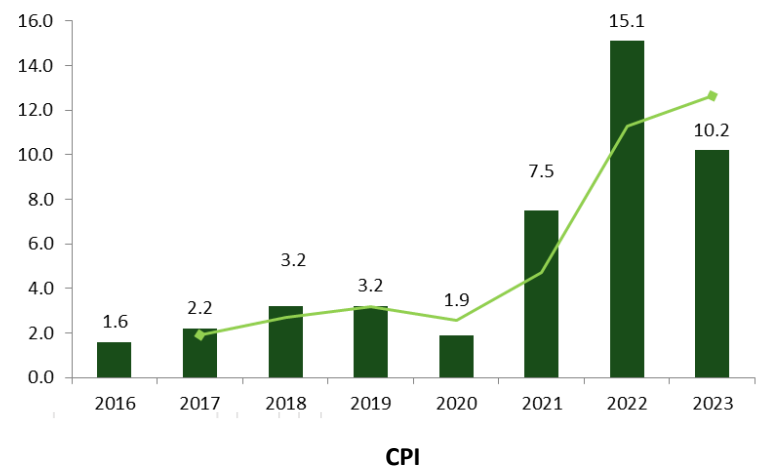
Data for S2 of 2023 indicate a calming and **stabilization phase** in the real estate market in Serbia. The calming of activity is reflected in the number of transactions and home loans, as well as in the value of the market, after a strong expansion in 2021 and 2022. However, despite the declining activity, the real estate market still holds a higher level compared to pre-pandemic values. In this period, there was a continuous gradual slowdown in price growth, compared to the strong growth in the previous year, although the annual growth rate is still at a significant level (+ 11.19%).



**The real GDP growth in 2023 amounted 3.6%.** According to forecasts, GDP growth is expected to accelerate to 4.0% in 2024, primarily thanks to the acceleration of the investment cycle and easing of inflationary pressures, and in the medium term, a return to the pre-pandemic growth trajectory of 4% per year is expected.

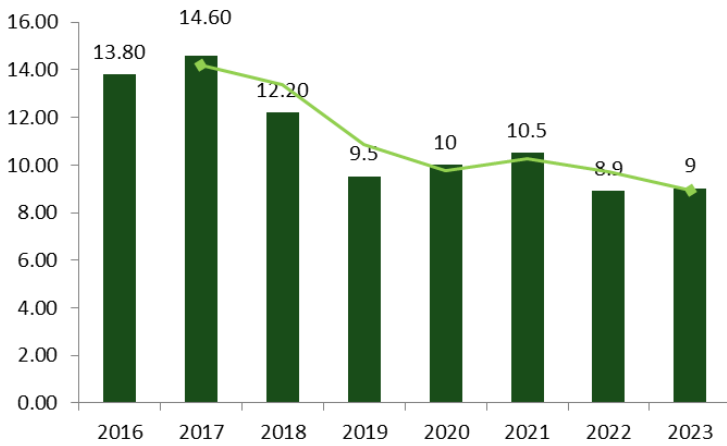
**Consumer prices (in %, relative to the same month a year earlier) amounted 10.2.**

The prices of personal consumption products and services in December 2023, compared to November 2023, are on average higher by 0.1%. Consumer prices in December 2023, compared to the same month of the previous year, increased by 7.6%. In 2023, compared to 2022, consumer prices increased by an average of 12.1%



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

## SERBIAN ECONOMY S2 2023 OVERVIEW



UNEMPLOYMENT

### Unemployment according to the Survey 9 %

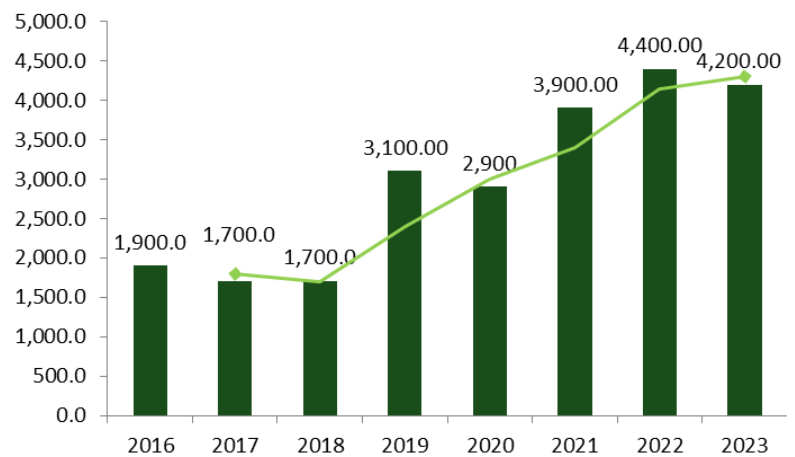
According to data from the Labour Force Survey, the unemployment rate is at a single-digit level and was 9.0% (-0.6 p.p. compared to the previous period), while the employment rate was 50.7%, which is growth of 0.3 p.p. in relation to the previous period. The rate of informal employment was 12.8% (+0.5 p.p. compared to the previous period).

The average gross salary for October 2023 was 119,791 rsd (1021.24 euros), while the average net salary without taxes and contributions was 86,738 rsd (739.45 euros).

Real salary growth in the private sector in the period January - October 2023 (2.2% mg.) In the period January - October 2023, the nominal average net salary amounted to 84,694 dinars (722 euros) and is higher by 15.0% mg. The growth was driven by a faster growth of wages in the private sector (16.1% mg.) than in the public sector (12.8% mg.).

The inflow of foreign direct investments reached record levels of about 7% of GDP by 2022. FDI inflow in 2022 amounted to 4.4 billion euros.

By November 2023, the total inflow amounted to 4.2 billion euros (net 3.9 billion euros), which represents a higher level compared to the same period last year, when a record was recorded for the inflow of FDI.



FDI

The agencies Fitch, August 2023 and S&P, October 2023 have confirmed the credit rating of Serbia at the BB+ level, with a stable outlook. Moody's maintained Serbia's credit rating at the Ba2 level with a stable outlook in September 2023.

## REAL ESTATE MARKET

**Serbia's real estate market experienced record demand for office, logistics and residential space this year and this growth trend continues in 2023. The overall outlook is still positive.**

### Strong demand for logistics and office space

According to the results of the Republican Surveyor Institute has recorded positive trends for investors in the Serbian real estate market. Prices and the number of concluded contracts continue to grow.

The logistics market is also crisis-resistant, proven by the fact that developer CTP Serbia plans to double its Serbian portfolio next year and build an additional 250,000 sqm. The ongoing nearshoring trend – where companies are changing their strategies due to the collapse of supply chains, therefore relocating production facilities from the Far East to Western Europe – presents an opportunity for the region and Serbia.

Serbia has a lack of Class A logistics space, which coupled with nearshoring trends and ongoing infrastructure projects that create new opportunities, makes a compelling case for investors and banks. Demand for office space has doubled this year, so it's no surprise that developers are currently building around 200,000 sqm new office space in Belgrade. 20% of the entire office stock is being newly built or refurbished which presents good opportunity for equity investors. The banking sector will continue supporting the economy and real estate sector, with constant monitoring of market changes and taking necessary precautions in order to preserve quality of existing loans in real estate segment, as well structuring new loans in way that protects both clients and bank.

The shopping centre market has remained calm. Except the renovation of Zira shopping centre, no new completions were noted until the end of 2023.

## OFFICE MARKET REPORT S2 2023

### A positive trend on the real estate market in Serbia continues

OFFICE PROJECT			
Project/Investor	Location	Area (sq m)	Status
AFI CITY ZMAJ	Zemun	70000	Open
GTC X	Novi Beograd	17000	Open
WEST 65 TOWER	Novi Beograd	70000	Open
BRIDGE PLAZA	Novi Beograd	15000	Open
ALCO BUSSINES CENTER	Novi Beograd	13500	Open
GREEN ESCAPE	Novi Beograd	69000	Open
TLD	Belgrade - center	8300	Open
TB65 OFFICE BUILDING	Novi Beograd	14400	Open
B23 OFFICE PARK	Novi Beograd	35000	Open

Source: Danos RESEARCH

Real Estate for a changing world

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

## MARKET TRENDS

Demand	
Vacancy	
Rents/Sale	
Short term outlook	

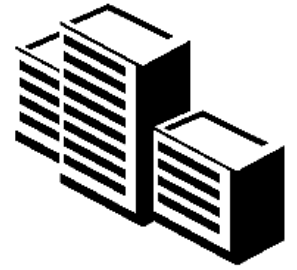
Class A office buildings in CBD €/sqm

17.5

Class B office buildings €/sqm

10 - 15

prime yields 8.25 %



**TOTAL  
A AND B  
OFFICE STOCK BELGRADE**

**Over 1.265  
million sqm**

The office market continued growth despite economic crises. More than 35.000 sqm was delivered to the office market in Belgrade.

### OFFICE PROJECT - PIPELINE

Project/Investor	Location	Area (sq m)	Status
Prokop	Belgrade	18.000	Under construction
BIG CEE office project	Beograd	12.000	Announced
Airport City 9th phase	Block 65/Novi Beograd	50.000	Under construction
AFI City Zmaj II phase	Zemun	60.000	Announced
GTC	Novi Beograd	72.000	Planned
Revolucija office building	Belgrade - center	10.000	Under construction
Green Escape	Novi Beograd	28.700	Announced
BIGZ	Belgrade - center	40.000	Reconstruction
Brankov Business Centre	Belgrade - center	10.500	Under construction

The total supply of modern office space in Belgrade has reached more than 1,265,000 sqm, with a "prime yield" of 8.25% in 2023. Availability remains low with the vacancy rate standing at 7% for Class A.

Prime rents remained stable in a range between 15-17.5 eur/sqm/month. Premises in Novi Beograd remain the most interesting, but an increase in demand and construction development has been noted in Belgrade center, New Belgrade – Zemun.

Announced projects in wide center area, second phase of Afi City with 60000 sqm, Big fashion office building in Municipality Palilula with 12000 sqm, Green Escape with 28700sqm will enlarge total office stock.

High-quality office buildings, class A+, which meet the needs of major international companies thinking on a long-term basis and recognizing the importance of higher initial investments and the advantages they bring to their employees and their actual business.

**RETAIL MARKET REPORT S2 2023**

The retail real estate market in Serbia has slightly slowed down at the end of 2023.

Still new pipeline projects and new retail parks deliveries all over Serbia shows that this slow down can be only temporary. In addition to the expansion of existing spaces, especially when it comes to retail parks, new projects have also been announced.

The most preferred retail scheme for tenants were retail parks, while shopping centres market remained calm. Reconstruction of Zira shopping centre was the only notable by the end of 2023.

The total retail stock in Belgrade remains at the level of around 500,000 sqm of GLA. Belgrade shopping centres maintain a stable level of rents, between EUR 20-29/sqm/month, while the base rents for retail parks in Belgrade amount to EUR 8.5-12/sqm/month.

**PRIME SHOPPING CENTER STOCK - Belgrade**      **500.000 sqm GLA**

**Rental levels in Belgrade – shopping centers**

**26 eur/sqm – 29 eur/sqm**

prime yields

**8.28 %**



**Rental levels – retail parks**

**8.5 eur/sqm – 12 eur/sqm**

prime yields

**8.25 %**



**New openings**  
STOP SHOP – Sremska Mitrovica  
BOR RETAIL PARKO – Bor

**MARKET TRENDS**

Demand	➔
Vacancy	➔
Rents/Sale	➔
Short term outlook	➔

At the end of 2023, Belgrade retail supply reached the level of around 500,000 sqm.

Large number of planned or under construction projects remained with retail parks development.

Until the end of 2023, no new entries were noted. Existing brands were expanding their networks trying existing or new projects.

## OVERVIEW

During the year the retail market was driven by retail parks construction and their expansion.

The next BIG shopping center is going to be constructed in Čačak - Six buildings on more than 20,000 sqm. Company BIG CEE announced several new projects in Krusevac, Kragujevac, Zrenjanin and Inđija.

The new retail parks in Loznica and Arandjelovac are planned by Shop Parks.

Two Retail parks are currently under construction – Vrbas and Ruma, as well as Retail park Surčin – final phase.

The Eurasia Trade Center investor in Novi Beograd between Nova 15, Nova 16 and Jurija Gagarina streets plans to build a new Chinese shopping center.

Marera properties announced expansion of Zemun Retail Park for additional 8,000 sqm.

The opening of retail park in Bor, and expansions in Sremska Mitrovica and Vrsac move overall stok.

The overall vacancy remains stable in shopping centers as well as in retail parks.

2023 brought significant changes in the retail market. The current climate and sales are directly influencing retail brands operating decisions and how they gain customers.

### RETAIL PROJECTS - PIPELINE

Project	Location	Investor	Status
BIG FASHION BOR	Bor	Big Cee	Planned
BIG CEE CACAK	Cacak	Big Cee	Planned
SHOP PARK LOZNICA	Loznica	Niksen Ltd and Tomnix	Planned
SHOP PARK ARANDJELOVAC	Arandjelovac	Niksen Ltd and Tomnix	Planned
RETAIL PARK KIKINDA	Kikinda	RC Europe	Planned
RETAIL PARK ARANDJELOVAC	Arandjelovac	Pestan	Planned
RETAIL PARK UB	Ub	Go Shop Retail Park Black doo Ruma	Under construction
RETAIL PARK NOVA RUMA	Ruma	Go Shop Retail Park Black doo Ruma	Under construction
RETAIL PARK NOVA KULA	Kula	Go Shop Retail Park Black doo Ruma	Under construction
AVA SHOPPING PARK II Phase	Beograd	Ikea	Planned
RETAIL PARK DONIC	Velika Plana	Donic	Announced
FORUM PARK II phase	Zemun	Marera	Planned
RETAIL PARK MARTINI VESTO	Leskovac	Martini Vesto	Planned
RETAIL PARK TOPLICINA	Toplicina	Ninalbeg Properties	Under construction



## LOGISTIC MARKET REPORT

Growth in demand in Serbian logistics market. Total capacities in Serbia increased.

### OVERVIEW

Belgrade industrial stock, along with the wider Belgrade area and surrounding cities, reached 2.7 million sqm in 2023, while Belgrade alone features 1.140 million sqm of modern industrial supply.



1.140.000 SQM  
STOCK



€4 – 5.5/SQM PRIMARY  
LOCATION RENTS



5% AVRG  
VACANCY RATE



8.25 % PRIME YIELD

As the result of stronger demand, increased construction costs and higher energy prices, rental prices were stable during 2023, remaining at the level of 4 – 5.5 euros per sqm per month (prime rents). Rent prices for lower-quality facilities are also stable and range from 2 to 4.50 euros per sqm per month. The vacancy rate for modern logistics in Belgrade wider industrial area stands below 5%. Total capacities reached 1,140 sqm.

The development of the logistics sector has been evident in the last few years and this segment of the real estate market was seen as an opportunity for development and attracting new investments.

Throughout Serbia, in the vicinity of large cities, the development of significant logistics projects is noticeable. Locations with good transit accessibility and low business costs are particularly interesting. Until 2023, the total stock of logistics space increased by 16%, and vacancy is at an extremely low level for newly built and existing facilities. The rent level remained stable. In this sector, there is a pronounced trend of signing new contracts for the lease of buildings for which construction is still being planned.

By the end of 2023, more than 300.000 sqm of construction are being done.

The logistics market in Belgrade and the neighbouring municipalities Stara Pazova and Pećinci continued to perform strongly. There is a noticeable trend of building industrial parks with large capacities for both storage space and light production.

Numerous facilities were delivered in 2023 – Continental Tobacco in Šimanovci, Milšped in Krnješevci, II phase of distribution warehouse of Delta Real Estate in Nova Pazova. In secondary cities Continental in Kać and Etampa in Kruševac.

Announced projects for the Belgrade and the wider Belgrade area – IPB-7 phase in Krnješevci, Besico in Nova Pazova, VGP park in Dobanovci, Palfinger in Niš, Haitian machinery in Ruma, Roloplast Mošić, Lidl II phase in Lapovo, Minth in Loznica and Šabac.

CTP stayed one of the most active in this sector with current construction of CTPark Belgrade Center 1, planned CTPark Belgrade Center 2 and phases of CTPark West. In addition CTPark North 5 – under construction and CTPark North 6 and 7 as well as CTPark Novi Sad are planned.



## SERBIA RESIDENTIAL MARKET REPORT

The overall economic slowdown was shown on the Serbian residential market

### OVERVIEW

The real estate market in Serbia reached its peak when it comes to prices. 2023 recorded slight stagnation in the number of construction permits, which amounted to 5% annually in the first half of the year, but not a significant drop in prices.

In spite of a gradual slowdown of the residential market, the construction of pipeline remains active with numerous projects currently under development.

At the beginning of 2023 a few projects were completed. Palata Cvijićeva and Elixir Garden.

Notable pipeline brings planned or projects under construction. Marina Dorćol, Park Vila Residence, Kosa Kwart, Novi Dorćol, Lastavice, Airport Garden, BIG Residence, Vojvoda Residence, Banovo Brdo Residence, Landmark Residence. Belgrade Waterfront is under construction with multiple projects.

New square footage is being prepared in Novi Beograd - The Newport residential and business complex announced construction in the immediate vicinity of the West 65 and Wellport complexes, as well as Airport City in Novi Beograd.

At the corner of Milutin Milanković and Omladinskih brigada street, the construction of a residential and business complex started – Project Railway City from Belgrade.

Alta Holding plans to build a residential and commercial complex with a religious building (Church of the Annunciation) in the block between Jurija Gagarina, Uroš Martinović and Red Army Boulevard streets in Novi Beograd.

The company DB Set Up Solutions is planning the construction of residential and business complex "Pupinova palata - Novi Beograd", in Novi Beograd.

Project Soul 64 will be constructed in Novi Beograd, as well as second phase of the project The One.

**Average realised price of apartments - New build**

**2413eur/sqm**

**Average realised price of apartments - Old build**

**2083eur/sqm**

## RESIDENTIAL MARKET REPORT

RESIDENTIAL PROJECTS			
Project	Location	Total size sqm / Units	Status
LANDMARK RESIDENCE	Belgrade	121/13	Announced
CENTRAL PLAZA	Belgrade	63	Under Construction
SOUL 64	Novi Beograd	9 buildings	Announced
ALTA HOLDING - Blok 67a	Novi Beograd	358/28/52	Announced
RAILWAY CITY	Novi Beograd	244/52	Announced
NEWPORT	Novi Beograd	50.000sqm 104/14/4	Announced
VICTORY GARDENS	Belgrade	210.000 sqm	Announced
ELIXIR VOZDOVAC	Belgrade	125.000sqm	Announced
BEZANIJSKA KOSA	Belgrade	13.500sqm / 126/32	Announced
BW WATERFRONT	Belgrade	By phases	Under Construction
KULA BELGRADE	Belgrade	65.000 sqm	Under Construction
LUX 51	Belgrade	280/48	Under Construction
ZEMUN VISTA	Zemun	100	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	Delivered
THE ONE	Novi Beograd	91000 / 230	Delivered
NEW MINEL	Novi Beograd	61000 / 328 in phases	Under Construction
KENNEDY RESIDENCE	Novi Beograd	38000 / 170	Delivered
PETICA	Novi Beograd	60000 / 308	Delivered
ZELENA AVENIJA	Zemun	233/36/35000	Under Construction
LASTAVICE	Zemun	69100 / Na	Under Construction
VOJVODA RESIDENCE	Vozdovac	Na / 127+	Under Construction
ELIKSIR GARDEN	Novi Beograd	50900/237+20	Delivered
PUPINOVA PALATA	Novi Beograd	116.291sqm 691/45/20	Announced

Although the market slowdown was felt at the end of 2023, it did not have much impact on the drop in prices, which remained at high level.



## **TOURISM & HOTEL MARKET REPORT S2 2023**

### **OVERVIEW**

In the Republic of Serbia, in November 2023, compared to November 2022, number of tourist arrivals was by 1.3% greater, while number of tourist overnight stays was by 7.3% lower.

In November 2023, compared to November 2022, number of overnight stays of domestic tourists was by 16.4% lower while number of overnight stays of foreign tourists was by 4.2% greater.

The Republic of Serbia has won the acknowledgement “10 Destinations Worth Waiting For” for 2023, awarded by the association National Tourism of China.

Serbia’s updated hotel investment incentives mark a strategic move to enhance tourism infrastructure, particularly in light of the forthcoming EXPO 2027. With considerable support for investors, the country is poised to significantly boost its hospitality sector, aligning with its growing reputation as a diverse and attractive tourist destination.

The state plans to subsidize the construction of new hotels and the expansion of existing ones for the needs of the EXPO 2027 specialized exhibition. State will subsidize up to 20 percent of the value of investments in hotels of 3, 4 and 5 categories with three, four or five stars.

Delta Real Estate continues to strengthen its hotel portfolio by taking over the Radisson Collection - Old Mill Hotel in Belgrade and thereby continues the realization of its plan to be a regional leader in the hotel industry (June 2023).

The company Delta Real Estate has announced that at the beginning of 2024 in Block 20 in New Belgrade, it will begin construction of the "Delta district" complex, which will include two business towers and a high-class hotel (IHG Group).

AFI Europe will build a hotel within the largest business park in Belgrade and Serbia, Airport City Belgrade. Within the New Belgrade complex, it will offer high-quality business category accommodation, and the future facility will belong to the renowned Marriott International hotel chain.

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