2020 SERBIA REAL ESTATE MARKET REPORT

Economy & Investments

+10% ▲
2019. vs 2020.

1.9%
Inflation

9.7%
Unemployment rate

18,916,000 ▲
No. of parcels in the Cadastre

60,000 RSD ▲
Average NET salary

4,835,844 ▲
No. of buildings in the Cadastre

1,231,111 ▲
No. of units in the Cadastre

974,272 ▲
No. of mortgages in the Cadastre

60%:40%
RE purchase Cash : loan

"Cash Is King"

- Investment in real estate is most prominent in the absence of other financial instruments
- No pronounced public interest in bank savings
- Small investors in Serbia are traditionally inclined to real estate investment with average interest rates of 3-4%
- Serbia has been recording slight, yet steady growth of GDP per capita in the past 6 years, but is still lagging behind most of developing countries of SEE
- Serbia ranks 1st on the FDI 2019 European list, based on number of greenfield investments in relation to economy size

Residential Market

The number of apartment sales in the first six months of 2020 decreased by 22% compared to first half of 2019 accordin to the Geodetic Authority of the Republic of Serbia. This decrease was most prominent in April, during Covid curfew. Number of transactions quickly recovered in May and July after restrictive measures were lifted, although still at a slightly lower level when compared to 2019.

Quarterly, total number of family home sales recorded a constant growth in 2020, while the number of apartments sold decreased in Q2 2020. However, in the period from 2020 Jan-Aug, the number of newly constructed apartments and construction permits increased compared to the same period of the previous year.

Compared to 2019 Q3, share of residential real estate sales when compared to total number of real estate sales in Serbia increased by 1%. The largest increases were recorded in major cities:

Belgrade **+21%**

Nis **+22%**

Kragujevac **+20%**

Novi Sad **+40%**

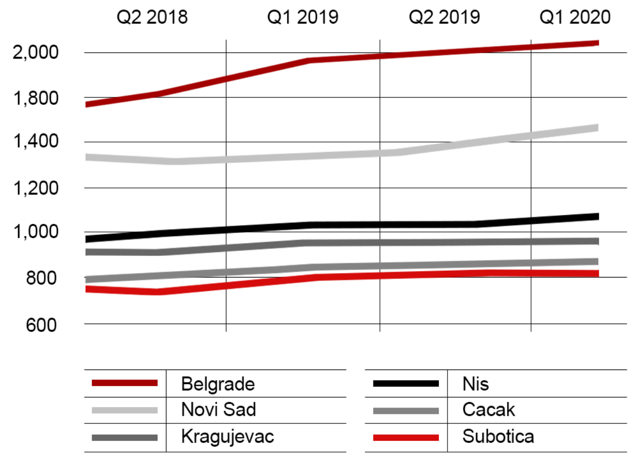
Source: Geodetic Authority of the Republic of Serbia

Large scale residential projects in Belgrade

	Residential project	Area (sq m)
1	Kneza Milosa Residence	44,585
2	Kennedy Residence	38,000
3	K-District	115,000
4	West 65 - Avenue	30,316
5	West 65 - Tower	40,346
6	Wellport	50,000
7	Savada 3	26,302
8	Park 11	29,000
9	Sakura Park	37,500
10	Block 65 Ex Ing Home	26,000
11	New Dorcol	100,000
12	The One	91,000
13	Belgrade Tower	65,000
14	Block 32	36,600

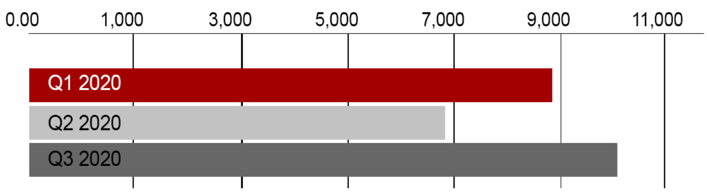
Source: DATA Research

Average apartment price in new developments



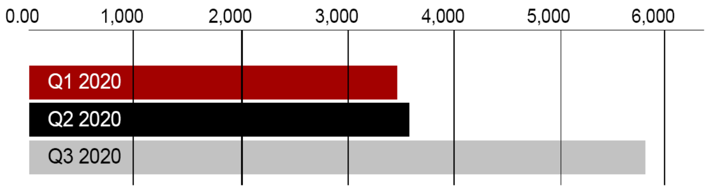
Source: DATA Research

Residential sales overview in 2020 by quarters



Source: Geodetic Authority of the Republic of Serbia

APARTMENTS



Source: Geodetic Authority of the Republic of Serbia

HOUSES

Office Market

- Demand for office space still outweighs supply
- Certain office relocation projects have been delayed
- Average rent remains stable
- Certain downward pressure on average rent levels is expected in the future once the supply/demand stabilization occurs
- Office market evolves – co-working and remote working increase in significance
- Strong construction activity

Office buildings projects in Belgrade

	Occupant	Area (sq m)	Location
1	NCR	30,000	Milutina Milankovica St, New Belgrade
2	Usce Tower 2 / MPC	22,000	Mihajla Pupina Blvd, New Belgrade
3	N House	10,700	Mihajla Pupina Blvd, Block 21, New Belgrade
4	Green Heart / GTC	46,000	Milutina Milankovica St, New Belgrade
5	BIG CEE office project	90,000	Milutina Milankovica St, New Belgrade
6	Airport City 5th phase	15,000	Omladinskih brigada St, Block 65, New Belgrade
7	Skyline / AFI	30,000	Kneza Milosa St, Belgrade
8	Immorent Sirius office (2nd phase)	12,500	Milutina Milankovica St, Block 43, New Belgrade
9	West 65 Tower	70,000	Omladinskih brigada St, New Belgrade
10	Navigator 2 / MPC	27,000	Milutina Milankovica St, New Belgrade
11	Delta Holding	23,000	Milutina Milankovica St, New Belgrade
12	Green Escape / IMEL Group	65,000	Highway to Zagreb, New Belgrade

Source: DATA Research

950,000 sq m
Class A and B stock in Belgrade

15-16 eur/sqm
Monthly prime rent in Belgrade

8%
Prime yield

5%
Vacancy

Source: DATA Research

"Some Office Space Will Be Sold These Days"

Sold 100,000 sq m
"Sava Center" in Belgrade to Delta

Sold 20,000 sq m
"Beogradjanka" in Belgrade to Marrera Properties

Sold 6,400 sq m
Workers University in Novi Sad to VEGA IT

Source: DATA Research

DATA INVESTMENT

Retail Market

- Retail market faces significant challenges
- New shopping habits, fast expansion of e-commerce during the 2020 pandemic
- Retail chain expansion strategies have been modified with focus on optimization
- Negotiations for rental reductions and lease terminations gain magnitude
- Potencial impacts on the retail industry
- Emergence of new types of stores and locations, encouraging small local business growth
- Online stores introduce new measures – click and collect solutions, channel distribution, office-online interaction
- Hotel industry experiences the most difficult time in the 21st century. The impact on tourism and hotels is troublesome and we will be witnessing changes of ownership and new trends in the hotel industry

20-28 eur/sq m
Average rent
Prime shopping centers

8.25%
Prime yield
Shopping centers

9-12 eur/sq m
Average rent
Retail parks

8.75%
Prime yield
Retail parks

6mil
Sold Hotel "88 rooms" in Belgrade to Arena Hospitality Group

Shopping malls in Serbia

	Shopping mall	Area (sq m)	Year of const.
1	BW Galleria Shopping Mall	93,000	2020
2	Usce Shopping Center	47,000	2009
3	Ada Mall	34,000	2019
4	BIG Fashion	32,000	2017
5	BEO Shopping Center Belgrade	43,000	2020
6	Rajiceva Shopping Center	15,300	2017
7	Delta City	30,000	2007
8	Stadion Shopping Center	28,000	2013
9	Kragujevac Plaza	21,900	2012
10	Promenada Novi Sad	49,000	2018

Source: DATA Research

Retail parks in Serbia

	Retail park	Area (sq m)	Year of const.
1	BIG Shopping Center, Novi Sad	40,000	2013
2	BIG Zrenjanin, Zrenjanin	25,000	2015
3	BIG Rakovica, Belgrade	23,000	2017
4	Zmaj Shopping Park, Belgrade	16,000	2015
5	BIG Fashion Park, Belgrade	15,000	2019
6	BIG Pancevo, Pancevo	27,000	2011
7	Stop Shop Nis, Nis	13,400	2016
8	Stop Shop Borca, Belgrade	13,000	2016
9	Aviv Park Zvezdara, Belgrade	11,500	2015
10	Capitol Park Zajecar, Zajecar	10,700	2019

Source: DATA Research

Pipeline projects in Serbia

	Retail park	Area (sq m)
1	West 65 Mall, Belgrade	15,300
2	Delta Planet, Nis	37,000
3	Capitol Park Surcin, Surcin	3,000
4	NEST Obrenovac, Obrenovac	8,500
5	IKEA Retail Park, Belgrade	40,000
6	Stop Shop, Zajecar	11,000

Source: DATA Research

RICS

Industrial Market

950,000 sq m
Stock

4-4.5 eur/sq m
Monthly prime rent

9-9.5%
Prime yield

80%-20%
Own use vs. speculative

Source: DATA Research

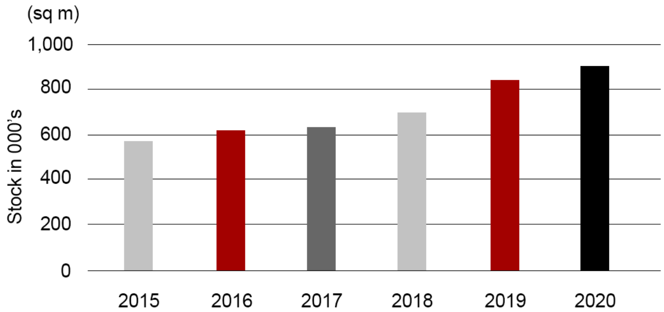
- The least developed RE market segment with a small number of market participants
- Most projects intended for own use, new speculative participants in the market are expected due to limited supply of modern industrial space
- 2020 marked the completion of several industrial schemes in wider Belgrade area, also several new announcements of new projects
- Industrial sector remains the most resiliant RE sector to current market disruption since the beginning of 2020, with stable demand and continued activity
- Rent levels remain unchanged
- Industrial market grew thanks to e-commerce development, especially logistics subsector; government incentives and subsidies also play an important role
- Automotive industry expansion in Serbia

Pipeline projects in Serbia

1	CTP Park North, Novi Banovci
2	Sopharma Trading, Stara Pazova
3	Eyemaxx, Stara Pazova
4	Milsped, Nis
5	Kalbo* (Barry Callebaut), Novi Sad
6	Ling Long, Zrenjanin
7	Toyo Tires, Indjija

Source: DATA Research

Belgrade wider area industrial stock graph



Source: DATA Research

374
Industry zones

29,006
hectares - total area

46:56%
used:available

1,884
Industrial companies

"Serbia needs more industrial and logistic/warehouse spaces"

DATA INVESTMENT

Agricultural Market

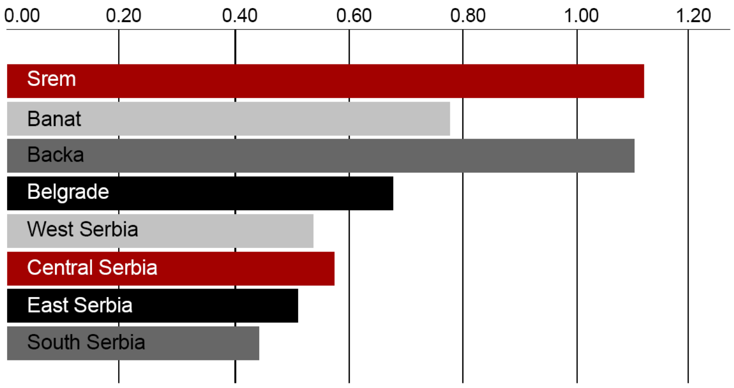
- Agricultural land market grows constantly for the past 4 years with continually growing prices. The average prices of high quality agricultural land have risen significantly since 2012, increasing from 8,500 euros per hectare to 11-13,000 eur per hectare in municipalities like Becej, Srbobran, Backa Palanka, Novi Sad or Indjija

- No risk of decline in market activity is in sight: restitution process brought a stable supply of agricultural land to the market in 2019 and 2020, we see no risk in of market activity decline. 2017 and 2018 market activity has shown that larger plots of land (above 50 ha in area) by rule achieve 15-20% higher price than smaller plots on same location. 2019 and 2020, due to increased supply from the restitution process, have seen this percentage to shrink to 5%. Prices in general are stable, the largest volume of transaction is in the region of Vojodina, and highest transaction prices occur in Backa region.

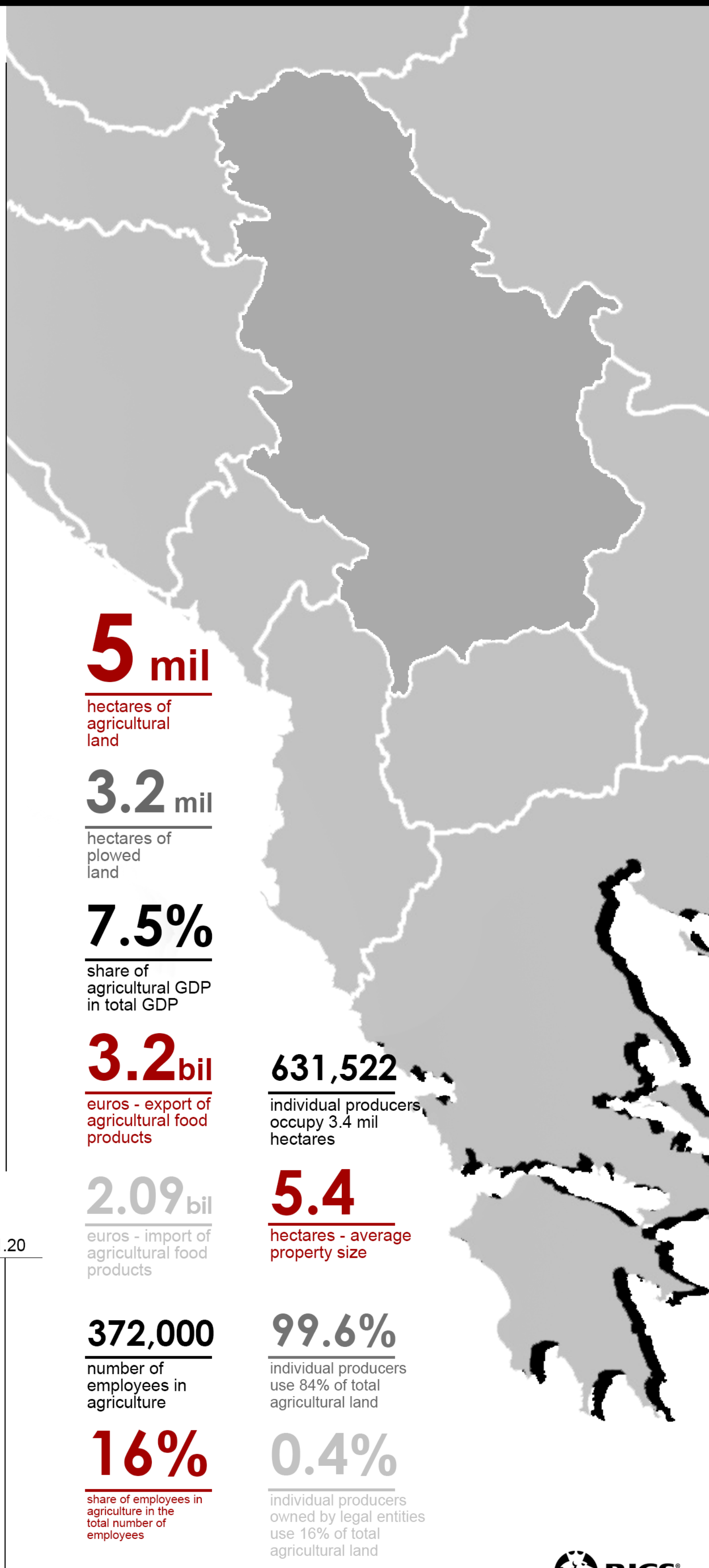
- Irrigation in Serbia is a significant problem, with only a few percent of land being irrigated. Irrigation of agricultural land plots is mainly done by Typhoon pumps which extract water from the canal network or from excavated wells. Larger plots are usually covered by Center Pivot or Linear systems which demand larger investment (over 2,000 euros per hectare), but they bring safe yields of crops.

"Agricultural land in Vojvodina is a safe investment."

Average values of agricultural land by regions of Serbia (eur/sqm)



Source: DATA Research



5 mil hectares of agricultural land

3.2 mil hectares of plowed land

7.5% share of agricultural GDP in total GDP

3.2bil euros - export of agricultural food products

631,522 individual producers occupy 3.4 mil hectares

2.09bil euros - import of agricultural food products

5.4 hectares - average property size

372,000 number of employees in agriculture

99.6% individual producers use 84% of total agricultural land

16% share of employees in agriculture in the total number of employees

0.4% individual producers owned by legal entities use 16% of total agricultural land

Source: DATA Research

RICS

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