



# Market Overview

SERBIA

INDUSTRIAL | SECOND HALF | 2008

COLLIERS  
INTERNATIONAL

Our Knowledge is your Property

## Economic Environment H1 2008

- In H1 2008, Serbia's GDP growth rate was 8.2%, and its total GDP reached EUR 34.2 billion. GDP per capita was EUR 4,532.
- The unemployment rate in Serbia continued to decrease, reaching 18.6% at mid-year 2008, whereas in Belgrade it was around 14.1%.
- In the first half of 2008, the headline inflation rate in Serbia reached 12%.
- In H1 2008, the average monthly salary amounted to EUR 382 in Serbia, while in Belgrade it was EUR 467.
- FDI in Serbia amounted to a modest EUR 800 million due to political instabilities during H1 2008. Several important greenfield investments have been announced for the second half of the year.

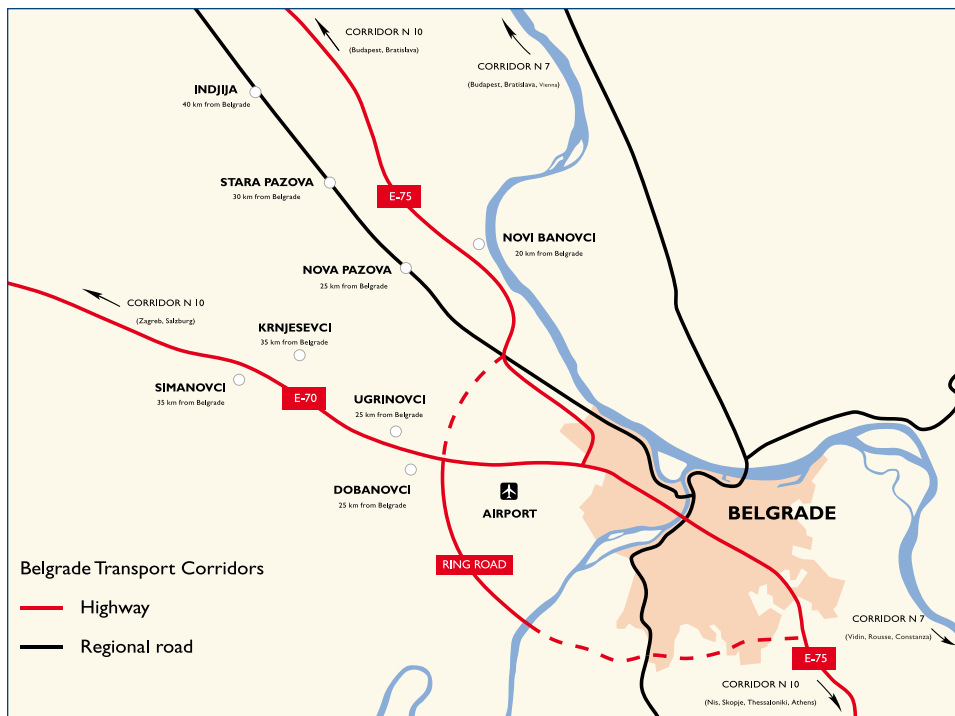
## Industrial Real estate highlights

- New industrial facilities are largely owner-occupied and located in Vojvodina and central Serbia.
- Logistics developments are mostly concentrated in Belgrade's north-west area, positioned along the E-70 and E-75 highways, including the areas of Surcin and Zemun. Attractive destinations close to Belgrade are Stara Pazova, Simanovci and Krnjesevci in Vojvodina.
- In the Belgrade area, total logistic inventory amounts to 125,500 m<sup>2</sup>. In Stara Pazova, Simanovci, and Krnjesevci it is around 134,600 m<sup>2</sup>.
- Demand for logistics space in Belgrade comes mostly from retail and pharmaceutical companies.
- In H1 2008, net rental levels ranged from EUR 5-7/m<sup>2</sup>/month for modern logistics in Belgrade and EUR 3.5-5.5/m<sup>2</sup>/month in the Stara Pazova, Simanovci and Krnjesevci areas.
- The first industrial parks are set for deliveries in 2009 in the area of Belgrade and Stara Pazova.

## SUPPLY

Serbia offers considerable potential for industrial and logistics development due to its favorable geographical position - bordering eight different countries and encompassing the Pan European Corridor 10 (Hamburg-Athens) as well as the waterway Corridor 7 (Rhein-Mein-Danube), along the rivers Danube and Sava.

The Serbian National Investment Plan identifies 49 industrial development zones in Serbia, out of which 17 are located in Belgrade, 20 in Vojvodina and a remaining 12 in central and southern regions. Subotica, Zrenjanin, Novi Sad and Pirot are tax-free industrial zones.



Industrial Zones in Belgrade and adjacent Vojvodina areas  
Source: Colliers research

## Belgrade

According to the census from 2002, Belgrade has an inventory of 3,000,000 m<sup>2</sup> of industrial and logistics stock. However, this number represents mostly old obsolete facilities.

According to the Belgrade Statistical office and Colliers estimates, in the period between 2002-2008 new logistic developments came to the market at the average of 18,000 m<sup>2</sup> per annum. The majority of these developments range in size between 2,000-10,000 m<sup>2</sup> (88%), while very few range from 15,000 to 30,000 m<sup>2</sup>.

Belgrade's modern logistics stock is largely concentrated in the popular areas of Zemun and Surcin, along the highways E-75 and E-70. The total logistic inventory in Belgrade area increased to around 125,500 m<sup>2</sup> at mid 2008.

Over the medium-term, Belgrade's authorities will establish four main industrial/logistics zones within the city territory- Surcin, Grocka, Mladenovac and Obrenovac.

## Vojvodina

During the 2000s, the majority of modern industrial facilities were delivered in Vojvodina, Serbia's northern region. The new developments are mostly greenfield investments and owner-occupied facilities.

The best-known industrial and logistics zones are Stara Pazova, Nova Pazova, Indjija, Simanovci and Krnjesevci. These zones have the most development, due to good infrastructure, favorable land prices and proximity to Belgrade and Belgrade Airport. Combined there is around 1,700 hectares of land zoned for industrial development. At mid-2008, the total logistics inventory in this area amounted to 135,000 m<sup>2</sup>.

Vojvodina's second most active area for industrial and logistics investment is the municipality of Zrenjanin. This area records

significant greenfield investment with the largest investors being Japan Tobacco International, Coca Cola HBC, Ball Packaging Europe, Knauf, etc. Also, this municipality includes the industrial zones of Bagljas (60 hectares), Elimir (60 hectares), Ecka (10 hectares), RTC (120 hectares) and Ecka- Jugoistok (72 hectares).

## Central Serbia

Towns in central Serbia offer good potential for industrial development, due to the available infrastructure, lower land costs and numerous incentives.

The city of Kragujevac has significant investment potential. The city authorities will supply infrastructure to approximately 100 hectares of land for industrial development, including the zones of Servis 1,

Servis 2, and the most recently-formed zone of Cvetojevac, which is planned for industrial development by the Italian company of Sinergy.

## Southern Serbia

Pirot Free Industrial Zone encompasses an area of 17 hectares, with the possibility of expansion to 50 hectares. There has been a solid increase in business activity in the recent period and clients include Lareda, Samson (USA), Codex (UK), AOT and Intercomerc (Bulgaria), Inter Kid (Cyprus) etc.

Other emerging industrial zones perceived as increasingly attractive investment opportunities are Sabac (100 hectares), Lapovo (100 hectares) and Jagodina (27 hectares).



## DEMAND

Demand for industrial and logistics facilities comes from logistics operators, distribution and pharmaceutical companies. Foreign companies demand modern premises with high ceilings, independent power supply, temperature control, loading docks etc., In return, investors have started to develop built-to-suit facilities, such as the pipeline industrial park in Stara Pazova by the Belgian company IIG.

The planned relocation of the Port of Belgrade will create additional demand for approximately 200,000 m<sup>2</sup> of modern logistic facilities in the following mid-term period.

## RENTAL LEVELS

Due to the scarce supply of high-quality facilities, logistics rents are at high levels. In Belgrade, net rents for older premises range from EUR 3-5/m<sup>2</sup>/month, while modern high quality logistics space in the most demanded areas of New Belgrade and Zemun can achieve up to EUR 5-7 per m<sup>2</sup> monthly. Scarce new logistics space in regional cities is offered at EUR 3-4 per m<sup>2</sup> monthly.

## YIELDS

The industrial/logistics investment market is still constrained by a lack of facilities and limited speculative construction. As most of the facilities are under owner-occupancy, very few transactions have been recorded in the open market. The estimated yield ranges from 8-10.5%.

PRIME LOGISTIC NET RENTS IN H1 2008			
BELGRADE		VOJVODINA	
SURCIN, ZEMUN	KRNJACA	STARA PAZOVA	OTHER AREAS
5-7 EUR/m <sup>2</sup> /month	4-6 EUR/m <sup>2</sup> /month	3.5-5.5 EUR/m <sup>2</sup> /month	3-4 EUR/m <sup>2</sup> /month

Source: Colliers' research

## FORECAST

- 80,000 m2 of logistics space is under construction on the outskirts of Belgrade and adjacent areas in Vojvodina - Stara Pazova and Simanovci.
- Several industrial logistics parks are in the pipeline with planned deliveries between 2009 and 2013.
- The new legislation which will establish the definition and financing strategy for industrial parks in Serbia is scheduled for adoption by the end of 2008.

PROJECT	INVESTOR	LOCATION	GBA(m2)	GLA(m2)	DELIVERY
Galenika	Galenika (Serbia)	E75 Highway, Zemun	50,000	45,000	2009/10
IIG	Immo Industry Group (Belgium)	E75 Highway, Stara Pazova	110,000	85,000	n/a
Zabalj Industrial/ Logistics park	Eurasian Real Estate, Walscot Invest (Netherland)	Novi Sad- Zrenjanin road, Vojvodina	200,000	n/a	2010/2011
Beocin Business Park	Lafarge (France)	Beocin, Zrenjanin	n/a	n/a	2010/2011
Technology Park Indjija	Embassy Group	Indjija	250,000		2012/2013

Source: Colliers' research

Projects in the pipeline in Serbia



293 OFFICES IN 61 COUNTRIES ON 6 CONTINENTS

Americas 136  
Asia Pacific 62  
EMEA 95

80.6 million m2 under management

11,000 Professionals

### CONTACT INFORMATION

Colliers International, Serbia  
Bulevar Mihajla Pupina 115 D  
11070 New Belgrade, Serbia  
Tel: +381 11 3139955  
Fax: +381 11 3139958  
serbia@colliers.com  
www.colliers.com

This report has been prepared by Colliers International for general information only. Information contained herein has been obtained from sources deemed reliable and no representation is made as to the accuracy thereof. This includes government agencies, universities, third party suppliers, etc. Colliers International does not guarantee, warrant or represent that the information contained in this document is correct. Any interested party should undertake their own inquiries as to the accuracy of the information. Colliers International excludes unequivocally all inferred or implied terms, conditions and warranties arising out of this document and excludes all liability for loss and damages arising there from. This report and other research materials may be found on our website at [www.colliers.com](http://www.colliers.com).

Colliers Macaulay Nicolls Inc. and its country subsidiaries are member firms of Colliers International Property Consultants, an affiliation of independent companies with over 290 offices throughout more than 60 countries worldwide.

**COLLIERS**  
INTERNATIONAL