# Belgrade Industrial Market Pulse

Q4 2016

## Stock and Supply

During 2016, both light industrial and distribution warehouse facilities were delivered across the country. However, the majority of the recently delivered stock includes production facilities built for owner occupation purposes. In the last quarter of 2016, construction activity mainly took place in the Vojvodina province and the Greater Belgrade area.

In late 2016, local company Grindex from Kikinda opened two production facilities, spread over 18,500 sq m and 13,000 sq m. Furthermore, Turkish company Aster Tekstil has invested €9 million in the construction of a facility in Niš, spread over 19,000 sq m. When considering the Greater Belgrade area, the previous notable completion includes a new distribution and logistics centre in Šimanovci by Industrial Park Belgrade, spread over 11,350 sq m occupied by Milšped.

### Recent completions

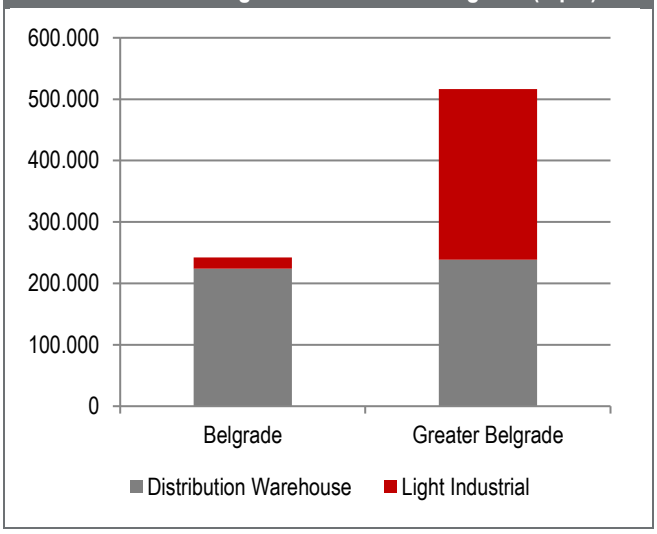
| Scheme | Type | Location | Size (sq m) |
|---|---|---|---|
| Aster Tekstil | Light industrial | Niš | 19,000 |
| Grindex | Light industrial | Kikinda | 18,500 / 13,000 |
| IPB | Distribution Warehouse | Šimanovci | 11,350 |

*Source: JLL, January 2017*

After delivery of the first logistics centre LogMax Alpha, Eyemaxx has commenced construction of a second logistics centre in Stara Pazova, namely LogMax Beta, which will spread over 30,000 sq m. This will be an investment of €15 million and the first phase of the second logistics centre will have 12,000 sq m, expected for completion in the first half of 2017.

Following the completion of two logistics centres in Šimanovci, Industrial Park Belgrade has announced construction of another scheme which will spread over 7,500 sq m, set for completion in the third quarter of 2017. Furthermore the investor has announced construction of another logistics centre totalling over 30,000 sq m.

**Industrial stock in Belgrade and Greater Belgrade (sq m)**




*Source: JLL, January 2017*

Future supply will be concentrated in the most developed areas and established industrial zones throughout the country. In order to make itself more attractive for investors, the construction of a logistics centre is planned along the railway within the Pirot Free Zone. The future project will contain a rail cargo, terminal and a logistics and industrial part.

In late 2016, Italian La Linea Verde Group commenced construction of a vegetable production and processing factory near Ruma. This will be an investment of €8 million and the completion is set for the second quarter of 2017. Furthermore, company Mei Ta who is building a production facility for car and motorcycle parts has announced the purchase of another parcel of 17 hectares where the second facility is planned to take place. The completion of the first facility is set for the third quarter of 2017, which is also when the second is due to commence.

The construction of a Lidl logistics centre on 20 hectares of land in Nova Pazova is progressing with completion set for the upcoming months. The whole project will be developed in four phases and will offer around 78,500 sq m. The first two phases will include the construction of a distribution centre and administrative buildings, while third and fourth will be an expansion to the existing facilities.

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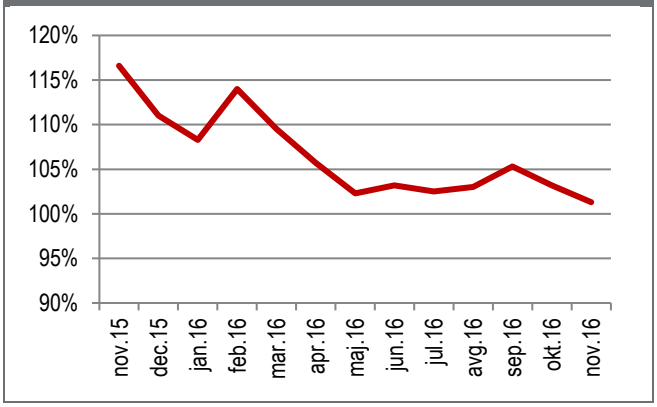
Furthermore, the construction of the Univerexport distribution centre in Novi Sad is progressing and is scheduled for completion in the second quarter 2017. This is an investment of around €16 million and the scheme will spread over 30,000 sq m.

### Future projects

| Investor | Scheme | Location |
|---|---|---|
| Lidl | Distribution Warehouse | Nova Pazova |
| Univerexport | Distribution Warehouse | Novi Sad |
| Mei Ta | Light industrial | Obrenovac |
| Eyemaxx 2nd phase | Distribution Warehouse | Stara Pazova |
| Industrial Park Belgrade 3 | Distribution Warehouse | Šimanovci |

**Industrial production index**




*Source: Statistical office of Serbia, January 2017*

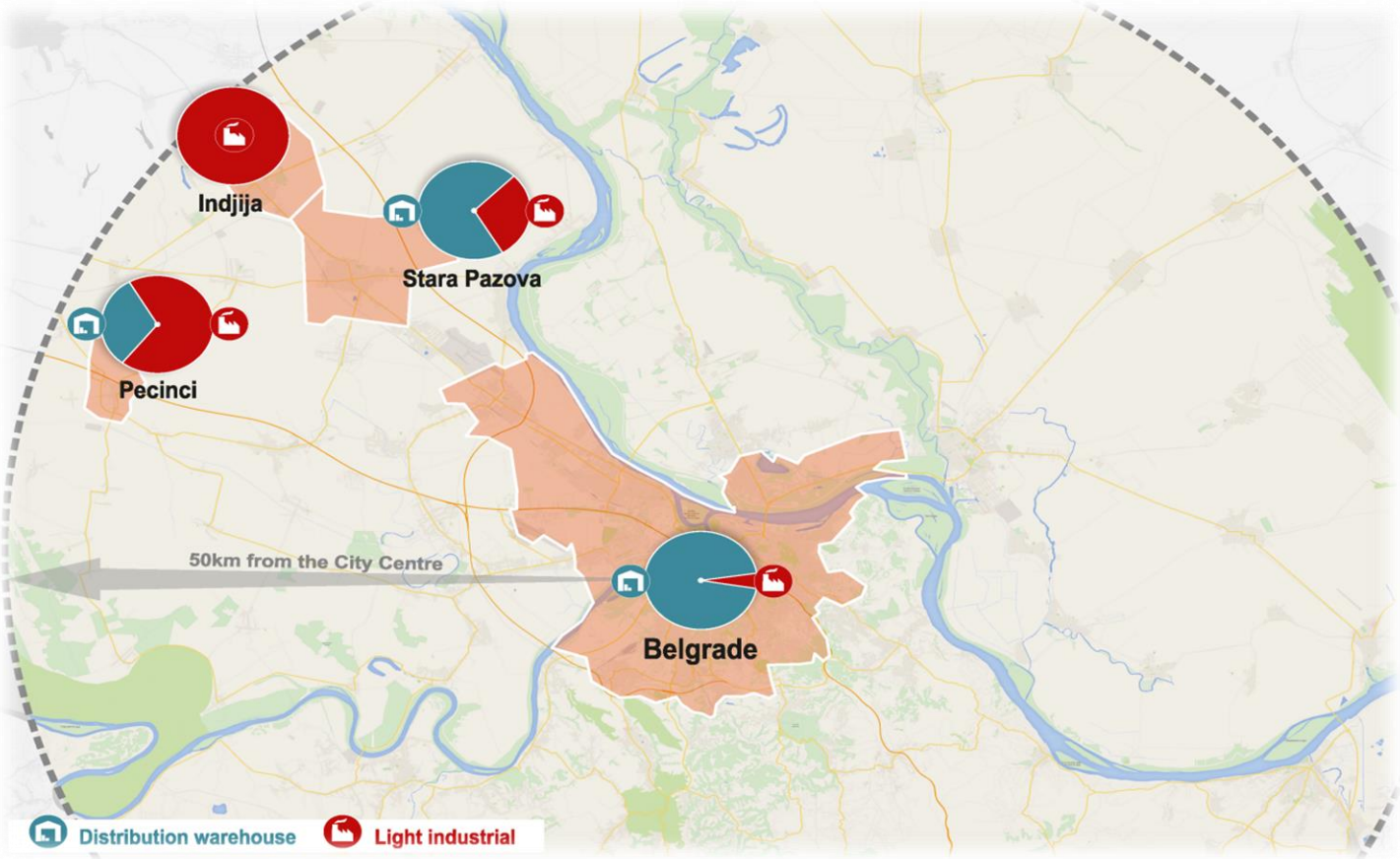
# Rental levels

Throughout 2016, prime rental levels remained stable ranging from €4.0 to €5.0 sq m/month. Rents for less attractive schemes range from €1.5 to €3.0 sq m/month.

# Demand

In recent months, market activity was mainly underpinned by manufacturing, followed by distribution companies, both in the Greater Belgrade area and in the secondary cities. Such a trend is expected to continue in the near term.

The further expansion of the retail and logistics sectors will be the main market driver over the mid-term, underpinning the development of speculative schemes.



## Contacts

**Andrew Peirson**

Managing Director
SEE Region & Romania
JLL
+381 11 785 0579
andrew.peirson@eu.jll.com

**Jana Golubović**

Senior Research Analyst
SEE Region
JLL
+381 11 785 0589
jana.golubovic@eu.jll.com

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