

# CITY OF NIŠ

## GUIDE TO INVESTORS

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### OFFICE FOR LOCAL ECONOMIC DEVELOPMENT (OLED) CITY OF NIŠ

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#### Sources:

*Serbia Investment and Export Promotion Agency (SIEPA)*  
*Statistical Office of the Republic of Serbia*  
*Statistical Yearbook of the City of Niš 2007*  
*City of Niš Development Strategy 2007*  
*Institute of Urban Planning*  
*City Administration for Planning and Construction*  
*Business Incubator Center Niš*  
*National Employment Service Branch Niš*  
*CB Richard Ellis*  
*The PricewaterhouseCoopers*  
*Eyemaxx*  
*Feasibility Study of Donje Medurovo in the City of Niš, The Urban Institute*  
*City of Niš website, [www.ni.rs](http://www.ni.rs)*  
*Office for Local Economic Development website [www.kler.ni.rs](http://www.kler.ni.rs)*

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**Vibrant business, diverse culture and every day life in Serbia are offering inspiration to all those that are willing to experience this part of Europe's treasure.**

## **WELCOME NOTE**

The region of Southern Serbia has a vast number of potentials which are not used, but having in mind that it is becoming the center of capital projects important for the Republic of Serbia, we expect the potential investors to be interested in investing their capital in the City of Niš. The region of the City of Niš is situated on the important crossroads, between Europe and Asia, for it connects Central and Western Europe with Greece and Turkey. There is an important archeological finding, *Medijana*, a Roman town, dating back from IV century AD, where a well-known Roman Emperor was born, Constantine the Great. By having this position and rich surroundings, the City of Niš has extensive tourist potentials, such as *Niška Banja* (Spa of Niš) and numerous natural resources on *Stara* and *Suva* Mountains.

By promoting economic potentials, with a tendency to transform each problem into a business opportunity, the City of Niš will connect representatives of local authorities, private sector and civil sector in the most convenient way, and by doing so, it will create favorable conditions both for domestic and foreign investments. The City of Niš will be a good host to domestic and foreign investors and it will present the Imperial Niš in its best, the City which is ready to adopt new ideas and business plans, and which can offer a set of diversities to potential investors.

**Miloš Simonović, MSc**

**Mayor of the City of Niš**

**ONE STOP SHOP- LOOK NO FURTHER****1. OFFICE FOR LOCAL ECONOMIC DEVELOPMENT**

Office for Local Economic Development was established February, 25<sup>th</sup> 2009, in the City of Niš (OLED). OLED was established within USAID MEGA Programme and the financial and technical support was provided through LEDIB Programme by the Danish Ministry of Foreign Affairs. OLED was established within the City of Niš Mayor's Office, as an intermediary unit between the business sector and the City Administration and the main instrument for attracting investments. This is the 26<sup>th</sup> office of a kind in Serbia which is considered as a very successful stakeholder for local development. This Office is expected to become the main pillar for the City of Niš development and the main generator of its transformation into a regional center of development for Southern Serbia.

Thus, OLED closely cooperates with Administration of Economy, Sustainable Development and Environmental Protection, Administration for Planning and Construction, Directorate for City Land Development, Institute of Urban Planning, Regional Chamber of Commerce, City Council and Mayor. It also cooperates with the National Employment Service as a multiplier when informing the general public about the subsidies for the unemployed provided by this institution; when conducting vocational trainings and channelling the career paths in line with the investors' demands and all other's on the local level dealing with the economic development in order to promote the City as a new investment location. OLED also has an important role in the process of the strategic planning.

The Business Incubator Center (BIC) was established in 2005 within the Mechanical Industry of Niš (MIN) in cooperation with the Norwegian Ministry of Foreign Affairs, as a pilot project in Serbia. For the time being the tenants were supported by the City of Niš, the founder, but the plans contain new investments, intake of the new tenants, the beginning of the second incubation cycle, the establishment of the ICT Center and the promotion of the BIC capacities being one of the key mechanisms in the City and the LED Office when providing support to the start-ups and SMEs.

**1.1. MISSION AND GOALS:**

Office for Local Economic Development of the City is a unit with special position within the Mayor's Office, intended for special purposes of:

- improving the local economic development,
- attracting new investments,
- providing support to local business sector,
- promoting entrepreneurship and creating favorable preconditions for improving the quality of life,

economic development of the City of Niš, through local economic development project initiatives, their management, monitoring and implementation.

## 1.2. OFFICE FOR LOCAL ECONOMIC DEVELOPMENT DEALS WITH:

- Initiates simulative measures for creating new SMEs and for attracting new investments; initiates passing of regulatives in relation to economic development; initiates passing of documents which stimulate the public income and prepares opinions for the Mayor and the City Council in relation to adopting and conducting local investment programs; initiates the establishment of industrial and technological parks and business incubators, and coordinates and monitors their work; initiates reconstruction and restructuralization of the City of Niš surfaces which are under-used or not used efficiently; proposes measures for decreasing the unemployment rate and decreasing poverty.
- Cooperates, monitors and participates in the activities and meetings of the City Development Council and Economic Council, Monitors the implementation of the projects resulting from the Strategic Plan for Local Economic Development (LED) – City of Niš Development Strategy; updates and initiates drafting of new strategic documents for LED; initiates drafting, modification and integration of the urban planning documents directed towards providing better preconditions for LED; in cooperation with the respective bodies, participates in drafting projects and monitors their implementation important for LED; communicates with international organizations and donors; coordinates between the respective bodies and present donors and international organizations; investigates funding opportunities for development programs.
- Communicates with the representatives of the domestic and foreign investors; organizes economic potentials tours for potential investors; participates in the talks with the investors; participates in the activities, in cooperation with city administrations, public enterprises and organizations, when attracting the potential investor.
- Cooperates with the respective national, regional and local institutions in charge of the local economic development, with business sector and civil sector and especially with the Regional Chamber of Commerce; initiates drafting of the employment support program in cooperation with the National Employment Service (NES) branch Niš; exchanges information with the above mentioned entities about the best practices for the purpose of adjusting development measures.
- Prepares and updates data bases on the available labor in cooperation with NES, especially the data bases of the (un)employed; prepares and updates data bases on new domestic and foreign investors, on vacant construction surfaces, surfaces suitable for industrial use and available investment resources; prepares and updates data bases on property owned by the City and city municipalities, as well as on the privately owned property; prepares and updates data bases on educational and financial institutions in the City;
- Prepares, innovates and distributes promotion materials; organizes promotional events; communicates to respective entities information about fairs; organizes and participates in information providing campaigns and promotions of the FDI and other business concepts which have a positive effect on the local community; promotes the concept of entrepreneurship, PPPs and socially responsible enterprises.

- Communicates with the local entrepreneurs, conducting researches and other activities in order to improve their business prospects; provides professional support to SMEs and star-ups; Drafts and conducts trainings for star-ups and business associations; organizes trainings for SMEs about project drafting and preparation of the documents required for acquiring credits.
- Communicates with banks in relation to the possibility of using data from the financial market and providing adequate information to the representatives of the local business community, Prepares recommendations for creating local micro credit programs and grants in order to have accessible funding.
- Cooperates with National Employment Service branch office Niš; initiates training preparations and prequalification in line with the investors' needs; provides information to the unemployed in relation to start-ups in line with the investors' needs and self-employment programs; other affairs delegated by the respective head of the administration or the respective deputy.

***One of Europe's Fastest Growing Economies;  
Balanced state budget, record high foreign currency reserves  
continued negotiations with the World Trade Organization  
finalizing EU harmonized legislative system***

## **2.MACROECONOMIC OVERVIEW**

### **2.1. ECONOMIC AND POLITICAL OVERVIEW**

After the Montenegrin referendum held in May 2006, when citizens of Montenegro voted independence of Montenegro, the Republic of Serbia became an independent country. A new Constitutional Act was adopted in October 2006 which finally disestablished social ownership and monopoly of the state over constructible land.

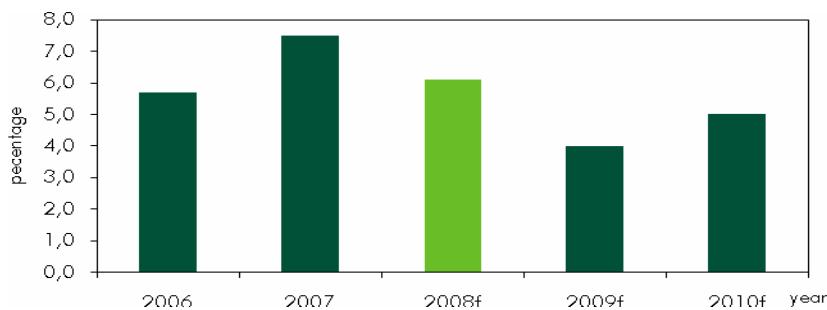
According to EBRD's (European Bank for Reconstruction and Development) "Transition Report" for 2006 Serbia is a leader based on how fast it executes reforms among regional countries of Southeast Europe. At the end of 2005, Belgrade was named the City of the Future in Southern Europe. Further accolades came from international development institutions such as the World Bank and the European Bank for Reconstruction and Development, both of which published very positive evaluations of Serbia, noting the intense improvement of the Serbian business climate. In the latest update on Serbia's credit rating, March 2008 Standard & Poor's revised its outlook on the Republic of Serbia to negative from stable, after the collapse of the Cabinet. The S&P maintained Serbia's long-term "BB-" and short-term "B" rating.

In April 2008, Serbia and the European Union have signed the Stabilization and Association Agreement that has been negotiated since 2005. The agreement is of great importance for enhancement of trade and political links between Serbia and the EU and it will certainly pave the way for Serbia's membership in the European Union. However, the implementation of SAA will depend on the Council of Minister's appraisal of whether Serbia has achieved full cooperation with the International Criminal Tribunal for the former Yugoslavia in Hague.

In 2007 Serbia had one of the Europe's fastest growing economies with the GDP growth rate of 7.5%. GDP per capita reached USD 5,641 while the average monthly salary amounted to EUR 347, partly due to local currency appreciation against the euro. The major growth drivers were telecommunications, construction, and transport. According to estimates of the Statistical Office of the Republic of Serbia, in 2008, GDP grew by 6.1% in comparison to the previous year. The Serbian Government estimates that the Serbia's GDP growth will reach between 3.5 and 4.0% in 2009.

The following graph shows GDP growth in Serbia during the period 2006-2010

Chart 1. Real GDP growth, annually (%)



Source: NBS, Statistical Office of the Republic of Serbia, Bank of Austria

Total FDI in Serbia during 2007 was one of the highest in the region amounting to USD 3.5 billion, slightly under the USD 3.75 billion record in 2006. The largest part of the amount is owed to the privatization process and acquisition of private firms i.e. share deals. Greenfield investments still make just a minority of total FDI which represents big challenge for macroeconomic planners. FDI in Serbia during H1 2008 amounted to EUR 808 million, but there was a notable slowdown in net inflow from foreign direct investment in Q3 2008, reaching only EUR 134 million. Of total investment, over three fifths accounted for investment in property (23.4%), wholesale and retail trade (22%) and processing industry (16%).

Inflation rate has reached a level of 10.1% in 2007. Despite tight monetary policy, the 2008's core inflation target was not achieved. Year-on-year core inflation measured 10.2% at the end of Q3 2008, and declined to a level of 8.6% at the year-end, thus exceeding significantly the targeted range of 3-6%. According to the National Bank of Serbia, further monetary tightening will be necessary in order to rein in inflation pressures stemming from high inflation expectations, public sector wage growth and rise in world oil prices, against a backdrop of substantial political uncertainty.

Table 1. Serbian main economic indicators are presented in table below:

	2006	2007	2008e	2009f	2010f
Nominal GDP (EUR bn)	24.3	29.1	33.2	30.8	34.0
Per capita GDP (EUR)	3,278	3,948	4,513	4,186	4,620
Real GDP, yoy (%)	5.6	7.1	5.5	1.0	3.5
Inflation (CPI), yoy, eop. (%)	6.6	10.1	6.8	8.5	5.6
Inflation (CPI), yoy, avg. (%)	12.7	6.8	11.1	7.5	6.3
Unemployment rate (%)	20.9	18.1	13.3	15.0	14.5
Exchange rate RSD/EUR, eop.	79.8	78.8	89.8	102.0	91
Exchange rate RSD/EUR, avg.	84.4	80.0	81.5	96.5	96.5
2w repo rate, eop.	14	10	17	13	10
Current account balance/GDP (%)	-9.8	-13.2	-17.9	-14.7	-13.7
FDI % GDP	14.0	5.5	6.2	2.9	6.0
Budget balance/GDP (%)	1.5	1.3	-2.0	-3.0	-2.0
Public debt/GDP (%)	34.1	28.4	23.3	22	21
Total external debt/GDP (%)	63.6	65.1	66.5	67.6	67.5

Source: NBS, Statistical Office of the Republic of Serbia, UniCredit Group New Europe Research Network

The Statistical Office of the Republic of Serbia has conducted a Labor Force Survey in October 2008. One of the aims of this survey was the harmonization of the methodology regarding the Labor Force Survey with the latest standards of European Statistics (Eurostat), thus providing complete comparability of the data with the data of the EU member countries. As a result of this survey and methodology revision, the unemployment rate decreased from 18.1% (October 2007) to 14% (October 2008). Unemployment rate in Central Serbia amounted to 13.8%, in Vojvodina to 14.2% and in Belgrade to 14.2%. Employment rate in Serbia in October 2008 amounted to 44.2%. The greatest employment rate was recorded in central Serbia and amounted to 45.9%, then in Vojvodina (42.6%) and the lowest rate was recorded in Belgrade, 42.1%.

Current account deficit in Q3 2008 reached USD 2,339 million, up by app. 63% in Q3 2007. According to the National Bank of Serbia, it widened primarily on account of an increase in the deficit in trade of goods and services, but also due to a rising deficit in the income account. The deficit on trade in goods and services rose by 38.1% on the same period a year earlier. As growth in economic activity is estimated to have been seasonally faster in Q3 2008, the share of the current account deficit in GDP was lower (17.0%) than in Q2 2008 (21.9%). The share of the deficit on trade in goods and services also declined from 25.7% in Q2 2008 to 22.7% in Q3 2008.

In Q3 2008 the overall balance of payments ran a surplus of USD 390 million (2.8% of GDP), which led to an increase in foreign exchange reserves of the National Bank of Serbia.

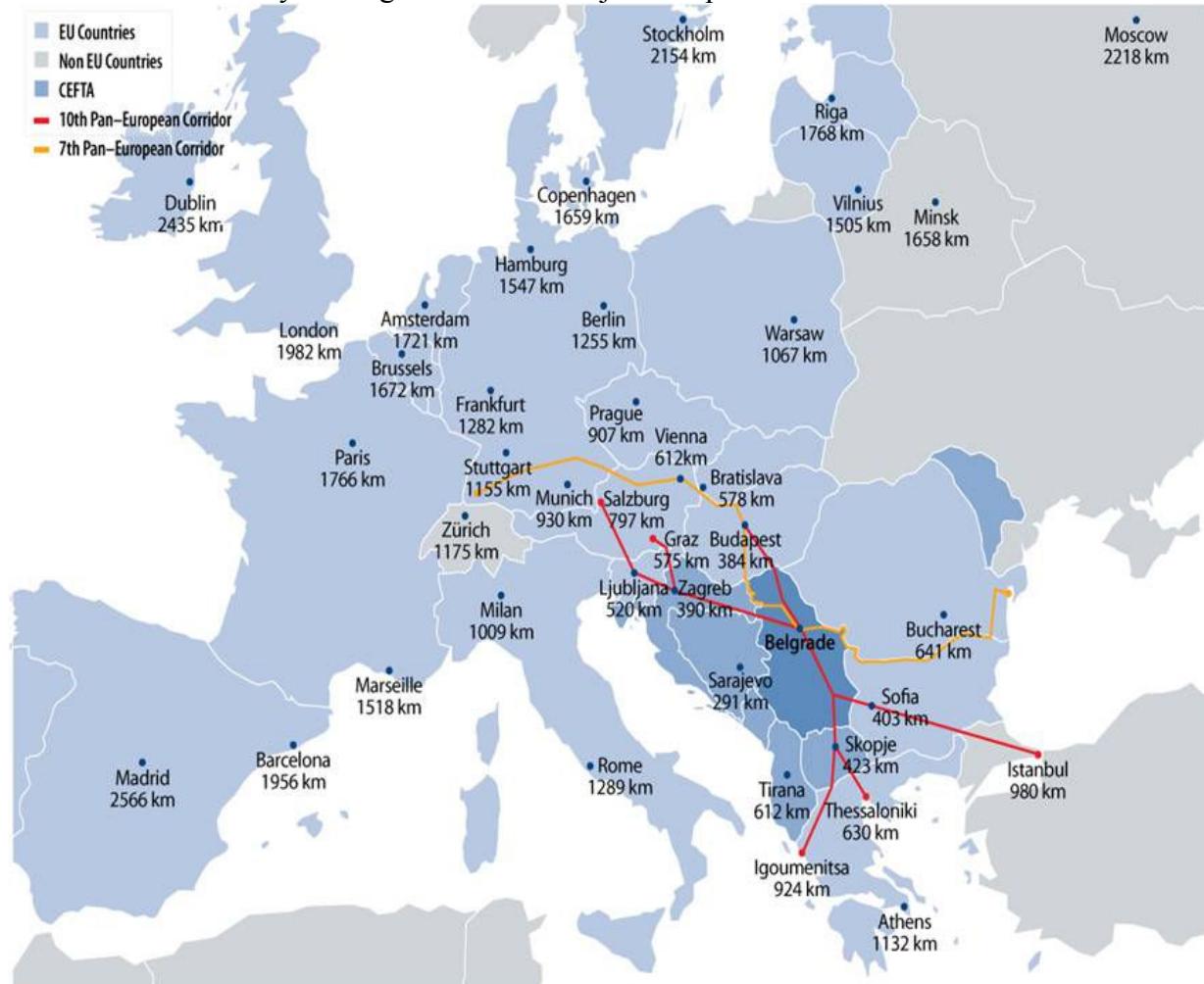
## 2.2. NIŠ ECONOMIC OVERVIEW

The district of Niš is situated in the river valleys of two rivers, South Morava and Nišava, and encompasses the area of 2,727 sq km with 376,496 inhabitants (2002 Census). The District includes the following: the City of Niš (Medijana, Niška Banja (Spa of Niš), Palilula, Pantelej and Crveni Krst city municipalities), the Municipalities of Aleksinac, Gadzin Han, Doljevac, Merosina, Razanj and Svrlijig.

With over 250,000 inhabitants, the City of Niš itself is the third largest city in Serbia and covers the area of 596 sq km (2002 Census). The City comprises Niš itself, Niška Banja (Spa of Niš) and 72 suburbs. The City of Niš represents the economic, administrative, geographic and cultural center of southern Serbia. In the last 15 years Niš has marked permanent increase of population, due to migrations from villages located both in the City of Niš as well as from refugees coming from Kosovo and Metohija.

City of Niš has always been located at the crossroad of important traffic corridors, linking Europe and Asia Minor, West and East. Nowadays, Niš has restrenghtened its position as a traffic node, as it is placed at the junction of E75 Highway and E80, i.e. in the very important Corridor 10 traffic corridor. The following map shows the pan-European road corridors.

### Distance from the City of Belgrade to some major European cities



Source: SIEPA

During the period before 1990s, City of Niš was one of the biggest industrial centres in former Yugoslavia. The collapse of industry has produced extremely negative consequences and brought many of Niš citizens to a verge of existence. Low standard of the population has lead to a significant decrease of birth-rate and the increase of socially vulnerable population. The middle class was practically lost. The privatization during the period of transition has lead to a further increase of number of unemployed people as a consequence of downsizing and restructuring process.

Nowadays industry is strengthening again, as well as the overall importance of the city itself. The major goal of Niš is what it was meant to become years ago, the strongest driver of the South and Southeastern Serbia in production, banking and infrastructure. For years now, investments were made only in development of residential buildings, retail warehouses and petrol stations. Currently most important companies in the City of Niš include Niš Tobacco Factory (acquired by Phillip Morris in 2003), Gradevinar (construction company), Electronics Industry Niš (EI Niš), Nissal (coloured metal industry), Pump Factory "Jastrebac", MIN (Machine Industry Niš) and Nitex (Niš Textile Industry).

Picture 1. European corridors and the City of Niš



Source: European Commission

The following table presents selected demographic and economic parameters for both City of Niš and Serbia.

Table 2. Demographic data for the City of Niš and the Republic of Serbia

SELECTED PARAMETERS	DEMOGRAPHIC AND ECONOMIC	
	CITY OF NIS	SERBIA
JURISDICTION		
POPULATION		
1991 Census	245,182	7,581,437
2002 Census	250,518	7,498,001
1991-2002 % change	2.17%	-1.10%
HOUSEHOLDS		
1991 Census	78,007	2,418,156
2002 Census	85,269	2,521,190
1991-2002 % change	9.30%	4.30%
EMPLOYMENT		
1991 Census	n/a	2,298,924
2006 Census	78,354	2,025,627
1991-2005 % change	n/a	-11.80%

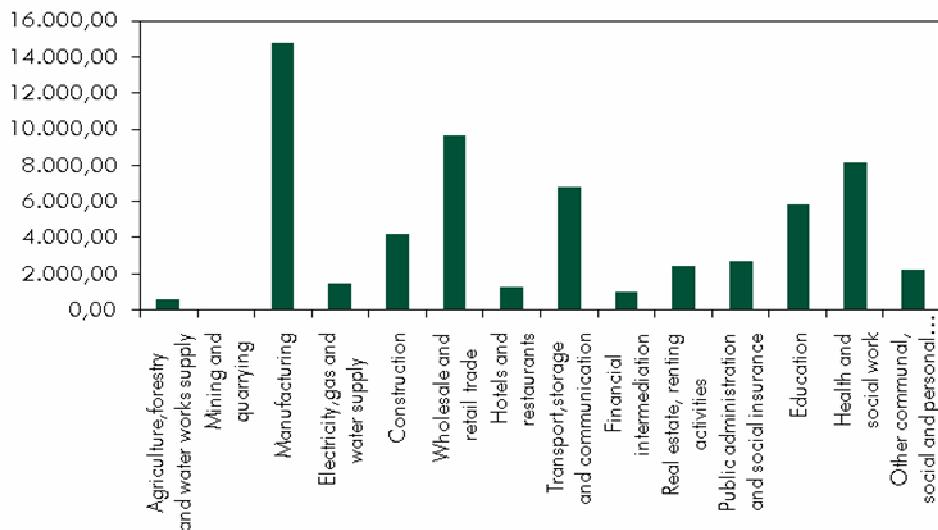
Source: Serbian Statistical Office

Compared to other municipalities, the economy of the City of Niš is at a relatively low level. The average net salary in the City of Niš during 2008 was 28,026 RSD (EUR 343), which is below the Serbian average of RSD 32,746 (EUR 401). According to latest available data on municipalities and city rankings by net average salaries and wages for the fourth quarter 2008

(provided by Statistical Office of the Republic of Serbia), the City of Niš holds 69<sup>th</sup> position, with net average wages of RSD 30,440 (EUR 344). As a comparison, the first position in Serbia holds the City Municipality of New Belgrade, with average wages of RSD 52,220 (EUR 589).

The number of employees by field of activity in the City of Niš during 2007 is presented in the following chart. As shown, the biggest percentage of the population is employed in the manufacturing sector (14,779 employees i.e. 24.1% of total number of employees), wholesale and retail trade (9,642 employees i.e. 15.7% of total number of employees) and health and social work (8,201 employees i.e. 13.3% of total number of employees).

Graph 2. Number of employees within sectors in the City of Niš

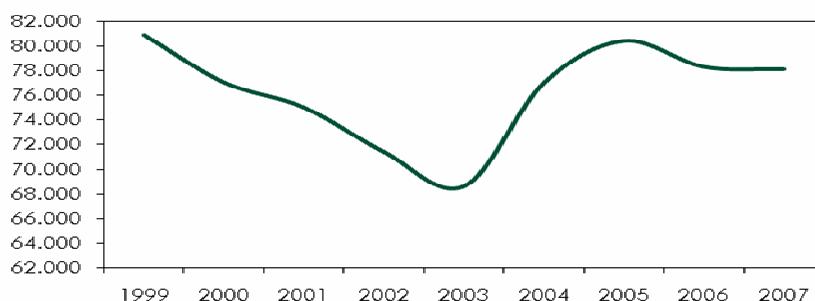


Source: Municipalities in Serbia 2008, Statistical Office of the Republic of Serbia

According to the same source, the number of unemployed in City of Niš was 37,457 at the end of 2007. Some 45.7% of them were seeking jobs for the first time and 23.3% were unskilled.

The following graph shows the changes in number of employed and unemployed persons in the City of Niš during the period 1999- 2007.

Graph 3. Number of employed persons

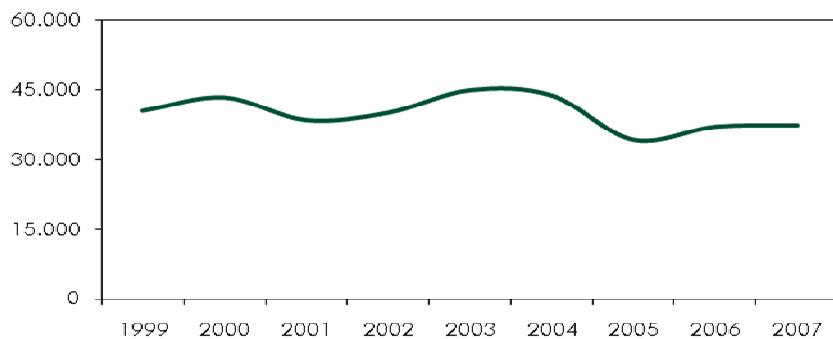


Source: Municipalities in Serbia 2000-2008, Statistical Office of the Republic of Serbia

Office for Local Economic Development

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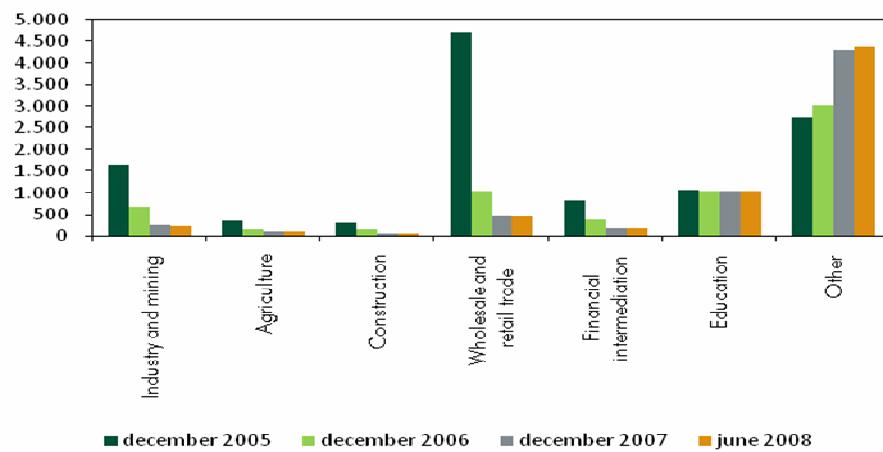
Graph 4. Number of unemployed persons



Source: Municipalities in Serbia 2000-2008, Statistical Office of the Republic of Serbia

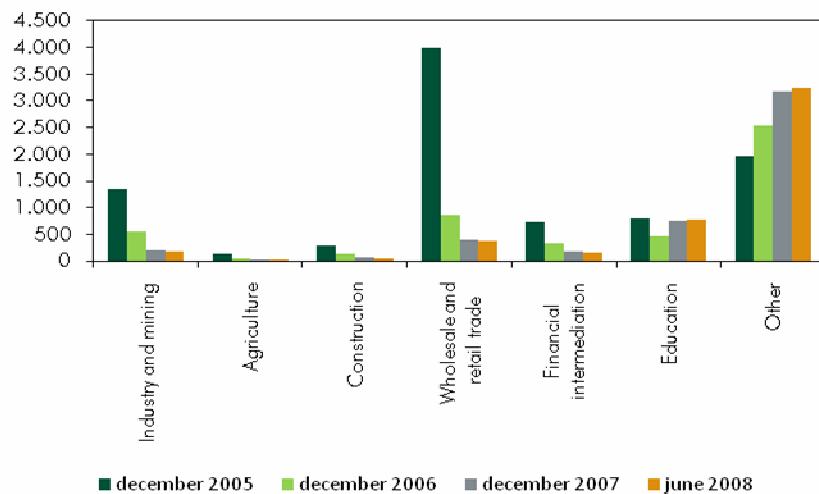
According to the data provided by the Serbian Statistical Office, during periods 2005 - H1 2008 the total number of companies registered in both Nišavski district and the City of Niš has dropped, especially in the field of industry and mining and wholesale and retail trade. Comparative data are shown on the next page.

Graph 5. Number of companies registered in Nišavski district, 2005-H1 2008



Source: Statistical Office of the Republic of Serbia

Graph 6. Number of companies registered in City of Niš, 2005-H1 2008



Source: Statistical Office of the Republic of Serbia

In 2005, a Business Incubator was established in the City of Niš. The frame for its foundation was the project “ENTRANSE”, approved by the Serbian Government and financed by the Ministry of Foreign Affairs of the Norwegian Government. The basis for the project was the establishment of the business incubator and implementation of the training programme for starting businesses, with a strategy to grow into an industrial park. The main tenants’ activities are: metal processing and production of decorative objects; production of steel constructions for greenhouses; production of spare parts for agricultural machines; production of metal dishes; production of nails; manufacturing of non-ferrous metal casting; production of medical equipment and three MIN holding mechanical engineering programmes.

For the time being the tenants are supported by the City of Niš, the founder, but the plans contain new investments, intake of the new tenants, the beginning of the second incubation cycle, the establishment of the ICT Center and the promotion of the BIC capacities being one of the key mechanisms in the City and the Office for LED when providing support to the start-ups and SMEs.

Another important economic sector in both the City of Niš and Nišavski district is tourism. Very rich cultural and historical heritages as well as natural resources give excellent possibilities for its development. Namely, resort tourism has a very long tradition in this area, since the discovery of mineral springs by the Romans. There are several famous resorts in the District of Niš: Niska Banja (Spa of Niš), Prolob Banja Spa, Lukovska Banja Spa and others. There are many cultural, historical and religious monuments attractive to tourists such as the Roman complex Medijana, the Turkish Fortress on the Nišava River and the Skull Tower.

During 2007 the City of Niš was visited by 85,609 tourists who made 311,843 over-night stays. The share of domestic tourists in total number of visits and over-night stays is 63.5% and 86.5% respectively which shows there is room for improvement of foreign travelers.

Table 3. Number of visits and over-night stays in five city municipalities of the City of Niš during 2007 is presented below:

Municipality	tourist visits			over-night stays		
	total	domestic	foreign	total	domestic	foreign
MEDIJANA	28,882	17,738	11,144	39,106	23,101	16,005
NISKA BANJA	28,236	25,642	2,594	235,037	229,696	5,341
PALILULA	7,336	4,752	2,584	12,158	7,704	4,454
PANTELEJ	3,225	2,592	633	5,406	4,436	970
CRVENI KRST	17,930	3,676	14,254	20,136	4,959	15,177
TOTAL	85,609	54,4	663,576	311,897	269,896	1010,977

Source: Municipalities in Serbia 2008, Statistical Office of the Republic of Serbia

### 2.3. LIVING COSTS

Category 1

Prices (RSD)	Water	Sewerage	Total/m <sup>3</sup>
	22,21	4,22	26,43

Category 2

Prices (RSD)	Water	Sewerage	Total/m <sup>3</sup>
City budget beneficiaries	31,61	5,99	37,59
Other beneficiaries	55,58	10,58	66,16

Based on a Decision on water supply and waste water treatment 01/11/2007

Category 1

Overuse	Total/m <sup>3</sup>
	39,26

Category 2

Overuse	Total/m <sup>3</sup>
Other beneficiaries	98,1

Distance heating	PUC "Gradska toplana"
Capacity:	228,36 MW
Basic energents:	Gas, fuel
Distance heating pipeline lenght:	55 km
Total number of substations:	1024
Surface being heated:	1.818.823,67 m <sup>2</sup> , i.e. 1.413.573,91 m <sup>2</sup> homes and 405.249,76 m <sup>2</sup> business premises

Garbage	Unit of measurement	Price (RSD)
	m <sup>2</sup>	2,58

The price for homes is also applicable for business premises but increased by the coefficient determined by the Decision on heating production and dissemination. The categorisation of the business premises is done according to their purpose of use.

Type of premises	RSD/m <sup>2</sup> without PDV
Housing	38,78
Sports and recreation, religious cultural institutions, public information companies, elementary and secondary schools, institutions dealing youth and children, social protection institutions, city municipality suboffices	38,78
political organizations, NGOs, faculties, health institutions and army buildings	46,54
Other – (business premises)	62,05
	96,95

**Electricity** – total territory of the City of Niš is covered with electric energy with 99,7% (flats). City of Niš: households - 149.000, lump sum - 13.000, total - 162.00

Telecommunications infrastructure in the City of Niš is excellent and provides competitive services. There is a number of Internet providers in the City of Niš, but WiFi networks are becoming more and more available around the City. There are few mobile networks Telekom, Telenor and VIP mobile networks providing excellent services within Serbia, thus the City of Niš.

Like in other Serbian cities, during a period of over 20 years, only a few new residential buildings were constructed in the City of Niš. Going back 12-18 months, the average price of apartments was EUR 500-800/sq m, while the current price is EUR 550-1,100/sq m. The price per square meter in newly constructed apartments range from EUR 900-1,100/sq m, while old apartments command prices of EUR 550-900/sq m. The most expensive apartments can be found in downtown areas of Marger, Čair and Crveni Pevac, as well as in Nemanjića Boulevard. The cheapest apartment prices are in outskirts of Niš, namely in residential areas of Delijski Vis, Donja Vrežina, Ratko Jović etc. The greatest demand is for smaller apartments which cost between EUR 30,000 and 40,000, 90% being financed by housing loans. The majority of apartments are sold to wealthy expatriates from Western Europe, as well as to students studying at the University of Niš.

***European Corridors 10 and 7 pass through the City of Niš, huge generator for Serbia and the Western Balkans  
A great number of investment and acquisition opportunities in different industries***

### **3. NIŠ MARKET OVERVIEW**

#### **3.1. RETAIL MARKET OVERVIEW**

Similarly to a large number of Serbian cities, the main retail zone in the City of Niš is the pedestrian zone (Obrenovićeva Street and Kopitareva Street). For both international and domestic brands this zone represents the focal point, especially ones that are entering the market for the first time. High-foot traffic and the importance of high-street zone in terms of shopping destination secure good market entry.

A rather negative current economic situation in the City of Niš has not attracted many international retailers, which are already present in Belgrade and Novi Sad. The pedestrian zone in the City of Niš hosts several banks and international brands like LaCoste, Benetton, Ciciban, DM Drogerie Markt, Dorothy Perkins, Terra Nova, Nike, Adidas, Mango, Womens' Secret, Planika and Office Shoes; and domestic brands like Mona, Taboo, Lilly, Azzaro, Nicola's, Todor, Vogeli and St George.

Due to the fact that the pedestrian zone is not too long and that the retail units are limited, vacancy rate is usually very small. Besides the pedestrian zone, other attractive streets for retailers are those with high foot-traffic, good visibility and easy access, such as Nikole Pašića Street and Cara Dusana Street.

One of the particularities of the City of Niš retail market is the underground pedestrian zone located beneath Obrenovićeva Street, with several entrances/exits into the Street. This underground retail zone is divided into a large number of small retail units 10-20 sq m large, thus of no interest for international brands. Present retailers are mainly selling Chinese and Turkish goods at the low end of quality and price.

##### **3.1.1. SHOPPING CENTERS**

The only modern shopping center in the City of Niš is Mercator, opened in March 2008.

With 32,000 sq m of GBA, this shopping center is the location of many brands. One of the particularities of this shopping center is a semi-floor between the first and the second floor, accessible only through stairways from the first floor.

Picture 1. Mercator Shopping Center



Source: CB Richard Ellis

Besides Mercator, there are several old-style shopping centers, like Kalča shopping center, which is located in the middle of the pedestrian zone.

Picture 2. Kalča Shopping Center



Source: TC Kalča official site

Over the years, this shopping center has become one of the landmark buildings in the City of Niš. Featuring 35,000 sq m of GBA, this shopping center is divided into more than 350 retail units. Interest coming from international and domestic brands is very poor and exclusively related to ground floor units. Legend, Mango, Springfield, Iana, Ciciban, and Benetton have opened their stores here. Other tenants are domestic travel agencies, language schools, beauty saloons, accounting agencies, radio stations, internet providers, real estate agencies etc.

Apart from the above mentioned shopping center, the downtown area comprises several old-type shopping centers and department stores currently in or planned for refurbishment. One of them is a mixed-use development called TPC Srbija, located in the centre of the pedestrian zone and due for completion in 2009.

Picture 3. Serbia Shopping Center



Source: CB Richard Ellis

Serbia Shopping Center center should encompass some 11,000 sq m of GLA while office space will be located on upper floors.

Although previously announced for completion in 2009, MPC has postponed the opening of the City of Niš shopping center totaling 22,000 GBA for year 2010.

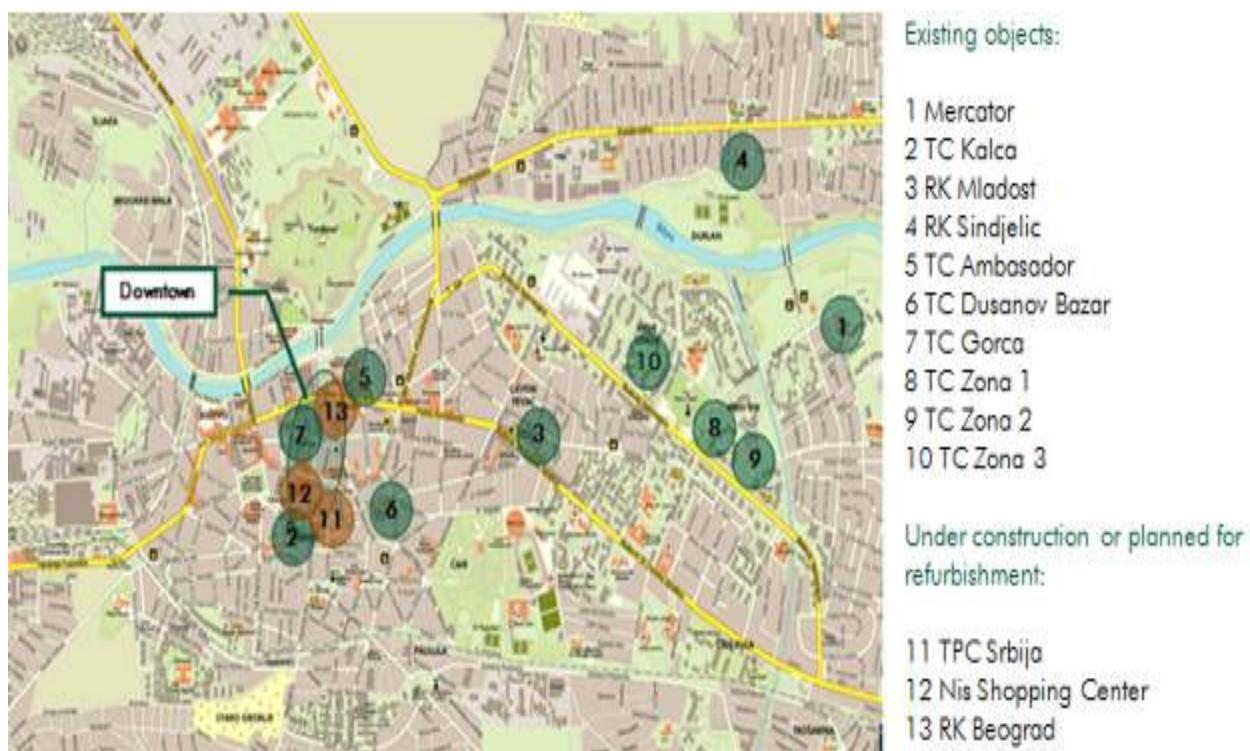
Picture 4. MPC Shopping Center



Proposed project concept

The list of other old-style shopping centers in the City of Niš includes: RK Mladost, RK Sinđelic, TC Ambasador, TC Dušanov Bazar, TC Gorča, TC Zona 1, TC Zona 2 and TC Zona 3.

A map showing the location of existing and pipeline modern and old-style shopping centers and department stores in the City of Niš.

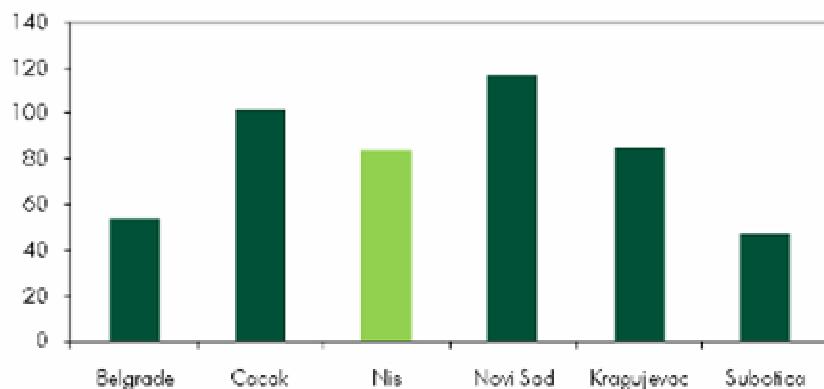


Source: CB Richard Ellis

The current ratio of total sq m of GLA/1,000 inhabitants in modern shopping centers in the City of Niš is 84 sq m of GLA/1,000 inhabitants. With the completion of TPC Srbija this ratio will be increased by 52%, coming to a level of 128 sq m of GLA/1,000 inhabitants. At the end of 2010, when the City of Niš shopping center should be brought to the market, current ratio will be more than doubled and will stand at 176 sq m of GLA/1,000 inhabitants.

Below we present the year-end 2008 ratio of total sq m of GLA/1,000 inhabitants in modern shopping centers in several cities in Serbia.

Graph 7. Gross surface for lease per 1000 citizens in bigger cities in Serbia



Source: CB Richard Ellis

Supply of retail units in the City of Niš downtown will be certainly boosted with the refurbishment of Robne Kuće Beograd department store located on the corner of Obrenovićeva Street and Vožda Karađorđa Street.

### 3.1.2. Retail Warehouse

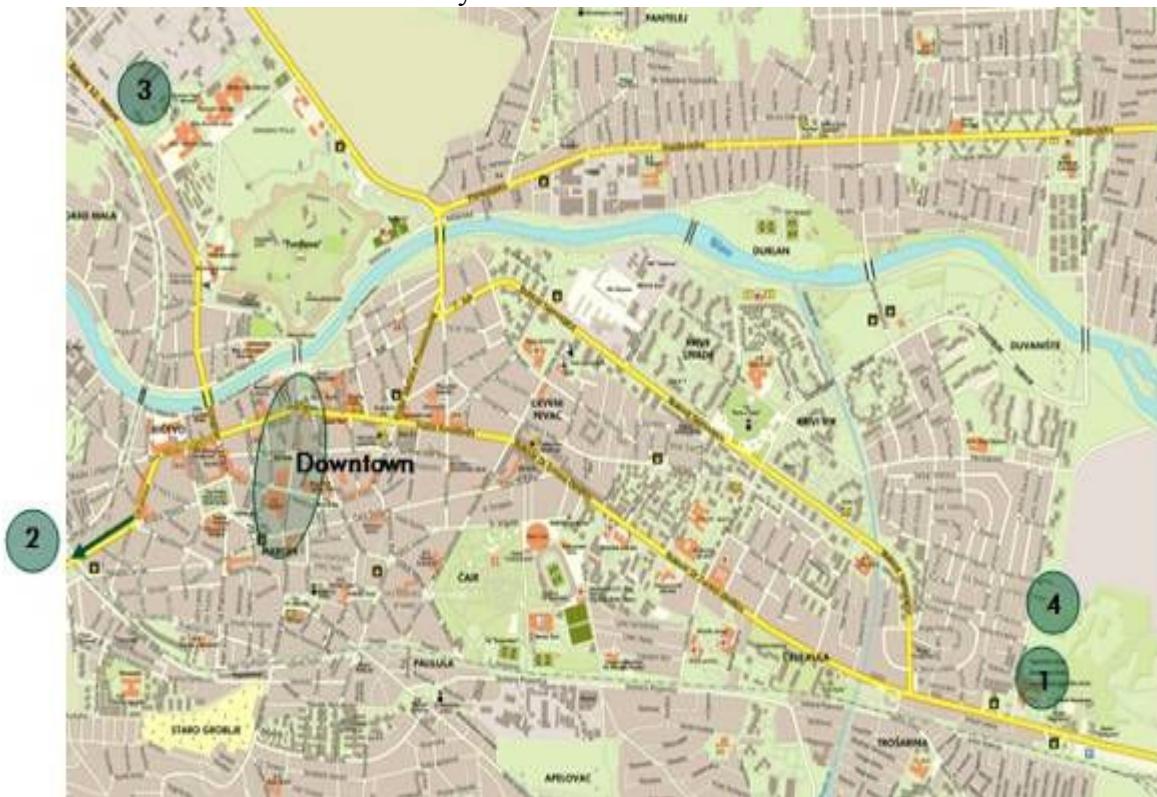
Interest of both domestic and international retail operators for the City of Niš is limited, resulting in only four existing big boxes. In the following table we present the basic data on these facilities:

No	Operator	Opening year	GBA	Sales Area
1	INTEREX	2005	5,000	2,700
2	METRO	2006	13,000	9,900
3	TEMPO	2006	12,000	10,000
4	NEPTUN	2007	1,600	1,200

Source: CB Richard Ellis

A map showing the location of existing retail warehouse developments in the City of Niš is given below. They are marked with the same number given in table.

Picture 6. Retail warehouses in the City of Niš



Source: CB Richard Ellis

The biggest local company holding small retail outlets in the City of Niš is IMPEX-PROMET. Founded in 1998, IMPEX-PROMET currently has twenty seven objects in Nišavski District: three mega markets (one in the City of Niš), fourteen supermarkets (four in the City of Niš) and ten mini-shops.

Table 5. Overview of basic data relative to these stores is as follows:

Name	Opening year	GBA	No of products
MEGA MARKET	2003	1,700	8,000
SUPERMARKET MIDZOR	2002	1,100	8,000
SUPERMARKET PEVAC	1998	650	n/a
SUPERMARKET SOLIDARNOST	2002	450	n/a
SUPERMARKET TREM	2002	300	n/a

Source: Impex Promet

### 3.1.3. Demand

Due to not very favourable economic conditions and high unemployment, retail mixture in the City of Niš main retail zones is much similar to the one present in other Serbian cities experiencing economic difficulties.

### 3.1.4. Rental Values

Rental rates in the pedestrian zone of the City of Niš generally range EUR 40-50/sq m/month, however certain units achieve even up to EUR 80/sq m/month. The high-street and downtown are the primary preferred shopping areas of the City of Niš.

Rental levels for non-anchor tenants in Mercator shopping center generally range between EUR 30-50/sq m/month.

Rental rates in old-style shopping centers and department stores generally range between EUR 10-20/sq m/month depending on the location, size and condition of the premises.

The average duration of lease agreements is one year (not the case in Mercator shopping center) and the rents are paid three months in advance, although there are examples where rents are paid on a monthly basis.

## 3.2. INDUSTRIAL AND LOGISTIC MARKET OVERVIEW

With favorable geo-strategic position offering the possibility to access the EU market easily, Serbia offers remarkable opportunities for industrial and logistics developments in mid to long term. The Serbian National Investment Plan has identified 49 industrial development zones, whereas 17 are located in Belgrade, 20 in Vojvodina and the remaining in Central and Southern regions. Via strategic transportation corridors 10 and corridor 7 the country links Western Europe and the Middle East, representing an excellent location for future regional logistics centers which may effectively serve the West Balkan Region. Due to over a decade of long political instability, Serbia has lost an opportunity to become one of the most important regional logistics centres, as Hungary is today. According to the recent data, logistics services accounted for EUR 800 million of the country's GDP in 2005, and more than 30% of Budapest's GDP. The greater Budapest area currently has over 820,000 sq m of modern industrial facilities designed for logistics purposes. Roughly 30% of this space is located within Budapest itself, while the rest is to be found on the outskirts, totalling over 560,000 sq m of space to let. Annual letting activity is quite stable: over the last four years

take-up registered close to 120,000 sq m, with similar levels anticipated to continue in the near future.

Although Serbian market is underdeveloped compared to neighboring countries, its scenario should be viable for many reasons. First of all, in the past few years, Serbia has been one of the fastest growing economies with an average GDP growth of 6.8%, and increasing macroeconomic stability including purchasing power. Skilled labor force and lower labor cost compared to most EU countries are Serbia's major competitive advantages in global market. Furthermore, in 2007, Serbia became a member of CEFTA - free trade area of South East Europe with 25 million of inhabitants. The Serbian market itself, with 7.5 million inhabitants, represents the second largest in the Region. Added to this, Serbia is the only country that enjoys a Free Trade Agreement with Russia. In 2006, the Serbian government, in order to attract foreign investment and enhance investment climate, has introduced the following investment incentives:

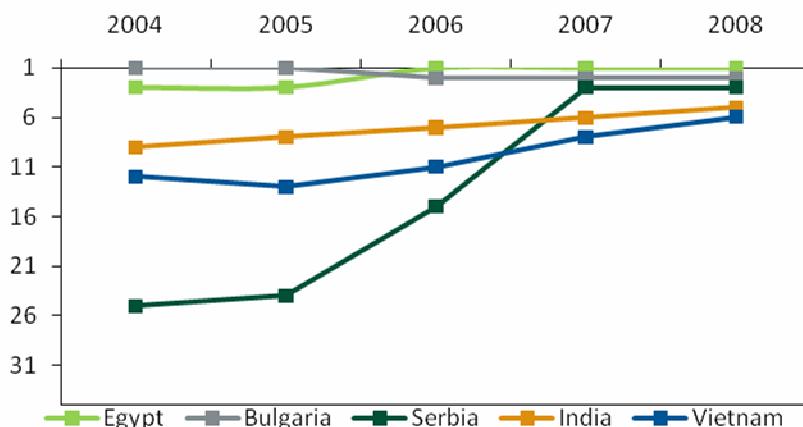
- One of the Region's lowest corporate profit tax rates set at 10%;
- Tax break for large investors, i.e. exempt from corporate income tax for the period of 10 years under the condition of investing in fixed assets an amount exceeding RSD 600 million (approximately EUR 7.5 million), and hire at least 100 additional permanent employees during the investment period;
- 5 years tax holiday for concession-related investments;
- Carrying forward of losses over up to 10 years;
- Tax reduction for new employment plus income tax and social insurance charges exemptions for employees under 30 and over 45 years for 3 years period;
- Accelerated depreciation of up to 25% above the prescribed rates for fixed assets used for ecological purposes and scientific research, assets used for education and trainings and computer hardware;
- Corporate profit tax credits of up to 80% of fixed asset investments;
- Custom free imports of equipment based on foreign investment
- Grants from EUR 2,000 up to EUR 10,000 per new job created, within Greenfield and Brownfield projects in manufacturing, services and R&D. Financial incentives are as follows:
  - Automotive, Electronics, IT: up to 25% of the total investment. The minimum investment amount is EUR 200mn and 1,000 employees
  - Production: from EUR 2,000 up to EUR 5,000 per new job created. The minimum investment amount is between EUR 1mn and EUR 3mn and 50 employees
  - Services: from EUR 2,000 up to EUR 10,000 per new job created. The minimum investment amount is EUR 0.5mn and 10 employees
  - R & D: from EUR 5,000 up to EUR 10,000 per new job created. The minimum investment amount is EUR 0.25mn and 10 employees.

For manufacturing companies interested in emerging markets, low production costs are essential. Other important factors are the location's risk premium, distance from key export markets and the local corporation tax rate. Due to improved political stability, country risk premium in Serbia is substantially reduced; excellent geographic position of Serbia insures good access to export markets; Serbia has one of the Region's lowest corporate profit tax rates set at 10%.

According to PricewaterhouseCoopers EM20 Index for 2008, a ranking of attractive emerging markets generated by PwC's innovative Risk & Reward Model, Serbia is ranked in the top seven in both the Manufacturing Index and the Services Index. Egypt and Bulgaria emerge as the leaders in Manufacturing Index in 2008, followed by Serbia, India and Vietnam.

Top five manufacturing destinations in 2008, including a five year track record is presented in the next graph.

Graph 8. Top five destinations in 2008



Source: The PricewaterhouseCoopers EM20 Index

As shown, Bulgaria and Serbia are very close, namely Bulgaria takes second and Serbia third position. These two countries are very similar in terms of geographic position and population but Bulgaria joined the EU in 2007 and has a corporation tax rate standing at 15%.

### 3.2.1. Old Industrial Complexes

The collapse of the economy during the 1990s due to the war and sanctions left Serbia with an extensive stock of vacant industrial facilities. The situation was the same for the City of Niš. The vast majority of this stock is characterized by a lack of proper refurbishment and maintenance caused by financial difficulties of its former occupants. The Serbian industrial market is thus quite undeveloped, particularly with respect to modern facilities able to accommodate blue chip tenants. This is the least developed market segment in the City of Niš and throughout Serbia.

A considerable share of the current supply of industrial facilities consists of industrial facilities that are more than 20 years old and are still owned by non-operating companies waiting to be privatized or for announcement of the bankruptcy procedure. Many of them feature solid structures, excellent locations, great accessibility, good height and flexible layout. However, they are poorly maintained and usually require major renovation, and such facilities, which are available, lack many of the modern features and amenities required by international companies. For this reason, many of these buildings remain vacant or under-occupied.

The Bankruptcy Law ("Official Gazette of the Republic of Serbia", no. 84/2004), herein "the Law", which became effective in February 2005, highlighted the above noted situation. The Law's provisions replaced a situation in which the decision on starting the bankruptcy

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procedure and the management of the bankruptcy process was driven by a selective approach of the political lobbies. The Law made the bankruptcy process faster and more efficient, which resulted in the release of a large number of outdated industrial facilities in the market, thereby causing a considerable decrease in market values in this market segment in a very short period of time.

This makes the redevelopment of Brownfield sites financially attractive for developers, which will strongly affect the industrial market in the medium term. Over the last couple of years, the first new warehouse buildings have been constructed in Serbia. Most of them are small in size and built for owner-occupancy, while speculative development remains sporadic and very limited in size. The last two years were also marked by several developments of brand new production facilities as well as announcements of market entry plans.

### **3.2.2. Demand**

Occupation demand for industrial and logistics space in Serbia continued its growth in 2008 and mostly in the form of distribution, transportation, pharmaceutical and logistics companies. The entrance of foreign companies as well as the intense retail sector development has increased the demand for speculative warehouse space, especially in small settlements at E 75 highway, between Belgrade and Novi Sad, such as Šimanovci, Dobanovci, Pećinci etc.

Prospective tenants are seeking modern and flexible warehouse space with built up transportation infrastructure in attractive locations. Requirements also include proper ceiling heights 9-12 meters, independent power supply, temperature control, loading docks, etc. Undersupply of this type of warehouse space continues to be a problem, as the first projects to have appeared in this market segment have mostly been secured through pre-lease agreements. Since the supply of speculative industrial objects just started to emerge, vacancy rate is close to zero.

With the improvement of the business climate in Serbia and the anticipated increase in industrial production and commerce, the need for storage facilities and specialized warehouses is expected to grow. We also expect the strongest occupier interest generated by third party logistics specialists, looking to meet the demand of their clients.

### **3.2.3. Rental Values**

We note that rental levels of industrial and warehousing facilities did not record a substantial change during 2007 and 2008. Rental levels of old industrial premises in Serbia are still at the same levels as 2005, i.e. between EUR 1.5-3.0/sq m/month on average, while in attractive locations the monthly rental rates can achieve up to EUR 3.5/sq m/month. Average rental levels for old industrial facilities in City of Niš are at the lower end of Serbia average, standing at EUR 1-2/sq m/month.

Demand for modern warehouse facilities in Serbia is still unmet and average rental rates in this segment of the industrial market reach EUR 3-6/sq m/month. Rental level is mostly determined by an object's amenities, ceiling height, location and accessibility. The City of Niš could be found in the level between EUR 3-5/sq m/month.

### 3.2.4. Forecast

Over the next few years the logistics sector in Serbia should continue to mature, in particular benefiting from improvements in road infrastructure linking the country to Central European markets. Investment in new and improved infrastructure will deliver new routes to market and affect the optimum locations for logistics property. Despite policies to promote other modes, the majority of this investment and impact will be seen on the road network. Furthermore, Serbia's EU association process is inevitably having an impact on the economy, particularly in terms of future political stability. Added to this, signing of the Stabilization and Association Agreement (SAA) will lead to export liberalization and the removal of customs barriers in the mid-term.

A migration of production to Central and Eastern Europe is affecting logistics within the supply chain, as the general trend in European logistics has moved from manufacturer-led to retailer-led supply chains, bringing the costs of distribution into sharp focus. Logistics activities often follow retail activities.

Consequently, the demand for modern logistics stock in Serbia, in the medium-term will be determined by the growth in the wider Serbian economy. As wages rise and affluence increases, so does the domestic consumption, leading to further demand for distribution facilities.

Strong demand is expected to continue, especially for new, modern developments. Going forward, on the back of good demand characteristics, the development pipeline is expected to increase. This is supported by the fact that the existing stock of warehouse facilities is mainly comprised of outdated buildings that do not conform to modern demands for logistics space, especially with regards to the premise's heights. Logistics companies are expected to be the main driver of demand. In addition, interest from the manufacturing sector should also rise dominated by automotive, pharmaceutical and textile industries. The major infrastructure projects with a new legislative framework and incentives for the development of large logistics centers are boosting demand. However, understanding of the dynamics of the market and where the best opportunities lie in the short and long term will be crucial.

Serbia, due to its excellent geo-strategic position, should undoubtedly be an attractive location for future regional distribution centers. This process has already started as Kraft Food has already announced establishing a regional centre covering former Yugoslav republics and Albania.

### 3.2.5. The Main Goals Established by the Development Strategy of the City of Niš:

- *Territorial development oriented to environmental sustainability* (Transform the City of Niš into an urban regional centre with high environmental quality, communal services and transport links in accordance with advanced development policies and best practices of the developed European towns and cities)
- *Establish a safe and reliable environment for investment conducive to sustainable economic development* (Create conditions for adequate workforce formation, opening up of financial opportunities, logistics, attracting of investments, industrial relocation and creation of new enterprises in high-added value economic sectors)

- *Balanced and comprehensive improvement of the quality of life in the City of Nis* (Create an encouraging and safe social environment in which all citizens will be able to express and fulfill their needs for belonging and identity, socialization and personal growth)
- *Improvement of the institutional setting and the governances processes* (Implement institutional reforms aimed at increasing the capacities and the efficiency of the community decision-making processes, following principles of subsidiary on the territory of the City).

The City of Niš has excellent potential for construction of industrial and logistics complexes that would enhance the economic development. Out of 26 investment locations in the City of Niš, 12 locations are destined for industry and/or storage and service units by the General Urban Planning of the City of Niš. Those locations are presented in Picture 8 with the numbers in red circle. Location number 19, marked with yellow, is the pilot location Industrial Zone Donje Medjurovo.

### 3.2.7. Cargo Center – Niš Airport

One of the biggest projects announced for development is a Cargo Center, located within the airport complex in the City of Niš. Developed jointly by Eyemaxx Real Estate and Chayton Capital UK Fund, this logistics and cargo center will have a usable area of approximately 136,000 sq m. The completion of the project is scheduled for 2015. Besides logistics facilities, the construction of a shopping center, office space and hotel is also planned.

Picture 7. Proposed project concept of the Nis Airport Cargo Center



Source: Eyemaxx

***Free Trade Agreement with Russia – a market of 142 million people***

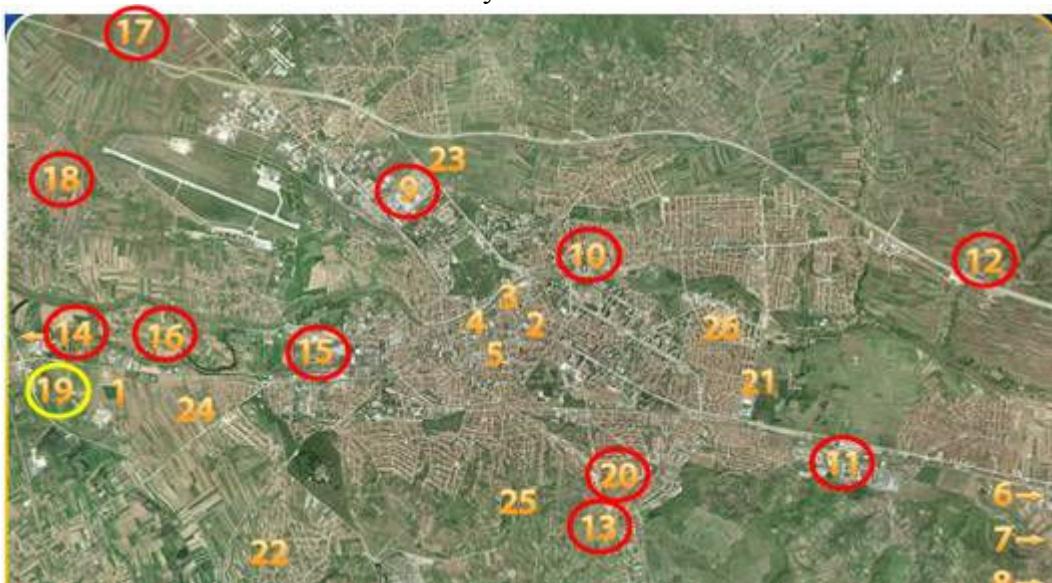
***A member of the South East Europe CEFTA free trade area comprising 29 million consumers***

#### 4. OVERVIEW OF THE INDUSTRIAL ZONES AND OTHER INVESTMENT LOCATIONS

Excellent geographic position of the City of Niš within both Serbia and the Balkan region is of great potential for development of industrial and logistics sector. Further growth of the City of Niš in terms of development of industrial zones will be possible only in three directions. Namely, due to the hilly landscape in the South, creation of large industrial zones in this direction is considerably aggravated, if not impossible.

The current government of the City of Niš is very proactive and has worked very intensively in order to present investment hot spots to potential investors. A lack of collaboration and understanding of former local authorities is the main reason for economic stagnation and lack of FDI in the previous period. The City of Niš has already made significant progress regarding the understanding of prospective investors' needs. Besides creation of the Office for Local Economic Development (LED) and Capital Investment Department, every potential investor will have its own Personal Assistant who will lead them through the investment process. One of the goals for the future is a creation of a very detailed online data base covering all locations suitable for development.

Picture 8. Industrial zones within the City



Source: City of Niš, compiled by CB Richard Ellis

The total area encompassed by these 12 locations is slightly over 687 ha. Their development will enhance the creation of an attractive city with modern industrial zones, restructured

agriculture and developed infrastructure favourable for investments and entrepreneurs' activities.

#### 4.1. DONJE MEĐUROVO INDUSTRIAL ZONE

Donje Međurovo Industrial Zone contains extensive pieces of land and good infrastructure coverage.

This location is located in the City of Niš, in the City Municipality of Palilula, in Donje Međurovo village near the old regional road Niš-Leskovac. This 10ha location, located in the industrial zone, is intended for the light industry/warehouses.

- The triangular piece of land with the extensive frontal part spreading along the regional road R 214.
- The whole surface of Donje Međurovo is not constructed, apart from the Fripak building, an old food production complex.
- The infrastructure is being renovated, by connecting the location to the waste water network, water supply network, by drafting projects and building access roads and internal roads. This is the biggest generator when attracting new investors who are in favour of the fully equipped locations in comparison to those which are yet to be equipped.
- Despite the fact that the vehicles have an excellent access to the location, and that it is near the railway, another advantage is that this location is very near the City of Niš airport and the plans for building the cargo center are under their way.
- The urban parameters allow the construction of more than 200.000 m<sup>2</sup> gross of the construction surface for the industrial purposes/warehouses, from G+1 to G+2 floors. Having in mind the fact that these constructions are not appropriate for the approved purposes, unless building offices, there is a professional endeavor to make use of the location by constructing 70.000m<sup>2</sup> gross of the construction site.

Picture 9. Regulation Plan of Donje Međurovo Industrial Zone



Source: Institute of Urban Planning Niš

According to the standing City Decision, the tenant, in relation to the lease fee (rent), is entitled to the grace period in the duration of two (2) years, starting from the date of Lease Contract verification. The tenant must pay 20% of lease fee (rent) determined by the public auction or by collecting offers in public call procedure not later than 8 days after the Contract signing. The tenant will pay the remaining 80% after the completion of grace period in six (six) equal installments every six months. The amount of installments will be increased by the increase of retail prices according to official data from the Statistical Office of the Republic of Serbia.

Picture 10. Orthophoto of Donje Međurovo Industrial Zone



Source: Institute of Urban Planning Niš

#### 4.2. TECHNOLOGY PARK AND INCUBATOR TEHNIS NIŠ

The development of Technology Park and Incubator TEHNIS Niš is based on the important strategic documents including Concept of the Industrial Development in Serbia, Regional Development Strategy of Serbia, Competitive and Innovative SME Strategy and City of Niš Development Strategy.

The concept of the strategic development of Technology Park and Incubator TEHNIS Niš, envisages the Republic of Serbia and the City of Niš being the founders. The strategic development also envisages Technology Park and Incubator TEHNIS Niš being developed in a form of a park and an incubator within the industrial zones and technology parks of a national importance, through restructuring and privatization process of EI Holding Corporation.

Picture 11. Orthophoto of Technology Park and Incubator TEHNIS Niš



Source: Institute of Urban Planning Niš

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Technology Park and Incubator TEHNIS Niš is based of the following industrial sector priorities defined by the Concept of the Industrial Development in Serbia, which are:

- electronic equipment manufacturing
- manufacturing of electronic components for the car industry
- IT
- Mechanical industry

The Republic of Serbia share capital amounts up to 103.334m<sup>2</sup> of the constructions and 10ha of the plain land within the EI complex. The foreseen share capital of the City of Niš is the City construction land, which amounts up to 9ha, within the EI complex. The City of Niš will successively increase the share capital and increase its ownership rights.

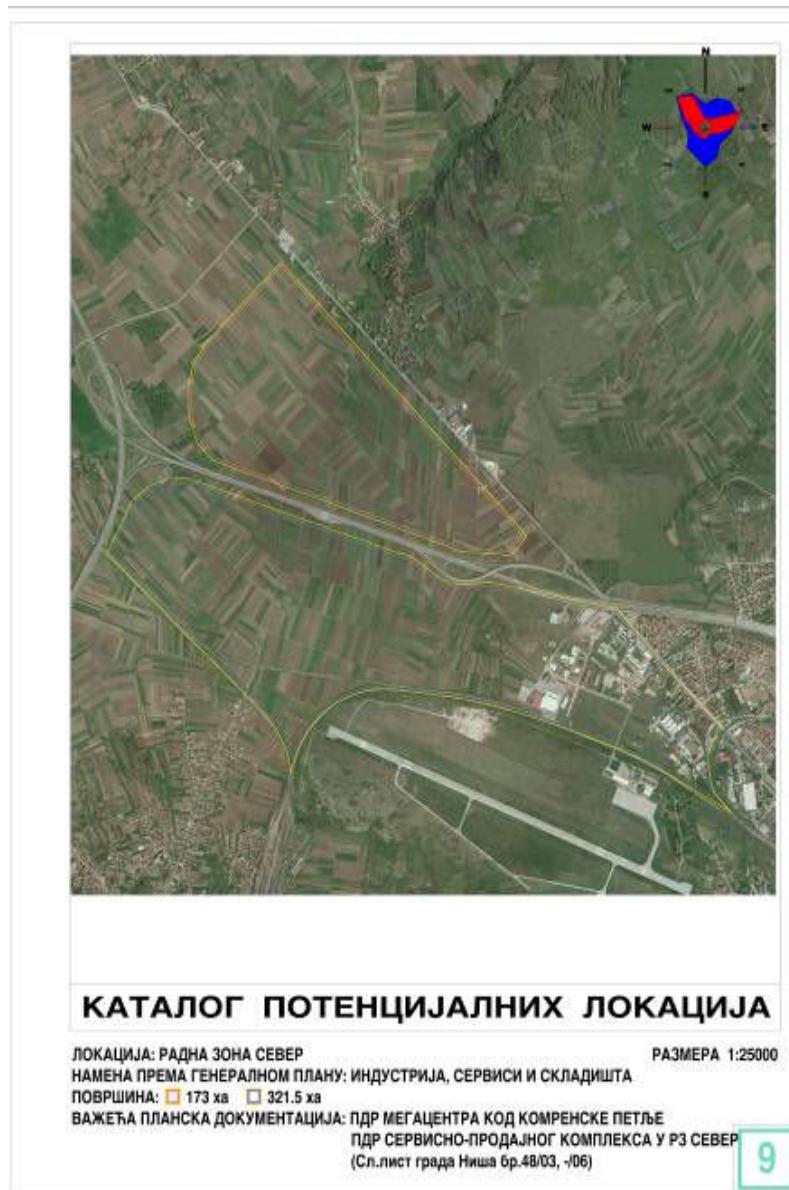
Founders of the Technology Park and Incubator TEHNIS Niš, Republic of Serbia and City of Niš, offer special incentives for those who are resolute to invest in the value-added, technology-based projects.

#### **4.3. NORTH NIŠ INUSTRIAL ZONE**

North Niš Industrial Zone is located in the Northeastern part of the City. Within the very Industrial Zone there is a traffic crossroad, a freeway intersecting the railway Belgrade-Niš-Sofia-Istanbul and Belgrade-Niš-Thessaloniki-Athens. Its Southern side borders with the City of Niš international airport Constantine the Great. The development of the Industrial Zone, covering up to 174ha out of which the majority is private property, started in the '90s, but it was not until lately that the investors started coming.

The infrastructure is available in the bordering parcels and in some parts there is also a secondary network including access roads, water supply and sewerage system, electricity, gas and telecommunication.

Picture 12. Orthophoto of North Niš Industrial Zone



Source: Institute of Urban Planning Niš

#### 4.4.LOZNI KALEM (SPA OF NIŠ) RECREATIONAL CENTER

Detailed Regulation Plan regulates the construction principles for Lozni Kalem (Spa of Niš) Recreational Center, which is in line with the General Plan 1995-2010 for the City of Niš (Official Gazette of the City of Niš, No. 13/95, 2/2002, 41/2004 and 51/2007), concerning spatial planning, regulation and construction. Detailed Regulation Plan encompasses 22,54ha.

Picture 13. Orthophoto of Lozni Kalem (Spa of Niš) Recreational Center



Source: Institute of Urban Planning Niš

### Traffic Crossroads

Detailed Regulation Plan encompasses the following surface: between the railway Niš-Sofia towards the North, the petrol station and the center of the populated area towards the main access road to the Spa of Niš, primal City traffic crossroads towards the South and the greenery towards the Nikola Tesla residential area towards the West.

### Topography

General Urban Plan envisages the agricultural land being turned into a recreational center and a tourist attraction in line with the defined urban parameters for construction.

### Infrastructure

Detailed Regulation Plan does not include the physical structure for realization apart from the City primal infrastructure: roads and other infrastructure.

### Terms of Construction

Detailed Regulation Plan defines two sections:

- A: recreation and sports in the Northern part
- B: touristic-commercial capacities in the Southern part

*Section A* envisages sports and recreation capacities, minor courts, football fields, handball, basketball and volleyball courts and many more, having the spectators seats (indoors/outdoors), tennis courts, water sport facilities (aqua park), and other related capacities (changing rooms, premises, toilets, retail shops, etc.) ,

*Section B* - touristic-commercial capacities envisages a congress center, spa and wellness center, hotels, restaurants and shops, parks, etc.

#### 4.5. SKOPLJANSKA STREET – KING MILAN’S SQUARE

Picture 14. Orthophoto of Skopljanska Street – King Milan’s Square



Source: Institute of Urban Planning Niš

Regulation Plan for Skopljanska Street – King Milan’s Square envisages the construction propositions and defines the purpose of this location as a multisectoral business complex containing a universal concert and congress hall with 1500 seats and accompanying services suitable for the very center of the City.

General construction rules envisage the following:

- In line with the defined purpose of the location, the location can be 100% intended for constructing a hotel and other business units in line with the general urban provisions;
- The construction or reuse of the existing buildings (80-90% residential) for the purpose of conducting business (100%), is being stimulated up to 0,3 construction coefficient (per block), and 77% of the land utilization coefficient (per block), under a condition that the other urban parameters are met.

***Skilled and productive labor force has proven to be one of Serbia's major competitive advantages in the global investment market. University of the City of Niš is the country's biggest technically educated labour generator. The City of Niš decided to invest in the future.***

## 5. INCENTIVES AND TAXES

### 5.1. LOCAL INCENTIVES

The region of Southern Serbia has a vast number of potentials which are not used, but having in mind that it will be the center of capital projects important for the Republic of Serbia in the following period, we expect the potential investors to be interested in investing their capital in the City of Niš. By promoting economic potentials, with a tendency to transform each problem into a business opportunity, the City of Niš will connect representatives of local authorities, private sector and civil sector in the most convenient way, and by doing so, it will create favorable conditions both for domestic and foreign investments. The City of Niš will be a good host to domestic and foreign investors and it will present the Imperial Niš in its best, the City which is ready to adopt new ideas and business plans. The City of Niš has adopted the basic principles of the modern local administration aiming at the efficient, reliable and accessible local self-government.

### 5.2. Support to the Investment Process:

- Local Economic Development Office, a place for all investors and existing companies, which coordinates the City Administration activities directed towards the local economic development
- Capital Investment Department assists the investors to shorten the procedures and save time in order to finish the whole process of acquiring the construction permits at one place
- Personal Assistant providing all the necessary assistance an investor needs during the investment process
- Support of the University of Niš (13 faculties), 7 private faculties, a few vocational high schools

### 5.3. FINANCIAL INCENTIVES

Lease fee for the City construction land

- land price discount of 0,5% per each employee (new job) employed for at least 4 years

- land price divided in 5 yearly installments while applying the National Bank of Serbia discount rate to the debt (Official Gazette of the City of Niš No. 32/2006, Article 43.)
- City construction land development fee

- 45% discount for the City construction land development fee upon signing of the contract with the Directorate for City Land Development (Official Gazette of the City of Niš No. 1/2004 and 34/2007) applicable for the month of the contract signing
- City of Niš Assembly can pass a Decision for special incentives for the exemption of the City construction land development fee for the investors employing more than 1000 people.

City construction land usage fee

- City of Niš Assembly can pass a Decision for special incentives for the exemption of the City construction land usage fee for the investors employing more than 1000 people.

Infrastructure support services

- When investing in the existing production capacities which are not in use (Brownfield investments) the City of Niš will provide support to the investor by constructing and refurbishing the required infrastructure

#### **5.4. INCENTIVES FOR INVESTING IN DONJE MEĐUROVO INDUSTRIAL ZONE**

According to the standing City Decision, the tenant, in relation to the lease fee (rent), is entitled to the grace period in the duration of two (2) years, starting from the date of Lease Contract verification. The tenant must pay 20% of lease fee (rent) determined by the public auction or by collecting offers in public call procedure not later than 8 days after the Contract signing. The tenant will pay the remaining 80% after the completion of grace period in six (six) equal installments every six months. The amount of installments will be increased by the increase of retail prices according to official data from the Statistical Office of the Republic of Serbia.

#### **5.5. TRAININGS**

National Employment Service provides the following:

- 80.000 RSD (1000 Euros) per a job for creating new ones and equipping new jobs
- Vocational trainings up to 71.000 RSD (900 Euros) per a job

There are 35.622 people register at the National Employment Service, out of which 4.372 are with university and college education.

## 5.6. INCUBATOR CENTERS

Picture 15. Business Incubator Center Niš



Source: Business Incubator Center Niš

**Business Incubator Center (BIC)** in the City of Niš was established at the end of 2005. The Lead Partner was SINTEF – Norwegian foundation for scientific and industrial finance. His Excellency, the Ambassador of the Kingdom of Norway gave away the Business Incubator Center to the City of Niš October 1, 2008. Thus, the City of Niš continued financing the Business Incubator Center January 1, 2009, which marked its new phase of development.

### BIC Capacities

Production facility → production: 2,000 m<sup>2</sup>

1<sup>st</sup> Floor → Incubator Center/tenants: 700 m<sup>2</sup>

Estimated capacities: 13 tenants in the production area, 10 in ICT sector

Status of the 1<sup>st</sup> cycle tenants: 6 production companies, 2 services, 4 left BIC, 3 gave up

Profile of the current tenants: mainly metallurgy

Profile of the future tenants: electronics, ICT, mechanical engineering

Note: pilot project for the Serbian national programme

Registered as a business-technology incubator at the Ministry of Science as an infrastructure for conducting innovative projects

### Ownership

- 99,29 % City of Niš
- 0,71 % Regional Agency for SME and Entrepreneurship Development

### Incentives for BIC tenants:

- Support when acquiring equipment and financing (providing start-up credits of the Ministry of Economy to BIC Niš tenants instead of donating equipment)
- Premises and bookkeeping services under favourable conditions
- Business trainings and coaching

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- Support when going onto the market – especially the foreign markets
- Support to marketing and presentation at fairs
- Business matchmaking and B2B
- Administrative and other services

## 5.6. REPUBLIC OF SERBIA FINANCIAL ASSISTANCE TO INVESTORS

Apart from the current advantages, such as competitive labour, duty-free export into SEE countries and Russia, strategic position and the lowest profit tax rate in Europe of 10%, Serbia offers financial support to potential investors as well. According to the Republic of Serbia Decree, passed by the end of June 2007, the investment projects in all sectors, apart from trade, agriculture, tourism, catering/hotel and retail industries may apply for the Republic grants. The funds may be used for financing investment projects in the manufacturing sector, research and development sector and internationally marketable service sector.

Grants from EUR 2,000 up to EUR 10,000 per new job created, within Greenfield and Brownfield projects in manufacturing, services and R&D. Financial incentives are as follows:

Investment in Automotive, Electronics, IT:

- up to 25% of the total investment. The minimum investment amount is EUR 200 million and 1,000 employees

Investments in manufacturing activities:

- Available funds: from €2,000 up to €5,000 per every new employee;
- The minimum investment amount: between €1 million and €3 million, depending on the unemployment rate in the municipality where the investment is made;
- The minimum number of new jobs created: 50.

Investments in the services sector:

- Available funds: from €2,000 up to €10,000 per every new employee;
- The minimum investment amount: €500,000;
- The minimum number of new jobs created: 10.

Investments in R&D:

- Available funds: from €5,000 up to €10,000 per every new employee;;
- The minimum investment amount: €250,000;
- The minimum number of new jobs created: 10.

## 5.8. REPUBLIC OF SERBIA GRANTS FOR ATTRACTING FDI

State grants are offered for investment projects in all industries, except for trade, tourism, hospitality and agriculture. Eligible companies are those involved in manufacturing activities, internationally marketable services sector, and research and development.

The total funds that can be allocated are determined according to the number of employees hired in a three-year period, and depend on the type of investment and the total number of points that a candidate receives upon completing the envisaged procedures.

The right to receive funds belongs to any legal entity registered on the territory of the Republic of Serbia that has investment projects in the sectors to which funds are allocated, in accordance with this Decree.

The following legal entities shall be excluded from the right to receive funds:

- Those with outstanding obligations towards any legal entities and individuals in the Republic of Serbia;
- Those who have entered bankruptcy proceedings;
- Those with outstanding obligations towards the Republic of Serbia;
- Those who have already received co-financing for the same purpose from the budget of the Republic of Serbia.

Tax incentives:

- VAT Standard rate – 18 % , Lower rate – 8 %
- Corporate Profit Tax – Uniform rate - 10 %
- Withholding Tax - 20 % (for dividends, shares in profit, royalties, interest income, capital gains, lease payments for real estate and other assets)
- Personal Income Tax – Salaries -12 %, Other income – 20 %
- Annual Income Tax - 10/15 % (for annual income below or above 8 average annual salaries)
- Social Insurance Contribution – pension and disability insurance - 11 % Health insurance- 6.15%, Unemployment insurance - 0,75 %
- Property Tax – Progressive rates ranging between 0,4% to 3 %, plus a fixed amount

***City of Niš grants a Personal Assistant, Simplified Administrative Procedures and Support of the Office for Local Economic Development to all Investors***

## 6. REQUIRED DOCUMENTS AND DEADLINES FOR CONSTRUCTION WORKS

**Table : Required documents and deadlines for construction works**

No.	Steps	Required documents	Institution	Deadline
1 a.	Issuing an Assessment on Urban Conditions	Request  Copy of the plan	City Administration for Planning and Construction  Republic Geodetic Institute Cadastre of Immovable Property	30 days (if all of the required documents are submitted even earlier)  Copy of the plan can be issued within a day
		Layout plan in line with the Law on Planning and Construction	Project Bureau and Geodetic Bureau	Dimensions, purpose and height of the object being constructed
		Technical conditions required by public companies	PUC "Naissus" "Telekom" "Jugoistok" "Yugorosgaz" SMO PC "Toplana Niš"	30 days (if all of the required documents are submitted even earlier)
		Certificate on Proprietary Right, i. e. , on construction land lease not older than 6 months, Ownership Certificate, Certificate on the immovables or the land-registry file	Cadastre Municipal Court Land-Registry Department	Cadastre issues the Ownership Certificate in a day Municipal Court issues the land-registry file in a few days
		Municipal and Republic Administrative Tax	City Administration	
1 b.	Issuing a Certificate from the Urban Plan	Request  Copy of the plan	City Administration for Planning and Construction  Republic Geodetic Institute Cadastre of Immovable Property	8 days (usually 2 to 3 days)  Copy of the plan can be issued within a day
		Municipal and Republic Administrative Tax	City Administration	

2.	Issuing the Construction Permit	Request	City Administration for Planning and Construction	15 days
		Certificate from the Urban Plan or the Certificate on Urban Conditions not older than a year	City Administration for Planning and Construction	Ownership Certificate, Certificate on the immovables or the land-registry file
		General Design in line with the Certificate from the Urban Plan or the Assessment on Urban Conditions	Project Bureau	Depending on the project engineer
		Certificate on Proprietary Right, i. e. , on construction land lease i. e. , Ownership Certificate	Cadastre Municipal Court Land-Registry Department	
		Other certificates required according to the Urban Plan		Various consents
		Municipal and Republic Administrative Tax	City Administration	
3.	Construction Works Application	Request	City Administration for Planning and Construction	8 days
		Main design (4 copies), Certificate/Report on Technical Control		Depending on the project engineer
		Verified copy of the Contract on Construction (Works)		
		Verified copy of the Construction Approval	City Administration for Planning and Construction	
		Proof of payment for the construction land development fee	Direktorate for City Land Development	
		Municipal and Republic Administrative Tax	City Administration	
4.	Notification on Foundation Completion	Main design		3 days
		Geodetic projection of foundations	Geodetic Bureau	
		Municipal and Republic Administrative Tax	City Administration	
5.	Technical	Copy of the Construction	Municipality	

	control	Approval and the Certificate on Construction Approval Main design		
		Municipal and Republic Administrative Tax	Municipality	
6.	Permit of Use	Copy of the plan with the construction projection	Cadastre of Immovables	7 days
		Other certificates, approvals, etc.		
		Municipal and Republic Administrative Tax	Municipality	
		Technical Control Commission Report	Project Bureau	
		Approval for a specific purpose of the construction		

## ***Doing Business in Serbia?***

### **7. BASIC INSIGHT INTO REGISTERING A COMPANY:**

Simultaneously with their registration with SBRA, business entities are granted a company code and a fiscal code (provided that requirements for entry in the integrated taxpayers register have been met). If the conditions for granting and allocation of a fiscal code are not fulfilled, the business entity will be registered with SBRA and referred to the Tax Administration for obtaining the fiscal code.

Upon receiving the required authorization in the integrated application for registration, SBRA forwards to the competent Pension and Disability Insurance Fund the application for insurance on behalf of the founders who state in their application that they will not be employed in the business entity, and an application for registration of commencement of business activity.

With the authorization given to it in the integrated application for registration, SBRA forwards to the Republic Health Insurance Fund the necessary data for registration of a payer of health insurance. If the requirements for registration of a payer of health insurance with RHIF are not fulfilled, the business entity will be registered with SBRA and referred to RHIF for the registration as a payer of health insurance.

Registration fee can be paid to the SBRA's account no:

- 840-969627-83, model of payment is 97, reference number 95-01.

Companies registered with the Serbian Business Registers Agency (SBRA) can immediately get their registration number – they are only required to pay a tax for assignment of the registration number to the account of the Budget of the Republic of Serbia.

- The account number is 840-742221843-57, “Model” is 97. In the field below enter the code given in the list of municipalities. Download the payment instructions and account numbers for each municipality [here](#).
- The tax for the procurement of a registration number through the Agency, from the Statistical Office of the Republic is RSD 1,750.

Each application for company registration must be accompanied by the required supporting documents (originals or authenticated photocopies) and a proof that the registration fee has been paid to the SBRA's account no.840-969627-83, model of payment is 97, reference number 95-01.

The application for company registration and accompanying documents are submitted in one copy, by mail or personally in the premises of the Business Registers Agency or its branch offices.

If the law requires that the application form for registration be accompanied by authenticated documents, the documents must be authenticated by a body competent to authenticate signatures – a court or municipal authority.

Documents authenticated by a body authorized for authentication of signatures in another country are treated as foreign public documents. If the documents are authenticated by a public officer of a country that is signatory to the Hague Convention Abolishing the Requirement of Legalization of Foreign Public Documents or of a country which has a bilateral agreement with the Republic of Serbia regarding mutual recognition of public documents, the document need only contain an Apostille. However, if that particular country is not a signatory of the Hague Convention and does not have a bilateral agreement with the Republic of Serbia regarding recognition of public documents, the so-called full legalization is required.

Documents in a foreign language must be accompanied by their translation into Serbian, authenticated by a certified court interpreter.

The registration of a new company under an already existing registered name or under a name that may be mistaken for another or misleading with respect to the company or its activity is strictly forbidden by valid laws and regulations. In addition to the possibility of conducting a search on the availability of a company name on the Agency's website, it is recommendable that the founders double-check availability of the selected company name directly with the Agency's staff before they certify the Articles of Association.

A business entity shall be registered within 5 days.

### **7.1. REQUESTED DOCUMENTS FOR REGISTERING A COMPANY:**

For the registration of a company, the applicant shall submit the following supporting documents:

### **7.2. FOR A COMPANY WITH LIMITED LIABILITY:**

The following documents are submitted along with the application for registration:

- Proof of identity of the founder (copy of ID or passport for a natural person and/or Certificate of Registration issued by the Register in which the legal entity is registered)
- Articles of Association (Decision or Agreement), with certified signatures of the founders
- Bank certificate on deposit of the monetary contribution to a interim account or a certified statement of the founder that he/she has provided the monetary contribution.
- Decision on the appointment of the company representative, unless the representative was designated in the Articles of Association
- Certified signature of the authorized representative

### **7.3. FOR A PARTNERSHIP:**

The following documents are submitted along with the application for registration:

- Proof of identity for the founder (copy of ID or passport)
- Contract of Association, with the signatures of the founders
- Certified signature of the representative

#### **7.4. FOR A LIMITED PARTNERSHIP:**

The following documents are submitted along with the application for registration:

- Proof of identity for the founder (copy of ID or passport for a natural person and/or Certificate of Registration issued by the Register in which the legal entity is registered)
- Articles of Association, with certified signatures of the founders
- Bank certificate on deposit of monetary contribution to a interim account by the limited partner or his/her statement that he/she has secured the contribution
- Decision on the appointment of the representative of the limited partnership, unless the representative has been designated in the Articles of Association
- Certified signature of the representative

#### **7.5. FOR A STOCK COMPANY:**

The following documents are submitted along with the application for registration:

- Proof of identity for the founder (copy of ID or passport for a natural person and/or Certificate of Registration issued by the Register in which the legal entity is registered)
- Articles of Association (Decision or Agreement), with certified signatures of the founders
- Bank certificate on subscribed shares
- Bank certificate on deposit of monetary contribution to a interim account
- Evidence of the publication and content of the public invitation for subscription and payment of shares (prospectus), with the approval of the competent authority
- Valuation of contributions in kind of the founders by an authorized appraiser
- Decision on the appointment of the company representative, unless the representative has been designated in the Articles of Association
- Certified signature of the representative

**For a closed stock company**, it is not necessary to submit:

- a bank certificate on subscribed shares,
- evidence of the publication and content of the public invitation for the subscription and payment of shares, and
- valuation of contributions in kind of the founders by an authorized appraiser (6).

#### **7.6. FOR A COOPERATIVE:**

The following documents are submitted along with the application for registration:

- Proof of identity for the founder (copy of ID or passport)
- Articles of Association (Decision or Agreement)
- Minutes from the constituent meeting
- The cooperative's bylaws
- The founders' statement of the share contributed in accordance with the Articles of Association, if this statement is not contained in the Articles of Association
- A decision on the appointment of the Director of the Cooperative, unless he has been designated in the Articles of Association
- Certified signature of the representative

## **7.7. FOR A COOPERATIVE CORPORATION:**

The following documents are submitted along with the application for registration:

- Agreement on the establishment of a cooperative corporation
- Decision on the appointment of a representative
- Certified signature of the representative

## **7.8. FOR A PUBLIC COMPANY:**

The following documents are submitted along with the application for registration:

- the charter forming the company, passed by the competent state agency or local self-government body
- the bylaws of the public company
- bank slip certifying that cash contribution has been deposited to a temporary account or the founder's statement that the contribution has been provided in line with the articles of association
- assessment by a certified assessor of the value of the non-cash contribution provided in line with the articles of association
- decision on appointment of the representative of the public company, unless the representative is appointed by the articles of association
- authenticated signature of the representative
- required consents and other documents in line with the law that governs the requirements and the method for conducting services of general interest.

## **7.9. FOR A BRANCH OFFICE:**

The following documents are submitted along with the application for registration:

- Articles on Setting Up of a Branch Office
- Decision on the appointment of a representative, if the representative was not appointed in the Articles on Setting Up of a Branch Office
- Certified signature of the representative of the branch office.

## **7.10. FOR A FOREIGN BRANCH OFFICE:**

The following documents are submitted along with the application for registration:

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Obrenovićeva 38, 1<sup>st</sup> floor; tel: +381 18 209 239; fax: +381 18 209 240; e-mail: kler@ni.rs

- Certificate of Registration from the Register in which the foreign legal entity is registered, with certified translation by an official court interpreter
- Evidence of bank accounts through which the business entity operates
- Certified statement, provided with the stamp of the foreign legal entity, by the founder confirming that he/she takes on full responsibility for all liabilities arising in connection with the business dealings of the branch office, with certified translation by an official court interpreter
- Articles of Association (signed by the legal representative of the foreign legal entity) provided with Apostille, if required by the country in which the foreign legal entity was established
- Certified signature of the representative of the branch office

## 7.11. REPRESENTATIVE OFFICES

The Decree on the Registration of Representative Offices of Foreign Legal Entities in the Business Register (“Official Gazette of RS”, no. 114/2005) kept by the Serbian Business Registers Agency foresees that the application for the registration of a representative office must be endorsed by the following documents:

- Certificate of Registration from the Register in which the foreign legal entity, i.e. business entity – founder is registered, certified by the competent authority in the country of issue. If the Certificate does not contain data on the founder, registered office and person authorized to represent, then along with the Certificate, the applicant shall also submit documentation containing this information (Articles of Association and other)
- Articles of Association of the representative office
- Decision on the appointment of a representative, unless this is stated in the Articles of Association of the representative office
- Evidence of bank accounts through which the founder operates
- Certified statement, in which the founder takes on the responsibility for all liabilities arising in connection with the business dealings of the representative office.

## 8. LIVING IN THE CITY OF NIŠ

### 8.1. TEMPORARY AND PERMANENT RESIDENCE

Expatriates wishing to reside in Serbia are required to obtain a residence or a business permit. Within 24 hours upon entering the country they are obliged to register with the police station in the territory of residence. In addition, those who are eligible for a residence permit have to submit the application to the police station in the territory of residence within 3 days upon their arrival in the country. It normally takes not more than a week to process the application, and the temporary residence permit is issued for a period of up to one year. Upon expiration of the temporary residence permit, it may be extended for another year. The holder of a residence permit is also obliged to notify the local police of any change of address.

Visas are no longer required for: citizens of EU member countries, EU membership candidate countries and other highly developed countries, if staying in Serbia less than 90 days. Therefore, the following nationals do not require visas: Andorra, Argentina, Australia, Austria, Belgium, Belarus, Bolivia, Bosnia and Herzegovina, Bulgaria, Czech Republic, Canada, Chile, Costa Rica, Croatia, Cuba, Cyprus, Denmark, DPR Korea, Estonia, Ethiopia, Finland, France, Germany, Greece, Great Britain and Northern Ireland, The Netherlands, Hungary, Vatican Holy See, Ireland, Iceland, Israel, Italy, Japan, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, FYR Macedonia, Malta, Mexico, Monaco, Montenegro, Norway, New Zealand, Poland, Portugal, Romania, Russian Federation, San Marino, Singapore, Seychelles, Slovakia, Slovenia, Spain, Switzerland, Sweden, Tunisia and USA.

To be granted a temporary residence or a business visa on the grounds of opening an enterprise, a branch office or a bank it is necessary to submit the following documents:

- Decision-approval of the opening of the company issued by the commercial court and by the founding act;
- Proof of sufficient funds (credit cards, savings, hard currency, etc);
- Credential of a business account cash flow.

To be granted a temporary residence or a business visa on the grounds of establishing a labor contract it is necessary to submit the following documents:

- Written decision of the commercial court of the registration of the company or other legal entities where foreigner is establishing a labor contract;
- Employment contract or Part-time Agreement;
- Opinion of the National Employment Agency when the employment contract is establishing for a first time or written decision of the National Employment Agency confirming that the foreign citizen involved may be employed.

Permanent Residence can be granted to foreigner on the basis of:

- Serbian origin,
- If married to a Serbian citizen,
- When some of the close family members are citizens of Serbia or to a foreigner who has been granted permanent citizenship,
- Investments in the country for the purpose of doing business and other business related activities.

The documentation required for this type of a permit is:

- Valid passport,
- 2 photographs, format 4x3 cm,
- Bill of health,
- Certificate of the level of education (official and verified transcript and translation),
- Birth certificate (official and verified transcript and translation),
- Marriage certificate (official and verified transcript and translation),
- Proof of residence in Serbia,
- Proof of sufficient funds for living.

More information on temporary and permanent residence on [www.mup.gov.rs](http://www.mup.gov.rs).

## **8.2. BANKING SERVICES**

Out of the total of 35 commercial banks, 21 are in majority foreign ownership. They have branch offices in all major Serbian cities, providing a wide array of banking services. There are 29 branch offices in the City of Niš.

Every-day payment transactions are, with a few exceptions, made in Serbian dinars, and one can use various types of credit cards (Visa, MasterCard, Diners, American Express). All major foreign currencies can be freely purchased and sold in exchange offices throughout the country. Expats, who have lived in Serbia for more than a year, may have a foreign currency account both in the country and abroad.

Foreign cash may be taken out from Serbia in the amount of up to €10,000 or its equivalent value in other foreign currency. The amount higher than the above specified may be taken out provided: a) it has been reported upon entering the country, based on a certificate of bringing foreign cash into Serbia issued and certified by the customs authority; b) it has been withdrawn from a foreign currency account or foreign currency passbook in a bank in Serbia, based on a certificate issued by the bank; or c) it has been acquired by selling dinars, obtained through the previous use of a payment card in Serbia, based on a certificate issued by an exchange office.

Currency	Din. = RSD
EUR	93,28 Din.
AUD	55,09 Din.
CAD	60,67 Din.
HRK	12,67 Din.
BAM	47,69 Din.
CHF	60,74 Din.
GBP	109,63 Din.
USD	65,61 Din.
NBS; 10 August 2009	

For more information on the banking sector in Serbia log onto the website of the National Bank of Serbia ([www.nbs.rs](http://www.nbs.rs)).

### 8.3. EDUCATION

All secondary schools are situated in the City centre. There are 4 high schools, 2 art schools, 6 technical schools, school of economics, school of commerce, school of tourism and catering, school of law and administration, medical school, chemical, food production and processing school. There are about 15,000 pupils attending these schools.

The thirteen faculties of the University of Niš, founded in 1965, employ 1,502 teachers and lecturers. There are 26,272 students studying at the University, 433 of which are foreign citizens. The number of graduates from the University of Niš since its foundation exceeds 41,000 students of different profiles. 1,869 graduate students have obtained master's degrees and 1,085 doctoral theses have been successfully defended in the same period. The increasing number of private faculties in the City of Niš, currently 7 of them are operating, provides contemporary education.

In the last decade, each year around 3,000 pupils finished elementary school, around 4,000 pupils finished secondary school and around 1,500 students graduated from the University of Niš, the second one in Serbia. For University information visit [www.ni.ac.yu](http://www.ni.ac.yu)

In addition to formal education, there are numerous, diverse forms of education in the City offered by private firms (languages, computers), civil sector (communication, participation, project management) and different projects (management of enterprises, business, management of farms, etc.).

### 8.4. TRANSPORT

The traffic infrastructure within the City encompasses road, railroad and air traffic. The main transport axis, highway and railroad, comes from the direction of Belgrade to Niš where it branches towards the south leading to Thessaloniki and Athens (E 75) and towards the east to Sofia, Istanbul and further towards the Middle East (E-80).

Air traffic is carried out through the Airport “**Constantine the Great**”, the second passenger airport in Serbia. The airport is situated in a zone that has very favorable weather conditions all year round, with very few foggy and snowy days.

PE Parking Service charges for parking when in the City of Niš and one can look up the prices at the following website [www.nisparking.rs](http://www.nisparking.rs)

There is a number of taxi companies providing excellent services to the City of Niš citizens. The public transport is also available, but not very popular with foreigners.

### 8.5. TOURISM AND SPORTS

Tourist Organization of Niš website [www.nistourism.org.rs](http://www.nistourism.org.rs) provides detailed insight into the City of Niš tourist offerings. There are 66 archeological findings in the Imperial City of Niš and unique monuments. The nearby recreation sites and interesting destinations represent the abundance of this region.

Numerous travel agencies operating in the City of Niš offer great deals and opportunities for discovering the surrounding area and nearby countries.

There are a few hotels providing their services including My Place [www.hotelmyplace.com/serbian/index.php](http://www.hotelmyplace.com/serbian/index.php) ; the Regent Club [www.regentclub.com](http://www.regentclub.com) ; Hotel Aleksandar [www.hotel-aleksandar.com](http://www.hotel-aleksandar.com) ; Duo D Hotel : [www.konak-duod.com](http://www.konak-duod.com) ; Hotel Panorama Lux [www.panoramalux.co.rs](http://www.panoramalux.co.rs) ; Hotel Niški Cvet (Niš Flower) [www.niskicvet.com](http://www.niskicvet.com) ; but also several hostels and private accommodations.

The cultural events in the City of Niš are performed usually within the walls of Niš Fortress, at its open air theatre stage - The most important cultural events in the City are: the Film Festival of Actors' Achievements “*Filmski susreti*” Niš, International Choral Festival, Fine Arts Colony Sicevo, Literary Colony Sicevo, NIMUS (Niš Music Festival – a programme

of concerts of classical music), *Nišville Jazz Festival*; *Nisomnia* (music festival) and *May Song* (festival of children's music).

There are more than 40 sports clubs, both professional and amateur ones. People here love sports, no matter if they go in for sports themselves or just cheer for the professionals. Some of the sports clubs have achieved remarkable results in Serbia and international competitions.

## 8.6. DELICIOUS FOOD

Serbian national cuisine reflects strong Turkish, Hungarian, and Austrian influence, particularly in a wide range of grilled meat available. In Serbia, one should not miss to taste traditional specialties, like kebab ("cevapcici"), bread meat patties ("fasirane snicla"), mixed meat ("mesano meso"), Karadjordje escalope ("Karadjordjeva šnicla"), stuffed peppers ("punjena paprika"), musaka, or stuffed grape leaves ("sarma") characteristic for the City of Niš. In addition, unique appetizers, such as ajvar, thick jam ("slatko"), clotted cream ("kajmak"), or cornbread ("proja"), as well as delicious baked delights (cheese pie—"gibanica", for example) are warmly recommended. An abundance of fruit grown in Serbia represents a raw base for excellent alcoholic drinks. Plums, apricots, pears, apples, grapes, and other are distilled into a brandy, known as "rakija", while local beer and wine are also worth tasting. Have a taste of the City of Niš, the mingling pot of different cultures and dishes!

Additional information about the **City of Niš** can be acquired at the Offical Website  
[www.ni.rs](http://www.ni.rs)