MARKETBEAT

SLOVAKIA

Retail Q2 2020

	YoY Chg	12-Mo. Forecast
€56,335 Average HH income (PPP)	▲	▼
€65.00 Prime Rent, PSM	▲	▬
6.00% Prime Yield	▲	▲

Prime rent and yield for shopping centre units.
Reporting year for household income is 2019.

ECONOMIC INDICATORS Q2 2020

	YoY Chg	12-Mo. Forecast
-11.4% GDP *(real)*	▼	▲
7.4% Unemployment Rate, *(June 2020)*	▲	▼
1.9% CPI	▼	▬
-9.1% Retail Sales *(volume index)*	▼	▲

Measurement: Annual growth, unless indicated otherwise.
Source: Oxford Economics, ÚSVaR
Note: Figures are estimates except for unemployment rate.

ECONOMY: Slovakia Among the First Countries to Reopen, Economy in Recovery Phase

Slovakia's economy has been hit by the domestic, as well as international restrictive measures which have been implemented to minimize the impact of the coronavirus pandemic on public health. According to Oxford Economics data, Slovakia's real GDP should see a year-over-year drop in all four quarters of 2020. Prices should continue to rise, although by a smaller rate. The trough of the economic activity was reached in Q2 and most of the economy should now be in a recovery phase, including domestic demand, private sector revenues, industrial production, exports and retail sales. Due to a relatively mild course of the pandemic, Slovakia enjoyed one of the fastest reopenings of the economy in the world. The sentiment in private sector has grown less tense as evidenced by the month-over-month increase in industrial turnovers, construction output and real estate activities (based on the Statistical Office of the Slovak Republic data).

SUPPLY & DEMAND: Retail Gets Back on Track as New Schemes Approach Completion

As of the end of the second quarter, the footfall of most shopping centres was around 60 - 80% compared to the period before the COVID-19 pandemic, while individual operations were able to achieve 50 - 200% of turnovers from the beginning of the year, depending on the sector. Termination of leases has so far occurred mainly for tenants who had a weak financial situation before the pandemic or small retailers and F&B concepts. These businesses reported their turnovers dropping to 30% of pre-COVID levels, on average.

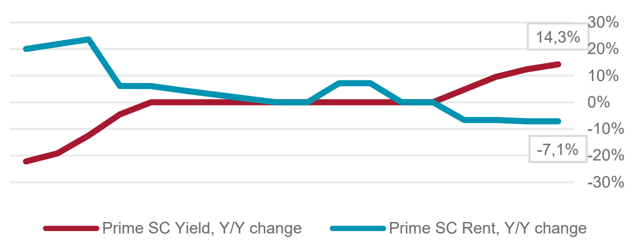
Despite the postponement of the opening of most of the planned retail projects to next year, we could see the opening of the Tesco Galéria Petržalka shopping centre at the beginning of June, where well-known fashion and gastronomic brands also opened along with it. This year we also expect the opening of the Forum Prešov shopping centre or the Tesco Kamenné námestie redevelopment in the centre of Bratislava.

PRICING: Prime Rent Holds Steady while Prime Yield Sees a Small Uptick

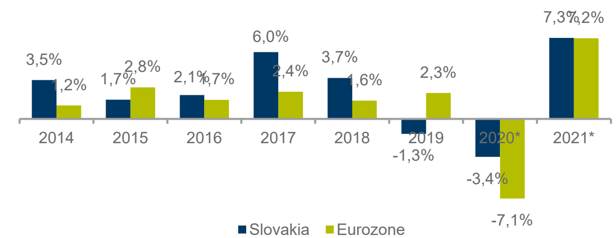
Prime shopping centre rent has remained stable at 65 EUR/sq m/month in the second quarter. Prime shopping centre yield saw a minor quarter-over-quarter increase of 0.10%.

Combined effects of consumption recovery, landlord concessions (such as rent discounts, higher tenant improvement allowance or shorter lease periods) and changes in the shopping centres' tenant mix could bring about stabilisation of retail by the end of the year and a possible return of investment activity in this sector next year

PRIME RENT & PRIME YIELD Y/Y CHANGE



RETAIL SALES (VOLUME INDEX) Y/Y CHANGE



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MARKET STATISTICS

REGION	SHOPPING CENTRE STOCK (SM)	SHOPING CENTRE PIPELINE (SM)	POPULATION	SATURATION (SC+RP STOCK PER 1,000 INH)	PRIME RENT	PRIME YIELD
Banská Bystrica	89,256	3,400	645,000	223		6.00%
Bratislava	505,661	112,700	670,000	819	€65.00	6.00%
Košice	175,000	14,000	801,000	263		6.00%
Nitra	114,700	42,300	675,000	236		6.00%
Prešov	87,600	46,900	826,000	206		6.25%
Trenčín	76,400	-	585,000	246		6.25%
Trnava	102,300	-	564,000	264		6.00%
Žilina	156,200	36,100	691,000	338		6.25%
SLOVAKIA TOTAL	1,307,273	237,000	5,458,000	322	€65.00	6.00%

KEY PIPELINE PROJECTS

PROPERTY	MUNICIPALITY	PLANNED RETAIL GLA	EXPECTED OPENING	INVESTOR
Stanica Nivy	Bratislava	70,000	2021	HB Reavis
Forum Prešov	Prešov	30,500	2020	GEMO
Promenada Living Park	Nitra	26,000	2021	ICT ISTROCONTI
Eurovea	Bratislava	25,000	2022	J&T
OC Ruža	Ružomberok	24,000	2021	TetraStav
Eperia Prešov	Prešov	11,000	2021	J&T

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