

# SLOVAKIA

Retail Q2 2022



**€1,212**  
Average monthly wage



**€65.00**  
Prime SC Rent, PSM

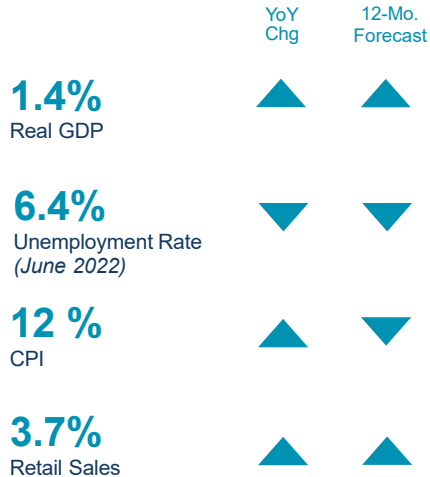


**6.00%**  
Prime SC Yield



*Note: SC – shopping centre.  
Average monthly wage relates to Q1.*

## ECONOMIC INDICATORS Q2 2022



*Measurement: Yoy change estimate, unless indicated otherwise.  
Source: Moody's, ÚPSVaR*

## ECONOMY: Flaming Inflation Puts Raw Materials Costs to New Heights, Unemployment Decreases

The spotlight has been set firmly on inflation since the beginning of the year. Initial opinions that the primary cause of inflation is due to supply chain bottlenecks have given way to even greater pressures emanating from the devastating Russia-Ukraine war. The resulting resurgence of supply chain stress has further compounded the situation. On the commodity markets, the price level of gas, electricity and food often reaches multiples of the levels from two years ago, mainly due to the uncertainty associated with their availability, thus further accelerating the growth of inflation. Consequently, Slovakia is encountering an inflationary environment that has not been experienced for more than two decades, as the inflation rose to 13.2% in June. According to the National Bank of Slovakia, the growth of Slovakia's economy will slow down this year to 1.4%, and domestic demand compounded mostly by household consumption will contribute almost exclusively to its growth. Refugees from Ukraine, of which there are already more than half a million, should also contribute to this growth. They also help to fill long-term unfilled jobs, especially in catering, accommodation, and manufacturing. Unemployment fell by more than 1.5 pp year-on-year and reached the level of 6.35%, reaching the lowest value since the start of the pandemic.

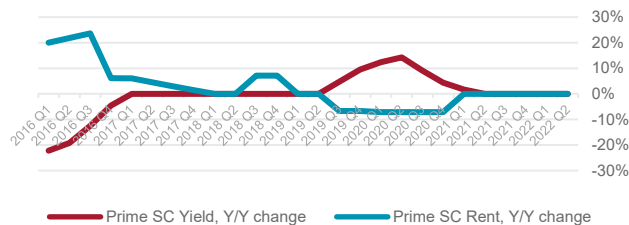
## SUPPLY & DEMAND: Completion of Promenada, Opportunities of Foreign Brands Entering our Market

Despite the uneasy situation associated with the ongoing war and flaming inflation, the new shopping centre Promenada opened its gates in the second quarter of this year. It became the sixth shopping center in Nitra and brings a total leasable space of 26,000 square meters. Due to consistently growing construction materials costs and delivery length, we see fewer projects under construction. Eurovea 2, which opening date is set for April 2023, is still the only large-scale retail project under development, accompanied by several smaller retail projects – retail parks NC Sabinov and OC Island or the extension of shopping center OC Madaras. Worth mentioning is also OD Prior in Piestany, one of the most successful among Priors, that is undergoing extensive reconstruction. Several Ukrainian brands were forced to close part of their operations in Ukraine and are looking for an alternative to relocation, one of them being Slovakia. In addition, the food & beverage is seeing increased interest from foreign concepts that would like to enter the market.

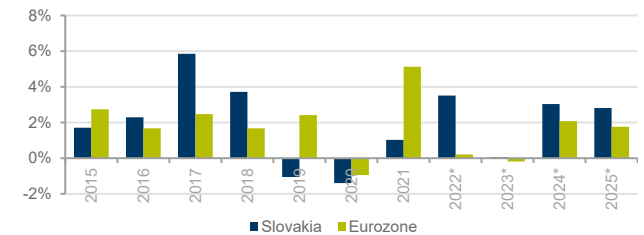
## PRICING: Energy Prices in Continuous Pressure from Rents, Surge in Turnover

The growing demand stemming from the situation without pandemic restrictions combined with the summer season contributed to the attendance of retail establishments. The result is the surge in turnover, which has generally reached similar figures to 2019 and in some cases even exceeded them. As most landlords have contracted energy costs until the end of the year at the "old price", thus before the extensive advance in prices, prime rents remained stable in both shopping centers – 65 EUR/sq m/month and retail parks – 9.5 EUR/sq m/month. The achievable prime yields for retail commodities are higher than in other commercial real estate sectors. It reaches the level of 6% for shopping centres with full occupancy and high mobility of people and is oscillating around 7% for the most attractive retail parks.

### PRIME RENT & PRIME YIELD (Y/Y CHANGE, %)



### RETAIL SALES INDEX (Y/Y CHANGE, %)





## MARKET STATISTICS

REGION	POPULATION	SHOPPING CENTRE STOCK (SM)	SATURATION (SC+RP STOCK PER 1,000 INH)	SHOPPING CENTRE PIPELINE (SM)	PRIME RENT	PRIME YIELD
Banská Bystrica	621,000	83,300	134	-		6.00%
Bratislava	724,000	595,800	823	25,000	€65.00	6.00%
Košice	780,000	184,200	236	17,000		6.00%
Nitra	673,000	154,100	229	-		6.00%
Prešov	807,000	122,100	151	-		6.25%
Trenčín	574,000	68,800	120	-		6.25%
Trnava	565,000	91,300	161	-		6.00%
Žilina	690,000	160,400	232	-		6.25%
<b>SLOVAKIA TOTAL</b>	<b>5,435,000</b>	<b>1,460,000</b>	<b>269</b>	<b>42,000</b>	<b>€65.00</b>	<b>6.00%</b>

Only shopping centres above 5,000 sq m are included in the statistics.

## KEY PIPELINE PROJECTS

PROPERTY	MUNICIPALITY	PLANNED RETAIL GLA	EXPECTED OPENING	INVESTOR
Eurovea II	Bratislava	25,000	2023	private investor
OC Madaras (extension)	Spišská Nová Ves	10,000	2022	IMBIZ
NC Sabinov	Sabinov	7,460	2023	InterCora

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