



€1,291

Average monthly wage

YoY
Chg12-Mo.
Forecast

€65.00

Prime SC Rent, PSM



6.00%

Prime SC Yield



Note: SC – shopping centre.
Average monthly wage relates to Q2.

ECONOMIC INDICATORS Q3 2022

	YoY Chg	12-Mo. Forecast
1.4% Real GDP	▲	▲
6.1% Unemployment Rate (June 2022)	▼	▼
13.8 % CPI	▲	▼
-1.6% Retail Sales	▼	▲

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

ECONOMY: Domestic demand once again as the driving force of the economy

Rising interest rates, conflict in Ukraine, persisting supply chain issues and high fluctuations in energy prices are challenges anyone has to navigate through these days. Rising inflation, which is expected to reach 12.4% in 2022, is no longer driven only by rising energy or oil prices but extends to most goods and services. Almost 60% of the average consumer basket has seen a year-on-year price increase of 5% or more, which should impact the purchasing power, retail spending and investment activity. Despite the inflation pressures, domestic demand remained the main driver of economic growth in past months, offsetting lower exports and decreasing investments. Although there is a significant economic slowdown, the economy should grow by 1.8% in 2022, according to the latest estimate of the National Bank of Slovakia. The performance of the economy in 2023 depends mostly on future energy prices and interest rates as well as its impact on both companies and the general public. Steps taken by the EU and the local government to address soaring energy prices might limit the negative impact on the economy. The situation in the labour market, like in other countries, remains optimistic and shows signs of overheating. In the 2nd quarter, 16,000 people found employment, almost half of which were refugees from Ukraine. Unemployment keeps on falling and reached 6%.

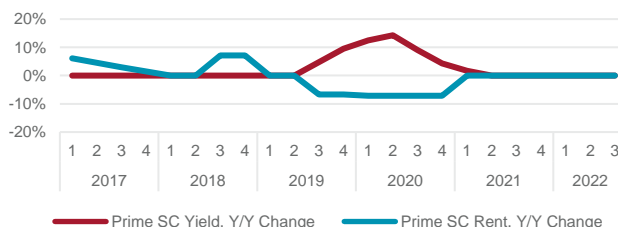
SUPPLY & DEMAND: Retail parks dominate development

Cautiousness among retailers keeps increasing as they are facing an unprecedented situation. Increases in construction costs resulted in delays in the delivery of projects under construction and/or postponement of planned ones. Despite this fact, developers have been announcing new projects in less saturated regions. Although we did not see any new completions in Q3, more than 109,000 sq m of retail space is scheduled for completion in 2022-2023. Retail parks dominate the current pipeline and account for 11 out of 17 projects under construction. The rest consists mostly of extensions of existing schemes including the Eurovea II with 25,000 sq m in Bratislava and OC Madaras with 10,000 sqm in Spišská Nová Ves and several small schemes of regional significance. Slovak market currently comprises more than 2 mil sq m of retail space, whereas shopping centres make up more than 67%, retail parks account for 27% and the rest goes to mixed-use schemes.

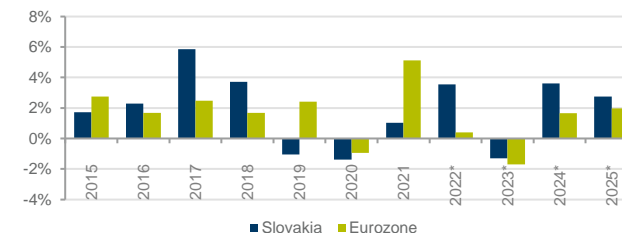
PRICING: Rents and yields remain under upward pressure

We saw persisting high level of footfall and turnovers induced by deferred consumption at the beginning of the quarter. Nevertheless, the turnover figures decreased for the first time after 17 months in late summer, reflecting changes in consumer sentiment. Additionally, service charges costs are rising hand in hand with energy prices putting both landlords and tenants in an uptight situation. Prime rent remains unchanged at 65 EUR/sq m/month for shopping centres and 9.5 EUR/sq m/month for well-established retail parks. Yields remain unaltered at 6% for prime shopping centres and 7% for retail parks and warehouse units, however, an increase is generally expected reflecting rising interest rates.

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



RETAIL SALES INDEX (Y/Y CHANGE, %)





MARKET STATISTICS

REGION	POPULATION	SHOPPING CENTRE STOCK (SM)	SATURATION (SC 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%
SLOVAKIA TOTAL	5,435,000	1,460,000	269	42,000	€65.00	6.00%

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

LUKÁŠ BRATH

Research Analyst

+421 (0) 904 325 358

lukas.brath@cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in 400 offices and 60 countries. In 2021, the firm had revenue of \$9.4 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.