



€1,403

Average monthly wage

YoY  
Chg12-Mo.  
Forecast

€65.00

Prime SC Rent, PSM



6.50%

Prime SC Yield



Note: SC – shopping centre.  
Average monthly wage relates to Q3.

#### ECONOMIC INDICATORS Q4 2023

1.7%

Real GDP

YoY  
Chg12-Mo.  
Forecast

3.9%

Unemployment Rate  
(December 2023)

7.1 %

CPI



-4.1%

Retail Sales



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

#### ECONOMY: Resilient Slovakia's Economy, Fiscal Strategies and Automotive Sector Propel Economic Stability

As the year draws to a close, Slovakia's economy reflects resilience amidst ongoing adjustments. Consumer spending recorded a year-over-year decrease for the tenth month straight, falling by 4.5% cumulative in the first eleven months of 2023. Inflation, partially tamed by the European Central Bank's monetary policies, has been further moderated on the Slovak front by governmental energy subsidies, ending the year at 5.9% in December and averaging 10.5% for 2023. The outlook for 2024 is rather optimistic, with inflation projections ranging from 3-5%, hinging on the Slovak government's fiscal strategy. However, the overall impact of declining markets and rising costs will become apparent during 2024. Unemployment remains at bay, with the notable scarcity of workers acting as a brake on economic growth. Nevertheless, the National Bank of Slovakia projects healthier GDP growth of around 2.5% for 2024. The government's restrained fiscal consolidation, particularly energy subsidies, unintentionally stimulates GDP growth, moderates inflation and consequently supports consumer spending. However, it concurrently elevates the yield on Slovak bonds. Anticipated interest rate cuts by mid-year could boost the entire commercial real estate market.

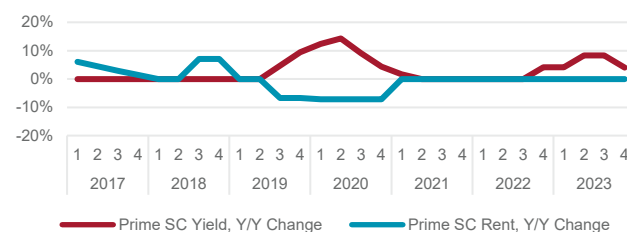
#### SUPPLY & DEMAND: Record-high New Brand Entries, Renewed Consumer Confidence

As the quarter concludes, the retail sector's sentiment is increasing, with positive forecasts for the upcoming year. This optimism is further reinforced by the entry of over 16 new brands into the Slovak market, representing the most substantial expansion in recent years. Despite ongoing inflationary challenges, consumer spending partially recovered after a decrease in previous quarters. This quarter welcomed the opening of OC Tehelko shopping center in Bratislava, covering 9,000 sqm with COOP Jednota as its anchor tenant. Additionally, the Retail Park in Sládkovičovo, Trnava region, was completed with 2,910 sqm. Beyond these, multiple smaller projects are underway, totalling over 40,000 sqm, with the largest being the expansion of Aupark Bratislava. Retail parks continue to dominate future construction, suggesting that this trend is set to persist, especially given the high saturation in regional cities. The anticipated arrival of the large retail chain Biedronka is taking shape, with plans to enter the Slovak market next year. Grocers are proactively responding to Biedronka's entry, striving to secure and maintain their market positions.

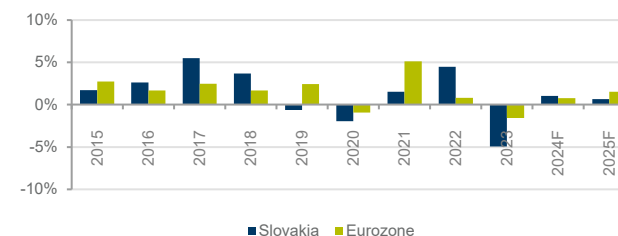
#### PRICING: Demand For Retail Parks Driving Their Rents Up

Retail parks are garnering increasing interest and recognizing their competitive edge over shopping centers, which is reflected in the rising rents. The prime rent for retail parks has climbed to €10.50/sqm. For new developments, asking rents are set even higher, potentially surpassing €11/sqm. Meanwhile, prime rent for shopping centers has held steady at €65/sqm, and prime yields have remained stable for both shopping centers at 6.50% and for the top-performing retail parks at 7.25%. In recent months, we've noticed an emerging trend in the renovation of food-court zones within shopping centers. This is seen as an effort by landlords to attract more customers and enhance the overall appeal of these spaces. Notably, food-court areas have proven capable of achieving higher average rents. As the retail landscape adapts to energy costs, service charges are seeing only nominal hikes. Both shopping centers and retail parks are making concerted efforts to bring their service charges for the coming year back in line with 2022 levels, following the significant hikes seen in the previous year.

#### 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
Bratislava	724,000	636,000	879	10,000	€65.00	6.50%
Košice	780,000	224,700	288	-		6.50%
Žilina	690,000	181,400	263	5,000		6.50%
Nitra	673,000	159,500	237	-		6.50%
Prešov	807,000	123,600	153	-		6.50%
Trnava	565,000	93,800	166	-		6.50%
Banská Bystrica	621,000	76,300	123	-		6.50%
Trenčín	574,000	68,800	120	-		6.50%
<b>SLOVAKIA TOTAL</b>	<b>5,435,000</b>	<b>1,564,200</b>	<b>288</b>	<b>15,000</b>	<b>€65.00</b>	<b>6.50%</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
Aupark	Bratislava	10,000	2024	Wood & Company / TAM
RP Bytča	Bytča	7,700	2024	KLM Real Estate
Solivaria Prešov	Prešov	5,200	2025	Fidurock
Spektrum	Ružomberok	4,800	2024	Mayflower Group

## LUKÁŠ BRATH

Research Analyst

+421 (0) 904 325 358

[lukas.brath@cushwake.com](mailto:lukas.brath@cushwake.com)

[cushmanwakefield.com](https://cushmanwakefield.com)

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