

	YoY Chg	12-Mo. Forecast
€1,447 Average monthly wage	▲	▲
€65.00 Prime SC Rent, PSM	■	■
6.50% Prime SC Yield	▲	▼

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

ECONOMIC INDICATORS Q2 2024

	YoY Chg	12-Mo. Forecast
2.7% Real GDP	▲	▲
3.8% Unemployment Rate (June 2024)	▼	■
2.4 % CPI	▼	▼
5.1% Retail Sales	▲	▲

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

ECONOMY: Consumer Spending Rebound, Low Unemployment

In Q2 2024, the European Central Bank reduced the main interest rate by 25 basis points, with further cuts depending on inflation, remaining above the 2% target. The construction industry and industrial production show signs of stagnation, with industrial output rising only 0.3% from January to May. The government aims to revitalise these sectors through strategic infrastructure projects, significant investments and subsidies are thusly anticipated in the industry. Unemployment remains at a record low of 3.8% as of June, slowly starting to cause problems due to a worker shortage, especially in Western Slovakia where the rate is around 2.5%. In contrast, some Eastern and Central Slovakia districts continue to experience double-digit unemployment rates mainly due to a lack of infrastructure. Inflation fell to a three-year low of 2.1% in June, and the National Bank of Slovakia projects it will reach 2.5% for the whole year 2024. This decline in inflation has positively influenced consumer spending, which grew by 4.4% in the first five months of the year, reflecting rising real wages and accumulated household savings. Rating agencies continue to express confidence in the Slovak government's stability, maintaining their ratings with a stable outlook.

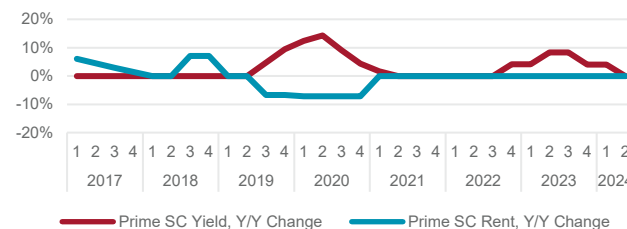
SUPPLY & DEMAND: New Brands To Enter the Market

In Q2 2024, the Slovak retail sector demonstrated positive momentum, with retail sales swelling since the beginning of the year, as confirmed also in the latest figures from May: +5.2% growth Y/Y. Retailers' renewed their expansion plans and search for new opportunities on the market. Notably, Woolworth has announced its entry into the Slovak market, positioning itself alongside other home & household accessories discounters like Pepco and Action. Hebe, a Polish beauty retailer, is also set to open its first store in Slovakia as well as Ochnik, a Polish fashion and accessories brand. Additionally, several brands already opened their first stores in the country, such as Cramm, Furla, Pomodorino, and Dnipro M. Currently, there are 44,800 sqm of retail space under construction, with 34,800 sqm (78% of the total) dedicated to retail parks. Retail park segment is gaining popularity across Slovakia and the broader CEE region, primarily due to convenient access to essential goods for consumers and lower occupancy costs for tenants. Moreover, over 130,000 sqm of retail space is planned for development in the next five years. The recent RetailCon2024 conference in Prague, the largest retail event in Czech Republic and Slovakia combined, witnessed the highest participation in 22 years, highlighting the renewed interest and activity within the retail sector.

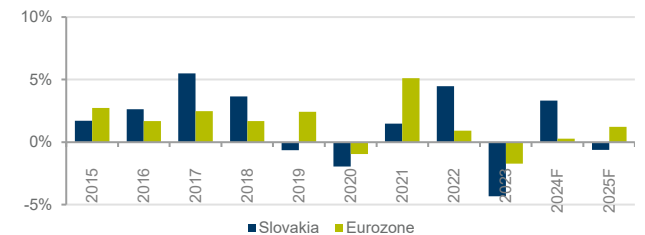
PRICING: Increasing Investment Activity

Development activities are currently mainly focused on retail parks, especially in less saturated locations. Growing significance and improving performance of the retail parks combined with indexation resulted in a further increase in prime rents to €11.50/sqm. Increasing appeal of the segment pushed down prime yields for top-performing retail parks by 25 bps to 7.00%. In contrast, prime rents for shopping centers have remained stable at €65/sqm with prime yields staying flat at 6.50%. The investment activity in retail real estate is experiencing a resurgence as market confidence returns and concerns all asset classes. Multiple shopping centers and retail parks across Slovakia are currently in various stages of the sales process, signaling a favourable environment and attractiveness of the sector for investors. This further solidifies retail market's resilience and potential for future growth.

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	638,900	882	10,000	€65.00	6.50%
Košice	780,000	224,700	288	-		6.50%
Žilina	690,000	186,200	270	-		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%
SLOVAKIA TOTAL	5,435,000	1,571,800	289	10,000	€65.00	6.50%

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

KEY PIPELINE PROJECTS

PROPERTY	MUNICIPALITY	PLANNED RETAIL GLA	EXPECTED OPENING	INVESTOR
City Park Trenčín	Trenčín	10,600	2024	TM Real
Aupark	Bratislava	10,000	2024	Wood & Company / TAM
OC Klokán Banská Bystrica	Banská Bystrica	7,300	2024	KLM Real Estate
Solivaria Prešov	Prešov	5,200	2025	Fidurock

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