

MarketInSight

Skopje Retail, H1 2022



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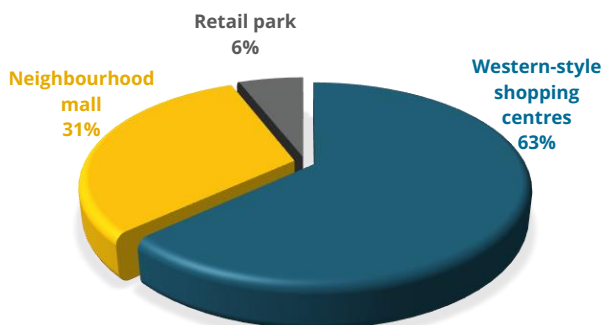
Skopje Retail, H1 2022

SUPPLY

In the first half of 2022 there were no new developments in Skopje Retail market. Hence, the total retail stock remains at the level of 152,000 sq m of GLA and includes western-style SC, neighbourhood malls and retail park schemes, whereas the share of modern SC account for 63% of total retail supply. However, though the opening of East Gate in H2 2021 has increased the total retail supply to the level of 300 sq m of retail space per 1,000 inhabitants, Skopje presence of shopping centres is still far from the trends in more developed countries of Eastern and Central Europe, where the average of the capital cities is 500 sq m per 1,000 inhabitants.

In terms of the new developments, few active retail projects indicate an increase of the retail stock in the forthcoming period. One of those projects under way is Chevahir Mall Skopje a shopping mall, built as a part of the Chevahir Sky City complex comprising 25,000 sq m GLA, and is scheduled for completion in Q1 2023. Another major retail destination soon to be is modern shopping centre within Diamond of Skopje Project, by Limak Holding. This large-scale property, of 350,000 sq m of GBA will be located in the heart of the city centre. As per the current plans, the shopping centre will offer 47,000 sq m of GLA, while the opening is set in March 2023.

Retail stock in Skopje per types of shopping centres



Additionally, at an attractive location at the entrance of the city of Shtip, the construction of the largest regional shopping centre in Eastern Macedonia - Shtip City Mall - is coming to an end, as the official opening has been announced for the fall of 2022. The mall will cover approximately 12,780 sq m, spread over 5 levels, and will offer diverse contents and services from fashion that round off the whole idea of a world-class multi-functional facility.

DEMAND

With the opening of Skopje East Gate last year several large retail fashion companies either entered the market or strengthen their presence in it. Moreover, the Swedish fashion brand H&M scheduled to open its first store in Skopje in Q3 2022. Additionally, the influx of new brands on Skopje retail market is expected with the announced opening of two new shopping formats during first half of 2023.

RENTAL LEVELS

The base rents for retail units in the shopping centers vary between EUR 12-40 per square meter per month, but significantly vary on the tenant size, position and foot-traffic. However, upon completion of the new formats currently under construction, the pressure on the rents could be expected in the less attractive retail formats. The asking rents for high street units remained stable, ranging between EUR 15-30 per square meter per month, depending on the location and the type of unit.

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Skopje Retail, H2 2021

Deep impact that COVID-19 had on retail market directed landlords and retailers to look for new perspectives and to adapt to new trends. The pandemic era has led to certain changes in consumer behaviour and they are, more than ever, exploring new digital experiences such as online grocery ordering and delivery, online learning, virtual payments, etc. In order to remain relevant and meet the involving consumers' needs, retailers started to use different omnichannel models, such as BOPIS (buy online, pick up in store), selling on the social platforms, launching an online stores, etc. Customer experience became essential and landlords are trying to follow the global trends and improve offer by providing additional benefits to consumers.

Moreover, even though the online shopping trend in Skopje is on the rise and customers benefit from the time saving and having accessibility to a global marketplace, real-world experience and traditional in-store shopping is still very present in Skopje and stores continue to recover to pre-pandemic levels. There are still customers who enjoy the whole experience of shopping and the necessity for a traditional brick-and-mortar store is still very present. The importance of physical stores, providing an intimate and personalized aspect of shopping experience, is confirmed by the increased footfall in Skopje shopping centres during the previous 12 months.

Table 1 - Retail pipeline projects in North Macedonia

Location	Project	Investor	GLA (sq m)	Status
Skopje, Aerodrom	Sky City Mall	Cevahir Holding	25,000	Under construction
Skopje, Downtown	Diamond of Skopje	Limak Holding	47,000	Under construction
Shtip	Shtip City Mall	Fagus Group	14,500	Under construction

Source: CBS International

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