

MarketInSight

Skopje Retail, H2 2021



SUPPLY

After almost a decade, Skopje has witnessed the opening of the second Western-style shopping mall, named East Gate, which enlarged the retail stock for additional 57,000 sq m of modern retail space. The scheme is a part of the largest mixed-use project planned in Skopje's municipality Gazi Baba, developed by Balfin Group and located on the land of the former Skopje Fair. Upon completion the project will feature shopping centre, residential complex and office component with the total area of 500,000 sq m.

Even though the opening of East Gate 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 follows the similar trend as Belgrade and Sofia, but still is 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.

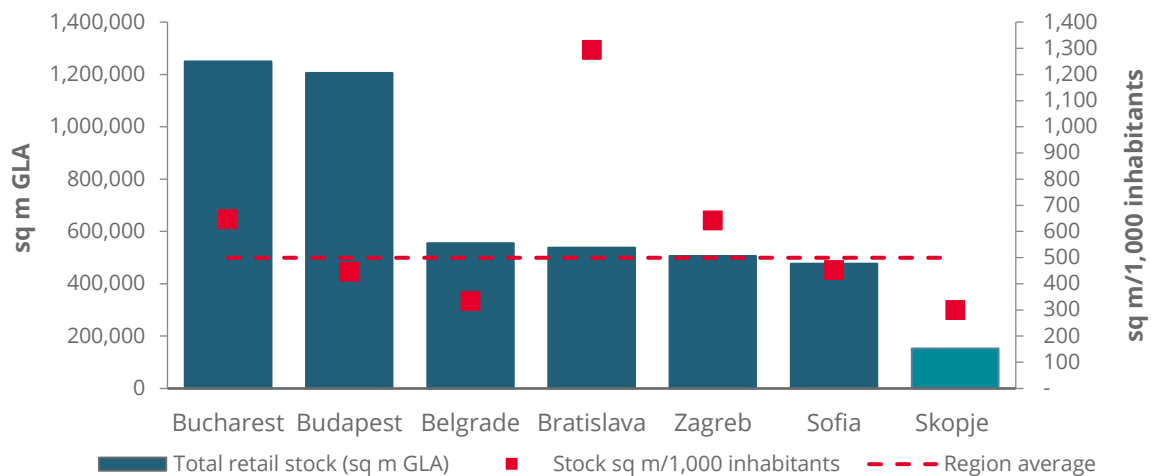
At the end of 2021, retail stock in Skopje amounts to 152,000 sq m of GLA and includes western-style SC, neighbourhood malls and retail park schemes, whereas the share of modern SC accounts for 63% of total retail supply.

In the prospective period, the market highlight would be the development of modern Shopping centre within Diamond of Skopje project, planned 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 s m of GLA, while construction process should be completed in mid-2022.

DEMAND

With regard to the new market entrants, Polish fashion company LPP entered the market with its whole portfolio of brands Reserved, Cropp, House, Mohito and Sinsay within Skopje East Gate shopping centre, while Inditex represented its Zara Home and Oysho brands within the same scheme. In addition, Armani Exchange, XYZ, Partrizia Pepe, Dan John and DeFacto also enriched the offer. Strong interest of international brands for Skopje retail market is confirmed by the plans of Swedish H&M to enter the Macedonian market within East Gate project during 2022, while German retail chain Lidl announced the opening of several stores and logistics centre in North Macedonia.

Chart 1 – Retail supply – Region comparison



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.

Despite the opening of new modern shopping centre in Skopje, the high-street zone remains very important retailing environment, considering that only small portion of brands relocated its stores within new scheme.

The asking rents for high street units remained mostly stable, ranging between EUR 15-30 per sq m per month, depending on the location and the type of unit. For prime retail areas in Makedonija Street and Dimitrie Cupovski Street - Rekord, net rents currently vary between EUR 18-37/sqm/month.



Limak Shopping Centre , 47,000 sqm

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		4,500	Under construction

Source: CBS International

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