

# MarketInSight

*Skopje Retail, H2 2022*



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### SUPPLY

Since as of 2021 Skopje retail market saw no new developments, the total modern retail stock remained at the level of 152,000 sq m at the end of 2022, i.e. 300 sq m per 1,000 inhabitants. Furthermore, only two retail schemes could be considered as western-style shopping centres (96,000 sq m GLA), which serve more than 500,000 inhabitants. However, having in mind that the opening of new modern shopping centre within Diamond of Skopje project is scheduled for H1 2023, the Skopje retail market will witness the increase in SC stock of 47,000 sq m of GLA. In addition, modern stock will be enlarged by the opening of Chevahir Mall, a neighbourhood scheme of app. 10,000 sq m of GLA, which will be a part of the larger mixed-use project.

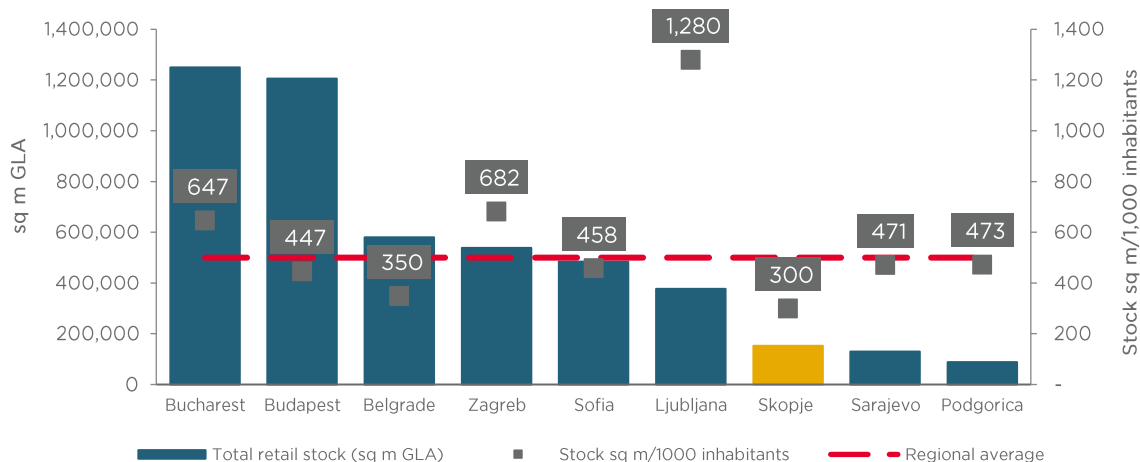
Elsewhere across the country, there are no western-type shopping centres outside of Skopje. In that sense, North Macedonia is still far from the world trends and from the trends in more developed countries of Eastern and Central Europe.

In the future, supply growth will be led by development of retail parks, both in Skopje and North Macedonia, some of which are already in preparation phase. In addition to recently opened Retail Park in Shtip, cities such as Bitola and Ohrid will witness development of retail parks for the first time.

### DEMAND

The second half of the year was marked by the entrance of the famous Swedish brand H&M, which opened its first store in East Gate shopping centre on 2,300 sq m. Although the buyers and tourists returned to main pedestrian zones, there is an increasing trend of relocation of retailers to new shopping centres, since they record higher footfall, while, at the same time, modern retail offer was improved in previous period. In the last three years, Skopje modern stock was enlarged for nearly 70,000 sq m of GLA. Consequently, this trend led to a reduced demand for less attractive locations in Skopje.

### TOTAL RETAIL STOCK (sq m GLA) - REGION COMPARISON



Source: CBS International

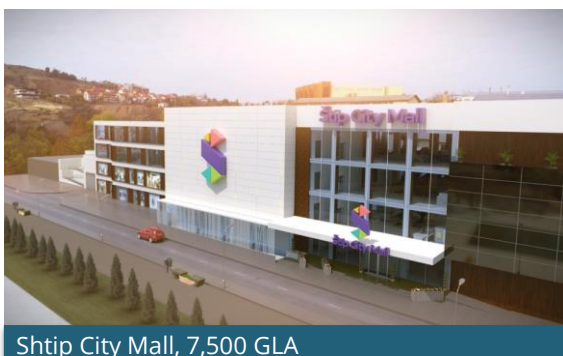
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### RENTAL LEVELS

The base rents for retail units in the shopping centers vary between EUR 12-40/sq m/month, depending on the tenant size, position and foot-traffic. However, upon completion of the pipeline projects, the pressure on the rents could be expected in the less attractive retail formats. The asking rents for high street units range between EUR 15-30/sq m/month, depending on the location and the type of unit.

Due to the limited offer, Skopje rarely sees any vacant space in the prime shopping centres. At the end of 2022, vacancy rate is around 2-4%, due to the vacant space in older and smaller-scale retail schemes.



### MARKET TRENDS

Along with the opening of new modern schemes in Skopje, in order to answer the growing consumer expectations, it could be expected that old schemes will experience redevelopment and improvement of offer in the future, especially in food and beverage and entertainment segment.

As the customers move more of their shopping online, the demand for click & collect is growing. This model preserves the in-store experience and highlights the importance of brick & mortar stores. The benefits for the customers are numerous, from online discounts to quick, low cost and convenient pick up from the whichever location they choose.



### CONTACTS

#### Goran Zivkovic

*Managing Director*

goran.zivkovic@cbsint.mk

#### Milan Kjosovski

*Country Manager*

*Brokerage Agency Services*

milan.kjosovski@cbsint.mk

#### Tamara Kostadinovic

*Regional Head of Market Research*

*Serbia, North Macedonia, Montenegro, Croatia*

tamara.kostadinovic@cw-cbs.rs

### CBS INTERNATIONAL OFFICE

CBS International dooel

Blvd Partizanski Odredi 15A/1-9.

1000 Skopje, North Macedonia

+389 23 222 785

office@cbsint.mk

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