

Retail Development Finally Taking-off

Although consumer demand in Hungary is continuing to rise, with 7% year-on-year growth in retail sales for the first half year, the shopping center stock in Budapest and across Hungary remains very low. Development is now starting to take-off, although the next significant delivery is not scheduled until late 2020.



Allee shopping center in Budapest.

adds up to circa 140,000 sqm, excluding the planned extensions of several landmark shopping centers in Budapest, such as Arena Mall and Campona," said CBRE.

The Hungarian unit of the California-based commercial real estate services and investment firm puts the average vacancy rate in Budapest shopping centers

at
1.5%.

The city has not seen any shopping center deliveries in recent years, with projects

put on hold due to concerns over economic issues and consequently consumer demand. However, market conditions are now regarded as appropriate by most analysts for the delivery of new Budapest malls that would freshen the market. There is also significant development activity in prime high street retail in central Budapest.

"Demand by retailers is surely present on the market, due to multiple reasons," comments Viktória Szabó, head of retail at Cushman & Wakefield Hungary. "A strong economic environment, expanding local and international brands and the need for

fresh new schemes and retail concepts are all encouraging further market improvement."

CBRE has registered the entry of eight new international retail brands into Hungary in the first half of 2018. However, the number of new entrants is low in CEE terms, and Hungary is not the target country for brands penetrating the region for the first time; new entrants are mostly registered in Czech Republic and Poland according to Éva Sréter, head of retail at JLL Hungary.

The next planned delivery will be the 53,000 sqm Etele Plaza by Futureal, due for completion in 2020. Etele Plaza is

"Etele Plaza, which is the only shopping center currently under construction, was fully pre-let before the start of the development works on the plot, which shows that there is a healthy demand for new shopping center projects."

located at a transport hub at the Kelenföld railway station, the Metro 4 underground line, and the approach section of the M1 and M7 motorways. The hub is used by 165,000 people daily according to Futureal and the 55,000 sqm project will consist of around 180 retail outlets. The development project also includes the 65,000 sqm

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"After years of limited pipeline volumes, we see increasing development activity on the retail market throughout the country. The overall active monitored pipeline currently

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