

CZECH REPUBLIC

Retail Q1 2021

	YoY Chg.	12-Mo. Forecast
€9,745 Disp. HH Income per capita	▼	▲
€180.00 Prime Rent, Sq m/month	▼	▲
4.75% Prime Yield	▲	—

Prime rent and yield for High Street units

ECONOMIC INDICATORS Q1 2021

	YoY Chg.	12-Mo. Forecast
-2.1% GDP*	▼	▲
4.2% Unemployment Rate	▲	▲
2.2% CPI*	▼	▼
-2.2% Retail Sales Volume Index*	▼	▲

*Annual growth forecasts

Source: Moody's Analytics, Czech Ministry of Labour and Social Affairs

ECONOMY: The Czech economy is showing solid performance

The worsening of the pandemic situation has led to the reintroduction of measures that have also affected retail. Throughout Q1 2021, all non-essential stores had to remain closed. However, even in the period with the strictest lockdown, the government decided to prioritise comprehensive testing over industry closure. As a result, GDP decreased by 0.3%, quarter-on-quarter, in Q1 2021. In the year-on-year comparison, it fell by 2.1%, which is a better result than expected. Employment increased by 0.2%, quarter-on-quarter, and the unemployment rate keeps slightly above 4%, which is one of the lowest rates in the EU.

SUPPLY & DEMAND: The brick-and-mortar shops are fighting for survival, e-commerce thrives

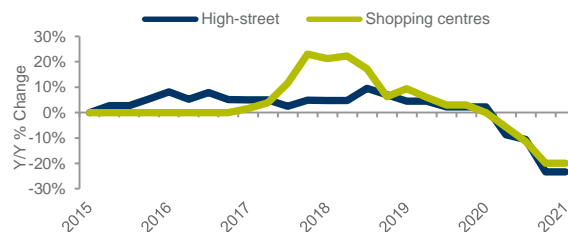
According to the Czech Statistical Office, retail sales, including e-commerce, were comparable in Q1 2021 with the same period last year. However, the closure of brick-and-mortar stores severely impacted many retailers, especially those who could not fully develop their online distribution channel. On the other hand, a significant proportion of customers still prefer "traditional" shopping in some sectors, especially in fashion, where the retail sales fell by 62% y-o-y in the first quarter. Experience from other countries reopening all shops recently proved a strong interest in shopping due to deferred consumption, which can be a hope for retailers. Nevertheless, it seems that omnichannel will be a crucial element to the future success of the retail sector.

While only one new shopping centre with more than 5,000 sq m GLA opened last year, developers completed a total of 23 new retail parks adding more than 55,000 sq m GLA to the retail stock in the Czech Republic. The construction of retail park schemes, which proved to be more resilient amidst the pandemic crisis, concentrates in smaller towns up to 40,000 inhabitants. Some retailers traditionally present in shopping centres consider retail park locations more often when planning expansion or relocation of their stores.

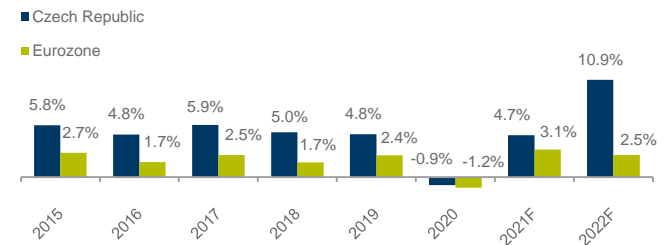
PRICING: Rents keep stable, landlords offering other incentives

Prime rents remained stable in Q1 2021. The leases are closed with more flexible terms, including shorter periods or some short-term reliefs, as landlords want to prevent a decrease in the value of their properties. Although rents will not immediately return to their pre-crisis levels, a gradual increase could occur as early as the second half of this year, if tourism resumes, at least at the regional level.

PRIME RENT



RETAIL SALES Y/Y GROWTH





MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK (SQ M)*	SHOPPING CENTRE PIPELINE (SQ M)	POPULATION	DENSITY (STOCK PER 1,000 INH.)	PRIME RENT (€/SQ M/MONTH)	PRIME YIELD
Prague metro	818,900	147,200	1,324,277	700	140.00	5.25%
Moravia-Silesia	315,600		1,200,539	277	48.00	7.50%
South Moravia	247,600	69,300	1,191,989	226	62.00	5.75%
Ústí nad Labem	177,100		820,965	223		
Liberec	169,400		443,690	400		
Olomouc	156,700		632,015	248		
Central Bohemia	121,800	40,200	589,899	206		
Pilsen	120,700	64,600	1,385,141	87		
South Bohemia	94,000		551,647	183		
Hradec Králové	93,000		644,083	150		
Zlín	61,000	30,200	582,555	132		
Karlovy Vary	53,300	10,000	294,664	237		
Pardubice	45,400	57,600	522,662	92		
Vysočina	36,600		509,813	72		
CZECH REPUBLIC TOTAL	2,598,700	419,100	10,693,939	254		
Prague High street					180.00	4.75%
Brno High street					55.00	6.50%
Prague Retail parks					10.75	5.50%
Brno Retail parks					9.25	5.75%

*SC stock including traditional centres and mixed-use schemes over 5,000 sq m retail GLA, excluding retail warehouse units.

KEY COMPLETIONS 2021

PROPERTY	QUARTER OF OPENING	SUBMARKET	ANCHOR TENANTS	SQ M	OWNER / DEVELOPER
Spektrum Čestlice	Q1	Prague	Billa, Sparkys, dm drogerie	6,600	CPI Group
RP Aventin Jihlava	Q2	Vysočina	Lidl, Electro World, Mountfield	26,000	Aventin
Bořislavka Centrum	Q2	Prague	Lidl, dm drogerie, knihy Dobrovský	8,300	KKCG

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