MARKETBEAT

CZECH REPUBLIC

Retail Q2 2021

	YoY Chg.	12-Mo. Forecast
€1,353 Average monthly wage (EUR)	▲	▲
€180.00 Prime Rent, Sq m/month	▼	▬
4.75% Prime Yield	▲	▬

Prime rent and yield for High Street units

ECONOMIC INDICATORS Q2 2021

	YoY Chg.	12-Mo. Forecast
8.76% GDP*	▲	▼
3.5% Unemployment Rate	▲	▼
2.9% CPI*	▼	▼
-10.3% Retail Sales Volume Index*	▲	▼

*Annual growth forecasts
Source: Moody's Analytics

ECONOMY: Recovery of 4.5% GDP growth expected for 2021

The second and third waves of the pandemic, accompanied by severe restrictions at the beginning of 2021, will have significant implications on the economy throughout this year. However, according to Moody's Analytics forecasts, we will likely see a recovery with GDP growth expected to reach approximately 4.5% in 2021. The outlook for 2022 is even more optimistic: the GDP could grow by 6.5%. Prague's economy will fall behind its Central European peers in the coming quarters as tourism takes longer to get off the ground. The outlook for recovery in consumption stays restrained. Households accumulated about 5.6% of GDP in excess savings during the pandemic, as many spending channels have been shuttered. However, these savings are unevenly distributed towards the wealthier households and will probably only be spent gradually. The moderate consumption increase of 3.9% in 2021 should therefore be followed by 7.7% growth in 2022.

SUPPLY & DEMAND: Many shopping centres recorded pre-crisis level turnovers since full opening of stores

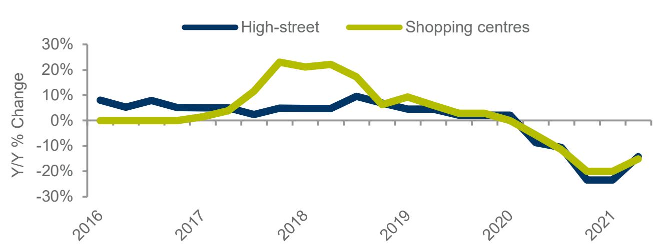
After the full opening of stores in the middle of May, both turnovers and footfall in shopping centres increased immediately above levels in the same period last year. Sales in May and June were even higher than in the pre-pandemic year 2019, while footfall kept relatively low. Hypermarkets and supermarkets performed the best; 30% above their turnovers in 2019 on average. Other thriving categories were electronics and health & beauty products. In June, personal services and restaurants also outperformed pre-crisis values. On the other hand, fashion sales were exceeding the 2019 levels in May, but they were lower by 10% in June.

140,000 sq m of retail area within shopping centres are currently in different stages of preparation in Czechia. These include extensions, reconstructions or redevelopments of older schemes in all cases. During this and next year, the reconstruction of OC Řepy in Prague (13,800 sq m) and the extension of Atrium Palace in Pardubice (5,300 sq m) should be completed. Commencement of larger mixed-use schemes with significant retail parts is expected to start within the next year, too, including Ameside in Pilsen, OC Dornych in Brno, Galerie Pardubice or Savarin in the city centre of Prague.

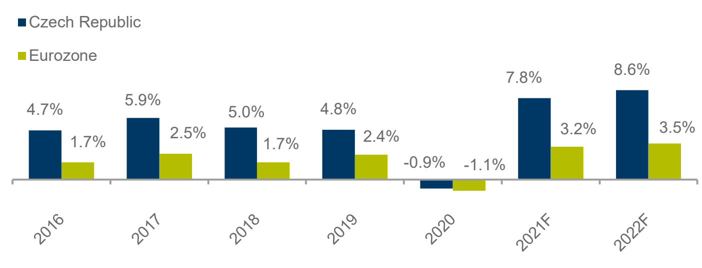
PRICING: Temporary amendments of rental rates are necessary in certain locations and scheme types

The impact of the pandemic on the retail market differs significantly in various locations and according to the type of the project. Rental rates had to be amended for a limited time, especially in projects in city centres with a larger share of international tourists or in those dependent on nearby offices. On the other hand, many regional, out of city schemes were not hit by the pandemic so deeply, or the impact lasted only for the lock-down period.

PRIME RENT



RETAIL SALES Y/Y GROWTH



CZECH REPUBLIC

Retail Q2 2021

MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK (SQ M)*	SHOPING CENTRE PIPELINE** (SQ M)	DENSITY (STOCK PER 1,000 INH.)
Prague	865,005	61,944	648
Brno	217,850	30,500	756
Ostrava	215,583		562
Liberec	136,800		1,312
Olomouc	132,170		1,277
Pilsen	117,193		669
Hradec Králové	92,972		1,003
České Budějovice	82,969		881
Teplice	64,704		1,302
Ústí nad Labem	52,640		572
Zlín	46,485	30,130	624
Kladno	42,722		620
Pardubice	41,418	5,290	451
Mladá Boleslav	40,271		905
Opava	40,841		729
Karlovy Vary	40,150		831
Jihlava	27,764		543
CZECH REPUBLIC TOTAL	**2,382,476**	**127,864**	**229**

* *Including total leasable area of traditional centres and mixed-use schemes over 5.000 sq m retail GLA, excluding retail warehouse units.*
** *Only permission granted and under construction centres and schemes included*

PRIME RENTS & YIELDS

		PRIME RENTS		PRIME YIELDS	
		€/SQ M/MTH	Y-O-Y GROWTH	Current Q	Last Y
HIGH STREET SHOPS	Prague (Na Příkopě)	180.00	-14.3%	4.75%	4.50%
	Brno (Svobody Sq.)	55.00	-15.4%	6.50%	6.25%
SHOPPING CENTRES	Prague	140.00	-18.8%	5.25%	5.00%
	Brno	62.00	-4.6%	5.75%	5.50%
RETAIL PARKS (OUT OF TOWN)	Prague	10.75	0.0%	5.25%	6.25%
	Brno	9.25	0.0%	5.75%	6.75%

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