

CZECH REPUBLIC

Retail Q3 2021

	YoY Chg.	12-Mo. Forecast
€1,435 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 Q3 2021

	YoY Chg.	12-Mo. Forecast
2.7% GDP*	▲	▲
2.6% Unemployment Rate	▼	▼
4.1% CPI*	▲	▼
-0.2% Retail Sales Volume Index*	▼	▲

*Annual growth forecasts
Source: Moody's Analytics

ECONOMY: Consumption driving GDP growth; Inflation highest in over a decade

After a record-breaking contraction that continued into the spring, the Czech economy is set to return to its pre-pandemic levels by the end of this year. The resulting economic rebound will be driven by consumption, especially a recovery in the consumption of services and a rebound in fixed investment that has remained depressed throughout the pandemic. Domestic factors and global supply-chain problems pushed inflation above 3%, which prompted the central bank to raise its policy rates three times, and more hikes are coming this year. However, the inflation is expected to get close to 6.0% in December, which will further hinder private consumption.

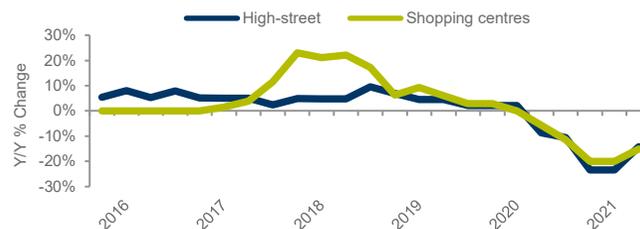
SUPPLY & DEMAND: Shopping centre sales in summer exceeded pre-pandemic levels in many locations

The positive sales trend in shopping centres continued throughout the summer, while footfalls on average kept below their pre-pandemic levels. It is evident that existing anti-pandemic measures, such as obligatory FFP2 face masks, prevent people from frequent visits to shopping centres, although the average basket increased significantly. The situation differs by location and type of the shopping centre: turnover growth is faster in the regional schemes, especially those at peripheries of larger towns. The most dynamic retail categories remain the same as in the period shortly after the reopening of shops: electronics, groceries and health & beauty product sales grew the fastest. On the other hand, fashion, restaurants and cafes kept weaker performance, despite a continuous decrease of the downsize compared to the previous year.

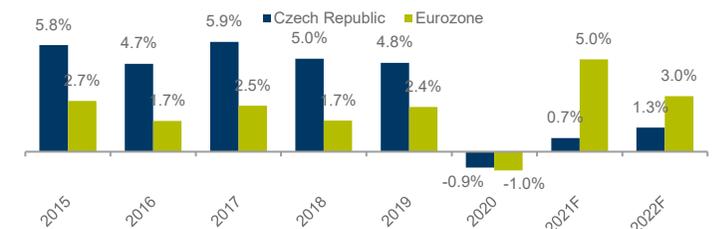
Diversification of retail channels is an apparent trend in the retail market, with omnichannel seen as a future-proof concept. Brick-and-mortar stores search for ways to offer their goods to customers through multiple channels, including e-commerce, while online retailers experiment with the classic retail format. In general, the pandemic had a positive effect on online sales, and many retailers have been considering the reduction of their stores. On the other hand, discount brands, such as the recent newcomer HalfPrice, have expanded in the Czech market.

About 29,000 sq m of retail leasable area is currently under construction within retail parks; an additional 11,000 sq m is being built or redeveloped in shopping centres and mixed-use schemes in the Czech Republic.

PRIME RENT



RETAIL SALES Y/Y GROWTH





MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK (SQ M)*	SHOPING CENTRE PIPELINE** (SQ M)	DENSITY (STOCK PER 1,000 INH.)
Praha	941,763	4,500	701
Brno	236,464	30,500	610
Ostrava	215,583	5,080	756
Liberec	136,800	0	1,312
Olomouc	132,170	0	1,277
Plzeň	129,543	0	734
Hradec Králové	103,036	0	1,112
České Budějovice	82,969	0	864
Teplice	70,257	0	1,413
Ústí nad Labem	52,640	0	552
Karlovy Vary	48,450	0	1,003
Zlín	46,485	0	505
Pardubice	41,418	5,290	451
Mladá Boleslav	40,271	0	811
Jihlava	27,764	0	543
CZECH REPUBLIC TOTAL	2,305,613	45,370	241

* Including total leasable area of traditional centres and mixed-use schemes over 5,000 sq m retail GLA.

** 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	-9.7%	5.25%	5.00%
	Brno	62.00	-4.6%	5.75%	5.75%
RETAIL PARKS (OUT OF TOWN)	Prague	11.00	+2.3%	5.25%	6.00%
	Brno	9.50	+2.7%	5.75%	6.50%

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