

CZECH REPUBLIC

Retail Q4 2021

	YoY Chg.	12-Mo. Forecast
€1,471 Average monthly wage (EUR)	▲	▲
€220.00 Prime Rent, Sq m/month	▲	▬
4.75% Prime Yield	▬	▬

Prime rent and yield for High Street units

ECONOMIC INDICATORS Q4 2021

	YoY Chg.	12-Mo. Forecast
3.0% GDP*	▲	▲
2.6% Unemployment Rate	▼	▼
6.5% CPI*	▲	▼
6.1% Retail Sales Volume Index*	▲	▲

*Annual growth forecasts
Source: Moody's Analytics

ECONOMY: Czech economy is gradually returning to pre-pandemic conditions

The situation of the Czech economy is gradually improving as the industrial companies start to recover from the crisis. However, a return to the pre-pandemic conditions is still unlikely in 2022. According to Moody's, GDP supported by higher private consumption and an improved foreign trade balance could grow by 5.2% in 2022. Outlook of unemployment and possible reduction of the current account deficit also remain positive. Nevertheless, the rapidly growing inflation will play a significant role in the coming months. The Czech National Bank is expected to increase the base rate further, which might reach 4% at the end of Q1.

SUPPLY & DEMAND: The Czech retail market remains attractive for retail brands

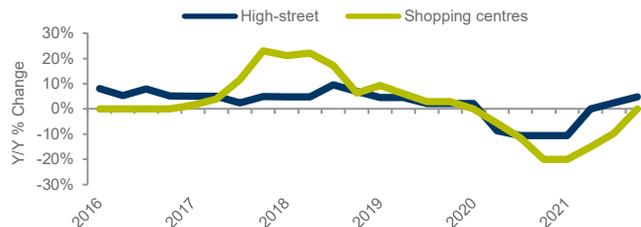
The Government decided not to implement any severe anti-pandemic measures in reaction to the current and hopefully the last Covid-19 wave in the Czech Republic, which brought more than 40,000 daily new cases at its peak at the end of January. However, eating in restaurants, going to the cinema, and many other leisure activities still require a valid Covid-19 certificate, and face masks are obligatory in most public places, including shops.

Retail sales in the Czech Republic and especially in Prague are also influenced by domestic and international tourism, which recorded levels far from those pre-pandemic. Overall, the number of guests in accommodation facilities decreased by 51% in Q1-Q3 2021 compared to the same period in 2019 in the whole country. The number of international guests in Prague fell by 85%, negatively affecting shopping schemes and high streets in the capital city.

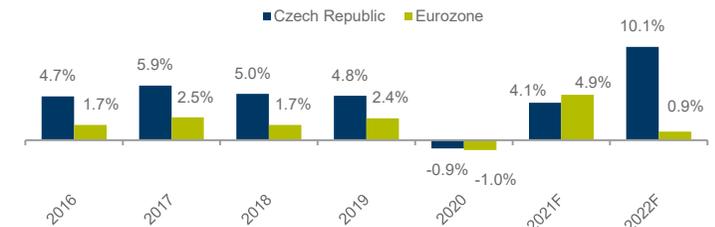
As a result, C&W shopping centres indexes showed 2021 sales 21% below the levels reached in 2019, while footfall lagged by 32% on average in the Czech Republic. Differences persist among individual retail sectors: while hypermarkets, health & beauty, and electronics retailers performed better than before the pandemic, fashion stores, restaurants, and cafes have not recovered from the crisis yet, primarily due to the ongoing anti-pandemic measures.

Despite the ongoing challenges brought by the Covid-19 pandemic, the Czech retail market and physical retail segment remain attractive for retail brands, as the arrival of thirty-eight new international brands last year confirms. Most of the new brands are from the fashion segment, while the leisure and food operators will need more time to recover fully. Several pop-up stores also opened last year. This new concept allows for effective use of vacant space and enables a brand to open a shop for a shorter time and test the market while not requiring significant investments.

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	955,563	48,144	711
Brno	216,906	30,500	559
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	30,130	505
Pardubice	41,418	5,290	451
Mladá Boleslav	40,271	0	811
Jihlava	27,764	0	543
CZECH REPUBLIC TOTAL	2,299,855	119,144	215

* 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 (Pařížská)	220.00	4.8%	4.75%	4.75%
	Brno (Svobody Sq.)	60.00	9.1%	6.50%	6.50%
SHOPPING CENTRES	Prague	140.00	0%	5.50%	5.25%
	Brno	62.00	0%	5.75%	5.75%
RETAIL PARKS (OUT OF TOWN)	Prague	11.00	2.3%	5.25%	5.75%
	Brno	9.50	2.7%	5.75%	6.50%

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