

# CZECH REPUBLIC

Retail Q1 2022

	YoY Chg.	12-Mo. Forecast
<b>€1,581*</b> Average monthly wage (EUR)	▲	▲
<b>€205.00</b> Prime Rent, Sq m/month	▲	▬
<b>4.75%</b> Prime Yield	▬	▬

Prime rent and yield for High Street units  
\*Data for Q4 2021

## ECONOMIC INDICATORS Q1 2022

	YoY Chg.	12-Mo. Forecast
<b>4.0%</b> GDP*	▲	▼
<b>2.4%</b> Unemployment Rate	▼	▼
<b>11.1%</b> CPI*	▲	▼
<b>12.2%</b> Retail Sales Volume Index*	▲	▼

\*Annual growth estimates  
Source: Moody's Analytics

## ECONOMY: Slow recovery of the Czech economy is proceeding amid growing inflation and interest rates

Real GDP was reported at 3.3% in 2021, driven by domestic consumption and capital expenditures. In Q1 2022, the economy's recovery from the pandemic-induced recession continued, with GDP growth estimated at around 4% y/y. However, the short-term economic prospects are now threatened by the combination of mainly external factors, including the global economy's slowdown, confining the Czech exports and production output, along with the ongoing Russian invasion of Ukraine, which resulted in further supply chain disruptions and overall uncertainty across the CEE, pushing inflation and interest rates. The labour market has performed well with a low unemployment rate and increasing average nominal monthly wage. As projected by Moody's, in Q1 2022, retail sales increased by a record 12.1% y/y, however at the back of the surging inflation and low annual comparison base.

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

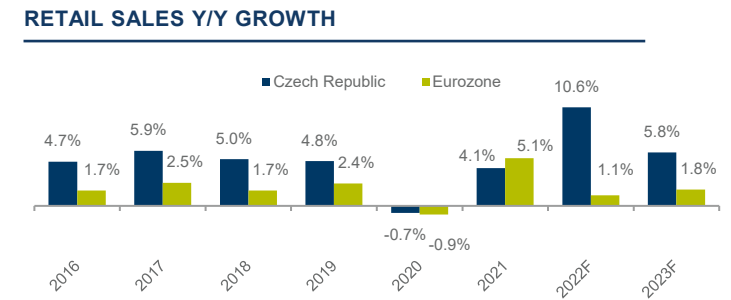
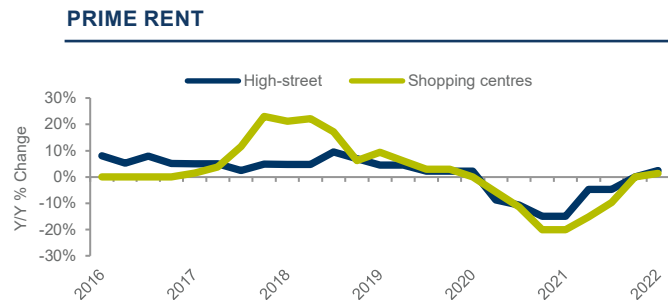
About 51,000 sq m of retail space is currently under construction in the Czech Republic. The development focuses primarily on smaller retail parks up to 5,000 sq m; however, some shopping centre extensions are also in the pipeline.

Performance of the shopping centres remains solid: both footfalls and sales increased in Q1 2022. While the sales exceeded the levels reached in Q1 2019 by 7%, the number of visitors kept about 22% lower than pre-pandemic. On the other hand, real retail sales growth was limited due to the high inflation. According to the Czech Shopping Centre Association, the vacancy rate in the shopping centres decreased to 4.3% in February.

The statistics show that the positive trend in retail sales associated with the definitive end of restrictions due to the Covid-19 pandemic has been followed by changes in consumer behaviour due to rising prices and household-related spending (energy, construction work and materials, household furnishings). The data show that domestic consumers started spending less on leisure-related items in the first quarter and saved less.

## PRICING: Rental growth pushed mainly by the inflation

The annual rental growth of up to 5% was recorded in shopping centres and high streets, and rental levels increased by 7% on average in the retail warehouse segment. The rising energy, labour or materials costs affect service charges in retail schemes. Therefore, the room for further rental growth remains limited.





## MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK (SQ M)*	SHOPING CENTRE PIPELINE** (SQ M)	DENSITY (STOCK PER 1,000 INH.)
Praha	968,334	4,500	721
Brno	241,139	0	622
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
Zlín	55,985	0	608
Ústí nad Labem	52,640	0	552
Karlovy Vary	48,450	0	1,003
Jihlava	42,164	0	825
Pardubice	41,418	5,290	451
Mladá Boleslav	40,271	0	811
<b>CZECH REPUBLIC TOTAL</b>	<b>2,360,759</b>	<b>14,870</b>	<b>221</b>

\* 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 &amp; YIELDS

		PRIME RENTS		PRIME YIELDS	
		€/SQ M/MTH	Y-O-Y GROWTH	Current Q	Last Y
HIGH STREET SHOPS	Prague (Pařížská)	205.00	2.5%	4.75%	4.75%
	Brno (Svobody Sq.)	60.00	9.1%	6.50%	6.50%
SHOPPING CENTRES	Prague	142.00	1.4%	5.50%	5.25%
	Brno	65.00	4.8%	5.75%	5.75%
RETAIL PARKS (OUT OF TOWN)	Prague	11.50	7.0%	5.00%	5.50%
	Brno	10.00	8.1%	5.50%	5.75%

## MARIE BALÁČOVÁ

Head of Research

+420 605 440 693 / [marie.balacova@cushwake.com](mailto:marie.balacova@cushwake.com)

## MARTA KOSTIUK

Senior Research Analyst

+420 720 945 406 / [marta.kostiuk@cushwake.com](mailto:marta.kostiuk@cushwake.com)

[cushmanwakefield.com](http://cushmanwakefield.com)

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