

CZECH REPUBLIC

Retail Q4 2022

€1,623*

Average monthly wage (EUR)

YoY Chg. 12-Mo. Forecast



€225.00

Prime Rent, Sq m/month



5.50%

Prime Yield



Prime rent and yield for High Street units

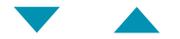
*Data for Q3 2022

ECONOMIC INDICATORS Q4 2022

0.5%

GDP*

YoY Chg. 12-Mo. Forecast



2.3%

Unemployment Rate



15.5%

CPI*



-9.7%

Retail Sales Volume Index*



*Annual growth estimates
Source: Moody's Analytics

ECONOMY: After several quarters of solid growth, a mild recession is likely in Q1

After the pandemic-induced contraction, Czechia's economy recorded several quarters of solid growth, which was powered by an increase in investment expenditures, offsetting a stagnation in consumption and net exports. Industrial production and export sharply increased in recent months mainly due to easing supply bottlenecks, counterbalancing the weakening of the rest of the economy, driven by high energy costs, and softening external demand. Moody's Analytics, however, project that Czechia's economy is likely to head into a mild recession in the winter in line with the developments in the wider Eurozone. Consumer price inflation passed its multi-decade peak during the summer. It will likely ease off in the near term resulting from a combination of lower demand, weaker international commodity prices, and a government-imposed cap on energy prices. Nevertheless, price increases are broad-based and may result in a further severe drop in disposable income and acceleration of the decline in consumer spending.

SUPPLY & DEMAND: Retailers and landlords focusing on long-term relationships

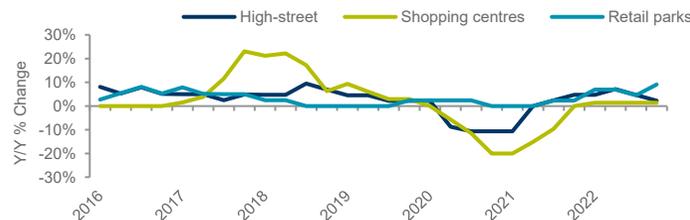
About 52,700 sq m of the new retail area were delivered in the Czech market in 2022, about 55% less than the previous year. All the new retail space completed was within retail parks, including ten new schemes and five extensions. About 77,500 sq m were under construction at the end of 2022. However, more than half a million sq m are still in the pipeline in various stages of development, including long-awaited larger mixed-use schemes OC Dornych in Brno, Savarin in Prague and Ameside in Pilsen. Several high-street projects, such as Máj, 100 Yards, Fairmont Hotel, Pařížská 25 or Via Una, are currently being reconstructed. Once completed, they will be occupied by attractive retail concepts and improve the business environment of the entire location.

The performance of retail schemes across different formats was solid in 2022. Retail sales in nominal terms even exceeded pre-pandemic values. However, following the double-digit inflation and energy crisis, retailers face higher service charges and lower margins due to the higher cost of goods. Retailers will therefore be more considerate about their stores' numbers and locations, emphasising the quality of space and long-term relationships with landlords. On the other hand, owners must invest in measures to reduce operating costs and comply with new ESG standards.

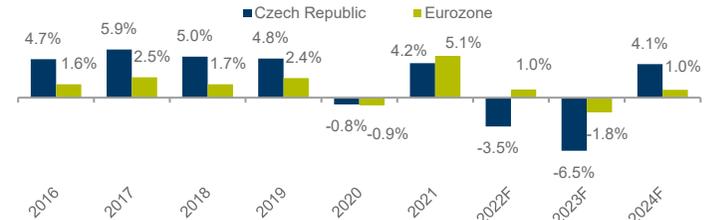
PRICING: Rental levels remain stable

Rents in retail are holding steady. In shopping centres, the highest achieved rent is currently about € 142/sq m/month; in retail parks, it reaches € 12/sq m/month, while on Prague high street, it keeps at € 225/sq m/month.

PRIME RENT



RETAIL SALES Y/Y GROWTH



MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK (SQ M)*	SHOPPING CENTRE PIPELINE** (SQ M)	DENSITY (STOCK PER 1,000 INH.)
Praha	921,000	4,500	718
Brno	236,000	27,000	613
Ostrava	232,800	0	832
Liberec	136,800	0	1,329
Olomouc	132,200	24,600	1,289
Plzeň	129,500	64,600	740
Hradec Králové	103,000	0	1,137
České Budějovice	83,000	0	860
Teplice	70,300	0	1,442
Ústí nad Labem	52,600	0	562
Karlovy Vary	48,500	0	1,066
Zlín	46,500	30,100	516
Kladno	42,700	0	636
Pardubice	41,400	0	468
Opava	40,800	0	744
CZECH REPUBLIC TOTAL	2,616,200	150,800	249

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

** Only centres with planning permission granted or under construction are included

PRIME RENTS & YIELDS

		PRIME RENTS		PRIME YIELDS	
		SQ M/MTH	Y-O-Y GROWTH	Current Q	Last Y
HIGH STREET SHOPS	Prague (Pařížská)	€ 225.00	2.3%	5.50%	4.75%
	Brno (Svobody Sq.)	€ 65.00	0.0%	7.00%	6.50%
SHOPPING CENTRES	Prague	€ 142.00	1.4%	5.50%	5.50%
	Brno	€ 65.00	4.8%	6.25%	5.75%
RETAIL PARKS (OUT OF TOWN)	Prague	€ 12.00	9.1%	5.25%	5.25%
	Brno	€ 10.50	10.5%	5.75%	5.75%

MARIE BALÁČOVÁ

Head of Data & Analytics

+420 605 440 693 / marie.balacova@cushwake.com

JAN KOTRBÁČEK

Head of Retail Agency, CEE

+420 602 655 806 / jan.kotrbacek@cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms, with approximately 50,000 employees in 400 offices and 60 countries. In 2021, the firm had revenue of \$9.4 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2023 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.