

# CZECH REPUBLIC

Retail Q4 2023

**€1,510\***

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 2023

## ECONOMIC INDICATORS Q4 2023

	YoY Chg.	12-Mo. Forecast
<b>0.0%</b> GDP*	▼	▲
<b>2.8%</b> Unemployment Rate*	▲	▲
<b>7.7%</b> CPI*	▼	▼
<b>-1.3%</b> Retail Sales Volume Index*	▼	▲

\*Annual growth estimates  
Source: Moody's Analytics

## ECONOMY: A significant recovery in 2024 is anticipated. Retail sales increased for the first time in 18 months

The Czech economy contracted more than expected in Q3 2023, reflecting persistently weak household consumption and a decline in exports. Overall, the economy was on the verge of recession and the Czech Republic was the only country in the EU that had not yet reached pre-pandemic real GDP levels. Household spending is projected to fall further by the end of 2023, but there should be a significant recovery in 2024 due to easing credit conditions and an improvement in real disposable income. However, weak industry and fiscal consolidation will be headwinds to growth in the coming quarters.

After a year and a half, the decline in retail sales halted in November, showing a 0.9 percentage point increase compared to the same period last year. This rise was mainly driven by higher sales in fuel and non-food items.

## SUPPLY & DEMAND: Performance of retail properties remains solid

In Q4 2023, approximately 104,200 sq m of retail spaces were under construction within shopping centres and retail parks in the Czech Republic, with retail parks accounting for the majority of the projects under construction. Eleven retail parks were completed in the fourth quarter of 2023, adding almost 30,000 sq m of new supply.

Currently, only one shopping centre is under construction, the OD Máj (17,000 sq m), which is being fully reconstructed and is expected to be completed in the first half of 2024. However, several other high-street projects are undergoing reconstruction in Prague, including 100 Yards and the Fairmont Hotel.

Although shopping centre footfall during 2023 remained below 2019 levels, turnovers experienced continued growth compared to the pre-pandemic period, rising by around 19% YTD. However, retailers are facing reduced profit margins and increased service charges due to increased inflation and the lingering effects of the energy crisis. Meanwhile, the vacancy rate in the shopping centres fell to historic lows of around 3.6%, the most significant decline in vacancy rates occurred in shopping centres located in Prague.

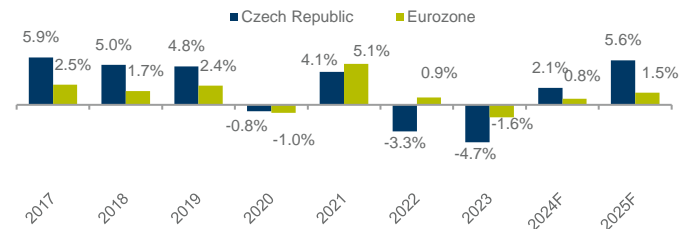
## PRICING: Prime rental levels remain stable in the retail sector

Prime retail rents for high street premises and shopping centres have remained unchanged since Q2 2022, holding steady €225.00 per sq m and €142.00 per sq m, respectively. Similarly, prime monthly rents for retail parks have also remained stable in Q4 2023, maintaining the same value as the two previous quarters, at €13.50 per sq m.

## 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	921,000	35,800	718
Brno	257,500	27,000	669
Ostrava	232,800	0	832
Liberec	136,800	0	1,329
Olomouc	134,500	24,600	1,312
Plzeň	129,500	64,600	740
Hradec Králové	91,800	0	1,013
České Budějovice	83,000	0	860
Teplice	70,300	0	1,442
Ústí nad Labem	52,600	0	562
Karlovy Vary	44,800	9,000	985
Zlín	46,500	30,100	516
Kladno	42,700	0	636
Pardubice	27,300	0	308
Opava	40,800	0	744
<b>CZECH REPUBLIC TOTAL</b>	<b>2,617,100</b>	<b>191,100</b>	<b>249</b>

\* 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 &amp; YIELDS

		PRIME RENTS		PRIME YIELDS	
		SQ M/MTH	Y-O-Y GROWTH	Current Q	Last Y
HIGH STREET SHOPS	Prague (Pařížská)	€ 225.00	0.0%	5.50%	5.50%
	Brno (Svobody Sq.)	€ 65.00	0.0%	7.75%	7.00%
SHOPPING CENTRES	Prague	€ 142.00	0.0%	6.00%	5.50%
	Brno	€ 65.00	0.0%	7.00%	6.25%
RETAIL PARKS (OUT OF TOWN)	Prague	€ 13.50	12.5%	6.00%	5.25%
	Brno	€ 12.00	14.3%	6.75%	5.75%

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