

# CZECH REPUBLIC

Retail Q1 2020

**€42,406**

Average HH Income

YoY Chg



12-Mo. Forecast



**€235.00**

Prime Rent, Sq m/month



**4.50%**

Prime Yield



Prime rent and yield for High Street units  
Source: Oxford Economics

## ECONOMIC INDICATORS Q1 2020

**1.0%**

GDP\*

YoY Chg



12-Mo. Forecast



**3.0%**

Unemployment Rate



**-0.7%**

Private Consumption\*



**-2.2%**

Retail Sales Volume Index\*



## ECONOMY: The Czech economy has a good starting position for difficult times

The COVID-19 pandemic hit the Czech Republic at the beginning of March, proving a slight delay as compared to the rest of Western Europe. For this reason, January and February still showed positive performance. Most government restrictive measures came in the second half of March. In Q4 2019, the economy continued to slow down and grew at 2.0% y/y, while Q1 2020 is expected to grow at 1.0%, which is a positive outcome compared to the Eurozone average of 1.0% in Q4 2019 and Q1 2020 forecast -1.6%. The Czech government managed to stop and prevent further spreading of Covid-19 in a timely matter. The bill for this success will be issued in the coming quarters when in addition to hospitality, retail will be one of the most affected sectors. The Czech Republic has the advantage of long-term low unemployment and the level of public debt, which gives space to mitigate the negative impact on the economy.

## SUPPLY AND DEMAND: E-commerce benefits from increased interest in online shopping

Some of the upcoming retail projects are likely to be delayed because of the slowdown in construction. We will get more accurate figures in the coming quarters. At the beginning of the year, SC Opatovska (6,000 sq m) opened, which was created by the refurbishment of the original building from the late 70s. This project foreshadows the trend of upgrading old local shopping centers, which are very appealing for investors as well as customers who make daily purchases mainly on the basis of accessibility. The only expected completely new shopping center for this year is the Borislavka Center, which should open in Prague in Q4.

Despite the obvious negative repercussions of the current crisis, there have been some positive effects. Grocery stores and their online platforms are growing significantly. There is also an increased interest in retailers who use e-shops for sales, as a significant proportion of customers have moved to the Internet. At the end of Q1 2020, Czech e-commerce shows results that it compares to the second Christmas season.

## PRICING: Prime rents and prime yields remain stable, expected to fall due to the fall in tourism

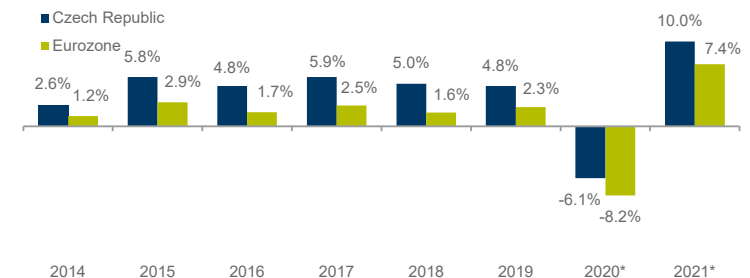
In Q1 2020, prime rent remained stable and recorded a year-on-year growth of 2.2%. In the coming years, there may be a decline, which will depend mainly on the length of restrictions on international tourism, which is heavily dependent on Prague's high street. In the long run, however, this will likely only be a fluctuation and the rents will return back to normal. Yields remain similarly stable for now.

Interest in the second half of the year will follow the opening of the CEE flagship store of Primark right on Prague's high street, which could attract the significant attention of domestic customers from the wider region.

### PRIME RENT



### RETAIL SALES Y/Y GROWTH



\*Annual growth  
Source: Oxford Economics, Czech Ministry of Labour and Social Affairs

## MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK (SQ M)*	SHOPPING CENTRE PIPELINE (SQ M)	POPULATION	DENSITY (STOCK PER 1,000 INH)	PRIME RENT (LOCAL CURRENCY)	PRIME YIELD
Prague	871,428	57,284	1,324,277	658	175.00	4.75%
Moravia-Silesia	322,588		1,200,539	269	50.00	6.80%
South Moravia	259,720	44,500	1,191,989	218	65.00	4.75%
Ústí nad Labem	183,260		820,965	223		
Liberec	165,428		443,690	373		
Olomouc	151,627	23,300	632,015	240		
Pilsen	120,193		589,899	204		
Central Bohemia	113,096		1,385,141	82		
Hradec Králové	101,036		551,647	183		
South Bohemia	91,134		644,083	141		
Zlín	76,985		582,555	132		
Karlovy Vary	59,950		294,664	203		
Pardubice	45,775		522,662	88		
Vysočina	27,764		509,813	54		
<b>CZECH REPUBLIC TOTAL</b>	<b>2,589,984</b>	<b>125,084</b>	<b>10,693,939</b>	<b>242</b>		
Prague High street					235.00	4.50%
Brno High street					70.00	6.25%
Prague Retail parks					10.75	6.00%
Brno Retail parks					9.25	6.75%

\*SC stock including traditional centers and mixed-use schemes over 5,000 sq m retail GLA.

## KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SQ M
OD Kotva	Prague	PSN / Generali Group	33,000
Tesco Plzen Rokycanska	Pilsen	Tesco / Trigea	26,000
Shopping Ivancice (RP)	South Moravia	Immofinanz / Portiva	5,000

**MARIE BALÁČOVÁ**

Head of Research

+420 234 603 740 / [marie.balacova@cushwake.com](mailto:marie.balacova@cushwake.com)

**EVA LIŠOŇOVÁ**

Research Analyst

+420 234 603 832 / [eva.lisonova@cushwake.com](mailto:eva.lisonova@cushwake.com)

[cushmanwakefield.com](http://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 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2020 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.