

# CZECH REPUBLIC Retail Market Snapshot

Third Quarter | 2019



## MARKET INDICATORS

### Market Outlook

- Prime Rents: While there are some upward pressures on high street, prime rents in shopping centres remain stable. ▶
- Prime Yields: Prime yields remain stable. ▶
- Supply: New supply will be limited with focus on revitalisation of existing schemes. ▶
- Demand: Prime retail locations continue to attract new tenants in all segments of the market. ▶

### Prime Retail Rents – September 2019

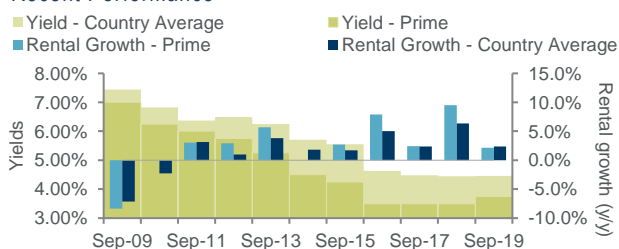
HIGH STREET SHOPS	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Prague (Na Příkopě)	235	2,820	296	2.2	4.9
Brno (Svobody Sq.)	70	840	88	0.0	0.0
SHOPPING CENTRES	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Prague	175.00	2,100	220.3	2.9	6.1
OUT OF TOWN RETAIL (RETAIL PARKS)	€	€	US\$	Growth %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Prague	10.50	126	13.2	0.0	1.5
Brno	9.00	108	11.3	0.0	2.6

### Prime Retail Yields – September 2019

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10-YEAR	
	Q	Q	Y	HIGH	LOW
Prague (Na Příkopě)	3.75	3.75	3.50	6.85	3.50
Brno (Svobody Sq.)	6.25	6.25	6.75	8.50	6.25
SHOPPING CENTRES (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10-YEAR	
	Q	Q	Y	HIGH	LOW
Prague	4.50	4.50	4.25	6.75	4.25
RETAIL PARKS (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10-YEAR	
	Q	Q	Y	HIGH	LOW
Prague	6.00	6.00	6.00	8.25	6.00
Brno	6.50	6.50	6.75	9.00	6.50

With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

### Recent Performance



## Overview

GDP growth in Q2 2019 was stronger than initially expected mostly driven by solid private consumption. Retail sales increased y/y by 5.1% in September, which is far from the EU average of 3.2%. While e-commerce was the fastest growing sector, household spending has been increasing also in non-food products and services. On the other hand, consumers were purchasing less accommodation and specialised food.

## Occupier focus

Development in the shopping centres remains limited and focuses on refurbishments: highly anticipated Centrum Stromovka will be opened in November, becoming the only newly opened shopping centre in Prague in 2019. Opening of two mixed-use schemes should follow in 2020 (the Flow Building) and 2021 (Bořislavka Centrum).

Leisure, health & wellbeing, luxury goods, service driven retailing, showrooming and other brand experience offerings continue to drive strong demand for real estate. Unlike the Western part of Europe, F&B has not reached peak in the Czech Republic and we are seeing number of new and existing operators expanding their stores.

Despite the country's one of the largest shares of online sales in Europe, Czech shopping centres are still performing well with stable footfall and growing turnovers across all sectors. However, prime rents remain stable.

## Investment focus

In retail, negative sentiment of the western money sources is being balanced by continued interest of local investors. An evidence of this is sale of Galerie Butovice to Investika, a local retail fund. This pattern is likely to continue, and we expect significant activity on the market due to availability of both capital and product.

## Outlook

Strong performance of the Czech retail market might slow down slightly due to decelerating wage growth and consumer confidence. As traditional retail will evolve rapidly and will form a much smaller part of the overall tenant mix in a longer term, other uses such as leisure, F&B, event space, green space, coworking, healthcare and residential will play an increasing role in high streets, shopping centres and retail parks.

This report has been produced by Cushman & Wakefield LLP for use by those with an interest in commercial property solely for information purposes. It is not intended to be a complete description of the markets or developments to which it refers. The report uses information obtained from public sources which Cushman & Wakefield LLP believe to be reliable, but we have not verified such information and cannot guarantee that it is accurate and complete. No warranty or representation, express or implied, is made as to the accuracy or completeness of any of the information contained herein and Cushman & Wakefield LLP shall not be liable to any reader of this report or any third party in any way whatsoever. All expressions of opinion are subject to change. Our prior written consent is required before this report can be reproduced in whole or in part. ©2019 Cushman & Wakefield LLP. All rights reserved.

### Marie Baláčová

Head of Research CZ & SK  
Quadrio Offices  
Purkyňova 3, 110 00 Praha 1, Czech Republic  
Tel: +420 234 603 850  
[marie.balacova@cushwake.com](mailto:marie.balacova@cushwake.com)  
[cushmanwakefield.cz](http://cushmanwakefield.cz)