

CZECH REPUBLIC

Retail Q4 2019

\$11,874

Average HH Income

YoY Chg



12-Mo. Forecast



0.2%

Population Growth



2.7%

Unemployment Rate



PPP, current prices
Source: Oxford Economics

ECONOMIC INDICATORS Q4 2019

2.1%

GDP Growth

YoY Chg



12-Mo. Forecast



4.3%

Consumer Spending Growth



6.4%

Retail Sales Growth



Annual growth, PPP, \$ current prices
Source: Oxford Economics

ECONOMY: Czech economics and retail performs twice as good as Eurozone

GDP growth in Q3 2019 has slowed to 2.5% y/y, as have retail sales which increased only by 4.9% y/y in December. On a more broad scale, the lack in growth follows expectations in global markets. Despite these numbers, the Czech Republic performed two times better in both indicators as compared to the Eurozone average. The fastest-growing sector is traditionally e-commerce which is a phenomenon since Czechia has the most e-shops per capita in Europe. More and more retailers extend their distribution channels by creating internet shops. The competitiveness of this sector has increased recently after the entry of big e-commerce retailers such as About You or Zalando. Significant growth of sales was registered in non-food products, especially electronics, fashion or sportswear, and equipment. In contrast, consumers were spending less on food and propellants.

SUPPLY AND DEMAND: New supply is mainly driven by retail parks in the regions

The development of shopping centres in larger Czech cities took place mainly in the first decade of this century. The new supply is currently mainly driven by retail parks in these regions and this trend is expected to continue for at least the next three years. Centrum Stromovka (15,500 sq m) stands out among the most significant projects completed in Q4 2019, and was also the only shopping centre completed in 2019. The largest opened retail park was Aventin Shopping Znojmo (9,600 sq m). The most anticipated projects expected in 2020 include the extension of the Avion Shopping Park Brno, the new retail park in Kolín, and the opening of the Flow Building at Wenceslas square in Prague, which will bring attention to the launch of the first Primark store in the Czech Republic.

About 19 new brands entered the Czech market in 2019, a declining number as compared to previous years, but still a positive number. Around the same amount of retailers confirmed their entry into the Czech market in 2020 at the beginnings of this year, thus proving the continuous attractiveness of the Czech market.

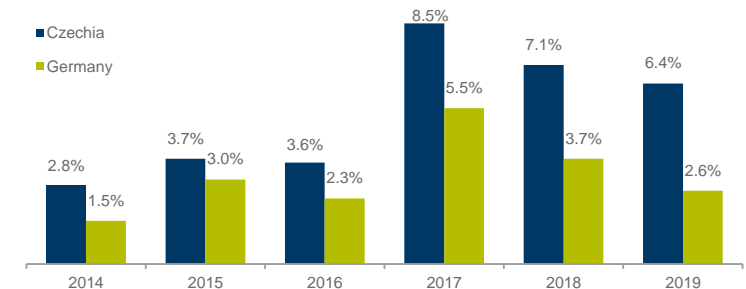
PRICING: Prime rents remain stable

Prime rents remained stable in the last quarter, but grew 2.2% y/y. Prague's most frequented high streets, Wenceslas Square and Na Příkopě, are going to be progressively reconstructed with emphasis on pedestrians at the expense of traffic and parking in the following years. In the short term, this will reduce customers' comfort, but in the long run it will further increase rent.

PRIME RENT



RETAIL SALES Y/Y GROWTH



MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK	SHOPPING CENTRE PIPELINE	PRIME RENT (LOCAL CURRENCY)	PRIME YIELD
Prague	841,508	6,000	€175.00	4.50%
Moravia-Silesia	322,588		€50.00	4.75%
South Moravia	256,888	44,500	€65.00	6.80%
Ústí nad Labem	187,660			
Liberec	170,424			
Olomouc	151,627	23,300		
Pilsen	120,193			
Central Bohemia	111,096			
Hradec Králové	101,036			
South Bohemia	91,134			
Zlín	68,985			
Karlovy Vary	59,950			
Pardubice	48,075			
Vysočina	27,764			
CZECH REPUBLIC TOTAL	2,558,928	73,800	€175.00	9.50%

KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SQ M
Galerie Butovice	Prague	Cromwell / Investika	51,000
Europark Sterboholy	Prague	SES Spar Europe / DBK	36,000
Na Prikope 14	Prague	Lordship / Immofinanz	17,845
Centrum Krakov	Prague	SYNER Group / Wood & Company	13,800
Novodvorska Plaza	Prague	Klepierre / Bluehouse Capital	24,000

KEY CONSTRUCTION COMPLETIONS YTD 2019

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	OWNER / DEVELOPER
Centrum Stromovka	Prague	Lidl	15,500	Lordship
Aventin Shopping Znojmo	South Moravia	Billa	11,598	Aventin / Immofinanz
Smetanova obchodni galerie, Vsetin	Zlin	Coop	6,500	Valatrans

MARIE BALÁČOVÁ

Head of Research

+420 234 603 740 / marie.balacova@cushwake.com**EVA LISOŇOVÁ**

Research Analyst

+420 234 603 832 / eva.lisonova@cushwake.comcushmanwakefield.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.