

Czech Republic Market Figures Retail

KEY PERFORMANCE INDICATORS (Q1 2024)

Prime High Street Rent

€ 193

Monthly, per sq m

Change YoY: 1.6%

Prime High Street Yield

5.25%

Lifetime Investment

Change YoY: 50 bps

Total Stock

2,501K

Square Metre

841K (Prague) / 1,660K (regions)

Prime Shopping Centre Rent

€ 135

Monthly, per sq m

Change YoY: 0.0%

Prime Shopping Centre Yield

6.35%

Lifetime Investment

Change YoY: 0.0%

Completions

OK

Square Metre

OK Year2Date

Prime Retail Park Rent

€ 17

Monthly, per sq m

Change YoY: 0.0%

Prime Retail Park Yield

6.35%

Lifetime Investment

Change YoY: 10 bps

Forecast Completions

24K

Square Metre

17K (Prague) / 7K (regions)

We recorded strong footfall and turnover levels in shopping centres in the beginning of the year. With footfall levels growing by approximately 5% YoY we have finally returned to the levels of 2019. Sales showed a 5% increase YoY in the first quarter.

According to the Czech Statistical Office, since December 2023, retail sales have been increasing since December 2023 after 19 continuous months of decline. In January 2024, retail sales have increased by 2.9% YoY, followed by an increase of 1.8% in February. E-commerce increased by 14.5% YoY in January and 16.1% in February.

The Oxford Economics forecast from December 2023 was lowered and we now expect retail spending to grow by 2.5% YoY in 2024 and grow by a further 4.5% in 2025.

There were no new shopping centres opened in Q1 2024. Currently there are two shopping centres, Máj (17,000 sq m) and Varyáda (7,000 sq m), under construction with expected delivery in 2024 and 2025, respectively. In addition, we monitor four projects with a total volume exceeding 90K sq m with expected opening in 2026.

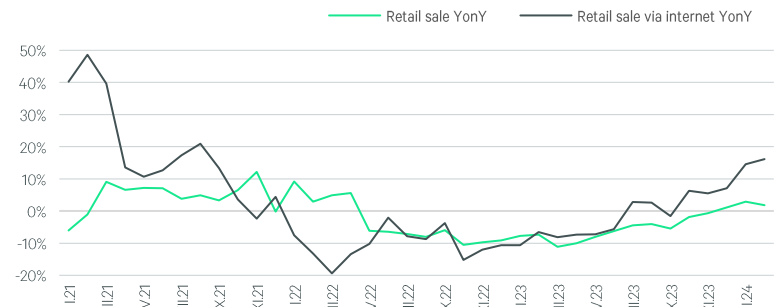
In the first quarter of 2024, shopping centre density in the Czech Republic stood at 231 sq m/000 inhabitants.

PRIME RENT DEVELOPMENT (Monthly, per sq m)



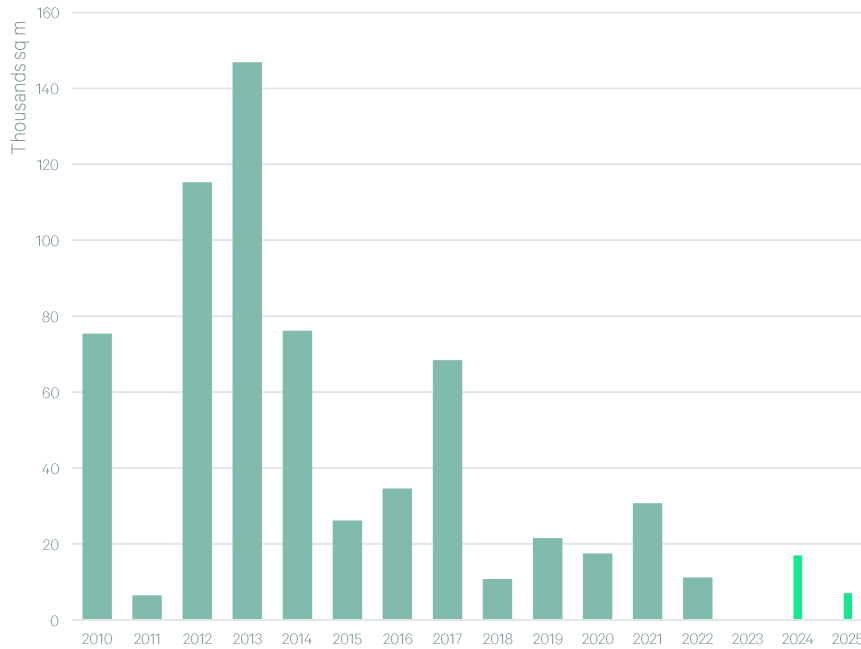
Source: CBRE Research Q1 2024

RETAIL SALES DEVELOPMENT (constant prices, YoY)



Source: Czech Statistical Office, Q1 2024

STOCK DEVELOPMENT (Completions | Forecast | Forecast UC)



Source: CBRE Research, Q1 2024

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Currently, more retail parks than traditional shopping centres are under construction. Across the country, we monitor approximately 200,000 sq m of retail space within retail parks with planned completion between 2024 and 2025. Future construction of retail parks will depend on the willingness of tenants to expand into smaller cities as well as on the development of e-commerce in the food sector, however we expect it to continue to exceed construction of shopping centres.

In Q1 2024, prime high street rent slightly increased by 3 EUR QoQ to 193 EUR/ sq m/ mth and shopping centre rents remained stable and stood at 135 EUR/ sq m/ mth. The prime retail park rent stood at 17 EUR/ sq m/ mth.

Despite the decreasing pressure on service charges, we are still seeing the effect of significantly increased costs from the previous two years, which have been reflected in the entire tenant cost including rental growth due to high indexation. Conversely, retail sales growth unfortunately did not correlate with inflation dynamics. Tenants from some very competitive segments could not fully reflect the increased costs in the final prices. Therefore, we expect further discussions about the rental conditions for some specific groups of tenants.

Definitions

SC SIZE – Small Traditional SC (5,000 – 19,999 sq m of GLA), Medium Traditional SC (20,000 – 39,999 sq m of GLA), Large Traditional SC (40,000 – 79,999 sq m of GLA), Very Large Traditional SC (GLA of 80,000 sq m and above); based on ICSC definitions

PRIME RENT – typical 'achievable' open market headline rent (Can be hypothetical) for a unit of a size commensurate with demand in each location, of highest quality and specification and in the best location in a market at the survey date. It does not need to be identical to any of the transactions, particularly if the deal flow is very limited or made up of unusual one-off deals. For traditional SCs and high street, prime rents are for units of 100-150 sq m; for retail parks, prime rents are for units of 300-500 sq m.

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Q1 2024

REPORT FIGURES

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