



**AT A GLANCE
H1 2021**

RETAIL MARKET IN THE CZECH REPUBLIC

ONLINE SALES INCREASED BY 29% IN H1 2021

- **More than 50,000 sq m was completed in the first half of 2021**
- **Developers are responding to the increased demand for retail parks**

NEW SUPPLY

At the end of June 2021, the total **retail** rentable **area** in the Czech Republic reached almost 3.9 million sq m.

In H1 2021, a total of 50,800 sq m of retail space was **completed**. The largest completed project was the construction of the first stage of the **Aventin Shopping Jihlava** retail park (24,500 sq m) with 35 shops. Furthermore, the first part of the shopping arcade in the **Bořislavka Centrum** (9,280 sq m) project in Prague 6 with 13 retail units was opened. The second part of the shopping arcade will open in September and October this year, in total, the Bořislavka Centre will have 60 units with 9,280 sq m of gross leasable area. After a two-year reconstruction, **OC Spektrum** (6,500 sq m) opened in March 2021 with 20 shops in Čestlice near Prague.

The most anticipated event on the Czech retail market was the arrival of the Irish fashion chain **Primark**, which opened its first Czech store on Wenceslas Square in Prague in mid-June. The grand

opening was postponed several times due to anti-coronavirus measures. The Irish chain occupies three floors in the newly renovated **The Flow Building** with a total area of 4,700 sq m.

There are currently 32,600 sq m of retail space **under construction**, of which 18,140 sq m should be completed this year. In 2021, the completion of the new retail park **S1 Center Plzeň** (12,700 sq m), the last two phases of the **Retail Park Ovčáry** (2,840 sq m) and the expansion of the retail park **U Hřebčince in Písek** by 2,600 sq m are expected.

Of all the projects under construction, 100% are **retail parks**, which are most often built on the outskirts of smaller regional cities. During the pandemic, retail parks proved to be a very resilient segment for both shoppers and investors, who invested in retail parks more than € 70 million in H1 2021.

KEY FIGURES



3.9 m sq m
TOTAL RETAIL STOCK



50,800 sq m
NEW SUPPLY
H1 2021



32,600 sq m
RETAIL SPACE UNDER
CONSTRUCTION



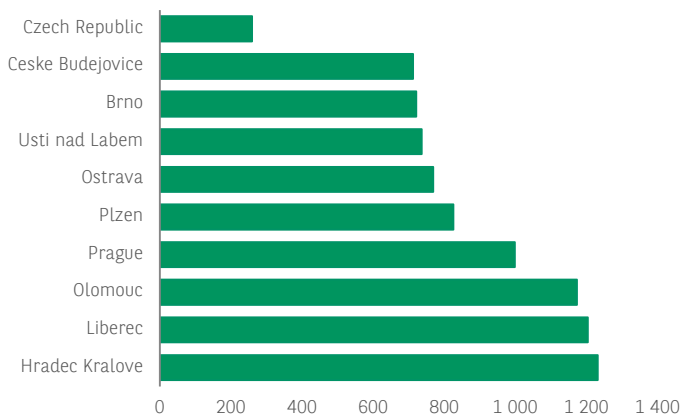
5.8%
RETAIL SALES GROWTH
Y-O-Y IN MAY 2021

RETAILERS

- In mid-June, the Irish clothing chain Primark opened its first Czech store in The Flow Building in Prague. By 2022, **Primark** plans to open another branch in OC Olympia in Brno.
- Luxury fashion brands have also entered the Czech Republic. The Italian brand **Versace** opened its fashion boutique on the most luxurious shopping street, Pařížská street in Prague.
- The Slovak fashion e-shop **Dedoles** expanded on the Czech market, in addition to five kiosks in shopping centers, it also opened the first brick and mortar shop in the Czech Republic in Galerie Nove Butovice in Prague 5.
- In the autumn, the Polish chain **HalfPrice** from the CCC group is about to open its first brick and mortar shop in our country. Its range includes clothing, footwear, cosmetics, toys and home accessories.
- Czech **ecommerce** increased by 12% year-on-year to CZK 50.5 billion in Q2 2021. In total, internet sales grew by 29% in the first six months of this year. (source: Shoptet).

SHOPPING CENTRE STOCK PER 1,000 INHABITANTS

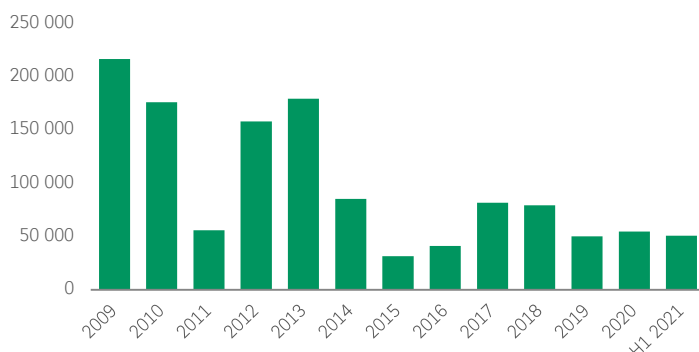
sq m



Source: BNP Paribas Real Estate

ANNUAL SUPPLY

sq m



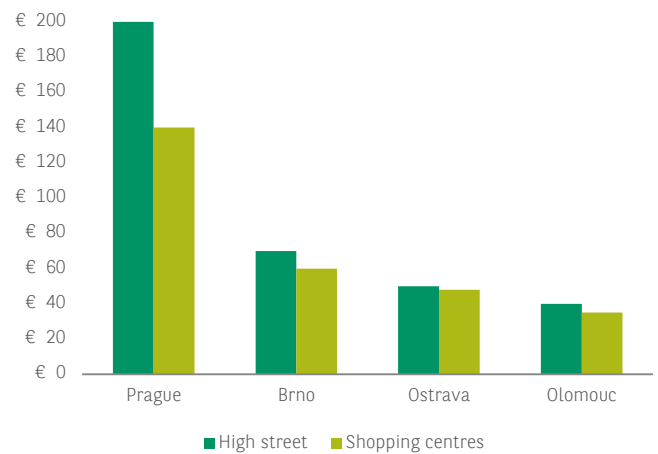
Source: BNP Paribas Real Estate

RENTS

- Prime high street **rents** in Prague remained stable at €200-205 per sq m per month.
- Prime shopping centre rents for the prime shopping centres in Prague remained stable at the level of the end of 2020 and was around €140 per sq m per month.
- In the following periods, we expect pressure from tenants to reduce rents and more flexible rental conditions.

PRIME HEADLINE RENTS

€/sq m/month



Source: BNP Paribas Real Estate

INVESTMENT

- Investments in retail sector mainly targeted to the purchases of newly completed **retail parks** in the regions.
- Real estate fund Conseq has completed the acquisition of the **Korso Karviná** shopping centre, which was the first and so far the only sale of the shopping centre in this year.

MAJOR RETAIL INVESTMENT TRANSACTIONS

PROPERTY	INVESTOR	SIZE (sq m)
Korso Karviná	Conseq	13,200
Retail Park Ovčáry	Patria	6,800
Retail Arena Chodov	ZDR Investments	6,400

Prime Yields & Outlook, %



4.0 – 4.25%
HIGH STREET



5.25 – 5.50%
SHOPPING CENTRES



DEFINITIONS

Stock: Total completed stock of modern shopping centres and retail parks with GLA of at least 5,000 sq m, delivered or refurbished since 1992.

New supply: Completed newly built or refurbished shopping centres and retail parks that obtained a use permit in the given period and were opened to the public.

Prime headline rent: Achieved rents in prime shopping centres and high street in units of 50-100 sq m for fashion tenants, achieved rents in retail parks in units of 500-1,000 sq m.

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