

# Retail Market Czech Republic

H2 2023

A regular update of retail market  
in the Czech Republic

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## Overview

### Total Retail Stock



4.0 m sq m

### New Supply H2 2023



32,600 sq m

### Under Construction and Refurbishment



43,500 sq m

### Retail Sales (November 2023)



+0.9%

At the end of 2023, the total lettable retail area exceeded 4.01 million sq m.

More than 32,600 sq m of retail space was completed since the beginning of 2023, all in the second half of the year.

Nearly 43,500 sq m were under construction and refurbishment at the end of 2023. There are also many projects of smaller retail parks with a sales area of up to 5,000 sq m under construction and in preparation.

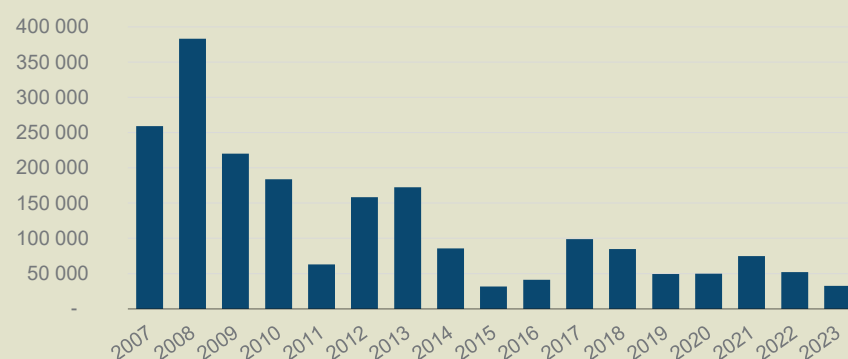
In H2 2023, prime shopping centre rents in Prague remained at the level of €140 per sq m per month. High street prime rents remained also stable around €200 per sq m per month.

In 2023, retail properties were the most asset class, representing 41% of all investment in this period.



## Annual retail supply

sq m



Source: Knight Frank Research

## Retail market saturation in regional cities

sq m per 1,000 inhabitants



Source: Knight Frank Research

## ► RETAIL MARKET OVERVIEW

The purchasing behaviour of shoppers was impacted by elevated inflation. As a result, Czechs began to save and started to search more for cheaper goods and goods on sale. However, in many shopping centres, especially in newly renovated regional centres, turnovers in 2023 exceeded the pre-pandemic values, but much of the growth in sales can also be attributed to rising prices of goods and services. Compared to the same period of the pre-pandemic year, footfall levels decreased. However, there are also such regional centres, where footfall is beginning to reach pre-pandemic values.

According to the Czech Statistical Office, sales in retail trade adjusted for price effects, after falling for eighteen months, recorded a year-on-year growth in November 2023. Sale of non-food goods and automotive fuel contributed to the increase. Retail sales increased by 0.9% year-on-year in real terms, in which non-food goods increased by 1.3%, food decreased by 0.7% and fuel increased by 3.7%.

At the end of 2023, the total lettable retail area exceeded 4.01 million sq m. Since the beginning of 2023, more than 32,600 sq m of retail space has been completed in projects with a sales area of more than 5,000 sq m, all in the second half of the year. The largest completed project was the Retail Park Strakonická in České Budějovice, with 13 retail units and total sales area of 10,400 sq m. It was created through the refurbishment of the existing Albert hypermarket, which was reduced in size to a supermarket, and the construction of additional retail space. Other projects completed in 2023 were Obchodní centrum Hustopeče with 9 retail units, Obchodní centrum Poříčí in Blansko with 15 units and Retail park Úvaly u Prahy with 13 units.

### Newly opened shopping centres and retail parks in H2 2023

| PROPERTY NAME              | TOWN             | AREA (sq m) |
|----------------------------|------------------|-------------|
| Retail Park Strakonická    | České Budějovice | 10,400      |
| Obchodní centrum Poříčí    | Blansko          | 8,000       |
| Obchodní centrum Hustopeče | Hustopeče        | 7,300       |
| Retail Park Úvaly u Prahy  | Úvaly u Prahy    | 5,700       |

At the end of 2023, almost 43,500 sq m were under construction and refurbishment in projects with a sales area of more than five thousand sq m. The only new project under construction was S1 Centre Slaný retail park, which will offer 6,800 sq m of retail sales area in 10 units. There are also many projects of smaller retail parks with a sales area of up to 5,000 sq m under construction and in preparation.

The reconstruction and expansion of the Varyáda shopping centre in Karlovy Vary began in December 2023. Among other things, the centre will be expanded in two phases by an additional 12,500 sq m and will offer more than 100 units when completed, including a new 6-screen Premiere Cinemas multiplex. The Grand Pardubice shopping centre has also been closed for reconstruction. When it reopens, it will offer more than 5,000 sq m of retail space, a Multikino CineStar and new coworking space.

The refurbishment of the Futurum Hradec Králové and the reconstruction of the Máj department store continued, as did the extensive reconstruction of the Nisa Liberec and Central Most shopping centres.

An extensive reconstruction of the Kotva department store is also due to begin in spring 2024.

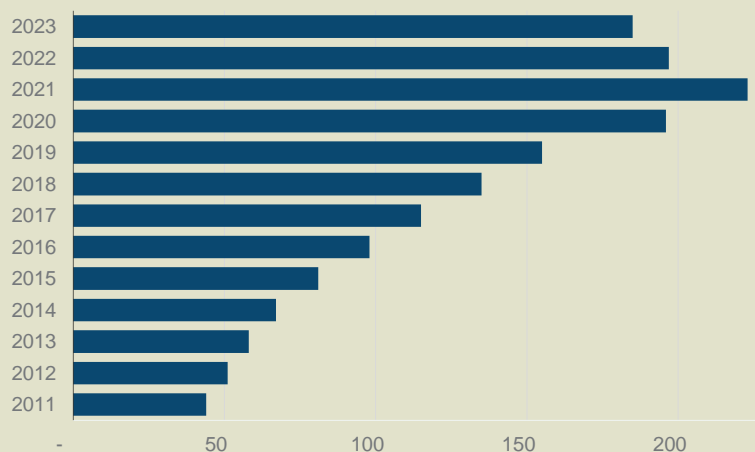
In 2023, retail properties were the most traded type of asset, representing 41% of all investment in this period.

## E-COMMERCE

According to the Association for Electronic Commerce (APEK), Czech e-commerce reached a total turnover of CZK 185 billion in 2023, a decrease of 6% compared to the previous year. In the last quarter of the year, however, e-shops already recorded year-on-year growth. The results, like the rest of the retail sector, were affected by the difficult economic situation. Continued high inflation has increased retailers' operating costs and reduced consumers' willingness to spend. They were more likely to opt for cheaper goods and look for special discounts. APEK expects Czech e-commerce to return to growth in 2024, but not in tens of per cent but in units.

### Czech E-commerce Turnovers

billion CZK



Source: APEK, Heureka.cz



Photo source: pexels.com



## RENTS

In H2 2023, prime shopping centre rents in Prague remained stable, as did the rents on high streets. The rents on Prague's luxury high streets are around €200 per sq m per month, prime shopping centre rents in Prague at around €140 per sq m per month.



### Prime Rents



#### HIGH STREET

200 EUR / sq m / month



#### SHOPPING CENTRES

140 EUR / sq m / month



## MARKET NEWS

- In 2023, nearly 40 new brands entered our market, the highest number of new entries in the last 10 years, with the majority (85%) opening branches in Prague. Among the most significant were Victoria's Secret, Popeyes, Signorvino, Rossopomodoro and Zadig & Voltaire.
- Makro Convenience Czechia, whose partners are Makro ČR and the Metro Group, is launching its own network of Bonveno neighbourhood stores, with the first four Bonveno stores opened as a pilot project in Prague. By the end of 2024, Makro plans to have about 20 of them and the expansion is expected to continue in the following years not only in Prague but also in all regions.
- Another online marketplace, the Turkish marketplace Trendyol, is about to enter the Czech market. It plans to enter the Eastern European market in the first quarter of 2024, starting with Romania, Greece, Hungary and the Czech Republic, and increasing the number of countries in the region in the following period.
- American chain Five Guys, which specialises in burgers, fries, hot dogs and milkshakes, is also planning to enter the domestic market in 2024. The first branch is expected to open in the centre of Prague.

## DEFINITIONS

### **Stock:**

Total completed stock of modern shopping centres, retail parks and outlets above 5,000 sq m of sales area, delivered or refurbished since 1992.

### **New supply:**

Completed newly built or refurbished shopping centres, retail parks and outlets above 5,000 sq m of sales area 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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We are passionate about answering your questions. If you've got one about our research or you would like some property advice, we would love to hear from you.



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