

Expansion of shopping centres has ended

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The major wave of shopping centres expansion has ended in the Czech Republic. Investment will now be directed more to the expansion and modernization of older shopping centres, which will try to maintain their position on the domestic market this way. This follows from the observations of experts at the Retail Summit conference. “We do not expect any construction of new shopping centres (in CR). This is the end to the largest wave of expansion,” said Alexander Rafajlovič, head of market research at Cushman & Wakefield. He added that this year, we can expect only the construction of smaller retail parks and retail areas in city centres.

According to Pavel Klimeš from EMCM, which specializes in management of shopping centres, redevelopment of older commercial complexes has become more important recently. Modernization will mainly involve shopping centres built over six to ten years ago. “Due to competition, which is increasingly tough and efforts to maintain the value and position of these projects, there will be much activity in redevelopment,” Klimeš expects. According to him, redevelopment may help also those shopping centres which are in a worse position due to wrongly set project. It's easier to get tenants into a renovated shopping center, which has a history and customers than into a new project, said he.

According to data by Incoma GfK, about three hundred shopping centres were operating in the Czech Republic in the middle of last year. The most numerous are small shopping centres with leasable area of 5,000 to 19,999 sqm, there were approximately 170 last year. They are followed by small shopping parks, the number of which Incoma GfK estimates to be at roughly 50. The area of commercial complexes, which usually stand on the outskirts of cities, ranges from 5,000 to 9,900 sqm. There were 23 of middle-sized shopping parks with leasable area of 10,000 to 19,000 sqm last year. There are 30 middle-sized traditional shopping centres with the area of 20,000 to 39,999 sqm. There were nine large shopping centres disposing of an area of 40,000 to 79,999 sqm. There are ten large retail parks with an area of over 20,000 sqm so far. The domestic market has four very large shopping centres with an area of over 80,000 sqm, such as Letňany shopping centre in Prague.

Shopping centers have been a phenomenon of local business since the end of the 90's of the last century, when their construction took a quick pace. However, they are now experiencing hard times because about a third of visitors have reduced their spending due to the economic crisis. Many shopping centres recorded a drop in turnover and some lower quality centres had to cope not only with the loss of customers, but also with withdrawal of tenants.

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