

4.17%

Vacancy Rate

YoY
Chg



12-Mo.
Forecast



21,400 sqm

Take-Up Q3 2020



EUR 13-15

Class A Rent per sq m



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2020

- 8.3%

GDP Growth
rate Q3 2020

YoY
Chg



12-Mo.
Forecast



9.3%

Croatia Unemployment
Rate Q2 2020



EUR 891

Average net salary
in Q2 2020



Source: Croatian Bureau of Statistics
YoY Change vs Q2 2019

ECONOMY

After the slow down of economic activity in the first half of 2020, due to the COVID-19 pandemic, the third quarter of 2020 is recording positive macroeconomic developments in Croatia. Following the easing of strict epidemiological measures, domestic demand started to recover as of May 2020, yet the expected decrease in the foreign demand, particularly in tourism revenues, will slow down and prolong the recovery period. As per Croatia National Bank, the decline of GDP in the first three quarters of 2020 was 8.3% in comparison with the same period of 2019, which is better than the previously anticipated. According to the new macroeconomic projections of the CNB, and due to more favourable export results, a somewhat faster recovery is expected compared to the July projection. Thus, in 2020, an annual decline in real GDP of 8.0% is expected (compared to the decline of 9.7% estimated in July) and growth of 5.2% in 2021 (compared to the previously projected 6%).

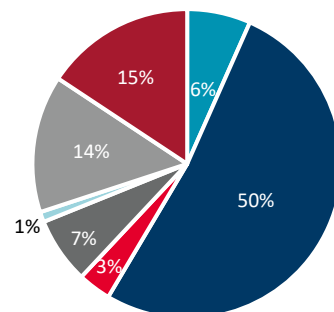
SUPPLY AND DEMAND

The total supply of modern office stock in Zagreb, at the end of Q3 2020 amounts to app. 1.5 million sq m, including Class A and Class B office space. Speculative (leasable) office stock totals approx. 1,050,000 sq m, i.e. over 75% of the total modern office supply in Zagreb. There were no new completions in a previous period. However, the construction works on CITY ISLAND project in Buzin, currently the largest commercial project in Zagreb has commenced, which will be developed in five phases, and the first phase should deliver 15,000 sq m of GLA of office space only. The office market was very active in the previous period, partially compensating for the slow market activity in the second quarter of 2020. The total take-up in Q3 2020, amounts to 21,400 sq m, which was mainly driven by tenant relocations and new leases, with tenants dominantly coming from High-tech sector and IT industry. At the end of Q3 2020, the total year-to-date take-up volume exceeded 36,000 sq m. Such a trend has been constant over the recent period as companies continue to migrate to more flexible and modern office schemes. One of the largest investment transactions in the office market segment, the acquisition of Zagrebtower (25,900 sq m GLA) by S Immo AG, was also recorded in Q3 2020.

RENTS AND VACANCY

The asking rental values of Class A office buildings vary between EUR 13-15/sq m/month, while the asking rents of Class B stock amount to around EUR 10-12/sq m/month. Prime yields for modern office space vary between 7.50 – 7.75%. After a marginal increase of the vacancy rate in Q2 2020, the vacancy rate continued to increase and at the end of Q3 2020 reached the level of 4.17%.

TAKE-UP PER SECTOR OF BUSINESS Q3 2020



- Business Services
- Computers & Hi-Tech
- Professional Services
- Manufacturing & Energy
- Financial
- Public sector
- Consumer Services & Leisure

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