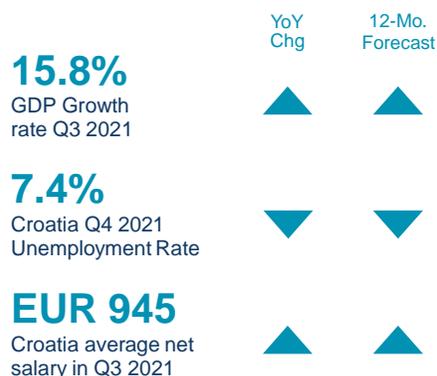


MARKETBEAT ZAGREB

Retail H2 2021



ECONOMIC INDICATORS



Source: Croatian Bureau of Statistics, The Croatian Employment Service

ECONOMY

In the first three quarters of 2021, Croatia's economy continued its recovery from the significant drop in output in 2020. According to the first estimate, published by the Croatia Bureau of Statistics, the quarterly GDP, in the third quarter of 2021, increased in real terms by 15.8% as compared to the same quarter of 2020. This growth was mostly influenced by Wholesale and retail trade, Transportation and storage, as well as Accommodation and food service activities. In addition, the GDP growth was favourably affected by tourist movements, as in the first 11 months of 2021, tourists realised 12.5 million arrivals and 69.6 million overnights, which was 80.7% more arrivals and 71.5% more tourist nights compared to the same period of 2020. According to the Croatia Bureau of Statistics, the volume of construction works in November 2021, as compared to November 2020, increased by 4.5%, the successive increase has been recorded in the field of construction for eighteen months in a row.

SUPPLY AND DEMAND

Zagreb retail market in the second half of 2021 was marked by the opening of the Z Centar, a new generation shopping centre located in the western part of the city of Zagreb in Spansko settlement. The centre that combines two types of retail formats features two buildings, the Shopping centre Sjever, a western-type shopping centre and Retail Park Jug, these two buildings are connected by heated pedestrian square. The entire centre holds 31,000 sq m GLA, and with its opening, the modern total retail stock in Zagreb has reached the level of over 530,000 sq m of GLA, or 672 sq m per 1,000 inhabitants.

The market was also very active in regard to new comers, as with the opening of Z Centar several new brands entered the market including German multibrand Anson's a member of the Peek & Cloppenburg group, which opened its first store in Croatia at more than 1,000 square meters featuring exclusive brands such as Hugo Boss, Boss Black, Tommy Hilfiger, Guess, Polo Ralph Lauren, Joop, Calvin Klein and Tom Tailor. Furthermore, HalfPrice, is a completely new brand on the market launched in early May in Poland, featuring designer clothes and footwear at discounted prices, that opened its store in West Gate shopping centre totalling 2,500 sq m retail space. In the city centre several brands opened their stores including Croatian fashion brand Colewos and Belodora a famous niche perfumery. Also, Teleperformance, a global leader specialized in digital integration of business services and customer support with the concept of trade for a virtual environment, opened its first shop in Avenue Mall.

The increased activity on the retail market is evident throughout Croatia, Plitvice Mall on over 4,000 sq m has been opened in December, also food retailers extended their retail networks by opening new stores Eurospin 8 and Studenac 9 stores. The opening of the retail park in Rovinj and the Stop.Shop in Kastela have been announced for the first half of 2022. In addition, one of the largest transactions in the market took place when Austrian development company Immofinanz acquired 730,000 sq m of development sites, for EUR 80 million, while the retail parks built on them will have a leasable area of more than 190,000 sq m.

RENTS AND VACANCY

In the previous period rents remained stable, while prime yields for high-street locations remained at the level of 7.00%, prime shopping centres at 7.25%, and for retail parks 8.50%.



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