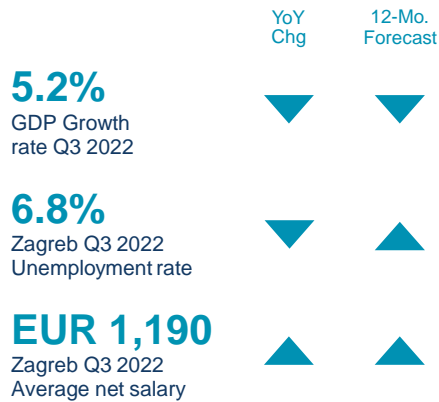




## ECONOMIC INDICATORS



Source: Croatian Bureau of Statistics, The Croatian Employment Service

## ECONOMY

When looking back at 2022 economic developments in Croatia, it is obvious that after a rebound in 2021, real GDP in Croatia continued to strongly increase in the first three quarters of 2022. Furthermore, Croatia's gross domestic product advanced by 5.2% year-on-year in the third quarter of 2022, following 7.7% growth in the second quarter of the year. The country benefited from the reopening of economies after the COVID-19 lockdowns, while the high demand and consumer savings built up during the pandemic boosted tourism, the most important sector of the economy. However, food and energy prices surged as a result of the ongoing conflict in Ukraine and supply chain issues. According to the figures published by the Croatia Bureau of Statistics, in November 2022 compared to October 2022, the prices of goods and services for personal consumption, measured by the consumer price index, increased by 0.9% on average. Compared to November 2021, that is, at the annual level, they increased by 13.5% on average, while on the annual average they increased by 10.1%. However, the government introduced fiscal support schemes to ease the negative economic and social impact of soaring energy prices from April this year. Additionally, as of 1st January 2023, Croatia joined the EU's border free Schengen zone and adopted the euro. This will provide a boost to Croatia's tourism industry, which has a typical contribution to GDP of 25% and accounts for a similar share of employment.

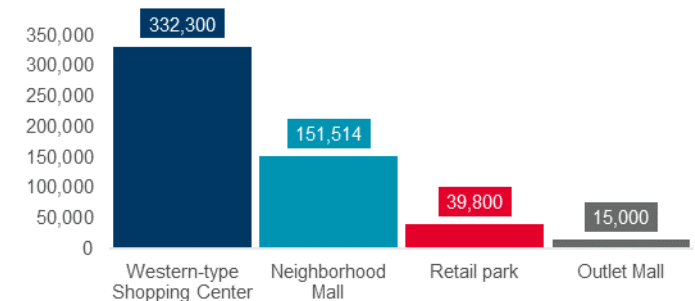
## SUPPLY AND DEMAND

In the second half of 2022, Zagreb retail market was marked by the opening of the Retail Park Branimirova, developed by Osijek-based developer M-Nekretnine, totalling 8,000 sq m. Summarising the entire year, with this latest addition, total retail stock in Zagreb was increased to the level of 538,600 sq m of GLA. In terms of the future offer, Zagreb retail stock will be enriched by completion of two retail parks during 2023, which are currently in development phase, both set for completion in the second half 2023. Throughout the previous year, the most active of all retail sectors was the retail park segment, and that trend is expected to continue in the forthcoming period. Namely, local developer Sopnica gradnje is developing Retail Park Sopnica, totalling 14,300 sq m of GLA, which completion is planned in Q1 2023, while local company Fero-term is now in preparation phase of construction of FT retail park totalling 10,000 sq m of GLA, in Jankomir settlement.

In 2022, the increased activity on the retail market is evident throughout Croatia too, Immofinanz has opened several new STOP SHOP retail parks in Kastela, Velika Gorica and Gospić, as well as extension of the existing STOP SHOP retail park in Ludbreg. Additionally, BMP Asset opened Hey Park Zadar on 6,400 sq m in December this year, Tommy d.o.o. developed Spot Shopping Park on 11,000 sq m in Trogir, while cities of Rovinj and Jaska have also witnessed the opening of retail parks, enlarging Croatia retail stock by additional 63,000 sq m of new retail space in 2022. Thus, Croatia's modern retail supply accounts for over 1,5 million sq m of GLA at the end of 2022.

The pandemic era has led to certain changes in consumer behaviour across the globe and emerging trends included the development of online grocery platforms, increasing demand for click & collect, while retailers started to use different omnichannel models, selling on the social platforms, launching an online store, etc. Customer experience became essential and landlords are trying to follow the global trends and improve offer by providing additional benefits to the consumers, especially in food and beverage and entertainment segment. Additionally, operators such as Wolt, Glovo and Bolt are constantly expanding their offer, from F&B to home decor and DIY categories, while 2022 saw the opening of their first ship-from-store concept stores.

## ZAGREB RETAIL STOCK, PER TYPES OF RETAIL FORMAT



Regarding new-comers on Zagreb retail market, during 2022, several new brands entered the market, including Equivalenza, the largest Spanish cosmetic brand that opened its first store in Zagreb high-street zone in the first half of the year, as well as Canadian shoe brand Aldo that opened its first outlet store in the second half of the year. Additionally, sporting goods retailer Snipes entered Croatian retail market by acquiring another sporting goods retailer Shooster and all of its 18 shops countrywide. Also, well known Czech owned sports retail chain Sportisimo recently started operating on the Croatian market first by launching its web shop, and then with the opening of its first store in the retail park STOP SHOP Gospic. Furthermore, there is a notable trend of existing food retailers expanding their franchise networks, these include Koykan, Tunaholic and Fish Delish. Moreover, several acquisitions took place on the market i.e., Pet Network International, the market leader specialized in pet food and accessories for pets, has acquired Zoo Group Stefanov and Zvjerinjak, two leading omnichannel retail chains based in Bulgaria and Croatia.

## RENTS AND YIELDS

The leading Zagreb shopping centres maintain a rather stable level of rents during 2022, ranging between EUR 30-45/sq m/month. Prime yields for retail properties in Zagreb also remained at the similar level, i.e., 7.25% for modern shopping centres and 8.00-8.50% for retail parks, while the prime yields for high-street locations stayed at the level of 7.00%.

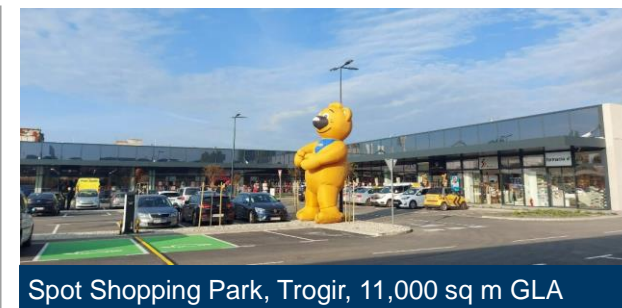
## CONSTRUCTION COMPLETIONS IN ZAGREB AND CROATIA 2022

PROPERTY	SUBMARKET	TYPE OF SCHEME	SQ M GLA	DEVELOPER
Spot Shopping Park	Trogir	Retail Park	11,000	Tommy d.o.o.
STOP SHOP Kaštel Šućurac	Kastel Sucurac	Retail Park	7,000	Immofinanz
Retail Park Rovinj	Rovinj	Retail Park	6,000	Inceptum Sport d.o.o. & Maverick wealth management
Jaska Park	Jastrebarsko	Retail Park	4,660	RIMC doo
STOP SHOP Velika Gorica	Velika Gorica	Retail Park	8,500	Immofinanz
Retail Park Branimirova	Zagreb	Retail Park	8,000	M-Nekretnine
STOP SHOP Gospic	Gospic	Retail Park	8,300	Immofinanz
Hey Park Zadar	Zadar	Retail Park	6,400	BMP Asset
STOP SHOP Ludbreg, 2 <sup>nd</sup> phase	Ludbreg	Retail Park	3,085	Immofinanz

## KEY PIPELINE PROJECTS IN ZAGREB

PROPERTY	SUBMARKET	TYPE OF SCHEME	DEVELOPER	SQ M GLA	COMPLETION DATE
Retail Park Sopnica	Zagreb/Sesvete	Retail Park	Sopnica gradnje	14,300	Q1 2023
FT Park	Zagreb/Jankomir	Retail Park	Fero-term doo	10,000	Q3 2023

Source: CBS International, part of Cushman & Wakefield Group



Spot Shopping Park, Trogir, 11,000 sq m GLA

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