

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
2,38%	▲	▲
Overall Vacancy Rate		
5,600	▼	▲
Total Leasing Activity, sqm		
€18.50	▲	▲
Prime Asking Rent		

(Overall, All Property Classes)

ECONOMIC INDICATORS

3.8%	▲	—
GDP Growth Rate Q4 2024		
2.2%	▲	▲
Zagreb Unemployment Rate Q4 2024		
€1,564	▲	▲
Zagreb Average Net Salary Q1 2025		

(Overall, All Property Classes)
Source: Croatian Bureau of Statistics

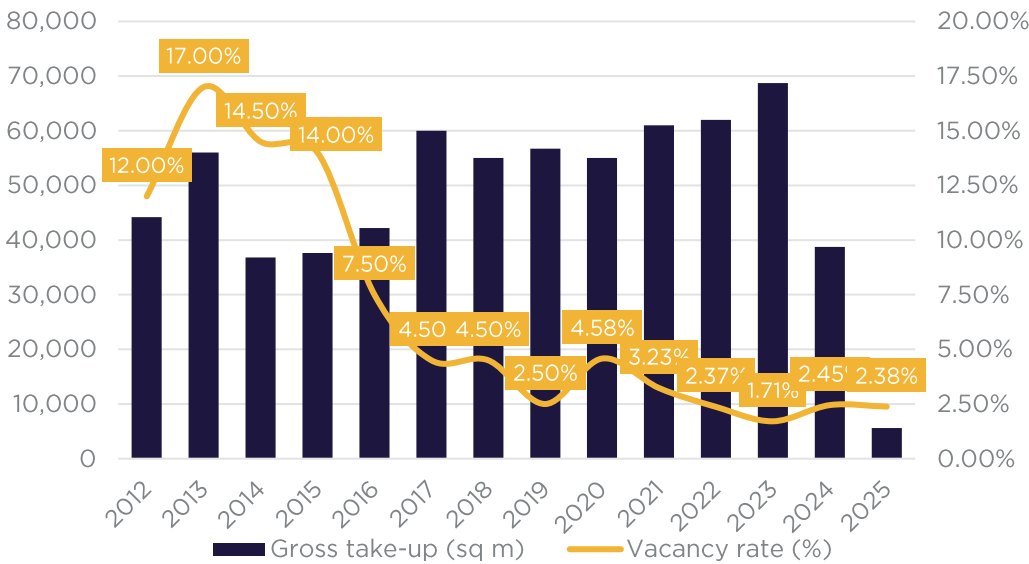
ECONOMY

Croatia maintained stable economic activity throughout Q1 2025. Following strong growth of 3.8% in 2024, the economy is expected to expand at a slightly slower pace, with an average real GDP growth rate of around 3.0% in 2025 and 2026. Growth continues to be supported by robust domestic demand, solid labor market performance, and investment activity. Employment is projected to rise by 2.5% in 2025, while the unemployment rate is expected to fall to 4.7%. Wage growth remains strong but is moderating, with nominal wages expected to increase by 8.5% in 2025. Inflation, measured by the HICP, is expected to ease from 4.0% in 2024 to 3.7% in 2025 and further to 2.6% in 2026. Despite external challenges and a deterioration in the external balance, Croatia’s economy remains on a stable growth path, driven by domestic resilience and a gradual easing of inflationary pressures.

SUPPLY

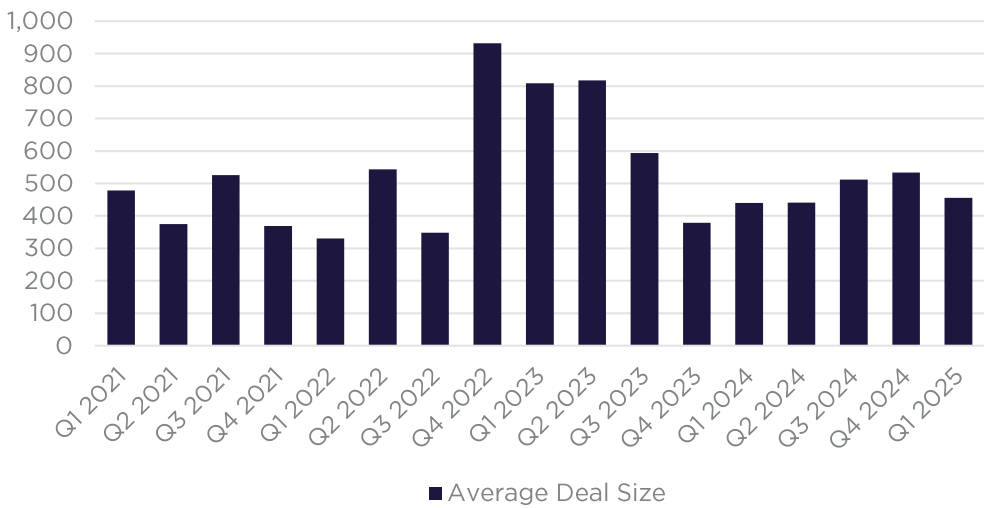
Zagreb’s office market is entering a new investment cycle, marked by a wave of strategically positioned developments that reflect growing demand for high-quality, sustainable workspace. With developers increasingly focusing on ESG-compliant design and modern tenant requirements, several notable projects are reshaping the city’s future supply landscape. Key developments include Park Avenue on Radnička Street, the VMD Tower on Heinzelova Street (expected completion Q1 2027), the Avenue V mixed-use project on Strojarska-Vukovarska Street (expected delivery in autumn 2026), the Museum Residences in Novi Zagreb (expected Q2 2025), the mixed-use Project Špansko in Business District West, Matrix D, the fourth building in the GTC complex (expected completion Q1 2026), and the Pemo Business Arena office project in Novi Zagreb – Lanište (scheduled to open in Q1 2026). Additionally, the City Island Phase 3 project in Buzin, spanning 25,000 sq m, is currently in the preparation phase. The total pipeline under construction or in preparation confirms a steady growth trajectory, with more than 53% of new supply being concentrated in the CBD area, underscoring the area’s continued dominance and attractiveness compared to other city zones.

TAKE UP/ VACANCY RATES



Source: CBS International, part of Cushman & Wakefield Group

AVERAGE DEAL SIZE



Source: CBS International, part of Cushman & Wakefield Group

As of Q1 2025, the total modern office stock remains at 1.575 million sq m GLA, encompassing both Class A and Class B properties. Of this, 1.116 million sq m (71%) is categorized as speculative/leasable stock, while approximately 660,000 sq m (42%) is situated within the Central Business District (CBD), reaffirming its role as the city’s prime commercial zone.

DEMAND

Market activity in Q1 2025 was moderate, with total take-up reaching 5,600 sq m, 61% of which was concentrated in the CBD zone. Compared to the same quarter last year (Q1 2024 take-up: 10,476 sq m), the lower volume reflects a temporary slowdown driven mainly by the limited availability of new prime projects. However, with the development of new projects in the following two quarters, a positive trend is expected to continue, supported by increased market activity and greater availability of high-quality space.

The average deal size across Zagreb’s office market has demonstrated notable fluctuations over the past three years, reflecting broader market dynamics and shifts in tenant behavior, peaking in Q4 2022 due to large-scale corporate leases and relocations of public institutions driven by post-earthquake reconstruction. As of Q1 2025, the recorded average deal size stands at 455 sq m. Overall, the trend suggests a rebalancing of demand, marked by a stronger presence of SMEs and evolving workplace preferences that continue to shape deal structures.

From a sectoral perspective, the ICT sector was the leading driver of demand, accounting for 33% of take-up, followed by manufacturing at 27%, and business services at 21%. These three sectors continue to dominate tenant activity, maintaining stable demand for both new and existing premises.

PRICING

Rental levels showed a stable to slightly upward trend during Q1 2025, with prime asking rents maintaining their level in the range of EUR 17.00–18.50 per sq m per month. For Class A office buildings, asking rents ranged between EUR 15.00 and 16.50 per sq m, while Class B office space achieved rents of EUR 13.00 to 14.50 per sq m. Prime yields for moder office space remained stable at around 7,25%.

VACANCY

During Q1 2025, the overall vacancy rate in Zagreb’s modern office market decreased slightly to 2.38%, down from 2.45% recorded in Q4 2024. The vacancy rate for Class A office buildings stood at 3.10%. The total available office space at the end of the quarter was approximately 37,500 sq m. The slight reduction in vacancy reflects a healthy absorption rate, especially for newly delivered stock, supported by stable tenant demand primarily in the CBD.

OUTLOOK

- Despite a slower start to 2025 in terms of overall take-up volumes, the Zagreb office market remains fundamentally strong. The expected delivery of several major projects over the next two years will provide new high-quality supply and is likely to stimulate leasing activity.
- Prime rents are expected to maintain their upward trajectory as demand remains focused on the most attractive, ESG-compliant buildings. In contrast, older Class A stock faces increasing competitive pressure, highlighting the importance of refurbishment and modernization initiatives.
- Overall, the market outlook for 2025 remains positive, supported by a strong development pipeline, tenant demand for quality spaces, and stable macroeconomic fundamentals.

TAMARA KOSTADINOVIC
Partner, Regional Head of Market Research
Mob: +381 64 70 10 880
tamara.kostadinovic@cw-cbs.hr

IVAN MIHALJEVIC
Head of Office Agency
Mob: +385 99 5837 691
ivan.mihaljevic@cw-cbs.hr

CBS INTERNATIONAL / CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

CBS International, part of Cushman & Wakefield Group (www.cw-cbs.hr)
Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield (“CWK”). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.
Nothing in this report should be construed as an indicator of the future performance of CWK’s securities.
You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein