

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
2,63%	▲	▲
Overall Vacancy Rate		
15,137	▲	▲
Total Leasing Activity, sqm		
€18.50	▲	▲
Prime Asking Rent		

(Overall, All Property Classes)

ECONOMIC INDICATORS

2,9.%	▲	▬
GDP Growth Rate Q1 2025		
2.1%	▲	▲
Zagreb Unemployment Rate Q2 2025		
€1,677	▲	▲
Zagreb Average Net Salary Q2 2025		

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

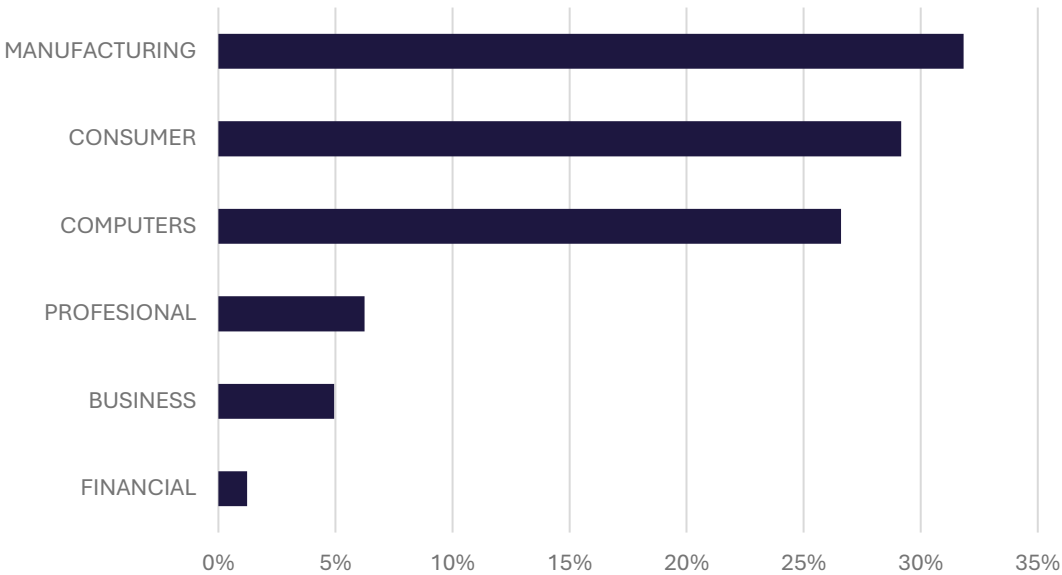
ECONOMY

Croatia maintained stable economic activity throughout H1 2025. Following strong growth of 3.9% in 2024, the economy is expected to expand at a slightly slower pace, with an average real GDP growth rate of 3.3% in 2025 and 2.9% in 2026. The labor market remains strong, with employment projected to rise by 2.8% in 2025, while the unemployment rate is expected to fall below 5%. Wage growth remains strong but is gradually slowing down, with nominal wages expected to increase by 6.5% in 2025. Inflationary pressures continue to ease, with HICP inflation expected to decline from 4.0% in 2024 to 3.6% in 2025 and towards 2.6% in 2026, driven by stabilizing energy and food prices. However, core inflation remains persistent due to strong services demand and wage growth. Despite the external balance having seen a moderate decline as a result of softening global demand and import growth linked to domestic investment, Croatia’s economy remains on a stable growth trajectory.

SUPPLY

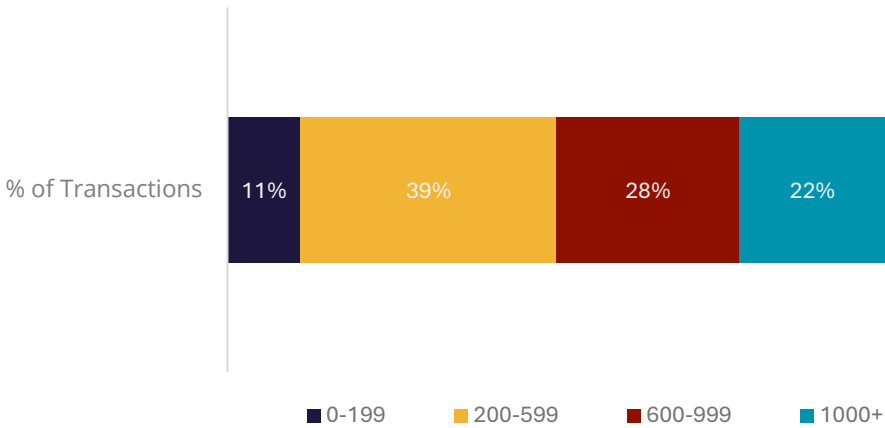
Zagreb office market continued to show stable momentum in Q2 2025, supported by new deliveries and active development across the city. Following two years of reconstruction, the reopening of the Cibona Tower in the Business District West added 8,000 sq m of modern office space, enhancing the quality of the existing stock and diversifying the offering outside the CBD. The total modern office stock in Zagreb reached 1.584 million sq m GLA, including both Class A and Class B office schemes, with 1.125 million sq m (71%) of speculative stock. Development activity remained robust, and is expected to increase the market supply for 8%. Ongoing projects including Park Avenue on Radnička Street, the VMD Tower on Heinzelova Street, the Avenue V mixed-use project on Strojarska-Vukovarska Street, the Museum Residences in Novi Zagreb, the mixed-use Project Špansko in Business District West, Matrix D as the fourth building in the GTC complex, and the Pemo Business Arena office project in Novi Zagreb are all under construction. In addition to the ongoing developments, the newly announced Paromlin project in the CBD zone, with 15,000 sq m, is under construction and scheduled for completion by the end of 2026.

TAKE UP BY SECTOR



Source: CBS International, part of Cushman & Wakefield Group

TAKE UP STRUCTURE BY SIZE (SQ M)



Source: CBS International, part of Cushman & Wakefield Group

DEMAND

The second quarter of 2025 recorded a solid performance in the office market, with total take-up amounting to 15,137 sq m. This represents a year-on-year increase of more than 50%, reflecting a notable rebound in occupier demand and a renewed momentum in leasing activity across the market. Cumulatively, take-up in H1 2025 amounted to 20,737 sq m. The average deal size in Q2 2025 was recorded at 764 sq m, indicating ongoing demand from both larger occupiers and SMEs seeking flexible office solutions.

The ICT sector, which for years was the main driver of demand for office space, has not maintained the leading position in the tenant structure for several consecutive quarters.

From a sectoral perspective, the manufacturing sector led leasing activity with a 32% share of total take-up, followed by the consumer sector at 29%, and the ICT and computer-related sectors at 27%. This indicates a consistent interest from industries with stable operational needs and active expansion plans, particularly in manufacturing and consumer goods. The current composition highlights a diversification of demand and a reduced dependency on ICT as the sole driver of office space absorption.

PRICING

Rental levels in Q2 2025 remained stable, with prime asking rents across the market ranging between 17.00 and 18.50 per sq m. Class A office rents stood between EUR 15.00 and 16.50 per sq m, while Class B office space maintained rental levels in the range of EUR 13.00 – 14.50 per sq m per month. The stability in rental values reflects a healthy balance between available supply and tenant demand across key segments of the market. At the same time, newly delivered or upcoming prime projects are achieving higher asking rents of EUR 19.00 to 21.00 per sq m, supported by premium locations, high technical specifications, energy-efficient design, and full alignment with ESG standards. Prime yields for modern office space remained stable at around 7.25%.

VACANCY

At the end of Q2 2025, the overall vacancy rate in Zagreb’s modern office market stood at 2.63%, with total available office space amounting to 41,670 sq m at the end of the quarter, reflecting a slight uptick in comparison to previous quarters due to the addition of new supply. The vacancy rate within Class A office buildings was 3.11%. The market continues to demonstrate strong absorption, with a very stable interest recorded for all new high-quality deliveries, underpinned by steady tenant demand.

OUTLOOK

- The Zagreb office market is expected to remain stable in the coming quarters, supported by a steady pipeline of modern developments and sustained demand for quality workspace as more companies adopt toward flexible, well-located, and ESG-compliant office solutions that support collaboration and employee retention.
- While traditional office demand remains consistent, there is growing interest in coworking and flexible lease options, particularly among SMEs and international firms entering the market. This evolving dynamic is likely to further shape tenant preferences and influence future development strategies across the city.

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