

ZAGREB OFFICE MARKET

Q1 2020

Croatian real estate market entered 2020 with a continued growth in business activities that began at the end of 2015. Demand for office space in Zagreb property market continued to grow, completed projects increased the overall supply, while strong absorption kept the rate of vacant space at historically low levels. CBD remained in focus as the most active business zone in terms of new office space lease and lease transactions.

The first quarter of this year, as well as future changes in the market, will certainly be marked by the outbreak of coronavirus in Croatia with the end of February and the restrictive measures that followed. Stronger demand for office space in late March was caused by the earthquake in Zagreb, which forced certain companies with offices in the city center, mostly located in older buildings, to move to newer office spaces.

It is expected that activities in the office market will be increasing along with relaxation of restrictive measures caused by coronavirus, and that the relocation process will take longer than usual.

OFFICE STOCK AND DEVELOPMENT ACTIVITY

1,500,000 sq m GLA

Zagreb's Existing Modern Office Stock, including Class A and Class B office schemes

1,066,000 sq m GLA (71% of total stock)

Speculative/leasable office stock

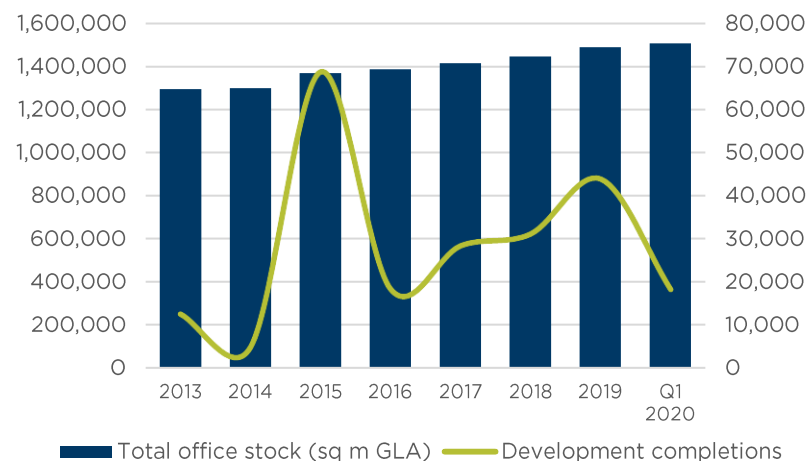
660,000 sq m GLA (44% of total stock)

Class A and Class B office space located in Central Business District area

26,500 sq m GLA

Projects under construction

In terms of the new deliveries, GTC has completed the second building within Matrix Business Park, while a mixed-use project Euro Daus was delivered by Agram TIS



TAKE UP AND DEMAND STRUCTURE

10,400 sq m

Total take-up in Q1 2020

- The biggest demand driver in the office segment is still the IT sector with a share of 54%, followed by the industries related to business consulting and financial services with a 26% share
- 50% of total leasing activity in Q1 2020 was registered in CBD
- 530 sq m - an average deal size in Q1 2020

VACANCY RATE AND RENTAL LEVELS

2.94%

Vacancy rate at the end of Q1 2020

- 4.37% Class A overall vacancy in Zagreb
- 24,800 sq m available in Class A in Zagreb

EUR 13-15/sq m
Class A asking rents

EUR 10-12/sq m
Class B asking rents

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