



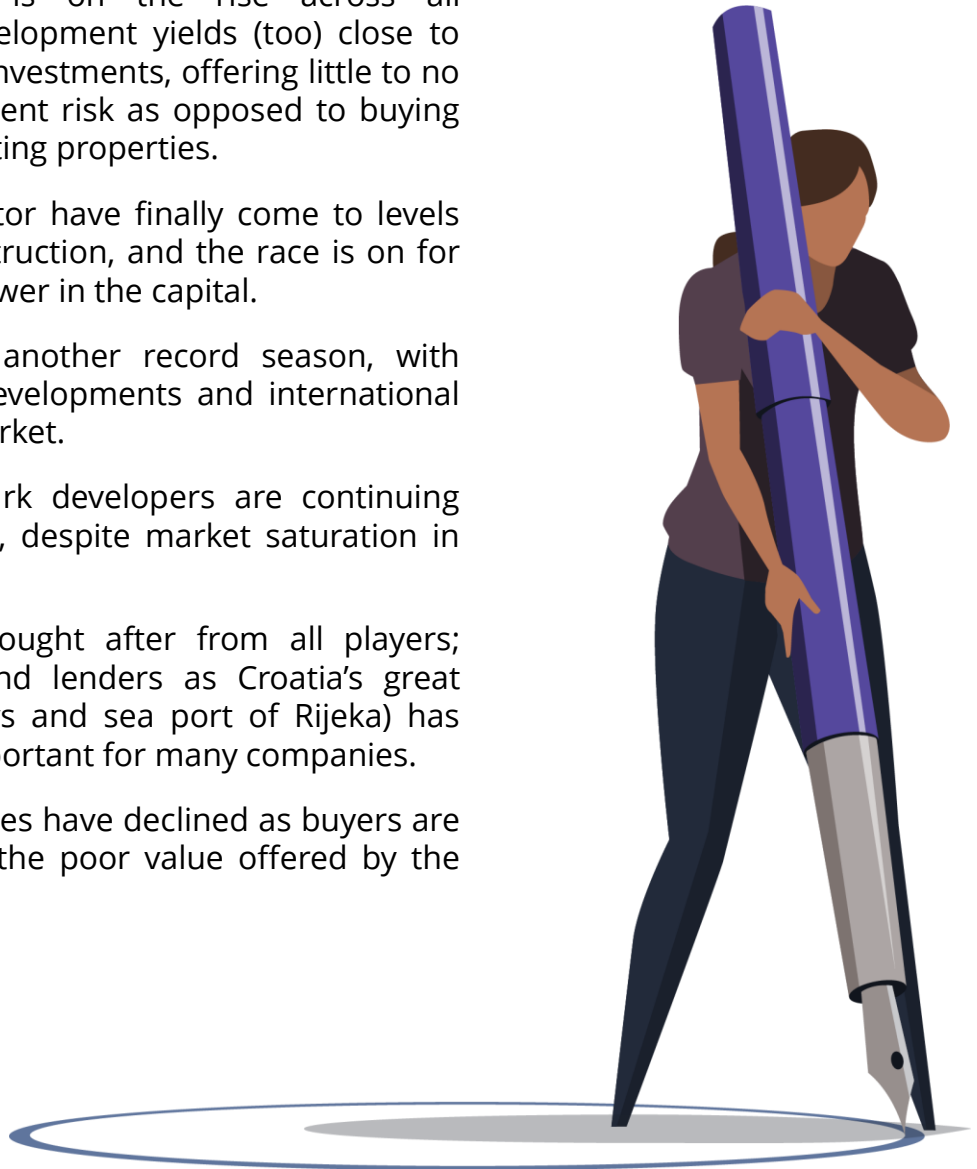
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## Key Trends

- Development activity is on the rise across all segments, despite development yields (too) close to yields in standing CRE investments, offering little to no premium for development risk as opposed to buying existing income generating properties.
- Rents in the office sector have finally come to levels which justify new construction, and the race is on for the new tallest office tower in the capital.
- HTL sector is seeing another record season, with several new notable developments and international brands entering the market.
- Retailers and retail park developers are continuing with further expansion, despite market saturation in several cities.
- I&L sector is highly sought after from all players; investors, occupiers and lenders as Croatia's great infrastructure (highways and sea port of Rijeka) has proved strategically important for many companies.
- Residential property sales have declined as buyers are less willing to pay for the poor value offered by the current supply.



## Country stats

2.9%

GDP growth  
Q1/25, YoY

3.3%

Forecasted GDP  
real growth  
in 2025, YoY

3.8%

Unemployment  
rate, 6/2025

3.7%

Inflation rate YoY,  
6/2025

3.9M

Population

## Economic Overview

**GDP growth moderated to 2.9% YoY** in Q1 2025 from 3.9% in Q4 2024, marking the 17th consecutive quarter of economic growth. Economic expansion has been driven mostly by robust private consumption.

Private consumption in 2024 was supported by wage increases for public sector workplaces and increase in the minimum wage to €970 gross monthly (15% increase). **Private consumption slowed down in Q1 2025** to 1.7% YoY compared to 5.8% annual average in 2024.

The **annual average CPI inflation rate was 4.0%** in 2024, down from 8.4% in 2023. Croatian National Bank projects further inflation slowdown to 3.6% in 2025 and 2.6% in 2026.

10-year government bond yield was around 3.15% in June 2025, slightly lower compared to 3.28% annual average in 2024. CDS spread to 10-year German bond is at its lowest value of around 50.

Croatia's **total bank capital ratio stood at 24.2% in Q1 2025** (up from 23.9% in 2024), placing it above the European Union average and ensuring a stable, recession-resistant banking system. The share of Non-performing loans ("NPLs") stood at 2.5% in Q1 2025.

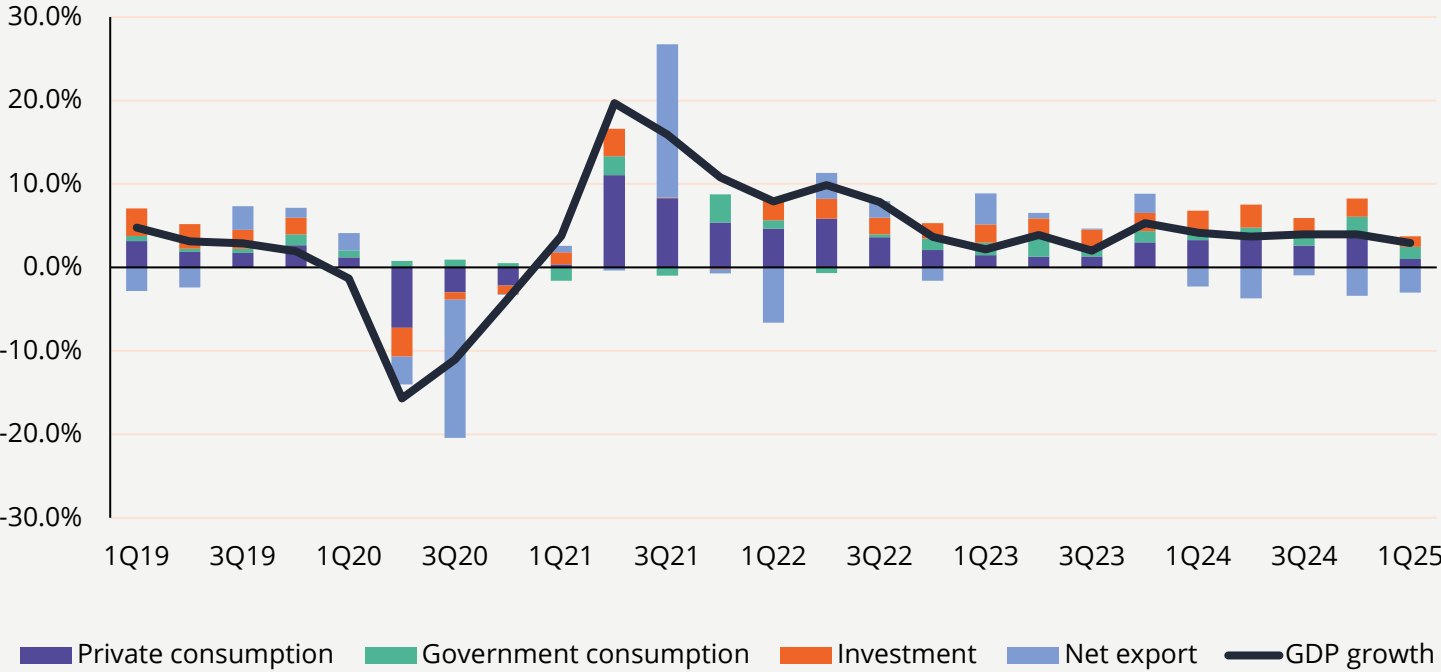
**Financing conditions have generally improved** in H1 2025, with interest rates for all important loan types decreasing on annual level.

The European Commission has proposed **€16.8 billion budget** for Croatia under the next 7-year European Union budget, from 2028 to 2034, up from approx. €15 billion in current Multiannual Financial Framework (MFF). EU funds boosted economic growth but contributed to the growth of construction costs by focusing on infrastructure and public assets (re)development.

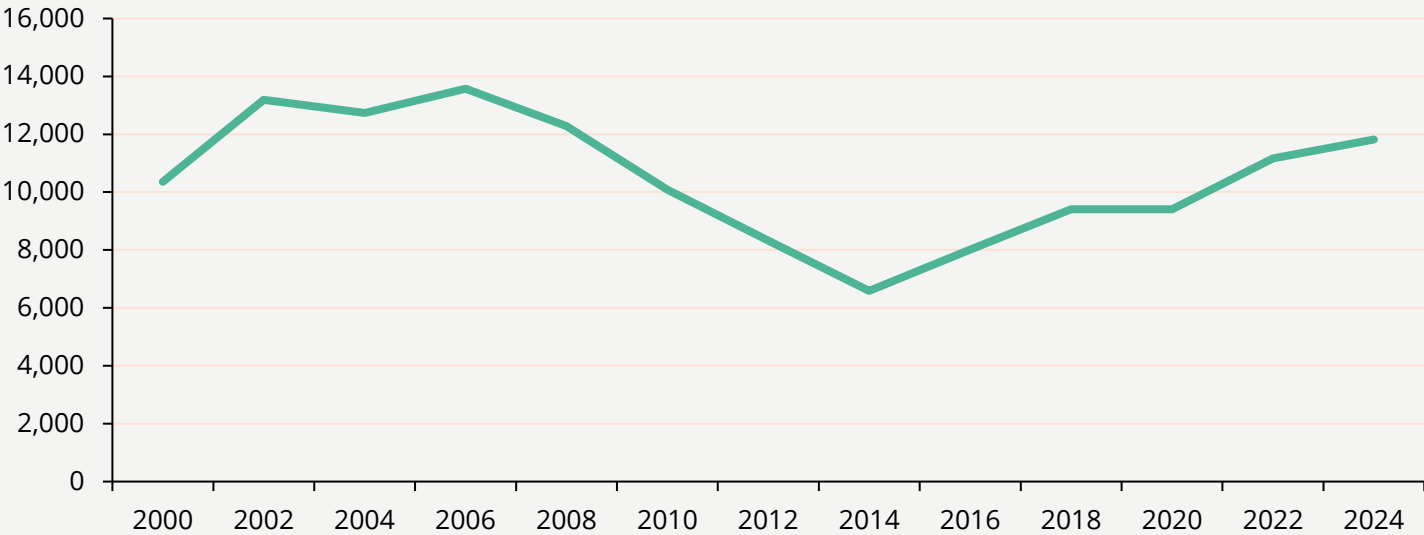
Top three investment barriers remain red tape, slow judiciary and availability of skilled staff.



GDP growth components



Number of issued building permits



## Zagreb stats

1.6M

Existing office  
stock m<sup>2</sup>

100K

Under  
construction m<sup>2</sup>

150K

Pipeline m<sup>2</sup>  
2026-2029

&lt;2.50%

Average vacancy  
rate+€16/m<sup>2</sup>Average monthly  
Class A rent

## Office Market

New development cycle has finally started in Zagreb office market. The **race for the new tallest office tower** in town is on. Projects under construction include approx. 60% build to rent schemes, 20% build to own/owner-occupation schemes and the rest is intended for a piecemeal sale.

A **new reclassification of the existing stock will be necessary** over the next 1-2 years, as the new supply comes to the market. As a result, certain existing Class A and B buildings may be reclassified as Class B and C, respectively.

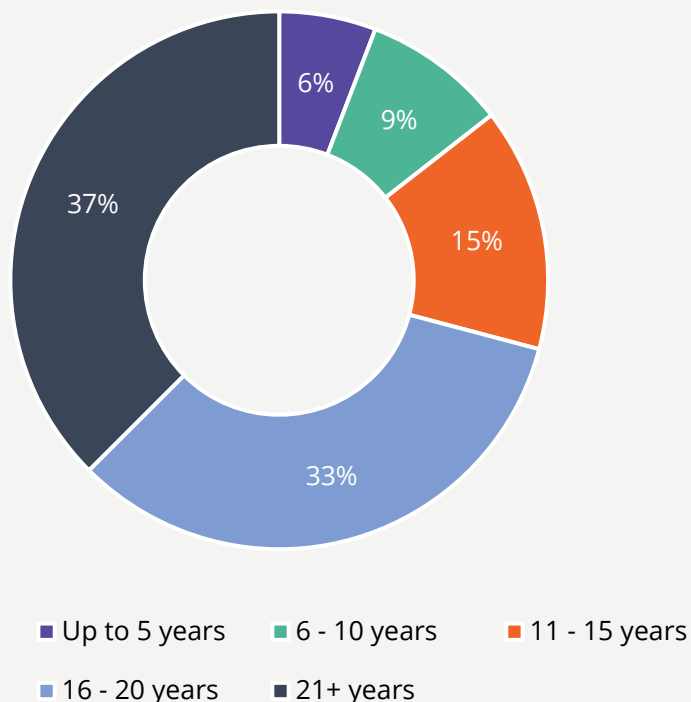
**Demand is robust**, coming from various tenant type and sizes as expansion, relocation or sublease. Demand peak which was driven by public institutions and faculties due to earthquake reconstruction activity in the downtown Zagreb has passed. That said, many **companies have postponed relocations in the last few years** as the market lacked modern supply in CBD area (around Vukovarska, Savska, Heinzelova and northern part of Radnička). A trend of subleasing in the ICT sector has emerged due to downsizing of some of the companies.

The **vacancy rate** in Zagreb is **at a historical low below 2.5%**, while in the rest of the country, it remains in the single digits for Class A buildings. The scarcity of office space has resulted in increased asking rental rates for new leases.

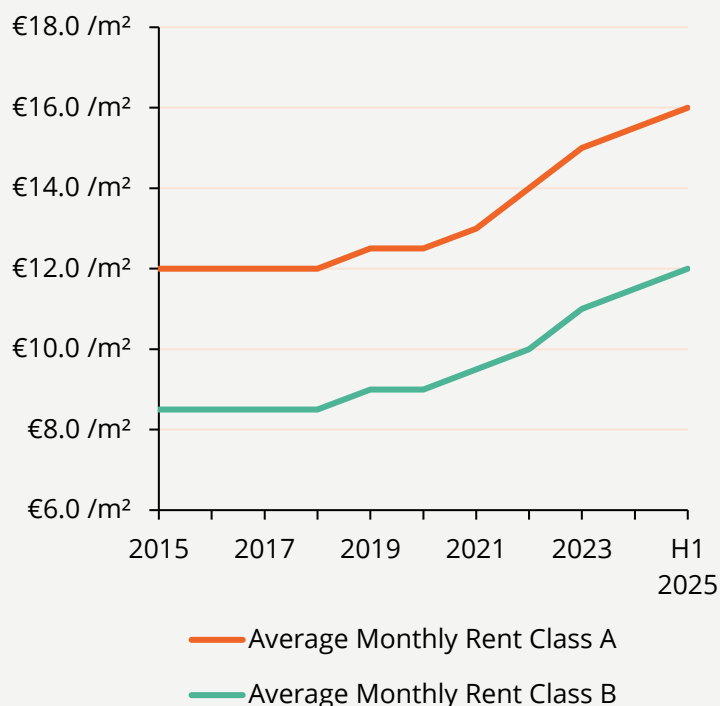
Completion of buildings in CBD might increase the average market vacancy rate by a few percentage points. New supply will also create downward pressure on the rental rates in Class B buildings.



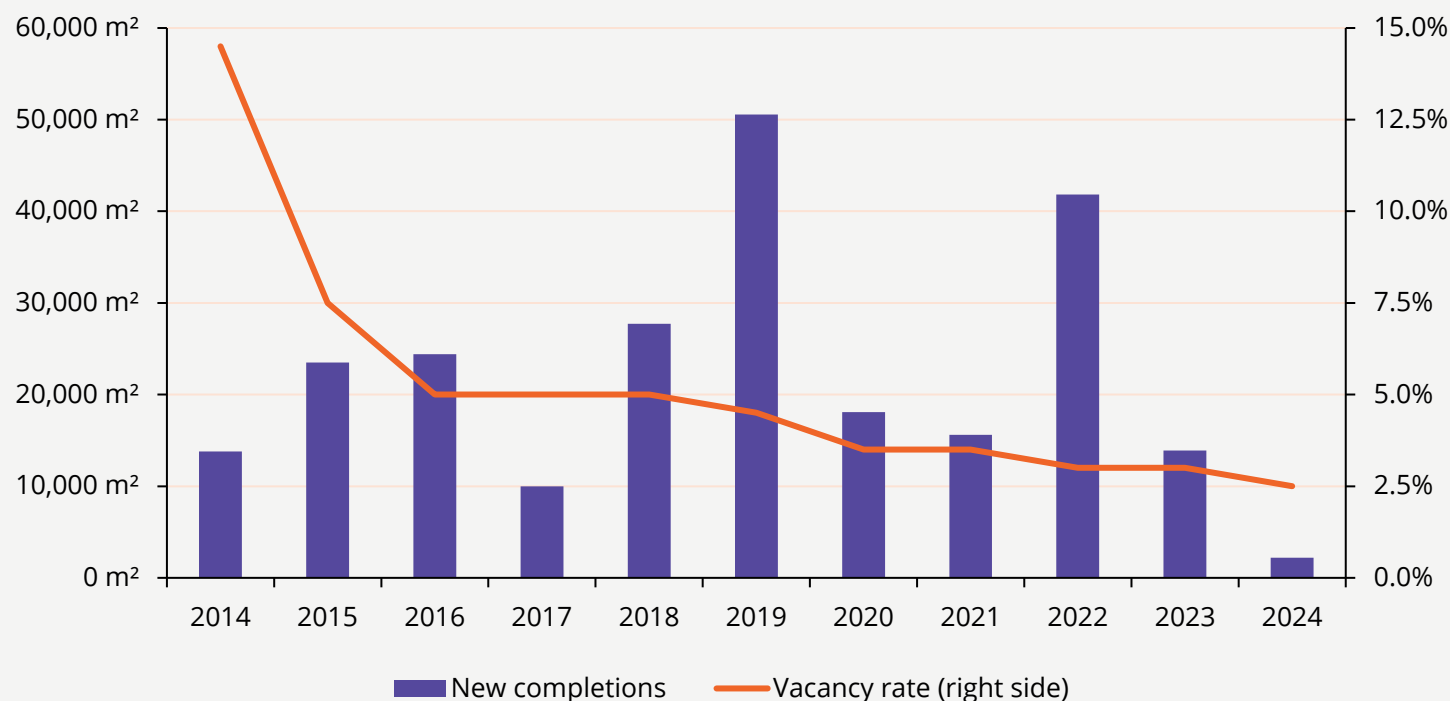
## Office surface by age of building



## Office headline rent €/m<sup>2</sup> per class



## Office completions and vacancy rate



## Country stats

## Retail Market

1.7M

Malls and retail  
parks stock, m<sup>2</sup>

240K

Pipeline, m<sup>2</sup>  
2026 - 2029

&lt;3%

Average vacancy  
rate

The Croatian retail market exceeds 1.75 million m<sup>2</sup> of modern retail stock — 65% of which is in shopping malls, with the remainder in retail parks and outlet centers.

The pipeline remains active, with over 240,000 m<sup>2</sup> of predominantly retail park developments planned over the next 2–4 years. Around two-thirds of this pipeline will be delivered as **Hey Parks** (BMP Asset) and **Stop Shop concepts** (CPI Property Group). The planned growth represents a 15% increase in total stock, evenly distributed across counties and focused on secondary and tertiary cities.

In absolute terms, the City of Zagreb leads the market with a 28% share, followed by Split-Dalmatia County at 14%.

In recent years, rising consumer spending has fueled the rapid expansion of the retail sector. However, **signs of a consumption growth slowdown** have emerged, and some cities are seeing **saturation** with retail formats. In addition, high inflation continued to put pressure on household budgets, with consumers increasingly struggling to keep up with rising prices.

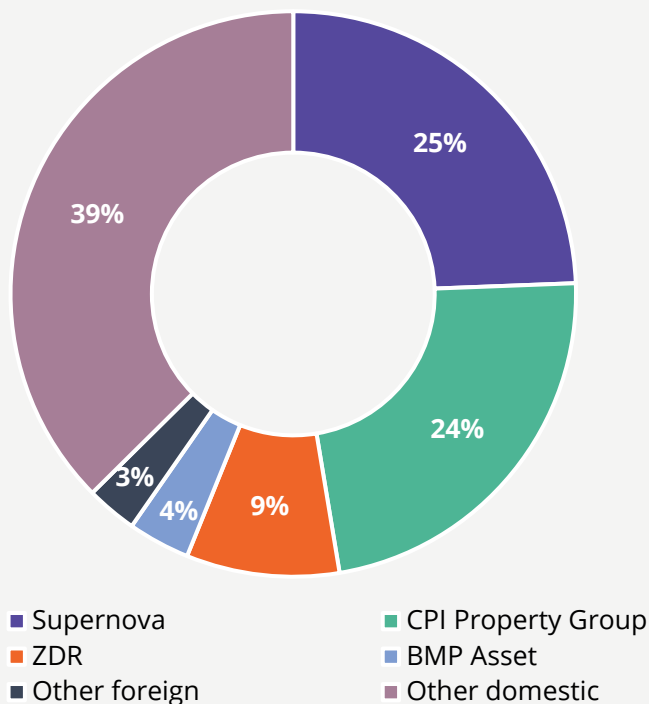
Among the new retailers entering the market, Dutch discount retailer **Action** — recognized as the fastest-growing non-food discounter in Europe, has officially announced its entry into the Croatian market.



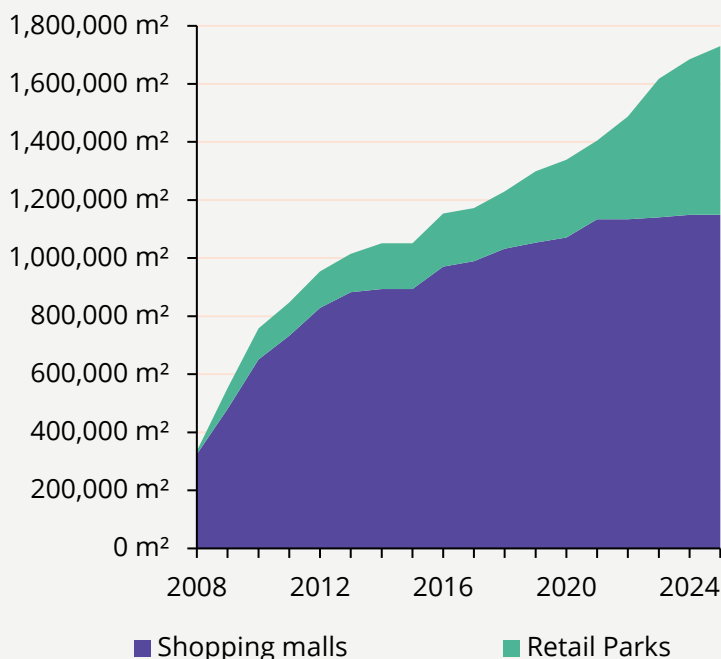


## Retail Parks - Ownership

Share per surface

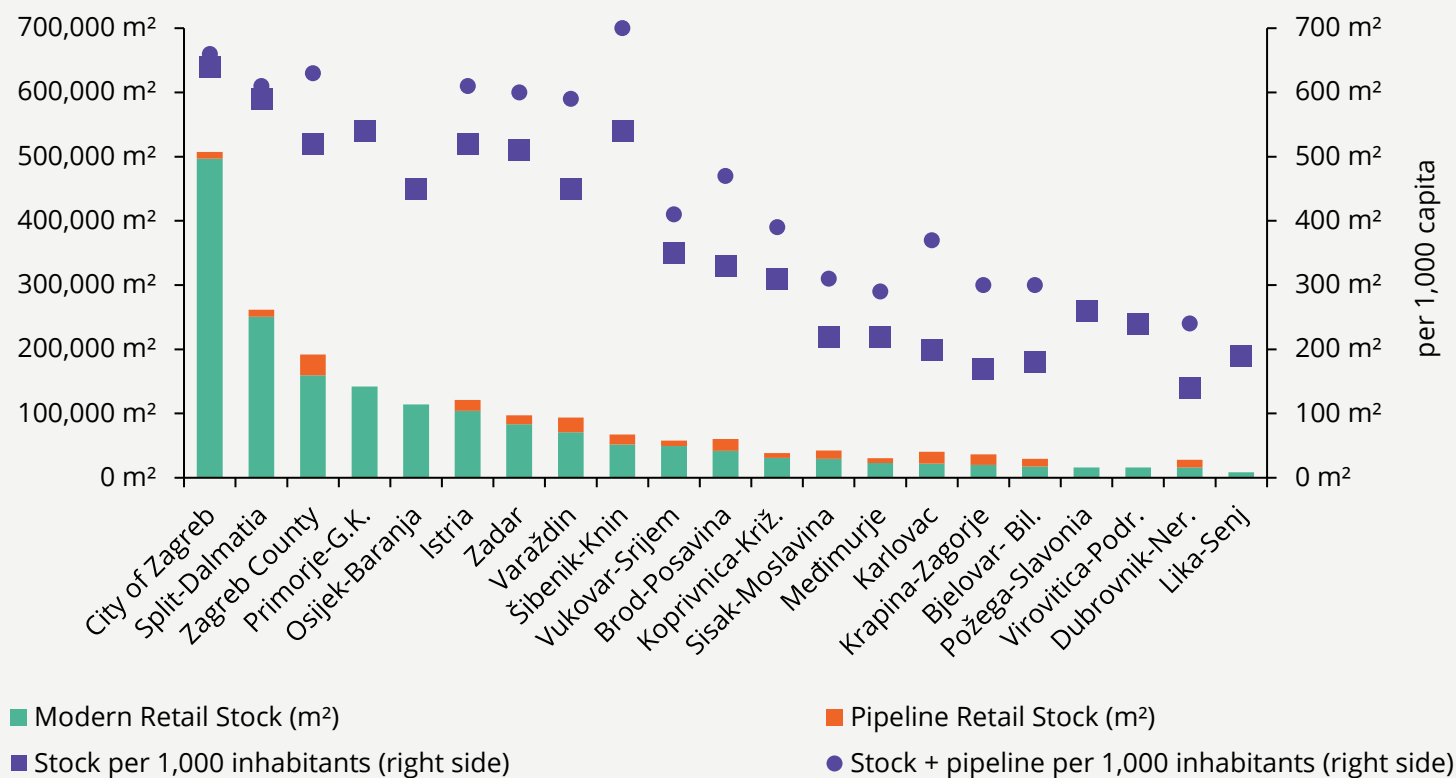


## Modern Retail Stock in Croatia



## Modern retail stock and density per capita

City of Zagreb and 20 counties



## Key stats

1.9M

Stock in Zagreb and  
surroundings, m<sup>2</sup>

3.5M

Total stock in  
Croatia, m<sup>2</sup>

+500k

Pipeline, m<sup>2</sup>  
2025 – 2028, Croatia

€6.75

Prime headline rent  
/m<sup>2</sup>

## Warehouse &amp; Logistics Market

A significant interest from developers, investors, and owner-occupiers operating within the production and logistics sectors has continued.

One of the most significant build-to-let projects, **RC Europe** has finalized the first phase of its RC Zone in Bobovica, Samobor's business zone, near Zagreb. This phase includes 43,000 m<sup>2</sup> of modern warehouse space, fully leased to renowned logistics and distribution tenants. Construction of the second phase is currently in progress. Once completed, RC Zone Samobor will span 86,000 m<sup>2</sup>, becoming one of the largest logistics and distribution hubs in Croatia.

As a result of recent completions, **Class A** space now accounts for **39%** of the total national stock—marking a significant improvement from what was previously predominantly aging stock.

The **Rijeka Gateway** project is one of Croatia's most significant logistics investments, aiming to transform seaport of Rijeka into the fastest entry point to Central Europe. Backed by APM Terminals (Maersk) and ENNA Logic, the €380–500 million container terminal will handle ships up to 18,000 TEU and over 1 million TEU annually once fully complete.

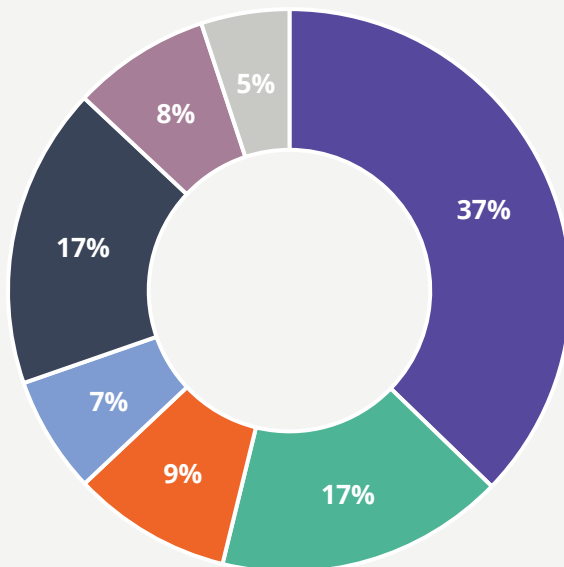
Average vacancy rate for warehouse and logistics properties was below **3%** in H1 2025, regardless of the space class, due to high occupier demand.

**Sourcing land and development costs** have resulted in challenges in estimating LTVs in financing of new build-to rent projects, as the market values of the completed developments are lower than total development costs. This discrepancy can be explained by expensive land and high construction costs on one side, and single-digit rents on the other side.

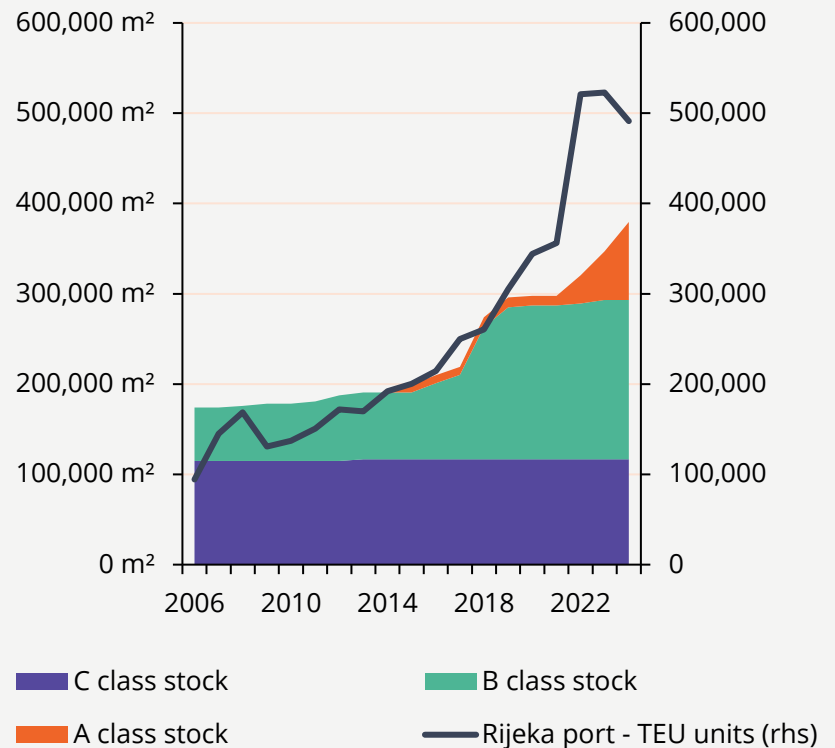


**Stock size (m<sup>2</sup>)**

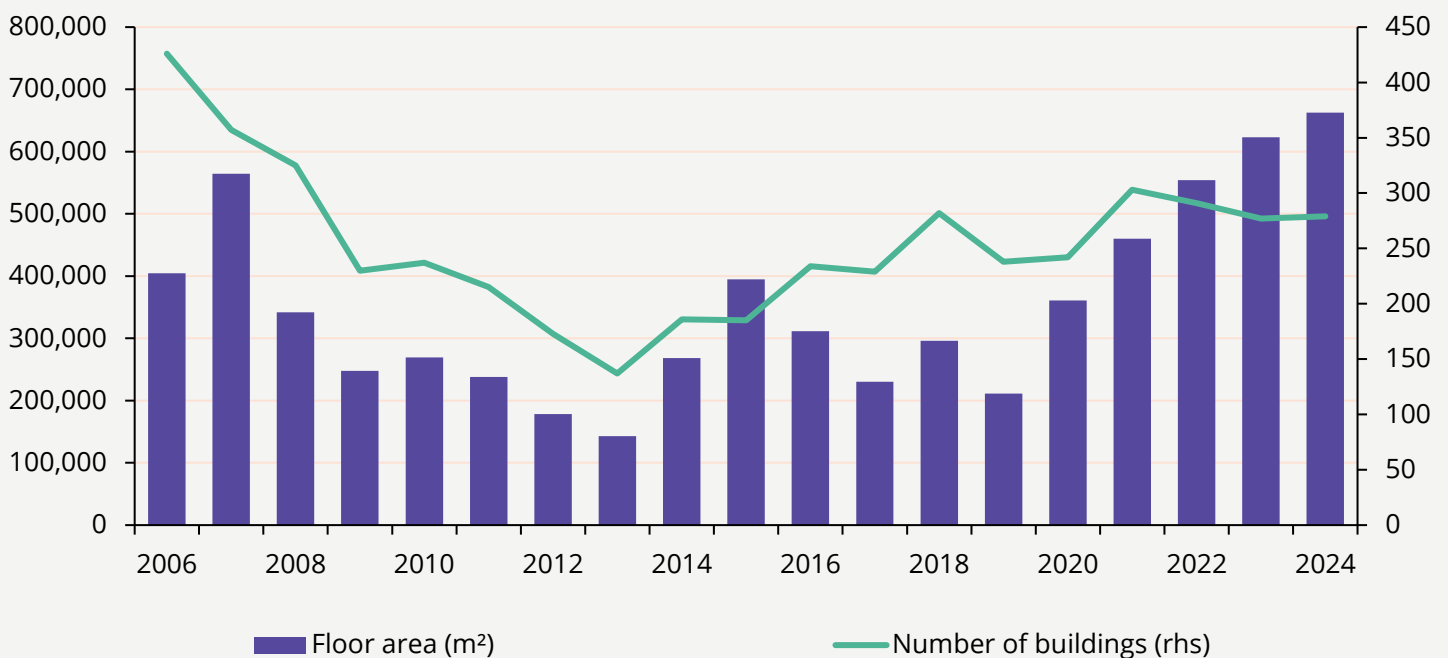
Industrial and logistics stock in Croatia



■ Zagreb ring  
■ North  
■ Istria/Kvarner  
■ Lika/Gorski Kotar  
■ Zagreb  
■ Slavonia  
■ Dalmatia

**Rijeka - I&L stock vs Port traffic**Total stock m<sup>2</sup> and TEU traffic

■ C class stock  
■ B class stock  
■ A class stock  
— Rijeka port - TEU units (rhs)

**Industrial and logistics buildings, Issued building permits**Floor area (m<sup>2</sup>) and number of buildings■ Floor area (m<sup>2</sup>)

— Number of buildings (rhs)

Country stats

968

Hotels  
& resorts  
(categorized)

+30%

EBITDA margin of  
leading hotel  
groups

30%

Share of leading  
hotel companies in  
hotel & camp beds:  
Valamar,  
Maistra/Adris &  
Lukšić group

41%

Average hotel  
occupancy rate in  
2024

Hotels & Resorts Market

In 2024, there were **21.3 million arrivals and 109 million overnights** in Croatia, which was 3.5% and 0.9% more respectively compared to 2023, according to the national Tourist Board. These include both commercial and non-commercial accommodation. Foreign tourist arrivals accounted for 85.7% arrivals and 87.7% overnights in 2024.

Hotels and resorts accounted for only **15% of the total bed capacity but over 26% of total occupancy** within tourist accommodation establishments. The private accommodation continued to predominate the overall supply, but at a low overall occupancy of around 64 days.

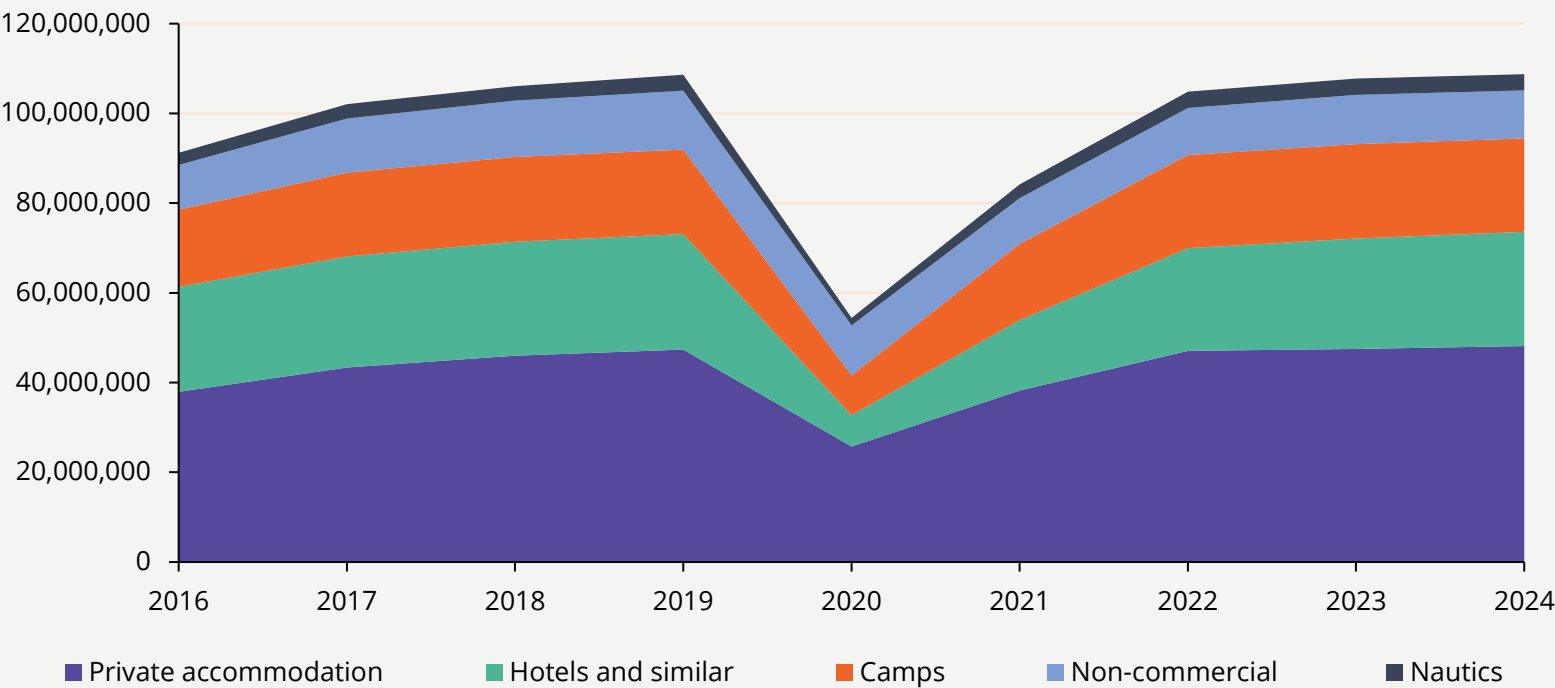
There is significant development activity in the HTL sector, despite yields on cost being comparable to yields on standing investments.

Notable Openings		
Hotel Name	Keys / Units	Location
Hyatt Regency	133	Zadar
Hilton Curio Collection – Keight Hotel	54	Opatija
Marriott Autograph Collection	49	Cres Island
Molum Hotel & Residence	60 units	Sveti Filip i Jakov
Pullman Hotel	193	Zagreb

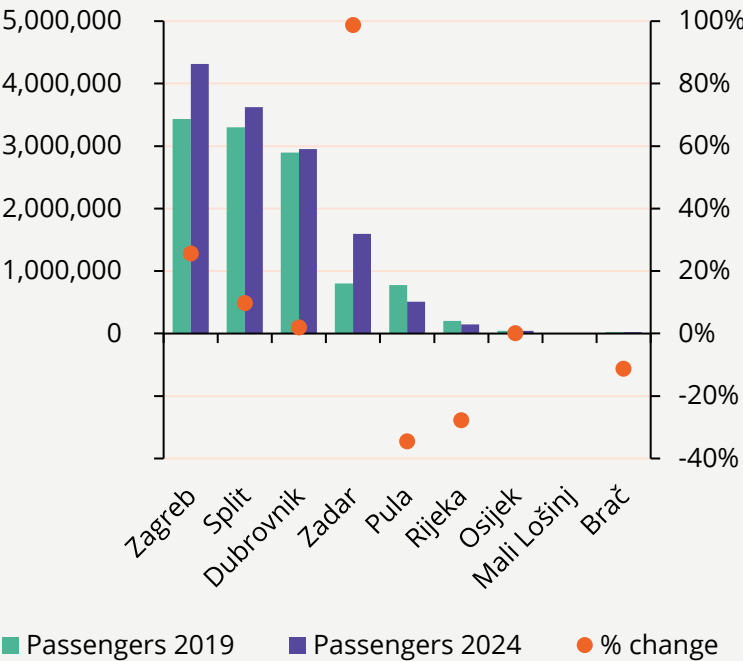
Under Construction		
Hotel Name	Keys / Units	Location
Curio Collection by Hilton	52	Ugljan Island
Grand Villa Argentina *	120	Dubrovnik
Hotel Marjan	285	Split
Marriott Riva's Hotels & Resorts	192	Ičići
Movenpick Hotel Kvarner Bay *	198 keys + 304 apartments	Novi Vinodolski
Novotel	163	Zagreb
Pical	514	Poreč



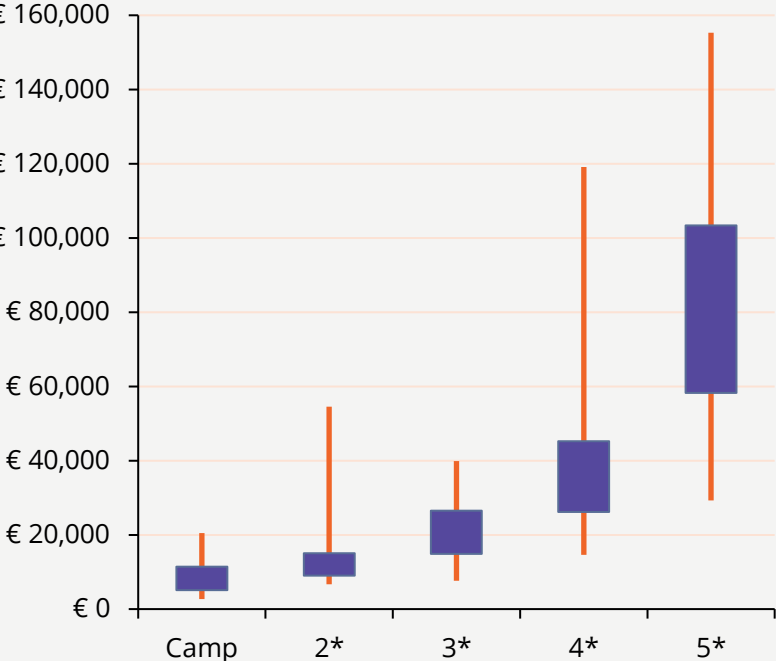
Tourist Overnights per accommodation type



Airport passengers  
International Airports



TRevPAR - Croatia, 2024\*  
Min, 25%-75% percentile, Max



\*Based on a sample of 200+ hotels and camps

Source: Croatian Bureau of Statistics, Croatian National Tourist Board, Financial Reports

## Country stats

2.4M

Existing number  
of apartments

2.5k

Average new  
apartment price per  
m<sup>2</sup> in € in 2024

13%

Housing prices  
growth in  
Q1 2025 yoy

5%

Average annual  
housing prices  
growth in the last  
20 years

+€6k

Newbuild projects  
prices per m<sup>2</sup> in  
Zagreb downtown

## Residential Market

Housing market is characterized by a **strong domestic and international demand** with limited supply of new sizeable projects and old stock in large cities. The activity is highest in Zagreb and on the coast but has also picked up in smaller cities as well. The main reasons are high employment, rising disposable income and strong immigration (domestic population coming back from Germany and Ireland and foreign workers moving in from Asia).

The construction activity at country level is close to the record levels of pre GFC period, while the **development in Zagreb is 70% lower** than the peak with only 2,635 new apartments developed in 2024. If adopted, **the amended General Urban Plan (GUP)** in Zagreb will further limit the development potential in the city.

**Transaction activity is 25% lower** compared to the peak levels during 2021 and 2022, mostly due to rising interest rates (from 2.2% to 3.7%), lack of new development and slowing demand from international buyers which experienced economic slowdown in their domestic countries (Germany, Austria).

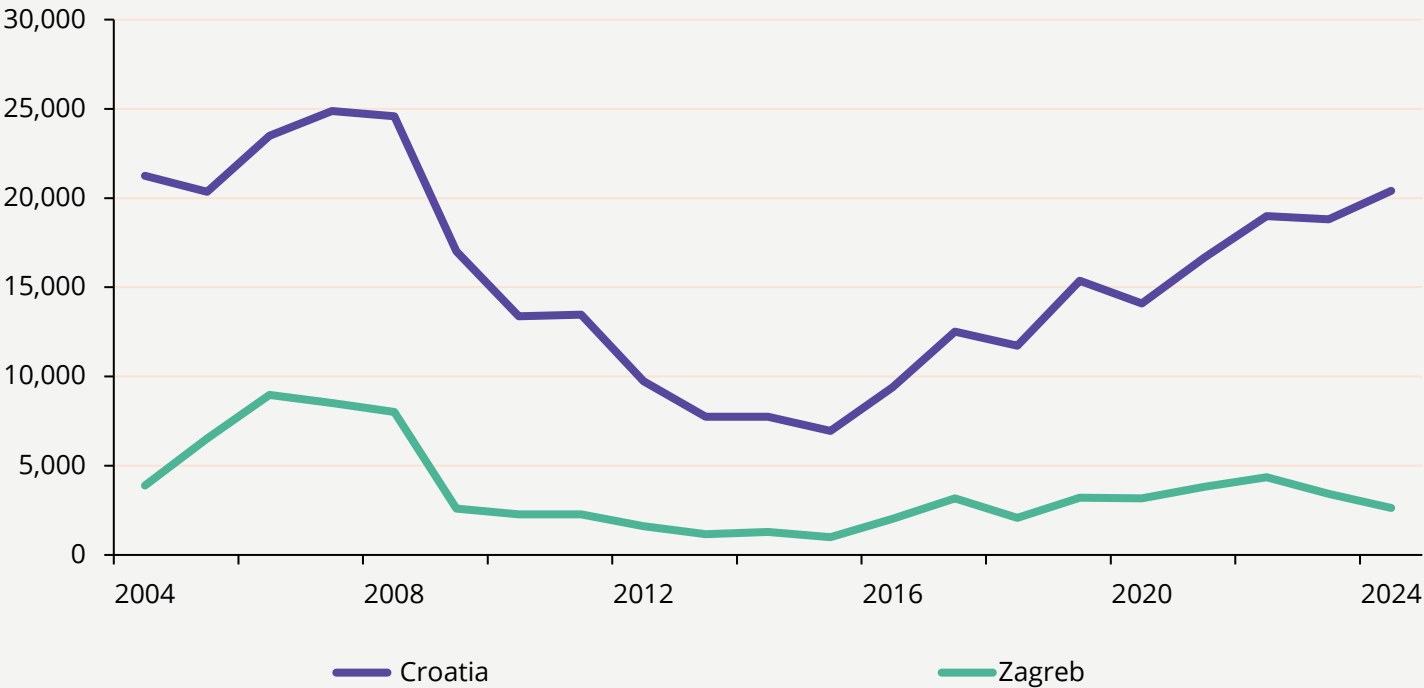
Domestic developers accounted for over 90% of total activity, with **limited presence of large international developers**. This can be accounted to lack of sizeable projects, high land and construction costs and red tape.

**New property tax** on unused housing units might trigger their activation through sale or rent increasing the supply side. New property tax on short-term rental units shouldn't cause much stir as the incremental increase compared to the previous tax isn't high.

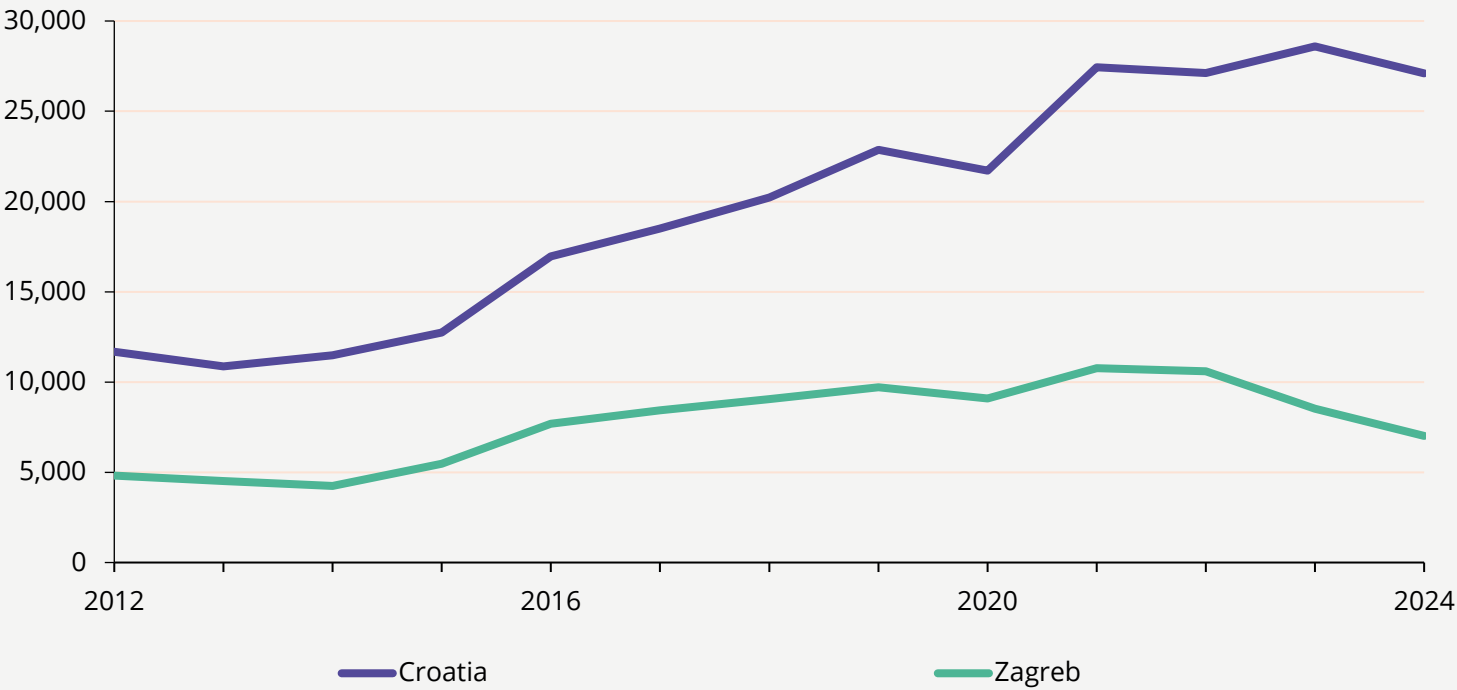
**Residential prices continued to rise**, around 12% on YoY level, with growth slowing in Zagreb (7% YoY), while surging on the Adriatic and in other areas of Croatia (16% YoY).



Issued building permits  
Number of apartments



No. of apartment transactions



## Country stats

340M

Investment  
transaction volume  
in 2024

7%

Prime yield in office,  
retail and logistics

6.5%

Prime hotel yield

## Investment Market

The commercial real estate investment transaction volume was **over €340 million** in 2024, approximately **60% lower** than in 2023 due to lack of sizable properties on sale. Croatian commercial real estate market is characterized by a relatively small number of properties changing ownership, especially when it comes to larger transactions.

Up to 40 transactions exceeding €1 million are usually realized annually, with a total CRE transaction volume varying between €400 and €900 million. Annual volume is dependent on the number of available opportunities, with **demand exceeding the supply**.

The volume of commercial real estate transactions exceeded EUR **100 million** in the first half of 2025, continuing last year's pattern of lower activity in the first half followed by a stronger second half.

Since 2019, the share of Croatian investors in the total CRE transaction volume has been steadily increasing. In 2024 domestic players accounted for a record 59% of the total volume, followed by investors from Hungary (18%), Slovenia (8%) and Poland (7%).

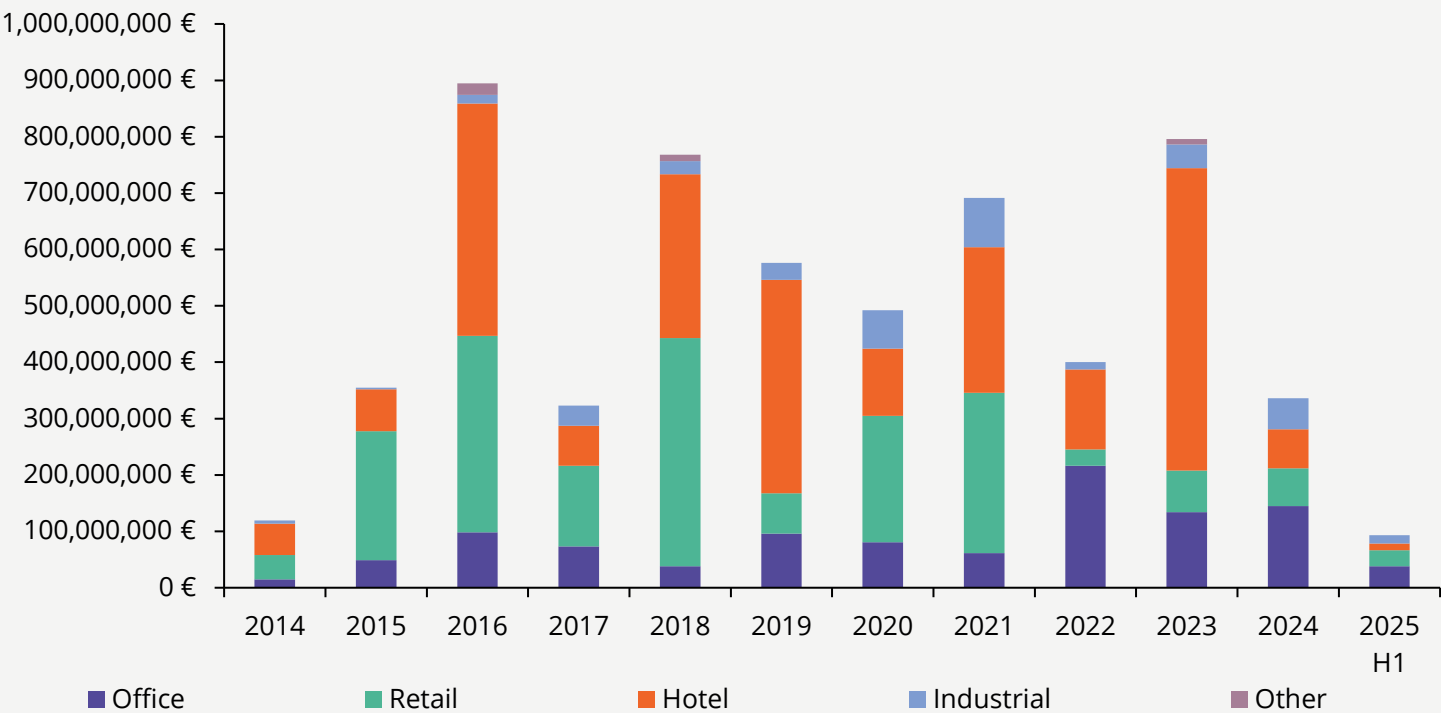
Domestic players prefer investment tickets up to €15 million, while the foreign capital, especially institutional money, competes for bigger tickets (the bigger the better).

Among most notable transactions, GTC continued divesting its latest developments in Zagreb, with third sold office building - **Matrix C**, to a Hungarian asset manager.



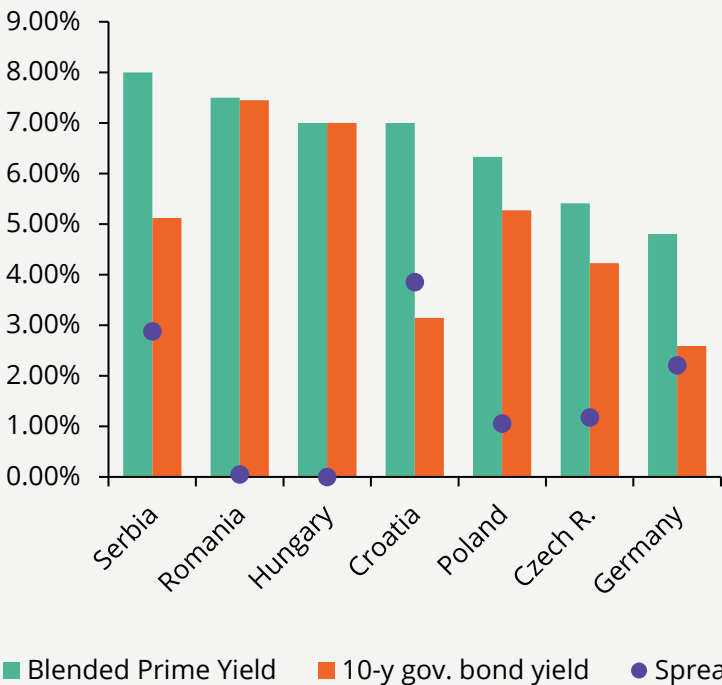


CRE Investment Transaction Volume



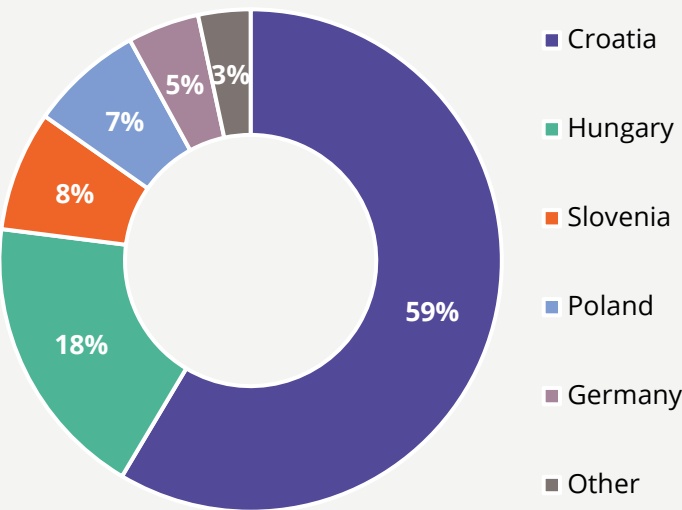
Yields and spread

Blended prime yield vs 10-year gov. bond



Investors by origin

Share in transaction volume in 2024



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- Investment Brokerage
- Landlord Representation
- Market Research
- Studies (Feasibility Studies, HBU etc.)
- Tenant Representation
- Valuation
- Project Management

**5,000**

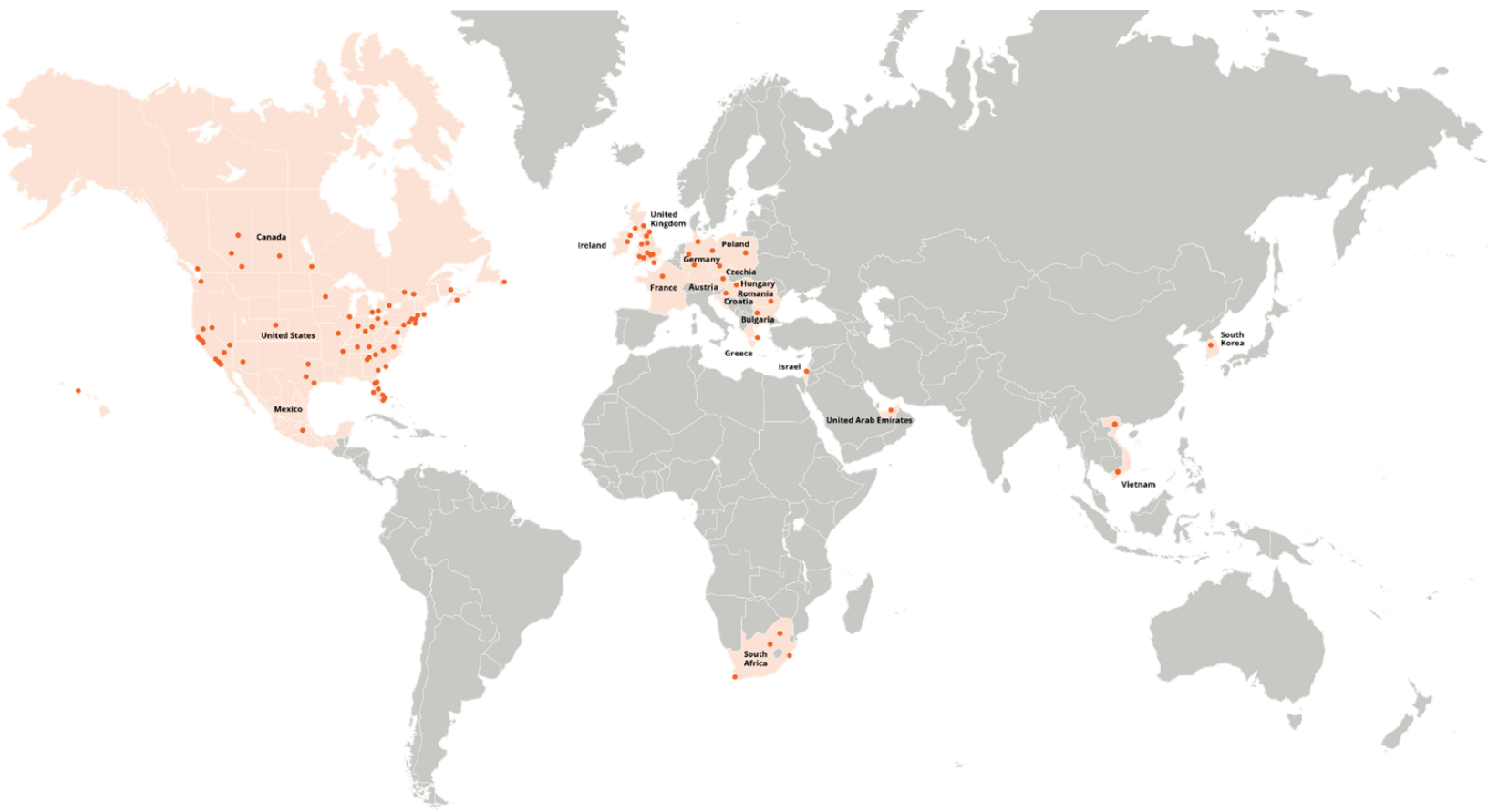
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