

**AVISON  
YOUNG**

**Market Report**  
**Croatia Real Estate**  
**Q1 2026**



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## Key Trends & Outlook

A new development cycle across all property segments in Croatia began in the past 2 – 3 years. Despite elevated construction costs, **development activity has remained strong and continued into 2025**. Among all segments, only the warehouse and industrial sector has surpassed the level of development activity seen during the pre-GFC crisis cycle (2002 – 2008).

Passed in December 2025 and taking effect in 2026, the **'Bačić laws'** represent a set of reforms in Croatia aimed at streamlining the permitting process and enabling faster development timelines.

**Fundamentals remain robust across all property segments**, with demand – both from investors and occupiers – outpacing available supply.

Despite **increased geopolitical uncertainty** related to the Iran-US-Israel conflict, no material impact on the market has been observed to date. As a result, Croatia could experience another strong tourist season, supported by its perception as a safe destination and its accessibility by car from many key source markets.

The **office market is currently characterized by a sharp increase in prime rents** alongside a considerable amount of new space under construction or in pipeline. This is expected to increase the average market vacancy rate, particularly in older buildings, and further widen the gap in rental levels across different building classes.

The **residential market is under pressure in terms** of absolute price levels. However, until additional supply comes to the market in large cities, a decrease in prices is unlikely.

There is a **significant potential in activating publicly owned land**, particularly millions of square meters of brownfield sites – especially in Zagreb, but also in other cities such as Split, Osijek, Šibenik and Pula.



## Country stats

## Economic Overview

3.6%

GDP growth  
Q4/25,

**GDP growth remained stable at 3.6%** in Q4 2025, compared to 3.8% in Q4 2024, marking the 20<sup>th</sup> consecutive quarter of economic growth.

Economic expansion continued to be supported by domestic demand. Gross fixed capital formation increased by 6.9% Q4 2025, driven by strong investment activity, particularly in construction and infrastructure projects supported by EU funds. Construction activity remained robust, with the volume of **construction works increasing by 7.1% in Q4 2025** compared to Q4 2024.

2.5%

Forecasted GDP  
real growth in  
2026,

**Household consumption remained resilient, growing by 2.6%** in Q4 2025 compared to Q4 2024, while external demand contributed more modestly, with exports increasing by 1.5% over the same period.

**Wage growth remained strong** in 2025, though it moderated after Q2. Nominal wages rose by around 10% in Q3 2025 compared to Q3 2024, while real wages increased by 5–6% over the same period, supported by low unemployment.

5.0%

Unemployment  
rate, 12/2025

**Inflation continued to moderate** during the second half of 2025, with the **annual average CPI inflation rate standing at 3.7%**. However, despite easing to 3.3% in December 2025, the outlook has shifted due to rising geopolitical tensions, with inflation projections revised upwards for 2026 amid higher energy prices and persistently elevated core inflation.

3.3%

Inflation rate ,  
12/2025

**Financial conditions remained stable in H2 2025**, as the ECB Governing Council kept key interest rates unchanged, with the deposit facility rate remaining at 2.00% since June 2025.

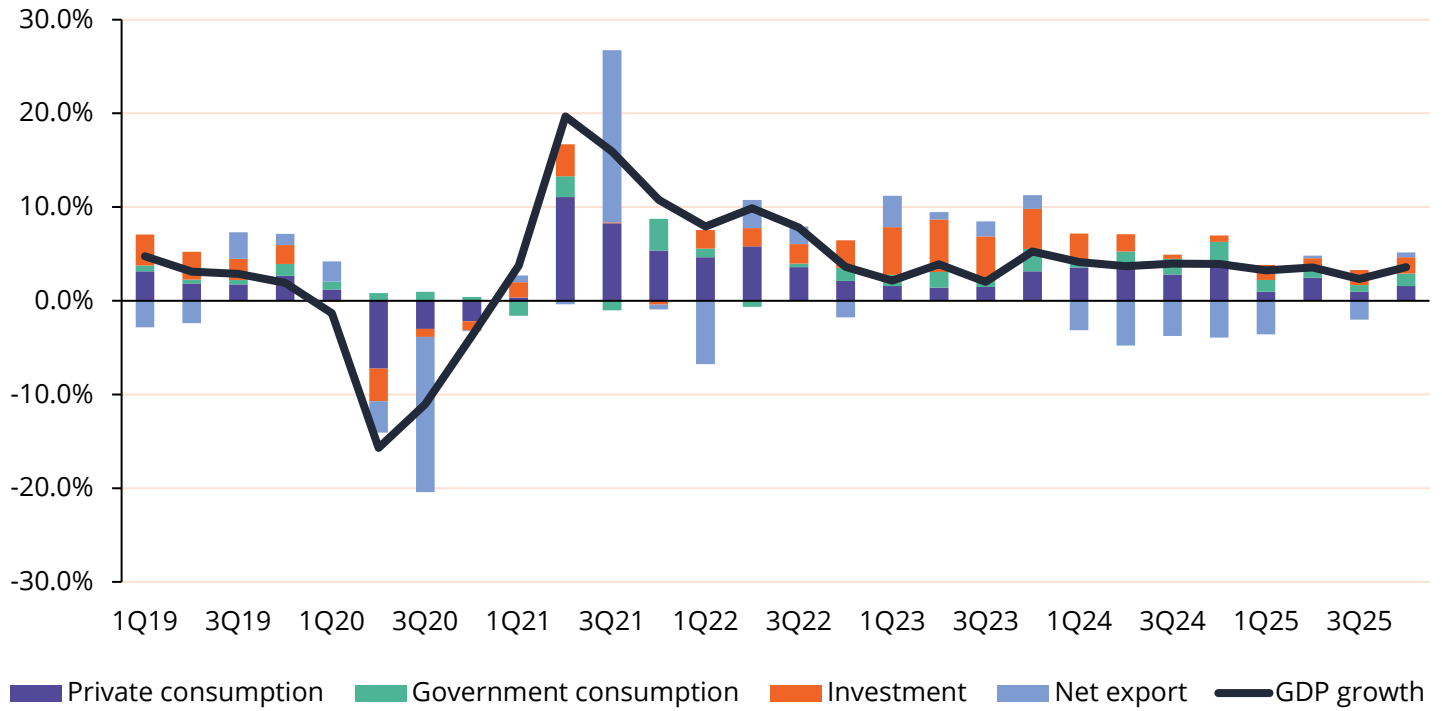
Croatia maintains **investment-grade sovereign ratings** across all major agencies (**A range**), supporting lower borrowing costs and stronger investor confidence. Steady progress towards OECD membership is further enhancing its institutional credibility and investment appeal.

3.9M

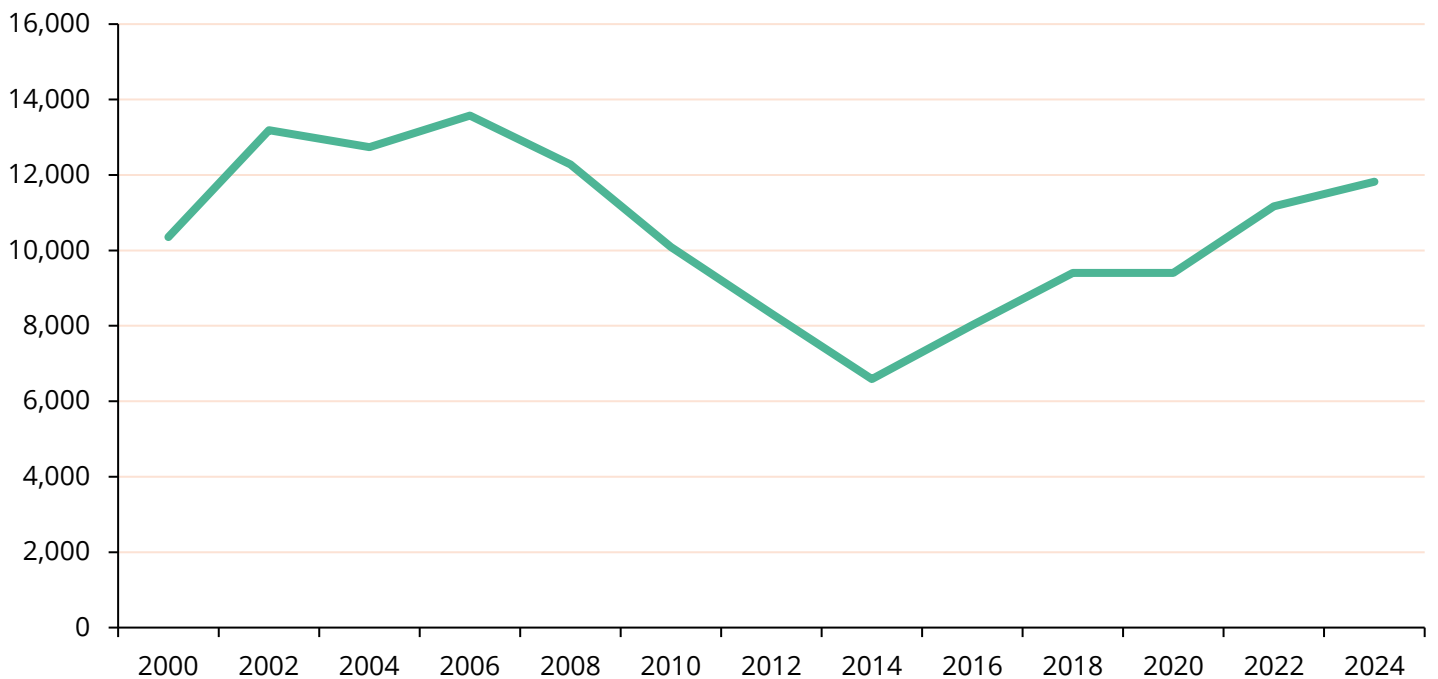
Population

**Tourism remains a key pillar of the Croatian economy**, supporting overall economic resilience. Amid ongoing geopolitical tensions, Croatia is well-positioned as a safe and accessible destination.

### GDP Growth Components



### Number of Issued Building Permits



## Zagreb stats

1.6M

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

117K

Under  
construction m<sup>2</sup>

135K

Pipeline m<sup>2</sup>

&lt;2.50%

Average vacancy  
rate€16.5/m<sup>2</sup>Average monthly  
Class A rent

## Office Market

**Development activity in the Zagreb office market continued to evolve**, underpinned by a gradually expanding pipeline of projects and growing developer confidence. **Market fundamentals remained strong**, with vacancy levels at around **2.5%**, while **prime CBD locations** particularly tight, **often below 1%**.

**Demand remained resilient and diversified**, driven by expansion and relocation activity, with private sector occupiers being the key drivers of leasing activity.

**Regional dynamics further support market activity**, with Zagreb increasingly assuming a more prominent role as a **business hub**, as certain companies relocate selected business functions from neighboring markets, particularly Slovenia. This trend reinforces Zagreb's position within the wider SEE region and supports sustained demand for modern office space.

**Average rents** reached **€16.50/m<sup>2</sup> for Class A space**, reflecting continued pressure on high-quality supply. Prime rents have reached **+€20/m<sup>2</sup>** levels.

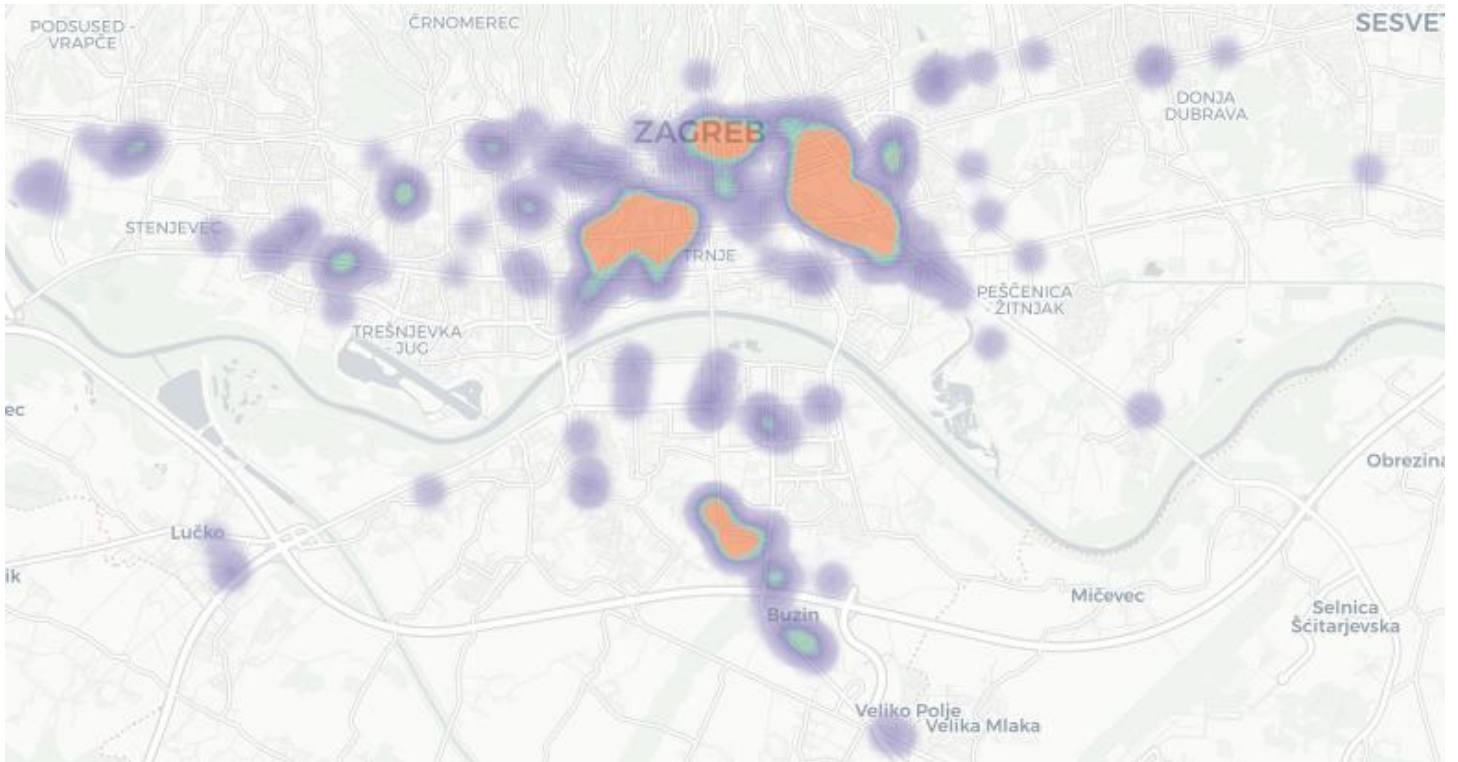
**Development activity is expected to stay elevated**, with approx. **55,500 m<sup>2</sup> scheduled for delivery in 2026** and a further **61,000 m<sup>2</sup> in 2027**, leading to a rapid expansion of total stock.

**Vacancy is expected to increase** as new supply is introduced, with **growing competitive pressure on older stock**.

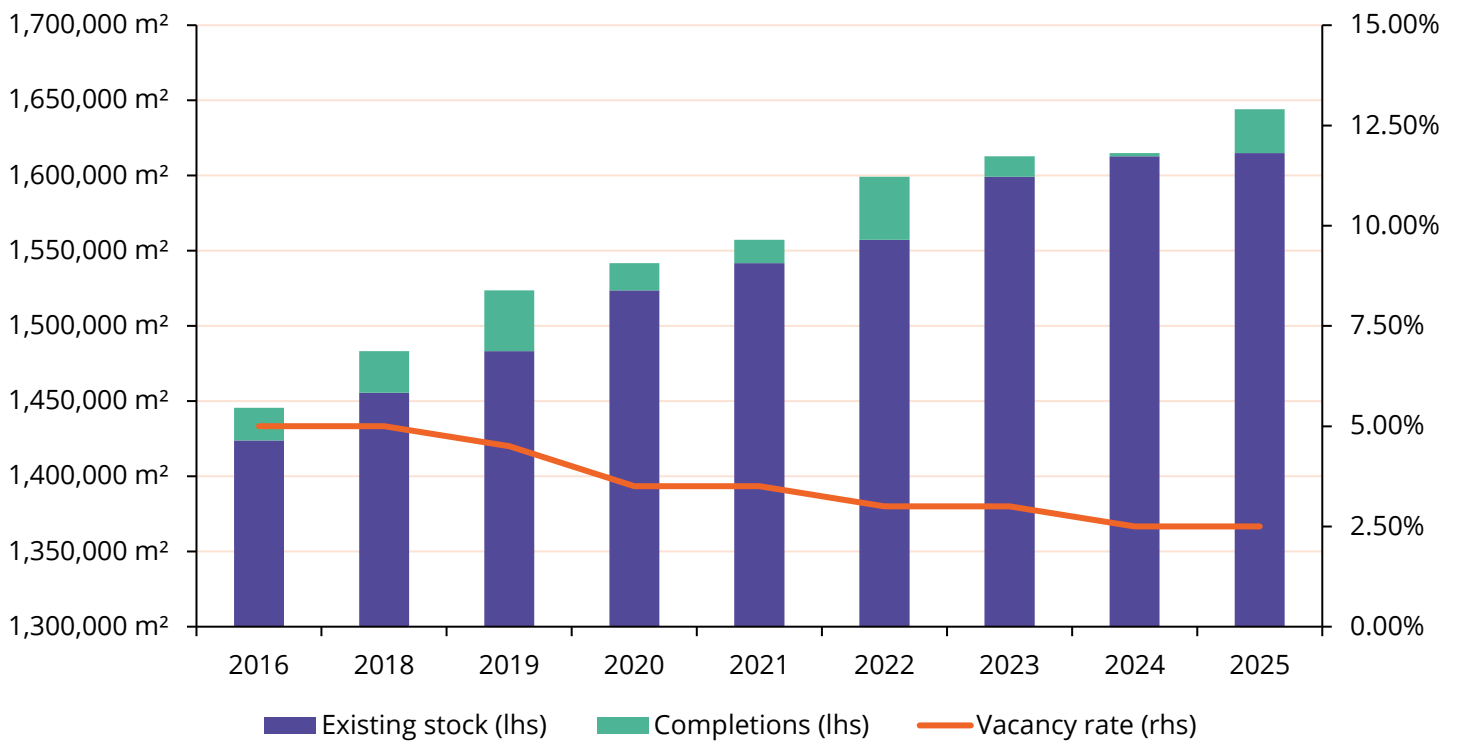
Largest Office Buildings Under Construction in Zagreb

Property Name	Location	GLA (m <sup>2</sup> )	Developer
Park Avenue	Radnička	28,635	TC3KGS Invest
VMD Heinzlova	Heinzlova	21,000	VMD
Spar Croatia	Riječka	14,000	Spar
Paromlinska	Paromlinska	12,000	Energenius Loci
Vid Park	Strojarska	11,000	ViD PARK
Matrix D	Slavonska avenija	10,500	GTC /HOK (new owner)
Pemo Business Arena	Lanište	8,000	Pemo
Šted grupa	Vukovarska	7,000	Šted-Invest

## Zagreb Office Stock - Heat Map



## Office Stock and Vacancy Rate



## Country stats

1.8M

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

100K

Under construction,  
m<sup>2</sup>, 2026 - 2027

110K

Pipeline, m<sup>2</sup>, 2027 -  
2029

&lt;3%

Average vacancy  
rate

~€30/m<sup>2</sup>

Prime shopping  
mall rent

## Retail Market

The Croatian retail market is relatively saturated, with **limited opportunities for new large-scale shopping mall schemes**. Total modern retail stock amounts to approx. 1.83 million m<sup>2</sup>, of which shopping malls account for around 63%, retail parks 35%, and outlet centres 2%.

The development pipeline remained active. Approx. 100,000 m<sup>2</sup> of mostly retail park schemes are currently under construction, with a further 110,000 m<sup>2</sup> planned for delivery in the 2027–2029 period, with new supply relatively evenly distributed across counties and largely focused on secondary and tertiary urban areas.

Ownership of shopping malls is highly fragmented, with no single owner controlling more than 15% of total stock. In contrast, the retail park segment has been undergoing consolidation in recent years, with **CPI Property Group holding approx. 26%** of total retail park GLA and **Supernova around 21%**. The third largest is BMP Asset with 9%, operating under the HEY Park brand. All three landlords are in expansion cycle.

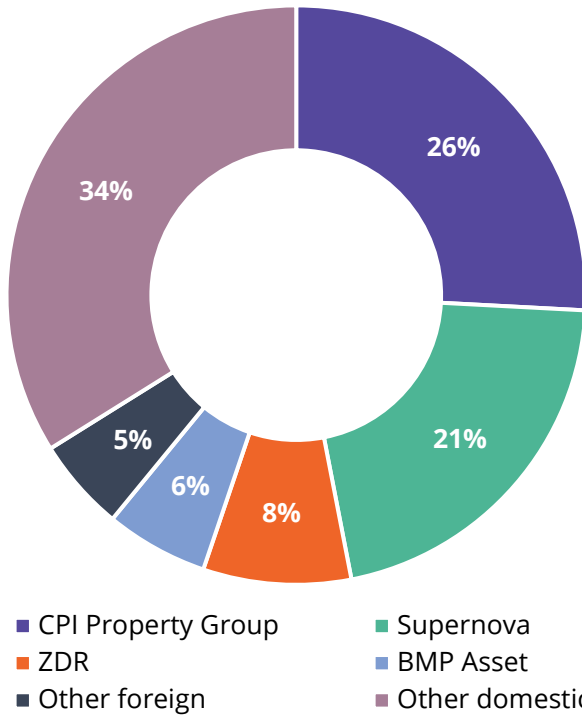
**Rising consumer spending has supported the operating performance of shopping malls** in recent years. Rental income has shown steady growth in line with consumption trends, while vacancy rates have declined structural levels below 3%. Landlords have managed to increase net operating income above inflation, supported by the stabilisation of utility and service charge costs. However, potential volatility in energy markets, particularly linked to oil and gas prices, may put upward pressure on tenant occupancy costs, increasing uncertainty for landlords' future income performance.

**Retail park** development has been particularly dynamic, with schemes increasingly targeting smaller catchment areas and offering attractive commercial terms to tenants. Nevertheless, certain micro-locations may face rental stagnation due to increasing competition and the **risk of cannibalisation**.

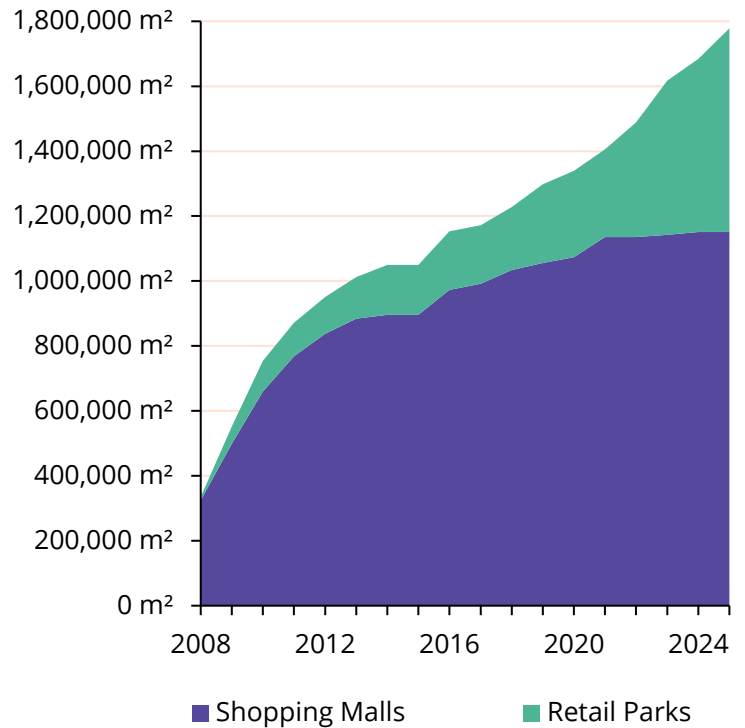
The occupier market has remained relatively stable, with a limited number of new international entrants, primarily in niche segments such as cosmetics, apparel, and furniture. In Q1 2026, the Dutch discount retailer Action entered the Croatian market with its first stores located in retail parks, while Sephora re-entered the market through prime shopping centre locations.

### Retail Parks - Ownership

Share per surface

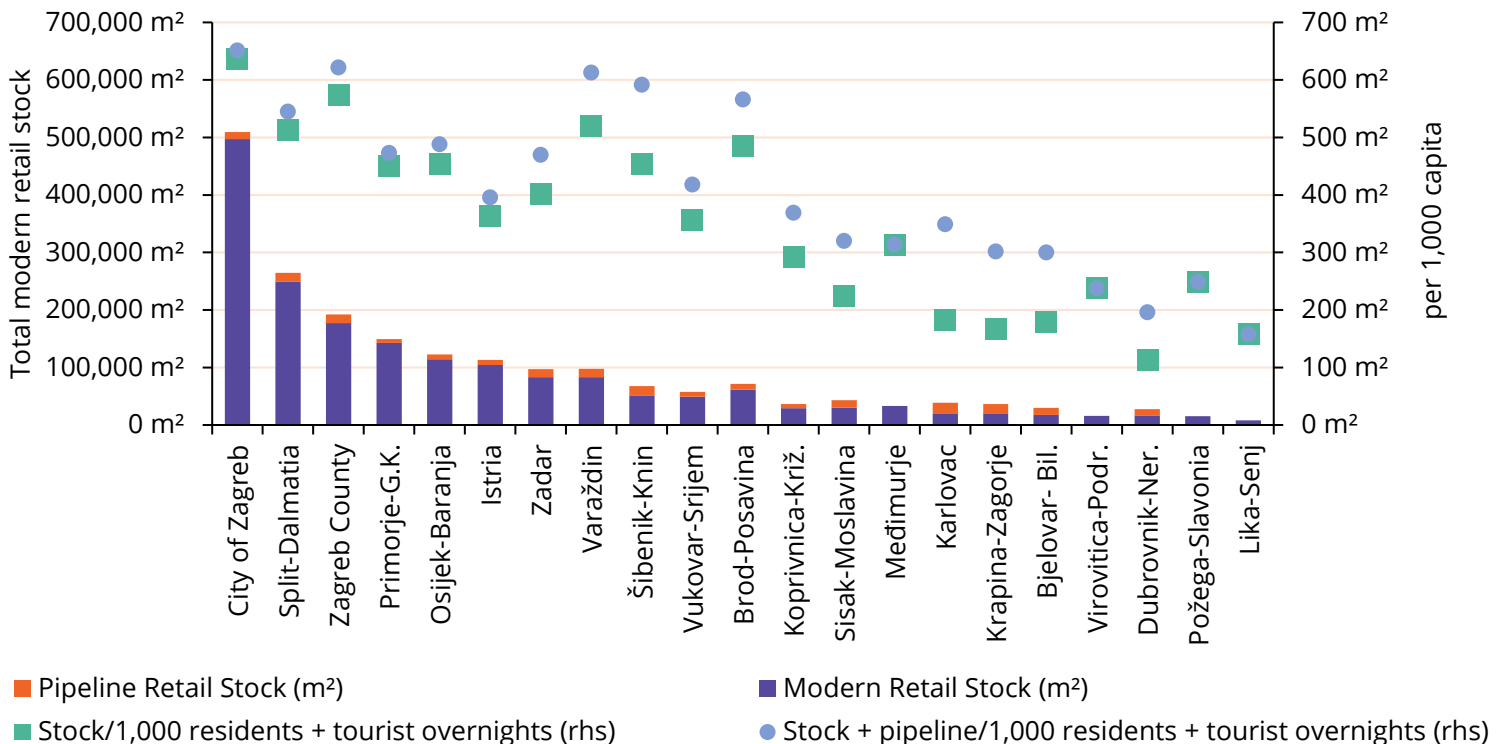


### Modern Retail Stock in Croatia



### Modern Retail Stock and Density per Capita

City of Zagreb and 20 counties



## Country stats

54%

Share of stock within  
Zagreb metropolitan  
area, m<sup>2</sup>

3.7M

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

+450k

Pipeline, m<sup>2</sup>  
2026 - 2028 in  
Croatia

7 km

Average distance to  
highway or bypass  
road

28%

Share of total stock  
(m<sup>2</sup>) older than 20  
years

## Warehouse &amp; Logistics Market

A strong level of interest from developers, investors, and occupiers in the production and logistics sectors has continued into H2 2025, supported by structural shifts in supply chains. Ongoing geopolitical uncertainties have further **accelerated nearshoring and friend-shoring strategies** that emerged during COVID-19, continuing to reshape demand across the region.

Despite ongoing development, the market still faces structural limitations. Aging supply, combined with sustained demand, underpins the need for modern, high-specification facilities. **Vacancy rates remain historically low - consistently below 3%** - driven by strong occupier demand and limited availability of quality space, a trend expected to persist, particularly in prime locations.

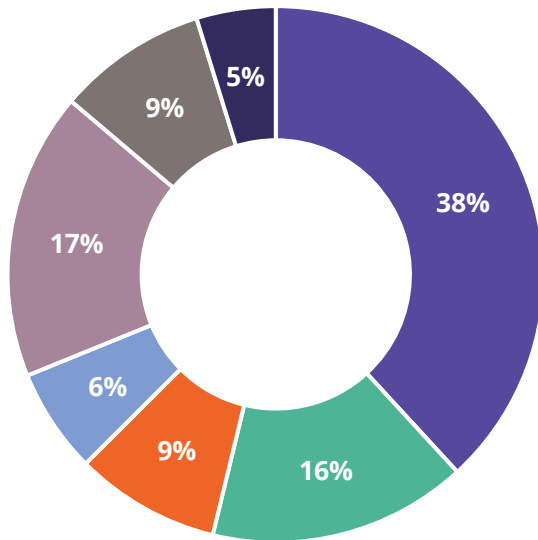
**A notable trend is the relocation of large industrial occupiers from urban cores to suburban areas**, driven by the scarcity and high value of central land and improved operational efficiency in less congested locations. Based on current demand, over **200,000 m<sup>2</sup>** of new modern industrial stock could be developed in the Zagreb metropolitan area through such relocations in the foreseeable future.

Infrastructure development continues to shape regional logistics, highlighted by the Rijeka Gateway terminal - the Adriatic's most technologically advanced container hub. After two years of construction, it is now fully operational, marked by the arrival of its first commercial vessel and the issuance of all permits. The terminal currently features 400 meters of quay and an annual capacity of **650,000 TEU**, supported by modern automated cranes and handling systems. Upon completion of its second phase, capacity is expected to exceed **1 million TEU**.

**Data centers are becoming increasingly relevant** within the sector. While Croatia is unlikely to become a major hub for AI-focused facilities due to energy and infrastructure constraints, it has strong potential as a regional hub for latency-sensitive industries, benefiting from its geographic position compared to more distant hubs like Germany or the Netherlands.

### Stock Size per Region

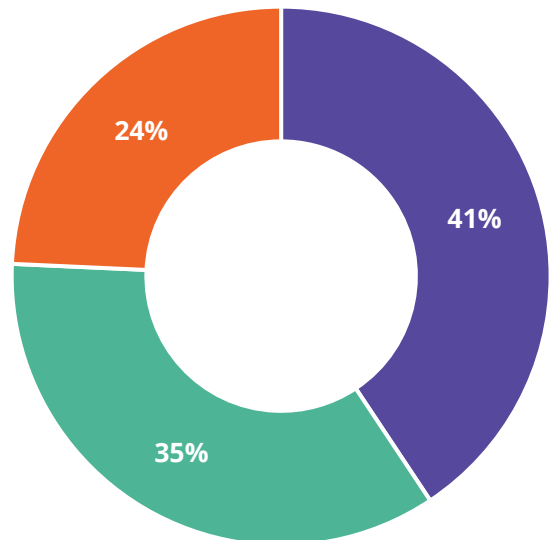
Floor area (m<sup>2</sup>) of industrial and logistics stock in Croatia



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

### Stock Size per Class

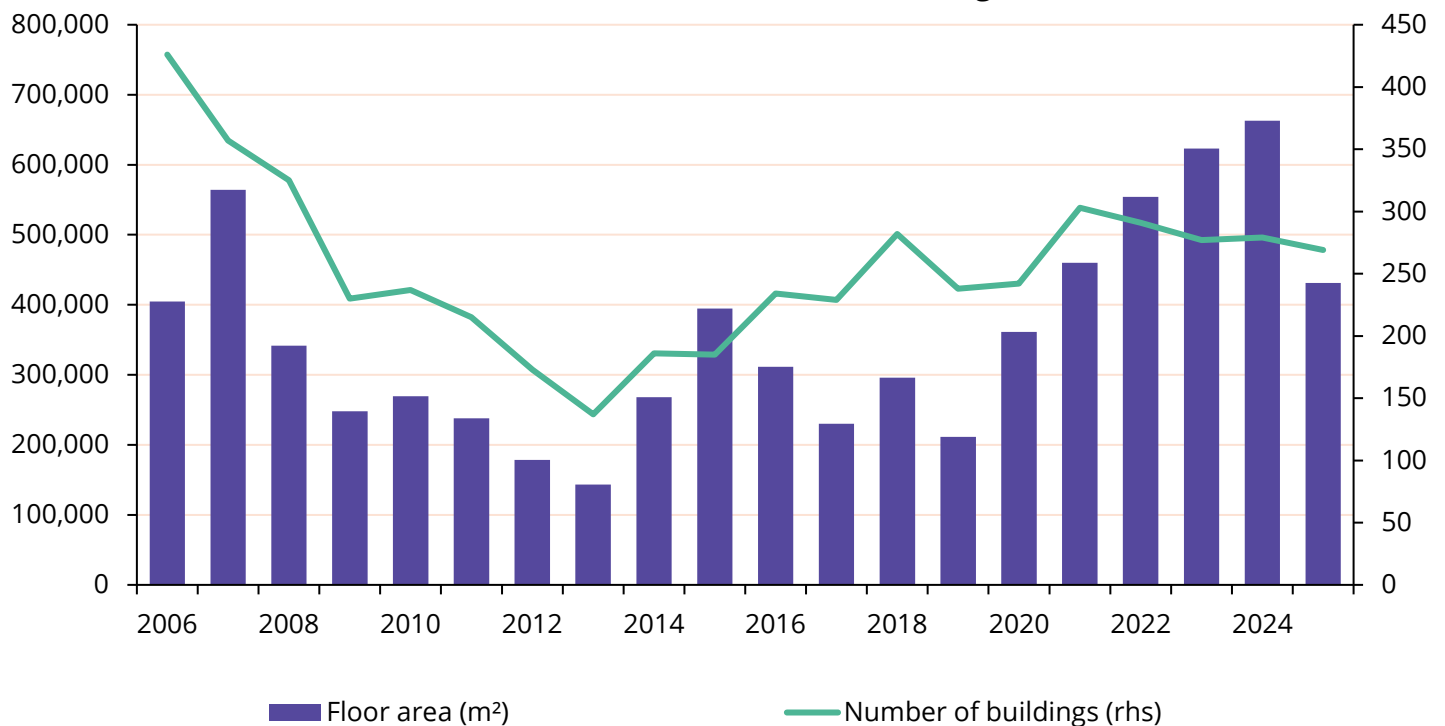
Floor area (m<sup>2</sup>) of industrial and logistics stock in Croatia



- A
- B
- C

### Industrial & Logistics Buildings – Issued Building Permits

Floor area (m<sup>2</sup>) and number of buildings



## Country stats

996

Hotels  
& resorts  
(categorized)

+30%

EBITDA margin of  
leading hotel  
groups in 2025

40%

Share of the seven  
largest listed hotel  
companies in total  
hotel revenue in  
Croatia

48%

Average hotel  
occupancy rate in  
2025

4.6

Average number of  
overnight stays

## Hotels &amp; Resorts Market

In 2025, tourism in Croatia continued to grow moderately, reaching **21.8 million arrivals** and **110 million overnight stays**, an increase of **2.3%** and **1.1%** respectively compared with 2024. Tourism was largely driven by **foreign visitors**, who accounted for **90.3% of overnight stays**, while domestic tourists made a notable contribution to growth, generating 43% of the overall increase in overnight stays.

Coastal counties dominated Croatian tourism, accounting for **94.3% of overnight stays**. Family accommodation generated 42% of total traffic, followed by **hotels at 27%**, with Dubrovnik leading in hotel overnights, Rovinj in camping, and Split in family accommodation. Zagreb stood out as the most popular domestic destination.

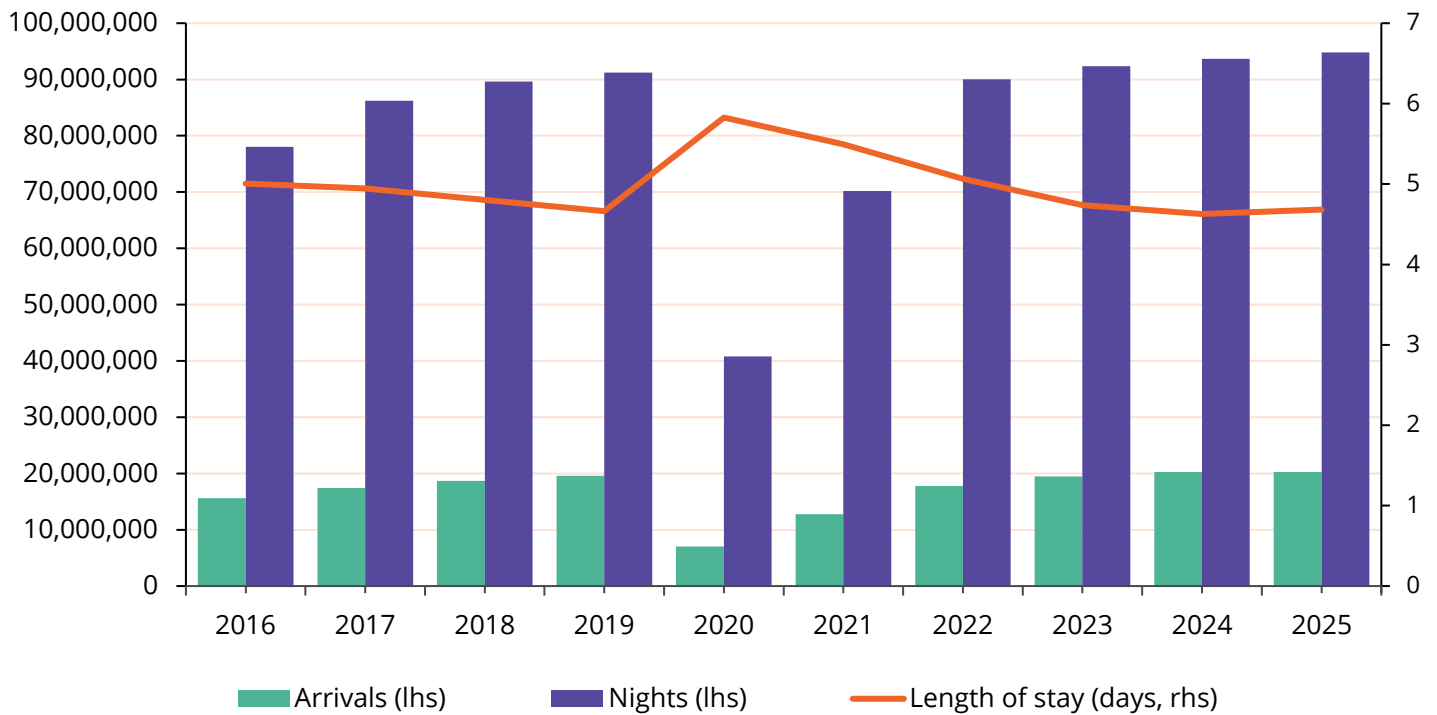
## Notable Openings in 2025 and Q1 2026

Hotel Name	Keys / Units	Location	Cost per Key
Monumenti Heritage Hotel & Resort	98	Pula	€ 870,000
Molum Hotel & Residence	120	Sveti Filip i Jakov	€ 420,000
Hyatt Regency Zadar	133	Zadar	€ 410,000
Arba Resort	208	Rab	€ 390,000
Pical	514	Poreč	€ 390,000
Curio Collection by Hilton	65	Ugljan	€ 230,000
Novotel Zagreb East Gate	163	Zagreb	€ 150,000
Hotel Sumratin	94	Dubrovnik	-
Stellar Boutique Modules	48	Zagreb	-

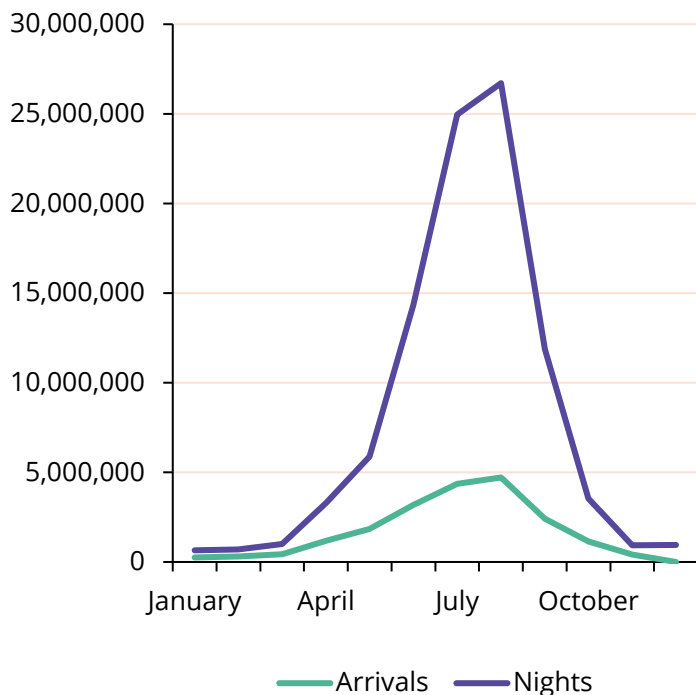
## Under Construction

Hotel Name	Keys / Units	Location	Cost per Key
Venturo Design Hotels	24	Split	€ 630,000
Marriott Riva's Hotels & Resorts	192	Ičići	€ 520,000
Hotel Marjan	285	Split	€ 230,000
Mövenpick Hotel Kvarner Bay *	198 keys + 304 apartments	Novi Vinodolski	-
Grand Villa Argentina	120	Dubrovnik	-
Hotel Petka*	100	Dubrovnik	-
Sealeven Hotel & Residences	85	Opatija	-

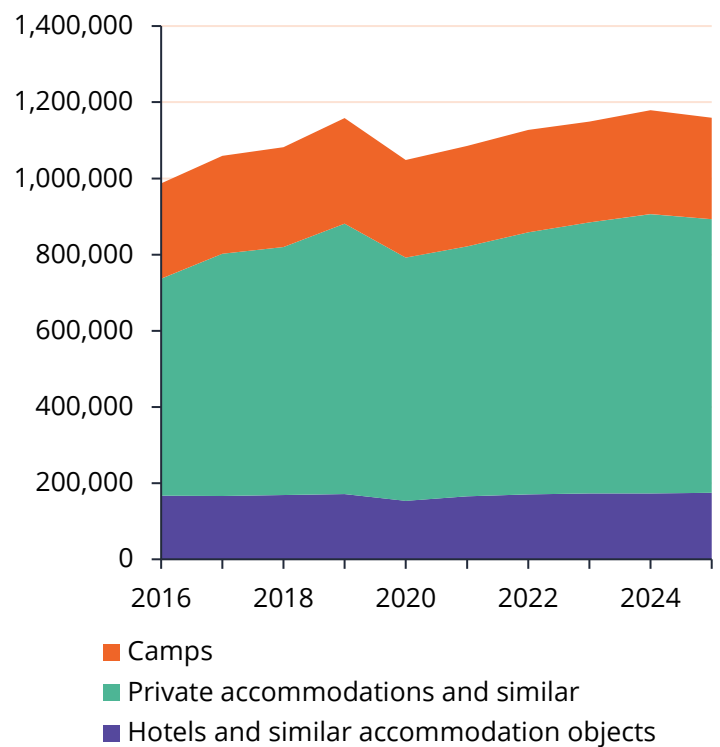
### Tourism in Croatia



### Seasonality in Croatia in 2025



### Beds in Tourist Accommodation in Croatia in 2025



## Country stats

2.4M

Existing number  
of apartments

€2.9k

Average new  
apartment price per  
m<sup>2</sup> in H2 2025

16.1%

Housing prices  
growth in  
Q4 2025 YoY

5%

Average annual  
housing prices  
growth in the last  
20 years

+€7k

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

## Residential Market

The residential market in Croatia showed signs of stabilization in H2 2025, mainly reflected in **lower transaction volumes** rather than price corrections. Following several years of strong growth, activity moderated compared to previous peaks, influenced by tighter lending conditions, slightly lower foreign buyer activity and limited supply of new developments. Residential transaction activity is estimated to have declined in the low double digits annually, although the figures remain preliminary as the Tax Administration's database is still being updated.

The **adoption of the amended General Urban Plan (GUP)** in Zagreb marked an important planning milestone. The lengthy approval process encouraged developers to accelerate location permit applications under the previous framework, temporarily expanding the development pipeline, while the **revised plan may further constrain future residential supply** in the capital.

Stricter macroprudential lending measures introduced by the Croatian National Bank in July 2025 also weighed on market activity. The rules limit the debt service-to-income ratio to 45%, cap the loan-to-value ratio at 90% and restrict loan maturities to 30 years. Although mortgage rates remained relatively low at around 3%, tighter lending criteria reduced borrowing capacity for some households and slowed transaction activity.

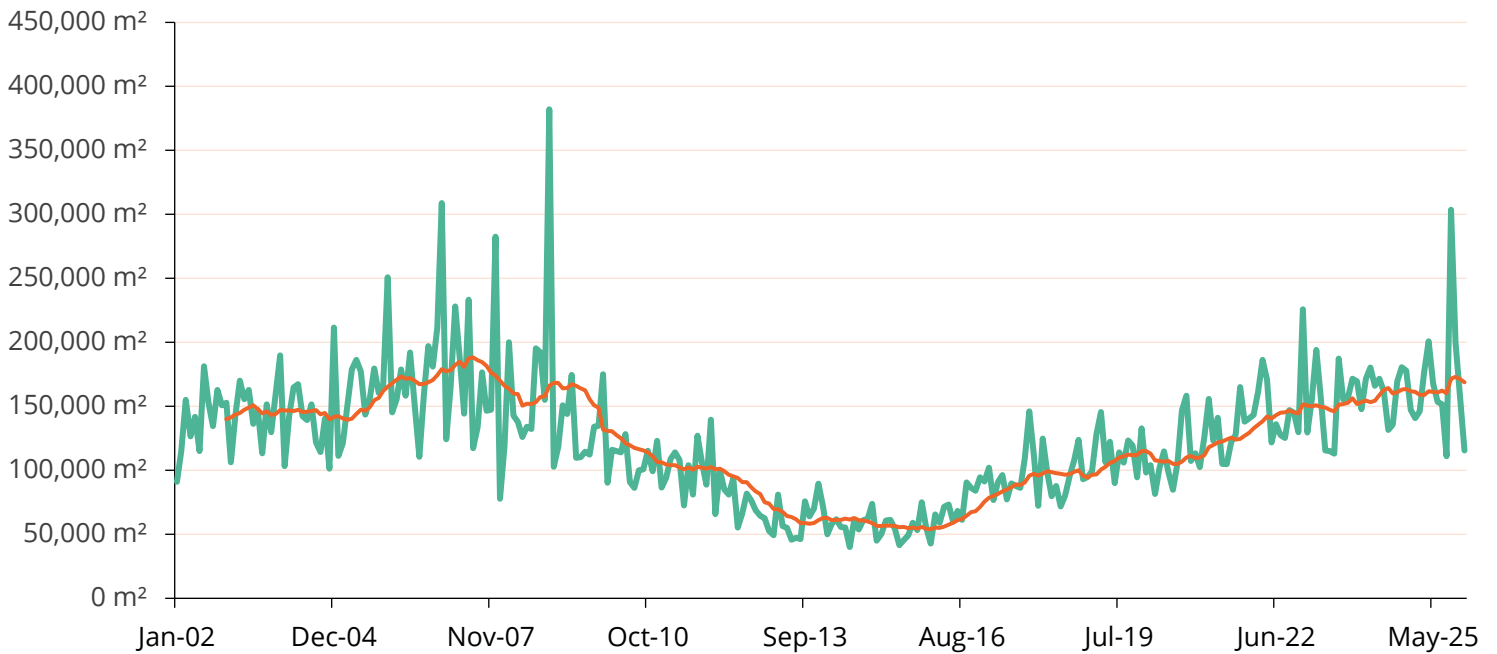
Slovenian buyers remained the most active foreign group for the third consecutive year, followed by Germans and Austrians, confirming the continued importance of regional demand for the Croatian housing market.

**Housing affordability** has become a prominent policy topic. The government recently introduced a property tax targeting unused residential units, although its immediate impact has been limited as tax decisions only began reaching property owners in early 2026. Amendments to the Construction Act also aim to accelerate housing development through faster permitting and streamlined procedures for affordable housing projects.

Despite strong wage growth in recent years, high nominal prices continue to weigh on buyer sentiment. The main constraint remains the limited availability of quality housing supply rather than affordability itself.

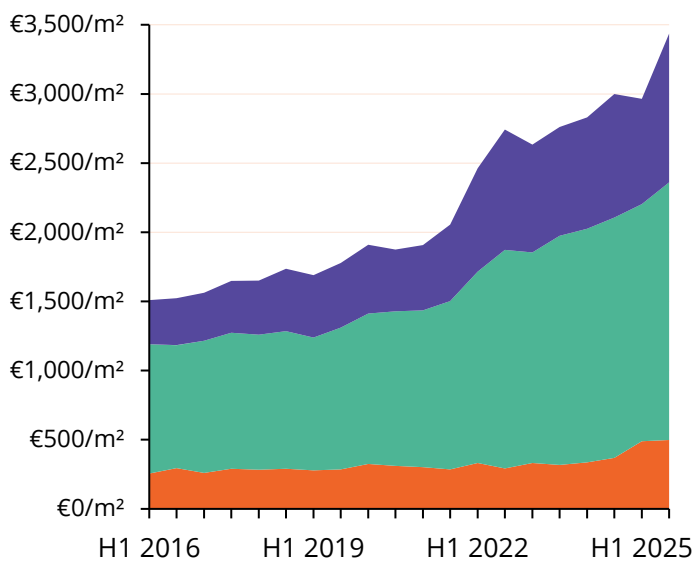
### Issued Building Permits for Apartment Buildings

In Croatia, monthly, by floor area



### Price Structure of Sold New Apartments

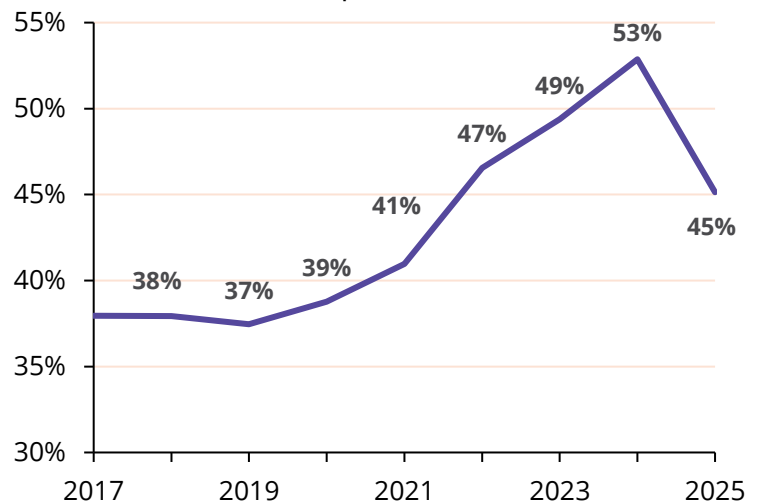
Zagreb, commercial companies and other legal entities (excluding POS)



- Other costs and VAT
- Construction costs and developer's profit
- Land costs

### Housing Affordability: Annuity to Salary Ratio

Calculation based on avg. interest rates, apartment prices, and net salaries in Zagreb; a 25-year loan for a 60 m² apartment



## Country stats

470M

Investment  
transaction volume  
in 2025 (€)

7.0%

Prime yield in office,  
retail and logistics

6.5%

Prime hotel yield

11M

Avg. deal size (€)

53%

Retail sector share  
of transaction  
volume

## Investment Market

The commercial real estate investment transaction volume exceeded **€470 million** in 2025, across **44 transactions**. Total volume represented 37% increase compared to 2024. Such volatility is characteristic of the Croatian market, where investment activity is highly dependent on the availability of assets and a small number of larger transactions (e.g. dominant shopping malls or hotel portfolios).

**Zagreb, the capital, accounted for 37%** of total CRE transaction volume, followed by **Dalmatia with 34%**, the **Istria and Kvarner region with 22%**, and the remainder of the country contributing 8%.

In 2025 **domestic investors** accounted for a record **63%** of the total volume, followed by investors from **Czech Republic (15%)** and **Bosnia and Herzegovina (11%)**.

InterCapital Real Estate Fund Alfa, launched in mid-2025, is Croatia's **first open-end alternative investment fund focused on CRE**. It targets a ~€500M portfolio, having already acquired a stake in City Center one Split and Grand Bonavia Hotel in Rijeka.

CC Real's sale of a minority stake in City Center one Split, while retaining management, signals **a shift from a developer-driven market** toward a more mature, institutional investment landscape, with joint ventures and partial stake transactions typical of Western markets.

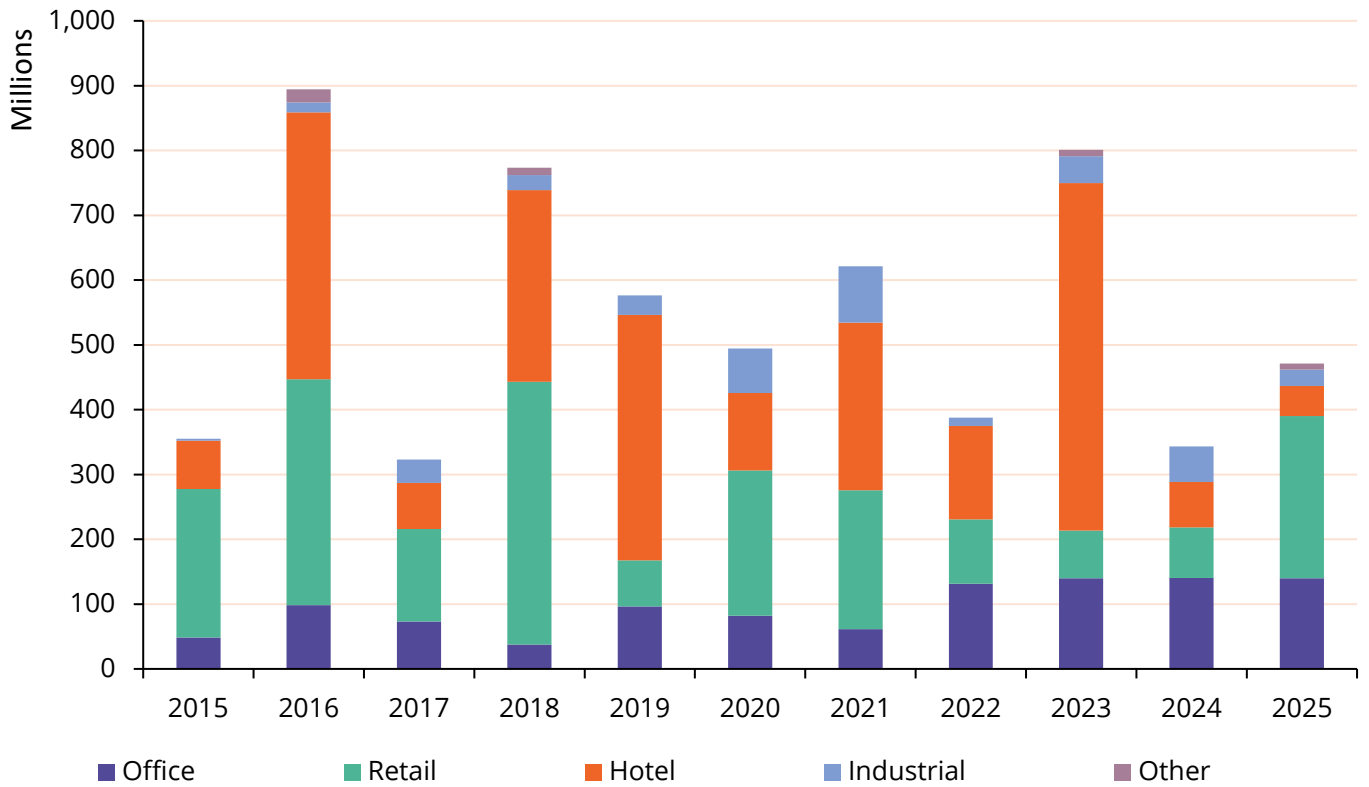
Transactions by DRFG (Czech Republic) and Equilor (Hungary) demonstrate **growing investor interest from the CEE region** in the Croatian CRE market. In contrast, **Austrian investors** have, over the past three years, shifted from a long-standing position as net buyers to net sellers, gradually **exiting their holdings** and marking a notable change in capital flows.

Top 5 Transactions by Deal Size in 2025

Property Name	Type	Location	GLA (m <sup>2</sup> )	Buyer
Sky Office	Office building	Zagreb	33,000	Breiteneder Immobilien Parking
ZTC	Shopping mall	Rijeka	20,900	DRFG
City Center one Split	Shopping mall	Split	58,000	Raiffeisen pension fund*
City Center one Split	Shopping mall	Split	58,000	InterCapital Real Estate Fund*
Matrix C	Office building	Zagreb	10,500	Equilor

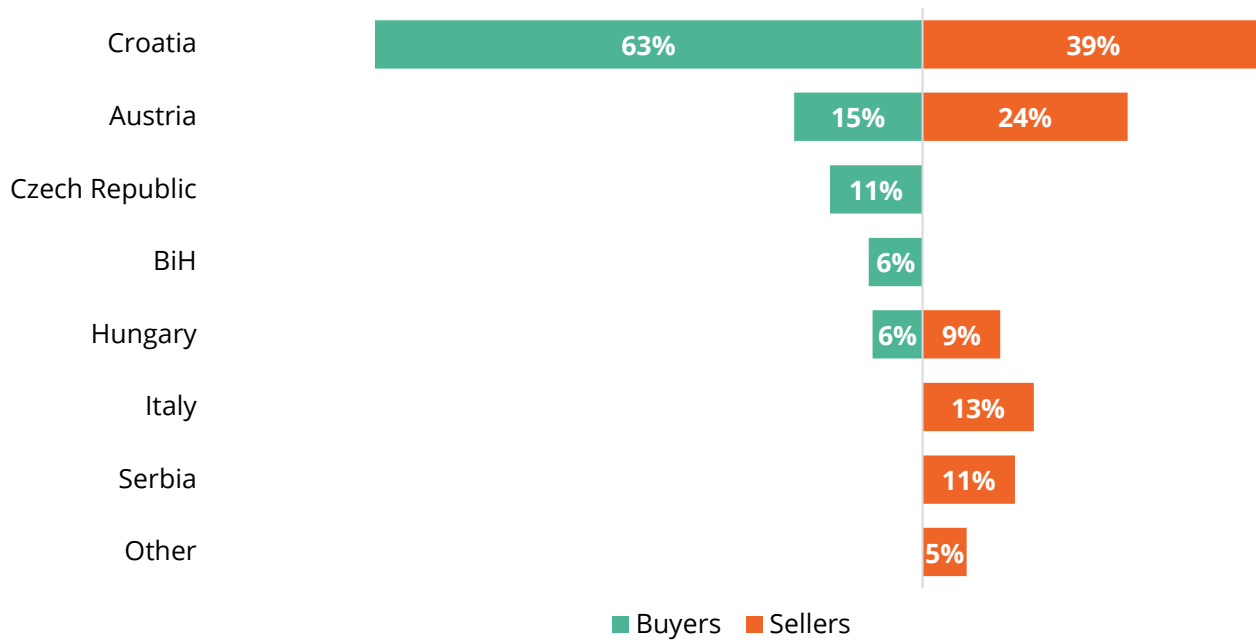
\* 25% share deal

### CRE Investment Transaction Volume



### Buyers and Sellers by Origin

Share in CRE transaction volume in 2025



# AVISON YOUNG

## How can we support you?

Avison Young is a global commercial real estate services firm. We work with real estate Investors, Developers, Banks, Occupiers and Landlords. Our clients are from both the private and public sectors, operating at local, national, or international levels.

### Core Services:

- Hotel Operator Search & Selection
- Investment Brokerage
- Landlord Representation
- Market Research
- Studies (Feasibility Studies, HBU etc.)
- Tenant Representation
- Valuation
- Project Management

**5,000**

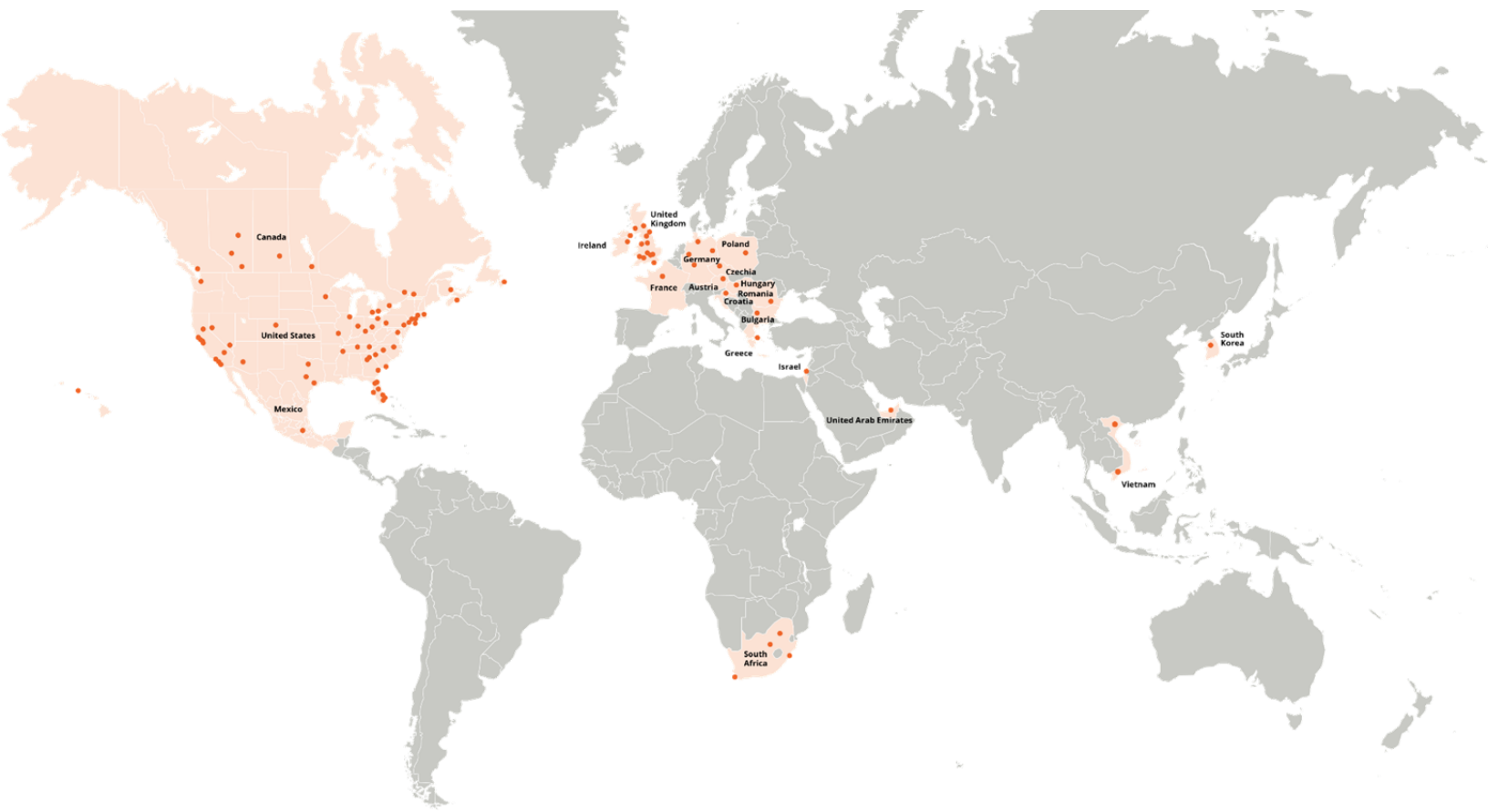
real estate professionals

**20**

countries worldwide

**100+**

offices across the world



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The logo for Avison Young, featuring the words "AVISON" and "YOUNG" stacked vertically in a bold, sans-serif font. The text is centered between two thick, horizontal black bars.