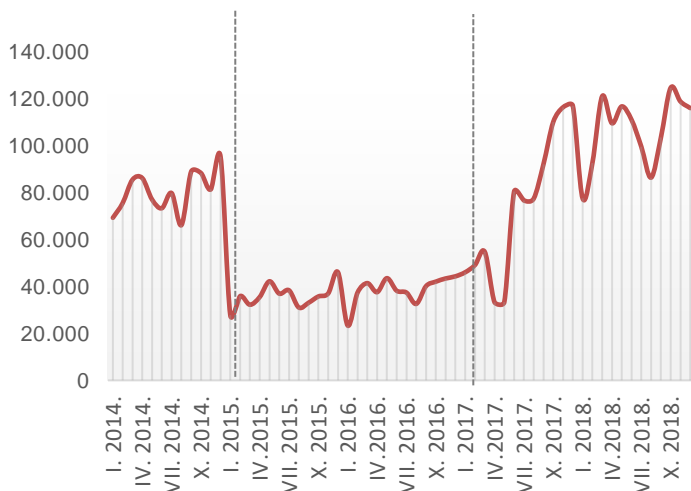




PREGLJED TRŽIŠTA NEKRETNINA H1 2019

- Nastavak pozitivnih kretanja u gospodarstvu povoljno utječe i na tržište nekretnina. Kontinuirani rast BDP-a, rast robnog izvoza, zaposlenosti, prosječne plaće i trgovine na malo te pozitivni rezultati turističke sezone probudili su optimizam domaćih i stranih investitora
- Stopa nezaposlenosti rekordno je niska, a zbog povećanog obima izgradnje i manjka građevinskih radnika, došlo je do porasta troškova građenja
- Tržište u proteklom razdoblju bilježi nagli rast, što je vidljivo iz povećanog broja transakcija i prihoda od poreza na promet nekretnina. Rast tržišta posebno je izražen u stambenom segmentu, gdje je osim povećanog broja transakcija zabilježen značajan porast realiziranih projekata i traženih cijena
- POS program subvencioniranja stambenih kredita i dalje je aktualan, a natječaj za odobrenje sredstava planiran je za drugo polugodište 2019. U sklopu programa u 2017. i 2018. odobreno je više od 5000 zahtjeva za subvencioniranje stambenih kredita
- Od 1. siječnja 2019. snižena je stopa poreza na promet nekretnina te sada iznosi 3%

Prihod od poreza na promet nekretnina u RH (1.000 kn)



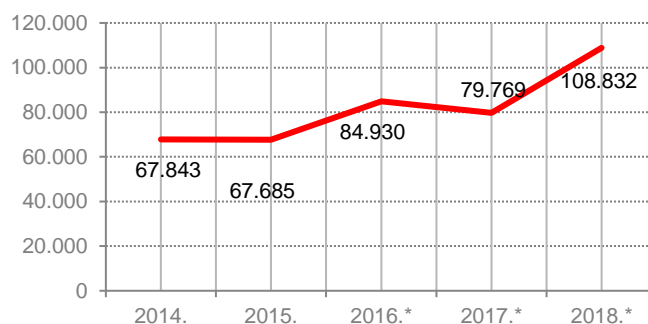
- Prihod od poreza na promet nekretnina dugi je niz godina bio pouzdan parametar za praćenje tržišta nekretnina, no u proteklih pet godina sustav oporezivanja prometa nekretnina izmijenjen je u tri navrata
- Prva promjena nastupila je 1. siječnja 2015. kada su se građevinska zemljišta počela oporezivati PDV-om, zatim je 1. siječnja 2017. stopa poreza snižena s dotadašnjih 5% na 4% te je istovremeno ukinuta mjera oslobođenja od plaćanja poreza na promet nekretnina za kupce koji kupuju svoju prvu nekretninu kojom rješavaju stambeno pitanje i konačno, od 1. siječnja 2019. stopa poreza dodatno je snižena te sada iznosi 3%
- Unatoč izmjenama u oporezivanju, jasno je vidljiv snažan pozitivan trend u 2018.: ukupan iznos uplaćenog poreza na promet nekretnina u 2018. veći je za 44% od iznosa uplaćenog u 2017. i drugi je najveći godišnji iznos uplaćenog poreza u proteklih 10 godina

Izvor: Ministarstvo financija; Porezna uprava

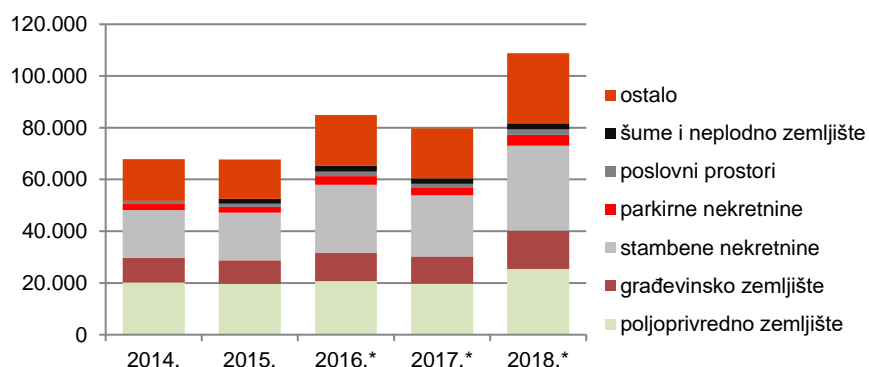
Napomena: zbog izmjena u sustavu oporezivanja podaci za sljedeća razdoblja nisu u potpunosti usporedivi: 1. razdoblje - do kraja 2014. godine, 2. razdoblje - 2015. i 2016. godina i 3. razdoblje - 2017. i 2018. godina

Ukupan broj kupoprodaja nekretnina u RH

- U 2017. godini ukupan broj kupoprodaja nekretnina bio je za 6% niži od ukupnog broja kupoprodaja u 2016. Ukupan broj kupoprodaja u 2018. veći je za 36% od ukupnog broja kupoprodaja u 2017., no obrada podataka za navedene godine još uvijek nije finalizirana
- Od ukupnog broja kupoprodaja realiziranih u razdoblju od 2014. do 2018., najveći broj se odnosi na stanove, apartmane i kuće (ukupno 29,3%) poljoprivredna zemljišta (25,8%) i građevinska zemljišta (13,5%).



Broj kupoprodaja nekretnina u RH prema namjeni nekretnine



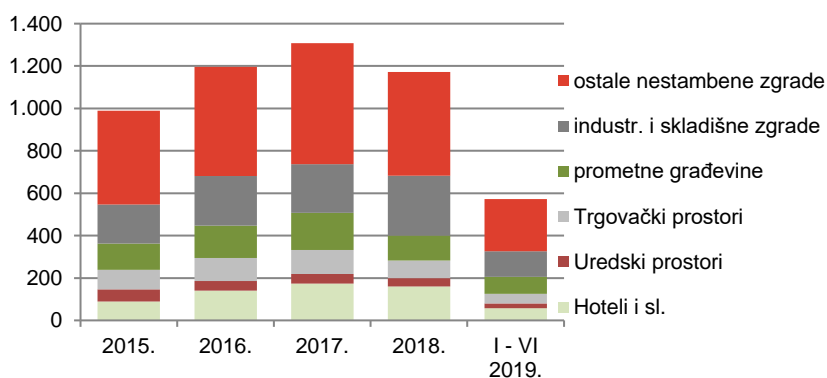
- U 2018. je zabilježen porast broja kupoprodaja nekretnina svih namjena, za većinu namjena stopa rasta bila je podjednaka i kretala se oko 40%. Nešto blaži rast u broju kupoprodaja bilježe poljoprivredna zemljišta kod kojih je broj kupoprodaja porastao za 29%, te šumska i neplodna zemljišta, kod kojih je broj kupoprodaja porastao za 17%

Izvor: Ministarstvo financija, Porezna uprava

Napomena: * podaci nisu konačni; pregled ne sadrži statističke podatke o ukupnoj kupoprodaji već samo o kupoprodaji nekretnina za koje je Porezna uprava utvrdila porez i izdala rješenje

Izdane građevinske dozvole za nove nestambene zgrade

- Broj izdanih građevinskih dozvola za nove nestambene zgrade u Republici Hrvatskoj u 2018. manji je od broja građevinskih dozvola izdanih u 2017. za 10,4%
- Ukupan broj izdanih dozvola u prvih šest mjeseci 2019. podjednak je broju izdanih dozvola u istom razdoblju 2018., no kretanje značajno varira za zgrade različite namjene: snažan porast zabilježen je u broju izdanih građevinskih dozvola za trgovačke zgrade (50%) i prometne građevine (40%), broj izdanih dozvola za uredske zgrade je identičan, a u padu je broj izdanih građevinskih dozvola za hotele (42%) i industrijske zgrade (16%)



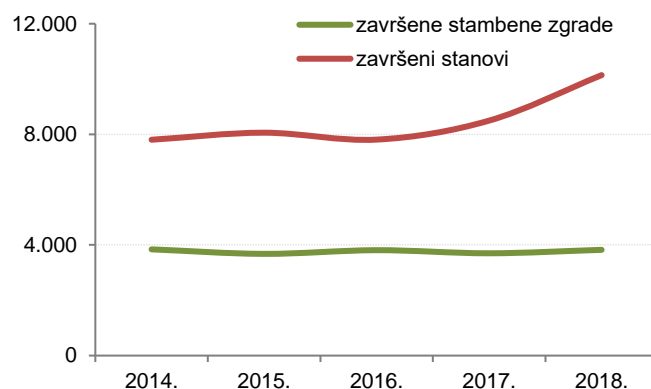
Izvor: DZS

STAMBENE NEKRETNINE

- Tržište stambenih nekretnina je nakon godina stagnacije ponovno u snažnom pozitivnom zamahu, a potražnja za stambenim nekretninama najveća je u Zagrebu i na obali
- Kao rezultat velike potražnje i povoljnih ekonomskih kretanja, u Zagrebu se u protekloj i tekućoj godini intenzivirala izgradnja zgrada pretežito stambene namjene, a većina projekata potpuno se komercijalizira u ranoj fazi izgradnje, neovisno o lokaciji i veličini zgrade. Broj kupoprodaja stanova u Zagrebu u 2018. bio je u značajnom porastu - gotovo se udvostručio u odnosu na broj kupoprodaja realiziranih u 2017.
- Zbog velike potražnje, ali i porasta cijena građenja uvjetovanog manjkom radne snage, cijene stanova u novogradnji značajno su porasle. Tražene cijene starijih stanova također su u porastu, no porast realiziranih cijena starogradnji niži je od onih u novogradnji
- Na kretanje cijena stambenih nekretnina osim ponude i potražnje utječe i POS program subvencioniranja stambenih kredita koji je pokrenut 2017. te naknadno izmijenjen, s ciljem veće iskoristivosti u slabije razvijenim područjima. U prvoj polovici 2019. nije bilo natječaja za odobrenje subvencioniranih kredita, u planu su natječaji za jesen 2019. te za proljeće i jesen 2020.
- U Hrvatskoj je u 2018. realizirano 36,9% više kupoprodaja stanova nego u 2017., a 40% od ukupnog broja kupoprodaja odnosilo se na Zagreb. Broj kupoprodaja kuća u još je većem porastu – u Hrvatskoj je u 2018. prodano 52,6% više kuća nego u 2017.
- Prema podacima iz Zaneove baze, prosječna cijena stanova u Zagrebu u 2019. veća je za 8,5% u odnosu na 2018. te 23% u odnosu na 2017.

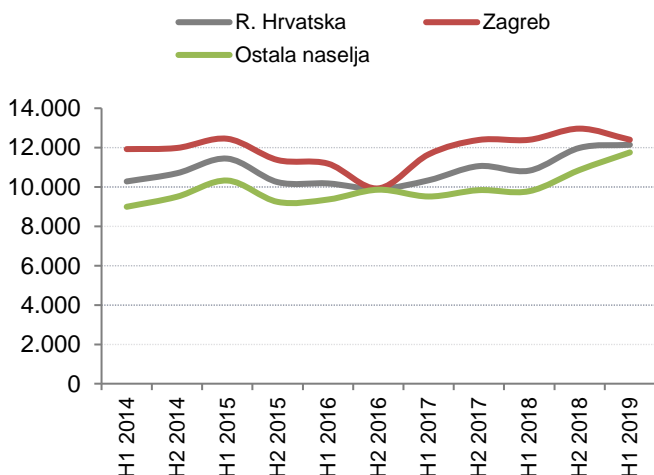
Broj završenih stambenih zgrada i stanova u Republici Hrvatskoj

- Od 2014. do 2018. godine broj završenih stambenih zgrada je relativno stabilan – godišnje se završavalo oko 3700-3800 stambenih zgrada
- Broj završenih stanova u razdoblju od 2014. do 2016. bio je stabilan i kretao se oko 8000 godišnje, u 2017. je zabilježen blagi porast - završeno je 8496 stanova, a u 2018. završen je 10.141 stan, odnosno 19,4% više nego u 2017.



Izvor: DZS

Prosječna cijena prodanih novih stanova (kn/m²)



Izvor: DZS

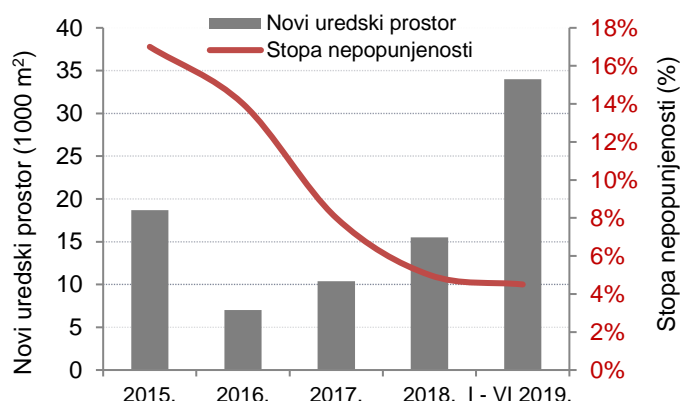
- Prosječna cijena prodanih novih stanova znatno varira po promatranim područjima (Republika Hrvatska, Grad Zagreb, ostala naselja).
- Prema podacima DZS-a cijena prodanih novih stanova u 1. polugodištu 2019. u odnosu na 2. polugodište 2018. na razini Republike Hrvatske porasla je za 1,3%, u Gradu Zagrebu pala je za 4,4%, a u ostalim naseljima porasla za 8,2%
- Navedeni podaci DZS-a rađeni su na ograničenom obuhvatu te se ne podudaraju s podacima s terena – tražene cijene novogradnje pojedinih investitora u Zagrebu u 1. polugodištu 2019. bile su za cca 30% veće od traženih cijena u 1. polugodištu 2017. za projekte iste kvalitete na susjednim mikrolokacijama.

UREDSKI PROSTORI

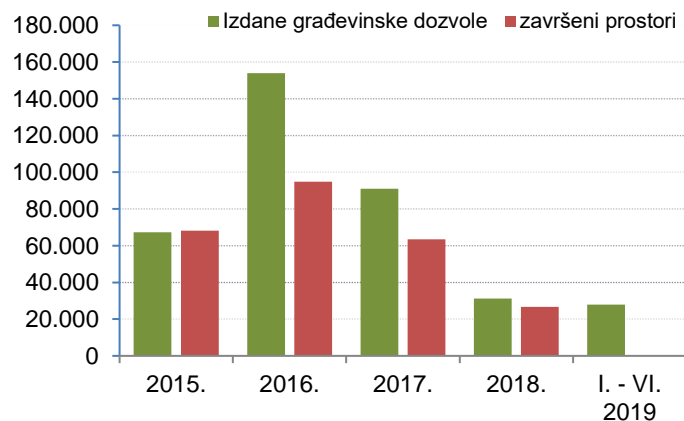
- U prvom polugodištu 2019. u Zagrebu je dovršeno nekoliko uredskih projekata manje i srednje veličine, pa ukupna površina uredskih prostora u Zagrebu prelazi 1 milijun m²
- Tržišne aktivnosti bile su za 28% veće nego u 2. polugodištu 2018., a većinom su se odnosile na transakcije prelaska postojećih zakupaca u kvalitetnije prostore na boljim lokacijama
- Mjesečne zakupnine u Zagrebu bile su stabilne i kretale su se oko 14-15 EUR/m² u prvoklasnim nekretninama, dok su u sekundarnim nekretninama iznosile oko 8-10 EUR/m².
- Stopa nepopunjenosti uredskih prostora zadržala se na 4,5%, a u idućem razdoblju očekuje se porast stope nepopunjenosti u lošijim projektima
- Na tržište je isporučeno ukupno 34.000 m² novih prostora, a u izgradnji je podjednaka površina uredskih prostora: pri završetku je 2. faza uredskog projekta Petrius, površine 7.500 m² na Žitnjaku te poslovno-sportski kompleks Euro Daus na Radničkoj cesti jednake površine. U Novom Zagrebu započela je izgradnja kampusa domaće IT tvrtke Infobip površine 15.500 m², od čega će 9.000 m² biti uredske namjene. Developer GTC nastavlja s intenzivnom gradnjom - 2. faza projekta Matrix površine 10.000 m² bit će dovršena početkom iduće godine, a uredski kompleks Seven Gardens u neposrednoj blizini projekta Matrix u fazi je ishođenja građevinske dozvole

Novi uredski prostori (1.000 m²) i stopa nepopunjenosti (%) u Zagrebu

- Površina uredskih prostora dovršenih u 1. polugodištu 2019. podjednaka je ukupnoj površini uredskih prostora dovršenih u protekle 3 godine
- Dovršena su dva projekta u poslovnoj zoni na istoku Zagreba: 1. faza Matrix projekta GTC Grupe površine 10.000 m² i projekt R21 u kojem se nalazi 17.000 m² uredskih poslovnih prostora, od kojih je veći dio zakupio HT i 11.150 m² hotelskog prostora u kojem je smješten Hotel Hilton Garden Inn.
- Osim projekata u istočnoj poslovnoj zoni, dovršen je i projekt Otok u Novom Zagrebu, investitora VMD, površine 7.000 m²



Uredski prostori u Hrvatskoj – izdane građevinske dozvole i završeni prostori (m²)



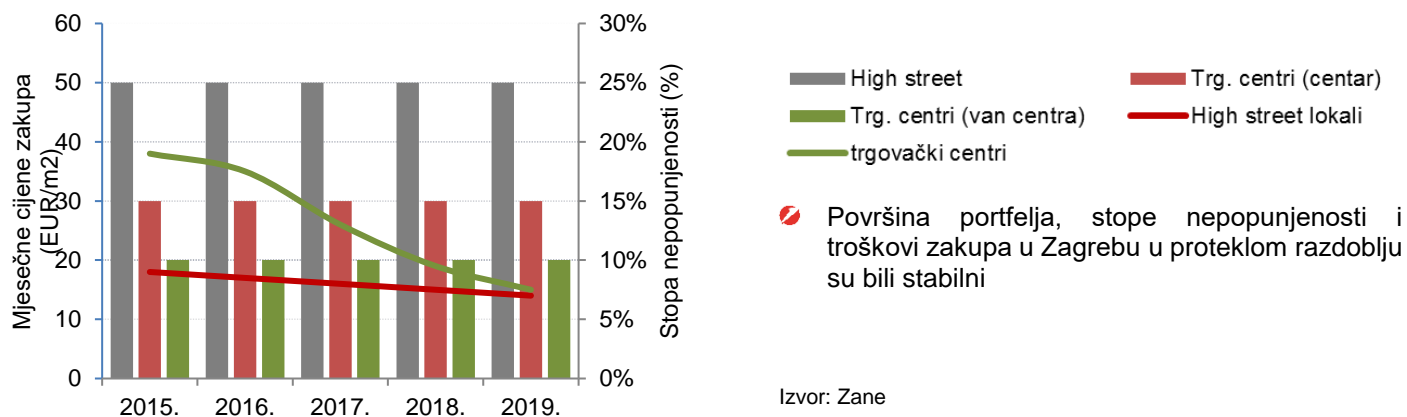
Izvor: DZS

- Površina završenih prostora uredske namjene i površina uredskih prostora za koje su izdane građevinske dozvole u proteklih nekoliko godina znatno je oscilirala.
- U proteklih pet godina 2016. je po površini uredskih prostora za koje je izdana građevinska dozvola i po površini dovršenih prostora bila rekordna, a nakon nje su uslijedile dvije godine uzastopnog pada
- U 2019. ponovno je zabilježen pozitivan pomak: površina uredskih prostora za koje je izdana građevinska dozvola u prvih 6 mjeseci 2019. gotovo je dosegla površinu za koju je izdana građevinska dozvola u cijeloj 2018.

TRGOVAČKI PROSTORI

- Unatoč činjenici da je tržište trgovačkim prostorima u Hrvatskoj zasićeno, posebice u većim gradovima, zbog povoljnih makroekonomskih trendova i porasta potrošnje tržište je u proteklom razdoblju bilo vrlo dinamično
- Niske stope nepopunjenosti i velika potražnja potaknule su vlasnike trgovačkih prostora na manja proširenja i uređenja prostora, a nastavljen je i trend izgradnje trgovačkih prostora u manjim gradovima, i to pretežno retail parkova
- U prvom polugodištu 2019. dovršena su dva nova projekta: retail park Arena Park pored Arena centra u Zagrebu, površine 8000 m² i retail park Mid Grupe u Poreču, površine 8300 m²
- Na tržište su ušla dva nova veća zakupca – turski modni brand LC Waikiki otvorio je svoje prve trgovine u Zagrebu i Splitu, a njemački trgovac namještajem Möbel Land otvorio je trgovinu u Westgate Shopping Citiju. Talijanski maloprodajni lanac Eurospin priprema se za ulazak na hrvatsko tržište
- Nakon što je prije cca dvije godine preuzela veći broj trgovačkih centara u Hrvatskoj, tvrtka Supernova angažirana je na njihovim preuređenjima i/ili proširenjima: Branimir centar u Zagrebu je preuređen i preimenovan u Branimir Mingle Mall, do kraja 2019. trebalo bi biti dovršeno proširenje shopping centra u Buzinu, preuređenje shopping parka u Slavonskom Brodu te proširenje shopping centra Sisak East, a za 2020. planiran je dovršetak preuređenja Centra Kaptol u Zagrebu i retail parka u Požegi
- Poseidon Grupa, vlasnik manjih trgovačkih nekretnina u Makarskoj i Vinkovcima, preuzela je management nad još desetak sličnih trgovačkih centara u manjim gradovima te započela njihovo uređenje i brandiranje u Capitol Park retail parkove
- U tijeku je proširenje City Malla Pula, koji će dobiti dodatnih 9400 m² te izgradnja trgovačkog centra u Makarskoj, površine 24.000 m²
- Rok dovršetka izgradnje shopping centra i retail parka Z u zapadnom dijelu Zagreba je neizvjestan – nakon rušenja nedovršenog trgovačkog centra Leclerc te uređenja građevinske parcele i unutarnje prometnice, izgradnja centra je pauzirana
- Nastavljen je trend izgradnje samostojećih trgovačkih objekata maloprodajnih lanaca i trgovina za dom te širenje njihove prodajne mreže u manjim gradovima, a najaktivniji je u proteklom razdoblju bio trgovački centar Plodine

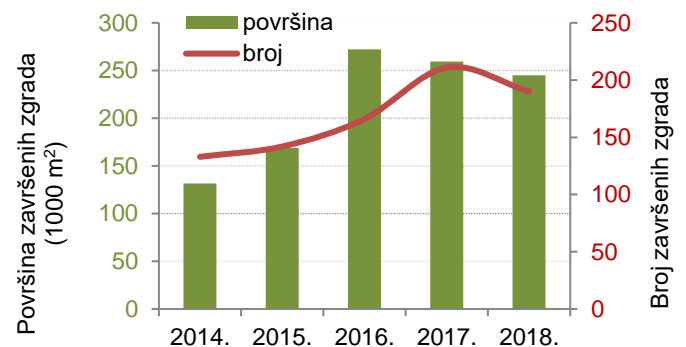
Mjesečna cijena zakupa (EUR/m²) i stopa nepopunjenosti trgovačkih prostora u Zagrebu



- ❌ Industrijski segment još uvijek je najnerazvijeniji segment tržišta nekretnina, unatoč dobrom geografskom položaju zemlje i značaju u tranzitu
- ❌ Manjak investicija rezultat je visokih troškova stjecanja zemljišta i doprinosa, a način kategorizacije i obračuna doprinosa za industrijske nekretnine (izuzev nekretnina isključivo proizvodne namjene) višestruko nadmašuje opterećenje doprinosima u odnosu na druge tipove nekretnina
- ❌ Unatoč velikoj potražnji, zbog manjka odgovarajućih modernih logističkih prostora tržišna aktivnost je bila slaba
- ❌ Postojeći fond ove vrste nekretnina i dalje je uglavnom u funkciji vlasnika prostora, a zbog nedostatka odgovarajućih centara ponuđenih za zakup i dalje se nastavlja trend izgradnje logističkih centara za vlastite potrebe
- ❌ Glavni pokretač tržišta industrijskih prostora je e-trgovina, koja snažno raste i globalno i lokalno, pa se u budućnosti očekuje još veća potražnja za adekvatnim logističkim prostorima
- ❌ Zakupnine prvoklasnih skladišnih prostora kreću se oko 5.25 EUR/m² mjesečno, a u sekundarnim prostorima oko 2 – 4 EUR/m² mjesečno, ovisno o karakteristikama prostora (lokacija, opremljenost, prometna povezanost i sl.)
- ❌ U proteklom razdoblju bile su aktualne dvije veće investicije u Velikoj Gorici:
 - izgradnja 1. faze sortirnog centra Hrvatske Pošte bila je u završnoj fazi krajem 1. polugodišta 2019., a radi se o 32.000 m² od ukupno 38.000 m², koje tvrtka gradi za vlastite potrebe;
 - domaći distributer Atlantic Grupa dovršio je 1. fazu izgradnje svog novog središnjeg logističkog centra u poslovnoj zoni Meridijan 16, površine 17.000 m²
- ❌ U tijeku je izgradnja novog logističkog centra tvrtke za prijevoz i logistiku Gebruder Weiss u Svetoj Nedelji, koji će se prostirati na površini od 18.000 m²

Površina (m²) i broj završenih industrijskih zgrada i skladišta

- ❌ U proteklih 5 godina najveća površina završenih industrijskih zgrada i skladišta zabilježena je 2016., a zatim su uslijedile dvije godine uzastopnog pada od cca 5%
- ❌ U istom razdoblju, najveći broj završenih industrijskih zgrada i skladišta zabilježen je 2017., a taj se broj u 2018. smanjio za 10%



Izvor: DZS

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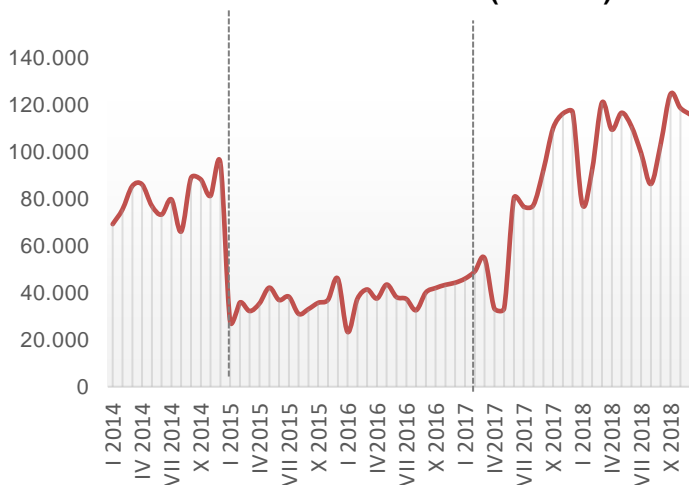
Varaždin, Kapucinski trg 5, T: +385 42 212 515



CROATIAN REAL ESTATE MARKET OVERVIEW H1 2019

- Continuous positive economic trends had a positive impact on the real estate market. Steady GDP growth, increased export in goods, employment rate, average wages, retail trades and favourable results of touristic season are arousing optimism of local and international investors
- The unemployment rate is amongst lowest recorded, shortage of construction workers and the increased construction volume have resulted with the increase in construction costs
- The market has been strongly growing, which is visible through increased number of transactions and revenue from real estate transaction taxes. Market growth is particularly strong in the residential segment, where in addition to the increased number of transactions, there was a significant increase in finished projects and asking prices
- The state's Subsidisation of Housing Loans Program is still actual, with tender for subsidiations scheduled for the second half of 2019. More than 5,000 housing loans have been subsidised through the program in 2017 and 2018.
- Real estate transaction tax has been reduced since January 1st 2019 and now stands at 3%

Real estate transaction tax revenues (1.000 kn)



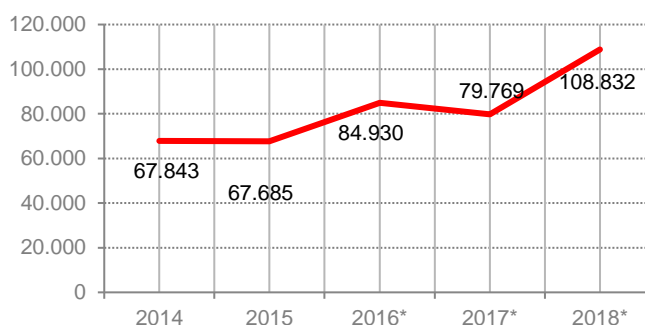
- For a long period of time, the real estate transaction tax revenue has been a reliable parameter for the real estate market analysis, but in the past five years the real estate taxation system has been changed three times
- The first change was applied on January 1st 2015, when the construction plot acquisition became a part of VAT taxation system. On January 1st 2017, the tax rate was reduced from the previous 5% to 4%, the tax relief for residents buying their first residential property for their own housing has been abolished. Finally, as of January 1st 2019, the tax rate has been further reduced to 3%
- Despite the changes in taxation, there is clearly a strong positive trend in 2018: the total amount of real estate tax paid in 2018 was 44% higher than the amount paid in 2017 and was also the second highest annual amount of tax paid in the past 10 years

Source: Ministry of Finance RC, Tax Administration Service

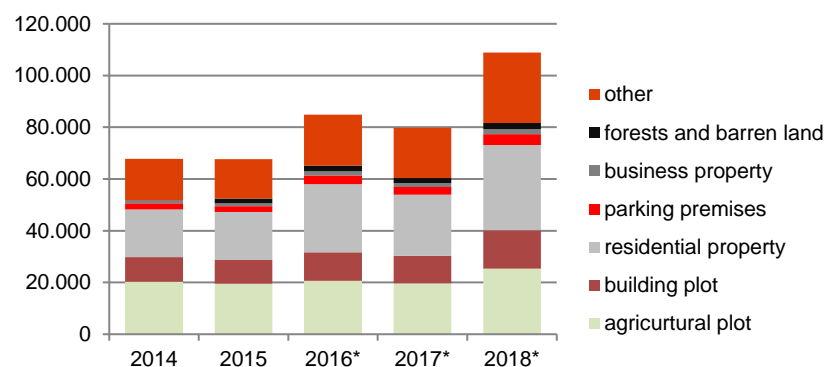
Note: due to changes in the taxation of real estate transactions, the data for the following three periods is not fully comparable: 1st period - till the end of 2014, 2nd period - 2015 and 2016, 3rd period - 2017 and 2018.

The number of real estate sale and purchase transactions in Croatia

- In 2017, the total number of real estate sale and purchase transactions was 6% lower than the total number of transactions in 2016. The total number of sale and purchase transactions in 2018 increased by 36% compared to 2017, but the data processing for those years is ongoing.
- Out of the total number of sales registered from 2014 to 2018, the largest number of transactions refers to flats, apartments, houses (total 29,3%) agricultural land (25,8%), and building plots (13,5%).



The number of real estate sale and purchase transactions by property purpose



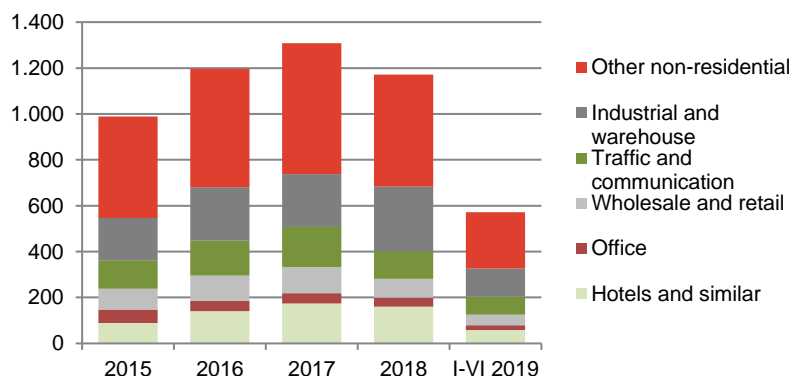
- The 2018 recorded increase in the number of purchases of real estate of all types, with growth rate around 40% for most types of properties. A slightly milder increase was recorded in the number of purchases of agricultural plots (29%) and forest and barren lands (17%).

Source: Ministry of Finance, Tax Administration Service

Note: *the data is not completed, the review does not contain statistics on the total purchase but only on the sale of real estate for which the Tax Administration has established the tax and issued the tax account

Building permits for new non-residential buildings

- The number of building permits issued for new non-residential buildings in the Republic of Croatia in 2018 is 10.4% lower compared to the number of building permits issued in 2017.
- The total number of permits issued in the first six months of 2019 is equal to the number of permits issued in the same period of 2018, but the number varies significantly for buildings of different types: a strong increase was recorded in the number of building permits issued for retail buildings (50%) and transport buildings (40%), the number of permits issued for office buildings was identical, while the number of building permits issued for hotels and industrial buildings was declining for 42%, respectively 16%.



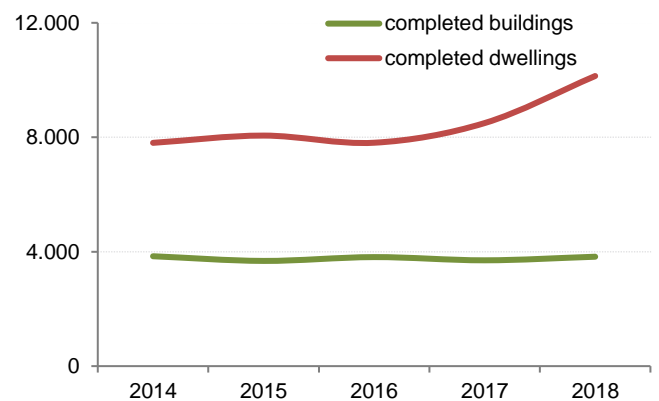
Source: CBS

RESIDENTIAL REAL ESTATE

- After years of stagnation, the residential real estate market is facing the new strong positive momentum, with highest demand for residential real estate recorded in Zagreb and along the coastline
- Due to the high demand and favourable economic trends, the development of predominantly residential buildings in Zagreb was intense through the past and current year, with most of the projects fully commercialized in the early stages of development, regardless of the location and size of the building. The number of apartment sales in Zagreb in 2018 has significantly increased - almost doubling the number of apartment sales in 2017
- Due to the high demand and the increase in construction prices caused by the shortage of construction workers, the prices of apartments in new buildings have increased significantly. Asking prices for used apartments were also rising, but the increase rate of purchase prices for used buildings is lower than those in the newly built ones
- Apart from high demand, the prices of residential real estate were additionally boosted by the Subsidisation of Housing Loans Program, which has been launched in 2017 and subsequently modified, with an aim of greater utilization in less developed areas of the country. In the first half of 2019, there were no public tenders for the subsidized loans, the tenders are planned for autumn 2019 and spring and autumn 2020
- There were 36.9% more residential apartments sold in Croatia in 2018 compared to 2017, and 40% of the total number of purchases was recorded in Zagreb. The increase in the number of residential houses sold is even higher - in 2018 52.6% more residential houses were sold in Croatia compared to 2017
- According to data registered in Zane's database, the average price of apartments recorded till October 2019 was 8.5% higher than the average price of apartments recorded in 2018 and 23% higher than the average price of apartments recorded in 2017

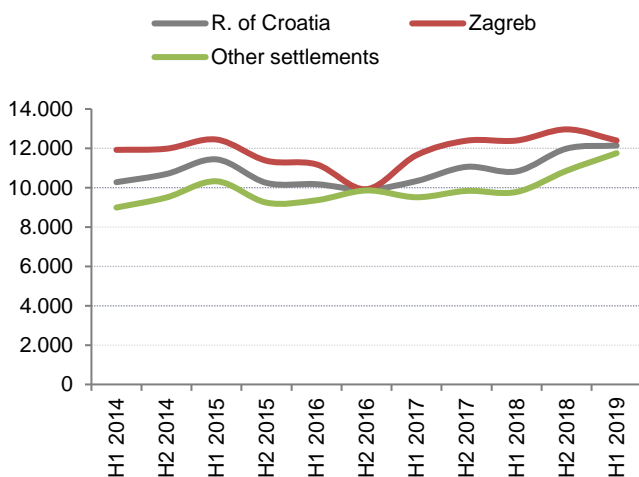
The number of completed residential buildings and dwellings

- The number of completed residential buildings was relatively stable in the 2014 – 2018 period, approximately 3700-3800 residential buildings were built annually
- The number of completed apartments in the period from 2014 to 2016 was stable and ranged around 8000 annually, followed by a slight increase in 2017 when 8496 apartments were completed and stronger increase in 2018, when 10.141 apartments were completed, which is 19.4% higher compared to 2017



Source: CBS

The average price of new dwellings sold (kn / m²)



Source: CBS

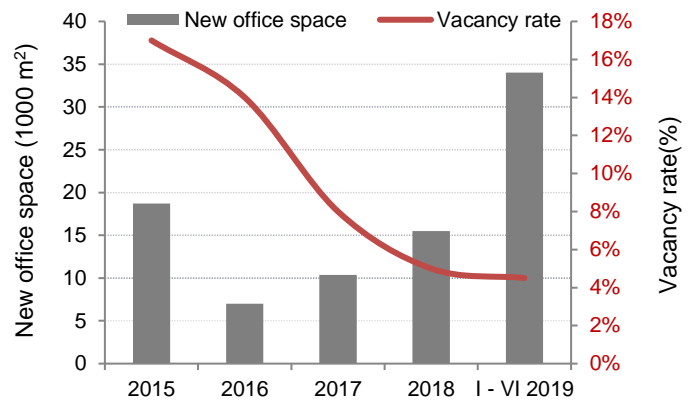
- The average price of new dwellings sold varies considerably in the observed areas (Republic of Croatia, Zagreb, other settlements)
- According to the CBS data, the price of new dwellings sold in the first half of 2019 increased by 1.3% compared to the second half of 2018 in Croatia, in the City of Zagreb it decreased by 4.4%, and in other settlements it increased by 8.2%
- The CBS collects the data from the limited scope and such data does not match the data collected on the field - the asking prices for newly built apartments in the first half of 2019 in Zagreb were approximately 30% higher than the asking prices in the first half of 2017, for projects of the same quality on adjacent building plots, developed by the same developer

OFFICE REAL ESTATE

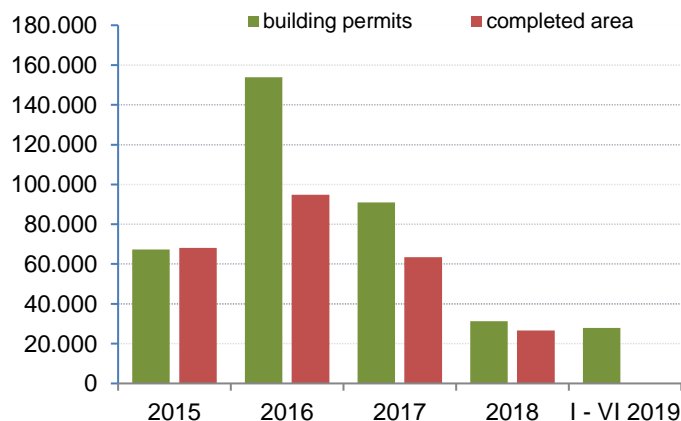
- ❌ In the first half of 2019, several small and medium-sized office projects were completed in Zagreb, and the total leasable office space in Zagreb now exceeds 1 million m²
- ❌ Market activities were 28% higher compared to the second half of 2018, and were still mainly related to lease transactions of tenants moving from existing leaseholders to better premises at better locations
- ❌ Monthly lease in Zagreb was stable at around 14-15 EUR /m² for the first class real estate and 8-10 EUR /m² for the secondary real estate
- ❌ The vacancy rate stood around 4,5%, with vacancy rate expected to rise in lower quality projects in further period. The total of 34,000 m² of new premises was delivered to the market with an equal area of office space currently under construction: the construction of phase 2 of the Petrius office project with 7,500 m² area in Žitnjak and same-sized business-sports complex Euro Daus on Radnička Road is in the final phase. The construction of a 15,500 m² campus of local IT company Infobip kicked off in Novi Zagreb, with 9,000 m² for office purpose. East European developer GTC continues with intensive construction - Phase 2 of the 10,000 m² Matrix project will be completed early next year and issuing of building permits for Seven Gardens office complex in the immediate vicinity has been initiated

New office space (1.000 m²) and vacancy rates (%) in Zagreb

- ❌ The area of office space completed in the first half of 2019 is equal to the total area of office space completed in the previous 3 years
- ❌ Two projects were completed in a business zone in the Zagreb east: Phase 1 of the 10,000 m² GTC Group's Matrix project and the R21 project containing 17,000 m² of office space, most of which was leased by HT and 11,150 m² of hotel space leased to Hotel Hilton Garden Inn.
- ❌ Apart from projects in the Eastern Business Zone, VMD's project Otok with 7.000 m² office area was completed.



Office premises in Croatia – building permits issued and completed premises (m²)



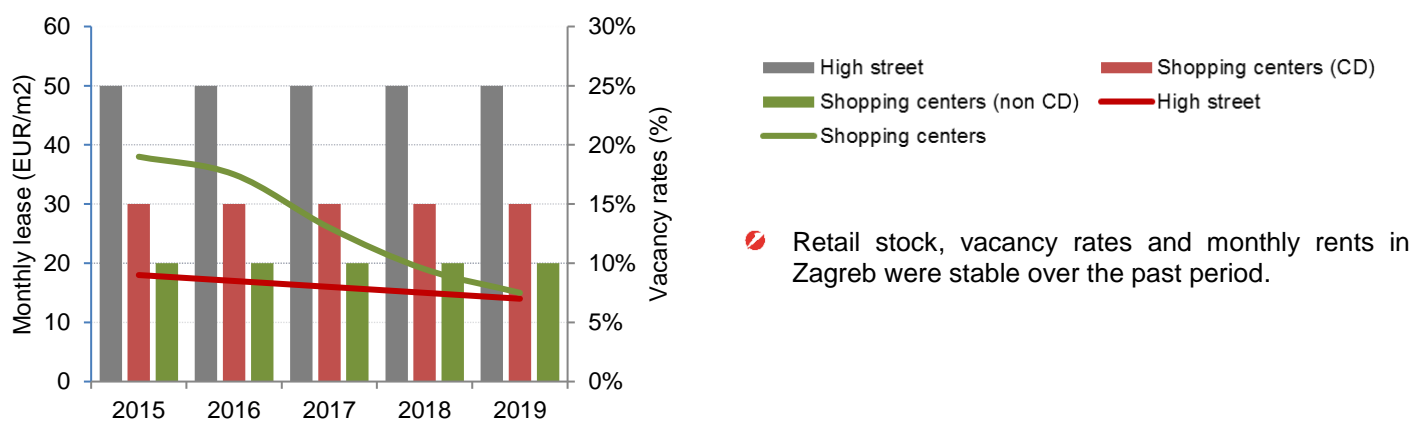
Source: CBS

- ❌ The area of completed office premises and the area of office premises for which the building permits have been issued has considerably varied in the last few years.
- ❌ In the past five years, 2016 has been record-breaking in terms of office space area for which a building permit has been issued and in terms of office area completed, but it was followed by two consecutive years of decline
- ❌ An increase was again recorded in 2019: the area of office space for which a building permit was issued in the first 6 months of 2019 almost reached the area for which a building permit was issued throughout 2018.

RETAIL REAL ESTATE

- ❌ Despite the fact that the retail market in Croatia is saturated, especially in major cities, the market has been very dynamic in the past period due to favourable macroeconomic trends and rising consumption,
- ❌ Low vacancy rates and high demand encouraged retail space owners to expand and renovate their premises, and the trend of developing retail spaces in smaller cities continued, with most of the new developments designed as retail parks
- ❌ There were two completions in the first half 2019: the Arena Park retail park was built next to the Arena Center in Zagreb, adding 8000 m² to the market and the Mid Group Retail Park was finished in Poreč, measuring 8300 m².
- ❌ Two new major tenants have entered the market - Turkish fashion brand LC Waikiki has opened its first stores in Zagreb and Split, and German furniture retailer Möbel Land has opened a store in Westgate Shopping City. Italian retailer Eurospin is preparing to enter the Croatian market
- ❌ After acquisition of a number of retail centers in Croatia throughout last few years, Supernova is engaged in their remodeling and / or extensions: the Branimir Center in Zagreb has been renovated and renamed the Branimir Mingle Mall; extension of the shopping center in Buzin, renovation of the shopping park in Slavonski Brod and the extension of the Sisak East shopping center should be finished till end of 2019, and the complete renovation of the Kaptol Center in Zagreb and a retail park in Požega are scheduled for 2020
- ❌ The Poseidon Group, the owner of smaller commercial properties in Makarska and Vinkovci, has taken over the management of a dozen other similar shopping centers in smaller cities and started arranging and branding them in Capitol Park retail parks
- ❌ The expansion of the City Mall Pula is underway, which will add an additional 9400 m² to the center and the construction of a 24,000 m² shopping center in Makarska has also commenced
- ❌ The completion of the shopping center and retail park "Z" in the western part of Zagreb is still uncertain - after the demolition of the ruins of unfinished Leclerc shopping center and preparation of building plot and the internal road, the construction works have been put on hold
- ❌ The trend of building retail warehouses and the expansion of the sales network in smaller cities continued, mainly driven by retail traders and home goods traders, with the retailer Plodine being the most active over the past period

Monthly lease (EUR/m²) and vacancy rates for retail premises in Zagreb



- ❌ Retail stock, vacancy rates and monthly rents in Zagreb were stable over the past period.

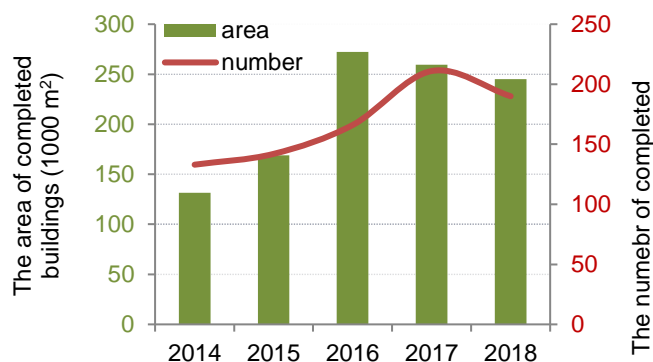
Source: Zane

INDUSTRIAL REAL ESTATE

- Industrial segment is still the least developed real estate market segment, despite the country's excellent geographical position and importance in transit
- Lack of investment is mainly caused by high costs of land acquisition and contribution fees. The rules for categorizing and calculating contributions for industrial premises (with the exception for factories) continues to outweigh the investment, compared to other types of real estate developments
- Despite the high demand, the market activity was very low due to the lack of suitable premises
- The existing stock of industrial premises is still largely owner occupied, and due to the lack of adequate lease space, more and more investors are opting for building logistic centres for their own needs
- The main driver of the logistic market is e-commerce, which is growing strongly both globally and locally, and in the future we're expecting to see even greater demand for adequate logistics space
- Monthly lease for first-class warehouse stands around 5.25 EUR/m² and 2-4 EUR/m² for second-class premises
- In the past period, two major investments were actual in Velika Gorica:
 - At the end of the 1st half of 2019, the construction of Phase 1 of the Croatian Post sorting center was in its final phase, built by the company for its own needs and covering 32,000 m² out of a total of 38,000 m²
 - a domestic retail goods distributor Atlantic Group has completed Phase 1 of the construction of its new central logistics center in the Meridijan 16 Business Area, covering 17,000 m²
- Construction of a new logistics center for transportation and logistics company Gebruder Weiss in Sveta Nedelja is underway, with planned 18,000 m² area

The number and the surface area (m2) of completed industrial buildings and warehouses

- In the past 5 years, the largest area of completed industrial buildings and warehouses was recorded in 2016, followed by two years of consecutive decline of approximately 5%
- In the same period, the highest number of completed industrial buildings and warehouses was recorded in 2017, continued by 10% decrease in 2018



Source: CBS

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