

Zagreb Retail Market Pulse

H1 2015



Stock and Supply

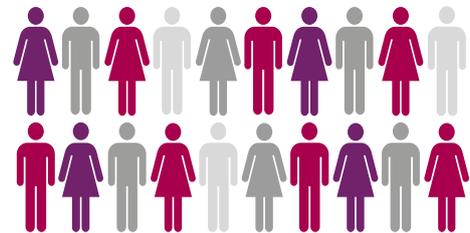
Over the previous decade, the retail market has witnessed the greatest levels of development. Since 2007, the shopping centre stock has evolved rapidly with a significant level of new supply added in the period from 2009 onwards. In the last 18 months, the retail market was enriched by several developments.

At the beginning of 2014, the Supernova Shopping centre/park was delivered, adding 30,900 sq m, located in Buzin. The same year was also notable for the opening of the first IKEA store in Rugvica, totalling 38,000 sq m. Following its opening, Steinhoff International group has decided to convert the Kika stores to Emmezeta.

In late 2014, the Meridijan 16 shopping centre by Agrokor, was opened in Gračani, including a new Super Konzum store, spread over 2,000 sq m.

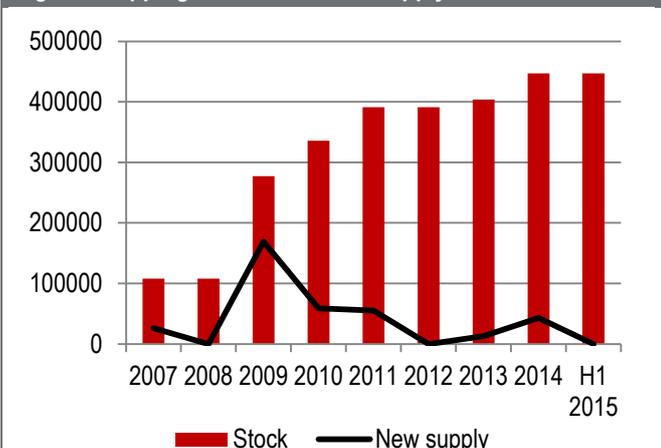
Shopping center density in Zagreb

565 sq m
per 1,000 inhabitants



*Including shopping centre/park development

Zagreb Shopping center stock and supply



Source: JLL, August 2015

Market activity was mainly influenced by the reshuffling caused by Agrokor's acquisition of Mercator, with stores being rebranded as Konzum. Other active retailers such as Lidl, Billa, Kaufland, Pevec, NTL and Metro have all continued their expansion throughout the country.

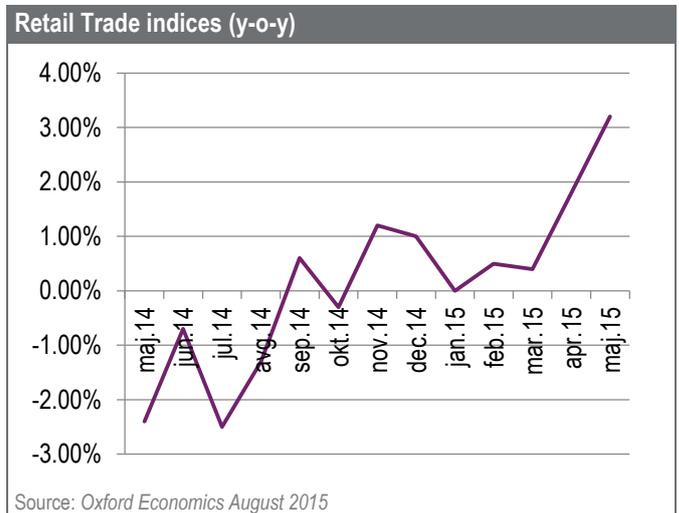
Recent retail development

Property	Location	Type	Size (sq m)
Pevec	Jankomir	Big box	15,250
Supernova Zagreb	Buzin	Shopping center/park	30,900
Meridijan 16	Gračani	Shopping center	12,000
IKEA	Rugvica	Big Box	38,000

Demand

One of the country's prime assets, Arena Centar, recorded a 5% footfall increase during 2014 when compared to the previous year, resulting in 8.7 million visitors. During recent months, Arena centre has attracted various retailers including Napapijri, He by Mango, Sinsay, Cropp, House, Mohito, Reserved and Lego. Since there was no significant rise in shopping centre supply in the recent years, the vacancy rate has not risen dramatically. With a recovery in demand, the vacancy rate is expected to drop particularly in prime assets.

Since the beginning of 2015, we have recorded one market entry, MAC, represented by Orbico Beauty, taking its place on the high street.



Rental levels

The current market conditions feature a lower purchasing power, causing a drop in the rental levels within shopping centres and on the high street. Average rents within the prime shopping centres range between €20 - €22 sq m/month, while prime high street rents have range between €60 - €70 sq m/month.

Jones Lang LaSalle

Andrew Peirson

Managing Director
SEE Region & Romania
JLL
+381 11 785 0579
andrew.peirson@eu.jll.com

Jones Lang LaSalle

Jana Golubović

Research Analyst
SEE Region
JLL
+381 11 785 0589
jana.golubovic@eu.jll.com

Renova Property Consultants

Tomislav Greguric

Managing Director
+385 91 4826 194
tomislav.greguric@renova.hr

