

# Zagreb Retail Market Pulse

H2 2015



## Stock and Supply

During 2015, Zagreb's retail market has witnessed moderate construction activity with the expansion of retail chains and refurbishment of existing projects. However, there were no new shopping centers delivered to the market. The recent completion of larger scale projects occurred in 2014. Supernova shopping center / Retail park added 30,900 sq m to the Buzin neighbourhood. Furthermore, 2014 was notable for the opening of the first IKEA store in the country, spread over 38,000 sq m. Following a successful first year in Croatia, the company has announced expansion plans within the country, including the launching of an online sales platform.

In the second half of 2015, Avenue Mall has redesigned the food court and introduced new operators including KFC and McDonalds, while City center One East has introduced several restaurants including KFC, Foodie, Wok me, Mex, Juhu, Pasta Fasta and Fresh me.

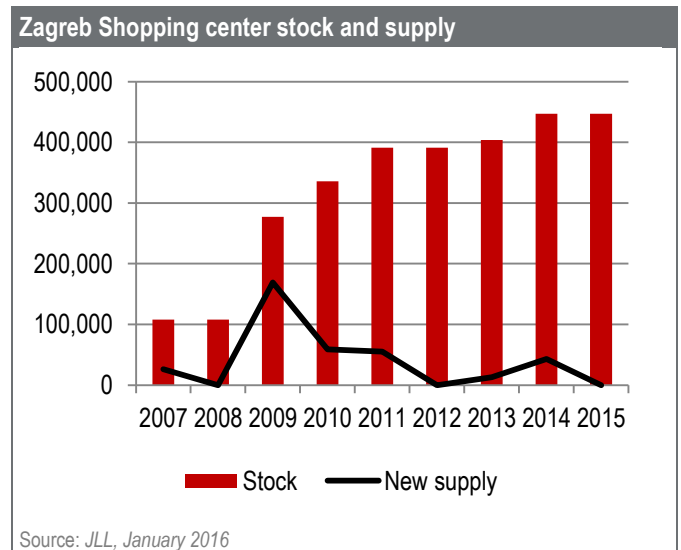
Increased construction activity was recorded within secondary cities. The opening of the Mall of Split has been postponed until the beginning of 2016, after being previously scheduled for the last quarter of 2015. This will be a new regional center developed by the Tulipan group, totalling 61,700 sq m. Furthermore, a new shopping center, Sub City, has been opened in the Srebreno beach resort, in the vicinity of Dubrovnik. The shopping center hosts various fashion brands such as Muller, Bleu Homme, Konzum, H&M, and New Yorker.

Shopping center density in Zagreb

**565 sq m**  
per 1,000 inhabitants



\*Including shopping centre/park development



During 2015, the market has witnessed concept changes for a number of existing schemes. This includes the former retail center Cascade which is under reconstruction. After completion it will include different commercial uses including a hotel and entertainment hall.

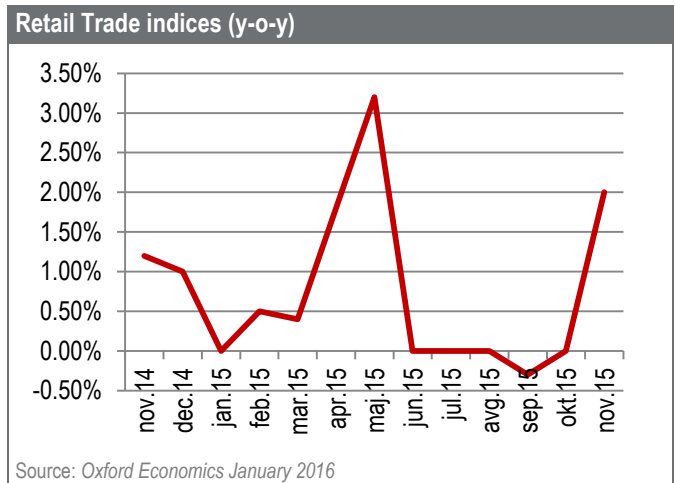
In 2015, big box scene was marked with relocation and expansion of Croatian DIY chain Pevec within several cities, while Bauhaus started the construction of its scheme in Buzin, Zagreb. Additionally, food retail chains have continued their expansion throughout the country. In 2015 Spar has opened stores in Varaždin and Zagreb and is set for more openings on the coast in 2016. Kaufland has opened a new hypermarket of 2,700 sq m in Lanište and started construction of another unit in Novi Zagreb. For 2016, Lidl has announced its further expansion with the opening of new stores and modernisation of existing ones. In the former Getro premises in Vrbani, Konzum has invested in order to refurbish and equip the center to fulfil online trading. E-commerce has been growing at a fast pace yet still accounts for a limited share of the market in Croatia.

## Demand

Traditionally, Zagreb has been the most active city in terms of demand, although we have recorded growing interest from retailers for secondary cities, mainly within recently opened schemes. After the opening of its first store in King Cross in Zagreb, French retailer of sports equipment Decathlon has opened its new store in Rijeka, spread over 2,500 sq m. During 2015, we have recorded a rise of cosmetic and beauty stores. At the beginning of 2015 MAC, represented by Orbico Beauty, opened its first high street store, while Kiehl's has opened its first store in Arena center.

French dry cleaning chain 5asec has opened its first store in Zagreb and has announced rapid expansion plans over the next two years. In addition, the well-known British department store chain

Debenhams has announced the opening of its stores in 2016. However, during 2015, Marks & Spencer has announced the closure of its operations within the SEE region, including Croatia.



## Rental levels

During 2015, average rents within prime shopping centres remained stable and range between €20 and €22 sq m/month. Prime rents on the high street range from €60 to €70 sq m/month.

## Investment outlook

In 2015, the Croatian real estate investment market recorded increased interest. South Africa's Tower Property Fund has acquired an interest in the recently completed office building by VMD Grupa for a price of €23.7 million. The fund has also acquired four retail schemes from Agrokor, including two Konzum stores in Zagreb and Velika Gorica; Sub City shopping centre in Dubrovnik and Meridijan 16 in Zagreb, for €66.4 million overall. Growth was also noted among local investors which have acquired Avenue Mall in Osijek and a department store in the west part of Zagreb. In the upcoming period, the market will witness growing interest for well performing office, retail and mixed use schemes.

### 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

