



Total competitive logistics stock in Zagreb and its surroundings currently stands at approximately 635,000 square meters of leasable area, out of which roughly 60% is owner-occupied.

Besides a few built-to-suit new projects and extensions for owner-occupation (e.g. dm-drogerie markt's expansion within Jankomir district in Zagreb, Kaufland's new distribution center in proximity to Jastrebarsko, Lagermax distribution center in Jakovlje), there hasn't been deliveries of new rental logistics properties since 2011, when Zagreb Logistics Park was completed.

There is currently only one project under construction, this being the first phase (32,000 sqm) of the new distribution and sorting center which is being built for Croatian Post (Hrvatska pošta) in Velika Gorica. Construction of the second phase (6,000 sqm) should commence in 2019.

Even though demand for class A space, especially for larger premises, has been exceeding supply in past several years, leasing activity has been weak due to limited stock available and low construction activity. Consequently, the overall vacancy rate in competitive logistics stock is very low.

Nearly one-half (47%) of total logistics competitive stock in Zagreb and its metropolitan area is occupied by tenants from consumer products sector, which is not surprising given the increase in retail sales and growth of e-commerce in recent years. Tenants from the logistics/freight/distribution sector occupy approximately 38%, while the remaining 15% is occupied by tenants from all other sectors.

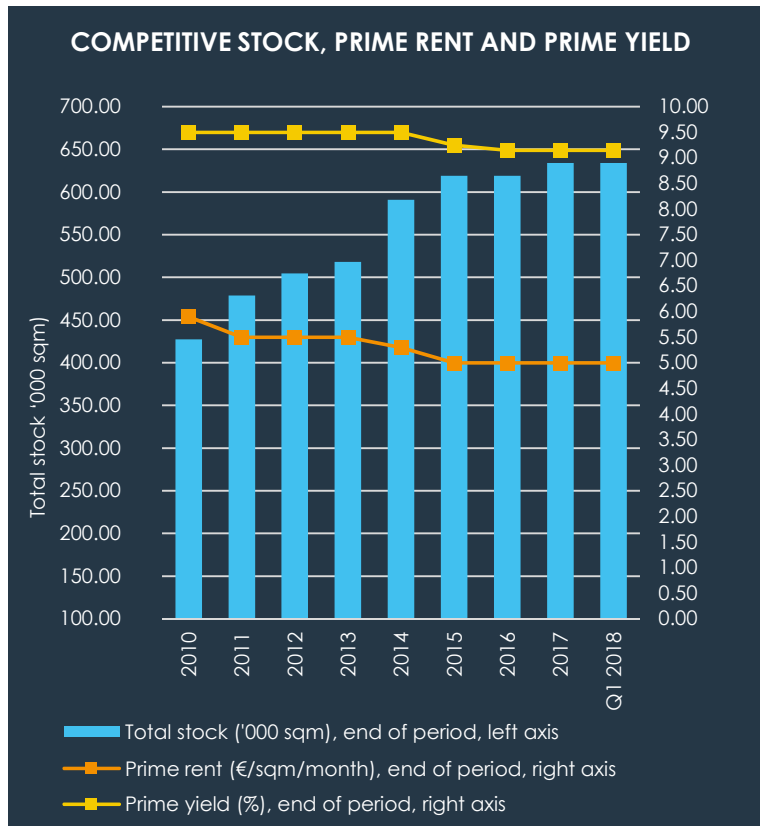
At the end of Q1 2018, prime rent stood at 5.00 EUR/sqm/month, and prime yield at 9.15%.

DEFINITIONS

Competitive Logistics Stock – total gross leasable floor area in completed (occupied and vacant) logistics warehouses which comprise at least 4,500 sqm, have a clear height of at least 6 meters (class A 10+ m, class B 6-10 m), have a high ratio of loading docks to overall floor area, and office space share of <20%

Prime Rent – the typical achievable open-market headline rent that could be expected for a unit of standard size in a property of the highest quality and specification within the prime location

Prime Yield – the yield which an investor would receive when acquiring a prime (class A) property in a prime location, which is fully let at current market rents; the prime yield reported is net



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