

3.7%
Vacancy Rate



48,851
Take-Up, SM



€4.2
Prime Rent, PSM



Overall, Net Asking Rent

ECONOMIC INDICATORS 2020

-4.2%
Bulgaria
GDP Change YoY



5.1%
Bulgaria
Unemployment Rate



-3.4%
Industrial Production
YoY, February



Source: National Statistical Institute, Moody's

ECONOMY: Exports slightly increases

In line with the forecasts for economic improvement in 2021, the industrial sector in Bulgaria shows tentative signs of recovery. Exports registered slight upward trend in February for the first time in the last twelve months, with 2.8% y-o-y growth. In the same time, industrial production still continues to fall, following the overall trend on the EU markets. Exports and domestic demand are expected to put the Bulgarian economy back on track, with 2.7% anticipated growth in the current year. This will give impetus on the development and leasing activity in the industrial sector.

SUPPLY AND DEMAND: Development activity

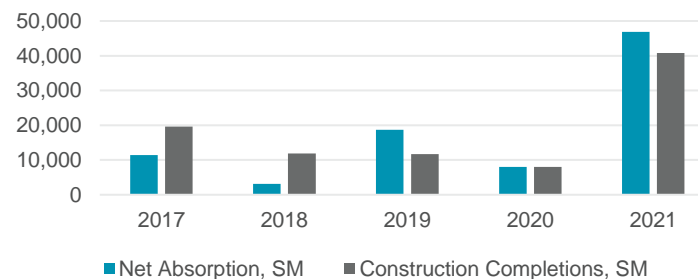
The industrial property market in Sofia registered significant development activity in the last quarters, driven by the strive of retail, logistics and production sectors to expand their operations. As at the beginning of 2021, almost 355,000 sqm are under construction. Most of this space is owner occupied, with only 31% share of the speculative developments. The expansion of the logistics center of Lidl in Ravno pole village and the new terminal of DHL in the Sofia airport area are among the notable projects, started in the first quarter. Despite the significant take-up of 48,851 sqm, the beginning of 2021 registered moderate leasing activity. The main part of this volume consists of expansions of production facilities, mostly for food processing and logistics operations. Vacancy rate remains below 4%, with prospect to slightly increase in the coming quarters when large logistics projects are scheduled for completion around Sofia.

On the demand side, the rise of online commerce underpin the need of logistics space, especially for last mile deliveries. An increasing number of inquiries is coming from fulfilment centers, pharmaceutical companies and medical supply distributors, as well. The near-shoring of production facilities in the SEE region is another potential source of opportunities for industrial property developments which shall materialize in mid-to-long term.

PRICING: Stable rents and yields

The well performing market supports stable prices of industrial and logistics space in Sofia. Prime rents remain in the range of 4.2-4.4 euro/sqm for mid-sized units, while premises above 10,000 sqm are offered at 3.8-4 euro/sqm. Yields also remain stable, currently at around 8.25% for prime logistics space in Sofia.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SM)	AVAILABILITY (SM)	OVERALL VACANCY RATE	CURRENT QTR TAKE-UP (SM)	YTD TAKE-UP (SM)	UNDER CNSTR (SM)	PRIME RENT	PRIME YIELD
Sofia	1,439,314	52,628	3.7%	48,851	48,851	354,716	€4.2	8.25%
TOTAL	1,439,314	52,628	3.7%	48,851	48,851	354,716	€4.2	8.25%

*Rental rates reflect weighted net asking € SQM/Month

KEY CONSTRUCTION COMPLETIONS Q1 2021

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SM	OWNER/DEVELOPER
Production facility	Sofia	undisclosed	10,900	-

LOCAL MARKET RESEARCH LEAD

Radostina Markova

Direct: +359 (2) 805 90 12

Mobile: +359 883 260 333

radostina.markova@cwforton.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

©2019 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.