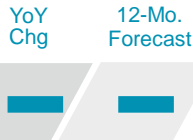


2%
Vacancy Rate



24,100
Take-Up, SM



€4.4
Prime Rent, PSM



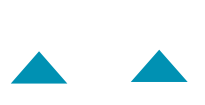
Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2020

2.4%
Bulgaria
GDP Growth



4.6%
Bulgaria
Unemployment Rate



-16.1%
Industrial Production
(as at May)



Source: National Statistical Institute

ECONOMY: Decreasing industrial production

Annual GDP growth fell to 2.4% in the first quarter of 2020, reflecting the decline in domestic consumption, investments and exports. The economic situation remains challenging, with GDP expected to decline by 7% in 2020, according to the European Commission. In line with overall performance, Industrial Production Index fell by more than 15% in April and May on annual basis, since many manufacturing facilities stopped operations amid the lockdown. The drop in economic activity should be followed by recovery in the next year, together with expected improvement in global trade.

SUPPLY AND DEMAND: City Logistics on Focus

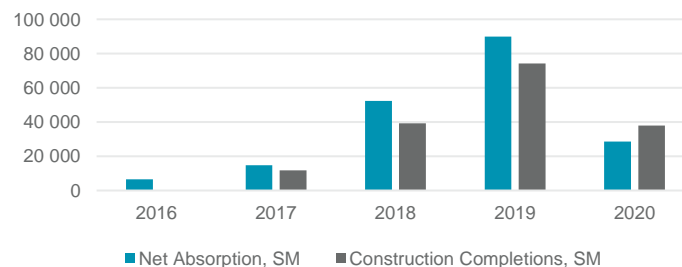
After a modest start of the year, the second quarter registered improving performance of the logistics market in Sofia. The completion of phases of two projects – East Ring Logistics Park and Sofia Logistics Park – Ravno pole, added 37,900 sqm to the modern stock. Both facilities opened partially pre-let. Together with several expansions and preleases in city logistics schemes, the total take-up for the second quarter of 2020 exceeded 24,000 sqm. This activity is driven mostly by logistics, retail and courier companies, that demonstrate stable performance thanks to growth in e-commerce. Occupiers are interested in 1,000-2,000 sqm premises within the city for last-mile deliveries. Most requests for out-of-town facilities are for larger space sizes, predominantly used for logistics, warehousing and data centers. As at mid-year, the logistics space under construction in Sofia is 166,652 sqm, mostly for owner occupation. New leasable area is started mostly in order to meet the occupier requests for expansion.

Countrywide, the industrial market is dominated by production space, predominantly for automotive components and light industry. Since global vehicle manufacturing is struggling, this market segment is expected to recover slowly.

PRICING: Stable Rents

The stable performance of the logistics sector maintains rents in Sofia unchanged at 3.8 euro/sqm for larger units and 4.2-4.4 euro/sqm for mid-sized ones. Vacancy rate slightly increased in Q2, although remaining in the range 1.5-2%. Both indicators are expected to remain at these levels in the coming quarters. Yields are likely to slightly decrease, since there is investment interest in well-performing logistics projects in Sofia.

SPACE DEMAND / DELIVERIES Q2



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	1,313,380	26,140	2.0%	24,100	33,658	166,552	€4.4	8.00%
TOTAL	1,313,380	26,140	2.0%	24,100	33,658	166,552	€4.4	8.00%

*Rental rates reflect weighted net asking € SM/Month

KEY LEASE TRANSACTIONS H1 2020

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
Sofia Logistics Park	Sofia	Speedy	1,900	expansion
Logistics park Sofia – Ravno pole	Sofia	Optonica Led	10,000	Owner-occupied

KEY CONSTRUCTION COMPLETIONS 2020

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SM	OWNER/DEVELOPER
East Ring Logistics Park	Sofia	Orbico, Iron Mountain	12,800	Glorient Investments

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