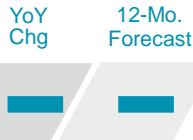


**1.9%**  
Vacancy Rate



**9,558**  
Take-Up, SM



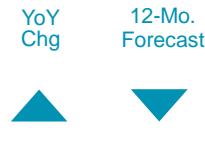
**€4.4**  
Prime Rent, PSM



Overall, Net Asking Rent

## ECONOMIC INDICATORS Q4 2019

**3.1%**  
Bulgaria GDP Growth



**4.1%**  
Bulgaria Unemployment Rate



**0.1%**  
Industrial Production (as at February)



Source: National Statistical Institute

## ECONOMY: Exports hit by Pandemic

After several years of stable growth, the Bulgarian economy is now facing recession. The country's GDP is forecasted to decline by 3% in 2020, due to struggling exports and domestic demand amid the lockdown. The recession of the major trading partners in the EU would affect badly Bulgarian exports which are expected to decrease by 16.2% this year. This will translate in increasing unemployment and stagnant incomes in the next quarters with prospects for recovery in 2021.

## SUPPLY AND DEMAND: City Logistics on Focus

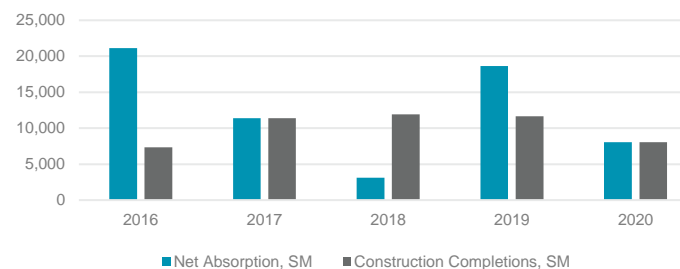
The Sofia logistics property market registered weak activity in the beginning of 2020, driven mostly by renewals and deliveries of owner-occupied space. With few leases and the completion of two mid-size warehouses, total take-up barely exceeded 9,500 sqm. The coronavirus outbreak made most occupiers cautious about their business and real estate operations, resulting in weaker tenant activity. However, despite sluggish retail sales, e-commerce posted rapid growth in the coronavirus lockdown and is expected to maintain momentum. The latter had a positive effect on the logistics market, generating increasing number of requests for premises within the Sofia city boundaries. Occupiers are interested in 1,000-2,000 sqm units for last mile deliveries. Since the supply of modern space is limited, most of the speculative projects under construction are expected to be let before completion.

However, the coronavirus crisis tends to cause greater damage on the manufacturing sub-segment. The Bulgarian auto parts industry which is mostly export-oriented, is affected by exports restrictions. Some of the largest companies in the sector temporarily suspended operations and put their investment plans on hold in response to the struggling vehicle manufacturing worldwide.

## PRICING: Stable Rents

Stable demand of logistics space in Sofia supports rents at 3.8 euro/sqm for larger units and 4.2-4.4 euro/sqm for mid-size ones. The vacancy rate continues to gravitate around 2% with no expectations for significant change in the short term. Stable indicators and favourable prospects generate investor interest in the logistics segment. Yields are likely to slightly decrease in the next quarters.

## SPACE DEMAND / DELIVERIES Q1



## 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	1,275,480	22,560	1.8%	9,558	9,558	194,399	€4.4	8.25%
<b>TOTAL</b>	<b>1,275,480</b>	<b>22,560</b>	<b>1.8%</b>	<b>9,558</b>	<b>9,558</b>	<b>194,399</b>	<b>€4.4</b>	<b>8.25%</b>

*\*Rental rates reflect weighted net asking € SM/Month*

**KEY LEASE TRANSACTIONS H1 2020**

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
Sofia Airport Center	Sofia	undisclosed	890	renewal

**KEY CONSTRUCTION COMPLETIONS 2020**

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SM	OWNER/DEVELOPER
Sapir Bulgaria warehouse	Sofia	Sapir Bulgaria	5,560	Owner-occupied

**LOCAL MARKET RESEARCH LEAD**

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