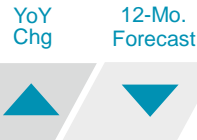


# BULGARIA

Retail Q1 2020



**12.1%**  
YoY Income Growth



**- 48,557**  
Population Growth



**4.1%**  
Unemployment Rate



Source: National Statistical Institute

## BULGARIAN ECONOMIC INDICATORS Q4 2019

**3.1%**  
GDP Growth



**6.4%**  
Consumer Spending Growth



**5.8%**  
Retail Sales Growth Dec 2019



Source: National Statistical Institute

### ECONOMY: Crisis hit consumption

The COVID 19 crisis and the government measures to close shopping centers, restaurants and other retail businesses seriously hit domestic consumption which is one of the main growth drivers for the Bulgarian economy. The country is expected to go into recession in 2020, accompanied by increase of unemployment and stagnant revenues. GDP is forecasted to fall by 3% in the present year, in line with overall European and global trend, with prospects to rebound in 2021.

### SUPPLY AND DEMAND: Vacancy expected to increase

The year started with a lower number of new openings in shopping centres compared to the previous ones. Although fine-tuning of tenant mixes in most schemes is still ongoing, the coronavirus outbreak put many expansion plans on hold.

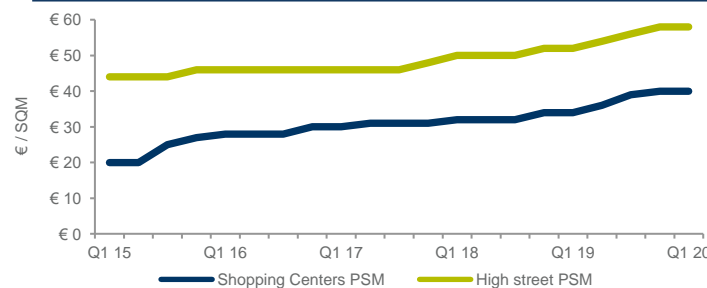
The retail market is among the most affected by the lockdown measures and decreasing consumption. After a state of emergency was declared on the 13<sup>th</sup> of March, a major part of the non-essential retail and the entertainment business suspended operations. Shopping centers were ordered to close, harming turnover-related revenues and raising the risk of tenants seeking compensation or outright rent abatements. After a year of strong leasing activity, which improved the occupancy rate in Sofia malls to 95% on average, now the vacant space is expected to increase rapidly in 2020 and to recover gradually in 2021.

On the occupier side, retailers in the sports goods, health & beauty, fashion and shoes segments are focusing on their online stores, trying to compensate the struggling physical sales. Food deliveries are also on rise since restaurants, cafes and bars were ordered to close. However, online sales cannot offset the losses from physical stores' closures but will likely see a substantial increase in share.

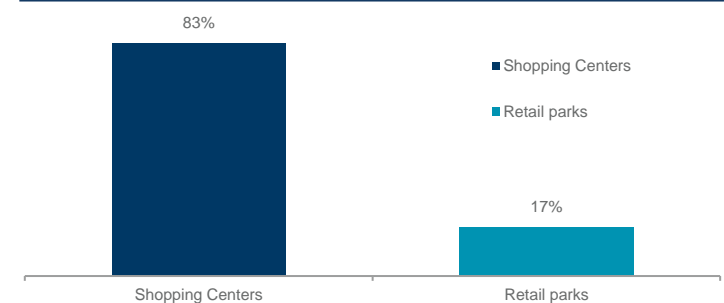
### PRICING: Under pressure

Occupier activity and new brand entries supported the gradual increase in rents over the last few years. Rents levelled off at 40 euro/sqm for Sofia shopping centers and 58 euro/sqm in main streets, at the beginning of 2020. The rates are for 100-150 sqm units at prime location. With retail bearing the brunt of the economic fallout rents will inevitably be under pressure in the coming quarters.

### PRIME RENT SOFIA



### AVAILABILITY BY PRODUCT TYPE



## MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK	SHOPPING CENTRE PIPELINE*	PRIME RENT (€/SQM)	PRIME YIELD
Sofia	402,270	-	€ 40	7.25%
Plovdiv	75,700	-	€ 30	8.00%
Varna	122,000	-	€ 32	8.00%
Burgas	62,500	-	€ 26	8.00%

\*Only projects with building permit included

## KEY OPENINGS Q1 2020

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
Bulgaria Mall	Sofia	Madame Coco	386	New lease
Paradise Center	Sofia	Kiehl's / Nyx Cosmetics	75	New lease
Serdika Center	Sofia	Sephora	250	New lease
Paradise Center	Sofia	Admiral	150	New lease
Paradise Center	Sofia	Calvin Klein Jeans	100	New lease
Bulgaria Mall	Sofia	Next level fitness	1300	New lease
The Mall	Sofia	M kids	70	New lease
Park Center	Sofia	Moda Italiana	40	New lease
Plovdiv Plaza	Plovdiv	iStyle	52	New lease
Mall Plovdiv	Plovdiv	Comsed	635	New lease

\*Renewals not included in leasing statistics

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