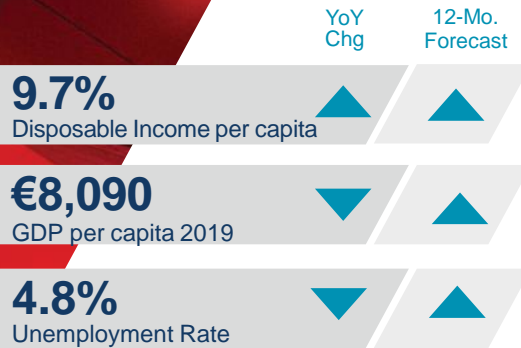


# BULGARIA

Retail Q4 2020



Source: National Statistical Institute

## BULGARIAN ECONOMIC INDICATORS Q3 2020



Source: National Statistical Institute

## ECONOMY: Downward trend continues

The Bulgarian economy experienced the adverse impact of the coronavirus with worsening market indicators and a partial lockdown in the end of 2020. The containment measures affected negatively household incomes, consumption and retail turnover, which is more than 5% down y-o-y in October. The drop in the domestic demand and net exports led to GDP contraction for a second quarter and forecasts for annual decrease of 5.1% for 2020. After slight increase, the unemployment stabilized at 4.8% in the fall, since the wage support schemes partly mitigated the effects of the weak economic activity.

## SUPPLY AND DEMAND: Increasing

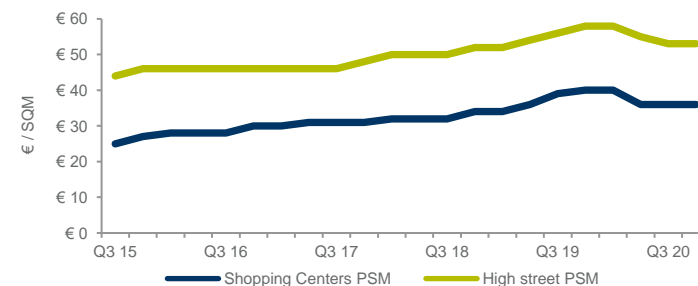
The second closure of shopping centers in December affected negatively retail sales and put the brakes on the occupiers' expansion plans in Q4. Some of the planned openings didn't happen, although the stores were equipped and fully-stocked. With two lockdowns and downward economic trend, 2020 registered only 38,600 sqm new store openings in shopping centers, 57% decrease from the previous year. Sports goods, food & beverage, as well as discount stores are among the most active occupiers. The average vacancy rate in shopping centers in Sofia slightly decreased in Q4, before the second lockdown, to 7.9%, having reached almost 9% in the previous quarters.

Having their stores in the shopping centers closed, some fashion and shoes chains focused on their high-street and retail park locations instead, as well as the online sales. The retail parks enjoy growing popularity in Sofia and the regional urban centers. It was only in the last few months that three medium-sized schemes opened in Shumen, Yambol and Dupnitsa respectively, and other ones are in development or planning phase. With this contribution the total area of retail parks countrywide reached 184,800 sqm. This format is preferred by FMCG operators and discount brands as a platform for expansion outside the big cities.

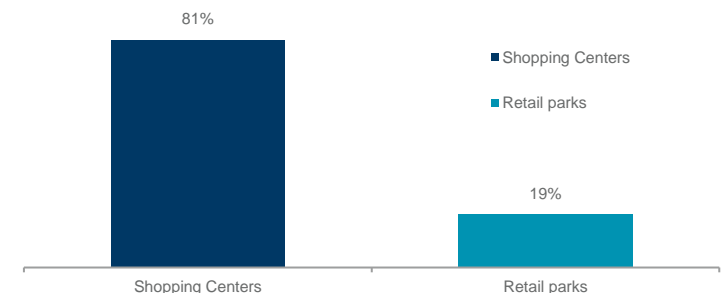
## PRICING: Under pressure

After slight decrease in the previous quarters, the asking rents in Sofia stabilised in the end of 2020 at 53 euro/sqm on average for high street locations and 36 euro/sqm for shopping centers. However, the volatile market keeps rents under pressure. Rents in the retail parks remain unchanged, in the range of 8-10 euro/sqm in Sofia and 7-9 euro/sqm in the regional cities.

## PRIME RENT SOFIA



## AVAILABILITY BY PRODUCT TYPE



## MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK	SHOPING CENTRE PIPELINE*	PRIME RENT (€/SQM)	PRIME YIELD
Sofia	402,270	-	€ 36	7.50%
Plovdiv	75,700	-	€ 27	8.00%
Varna	122,000	-	€ 28	8.00%
Burgas	62,500	-	€ 24	8.00%

\*Only projects with building permit included

## KEY OPENINGS Q4 2020

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
High street location	Sofia	Vitalite Drogerie	290	New lease
Sofia Ring Mall	Sofia	Sportisimo	600	New lease
The Mall	Sofia	Madame Coco	205	New lease
Burgas Plaza	Burgas	Techmart	2,500	New lease
Jumbo Plaza retail park	Sofia	Sportisimo	700	New lease
Delta Planet Mall	Varna	Matstar	600	New lease
Retail park Dupnitsa	Dupnitsa	Billa	1,195	New lease
Retail park Dupnitsa	Dupnitsa	JYSK	1,290	New lease

## LOCAL MARKET RESEARCH LEAD

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