

4.1%
Vacancy Rate



53,906
Take-Up, SM



€4.2
Prime Rent, PSM



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2021

-1.8%
Bulgaria
GDP Change YoY



6.3%
Bulgaria
Unemployment Rate



10.1%
Industrial Production
YoY, Q2



Source: National Statistical Institute, Moody's

ECONOMY: Improving Projections

The Bulgarian economy is expected to recover at a faster pace in 2021 compared to the initial forecasts, surpassing 4% y-o-y growth. The improving projections are based on the positive net exports and increasing private consumption. Exports of goods and services is expected to grow, reflecting the improving external demand. The inflation is also forecasted to accelerate and surpass 2% in the present year, due to the rising oil and energy prices. However, this is likely to be a short-term trend and the rate is expected to drop back to 0.8% in 2022. The industrial production rose by 10.1% in the second quarter, mirroring the gradual recovery in the sector.

SUPPLY AND DEMAND: Active market

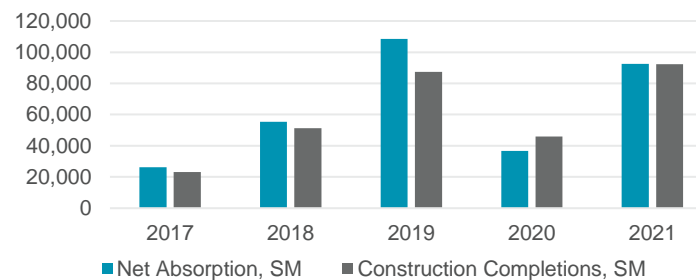
The industrial property market in Sofia registered active first half of 2021, in terms of leasing and development activity. Take up volume in the second quarter reached almost 54,000 sqm, which is in line with the pre-pandemic period. Most of the completions during the period are for own occupation, with the exception of Phase 2 of Logistics Park RGS in Bozhurishte. The properties under construction remain around 330,000 sqm, with almost 70% built-to-suit and owner-occupied schemes. The prevailing part of the new developments are warehousing and logistics projects of companies in the FMCG, home improvement and food processing sectors. In the speculative segment the future stock encompasses mainly expansions of established logistics schemes around Sofia.

Similarly, the leasing market is driven by space consolidations and small expansions of companies in the logistics and distribution segment. The slower pace of absorption of the new completions results in slight increase of the vacancy, although the rate remains in the healthy zone. As at the first half of 2021, the vacant space was hovering around 4% of the total industrial supply in Sofia with stable prospects ahead.

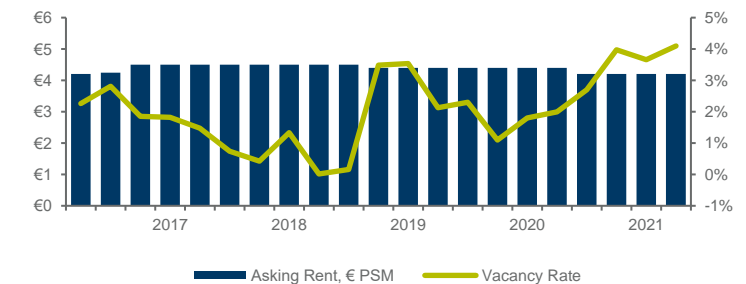
PRICING: Stable rents and yields

Prime rents in the logistics segment in Sofia remain stable in the range of 4.2-4.4 euro/sqm for mid-sized units. Premises above 10,000 sqm are offered at 3.8-4 euro/sqm. Yields are under pressure due to increasing investor interest. Prime rates decreased by 25 basis points to 8% for Sofia within the last quarter and are expected to remain stable in the short term.

SPACE DEMAND / DELIVERIES H1



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	1,490,796	60,528	4.1%	53,906	102,757	336,396	€4.2	8.00%
TOTAL	1,490,796	60,528	4.1%	53,906	102,757	336,396	€4.2	8.00%

*Rental rates reflect weighted net asking € SQM / Month

KEY CONSTRUCTION COMPLETIONS Q2 2021

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SM	OWNER/DEVELOPER
Logistics Park RGS	Sofia	undisclosed	7,000	RGS Invest

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