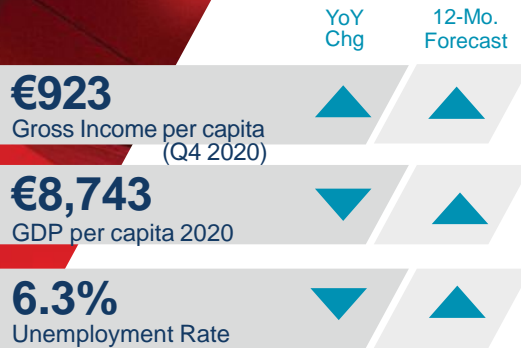


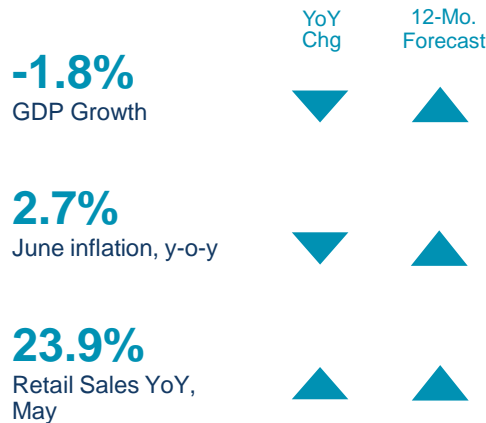
# BULGARIA

Retail Q2 2021



Source: National Statistical Institute

## BULGARIAN ECONOMIC INDICATORS 2021



Source: National Statistical Institute

## ECONOMY: Signs of Recovery

Bulgarian economy shows first signs of recovery, with retail sales and consumer confidence growing in the second quarter of 2021. The retail activity posted record annual growth of 25.9% in April and 23.9% in May, albeit from a very low base in the lockdown period in 2020. Based on the positive trend of the exports and private consumption, GDP is expected to increase by more than 4% in the present year. The stabilising labour market also contributes to this tendency. Inflation is forecasted to accelerate to 1.9% in 2021, due to the increasing fuel and energy prices and the strengthening of domestic demand.

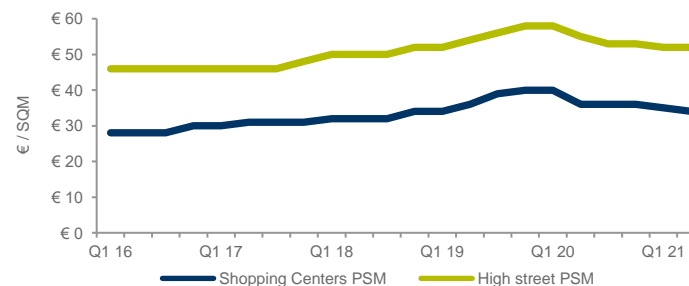
## SUPPLY AND DEMAND: Retail Parks on focus

The shopping center segment experienced a sluggish performance in terms of new openings in the second quarter of 2021. In the first half of the year, the market volume remained around the 2020 levels, far below the figures of the pre-pandemic period. Most mall managers registered launches of new concepts and expansions of existing brands, rather than new tenant entries. The uncertain environment makes occupiers in the non-essential retail more cautious about enlargement of their store networks. Despite the series of lockdowns, the shopping centers in Sofia saw relatively stable vacancy rates, hovering around 6-7% in the last quarters. In general, the retail market remains driven by FMCG, sport goods, drugstores and discount stores. Since many brands already have good coverage of Sofia and the big cities, most of them are looking to expand countrywide. Retail parks in the regional cities are now in the focus, although this market segment is still underdeveloped. The emerging demand gives ground for new schemes and currently around 52,000 sqm are under construction or in planning phase across the country. As at the first half of 2021, the total retail park stock amounts to 179,360 sqm. The density rate in the segment is 27 sqm per 1000 inhabitants, which is significantly lower compared to other markets in the SEE region.

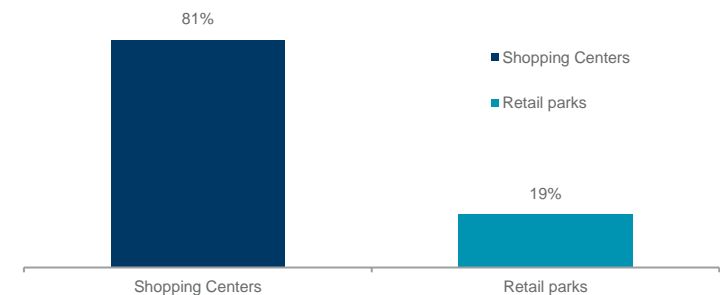
## PRICING: Short-term stabilization

The slight decline of shopping centers rents continued in the second quarter of 2021, with prime asking levels in Sofia reaching 34 euro/sqm. The short-term prospects are for stabilisation. Rents in the retail parks remain at 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	-	€ 34	7.50%
Plovdiv	75,700	-	€ 24	8.00%
Varna	122,000	-	€ 25	8.00%
Burgas	62,500	-	€ 21	8.00%

\*Only projects with building permit included

## KEY OPENINGS Q2 2021

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
Grand Mall Varna	Varna	The Body Shop	36	New lease
Delta Planet Mall	Varna	Happy Kids	300	New lease
Bulgaria Mall	Sofia	dm	556	New lease
Sofia Ring Mall	Sofia	Kendall & Kylie	160	New lease
The Mall	Sofia	Okaidi	140	New lease
Paradise Center	Sofia	Pepco	500	New lease
Serdika Center	Sofia	Harizma	80	New lease
Standalone retail warehouse	Vratsa	JYSK	1,176	New lease
VIA Retail Park	Plovdiv	Sinsay	1,000	New lease

## LOCAL MARKET RESEARCH LEAD

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