

**4.3%**  
Vacancy Rate



**75,240**  
Take-Up, SM



**€4.3**  
Prime Rent, PSM



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q2 2021

**7.0%**  
Bulgaria  
GDP Change YoY



**5.6%**  
Bulgaria  
Unemployment Rate



**16.2%**  
Industrial Production  
YoY, Q2



Source: National Statistical Institute, Moody's

### ECONOMY: Industrial production growth

The Bulgarian economy posted significant increase of the industrial production, with 16.2% y-o-y growth in the second quarter. The signs of recovery come after the continuing decline in 2020 due to the impact of the coronavirus spread. With the revival of the global trade and the increasing prices of a number of raw materials and products, the exports also registered significant improvement. In the period January - August the posted increase was 22.4%, compared to the same period of 2020. Since the import is also increasing, net exports remains negative which hampers economic growth. The inflation is forecasted to accelerate and surpass 3.8% at the end of the year, due to the rising oil and energy prices.

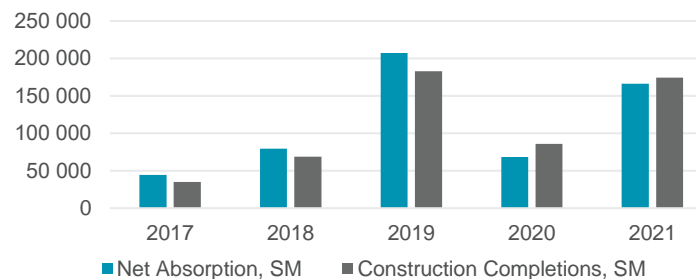
### SUPPLY AND DEMAND: Active market

The industrial property market in Sofia expanded mostly by the completion of built-to-suite and owner-occupied projects in the last months. Total supply of modern logistics and production space increased by 81,880 sqm in the third quarter, reaching almost 1,573,000 sqm. The new facilities of the logistics operator Orbico (35,200 sqm) were the largest delivery for the period. The speculative part of the market also increased with the completion of two urban logistics projects. Outside the city boundaries, the development activity remained concentrated in Bozhurishte to the west and Elin Pelin to the east. Retail chains, trade, courier and logistics companies continued to be the most active occupiers, although many of them are developing their own projects. The increasing supply led to slight growth of the vacancy rate to 4.3% in the third quarter. The demand is mostly concentrated in mid-size urban logistics for last-mile operations, while large out-of-the-city facilities are absorbed more slowly. With regard to this, the vacancy is expected to increase further in the coming quarters. Currently, the projects under development in Sofia surpass 440,000 sqm, almost evenly distributed between speculative and owner-occupied space.

### PRICING: Rents slightly up

Prime rents in the logistics segment in Sofia increased slightly on the last quarter, reaching 4.3-4.5 euro/sqm for mid-size units. Premises above 10,000 sqm are rented at 3.8-4 euro/sqm. After the compression in the first half of 2021, prime yields stay at 8%, with prospects to remain stable in the short term.

### SPACE DEMAND / DELIVERIES Q1-Q3



### 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	1,572,676	66,968	4.3%	75,240	177,997	442,621	€4.3	8.00%
<b>TOTAL</b>	<b>1,572,676</b>	<b>66,968</b>	<b>4.3%</b>	<b>75,240</b>	<b>177,977</b>	<b>442,621</b>	<b>€4.3</b>	<b>8.00%</b>

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

## KEY CONSTRUCTION COMPLETIONS Q3 2021

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SM	OWNER/DEVELOPER
Orbico Logistics Center	Sofia	Orbico Bulgaria	32,500	CTP
Botevgradsko Office & Logistics	Sofia	undisclosed	12,000	P.I.L. Capital
Logistics Park RGS- Phase 3	Sofia	undisclosed	7,000	RGS Invest

## LOCAL MARKET RESEARCH LEAD

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