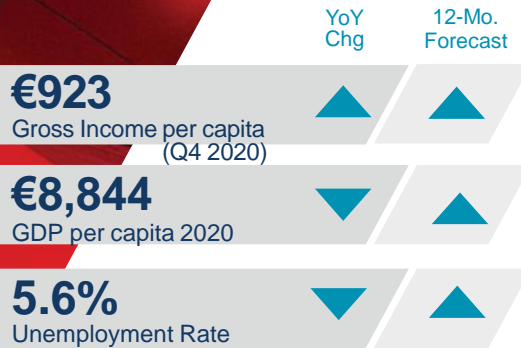


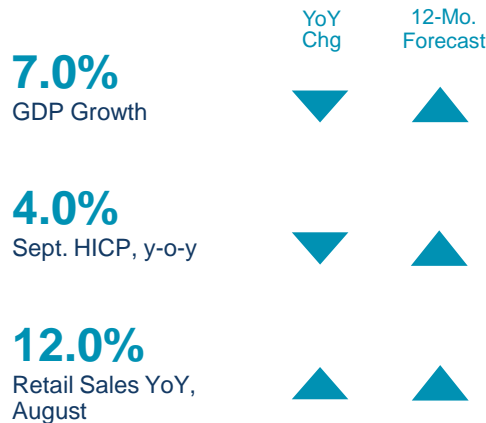
BULGARIA

Retail Q3 2021



Source: National Statistical Institute

BULGARIAN ECONOMIC INDICATORS 2021



Source: National Statistical Institute

ECONOMY: Consumption is the main driver

A promising recovery of consumption and retail sales marks Bulgarian economy in 2021, in contrast with the stagnant market in the previous year. Private consumption is expected to increase by 5.1%, boosted by growing incomes and improving labour market. The forecast for 2022 is also optimistic, although the growth is likely to decelerate, starting from a higher base. Domestic demand is the main driver of GDP growth, while increasing fuel and energy prices raise concerns about the inflation. The consumer price index increased sharply by 4% in September and is forecasted to stay high in the next months.

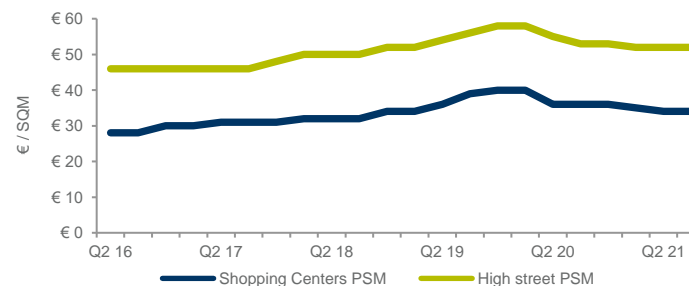
SUPPLY AND DEMAND: Retail Parks are booming

With 202,000 sqm operating schemes in Bulgaria the retail park segment continues to attract tenant and developers' attention. The last quarter added two projects in regional cities to the total stock and more than 150,000 sqm are under construction or in planning phase. If all the projects are realized according to the developers' plans, the retail park stock countrywide will double in the next two years. The increasing interest of drugstores, discount stores, FMCG, home appliance and home improvement chains stays behind the booming demand in this segment. Previously underdeveloped, now the retail parks are becoming the most suitable platform for expansion outside Sofia and the big cities. By contrast, most shopping centers registered a consecutive period of moderate activity in terms of new openings in the third quarter of 2021. The uncertainty after the series of lockdowns and relatively saturated market in the big cities make some brands more cautious about their expansion, especially in the non-essential retail. However, most mall managers expect the last quarter of 2021 to be more active both in Sofia and countrywide. The shopping centers in Sofia continue to register relatively stable vacancy rates, around 6% in the last quarter. Overall supply countrywide remains 815,000 sqm.

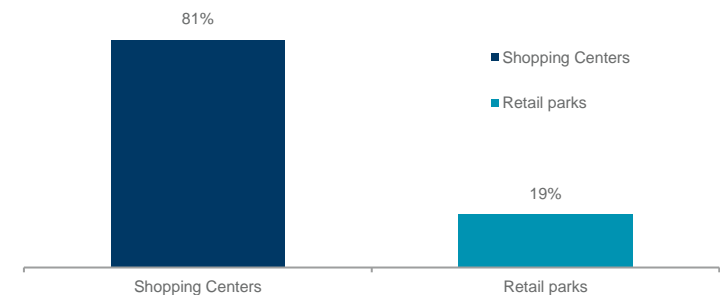
PRICING: Short-term stabilization

Following the slight decline of shopping centers rents, the third quarter brought stabilization on this market segment. Prime asking levels in Sofia remained 34 euro/sqm. Main street shops also demonstrate good performance, with asking rents around 52 euro/sqm/month for 100-150 sqm in central location. 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 Q3 2021

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
Mall of Sofia	Sofia	IKEA	1,200	New lease
Burgas Plaza	Burgas	Pepco	560	New lease
Burgas Plaza	Burgas	Kik Design	650	New lease
The Mall	Sofia	Cropp	515	New lease
The Mall	Sofia	House	470	New lease
Jumbo Plaza Retail Park	Sofia	Adidas	700	New lease
Mall Rousse	Ruse	Sport Vision	460	New lease
Paradise Center	Sofia	MI (Xaomi)	150	New lease
Serdika Center	Sofia	Sizeer shoes	500	New lease

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