

4.1%
Vacancy Rate



53,568
Take-Up, SM



€4.3
Prime Rent, PSM



Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2021

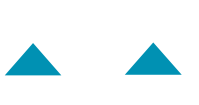
4.6%
Bulgaria GDP Change YoY



4.6%
Bulgaria Unemployment Rate



13.2%
Industrial Production YoY, January - November



Source: National Statistical Institute, Moody's

ECONOMY: Growth continues despite inflation

The increasing energy and fuel prices on a global level remain the major risk for the Bulgaria's GDP growth in 2022. As a small and export-oriented economy, the country is highly exposed to outside turbulence and supply chain disruptions. Despite the uncertain environment, the budget for 2022 envisages 4.8% economic expansion and 5.6% annual inflation. Exports is expected to keep the upward trend, following 23% growth in January-November 2021. However, since imports are also increasing, net exports remain negative, hampering the overall economic growth. The Bulgarian economy is expected to return to its pre-crisis level by the end of the year.

SUPPLY AND DEMAND: Stock increases rapidly

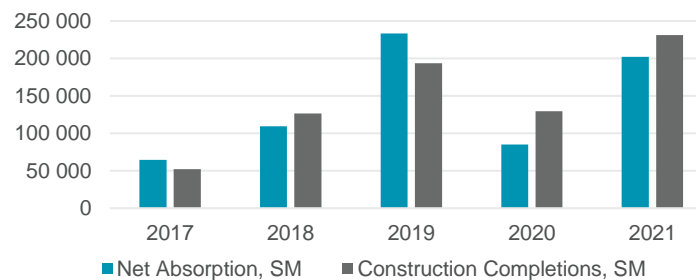
With 231,565 take up in 2021, the industrial property market in Sofia bounced back to the pre-crisis levels of activity. The figure represents the overall leasing volume and owner-occupied completions for the period. Total supply expanded by 231,300 sqm which is the highest level for the last ten years. The major contribution were the new phases of large speculative projects in Elin Pelin and Bozhurishte industrial zones in the second half of 2021. The stock increase resulted in slight growth of the vacancy rate over the year. The average rate reached 4.1% in the last quarter and is expected to remain stable in the short term.

On the demand side, the increasing supply of modern logistics space with good transport connections stimulates large retail operators to relocate and consolidate their operations. Companies with owner-occupied space also continue to expand. Distribution, courier services and logistics are among the rapidly growing categories. Most of the new projects are in the Sofia outskirts, while the facilities within the city boundaries are in demand for last-mile logistics. As at the end of 2021 the industrial space under construction in Sofia is totaling at 378,000 sqm, which is slight decrease compared to the previous quarters.

PRICING: Decreasing yields

After the slight increase in 2021, prime logistics rents in Sofia remain stable at 4.3-4.5 euro/sqm for mid-size units. Premises above 10,000 sqm are rented at 3.8-4 euro/sqm. Prime yields decreased by 50 basis points to 7.5% and became equal to the rates of retail and office space. It is expected that active demand for logistics and production space will result in further yield decrease.

SPACE DEMAND / DELIVERIES



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	1,629,874	66,568	4.1%	53,568	231,565	378,018	€4.3	7.50%
TOTAL	1,629,874	66,568	4.1%	53,568	231,565	378,018	€4.3	7.50%

*Rental rates reflect weighted net asking € SQM / Month

KEY CONSTRUCTION COMPLETIONS Q4 2021

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SM	OWNER/DEVELOPER
Logistics Park Sofia – Phase 2	Sofia	undisclosed	31,000	Warehousing and Logistics
Logistics Park DT	Sofia	undisclosed	15,330	Dream Trans

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