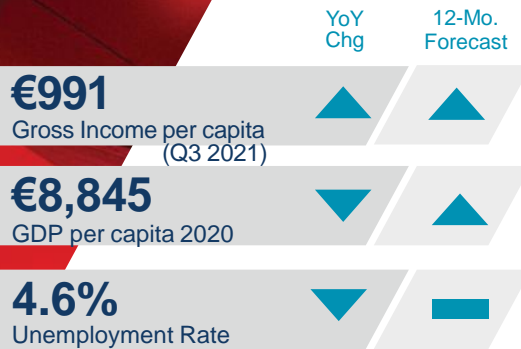


BULGARIA

Retail Q4 2021



Source: National Statistical Institute

BULGARIAN ECONOMIC INDICATORS 2021



Source: National Statistical Institute

ECONOMY: Price increase

Despite the rising inflation, the expectations about the Bulgarian economy are still positive. The draft budget for 2022 envisages 4.8% economic growth, higher than in 2021, and 5-6% inflation. The price increase remains concern, reaching 7.8% y-o-y in December, and forecasted to remain high at least in the first half of 2022. The inflation is fueled by the rising energy costs and will have badly affect the private consumption. With regard to this, it is expected that the economic performance in 2022 will depend to a greater extent on public investments, compared to the previous years.

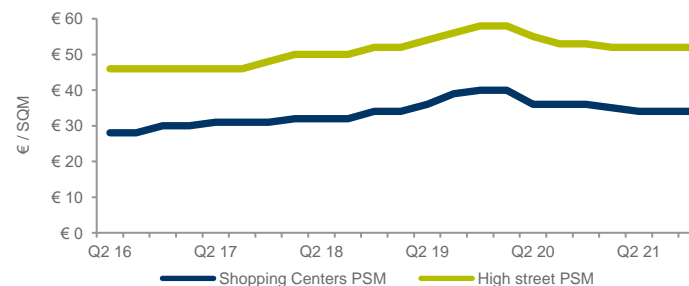
SUPPLY AND DEMAND: Omnichannel sales

The last year saw gradual recovery of the retail market, after a prolonged period of lockdowns and uncertain business environment. Although the number of new openings didn't surpass the figures of 2020, the shopping centers in Sofia and the big cities perform well. The new stores in 2021 exceeded 34,700 sqm, compared to 37,670 sqm in the precedent year. The low rate of new openings can be explained with the lack of new completions of shopping centers. The overall stock countrywide remained 815,000 sqm, with 418,000 sqm operating in Sofia. The vacancy rate also supports the good performance of the schemes in the capital city, having dropped to 5% on average in the last quarter of 2021. Discount stores, FMCG, Health & Beauty and sport goods are among the fast-growing categories. Despite the customers' return to physical shops, online shopping remains popular and many brands rely on omnichannel solutions. In line with the CEE trend, retail parks continue to enjoy popularity among investors and developers, with about 15,700 sqm new deliveries in the last quarter of 2021. Total supply in this segment reached 219,000 sqm and the pipeline still increases. In general, retail parks are good opportunity for many retailers to diversify their store networks and to expand in regional cities.

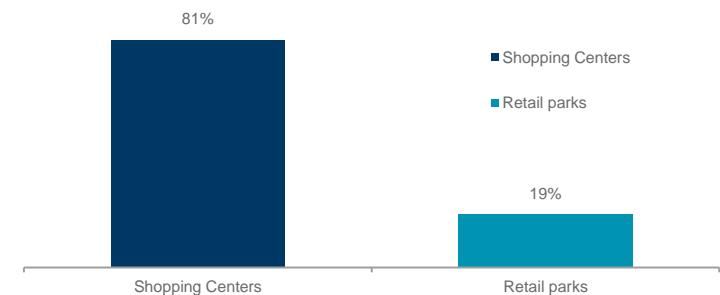
PRICING: Stable rents

After the slight decline of the rents in shopping centers, the last quarters brought stabilization. Prime asking levels in Sofia remained 34 euro/sqm. Main street shops also demonstrate good performance, with asking rents stable around 52 euro/sqm 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 yield for shopping centers is stable at 7.5%.

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 Q4 2021

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
Mall Plovdiv	Plovdiv	Emag Showroom	400	New lease
Plovdiv Plaza	Plovdiv	House	530	New lease
Paradise Center	Sofia	Emag Showroom	560	New lease
Delta Planet Mall	Sofia	KiK Design	500	New lease
The Mall	Sofia	Bio Market	180	New lease
Burgas Plaza	Burgas	Pause Jeans	90	New lease
Stand alone store	Sofia	Sport Depot	3,000	New lease
Jumbo Plaza Retail park	Sofia	New Yorker	1,095	New lease

*Renewals not included in leasing statistics

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