

2.0%
Vacancy Rate



34,204
Take-up, SM



€4.4
Prime Rent, PSM



Overall, Net Asking Rent

ECONOMIC INDICATORS 2021

4.2%
Bulgaria
GDP Change YoY



5.3%
Bulgaria
Unemployment Rate



13.2%
Industrial Production YoY,
January - November



Source: National Statistical Institute, Moody's

ECONOMY: Moderate growth

The GDP growth of Bulgaria surpassed the forecasts, reaching 4.2% in 2021. The positive trend was underpinned by higher-than-expected increase in consumption and improving business activity. The war in Ukraine changed economic prospects for 2022, due to supply chain disruptions and energy prices uncertainty. The negative impact on private consumption, investments and exports have dampened growth expectations for 2022. The Spring forecast of the Ministry of Finance projects 2.6% GDP growth in 2022 and 2.8% in 2023. Inflation, that rose by 12.4% y-o-y in March, will continue to accelerate and is expected to exceed 10% on average.

SUPPLY AND DEMAND: Development activity

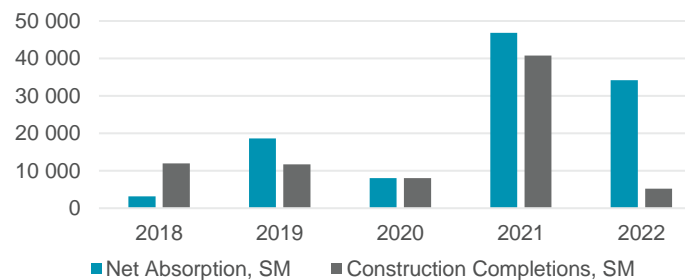
The logistics property market in Sofia registered relatively high leasing activity, with 34,204 sqm take-up in the first quarter of 2022. The main drivers were expansions of retailers, logistics and distribution companies. The only completion for the period was a new logistics center in the airport area. Most occupier requests are for mid-size logistics space in the ring road area or in the emerging industrial zones on the outskirts of Sofia. The facilities within the city boundaries are in demand for last-mile logistics.

The moderate volume of new completions, together with leasing activity resulted in sharp decrease of vacant space in Sofia. The average rate in the first quarter dropped to 2%, about 2 percentage points down from the end of 2021. As of the beginning of the year, more than 420,000 sqm are under construction. The larger part are expansions of owner-occupied production and storage space. New phases of large speculative projects in Elin Pelin and Bozhurishte industrial areas are another source of new supply in the short term.

PRICING: Slight increase

Increasing operating costs and active demand resulted in slight rent increase in the first quarter of 2022. Prime logistics rents in Sofia reached 4.4 euro/sqm for mid-size units. Premises above 10,000 sqm are rented at 4 euro/sqm. Prime yields were stable at 7.5% and expected to remain around that level in the coming quarters.

SPACE DEMAND / DELIVERIES, Q1



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	1,637,957	32,620	2.0%	34,204	34,204	422,909	€4.4	7.50%
TOTAL	1,637,957	32,620	2.0%	34,204	34,204	422,909	€4.4	7.50%

*Rental rates reflect weighted net asking € SQM / Month

KEY CONSTRUCTION COMPLETIONS Q1 2022

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SM	OWNER/DEVELOPER
DHL Logistics	Sofia	DHL	5,144	Logistics

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