

1.3%
Vacancy Rate



26,048
Take-up, SM



€4.5
Prime Rent, PSM



Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2022

5.0%
Bulgaria GDP Change YoY



4.9%
Bulgaria Unemployment Rate



22.2%
Industrial Production YoY



Source: National Statistical Institute, Moody's

ECONOMY: Moderate growth

At the start of 2022, Bulgaria's economy was in a good shape, despite mounting headwinds from the war in Ukraine and domestic political turmoil. In the first quarter of 2022 GDP increased by 5%, with the relative share of the industrial sector rising to 36% of gross added value from 27% a year ago. In the same time, unemployment narrowed to 4.9%, compared to 6.3% a year ago. Main threats to the economy are rising fuel and energy prices and related inflationary pressures. The latest 2022 economic projections for Bulgaria foresee real GDP growth slowing down to 2.8%, the unemployment rate narrowing further to 4.5% and inflation rising to near 13%.

SUPPLY AND DEMAND: Development activity

Leasing activity on the Sofia logistics market reached its lowest point in the last two years, with just 26,048 sqm take-up. Slowdown in activity reflects the lack of available space on the market. Just 21,390 sqm remained available, a low last seen ten quarters ago. Completions included a handful of small projects from distributors, logistics and light industrial firms.

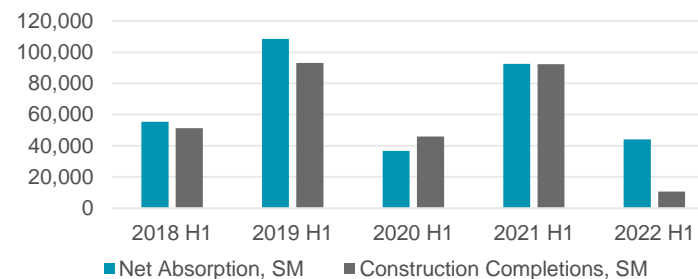
In the second quarter, the vacancy rate in Sofia narrowed to 1.3% from 2% in the prior period. Warehouse space was in high demand with a lot of industrial companies stockpiling production materials to shield themselves from expected price hikes. Similarly, FMCG distributors appeared piling-up goods in anticipation of higher prices.

Be that as it may, the light industrial pipeline is solid. Currently, some 396,000 sqm of space are under construction. This quarterly level is the third largest in over 15 years. The bulk of these projects would be owner-occupied production and storage facilities. In part, the pipeline is driven by creeping up rents and low interest rates, which prompt businesses to expand own facilities.

PRICING: Slight increase

Prime logistics rents in Sofia edged up to 4.5 euro/sqm for mid-size units, being pushed up by rising operating costs of lessors due to inflation and demand for space. Rent for premises over 10,000 sqm remained unchanged at 4 euro/sqm. Prime yields narrowed to 7.25%, down 25 basis points from the prior quarter.

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	1,646,330	21,390	1.3%	26,048	60,252	395,592	€4.5	7.25%
TOTAL	1,646,330	21,390	1.3%	26,048	60,252	395,592	€4.5	7.25%

*Rental rates reflect weighted net asking € SQM / Month

KEY CONSTRUCTION COMPLETIONS H1 2022

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SM	OWNER/DEVELOPER
DHL Logistics	Sofia	DHL	5,144	Logistics
Gebrueder Weiss - expansion	Sofia	Gebrueder Weiss	1,824	Logistics

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