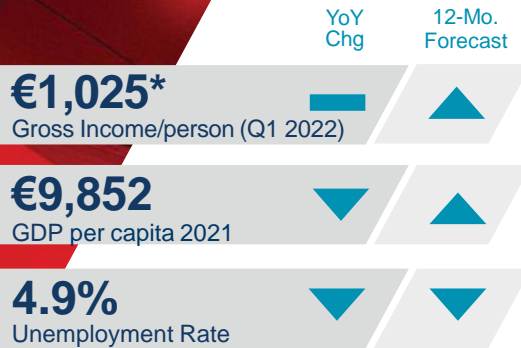


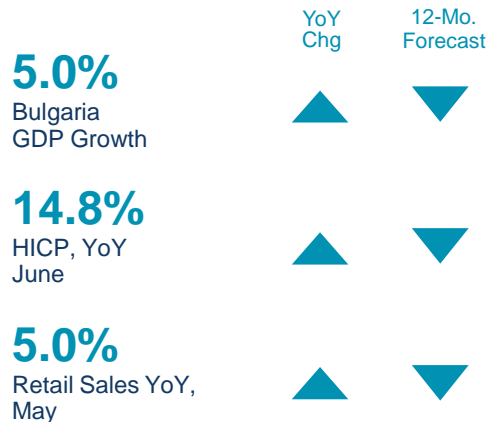
BULGARIA

Retail Q2 2022



Source: National Statistical Institute
* Gross household income per person

BULGARIAN ECONOMIC INDICATORS Q1 2022



Source: National Statistical Institute

ECONOMY: Modest growth prospects

At the start of 2022, Bulgaria's economy was in a good shape, despite mounting headwinds from the war in Ukraine and the overall political uncertainty. In the first quarter GDP increased by 5%, driven by strong domestic consumption, and unemployment narrowed to 4.9%. 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%, still driven by household spending, the unemployment rate narrowing further to 4.5% and inflation rising to near 13%.

SUPPLY AND DEMAND: Regional cities in focus

The first half of 2022 was marked by retail sales increase and strong appetite for expansion, especially in the discount segment. The retail market kept stable performance, with occupiers' revenues returning to 2019 levels. Although tenant interest in shopping centers remained consistent, a strong focus on retail parks and stand-alone big-box premises was registered over the period, as well. The latest is as a result of the retailers' expansion toward the regional and smaller cities.

Since many international brands suspended operations in Russia and Ukraine, some of them shift their attention to expansion in the CEE/SEE region. Bulgaria remains in the focus of discount retailers, sport goods brands, drugstores and local FMCG operators. The foregoing categories are among the rapidly growing businesses, with focus on both the big and the regional cities.

The development interest remains centered in the retail parks. As of mid-2022 the projects under construction or in planning phase in this segment amount to 176,000 sqm. The operating schemes with leasable area over 5,000 sqm are totaling 227,000 sqm countrywide. Since portfolios of projects begin to take shape, this market segment demonstrates strong potential for further consolidations and investment acquisitions, as well.

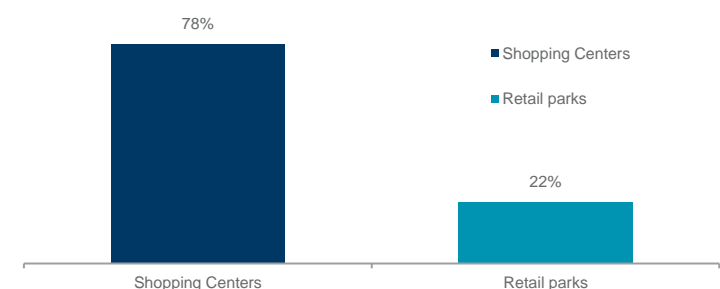
PRICING: Slight increase in shopping centers

After being under pressure in the coronavirus pandemic, asking rents in shopping centers in Sofia are bouncing back to the pre-crisis rates. In the second quarter of 2022 the prime rates posted slight increase to 35 euro/sqm. Rents in retail parks remain 10 euro/sqm in Sofia and 7-9 euro/sqm in the regional cities.

PRIME RENTS SOFIA



AVAILABILITY BY PRODUCT TYPE



MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK	SHOPPING CENTRE PIPELINE	PRIME RENT (€/SQM)	PRIME YIELD
Sofia	402,270	-	€ 35	7.50%
Plovdiv	75,700	57,800	€ 24	8.00%
Varna	122,000	-	€ 25	8.00%
Burgas	62,500	-	€ 21	8.00%

KEY OPENINGS Q2 2022

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
Retail Park Yambol	Yambol	JYSK	1300	New lease
Mall Plovdiv	Plovdiv	Emag	400	New lease
Retail Park Srednogorie	Pirdop	New Yorker	1190	New lease
Mall of Sofia	Sofia	Sergent Major	143	New lease
Grand Mall Varna	Varna	KiK	628	New lease
The Mall	Sofia	AC&Co	240	New lease
Delta Planet	Varna	VR Arena	980	New lease
Paradise Center	Sofia	Marsello Kids	130	New lease
Jumbo Plaza	Sofia	Sinsay	1670	New lease

*Renewals not included in leasing statistics

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