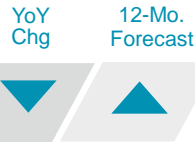


**1.44%**  
Vacancy Rate



**60,700**  
Take-up, SM



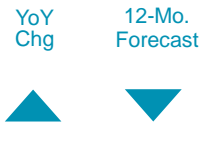
**€4.6**  
Prime Rent, PSM



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q2 2022

**4.0%**  
Bulgaria GDP Change YoY



**4.7%**  
Bulgaria Unemployment Rate



**16.5%**  
Industrial Production YoY



Source: National Statistical Institute, Moody's

### ECONOMY: Inflationary pressure

The Bulgarian economy is facing a challenging time, as a result of the deteriorating external environment. The real GDP growth is expected to slow to 2.8% in 2022, followed by anemic increase of 0.1% in 2023 in the light of the forecasted global recession. The economy is affected mostly by the deceleration of the private consumption, reflecting the negative effect of the growing inflation on the disposable household income. The latest projections of the Bulgarian Central Bank are for 14.9% annual inflation at the end of 2022 and slow down to 4.1% at the end of 2023. A bright spot are public investments, which are expected to increase, primarily due to European funds.

### SUPPLY AND DEMAND: Development activity

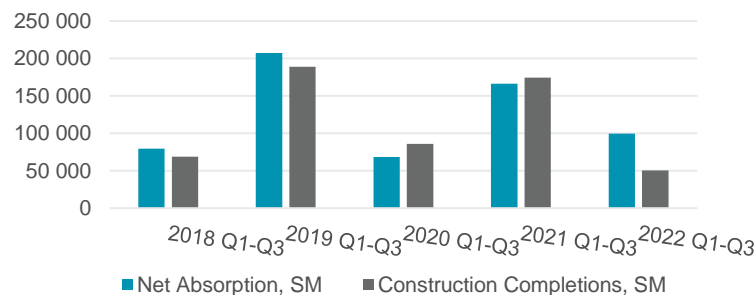
The third quarter of 2022 was marked by the largest industrial portfolio transaction in Bulgaria so far – the acquisition of two logistics projects with warehouse and office facilities totaling over 73,000 sqm, by the industrial developer CTP. This deal is part of the ongoing consolidation of the logistics property market in the key industrial zones countrywide.

In Sofia, development activity remains high, with 365,240 sqm under construction. The majority of this pipeline is formed by owner-occupied facilities, although there are some large speculative projects under construction, as well. In light of increasing rents, many companies want to secure their production and warehousing operations. Countrywide, there is demand for production facilities both for rent or under development. The leasing market in Sofia remains relatively active, amounting to 71,400 sqm for the nine months of 2022. Occupiers are primarily interested in space between 500 and 2000 square meters. Locations within the ring road with convenient access are the most sought after by tenants. Lack of new speculative completions in Sofia led to low vacancy rate – 1.4%, in the third quarter with no prospects for significant growth in the coming quarters.

### PRICING: Slight increase

Prime logistics rental rates in Sofia continued to increase slightly in the third quarter, reaching 4.6 euro/sqm for mid-size units and 4.25 euro/sqm for premises over 10,000 sqm. The price growth has been pushed by rising operating costs. Prime yields remained at 7.25%, although with prospect to gradually increase over the coming quarters.

### 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	1,685,753	24,300	1.44%	60,700	120,952	365,240	€4.6	7.25%
<b>TOTAL</b>	<b>1,685,753</b>	<b>24,300</b>	<b>1.44%</b>	<b>60,700</b>	<b>120,952</b>	<b>365,240</b>	<b>€4.6</b>	<b>7.25%</b>

\*Rental rates reflect weighted net asking € SQM / Month

## KEY CONSTRUCTION COMPLETIONS Q3 2022

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SM	OWNER/DEVELOPER
AIKO Logistics Center	Sofia	AIKO	9,629	Logistics
Fresh & Food Logistics	Sofia	Nestle	5,000	Logistics

## LOCAL MARKET RESEARCH LEAD

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