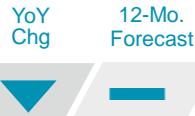


**0.56%**  
Vacancy Rate



**104,019**  
Take-up, SM



**€4.75**  
Prime Rent (10,000 sqm) PSM  
Overall, Net Asking Rent



### ECONOMIC INDICATORS Q3 2022

**3.3%**  
Bulgaria GDP Change YoY



**3.7%**  
Bulgaria Unemployment Rate



**4.7%**  
Industrial Production, YoY November



Source: National Statistical Institute, Moody's

### ECONOMY: GDP growth is slowing down

The Bulgarian economy is forecasted to lose speed in 2023, reflecting the lower domestic demand and worsening external environment. According to the World Bank, Bulgaria's GDP is expected to increase by only 1.7% in 2023 in the light of the looming global recession. One of the main growth factors – private consumption, is negatively affected by the price increases, tightening labor market and higher borrowing costs. The latest projections of the Bulgarian Central Bank are for 14.9% annual inflation at the end of 2022 and gradually slow down to 4.1% at the end of 2023. Although remaining volatile, food and energy prices are expected to decelerate gradually, especially in the second half of the year.

### SUPPLY AND DEMAND: Drop in vacancy

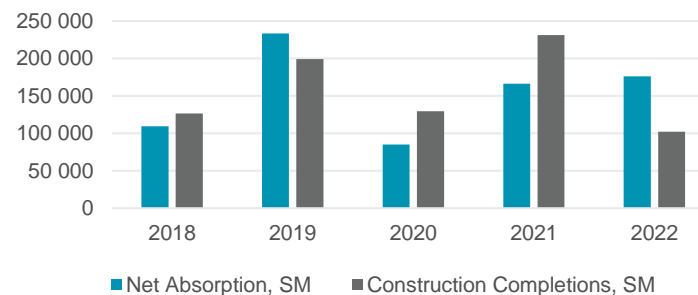
The last quarter of 2022 was marked by a significant drop of vacancy rate in Sofia, with the share of unoccupied production and logistics space falling below 1% of the total supply. On the one hand, the active demand from retail and logistics companies led to exhaustion of available space. The last quarter was marked by acceleration of the occupiers' activity and take-up. Total volume of leased space and completed owner-occupied premises in Sofia amounted to roughly 104,000 sqm, an unprecedented quarterly result. On the other hand, rapidly increasing construction costs limited development activity, especially in the speculative segment. Many occupiers count on built-to-suit projects that are planned and implemented to meet their specific requirements.

Overall, the year was similar to 2021 in terms of take-up activity, with 224,971 sqm occupied area. As at the end of 2022, construction pipeline amounted to 319,898 sqm. More than 60% of this supply is for owner occupation. Active development locations are the state industrial zone to the west and the Sofia ring road area to the east. Projects within the city's ring road are in great demand for e-commerce operations.

### PRICING: Slight increase

The fall of 2022 registered continuing rent increase, with prime logistics space in Sofia rented at 4.75 euro/sqm for premises over 10,000 sqm. The rents for small to mid-size schemes increased to 5 euro/sqm in Q4 from 4.6 euro/sqm in the previous quarter. The price growth is pushed by rising construction prices and operating expenses and is expected to continue. Prime yields also posted slight increase, reaching 7.5% which is 25 bps more than in the previous 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	1,723,372	9,600	0.56%	104,019	224,971	319,898	€4.75	7.5%
<b>TOTAL</b>	<b>1,723,372</b>	<b>9,600</b>	<b>0.56%</b>	<b>104,019</b>	<b>224,971</b>	<b>319,898</b>	<b>€4.75</b>	<b>7.5%</b>

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

## KEY CONSTRUCTION COMPLETIONS Q4 2022

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SM	OWNER/DEVELOPER
Smart Organic warehouse – New phase	Sofia	Owner occupied	5,054	Smart Organic
Transpress – New facility	Sofia	Owner occupied	8,000	Transpress

## LOCAL MARKET RESEARCH LEAD

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