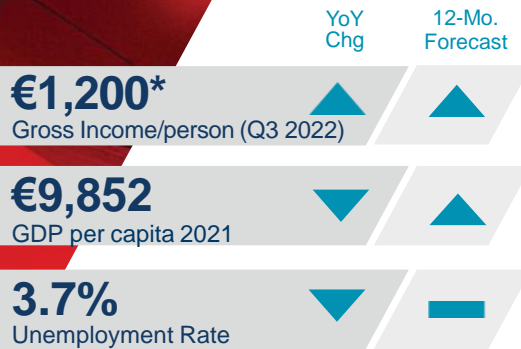


BULGARIA

Retail Q4 2022



Source: National Statistical Institute
* Gross household income per person

BULGARIAN ECONOMIC INDICATORS Q3 2022



Source: National Statistical Institute

ECONOMY: Anemic increase

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: Discount retailers and retail parks in expansion

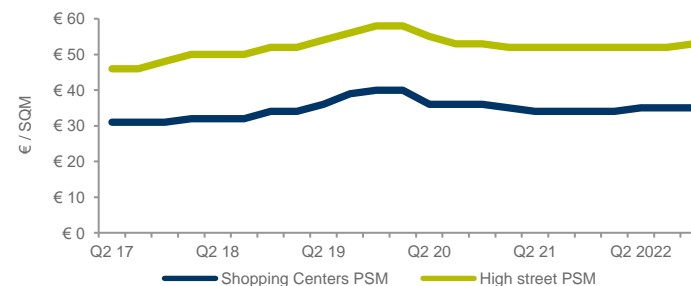
The past year 2022, was marked by the extremely rapid development of the retail parks segment. Over 100,000 sqm of new space was opened, mainly in the year's second half, nearly three times above the space opened in 2021. Currently, over 300,000 sqm of retail parks are operating in the country, counting only those with leasable area of over 5,000 sqm. Unlike retail parks, shopping centers did not show significant movement as most projects are already established. The last year was marked by rise in revenues and recovery in shopping centers footfall and revenue to pre-crisis levels. The only retail space expansion was realized by Park Mall Stara Zagora, which increased its space by about 8,000 sqm. New mall openings or expansions are not planned for 2023. The vacancy rate of shopping centers in Sofia posted slight decrease within the last quarter, dropping to 5.6%, with the high-performing schemes remaining fully let.

Discount retailers such as Pepco, Kik, and Sinsay continued their rapid expansion countrywide. New brands are also entering the Bulgarian market. Most of them are retailers from neighboring countries, offering mainly clothing and footwear in the budget to mid-price range.

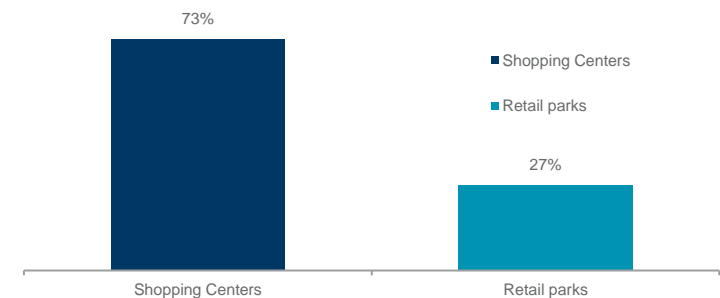
PRICING: Rising rents

Asking rents in shopping centers in Sofia remained stable in the last quarter at 35 euros/sqm, with trend to slightly increase at the beginning of 2023. Rents for high street shops and retail parks rose within 5%, reflecting the inflation and the associated increase in landlord costs.

PRIME RENTS SOFIA



AVAILABILITY BY PRODUCT TYPE



MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK	SHOPING 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 Q4 2022

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
Galleria Burgas	Burgas	Reserved	1,534	New lease
Grand Mall Varna	Varna	Starbucks	140	New lease
Park Mall	Stara Zagora	Sinsay	1300	New lease
Retail Park Haskovo	Haskovo	dm	500	New lease
The Mall	Sofia	Jack&Jones	303	New lease
Paradise Center	Sofia	Tezenis	216	New lease
Bulgaria Mall	Sofia	Kigiki	276	New lease
Mall of Sofia	Sofia	Sinsay	619	New lease
Retail Park Smolyan	Smolyan	New Yorker	1200	New lease

*Renewals not included in leasing statistics

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