

1.50%
Vacancy Rate



81,221
Take-up, SM



€5.00
Prime Rent (10,000 sqm) PSM
Overall, Net Asking Rent



ECONOMIC INDICATORS Q4 2022

2.6%
Bulgaria GDP Change YoY



3.9%
Bulgaria Unemployment Rate



-1.8%
Industrial Production, YoY February



Source: National Statistical Institute, Moody's

ECONOMY: GDP growth is slowing down

Softening domestic demand will undermine growth in 2023 as inflation continues to erode purchasing power. Nonetheless analysts forecast a higher rate than the EU average after keeping pace with it at 3.4% in the previous year. Exports would will grow at a significantly reduced pace due to exhausted possibilities to satisfy supply shortages caused by Russia's war in Ukraine. As a result, industrial production is forecast to see a mild decline.

SUPPLY AND DEMAND: Positive present and uncertain future

Despite some positive signals, economic uncertainty and caution shaped the market climate in the first quarter of 2023.

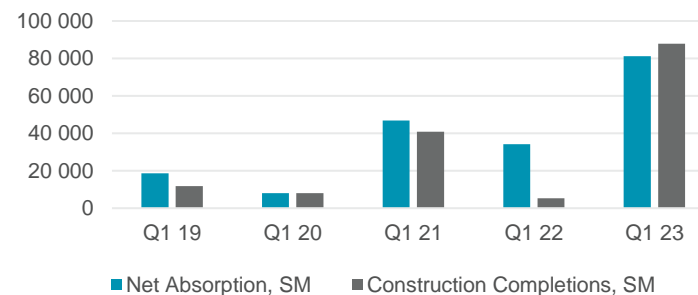
On the supply side, the volume of completed projects hit a three-year high at 87,000 sqm. With over three-quarters of these being owner-occupied, unsurprisingly, net absorption also reached a three-year high, of over 81,000 sqm. As a result, the available space edged up slightly to 27,000 sqm, reflecting a vacancy rate of only 1.5%.

Notwithstanding these relatively positive signs, the uncertainty about the direction of inflation and the economy in general prompted the main speculative players on the market to look ahead with greater caution. Highlighting this was the lack of public announcements for planned large new projects over the past six months. As a result, although the pipeline under construction stands at a healthy level of over 350,000 sqm, the volume of projects in planning has narrowed to just over 220,000 sqm.

PRICING: Availability generates uplift

Prime rents crept up 5% q/q, reaching 5.00 euro/sqm for premises over 10,000 sqm. Rents for small to mid-size schemes edged up 8% q/q to 5.40 euro/sqm. The uplift was driven mainly by low availability of speculative space and rising construction costs of new projects. Prime yields slipped 25 bps to 7.25%.

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	1,811,193	27,100	1.5%	81,221	81,221	354,957	€5.0	7.25%
TOTAL	1,811,193	27,100	1.5%	81,221	81,221	354,957	€5.0	7.25%

*Rental rates reflect weighted net asking € SQM / Month

KEY CONSTRUCTION COMPLETIONS Q1 2023

PROPERTY	SUBMARKET	MAJOR OCCUPIER	SM	OWNER/DEVELOPER
CTPark Sofia Airport	Sofia	DSV	15,000	CTP Bulgaria
Lidl Logistics Center - Ravno Pole	Sofia	Owner occupation	17,759	Lidl Bulgaria
JYSK Logistics – Zone 4	Sofia	Owner occupation	14,170	Usk Bul

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