



YoY Chg 12-Mo. Forecast

15.84%
Vacancy Rate



37,264
Take-up sqm



€17.50
Asking Rent, PSM



(Prime Asking Rents)

MOST RECENT ECONOMIC INDICATORS:

YoY Chg 12-Mo. Forecast

1.6%
GDP Change YoY Q4 2023



4.2%
Unemployment Rate Q4 2023



793,057
Sofia Employment December, 2023



Source: National Statistical Institute

ECONOMY: Punching above its weight

Bulgaria’s economy delivered another above average quarterly performance at the end of 2023 with the 9th highest growth rate in the EU. Solid domestic demand, driven by private households, handily offset weakness in external demand. Key leading indicators during the first three months of 2024 suggest that economic performance at the start of the year would likely be in-line with recent form. Consumer Confidence is at a 24-year high, boding well for the strength of overall domestic demand. Importantly, the Business Climate indicator is also edging higher, partly due to strong optimism about the near future in the services sector.

SUPPLY AND DEMAND: Moderate Leasing Activity

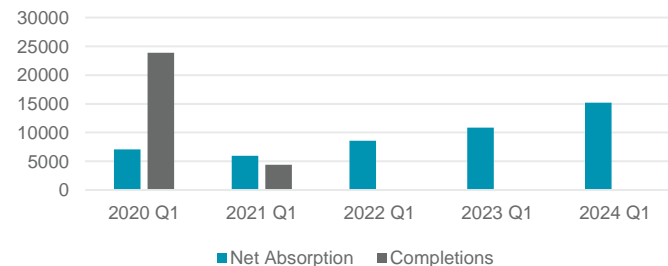
The office market in Sofia registered moderate leasing activity during the first quarter of 2024. Compared to the same periods in the last two years, the number of closed transactions reduced 10-15% to just over 37,200 sqm. Most of this volume was formed by large renewals and some relocations from noncompetitive or class B buildings. Since IT and BPO companies are slowing down their growth and strongly relying on hybrid work, space optimizations remain a trend. IT industry remains the major office space occupant in the first quarter of 2024, accounting for almost half of the leasing volume. Another notable trend is for tenants with growing businesses to move from coworking spaces to regular offices. Vacancy rate continues to hover around 15-16%, with prime projects almost fully occupied.

Stocks for class A and B offices remained stable at 2.245 million sqm in the first quarter of 2024. Projects in development phase kept volume below 200,000 sqm due to a lack of new construction starts. Recent trends are the result of slow absorption of vacant office space, as well as an unsecure business environment.

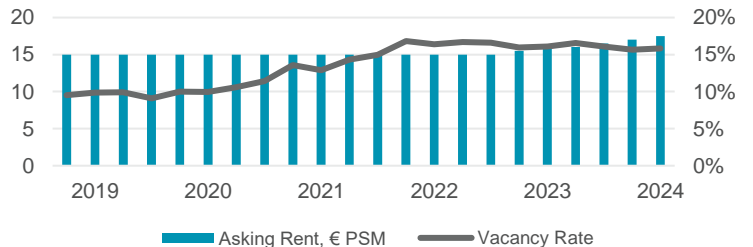
PRICING: Rents are going up

Prime asking rents continued to increase at the beginning of 2024, reaching 17.5 euro/sqm for prime office space in Sofia’s central business district. Rents for Class A offices alongside main roads also posted slight increase, exceeding the upper limit of 16 euro/sqm. The prime office yield in Sofia reached 8% in the past quarter and is projected to stay stable in the coming quarters.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENTS



MARKET STATISTICS

SUBMARKET	INVENTORY (\$M)	AVAILABILITY (\$M)	OVERALL VACANCY RATE	CURRENT QTR TAKE-UP	YTD OVERALL TAKE-UP(\$M)	UNDER CNSTR (\$M)	PRIME RENT*	PRIME YIELD
Sofia	2,245,580	355,788	15.84%	37,264	37,264	177,902	€17.50	8.00%
TOTAL	2,245,580	355,788	15.84%	37,264	37,264	177,902	€17.50	8.00%

*Rental rates reflect asking rents

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
BSR Building 2	Suburbs	Intersnack	376	Relocation
Synergy Tower	Main road	msg global solutions Bulgaria	662	Relocation
Matrix Tower	Suburbs	Bilka Steel	270	New lease

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