



YoY Chg 12-Mo. Forecast

15.28%
Vacancy Rate



37,088
Take-up sqm



€17.50
Asking Rent, PSM



(Prime Asking Rents)

MOST RECENT ECONOMIC INDICATORS:

YoY Chg 12-Mo. Forecast

1.8%
GDP Change YoY Q1 2024



5.2%
Unemployment Rate Q1 2024



808,732
Sofia Employment March, 2024



Source: National Statistical Institute

ECONOMY: Decent tempo and outlook

Bulgaria’s economy remained solid in the first quarter of 2024, producing the 8th highest growth rate in the EU. The respectable result reflects strong domestic demand, driven by private household consumption, compensating for soft external demand and weak investment activity. The most recent leading indicators suggest that, all things being equal, in the next couple of quarters the economy would likely maintain or slightly improve its pace. Consumer confidence is at its best since 2001, which all but guarantees that domestic demand would remain a key pillar of strength. Meanwhile, the overall economic sentiment is firmly in positive territory with above average confidence in services.

SUPPLY AND DEMAND: Vacancy slightly decreasing

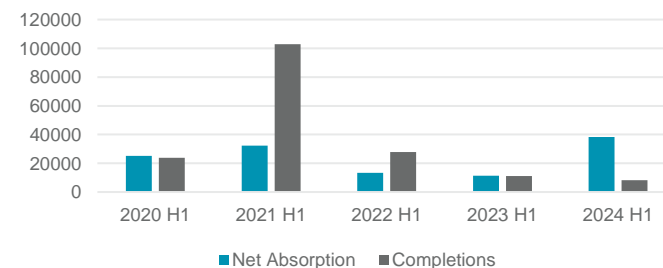
Sofia’s office market registered a small decrease in vacancy rate in the second quarter of 2024, down to 15.3% (50 basis points). It is mainly due to a slight increase in expansions and new leases at the expense of the declining share of contract renewals in the take-up over the period. The leasing volume reached 37,088 sqm which is in line with the 5-year average for the second quarter. In general, the first half of the year did not produce large volumes of transactions or a dramatic shift in the market trend. The IT and BPO industry still leads the market despite slowdown in business and hybrid work. Another notable trend is tenants with growing business moving from coworking space and non-competitive buildings to Class A projects. The office supply posted marginal increase with the completion of two small buildings with combined gross leasable area of 8,200 sqm. By mid-year, the stock for class A and B offices reached 2.259 million sqm. Projects in development phase kept volume below 200,000 sqm due to a lack of new construction starts.

Interest in coworking space continues to grow, mainly as part of the mix in existing office buildings. As at June, the total volume of coworking space in Sofia reached 68 900 sqm with an additional 8 000 sqm in various development phases.

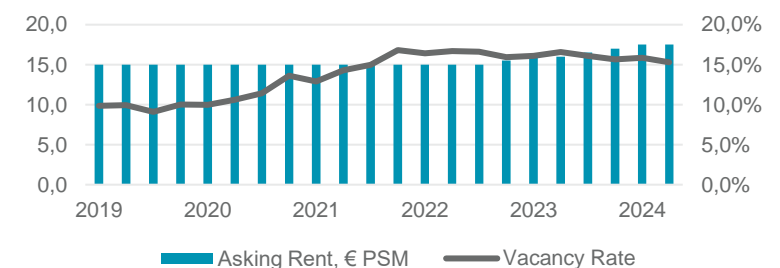
PRICING: Rents are stable

Office prices in Sofia stabilized in the second quarter of 2024 after a slight growth in the previous quarters. Prime asking rents in the CBD area remain within 17.5 to 18 euro/sqm. Along the main boulevards rents vary between 14 and 17 euro per sqm for Class A projects. The prime office yield in Sofia posted slight decline to 7.75% with prospects 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	2,259,179	345,227	15.28%	37,088	74,352	183,117	€17.50	7.75%
TOTAL	2,259,179	345,227	15.28%	37,088	74,352	183,117	€17.50	7.75%

*Rental rates reflect asking rents

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
Business Park Sofia	Suburbs	Kyndril	840	Renewal
Garitage Park	Suburbs	Lidl Bulgaria	9,800	Relocation

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