



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
2.46% Vacancy Rate	▲	▬
52,975 Take-up, SM	▲	▲
€5.30 Prime Rent (>10,000 SM) PSM <i>(Overall, Net Asking Rent)</i>	▬	▼

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
1.7% Value of imported raw materials Jan. - Jul., 2024	▲	▬
-1.7% Manufacturing production Aug. 2024	▼	▬
2.9% Value of imported consumer goods Jan. - Jul., 2024	▲	▲
-6.9% Wholesale trade turnover Aug. 2024	▼	▬

Source: Statistical Office (NSI), Central Bank (BNB)

ECONOMY: ON AN UPWARD TRAJECTORY

In the first nine months of 2024, Bulgaria's economy maintained its upward trajectory. Accelerating growth reflects solid domestic demand and improving investments, offsetting soft external demand. The leading indicators suggest that in the short-term the economy would stay on course. Economic sentiment is firmly in positive territory and rising. Consumer optimism is at its highest this century and confidence is above average across all parts of the economy, even in the industrial sector that has been struggling over the past 18 months.

SUPPLY & DEMAND: RISING CONSTRUCTION VOLUME

Development activity was relatively strong in Sofia in the third quarter. The volume of completed light industrial and warehouse space stood at 51,500 sqm, up three-fold from last year, but 17% lower from the previous quarter. The new facilities were of relatively modest size - GLA between 3,500 and 9,500 sqm. Over 80% of the completed space was constructed for own use by companies specialized in wholesale, food, energy, and paper products.

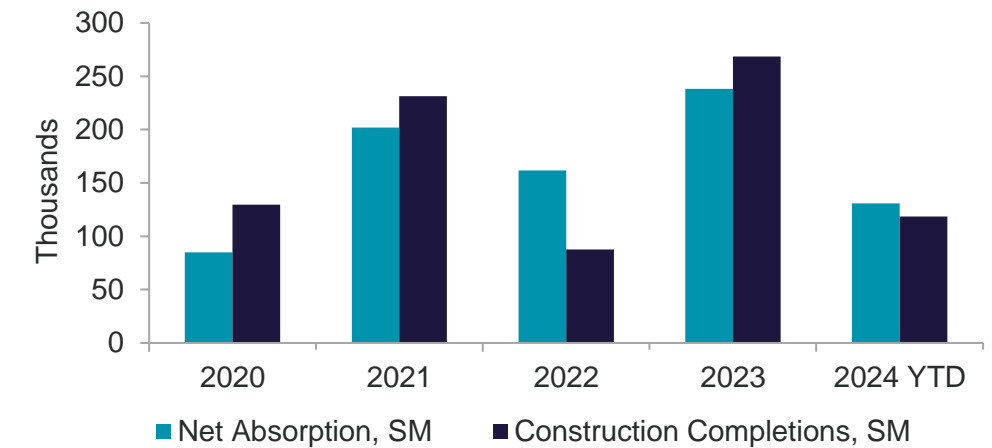
On the demand side, take-up jumped two-fold from last year to 53,000 sqm, but was 33% lower from the previous quarter. Speculative space was taken by retailers and manufacturers. A notable trend on the market in recent quarters has been demand for warehouse units of less than 1,000 sqm within the city limits, however, these remain in short supply.

Looking forward, supply continues to grow. Eight new projects were started in the past quarter for a total of 66,000 sqm. Year-to-date, there are 35 projects under construction for a total volume of 357,000 sqm. In terms of use, the volume is split equally between speculative and owner occupation.

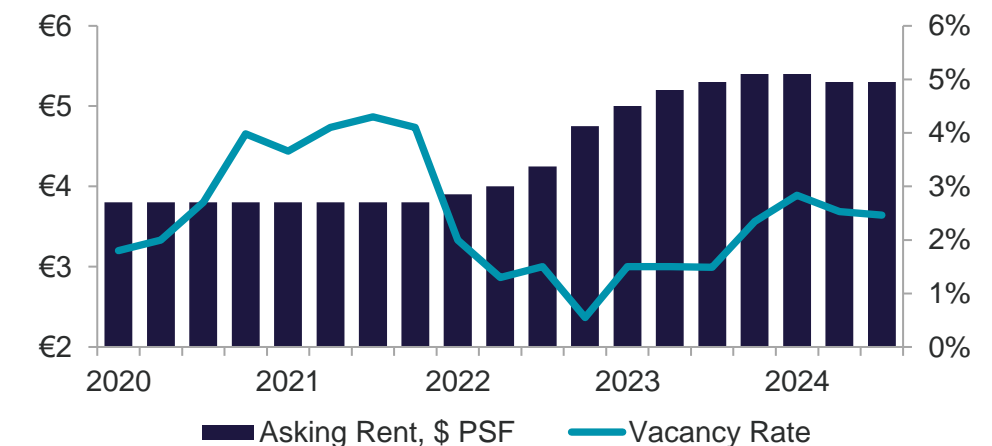
PRICING: FLAT BUT LIKELY TO EASE

As of the end of September, prime yields for Class A logistics space (>10,000 sqm) were down by 25 basis points to 7.50% and 100-bps beneath levels from 5 years ago. Yields are likely to stabilize in the next six months. Prime rents remained unchanged at 5.3 euro per sqm in the Greater Sofia area, but near 40% higher from 5 years ago. Notably, in the inner city, newly built small units and projects on good locations were snapped by tenants at 6 to 6.50 euro per sqm. Looking ahead, rents are expected to ease slightly.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SM)	OVERALL VACANT (SM)	OVERALL VACANCY RATE	CURRENT QTR TAKE-UP(SM)	YTD TAKE-UP (SM)	UNDER CNSTR (SM)	CNSTR COMPLETIONS (SM)	PRIME RENT*	PRIME YIELD
Sofia	2,154,534	53,049	2.46%	52,975	144,267	356,590	51,475	€5.30	7.50%
TOTAL	2,154,534	53,049	2.46%	52,975	144,267	356,590	51,475	€5.30	7.50%

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

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SM	OWNER/DEVELOPER
Fantastico (exp. of logistics cntr.)	Elin Pelin	Fantastico	16,248	Van Holding
Videolux Holding (phase 3 & 4)	Industrial Park Sofia East	Technopolis / Praktiker	29,400	Videolux Holding
dm (warehouse phase 1)	Elin Pelin	dm Bulgaria	8,900	Zem Hold 2012
Sanitex (prod. & warehouse fac.)	Kostinbrod	Sanitex	9,100	Sanitex Paper Products OOD
Jacobs (manufacturing fac.)	Kostinbrod	Jacobs Dow Egberts	6,000	Jacobs Dow Egberts OPS BG FOOD

RADOSTINA MARKOVA

Head of Research & Marketing

Tel: +359 883 260 333

Radostina.markova@cwforton.com

NICKOLAY GRIGOROV

Senior Research Analyst

Tel: +359 887 501 513

Nickolay.grigorov@cwforton.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

©2024 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield ("CWK"). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK's securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.