

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
15.3% Vacancy Rate	—	▲
56,303 Q3 Take up, sqm	▲	—
€18.00 Asking Rent, PSM <i>(CBD, Class A)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
2.1% Real GDP Change Q2 2024	▲	▲
4.3% National Unemployment Q2 2024	▼	▼
809.901 Sofia Employment Q2 2024	▲	▲

Source: National Statistical Institute

ECONOMY OR SUPPLY: ACCELERATING GROWTH

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, especially the all-important services sector.

SUPPLY AND DEMAND: STABLE DEMAND

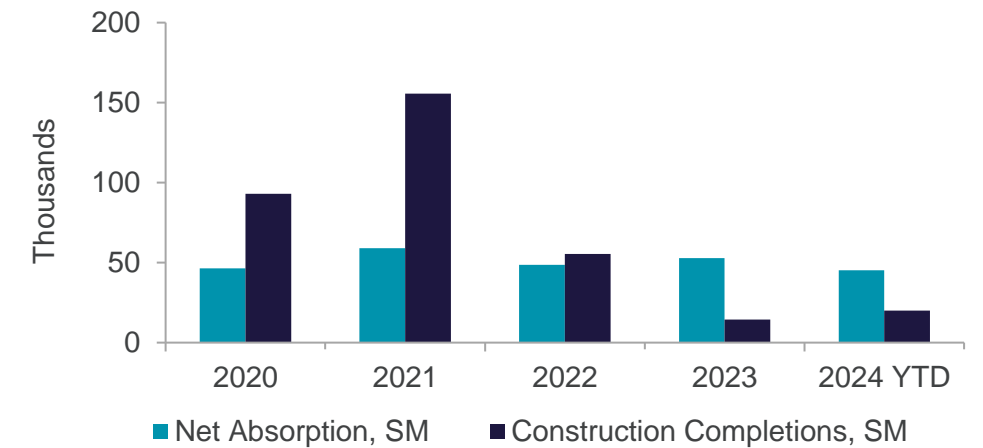
The office market in Sofia ended the nine-months of 2024 with moderate rental activity of 130,655 sqm, slightly above the 5-year average. The lease type distribution did not break the recent years' tradition and recorded high share of renewals – about 40% of the total volume. Expansions accounted for 10% of the total, with financial and services companies mostly calling for larger space. However, the IT and BPO industry remained main market driver, although most of them are still looking for space optimization, due to the hybrid work.

On the supply side, the recent quarters did not bring significant changes in the office stock. In the third quarter, there was only a mid-size delivery of Class A office building. The third quarter's Net absorption, which reflects the difference between leased and vacated space, was 6,996 sqm, and in the nine months reached 45,283 sqm. For the moment, the vacancy rate remains stable at 15.3%. Construction pipeline is about 178,000 sqm, with prospects for notable increase in the coming quarters. This is mainly due to several new projects in planning phase, mostly near Paradise Center and Nikola Vaptsarov Blvd.

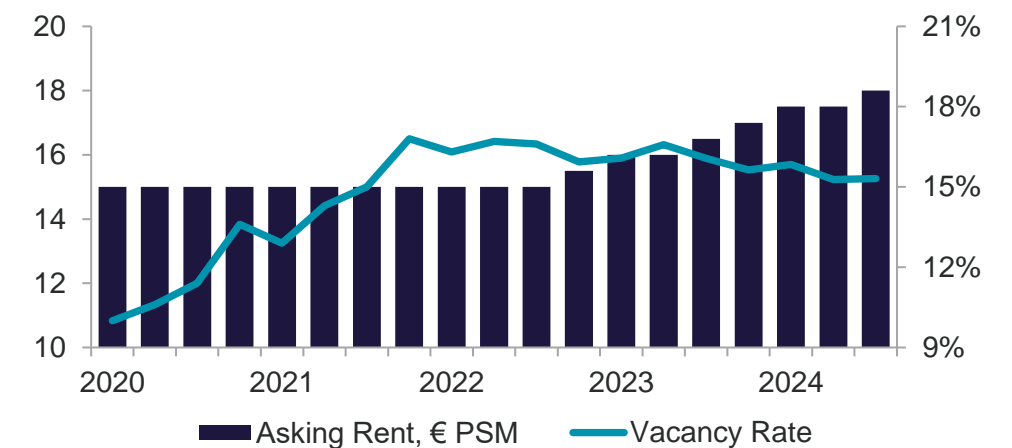
PRICING: INCREASING RENTS IN CBD

Class A office rents in Sofia posted minor increase in Q3 and reached 18 euro/sqm for prime space in the CBD area, due to the limited supply. Asking rents in the preferred main road locations remained within 14 to 17 euro/sqm. The prime office yield in Sofia is stable at 7.75%.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SM)	SUBLET VACANT (SM)	DIRECT VACANT (SM)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SM)	YTD OVERALL NET ABSORPTION (SM)	YTD LEASING ACTIVITY (SM)	UNDER CNSTR (SM)	PRIME ASKING RENT CBD (SM)	OVERALL AVG ASKING RENT (CLASS A, SM)
Sofia	2,279,615	N/A	349,049	15.31%	6,996	45,283	130,655	177,723	€18.00	€14-17
TOTALS	2,279,615	N/A	349,049	15.31%	6,996	45,283	130,655	177,723	€18.00	€14 - 17

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SM	TYPE
Business Park Sofia	Sofia	DXC	5,220	Renewal
Graphix Office Building	Sofia	Progress	10,000	Renewal
Synergy Tower	Sofia	Ontotex	1,322	Relocation

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SM	PRICE
Alpha bank Headquarters	Sofia	Alpha bank/Space Estate	17,000	undisclosed

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SM	OWNER/DEVELOPER
Abacus Business Center - 2	Sofia	N/A	11,900	Multiple owners

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