

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
15.81% Vacancy Rate	▲	■
58,120 Q4 Take up, sqm	▼	■
€19.00 Asking Rent, PSM <i>(CBD, Class A)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
2.4% Real GDP Change Q3 2024	▲	▲
3.6% National Unemployment Q3 2024	▼	▼
807.545 Sofia Employment Q3 2024	▲	▲

Source: National Statistical Institute

ECONOMY: ACCELERATING GROWTH

In 2024, Bulgaria's economy grew faster in each successive quarter and was among the top 10 most dynamic in the EU. This was achieved with two growth engines (domestic consumption and investments) running properly, while the third (external trade) was struggling due to weak demand abroad. Towards the end of the year, the economic environment is positive. Inflation has subsided below the EU and Eurozone averages, and unemployment is at record low. In addition, consumer optimism is high, business leaders in manufacturing appear to gain confidence while in services the situation is stable.

SUPPLY AND DEMAND: WELL-BALANCED MARKET

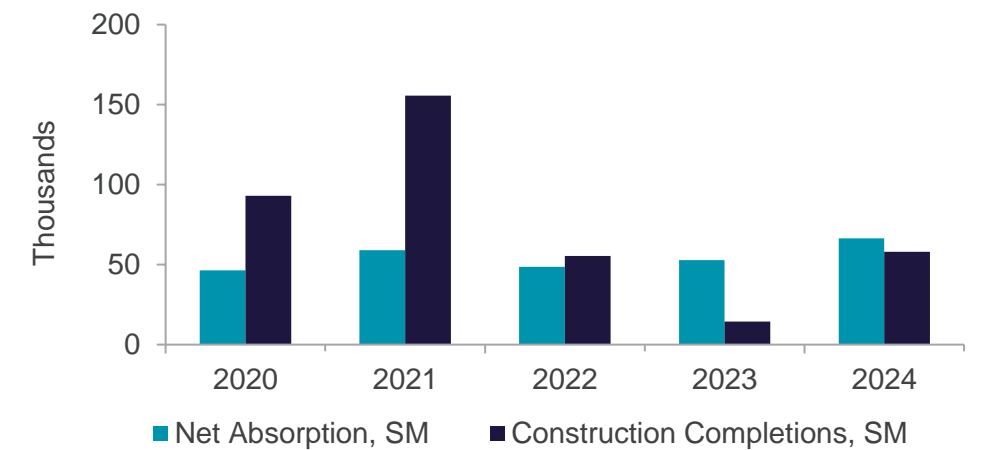
With 185,045 sqm leasing volume in 2024, the office market in Sofia is in line with the five-year trend. The tenant activity in the last quarter remained relatively high, although primarily driven by renewals and relocations. This trend was apparent throughout the whole 2024, since most IT and BPO companies continued to rely on hybrid work model and office space optimization. In this context, it is indicative that nearly half of the registered transactions during the year had a negative or zero net effect. This resulted in moderate Net absorption (66,509 sqm) and limited market growth.

The limited tenant activity led to slower pace of new office completions during 2024. With 58,085 sqm new deliveries, the Sofia market remained well balanced. The vacancy rate was hovering around 15-16% of the Class A and B supply, while projects under construction stood below 200,000 sqm. However, this threshold was passed at the end of the year, with the start of several large office projects, mostly in the areas of Paradise Center and Nikola Vaptsarov Blvd.

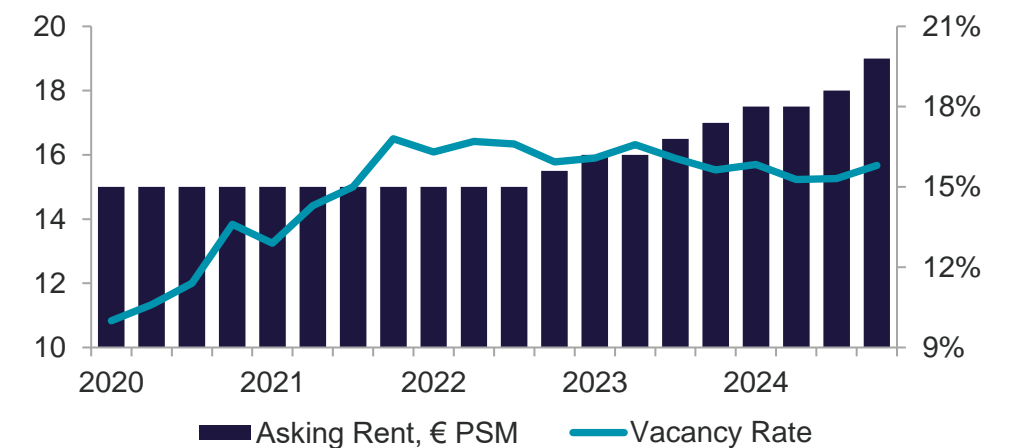
PRICING: INCREASING RENTS IN CBD

Class A office rents kept slightly increasing in 2024, reaching 19 euro/sqm for prime space in the CBD area at the end of the year. Asking rents in the preferred main road locations vary between 14 and 17 euro/sqm, depending on tenant preferences and the vacancy rate in the specific area.

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	2,317,615	N/A	366,352	15.81%	21,226	66,509	185,045	203,695	€19.00	€14 - 17
TOTALS	2,317,615	N/A	366,352	15.81%	21,226	66,509	185,045	203,695	€19.00	€14 - 17

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SM	TYPE
Synergy Tower	Sofia	Redis	1,353	Relocation
Capital Fort	Sofia	Smule Inc.	1,250	Relocation
Infinity Tower	Sofia	Kinstellar	600	Renewal

KEY SALES TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SM	PRICE
Landmark Centre Sofia	Sofia	Arsenal 2000	6,400	undisclosed

KEY CONSTRUCTION COMPLETIONS 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SM	OWNER/DEVELOPER
Abacus Business Center - 2	Sofia	N/A	11,900	Multiple owners
Office X – Building 3	Sofia	Cargotec	20,000	Office X Ltd.
Office X – Building 4	Sofia	Work Better	7,000	Office X Ltd.

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