

MARKET FUNDAMENTALS

	YOY Chg.	12-Month Forecast
€43.00 Prime SC Rent	▲	▲
7.50% Prime SC Yield	▼	—

MOST RECENT ECONOMIC INDICATORS

	YOY Chg.	12-Month Forecast
€1,163 Average monthly wage (Q3 2024)	▲	▲
2.1% Inflation (HICP) Dec. 2024	▼	▲
11.1% Deflated Retail Sales (food, bev. & tob.) Nov, 2024	▲	▲
9.1% Deflated Retail Sales (non-food, excl. fuel) Nov, 2024	▲	▲

Source: National Statistical Institute

ECONOMY: GROWTH ACCELERATES

In 2024, Bulgaria's economy showed accelerated growth each quarter, ranking among the EU's top 10 most dynamic economies. This was driven by domestic consumption and investments, while external trade faced challenges due to weak international demand.

By year-end, the economic environment remained positive. Inflation fell below EU and Eurozone averages, and unemployment hit a record low. Consumer optimism was high, with business leaders in manufacturing and construction showing increased confidence, while the services and retail sectors remained stable.

SUPPLY & DEMAND: LARGE CONSTRUCTION VOLUME

In Q4, supply of retail space picked up from the previous three months to just over 18,000 sqm. This volume reflected the completion of two retail parks in Plovdiv and Pleven, the extension of an existing facility in Veliko Tarnovo, and partial completions in Vidin, Ruse, and Dobrich. As a result, the annual total reached 73,000 sqm, down 59% from 2023.

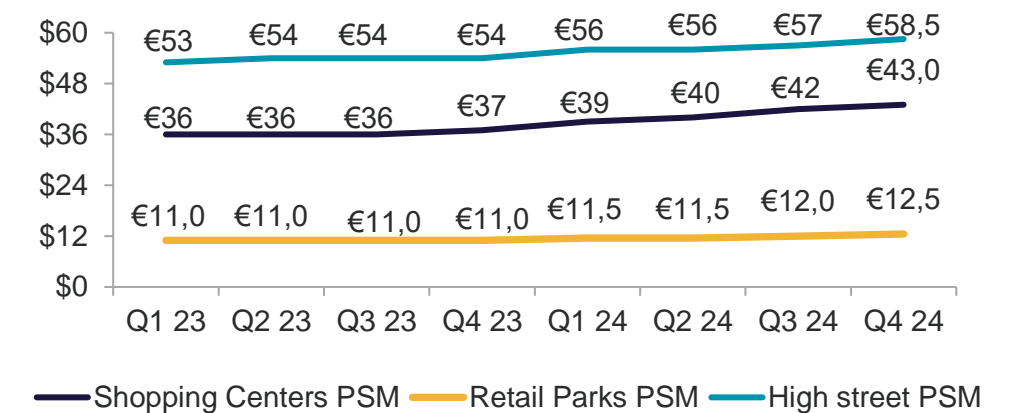
At the end of 2024 the total retail stock in the country amounted to 1.39 mln. sqm. Shopping centre stock was unchanged at 811,000 sqm, while retail park stock climbed 13% y/y to 577,000 sqm. Importantly, development activity is very strong. The construction of some 163,000 sqm of retail space is currently under way, while further 230,000 sqm are in planning.

In Q4 demand was relatively strong. Some 85 new stores were opened in shopping centres and retail parks, compared to 89 the year before. In terms of actual space, new openings amounted to 35,000 sqm, virtually evenly split between malls and parks. Key event in the quarter was the market entry of two new international retail brands - HalfPrice and Foot Locker - setting up flagship stores in shopping malls in Sofia and Burgas.

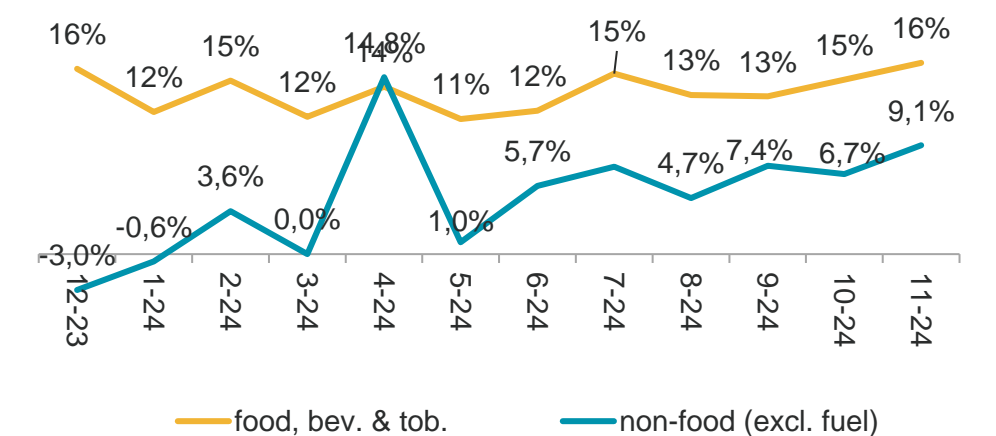
PRICING: EDGING HIGHER

During the quarter, the vacancy rate across shopping malls and retail parks was in low single digits across the country. This lifted prime rents in Sofia to 43 euros/sqm in shopping malls and 12.5 euros/sqm in retail parks, with an upward outlook for the next six months. Meanwhile, prime yields slipped to 7.5% in mall and park facilities, with stabilization expected ahead.

PRIME RENTS IN SOFIA



RETAIL TRADE TURNOVER AT CONSTANT PRICES



Source: National Statistical Institute

MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK (SQM)	RETAIL PARK STOCK (SQM)	SHOPPING CENTRE PIPELINE (SQM)	RETAIL PARK PIPELINE (SQM)	SHOPPING CENTRE PRIME RENT (€/SQM)	RETAIL PARK AVERAGE RENT (€/SQM)	SHOPPING CENTRE PRIME YIELD (%)	RETAIL PARK PRIME YIELD (%)
Sofia	402,273	118,394	0	86,670	43.00	12.50	7.50%	7.50%
Plovdiv	86,000	59,507	0	16,630	26.00	9.00	8.00 - 8.25%	8.00 - 10.00%
Varna	122,000	21,200	0	0	26.50	8.00	8.00 - 8.25%	8.00 - 10.00%
Burgas	62,500	0	0	12,650	22.50	N/A	8.00 - 8.25%	N/A

KEY LEASE TRANSACTIONS Q4 2024*

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Retail Park Pleven (Alati)	Pleven	Alaty (DIY)	4,200	New lease
Grand Mall Varna	Varna	Cineland	3,150	New lease
Parkmaxx Retail Park	Plovdiv	Technomarket	3,000	New lease
Parkmaxx Retail Park	Plovdiv	Lidl	2,400	New lease
Ring Mall	Sofia	HalfPrice	1,920	New lease
Mall Veliko Tarnovo	Veliko Tarnovo	Sinsay	1,340	New lease
Delta Planet Varna	Varna	Mohito	600	New lease
Plovdiv Plaza	Plovdiv	Mango	488	New lease
The Mall	Sofia	Foot Locker	310	New lease

*Renewals not included in leasing statistics

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	GLA (SQM)	OWNER / DEVELOPER
Parkmaxx Retail Park	Plovdiv	Technomarket	6,000 (phase 1)	EAZ-1 EOOD
Retail Park Pleven (Alati)	Pleven	Alati	8,000	Keramik Group EOOD
Retail Park Veliko Tarnovo	Veliko Tarnovo	Sinsay	4,000 (extension)	Retail Veliko Tarnovo 2022 AD
Retail Park Velingrad	Velingrad	Technomarket	10,550	Stolarski i Sinove EOOD
Retail Park Vidin Plaza	Vidin	Technomarket	14,400	Dunonia AD
Retail Park Nessebar	Nessebar	Technomarket	6,052	Zet Estate EOOD
Retail Park Elin Pelin	Elin Pelin	Lidl	11,280	Elin Pelin Retail EOOD
Hippoland I Retail Park	Dobrich	Lidl	16,040	Targovski Park Dobrich OOD

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.