MARKETBEAT

SOFIA

OFFICE Q3 2026



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MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
11.95% Q3 Vacancy Rate	▼	▲
46,052 Q3 Gross take-up, sq m	▼	–
€20.00 Prime Asking Rent, sq m/month *(CBD , Class A)*	–	–

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
2.8% Real GDP Change Q2 2026	▼	–
3.6% National Unemployment Q2 2026	–	–
819,528 Sofia Employment Q2 2026	▼	▲

Source: National Statistical Institute

POSITIVE GDP OUTLOOK FOR Q3

Bulgaria entered the second half of 2026 with a good pace, having achieved 3% and 2.8% real GDP growth in Q1 and Q2. The most recent output data shows that the economy is likely to maintain similar tempo in Q3.

Production growth exceeded 5% in the services sector in July with expansion reported across most categories. Especially notable was growth in information and communication activities and transport and logistics.

The mixed performance of the industrial sector also continued into July and August. Production narrowed in mining and manufacturing. In the latter, output was down across most categories like intermediate goods, consumer goods and investment goods. On the positive side, production of energy goods was up in double digits and output in construction was strong, particularly in civil engineering and buildings.

Domestic trade results for July and August were also mixed. Wholesale volume kept on declining while retail volume climbed higher. Importantly, retail growth was solid both in food and non-food categories.

Inflation of 5.6% y/y in September was the most concerning economic issue. It reflects the open trade policy of the country and the fallout from of the multiple conflicts in the Middle East that push energy prices higher.

WEAKER LEASING ACTIVITY

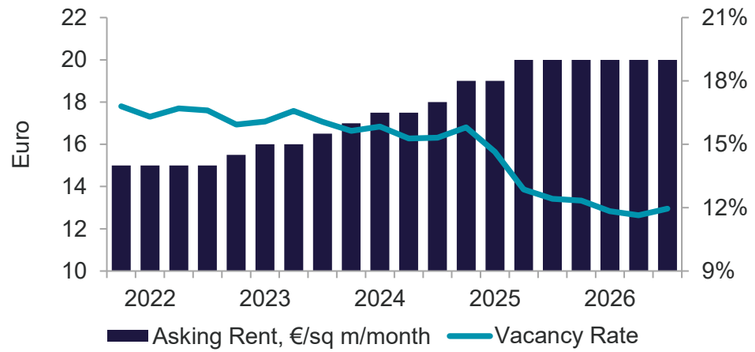
In the first nine months of 2026, gross office take-up in Sofia amounted to 147,000 sqm, down 13% compared to the same period in 2025. In Q3 2026 alone, gross take-up stood at 46,000 sq m, down 8% q/q and 28% y/y. The latest quarterly take-up included some 7,380 sq m of office space bought for own use and 38,670 sq m leased to tenants. The latter was the lowest volume since the second quarter of 2024.

Demand in Q3 2026 was driven mostly by smaller tenants. No lease contracts of 10,000+ sq m were reported for a second consecutive quarter and only one contract was announced in the 5,000 - 10,000 sq m range. While the total number of lease contracts remained roughly unchanged from Q2 2026, the average office space per contract dropped to 560 sq m from 630 sq m.

SPACE DEMAND / DELIVERIES (000' sq m)



OVERALL VACANCY & PRIME ASKING RENT

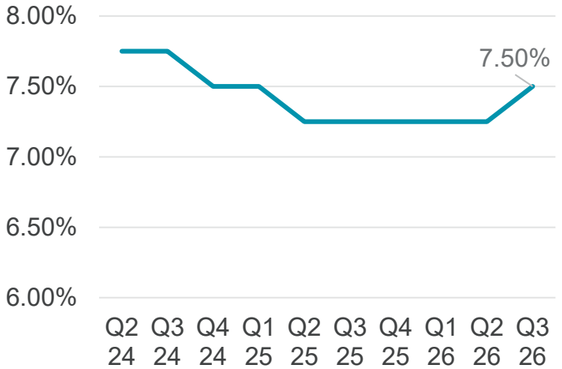


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SELECT PROJECTS EXPECTED IN THE NEXT 12 MONTHS

PROPERTY	GLA (SQ M)
Avalon Tower	17,700
Expo Forest 1	14,000
M Plaza (phase. 2)	12,500
M Tower	10,930
S4 Office building	3,240

PRIME OFFICE YIELDS IN SOFIA



The breakdown of leased volume in terms of types of contracts signed in Q3 was somewhat unusual. Standard relocations accounted for 59% of the volume, followed by renewals with 27.5%, expansions with 8%, pre-leases with near 5%, and subleases with 1%. In the past several years, the relative share of renewals typically oscillated between 45% and 55% of total volume.

The difficulties in the typically strong IT sector affected the quarterly result. The relative share of IT firms in the total leased volume in Q3 2026 remained under 30% for a second consecutive quarter (in the past five years, the IT share fluctuated between 35% and 70%). Manufacturing came second with 16% thanks to a relatively large renewal contract by a pharmaceutical company. Professional and scientific activities were #3 with 8.4%, followed by administrative and support activities with 7.3% and wholesale with 6.8%. Generally, except for weaker IT, demand was relatively broad-based with finance, energy, construction and transport also contributing.

More broadly, leasing volume in Q3 was affected by several factors. Firstly, a normal seasonal slowdown in the summer vacation months. Secondly, the relatively high economic uncertainty due to energy prices and inflation. However, we believe that in addition to these, leasing volume was also affected by a gradually thinning pool of tenants due to intense purchase of office space for own use – be that in the form of small office buildings or office units in larger facilities (usually mixed-use). This is a trend which appears to have intensified in the past year and a half.

NEW SUPPLY AT ITS HIGHEST IN ALMOST TWO YEARS

New office space delivered in the third quarter amounted to 22,600 sq m, the highest in almost two years. This volume was split between three mixed-use projects – FPI City Tower, I Tower, and NV Residence. Not all newly completed office space would be available for lease. Some units in FPI City Tower are being offered for sale and the space in NV Residence has already been leased.

The volume of ongoing construction declined to 180,000 sq m by the end of September. About 76,000 sq m or 42% of this volume is to be delivered over the next 12 months. There were no new construction starts in the quarter.

At the end of Q3 the office stock in Sofia stood at 2,379,000 sq m, of which 84% was for lease. Vacant space was 284,000 sq m, for an overall vacancy rate of 11.95%. Vacant space swelled in the CBD area (due to new supply) for a vacancy rate of 13.9%. In the Broad Center, Suburbs and the Main Road submarkets the vacancy rate narrowed slightly to 7%, 15% and 10.5% respectively..

RENTS REMAIN STEADY

Pricing was generally stable in Q3 2026. In the CBD area landlords at prime facilities sought about 20 euro/sq m, while in non-CBD areas their target was roughly 18 euro/sq m. Beyond prime facilities, the average asking rent for Class A office space in Sofia was in the range between 14 and 18 euro/sq m. No significant shift was observed in incentives offered to potential tenants..

YTD INVESTMENTS EXCEED FULL 2025 VOLUME

The office investment market amounted to 245 million euros in the first nine months of 2026, according to preliminary data. At this level, the investment volume is roughly the same as in the entire 2025. The volume reflects 20 deals for office assets, of which 16 were entire office buildings and four were office units. So far this year a total of 106,000 sq m of office space was transacted, up from 89,000 in the full 2025. Importantly, only three investment deals involved foreign buyers, but their share in the total investment volume amounted to 55%.

The main investment deal, which was finalized at the start of Q3, involved Telus Tower. This prime asset was acquired by Eurobank from Prodea Investments – both entities being based in Greece. Notably, at least three trophy office buildings (less than 3,000 sq m combined) were acquired in the CBD area for a total of 30 million euros since the start of 2026.

Prime office yields stood at 7.50% at the end of Q3, up from 7.25% in the previous quarter.

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MARKET STATISTICS

SUBMARKET	INVENTORY (SQ M)	VACANT (SQ M)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SQ M)	YTD OVERALL NET ABSORPTION (SQ M)	YTD GROSS TAKE-UP (SQ M)	UNDER CNSTR (SQ M)	PRIME ASKING RENT CBD (SQ M)	OVERALL AVG ASKING RENT (CLASS A, SQ M)	PRIME YIELD (%)
Sofia	2,378,635*	284,210	11.95%	9,633	50,280	146,588	179,607	€20.00	€14 – 18	7.50%
TOTALS	**2,378,635***	**284,210**	**11.95%**	**9,633**	**50,280**	**146,588**	**179,607**	**€20.00**	**€14 - 18**	**7.50%**

** Stock data is subject to quarterly review and revision.*

SELECT LEASE TRANSACTIONS IN SOFIA Q3 2026

PROPERTY	SUBMARKET	TENANT	SQ M	TYPE
Green Tower	Main Road	Software firm (confidential)	1,500	Relocation
Kambanite Office Building	Suburbs	Software One	1,500	Relocation
South Park Office Building	Main Road	Syneos Helth	1,120	Relocation
Business Park Sofia	Suburbs	Distribution firm (confidential)	640	Relocation
City Park	Broad Center	Distribution firm (confidential)	600	Renewal

KEY CONSTRUCTION COMPLETIONS IN SOFIA YTD 2026

PROPERTY	SUBMARKET	TYPE OF USE	Office GLA SQ M	OWNER / DEVELOPER
Oxia Office Building	Main Road	For lease	3,800	Bernard Investments
AYA Office Building	Main Road	Own use	8,700	MFG / Park Lane
I Tower Offices	CBD	For lease	9,000	Finvis SFRL
FPI City Tower	CBD	For lease	9,000	Fairplay Intl. AD
NV Residence Offices	Main Road	For lease	6,200	Minstroy Properties

KEY OFFICE INVESTMENT TRANSACTIONS IN BULGARIA YTD 2026

PROPERTY	SUBMARKET	SELLER/ / BUYER	OFFICE GLA SQ M
Telus Tower	Sofia (CBD)	Prodea Investments / Eurobank SA	33,500
BSR Sofia One – Bldg. 1 & 2	Sofia (Suburbs)	EdR Holdings B.V. / Bernard Investments	28,160
Varna Towers (office & retail)	Varna	Strix Holdings II L.P. / Bulgarian private investors	18,500
Kambanite Green Offices	Sofia (Suburbs)	BREF REIT / E Card	9,350
Prizma Offices	Sofia (Main Road)	Everty Holdings Ltd. / Bulpharma	8,000
Nikola Vaptsarov 6 Offices	Sofia (Main Road)	Rits Associate / Pilad Property	4,920
BC Bulgaria (3-7 floor)	Sofia (Main Road)	NIKRI / Kredisimo EAD	1,755
Moskovska 17	Sofia (CBD)	Multiple owners / Orbias EOOD	906

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