



YoY Chg 12-Mo. Forecast

**10%**

Q4 Vacancy Rate



**67,111**

Q4 Take-Up sqm



**€15.00**

Asking Rent, PSM

(Prime Asking Rents)



## ECONOMIC INDICATORS Q3 2019

YoY Chg 12-Mo. Forecast

**3.7%**

Bulgaria GDP Growth



**3.7%**

Bulgaria Unemployment Rate



**3.1%**

Bulgaria Annual Average Inflation



Source: National Statistical Institute

## ECONOMY: Stable Performance in 2019

The Bulgarian economy continues to increase at a steady pace and is forecasted to reach 3.4% average growth in 2019. The capital Sofia plays a leading role to the overall performance, contributing about 40% to the country's GDP. Unemployment rate remains at historically lowest level, as a result of the strong labour demand and wage growth. The latest poses some risks to the office market due to the limited occupiers' growth opportunities.

## SUPPLY AND DEMAND: Rapidly Increasing Supply

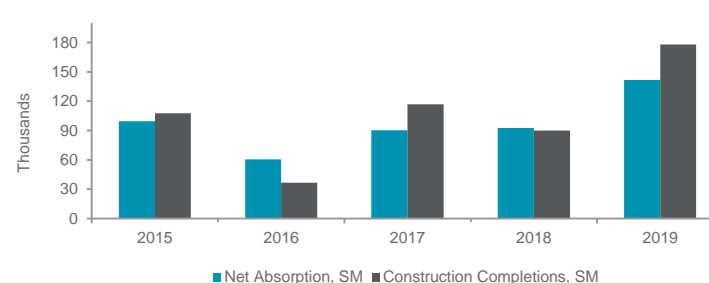
The office market in Sofia recorded one of the strongest quarters in terms of leasing activity for the last ten years, with 67,111 sqm take-up in Q4 2019. The annual volume exceeded 175,000 sqm, which is also above the long-term average. IT and BPO industry remains major source of activity, keeping more than 60% share of the leasing transactions. Despite the impressive end of the year, the market demonstrates weakening growth potential, with decreasing share of preleases. However, the year was also marked by some notable new entries, such as the shared service center of the World Bank in Sofia. Some large tenants, such as VM Ware, Paysafe, IBM also expanded.

On the supply side, the market saw one of its most active years with 177,860 sqm new completions in Sofia. The five-year peak is a result of the increasing development activity, following a period of weak supply and strong demand for modern office space. In addition, 376,000 sqm offices are currently under construction with delivery date by 2022, inclusive. The increasing supply pushed the vacancy rate up to 10% at the end of 2019 with prospects for further increase.

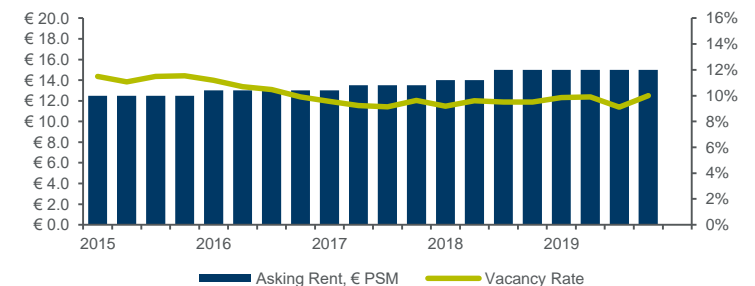
## PRICING: Asking Rents Remain Stable

After several years of slight growth, the asking rents in Sofia stood at 15 euro/sqm for Class A offices in CBD and 12-14 euro/sqm alongside main roads. The increasing occupiers' interest in secondary cities resulted in higher leasing activity which pushed the rents up through 2019. Rates are expected to remain stable in the short term, both in Sofia and the regional centers.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT





## MARKET STATISTICS

| SUBMARKET    | INVENTORY (\$M) | AVAILABILITY (\$M) | OVERALL VACANCY RATE | CURRENT QTR TAKE-UP | YTD OVERALL TAKE-UP(\$M) | UNDER CNSTR (\$M) | PRIME RENT | PRIME YIELD |
|--------------|-----------------|--------------------|----------------------|---------------------|--------------------------|-------------------|------------|-------------|
| Sofia        | 1,996,212       | 199,644            | 10.00%               | 67,111              | 175,832                  | 375,742           | €15.00     | 7.5%        |
| <b>TOTAL</b> | 1,996,212       | 199,644            | 10.00%               | 67,111              | 175,832                  | 375,742           | €15.00     | 7.5%        |

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q4 2019

| PROPERTY                             | SUBMARKET           | TENANT                | RSM    | TYPE                |
|--------------------------------------|---------------------|-----------------------|--------|---------------------|
| Capital Fort                         | Main Road           | Paysafe               | 10,739 | Renewal & Expansion |
| Advance Business Center – Building 2 | Business Park Sofia | World Bank            | 4,000  | Prelease            |
| Richhill Office Building             | Suburbs             | Euro Games Technology | 9,990  | Relocation          |
| Megapark                             | Main Road           | iCover Services       | 1,224  | Relocation          |
| Balkan Business Center               | Main Road           | William Hill          | 2,200  | Prelease            |

## KEY CONSTRUCTION COMPLETIONS YTD 2019

| PROPERTY                             | SUBMARKET           | MAJOR TENANT                      | SM     | OWNER / DEVELOPER        |
|--------------------------------------|---------------------|-----------------------------------|--------|--------------------------|
| Garitage Park – Building A and B     | Suburbs             | VM Ware, Softserve, IMRO          | 25,000 | Sofia Park Jsc.          |
| Space Tower                          | Main Road           | Experian                          | 10,460 | Cayenne Ltd.             |
| Advance Business Center – Building 1 | Business Park Sofia | Concentrix, Modis Bulgaria        | 14,380 | GTC                      |
| Sofia Office Center                  | Main Road           | Syngenta Holding, Festo           | 18,600 | Sofia Office Center Ltd. |
| Mobi Art Office Building             | Main Road           | Mobile Systems, The Burgiss Group | 10,350 | Srebarna 2 Ltd.          |

## LOCAL MARKET RESEARCH LEAD

Radostina Markova

Direct: +359 (2) 805 90 12

Mobile: +359 883 260 333

[radostina.markova@cwforton.com](mailto:radostina.markova@cwforton.com)[cwforton.com](http://cwforton.com)Independently Owned and Operated / A Member of the  
Cushman & Wakefield Alliance©2019 All rights reserved. The information contained within this  
report is gathered from multiple sources believed to be reliable. The  
information may contain errors or omissions and is presented without  
any warranty or representations as to its accuracy.