

	YoY Chg	12-Mo. Forecast
€1,023 Average monthly wage (Q3)	▲	▲
€37.00 Prime SC Rent (sq. m./mo.)	▲	▲
7.75% Prime SC Yield	▲	▲

Source: National Statistical Institute,
Cushman & Wakefield

MOST RECENT ECONOMIC INDICATORS:

	YoY Chg	12-Mo. Forecast
1.8% Real GDP Q3 2023	▼	▲
5.0% HICP December	▼	▼
9.0% Deflated Retail Sales (food, bev. & tob.) November	▲	
1.7% Deflated Retail Sales (non-food) November	▼	

Source: National Statistical Institute

ECONOMY: Healthy Growth

Bulgaria is on course to complete 2023 with healthy growth. The most recent key indicators are positive. GDP growth in the third quarter was 1.8% y/y, the seventh highest in the EU. The unemployment rate for the same period slipped to 4.0% (4.6% in Q2) and inflation in December decelerated to 5% y/y. Yet, there are some mixed feelings. In October, consumers assessed their own budget as the best in two and a half years. Meanwhile, the confidence and business climate indices in retail have softened, mainly due to worries about the uncertain economic environment. These concerns are not unfounded. Through most of 2023, retail grew only thanks to groceries. An encouraging sign from the fourth quarter is that the index of non-food retail sales, including categories like clothing, household appliances, and electronic equipment, finally moved to positive territory in November.

SUPPLY AND DEMAND: Retail Parks do the Heavy Lifting Again

In the last three months of the year retail parks continued to be the main driver of the market. Five facilities opened, bringing 46,000 sqm of new modern retail space. For the full year, a total of 18 facilities with 174,000 sqm of GLA started operations. As a result of this activity, the total stock of retail parks swelled to 510,000 sqm or two thirds the stock of shopping malls in the country.

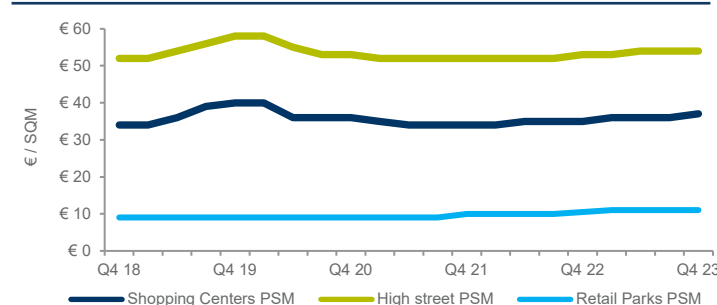
In the last quarter, new openings weakened somewhat to about 54,000 sqm of GLA, compared to 74,000 sqm in Q3 2023. For the full year, new outlets with 220,000 sqm of GLA were opened, mostly in shopping centers and retail parks. Nearly 80% of this space was in retail parks. Non-food discounters were very active throughout the year. These retailers opened nearly 70 stores with about 50,000 sqm of GLA. Meanwhile, electronics, DIY, and toys Big Box operators swooped up over 50,000 sqm of GLA with just 10 new outlets.

Looking forward, retail parks are expected to continue their relentless expansion. At the outset of 2024, five more projects with 77,000 sqm of GLA are under construction, and an additional 20,000 sqm in partially opened facilities were completed. Further seven facilities with 95,000 sqm of GLA are in planning phase.

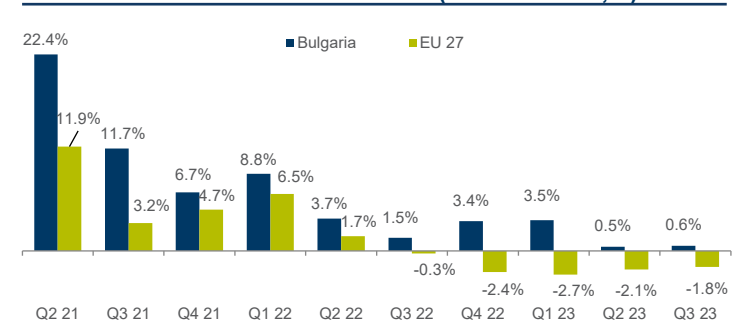
PRICING: Rents and Yields Likely to Creep Higher

Asking rents in Sofia shopping centers edged up slightly to 37 euros/sqm in the fourth quarter and prime yields held firm at 7.75%. The asking rents and prime yields for retail parks in Sofia remained unchanged at 11 euros/sqm and 7.75%, respectively. Upward movement of rents and yields in shopping centers and retail parks appears likely in Q1 2024.

PRIME RENTS SOFIA



DEFLATED RETAIL SALES INDEX (Y/Y CHANGE,%)





MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK	SHOPING CENTRE PIPELINE	PRIME RENT (€/SQM)	PRIME YIELD
Sofia	402,273	-	€ 37	7.75%
Plovdiv	86,000	57,800	€ 25	8.00 - 8.50%
Varna	122,000	-	€ 26	8.00 - 8.50%
Burgas	62,500	-	€ 22	8.00 - 8.50%

KEY OPENINGS Q4 2023

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
Serdika Center	Sofia	Zara	2,900	New lease
Retail Park Knyazhevo	Sofia	Technomarket	1,900	New lease
Retail Park Arena Shumen	Shumen	Technomarket	2,000	New lease
Mall Veliko Tarnovo	Veliko Turnovo	IKEA	1,800	New lease
Grand Mall Varna	Varna	Tedi	1,455	New lease
Retail Park Karlovo II	Karlovo	Zora	1,300	New lease
Hipoland I Retail Park	Dobrich	Tedi	850	New lease
Retail Park Elin Pelin	Elin Pelin	Sinsay	1,100	New lease
Bulgaria Mall	Sofia	Sinsay	825	New lease
Galleria Burgas	Burgas	House	500	New lease

*Renewals not included in leasing statistics

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