

H1 2024

# SEE Market Figures Office

REPORT FIGURES

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Bulgaria  
Sofia

# Sofia

## KEY PERFORMANCE INDICATORS (H1 2024)

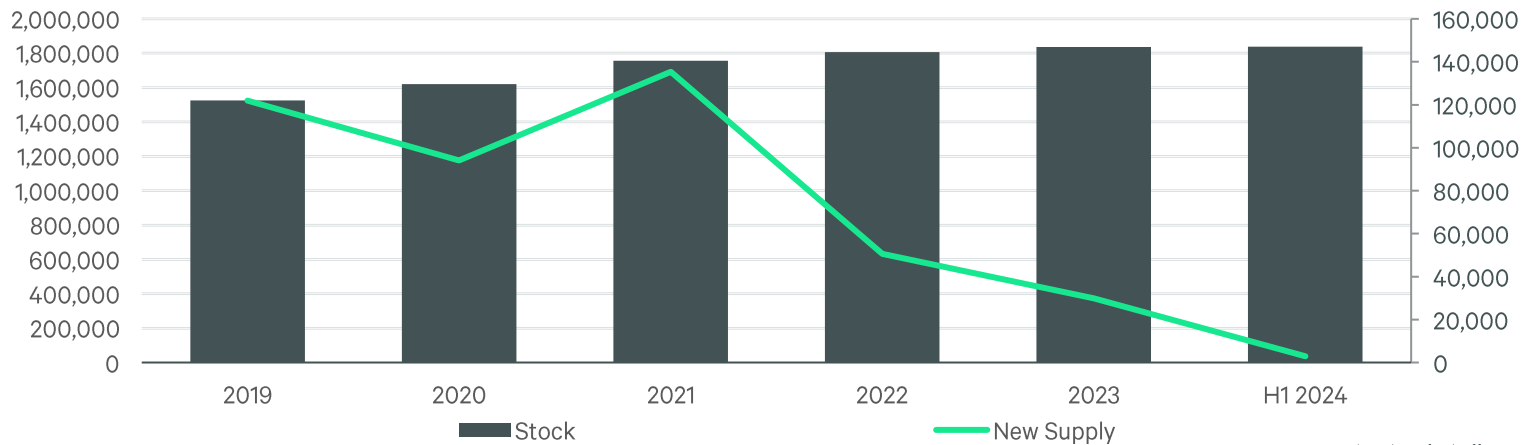


**The first half of the year saw a relatively modest activity in the office market, with only one notable completion.**

The Bulgarian economy is showing signs of recovery, with inflation dropping to 2.3% year-on-year in May 2024. In terms of GDP, the first quarter of 2024 saw a 1.8% increase compared to the same period in 2023. Oxford Economics forecasts that GDP will continue to grow, reaching 2.1% this year, while inflation will continue to decrease. The economy is growing on the back of increased domestic demand, driven by rising private consumption and investment.

The trend towards ESG continues unabated in the first half of the year, with an increasing number of buildings adopting the latest sustainable practices.

## SPECULATIVE STOCK AND SUPPLY | SOFIA



Source: CBRE, 2024 (Reclassified office stock in Q2 2024)

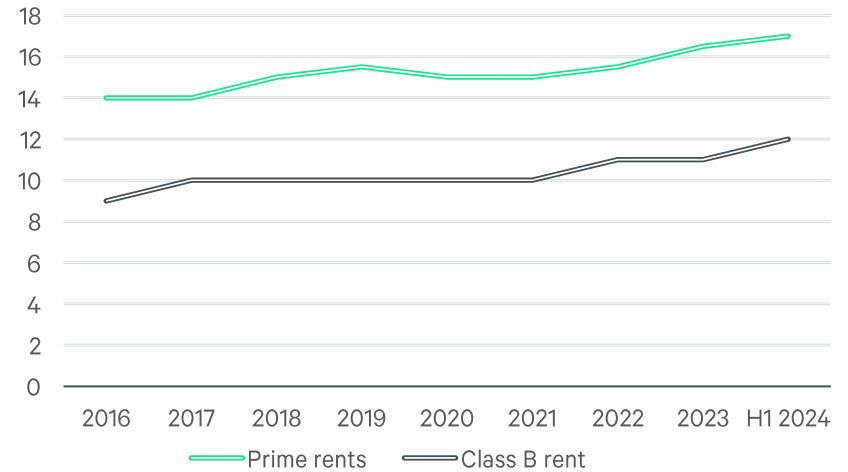
In terms of completed projects, the second quarter saw the completion of Stellar, a mixed-use development. The property is located in the Broad Center and comprises nearly 3,000 sq. m of office space, which has been granted a usage permit.

While the speculative stock is seeing growth, the pipeline is experiencing a gradual meltdown. However, the completion of several projects is anticipated in the second half of 2024, with more than 40,000 sq. m of office space expected for delivery by the end of 2024.

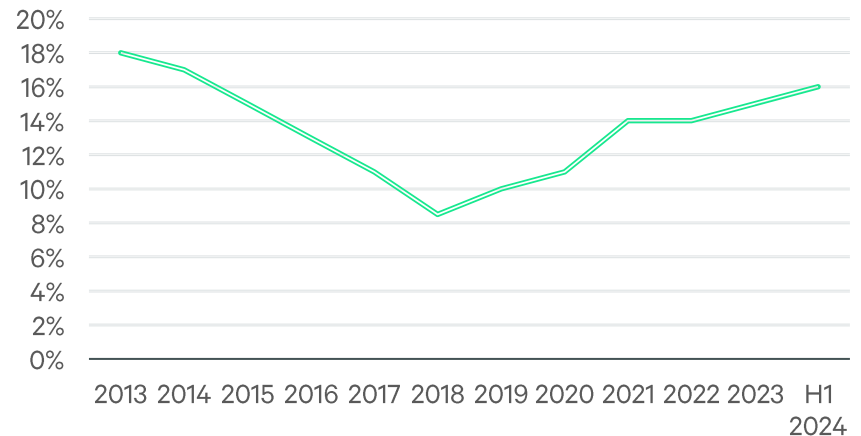
In Sofia's central business district, new office developments include the FPI City Tower, which is currently under construction and will add 17,000 sq. m to the stock. ITower Offices is also under development and will comprise 11,300 sq. m. Construction activity in the broad centre district is also ongoing, with several active projects. These include the 16,700 sq. m. Avalon Tower and buildings 3 and 4 of Business Garden Office X, which will span 20,000 sq. m. and 7,000 sq. m. respectively. Iztok Plaza is currently under construction and will encompass approximately 13,000 sq. m, while the Aya Business Center will cover an area of 13,400 sq. m. Two mixed-use projects are also under construction: Smart Tower and Aura. Meanwhile, in the Sofia suburban area, Fort NokS is constructing Sky Fort, the tallest asset in the capital, which will cover an area of 45,300 sq. m. Additionally, another mixed-use project is underway, namely M Tower, with a planned area of 10,500 sq. m. Looking ahead to 2025, the level of activity is expected to be higher with over 130,000 sq. m expected to be delivered.

Furthermore, the number of planned projects remains stable. Expo Forest Park Phase I, which will be located in the broad center district and span 22,000 sq. m, is scheduled for completion in 2026. The Advance Business Center, which will be located in the suburban area and cover an area of around 9,000 sq. m, is also scheduled for completion in 2026.

CLASS A and CLASS B RENTS, SOFIA (Eur per sq. m. monthly)



VACANCY RATE IN SOFIA



Source: CBRE, 2024

Demand patterns in the office market have remained stable since the beginning of the year, reflecting the continued prevalence of the hybrid working model. As a result, leasing and relocation activity remains a priority, with most modern buildings being fully occupied. The vacancy rate for the first half of the year was 16%, an increase on the previous year.

Following the first half of the year, rental levels have remained stable. For the Central Business District, they stood between Eur 14 and 17 per sq. m monthly, for the Broad Centre District they ranged from Eur 11 to 13 EUR per sq. m monthly, and for the Suburban District they sat between Eur 10 and 12 per sq. m monthly. Nevertheless, there is an ongoing upward pressure on rental levels due to the prevalence of asking prices for new buildings that exceed achieved prime levels.

NOTABLE PROJECTS UNDER-CONSTRUCTION

OFFICE BUILDING	SIZE (SQ M)	STATUS
Sky Fort	45,300	Under construction
Business Garden Office X	27,000	Under construction
FPI City Tower	17,000	Under construction
Avalon Tower	16,700	Under construction
Itower Offices	11,300	Under construction
Iztok Plaza	13,000	Under construction
Aya Business Center	13,400	Under construction

Source: CBRE, 2024

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