

H1 2024

SEE Market Figures

Industrial

REPORT FIGURES

Bulgaria
Sofia

Bulgaria, Sofia

KEY PERFORMANCE INDICATORS (H1 2024)

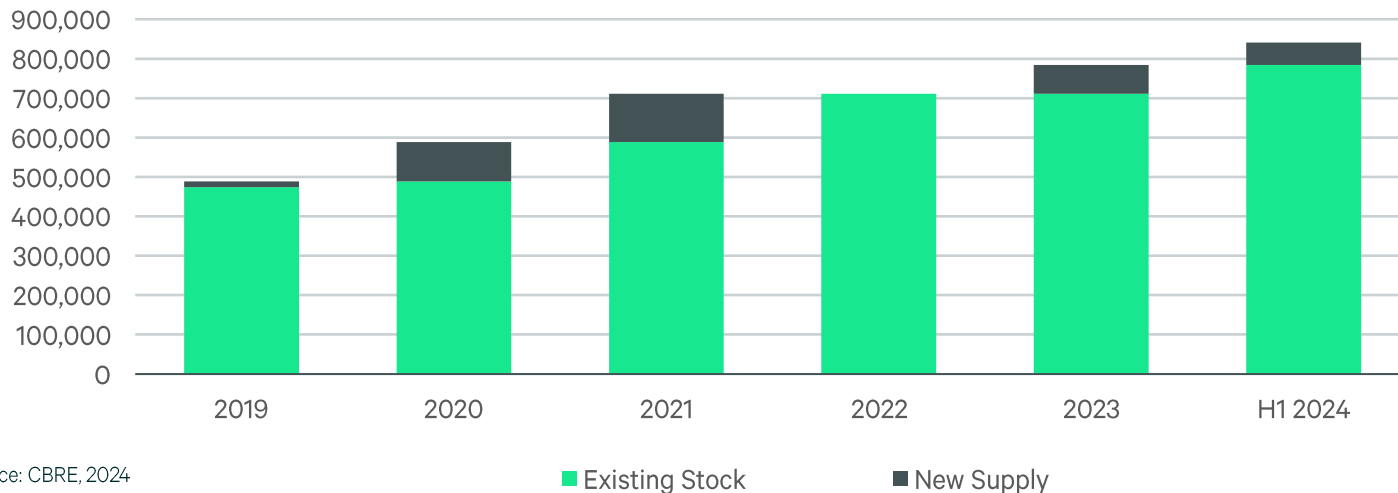


During the first half of 2024, industrial activity has experienced a notable growth, with 72,000 sq.m of logistic stock delivered in Sofia and the surrounding area – of which approximately 56,000 sq.m is speculative.

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 experiencing growth due to an increase in domestic demand, driven by an advancing private consumption and investment.

Apart from Sofia and the surrounding areas being the most attractive for investors and developers, there has been a shift towards secondary cities.

SPECULATIVE DISTRIBUTION WAREHOUSE STOCK AND SUPPLY | SOFIA AND GREATER SOFIA in sqm



Source: CBRE, 2024

The total stock for Sofia and the surrounding area is 1.8 million, of which approximately 840,000 sq.m is speculative stock.

The first half of the year saw a significant increase in the industrial speculative stock, with the completion of 26,000 sq. m of modern industrial space situated in Northeast Sofia, and the issuance of a usage permit for 30,000 sq. m of speculative industrial space located in Northwest Sofia.

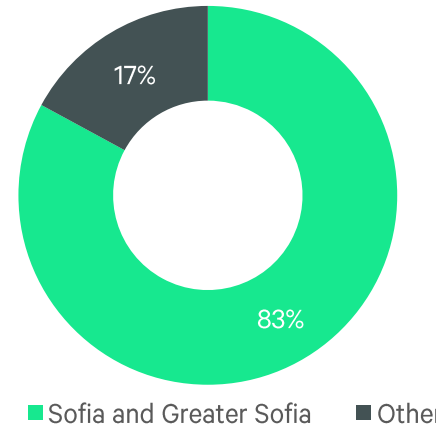
Total pipeline for distribution warehouse remains robust, with over 190,000 sq.m. currently under construction of all sizes, while the speculative pipeline is around 40,000 sq.m. A new speculative development is currently under construction on the outskirts of Sofia, adding approximately 22,600 sqm to the speculative stock. Furthermore, a logistics center in Ilyantzi is being constructed, which will add 11,000 sqm of speculative stock. In addition, construction of the new industrial park is currently underway and will span over 200,000 sq. m of land situated in close proximity to Sofia. Several permits for smaller-scale assets have been obtained, mostly in the Greater area of Sofia

In terms of owner-occupied stock, a warehouse in Moderno Predgradie is under construction and will add approximately 12,300 sq.m. In addition, The Fantastico Group's logistics base, situated in Elin Pelin, also underwent expansion, with an additional 16,000 sq.m. constructed for owner occupation purposes.

Out of secondary cities, Plovdiv remains the most attractive region in Bulgaria for industrial development, following Sofia. A Chinese investor, ZIES Europe, has commenced construction of a production facility with a total built-up area of 13,000 sq. m located in Plovdiv, in the Maritsa industrial zone, which will be used for owner occupation purposes.

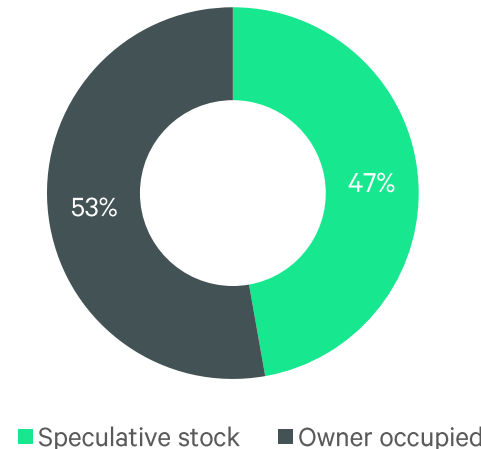
MODERN INDUSTRIAL STOCK EVOLUTION

DISTRIBUTION WAREHOUSES UNDER CONSTRUCTION BY REGIONS



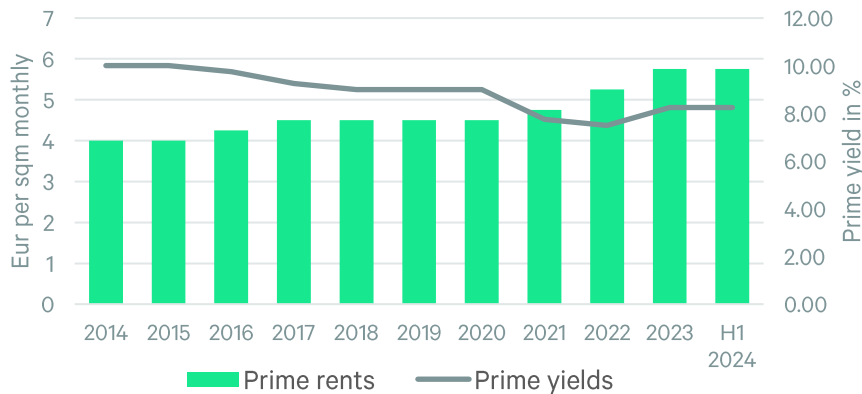
Source: CBRE, 2024 (*Owner occupied and speculative)

EXISTING DISTRIBUTION WAREHOUSE STOCK IN SOFIA AND GREATER AREA



Source: CBRE, 2024

PRIME RENTS AND PRIME YIELDS



Source: CBRE, 2024

After the previously noted lower activity, the first half of 2024 has seen an uptrend on the investment scene, with Lion's Head acquiring BPD. The transaction includes three logistics parks located in Sofia, Varna and Ruse with long-term international tenants such as Phoenix Pharma, DHL, DB Schenker, Carlsberg, Speedy (Geopost), Wurth, Sopharma and more than 50 other companies.

The increase in new completions is contributing to an upward trend in the vacancy rate, which has traditionally been at nominal levels due to the lack of speculative stock. This upward pressure may become a trend in the period ahead and will highly depend on the future demand patterns.

In terms of prime rental levels for Sofia ,we anticipate that these will remain stable at EUR 5.75 per sqm in the near term. Rental levels in Greater Sofia area also remain stable, with a range of between EUR 4.50 to 5.50 per sqm.

Boško Tomašević

Verka Petkova

Jana Jovanović

Managing Director
+381 11 735 0015
bosko.tomasevic@cbre.com

Country Head Bulgaria
+359 87 677 0106
verka.petkova@cbre.com

Head of Research SEE
+381 11 735 0041
jana.jovanovic@cbre.com

© Copyright 2024. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence-based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change. Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.