



SOFIA

OFFICE

MARKET OVERVIEW

H1 | 2020

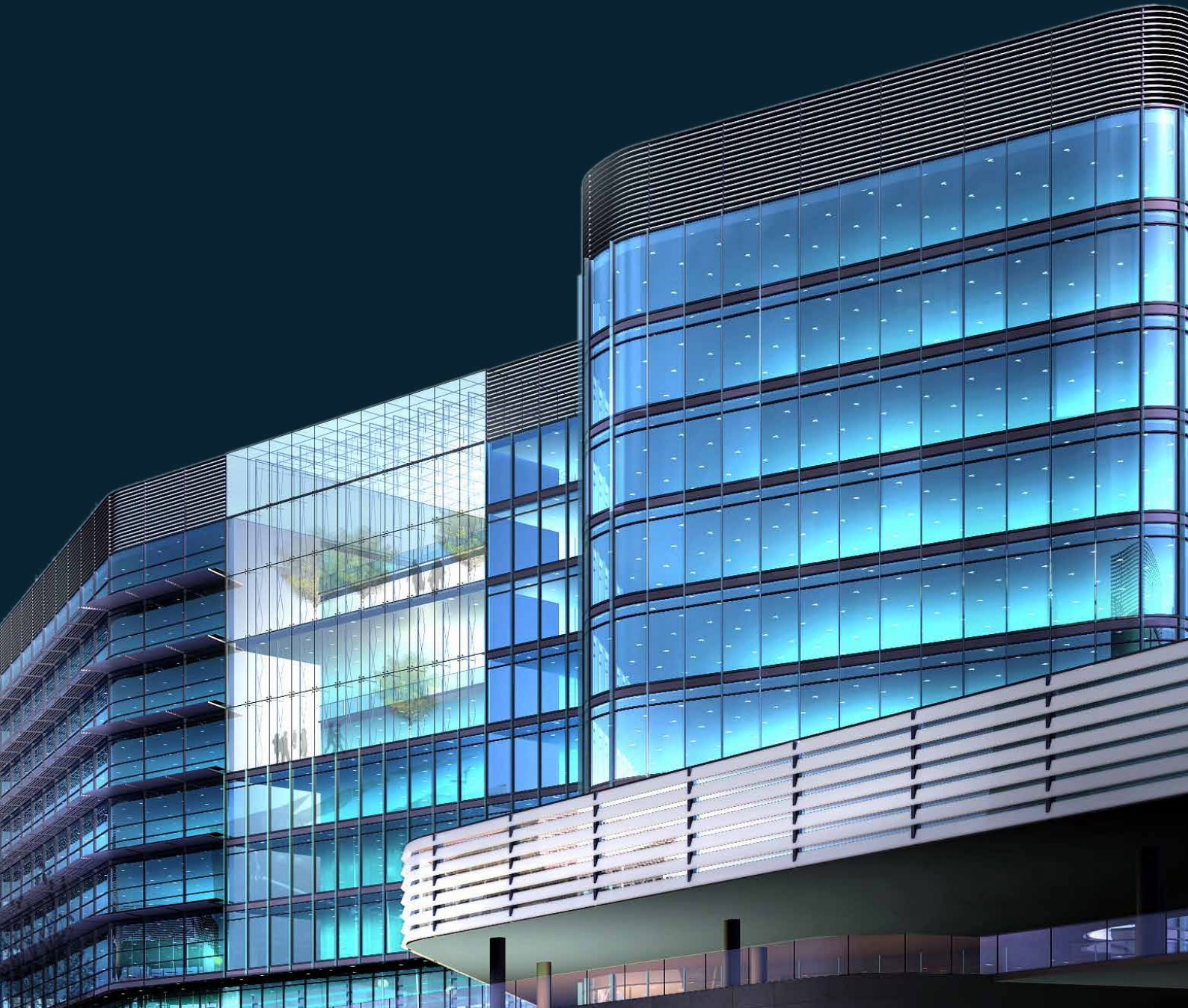


FIG. 1: AVERAGE ASKING RENTS FOR CLASS A IN SOFIA (EURO/ SQM/ MONTH)

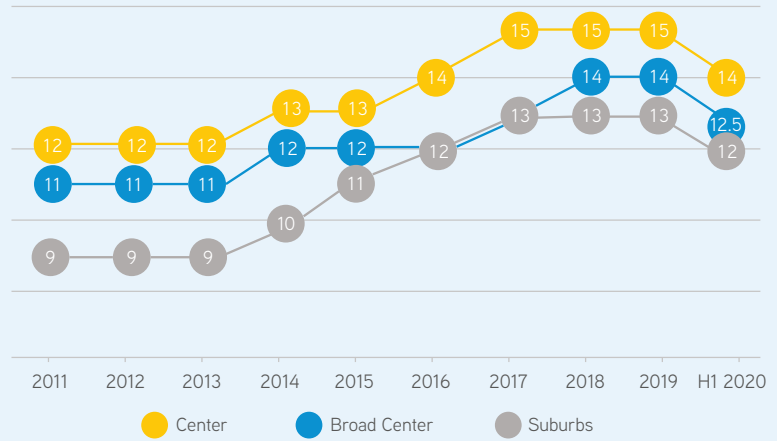


FIG. 2: DEMAND BY SECTORS

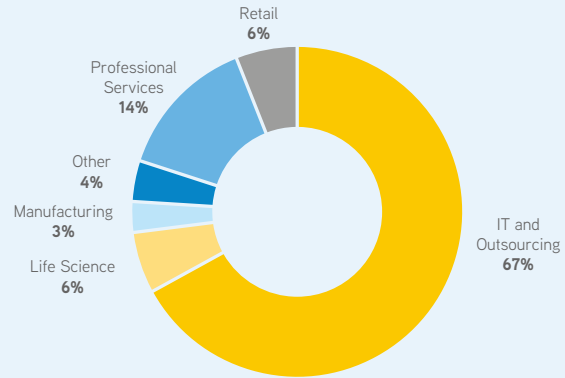
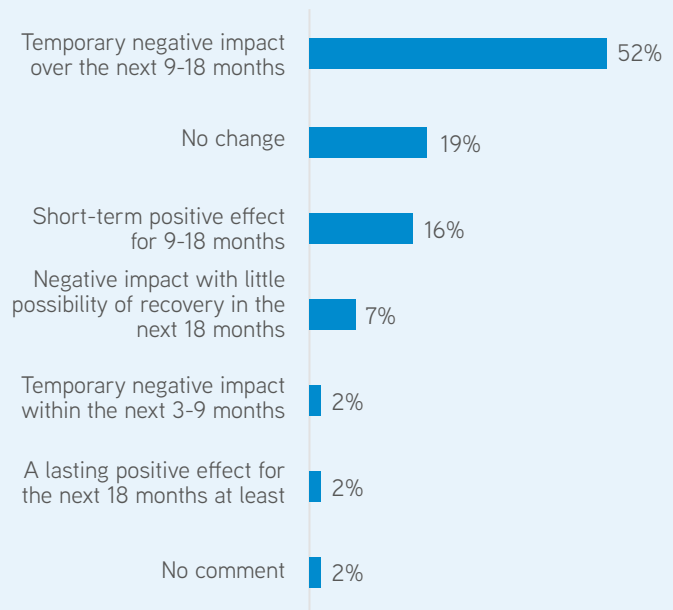


FIG. 3: WHAT ARE THE EXPECTATIONS FOR THE NEXT 9- 18 MONTHS EFFECTS OF THE HEALTH CRISIS ON YOUR BUSINESS?



HIGHLIGHTS

- In the first half of 2020, the supply of modern office space class A, B and C in Sofia increased by 1% and reached 2,315,600 sqm. The recently completed building 3 in Garitage Park had the main share in this growth.
- Vacancy rate retained its level - 11% of the total volume.
- Decrease in demand was registered. Total take-up** i.e. all transactions amounted to 56,500 sqm, which was 15% less than the first six months of 2019.
- Net absorption* of class A, B and C offices in Sofia was 23,100 sqm.
- During the reported period rent renewals had the largest share in all transactions – 42%, followed by relocations (27%), pre-leases (15%), expansions (11%), sub-leases (3%) and new market entries (2%).
- The driver of the market didn't change – the IT & outsourcing sectors accounted for 67% of all registered office transactions, followed by companies from the following sectors - professional services (14%), life sciences (6%), retail (6%), manufacturing (3%) and others (4%).
- Average asking rental rates*** for class A offices in the capital decreased with 8% and altered respectively: CBD - 14 euro per sqm, Broad center -12.5 euro per sqm and Suburbs -12 euro per sqm. (Fig. 1)
- Average asking rent for class B preserved its levels of 10 euro per sqm.

EXTRACT FROM COLLIERS SURVEY AMONGST OCCUPIERS AND OFFICE BUILDING LANDLORDS, CONDUCTED AT THE END OF APRIL

- Half of the surveyed companies expected a negative effect of the coronavirus crisis over the next 9-18 months, mainly because they had clients from sectors that are directly affected.
- 19% believed that there would be no significant change in their business.
- 16% of the companies forecasted a short-term positive effect, based on the impact on the sector in which they operated.

Central Park

Living the future

www.centralpark.bg

- Innovative multifunctional complex designed for business and life.
- An ecosystem that encourages the development of start-ups and growing businesses through shared workspaces, academies for specialists, language centers, and event halls.
- An appropriate solution for companies looking for diversification of their customers in terms of location, continuity of operations and cost optimization.



EXCLUSIVE CONSULTANT
Colliers International
Tel: +359 2 976 9 976



OFFICES THAT *Inspire*



PARK LANE OFFICE CENTER



5 minutes
walk to Paradise
Shopping Center



Big windows
2.30 x 3.10 m



5 minutes
walk to metro
station Vitoshka



High ceilings
3.10 m clear
ceiling height



Park area
4000 sqm behind
the building



Bicycle friendly
locker rooms with showers
in the common areas



16 Srebarna street, Sofia

www.park-lane.eu

office@park-lane.eu

+359 88 773 4909



THE SUCCESSFUL PROSPECT

- 🌿 CLASS A OFFICES
- 🌿 PANORAMIC VIEWS TO VITOSHA MOUNTAIN
- 🌿 LEED GOLD CERTIFIED
- 🌿 SUSTAINABLE AND GREEN ENVIRONMENT
- 🌿 5-MINUTE WALKING DISTANCE TO METRO STATION
- 🌿 HIGHLY EFFECTIVE AND NOISELESS HVAC SYSTEM WITH CHILLED BEAMS

📞 0888 805 805

🌐 OFFICE.GORA.GREEN

LET IT GROW

FORECAST

- The newly signed contracts will increasingly incorporate step-up rents, maintaining the average revenue for the landlord, as well as clauses allowing tenants greater flexibility as regards termination options.
- Asking rental rates are expected to decline in the short term.
- No changes in completion deadlines or internal space allocations have been registered for the projects under construction. However, the launch of new projects in most cases may be expected to be postponed to 2021. The completion of 97,000 sqm of office space is scheduled for the end of 2020.
- Many companies are in the process of strategic review of their ways of working, expecting each of their employees to work from home (even after overcoming the pandemic) for an average of 1.5 days.
- Due to the anticipated long-term need for social distancing within the office premises, the net area per employee will increase slightly in the cases the density has been high. The efficiency of large open spaces is also being reconsidered, shifting to formation of blocks / clusters, intersected by zones with auxiliary functions.
- There are prerequisites for flex office space to become more popular due to the fact that it can provide the necessary agility for companies to increase or decrease the occupied space, in accordance to their specific needs, at lower costs.
- As an alternative to cost optimization in terms of their office space, companies recognize the opportunity to relocate their business to new locations with untapped potential such as Burgas and Varna.
- In the mid term some business processes, currently outsourced to China and India, are expected to be shifted to Europe. Bulgaria is one of the attractive destinations in Europe with competitive advantages such as EU membership, high quality education and talent skills, low operating costs.

Definitions:

* Net Absorption - Net Absorption refers to the change in occupied stock from one period to the next. It refers only to existing stock (not the development pipeline).

** Total Take-up - Total Occupational Market Activity is the total floorspace known to have been let or sold as one of the following activity types during the period:

Pre-lets, New Occupation/Lease, Expansion, Renewal/Renegotiation, Sub-lease and Sale & Leaseback.

*** without VAT

FOR MORE INFORMATION

Verka Petkova
Partner | Director |
Business Development
phone: +359 2 976 9 976
verka.petkova@colliers.com

Adriana Toncheva
Senior Market Researcher
phone: +359 2 976 9 976
adriana.toncheva@colliers.com


OfficeMAP
officemap.bg 

The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.

Copyright © 2019 Colliers International.

Colliers International | Sofia
European Trade Center
115K Tsarigradsko Shose Blvd.
Build. B, 7th floor | 1784 Sofia
phone: +359 2 976 9 976

[colliers.com](https://www.colliers.com)

 Colliers International | Bulgaria

