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Colliers

Sofia

Industrial Market Overview

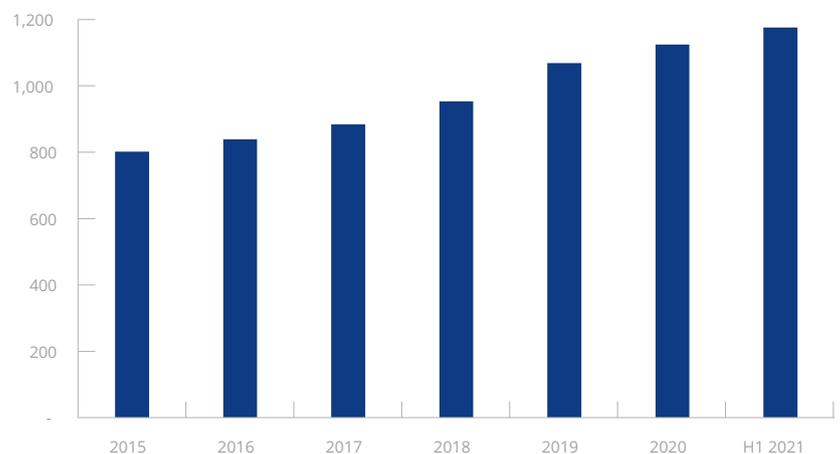
H1 2021

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Highlights

- The supply of modern industrial and logistics space in Sofia in the first half of 2021 increased by almost 5% and reached 1,176,500 sqm. The completion of logistics centres in the areas of Bojurishte, Krivina and Botevgradsko Shose formed the core of this growth. (Fig.1)
- Industrial & logistics market maintained the levels of activity similar to those at the end of 2020. Demand during the first half of 2021 was driven by logistics companies (41%), retailers (31%), transport (19%), manufacturing (5%) and professional services (4%). (Fig. 2)
- Net absorption for the period was 23,820 sqm. The rental market remained relatively slow compared to the investment in owner-occupied properties. Warehouse space demand was mainly concentrated towards locations with labour availability and proximity to end users and delivery points. One of the landmark transactions on the market was the consolidation of DB Schenker operations.
- Sustained levels of demand resulted in a marginal 1% decline in vacancy - reaching 6%.
- Industrial and logistics space under construction in the capital amounted to 158,000 sqm, triggered by expansions of logistics operators, warehouse space for retail chains or small-scale manufacturing.
- The stability of demand and supply kept the rental levels unchanged. Thus, the average rent for class A warehouse space, with good location and established infrastructure, was between EUR 4.7 - 5.2 per sqm per month. Class B also stayed at EUR 2.7 per sqm per month.

Figure 1: Logistics and Industrial space (in '000 sqm)



DT LOGISTIC PARK



INVESTOR: Dreams Trans

STATUS: under construction

GLA: Approximately 32,000 sqm



STRATEGIC LOCATION

- Suitable for city logistics by being 15 km away from Sofia city center and app. 20 km from Sofia Airport
- Within 2 km from the highway connections to the Black Sea and the two major seaports of Bulgaria with container terminals
- Within 2 km away from the road to Western Balkans and Central Europe
- Connecting EU transport corridors with the Middle East (Turkey) and Mediterranean Far Asia (Greece)
- Taking advantage of employees' potential pool of 400,000 residents within radius of 5 km
- Within Sofia-Bozhorishte Economic Zone – prerequisite for a potential synergy with renowned international production companies

CLASS A SPECIFICATIONS, among which:

- 12.50 clear height with ceiling sprinklers
- 1 hydraulic ramp each 400 sqm
- Additional storage space on the mezzanine level, which can be turned into tailored convenient office facilities
- Provisioned HVAC system for the warehouse space

EXPANSION POTENTIAL

- The complex comprises of three warehouse buildings, offering the possibility of leasing min 1,500 sqm logistics space

SUSTAINABILITY

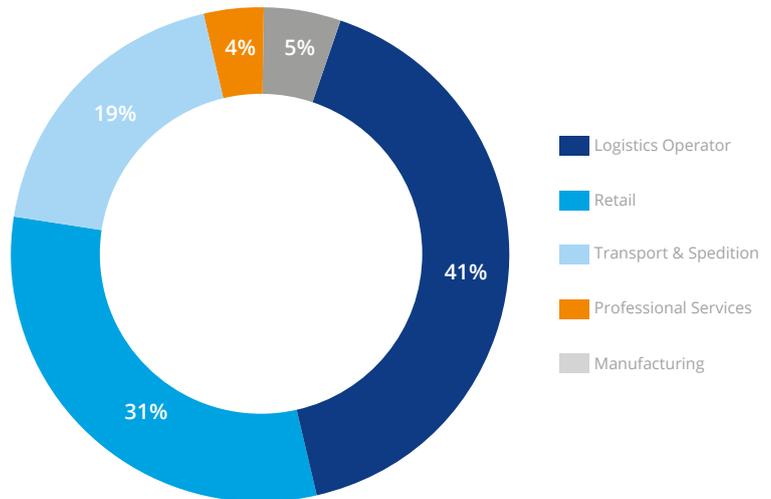
- Provisioned 1.5 MW photovoltaic roof system
- Natural sun light penetration allowing for decreased electricity consumption for lighting



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Figure 2: Demand by sectors



Source: Colliers International

Forecast

- The good prospects for the logistics and manufacturing segment have also led to an active market for acquisition of development plots. The entry of new developers of logistics projects, as well as the activity of ones already present in the country, is expected to increase the supply of warehouse and cargo handling space. In parallel, a number of retail and logistics companies have launched build-to-suit projects serving their own business needs. High volumes of new construction in the segment are forecasted.
- Higher demand for warehouse and logistics space is anticipated to be generated by companies from pharmaceutical sector, distributors and retailers.
- Rental rates will keep steady levels.
- With the adoption of the new regulation, industrial parks will continue to develop and grow in number in the coming years. Projects are announced for Gorna Oryahovitsa, Haskovo, Simitli and Ruse.

For more information

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