

## H2 2023 quick stats

**Market  
inventory  
Class A&B**



2.01 million sq. m

**Direct  
vacancy  
rate**



14.3%

**New Office  
Inventory**



10,950 sq. m

**Construction  
pipeline**

(expected delivery  
in 2024)



130,736 sq. m

**Asking  
rental  
levels  
(Class A)**



€11- €16.5 per sq. m

## Office market highlights

- The actively trading inventory of completed class A&B office space tracked by Avison Young Bulgaria is 2.01 million sq. m.
- Only 10,950 sq. m new office stock were delivered to market during the second half of 2023. The new deliveries for the year were the lowest since 2013.
- The direct Class A and B vacancy rate is up compared to 2022 and holds steady in 2023 at 14.3%.
- 144,893 square meters were transacted in the second half of the year. 55,203 square meters were from new leases and 89,690 square meters from prolongations.
- Asking rental rates for class A office space are largely in the range of €11 - €16.50 per sq. m per month. After the increase in the first half of the year, they remained the same for most of the projects.
- Most of the expected deliveries for 2024 are delayed projects, the completion was planned for 2023. Very few are the projects started after the COVID -19 pandemic.



## Economic highlights

- The annual inflation rate in December 2023 compared to December 2022 was at 4.7%. The average inflation for the year was 9.5%
- According to preliminary data in the third quarter of 2023, GDP grew by 1.8%. The Economy is still growing but on a slower pace.
- The average monthly wage in Bulgaria increased by 13.1% year-on-year in 2023 and reached € 1001.
- The national unemployment rate in the third quarter of the year 2023 was 4.0%, 0.4 points higher, compared to the third quarter of 2022.
- Bulgarian National Bank made a symbolical reduction of the interest rate by 0.01% and fixed it to 3.79% on 1<sup>st</sup> of January 2024. Year 2023 started with a level of the interest rate at 1.42%.

Source: National Statistical Institute, Bulgaria

144,893 sq. m

Transacted space

### Leasing

In the second half of the year, the office market was dominated by extensions of existing contracts. The total volume of transacted office space is 144,893 square meters, with extensions accounting for over 60% of these areas. For the whole year, the total transacted volume was 261,393, where almost 57% were prolongations and 43% were relocations and expansions. The trend for relocations to better quality buildings remains, however, the lack of new supply during the year kept the level of relocations on the lower end and pushed up the prolongations. While hybrid work is fully integrated into our lifestyle, still some companies are struggling to bring back people to the office but recognize the need to gather everybody under one roof more often.

14,3%

Direct Vacancy rate

### Vacancy

In a market where “flight to quality” trend was decelerated by global economic challenges, making the companies more cautious with spendings, the limited supply of new offices kept the increase in vacancy moderate. The move of companies to modern buildings located mostly in suburban locations increased the vacancies in the City Center and Broad Center. Further increase of available space can be expected in 2024, especially in older office buildings, because of the new supply during the year.

€ 11 – € 16,5

Avg. asking rates  
Class A

### Rents

After the increase at the beginning of the year, the asking rents remained largely in the range of €11- €16.5 per square meter per month with an average minor increase. Depending on the status and positioning of the projects we can mention different trajectories. Some high-end projects tested the ceiling but reached a cap and bounced back. Projects on challenging locations suggested more aggressive pricing to compensate for location and/or lack of amenities. In the mid-range segment, most landlords kept the rent levels intact feeling the competition amid similar and better quality and location projects.

€ 2,5 - € 3,5

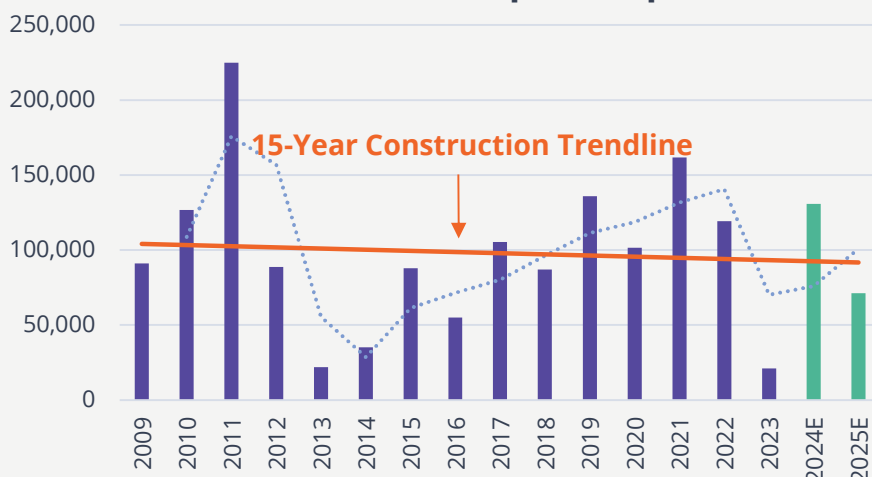
Service charge

### Service Charge

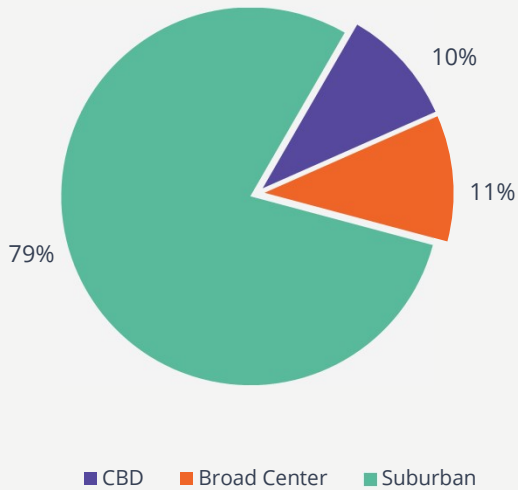
Amidst the challenges posed by inflation, the service charges were increased across the board and the average for class A office buildings reached € 3 per square meter per month. The average increase for the year was almost 9% which is close to the annual average inflation of the country. Some upper-end projects have service charges above € 3.5 or € 4 per square meter per month. Tenants demanding large community areas, ample facilities, abundant greenery, and advanced technologies should be ready to pay the associated costs of services.



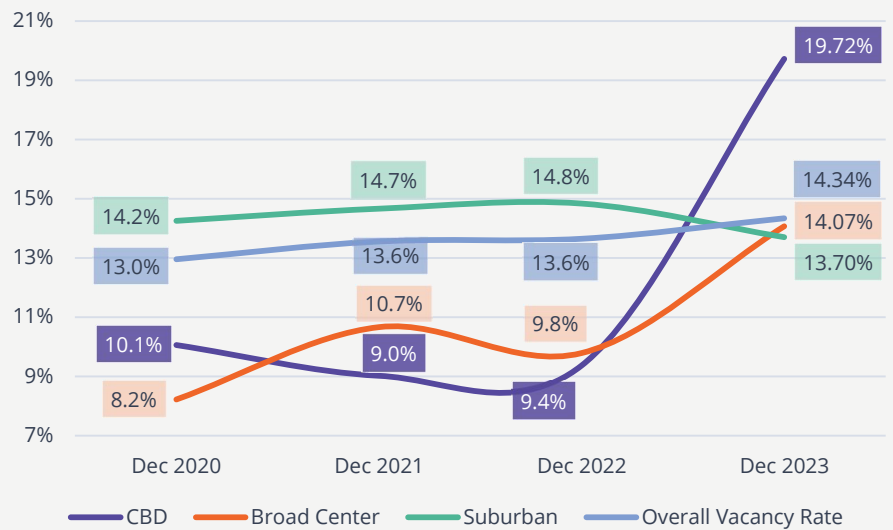
Constructed office space (sq. m.)



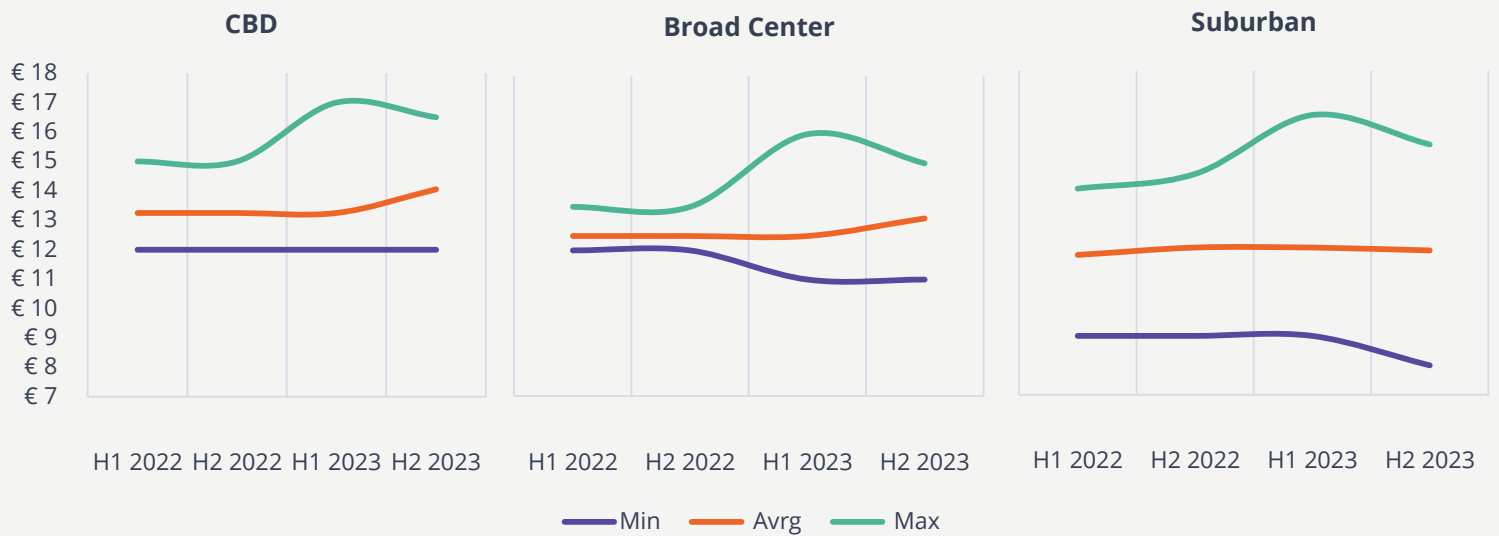
**Buildings by Area  
Class A & B**



**Vacancy Rate by Area,  
Class A & B**



**Class A Asking Rental Ranges**



# UPGRADE YOUR BUSINESS OXIA



- 3800 sq.m Class A offices
- 54 parking spaces
- 3.7 - 4.5 m clear office height
- LEED Platinum Certificate
- Completion - Q1 2025

**Location:** Tsarigradsko Shosse, opposite Sofia Tech Park

**Bernard Investments Ltd**

(+359) 887 87 87 86

rent@bernard.bg

## Get more market information

**Anton Slavtchev**

Principal & Managing Director

+359 (0) 886 906 555

[anton.slavtchev@avisonyoung.com](mailto:anton.slavtchev@avisonyoung.com)

[avisonyoung.com](http://avisonyoung.com)



**AVISON  
YOUNG**