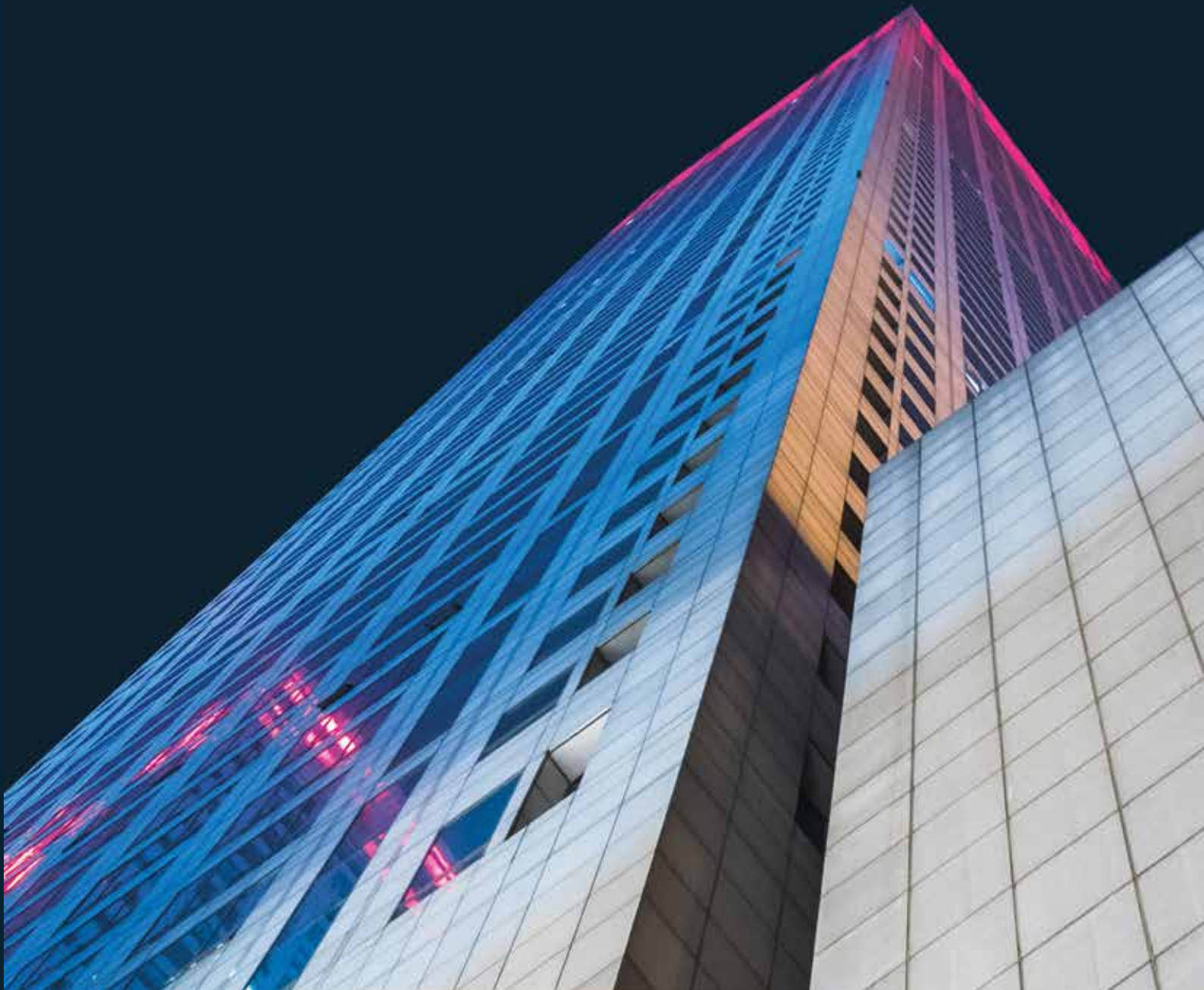


BULGARIA

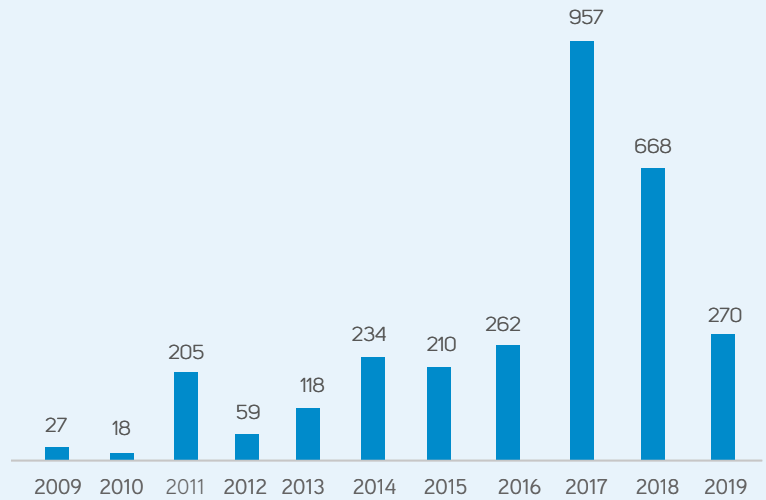
# INVESTMENT MARKET OVERVIEW

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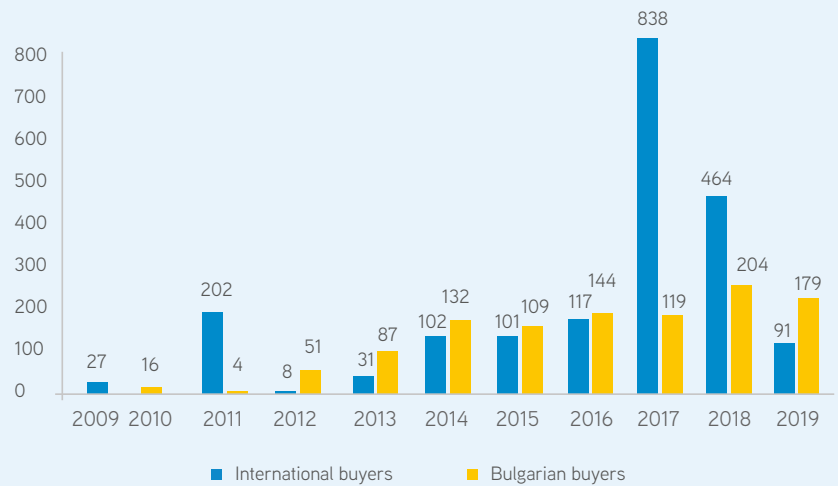
H2 | 2019



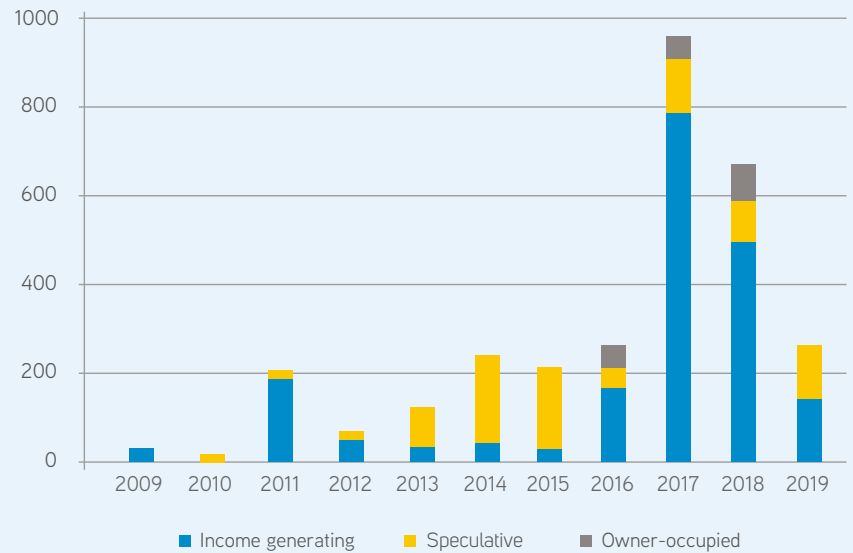
**FIG. 1: TOTAL SALES TRANSACTIONS VOLUMES (MN EURO)**



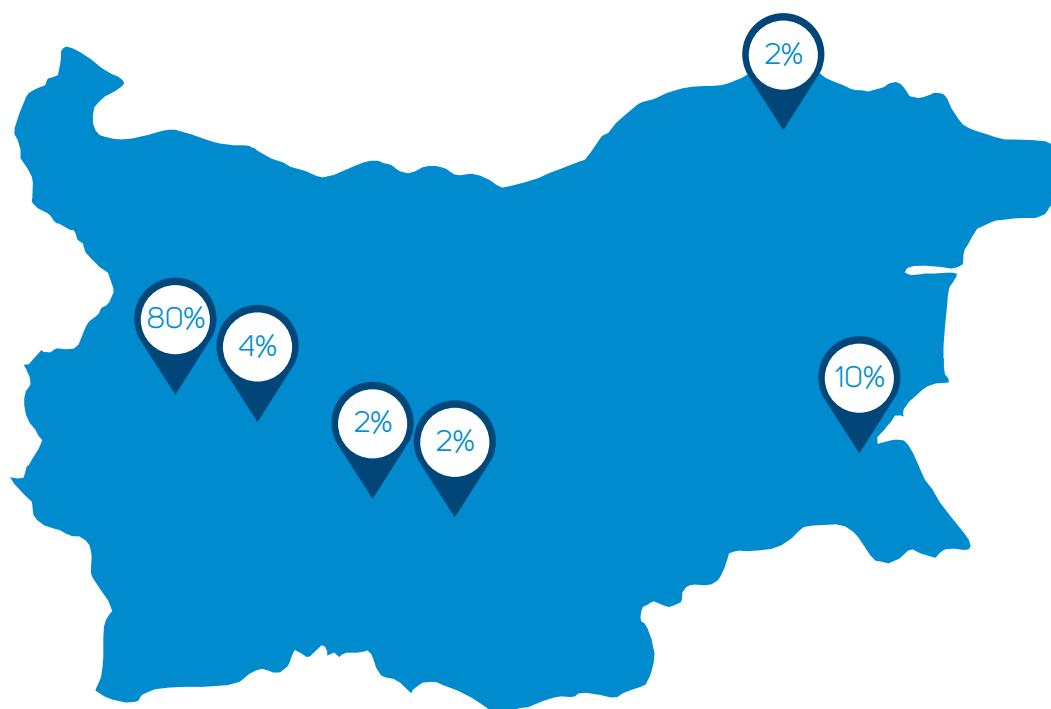
**FIG. 2: ORIGIN OF INVESTMENTS (MN EUR)**



**FIG. 3: TRANSACTIONS TYPE (MN EUR)**



# INVESTMENT SALES TRANSACTIONS VOLUME DISTRIBUTION BY CITIES



- The total value of investment transactions for the second half of 2019 was 103 mn euro, and for the whole year - 270 mn euro. (Fig. 1)
- 37% of the annual investment volume was generated by deals with development land, followed by office space (29%), hotels (15%), retail space (11%) etc.
- The dominant role of Bulgarian investors on the market continued in the second half of 2019. This trend remained valid for the entire year as well, with local buyers' share of 66% versus 34% for the foreign ones. (Fig. 2)
- The share of income-generating assets in 2019 transactions was 54%. The remainder was distributed among deals for development land or for buildings that need to be completed, redeveloped or leased to occupiers. (Fig.3)
- Yields\* preserved stable levels in the three major real estate market segments – offices 8%, retail – 7.25% and industrial - 9.50%.

# FORECAST

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Investment volumes in 2020 will maintain levels similar to those in 2019.

The main reasons are:

- Bulgarian buyers will continue to play a leading role in the market, as well as companies from Eastern Europe and Israel. This type of participants usually generates annual investment volumes between 200 and 300 mn euro;
- Saturation with projects under construction could encourage local investors, including institutional ones, to strengthen their expositions in income-generating properties;
- If Bulgaria started the procedure to join the European Monetary Union (ERM II) in 2020, this may lead to a higher credit rating and higher investment rates. Currently, the country's currency risk is low, but joining ERM II could be a positive prerequisite for improving the environment. Nevertheless, investment volumes are not expected to reach those of 2017 and 2018.

#### Definitions:

\*Gross initial yield: First years' headline rental income / Purchase price

## FOR MORE INFORMATION

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