

Office market highlights

Quick stats



- The actively trading inventory of completed class A&B office space tracked by Avison Young Bulgaria is 2.02 million sq. m.
- During the first half of 2024, the vacancy rate was recorded at 13.7%. The stabilization and slight reduction in vacancy rate can be attributed to the limited introduction of new office buildings.
- Only 7,863 sq. m new office stock were delivered to market during the first half of 2024. This limited supply is primarily due to the non-completion of several planned projects within the period.
- The total office space transacted in the first half of 2024 amounted to 87,997 square meters, comprising 48,762 square meters from new leases and 39,235 square meters from lease prolongations. This marks a decrease in transactions compared to both the first and second halves of 2023.
- Asking rental levels for Class A office space are mostly in the range of € 12-17 per sq. m per month, reflecting an increase of approximately €1 per sq. m per month compared to the second half of 2023.

Economic highlights

Indicators



Source: National Statistical Institute, Bulgaria

87,997 sq. m

Transacted space

Leasing

The office market experienced a decline in leasing activity due to increased caution from companies. This slowdown follows the initial post-COVID surge, as businesses rapidly adapted to new hybrid work models. As the market stabilizes, companies are now making more deliberate leasing decisions in response to long-term trends. Some of the biggest transactions involved companies taking space from tenants looking to reduce office space. Additionally, there is a growing interest in flexible and sustainable office solutions reflecting broader changes in work environments.

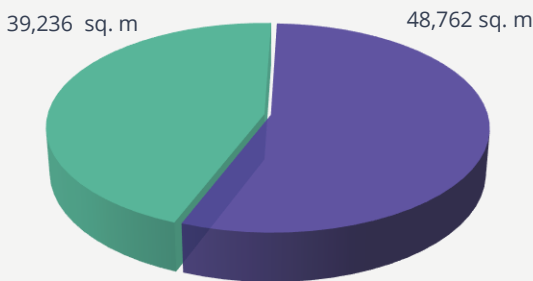
13,7%

Direct Vacancy rate

Vacancy

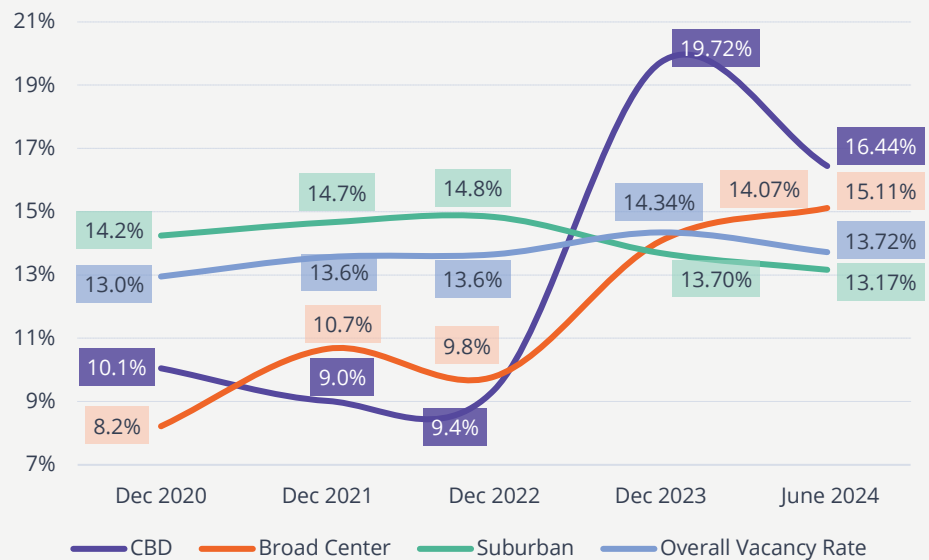
The direct vacancy rate held steady at 13.7% in the first half of 2024, showing some stabilization due to limited new office space supply. There is a significant reduction of the vacant space in the central areas of the city, although the total transacted square meters were relatively small in absolute terms compared to the entire Sofia market. Looking ahead, the anticipated increase in new office space supply in 2025 is expected to alter market dynamics, potentially impacting vacancy rates and leading to the repositioning of some tenants into new developments.

Transacted space
H1 2024



■ New leases ■ Prolongations

Vacancy Rate by Area,
Class A & B



€ 12 – € 17

Avg. asking rates
Class A

Rents

The average asking rent has seen an increase of approximately €1 per sq. m compared to the second half of 2023. This adjustment reflects a market in transition from previous instability, with gradual changes in rental levels influenced by the limited new supply and stabilized vacancy rates. Broader economic conditions and general price trends also play a role. Additionally, the shift towards flexible and hybrid work models has led companies to be more conservative with long-term leases and rental commitments, influencing landlords to adopt more restrained pricing strategies.

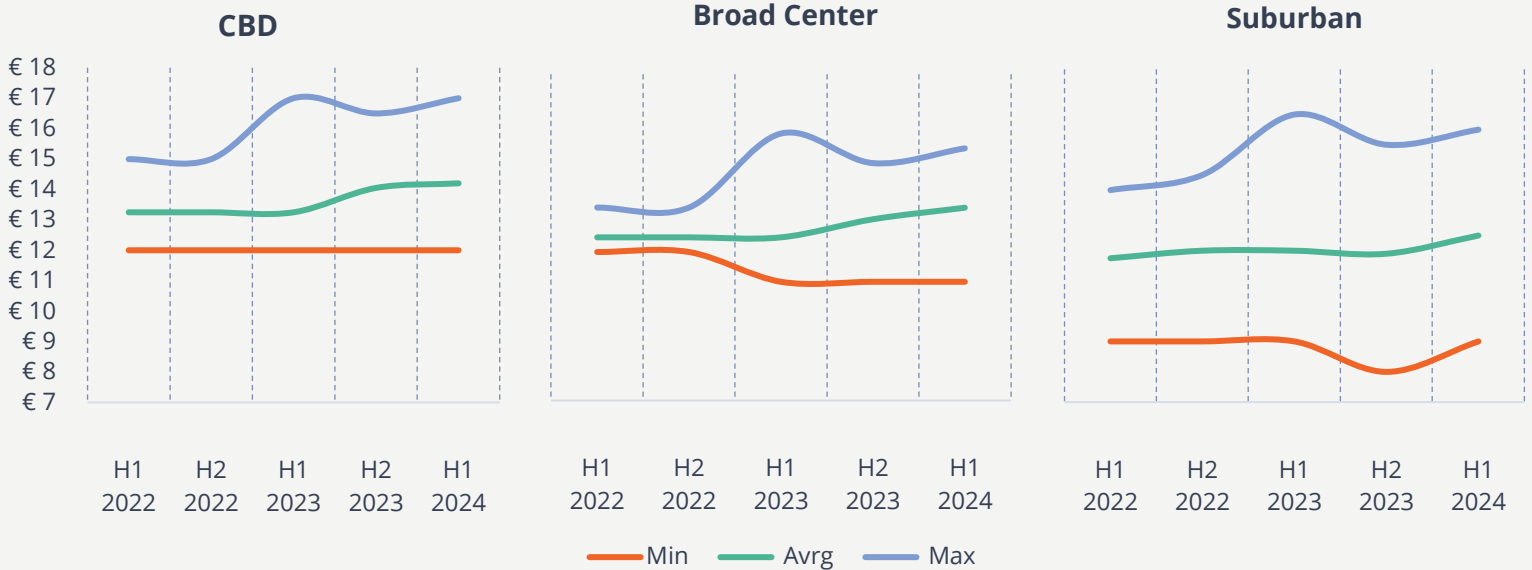
€ 2,5 - € 3,5

Service charge

Service Charge

Service charges have seen a slight increase but for most projects remain within the same range as the previous period. This incremental rise reflects adjustments in operating and maintenance costs, due to general inflation and increase of monthly wages. In some high-end projects, service charges can exceed €3.5 or €4 per square meter per month.

Class A Asking Rental Ranges





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