



SOFIA

RESIDENTIAL MARKET OVERVIEW

H1 2018



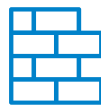
HIGHLIGHTS

- During the first half of 2018 the supply in the mid-plus and high-end residential market registered a 3% increase compared to year-end 2017, reaching 8,200 residential units.
- The number of projects under active construction continued to grow: 2,900 residential units or a 14% increase compared to the previous period.
- The shortage of completed projects led to a surge in sales of residential properties under construction, representing over 70% of the total transaction volume.
- The share of clients buying property for investment purposes expanded significantly, from 25% to 45%.
- A sentiment survey by Colliers, together with AFI Europe and Montecanal Bulgaria, revealed that parking, maintenance of the common areas and security have grown in importance to buyers in 2018 compared to 2014 (see Chart 1).
- Demand for 3 and 3+ bedroom properties for rent has picked up.
- Residential property sale prices have firmed during the first six months of 2018.

INDICATORS



8,200 ↑
residential units
Supply



2,900 ↑
residential units
Under construction



7% ↔
residential units
Vacancy

DEMAND, BASED ON PROPERTY TYPE



36% ↑
1-bedroom
apartments



27% ↑
2-bedroom
apartments



18% ↑
4-bedroom
apartments



9% ↓
Houses /
Row houses

DEMAND, REASONS TO BUY



45%
For investment
(buy-to-let)



55%
Owner-
occupancy



64%
With bank loan



36%
With equity

DEMAND, BASED ON FINANCING

AVERAGE SALE PRICES**



145,000
180,000 ↔
2-bedroom
apartments



210,000
250,000 ↔
3-bedroom
apartments



250,000
420,000 ↔
Row houses



>450,000 ↔
Houses

AVERAGE RENT PRICES



€ 950-1,200 ↑
2-bedroom
apartments



€ 1,300-1,600 ↔
3-bedroom
apartments



€ >2,000 ↑
Houses /
Row houses

AVERAGE DISCOUNT RATE



WHICH OF THE LISTED FACTORS IN YOUR OPINION ARE IMPORTANT WHEN CHOOSING NEW HOUSING?

CHART. 1

■ 2014 ■ 2018



FORECAST

- The high levels of demand in the mid-plus and high-end residential market are very likely to push the development pipeline towards the Eastern and the Southeastern districts of Sofia.
- The expected completion of a large number of residential projects will probably balance demand and supply in the short term.
- Buying properties has proved a sustainable investing trend; it remains a preferred choice for additional income generation as opposed to bank deposits.
- Prices are likely to remain stable.

* The report covers the mid-plus and high-end residential market in Sofia.
** Including VAT and a parking lot.

FOR MORE INFORMATION

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