

# RICS Bulgaria Commercial Property Monitor

Q2 2014

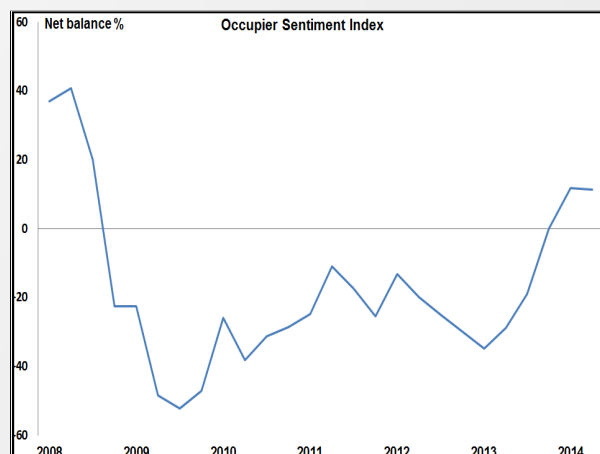
## Brighter Outlook but Domestic Headwinds Remain Considerable

### Key Macroeconomic Trends

The Bulgarian economic recovery remains gradual, four years after it exited recession and the outlook is improving, particularly in the light of the stronger external climate. However, pace of recovery is likely to be tempered by domestic policy constraints in so far as the currency (the lev) is pegged to the euro (effectively ruling out monetary policy stimulus) and the government is further consolidating the public finances. Moreover, recent bank sector vulnerability, which even if speedily resolved, will not have help the near term outlook. In spite of the challenging domestic environment, the brighter economic outlook is captured in the latest Q2 survey, where rents and capital values are expected to pick up across the board over the next 12 months.

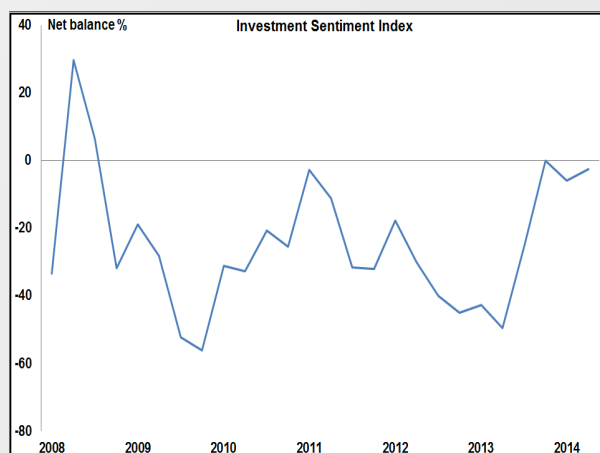
### Occupier Market

- The Occupier Sentiment Index indicates the market is strengthening.
- Occupier demand increased across the board, particularly in the office sector.
- Meanwhile, space available for occupation fell in the office and industrial sectors but picked up in the retail arena, which also saw a sharp increase in the value of inducement packages offered to tenants.
- Over the next 12 months, rents are expected to grow across all sectors, with particularly firm increases expected in the office market.



### Investment Market

- The Investment Sentiment Index continues to indicate a more or less stable investment market, as has been the case since Q4 2013.
- Investment enquiries continue to pick up across the board, but particularly strongly in the retail sector.
- Distressed demand outpaced supply across all three sectors, particularly in the office and industrial sectors.
- Over the next 12 months, capital values are expected to pick up firmly across all three areas of the market.

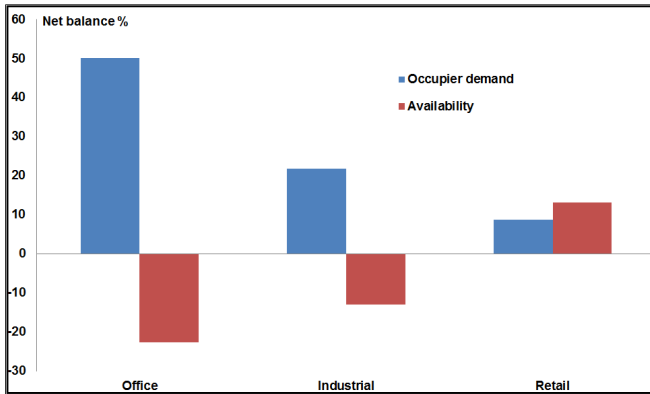


RICS Occupier Sentiment Index (OSI) is constructed by taking an unweighted average of readings for three series relating to the occupier market measured on a net balance basis; occupier demand, the level of inducements and rent expectations. RICS Investment Sentiment Index (ISI) is constructed by taking an unweighted average of readings for three series relating to the investment market measured on a net balance basis; investment enquiries, capital value expectations and the supply of distressed properties.

# Commercial Property Market

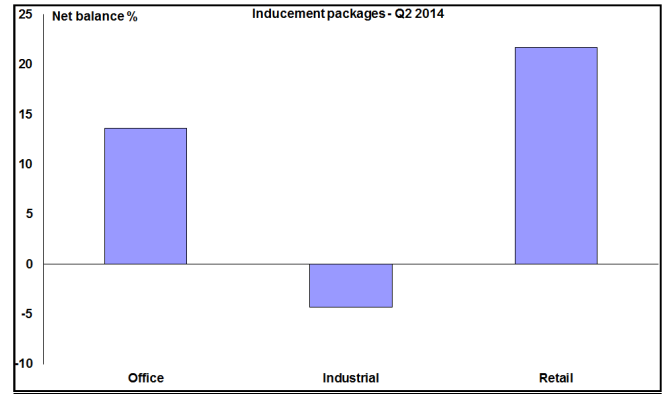
## Occupier Demand and Available Space

Occupier demand is outpacing supply, particularly in the office sector.



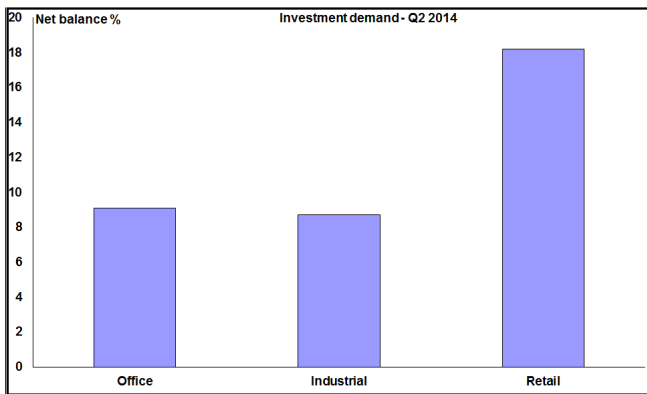
## Inducements

Inducement packages offered to tenants are rising quite strongly in the retail sector.



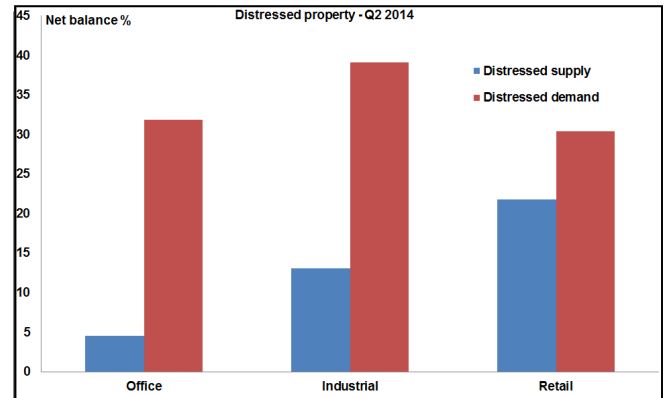
## Investment Enquiries

Investment enquiries increased across all three sectors.



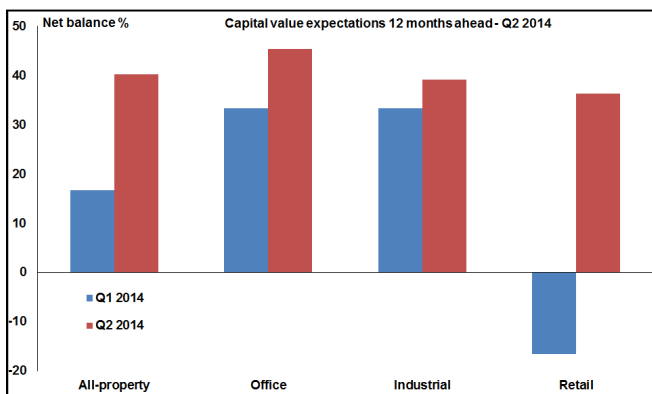
## Distressed Property

Demand for distressed property is outpacing supply.



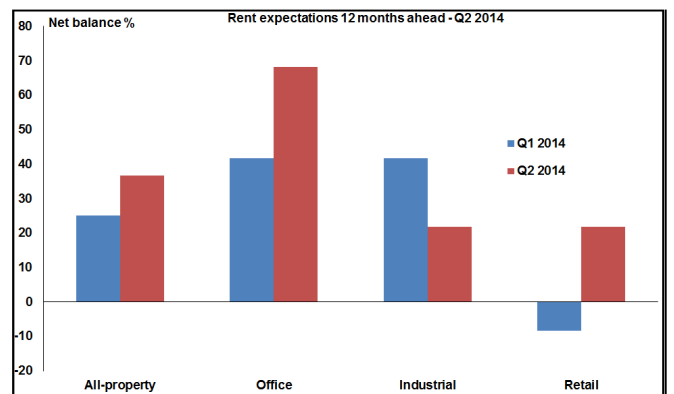
## 12 Month Capital Value Expectations

Over the next twelve months, capital values are expected to rise across all areas of the market.



## 12 Month Rent Expectations

As are rents, although increases are likely to be firmest in the office sector.



# Information

## RICS Global Commercial Property Monitor

RICS Global Commercial Property Monitor is a quarterly guide to the trends in the commercial property investment and occupier markets.

The Global Commercial Property Monitor is available from the RICS website [www.rics.org/economics](http://www.rics.org/economics) along with other surveys covering the housing market, residential lettings, commercial property, construction activity, the farmland market and arts and antiques.

For access to city level agents' comments and contributor details please view the RICS economics website.

## Methodology

Survey questionnaires were sent out on 16th June with responses received until 7th July. Respondents were asked to compare conditions over the latest three months with the previous three months. A total of 964 company responses were received, with 232 from the UK. Responses for Ireland were collated by the Society of Chartered Surveyors Ireland.

Responses have been amalgamated across the three real estate sub-sectors (office, retail and industrial) at a country level, to form a net balance reading for the market as a whole.

A positive net balance reading indicates an overall increase, a negative reading indicates an overall decline.

## Contact details

This publication has been produced by RICS Economics. For all economic enquiries, including participation in the monitor, please contact:

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