

SOFIA

Cushman & Wakefield

Global Cities Retail Guide

Sofia is the capital of Bulgaria and the largest city with 1.32 million inhabitants (20% of the national population). The city occupies a leading position in terms of investments, economic and infrastructure development, education and quality of life countrywide.

Sofia is the largest regional economy, accounting for almost 40% of the national GDP. The city is home of 23 universities and more than 15 independent IT schools. It is the largest economic hub that offers a highly-skilled work force.

The Bulgarian capital enjoys a constantly growing population, thanks to the migration of young people to the city. This results in favourable labour market with easy access to labour force, the highest employment rate in Bulgaria (75% for 2017) and gross average salary (€ 8,793 in 2017) exceeding by more than 30% the country average.

Sofia is also one of the most visited tourist destinations in Bulgaria along with coastal and mountain resorts. The popularity of the city for tourism is underpinned by the increasing number of flights and passengers on Sofia Airport (7% y-o-y growth in 2018).

The first shopping centres in Sofia appeared in 2006 and shortly afterwards several schemes followed. Currently, nine shopping centres and one outlet centre operate in the city, with total space amounting to around 405,000 sqm. The largest schemes have huge entertainment, sport or conference zones in addition to their retail mixes. With Food & Beverage (F&B) becoming an essential part of the customer experience, various types of restaurants, cafés and food kiosks are also widely represented.

Of particular interest to retailers in Sofia are the central business district with Vitoshka Blvd., Graf Ignatiev Str., and the area between Saborna Str. and Lege Str. The latter is occupied mainly by high-end fashion brands. Vitoshka Blvd. is the main high street and the most popular pedestrian zone with a lot of restaurants, cafés and gelaterias, along with small and mid-size shops. The boulevard enjoys increasing traffic and many retailers are looking to locate flagship stores there.



SOFIA OVERVIEW

SOFIA

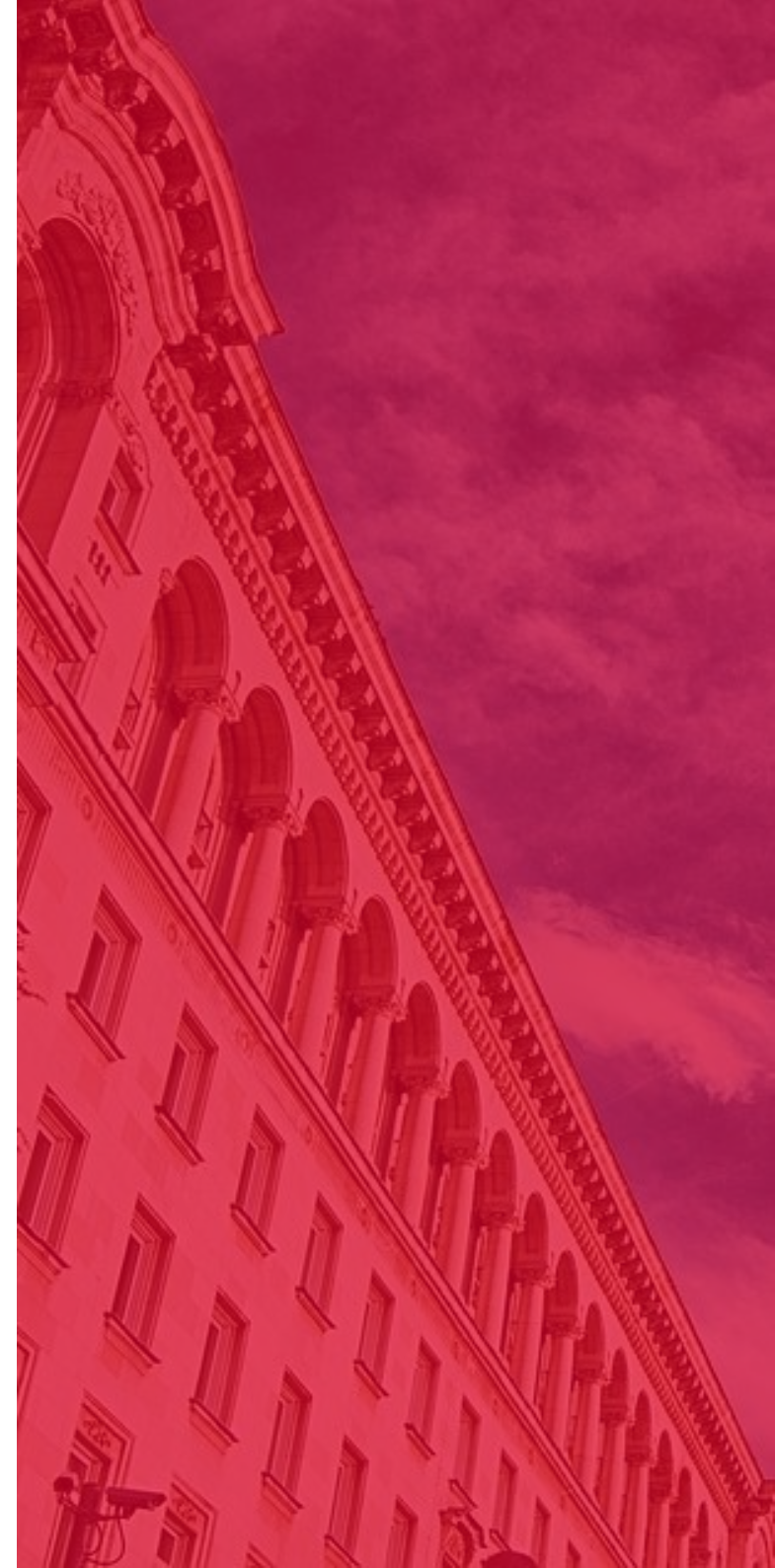
KEY RETAIL STREETS & AREAS

VITOSHA BLVD

Vitosha Blvd. is Sofia's premier retail and now a pedestrianised street, with the prime section between the Presidency and the National Palace of Culture. Not so long ago it was the preferred location for premium fashion brands. However, the migration of many retailers towards shopping centres has changed the profile of the street, and nowadays its is rather a place for dining and meeting friends than a shopping destination. The fashion retail in Vitosha Blvd. is occupied mostly by mass-market brands.

SABORNA STR AND LEGE STR

The area enclosed by Saborna Str., Lege Str., and Alabin Str. has emerged as a luxury location, occupied primarily by high-end brands such as Ermenegildo Zegna, Marc Cain, Versace, Royal House, D&G, Cartier, Philipp Plein and Escada. The area is a destination for tourists and locals alike, as there are a number historical buildings and monuments, as well as institutions and upscale hotels.



SOFIA

MARKET OVERVIEW

KEY AREAS/ STREETS/ SHOPPING CENTRES	CONSUMER PROFILE	MAJOR RETAILERS PRESENT	NEW ENTRANTS	TYPICAL RENT (200 SQM UNIT)	RANGE OF UNIT SIZES (SQM)
Vitosha Blvd	Middle-income, middle-class, tourists	Zara, H&M, United Colors of Benetton, Orsay, Max Mara, Social Café, Raffy Bar & Gelato	NYX Cosmetics, Tudors, Costa Coffee	720 €/sqm/year	10 - 1,200
Graf Ignatiev Str.	Low-income, middle-class, families, teenagers	Orange Center, Orsay, KFC	-	420 €/sqm/year	5 - 1,000
Saborna Str., Lege Str., Alabin Str.	High-income	Ermenegildo Zegna, Versace, Cartier, D&G, Philipp Plein	Philipp Plein	660 €/sqm/year	30 - 300
Serdika Center	Families, middle-class, teenagers	Billa, Inditex Group, LPP, H&M, New Yorker, Hippoland, Intersport, Humanic, Deichmann, Technopolis, LC Waikiki, P&C	Mango, The Body Shop, Starbucks Coffee, Primigi	360-384 €/sqm/year	30 - 2,200
The Mall	Families, middle-class, teenagers	Inditex Group, H&M, LC Waikiki, LPP Group, Humanic, P&C,	Fjallraven, The Body Shop, Billa, JYSK, Pepco, Under Armour	360 €/sqm/year	20 - 10,000
Mall of Sofia	Families, middle-class, teenagers	Billa, Intersport, H&M, United Colors of Benetton, HAPPY Bar & Grill, Cinema City, Spaghetti Company, Terranova	dm, Calzedonia, Next	336-384 €/sqm/year	30 - 2,000
Park Center	Middle-class	Billa, Reserved (LPP Group), Celio, Costa Coffee, Sport Depot, CCC	Oxette, Parfois, Hush Puppies	300 €/sqm/year	30 - 2,000
Paradise Centre	High-income, middle-class	Inditex Group, Technopolis, H&M, LPP, LC Waikiki, Sephora, DM, Tommy Hilfiger, Dirk Bikkenbergs, Versache Collection, Calvin Klein, Imaginarium, Sport Vision, Sport Depot, Cinema City, Playground, Walltopia, Sofia Event Center	Zara Home, Under Armour, The Body Shop, Billa, Pandora	420-480 €/sqm/year	20 - 10,000
Sofia Ring Mall	Families, middle-class, teenagers	Ikea, Lidl, Technomarket, CCC, Mr. Bricolage, Cinegrand, H&M, Notos Galleries, CCC	Comsed, Carducci Shoes, Soundcast	300 €/sqm/year	20 - 5,000
Bulgaria Mall	Families, middle-class, teenagers	H&M, Reserved, Billa, Starbucks, Hippoland, Arena Cinema, Technopolis	Reserved, Miele	300 €/sqm/year	20 - 2,000



SOFIA

SHOPPING CENTRES

SERDIKA CENTER

Serdika Centre opened in 2010 with some 210 stores. Most of the tenants were new entrants to Bulgaria, such as Inditex Group, New Yorker and Peek & Cloppenburg. Serdika Center is perceived mainly as a shopping destination as there is no entertainment area with a cinema. There are some food and beverage outlets including Costa Coffee, Spaghetti Kitchen, KFC and Subway. The shopping centre is among the high performers in Sofia with focus on fashion retail. It was developed by ECE Projektmanagement and S Immo and acquired by NEPI Rockcastle in 2017.

THE MALL

The Mall (total c.62,000 sqm) also opened in 2010 about a month after the Serdika Center. The Mall has about 180 stores occupied by international and local fashion brands (H&M, Inditex Group, Reserved, Bata, Aldo, Douglas, Geox and many others), 10-screen Arena Cinema, various entertainment venues including Capella Play, Playground, restaurants and cafés. The shopping centre changed its owner for a second time in 2017 when it was acquired by Hystead, a joint-venture between Hyprop and PDI Investment Holdings.

MALL OF SOFIA

Mall of Sofia was one of the first shopping centres to open in Sofia and is located in a prime spot on Al. Stamboliyski Blvd. Its 130 retail stores are leased to well known international and Bulgarian brands, targeting the mid-price segment. A Cinema City movie theatre with 13 halls and the biggest IMAX theatre complement the tenant mix. Despite the increasing competition in Sofia, Mall of Sofia has experienced relative stability in terms of rents and tenant turnover over the last decade. This can to some extent be attributed to the lack of direct competitors in the broad CBD area and more specifically the western areas of the city.

PARK CENTER (EX-CITY CENTER SOFIA)

Park Center was the first mall in Sofia, opened back in 2006. Despite the excellent location and accessibility, the shopping centre suffered from the increasing competition and losses of tenants. A full re-development program was launched in 2015, consisting of re-positioning, total refurbishment and re-tenanting of the shopping centre. Currently the project is anchored by Billa supermarket, CineGrand Cinema, Technomarket, Reserved, Sport Depot, CCC shoes&bags and Capella Play.



SOFIA

SHOPPING CENTRES

PARADISE CENTRE

Paradise Center is the largest shopping centre in Bulgaria with 81,000 sqm GLA. It opened in March 2013 anchored by a number of major European brands such as Zara, LPP Group, H&M, among others. The shopping centre is differentiated from its competitors by the expansive food, lifestyle, entertainment and service offerings which targets not only weekend but also weekday visitors. Orange Fitness, the largest gym in the city with an Olympic-size swimming pool, and the wide variety of restaurants cater to the affluent population of the surrounding southern districts of Sofia. A number of international retailers have opened new concepts. Collective, the high-end multibrand store, the Follie Follie accessories shop, Canali, Polo Ralph Lauren, Vogue, Dirk Bikkembergs, Versace Collection underpin the mall's high-end profile. In addition there is an open-air amusement park, a 14-screen Cinema City including the first 4DX hall in Bulgaria, and a multifunctional 2,000-seat Sofia Event Centre hall for high-profile business, family and entertainment events.

MEGA MALL

The shopping centre with 25,000 sqm of GLA is located at the entrance of Lyulin, Sofia's most populated district with above 100,000 residents, and right next to a subway train station. A number of local and international retailers, including H&M, LC Waikiki, Billa, Techmart and a large kid's centre, are anchor tenants.

BULGARIA MALL

Opened in late 2012, Bulgaria Mall was the first of the third wave of shopping centres. Anchored by Arena Cinema and H&M it has also laid the grounds for some prominent brand debuts in Bulgaria, including Desigual. Along with Paradise Centre and the new Sofia Ring Mall it forms a shoppers' triangle in the southern part of Sofia where most of the up-and-coming middle-class neighbourhoods are located.

SOFIA RING MALL

Sofia Ring Mall takes its name from the upgraded Southern bow of the capital city's ring road. The project with 69,000 sqm GLA opened in 2014 with Notos Galleries, CineGrand Cinema and H&M among the anchor tenants. A large big-box area with retailers from the food, electronics and home appliances, furniture and do-it-yourself completes the tenant mix. The shopping centre is integrated with the IKEA store (30,000 sqm) next to it. The overall concept also includes a residential area with houses and apartments (still in design phase).

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FOOD & BEVERAGE

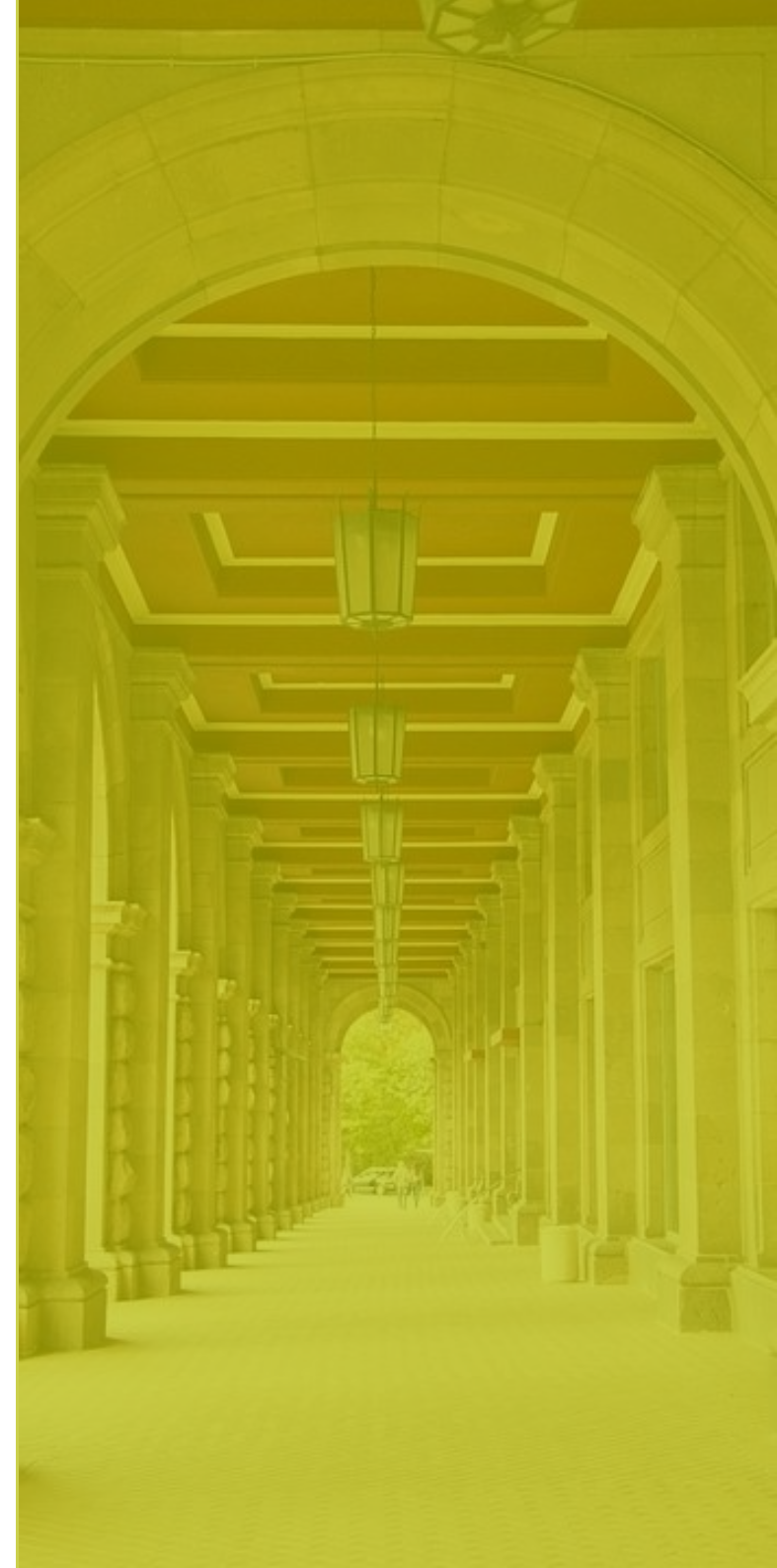
The Food & Beverage segment in Sofia is well developed with hundreds of cafes, restaurants, pubs, pizzerias, brasseries and gelaterias in the central pedestrian areas and the shopping centres.

This expansive range of restaurants ensures that Sofia has a broad mix of food & beverage flavours which appeals to all tastes and budgets. Food & beverage operators are an important part of the tenant mix of the shopping centres, as well as in the high streets. Together with traditional Bulgarian cuisine, Asian food is also well presented with Chinese, Indian and Korean restaurants as well as numerous sushi bars. Italian style pizzerias and trattorias have also become increasingly popular in the last few years.

Overall, the food & beverage market is dominated by local brands but international chains such as Wagamama, Wok to Walk and Domino's Pizza have also opened in Sofia. La Pastaria, Victoria Restaurants and Trattoria Verdi, Bodega, Spaghetti Company, Spaggo and Mr. Pizza are among the popular restaurant chains in Sofia, while larger groups as Happy Bar & Grill and Raffy Bar & Gelato are presented countrywide.

All the major international fast food operators are present in Sofia, including McDonald's, Subway, Burger King, and Dunkin Donuts. Specialist coffee shops have traditionally been popular in Bulgaria. Starbucks and Costa Coffee represent the international coffee shop chains. The Onda chain of specialist coffee shops was acquired by Lavazza.

KEY AREAS	CONSUMER PROFILE	FOOD & BEVERAGE OPERATORS	RENT FOR 350 SQM UNIT €/SQM/YEAR
Shopping Centers	Middle-class, teenagers, families	McDonald's, KFC, Happy, Subway, Burger King, Victoria, Nedelya Pastry	€600 food court outlets, €300 stand alone/ inline F&B outlets, €180 restaurant (1,000 sqm)
CBD	Middle-class	KFC, McDonald's, Happy Bar & Grill, Subway, Nedelya Pastry, Spaghetti Company, La Pastaria, Raffy, Costa Coffee, Burger King	€720 cafes and fast food operators in smaller units
Residential Districts	Middle-class	Happy, Nedelya Pastry, Domino's Pizza	€240 stand alone



SOFIA

RETAIL PARKS

JUMBO PLAZA

Jumbo Plaza is the first and the largest retail park in Bulgaria. The project comprises 30,000 sqm of retail space and 1,000 parking spaces located on the intersection of Sofia Ring Road and Botevgradsko Shose Blvd. Greek toy retailer Jumbo is the largest retailer. Other international and local store chains, such as Lidl, dm, Zora, JYSK, LC Waikiki and McDonald's complement the tenant mix. Aerodium (wind tunnels) and a karting track add an entertainment element.

RETAIL PARK	CONSUMER PROFILE	RETAILERS PRESENT	F&B AND LEISURE TENANTS	RANGE OF UNIT SIZES (SQM)
Jumbo Plaza	Family, middle class	Jumbo, Lidl, Jysk, dm, Zora	McDonald's, Aerodium, Kart Track	400 – 12,500 sqm



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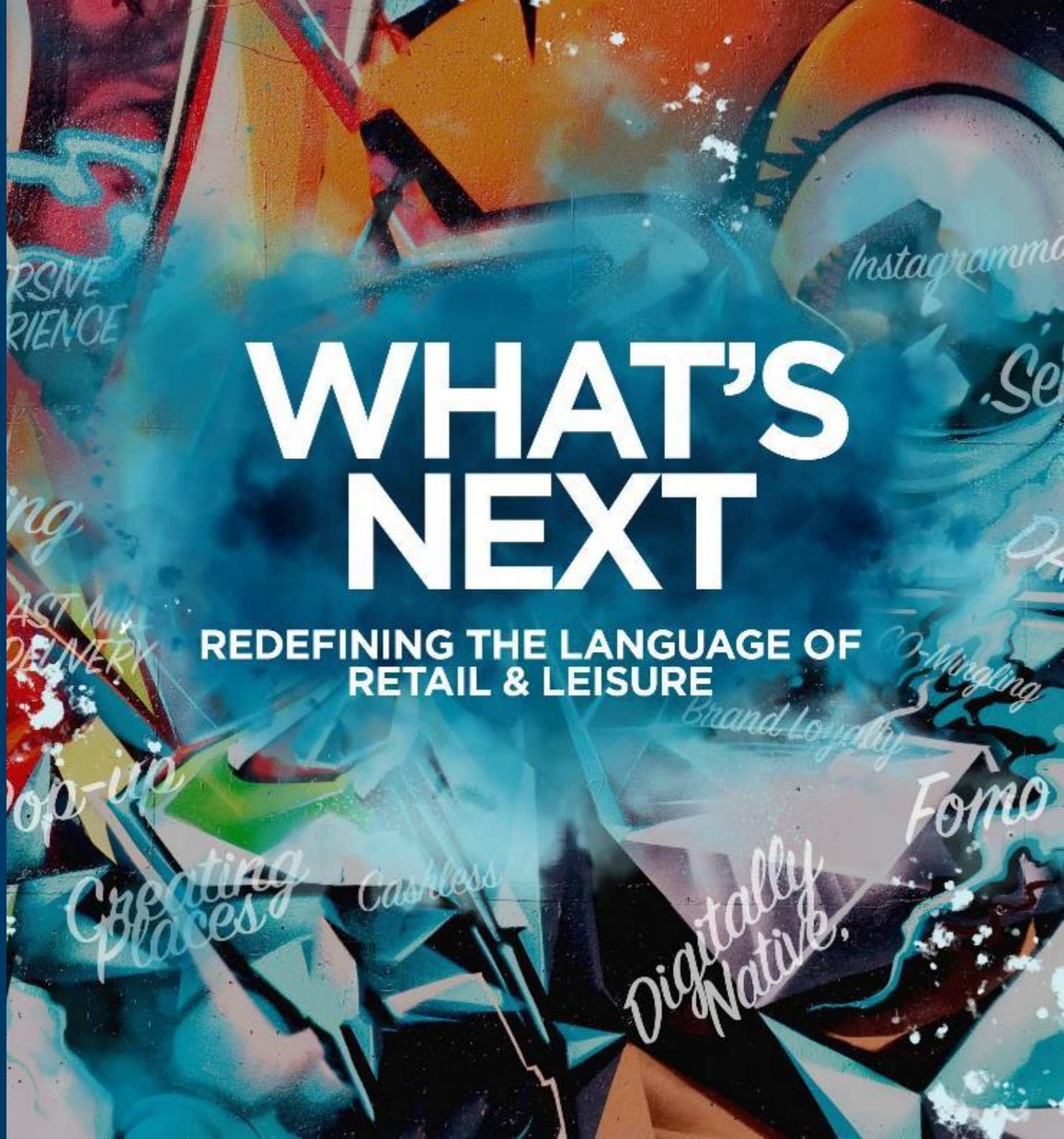
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WHAT'S NEXT

REDEFINING THE LANGUAGE OF
RETAIL & LEISURE



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