

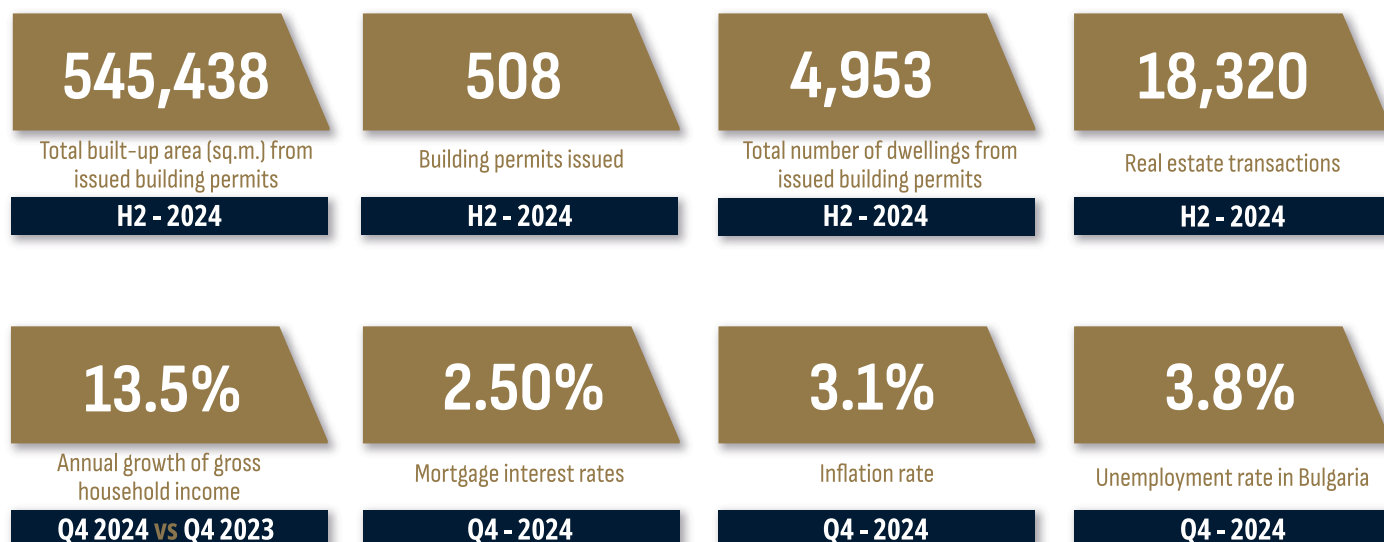


RESIDENTIAL MARKET RESEARCH

H2 2024

VAISMAN
INVESTMENT
GROUP

MARKET HIGHLIGHTS



OVERVIEW OF MARKET PERFORMAMNCE

Sofia residential property market continued its robust growth in the second half of 2024, capping off another strong year. Property prices in Bulgaria's capital surged to record highs, with Sofia registering one of the fastest-growing housing markets in the EU during this period. The average sale price in Sofia reached approximately €1,840 per sq.m. in Q4 2024, up from

around €1,550/sqm at the end of 2023 – an annual increase of about 18.3%. This sustained price appreciation builds on nine consecutive years of growth in Bulgarian house prices. In fact, Bulgaria recorded the EU's highest annual house price growth in Q4 2024, underscoring the remarkable strength of Sofia's market during H2 2024.

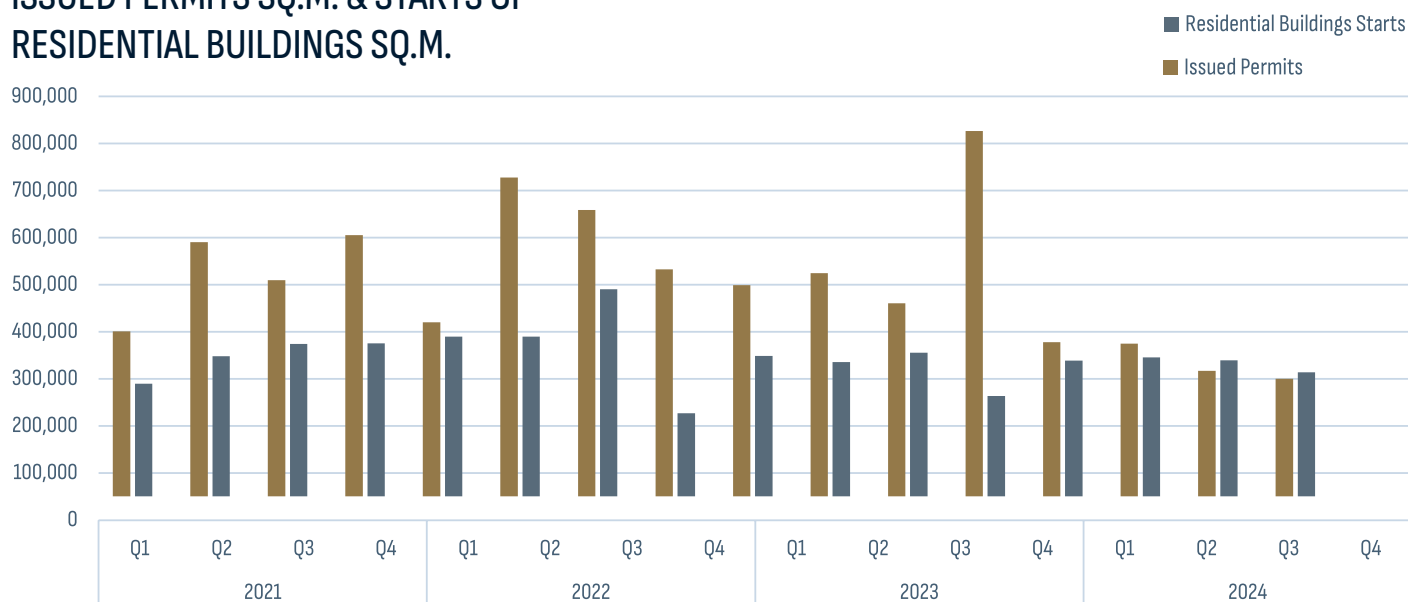
SUPPLY

Housing supply in Sofia tightened in H2 2024, as the pace of new residential construction slowed compared to the previous year. After a record number of new home completions in 2023, builders pulled back somewhat in 2024 amid rising construction costs and a more measured permitting environment. In the first three quarters of 2024, new dwelling completions in Bulgaria dropped by 21.4% year-on-year, totaling 12,963 units. Sofia, being the largest market, saw a significant share of this decline in new supply. Fewer projects were finished and delivered in 2024 relative to the prior boom year. Consequently, the inventory of available new homes for sale or rent remained limited, especially

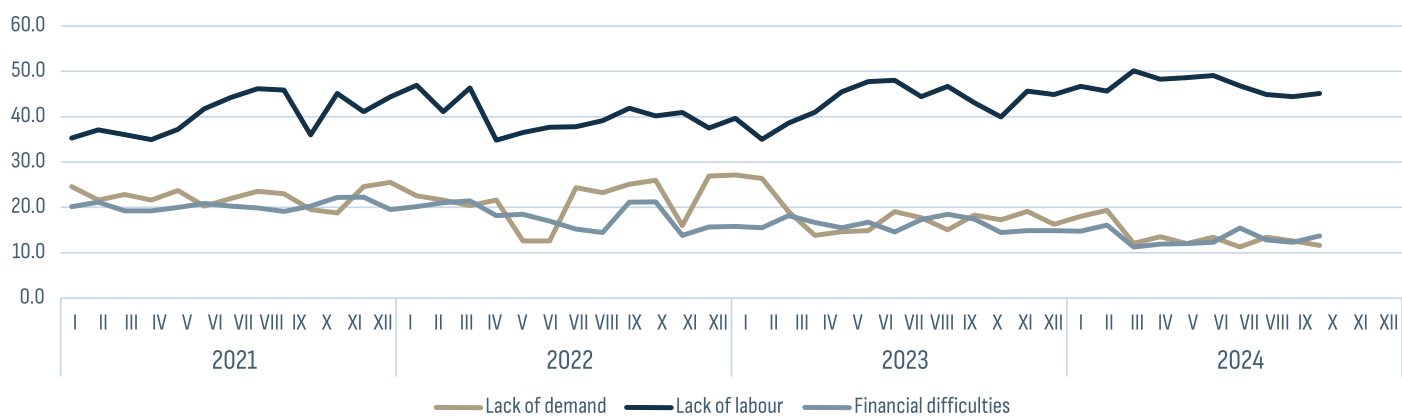
in high-demand areas. Many developments that started in 2021–2022 reached completion in 2023, so 2024 was a year of catch-up where demand outstripped the fresh supply entering the market.

Overall, construction activity remained active but below peak levels, which helped prevent oversupply. Developers in Sofia in H2 2024 were navigating higher costs (materials and labor) and slightly stricter lending conditions, leading some to pace their project launches more cautiously. However, the projects that did launch enjoyed strong buyer pre-sales, given buyers' appetite for new construction.

ISSUED PERMITS SQ.M. & STARTS OF RESIDENTIAL BUILDINGS SQ.M.



NEGATIVE FACTORS INFLUENCING THE DEVELOPERS ACTIVITY

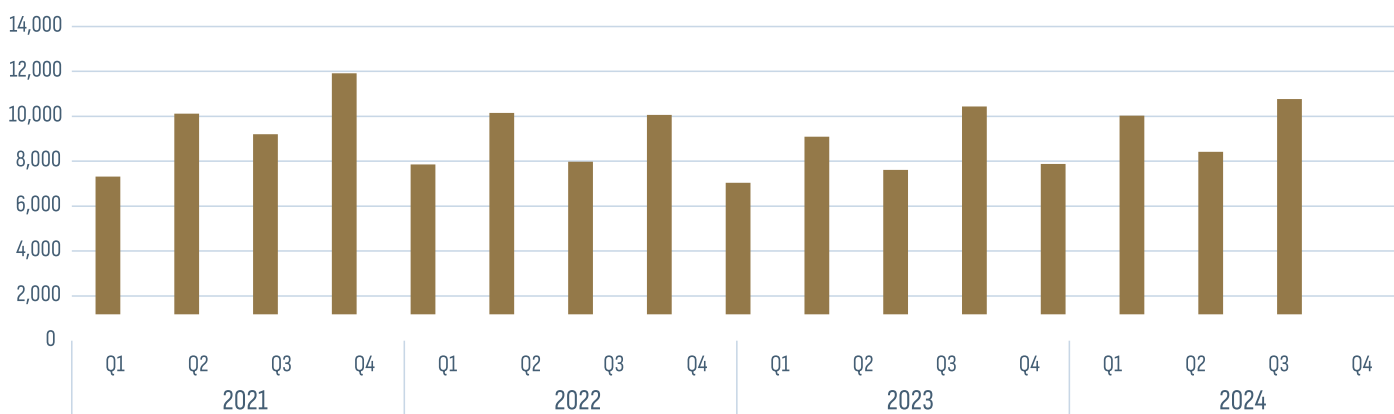


DEMAND

Buyer demand in Sofia's residential market was very robust in the latter half of 2024, rebounding from a brief cooldown in late 2022–early 2023. Market data show that property transaction volumes increased notably in 2024. Nationwide, the number of

residential property transactions rose by 19.1% year-on-year in Q4 2023, and continued to climb by 12.5% in Q3 2024 and 3.8% in Q4 2024

RESIDENTIAL SALES

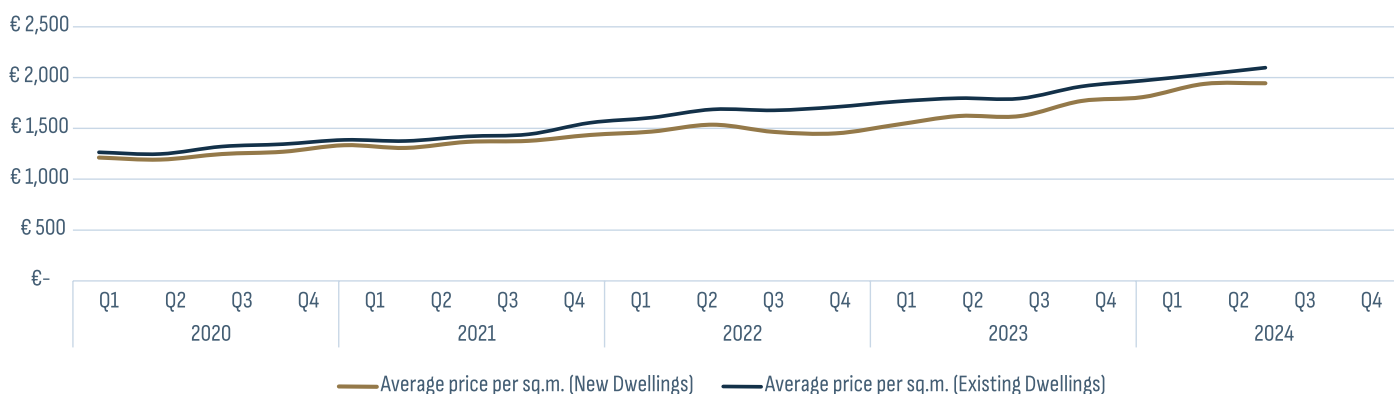


PRICES

Sale prices for residential properties in Sofia climbed significantly in H2 2024, reaching all-time highs. By Q 2024, the citywide average price was around €1,930–1,980 per sq.m. reflecting double-digit growth over the previous year. This momentum carried through Q4 2024, as buyer activity remained elevated. Price appreciation was broad-based, but there were marked variations by district depending on location, property type and new supply. Generally, central and prestigious southern neighborhoods command the highest prices, while outlying districts remain more affordable. All residential property types were active in the market.

Apartments remained the most transacted property type, with two-bedroom apartments in Sofia selling for roughly €220,000–€280,000 and three-bedroom apartments for €320,000–€400,000 in late 2024. Single-family houses and townhouses comprise a smaller share of the city's stock but also saw healthy demand, especially in suburban areas. Typical row houses in Sofia sold in the €440,000–€550,000 range, while detached single-family houses in elite areas usually commanded €600,000+ (often well above). These price levels for houses were mostly stable through H2 2024, as the high end of the market had already seen strong growth in prior years.

AVERAGE PRICE PER SQ.M OF SOFIA RESIDENTIAL AREA



RENT

The residential rental market in Sofia in late 2024 was characterized by solid demand and moderate rental yield levels. As sale prices climbed, rental rates also saw slight increases, though not as dramatic, resulting in steady rental yields for landlords. Gross rental yields in Sofia averaged around 4% in mid-

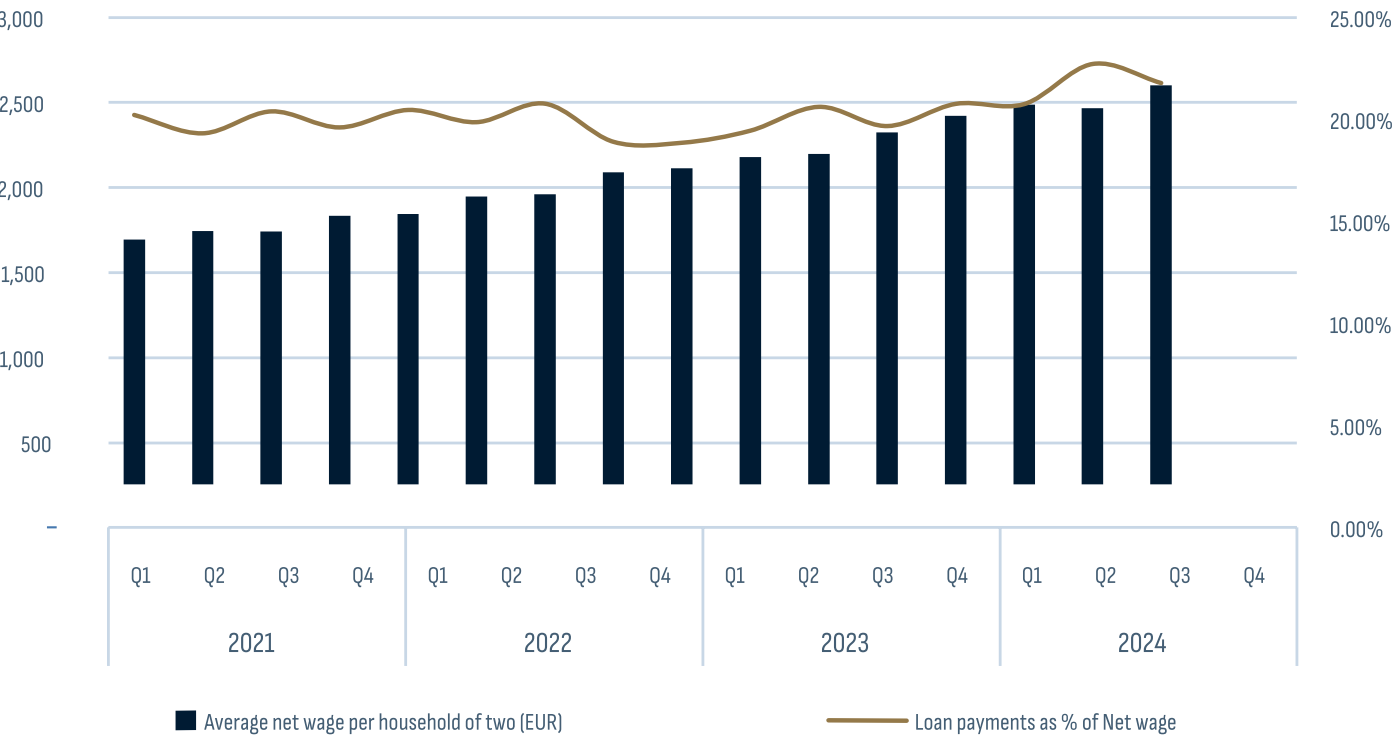
to-late 2024, which is a moderate return by regional standards. This yield is calculated as the annual rental income divided by the property purchase price (before expenses). Sofia's yield level has been relatively stable in recent years (around 3.5–4% on average), due to rents and prices rising roughly in tandem.

MORTGAGES & HOUSING AFFORDABILITY

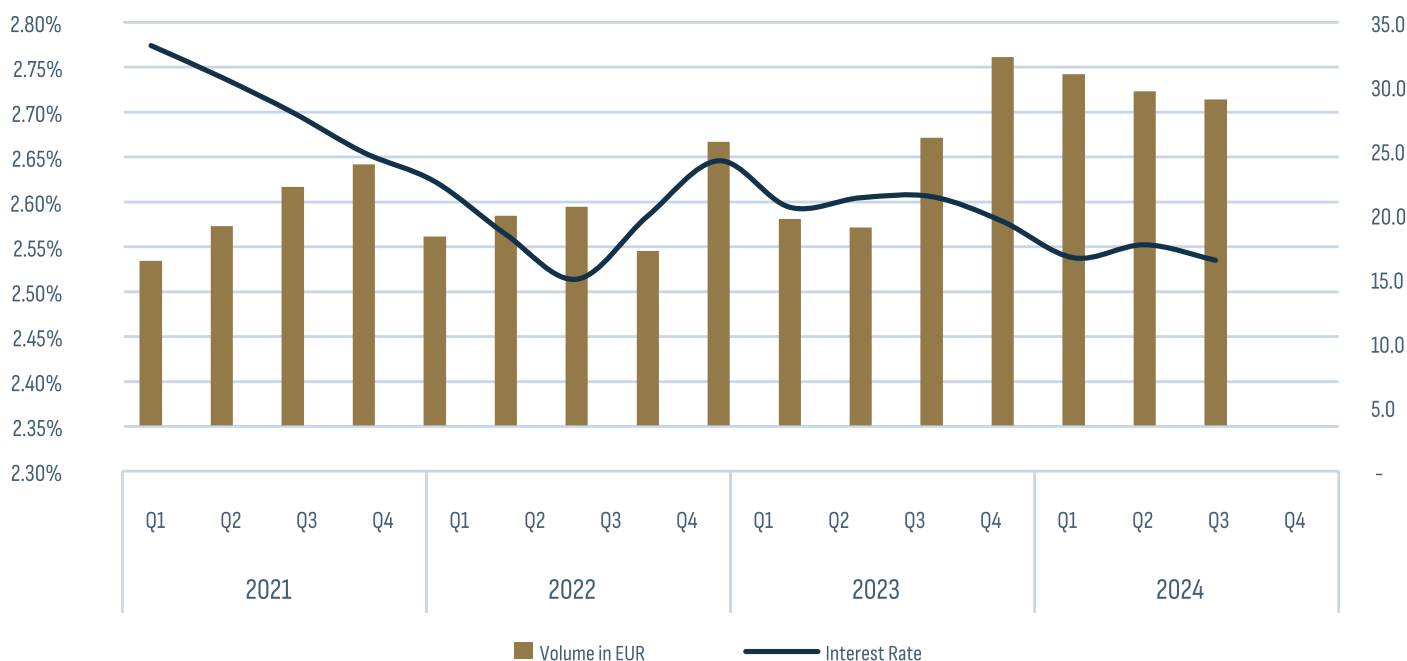
Multiple factors underpinned Sofia's market dynamics in late 2024. Buyer demand outpaced supply, fueled by robust domestic interest and increasing activity from some foreign investors. Many Bulgarians viewed real estate as a safe haven against inflation, opting to invest savings into property amid high consumer price growth and a need to preserve wealth. At the same time, mortgage conditions remained favorable – average home loan interest rates hovered around 2.7% in

late 2024, relatively low by international standards and even slightly lower than a year earlier as Bulgaria's rates stabilized. The mortgage market expanded rapidly: new housing loans in the first 9 months of 2024 were 36.5% higher year-on-year, and the total outstanding housing loans jumped ~26% in value from a year ago. This credit growth provided liquidity for buyers, keeping demand buoyant.

HOUSING AFFORDABILITY BY SOFIA AVG. SALARY



INTEREST RATES & VOLUMES OF NEW BUSINESS LOANS TO HOUSEHOLDS



OUTLOOK AND FORECAST FOR 2025

Looking ahead, the forecast for Sofia's residential real estate market in 2025 remains positive, though with an expectation of moderation in the pace of growth. After the exceptionally strong price surges of 2022–2024, most analysts predict that house price increases will slow to more sustainable single-digit percentages in 2025. Key reasons include potential affordability limits being tested and a likely gradual increase in effective interest rates (as older ultra-low-rate loans get repriced, even if the base rates remain relatively low). Nonetheless, the fundamental supply-demand balance favors continued growth: Sofia still has limited housing supply in popular districts, and no oversupply is in sight given the pullback in new construction. This suggests that prices will continue to be under upward pressure, albeit less steeply.

On the economic front, conditions in 2025 are expected to be supportive of the housing market. Bulgaria's GDP is forecast to grow around 2–3% and inflation is projected to ease to manageable levels (~2.5%–3% in 2025), improving consumer confidence. The labor market in Sofia should remain strong (unemployment at or below 4–5%), which, combined with ongoing wage growth, will help new buyers enter the market. The Bulgarian National Bank anticipates keeping monetary policy relatively accommodative, meaning mortgage rates will likely stay low in 2025 (potentially creeping up only slightly).

In conclusion, Sofia's residential real estate market as of end-2024 is thriving – characterized by high sales prices, solid rental performance, and active development. All city districts, from the luxe center to the expanding suburbs, are participating in this growth, each at their own pace. The second half of 2024 reinforced Sofia's status as a real estate hotspot in the region. For stakeholders and prospective buyers/sellers, the key takeaways are a diverse market with opportunities across different segments, and an outlook that remains optimistic. Sofia enters 2025 as a city with momentum in its property market, making it an attractive arena for both homeownership and investment.

Created by

SIMEON GEORGIEV
RESEARCH & ANALYSIS **VIG**

T: (+359) 89 977 6610
E: SIMEON.G@VAISMAN.EMAIL

Sources from

NSI
EUROSTAT
VIG SOURCES



T: +359 877004431
E: VIG@VAISMAN.EMAIL
WWW.VIG.RE

SOFIA, 109 BULGARIA BLVD.
VERTIGO BUSINESS TOWER
OFFICE 2.8

