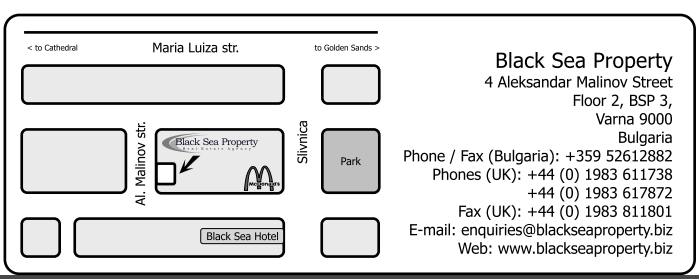
Property trends

Two major tendencies characterize current property market. Improvement of the market climate and increased demand of properties of diverse type and use, caused by long list of incentives. The value of the properties increases primary from the stabilization of the macroeconomic and financial environment. According to the statistical data the average GDP growth amounts to 5.24 percent a year. The level of the inflation process fall to 3.5% compared to 11% in 2000. Bulgarian lev is fixed to the EUR providing stability of the national currency. The level of the foreign direct investment (FDI) reached a record level of USD 2.5 billions in 2004. As a percentage of GDP, this is 10.1% and is the highest level of all the Central and European countries. 10% of the GDP, or USD 2.5 millions are accumulated in the real estates. In addition, bank lending increases 50% on yearly bases and the home loans reached 120% boom. The process is accelerated further from the expectations that after 2007 new competitors will emerge in the bank sector which will result in availability of a loans at 2-3 times lower mortgage rates. The lower mortgage rates are, the more potential buyers appear on the market. And a higher demand itself leads to a higher property price level.

The growing demand is further influenced by the expectations of the EU accession and related to this positive consequences and security, particularly from foreign point of view. Investment in oversea property tends to be related to a rapidly appreciated in value investment that will result in higher return and is less risky than any other sort of investment. There are some other features peculiar to the foreigners. Transaction costs of buying and selling property in Bulgaria are still relatively low. In the result of the signed bilateral agreement, double taxation of the income accumulated from buying/ selling properties is avoided. In addition, there is a less possibility of properties prices fall than to any other sort of asset. Buying property is one of the safest investments one can make. Expectations related to the EU 2007 membership imply further the concept of the increased value of real estates. There is a strong belief that property prices will go closer to those in Central Europe.

Secondary supply of privatized properties, accompanied with promotion of new types of real estate on the market-hotels, factories, ect, caused additionally influx of cash and brought to the flourishing of the market. At the same time, new potential group of purchasers, in the face of the Bulgarian people who work and live abroad, found its place on the market. In 2004 they invested 800 millions leva. Money flow transferred by the immigrants is estimated at several hundreds of millions a year.

In general, there are some attractive types of properties and regions on the market giving perspectives of generating a profit, renting and future increase in the price and other, not so much attractive and unique propositions.



Black Sea Property
4 Aleksandar Malinov Street
Floor 2, BSP 3,
Varna 9000
Bulgaria
Phone / Fax (Bulgaria): +359 52612882
Phones (UK): +44 (0) 1983 611738
+44 (0) 1983 617872
Fax (UK): +44 (0) 1983 811801
E-mail: enquiries@blackseaproperty.biz
Web: www.blackseaproperty.biz

A LETTER from the EDITOR

Welcome to the second edition of the Black Sea Gazette.

It has certainly been an eventful time since the first issue hit the streets and we have all been pleasantly surprised by the good re-action to the Gazette from our readers who have taken the trouble to talk with us. If any of you have ideas for articles or subjects you would like to see covered in future issues please get in touch and we will do our best to help, also if you would like to see your words in print or you have a subject or hobby close to your heart come and tell us about it, so we can include it in a future issue. The Gazette is as much about you is it is about us and your views and opinions are helpful as a guide-line for the future. I think we have all sat and talked with friends about various issues that concern us, so why not get the subject into print and see if others also share your concerns or have solutions. Something that interests me is to start a section with-in the Gazette for tradespeople to offer their services, especially ex UK residents now residing here in Bulgaria, I know when I lived in Spain a few years back I was forever looking for some-one to repair something, and the paper I started there had a section for just this purpose along the lines of classified adverts. So if you now live here and have a skill or trade come and tell us to get this section started, you never know it could result in starting a nice new business venture for you.

Yours Ron Whitworth – Judd
chief nuisance
to the real workers