

Property investments are considered one of the most valuable assets in any part of the world. The advantage is that real estate investment has appreciated in value over time. Those looking for opportunities in the property market in Bulgaria tend to be guided to off-plan purchases, due to the fact that the buyer is able to secure a property with a 10 to 30 per cent deposit and allocate the balance of the project through installment payments over 8 to 12 months until completion. This enables the buyer to gain capital growth on the full value of the property while only placing 10/30 per cent of the value invested (at the first stage). Thus, the investors put down a deposit on one or several apartments/villas, before or at the beginning of the construction, pay around 10/30 per cent of the price, generate the required balance of the investment over a year and then attempt to realize

Investing Off-Plan

a quick return through re-selling them upon completion. There are several challenges arising from this:

1. Efficient allocation of the cash flows, as the total cost has not been placed at the beginning of the project, but allocated in a certain time-frame.
2. Opportunities to sell the finished unit at a profitable, and at the same time competitive price level, so long as the market value of the newly-built real estate is attractive and there are further increases up to the European levels.
3. Newly built real estates imply better infrastructure and services related to the new rules introduced recently. In the same context, the quality of construction

in Bulgaria has improved considerably and the related authorization of property development is governed by a new level of control. Apart from this, construction technologies have advanced and the materials have been improved. According to the statistics, the volume of construction has doubled through the last year. In 2004, the foundation of some 5,780 housing and 440 administrative buildings were laid. This boom in green-field investment is seen as a result of the country's economic stability over the past few years and also the forthcoming accession to the European Union.

4. Opportunity to adjust and rearrange the key factors –like location, quality of design, quality of construction and facilities – to the desired preferences which

will influence the value of the finished product, so the final scope of return will hopefully match your criteria.

5. The challenge of purchasing something you have seen on a blueprint rather than buying a building when construction has been completed.

In general, off-plan purchase attracts people tending to own multiple properties and as a green-field investment it is more affordable and flexible option of generating-allocating-return of investment, so long as when the time to sale comes the market place does not suffer an over-supply situation. Certainly, the strong economy and stability of the country is a major factor when looking to invest in the Bulgarian real estate market and currently levels of return are high.

EDITOR'S LETTER

Hello again folks and welcome to another edition of the Gazette. It has certainly been an interesting time since the last issue with the summer season well underway, and with temperatures running in the mid 30's to 40 degrees it has been a case of finding shade and cool air rather than seeking out the sunshine, so a complete change from the UK.

We have seen some interesting trends in the property market beginning to emerge with more people looking towards rural areas and village life as the price levels have escalated in the coastal areas and locations inland offering far better value for money, especially renovation projects where people can put their own stamp on their purchase and add extras like swimming pools and double glazing at very competitive prices. It also still amazes me how some people accept the quotes from their purchasing agency when



carrying out renovations, instead of asking around, just because they don't speak the language. In reality they should employ the services of someone like Black Sea Property Management, who can help them to obtain a much better price. Recently brought

to my notice was a 7x4 metre pool with filtration system, wave machine and 5 metre wide flag stoned surround for just 9,500 euro and a whole four bedroom house double glazed for 5000 leva, to give just two examples of what can be done with the right

contacts if you make the effort.

I may also have some news in the next issue on the subject of an Ex-Pats Club, as I have today spoken to a couple, now living here permanently, who have expressed an interest in opening a social club for English speakers in Varna. They already have premises in mind so I'm waiting for further information from them, I hope they succeed in this venture and will give you, the readers regular up-dates on their progress as the information comes to me.

In closing just make sure you use sun block on the kids and protect yourself as well when out and about in the sun, I want you to enjoy your time here with us in Bulgaria not spend it recovering from sunburn.

Yours Ron Whitworth – Judd
chief nuisance to the real workers