

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.



Hello and welcome to the first edition of the Gazette in 2006.

I want to take this opportunity to wish all of our reader's health and happiness in the coming year and thank you for your support and comments during 2005. I am now handing over the Editors chair to Stanislava who has taken up her new position as Editor in Chief from the 1st January 2006. I know you will join me in wishing her every success in her new job and for the future. If you have any let-

## EDITOR'S LETTER

ters or comments you wish to see in print or advertising you want to place, please contact her in Varna.

This looks to be an exciting time with Bulgaria on the verge of joining the European Union towards the end of the year with some major changes happening. This will also have an effect on property prices, as has been seen previously when other countries have joined the EU, with quite rapid increases in value taking place. Last year saw the start of this trend with average increases in value of 25-35%, and even higher in some cases. So, if you are thinking of a purchase here in Bulgaria this needs to be sooner rather than later, before the bigger price hikes come into play. The benefits of an early purchase

cannot be stressed too highly as this period is when the bigger profit margins are made, it's the old adage of your profit is made when you make your investment at the right price and comes to fruition when you sell it!

What you purchase is not relevant, a holiday home, a renovated property, a land plot, a new build, an apartment, or a renovation project, they will all make money over the coming months with more and more property investors looking towards Bulgaria and its proven record in property investment and profit margins. With properties here ranging in price from just 7,000 euro upwards, even those with limited funds available can get themselves onto that all important property ladder, and start to build their own property



portfolio. If you would like any help or advice when considering a purchase do not hesitate to contact us, our staff here in Varna and in our UK office have a great deal of experience in all aspects of property purchase in Bulgaria, and what is required to make your investment work for you. They are happy to chat or answer your e-mails.

Yours Ron Whitworth – Judd  
chief nuisance to the real workers