

Land Purchase

REGULATED OR NOT?



Within Bulgaria there is currently a great deal of land for sale, some under regulation and some agricultural, **certain Estate Agents and Sellers are all too fond of stating that the status of non-regulated land can easily be changed**, however the buyer should be very cautious when believing all they are told about this type of plot. You should check with the local area maps at the appropriate authority offices. Generally all land in regulation and ear-marked for regulation should remain so for the foreseeable future, land not in regulation, such as agricultural and forestry land, is very likely to remain so, and will generally not obtain permission for a change of status in the foreseeable future, so therefore making this type of un-regulated land a very poor purchase for the foreign investor.

Most un-regulated land will remain so and too many plots are sold to unwary buyer's based on false promises of regulation being obtained at some vague date in the future. In fact many unscrupulous Agents and Sellers

will make promises they will be unable to keep. Although often in areas of natural beauty and looking very cheap when compared to prices of regulated plots in other areas, permission to build is very likely to be denied, making the land useless to the investor and resulting in it becoming worthless. Foreigner buyers should be extremely wary of land in the middle of nowhere, the only people likely to make any real money are the unscrupulous Agents and Sellers.

A cosy relationship between developers and local council officials seems to be a very common scenario, which is obviously detrimental to the small buyer looking for that bargain land plot. When Bulgaria joins the Common Market most of these practices will come under EU scrutiny, resulting in far more transparency in local government office dealings.

The lesson to be learned is that if it cannot be **proved in writing** what the **current status** of the land is and will be, **don't under any circumstances buy it.** You have been warned!!!!

Investment Incentives

In the context of the most powerful factors adding to the new higher level of Bulgaria's property market there are two meaningful forces: positive perceptions and expectations cause by Bulgaria's EU accession. The major investment incentives extracted from the general pattern are:

1. Bulgaria is seeking EU membership in 2007. According to the reports, the country has already met 26 of the 34 points required for the accession, in particularly the fields relating to the economical and political stability and synchronization of the constitution in line with the EU.

2. Bulgaria is a member of the North Atlantic Treaty Organization (NATO) since 29 May 2004.

3. Bulgaria enjoys one of the lowest operating costs in the European market economy.

4. The country has adopted a policy of encouraging foreign investment. The most obvious results are being marked in the terms of tourism. In 2005, the country expects more than 4.6 million tourists and generated revenue of 2.5 billion EUR, according to the Ministry of Finance. In the past three years developers have invested more than 300 million EUR in Black Sea Coast resorts. In 2004, 4.6 million foreigners spent their holiday in Bulgaria and the accumulated revenue totaled over 1.75 billion EUR. A 5% increase in their number is expected this year.

5. Geographic location. Given the country's proximity to Europe, as well as to Africa and Asia via the Middle East, Bulgaria ensures enormous trade perspectives.

6. Excellent climate, natural resources, food and hospitality.

7. Bulgarian lev is fixed to the peg currency EUR (1BGN=0.51 EUR).

8. Infrastructure subsidy for investment projects over 50 million EUR.

9. Bulgaria is a party to 55 treaties for avoiding double taxation and 52 agreements on mutual protection of foreign investments.

10. Reduction of the corporate tax of 19.5% in 2004 to 15% in 2005 and 0% in areas of high unemployment.

11. Opportunity to buy land through a company registered in Bulgaria with up to 100% foreign ownership.

12. The most stable and predictable business and political environment in South-East Europe.

13. Government's reform program emphasizing on public administration services, whose strategy is to boost economic growth and reduce poverty. The World Bank supports the country's preparation for full membership of the EU in 2007, through its financial assistance for implementation of a series of projects.

However, there is one feature of the Bulgarian property market, namely the huge availability of off-plan properties which opens a window for investors with little spare cash. They are able to choose between different schemes of staged payments stretching from 6 to 18 months, giving investors with these lower levels of funding an opportunity to enter the market place.