



Village Land Plots

Investing in Land in the villages within 25 to 30 Km maximum from the centre of Sofia should be a rewarding investment over 5 to 7 years.

Currently the average land prices in the non prime area are around 15-25 Eu per Sq Mtr for land either with building permission (In regulation) or qualifying for building permission.

A building plot of 500 Sq mtrs (allows the construction of a 4 bed 3 bath Villa) currently costs between Eu 7.5K & Eu 12.5K

Based on property values in neighbouring countries the upside within 3 to 5 years should be in the region of 35 Eu to 55 Eu / Sq Mtr

Stage 1 is to secure a number of plots, which for example with an initial investment of Eu 35K permits the purchase of 4 to 5 land plots Our role is to act as facilitators to enable you to achieve ownership of your land. We provide a competitive charging structure where you only pay for each service you require.

The strategy involves waiting for 2 to 3 years (having secured the plots) To allow the infrastructure and economy to catch up.

Stage 2 is to move to development, with current building costs around 300 Eu – 350 Eu / Sq Mtr in today's money it will cost Eu 40K to build a Villa with an additional cost of 10K to complete the bathrooms and Kitchen

A completed Villa should have a value of Eu 75K to Eu 90K (conservative estimate)

A number of mortgage options are becoming available with currently one lender Piraeus Bank will lending up to 70% of the valuation at completion, for UK nationals. Others are showing interest. It is hoped that within the next few years, well within the accomplishment time of this project, stage payments for new builds will become available. In the meantime it is possible to raise money on your existing UK assets to facilitate the building project.

It is possible to sell a number of your villas "off plan" to generate funds for the project and still retain ownership of the remainder. We will be pleased to guide you through this process and represent you and manage the project on your behalf.

With the cost of servicing a mortgage of approx Eu 50K in euro terms around 400 Eu/month and an achievable rent in the region of 800 to 1200 Euro /month. A considerable margin is available.

If you retain ownership of all 5 villas in the above example you would have a portfolio valued at over Eu 400 K and be generating a considerable surplus through rental income.



When the time comes to develop your land you are under no obligation to use any of our services however we are confident that we will be able to save you a considerable amount of money and manage the development process on your behalf.

Stage 3 Finally when the Villa is complete we are able to offer a service to find and manage tenants on your behalf again there is no obligation for this service.

Investment Strategy Questions and Answers

What is the future occupation of Sofia likely to be post EU accession ?

Currently the population of Sofia has increased by around 100,000 people in each of the last 2 years and this is likely to continue for at least the next couple of years. In real terms this translates to an increase from around 1 million to 1.5 million from 1999 to 2009.

The domino effect is already very evident and the increase in population is affected by the migration of people from the towns and villages in search of work in the City. The presence of additional people in the city itself acts as a catalyst for additional growth.

This will be further supported by the developing Bulgarian Middle class which whilst low in numbers will play a very significant part in the future years.

And to a small degree by the influx of Europeans from within the EU.

The effect of all these additional people puts an increasing demand on the housing stock.

How far are the villages around Sofia from the City Centre and how long does it take to travel. ?

The nearest villages are around 15 to 20 km away from the centre. Travelling time depends on the time of the day but can be as short. As 15 mins or as long as 1 hour.

In the near future a bypass is to be constructed which will affect considerably the amount of traffic on the road because the big transport vehicles will move off the ring road this will have a positive effect.

What are the current prices in the villages and what is the likely upside

This varies considerable from below 10 Eu for plots to the north of Sofia to well over 100 Eu /Sq mtr for plots in Bankya.



On the south West side the nearest villages plots start at around 17 Eu and go to over 35 Eu

To be effective a plot needs to be within the confines of a village so in the future it is likely that the density of the villages will increase and older buildings will become a very sellable commodity, this effect is already happening where existing houses are being sold for redevelopment.

A ratchet effect occurs where derelict properties become a very saleable commodity. The redevelopment of which has a very positive effect on the value of the village.

It is difficult to predict the likely upside however consider that prices in the top centre of Sofia are moving through 2500 Eu/ Sq mtr based on Prague and other eastern cities they may see another 1000 Eu/Sq mtr basically Sofia is a small city and it is not possible to build many more central properties.

In the UK the cost of Land exceeds the cost of the building. The cost of village land ultimately will be determined by the value of completed property. A building plot of 500 Sq Mtrs at 50 Eu /sq mtr costs 25,000 Eu with building costs of 40,000 Eu and a sale price of 120,000 Eu the figures still stack up.

For the average village around Sofia I expect that the range 40 to 60 Eu will become the norm within 24 months. Very little land will be available below these prices.

Who is buying village land?

The majority of land in the villages is currently bought by Bulgarians with foreigners playing a relatively small part. This provides a considerable amount of comfort in that the market is underpinned on the downside and the upside still has considerable potential.

How much does it cost to build a village property ?

The basic building costs are around 350 Eu / Mtrs of constructed property however within this figure is a lot of potential for economy of scale for a multiple development or in the case that a number of investors combine efforts to develop simultaneously.

This translates to a basic construction costing around 35,000 Eu with finishing costs of around 8,000 to 10,000 with the finished value as discussed earlier around 110,000 to 120,000 euro.

Typical the developer makes a profit of 100 % and this ratio will continue with the increase in plot purchase costs.



What is the best size plot for investment?

A plot of minimum 450 Sq Mtrs and maximum 600 Sq Mtrs is sufficient to build a property of 3 to 5 bedrooms

Additional plot size translates to increased purchase cost and after construction it is the property, which dictates the value not the plot size.

A Plot of 850 Sq Mtrs to 1000 Sq Mtr will allow the construction of 2 properties and bring even more benefit with economy of scale.

How much do you charge to manage a construction?

We charge by the square mtr of built up area for a typical build of 100 Sq Mtrs our basic charges are 3000 Eu.

How do I fund the building ?

Currently it is not possible to fund the building from a mortgage however this is anticipated to change within the next 2 years.

Development of multiple properties also allows the sale of off plan one of the plots which contributes to the funding.

Once the building is complete and commissioned it is currently possible to arrange a mortgage.

What is the potential Rental Yield ?

The current yield of similar properties is around 800Eu to 1200Eu / month, this shows a return of around 15%. With a high potential for capital growth.

The attraction of renting in villages will increase with the increase of cost of the city properties.

Why not just buy apartments in the City ?

Investing in apartments within the City is an excellent investment and will show capital growth and good yield. However the entry level is higher because a typical Apartment will cost around 60,000 Eu

60,000 Eu will fund the acquisition of several land plots for future development and with the current increase of around 20 to 30% each year set to increase for the next few years will show to be a solid investment in its own right independent of development possibilities.