

## Boom and Bust? Not yet.

The unprecedented scale of Bulgaria's property boom has led developers to take the bull by the horns and build block after block of apartments, in turn drawing investment hungry tourists to snap up options in hot spots for sun, skiing. The sheer weight of development has led many analysts and particularly pessimists to warn constantly of an ensuing crash in the market. A distinction, however, should be drawn between the vacation areas that are driven by speculators and certain cities whose markets are experiencing more organic internally driven growth.

While sales have slowed and prices stabilized, as one would expect in a maturing market, the anticipated and well publicized crash has not arrived. British and Irish punters still lead the way with investments into the Black Sea resorts and ski destinations. There is, however, a new phenomenon emerging with force: deep Russian pockets.

Since the economic crisis of the 90's, Russia has seen a new boom – largely led by petroleum and natural gas prices - and is coming to the fore as a new financial superpower in central and southern Europe. In particular Russians with formidable purchasing power are looking to invest in seaside holiday homes. Previous connections from the cold war make Bulgaria a popular destination among Russians, one they feel comfortable with due to the still relatively large number of Russian speakers. This is combined with the relative proximity and lack of warm, sunny beaches in their own country to make Bulgaria an ideal place for out-of-country land purchases.

The difference between the stereotypical Russian investor and the English one is simple, the English buyer typically has accumulated their money from savings or has freed up funds by re-mortgaging their home. They are seeking to invest in a property with good value and which can be used as a second home. The emphasis, however, is placed on letting it to other tourists and eventually selling later. The Russian investor, after decades of economic restraints and uncertainties, has a new found financial strength and is seeking to invest his Rubles in something representative of the new standard of life and status they are seeking to register. This goes with luxurious, expensive, beachfront apartments as a main focus.

The Russian influx should not be overestimated, as their buying numbers are still outweighed heavily by northwest European buyers. None-the-less, they are making their presence felt. It will take time for the balance to be tipped in their favor, but the important point is that the trend appears to have staying power.

This will not steer the market away from its long term stabilization. The rate of issue on construction permits has slowed drastically and even in some resorts, prices have stagnated; but with the market seemingly stabilizing for now and with the recent influx of Russian funds, it's not all boom to gloom.

## About the Author

Tom Brailsford is the author and can provide you with additional information about property investment in Bulgaria. Additionally, more comprehensive information is available at [Bulgaria real estate](#) and [Bansko property](#)

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