



 Opinion



## **Ivan Goranov: Increase of real estates prices has no impact on demand**

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*How does real estate market in Bulgaria develop? What is the demand and which are most wanted real estates? Is there a threat of real estate market collapse in the country? Ivan Goranov, co-manager of Home For You real estate consultancy, answered these questions for **FOCUS News Agency**.*

**FOCUS:** How does prices of real estates in Bulgaria develop?

**Ivan Goranov:** We have a 20% growth this year compared to 2006. This is to expect as Bulgaria became EU member as of January 1st 2007 and this is absolutely normal process that happens in other new EU member countries as well.

**FOCUS:** Does the tendency for lifting real estate prices continue?

**Ivan Goranov:** The increase of real estate prices continues. The increase of prices of land is most noticeable. On one hand the increase of real estate prices is due to more expensive land. I mean building plots as well as farming land. Separately, higher prices of sq m real estate are caused by the difficulty proper land for buildings to be found. On the other hand the increase is due to more expensive construction materials and labor force as well. Construction companies face more and more difficulties in cadres' selection; I mean technical specialists as well as unskilled workers. Thus all these factors cause the increase in real estate prices.

**FOCUS:** How long will real estates rise in price?

**Ivan Goranov:** It is hard for me to forecast, this depends on demand as well. I hold the view there are tendencies for further increase of prices of quality real estates. This means properties with good location, as this is very important factor for the price. Then comes the projects' quality. I mean not only as building but project's quality – to what extent is the building beautiful, functional and aesthetic. These things also form prices whose increase will depend on them regardless project's quality.

**FOCUS:** Which are most preferred real estates by purchasers – houses, apartments?

**Ivan Goranov:** Apartments are most wanted. There is a demand on houses forming over the last 6 months that is due to higher salaries of Bulgarians. This determines bigger solvency and bigger interest in houses. It is known that living in a house people need bigger monthly incomes as this is connected with more expenses.

**FOCUS:** Which are the regions with biggest real estate demand?

**Ivan Goranov:** The question is a bit general as Sofia is a big city and the demand is highest here. Currently there is a survey going on in towns like Varna and Plovdiv where the demand increases very fast, Veliko Tarnovo and Stara Zagora as well. There is a big demand on apartments in towns like Velingrad and Sandanski because they combine nature with mineral springs.

**FOCUS:** As real estates are on the increase there is a high level on the real estate market. How do high prices influence the demand?

**Ivan Goranov:** The demand does not go down as many foreign investors come here who want to buy office or apartment in Bulgaria. Because the tax policy the Bulgarian government pursues is very beneficial for foreign investors and many of them move their business or open subsidiaries in Bulgaria. Therefore the price increase does not affect the demand at the moment.

**FOCUS:** Who are most frequent buyers of real estate property? Are they ordinary citizens or big companies that resell the property afterwards?

**Ivan Goranov:** Big companies would rather invest in construction projects. They buy buildings, office-buildings to use them. But I would say that customers who buy apartments or offices for own needs prevail.

**FOCUS:** Which are the main reasons that stimulate buyers to look for a new house?

**Ivan Goranov:** Everyone wants to live in new home, in prestigious region. Depending on their incomes buyers try finding such habitation. Many of our customers want to replace their old panel apartment with new one, more functional and with better location.

**FOCUS:** You mentioned foreigners. What mostly attracts them – better economic conditions or natural conditions in the country?

**Ivan Goranov:** Good economic conditions are main reasons for foreigners to do business in Bulgaria because the country offers many business opportunities at the moment. These market niches are already occupied in other countries. Separately other reasons are climate conditions and the Bulgarians themselves if you want. Young people in Bulgaria have command of foreign languages that helps for the communication with these foreigners.

**FOCUS:** Is a real estate market collapse and sharp prices decrease possible?

**Ivan Goranov:** No. I think there is no such possibility for now. This is not to happen in one or two years. I say it again – all factors lead to the opposite – the market will develop upwards.

**FOCUS:** How would you assess the real estate market in Bulgaria?

**Ivan Goranov:** The real estate market is very dynamic in its development upwards. This is the right policy as construction and real estates are leading sectors in Bulgaria's economy. We should realize that this is connected with tourism and is very profitable for the economy. Some people speculate, only to appear in the media, that real estate market collapse was expected. This will not happen, regarding market analyses. Such statements should be done very carefully because someone from abroad keeps an eye on the media.

**FOCUS:** What advice would you give to people who want to buy real estate? What should they consider?

**Ivan Goranov:** They should consider many things. They should know times have passed when they could go somewhere and invest in something not knowing about it. All possibilities should be explored very well as the market is very rich and diverse at the moment. There is a big competition and this is an advantage to the end user because he has a lot to choose from. Then according to individual demands the customer could make a choice. People should turn to specialists to be consulted. This is my advice. There are many beautiful and quality properties but more attention to the many offers should be paid. Professional consultation is needed to my mind.