

What is Behind the Bull Market in Bulgarian Real Estate

Core Fundamentals

- There has been a steady increase in the per capita income
- The population of Sofia continues to grow as more people move from the countryside in search of jobs and more a more cosmopolitan life-style
- Mortgage availability is relatively new and will continue to expand in the coming years
- Foreign investment and business activity continues to grow since EU membership
- Bulgaria continues to catch up with comparable Eastern European countries that joined the EU earlier in both income levels and real estate values

Future Bullish Factors

- As people migrate to Sofia for jobs, they bring capital derived from the sale of land owned in their villages that becomes the down payment of an affordable mortgage
- The larger majority of the Sofia population still lives in sub-standard Communist-era housing represent pent up demand; these people are beginning to have the means to upgrade to more modern living conditions
- Younger, educated Bulgarians earn much higher incomes than the average and tend to buy an apartment as soon as possible
- Entrepreneurial younger Bulgarians are quickly building the base for a more upscale middle class
- There is a substantial amount of non-reported income that increases the buying power of the population beyond what the statistics show
- New manufacturing jobs derived from EU membership have only just begun to make an impact on wage growth
- There has been a hesitation for foreign firms to invest in Bulgaria due to their history of economic weakness, but this will quickly fade in the coming years as they begin to experience positive results