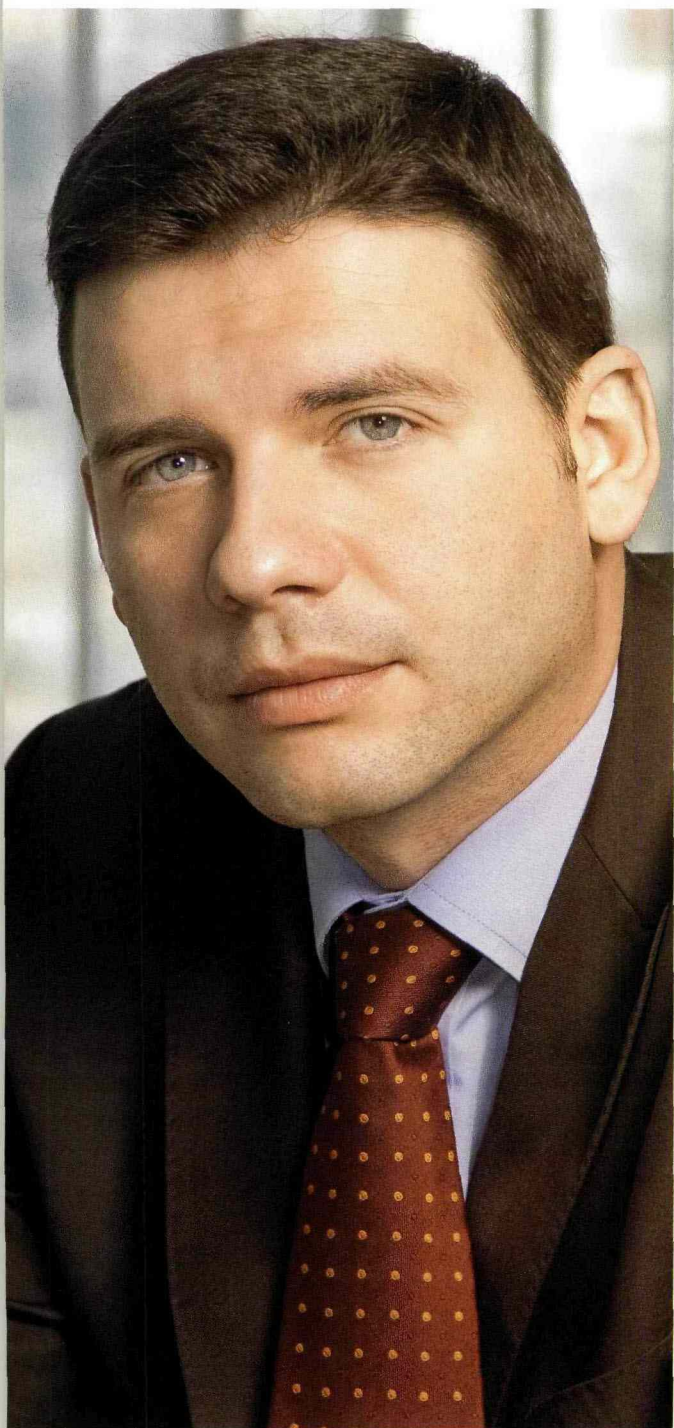


The second home market is still hanging in there. In 2009 we will see for how long

Summertime blues?



WHEN DEVELOPERS ARE HAVING HARD TIME SELLING MAIN RESIDENCES, ARE THERE STILL PEOPLE ON THE MARKET LOOKING TO PURCHASE HOLIDAY HOMES? YES, THERE ARE! MORE DEMANDING THAN EVER, MEET THE 2009 SECOND HOME BUYER

■ Mladen Petrov

PICTURE: Sleeping well. In the opinion of Svetoslav Mladenov of Prime Property BG REIT, experienced second home developers shouldn't be worried by the downturn on the market

Six days. This is how many days off Bulgarians have been given in May for the two major national holidays. Exhausted by work? Maybe. In an attempt to boost the tourism sector, which is already feeling the squeeze of the credit crunch, the Bulgarian government decided to splurge by sending Bulgarian citizens on what might be termed 'the greatest present from the government ever'. With the number of tourists visiting Bulgaria down by 20 pct according to the latest data, the government is hoping that Bulgarians may make up for the losses, heading for the seaside and mountain resorts at the beginning of May. Employers are not particularly happy with such a long break, but the government believes that tourist destinations could use some more visitors. For what is worth, it is right.

Thunder ...

At the end of 2007, the first clear signals of the worsening condition of the Bulgarian holiday

Lora Vasileva



homes market became evident, at least in terms of supply. The second half of 2007 saw a slowdown in the supply of holiday homes. According to data from Colliers International Bulgaria, the increase in supply of holiday homes in H2 2007 was 16 pct, which should be seen in the context of an annual increase in supply (H2 2006 to H2 2007) of 170 pct in the mountain resorts and 65 pct in the coastal resorts respectively. The range of sales prices narrowed in the second half of 2007, with an average asking price of EUR 1,210-1,420 per sqm in the mountain resorts, while the lowest average sales prices on the Black Sea were between EUR 1,000 and EUR 1,425 – still not bad.

The good mood didn't last for long, though. Oversupply, troubled UK and Irish-based buyers, abandoned projects and soaring prices – 2008 certainly wasn't an easy year for the holiday homes market, which for a few years in a row enjoyed a steady growth in prices. Now that the prices have gone downhill, one of the Irish newspapers called all the buyers of residential property in Bulgaria during the boom period – who have now found themselves in a difficult situation due to the significantly curbs on financing – stupid. And then the vulture funds gathered, ready to alight upon any carcasses.

...and the storm

In 2008, according to data from the Bulgarian Properties real estate agency and consultancy, there were 80 pct less sales in the mountain resorts of Bansko, Pamporovo and Borovec that were once flooded by buyers. Bansko, a town of 9,000 residents, became a symbol of the great expectations that developers had. Today, the town is reminiscent of a large abandoned construction plot, with the majority of the 120 real estate agencies having already gone bankrupt. Now the bargain-basement times have arrived: sales of finished flats, once priced well over EUR 1,000, can now find an owner for even as low as EUR 250-300 per sqm. Quite a deal for a property in an EU country, both developers and real estate agents insist. Developers are not eager to discuss the economic sense of such transactions, but as market

PICTURE:
Nice views come at high prices. This rule still applies when it comes to second homes in the best mountain locations in Poland

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