



Photo courtesy of FPI Properties

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Luxury living

Money cannot buy happiness but it can buy you a good home

Anelia Zaharieva

We all dream of living in luxury. Few people are genuine ascetics, at least on a permanent basis. A committed left-winger once remarked to me that “my idea of socialism

is that everyone should have a mansion and a Rolls Royce”. His tone of voice suggested that he was joking, but I don’t think he was.

The hallmark of success is, of course, a comfortable residence in a prestigious area.

Rosemary Wellings from

the Marbella office of Sotheby’s International Realty agrees on the importance of this for well-heeled clientele. “Investment in luxury property is a satisfying way to enjoy your money,” she says. “Despite differing property cycles, upmarket homes are always a safe bet because

they are less vulnerable to market fluctuations. They are a reliable long-term investment, guaranteed to double in value within eight to 10 years,” she says.

A big bonus is that luxury property would not necessarily follow the general trend of a (hypothetical) price slump in residential property. Demand for it is less elastic than for other housing types, and relatively unresponsive to price changes.

Orlin Vladikov, a member of National Real Property Association and CEO of Orvitex, says that luxury units will appreciate in value by 15 to 20 per cent this year. Prices of other residential accommodation, by contrast, may stabilise or even lose value.

Luxury properties will appreciate in value by 15 to 20 per cent in 2008, experts say.

In analysing the upmarket residential segment, there is one key question: “is there a real luxury real estate sector in Bulgaria?”

Only five per cent of Sofia’s developments actually conform to the generally accepted criteria for this type of property, according to Nikola Stoyanov, managing director of Lux Imoti real estate agency. Bulgarian cities offer a limited supply of high-end housing. But holiday units account for more than 90 per cent of all Bulgarian luxury property transactions. So it is hardly true to speak of a mature luxury residential market.

Luxury is defined by various characteristics: prime location, ease of access, good infrastructure, low construction density, pristine

environment, tight security and restricted access for non-residents, precision of workmanship and excellent building quality. The living area must be spacious with elegance of style and interior design. So-called boys’ toys (remote control air conditioning, garage doors, lights, etc.) and maintenance as well as extra services are also expected.

Although the building itself could be high quality, the poor condition of Bulgaria’s infrastructure may make the above property prescription fairly elusive. After considering all these prerequisites, it’s perhaps unsurprising that the supply of upmarket homes is restricted to Sofia and Varna.

A comprehensive over- ➤



Photo courtesy of Lux Imoti

➤ view, carried out by local think-tank Industry Watch, shows that in many cases mansions are misleadingly labelled “luxurious” simply because they have high prices and feature basic amenities like parking and sports facilities – attributes considered standard elsewhere in Europe.

The survey, encompassing three housing types – gated complex-based accommodation, single-family urban houses and apartments, establishes that most flats in gated complexes cannot be classified as “luxury” because they lack a good location. Further, 90 per cent of them are two or three-room habitations, so living space is restricted. There are a few boutique penthouse-type apartments, however, usually located on the top floor of buildings. These may provide whimsical “widgets”, such as a jacuzzi or a fireplace, to pamper the owners.

Houses in gated compounds come closer to the “luxury” concept. Most of these in Sofia are clustered in the Malinova Dolina,

The ideal apartment should be well laid out, tastefully decorated, fully furnished and equipped with quality appliances.

Average price for luxury flats in Sofia fluctuates around €1800 a sq m

Source: Industry Watch

Simeonovo, Dragalevtsi, Krustova Vada and Boyana districts. They offer a larger area (250 to 350 sq m) and boast greater comfort but tend to provide fewer services than apartment blocks.

Units in gated complexes, however, sell at a €150 to €300 a sq m premium, compared to similar homes in comparable locations. All gated compounds, reviewed by Industry Watch, provide basic services (restricted access and contemporary security systems, parking and/or garages, children’s playgrounds). About half of the complexes offer extra services

(sports facilities, fitness and spa centres, retail units) and less than one fifth feature exclusive services (property management, medical and educational centres, golf courses and tennis courts).

Closed complexes have proved extremely fashionable ever since Sofia Gardens, the first of its kind, opened its doors in 2005. This triggered an avalanche of similar projects, undertaken primarily by Spanish, Israeli, Russian, German and Bulgarian investors. Currently, most of the developments are either still under construction or at the draft stage. Completion is slated for 2008/2009.

Industry Watch discerns two types of urban houses: in the city centre and on the outskirts. Figures for Sofia show that about 30 per cent of them are in the heart of the city (top centre and Lozenets) and the rest are in Boyana, Dragalevtsi and Simeonovo.

The main benchmark for house prices is whether the edifice has a value in itself or it has the potential to be used as something else, and/or for something else to be developed in its place. Hence prices of urban houses vary substantially. The costs of luxury ➤



Photo courtesy of Sky-Sofia residential complex

► houses could be several times higher than those of “regular” ones. Houses in Sofia’s centre sell at €2000 to €3000 a sq m, in a few cases reaching €6000 a sq m.

Location is a crucial factor for luxury flats. Most of Sofia’s luxury apartments are in gated communities in the city centre and at the foothills of Vitoshka mountain as well as in Iztok, Lozenets, Ivan Vazov and Strelbishte districts. In Varna they are in respectable neighbourhoods like Grutska mahala (Greek neighbourhood), Morska gradina (Sea garden), Chataldja and Cherven ploshtad (Red Square). Significantly, some city apartments do not fulfill the luxury criteria, lacking a garage or parking place, additional services and spacious living area.

Sofia’s centre, as well as the Lozenets and Iztok neighbourhoods, offer apartments at more than €500 000, boasting attractive location, high ceilings and spacious rooms with elegant furniture as well as a garage and picturesque views.

The rise in luxury housing prices has kept pace with the overall residential market trend, gaining 40 to 45 per cent year on year in Sofia. The only exception is



Photo courtesy of Lux.Imoti

Sophisticated customers have sophisticated demands: good location, easy commuting, great service, security, luxury and style.

Ivan Vazov where prices increased by just 30 per cent. The mean price of homes in Sofia’s centre is about €3000 a sq m, according to Industry Watch’s research. Residential prices in upscale suburban neighbourhoods in the capital (Simeonovo, Dragalevtzi and Boyana) hover in the €1200-€1600 a sq m price range. Apartments with areas of over 90 sq m in prime neighbor-

hoods in Varna appreciate by 25 to 45 per cent annually with average prices varying from €1100 to €1500 a sq m.

Upmarket accommodation usually rents for €6 to €9 a sq m per month; only 15 to 20 per cent of them can be let out at more than €10. However small in number, there are units that are let at more than €25 a sq m.

Most luxury house buyers in Bulgaria are foreign. However, the number of Bulgarian clients is growing, according to Nikola Stoyanov. The top end of the market traditionally caters to well-heeled clients in search of a certain lifestyle. Unlike other residential units, upmarket habitations offer added cachet, implying high status and accomplishment. **PW**

Average price for luxury flats in Varna fluctuates around €1400 a sq m.

Source: Industry Watch