

Bulgaria Today

BULGARIA'S PROPERTY HOT SPOTS IN 2007

Why low cost airlines are putting new locations on the real estate map?



To identify the likely property hotspots for 2007 in Bulgaria, attention turns to what has most influenced prices in other countries with growing tourism and recent EU entry.

The recurring trend can be summed up by one word: communication. When resorts, cities and towns receive low cost flights, the trend is for these areas to enjoy steep price increases. The same can be said for new highways. However, it is often the announcement of a new low cost airline or route that has the greatest positive impact on property prices, and that will be the main focus in Bulgaria for 2007.

Low cost airlines now make up one third of airline travel in the EU. This is the result of arguably the most successful EU policy, the deregulation of the airways. Last year over 100 million passengers flew in Europe and there are now more than 40 low cost airline companies operating in the EU. Flying for the masses has arrived.

Why should new routes have such an effect on property prices?

There are two main reasons. First, a cheap flight advertises the destination to a far wider public. The UK and Ireland low cost industry has lead Europe in this respect by introducing a web of new routes to towns and cities in Poland and the Baltic states. These are destinations that many new travellers would be hard pressed to pinpoint on a map with any degree of accuracy. The ease with which these routes have been added has been encouraged by a plentiful and cheap supply of former Communist era military airports.

These new routes encourage tourists and business people to go and take a look. The knock-on effect on property prices usually follows not long after.

The second reason low cost airline routes have such an influence is the effect they have on new migrant workers. The scale of this in the UK and Ireland is enormous and it's all about wage levels. For the price equivalent of little over a days' wages, individuals in new EU member states can afford to take a flight and commute regularly. They can amass savings for the first time and jump on the first rung

of the property ladder back home.

So it's holidaymakers one way and migrant workers the other, and we are sure to see this coming into action in 2007.

What about Bulgaria's prospects, and where will the new low cost airline flights and routes start in 2007? Well, Sofia is sure to start to get more cheap flights and Plovdiv is a fairly sure bet as well. As the capital, Sofia should produce solid growth and could be seen in 2007 from an international perspective as the most convenient property investment destination in Bulgaria. Other large towns and cities that stand to benefit are Ruse with Bucharest airport close by, Veliko Tarnovo in northern central Bulgaria and Stara Zagora in central Bulgaria.

I would advise looking at the spa towns, skiing and golf resorts that will benefit from more low cost flights and road improvements. These include Borovets with cheap flights from Sofia, Pamporovo, Sandanski (easy access from Greece and a great climate), Bankya, Sliven, and Sapareva Banya (one hour from Sofia and skiing nearby at Panichishte). These all offer the prospect of above average growth. Finally, golf tourism generally brings in higher spending tourists and, for Bulgaria, will usefully extend the rental season, so quality development property near a golf course such as Bansko, Balchik or Dolna Banya are places to watch for in 2007.

For active property investors, a personal top tip for 2007 is to keep your eyes peeled for the announcement of new routes that will open up previously more remote parts of the country.

Top Tips

- Look out for announcements of new low cost airline routes
- Look out for new airports opening up or the expansion of existing ones
- Look out for road infrastructure announcements which may open up new areas
- Be sure there is, or will be, a residential or holiday rental market for a property before buying
- Always get independent legal advice

AHMED DOGAN, LORD OF THE CIRCLES

Is the leader of Bulgaria's Turkish party a successful politician or a successful businessman?



When a rumour trickled out two years ago that an attempt had been made on the life of Ahmed Dogan, leader of the Turk-dominated Movement for Rights and Freedoms party (DPS), the media responded calmly. The Novinar daily reported that the incident had been corroborated by MPs from the parliamentary Internal Order and Security Commission. According to the sparse reports at the time, it appears that shortly after New Year's Eve, an unidentified person shot at Dogan's car as he was leaving Sofia's trendy Boyana suburb. He was saved by the quick and expert reaction of his driver (a former employee of the Bulgarian security services), who promptly reversed the car to safety behind the walls of the DPS's Boyana "fortress".

From the outside, the DPS's base does indeed resemble a fortress. A high stone wall hides the buildings from curious passers-by on Belovodski Road. The gate, constructed like a maximum security facility checkpoint, is guarded by thickset young men dressed in black. Initially, Dogan claimed the building belonged neither to the DPS nor to himself, but was the property of an unnamed investment company which had placed it at his disposal to use as the party's training centre. Later, it emerged that it was one of Dogan's private residences. Again, the media displayed an uncharacteristic lack of interest. No scandal ensued, despite the fact that the Bulgarian establishment's income and property is an issue usually relished by the media. As for the attempt on Dogan's life, the DPS officially denied that there had been one. However, the DPS leader was immediately assigned bodyguards and cars from the National Security Service and the incident was quickly "forgotten" by the media.

The media are, in fact, mainly responsible for Ahmed Dogan's almost legendary image, which was systematically and, at times, uncritically established during the transition period in Bulgaria. Neither his past as a former State Security agent, the vague origin of his assets, his shaky attendance record in the Bulgarian parliament (in the 10 years of his three mandates he has reputedly attended no more than 30 sessions), nor the poverty in which many of the DPS's devoted voters live, has been able to taint this image.

Some time ago, The Financial Times dubbed Ahmed Dogan the most successful Muslim politician in Europe. The article revealed a certain innocence in the West about the situation in the post-Communist Balkan countries, and seemed oblivious to Dogan's alleged links to various scandals involving graft. Dogan's critics argue that he played the "ethnic peace" card to effectively build a small empire within Bulgaria, while others drew parallels between the course of his political career and the transition in Bulgaria, characterised by the transformation of the former Communist Party's political power into economic might. It was a transformation in which the borderlines between state and crime became blurred, in which criminals often

became the core of the establishment, and the mutri, sadly visible in Bulgaria, Russia and former Yugoslavia, emerged as perhaps the most obvious symbol.

There are two conflicting versions of the story behind Dogan's political success. One stipulates that he is a self-made politician; a man who, owing to his intellect, character and foresight, has succeeded in remaining in senior politics for 17 years and in creating a rock-solid party, a voting machine guaranteeing him a constant and decisive presence in Bulgarian parliament. One of the leading proponents of this theory is Sokola, "The Falcon", that is, Dogan himself. An excerpt from his official CV states: Ahmed Demir Dogan is a Bulgarian politician, founder of the DPS in 1990 and its chairman up to the present day, the former leader of the clandestine Turkish National Liberation Movement, which carried out organised resistance against the Revival Process, imprisoned at the end of the 1980s for his illegal activities, reprieved after the fall of the Communist regime on 10 November 1989.

However, the "unofficial" version, reads rather differently. In 1997, former Interior Minister Bogomil Bonev promulgated a list of politicians' names who had collaborated with the former State Security. Ahmed Dogan featured on the list under the code name Sava. It emerged that he had collaborated with the feared repressive machine of Communist Bulgaria for over a decade - at exactly the same time when he was theoretically "fighting against" the Revival Process. Osman Oktay, now leader of an opposing ethnic Turkish party, the Movement of the Democratic Wing (DDK), was his closest associate and right-hand man for seven years. He claims that Dogan took part in the drafting of a report in Bulgaria in the early 1980s on the ethnic characteristics of the Turkish population. In 1984, on the basis of this report, the Communist Party and State Security built their strategy for the implementation of the Revival Process, in which Bulgarian Turks were forced, sometimes at gunpoint, to change their names into Slavic ones.

According to Oktay, Dogan infiltrated the Turkish National Liberation Movement in Bulgaria on orders from State Security, where his task was to monitor any possible opposition from within the Turkish minority. To provide him with additional cover, they even put him in prison for his "terrorist activities". Subsequently, he would claim that he had directed the mass protests against the Revival Process from prison. Years later, the Trud daily published his prison mugshot, showing Dogan with a well-trimmed goatee and rather long hair.

The inmate's well-kempt appearance prompted raised eyebrows from those familiar with Bulgarian jails before 1989. Extremely close-cropped hair and clean-shaven faces were compulsory for all prisoners. The claim that The Falcon had directed resistance movements from his prison cell was also met with incredulity - if State Security had planted him there, why would they have allowed him to engage in such activities?

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