



## Investment in agricultural land in Bulgaria



### WHO ARE WE

Eurolink Investment Group specializes in land investment and development. It provides professional consultancy services to institutional and private investors.

Our vision and strong faith in the potential of the Bulgarian market have led to the continuous and successful expansion of the Group. The expertise acquired over the years has facilitated the establishment of Eurolink Investment Group as a leading player in the investment field of Varna and Bulgaria. Its financial performance has been astonishing. Since 2004 the Group's average rate of return on investment has been 68% per annum.

### AGRICULTURAL LAND MARKET IN BULGARIA

Agricultural land is the most recent investment in the ongoing financial crisis in Europe and sells because it is a major asset for the production of food, and it is an asset that can not be reproduced. Even in these times of crisis the market did not feel the variations in prices, experts expect the growth in land prices to maintain in 2012/2013 by at least 10 % annually.

This investment is particularly beneficial for countries that rely mainly on import and are most affected by the galloping rise in food prices. By investing in their own agricultural production they can secure their grain balance at competitive prices, avoiding mediators in deals with food products.

In addition to the purpose of use being export of own production, agricultural land provides a good return in the form of lease to major farmers. Currently rents for agricultural land have increased by 20-23 % annually. This year rents in the country range from BGN 18.00 to BGN 40.00 per decar, excluding the northeast region of the country called Dobrudzha.

**In 2012/2013 agricultural campaign the return on the investment made by purchasing agricultural land only from the increase of rentals and the price of the land is between 6÷12% per year for the different regions of Bulgaria.**

- 110 million decares – the entire land of Bulgaria;
- Around 38 million decares is the arable land of Bulgaria, out of which 8 million decares are not in circulation for one reason or another

- Nearly 2.8 million decares of land is included in the State Land Fund;
- Nearly 10 million registered owners of agricultural land.

The restitution of agricultural land in Bulgaria significantly dispersed the structure of ownership in all regions of the country. Prices of agricultural land vary widely by region, land category and size of plot. In recent years the agricultural land market is characterized by dynamic development and increasing liquidity. Key market players are farmers, but the appearance of investors from other sectors of the economy and individuals is also observed.

The average price of agricultural land in the primary market, once again excluding the Dobrudzha area, is between BGN 450.00 and BGN 800.00 / decare. This part of the country can not be included to the common market because the price of land there is around 2-3 times more expensive than the national average (BGN 850.00 to BGN 1,800.00 / decare), and rents are between BGN 50.00 and BGN 100.00 / decare. Respectively, rents throughout the country are: in the region of Pleven the rent is BGN 35.00-38.00 / decare, in Montana BGN 28.00-35.00 / decare, in Vidin BGN 18.00-22.00 / decare, in Targoviste BGN 18.00-35.00 / decare etc.

However, these prices are valid primarily for small plots of land and as a result of the trend of consolidation of agricultural land, which is currently observed, the prices of big plots over 100 decares vary between BGN 600.00 and BGN 1,200.00 / decare, as yet large plots up to 1,000 – 1,500 decares can be found on the market.

The steady growth of the price of agricultural land will be kept in 2013 as the expectation is to reach 15% especially in the areas of Central and North/West Bulgaria, such as the regions of Pleven, Lovech, Veliko Tarnovo, Targovishte, Vidin, Vratsa, Montana and Lom .

## AVERAGE PRICES OF AGRICULTURAL LAND BY CATEGORIES

### **Second category :**

rent - BGN 40+ BGN/decare

Prices from 1000 to 2500 BGN/decare

Price on the average of - 1513 BGN/decare

### **Third category:**

rent - 40+ BGN/decare

Prices from 550 to 2000 BGN/decare

Price on the average of - 1200 BGN/decare

### **Forth category:**

rent - 40+ BGN/decare

Prices from 550 to 1700 BGN/decare

Price on the average of - 1100 BGN/decare

### **Fifth category:**

rent - 18-35 BGN/decare

Prices from 500 to 1100 BGN/decare

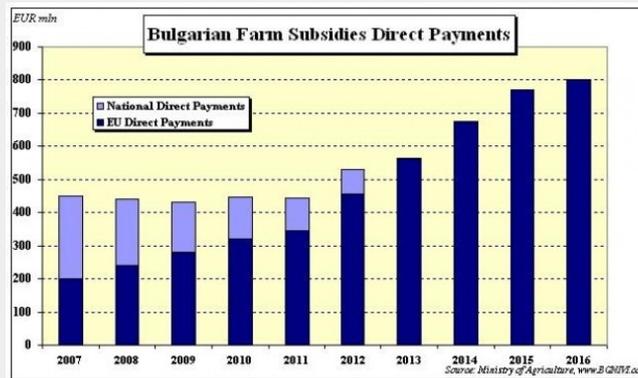
Price on the average of - 800 BGN/decare

## WHY BULGARIA

The price of land in Bulgaria is one of the lowest in Europe and it is tenfold lower than those of the major producers in Europe, such as Germany and France. However, good agricultural land can be rented at lower prices in countries of the former Soviet bloc like Ukraine, Belarus and Kazakhstan; however the land there can not be bought, but only rented. Moreover, in such countries the political situation often changes and long-term investments can not be planned.

Buying land in a country like Bulgaria, which is a member of the EU, has other advantages. Firstly, it provides access to one of the largest markets in the world, and secondly – each registered producer is entitled to a subsidy. In Bulgaria, if the highest limit on direct payments per decare for next year is estimated at BGN

25.70 (EU funds plus state supplements), they can get nearly the amount of the lease. Therefore, Bulgaria is among the locations sighted by investors outside the EU.



## OTHER INVESTORS

Only a month ago Tianjin Farm Cultivation Group Company Bulgaria – a Bulgarian subsidiary of the Chinese company Tianjin State Farms Agribusiness Group Company, invested EUR 10 million and plans to invest another EUR 20 million in one of the poorest Bulgarian regions – Vidin. The company has rented 20 thousand decare of land for growing corn, alfalfa and sunflower. Because of their tremendous population growth and consumer needs giants like China and countries with little useful land, such as Israel and the Arab countries, are constantly seeking for farmland. Apart from the Chinese an investor from Dubai is currently showing interested in renting tens of thousands of decare of land also.

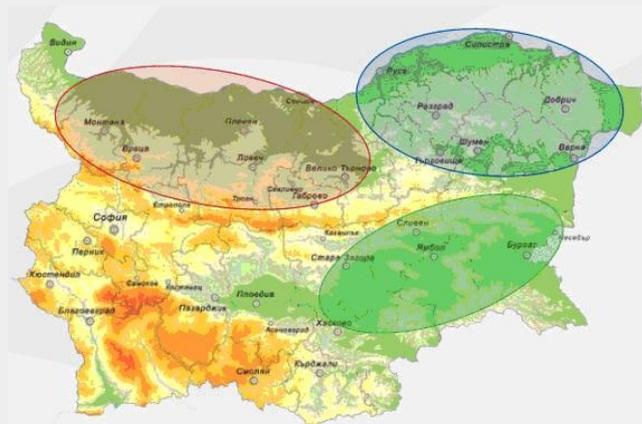
## PRODUCTION

Wheat production in Bulgaria is expected to range between 4.0-4.7 million tons and the production of barley – 716-730 thousand tons. To ensure the grain balance about 2 million tons are necessary, so the rest is mainly for export.

The highest average yield of wheat is traditionally in northern Bulgaria. The highest yields are in the following regions: Silistra – 489 kg / decare, Dobrich – 472 kg / decare, Razgrad – 465 kg / decare, Pleven – 464 kg / decare, Varna – 441 kg / decare, Ruse – 439 kg / decare, Targovishte – 415 kg / decare, Vratsa – 406 kg / decare, Veliko Tarnovo – 404 kg / decare and others.

The main grain producing regions of the country are three:

- Northeast (Dobrudzha) – the smallest in size (28% of the arable land), but with the most well-developed agriculture and the highest production;
- Northern – nearly a third of the arable land and production;
- Southern – with the largest area (38%), with the least developed agriculture, due to the specific climatic and soil characteristics it needs development of irrigation facilities.

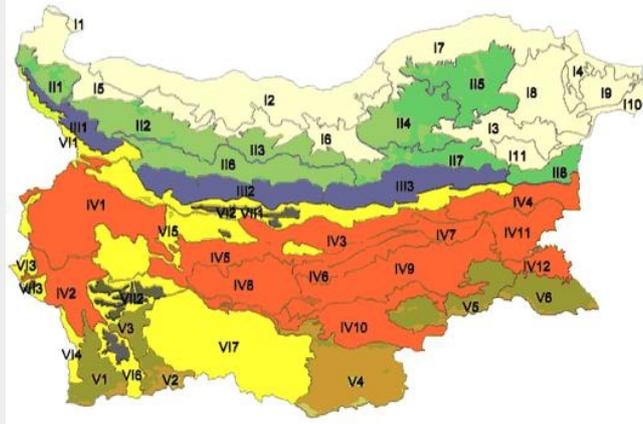


**Four major crops are grown: wheat, maize, barley and sunflower.**

The average yields of the main crops in the country are nearly 30 % lower than in the EU, and the main difficulty for their increase is the fragmented land ownership. With Bulgaria's accession in the EU on Jan 1<sup>st</sup> 2007 and the introduction of the system for direct

payments and agricultural subsidies, an increase of the profitability from agricultural production and enhancement of the process of consolidation of land and farmers can be expected. There is great potential in the development of agriculture in Bulgaria and the production is expected to increase by nearly 40 % over the next 8-10 years. The main factors for this will be the increase of sown areas and yields.

It is recommended to purchase agricultural land with black earth soil type that is best for the cultivation of the above mentioned crops. Areas with such soil are marked by an "I" (white area) on the Soil in Bulgaria map below.



For more information: [www.bulgarian-land-investment.com](http://www.bulgarian-land-investment.com) and [www.realestatesbulgaria.com](http://www.realestatesbulgaria.com)

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## About us

Since 1994 Eurolink Investment Group has developed from a small consulting practice to a leading local specialist in investment and land development. The in-depth knowledge of the market, the business environment, the Bulgarian laws and regulations, the mentality, the culture and the potential of the Bulgarian people, gave us the confidence to establish and successfully develop our business.

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