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Fokus Albanien

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An Outlook on the Albanian Real Estate Market

Emerging Albania seems to be a gateway to the region for investors seeking a pan-Balkans presence as it fulfills a number of key criterias: geographical diversification, good banking services and availability of attractive financing terms. Further reasons include process efficiency, low taxes level and low transaction costs.



Market overview

Albania is doing comparably better than neighbouring countries. However, the process of diminishing transactions hastened since the third quarter of 2008 affecting all real estate sectors. Even if Albania was not involved in dealing with «toxic assets», which were the trigger for the crisis, it is now also affected. That means that many projects, often lofty plans, have been put on ice and will possibly be reconsidered as growth will be clearly back.

The country is still better off than others in the region. Albania is the fastest growing of all the South Eastern Countries and became EU candidate in May 2009. Furthermore this year Albania will have one of the few positive GDPs in Europe!

In Albania's growing economy, real estate has emerged as one of the most appealing investment areas for domestic as well as for foreign investors. A number of factors have contributed to the development of the Albanian real estate market:

Economic growth

In almost every traveller's guide Albania is described as the least developed country in Europe. This may be true but this is only a part of the story. The expansion of GDP was accompanied by a controlled inflation rate. Consumer demand is expected to increase and will result in renewed interest from foreign investors. Low wages are also anticipated and act as an incentive to foreign investors. The improving GDP and low inflation have significantly reduced unemployment in the past years. Albania's gross domestic product (GDP) is constantly passing the 5% mark since many years! These are positive factors for the development of the real estate market.

Changes in the financial environment

Significantly the entry of foreign banking capital and know-how has created a vibrant and competitive retail banking sector. In the last years, large European banks; - Crédit Agricole, Société Générale and Banca San Paolo Intesa - took control of local banking houses.

Where are the investment opportunities?

Albania today can be compared with Croatia 10 years ago. The strong growth in property development and the attractive prices are an incentive for foreign investments. If Albania does follow Croatia's example in terms of a sustained property boom, investors who are currently getting involved in remarkable deals, will be set to make significant returns in the years to come.

Investors are aware of the huge growth in land value in Croatia and Montenegro over the past 2-10 years as this has



