

Real Estate in Greece

Country Profile

Population (mn)	11.1
Capital city	Athens
Currency	Euro (€)

Country Macroeconomic Profile (2016)

GDP	\$ 287 mn
GDP growth	-0.05%
Unemployment rate	23.50%
Inflation	-0.83%

Source: OECD Data

Overview

Major Transactions 2016 - 2017

Period	Property Type	Location	Size (m ²)	Vendor	Buyer	Price (in mn)
Q3 2016	Hypermarket Portfolio	n/a	100,000	Sklavenitis Group	Grivalia Properties REIC	€ 60.0
Q4 2016	5* Hotel	Rhodes	308 rooms	Landa Hotels	London & Regional	€ 30.5
Q4 2016	5* Hotel	Athens	506 rooms	Ionian Hotel Enterprises	TEMES - D-MARINE Investments Holding BV	€ 145.9
Q1 2017	Office Building	Glyfada, Athens	2,719	n/a	International Intercontinental REIC	€ 3.4
Q1 2017	Office Building	Kifissia, Athens	1,302	n/a	Trastor REIC	€ 2.5
Q1 2017	Office Building	Athens	2,574	n/a	International Intercontinental REIC	€ 1.7
Q1 2017	5* Hotel	Rhodes	691 rooms	Eurobank	Private Investor	€ 30.0
Q2 2017	5* Hotel	Athens	314 rooms	Alpha Bank	Hines	€ 33.0
Q3 2017	Retail Building	Thessaloniki	2,322	n/a	Trastor REIC	€ 8.4

Source: NAI Hellas

Opportunities

The eventual stabilisation of the macroeconomic and political environment in Greece is the most important development in 2017 and the most significant coefficient for the recovery and growth of the country's real estate market. Investment interest for the Greek CRE market is strong with the hospitality sector leading the way. The sector's excellent performance is breaking each year's international arrivals record making both city and resort hotels some of the most attractive investment assets. Focus remains sound for asset backed NPLs with the Greek banks holding a portfolio of non-performing loans exceeding €100 bn. New development projects are scarce and concern merely the hospitality sector while for the rest of the CRE market in Greece redevelopment / refurbishment schemes are starting to pick up.

The Greek economy was estimated to have grown by 1.6% last year and is expected to grow by another 2.5% this year, amidst a tourism upsurge. And after seven years of falling house prices, things are turning around.

In Greece's **urban areas**, house prices dropped by just 0.67% during the year to Q3 2017, the lowest annual fall in house prices since Q1 2009, according to the [Bank of Greece](#). When adjusted for inflation, house prices declined by 1.62%. During the latest quarter, house prices in urban areas fell slightly by 0.06% but actually increased 1.18% when adjusted for inflation.

This improvement was also seen in the major cities:

- In **Athens**, the average price of apartments fell slightly by 0.44% (-1.39% in real terms) during the year to Q3 2017, the lowest y-o-y decline since Q2. Quarter-on-quarter, prices increased 0.1% (1.34% in real terms).
- In **Thessaloniki**, the country's second largest city, there was a slight house price drop of 0.7% (-1.7% in real terms) y-o-y in Q3 2017, an improvement from last year's 2.1% annual fall and the lowest decline since Q1 2009. Quarter-on-quarter, prices fell by 0.2% (increased 1% in real terms) in Q3 2017.
- In **other cities (excluding Athens and Thessaloniki)**, house prices fell by 1% (-2% in real terms) during the year to Q3 2017, an improvement from y-o-y declines of 2% in the previous quarter and 1.8% a year earlier. In a quarterly basis, prices increased 0.1% (1.3% in real terms) in Q3 2017.

Greek residential property prices have fallen by 42.8% (-45.9% in real terms) from the peak year of 2008.

Property transactions and construction activity are both rising again, but are still far below their peak levels. During the first three quarters of 2017, the number of residential property transfers recorded at the Athens land registry rose by 16.2% from a year earlier.

During the first ten months of 2017, the total number of permits rose by 10% to 11,205 units from the same period last year, according to [Hellenic Statistical Authority](#). But it remains far below the 70,000 to 80,000 permits issued annually from in 2004 to 2007. To revive the housing market, the Greek government recently offered residence to non-EU investors purchasing or renting property worth over €250,000. The residence plan is similar to measures adopted by Hungary, Spain and Portugal. The plan is valid for five years and is open to renewal.

The Greek economy grew by around 1.6% in 2017, according to the [European Commission](#) – in contrast with last year's 0.2% contraction. After a short-lived recovery in 2014, Greece's economy returned to recession in 2015, with GDP contracting by 0.2%, amidst the imposition of capital controls and the shutting down of most of its banks. Before this, the country's real GDP had contracted by 3.2% in 2013, 7.3% in 2012, 9.1% in 2011, 5.5% in 2010, 4.3% in 2009 and 0.3% in 2008, according to the [International Monetary Fund](#) (IMF). The recovery is expected to continue this year with a projected real GDP growth rate of 2.5%.



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