



JANUARY 2011

**A. GREEK MARKET REPORT:**

In 2011, the Greek property market seems to be in a transitional period, being in the most difficult period since 1950.

The main characteristics will be the decline in prices, the decrease of residential investments and the reduction of business activity in the sector. It remains to be seen what will be the market conditions after the crisis and if there will be even a slight improvement of investment climate.

According to statistics from real estate agents, there is a rapid decline that unofficially reaches 50%. Even in locations with better dynamics, phenomena of immobility, decline and availability of many real estate properties is observed.

According to the research of PROPERTY LTD we expect:

- Increase of unemployment
- Further shrinkage of disposable income
- Reduction of credit liquidity, since banks do not seem willing to change policy

All the above will lead to greater reduction of demand, resulting in:

- Decline of price levels, with provision for about 10%, adding up to 20% since the start of the crisis.
- Turn of demand in smaller residences.

**Residences:** The reduction of the residential demand over the last 2 years is accompanied by a supply reduction, thus slowing down the decline of prices.

Greeks are unable to buy at the usual price levels, the banks give less loans and smaller percentage of total property value.

Many professionals, real estate agents and constructors are struggling to survive. About 1,000 companies have ceased all activity during 2010. Promotion and investment expenses have reduced to the minimum.

In parallel, the number of new residences that will be completed this year, the economic difficulties of many owners, the excessive tax burden and the difficulty to pay many housing loans, would result in the placement of approximately 50,000 new residences in the market. The total number of unsold residences is estimated at 150,000.

Fortunately, during the last period, larger offers by constructors appear, so as to allocate part of the last 3 years stock.

Rural residences have been one of the first victims of the general crisis, because under such conditions are easily classified under the categories that may be delayed or canceled.

This is moderated by the strong desire that Greeks have for rural residences, with 17% rate in the country. In a total of 5.5 million residences, 922,000 are rural.

**Stores:** In business properties we observe a large decline in neighborhood markets and undoubted dominance of powerful big players in the trade.

Available rental spaces have significantly increased, even in highly commercial streets. The reduction of rents and property prices in this category is a one way situation.

**Offices:** There is a relative situation in the offices' market with the restructuring of commercial areas. In Athens, the rental prices have fallen from 18% up to 30% during the last 18 months.

The pressure on the office market starts from the companies' efforts to reduce their operating costs. So they look for smaller offices in more economic areas, renegotiate and reduce prices.

**Logistics:** The quality logistics spaces are concentrated in the region of Athens and Thessaloniki. Any plans to create new spaces have been postponed until the first signs of recovery.

Generally the volume of new building permits fell by -21% on a yearly basis, whereas by -26.6 in 2009. Especially, residences decreased by -14%.

An important part of the responsibility for the market immobility lies on the banks, which still do not provide the necessary liquidity. Also, the policy of international and domestic media, with the insuppressible nihilism acidifies the climate, serving various purposes.

Recognizing the larger part of the responsibility allocated to us, we undergo very harsh austerity measures. We have set ourselves at the mercy of the markets and allegedly speculators friends. The sacrifices are large, and most suffer. But important steps are made, possibly with a delay of 30 years .If these steadily continue and reduce market distortions, this would bring us quickly to growth. And it will demonstrate the dynamism of our economy.

Certainly, the suitable pieces of land for development remain a constant value and are the one resisting any corrections. Moreover, there is an accumulated buying desire waiting for the first positive signs.

Undoubtedly, in Greece, the period is provided for investment and the climate is ideal for both Greek and foreign buyers. In addition, with the look to the future, buying a property in this economic climate is a very good defensive investment.

## **B. HAR:**

From the beginning of the year, the implementation of the energy certification has started. It is applied to residences upper than 50 square meters for sale, with a minimum cost of 200 Euros and by July 2011 will be expanded to rentals. It will be valid for 10 years and granted only to civil engineers, certified as energy inspectors.

### **Finally, an important activity developed by HAR in the last quarter, regarding the European Real Estate Standard.**

Immediately after the meeting in Bulgaria, we started an intensive cooperation with the Hellenic Organization for Standardization (**ELOT**).

The uncomplimentary -although true- reference to the conference in Sofia that Greece is the last, not yet accepted the standard, increased with my initiative the pressure to the Hellenic Organization for Standardization.

It was proved that the acceptance was completed since summer, but the process stopped there. Recognizing the delay, they were immediately activated and proceed with the translation. Then, we set up

a common committee HAR-ELOT and helped in completing the project, with long contacts.

We presented the Standard with a common press release and proceed to:

- Sing of memorandum for wider cooperation,
- Participation in the conference presentation of the Standard in Athens on the 19th of March 2011,
- Agreement for future cooperation in education and certification of real estate agents, based on the Standard.

Furthermore, a meeting of the joint committee with the responsible for the subject, Deputy Minister of Development was scheduled. The meeting will be held during the next days, concerning the presentation of the European real estate Standard preparative to the Law on the real estate profession.

We tried hard to win the lost time, having also to face obstacles by the other association, even if the purpose of the project is beneficial for everybody.

After what was said in Sofia, I proposed and it will come true soon a meeting of the chairmanship with the corresponding of the other Greek association. My idea is to explore the possibility of cooperation and if there is a desire to participate in CEI.

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**Sources:** HAR, Realestatenews.gr - PROPERTY LTD, National Statistical Service, Bank of Greece, Foundation for Economical & Industrial Research

**Newspapers:** Kathimerini, Eleftherotipia, Ta Nea Ethnos, Isotimia, Naftemporiki, Real estate & development