

## REAL ESTATE

## Greek properties attract many foreigners

High-end resorts and villas catering to needs of high-net-worth individuals put market on new footing

By ILIAS BELLOS

After a deep correction in the first half of the decade, the Greek real estate market has returned to stability, and tourism sector properties and office spaces are even seeing an appreciation. At the same time, investor interest is proliferating and sentiment is improving. Nevertheless the prospect of a further recovery of the real estate market hinges, inter alia, on the strengthening of the Greek economy's outlook, improved business and household confidence, an easing of bank financing conditions, a reduction of red tape, the completion of the national cadaster and the consolidation of a stable tax framework, according to the Bank of Greece.

The decline of the Greek real estate market began in 2009, mainly driven by the contraction in GDP per capita, the drop in mortgage loans and the rise in taxation, dragging investments and residential property prices lower. Pricewa-

*The special residence program for foreign investors has taken off, reflecting increasingly bright growth prospects as the country emerges from economic crisis, while it remains an important gateway to the European Union*

terhouseCoopers calculates. A loss of approximately 18 billion euros (8.2 percent of GDP) in construction investments was observed within 2008-15, resulting in a further slowdown in economic activity. "For the rapid recovery of the real estate market, a new regulatory framework, along with measures to facilitate transactions (creation of a land bank) and reduce oversupply (massive redevelopment) are needed," a relevant PWC paper stresses.

However, prime properties in each sector are already staging a strong comeback, with five-star hospitality assets at the forefront.

In a clear sign of the improvement in investors' perception of Greece, the number of investors willing to consider investing in real estate in Greece in 2017



Greece's Golden Visa program grants a permanent residence permit - and access to 26 Schengen-area countries - to individuals and their families who invest a minimum of 250,000 euros in Greece, for example in real estate or other productive investment

was twice that recorded in 2016, according to a study by NAI Hellas, a leading firm of commercial property consultants, valuers and managers based in Athens, which provides a wide range of real estate consultancy services.

Investors' prospects for Greece in the next five years are significantly higher now compared to 2016, with 48 percent of respondents in the NAI Hellas poll stating that the potential of the country's RE market was good or very good. "The turning point of the Greek economy is the main driver for investors that is expected to consequently lead to capital appreciations. The high number of distressed properties remains one of the most important drivers although it still ranks lower than in 2016. The continuing growth of Greek tourism is again a main

driver for participants, while, for the first time, the completion of the second review of the country's program with the institutions [European Central Bank, European Stability Mechanism, International Monetary Fund, European Commission] appears to have impacted investors' intentions. On the other hand, the country's taxation on real estate remains the biggest barrier for the majority of respondents, followed by the lack of quality investment product. While the political risk factor has decreased since 2016, public sector intervention in the completion of transactions is a major concern from investors' point of view."

In the meantime Greece's special residence program for foreign investors has taken off, reflecting increasingly bright growth prospects as the country

emerges from economic crisis and its growing importance as a gateway to the European Union, according to Enterprise Greece. In the last year, the number of foreigners awarded a Greek Golden Visa has soared, rising by more than 40 percent from a year earlier.

Launched five years ago, at the height of the country's economic crisis, the Golden Visa program is now coming of age amid a new wave of investor interest, particularly from countries such as China, Russia and Turkey. There are several reasons for this, from Greece's sunny Mediterranean climate and high quality of life, to its low property prices. A budding economic recovery plays a role for some investors, while for others it's political uncertainty abroad. And since the law was revised in 2015, Greece's

Golden Visa has become still more attractive to foreign investors, comparing favorably with similar programs in countries including Cyprus and Portugal. A stepped-up promotion program has also helped.

Greece's Golden Visa program grants a permanent residence permit - and access to 26 Schengen-area countries - to individuals and their families who invest a minimum of 250,000 euros in Greece, for example in real estate or other productive investment. According to the latest data from end-November, a total of 2,170 Golden Visas have been issued directly to foreign investors - and more than 5,000 when family members are included - up from 1,522 at the end of 2016.

After falling by as much as 50 percent

from their pre-crisis peak, and with booming summer tourism buoying short-term rentals, Greek property prices now offer a highly attractive yield on investment, industry experts say. That has drawn investors from China, who now account for almost half of all Golden Visa holders. But another reason is Greece's EU membership. In the past year, nationals from several neighboring Mediterranean countries - most notably Turkey - have also been buying up Greek real estate, lured both by the access to the EU that a Golden Visa offers, as well as to diversify their holdings away from an uncertain climate in their home country.

In the meantime, the rapid growth of short-term rental websites such as Airbnb, Homeaway, Booking and others in Greece since 2010 has created a new player in the hospitality market. The rise in the number of world travelers in combination with high hotel rates and demand for low-cost travel has made these online platforms very popular and boosted apartment prices in prime locations and most certainly villas on Greece's Aegean and Ionian islands and coasts.

Furthermore a new real estate market segment is emerging in Greece, targeting high-net-worth individuals. The leader in this field is TEMES, a premier developer of luxury mixed-use resorts. Its Navarino Residences at Costa Navarino in Messenia in the Peloponnese was awarded as the "Best International Residential Development" and "Best European Residential Development" for 2017-18. Such developments present a unique opportunity to acquire luxury freehold real estate in Greece in privileged Mediterranean beachfront locations.

More are following suit. Amanzoe and One & Only are creating luxury villas in Argolida and Kea respectively, while on the so-called Athens Riviera more high-end properties are being built by Astir Pallas at Vouliagmeni and Grivalia at Glyfada.

The wider market for Greek villas is concentrated in some of the most popular Greek tourist destinations, such as Myconos, Santorini, Rhodes, Corfu, Paros, Crete and the islands of the Saronic Gulf.

The villa rental market in Greece, which appeals to the buy-to-rent investors, is relatively new and still quite immature, but this also provides opportunities for the smart investor

## Sun, sea and residence permit luring investors to snap up Greek properties

By LINA GIANNAROU

The phrase "hen fangbian," which means "very convenient," is one of the most common in China. It is used daily, as convenience has become the number one virtue of everyday life. All transactions in the country are now made by mobile phone, using the WeChat and Alipay applications, something that is "very convenient." So, what is it that makes someone from the other side of the world decide to up and move to this little corner of the map, where, among other things, nothing is easy or simple, but instead hassle is part of everyday life - the opposite of the Chinese saying? Perhaps we should ask ourselves this question, as the Chinese, Russians, Americans, Turks and others who decide to buy a home and settle here, seem to see something in our country that we have become so accustomed to we don't

*"The Chinese love Greece. For some it is a real life dream to travel to Santorini and see the 'sea of love,' as they call the Aegean."*

even notice it. Daphne Korombeli is a lawyer who lives between Hong Kong, Shanghai and Athens, represents Chinese firms and offers services to Chinese investors who want to acquire a Greek residence permit by buying property.

"The Chinese love Greece," she tells Kathimerini. "For some it is a real life dream to travel to Santorini and see the 'sea of love,' as they call the Aegean."

The investment opportunities in our country have brought this dream closer, and quite a few of them have decided to move here permanently after buying their property. "They like the weather, the clean air, the blue sky, the fruit and vegetables bursting with flavor. Imagine



Many potential buyers feel a certain familiarity because of our food but also because they had grandparents who lived here, the Russians love the country because of the weather, the Chinese admire it for its history. Nobody sees it merely as an investment - for everyone it is something more.

that when you wake up in Beijing, Shanghai, Guangzhou or Chengdu, the first thing you do is open the application that reveals the daily pollution index and whether you should or should not leave the house, if you should or shouldn't open the windows, if it's a particularly dangerous day for vulnerable groups to be outside," she explains.

According to Korombeli, the prices in Greece are a world away from those in China. A 100-square meter apartment in a compound in Shanghai's Jing'an District or a refurbished lane house apartment in the traditional Former French Concession can cost close to a million euros. The Golden Visa program has gradually attracted

huge interest. "In 2013, when the law was introduced, the real buyers were few and far between.

Remember when my first Chinese customer came with me to Athens to sign a power of attorney in September and, when her property was bought, I went to the relevant state service to submit her application for a residence permit, the employee didn't know what I was talking about. The manager then told me that this was the first residence permit that had been issued under this law. Today things have completely changed. The increase in interest is gradual and apparent every year," she says.

Those who express interest are mainly

businesspeople who have the money to invest and already have companies outside of China. The Golden Visa is the number one reason for their investment as Greece's residence program is the cheapest in Europe - and gradually also becoming the most popular.

Investors are buying property mainly near the sea, "even though they do not like swimming or sitting under the sun," Korombeli says.

Alexandros Varnavas is also a lawyer specializing in property investments by foreign nationals. According to him, the Golden Visa program is only one reason pick Greece.

"People of all nationalities who ex-

press an interest have, one way or another, an emotional connection with our country. Turks feel a certain familiarity because of our food but also because they had grandparents who lived here, the Russians love the country because of the weather, the Chinese admire it for its history. Nobody sees it merely as an investment - for everyone it is something more," he says.

The political instability of previous years had dented interest, but now most people believe the danger of Grexit has passed, the economy has stabilized and the property market in central Athens is starting to recover. "It's not just third-country nationals who want to invest, but

also Swiss and Israelis. In Israel for example, it is rumored that wealth will be heavily taxed so many people are deciding to diversify their risk. Besides, everyone expects prices in Greece to rise sharply, that soon one euro will cost two. At the same time, it is the best and cheapest program in Europe that allows many people to combine business with pleasure," he adds. In addition to that, a large section of buyers don't just want to have a summer house or to rent the property for extra income, but wish to relocate permanently to Greece. "They want to be fully integrated into Greek society, they search for schools, universities. These are mostly wealthy people who want to change their lives," Varnavas says. Anna Haughton, an American with Greek roots, lives and works in Athens as an investment adviser. In the past few years, she has handled dozens of cases of Americans who want to acquire property in Greece.

"Greece sells itself. Athens is a lively city with an amazing expat community, a museum in every corner and great for walking," she said, adding that she walked to our meeting in central Syntagma Square from Kypseli, a good half-hour north.

"There are many Americans who would like to buy a house here, others because they claim ancestry in the country, others because they love Greece and always wanted to have property here. Some of our customers are thinking about retirement, others want to rent the property through Airbnb for a while to cover expenses and others for a combination of those reasons," she adds. There are also plenty of Americans who were already living in Greece and decided to buy a house because the one they were living in was rented out to Airbnb. The most popular districts are those which have retained their value, such as Thiseio, Plaka, Monastiraki, but also Pangrati, Kolonaki, Ilissia and Petralona. As of late, interest has also been expressed in neighborhoods such as Kypseli.

"I love Athens," says Haughton. "If they also cleaned it up a bit, it would be great."

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## REAL ESTATE

## Opportunities in central Athens and other locations

In addition to the interest of many to reside in Greece, a multitude of investors is wooed by the growth of the short-term rental market

By NIKOS ROUSSANOGLOU

The rapid rise of the short-term rental phenomenon, whereby furnished rooms, houses and apartments are advertised online on platforms such as Airbnb and HomeAway, as well as Booking and Trivago, is evolving into a factor that is reshaping not only the housing market but also real estate entrepreneurship in Greece.

In 2016 and 2017 such rentals to foreign visitors started to soar, to the extent that the annual turnover of the home-sharing sector in Greece is now estimated at 860 million euros based on guests' accommodation expenditure, and at 1.7 billion euros if one adds the other expenses those visitors make in the country.

A recent study by Grant Thornton for the Hellenic Chamber of Hotels showed that the total number of properties registered for letting on online platforms amounts to 42,155 across Greece. Another 21,716 properties are rented as tourism accommodation (bearing the badge of the

The country's residence-for-investment scheme is described as the best in Europe

Greek National Tourism Organization), raising the total number of houses and apartments leased out to 63,871.

These figures are constantly growing, at least as far as Athens is concerned. In the city center it is now estimated that there are some 6,500 houses and apartments being rented out for short stays, which constitutes a 27 percent increase



The notion that prices have completed their downward cycle has prompted more acquisitions.

from just six months ago, when an estimated 5,130 properties were being advertised on such platforms. This growth is leading to the emergence of new needs on the part of owners as well as investors who are interested in positioning themselves in this new market with major growth prospects, given the soaring tourism arrivals in Greece in the last few years. In this context

there is demand for more professional property management services, as competition among property owners also keeps growing.

Today property management is offered for this particular category of assets by existing companies in the property sector that predate the rise of Airbnb etc, as well as estate agencies and even construction businesses that have turned to

home-sharing due to the lack of demand in the Greek market. There are also companies such as Eazybnb, which have been created exclusively due to the growth in short-term rentals. Eazybnb offers the full range of property management services to owners, from promotion to bookings and cleaning. It is ideal for owners who are either unable or not interested in taking

care of these things by themselves. The company collects a commission ranging from 15 to 20 percent from the owners' revenues.

Currently Eazybnb manages 230 properties across the country, 140 of which are in Athens, while by mid-2019 it estimates the total figure will have risen to 500. According to the company's co-founder and project manager Nasos Gavalas, the aim for this year is the addition of properties in more destinations and popular tourism resorts, such as Crete (Hania and Iraklio), Mykonos, Zakynthos, Porto Heli, Spetses and Epidavros, as well as expanding abroad, beginning with Cyprus. Plans also include an increase in the company's presence in areas such as Thessaloniki, Halkidiki, Paros, Galaxidi and Arachova.

The growth of the short-term rental market has attracted a multitude of investors too. Gradually the entire ecosystem of people involved in this domain will shift to a more professional basis, as is already happening. Data show that over 50 percent of the properties for lease through the Airbnb platform in the center of Athens are owned by professionals or investors who rent out more than one unit. A significant share of them are foreigners who are looking forward to future capital gains when they sell the properties they have acquired. There is considerable demand, which in turn creates more opportunities in the market. Homm is one company that has capitalized on this demand, as a property investment and construction firm founded in 2000 has since 2004 developed a presence in the sector of tourism and accommodation. Homm director Dimitris Rizos explains that "with the increase of short-term leasing and the Golden

Visa program that grants residence permits to non-European Union citizens who spend more than 250,000 euros on property in Greece, we have seen significant opportunities created for investment."

Homm recently acquired and is leasing out an entire apartment block in the capital's Attikis Square, near the metro station, and has two more buildings for utilization: one on Mitropoleos Street in the city center with five apartments of 100 square meters each, and another it has prepared in nearby Plaka. The investments in these projects add up to 1.5 million euros.

In total the company manages 43 properties it owns, and manages another 100 or more properties belonging to third parties (shipowners, entrepreneurs etc), in Athens, on Mykonos and in other areas of high tourism interest.

Depending on demand, each of the properties that Homm manages – both its own and those belonging to others – can also be sold, as the aim is for every property to turn into an investment product that can fetch revenues for its owners through utilization or be sold on for capital gains. Homm's main target is foreign investors who wish to obtain a residence permit, while the company continues to manage those properties even after their sale. There is also demand for other services, which are constantly expanding: A case in point is the Syncbnb startup, set up a few months ago by Alexandros Karavitis and Petros Ziogas, which helps short-term property owners list their properties on multiple platforms in order to increase their bookings, and synchronizes them to avoid the problem of double booking.

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**Greek Real Estate: Back on Investors' Radar**

A desolate destination for investors for years Greece is now experiencing a revival in investor interest. Both international and domestic investors are increasingly pursuing investment ventures in the country. True, the current macroeconomic environment and near outlook do not point to a strong rebound in the economy that will boost asset markets including real estate. Still though attractive investments are steadily emerging. The opportunities are diverse.

One category comprises direct and indirect knock on effects on the real estate market from large infrastructure projects and privatisations – freight ports, national rail, regional airports, resorts, marinas and several more – and major redevelopments including Hellenikon and Olympics sites. Common practices elsewhere but not in Greece, such as sale and leaseback, are now adopted adding liquidity. REITs proceeded in several strategic moves in the past twelve months growing their portfolios with good quality properties and tenants, a vote of confidence. Small declines in yields are evident with yields now standing at 8% for prime offices and 7% for prime retail space in Athens with further declines expected. At the same time smaller scale projects primarily relating to tourism – such as boutique hotels – and residential, can be secured at attractive prices offering great value add opportunity. More investable stock is put on the market from banks dealing with non-performing loans and offloading assets of all types – hotels, residential, commercial, land. Investor interest in auctioned assets is evident. Auctions through electronic platforms, to overcome opposition from some political groups, will enhance activity in this market.

How about risks? In Kappasigma we view economic risks less of an issue. Throughout the crisis the highest risk to Greece has been Eurozone membership that reached culmination in July 2015. This risk is now vanished, despite opposite views a few international economic research houses still voice – as they have done for years – which we do not share. The risk of a collapsing economy is also low. The country has lost over 25% of its GDP since the crisis began. After a blip in 2015-2016 the economy is picking up pace. Pharmaceuticals, IT, logistics are among industries which implement investment plans and form strategic alliances to expand. This trend demonstrates confidence further epitomized by decisions such as Tesla's – to set up research operations in the country. This is all consistent with an improved economic sentiment after a sharp dip in 2015. Conditions for a big bang – what we would characterise GDP growth of around 4% – are not present yet. The economy is moving slowly, but steadily presenting investment opportunities.

Real estate specific risks are low too. Pricing is getting tighter in some market segments but systematic risks, e.g. a general market correction, are practically absent. Risks are highly idiosyncratic confined to the specific project or asset. In our view, a political risk is worth monitoring though as it can derail the recovery of the economy. After the next elections the country could move into a proportional representation voting system. That can throw the country into chaos with the elected government being unable to implement plans if they lack majority. We believe though that the next administration will defuse this risk for the economy and asset markets. Nevertheless, going forward, we believe that on balance, opportunity outweighs risk in Greek real estate and alphas can receive a handsome boost.



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# REAL ESTATE

## Are you licensed to import goods into Greece without paying VAT?

Benefits can lead to more competitive pricing schemes and increase of market share

By **NICK KALOFONOS**,  
SENIOR MANAGER, TAX, KPMG



Greek value-added tax legislation provides for a number of ways to import goods into Greece without handing VAT over to the customs authorities.

One option is to temporarily place goods arriving from non-European Union jurisdictions in a free zone (or similar setup), effectively suspending the payment of customs duties and VAT until they are sold locally (if sold abroad, any such payment obligations apply in the respective country of destination). Another option is for Greek businesses to apply for a special VAT exemption certificate, on the basis of which goods imported into Greece can clear customs with the company paying only customs duties, as long as they then sell such goods abroad.

In addition to the above, the most favorable alternative allows large foreign businesses (or groups of foreign businesses) importing high volumes into the EU to apply for a license, whereby they can import goods into Greece and customs clear them by paying only the applicable customs duties. Required conditions include that the goods' value exceeds 250 million euros per annum (100 million euros for the first five years) and that at least 90% of such goods are sold abroad.

Although the above conditions may seem heavy, they can be met more easily when foreign businesses apply to jointly come under one li-



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license. Besides, although the benefits of the license may appear somewhat similar to those of the special VAT exemption certificate, the license leads to a significant threefold advantage. First, holders incur reduced

costs of financing, since they do not pay import VAT when goods enter the EU. Second, permitted domestic sales (i.e. less than 90% of the imported goods' value) do not include Greek VAT; rather, Greek corporate

clients apply the so-called "reverse-charge mechanism," based on which they do not encounter any cash outflow from a Greek VAT perspective.

Third, there is a decreased administrative burden in terms of EU customs formalities, since these are taken care of at one single point of entry into the EU, with goods being subsequently forwarded to EU jurisdictions without passing through customs. The above benefits can lead to more competitive pricing schemes, with license holders eventually increasing their market share. For this reason, the recent trend is for businesses trading internationally to consider altering their logistics flows, rendering Greece a hub where non-EU goods are customs cleared without VAT and then forwarded to destinations in or outside of the EU. At KPMG we have long experience in assisting businesses using the VAT exemption/suspension regimes best suited to their particular needs. We can help your business monitor physical flows of goods imported into the EU and assess your eligibility, for example, to obtain the above license. Where eligible, we can further assist in the compilation of the required documentation and submission to the Greek authorities, ensuring its smooth audit until the license is duly issued.

The real question is whether you can afford to allow competitors gain a comparative advantage, or whether you want to thrive and become a market leader instead.

For more information: [kpmg.com/gr](http://kpmg.com/gr)

## Opportunities in Greece wooing many Chinese

By **ANESTIS DOKAS**,  
**IOANNA FOTIADI**

The government is targeting the expansion of Chinese placements in Greece beyond property investments and is considering granting Golden Visas to non-European Union citizens who invest significant sums in local securities, with the country looking attractive to Chinese investors for a number of good reasons. Besides the provision of a five-year residence permit to those who invest at least 250,000 euros in the Greek real estate market, Athens is examining extending the same incentive to non-EU citizens who spend 300,000 to 500,000 euros on investment products, who place 1 million euros in Greek state repos or invest capital in domestic real estate investment companies.

The first moves to woo mainly Chinese investors – who account for 50-55 percent of the international funds placed in investments – were made last August when officials of the Capital Markets Commission and the Athens Stock Exchange approached the two main Chinese stock markets (Shanghai Stock Exchange and Shenzhen Stock Exchange) and signed memorandums of understanding with them.

Among the objectives of the MoUs is the effort to introduce exchange-traded funds (ETFs) in both countries, and mainly the introduction of a Greek ETF in China and to a lesser extent that of a Chinese ETF in Greece.

Hundreds of Chinese have already obtained Golden Visas via property purchases, and also constitute the best hope owners of local luxury properties have for the concession of their assets. From June 2014, when the Golden Visa program started, until November 2017 Greece issued 945 Golden Visas to Chinese investors,

which accounts for 43.5 percent of all such residence permits issued in that period, according to figures from Enterprise Greece.

Demand from China for Greek properties has more than tripled within a year.

The increased Chinese interest in acquiring a holiday home in Greece raises optimism not only among luxury property owners in this country, but also a series of related professions, such as estate agents, notaries and translators as well as those in the building trade.

"The Chinese harbor great affection for modern Greece and admiration for the ancient Greek civilization," one estate agent commented. "Furthermore the Greek program is the most beneficial in financial terms throughout the EU," he added.

The reasons behind the increased Chinese interest in Greece are more than meets the eye: "Many of them want to secure a better level of education for their children," the same source said. "They include their residence permit in Greece in their applications to leading US universities, as well as when seeking a place at one of the private international schools that are considered the best in China."

A high number of Chinese people apply for a Golden Visa to obtain a home outside China, "just in case." Others are also worried about the financial situation: "There is concern about a bubble related to the bank loans that until recently were very easy to obtain," Alfieri added, further pointing to political concerns that have increased the desire of some Chinese to leave their country. Therefore in the next couple of months a number of property transactions are expected to be completed in Greece involving Chinese people who are not necessarily wealthy.

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# REAL ESTATE

## Acquisition and ownership of Real estate in Greece

*Basic legal framework, property rights, procedural issues of acquisition, and restrictions*

By **MARCEL CREMER**



### 1. Introduction

Greece has become a favourable investment destination in the last few years, mainly because of its natural beauty, mild climate and geographical position, but also because of a significant drop in prices following the financial crisis that emerged after 2010.

Investors from all over the world are now looking at Greece as the new 'hot' investment destination and rush to benefit from the abundance of quality real estate available at affordable pricing. Many buy as end users and others for buy-to-let.

Greece is a European Union Member State abiding by the rule of law. It is also a member of the European Monetary Union enjoying all the benefits that derive from the Euro as a common currency without risks of devaluation or inflation volatility.

The laws pertaining the acquisition and ownership of real property are provided by the Hellenic Constitution and the Civil Code. Most properties in Greece are freehold.

### 2. Legal framework

#### B. Rights in real estate

**Real estate owners in Greece may have different rights.**

- Full ownership (absolute or joint)
- Bare ownership (absolute or joint)
- Usufruct (absolute or joint)

It is essential that the buyer establishes which (among the aforementioned) is the right of the vendor to be transferred in every transaction, in order to ensure that the value



**Development** of real estate that is situated close to the coast may be prohibited or allowed under very specific terms set by the State.

of the real estate is reflected in the rights that come along with the sale.

#### B. Acquisition of real estate in Greece

There are various ways of acquisition of real estate in Greece. The ones that mainly concern investors are the two following:

Acquisition by contract, the buyer and seller appear before a notary public and sign a deed which is subsequently registered. At the local cadastre or land registry.

Acquisition of property through public auction. As of 2017 the Greek State has implemented electronic auctions. Greeks and foreigners (whether natural persons or legal entities) can subscribe online. The procedure is open to the public and the properties offered are easily accessible via a weekly journal.

#### 3. The process of acquiring real estate in Greece:

- After selection of the property, the buyer appoints a lawyer in order to perform all the necessary legal search-

es. The title search takes place at the Land Registry and ensures that the asset in request indeed belongs to the vendor and that it is clear of any encumbrances (such as mortgages, liens, foreclosures etc). The lawyer also checks the suitability of the asset and if this is situated in areas where prohibitions or restrictions apply.

- Issuance of a tax number. It is a requirement of the Greek State that every transacting party (natural person or legal entity) has its unique tax number before acquiring real estate.

- Technical survey of the property. This is not a compulsory stage, but it is highly recommended as planning and/or structural issues may occur that could render the sale invalid or the investment poor.

- Payment of stamp duty (transfer tax). Currently at 3% of the value of the transaction.

- Completion of the acquisition contract before a notary public. The buyer gets a title deed which is the first step to ownership of the real estate.

- The registration of the title deed takes place at the local Land Registry and is the absolute proof of ownership.
- Registration of the property online with the tax authorities.

#### 4. Taxation

Ownership of real estate in Greece is subject to annual tax (ENFIA) which is calculated based on the value of each property and in conjunction with the total value of the assets one may have in their portfolio. Currently the annual tax is payable in 5 instalments and it is applicable in all types of real estate assets – including cases of rights on properties (as mentioned in 1. above). This kind of tax applies to both natural persons and legal entities regardless if they are resident and/or have their registered seat in Greece or not.

Property based income (short or long term rentals, Airbnb, long term leases etc) are subject to taxation. Natural persons who benefit from rental income are taxed at various rates (thresholds are in place depending on the amount of revenue produced). Legal entities owning real estate assets are taxed differently as the rental income is regarded as revenue and is subject to 29% corporate tax.

#### 5. Important parameters for consideration prior to the acquisition

As with every other country, cer-

tain restrictions apply investors decide to buy real estate in Greece:

Acquisition in forest areas. Subject to the Hellenic Constitution, land uses in areas regarded as forest cannot be changed.

Acquisition of real estate in regions close to the border. There are specific prerequisites for acquisitions in areas close to the borders. In these areas, foreign investors can acquire real estate following special permission by joint ministerial approval. A specific list that is publicly available names which are such areas. Strict restrictions apply and investors should examine thoroughly such plots prior to a purchase.

Acquisitions outside urban zoning. Special attention must be paid to plots which happen to be outside city or major housing estates as they often have limitations with regards to the development capacity they offer and in most cases plots cannot be divided in smaller segments.

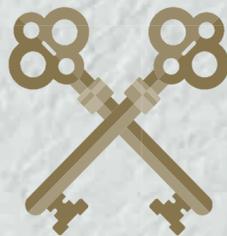
Acquisitions on the coastline. Development of real estate that is situated close to the beach or generally the shore may be prohibited or allowed under very specific terms set by the State.

Acquisitions in areas where antiquities are found. Development may be prohibited or allowed under very specific terms in areas where historic monuments may be located. In most cases, a special permission is required by the Ministry of Culture's competent directorate.

Acquisitions in areas of outstanding natural beauty (Natura) or under a special environmental protection regime. Both acquisition and development of real estate in such areas may be blocked by the Ministry of Environment due to restrictions that may apply.

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# REAL ESTATE

## High level international education for foreigners

Many choices for parents with schools that follow the curriculum of the reference country and not that of Greece

By **APOSTOLOS LAKASAS**

**International schools** have become an institution in Greece, offering lessons in English, French, German and other languages. The first law concerning their operation was introduced almost nine decades ago, in 1931.

According to Law 4186/2013, 29 private international schools are currently operating in Greece, mainly in Attica, and primarily host pupils of foreign nationality whose parents live or wish to live in Greece. However, the fact that many Greek parents choose to send their children to such schools is indicative of their high quality—at least some of them.

A key feature of international schools in Greece is that they follow the curriculum of the reference country and not that approved by the Greek Ministry of Education. Thus, international schools are mainly established by foreign embassies to meet the needs of their citizens living in Greece. That's where most of their pupils come from, and their teachers are mainly foreign nationals.

Nonetheless, students from countries other than the country of reference can attend these schools. In classes of international schools which follow the curriculum of a European Union member-state, or a combination program in which one of the countries involved is a member-state of the EU, it is permissible for students of EU citizenship to attend, without restrictions.

On the other hand, international schools emphasize foreign-language teaching (with several hours of teaching in a language other than Greek each week), and are an excellent choice for bilingual children.

International schools in Greece cover all levels of education, from kindergarten to high school. All schools must have acquired an operating license based on Law 4186 and parents must be particularly careful if they want to



The many international schools cater to the needs of families from abroad

choose a school not mentioned in the official list.

According to the law, "the unauthorized operation of a foreign institution will result in its closure by a decision of the Ministry of Education, which is executed by the competent police authority." Certificates issued by international schools are considered equivalent to those issued by Greek schools of the same grade.

Thus, they are also suitable for chil-

dren with Greek as their native language who intend to study abroad or those who want to achieve fluency in the main foreign language of the school. In fact, following pressure by Greek parents, and EU legislation, a law was passed in 2009 allowing Greek nationals to study at international high-schools.

International schools are private, with tuition depending on the level of education (kindergarten, elementary school, junior high school or high

school) as well as the additional services each school offers.

### The International Baccalaureate

For children aged 15, another option available is the International Baccalaureate program, which is offered in private schools in Greece. The program corresponds to the last two years of secondary education and is aimed at pupils aged 16-19. In Greece, the IB program is offered at 13 private

### List of international schools

According to Article 35 of the latest 2013 law (4186), the new list of international schools in the country is the following:

1. German School of Athens (Deutsche Schule Athen)
2. German School of Thessaloniki
3. Lycée Franco-Hellénique Eugène Delacroix
4. Italian School of Athens (Scuola Italiana Statale di Atene)
5. American College Anatolia
6. American College of Greece
7. École Franco-Hellénique du Pirée Saint Paul
8. Greek-French School Jeanne D' Arc
9. Greek-French School Kalamari
10. Greek-French College Delasalle
11. Leonteios School of Nea Smyrni
12. Greek-French School Saint Joseph
13. Greek-French School Ursulines
14. Leonteios High-school in Patision
15. American Community Schools of Athens
16. French Primary School of Thessaloniki
17. French School of Thessaloniki (Junior high-school, high-school)
18. International Community School of Larisa
19. Katipunan Philippines Cultural Academy
20. Byron College
21. Pinewood School of Thessaloniki
22. Polish School Zygmunt Mineyko
23. St. Catherine's British School
24. St. Lawrence College
25. International School of Athens
26. Champion School
27. Iranian School of Athens
28. "7th of February" Libyan School
29. Canadian Lyceum of Greece

schools and is considered to open doors to acclaimed universities abroad. It is indicative, according to a 2013 survey, that 72 percent of Chinese students who have taken the IB entered one of the top 500 universities in the world. The courses at all the schools around the world offering the program are the same. Specifically, the IB is made up of six subject groups, including: Mother Tongue, Foreign Languages, Mathematics, Arts, Social Sciences, Economics, Experimental Sciences, Computer

Science, Ancient Greek – with students choosing a course from each group. All courses are taught in English. As for the exams, they are held simultaneously in the final year of high school, while the examination subjects are selected from the IB exams headquarters. Those interested in the program can learn more about attending a school in another EU country on the website: [https://europa.eu/youreurope/citizens/education/school/enrol/faq/index\\_el.htm](https://europa.eu/youreurope/citizens/education/school/enrol/faq/index_el.htm)

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Epsilon team is a business of special features which makes it different than the rest of the real estate agencies in Greece. It is a group of 9 people who cooperate closely with each other to complete any project they have taken on. It is the only group that has constant legal support – both for the company as well as for any questions or problems its customers might have – given the fact that the laws concerning buying and selling are very versatile and by default rather complex in Greece.

Additionally to the free legal advice that Epsilon team provides its customers with, it has established a constant partnership with experts and scientists that might be needed when buying real estate. There is an Interior Designer, a Civil Engineer and an Architect, the services of whom are totally guaranteed by the company.

All of the above-mentioned partners provide

their services to the customers of the Epsilon team, giving them priority as well as a 20% discount.

The Epsilon team covers all the prime location areas in the north, the south and the center of Athens when it comes to buying or renting. There is also a special department for the independent and commercial buildings and shops. The Epsilon team also deals with selling residential real estate by the sea.

To provide better service to our customers we cooperate with real estate agencies in big cities in Europe and we promote our real estate in Greek and international portals as well as in the Social media.

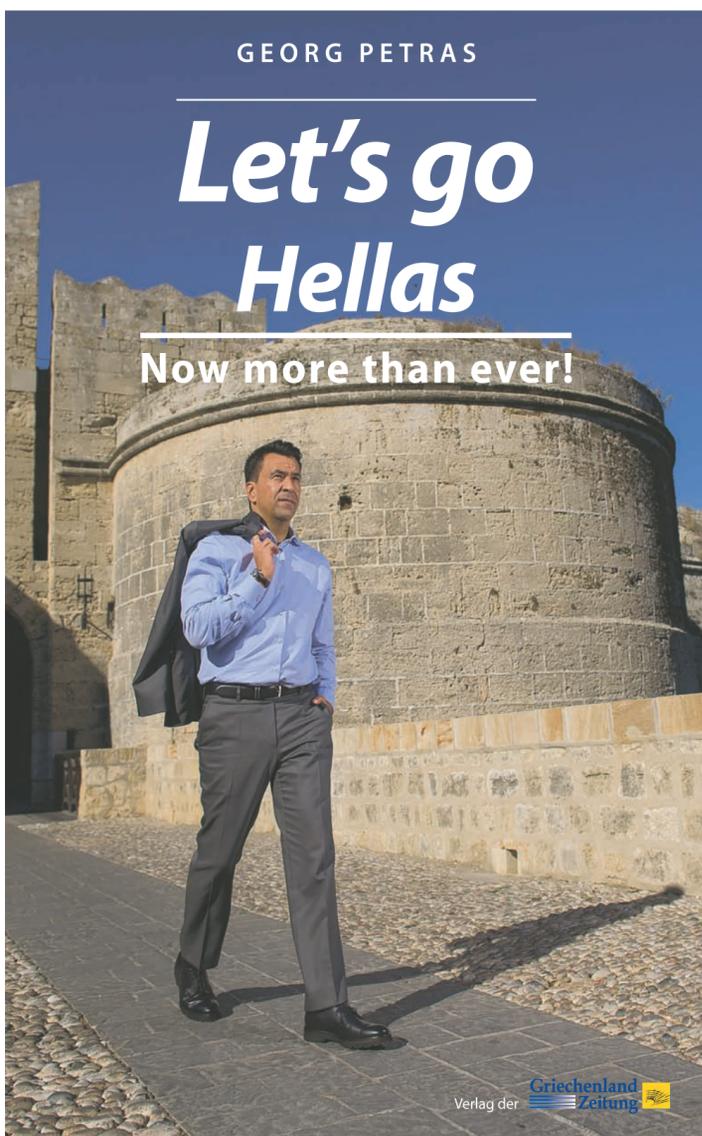
The Epsilon team is a member of the Athens Realtors Association and the Athens chamber of tradesmen.

Our fee regarding the selling of real estate is between 2% and 6%, depending on the effort and the cost of advertising needed to promote and sell a property, while it is just two percent for buyers.

We have been operating in the last ten years by undertaking and completing projects that have to do with finding properties based on our customer's needs and not on what is in our portfolio. The specific demands are registered in our office by special order and they are valid for the time period which is necessary to find the right property, as mutually agreed between us and the customer.

Call us and ask us to discover your dream property on your behalf. When it comes to the Epsilon team, the expression IT DOES NOT EXIST simply... DOES NOT EXIST.

# Real Estate



Georg Petras is Managing Director of Engel & Völkers in Rhodes in Greece and author of the book "Let's go Hellas – Now more than ever".

*Guest contribution by estate specialist  
Georg Petras*

In order to understand the real estate market in Rhodes and the rest of Greece, especially the coastal regions and the diverse island world, a differentiated view is necessary. Only a subdivision of the market into the segments of region and location allows a more accurate market analysis.

In order to present the market as realistically as possible, I will subdivide the residential real estate market in Greece and in particular the islands into two segments: the classic primary residence market and the holiday and second home market.

The prime housing market is dominated primarily by locals and has, especially in the cities on the Mainland, declined significantly in price. The second home market, to which this article is dedicated, is predominantly dominated by EU citizens and other foreigners, and has experienced a lower price decline in recent years. The background is the ownership structure, mostly wealthy foreigners or foreign Greeks who have often acquired their property with no or only a small amount of leverage and are therefore rarely under selling pressure.

This results in a natural price stability that was felt already in the past year and the selling prices were often very close to the price offered.

The forecasts for 2018 are positive, especially in good and very good locations, and will attract many more potential buyers of second homes to Greece during the course of the year. This also, taking into consideration the international background, the partly high-priced competition in the Mediterranean areas such as Spain or Italy.

The record increase in number of visitors last year in conjunction with the stabilization of real estate prices in the holiday home market will further stimulate the market. Engel & Völkers achieved sales growth of just under 35% in 2017. This trend seems to continue in 2018, with the strongest start to the year in 8 years.

In Greece's most sought-after destinations, such as the island of Rhodes, brokers need to actively seek high-quality real estate for the first time in many years, which means that supply may become increasingly scarce due to the lack of new construction projects in recent years and the window of opportunity can close faster as partly suspected.

A very popular expression among real estate professionals is: location, location, location! These three words are the most important factors that determine the value of a property. You can change the house, renovate or remodel the grounds, but it is impossible to move the property to another location. You ensure that your property remains attractive today as well as in the future. In Greece, one of the most beautiful countries in the world, more than ever.

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## ENGEL & VÖLKERS



# Greek Golden Visa Program: A Success Story



**\*ARIEL MANIKA,**  
LAWYER/SENIOR MANAGER, TAX, KPMG

We have provided legal and tax assistance to a large number of non EU investors receiving Greek residence permit through the Greek Golden Visa Program, since its inception. Our services include purchase negotiations, submission of residence permit application and follow up until issuance, bank account opening, issuance of Greek tax registration number, real estate registry checks, drafting and signing of notarial deed for the real estate purchase, annual tax filings. Whatever the need, KPMG's experts are there to assist.

## Golden Visa Program

In line with the direction adopted in recent years by many European countries, Greece introduced in April 2013 its own "Golden Visa" program in an effort to attract foreign investments to contribute to a long term and sustainable growth for the Greek economy.

The Greek Golden Visa program is an attractive option for those seeking investment opportunities and/or residence in the European Union especially given the ideal geographical position of Greece. The program stipulates that a five year residency permit is granted to non EU citizens who are investing in real estate in Greece. Purchased property can be located anywhere in the Greek mainland or the islands, can be either residential or commercial, in the form of one single or multiple properties, or even shares in real estate holding companies as long as the purchase price exceeds EUR 250 000.

The success of the program, while modest in the first couple of years from its introduction, has increased significantly in recent years bringing to the country funds of more than EUR 1 billion.

Approximately 2 300 residence permits have been issued since the commencement of the

program to the end of 2017 for real estate owners (a total of approximately 5 700, when also counting family members). Almost half of these permits have been granted to Chinese nationals with Russians holding second place and Turkish nationals rising up recently to third place (obviously because of the political turmoil in our neighboring country). Other countries whose nationals have received residence permits include Egypt, Lebanon, Ukraine, Iraq, Syria, Jordan, Iran, Saudi Arabia etc.

## Analyzing the particulars of the program

Evaluating the factors of success of the program, one would say this is mainly due to the low level of investment required (EUR 250 000), the long term of the residence permit granted (five years subject to indefinite renewals of five year periods provided the property is still owned by the applicant), the issuing of residence permits to the applicant's family members as well, (spouses, children up to the age of 21, parents of both applicant and spouse), fast track procedures (40 to 60 days from the time of investment until residence permit is issued), no minimum stay requirement (just a lawful entrance into the country) and low application fees (EUR 500 for each permit excluding those for minor children).

The residence permit granted through this program allows the applicant and his family members to live in Greece but not to work. There is always however, the option for the applicant and family members to establish businesses in Greece, open bank accounts and expand investments worldwide. The Greek residence permit allows freedom of travel for the applicant and his family members throughout the EU Schengen zone without further visa applications. If the resident sells the property to another non-EU citizen, the Greek residency is revoked for him and his family members and transferred to the new investor on

condition that the new investor meets all the other terms of the program.

## How is the investor taxed for his Golden Visa investment in Greece?

Golden Visa investors may continue to be non-Greek tax residents and only pay tax on their income derived in Greece and not on income from outside the country. Taxes for rental income from property in Greece follow a progressive tax rate starting from 15% (for income up to EUR 12 000) and up to 45% (for amounts over EUR 35 000). Certain operating expenses are deductible whereas when real estate is held through a legal entity, all expenses relevant to the exploitation of the real estate are tax deductible subject to general deductibility rules (current corporate income tax rate is 29%). Capital gains tax on the sale of real estate is currently not applicable (it has been postponed since 2014 in an effort to boost the local real estate market) and as a result local real estate sales are only subject to a transfer tax at the effective rate of 3.09% burdening the purchaser and imposed on the higher between the purchase price and the objective tax value of the real estate. VAT at the rate of 24% is applicable on the purchase of new buildings.

## Is the Greek citizenship "sold" to rich foreigners?

Unlike other similar European programs, the Greek Golden Visa program is a residency investment program and does not come under the "citizenship by investment" programs which have raised much controversy and have fueled nationalistic outcries in other member states. In line with the EU principles on nationality matters, Greece is not selling its citizenship, even though the option for citizenship is available for those committed to living in Greece. Applicants who live in Greece can apply for citizenship and a passport after seven years, subject to the same conditions existing for all

other applicants as introduced in domestic immigration law and in full implementation of EU immigration legislation.

## Other investment opportunities under the Golden Visa program

Although the Ministry of Economy and Development has been examining the possibility to add more types of investments valued at EUR 250 000 to the Golden Visa program (for example shares and bonds), for the moment there does not seem to be any development towards this end especially in view of the need to give a push to the long time stagnated real estate market.

Indeed, there seems to be movement in the local real estate market especially for properties located in the so called "historic center" of Athens opening up a new booming market which, according to what real estate agents say, is linked to the Airbnb business. Now the real question is whether the income of the State from taxes arising from the rental of these Golden Visa investments will be equally thriving since rumor is that most real estate owners "forget" to declare Airbnb rentals of their properties in the tax notification electronic system "TAXIS".

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