Press Release

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The Greek real estate market will recover at a slower pace than the Greek economy unless policies to boost demand and reduce oversupply are implemented

The Greek real estate market collapsed since 2009, mainly driven by the drop of GDP per capita, the shrinking of residential lending and the rise in taxation, dragging investments and house prices down.

Approximately €18bn., or 8.2% of GDP, investments in construction were lost within 2008-2015, slowing further down the economic activity.

The Greek housing market currently is an "outlier" of the European markets, with a 41% decline in house prices between 2008-2015, a 72% drop in transactions volume within 2008-2014; on the other hand real estate taxes have grown up by approximately 6 times (€ 3bn.) in the five-year period 2010-2015, further contributing the economic downturn.

The Greek housing market is characterised by oversupply. Indicatively, in 2002, there were 64 house properties per 100 people, while in 2014 this rose to 71 properties per 100 people, or 1.7 per family. The housing oversupply will hinder the recovery of the house prices, unless the market will recover slower than that of the Greek economy, unless measures to reduce oversupply and enhance demand are taken

According to the study, if no actions are taken for the rejuvenation of the house market, in a realistic scenario for Greek economic growth, where GDP per capita returns to pre-crisis levels in 2030, it is estimated that:

- demand and supply in the Greek real estate market will balance at about 2047
- annual investments in real estate will reach €4.5bn on average, and
- house prices will return to pre-crisis levels after 2050

According to the scenario, the real estate market will not be able to significantly contribute to the growth of the Greek economy, and the investment gap, of around € 14bn per annum, will have to be covered by other sectors of the economy.

For the faster recovery of the Greek housing market, a real annual growth of at least 3.5% would be required, in combination with incentives and policies for the reactivation of the market.

There is little room for creative policies for the Greek housing market. To accelerate the re-balancing of the market it is necessary to:

- reduce the housing **oversupply**, through massive redevelopment of part of the dwelling stock, along with infrastructure and technology investments
- give **incentives** to foreign investors and simplify the real estate **regulatory framework**
- **reduce** real estate **taxation**
- **facilitate transactions** and deal with fragmented ownership, through the creation of a «**Land Bank»**, a mechanism for concentrating property rights

The Land Bank will:

- transfer building coefficients to appropriate reception construction areas, targeting at the concentration of the fragmented ownership and the massive reconstruction of the dwelling stock
- convert property rights into long-term lease rights (leasehold) from properties in underdeveloped areas, which will be available to private individuals, investors or developers for large scale developments

Marios Psaltis, CEO of PwC in Greece commented:

«The Greek real estate market followed the decline of the economy without any substantial readjustment apart from its contraction. The Greek real estate market is an "outlier" of the European markets, widening the investment gap that was created during the crisis. The housing oversupply, the over taxation and the limited credit for mortgages, will hinder the recovery of the market to pre-crisis levels for a long time.
Key for the quick recovery could be a new regulatory framework which will support the real estate market, including the establishment of the Land Bank, to boost real estate transactions and facilitate the concentration of fragmented ownership in Greece. »

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