

Buying Guide

Why buy property in Greece?

Every year, thousands of Britons flock to Greece and its islands for holidays, yet, surprisingly perhaps, comparatively few bought properties there until recently.

The Athens Olympics of 2004 made Greece the focus of extraordinary international interest, which boosted tourism and created strong demand for rental accommodation. This, in turn, fuelled the international property market. However, prices still represent good value in comparison with established Mediterranean favourites such as Spain and Portugal. And with its hot summers, beautiful beaches, low cost of living and wealth of historic, cultural and scenic attractions, Greece looks set to remain popular with both visitors and investors.

A variety of tools are available to help with further research, including television and radio programmes, magazines, the internet, property exhibitions and estate agents.

The Greek property market: an overview

As property in Greece is at present relatively undervalued, there is excellent potential for capital growth. Some areas of the mainland are seeing appreciation again as Europe begins to emerge from recession, with some areas reporting an eight per cent rise in 2009.

Many different types of property are available in Greece, from traditional stone houses to chic new apartments. Prices depend on condition and location. For example, properties on the popular Greek islands like Crete, Corfu and Rhodes are more expensive than those in inland areas of the mainland.

A three-bedroom house in Greece will set you back between €148,000 (around £131,000) and €503,000 (£445,000), while a two-bedroom apartment will cost from €89,000 (£79,000) to €355,000 (£314,000). However, properties can be purchased much more cheaply if you are prepared to undertake extensive renovation, while for those with sufficient funds, the sky's the limit.

The resale market

An older property may look like a bargain, but many lack electricity, mains water and sanitation. It can be expensive (and in some cases impossible) to have such services connected, and renovation costs can be high. You may be better off buying a new build.

Consider also how easy (or otherwise) it would be to sell your property should you need to do so. The Greek resale market is particularly sensitive to location. Property is usually more expensive to buy in coastal and island resorts, but easier (and often more profitable) to sell.

At a glance

Currency

Euro. Current exchange rate: EUR1.10 = £1.12 sterling

Cost of living

- Loaf of bread: £0.40
- Bottle of wine: £3.00

Time

Two hours ahead of GMT (three from the last Sunday in March to the last Sunday in October)

Business hours

- Offices: 9:00 am to 5:00 pm, Monday to Friday
- Banks: 8:00 am to 2:00 pm, Monday to Thursday, and 8:00 am to 1:30 pm on Fridays

- Shops: generally 9:00 am to 2:00 pm, Monday to Saturday, plus 6:00 pm to 9:00 pm on Tuesday, Thursday and Friday. Most shops are closed on Sundays, though not in tourist areas during high season

Population

Approximately 10.5 million

Languages

Greek (official), English and French

Religions

Greek Orthodox: 98 per cent
Muslim: 1.5 per cent
Other: 0.5 per cent

Driving

Driving is on the right. Citizens of EU countries, aged 18 and above, may drive on a licence from their country of origin. To rent a car, drivers must be aged at least 21 and have held a licence for a minimum of a year

Average Property Prices

Three-bedroom house: From £131,000 to £445,000, depending on location and condition

Two-bedroom apartment: From £79,000 to £314,000, depending on location and condition

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Would your target market be international buyers or locals? If the latter, would they be able to afford the price you would need to charge in order to recoup your outlay? What competition would you face from other sellers?

Popular property locations in Greece

The Greek islands are traditional favourites with British purchasers, while mainland Greece attracts Germans, Scandinavians and growing numbers of Eastern Europeans.

Crete is the most popular of the islands, particularly with retirees. 80 per cent of its foreign property purchasers are British. Its wealth of history and varied landscape, from snowy mountains to sandy beaches, attract holidaymakers, which gives property there good rental potential. Prices increased by around 8 per cent in 2009.

For those seeking a less established market, the Peloponnese peninsula in southern Greece is worth considering. Its mild climate, picturesque scenery and wealth of history, combined with excellent potential for capital appreciation, are attracting increasing international interest.

The Greek Islands

Although the islands are seeing their share of new development, they remain largely unspoiled, thanks to strict planning regulations.

Airline services from the UK to the holiday hotspots of Crete, Rhodes and Corfu are good, and improving. GB airlines offers five flights a week from Gatwick to Heraklion, and there are now direct services from Manchester to Heraklion and Gatwick to Rhodes.

On Crete, you can buy a 'project' from as little as €22,000 (£19,500). A substantial new house on a generous plot of land will cost around €222,000 (about £196,500). On Rhodes, expect to pay from €96,000 (£85,000) for a new two-bedroom apartment, or from €44,000 (£39,000) for a 'project'.

On the larger islands in particular, rental markets are well developed.

The Peloponnese

This region is becoming increasingly sought-after by British purchasers. Though separated from the rest of mainland Greece by the Corinth Canal, it is not cut off, having motorway and railway links as well as its own international airport, at Kalamata. It offers warm winters and not-too-hot summers, sandy beaches, a rugged and mountainous interior, and some of Greece's most celebrated archaeological sites, including Olympia, Epidaurus and Mycenae.

You can fly direct to Kalamata from Gatwick, Birmingham, East Midlands, Manchester and Newcastle. Flight time from the UK is around three hours 30 minutes.



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The choice of property includes stone cottages, new houses constructed in traditional style, and luxury villas and apartments. Older properties for restoration can be bought from around €44,000 (£39,000).

Buying a property in Greece

It is essential to retain an English-speaking lawyer with thorough knowledge of Greek conveyancing procedures.

The purchase process

Once a price has been agreed, a deposit (typically 10 per cent) is paid and a pre-contract agreement signed.

When all searches are complete, buyer and seller sign the final contract of sale before a notary public, and the balance of the purchase price is paid. The new ownership is then registered.

Fees and costs

The cost of purchasing property in Greece is relatively high. Allow around 13–15 per cent of the purchase price for fees and taxes, including transfer tax (resales only), municipal tax (paid to the local authority), lawyer's and notary's fees, and land registration. VAT, recently raised to 21 per cent as a result of the new austerity measures designed to combat the economic downturn, is payable on new builds.

Financing your purchase

When deciding how to finance your Greek property purchase, consider all the options.

Paying cash, if you can afford to, is the simplest way. The other possibilities are remortgaging your UK home or arranging a mortgage on your new property through a UK or Greek lender. Remortgaging generally offers the easier solution. Releasing equity in a UK home means that your Greek property can be purchased for cash, without the need for another mortgage. However, this may only be feasible if you own your UK home outright.

The mortgage market in Greece has opened up hugely in recent years, and interest rates currently sit below the levels of the UK. This has resulted in many buyers now taking the option of a Greek mortgage.

Euro mortgages

Euro mortgages, which are tied to the rate set by the European Central Bank (ECB), currently lower than the Bank of England base rate, may seem an attractive option, and several UK lenders offer them. However, because of the volatility of the currency markets, a euro mortgage may not be the best option for many people, who cannot afford to lose heavily should the currency move against them.

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The fact that the ECB's base rate is at present lower than the Bank of England's does not guarantee savings on repayments for those taking out a euro mortgage. As the UK mortgage market is competitive, there are many good deals available on sterling loans, so it is wise to shop around.

Taxation

Greece's taxation arrangements are particularly complex, so be sure to seek advice tailored to your personal circumstances. Even non-residents may be liable for property, wealth, income, inheritance and gift taxes.

The UK has a double taxation treaty with Greece; tax is paid in one country or the other, not both.

You will need a fiscal number (known as an AFM) to, for example, rent or buy property, purchase a motor vehicle, or work in Greece. Once you have one, you are registered with the tax authorities and are required to submit an annual tax return, regardless of your income. Those resident in Greece (including pensioners receiving a pension from another country) and those with Greece-sourced income (including rent) must also complete returns.

Property: some taxation issues

The government has introduced several methods to discourage speculation, among which is capital gains tax. It applies to properties purchased after 1 January 2006, and is levied in inverse proportion to the length of time for which the property has been owned, penalising those looking for a quick profit.

Wealth tax is levied on certain assets, including property. If the total value of an individual's Greek properties, based on the official government valuation, does not exceed €243,600 (£215,575), no tax is payable. Above that, tax is levied progressively, at between 0.3 and 0.8 per cent.

Local taxes are usually from 0.25–0.35 per cent of a property's official value annually. Other fees and taxes, direct and indirect, are also levied, to pay for local services.

Money matters

Greece's currency is the euro (EUR). The current exchange rate is EUR1.13 = £1.00 sterling.

Standard banking hours are 8:00 am to 2:00 pm, Monday to Thursday, and 8:00 am to 1:30 pm on Fridays. ATMs are widely available.

Foreign currency can be exchanged at banks, bureaux de change and post offices, and in many larger hotels. Banknote exchange machines can be found in tourist areas.

Banks will cash travellers' cheques. To avoid additional exchange rate charges, carry them in euros, pounds sterling or US dollars.



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Credit cards are welcomed in commercial and tourist areas, but are less acceptable off the beaten track.

There are currently no restrictions on the import or export of local or foreign currency.

Passports, visas and residency

Passports and visas

Those with passports endorsed 'British Citizen' can visit Greece for up to three months without a visa. Passports must be valid for the duration of the visit.

Residency

Those wanting to stay for more than three months must apply for a residence permit, which is valid for five years, after which it can be renewed.

If you plan to work in Greece, you have three months to find employment or set up a business. Once you have done so, you must apply for residence within a week.

Carry your passport or residence permit at all times, as you are legally required to be able to prove your identity if asked to do so by the police.

Greece's economy

Greece's main trading partners are Germany, Italy, France, the UK and the USA. Its economy is based chiefly on tourism, shipping, banking/finance, food and tobacco processing, chemicals, textiles, mining, and metal and petroleum products. The services sector is expanding rapidly.

The implementation of structural and fiscal reforms, combined with substantial EU funding, has helped Greece's GDP annual growth to outperform the European average consistently. Growth was around 4 per cent between 2003 and 2005, largely because of an investment boom and infrastructure improvements for the 2004 Olympics.

On the downside, national debt, inflation and unemployment are all above the eurozone average. To combat these problems, the government is expected to continue reducing public spending and reforming the labour and pensions systems.

Communications

Telephone

Organismos Tilepikoinonion Ellados (OTE) had a monopoly on providing phone services until the market was deregulated in 2002. Line rental is still payable to OTE, but other service providers are now available.

Payphones are widespread, as is mobile phone use. Phonecards and pay-as-you-go cards for mobiles can be purchased at street kiosks. To obtain a mobile phone on a contract, a fiscal number is usually necessary.



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Internet

The internet is becoming increasingly popular. Dial-up connections and ISDN are widely available, and ADSL and broadband are obtainable in some larger towns. Internet cafés are common.

Post

Airmail letters posted on the mainland take from three to seven days to reach other European countries. Services to and from the islands vary.

And finally ...

Buying a property abroad is a major decision, so do as much research as possible, including visiting your chosen location at different times of year. Set a budget, and stick to it.

Before deciding where and what sort of property to buy, explore the resale market thoroughly, even if you have no intention of selling. Circumstances change, and you should always have an exit strategy.

Obtain professional advice and guidance specific to your circumstances, especially in areas like property purchase, potential rental returns, taxation and mortgages. Never sign any document until you are satisfied that you fully understand what you are committing yourself to. Be especially vigilant if you are considering investing in a timeshare, part ownership or leaseback scheme.

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