

INTERNATIONAL REAL ESTATE

House Hunting in ... Greece

As the country emerges from a crippling debt crisis, the island of Crete remains popular with second-home buyers.



Market Overview

After a nine-year, 42 percent slump during the national debt crisis, the Greek housing market is on the mend, industry professionals said. In 2018, real estate investment increased by 20 percent and prices by almost 2 percent, [according to the Bank of Greece](#), and the volume of building permits, which had fallen for seven straight years, rose more than 10 percent. The turnaround coincided with the end, in August 2018, of Greece's [\\$360 billion bailout](#) by the International Monetary Fund.

“For a long time there was not much going on,” said Claudia Marenbach, a real estate agent in Heraklion, Crete, who has been in the business since 1997, which was the height of the boom.

“With the crisis, there was a time we didn’t have anybody coming. Prices were rock bottom.” Besides an improved economy, an uptick in tourism is helping, said Kostas Taralas, the chief executive of Greek Exclusive Properties. Earlier this year, Crete was named the fourth-best destination in the world by [TripAdvisor](#), because of its physical beauty and archaeological treasures.

Crete’s real estate market is “one of the strongest in Greece,” Mr. Taralas said. Thanks to its warm, sunny climate and long summer season, “many international buyers have Crete as first choice to buy their second home,” he said, adding that the market is similar to those of other Greek islands, including Corfu, Paros and Rhodes.



Crete is seeing “intensive construction of villas and two- to three-bedroom residences within a complex with a shared swimming pool,” said Vladimir Papounidis, the vice president of Grekodom Development. And seven “five-star” hotels have been built on the island in recent years, he said.

Prices for villas with a “nice sea view and short distance to the sea” range from about 500,000 to 1.3 million euros (\$550,000 to \$1.4 million), Mr. Taralas said. Seafront villas, with direct access to the water, go for 2.5 million to 4 million euros (\$2.7 million to \$4.4 million).



Who Buys on Crete

Many of Crete’s foreign buyers come from Belgium, France, Germany, Israel and Scandinavia, Ms. Marenbach said, as well as the United States, Australia and New Zealand. Mr. Savvaidis said he has also seen buyers from Turkey and the United Arab Emirates.

One reason they are drawn to Crete, Mr. Taralas said, is that homes there are a bargain compared with those on the popular island of Mykonos. Foreigners also choose Crete because the “towns are more authentic” and the locals are “hospitable and very friendly,” she said.

Greece’s golden visa program offers noncitizens a renewable five-year residency visa in exchange for investing \$250,000 in a home. The program “is very appealing for Chinese and Russian” buyers, Mr. Savvaidis said.



Kostas Taralas - Owner of GREEK EXCLUSIVE PROPERTIES

Buying Basics

The Souda Bay area is home to Greek and American military bases, and buyers there must obtain permission from the Greek military. “They always get it, and it is only a formal procedure, which takes about two weeks to get through,” Ms. Marenbach said.

After finding a home, buyers are issued a Greek tax number and must open a Greek bank account for the transaction, Mr. Taralas said.

Buyers are advised to hire a lawyer who will handle the title search; do due diligence to make sure the house is in good shape; and provide the papers for the notary public to draw up a contract, Mr. Taralas said.

Because of the difficulty of obtaining a mortgage, most foreign buyers pay cash, Ms. Marenbach said.

Closing costs can run about 8 to 10 percent of the sale price. There is a transfer tax of 3 percent on private homes (whereas property owned by a corporation is subject to a value-added tax of 24 percent), Mr. Taralas said. Notary and lawyers’ fees plus the broker’s commission total about 1 to 2.5 percent of the sale price, and there is a land registry tax of 0.5 percent.

Websites

- Crete tourism: [crete.gr](#)
- Greece government: [mfa.gr](#)
- Greece tourism: [visitgreece.gr](#)
- Greek Exclusive Properties: [www.greekexclusiveproperties.com](#)