



2021 Property outlook – Greece

2021 was a year mainly to be remembered for the Covid-19 pandemic and the inflation originated by efforts to reboot the global economy. In Greece, during the outbreak of Covid-19 pandemic, in 2020, real estate's rapid growth came to a halt, significantly affected by the country's weak GDP readings. The economy was also affected by worldwide macroeconomic conditions. However, the property sector started growing again in 2021 owing mainly to a deferred demand for real estate properties, resulting in transactions at pre Covid-19 price levels. The digitization and technological developments that took place during the pandemic were important and helped the development of the real estate industry.

In 2021 local overpriced properties were challenged, and the market slew down, but the overall picture of the sector remained positive. However, there was an increased investment interest from investors and family offices who believe that Greece will be rerating in relation to the other countries of the European Union. They therefore believed that real estate purchases made during this period will pay off in the future and will be highly profitable. In addition, excess liquidity and available money in the market raised prices resulting in some areas prices being higher than their actual real value. Prices were no longer determined by the demand for products, but by the availability of money to be spent.

As a result, during the third semester of 2021, interest in Greek properties reached prices similar to pre-Covid-19 levels. Dwellings, offices, and hotels seemed to be recovering. Besides shopping malls and retail, the real estate market seemed to be moving again, and there was optimism for the next years.

During this period, the trend to convert office buildings serviced offices was emerged. There was a decrease in demand for conservative working space. Multinational companies were turning old fashioned offices to modern and green friendly environments. The office price index decreased below trend of previous years, nevertheless price volatility was less than office rent index.

The logistics sector continued to evolve rapidly. This is mainly because of an undervalued sector who is trying to catch up with new trends and practices. During the last years, there was limited demand for storage space and the available one did not met current flexible needs. The hotel sector was also booming, and the demand for new establishments was increased, especially for smaller city hotels. Four-star hotels attracted interest from investors, while demand for large five-star hotels was subpar. Investors seem to have shown high interest to buy city-urban hotels. There was still demand for small properties both in large cities (mainly in Athens and Thessaloniki) and in smaller ones, mainly by domestic buyers. Foreign investors tend to buy small hotels or houses. The retail market was not performing too bad either since weather conditions and strict lockdown measures created the sense of going out to the consumers.

Apart from the promising signs of 2021, on a long-term note, climate change could also cause a significant realignment in the real estate market (besides inflation and rapid geopolitical events in eastern Europe in early 2022). Yet, sustainability factors and green investments in real estate and infrastructure together with counter inflation measures can narrow down the side effects for the current situation, while stability in geopolitics is needed to be reached to continue the positive outlook for the market.