

*Greece has a property owning culture. More than 75% of individuals own their home. Each family owns an estimated 1.8 properties. Now large developers are moving in to the sector. If they can secure the financing and overcome bureaucratic hurdles, the real estate market will become dominated by corporate players.*

By  
**ROBERT  
McDONALD**

Real estate.

It's the buzz word.

All a stock-exchange listed company has to do, is to announce that it is going into real estate and overnight its shares shoot up.

It doesn't matter whether the company has any experience of property development or, for that matter, any intention of carrying through. But the deed is done, the profit taken and the principals suitably enriched.

This is a cynical, but not unrealistic, view of a sector which, long fragmented and dominated by small private interests, is gradually beginning to come together as an organised sector with corporate interest.

Banks and construction companies are forming real estate companies to build, refurbish and manage properties in structured portfolios.

The state is looking to develop its massive property holdings and those of associated entities such as public insurance funds and universities.

Investment trusts and mutual funds, based on property instead of money, bonds or stocks are about to be launched on the market.

A land registry is being created which will finally put a degree of certainty into property transactions.

Economic fundamentals have improved spectacularly in the course of the last decade. Inflation and bank interest rates have come down to levels where it is now possible to make a real rate of return on property investments.

Property is becoming a stable haven for investors unprepared to subject themselves to the volatility of the **Athens Stock Exchange**.

Conversely, as the stock market matures, the returns on blue chips come increasingly into line with those that can be earned from a property portfolio. Investors, who have previously concentrated on stocks, will hedge their portfolios by diversifying into tangible assets.



**Banks and construction companies are creating real estate arms; real estate mutual funds and investment trusts are imminent**

If, as is virtually certain, Greece becomes the twelfth member of the euro-zone in 2001, then currency risk associated with long-term property investment will be eliminated.

Big multinational property developers from around the world are eyeing and, in some cases, already investing in Greek property. For the time being it is largely commercial property. But over time it could be developments of residential properties as second or retirement homes for northern Europeans escaping colder climes.

The Greek tourism sector is ripe for property development. It is universally accepted that the tourism product needs to be re-oriented in order to attract higher paying tourists and to end seasonality. Or-

ganisers seek to add winter sport, cultural and conference tourism to the sun and sea product on offer in the summer.

But the bureaucracy is such that getting developments off the ground is a painstakingly difficult process. Only those with the deepest pockets can afford to stay the course.