

Real Estate

Requiring numerous facilities and new infrastructure, the Olympic Games played a decisive role in transforming Athens and the surrounding region (Attica). New construction sites, changes in zoning regulations, improvements of major road networks, redevelopment of Helliniko Airport, building of large commercial-entertainment centres, and the construction of new sports facilities, all contributed to the area's physical development. The area primarily affected by these changes is the Athens coast from Piraeus to Vouliagmeni. Redevelopment at Helliniko and the Phaleron Delta, the closing of night clubs along the coast, and the refurbishment projects carried out in the area, led real estate prices to rise.

Jones Lang Lasalle, one of the world's leading property service firms, conducted a study which sheds considerable light on the effects of the Olympic Games on the Athens real estate market. The study took a comparative look of similar results for the cities that hosted the last four Olympiads. Athens is more similar to Barcelona, making direct comparison and forecasting easier. The Barcelona Games had a dramatic effect on the city's residential properties, since a new, large-scale urban centre was created within the city, something that had also happened in Seoul. Between 1988-1991, Barcelona witnessed a 23% increase in residential construction activity compared with 5% and 12% for hotels and office buildings, respectively. Real estate prices were also affected dramatically, resulting in a 250% - 300% increase between 1986 and 1993.

According to the study's findings, the short-term effects of the Games were more widely felt in markets that were smaller in size and less developed, elements that characterise the Greek real estate market. Therefore, the Greek real estate market should expect a greater impact from the Games, than say, Atlanta and Sydney. Overall, considering the experience of Barcelona, where prices remained high through 1992, but declined sharply in 1993, the same can be expected for Athens. The Games' effect on Atlanta's real estate market is also interesting. Before the Olympic Games, demand outpaced supply, and continued to do so two years after the Games.

Another benefit for Barcelona, was that the city's buildings were significantly upgraded, while the rest of the country's cities experienced a more balanced demand for housing in city centers. In Atlanta, the city centre greatly improved, with the upgrade of the transportation system, the development of new commercial centres, and the creation of green spaces throughout the city.

The Olympic Games had a smaller impact on commercial property, but again this differs from city to city. Barcelona experienced economic growth which manifested itself in the construction of many new office buildings between 1986 and 1990. It is estimated that approximately 25% of the city's commercial property of 850,000 sq. m. was built between 1988 and 1993. However, the construction of new buildings led to an increase in supply which was disproportionate to demand, resulting in an increase of vacant property, from a rate of 0.7% in 1989 to 10.4% in 1992.

Sydney implemented a promotional campaign of the city in an effort to attract investment. It succeeded in attracting 45 companies which moved their activities to Sydney, investing a total of US\$297 million and creating 1,150 employment opportunities.

However, since Athens is a less developed market in terms of office space, one should not expect the same level of foreign investment as that seen in Barcelona or even Atlanta, according to the report. Additionally, the report's authors emphasised that should supply exceed demand, the result will be a drop in rental prices and an increase in vacant property.

Retail stores were barely affected by the Games, aside from the increase in consumption during the year of the Olympics, due to the greater number of tourist arrivals. In Sydney, the types of stores that benefited most were clothing stores, souvenir shops, fast-food chains (restaurants), and the hospitality sector.

In any case, Attica will certainly benefit from the refurbishment of buildings and from new additions, as a result of the Olympic Games. However, concerns were expressed that due to tight deadlines, poor designs may result in problems later.