

H1 2023

Market Report

GREEK LUXURY HOMES

The Mediterranean Pulse

A collaborative insight survey into HNWI perspectives from 9 regional Sotheby's Realty Offices [p. 6 onwards]

Leads Increase - L/V drops

Leads increased in H1 2023, however, the Leads to Viewings ratio slightly dropped to 12.2% vs 13% in H1 2022.

V/D improves in H1 2023

Viewing to Deals picks up from last year [8.6% vs 7.2% in H1 2022] yet remains far from the H1 2021 levels of 14.1%.



The Mediterranean Pulse

Dear Partners, Clients, and Friends of Greece Sotheby's International Realty,

I warmly welcome you to our latest Market Report, a comprehensive update on the Luxury Homes market trends in Greece for the first half of 2023. Our commitment to providing insightful analysis into the market, a promise we made and fulfilled since our inaugural report in Q4 2022, remains unflinching. This year, our endeavours reached a new milestone as we expanded our research horizons. For the first time, our Athens office, in collaboration with eight other Sotheby's International Realty offices in the Mediterranean, has conducted an extensive survey. This study captures the pulse and perspectives of High Net Worth Individuals (HNWI) in the region, enriching our insights.

Turning our attention to the Greek market, it's notable that viewings have increased compared to the same period last year, paralleling the influx in leads. However, these growth metrics have diverged, leading to a minor decline in the Leads-to-Viewings ratio. Conversely, our Viewings-to-deals ratio showed a slight improvement in the first half of 2023, even though it has yet to reach the heights seen two years ago. Meanwhile, window shopping remains at a rate higher than average, suggesting potential market volatility.

It is evident, now more than ever, that during the pandemic, a lot of purchase decisions were brought forward, resulting in a sales spike.

Supply, particularly for unique homes, lags behind demand, a discrepancy most noticeable in the beachfront properties category. At the same time, sellers' high expectations have kept asking prices elevated, despite changes in the market context driven by interest rate hikes. Market forces, we expect, will eventually moderate these demands.

I would like to express my appreciation to our eight Affiliate offices across the Mediterranean region. This report would not have been possible without their participation and insights, which have broadened our understanding and deepened our commitment to excellence. It is through this collective effort that we can better serve our clients and continue to navigate the future of luxury real estate together.

Savvas Savvaidis

President & CEO, Greece Sotheby's International Realty



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Greek Market Insights | H1 2023

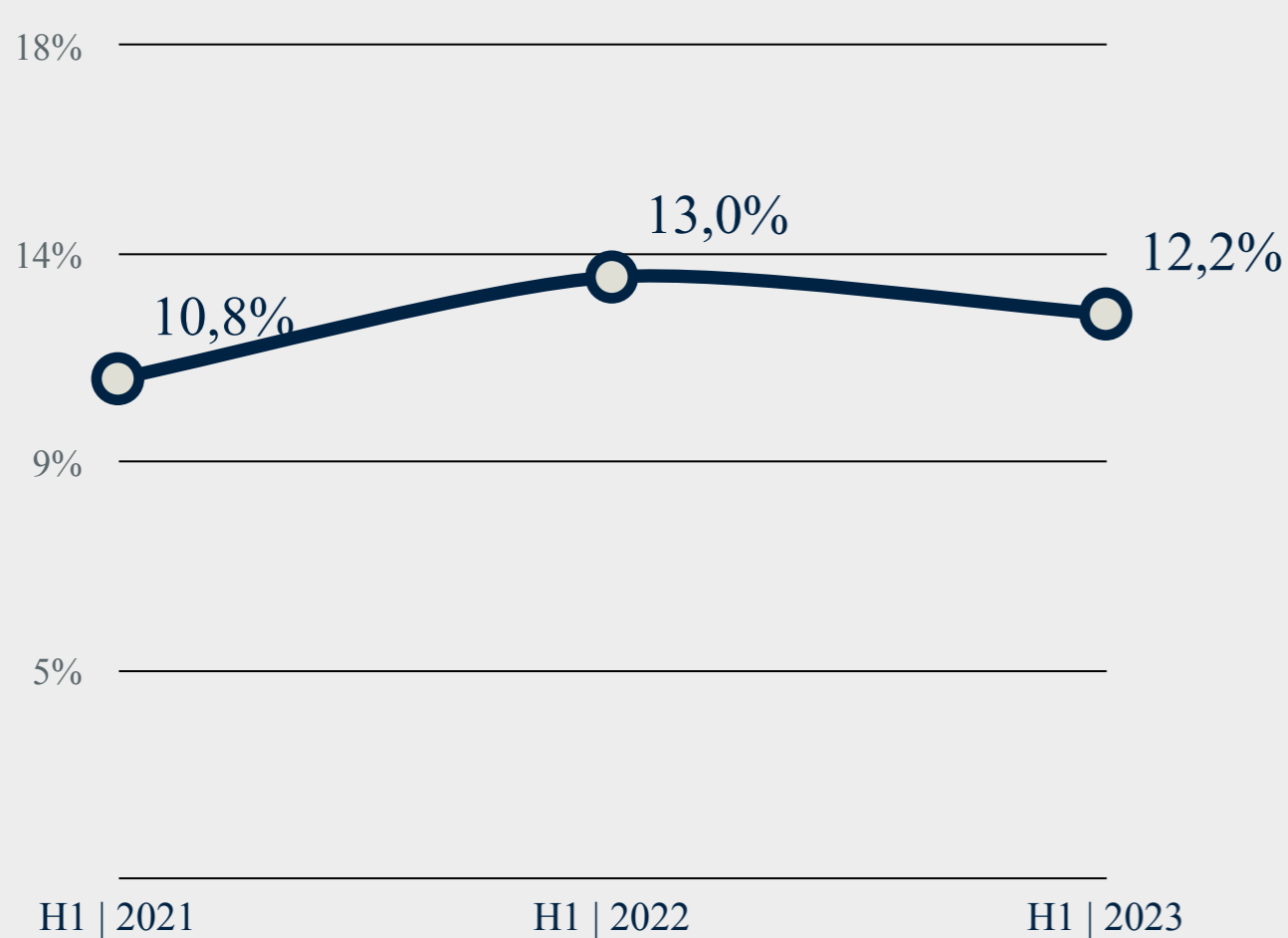
Viewings have increased in the first half of 2023 vs the same period last year, partly linked to the increased number of leads. However, the growth rates between these two metrics are not congruous, contributing to a marginal decline in the Leads-to-Viewings ratio.

In the H1 of 2023, the data shows a positive trend with a modest improvement in the Viewings-to-Deals ratio, reflecting enhanced conversion efficiency. Although the current ratio is still lower than the peak achieved two years ago, it indicates progress and opportunities for growth, highlighting a journey of continuous improvement and adaptation to new standards.

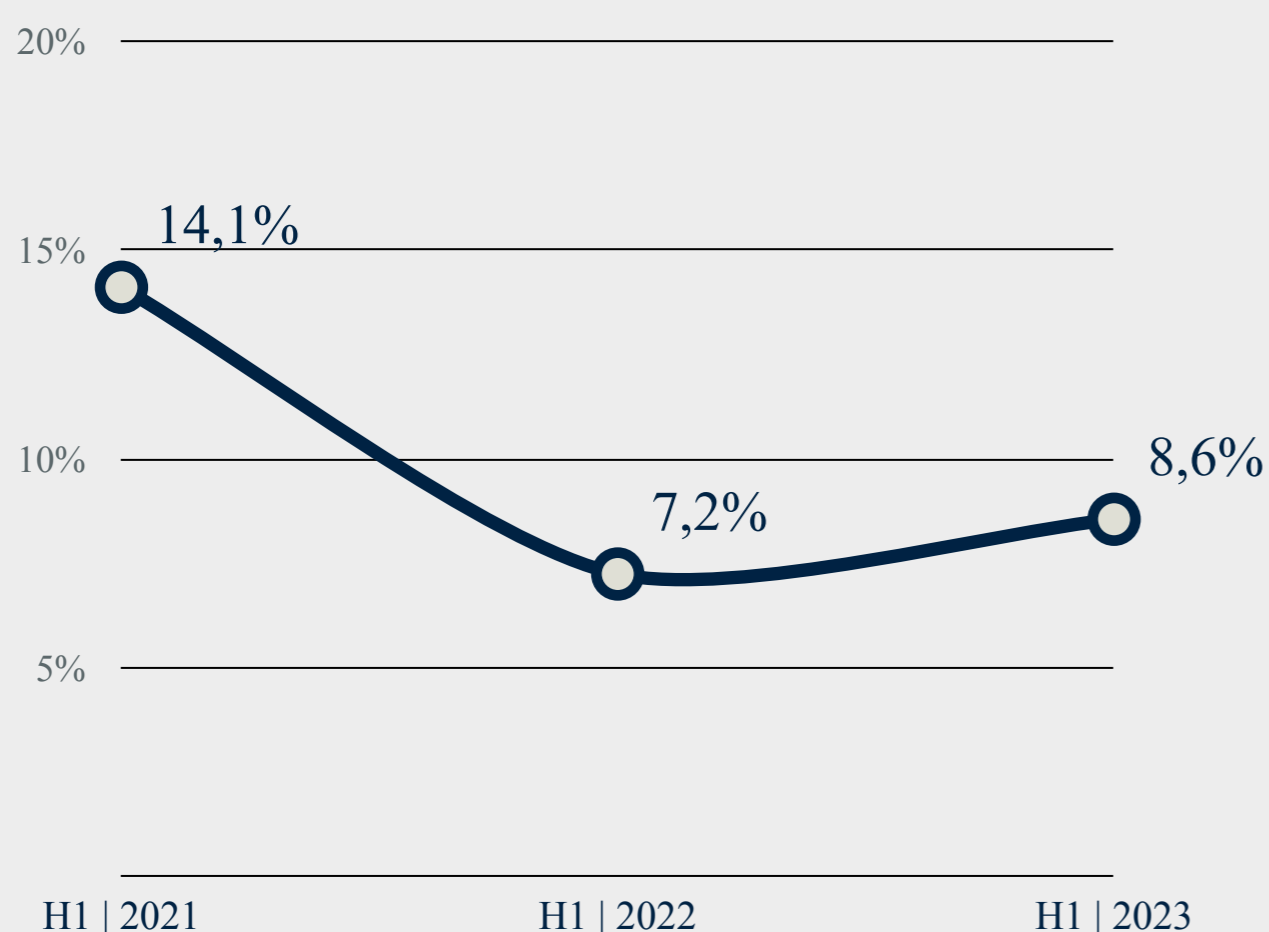
Key market notes:

- ▶ **Pandemic accelerated sales:** In 2023, it is more evident than ever that the pandemic impacted significantly the decision patterns and rationale of HNWI during the years 2020 -2022. More specifically, decisions regarding future investments were brought forward and transactions that would otherwise be conducted in 2023 - 2025 took place way earlier.
- ▶ **Persistent “window shopping”:** A higher-than-average rate of potential buyers remains in the exploratory phase. Although the situation has evolved positively since H1 2022, reflected by the increased Viewings to Deals ratio, the impetus to buy continues to trail the peak levels witnessed in 2020 and 2021.
- ▶ **Inventory shortage:** The availability of unique homes, especially beachfront properties, continues to fall short of demand, a trend clearly visible amongst high-net-worth individuals. Despite forthcoming developments promising some change, it's unlikely that the overall inventory will effectively meet the demand in the near future.
- ▶ **Market shift with interest rate hikes:** The rise in interest rates has fundamentally altered the market landscape. Concepts of financing and wealth leverage have been reframed in this new economic environment.
- ▶ **High asking prices:** Sellers, particularly those outside renowned locales such as Corfu, the Athenian Riviera, and Mykonos, have yet to adjust their expectations. Though the market is likely to self-correct this discrepancy, prolonged listing periods can invariably lead to a decline in the final sale price.

Leads to Viewings 1st half of the year



Viewings to Deals 1st half of the year



Source: Greece Sotheby's International Realty

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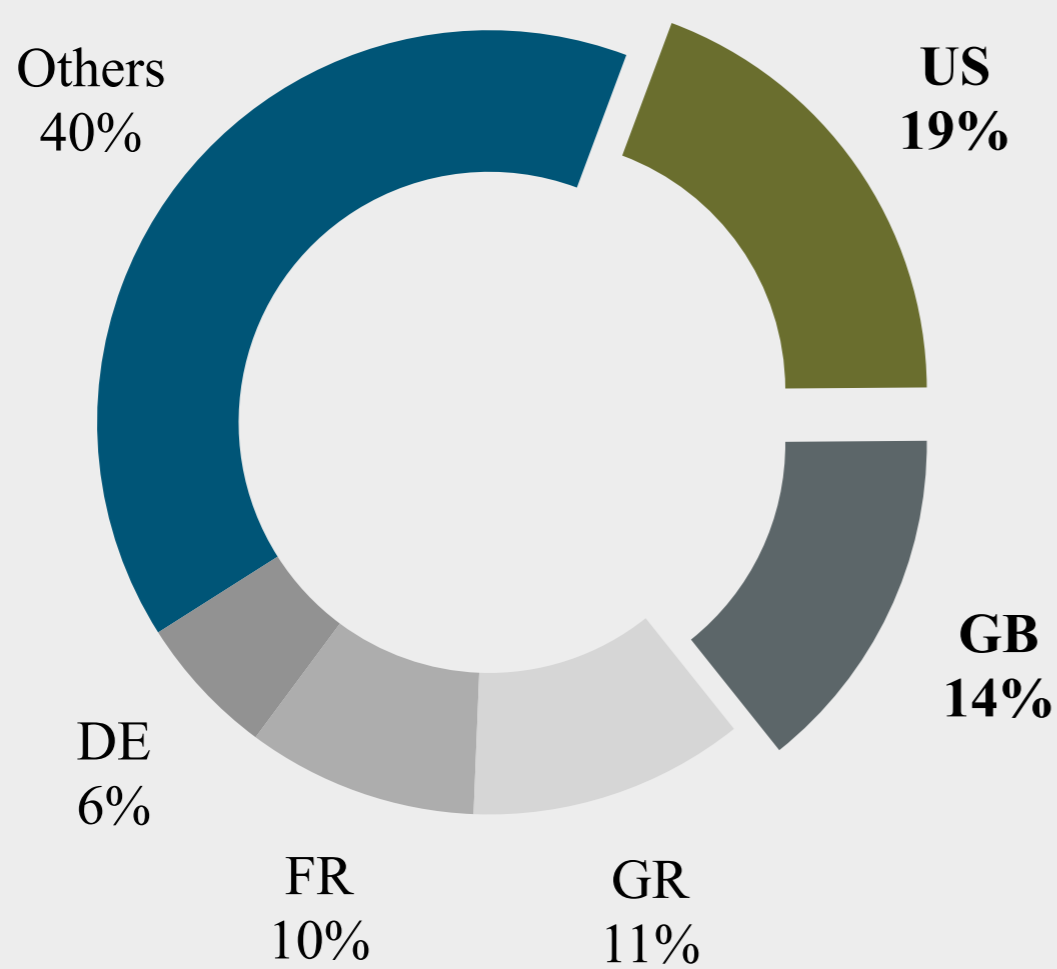
US & UK are still on top

The United States (US) and the United Kingdom (UK) remain the market leaders, reflecting the long-standing affinity for Greek real estate within these countries. Combined, these two nations account for one-third of total leads. Greek buyers represent the third largest group, indicating a solid domestic market for luxury properties. French buyers closely trail Greek buyers, followed by Germany, Israel, Australia, Canada, Switzerland, and Belgium.

Unique traction for the Athenian Riviera

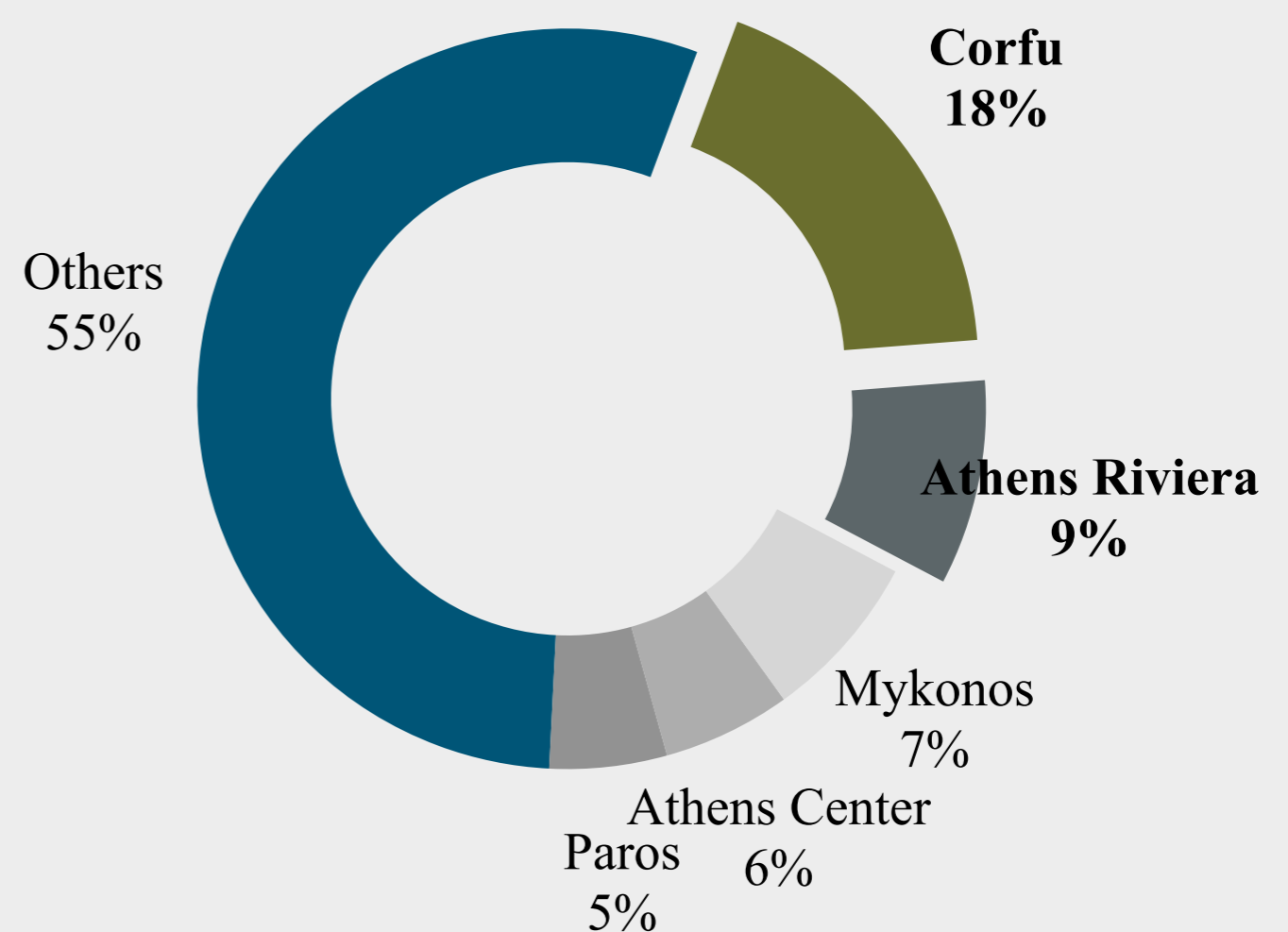
Corfu remained the top-requested destination, reflecting the island's enduring allure to luxury property seekers. The Athenian Riviera registered a significant surge in demand, outpacing the traditionally sought-after Mykonos, which marked a 17.9% decline vs the first half of 2022. Remarkably, Athens' city center advanced to the 4th position, surpassing several renowned island destinations. This shift indicates a growing appeal of urban luxury living within the vibrancy of the Greek historical capital.

**Top countries
H1 2023**



Country	% of total Leads	Δ% vs H1 2022
US	19.2%	21.2%
GB	14.4%	-10.9%
GR	11.4%	91.9%
FR	9.5%	60.8%
DE	5.8%	21.7%
IL	3.4%	7.5%
AU	3.2%	21.2%
CA	3.1%	11.4%
CH	3.0%	-24.0%
BE	2.3%	26.1%

**Top destination requests
H1 2023**



Destination	% of total Leads	Δ% vs H1 2022
Corfu	18.1%	27.7%
Athens Riviera	9.0%	25.8%
Mykonos	7.4%	-17.9%
Athens Center	5.6%	70.7%
Paros	5.1%	-5.9%
Lefkada	4.5%	166.7%
Crete	4.3%	28.6%
Kea	3.7%	27.8%
Tinos	3.4%	2.4%
Rhodes	3.0%	-48.6%

Source: Greece Sotheby's International Realty

Greece

Sotheby's

INTERNATIONAL REALTY

THE MEDITERRANEAN PULSE

A collaborative insight survey into
HNWI perspectives from 9 regional
Sotheby's International Realty Offices

Côte d'Azur
Croatia
Cyprus
Egypt
Greece

Italy
Spain
Montenegro
Portugal





Sveti Stefan, Montenegro | Photo © Oleg Gratilo

MARKET MOMENTUM

The current interest of HNWI in luxury real estate

Interest in luxury homes from High Net Worth Individuals (HNWI) during the pandemic period has been noteworthy, with the years 2020 and 2021 leaving their mark in real estate transaction history given the unprecedented market dynamics.

However, throughout 2022 and 2023, a more rational approach among buyers in several markets has emerged after the intense deal activity experienced in the previous years.

In order to accurately map the prevailing trends among High Net Worth Individuals (HNWI) the nine Sotheby's International Realty offices that participated in the survey were asked how would they rate the interest of High Net Worth Individuals in luxury properties in their respective regions for 2022 & 2023.

The observed patterns were indeed corroborated by the data collected from the nine Sotheby's offices.

Montenegro was the only market office to register an upward trend in interest from high-net-worth individuals. Conversely, a downward trend was reported by three offices located in Portugal, Spain, and Côte d'Azur, reflecting however the mature status of the respective markets and the long-standing success in attracting HNWI.

Interestingly, the remaining **five offices reported a static market state with no discernible change in the interest of HNWIs** toward luxury properties in their respective areas. This could suggest a period of market stabilisation after the upward trend of the pandemic years.

“How would you rate the interest of High Net Worth Individuals (HNWI) in luxury properties in your country in 2022 & 2023”

Market	2022	2023	Δ
Montenegro	High	Very High	↑
Greece	High	High	-
Italy	High	High	-
Egypt	High	High	-
Cyprus	High	High	-
Croatia	Moderate	Moderate	-
Portugal	Very High	High	↓
Spain	Very High	High	↓
Côte d'Azur	High	Moderate	↓



Èze, France | Photo © Gabor Koszegi

SENTIMENT ANALYSIS

The future interest of HNWI in luxury real estate

“What predictions can you make about the future interest of HNWI in luxury properties in your country?”

Turning the attention to future predictions, the survey sought to capture the nine Sotheby's International Realty offices' anticipations regarding the future interest of High Net Worth Individuals in luxury properties in their regions.

The collective outlook reflected an optimistic sentiment, with **seven of the nine offices anticipating an upswing in HNWI interest in luxury homes within their markets.** This positive trend encompasses various geographical regions and speaks volumes about luxury properties' perceived resilience and appeal as an investment avenue.

However, two offices, specifically those based in **Cyprus and Côte d'Azur, presented a more conservative outlook.** These offices forecasted that the interest of HNWI in luxury properties in their areas will maintain its current state. This perspective speaks to the stability of these regions' luxury property markets. **While they may not anticipate growth per se, their market dynamics are expected to remain solid, continuing to attract and cater to the luxury property demand of HNWI.**

Market	Sentiment	
Portugal	Increase	↑
Spain	Increase	↑
Montenegro	Increase	↑
Italy	Increase	↑
Greece	Increase	↑
Egypt	Increase	↑
Croatia	Increase	↑
Cyprus	Stay the same	-
Côte d'Azur	Stay the same	-

Market Insights: Spain

Alejandra Vanoli
Managing Director - Mallorca
Sotheby's International Realty

Mallorca is the area for second homes and this is one of the reasons that the prices are among the highest both internationally and within Spain. The Balearic Islands currently hold the first position by having more than 10,000 properties for sale with values over one million euros, which represents 25% of all Spain. They are followed by Malaga (22.5%), the Community of Madrid (12.1% of the total) and Barcelona (11.2%). In the ranking of ultra-luxury homes, those priced at more than three million euros, the Balearic Islands is also in the top positions being second after Málaga.

At all our seven offices in Spain we see that buyer behaviour got back to what it was used to before the pandemic. Virtual viewings are still requested during the search of a home by foreigners, but potential buyers still want to come and visit several properties within a few days to get an impression of what's on the market and experience the entire environment.

Still, the most desired characteristic when buying a home on the island is the proximity to the sea. Seafront homes have always been very demanded and usually are on the market for a very short time. However, the island has the benefit of elevated levels next to the coast offering a total seafront



feeling as well as hills more inwards the island with incredible views over the sea, the ports and the city.

New, potential markets keep on rising in different parts of Spain and we are planning to open several offices per year, additionally to our current 7 offices, to offer a more complete search, create long-lasting relationships with our clients and be sure to meet their needs to find their dream home or investment at any moment of their lives.

“At all our seven offices in Spain we see that buyer behaviour got back to what it was used to before the pandemic”.



Dubrovnik, Croatia | Photo © Mj

MARKET MAPPING

The key feeder markets per real estate destination

“From which countries/regions are the majority of HNWI showing interest in luxury properties in your country? ”

In analyzing the sources of luxury real estate requests from different markets, several interesting patterns and conclusions emerge.

First, there is a **noticeable demand for luxury properties in these markets from European countries**. For instance, **Germany (DE) and the United Kingdom (UK) consistently appear as sources of requests across multiple markets, including Portugal, Spain, Greece, and Cyprus**. France (FR) also shows an interest in Portugal, Italy, and Greece.

The United States (US) demonstrates an interest in luxury homes across Mediterranean markets, such as Portugal, Spain, Italy, and Greece. This consistent presence of US interest reflects the global appeal of these Mediterranean luxury markets.

The Northern European countries are contributors to the demand in Spain, Italy, and Cyprus. Meanwhile, Central European countries, particularly the Czech Republic (CZ) and Slovakia (SK), show strong interest in the Adriatic markets, notably Croatia and Montenegro.

As regards Egypt, it is evident that the year-round destinations in the Red Sea attract British, Germans, Italians, Russians, and Saudi Arabians.

Country	Feeder Markets
Portugal	USA, UK, FR, DE
Spain	DE, AT, CH, USA, UK, SE & Latin America
Montenegro	UK, RU, ex-Yugoslav diaspora Increasing interest from PL, CZ, SK
Italy	Northern Europe, USA, CH, FR
Greece	USA, UK, GR, FR, DE
Egypt	Greater Cairo: KW, QA, YE, SD, LB, SY North Coast: JO, UAE, SA Red Sea: UK, DE, IT, RU, SA
Cyprus	RU, UA, UK, DE, AT, NO, SE, IL
Croatia	CZ, DE, SK and generally EU



Mykonos, Greece | Photo © Despina Galani

SENTIMENT ANALYSIS

Optimising Luxury Destinations for HNWI

“In your opinion, what could be done to further enhance the attractiveness of your country as a luxury property destination for HNWI?”

Market	Marketing	Infrastructure & Facilities	Taxation / Investor Friendly	Security	Inventory of luxury homes	Bureaucracy	Preserve Cultural Heritage	Land use planning
Portugal	●	●	●				●	
Spain			●					
Montenegro	●	●						●
Italy						●		
Greece					●			
Egypt	●		●					
Cyprus		●						
Côte d'Azur			●	●				
Croatia		●						

As part of the survey, the nine Sotheby's International Realty Offices were asked which potential enhancements would elevate their respective region's attractiveness as luxury property destinations for High Net Worth Individuals.

Leading the feedback were two equally emphasized areas: improving infrastructure and facilities, and refining the taxation framework while at the same time being more investor-friendly. The latter underscores the importance of an enabling fiscal environment in attracting HNWI investment. Simplifying tax structures, offering incentives, and reducing unnecessary complexities can provide a conducive atmosphere for sustained investment in luxury real estate.

Close on the heels of these primary areas of focus is the need for effective marketing to highlight each destination's Unique Selling Propositions (USP). The essence of luxury real estate extends beyond the property itself and encompasses the lifestyle, environment, and distinctive features of the location. A well-articulated, compelling narrative that underscores these aspects could further pique the interest of HNWI.

The remaining suggestions included a range of factors, each pertinent in its own right. These encompassed enhancing security measures, increasing the inventory of luxury homes, combating bureaucracy, preserving cultural heritage, and implementing prudent land-use planning.

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Artisanal | Lefkada, Greece

SENTIMENT ANALYSIS

What type of properties are most appealing to HNWI clients in each country

In the quest to comprehend the preferences of High Net Worth Individuals (HNWI) within the luxury property landscape, insights were gathered regarding the types of properties that carry the greatest appeal across different countries.

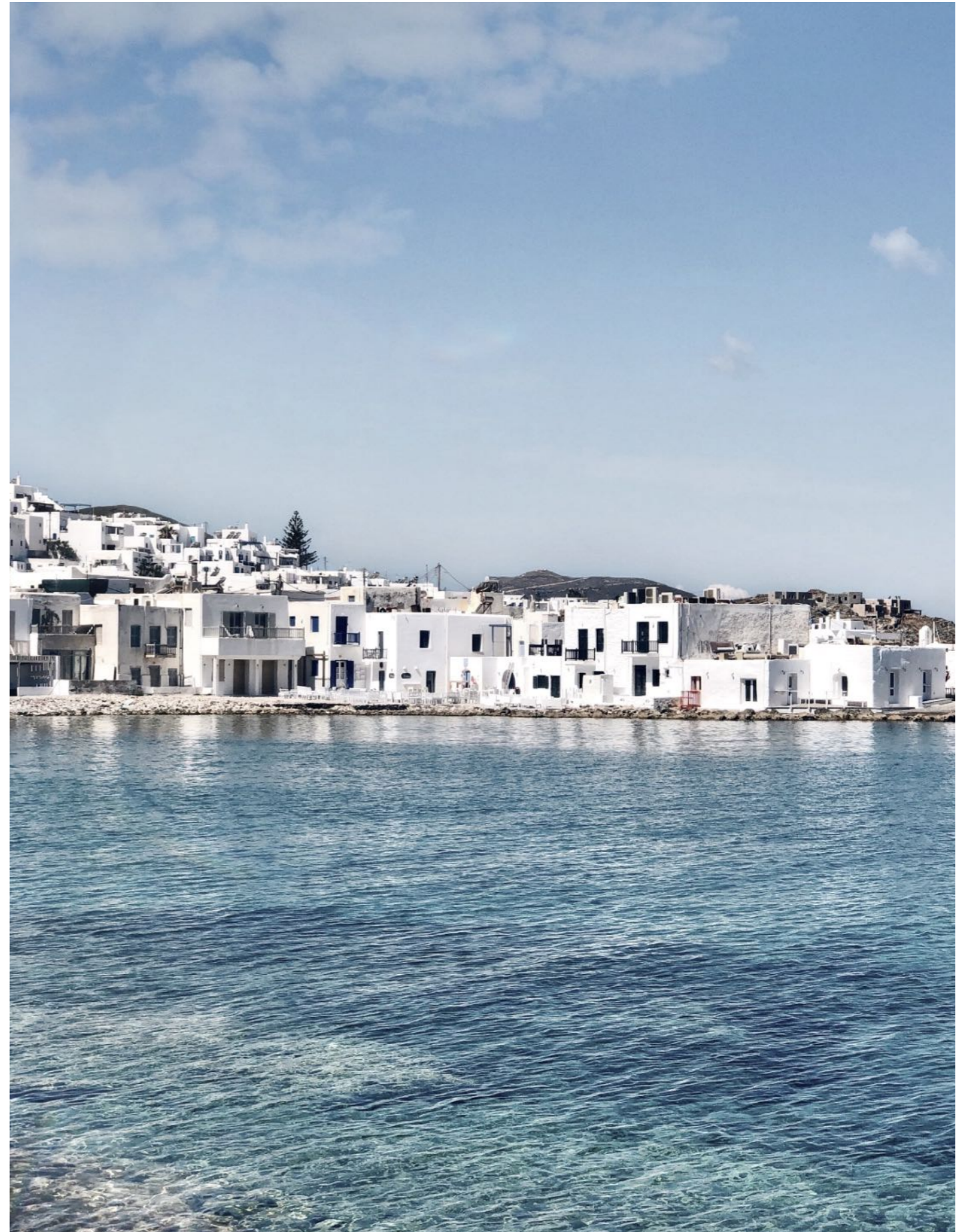
Beachfront properties emerged as the unequivocal favourite. These prime pieces of real estate, bathed in natural beauty and tranquillity, offer a lifestyle that is greatly desirable to the HNWI clientele. The allure of exclusive beach access, sweeping sea views, and the prospect of a peaceful, private residence evidently make beachfront properties a prized possession in the luxury real estate market.

City apartments, with their distinct appeal, secured the second position in terms of attractiveness.

Occupying the third spot are Historic properties, which embody a wealth of architectural heritage and cultural richness. The allure of these properties is vested in their unique character, historical legacy, and timeless appeal, carving a niche in the luxury real estate market that caters to HNWIs who value history and architectural elegance.

Market	Beachfront Properties	City Apartments	Historic Properties	Golf Properties	Island Villas	Branded Residences
Portugal	⊕	⊕	⊕	⊕		
Spain	⊕	⊕	⊕		⊕	
Montenegro	⊕		⊕			⊕
Italy	⊕	⊕	⊕			
Greece	⊕				⊕	
Egypt	⊕	⊕				
Cyprus	⊕	⊕		⊕		
Côte d'Azur	⊕	⊕	⊕			
Croatia	⊕	⊕				

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Paros, Greece | Photo © Despina Galani

SENTIMENT ANALYSIS

Country perception attributes

Top 3 factors attracting HNWI to invest in luxury properties

Market	Lifestyle	Cultural heritage	Natural Beauty	Investment Potential	Residency/ Citizenship	Safety	Taxation
Portugal	⊕	⊕				⊕	
Spain	⊕	⊕		⊕			
Montenegro	⊕		⊕	⊕			
Italy	⊕	⊕					
Greece	⊕		⊕	⊕			
Egypt	⊕	⊕	⊕	⊕			
Cyprus	⊕				⊕		⊕
Côte d'Azur	⊕	⊕					
Croatia		⊕	⊕		⊕		

“Based on your interactions with HNWI, how would you describe their perception of your country as a luxury destination? ”

“How do HNWI clients perceive the stability and attractiveness of the real estate market in your country compared to other European markets? ”

Very Negative	Negative	Neutral	Positive	Very Positive
	Cyprus		Egypt Italy Croatia	Portugal Spain Greece Côte d'Azur Montenegro

Much Less Attractive	Less Attractive	Equally Attractive	More Attractive	Much More Attractive
		Greece Egypt Cyprus Croatia	Portugal Spain Italy Côte d'Azur	Montenegro

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Cover Photo

Sea Melody, Paros