

## The effects of legislation changes and economic crisis on land transactions in Greece

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### Background



Densities of property rights in Greece  
(Source: Hellenic Cadastre)

#### Nation-wide statistics

- Area: 132 Sq. Km
- Population: 10.962.000
- Households: 3.664.071
- Municipalities: 5.775
  
- Residencies: 5.475.400
- 2nd housing residencies: 1.600.000
- Residence area / person: 35 m<sup>2</sup>
  
- Land parcels: ~15-18 million
- Property rights: ~37,2 million
  
- GDP: ~€220 billion
- GNI per capita: ~€21.000
- Value of privately owned land: ~€750 billion



## Background



Areas surveyed in the first round of projects

### Land registration systems

- **Deeds registry system**
  - Operates since 1853
  - Consists of 397 Registry Offices
  - Covers the entire country
  - Registers ~1.000.000 deeds / year
- **Cadastral system**
  - Introduced in 1995
  - Is developed gradually
  - 1<sup>st</sup> round of cadastral surveys
    - Municipalities: 340 (6%)
    - Area: 8.400 Km<sup>2</sup> (6,4%)
    - Rights: 6.400.000 (17%)
    - Registry Offices: 97 (24%)
    - Initiation of surveys: late 1990s
    - Operation (first office): 2003



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## Background



Areas surveyed in the second round of projects

### Land registration systems

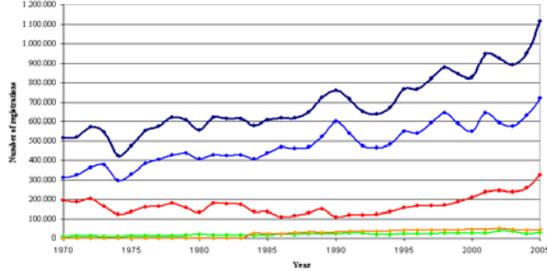
- **Cadastral system (continued)**
  - 2<sup>nd</sup> round of cadastral surveys
    - Municipalities: 107 (2%)
    - Area: 3.100 Km<sup>2</sup> (2,3%)
    - Rights: 7.350.000 (20%)
    - Registry Offices: 33 (8%)
    - Initiation of surveys: late 2008
    - Surveying procedure in progress
  - 3<sup>rd</sup> round of cadastral surveys
    - Tendered in Jan. 2012
    - Evaluation of bids in progress
  - 4<sup>th</sup> round of cadastral surveys
    - Tendered in Feb. 2012
    - Evaluation of bids in progress
  - 5<sup>th</sup> round of cadastral surveys
    - To be tendered within 2012



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## Land sector development during the period 1970-2005

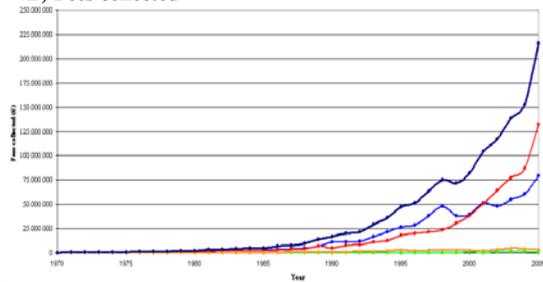
### A) Registered land transactions



### Trends 1970-2005

- Significant increase in the number of registered land transfers (~130% or ~3,7% per year)
- Relatively strong increase in the number of registered mortgages, particularly during the last 15 years of the period
- Drastic increase in the fees collected by the registrars particularly due to the registration of mortgages

### B) Fees collected



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# and then...



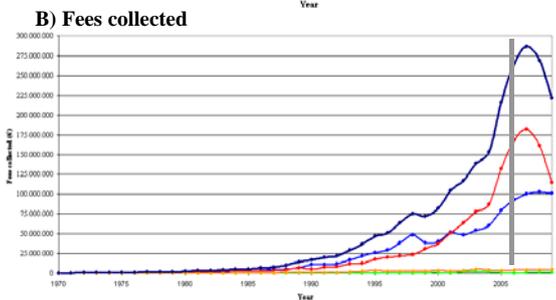
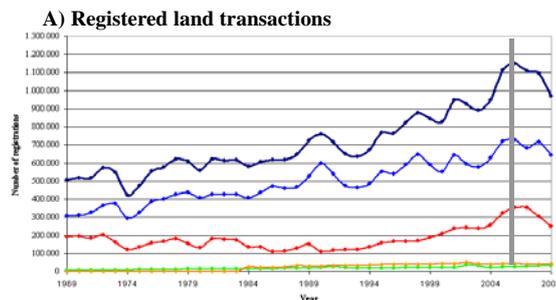
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# ... the CRISIS struck!!!



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## The Crisis is Here...



### The chronicle of the crisis

- 2008: The Lehman Brothers bankruptcy
- 2009: Call for early elections in Greece due to difficulties in financing the public debt
- 2010: Signing of the 1<sup>st</sup> bailout agreement
- 2012: Signing of the 2<sup>nd</sup> bailout agreement



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## Parallel Factors Affecting Land Transactions Changes in Legislation

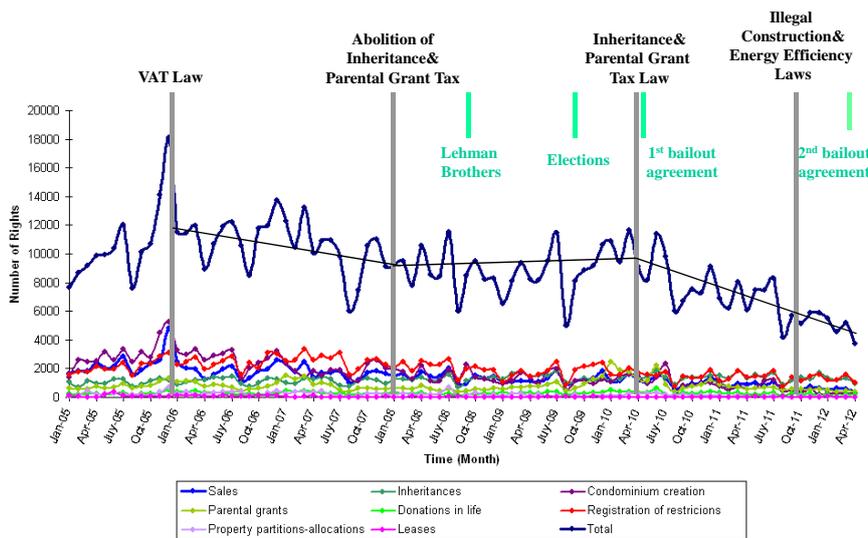


- **01/01/2006: Law 3427/2005**  
Imposed a VAT (19%) on the first transfer of every new building
- **29/01/2008: Law 3634/2008**  
Abolished taxes on property inheritance or parental gifting and replaced them by the “Unified Property Tax”
- **23/04/2010: Law 3842/2010**  
Abolished the “Unified Property Tax” and re-instated the inheritance and parental gifting taxes
- **21-09-2011: Laws 4014&4030/2011**  
Made mandatory the certification by an engineer that there are no illegal structures on properties being transferred or leased. Also, it made mandatory to include a geo-referenced topographic plan to the documents that refer to property transfers
- **01/12/2012: Law 3661/2008**  
Necessitated the Energy Efficiency Certificate on all buildings that are sold or leased



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## The Impact of the Crisis and Legislation Changes on Land Transactions



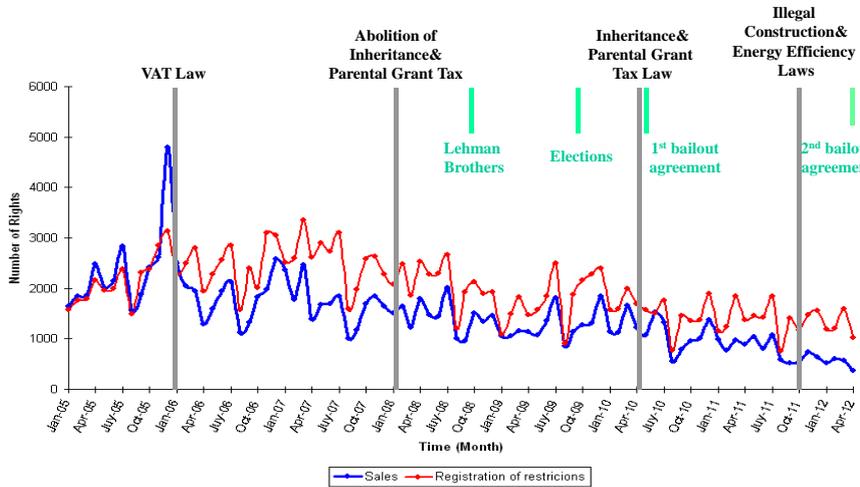
Note: Data from 113 municipalities that had been incorporated into the operational cadastral system before Jan. 2005



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## The Impact of the Crisis and Legislation Changes on Property Sales and Registration of Restrictions

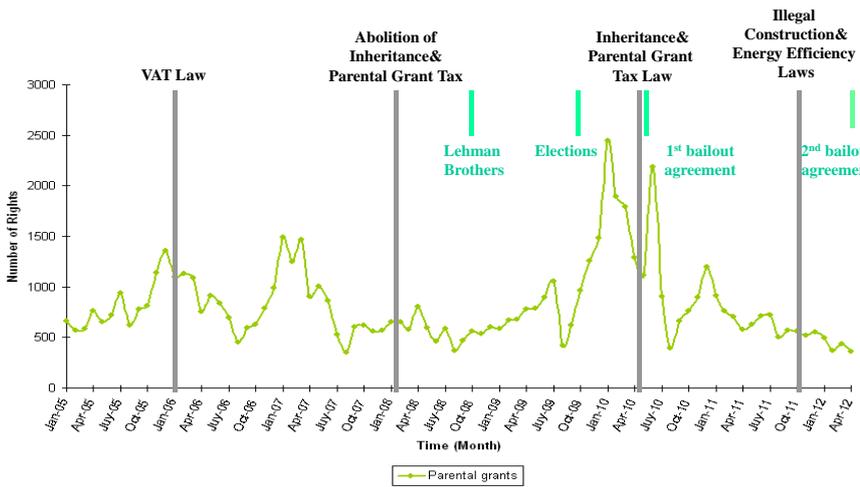


Notes: Data from 113 municipalities that had been incorporated into the operational cadastral system before Jan. 2005  
Registration of restrictions, in essence, corresponds to registration of mortgages



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## The Impact of the Crisis and Legislation Changes on Property Parental Grants

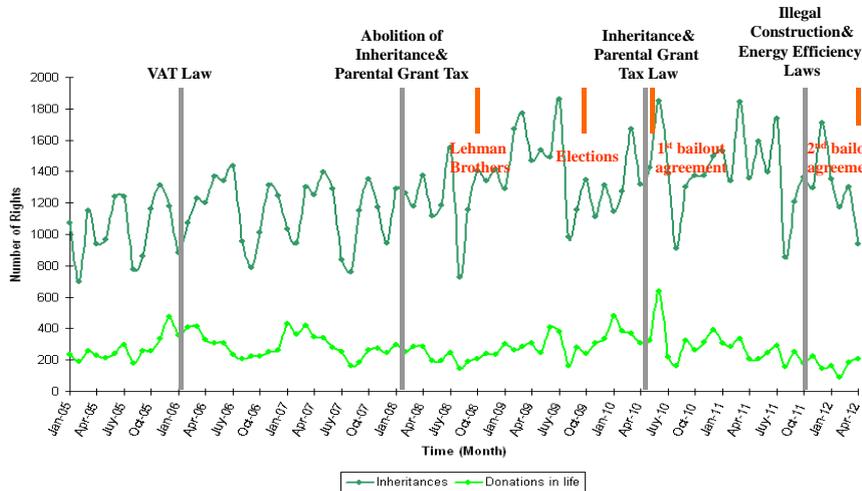


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## The Impact of the Crisis and Legislation Changes on Inheritances and Donations in Life



Note: Data from 113 municipalities that had been incorporated into the operational cadastral system before Jan. 2005



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## Conclusions



Densities of property rights in Greece  
(Source: Hellenic Cadastre)

- The economic crisis and certain parts of the legislation introduced during the past decade (VAT, inheritance and parental grant tax) seem to have a significant negative effect on land transactions.
- The effect of the legislation changes is more evident on land transactions that are related to sales and parental grants.
- The legislation changes and the economic crisis, so far, have not affected significantly land transactions that are related to inheritances and donations in life.
- Legislation mandating energy efficiency certifications or certification of absence of illegal structures in properties that are transferred or leased is very recent and its consequences on land transactions cannot be determined yet.
- Lack of funding, increased property tax that has to be paid during land transactions, and increased bureaucracies may reduce the number of land transactions. Also, they are likely to force people to perform land transactions outside the formal sector.



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