



## International Property

# Why Mykonos is Greece's most resilient property market

The glamorous island has remained popular with the international jet set throughout the financial crisis, helping to limit price falls



*Mykonos town at dusk © Michal Krakowiak/Getty Images*

AUGUST 12, 2016 12:22 PM

by: **Hannah Roberts**

With its intense nightlife, top-flight restaurants and a background soundtrack of electronic Zen lounge music, Mykonos is often billed as the new Ibiza. British writer Lawrence Durrell, who first visited the island in 1940, wrote: “It does not try to charm, it brands you like a hot iron.”

Yet while the 24-hour party people have certainly arrived, Mykonos is small compared with Ibiza, being just a fifth of the size and much more bijou. Prices can be steep, as much as €20 for a cocktail in the swankier bars, which may have helped put the brakes on mass tourism; none of the large international hotel chains has yet arrived. Last August the average hotel room in Mykonos was €507 a night, beating even the going rate of €470 a night in Monte Carlo, according to price comparison website Trivago. Meanwhile,

international restaurants such as London's Hakkasan and Buddha-Bar of Paris fame have set up offshoots on Mykonos, ensuring that the fashion set feel at home.

For some, the island's Forbes-list clientele and beach-club dining scene are more comparable with the Côte d'Azur than the Balearics. "It's like a little St Tropez," says Nicolas Mugni, of French property agency Demeures de Grece.

The approval of the international jet set has helped Mykonos become the most resilient market in Greece, attracting more inquiries than anywhere else in the country, according to several agents. It attracts the same breed of foreign buyers as other sophisticated European hotspots, from Tuscany to the Swiss Alps.

Konstantinos Sideris, an analyst at Algean Property, says Mykonos "offers a combination of tradition and glamour", which makes it the first port of call for international buyers seeking a property in Greece. "Even if they buy on another island, in the end they almost always start with Mykonos," he says.

The ongoing financial crisis in Greece has hit the country's real estate market hard, with prices down 43 per cent in Athens and areas of the mainland since 2008, according to the Bank of Greece. Agents say the decline is more than 50 per cent in the worst hit areas. It would have taken nerves of steel to invest in the country last summer as it teetered on the edge of leaving the eurozone.

But after Athens agreed a third bailout with the EU in August 2015, buyers appear to be reassured, says Yannis Ploumis, a representative for Christie's International Real Estate in Greece, "There's now a security umbrella that convinces us Greece won't leave the euro." Mykonos bounced back in particular, Ploumis says, with sales doubling this year compared with the first half of last year. "It's in its own special market," he adds.

Mykonos "has displayed the highest resistance in the current turmoil, with demand from international buyers almost undiminished," says Mike Braunholtz at Prestige Property Group.



*Villa with 16 bedrooms on Delos, just off Mykonos, €12m*

Of course the island has not remained immune from the crisis: agents agree that prices remain as much as 30 per cent below their 2008 peak. Yet Brauhnoltz attributes this reduction to a previously overpriced market, which he says has now undergone a correction.

Perhaps as a result, inquiries have surged 50 per cent in 2016 at Demeures de Grece, buoyed by demand from Middle Eastern investors. Mykonos is just 35 minutes from Athens by air and is also served by direct international flights, making it popular with Italians and Greeks living abroad.

Part of the island's attraction as an investment is the potential for high rental yields with agents estimating returns of between 8 and 12 per cent over a season from April to October.

The most popular areas include Agios Ioannis and Agios Lazaros where Algean Property is marketing a seven-bedroom villa with views towards the small island of Delos, just off Mykonos, for €6m. Christie's International Real Estate is selling a 16-bedroom property with a pool on Delos itself for €11m.

Southern beaches such as Super Paradise are also popular since they are more protected from the wind. Demeures de Grece is selling a villa with six bedrooms and a pool on the south coast near Elia for €2.2m.

Since the UK's EU referendum vote, Europe is about a sixth more expensive for those spending in sterling. Brauhnoltz says several British buyers withdrew from sales after sterling crashed last month. But with 80 per cent of his client base from outside the UK he remains optimistic, especially about Mykonos where villas are about a third of the price of those on the Côte d'Azur.

Of course there is a risk that Grexit could follow Brexit. If Greece did abandon the euro and returned to the drachma, investors would face a sharp devaluation of their property value. Property taxes could also be raised to enable the Greek government to bolster its depleted revenues. In such a scenario the international investor might return to calmer waters on the Côte d'Azur.

## Buying guide



- Mykonos to Athens is three to six hours by ferry and 35 minutes by plane
- Residence permits are offered to non-EU residents and their families if they buy a property for more than €250,000
- Fees and taxes can add between 10 and 15 per cent to the price — higher than in many other countries
- There is no national digital land registry, which means property in Greece is sometimes sold without clear

boundaries in terms of precise lot size or zoning

## What you can get for ...

**€1m** A three-bedroom villa in the north

**€2.5m** A five-bedroom villa with a pool and sea views

**€5m** A six-bedroom villa with direct access to the sea

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