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## International Property

# Santorini: the supermodel of the Cyclades islands

How a fall in the euro has fuelled foreign interest in homes on the the volcanic island



*The hillside town of Oia, on the Cyclades island of Santorini, Greece © Chantal de Bruijne/Getty Images*

OCTOBER 28, 2016 by **Troy McMullen**

The clusters of whitewashed houses, dotted with the occasional blue-domed roof, gate or window frame draw thousands of Instagram-hungry tourists to Santorini in the Aegean Sea into early autumn. For vacation homebuyers, however, the most appealing aspect of the volcanic island in the Cyclades might be its home prices.

Economic turmoil following the financial crisis of 2008 has helped flatten property values on the island and fuelled surging interest from foreign buyers, says George Eliades, managing partner of Algean Property.

“It started when the economy began to crumble a few years ago, but [buyer] interest is still escalating,” says Eliades, who estimates that island prices fell by about 40 to 50 per cent from 2011 to 2015. The market has recovered to an extent since then, but prices are still 35 per cent lower than they were eight years ago.

Despite the dip in property values, Santorini is still among the most expensive areas of the Cyclades islands for real estate. The average asking price on the island is €3,130 per sq metre, according to a survey by the Spitogatos online property search engine. That is just behind the Greek islands of Mykonos and Patmos, which have reached €4,759 per sq metre and €4,064 a sq metre, respectively.

Buyers on the crescent-shaped island have room to negotiate, says Alexandros Moulas, an Athens-based associate with Savills. He estimates that average sale prices are about 15 to 20 per cent below the asking prices. “This isn’t great for sellers, of course, but it’s very good news for buyers,” says Moulas.



Though Europeans have long occupied the biggest chunk of foreign buyers to the island, Chinese and American buyers — lured by a fall in the euro — are showing up in larger numbers, says Lefteris Potamianos, vice-president of the Association of Realtors of Athens-Attica.

He estimates that Asian buyers make about 10 per cent of the market, while Americans now represent about 15 per cent. Both groups have doubled in size since 2009, Potamianos says. Older homes with regional pedigree typically sell well on the island, but newer ones with contemporary amenities draw the bulk of new buyers, he says.

The island’s priciest homes are strewn along the ocean in villages such as Imerovigli, Megalochori and Oia, all of which are on the west coast. In Oia, Savills is selling a traditional three-bedroom, three-bathroom home with an outdoor pool for €1.2m. In Megalochori, the same agent is selling a four-bedroom home with a large courtyard and outdoor pool for €695,000.



*Traditional-style three-bedroom house with pool, €1.2m*

Though its sales market is still recovering, Santorini's rental market has remained buoyant, says George Eliades, of Algean Property.

Depending on location and proximity to the water, a week's rental during peak spring and summer months in a renovated four-bedroom property in some parts of the island costs as much as €10,000, earning a yield of about 8 per cent, estate agents say. Smaller homes near beach villages such as Kamari range from €3,000 to €5,000 a week to rent. Just along the coast in Pyrgos Kallistis, Algean Property is renting a complex with four apartments. Prices range from €1,120 per week for a 35 sq metre one-bedroom apartment to €3,160 per week for a four-bedroom apartment measuring 141 sq metres. The former wine and *tsipouro* factory includes a Jacuzzi and direct water access.

Greece's ongoing debt crisis is a major problem for property investors, with their biggest hurdle, according to Alexandros Moulas of Savills, still being the prospect of a Greek exit from the EU, which would mean abandoning the euro and returning to the drachma.

"Greece's stability is still one of the main factors hurting real estate investment," he says. "A Grexit would lead to a sharp devaluation of property value and likely higher property taxes, and neither of those scenarios is good for foreign investors."

## Buying guide

- Buyers are advised to set aside an extra 10-15 per cent of the sale price to pay for sales and taxes
- Residence permits are offered to non-EU residents and their families if they buy a property for more than €250,000
- The temperature in Santorini ranges from average highs of 29C in July and August to average lows of 11C in January

### What you can buy for ...

**€500,000** A two-bedroom condominium measuring about 1,000 sq ft in the village of Firostefani

**€1m** A newly built, five-bedroom home on the ocean in Imerovigli in the northern part of the island

**€3m** An oceanfront property with six bedrooms in Oia

*More listings at [propertylistings.ft.com](https://propertylistings.ft.com/) (<https://propertylistings.ft.com/>)*

*Main photograph: Chantal de Bruijne/Getty Images*

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