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# Investing in Mykonos

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The holiday home market in Mykonos has maintained its strength in recent years despite the internal and external setbacks, according to a report published by Algean Property.

According to the latest housing census in 2011, there are 6,676 main residences and 1,290 holiday homes on Mykonos. The amount of holiday homes remained relatively unchanged as construction activity slowed during the economic crisis in Greece.

## About Mykonos

Mykonos is known for its beautiful crystal waters, its long sandy beaches and of course its nightlife. Mykonos, Greece's most famous international jet set

The island's international reputation and the cosmopolitan lifestyle attract the attention of international investors. The interest is growing fast, with foreign buyers closely monitoring the holiday home market in Mykonos. Taking into account that the holiday home market is the most promising industry in Southern Europe – as more than 2 million holiday home sales are expected by 2020 from northern Europeans, Mykonos has the potential of becoming a benchmark for the holiday home industry in the Mediterranean Sea.

In 2015, Mykonos recorded a higher level of visitor satisfaction – Global Review Index - compared to its major competitors. It is noteworthy that Mykonos dominates in all the categories with an average satisfaction rate of 87.5% compared to a range between 82% - 84% for Saint Tropez, Sardinia and Ibiza.

The report says that the hotel capacity in Mykonos amounts to 175 units, with 5,861 rooms and 11,724 beds, showing an increase of 6.7% in hotel units over the last five years. This follows the general trend in Greece as the total room and bed capacity recorded a slight increase of 11.7% and 12.9% respectively in the same period. While the room and bed capacity only for the five star category increased by 75%.

A substantial number of foreigners are already owners of holiday homes in Mykonos while an increasing overseas demand has been observed in the last 2 years. The main interest traditionally comes from European countries – UK, Germany, Italy, France, and the Scandinavian countries while a growing interest has been recorded from Middle Eastern countries - UAE, Lebanon, Israel, Egypt, Kuwait and Saudi Arabia. The Greek diaspora, especially from the USA and Australia are the most promising market. This increasing demand is mainly driven by the discounted prices on the island compared to 5 years ago as well as by the high return that can be attained by the rental of a holiday home in Mykonos.

Potential investors usually search for properties with more than 3 bedrooms, a swimming pool, sea views and easy access to Mykonos town or to a beach. The average budget ranges from € 800,000 to € 1,500,000 although it could reach € 3,000,000 for luxury detached properties with all the high end amenities, extensive gardens and direct access to the sea. The southern areas with relatively close proximity to the town attract the most interest.

The asking price for a prime holiday home in Mykonos has remained stable in the last year as it was discounted up to 30% in the previous 5 years. Bargains can be still found but the high return that the rental of luxury holiday homes offers, has regulated the market upwards. The gap between the sellers and the buyers is aligning as Mykonos continues to spur investor's interest.

The average asking sale price for prime holiday homes ranges between € 5,000 - € 7,000/m<sup>2</sup>. However, there is still volatility in the market, discounted prices a bit lower than this range can be found. The asking price for newly built exclusive luxury villas can reach more than € 10,000/m<sup>2</sup>. In general, the higher prices can be found in the

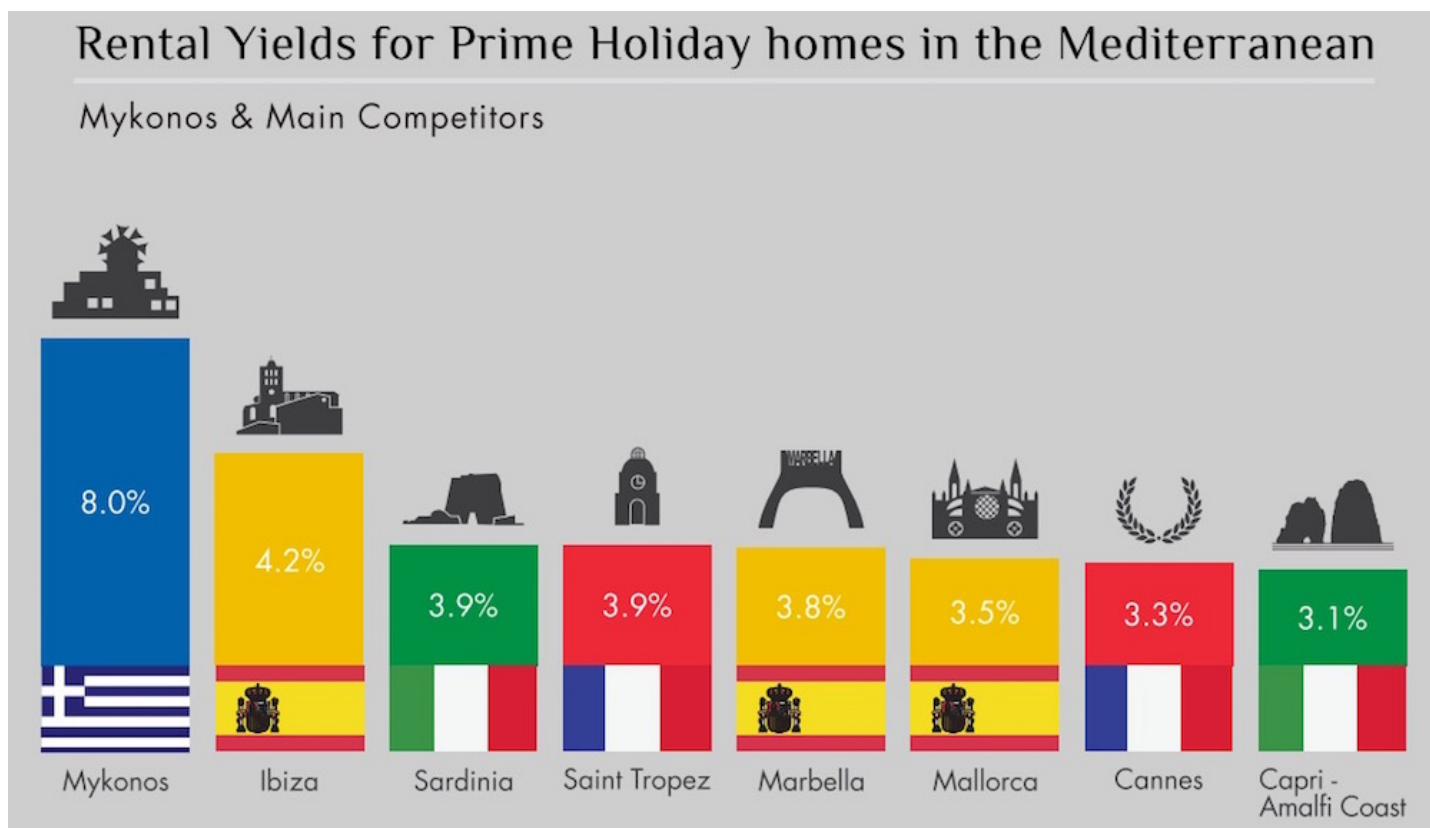
destination, is located in the central Aegean Sea and is part of the Cyclades complex of islands. The island is under the administration of the Prefecture of the Southern Aegean Sea and has one Municipality, that of Mykonos. The island spans an area of 86,125 km and its total shoreline reaches 81 km. The population of Mykonos is 10,172 residents, 30% of which are foreigners.

Mykonos is called “The Island of the Winds”. It combines tradition with glamour, accommodating all tastes and ages with an array of activities, ranging from nightlife, fine dining, shopping, relaxation, sailing to culture. Located at the center of the Aegean Sea, it is easily accessible from its international airport and Piraeus, Rafina and Lavrio ports by commercial boats. It is also easily combined to visiting the neighboring islands: Tinos, Paros, Syros, Ios, Andros, Naxos, Santorini, or even Crete. The climate of Mykonos is hot and dry with breezy winds during the summer months and is characterized by mild winters.

Mykonos showed a rapid growth in recent years, leading the growing momentum of tourism in Greece. In 2015, 275,959 foreign tourists arrived in Mykonos airport from international flights, a figure more than double compared to 5 years ago as more than 25 international airline companies have direct flights to Mykonos international Airport. Every year, Mykonos airport welcomes more than 150,000 foreign and local visitors from domestic flights. During the peak season, two flights per hour are planned to arrive and depart from Mykonos, with 25% of these flights being charter or private jets.

Southeastern areas such as Agios Ioannis, Agios Lazaros and Aleomandra or north of the town in Tourlos and Agios Stefanos. The prices in the northern areas of the island are relatively lower however the quality of construction and the amenities of the residence are the main factors that finally define its value.

An increase of 20% in transaction numbers was estimated in 2015 according to Algean Property analysis. The number is still relatively low compared to the pre-crisis years. The volume is expected to significantly strengthen in the next years driven by the competitive prices and the higher rental yields as compared to other high end holiday destination in the Mediterranean.



**Source:** Algean Property ("Mykonos: Third Wind", August 2016)

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