

ANDREA WATSON looks at how some property markets in the eastern Mediterranean are performing in the tough new economic climate

OUR appetite for a place in the sun has not diminished but with lenders reluctant to fork out money to fund our dreams the market has taken a battering. For some countries, the downturn is a major setback to economic plans for the future.

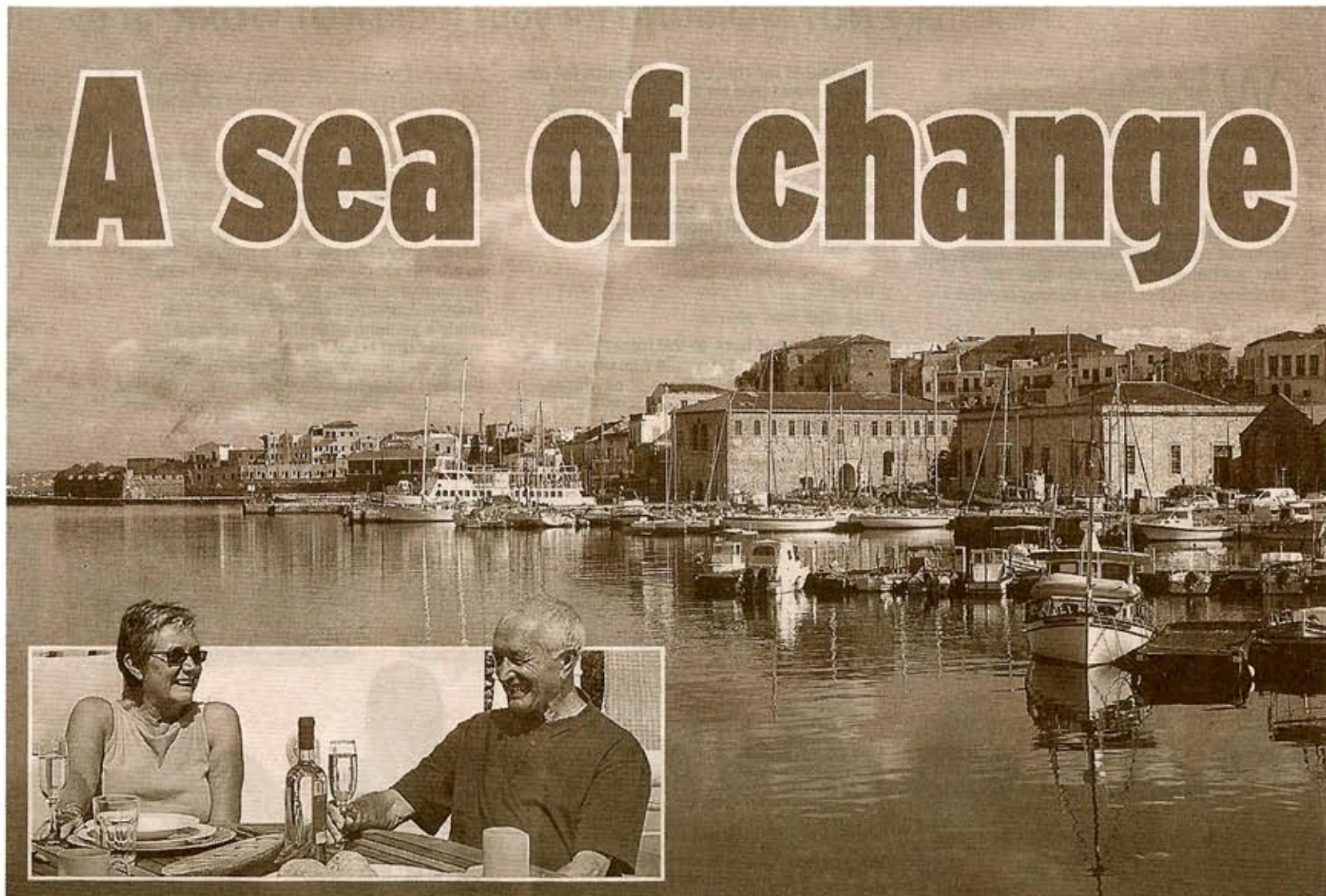
The magic formula – increase the number of tourists by relying on foreign investors to pay for new developments – has hit a glitch. Off-plan investment is no longer fashionable and the gambling on capital growth which fuelled the property boom has stopped for the time being.

Faced with this unpleasant scenario, foreign governments are belatedly addressing some of the issues which arose as a result of uncontrolled development. Spain's declared a clean-up; imprisoned many corrupt officials and tightened up the law which allowed them to grab land. The government has even demolished (unfairly in many cases) homes that were built without proper permits. For Spain it is all a bit too little and too late. There remains a massive oversupply of property which might not be cleared until 2016.

Lesson

But Spain's mistakes have been a good lesson to others. Croatia is a perfect example. On the verge of a massive boom and with developers greedily eyeing up its coastline, the government decided it would enforce strict planning regulations to check overdevelopment and speculation. The result – a shortage of finished product and more stability in the market.

Shortage of beds, particularly at the higher end of the scale, is also likely in the long-run to favour Greece, where grindingly slow planning issues have delayed the development of its property market. Greece, which has a tourism industry dating back to the 18th century when it was an essential destination for the upper classes taking the Grand Tour, has nevertheless an image problem



ROSY FUTURE: Historic Chania harbour in Crete, the Greek island where Lincolnshire couple Mike and Linda Rogers (inset) have chosen to retire

when it comes to accommodation. The modern tourist likes his creature comforts, and iron beds and dodgy plumbing are no longer tolerated. In a bid to upgrade existing accommodation and attract higher-end visitors, the government is now offering grants of up to 40 per cent to developers of five-star projects such as Halcyon Hills on the island of Samos.

Nestling in a sheltered bay on the South-eastern tip of the island, Halcyon Hills will offer buyers frontline properties with sea views as well as the facilities and services of a five-star hotel. A 35-berth marina is to be built to cater for the popular Greek islands flotilla holidaymaker market. The resort will also be part of the worldwide RCI Group.

Prices start at £176,000 and fractional purchases are possible.

"The government wants to encourage the building of resorts that cater to the discerning traveller," said Robin Barrasford, managing director of Barrasford & Bird Worldwide which is developing the resort. He added that high-end

development was limited to protect the Greek islands. "We had to go through a lot of hoops on planning and title to ensure it was all clean."

There are also financial incentives to buyers in Greece.

Dimitris Manikis, vice-president of business development for RCI Europe, said: "The desire to attract foreign investment into the property market has seen policy and taxation reform; if you now

reinvest profits derived from capital appreciation of your real estate assets, you can avoid capital gains tax, and foreigners can buy property unrestricted in Greece."

Another Greek island which has seen a strong increase in tourism is Crete but despite this it has been another difficult year in the property trade according to Hughie Clarke-Williams of Cretan Life, which has a large land bank mostly in the area to the east of Chania, near Souda Bay. Positive signs include the launch of the first project in Crete by Cypriot developer Pafilia, Almyrida Seaview, which comes as a result of customer requests for property on the eastern Mediterranean island.

Sales manager Demetris Prodromou, said: "You can still find beachfront properties on Crete and we chose Almyrida both for this reason and for its natural beauty and location."

Attractive

"It is an attractive proposition for those seeking investment, or a new life in the sun, with easy access to good hospitals, schools, amenities and leisure pursuits."

The complex consists of three and four-bedroom semi-detached houses set in landscaped gardens around a communal pool. It is located 20 minutes from Chania airport. Prices start at €355,000 for a two-bedroom terraced house.

Longer term, it is the attraction of Crete as a retirement destination that could prove the saving of the market. Large enough to offer plenty of cultural variety as well as well-established infrastructure, the island is an alternative to Cyprus for British retirees.

After years working around the world with the RAF, Lincolnshire couple Mike and Linda Rogers decided to settle in Crete. "We realised it was Greece and its lifestyle that we've always loved most," said Linda. Last year they made an inspection trip with Berkshire-based

agency Caversham-Barnes and visited several developments before settling on the Litsarda Villas development in western Crete.

"The peaceful inland location is superb and property represented excellent value for money. The layout of the site is very well planned, ensuring that all the properties make the most of the sun while having adequate privacy."

The Roger's new home, Villa Delphi, is a large two-bedroom villa with a self-contained lower ground floor. The garden, which extends to one-third of an acre, is planted with olive and fruit trees.

Located 40 minutes from Chania airport, the house is close to the village of Litsarda and historic town of Vamos.

The Rogers were treated to an all-expenses-paid visit to Crete when they decided to sign the contract and finalise the details of their purchase. The company also helped to ensure that the move was as easy as possible.

"We greatly appreciated the way the company representative arranged dinner for us to meet some British expatriates who have been living locally for six years. They were able to give us lots of helpful information about day-to-day living in western Crete. It means that we will arrive knowing we have friends nearby and a telephone number to call if we need advice on anything, said Mike.

The Rogers paid an undisclosed sum close to the asking price of €269,900 for the villa, which included furnishings and equipment making relocation from the UK so easy. Villa prices at Litsarda start at €249,900.

INFORMATION:

- Barrasford & Bird Worldwide: 01822 611 116
- Pafilia: 0800 0850 870/
www.pafilia.com
- Caversham-Barnes: 01189 483 202/
www.caversham-barnes.com

**'With easy
access to schools,
hospitals and
beachfront homes,
Crete is very
attractive to people
seeking a new
life in the sun'**



LUXURIOUS: Five-star development Halcyon Hills on Samos is a good example of contemporary Greek splendour