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Property market review and expectations for 2012

A fall in Cyprus' GDP and rising unemployment means that the good days have gone. We are probably approaching the worst point, but things are unlikely to get back to where they were.

By: Nigel Howarth

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A PACKED audience of Rotarians and guests at Limassol's Londa hotel listened to a presentation by Pavlos Loizou MRICS about the Island's property market and his predictions for its future on Wednesday evening.

Mr Loizou, lead consultant with niche real estate market research company Leaf Research, spoke of the economic factors and other issues that had resulted in dramatic downturn in sales that started in 2008.

"A fall in the Island's GDP and rising unemployment means that the 'good days' have gone" said Mr Loizou, adding that "we are probably approaching the worst point, but things are unlikely to get back to where they were."

Since January 2010, loans for housing have increased by 17% (€1.818 billion) and have rocketed by a staggering 197% since 2006. "The high cost of servicing these loans combined with increasing interest rates is putting a greater financial burden on households" said Mr Loizou.

The reduction in domestic sales started in 2004 as salaries failed to increase in line with the rising cost of housing. Although wages kept pace with construction costs, land prices rocketed by 576% between 1998 and 2008, pricing many local buyers out of the market.



Overseas sales peaked in 2007 and then declined as a result of troubles with their economies and as news of the problems with Title Deeds spread. It is difficult to see how the many holiday homes built specifically for the British market, which lay part completed or empty, will be sold and their future is uncertain.

Demand for property has also changed in recent times. Land sales have fallen as construction slows and this has led to a fall in the price of land. Falls in the price of properties in the towns and city centres has resulted in increased sales to local buyers in those areas. And as many prefer to buy a house, rather than apartment, house sales have remained steady over the last three years while the number of apartments being sold has fallen.

Focusing on Limassol's property market, local buyers are looking for good quality properties with a Title Deed costing between €200,000 and €400,000 in the central areas, while overseas buyers are focussing their attention to the west of the town, towards Paphos.

Market predictions for 2012

As for his predictions for the coming year, Mr Loizou believes that prices will continue to fall:

- ✦ Housing plots down 17%-22%.
- ✦ Housing fields down 22%-27%.
- ✦ Commercial plots down 12%-17%.
- ✦ Offices down 10%-15% for grade A and 20%-25% for grade B/C.
- ✦ Apartments down 10% in city/town centres and 15% in secondary and tourist areas.
- ✦ Shops down 10% in city/town centres and 20% in secondary and tourist areas.
- ✦ Agricultural land down 25%-35% and in some cases more.

Click here to view Mr Loizou's presentation.

Editor's notes

Organised in conjunction with the Rotary Club of Limassol Berengaria-Cosmopolitan, a raffle was held to raise money for a minibus for PASYKAF (The Cyprus Association of Cancer Patients and Friends) that will be used to ferry cancer patients between the towns and the specialist cancer treatment centre in Nicosia.

On 25 January at 13.00 Mr Loizou will be giving his presentation (in Greek) at the Hotel Crown Plaza in Limassol; the entrance fee is €22. Organized in conjunction with the Rotary Club of Limassol, those wishing to attend should contact George Araouzos at george@araouzos.com

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- Prices will increase
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