



## Thinking of Renting Your Property in Greece?

Want to hold onto that family apartment but you're concerned about oversight? As absentee land owners there are positive and negative aspects to renting out your property in Greece. The biggest plus is the ability to hold onto family land, for sentimental or financial reasons, and in many cases realize positive cash flow.

The negatives can be the obvious difficulty in managing a property and its tenants when residing abroad. In addition, certain circumstances may require legal intervention, such as an eviction, and the slow moving Greek judicial system can make removing a tenant a difficult and lengthy process. As many landowners only visit their properties once a year it may make financial sense this day and age to rent out that unit or that lot of agricultural land and let the property work for you.

In Greece, the standard lease for a non-commercial property is three years. The standard lease for commercial property is 12 years. As an owner you should be prepared for your property to be occupied for at least that amount of time. While a lease can be created for a shorter period of time, the laws of Greece will protect the tenants' rights for the full three/twelve year duration.

### Renting a finished condominium (owned apartment) in Greece

In the Greek market, units are rented for the most part empty, unfurnished and often without major appliances. So when an individual/family moves into the condominium all of their belongings are moved into the unit as well. When renting to foreign individuals, often fully furnished apartments are desired, but foreign renters make up a very small percentage of the Greek rental market. Deciding in advance which market you wish to rent to can cut down on moving and storage expenses in the long run.

Similar to many countries it is customary to put down a first and a last month security deposit at the time the lease is signed. The security deposit is returned at the end of the rental period if the unit is returned in good condition. In Greece, one copy of the lease is then filed with the tax office by the landowner, while a second copy is filed with the tax office by the tenant themselves.

At year end, the property owner is required to list the amount of rents collected (E2 tax form) in his annual income tax filing (declaration). The tenant will declare on their own

annual tax filing (declaration) the rents they paid out. Owners are taxed once a year on their rental income and it is usually not a sizable amount. For example on a 70 sq. meter apartment (approximately 754 sq. ft), if the annual rental income is below 9,500 euro the tax will be 5%, over 9,500 in rental income the tax percentage increases.

### Property Management

In the renting of units there are all sorts of issues that confront the property owner: finding a tenant that will rent the unit, collecting the rents, upkeep of the unit, making sure annual rent increases agreed upon at lease signing are being deposited, paying taxes and, legal action to remove a tenant if necessary. In Greece, the concept of property management as a separate business is rare. Attorneys often step into the role of overseer acting as the agent between the tenant and the owner.

Often through a legal agreement, an attorney will take on the role of agent for the property owner. As an agent/property manager, the lawyer would: publicize to find tenants and fill the unit; oversee the rental agreements; verify the collection of the rents and see that all the bills and necessary steps are met to rent the unit. In addition, if any problems arise such as late rents, removal or tax questions, then the attorney-agent can act in a timely manner to address the issues.

In Greece, rents are usually paid directly into a bank account of the landowner. A common way to carry this out so that the attorney is able to monitor the deposits is for a joint account to be opened holding the names of the landowner and the attorney. Another way is a Power of Attorney that enables the attorney-agent to request monthly statements issued by the bank, to be able to oversee that rents are deposited in a timely manner and if necessary, with the owner's permission, withdraw funds to pay for maintenance or additional common expenses required by the apartment building in excess of monthly expenses. The attorney chosen to act as agent should have a property law background to address any issues that may arise such as tax issues on behalf of the landowner, and if need be, eviction proceedings. Usually the attorney receives his fees (for overseeing- not for court procedures and fees that may be necessary and are charged separately) once a year, receiving a percentage of the annual total of collected rents (a set percentage agreed upon in advance to manage the property).

The tenants themselves pay the utility bills on the unit in addition to the preset rent. They are also required to pay the common expenses (Kinokrista) which are the building maintenance expenses. Kinokrista encompasses all multi unit building expenses outside of the unit, such as: electricity, water, heat and if there is a doorperson living in the building, their wages. For example, my building just converted its heat from oil to natural gas. The additional expenses for the conversion, over and above what the common expenses usually are, would not be charged to the tenant but to the landowner directly. In this case your agent can step in and make payments on these fees. Likewise if there is a major building renovation, such as painting outside the unit, or a new elevator in an older building, these costs would be the responsibility of the owner.

### Removing a Tenant

The Greek legal system on many fronts is slow. The Law is protectionist towards tenants. It used to be even harder to remove a tenant from a property, often taking more than a year, sometimes two, in the courts to evict. Though currently the procedures and processes are quicker, (remember quicker is a relative term), therefore to evict, one should expect from four to eight months at least depending on the area of Greece in which the petition is filed. The prefectures that are covered by the Courts of Athens usually take about 8 months to carry out an eviction. In addition to the time frame are the expenses, both legal and administrative which are inherent in an eviction process. The most common grounds for an eviction is the non payment of rent or lease expiration.

### Renting Agricultural Land

Leases can also be made on agricultural land permitting the renter to enter and: pick olives, graze sheep, harvest fruit trees, vineyards etc. The true benefit to an agricultural lease is not the rent, which may be calculated by harvest or by year, but that it documents the ownership rights of the landowner. Therefore, if ever an issue of trespass was to arise, the lease stands as testament that the owner claims all his ownership rights and has not abandoned or neglected his property. Even if the rent is a block of cheese per year, the written agreement between parties declares who owns the land.

There are procedures and processes when renting your property in Greece. As a landowner make sure you understand the implications to you and your property, and weigh the benefits and costs of renting out your property. As always, your titles and taxes need to be up to date when considering whether to rent your property. Renting is a viable way to help hold onto your heritage here in Greece, keep it maintained properly and also generate some income beyond the necessary expenses.

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