

Country-Specific Legislation and Practice

Country Chapter



Greece

Introduction

One of the guiding principles of TEGoVA is to promote consistency of standard definitions of value and approaches to valuation trans-Europe. The publication of European Valuation Standards (EVS) provides the state, investors, the financial industry, valuers and their clients with a common benchmark which can be consistently applied, irrespective of the location of a real estate asset.

Whereas harmonisation of valuation standards enable recognised bases of valuation to be reported, the preparation and publication of a valuation must also respect client need, national legislation and custom. Customary differences, particularly in respect of valuation methodology, may result from the requirements of statute or regulation.

This Country Chapter illustrates differences that currently exist across Europe. The Country Chapters are not intended to provide definitive advice. The text that follows has been provided by TEGoVA Member Associations (TMAs) to outline country-specific legislation and practice.

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Greece

Professional body represented on TEGoVA:

ΣΩΜΑ ΟΡΚΩΤΩΝ ΕΚΤΙΜΗΤΩΝ (ΣΟΕ)

Body of Sworn-in Valuers of Greece (SOE)

History

- Established in 1978 by Law
- Self regulatory status supervised by the state
- The BSV is a legal person of the private sector, since 1997, supervised by the Ministries of Economics and of Justice.
- It is ruled by a supervisory Board, which is comprised of seven members:
 - One representative of the Technical Chamber of Greece.
 - One representative of the Economical Chamber of Greece.
 - One valuer of the Technical Department of the National Bank of Greece.
 - Two valuers, members of SOE, elected by the General Assembly of SOE
 - Two members (President and Vice President) appointed by the Ministers of Economics and Justice.
- The members of SOE are self-employed professionals
- Only the members of SOE have the right to be called 'Sworn-in Valuers' in Greece
- BSV is staffed by specially qualified professionals, who have detailed knowledge and wide experience in their particular fields (Civil engineers, Mechanical engineers, Architects, Economists, Land Surveyors etc.)
- All the members of SOE are certified according the standards ISO17024, ISO27001 and ISO9001
- The first eleven (11) members of the BSV have been granted the REV status during the General Assembly of the Autumn Meeting of TEGoVA in November 2010

They are capable of undertaking and executing any type or appraisal task.

Education courses of SOE are carried out internally, while a new project undertaken by SOE and the ALBA College of Business Administration starts in November 2010, with main purposes the diploma in Real Estate Valuation and the Continuous Professional Development of the valuers.

Relevant national legislation

There are some laws and Presidential Decrees concerning to the BSV such as:

Laws 820/1978, 979/1979, 1041/1980, 1346/1983, 2229/1994, 2515/1997, 2753/1999, 2778/1999, 2940/2001.

Presidential Decrees 279/1979, 488/1979, 140/1990, 105/1999, 340/2000

Code of ethics of SOE

Presidential Decree 105/1999, special Code of Ethics for the members of SOE.

National Standards

Use of standards of TEGoVA and IVSC.

Status of Standards

Mandatory

Methodology

The following valuation methods are in use:

- Comparative method. We have to note that there are no data bases of the transactions taking place in Greece. Most of the comparatives are collected by the valuers from the market and are the so called 'asking prices'. These have to be criticized and it relies on the skill/experience of the valuer together with the amount of information he has collected, to adjust them appropriately so to reach the 'real' market value
- Capitalization method (income approach using either direct capitalization or Discounted Cash Flows of rent income or income produced by the company operating in the property)
- Residual method
- Profits method
- Replacement method (Depreciated Replacement Cost)
- The 'antiparochi' method

The only method that is characterized as local is the 'antiparochi' method. This is based on the assumption that the owner is giving out his land to a construction firm for which he receives as payment a certain percentage of the completed building. This percentage can precisely define the value of the land and is given by the following Formula:

$$\text{Value of land} = E * [a / (1-a)] * r * C$$

Alternatively:

$$\text{Value of land} = E * [r * A / (1+p) - r * C]$$

E = area of site in M²

a = the percentage of 'antiparochi' (eg. if antiparochi is 30% of the building then a = 0.30)

r = Building ratio established by the town planning authority

C = Construction cost of new buildings in euros/M²

A = Mean Value of new apartments or office buildings or shops in euros/M²

P = Gross Profit of the contractor as a proportion of the total construction outlay. (eg. of the profit is 25% then p= 0.25)

This method should be used with care for building ratios below 0.8, as well as in cases of high marketability coefficients. In that case it is better to use the residual value method.

Code of measuring practice

There are some practical rules of measuring varying between Northern and Southern Greece. However there is a similarity with the Code of the RICS.

Special Conditions in Greece

Many conditions depending on the laws, location and morphology of the country have an impact on the market values.

- As we know Greece is a very seismic country, maybe by far the most seismic in Europe. The valuer is not responsible to check the seismic response of a building but in some cases he has to take in mind the age of the building and the seismic phenomena that have appeared in the area. For example, in the city of Kalamata, property for sale or rent is referred as 'proseismic structure' or 'metaseismic structure' because the structure legislations became stricter after the earthquake that occurred in the city in 1986. State is planning on every building having a seismic resistant certificate
- A new law (valid from 9.1.2011) will make obligatory that every building should have an energy performance certificate
- Another factor affecting the values of structures are the laws that are made up for arbitrary structures or arbitrary parts of structures
- Greece is a very touristic country with many islands and many miles of sea coast. Distance from the sea and view to the sea are very important factors that affect directly and significantly the value of a property. Also the value depends greatly on the accessibility of an area (ports, airports) which must not be taken for granted in all cases.

Key purposes of valuation

There is legislation in Greece that rules and regulates the cases where the use of a valuation report is mandatory such as:

- The valuation of real estate property intended for sale, compensation or purchase by the Greek state and the state owned organizations
- The valuation of construction machinery and equipment of construction firms for categorization and upgrading of their activity degrees
- The valuation of the fixed assets of some corporations which have not yet entered the equities market
- The valuation of damages on buildings and cars caused by terrorist activity

- The valuation of property belonging to the Church, Foundations, Universities, Municipalities, Pension Funds etc.
- The valuation of real estate property of REITs by using at least two of the methods referred above. Laws 2778/1999, 2992/2002, 3581/2007

Besides the mandatory valuations, there are a large number of valuations carried out on a non mandatory basis for private use, such as:

- Usual transactions
- Hereditary purposes
- Court differences between citizens or citizens and the Greek Public
- Financial reporting (IFRS)
- Citizens or companies wanting to separate property between them or transfer property to others
- Companies under the status of bankruptcy or merging
- Review of bank appraisals for loans