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April 2021



Cyprus Real Estate Market Residential Market Transaction Dynamics

2020 Year End Review



Data source:



**Resolute
Asset
Management**



Transaction Volume



9,674

Residential Units

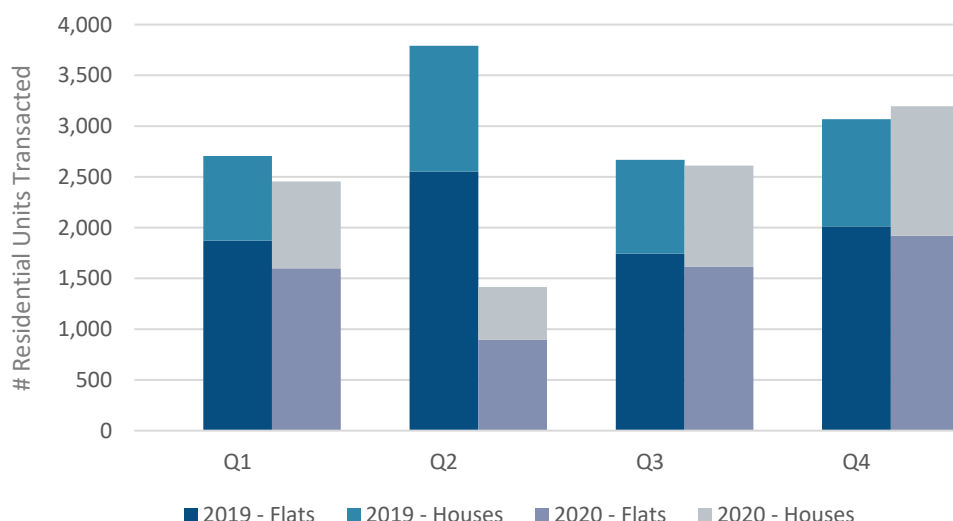
(-21%
YoY)



€2.4b

Transaction Value

(-32%
YoY)



Transactions involving residential properties continued to dominate the market in 2020 (59% of total transactions, 62% of which involved flats).

Restrictions on property viewings and the partial operation of public services due to COVID-19 measures led to a decline of 63% YoY in transaction activity in Q2.

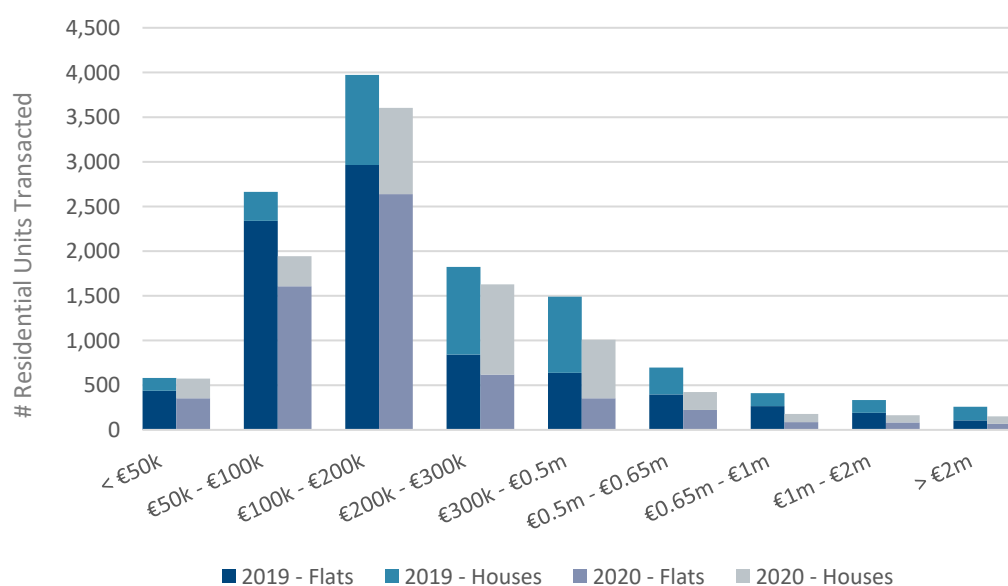
COVID-19 relief measures, launched by the Government to protect households and businesses, averted a sharp rise in unemployment and, along with the Interest Subsidy Scheme for new housing loans for owner-occupation, partly supported residential investments that showed signs of recovery in the second half of the year.

	Houses	YoY %	Flats	YoY %
€ of Properties Transacted	€1.2b	▼ 26%	€1.2b	▼ 37%
# of Properties Transacted	3,646	▼ 10%	6,028	▼ 26%

Price Distribution

Residential demand continues to be largely driven by the local population seeking lower-value affordable properties (57% of all residential transactions fall in the €50k-€200k price band).

The unprecedented business environment – a consequence of the lockdown measures and travel restrictions imposed – significantly affected demand for high-end residential properties. Demand for high-value properties (>€500k) declined by 46% YoY compared to low-value properties (<€500k), for which transactions only decreased by 17%.



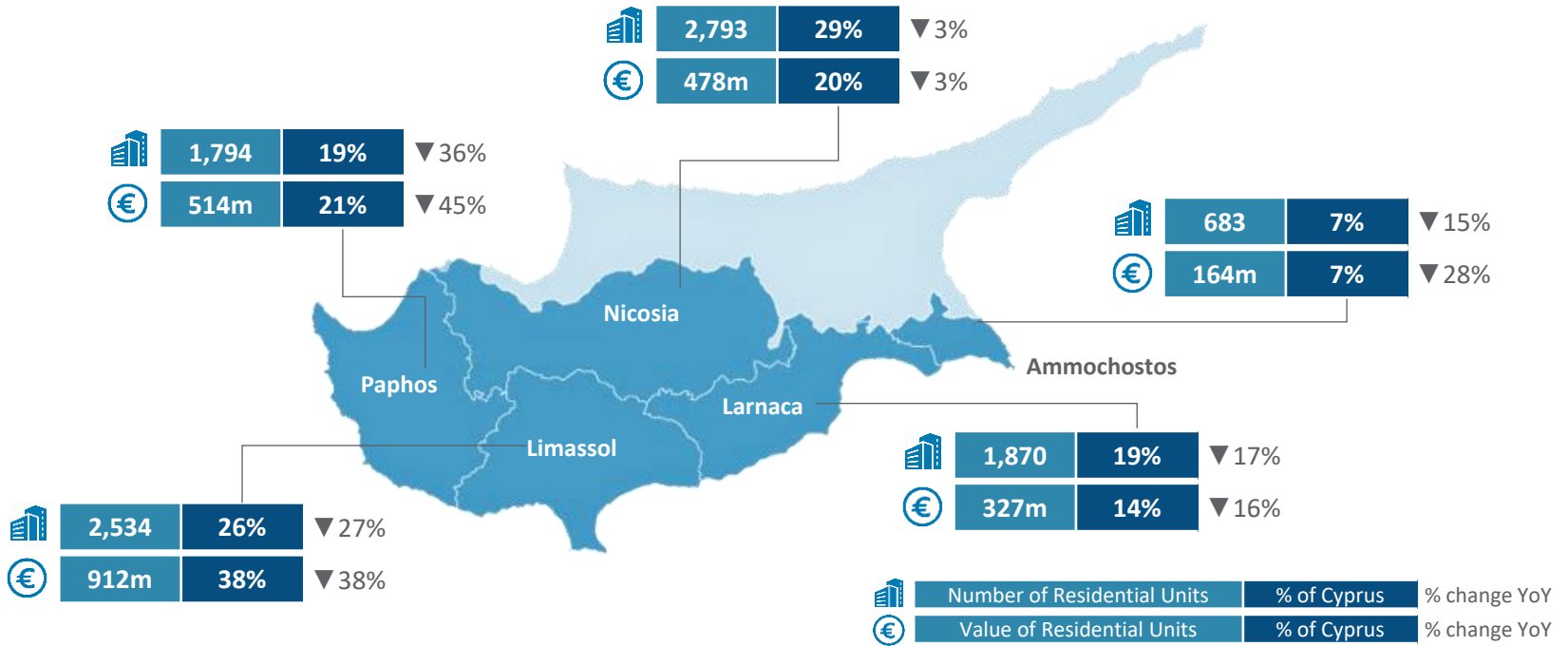
	Houses	YoY %	Flats	YoY %
Median Value	€225,000	▼ 8%	€127,700	▼ 2%
Average Value	€318,199	▼ 18%	€209,308	▼ 14%

* All figures exclude transactions due to bank restructurings

Source: Department of Land and Surveys (DLS), raw data extracted 16/03/2021



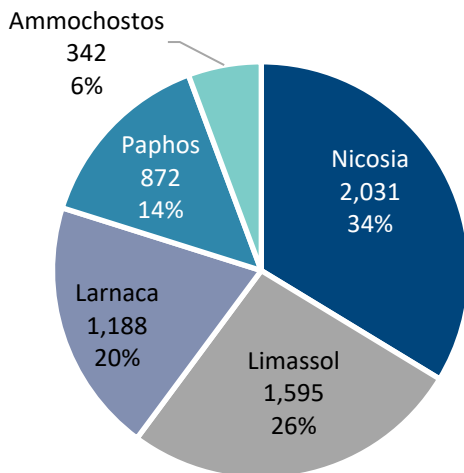
Geographical Distribution



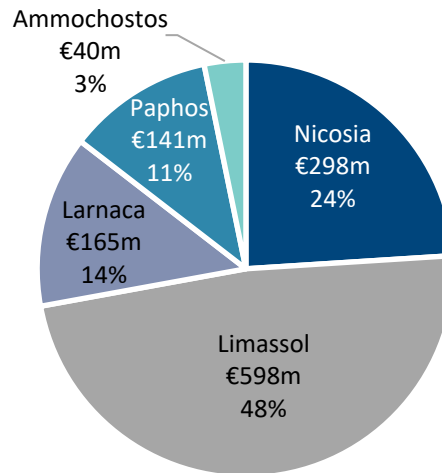
The pandemic has curtailed residential trade across Cyprus, with the market in Nicosia proving to be the most resilient (3% YoY decline both in terms of volume and value) due to increased demand amongst locals for residential units, with the number of house transactions in this area increasing by 16% YoY.

Limassol and Paphos have been popular among overseas buyers and investors and while worldwide lockdowns and flight bans heavily affected both areas, these markets still constitute most (45%) residential transactions and make up 62% of high-value (>€500k) transaction volume.

Flats Sales in 2020 by Number



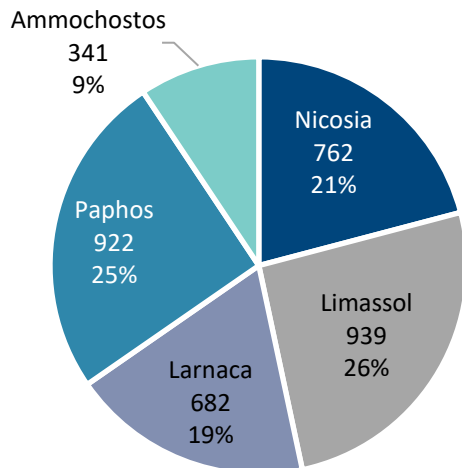
Flats Sales in 2020 by Value



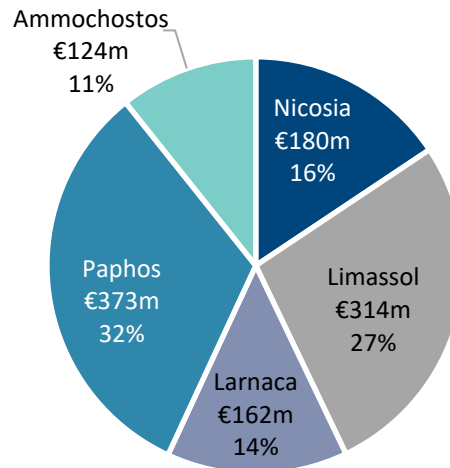
The majority of flat sales occurred in Limassol and Nicosia: 60% of the number of units transacted and 72% in terms of value.

Limassol has had many high-value luxury units transacting in recent years that have been aimed at foreign high-net worth buyers motivated by obtaining citizenship via the Cyprus Investment Program and will become less desirable going forward due to the cancellation of the CIP in November 2020.

Houses Sales in 2020 by Number



Houses Sales in 2020 by Value



Whilst Limassol has been popular among foreign buyers for its luxury flats in high-rise buildings, both Paphos and Limassol have been popular among this group for its high-value luxury beach houses.

Paphos and Limassol's houses tend to be expensive, as 59% of house transaction value were seen in these districts in 2020, while 51% of transactions occurred there.

* All figures exclude transactions due to bank restructurings

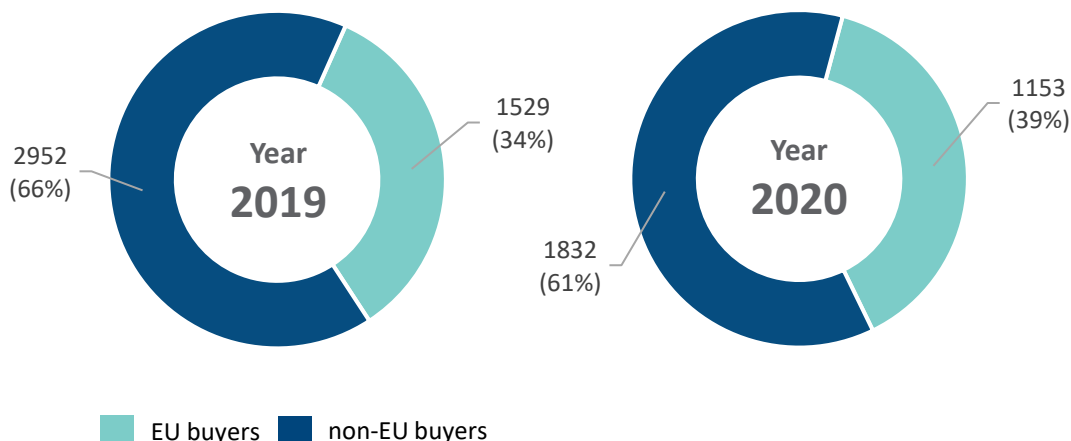


Foreign Activity

The majority (61%) of foreign transaction activity involved non-EU buyers. However, this cohort saw a 38% YoY decrease during 2020, while foreign interest by EU buyers declined by 25% YoY.

The Land registry recorded a decrease of 21% YoY in deposited contracts of sale by foreigners in Q1 when compared to the same period in 2019. Part of this fall was expected as the tougher criteria laid forth in the Cyprus Investment Program (CIP) came into effect in June 2019.

After the pandemic, foreign demand dropped by 62% YoY in Q2, but after the lifting of movement restrictions it saw a slight recovery in Q3 2020 and onwards. Real estate professionals exploited technology to maintain sales to overseas buyers, but travel bans and movement restrictions made things difficult.



During lockdown months, interest from non-EU buyers fell between 40% and 73% YoY, while October saw an increase of 30% YoY as buyers anticipated the termination of the CIP due to associated corruption.

Nicosia was the least dependent on non-EU buyers (5%) while Paphos (33%) and Limassol (32%) were the most popular, with numbers fueled by foreign holiday home buyers due to the CIP.

Demand by EU buyers declined by 58% YoY during the first lockdown, although it recorded a rise of 11% YoY in September due to the resumption of flights from British airports to Cyprus. Paphos continued to be the most preferred area among EU citizens (36%).

With the Brexit transition period coming to an end (31 December 2020), interest from British buyers who could secure a residence permit by purchasing one or two properties with a total worth of at least €300,000 increased.

