

## THE GREEK SYSTEM OF HOME OWNERSHIP AND THE POST-2008 CRISIS IN ATHENS

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***Abstract** - In order to examine the impact of the economic crisis on the home ownership pattern, we first review the basic structural features of the Greek housing system. This necessarily involves a discussion of the distinctive home ownership regimes found in Southern European countries as well as the place of the Greek case in this comparative framework. The main relevant distinctive characteristics of southern countries are high outright ownership rates, limited bank financing and strong "familism". After reviewing these aspects of the Greek "established" housing regime with data for Athens, the paper examines the major changes that took place during both the monetary revolution in housing finance from the late 1990s to 2007 and then during the current crisis, tri-ka control and memorandum policies for strict austerity and "modernization" of the labor market. We conclude that these changes foreshadow a shift to a sharply modified "southern" housing regime rather than simply a prolonged economic shock.*

**Key words** - HOUSING, HOME OWNERSHIP, GREECE, SOUTH EUROPE

**JEL Classification** - R21, R28, I24

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## **1. GREECE AND THE SOUTHERN EUROPEAN HOME OWNERSHIP REGIME**

It is widely recognized that Southern European countries have housing systems with distinctive characteristics. Allen et al. (2004, p.190) summarize their comprehensive review by pointing out a number<sup>1</sup> of major aspects in which Greece, Italy, Portugal and Spain are distinctive:

- High rates of home ownership coupled with sparse social rented housing.
- Relationship between access to housing and family structures (the extended family plays a strong role in supporting access to housing).
- Role of self-promotion and self-provision in supplying housing.

These three – or, rather, four aspects, since the absence or limited extent of social rented housing should be distinguished from the dominance of home ownership – make, at first glance at least, for a good description of a distinctive Southern housing regime. Given the preponderance of home ownership in the mixture, they also describe a distinctive home ownership regime. In this sense, are the family, the lack of social housing and self-promotion/self-provision integral aspects of a Southern home ownership regime and, furthermore, are they the only important ones? For instance, Mulder and Billari (2010) have argued that European home ownership regimes should be distinguished according to their place along two dimensions: the extent of home ownership and the extent of mortgage financing. The second dimension is a very important one for Southern housing where mortgage financing of owner-occupiers has historically been very limited and is still relatively limited, especially in Italy and Greece, even after the post-2000 credit expansion. However, the emphasis on mortgage financing availability essentially implies that getting a loan is the obvious "normal" road to home ownership: hence lack of financing should result in great difficulties for accessing ownership and limited ownership shares among middle and low incomes. It also implies an essentially economic decision of weighting the costs and benefits of alternative tenures.

This misses important aspects of the southern case where home ownership expanded despite limited financing and despite conditions in the rental sector (which, in Greece at least were very favorable). Its rationale was mainly about security, independence and accumulation of wealth that will also contribute to the support of the extended family. Thus, undue emphasis on the determinant role of limited credit availability without equal emphasis on the major role of high savings towards the accumulation of housing wealth will not suffice for the southern countries<sup>2</sup>. It is the accumulation of wealth and the achievement of independent ownership i.e. outright ownership that is the preferred goal rather

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<sup>1</sup> In fact, their list includes a fourth aspect – "high level and significance of secondary housing" – which is not directly relevant to the system of housing provision for main residences that concerns us here.

<sup>2</sup> Mulder (2006) and Mulder, Dewilde & Smits (2014) essentially make this apparent in their examination of the role of credit availability as major determinant of home ownership patterns.

than the rational utilization of one's access to credit. Hence the importance of savings and the high extent of outright ownership in Southern countries even in recent times when easy financing has been more available. Thus, it is the extent of outright ownership that is the crucial aspect rather than its reverse, the limited extent of mortgage financing (which could very well imply increased renting). In this context, the crucial role of the familist system as a source of support in the form of real assets and funds for the reproduction of the home ownership regime (and therefore its significance as an integral part of the regime) becomes apparent (Cabre Pla and Modenes Cabrerizo, 2004; Kurz & Blossfeld, 2004a).

Things are more ambiguous for the role of self-promotion in the supply of housing or the role of the owner-building sector. This sector of housing production has been quite extensive in Greece in the past, especially for the working class, and it has arguably played a pivotal role in the formation of the pattern of widespread home ownership, however systematic data on its extent through time for the rest of the South are not easily available<sup>3</sup>. Moreover, we know that in relation to the predominant economic forms of housing production, land ownership and urban development, there are substantial differences between the four Southern countries. At the one extreme we have Spain where relatively large-scale organized land development and business-based large apartment building is the norm and at the other, Greece where land ownership is extremely diffuse and fragmented and building is dominated by a combination of owner building and small scale speculative developers most of which do not depend on bank financing. In between, lie Portugal, more similar to Spain, and Italy, regionally divided in this matter and in many respects more similar to Greece.

However, there is an additional important distinctive aspect of the southern regime that has not been recognized as such in the European literature and clearly deserves to be popular access to home ownership. In Southern European countries the extent of home ownership among the urban working class differs little from that of the middle class despite the lack of extensive policies favoring low-income households and despite the fact that tax relief policies favor more affluent strata. This egalitarian pattern, moreover, is in sharp contrast with inequalities in all other regions of economically advanced Europe though it often compares unfavorably with the extent of class equality in home ownership in Eastern Europe – the countries of the former Eastern Block. Eastern European countries, however, should be considered a special case in the context of this discussion since there has clearly been a massive transfer of house ownership after the fall of communist regimes and the emerging housing market has most probably not yet crystallized.

Until recently, there was very little in the comparative literature on North-South differences in the class pattern of home ownership. The major review by Allen et al. (2004) offers little on this matter while economic studies that confront this issue (e.g. Andrews et al., 2011) relate the extent of home ownership

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<sup>3</sup> Allen et al. (2004) provide only sparse material but it seems that owner building was not developed as much and declined early in Spain and Italy.

to income categories – a notoriously inappropriate variable since household income is strongly related to the size of the household and the age of the head, both of which correlate positively with the extent of home ownership. Moreover, it is well known that social classes include households with very wide differences in current income as well as in wealth that differ in their success in achieving ownership. As a result, grouping by income category cuts across classes and, predictably, shows a more positive effect of income on the incidence of home ownership compared to class-based "structural" measures of economic resources. Based on such problematic material and on received ideas about "normal" housing economics, a common expectation is that there will be pronounced social inequalities in access to ownership in Southern countries (Kurz & Blossfeld, 2004b)<sup>4</sup>. These issues are reviewed in the massive collection of studies edited by Kurz and Blossfeld (2004a) on social inequality and home ownership in comparative perspective which explicitly examines the role of occupational class controlling for other significant determinants – especially the birth cohort, the stage in the life cycle and the urban-rural continuum.

The results show that in Spain simple distributions by age cohort show no significant correlation between class and the rate of home ownership save for differences in the *age* of achieving ownership. In Italy, similar conditions prevailed during the first three post-war decades while class inequalities have become more pronounced after the 1980s. Comparisons between the South and other European countries (and the U.S.) show that in most other countries – including some Northern "social democratic" regimes – inequalities are higher though direct comparisons are often quite difficult due to the complexity of statistical methods used and differences in data definitions and modeling.<sup>5</sup> There is also explicit consideration of the role of intergenerational transfers and the "self-building" sector in making for greater access to ownership – especially for the working class. The summary of results is somewhat inconclusive: though the importance of these factors is significant in Spain and Italy, their role is not as clear in other European cases (Kurz & Blossfeld, 2004c).

The review of the case studies on Spain and Italy in conjunction with the Greek evidence<sup>6</sup> shows that southern countries went through a first phase during the three post-war decades of massive urbanization and fast economic growth which established the main components of their particular home owning regime: extensive popular access to ownership based, on the one hand, on high

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<sup>4</sup> An important exception is the Norris & Winston (2012) study that uses broad quartile income groupings and recognises both the major importance of the north-south division and the lack of significant inequalities in access to ownership in the south.

<sup>5</sup> I have used EU-SILC 2008 microdata comparing the differences in home ownership and *outright* (debt-free) ownership between major occupational groups. The findings show, that, excepting Eastern Europe, Southern countries consistently show minor inequalities compared to substantial ones in Scandinavian, Central and Western European countries. In any case, this argument is secondary to the purposes of this paper to burden it with a long series of tables. The statistical results are available on demand from the author.

<sup>6</sup> For the period up to 1991 cf. Emmanuel et al. (1996), Maloutas (1990).

rates of saving and family support rather than institutional financing and, on the other, on suitably "elastic" forms of housing production and supply that to an important extent, though in varying degrees, included popular access to land and owner-building. While the 1980s were, more or less, a period of stasis and gradual change, by the start of the 1990s a new phase was entered with accelerating deindustrialization, liberal pro-market reforms, increasing economic and monetary integration to the EU and fast expansion of mortgage and consumer credit. To these we may add the increasingly perceived impacts of the broader trends of increasing consumerism and demographic changes towards smaller households and later marriage – what, in combination, have been described as the "second demographic revolution" (Lesthaege, 2010).

## **2. THE CLASS PATTERN OF ACCESS TO HOME OWNERSHIP AND ITS CORRELATES: SOME DATA FOR ATHENS**

Having established the outlines of the distinctive southern home ownership regime and its relationship with the Greek case, we may turn to a more detailed examination of the Greek urban housing pattern as it developed up to the time of the post-2008 crisis.

By the late 1950s, 60% of the urban middle class (professional, technical, administrative and managerial heads of households) owned their home. Households of industrial, construction and transport workers owned their homes by a significantly larger percentage - 69% - based on extensive owner-building (in part illegal on owned land) fuelled by the wave of rural-urban migration in the 1950s and early 1960s. By 1974, after the imposition of the junta, the speculative apartment boom and the slowdown in internal migration, the respective shares were 58% and 56%.<sup>7</sup> This reversal towards a more equal footing, was sustained up to the end of the 1980s. By 1988, the ownership shares in Greater Athens were 52.0% and 52.5%.<sup>8</sup> During the 1990s there seems to have been a gradual increase in disparities in access to ownership—However, by the end of the 1990s ownership rates have started to be affected by the massive influx of immigrants. Using micro data from the 2001 census and excluding foreign nationals originating outside EU15, the respective ownership shares in Athens were 65.4% and 60.5% – an inequality ratio of 1,08 – thus there was indeed increasing inequality but at a much modest pace.

The explosive expansion of housing credit after 2000 apparently has shifted things towards a more equal class pattern though it had not, surprisingly, led to any significant increase in the rate of home ownership. Table 1 shows the tenure pattern in the whole Athens region for 2011 and 2013<sup>9</sup>.

<sup>7</sup> Data from the 1957/58 and 1974 Urban Household Expenditure Surveys.

<sup>8</sup> Our estimates from micro data from the 1987/88 HES.

<sup>9</sup> Estimates for 2011 based on the rates for urban areas in 2011 adjusted by the difference between urban areas and the Athens Region calculated from the 2004/2005 HES. Data for 2013 for this and the following tables are from the SECSTACON 2013 NCSR survey. It should be noted that the Athens region for the NCSR survey is smaller, by a small percentage, than the Attika region reported in the HES surveys.

The class distribution of tenure types in 2013 Athens is shown in Table 2. In this case we are able to use a more theoretically concise model of the class structure, namely, the well-known European Socioeconomic Classification (ESeC) presented in summary form in the following matrix for the 9-class and 5-class versions (Harrison & Rose, 2006).

**Table 1: Tenure forms, Athens Region 2011 & 2013<sup>10</sup>**

Tenure forms	HES 2011 estimate	% Owners w Loan	2013 Survey	% Owners w Loan
Owned without loan etc.	55,0%		45,9%	
Owned with loan etc.	11,9%	17,8%	17,7%	27,8%
Offered free by the employer	0,1%			
Offered free by the family or others	6,8%		6,6%	
Rented at market rent	25,9%		29,8%	
Reduced rent by the employer	0,1%			
Reduced rent by the family or others	0,2%			
	100,0%		100,0%	

ESeC9		ESeC5	ESeC9
1	Large employers, higher mgrs/professionals	1	1 & 2
2	Lower mgrs/professionals, higher supervisory & technicians		
3	Intermediate occupations	2	3 & 6
4	Small employers and self-employed (non-agriculture)	3	4 & 5
5	Small employers and self-employed (agriculture)		
6	Lower supervisors and technicians		
7	Lower sales and service workers	4	7
8	Lower technical workers	5	8
9	Routine workers	5	9

Table 2 shows the rates for each tenure type for the broad working class (7,8 & 9) with and without migrant households. In the second case the rates of rental housing fall drastically – especially in the case of older skilled workers (8). Thus, the ownership inequality ratio, the ratio of the ownership rate of class 1 to that of working class categories, reaches values very close to unity. Regarding the other "southern" aspects of the home ownership regime, they are clearly present in 2013 Athens: a low percentage of owners with active mortgage loans (below 30% with the exception of small employers and own account workers), a high extent of ownership for a large city and a significant share of units offered free by the extended family – an attribute that is common across classes. The only attribute that shows a clear positive correlation with class position is

<sup>10</sup> It should be noted that while the ownership rate difference between the two estimates (66,9% - 63,6%) is most probably due to sampling errors – though a limited shift away from owner occupation towards renting due to the effects of the crisis after 2011 should not be ruled out, the difference in the rates of mortgaged properties is surprising given the fact that housing financing between 2011 and 2013 has been minimal to zero.

the rate of mortgage financing. This is more evident if we examine how owners acquired their home in the simpler 5-class ESeC schema in Table 3. The table also shows the insignificant role of state housing provision.

**Table 2: Tenure type shares by socioeconomic class (ESeC9)**  
**Athens Region 2013**

ESeC9h	Owners w/o Loan	Owners w Loan	Free	Renters	Total Households	%Owners w Loan	Inequality ratio
1	51,0%	21,7%	7,9%	19,4%	100,0%	29,8%	1,00
2	49,4%	21,3%	5,9%	23,5%	100,0%	30,1%	
3	46,3%	16,3%	7,5%	29,9%	100,0%	26,1%	
4	47,8%	16,9%	5,1%	30,2%	100,0%	26,1%	
5*							
6	41,2%	22,0%	6,2%	30,5%	100,0%	34,8%	
7	41,3%	13,3%	6,4%	39,0%	100,0%	24,4%	1,24
8	42,4%	17,1%	7,4%	33,2%	100,0%	28,7%	1,20
9	39,5%	13,6%	5,2%	41,6%	100,0%	25,7%	1,29
	<b>46,0%</b>	<b>18,1%</b>	<b>6,3%</b>	<b>29,6%</b>	<b>100,0%</b>	<b>28,3%</b>	
	<b>w/o migrants</b>						
7	44,3%	14,3%	6,9%	34,5%	100,0%	24,4%	1,15
8	54,9%	20,4%	8,6%	16,0%	100,0%	27,0%	0,93
9	50,2%	16,1%	6,3%	27,4%	100,0%	24,3%	1,02

Source: SECSTACON survey micro data, our calculations. (\*) Farmers not included.

The main importance of Table 3 lies in the measurement of family transfers of property. If we add the cases of acquisition through inheritance or family transfer and "antiparochi" i.e. the exchange arrangements between owners (mainly by inheritance) of plots or older low-rise buildings and developers<sup>11</sup>, we have nearly 40% of owners that had the benefit of some family property (last column). We must add to that substantial shares of "buying" or "building" without loans that were essentially based on the sale of inherited or transferred family properties<sup>12</sup>.

Family contribution is not limited to the utilization of real wealth: cash transfers and assistance in the repayment of a loan are also important. Table 4 shows the extent of family contribution recognized by its recipients without reference to its specific form. It is notable that "medium" and "small" support, presumably more in the nature of cash transfers, is positively correlated with higher class positions.

Table 3 also shows the extent of owner building. This, for the 2013 Athens owners, reaches a rather modest share of 12,6% - much lower than rates in the past. However, a substantial share of owning through family transfers or inheritance is based on past owner building within the extended family, a fact we must also take into account. As is evident in the data shown in Table 5, small-scale building, which largely implies owner-building, was much more extensive

<sup>11</sup> "Antiparochi" was much more important during the 1960s and 1970s where massive house building and redevelopment of low-rise housing stock took place.

<sup>12</sup> I have estimated that the direct or indirect contribution of family property in the late 1980s clearly surpassed 50% (Emmanuel, 1994).

in the past given the structure of current building stock. Since in the Greek context, buildings with one to three dwellings are near-exclusively owner build, the contribution of this mode of housing production for home ownership, especially for the lower working class is clearly significant.

**Table 3: How owners acquired their home, Athens Region 2013**

ESeC5h	Bought w/o loan	Bought w loan	Inher transf.	Anti*	Built w/o loan	Built w loan	State progr	Total hous/ld	Bought w loan	Family propert
1	15,7%	35,8%	33,0%	2,3%	6,2%	6,7%	0,3%	100%	42,5%	35,3%
2	14,4%	29,2%	40,1%	2,0%	6,9%	5,4%	2,0%	100%	34,7%	42,1%
3	17,7%	25,1%	36,0%	3,9%	10,6%	5,5%	1,3%	100%	30,5%	39,9%
4	21,5%	28,9%	34,7%	2,5%	5,8%	4,1%	2,5%	100%	33,1%	37,2%
5	21,7%	25,2%	36,2%	2,1%	6,9%	2,1%	5,9%	100%	27,2%	38,3%
	17,5%	30,3%	35,2%	2,5%	7,3%	5,2%	1,9%	100%	35,6%	37,8%

\*Antiparochi: Exchange arrangement with the developer of the plot owned by the household.

**Table 4: Family contribution**

ESeC5h	Family contribution				All
	Large	Medium	Small	No contrib.	
1	29,3%	18,8%	11,3%	40,6%	100%
2	31,6%	18,4%	8,1%	41,9%	100%
3	29,1%	16,4%	9,9%	44,6%	100%
4	42,7%	10,1%	9,0%	38,2%	100%
5	27,2%	12,2%	8,0%	52,6%	100%
	30,2%	16,3%	9,8%	43,6%	100%

The Greek urban home ownership regime has been formed and sustained through the four decades after the end of the Civil War (1949) by growing incomes and high savings rates mainly due to economic growth. In addition, it has been supported by an inflow of funds from the Greek diaspora. It also benefited greatly by the land value gains brought by rapid urbanization and the growth of tourism and by the increasing prosperity of farmers who sent their offspring to the cities. These flows of capital were spread throughout each social class, and most especially the working class, both "horizontally" through relationships of kinship and marriage and across generations through inheritance and transfers. Thus, accumulation of wealth should not be viewed from the perspective of an atomistic household model but rather as a collective process spanning – through social networking – over a whole class.

**Table 5: Home owners, size of building**

ESeC5h	One-two dwellings	Three to five dwellings
1	31,4%	53,2%
2	33,8%	50,0%
3	37,5%	63,1%
4	27,7%	51,3%
5	37,0%	55,5%
All	33,8%	55,1%

To these factors we may add the relative favorable trends in housing costs. The introduction of mechanization in construction that lasted well into the 1980s and the overproduction of dwellings that was fuelled by high savings, the inflow of resources and liberal planning controls kept construction costs, rents and prices in step with inflation. Even by the second half of the 1990s when prices have started to increase much faster than inflation, the affordability index (the ratio of average dwelling price to annual income) for all social classes in Athens was within very reasonable limits (Table 6). Estimates for the end of the 1980s for Athens, a time of high prices and stagnant incomes, show index values higher by about 20%.<sup>13</sup> The relative uniformity of the affordability index across classes is based on extensive differences on the size and quality of the average dwelling between classes. Popular access to property depends on flexible housing standards: the acquisition or building of often sub-standard dwellings and the gradual move through improvements or additions to socially acceptable conditions.

**Table 6: Affordability index by class, Athens 1998/99**

Social Class	Avg. Annual consumption	Avg. Dwelling current price	Affordability Index
Middle Class	11.404	28.699	2,52
Lower m.class	8.369	23.250	2,78
Working class	7.179	18.354	2,56
Lower w.class	5.228	16.085	3,08

The lack of strict planning or quality controls, moreover, allows the operation of marginal production forms such as owner building and petty commercial developments that make possible the adequate supply of lower income housing. In the long run, partly through income growth and partly through the major demographic shift, common to all Southern European countries, that started in the early 1980s toward much lower fertility and smaller households, even the acquisition of housing of modest size allowed for significant improvement in housing conditions.

### 3. IMPACTS OF THE CREDIT BUBBLE AND THE 2008 CRISIS

The Greek crisis started as a banking crisis in 2008, became a fiscal crisis in 2009 and then, with the imposition in 2010 of international control by the "troika" of IMF, EU and the ECB and the strict austerity measures turned into a deep recession of unprecedented proportions (Diagram 1). From the point of the housing sector, problems were accentuated by the fact that the general economic crisis was preceded by a severe building slump that started in 2006 due to overbuilding caused by the explosion of building starts fuelled by credit expansion and the excessive peak in 2005 caused by the untimely announcement of planned changes in housing taxation. The combination of recession with the

<sup>13</sup> Our estimates of the affordability index across classes for the end of the 1980s in Athens show larger values ranging between 3,0 and 3,6.

building slump resulted in a drop of house building to near-zero levels (Diagram 2).

The bubble of housing credit expansion that have started in the second half of the 1990s when low interest rates and more relaxed loan-to-value ratios became available for the first time in Greek post-war history, lasted until 2007. Since then, the drop in the flow of funds for housing was rapid and steep : by 2011 the flow was negative i.e. the household sector advanced more for loan repayment than it received for financing of housing (Diagram 3). The Greek household sector showed during the first post-war decades exceptionally high savings ratios. After the stagnation of the 1980s, the economic slump of the early 1990s and, then, the expansion of consumer credit after the mid-1990s, the saving ratio fell to fluctuating slightly above zero. The credit-led growth after 2004 increased this ratio somewhat but it soon fell to near-zero levels again. When the crisis struck, the savings ratio dropped rapidly to *negative* levels approaching -10% (Diagram 4).

Fuelled by too much liquidity chasing a slowly growing housing supply, relative i.e. real housing prices more than doubled from the mid-1990s to 2007 during the credit bubble. Following the combined effects of the building slump and the crisis, dwelling prices, according to the Bank of Greece index, fell rapidly reaching 1999 levels by 2013 – a fall by more than 40% (Diagram 6).<sup>14</sup> Surprisingly, real rents (adjusted for inflation) also rose at a steep pace steadily after the early 1990s up to 2010 when they started to fall. The index of housing expenses (rents plus heating, water and electricity), however, continued to rise despite the fall of consumption demand (Diagram 5).

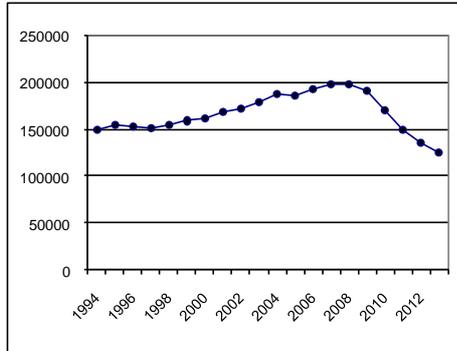
Unemployment in the country as a whole was about 11% by the end of the 1990s. After the period of growth (2001-2008) it fell to 7,2% (2008 second quarter, Athens Region: 6,0%). By the second quarter of 2013 it had risen to a disastrous 27,1% and, in Athens, to 28,1%. Moreover, unemployment was sharply skewed by class: as Table 7 shows, it was as much as three times higher among the working class than among the "Salaried" (class 1 in ESeC5). The rates for the intermediate class and the self-employed were much lower but still more than double that of the salariat. Obviously, such high unemployment rates and such wide class disparities will have a major impact on household incomes, security and savings. However, of greater importance for the class pattern of income distribution in the long-run are the wide-ranging changes effected during 2011-2013, in implementation of memorandum policies, in minimum wages, protection from layoffs, work contracts, collective wage agreements—and, more generally, deregulation towards more "flexible" employment relations (INE-GSEE, 2013).

In the field of housing policy three major changes took place as part of memorandum policies.

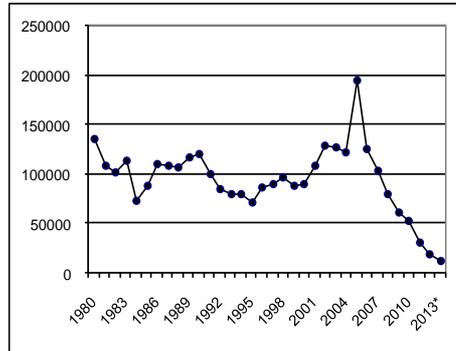
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<sup>14</sup> The index was based on realtors data up to a point and then on bank data on mortgage loans. While I have no quarrel with the index up to 2009, the number of sales backed by loans decreased drastically after that point. There is a very strong possibility that the index reflects expediency conditions and has a strong downward bias.

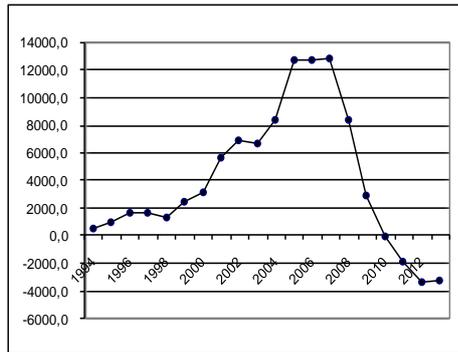
**1. National Net Disposable Income 1994-2013 (2009 prices, peak 2007)**



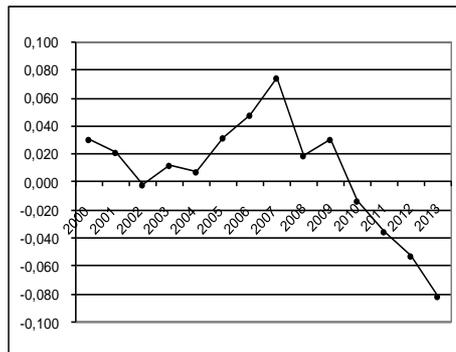
**2. New dwelling permits 1980-2013, (peak 2005)**



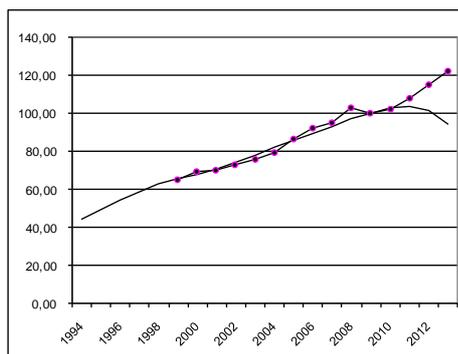
**3. Housing finance 1994-2013 (change in balances) (2009 prices, peak 2007)**



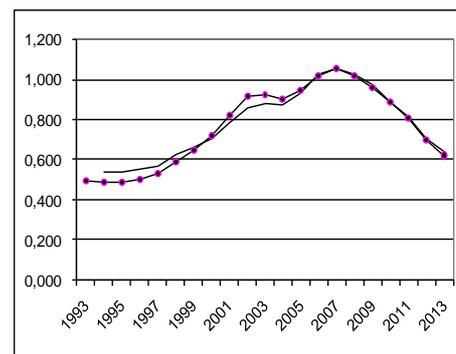
**4. Household gross savings ratio 2000-2013 (peak 2007)**



**5. Relative Price Index for Rents & Housing Expenses (1994 – 2013, rents peak 2011)**



**6. Relative Price Index for Dwellings, Athens Urban Area (1993-13 peak 2007)**



Notes: Series based on data drawn from the sites of ELSTAT (Greek Statistical Authority) and the Bank of Greece. Constant 2009 magnitudes and "relative" price indices are adjusted by the consumer price index with 2009 as the base year. The time series data are available on demand from the author.

First, starting in 2011, a new property tax was imposed, for purely fiscal purposes, on all built property. The tax as a rule did not amount to more than 1% of housing values but imposed at a time of an onslaught on earnings and pensions, general tax increases and rising unemployment, naturally created a furor. Secondly, all subsidies and tax relief on interest paid on mortgage loans were repealed. Thirdly, and most importantly, the Workers Housing Organization was sacked in 2012 (its programs were discontinued at the end of 2011). W.H.O supplied a marginally small number of built housing (for ownership) but a significant number of heavily subsidized loans to buyers and owner-builders and an equally significant number of lump-sum rent subsidies to renters belonging to a broad category of wage and salary earners.<sup>15</sup> W.H.O. programs, which were self-financed by special social insurance surcharges on wages partly paid by the employer, were, effectively the only substantial form of social housing policy in the Greek context. Its dissolution had obvious immediate effects on the class patterning of access to housing. To these policy changes we may add, somewhat on the positive side, legislation passed with the aim of protecting mortgage loan debtors from eviction and auctioning in case of prolonged arrears when their dwelling was the main residence. This moratorium on evictions from main residences, that helped avoid the dramas observed in Spain, was supposed to end by the beginning of 2014 but a final settlement for this sensitive problem will have to wait.

**Table 7: Unemployment rate by class, Athens 2013**

ESEC5	Active	Employed	Unemployed	Unemployment
1	646	558	88	13,6%
2	274	193	81	29,6%
3	286	209	77	26,9%
4	221	134	87	39,4%
5	294	171	123	41,8%
N.A.	33	1	32	97,0%
All active	1754	1266	488	27,8%

*Source: SECSTACON Survey data.*

The impacts of the sweeping negative economic trends described previously will obviously take some time to register in broad statistical indicators of housing conditions and housing tenure patterns although there was already by 2013 evidence of widespread actual and planned housing mobility in response to the problems of the crisis. From the point of view of the reproduction of the established home ownership regime conditions are extremely forbidding: we have the drastic fall in access to stable jobs and in incomes and, as a result, in household savings – the latter accentuated by the difficulty of adjusting to much lower levels of consumption, coupled with the near standstill of housing production and the precarious condition of the banking system that will not allow a serious restart of housing financing for the foreseeable future.

<sup>15</sup> We estimate, based on 1999 survey data for Athens (MRC-DEPOS Survey) that WHO loans and rent subsidies reached much less than 10% of owners and renters, respectively, within a broad working class category. During 2007-2011 WHO faced severe economic problems due to excessive commitments in the past few years and programs were curtailed substantially.

On top of all that, there is the legacy of the pre-2008 credit bubble that appears to have shifted housing prices, despite the drastic price reductions during the crisis, to disproportionately higher levels relative to incomes. While the affordability index fluctuated around 2,5-3,0 before the bubble across all classes, even conservative estimates for 2013 show values significantly above 5,0 and possibly even approaching 6,0 – again in similar levels among classes (Table 8).<sup>16</sup> Given that transactions in the housing market add up to minimal numbers, it all depends on the extent to which owners will resist further price reductions below these levels (much reduced as they are compared to the peak of the price boom) when market activity resumes.<sup>17</sup>

**Table 8: Estimated housing affordability index by class, Athens 2013**

ESeC3h	Monthly Income (EUSILC) (2008)	Reported Monthly Income	Adjusted by +25%	Estimated Price of dwellings	Affordability Index	A.I. with price adj by -15%
1	3.118	1.837	2.296	172.280	6,25	5,31
2	2.108	1.234	1.542	115.256	6,23	5,29
3	1.624	978	1.223	91.573	6,24	5,30

*Estimates based on EU-SILC08 and the 2013 SECSTACON survey.*

#### 4. ECONOMIC SHOCK OR HOUSING REGIME SHIFT?

That the Greek housing system is undergoing a major economic shock that will shape housing outcomes for more than a decade from now is undisputable. Will these changes shift the system substantially towards a new housing regime? This question clearly invites answers close to pure speculation but, nevertheless, we may consider some responses. An obvious candidate for the new home ownership regime is, of course, the model of liberal housing systems based on the dominance of bank financing for housing acquisition and class inequality in access to housing wealth given inequalities in incomes and job security and the imposition of market-based norms for housing supply. In such a system the role of household savings towards housing wealth and family transfers will atrophy since both economic policies and market conditions will favor alternative assets and savings among lower incomes will be minimized.

I think that the available evidence makes any across the board realization of such a scenario improbable. First, mortgage financing, given the problems of the Greek banking system and the legacy of mortgage finance excesses both in Greece and abroad, will at best – for the foreseeable future – recover up to a

<sup>16</sup> The 2013 SECSTACON survey recorded respondents' estimates on their monthly income range and the market value of their dwelling. We adjusted income figures upwards according to EU-SILC data for 2008 and the currently estimated average fall in household incomes. We also adjusted dwelling values downwards by a reasonable 15% since households tend to make somewhat inflated estimates.

<sup>17</sup> The fall in the Bank of Greece price index for dwellings implies much lower values and therefore, an affordability index in the order of 3,5. However, as noted already, it is based after 2010 on a minute number of transactions and cannot be considered representative of conditions at much higher levels of market activity.

point that will resemble its limited and class-biased role in pre-2000 days. Second, the familism system and the associated propensity for saving towards housing ownership c strengthened by the small property system – are aspects of social organization that will persist, albeit much weakened. Third, there is the legacy of accumulated real wealth that, assisted by lower fertility and lower rates of household formation, can sustain, to a diminishing but substantial extent, property transfers across next generations.

To risk a prediction, the general home ownership rate will most probably decrease by a substantial margin given the squeeze on savings and the shift in affordability conditions while the extend of class inequalities in access to ownership, given the removal of existing working class housing assistance and the new sharp inequalities in unemployment and labor market conditions, will certainly increase. But, unless an onslaught on small property of proportions akin to historical cases of "primitive accumulation" takes place, the over-all pattern will continue to be a case of the traditional southern regime, albeit a sharply modified one – an impoverished and more unequal pattern.

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**PROPRIÉTÉ IMMOBILIÈRE ET LOGEMENT EN GRÈCE  
APRÈS LA CRISE DE 2008**

**Résumé** - *Cet article étudie l'impact de la crise économique de 2008 sur le logement en Grèce. Il montre comment les caractéristiques du système de propriété immobilière se rapprochent des autres pays du sud de l'Europe, à savoir la forte propension des ménages à être propriétaire, le poids de l'héritage et des donations familiales et le faible recours au crédit immobilier. Cet article examine l'évolution du logement et du marché immobilier à Athènes entre 1990 et 2007 puis après la crise de 2008, grâce à une base de données originale permettant de considérer les différentes catégories de résidents.*

**Mots-clés** - HABITAT, ÉCONOMIE IMMOBILIÈRE, GRÈCE