Greece

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IN A NUTSHELL

- → Real GDP grew by 2.1% in 2025, at the same growth rate recorded in 2024.
- → House prices continued to rise strongly, although at a decelerating rate; apartments rose by 8.1% (9.1% in 2024).
- → Total outstanding housing loans increased marginally by 0.7% against a drop of 2.6% in 2024.

MACRO-ECONOMIC OVERVIEW

In 2025, economic activity continued to grow at a robust pace, despite elevated uncertainty in the international economic environment, with real GDP increasing by 2.1%,[2] unchanged from 2024, significantly exceeding euro area growth rate (1.4%) for the fifth consecutive year.[3]

The main drivers of economic growth were investment, private consumption and exports as well as other factors, such as the strong performance of the tourist sector. In particular, gross fixed capital formation increased by 8.9% in real terms, private consumption 2.0%, and exports of goods and services by 1.7% (3.0% and 0.4% respectively), while imports of goods and services declined by 1.3%. In Q1 2026, GDP (seasonally adjusted data) continued growing by 2.0%, year-on-year and 0.2% quarter-on- quarter, well above the euro area average (0.3% year-on-year and -0.2% quarter-on-quarter), mainly driven by gross fixed capital formation (12.1%), exports of goods and services (2.4%) and private consumption (0.7%). On the contrary, the high increase in imports of services (3.1%) contributed negatively to GDP growth in Q1 2026.

The economic outlook remains positive, despite persistent uncertainties surrounding the global economy. Looking ahead, according to the Bank of Greece,[4] economic activity is expected to moderate somewhat in 2026, remain broadly stable in 2027 and accelerate slightly in 2028 under the baseline scenario. More specifically, the Greek economy is expected to continue outperforming the European average and real GDP growth is projected to decelerate to 1.9% in 2026, remain unchanged in 2027 (1.9%) and increase marginally to 2.0% in 2028. Investment, exports and private consumption are expected to remain the main drivers of economic growth over the projection horizon.

Investment in total construction (ELSTAT, non-seasonally adjusted data at constant prices) increased further by 13.8% in 2025, a stronger pace compared to 9.9% in 2024 (2023: 16.8%). Residential investment rose for the eighth consecutive year, recording an annual increase of 22.4% in 2025, exceeding the pace observed in 2024 (12.9%) and broadly similar to the growth rate recorded in 2023 (22.1%). The investment in "other" construction (non-residential construction and civil engineering) grew by 8.3% in 2025 and remained broadly in line with the growth rate recorded in 2024 (8.6%), and following a stronger expansion of 13.8% in 2023.

In 2025, the labour market improved further, and unemployment declined, due to solid economic growth. According to ELSTAT – Labour Force Survey (non-seasonally adjusted data), employment increased, on average, 1.5% slightly lower than in 2024 (2.0%) and marginally higher than in 2023 (1.3%). Employment growth in 2025 was greater for women than for men (2.6% and 0.6% respectively). Although the unemployment rate has declined steadily and significantly in recent years, it stood at 8.9% in 2025 – the lowest level recorded in 16 years – down from 10.1% in 2024, 11.1% in 2023, and 12.4% in 2022. However, unemployment remained elevated compared with the European average, with rates of 6.4% in the euro area and 6.0% in the European Union. By gender distinction, the unemployment rate declined for both men and women while the rate of women (11.2%) remained significantly higher than that of men (7.0%). In Q1 2026, labour market developments remained positive, with employment increasing by 1.3% year-on-year. However, the unemployment rate edged up slightly to 10.6%, compared with 10.4% in Q1 2025.

In 2025, HICP inflation (ELSTAT data) declined slightly to 2.9%, from 3.0% in 2024 and markedly lower than 4.2% in 2023 but remained relatively elevated – due to persistent services inflation – compared to euro area average (headline inflation dropped to 2.1% in 2025 against 2.4% in 2024 and 5.4% in 2023). Core inflation (HICP excluding energy and food) remained stable at 3.6%, down from 5.3% in 2023. In the first five months of 2026, HICP headline inflation increased, on average, to 3.8%, reflecting, in addition to persistently elevated energy inflation, high unprocessed food and services inflation as well. HICP headline inflation is projected to average 3.8% in 2026 and to decline thereafter to 2.6% in 2027 and to 2.3% in 2028, assuming a de-escalation of geopolitical tensions in the Middle East and a subsequent easing of energy and food prices.[5]

According to data from the Bank of Greece,[6] foreign direct investment (FDI) inflows increased significantly in 2025, reaching EUR 11.4 billion, the highest level ever recorded, compared with EUR 7.0 billion in 2024 and EUR 4.8 billion in 2023. The contribution of real estate to total FDI stood at 18% in 2025, down from 39% in 2024 and 45% in 2023.

According to the 2026 Annual Progress Report for Greece, submitted by the Ministry of Finance in April 2026, the general government balance in Greece recorded a surplus of 1.7% of GDP in 2025, compared with a surplus of 1.3% of GDP in 2024, indicating a further strengthening of the fiscal position. The general government primary outcome came in at a surplus of 4.9% of GDP, exceeding the surplus of 3.7% of GDP projected in the 2026 Budget Report in December 2025. This stronger-than-expected outcome reflected approximately equal contributions from expenditure containment and enhanced revenue performance. The general government debt decreased to 146.1% of GDP at the end of 2025 from 154.2% of GDP in 2024. For 2026, a significant primary surplus of 3.2% of GDP is expected, on the back of a

[1] The views expressed are solely those of the author and should not be interpreted as reflecting the views of the Bank of Greece.

[2] Hellenic Statistical Authority (ELSTAT): non-seasonally adjusted data at constant prices.

[3] Press release of Bank of Greece: Governor's Annual Report 2025/06.04.2026.

[4,5] Press release of Bank of Greece: Monetary Policy Report 2025-2026/23.06.2026.

[6] Bank of Greece: Direct investment - Flows.

solid economic growth and the general government debt is expected to drop to 136.8% of GDP, i.e. reduced by 9.3 percentage points compared to 2025 also on the back of earlier debt repayment.

HOUSING MARKETS

In 2025, house prices continued to increase at a robust pace, albeit more slowly than in 2024, mainly supported by limited housing supply, and healthy external and internal investment demand". According to the Bank of Greece's residential property price indices, apartment prices continued to increase for an eighth consecutive year. Based on residential valuation data collected by credit institutions, apartment prices increased by 8.1% in 2025, although at a slower pace than in previous years (9.1% in 2024, 13.9% in 2023, and 11.9% in 2022). Broken down by property age, in 2025 a stronger rate of increase was recorded in prices of older apartments (aged over 5 years) compared with those of new apartments (up to 5 years old), standing on average at 8.4% and 7.7%, respectively. By geographical area, higher annual rates compared to the average annual growth rate for the entire country were recorded in Thessaloniki (9.7%) and other regions of the country (10.2%), and, to a lesser extent, in Athens (6.5%). In Q1 2026, nominal apartment prices for the entire country increased, on average, by 5.7% year-on-year (5.2% in Athens, 6.4% in Thessaloniki, 5.4% in other cities and 6.9% in other areas of Greece). Broken down by property age, in Q1 2026 the annual rate of change in prices of new apartments (up to 5 years old) was 6.0% and of older apartments (over 5 years old) 5.5%. It is worth mentioning that the apartment price index for the entire country in Q1 2026 exceeded its previous historical peak, recorded in Q3 2008, by 9.5%.

Despite house price growth and continued interest in housing during 2025, some market-related indicators recorded negative rates of change. More specifically, in 2025, net foreign direct investment (FDI) in Greek real estate amounted to EUR 2,055.6 million, compared with EUR 2,750.3 million in 2024, representing a 25.3% year-on-year decrease. Furthermore, Ministry of Migration and Asylum data (May 2026) indicated that Golden Visa applications totalled 7,025 in 2025, down 25.1% from 9,382 in 2024. This decline is likely related to the tightening of the programme's eligibility criteria and investment requirements. Residential building activity (ELSTAT data) declined in 2025, with building volume (measured in cubic metres) decreasing by 19.4% and the number of building permits by 23.5%. This decline was largely attributable to uncertainty surrounding the implementation of the New Building Regulation (NOK). The total cost of constructing new residential buildings (ELSTAT data) continued to increase in 2025 (2.7%), although at a slower pace than in 2024 (3.7%). On the other hand, positive developments were recorded in residential investment (ELSTAT data, at constant prices), which grew by 22.4% in 2025, significantly faster than in 2024 (12.9%), and amounted to 3.1% of GDP. Finally, business expectations for residential construction (IOBE data) remained positive and increased further in 2025 by 9.7%, compared with 7.7% in 2024.

In Q1 2026, foreign direct investment in the Greek real estate market showed a positive trend, with net receipts increasing by an average annual rate of 43.4%, reaching EUR 511.6 million, compared with EUR 356.8 million in the corresponding period of 2025. By contrast, applications for the Golden Visa programme during the period January–May 2026 amounted to 2,137, compared with 3,989 in the corresponding period of 2025, representing an annual decrease of 46.4%, according to data from the Ministry of Migration and Asylum (May 2026). Residential construction activity (ELSTAT data) at the national level recorded positive growth in Q1 2026, both in terms of the buildable volume of dwellings (58.4%) and the number of building permits (72.5%), mainly due to the base effect. Investment in dwellings (seasonally adjusted ELSTAT data at constant prices) increased by 15.0% year-on-year in Q1 2026 and amounted to 2.7% of GDP. The total cost of new housing construction (ELSTAT data) continued to increase in Q1 2026, at an average annual rate of 2.8%, representing a slight slowdown compared with the corresponding period of 2025 (3.5%). Lastly, the IOBE business expectations index for residential construction continued to strengthen during the period January–May 2026, increasing by 9.3%, slightly above the 8.5% increase recorded in the corresponding period of 2025.

According to the latest available published data, real estate transactions[7] increased by 19.4% in 2024 (145,765 transactions) against an increase by 8.8% in 2023 (122,123 transactions). Supported by strong domestic and external demand, as well as continued investor interest, transaction activity in the Greek real estate market is expected to remain robust in 2025, despite a gradual deceleration in house price growth.

Strong price growth recorded over the last four years has worsened house affordability, as prices have increased relative to disposable income. Following legislative changes in 2024 introducing stricter conditions and restrictions on both the Golden Visa Programme and short-term rentals, a new rent subsidy programme was introduced in 2025 to help alleviate housing costs for vulnerable households. Under this programme, a single monthly rent payment, based on the contractual rent of the previous year, will be provided from the State Budget as a refund to eligible tenants of primary and student residences, subject to household income criteria, by the end of November each year. In addition, the My Home II State Programme, launched in January 2025, aims to improve access to housing for vulnerable households by providing low-interest housing loans. To address housing market challenges, the State has also introduced a set of measures aimed at increasing housing supply. These measures include, inter alia, the more effective utilisation of public real estate assets, the streamlining of procedures for the conversion of vacant commercial properties into residential use, and additional incentives to support the re-entry of vacant private dwellings into the housing market.

The outlook for the Greek real estate market over the coming period remains moderately positive. However, recent developments in the conflict in the Middle East, together with significant increases in energy and construction material costs, as well as persistent inflationary pressures, have created new uncertainties that may weigh on investment demand and growth prospects.

MORTGAGE MARKETS

MARKET DYNAMICS

In 2025, the total outstanding stock of housing loans decreased by 3.17%, compared with a decline of 2.6% in 2024. This marks nearly fourteen years of negative annual growth. The last positive annual growth rate was recorded in November 2010. In April 2026, the amount of outstanding housing loans increased, at an accelerating rate, by 1.3% year-on-year. The total amount of new housing loan agreements[8], although still low in absolute terms, increased

[7] Source: ELSTAT. Annual data collected by notaries across Greece, covering all categories of residential and commercial real estate, including dwellings, retail properties, office spaces, building plots, and other property types. Latest available data: 2024.

[8] Data are based on the Bank of Greece interest rate database on new housing loan contracts.

further in 2025, on average, by 49.8%, compared with 20.4% in 2024. During the period January–April 2026, the total value of new housing loans increased significantly, by 103.5% year-on-year, compared with a modest increase of 5.8% during the corresponding period of 2025. This substantial growth in new mortgage lending was driven, inter alia, by the My Home II programme.

According to data from the Bank of Greece, the average disbursement amount of residential real estate-backed loans, including renovation loans, was EUR 89,397 in 2025, up significantly from EUR 70,281 in 2024 (EUR 68,682 in 2023, EUR 78,812 in 2022 and EUR 73,157 in 2021). This represents the highest average loan amount recorded over the past five years. Furthermore, the average loan-to-value (LTV) ratio for new mortgage loans increased by 390 basis points to 64.8% in 2025, reversing the decline observed in 2024, when the average LTV ratio fell by 110 basis points to 60.9% from 62.0% in 2023. The corresponding ratios stood at 62.9% in 2022 and 63.7% in 2021.

In 2025, bank interest rates decreased both on new housing loans and outstanding housing loans. More specifically, average interest rates on new housing loans decreased by 47 bps to 3.59% and on outstanding housing loans with an initial maturity of over 5 years decreased by 58 bps to 3.75%. In Q1 2026, the average interest rate on new housing decreased compared to Q4 2025 by 3 bps to 3.44% and compared to Q1 2025 by 24 bps. Over the same period, the average interest rate on outstanding housing loans with an initial maturity of over 5 years compared to Q4 2025 was broadly stable at around 3.60% and compared to Q1 2025 it decreased by 46 bps. Mortgages with floating interest rates used to be the most common mortgage product. However, between 2020 and 2024, fixed-rate mortgages gained increasing popularity. In 2024, they accounted for 70.4% of new mortgage loans, up significantly from 65.8% in 2023 and 55.6% in 2022. In 2025, the share of new fixed-rate mortgages declined to 65.5% of new loans, returning to approximately the same level as in 2023.

The increase in interest rates on new house purchase loans between mid-2022 and the start of 2024 led to weaker demand for housing loans for almost three consecutive years, according to data from the Bank Lending Survey. However, demand for housing loans increased in the first quarter of 2025 compared with the previous quarter, largely reflecting the launch of the State program "My Home II", which offers more favourable financing conditions and lower borrowing costs to eligible borrowers. According to the latest available Bank Lending Survey data for Q1 2026,[9] demand for housing loans remained stable, continuing the stabilisation trend already observed in the previous quarter. Furthermore, banks participating in the survey expect demand to remain unchanged in the following quarter. According to the same survey, credit standards for housing loans to households remained unchanged compared to Q4 2025. Terms and conditions for mortgages to households tightened somewhat due to charge increases other than interest rates. Finally, banks reported that the proportion of rejected loan applications to housing loans decreased slightly.

MORTGAGE FUNDING

From May 2025 to April 2026 private sector deposits increased by EUR 11.5 bn, higher than the increase recorded in the corresponding period of the previous two years (EUR 8.2 bn in the period May 2024 to April 2025 and EUR 5.8 bn in the period May 2023 to April 2024). Households' deposits grew annually by 4.1% in April 2026.

Central bank funding stood at EUR 2.4 bn at the end of 2025, down from EUR 2.6 billion in December 2024.

The outstanding amount of unsecured bonds issued by Greek banks stood at EUR 23.4 bn at the end of 2025, up from EUR 17.4 bn at the end of 2024, with senior bonds corresponding to EUR 14.7 bn and subordinated bonds to EUR 8.6 bn.

The outstanding amount of covered bonds issued by Greek banks stood at EUR 9.7 bn at end-2025, broadly unchanged from the previous year.

	GREECE 2024	GREECE 2025	EU 27 2025
MACROECONOMIC VARIABLES			
Real GDP growth (%) (1)*	2.1	2.1	1.5
Unemployment Rate (LSF), annual average (%) (1)	10.1	8.9	6.0
HICP inflation (%) (1)	3.0	2.9	2.0
HOUSING MARKET			
Owner occupation rate (%) (1)	69.7	69.4	68.5
Gross Fixed Investment in Housing (annual change) (1)	2.8	2.4	2.8
Building Permits (2015=100) (2)	41.7	31.9	86.9
House Price Index - country (2015=100) (1)	164.98	178.3	161.92
House Price Index - capital (2015=100) (2)	183.2	195.9	n/a
Nominal house price growth (%) (1)*	8.8	8.6	5.5
MORTGAGE MARKET			
Outstanding Residential Loans (mn EUR) (1)	26,986.35	25,654.74	5,617,435.11
Outstanding Residential Loans per capita over Total Population (EUR) (2)	2,594.7	2,463.5	12,472.10
Outstanding Residential Loans to disposable income ratio (%) (1)	58.76	58.03	81.39
Gross residential lending, annual growth (%) (1)	-4.7	-1.2	2.8
Typical mortgage rate, annual average (%) (2)	4.06	3.59	3.31

(1) Eurostat Data
(2) European Mortgage Federation – Hypostat 2026, Statistical Tables
* Eurostat Reviewed
** EU 2025 to be confirmed

[9] Source: Bank of Greece – Bank Lending Survey.