

## **RENT TO BUY**

A new model for buying real estate in Greece is coming. It will be possible for the tenant to buy the house he lives in by paying the rent and making an agreement with the owner. The new rent to buy service.

Savings for buying a house through rent is coming to Greece. What is the new rent to buy model and what are the benefits.

"Living in rent is like throwing away your money, it's better to borrow to get your own property", is a phrase that we have been hearing for years and it has dominated Greece.

After the financial crisis of the previous decade, however, the situation has changed. The option of renting is a one-way street for new households and there is no possibility for parents to "endow" their children with a property or even some cash to serve as a down payment for the purchase of a property.

As a result, there is no longer the possibility to acquire a residence, which is also reflected in the sales of houses, which do not exceed 30,000 to 40,000 on an annual basis, while before the crisis the relative number was in six figures, reaching even 150,000.

Real estate professionals foresee that as prices rise, it will be harder to get deals done despite the growing inventory of mobile phones. As such they have already started working on possible solutions.

The Greek is the owner. It has always been his dream to own his own house. During the memorial years, but also recently with the pandemic, there may be difficulties in housing loans from the banks, however there is a way to acquire one's own home through the... indirect route. That is, with... rent or "rent to buy".

More than any other people, Greeks love property and seven out of 10 live in privately owned property. During the years of the crisis, ownership became a nightmare, as on the one hand the excessive taxation of real estate, on the other the reluctance of banks to give loans, led households to rent. But the desire to have his own house is insurmountable. And the solution was found by paying by... month.

### **How does the new property purchase model work? In two ways:**

The tenant can buy the house he lives in by paying a monthly payment and an additional amount, making an agreement with the owner. Essentially, he will save an amount every month that he will use as a down payment for the purchase of the house he lives in. For example: If he pays a monthly rent of 500 euros, plus 400 euros in some years, he will have saved a good amount for his purchase. E.g. in five years he will have collected 24,000 euros.

Or he may give an advance at the outset and subsequent installments. For example: If a property costs 100,000 euros and someone gives 15%, 85,000 euros remain. He can reach a repayment agreement over a period of 20 or 30 years by paying the equal amount.

It is important, however, at the same time to have the possibility of irregular payments with the aim of reducing the amount owed.

This model has been operating for many years in other countries, while in Greece it is taking... its first steps.

"It primarily concerns companies that own real estate and not individuals. A company that owns residential properties enters the process and tells the interested buyer that by giving 10% - 15% of the value of the property as well as the monthly rent, while having the option of additional naughty time payments, you can get it."

Why is it difficult to implement in Greece? "This cannot be easily applied in the Greek reality because the largest percentage of properties that are for sale belong to private individuals (and not to companies). A private individual will hardly accept to get his money in 20 to 30 years. In addition, many problems arise in case of breach of the agreement, if for example he does not pay the agreed price. Also, many owners have financial obligations, and they have an immediate need to get their money"

### **Purchase of property with rent**

However, there are also cases where a buyer can come to an individual agreement with the owner himself and pay monthly for the property he will buy. This requires a significant down payment. While the price for the property will be higher.

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