

Real Estate Integrated Resorts



Overview

An integrated resort is a development typically comprising a hotel, private homes, retail, dining, entertainment, casino, recreation and other facilities. Integrated Resorts (IRs) are a common feature in many international locales and have been gaining significant momentum in Greece over the past few years. Several resorts have commenced operations recently, with numerous additional projects currently in development. These resorts offer an entry into a lifestyle steeped in the Mediterranean ethos, with access to pristine beaches, year-round sunshine, and a calendar full of cultural festivities.

Purchasing a private residence within an Integrated Resort may well play the role **of an investment granting a modest return or it may serve as a private sanctuary within a well-established resort**. Of course, the return may not be spectacular, and such investments are addressed to investors with a low-risk appetite, who wish to place their money in long-term investments, not being bothered by long amortization periods. As a rule of thumb, private homes in an Integrated Resort may deliver gross returns hovering around 2% to 6%, although this is subject to the terms of the agreements the homeowner engages in.

As per standard practice, the developer/owner of an Integrated Resort usually offers **rental programs to the purchasers of private homes securing a fixed minimum annual return for a standard period, usually 5 - 10 years.** The percentage of the fixed return depends on the competitiveness of the rental program, the size of the private home, the rent projections etc. Entering a rental program is usually optional, the decision to rent the property or keep it exclusively for private leisure purposes being left at the owner's discretion. **Nevertheless, the by-laws governing the operation of the Integrated Resort often prohibits the rent of the private homes outside the rental program.**

Furthermore, it should be noted that a service provider takes over the management of the Integrated Resort, ensuring that the latter operates in good order. Owners of private homes are burdened with the common building expenses and the relevant service fee.

L. 4002/2011: The legal framework governing Integrated Resorts in Greece

The establishment and development of Integrated Resorts are regulated in Part B of L. 4002/2011. The law has been subject to consecutive amendments – as indicated by L. 4179/2013, L. 4582/2018, L. 4759/2020 and L. 4875/2021 – mostly pertaining to the building standards.

L. 4002/2011 stipulates, inter alia, the building standard regulations, including the building factor, the requirements that shall be met for the resort's developer to be eligible to transfer the private homes, provisions regarding the long-term lease agreements etc. The law uses the term “tourist furnished residences” to name the private residences located in an integrated resort.

According to paragraph 1, Art. 8 of the aforementioned law, private homes located within an integrated resort may be subject to the establishment of horizontal or vertical ownership, and rights *in personam* and *in rem* on them may be transferred to third parties provided that specific prerequisites are met, including the requirement for the resort to be developed on at least 150,000 sq.m. of land, to feature five-star hotel accommodations, and to ensure year-round maintenance of these spaces by assigned service providers.

In addition, as per par. 5 of the same article, the transfer of the ownership or the lease of the private homes, is feasible only after:

- (a) the completion of the construction and the notification of operation¹ of the hotel and the special tourist facility, and
- (b) the issuance of the building permit of the private home, which is to be subject to transfer or lease.

Lastly, the percentage of the private homes that may be sold or leased cannot exceed the 30% of the total built surface of the integrated resort. The long-term lease shall be agreed for a period of 10 years at least.

By laws of the Integrated Resorts

Integrated Resorts in Greece are mandatorily governed by a Co-ownership and Operation Regulation. **This document, which must be notarized and approved by the Minister of Tourism, details the rights, obligations, and usage restrictions for property owners and common areas, as well as the management of services and expenses.** It is a mandatory part of any legal action concerning property rights and binds all involved parties. Owners or tenants can only rent out or modify their properties within the rules specified in this Regulation.

L. 4875/2021: Introducing beneficial provisions for the Integrated Resorts

L. 4875/2021 was published on December 23, 2021 (Gov. Gazz. A` 250/23.12.2021) amending the regime for integrated resorts and introducing more lenient and beneficial provisions, aiming to boost their development. According to the new provisions, the percentage of the private homes which can be sold or leased may be increased from 30% to 50% of the built area in the integrated resort, under certain conditions specified therein²:

¹ The operation of the hotel is notified only after the completion of the construction of the hotel, the special tourist accommodation and at least of one private home and the connection of the integrated resort with utility networks.

² Article 63 L. 4875/2021, Gov. Gazz. A` 250/23.12.2021.

Furthermore, Article 9, which specifies the building conditions, provides further incentives to integrated resorts that include a golf course, with the above percentage reaching 70%.

Need advice?

Greek regulatory ecosystem may be labyrinthine and difficult to be grasped, in particular regarding practice areas like property, forest and development law. At Logaras Law we have accumulated the experience and know-how to assist our clients successfully navigate through the web of legislations and formalities that usually lead to bureaucracy. Having developed a network of professionals coming from various sectors, including civil engineers, accountants, notaries, property evaluators and financial advisors, we act as a One-Stop-Shop, delivering services under the prism of a holistic approach.

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