

RED BOOK GLOBAL STANDARDS

RICS Valuation – Global Standards: Greece national supplement

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RICS VALUATION – GLOBAL STANDARDS: GREECE NATIONAL SUPPLEMENT

National supplement

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Part 1 Introduction

This national supplement sets out supporting guidance for *members* on the application of *RICS Valuation – Global Standards* (Red Book Global Standards) to *valuations* undertaken subject to Greek jurisdiction.

It places fresh emphasis on the fact that the content is supplemental to that in Red Book Global Standards, and not in substitution for it. This removes the need for an overall Introduction reproducing that in Red Book Global Standards.

Scope

- 1 This national supplement complements Red Book Global Standards, which incorporates the latest *International Valuation Standards*, and local statutory requirements in respect of the *valuation of real estate* property.
- 2 This document is intended to highlight only the significant differences in terminology and in the content or coverage of *valuation* standards.

The following conventions are adopted throughout:

- Terms defined in the Red Book Global Standards *Glossary* are shown in italics.
- References to Red Book Global Standards use the relevant global section identifier only, e.g. PS 1, VPS 1, VPGA 1, etc.

Status of this RICS national supplement

- 3 This national supplement includes mandatory professional standards (GPS), as well as advisory valuation practice guidance applications (GVPGAs). *Members* must comply with mandatory requirements and are strongly encouraged to follow GVPGAs as a matter of best practice when undertaking *valuation* assignments subject to Greek jurisdiction.

More specifically:

- Where recommendations are made for specific professional tasks, these are intended to represent best practice, i.e. recommendations that in the opinion of RICS meet a high standard of professional competence.
- *Members* conforming to the practices recommended in this national supplement should have at least a partial defence against an allegation of negligence.
- In the event of a legal dispute, a court or tribunal may require a *member* to explain why they deviated from best practice recommended in this national supplement. Also, if *members* have not followed this national supplement and their actions are questioned in an RICS disciplinary case, they will be asked to explain their actions, and this may be considered by the RICS Panel.
- In addition to this national supplement, professional statements and guidance notes are relevant to professional competence in that each *member* should adhere to and have

knowledge of relevant RICS standards and guidance within a reasonable time of their coming into effect.

4 This national supplement reflects case law and legislation as at its date of publication. *Members* are responsible for establishing whether any changes in case law or legislation after the date of publication have an impact on the guidance in this document.

Effective date

5 This national supplement takes effect immediately upon publication. *Members* should note that some elements of Greek property law were under review at the time of publication. This document will be updated when these reviews are complete and new laws have been enacted. Until then, *members* should make their own enquiries as to the legal position of matters referred to in this national supplement and they must ensure that *valuations* fully take account of the legal position at the valuation date.

Naming conventions explained

Description	Status	Inclusions	Comments
Standards	Mandatory	<ul style="list-style-type: none"> • <i>International Valuation Standards</i> (IVS) as issued by the International Valuation Standards Council (IVSC). • RICS professional standards – denoted by the prefix PS. • RICS valuation technical and performance standards – denoted by the prefix VPS. 	The IVS are adopted and applied by RICS in Red Book Global Standards, being cross-referenced throughout.
Guidance	Advisory	<ul style="list-style-type: none"> • RICS valuation practice guidance applications – denoted by the prefix VPGA. 	VPGAs are advisory and not mandatory in content. However, they alert <i>members</i> (where appropriate) to relevant mandatory material contained elsewhere in this Red Book supplement, including to the relevant IVS, by the inclusion of appropriate cross-references.

RICS also separately publishes guidance from time to time on other valuation topics in the form of guidance notes. Such material is advisory in nature. It is available on the RICS website.

Part 2 Valuation standards

Overview

1 The purpose of this document is to assist valuers who are *members* of RICS in ensuring that a *valuation* undertaken in accordance with *RICS Valuation – Global Standards* is also compliant with any applicable legislation, regulation and professional practice in Greece.

2 Globally recognised high-level *valuation* principles and definitions are now embodied in the IVS, published by the IVSC. RICS has long been a supporter of, and contributor to, the development of such global standards, and not only fully embraces such standards but also proactively supports their adoption by others around the world. Before considering how these shared objectives are put into practice on the ground, it is helpful to explain the derivation and purpose of Red Book Global Standards in more detail.

Applicable RICS standards

1 *RICS Valuation – Global Standards*, commonly referred to as Red Book Global Standards, formally recognises and adopts the latest IVS, therefore requiring *members* to follow them. It also complements the IVS by providing detailed guidance and specific requirements concerning their practical implementation.

2 Expectations regarding *member* and *firm* conduct are set through the application of the *RICS Rules of Conduct* and the *RICS Global Professional and Ethical Standards*, and such conduct is assured through a well-established system of regulation. This ensures the positioning of *members* and *firms* as the leading global providers of IVS-compliant *valuations*.

3 To assist *members* working in different countries or under different jurisdictions with the practical application of Red Book Global Standards in individual national or local contexts, RICS issues a number of jurisdiction-specific national supplements, highlighting additional steps that may be taken to make a *valuation* that is compliant with both locally required standards and Red Book Global Standards.

4 *Members* are reminded that:

- All *members* who undertake *valuations* are required to comply with the RICS Valuer Registration requirements. Full details of the requirements can be found at www.rics.org/vrs
- All *members* who are RICS Registered Valuers are obliged to follow Red Book Global Standards as the primary *valuation* standard. *Departures* from Red Book Global Standards are permitted in certain specified circumstances (see **PS 1 sections 4 and 6**). Compliance with jurisdictional standards (which may extend to matters not covered in Red Book Global Standards, such as compulsory acquisition) is also recognised as proper in the circumstances described in **PS 1 section 4**.

- When an allegation of professional negligence is made against a *member*, a court or tribunal may take into account the contents of Red Book Global Standards in deciding whether or not the *member* acted with reasonable competence.
- *Members* are reminded to ensure, when conducting their professional activities in Greece, that they are also following any appropriate country-, state- or municipality-specific regulations and guidance.

Part 3 National background and standards

Background

- 1 This national supplement aims to clarify potential grey areas between Red Book Global Standards and Greek law. It applies to assets or liabilities in the form of developed and undeveloped land. It does not cover other forms of asset within the scope of Red Book Global Standards.
- 2 Red Book Global Standards recognises that it is perfectly proper for *members* to comply with valuation standards other than those set out in Red Book Global Standards where these apply within a particular jurisdiction, provided it is absolutely clear which standards are being adopted. This does not preclude the valuation being declared as performed in accordance with Red Book Global Standards.
- 3 It is mandatory to comply with the minimum *terms of engagement* set out in **VPS 1**, which adopts IVS 101, but additional detail regarding the scope or the depth of the valuation assignment may be included in a contract. These adjustments are intended to ensure that clients and employers of *members* receive the highest possible level of service, in accordance with Red Book Global Standards and Greek law.

Valuation regulations – summary

- 1 There are currently no national valuation standards or regulations in Greece. The Ministry of Finance recognises the European Valuation Standards, published by The European Group of Valuers' Associations (TEGoVA), and Red Book Global Standards, which incorporate the IVS.

Qualification requirements

- 1 Legislation for certified valuers was introduced in Greece by Law 4152/2013 and amended by Law 4778/2021. Valuers must be certified either by an accredited body or a professional organisation fulfilling the conditions of paragraph 2 of Article 3 Pt 38/2010. These organisations are responsible for promoting and maintaining professional standards through approved educational qualifications, the adoption of rules of professional conduct and the control of the right to use professional titles. In order for a property valuation to be acknowledged by the Greek authorities, the valuer must be a member of a recognised organisation and be registered as a Certified Valuer by the Ministry of Finance.
- 2 RICS is a recognised certifying organisation and a valuation by an RICS-certified valuer will therefore comply with Greek law.

Part 4 Greek professional and valuation standards – mandatory

Professional standards

GPS 1 Compliance with valuation standards in Greek jurisdiction

1 *Members* must take care to ensure compliance with Greek law and any other authoritative requirements when providing *valuation* services (as defined in PS 1) that are subject to Greek jurisdiction. For the avoidance of doubt, the requirements and supporting guidance set out here modify or supplement Red Book Global Standards, with which *members* undertaking or supervising *valuation* services must otherwise continue to comply at all times.

Implementation

2 It is important that *members* are not only aware of their general obligations under Greek law, but are also alert to specific requirements that may arise according to the particular *valuation* assignment on which they are engaged, under secondary legislation or regulation, or from other authoritative requirements.

3 Compliance with such requirements will often be a matter for a valuer's client in the first instance, but the valuer is expected to provide the necessary professional advice to support the client in discharging that responsibility. Occasionally however a responsibility or duty may be placed directly on the valuer.

Part 5 Greek valuation practice guidance applications – advisory

The laws mentioned below comprise the basic framework of the planning regulations in each application (GVPGA). However, due to the complexity of the cases that fall under each application, relevant updates of the basic laws regularly come into effect and there are plenty of deviations/departures from each law. As such, it is highly recommended that *members* should be regularly informed about changes in planning legislation and are responsible for establishing whether any changes have an impact on the guidance in this document, since some of the laws referred to here may have been amended.

GVPGA 1 Effects of the foreshore and beach/coast delimitation regime on seaside plots

1 The following definitions are provided under Law 2971/2001 (Government Gazette 285A/2001):

- ‘Foreshore’ is the zone of land wetted by the highest normal winter wave run up.
- ‘Shoreline’ is the notional border between the foreshore and the land beyond.
- ‘Beach/coast’ is the zone of land extending up to 50 metres beyond the shoreline. It is determined by the Committee of Seashore Plotting, after proper justification, in order to facilitate interaction between land and sea, as well as to protect the foreshore environmentally.
- ‘Old foreshore’ is the zone of land that is derived from the shifting of the foreshore towards the sea, due to alluviation (formation of new land by sediment deposits) or construction, and is defined by the modern foreshore limit and the limit of the older foreshore.
- ‘River or lake bank’ is the zone of land that borders large lakes and navigable rivers, and is wetted by the highest normal wave run up.
- ‘Riparian zone’ of large lakes and navigable rivers is the zone of land extending up to 50 metres beyond the edge of the river or lake.

2 The foreshore, the beach/coast, the river/lake bank and the riparian zone constitute properties of common use owned by the Greek state, which is responsible for their protection and management. Access to these zones has to be free and unobstructed, and any development is prohibited. Under exception, the foreshore, beach/coast, rivers/lakes and riparian zone can be used for public environmental and cultural purposes, as well as for the service of the overriding public interest. The old foreshore constitutes property of the Greek state, and can be exploited (leased, disposed, etc.) by the state.

3 The laws affecting these types of locations mean that the valuer of any property that may lie within these zones must undertake a thorough investigation regarding the legality of

any buildings, along with a confirmation of building permission and compliance with relevant regulations by the relevant urban planning authority. Concessions for the use of the foreshore, shared beach, shore, shared riparian zone, bottom and water sections of a sea, lake or river are granted for the purpose of their economic development or the execution of projects, and the cost of acquiring such concessions must be included in any *valuation* calculation.

4 Valuers of rural land parcels bordering the sea, rivers or lakes must always confirm whether the land parcel falls within the foreshore, beach/coast, river/lake bank or riparian zone. Valuers should ask their clients to provide a copy of the relevant topographic plans and Government Gazettes that define the shoreline of the immediate area.

5 Valuers should apply zero value to land parcels or structures within foreshore and beach/coast zones, referring to the relevant legislation in their reports.

6 Other aspects that could affect value and should be considered include:

- accessibility, where the property is only accessible by sea
- soil criteria related to the beach and the riparian soil composition
- infrastructure and utility networks, and
- concession terms with or without consideration.

7 The extent of the foreshore must be defined before the issuing of any building permission for properties located up to 100m from the shoreline, or for the expansion of the city plan. If the foreshore has not already been clearly defined in an appropriate way, Law 2971/2001, Article 5 – Government Gazette (FEK) A 285/19.12.2001 sets out how a clear definition can be achieved.

8 In coastal areas where the existing infrastructure serves the country's national defence and security purposes, the common use of the coast and shoreline is prohibited.

GVPGA 2 Archaeology

1 Restrictions may be imposed by state archaeological departments, which may affect the use of a property and consequently have an impact on its value.

2 The relevant law for the protection of antiquities and cultural inheritance is L3028/2002, which divides archaeological areas into Zones A and B. Within Zone A, any development is prohibited, whereas within Zone B, land development is allowed, subject to special restrictions.

3 Greek land is particularly sensitive to archaeological protection, especially areas with previous and/or existing archaeological discoveries. Such areas can be established ruins or possible areas for excavation. In all cases, a valuer should ask to be provided with any relevant documentation available in order to establish whether the property being valued is situated within a designated archaeological zone. Thorough research or relevant *assumptions* must be made when valuing a property located near or within a listed archaeological zone.

4 Note that there are areas in Greece where the archaeological status is disputed. In such cases, an application for a building permit may be subject to the assistance and/or cooperation of the relevant archaeological department. However, this may have unforeseeable

consequences on the development potential of the property. It should be pointed out to the client, and stated in the *terms of engagement* if known at that time, that the *valuation* may include relevant conditions, *assumptions* and comments that could affect the opinion of value and limit the valuer's liability.

GVPGA 3 Key money

- 1 'Key money' or 'intangible value' reflects the pecuniary consideration paid as a lump sum by the tenant to the lessor upon execution of the lease agreement involving a property with particular trading characteristics (for example, retail property in a prime retail location with very low vacancy rates) to reflect the potential benefits that may accrue to the tenant from their use of the premises.
- 2 Key money is essentially a discounted lump sum payment that is determined following an agreement between the contracting parties and which reflects any anticipated additional future cash flows that may be generated by the leased property for the benefit of the tenant as a result of its especially popular commercial location. The amount will be influenced by the prevailing market supply and demand conditions.
- 3 Key money is usually calculated as a value per square metre of the property's ground floor, or of the part of the property with the highest trading potential. It is a one-off, non-returnable payment.
- 4 Valuers must therefore pay particular attention to any key money payments when assessing market rents for retail properties, and should confirm any *assumptions* in their *terms of engagement* and in the report.

GVPGA 4 Residual building coefficient (RBC)

- 1 The 'residual building coefficient' is the difference in square metres between the maximum permitted buildable area (as specified by the applicable building coefficient and terms) and the already existing built area of a plot. A land plot with an RBC has not exhausted its development potential and the owner has the right to undertake further development on the plot.
- 2 In determining the value of the RBC (that is, the value of the right to undertake additional building or to redevelop the site), the relevant business risk should be investigated and measured in terms of both the coefficient's implementation feasibility (due to urban planning, legal, environmental or other restrictions, or limitations of any nature) and its technical feasibility. The existing building's state of repair should also be taken into account.
- 3 The viability of the RBC should be confirmed through comprehensive market research in order to verify whether there is demand for the additional building area. If there is no demand, the RBC is likely to be of no financial benefit to the property.
- 4 Regardless of the extent of the RBC, in order to estimate its *market value* at the valuation date, the valuer should always assume a rational exploitation scenario based primarily on a market survey to define the amount of additional space that could be absorbed in the market. They should then examine the feasibility of implementing the assumed RBC area, based on

the local planning and environmental limitations and any structural limitations of the existing premises.

GVPGA 5 Unauthorised structures

- 1 The term 'unauthorised structure' refers to any structure or change in use that has been implemented without a building permit, or any divergence from an issued building permit.
- 2 The current law defining unauthorised structures is L.4495/2017, as updated by L.4546/2018 and L.4759/2020. This replaced the older legislation of L.4014/2011 and L.4178/2013. This legislation states that any transfer or establishment of a right in relation to a real property where an unauthorised structure has been constructed, or which has been subject to unauthorised change in use, is forbidden and absolutely invalid. Should an inspection reveal that the property includes structures that have not been built in accordance with the relevant statutory or regulatory requirements, or that it includes unauthorised structures that have not been included under relevant legalisation, the valuer should request from the client documents showing the extent of the property's compliance with the current law, or concerning the declaration of any illegal use or structure.
- 3 Under both the current law (4495/2017) and the previous laws, the owner of a property must declare to the relevant planning authority, via their engineer, any illegal structures or use of the property. Following this, the engineer must undertake a detailed inspection of the property and provide the planning authority with new floor plans showing any illegal structure or use of the property. After payment of the relevant fee (when applicable) to the Greek government by the owner, the owner will be provided with a certificate confirming that the property complies with the legislation and that it can therefore be transferred. This Legality Certificate is compulsory, and the notary must refer to it in order for the transaction to be completed.
- 4 Under the current legislation, a benchmark date of 28 July 2011 has been set for unauthorised structures. All unauthorised structures are classified into three categories depending on the date of their construction:
 - unauthorised structures that were constructed before the benchmark date and have been declared to the planning authorities
 - unauthorised structures that were constructed before the benchmark date and have not been declared to the planning authorities, and
 - new unauthorised structures that have been constructed after the benchmark date.
- 5 New unauthorised structures cannot be issued with a Legality Certificate by the planning authority. Unauthorised structures built before 28 July 2011 that have not been declared to the planning authorities can be 'legalised' either temporarily or permanently, and are classified as one of the following five categories:
 - **Category 1:** Old unauthorised structures in buildings with a majority of residential uses existing prior to 9 June 1975 are permanently 'legalised' and definitively exempted from demolition upon payment of the declaration fee (typically €250).

- **Category 2:** Old unauthorised structures existing prior to 1 January 1983 are permanently 'legalised' and definitively exempted from demolition upon payment of the declaration fee plus a unified special penalty charge, which is calculated according to the volume of the violation and other defined coefficients.
- **Category 3:** Small unauthorised building structure violations are permanently 'legalised' and definitively exempted from demolition upon payment of the declaration fee.
- **Category 4:** Any unauthorised structures or uses not exceeding 40% of the total buildable area and coverage ratio, and/or 20% of the permitted elevation of the building, are permanently 'legalised' and definitively exempted from demolition upon payment of the declaration fee plus a unified special penalty charge, which is calculated according to the volume of the violation and the relevant coefficients which are described by the law. The stated percentages include all unauthorised buildings on the property that have come under previous laws on unauthorised structures.
- **Category 5:** All other unauthorised structures and unauthorised changes in use that are not included in the categories above come under the provisions of the law and are temporarily 'legalised'. The imposition of penalties is postponed for 30 years upon payment of the declaration fee plus a unified special penalty charge, which is calculated according to the extent of the violation and the relevant coefficients set out in the law.

6 All unauthorised structures or unauthorised changes in use that are located within designated public areas of a town or settlement, or within areas allocated for public use such as roadside galleries, public land plots, forests, reforestation areas, foreshore, flumes, beach zones and archaeological zones, are exempted from the above categories and cannot be 'legalised'.

7 When properties include unauthorised sections or uses, the valuer should take such sections or uses into consideration when calculating market value. Any fee applicable for obtaining a Legality Certificate (as calculated by a certified engineer) should be stated in the valuation report, along with a statement by the valuer as to whether or not, in the valuer's judgement, it affects the market value of the property. It is recommended that all unauthorised structures that cannot be 'legalised' should not be valued, whereas those that can only be temporarily 'legalised' for a period of 30 years should be valued at an appropriate discount (typically 10%–15%) compared to those constructed legally, in order to allow for the risk of future penalties at the expiry of the 30-year period, and the fact that most such structures are constructed with inferior materials and without proper monitoring by engineers.

8 It is recommended that valuers should include in their reports the following comments regarding the potential risks and hazards that apply to any unsettled unauthorised structures:

- 1 inability to use the property as collateral for a bank loan
- 2 risk of forced demolition
- 3 risk of illegal structures being reported to the public authorities
- 4 potential problems with the structural stability of unauthorised building work, and
- 5 potential to incur future penalty charges for the declaration and 'legalisation' of the unauthorised structures.

GVPGA 6 Forest land

1 Law 3208/2003 defines forest land in Greece. In areas designated by the state as forest land, development is generally prohibited but in some circumstances building permission may be granted if the forest land is privately owned. An application for permission to develop private forest land must be submitted to the local forestry service, who will conduct a forestry survey. The outcomes of the survey will be forwarded to the general secretary of the relevant region, who will be responsible for deciding whether permission should be granted.

2 Article 9 L.3208/2003 divides forest land into public and private ownership categories, with different planning restrictions applying to each. Most forest land is publicly owned. Declassification from forest status is permitted only for common interest and for national economic purposes.

3 When valuing rural land, valuers should undertake research to verify whether the relevant land parcel falls within a designated forest zone. This may involve studying published forest maps, enquiring of the local forestry office and checking relevant certifications provided by the client.

GVPGA 7 Land outside urban plan areas

1 The modern Greek planning system was established by Law 1337/1983, which divided public and private land into *Endos Schediou* and *Ektos Schediou* areas (inside and outside urban plan areas) with specific regulations for each division. Outside urban plan areas are mostly wild, natural or agricultural land, and enjoy particular protection through ad hoc legislation.

2 Outside urban plan areas are governed by the general regulations defined in the Planning Decree published in the Government Gazette (FEK) 270 D 31/5/1985 and by the Presidential Decrees 6/17-10-78, 20/28-01-1988 and 24/31-05-1985.

3 Under this legal framework, land for development must have a minimum area of 4,000sq m. Development is not permitted on smaller plots. Buildings must have a maximum of two stories and be no more than 7.5m high. The maximum permitted site coverage is 10%. The maximum building coefficient is defined as follows:

Land parcel surface area (sq m)	Building coefficient
4,000	0.05
4,001–8,000	0.02
8,001 and above	0.01

Note: The maximum built area cannot exceed 400sq m under any circumstances.

Delivering confidence

We are RICS. Everything we do is designed to effect positive change in the built and natural environments. Through our respected global standards, leading professional progression and our trusted data and insight, we promote and enforce the highest professional standards in the development and management of land, real estate, construction and infrastructure. Our work with others provides a foundation for confident markets, pioneers better places to live and work and is a force for positive social impact.

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