

# Real Estate Market in Protaras

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## The Real Estate Market in Protaras, Kaparis, Perna and Ayia Napa areas

### Introduction

Ayia Napa is probably the best known as the resort towns in the south of Cyprus, having achieved international renown as a destination for clubbers since the Nineties, but the nearby towns of Protaras and Perna are also popular holiday destinations, not least because of their selection of fabulous beaches. Indeed, even the peaceful and picturesque village of Kaparis &ndash; 40 minutes away, by road, from Larnaca International Airport and just 5 minutes away from the beach resorts &ndash; has received attention from holidaymakers and property developers alike.

### Cyprus Property Market

Of course, the main attraction of Cyprus is the Mediterranean climate, with plentiful sunshine throughout the year and maximum temperatures of 32°C during the summer months. However, the growth of the tourist industry and European Union membership, in 2004, has led to significant improvements to the infrastructure of southern Cyprus and other developments, such as hospitals, universities and leisure centres. Southern Cyprus &ndash; a.k.a. Republic of Cyprus &ndash; has a low cost of living and low taxation (for anyone considering retiring to the country) compared with other European countries and, although the official language is Greek, about 90% of the population speak English fluently. Unlike the Turkish-controlled portion of Cyprus in the north, where disputes over the title deeds of homes allegedly occupied illegally by the Turks have gone on for years, southern Cyprus is free from legal wrangling over property.

According to the Central Bank of Cyprus, property prices increased by 65% in a four-year period between 2003 and 2007, but fell by up to 25% in 2008 and again, by up to 8% in 2009. In fact, the weakness of Sterling and the effects of the recession deterred British buyers, who account for 70% of overseas property sales, from buying property in Cyprus last year. As a result, the number of properties sold to non-Cypriots fell by 73% to just 1,761. The good news for potential buyers in Cyprus is that the market bottomed out in 2009, with the rate of decline in property prices slowing every month. Now that Britain has emerged from recession, albeit only just, Cypriot property developers and estate agents are keen to attract British buyers back to the market by offering bargain-basement prices.

A report by the Office for National Statistics (ONS) in the U.K. has suggested that the population of Cyprus will increase by 66% in the next 50 years, the largest increase in any European country. This, in turn, will increase demand for housing and may drive up property prices. The average price of a house in Cyprus currently stands at less than £150,000 &ndash; compared with just over £163,000 in the U.K. &ndash; so it may be possible for investors to benefit from low entry costs and substantial returns on their investment if they choose to sell a property later. Of course, owning a property in southern Cyprus also means that they can benefit from rental income, or a cheap holiday in Protaras, Ayia Napa or elsewhere, in the short-term.