

Greece property auctions stir anger and violence

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Barbara Sgoura calls it “the most shocking day” in her career as a public notary. A group of masked men armed with a sledgehammer broke down the door of her Athens office and smashed computers, printers and other equipment.

“They stayed less than three minutes but they did thousands of euros in damage and terrified our staff,” said Ms Sgoura. “The police arrived quickly but there still haven’t been any arrests.”

The office attack, which was designed to intimidate, is one of the most dramatic manifestations of the strength of opposition to an apparently innocuous issue — the auctions of properties foreclosed by lenders during Greece’s long economic crisis.

As part of a reform agreed with its bailout creditors, the EU and the IMF, Athens agreed to hold weekly electronic auctions of foreclosed property, replacing sales staged in specially convened courts. Ms Sgoura is one of a small group of notaries handling repossession cases.

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The process is deemed crucial by Greece’s creditors and the country’s financial sector to bring down high levels of non-performing loans at Greek banks — which average 45 per cent of their portfolios — and spur the economy by releasing funds for fresh lending. Meeting the key condition of the bailout programme would also boost the leftwing Syriza government’s chances of exiting the current [€86bn programme](#) in August as planned.

But foreclosure affects up to 1m Greeks — one in 10 of the population, an indication of the scale of the country’s economic trauma — and the e-auctions have been aggressively opposed by activists and some civil society groups. Ms Sgoura said she found out later that her office was targeted by a violent far-left group.

The government is also viewed as dragging its feet over the foreclosure programme, making implementation a test of its commitment to reforms.

The eurozone’s bailout mechanism this month released a €5.7bn tranche of bailout aid but held back a further €1bn because of concern over Athens’ commitment to the auction process.

“It is seen as important in Brussels and Frankfurt to keep up the pressure on Greece,” said a leading Greek banker.

As a potential end to the [bailout](#) programme nears, the mood in Athens is more buoyant. Greece’s economy grew 1.3 per cent in 2017, ending eight years of recession, and growth of about 2 per cent is expected this year, driven by tourism and a recovery in domestic

consumption.

□ Foreclosures are still a big issue for the Syriza party, headed by prime minister Alexis Tsipras © EPA

But even after a bailout exit, Greece will remain under EU surveillance to ensure that fiscal targets are met and reforms completed. Officials worry about possible backsliding ahead of a general election due in 2019.

Greek bankers are increasingly optimistic about meeting this year's target of 8,000 to 10,000 successful e-auctions. Holiday homes and commercial properties are attracting most interest, prompting hopes that an eight-year decline in property prices has bottomed out. "We expect a big acceleration in the second half as confidence in Greece's economic recovery grows," said one banker.

The number of properties put up for auction has risen to almost 400 per week. Giorgos Roskos, head of the Greek notaries' association, said about a third find buyers, among whom are "strategic" defaulters — borrowers who chose to stop making mortgage payments during the crisis.

"We are seeing momentum even though the numbers are not yet very large. And we expect to see many more strategic defaulters turning up at the last minute to make a deal with the bank and rescue their property," Mr Roskos said.

| These auctions are a disgrace, a return to authoritarianism

Yet even if this year's target for auctions can be met it is still far behind the medium-term goal of 130,000 sales by 2022 agreed with Greece's creditors.

Comparatively few private homes are put up for auction, reflecting banks' reluctance to implement a politically unpopular measure.

Foreclosures are still a big issue for Syriza, where leftwingers invoke the party's commitment when it came to power in 2015 to protect indebted homeowners from losing their properties. More than 150,000 Greeks who applied for protection from bank repossessions under a law passed in 2010 at the start of the crisis are waiting for their cases to be heard by administrative courts.

"At present rates these hearings will not be finished before 2032 so the banks will have to maintain provisioning for them in the meantime," says another banker. New applications are no longer accepted following amendments to the law.

Panagiotis Lafazanis, a former energy minister who broke ranks with Syriza in 2015 to found the leftwing Popular Unity party, leads a small but noisy protest movement against the e-auctions outside a different notary's office each week.

"These auctions are a disgrace, a return to authoritarianism," he told a small crowd last month outside an Athens office guarded by riot police. The protest later turned violent, and tear gas was used to disperse the crowd.

However Ms Sgoura said she would not be deterred by the attack on her offices and was

encouraged by a government move to create 300 notary positions to accelerate the auction process.

“In the past three months we have gone from a few dozen to hundreds of auctions every week,” she said. “It is going to take quite a while for this matter of foreclosures to be settled but I think we are on the right road now.”