

2023Q4

# NEAPOLIS PROPERTY PRICE INDEX



Real Estate Dept





We are delighted to introduce the **Neapolis Property Price Index (NPPI)**, a groundbreaking initiative by the Department of Real Estate at Neapolis University Pafos. This index is designed to serve a diverse set of needs, benefiting not just our academic community but also real estate professionals, investors, and policymakers.

Our index aims to be an impartial, credible, and up-to-date source of information that enhances market transparency and facilitates informed decision-making for both consumers and professionals. The department has chosen to base this index on actual property transaction data for its inaugural release. We believe that actual transaction data, as opposed to notional or appraisal-based indices, provide a more accurate and unbiased reflection of market realities. Actual transactions capture what buyers are willing to pay, and sellers are willing to accept, thus giving us a true snapshot of the market at any given moment. This is crucial for reducing biases, enhancing investor confidence, and aiding in more precise analytical and policy-related work.

Academically, the NPPI aims to provide a rich dataset for scholarly research in areas like property valuation methodologies, market trends, and housing policies. It offers an exceptional learning environment for our students, allowing them to gain hands-on experience in data analytics, market research, and property valuation. Industry collaboration is another key objective. We encourage and invite partnerships with real estate agencies, property valuers, and governmental organizations. We invite you to engage with this seminal project. Your feedback and collaboration are invaluable for its continuous improvement and success.

Finally, I would like to extend a warm welcome and heartfelt thanks to Stelios Apostolidis, the newest member of our department. His expertise and dedication are invaluable additions that promise to enrich our academic and research endeavors.

Best regards and enjoy the index!

On behalf of the Department of Real Estate, Neapolis University Pafos,



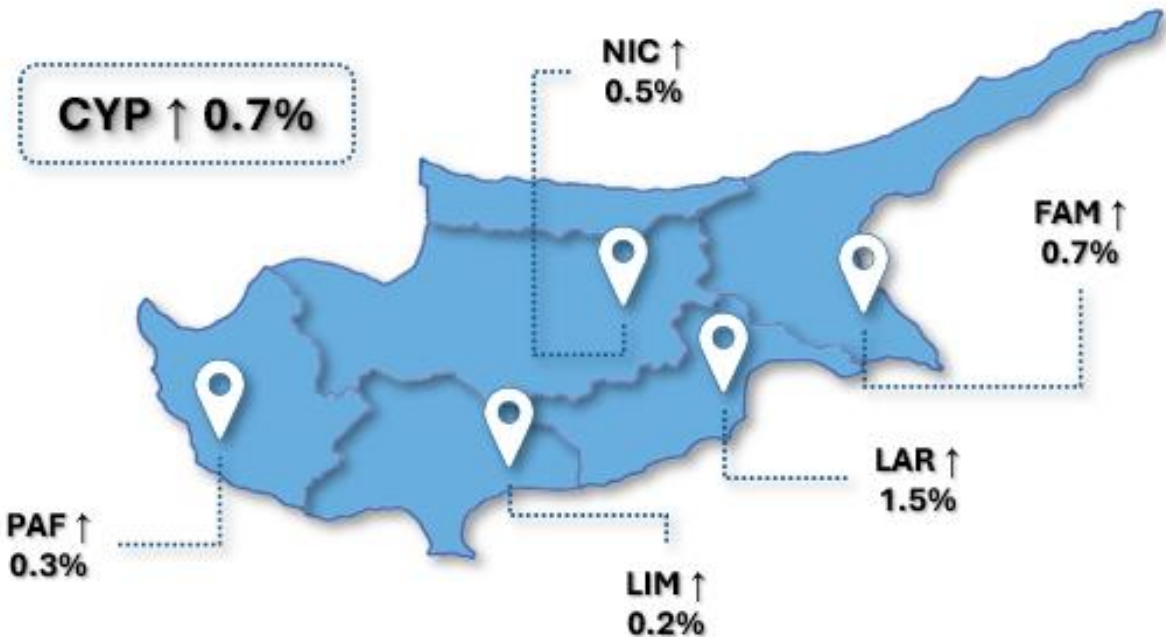
Dr. Thomas Dimopoulos  
Assistant Professor, Head of RE Dept  
Neapolis University Pafos





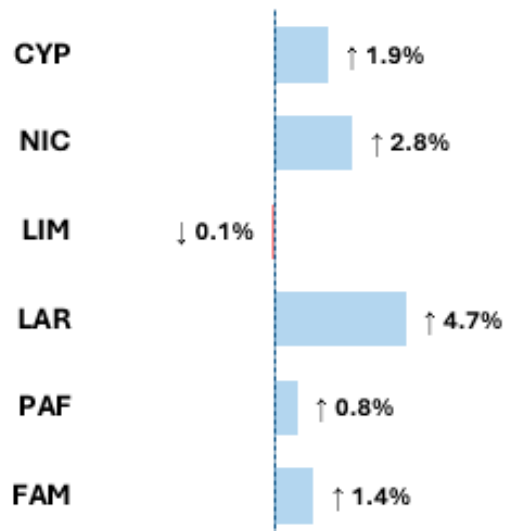
## Dwelling Prices QoQ

The quarterly changes in prices between 2023Q4 to 2023Q3, considering the overall residential market (houses and apartments) are showing a gradual however moderate increase of +0.7%, suggesting a rather stabilization trend across Cyprus. Highest growth was noted in Larnaca at +1.5%, followed by Famagusta at +0.7% and Nicosia at +0.5%. Also, small increases experienced Pafos at +0.3% and Limassol at +0.2%.



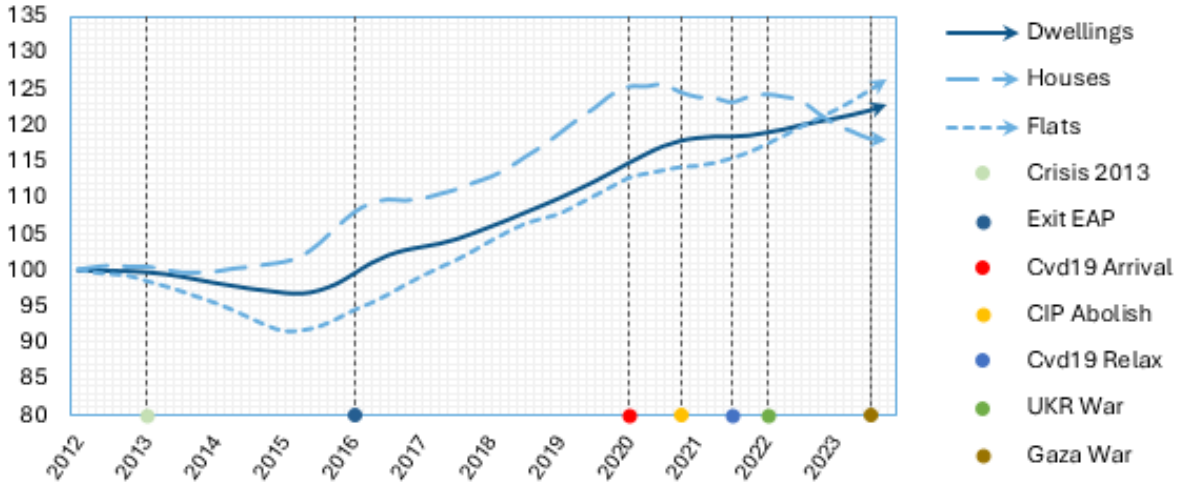
## Dwelling Prices YoY

Year-over-year (2023Q4–2022Q4), the residential property market in Cyprus experienced a moderate yet positive upswing, recording an overall increase of +1.9%. All districts, except for Limassol, saw an upward trend, with the highest YoY percentage change recorded in Larnaca at a +4.7%. Nicosia and Pafos, exhibiting a +2.8% and Famagusta +1.4% increase, respectively. Pafos at +0.8% and Limassol with a negligible -0.1% fall.





CYPRUS DWELLINGS PRICE INDEX (DPI)



## House Prices

The market for houses shows signs of price correction. The NPPI estimates a fall in house prices, which could be attributed to a shrink in demand in the high-end market due to the abolishment of the Cyprus Investment Program, especially in tourist areas with higher foreign activity. In fact, house prices in areas dominated by local demand may not have affected. Also, a portion of house demand might have shifted to the more “affordable” apartment option.

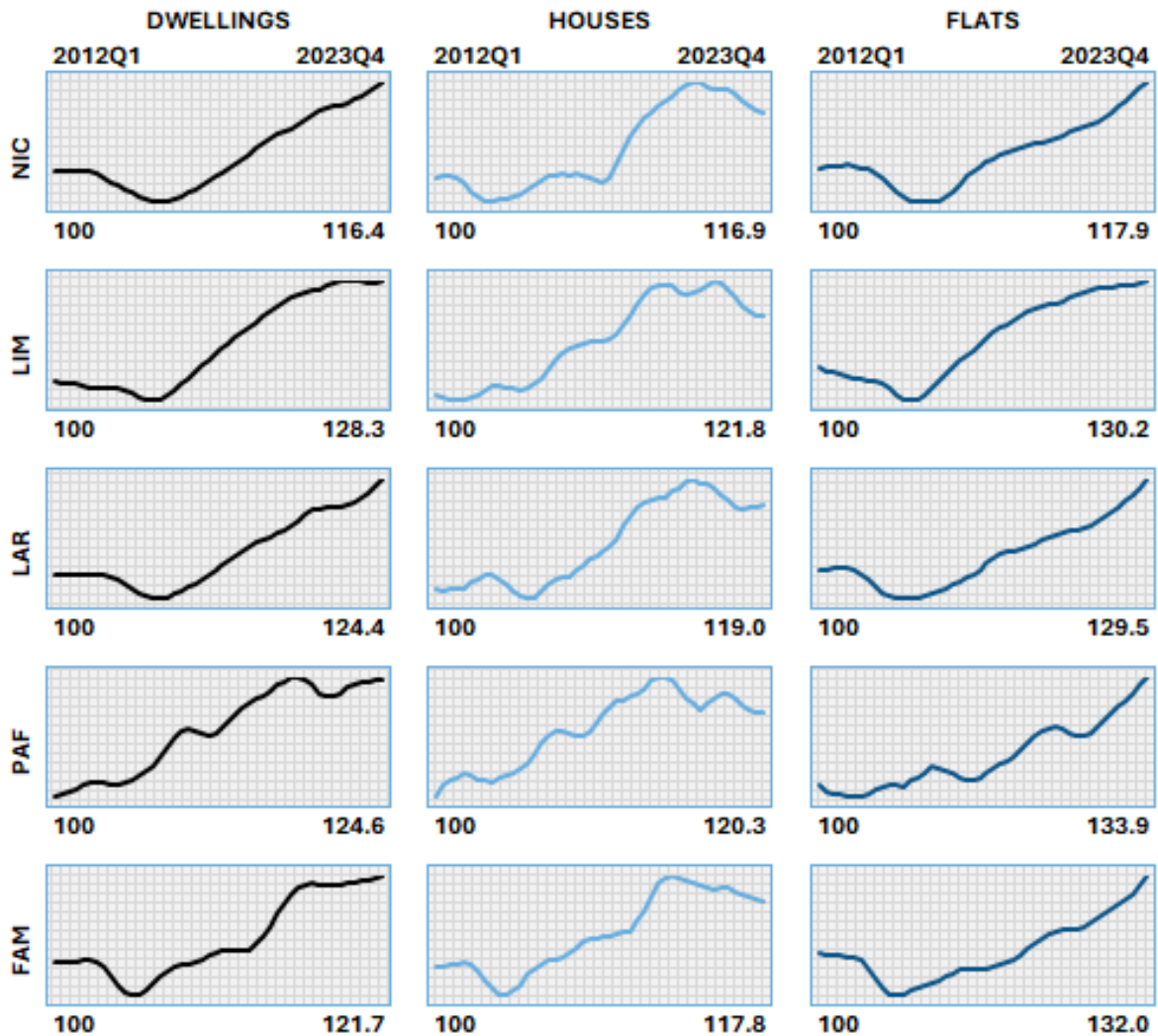
## Apartment Prices

Unlike houses, apartment prices across cities display moderate growths QoQ extending from 0.6% to 3.1%. On YoY basis, prices exhibit robust increases in Famagusta (9.3%), Larnaca (7.3%) and Pafos (7.1%), followed at a lower rate by Nicosia (4.4%). Nevertheless, the minor annual growth in Limassol of 1.5% impacts the overall apartment index, restraining it from a higher YoY increase, with Cyprus as a whole recording a yearly growth of 4.5%.

		QoQ	YoY			QoQ	YoY
<b>HOUSES</b>	<b>CYP</b>	↓ -0.1%	↓ -3.0%	<b>CYP</b>	↑ 1.2%	↑ 4.5%	
	<b>NIC</b>	↓ -0.5%	↓ -4.3%	<b>NIC</b>	↑ 0.7%	↑ 4.4%	
	<b>LIM</b>	↓ -0.3%	↓ -4.0%	<b>LIM</b>	↑ 0.6%	↑ 1.5%	
	<b>LAR</b>	↑ 0.7%	↑ 0.8%	<b>LAR</b>	↑ 2.1%	↑ 7.3%	
	<b>PAF</b>	↓ -0.1%	↓ -2.9%	<b>PAF</b>	↑ 1.7%	↑ 7.1%	
	<b>FAM</b>	↓ -0.4%	↓ -1.9%	<b>FAM</b>	↑ 3.1%	↑ 9.3%	
				<b>FLATS</b>			

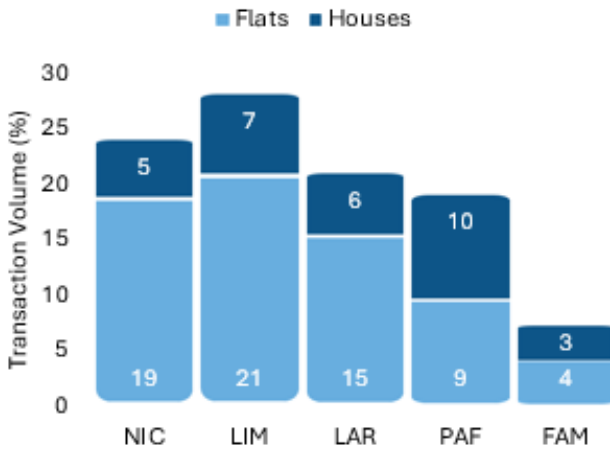


Apartment prices have exhibited a consistent upward trajectory across all districts, with positive trends persisting for successive periods. Specifically, apartment prices have experienced continuous growth for 35 uninterrupted quarters in Larnaca, 34 quarters in Limassol and 31 quarters in Nicosia, 25 quarters in Famagusta, and 9 quarters in Pafos. In contrast, prices of houses have been steadily declining, with negative trends observed in almost all districts. House prices have been falling for 10 consecutive quarters in Nicosia, 7 quarters in Limassol, 6 quarters in Famagusta and 5 quarters in Pafos, except for Larnaca with a positive course of 3 quarters. NPPI indices suggest increased demand for apartments, while the persistent fall in house prices may indicate less demand in the high-end market, reduced purchasing power for larger dwellings among local buyers despite increased interest from foreign buyers, as implied by Land Registry statistics.





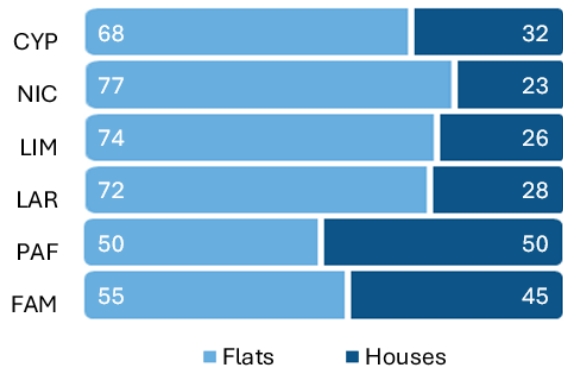
**TRANSACTION VOLUME (% OF CYPRUS TOTAL) BY DISTRICT/PROPERTY TYPE 2023Q4**



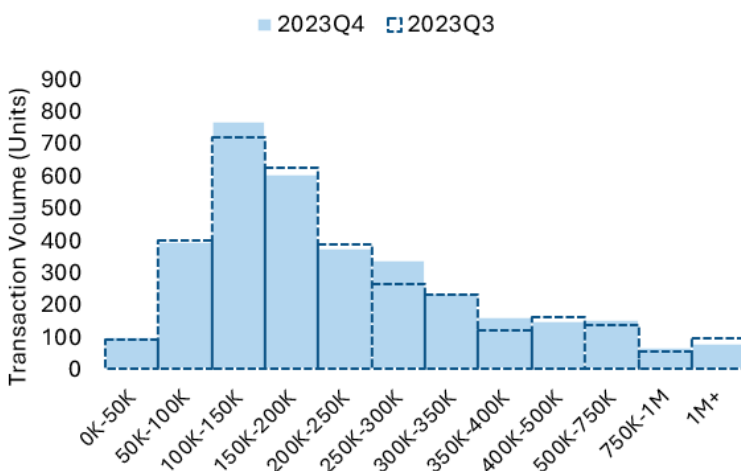
In 2023Q4, Limassol led with 28% of total transactions, favoring flats (21%) over houses (7%). Nicosia contributed with 24% and Larnaca at 21%, with both districts favoring flats. Pafos, also at 19% total, stood out for the highest percentage of house transactions (10%). Famagusta had the lowest activity, comprising only 7% of transactions, with 4% flats and 3% houses.

Apartment sales dominated in all districts, with Nicosia having the highest apartment transaction percentage at 77% and Pafos having the highest percentage in houses at 50%. Nationally, 68% of transactions were flats, and 32% were houses.

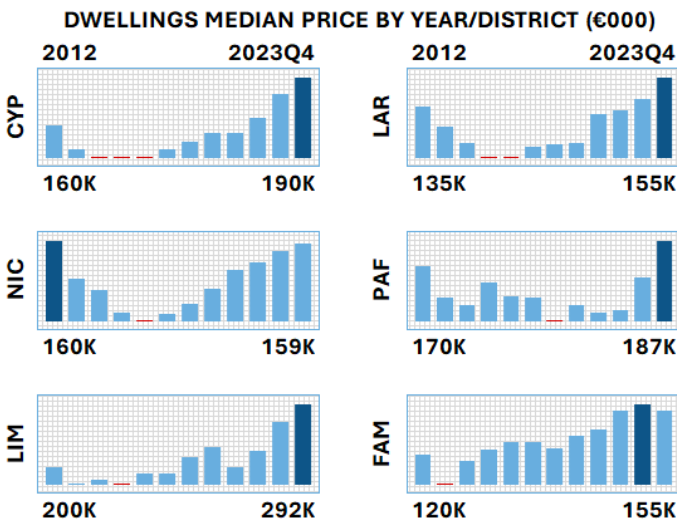
**TRANSACTION VOLUME (% OF DISTRICT TOTAL) BY DISTRICT/PROPERTY TYPE 2023Q4**



**CYPRUS DWELLINGS PRICE DISTRIBUTION 2023Q3/2023Q4**



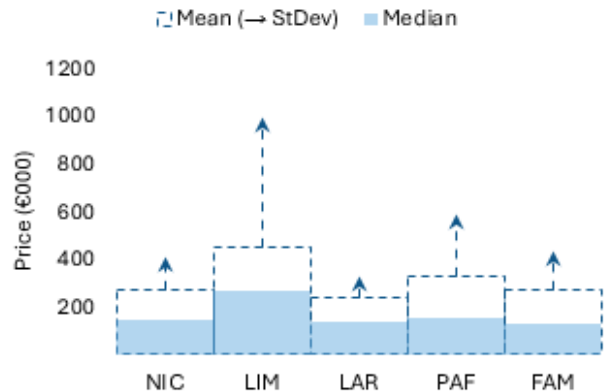
In 2023Q4, the transaction volumes for dwellings in Cyprus remained relatively stable compared to 2023Q3. Nationally, approximately 82% of the transactions during this period were below €350K, encompassing both houses and apartments.



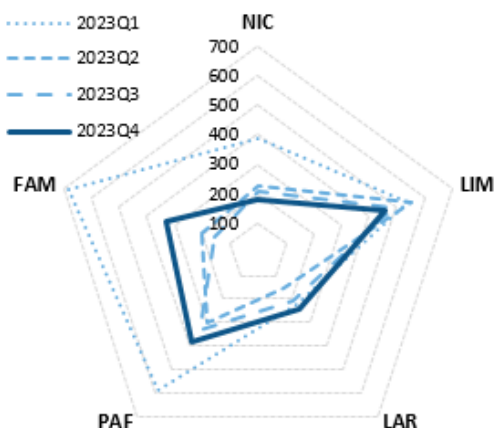
Cyprus median dwelling prices are currently at their highest point since 2012 at €190K. Limassol distinguishes at €292K, followed by Pafos at €187K. Meanwhile, Nicosia recovered from 2012 at €159K, Larnaca is peaking at €155K, while Famagusta is below previous median price also at €155K.

Apartment prices (2023Q4) by district highlight notable disparities. The highest average prices found in Limassol, accompanied by the widest volatility. All other cities, are showing less price fluctuation compared to Limassol. Larnaca, Nicosia and Famagusta display the lowest variation in prices.

**FLATS MEAN (STDEV) & MEDIAN PRICE (€000) BY DISTRICT 2023Q4**



**FLATS STDEV OF PRICE (€000) BY DISTRICT 2023Q1/2023Q2/2023Q3/2023Q4**



The decline in house prices recorded by the index can be attributed to a shift in demand towards more affordable options (say apartments) and/or a shrinking in prices of high-end properties in coastal locations. Standard deviation of prices from 2023Q1 to 2023Q4 is narrowing, moving closer to the mean price. This trend indicates a likely market correction, marked by reduced volatility in prices of the luxury market and stabilization or increase in lower-end house prices.



The Neapolis Property Price Index (NPPI) published by the Neapolis University of Pafos (NUP) currently monitors the prices of both new and used dwellings, including houses and apartments, throughout all districts and areas of Cyprus from 2012 onwards. The aim is to extend the analysis to include additional property types in the future, thereby offering comprehensive information about the local real estate market. The indices are calculated using transaction-based data obtained from the Department of Land and Surveys of Cyprus (DLS). Approximately the entire dataset is utilized, which undergoes a thorough process of enrichment and cleaning to enhance the accuracy and reliability of the index. Furthermore, diligent attention is paid to the structuring of the database to extract optimal results. The index is intentionally published with a time lag of 1-2 quarters due to recording delays in DLS data. The methodology employed in constructing the NPPI relies on hedonic regression which was found to be the most suitable approach for this instance, considering various property attributes, such as location, size, condition, age, and more. The development process of the NPPI is based on the research article titled "*A Proposal for a Residential Housing Price Index in Cyprus Through Analysis of Transaction-Based Data and Comparison With Existing Indices.*" (2023) authored by Stelios Apostolidis, Dr. Thomas Dimopoulos, and Dr. Martha Katafygiotou, all of whom are affiliated with the Department of Real Estate at NUP.

The enrichment of the database with additional information is credited to the team of Real Geo-Solutions Ltd.



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## Offered Programs in Real Estate

### BSc In Real Estate Valuation & Development

The Bachelor in Real Estate Valuation and Development is the first and only undergraduate program offered in the field of real estate in Cyprus and Greece. The curriculum covers all major aspects of real estate, and the program is recognized by the Cyprus Technical and Scientific Camber (ETEK). Graduates of the program are able to register as licensed valuers with ETEK and fulfil one of the requirements for applying for a real estate agent license.

### MSc in Real Estate

The MSc in Real Estate is among the few Real Estate Master program that have been accredited by RICS in the Eastern Mediterranean region. The program is tailored to the individual needs of working professionals and provides a flexible route to an advanced degree in Real Estate. It adopts a multidisciplinary approach that covers comprehensively all the important dimensions of real estate from a theoretical, analytical and practical perspective.

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