



The sun is shining on the Greek economy after long years under a cloud, with tourists flocking to Athens and other centres

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# How Greece got back on its feet after world's longest recession

Nearly ten years of reform and tough austerity measures are finally paying off, but not everyone is benefiting from the economic resurgence

Alex Spillius | [Anthee Carassava](#), Athens

Friday April 19 2024, 3.10pm, The Times

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The Greek financial crisis more than a decade ago almost wiped out Thanassis Tzoukas. He lost his job, the tiling company he worked for went bankrupt and any prospect of finding steady employment evaporated. He and his family survived only thanks to help from his parents and in-laws.

It has taken time, but these days the 42-year-old from Athens is busier than ever. "Things are looking much better. Life is looking better here, construction is picking up." So much better that he abandoned a brief trial living and working in Toronto, Canada. "Sure, I was making over \$6,000 a month there, but all

of it was eaten up in either taxes or the high price of living. The quality of life here is so much better.”

Like Tzoukas's livelihood, Greece was all but eradicated as a functioning economy by a sovereign debt crisis in 2009-10 that led to fears of a default and of this small, southern European economy bringing down the whole eurozone. A series of bailouts from the International Monetary Fund and European creditors from 2010 to 2018 were made conditional on austerity measures that contributed to the longest recession experienced by a modern economy. Nearly half a million skilled young people left the country.

Now things are improving. Greek bonds, rated “junk” for more than a decade, recently were restored to investment grade by three of the four big credit rating agencies. Only Moody's is holding out, but there is confidence that it will follow suit, pending further reforms to the legal licensing system.

Unemployment, which reached a peak of 27.2 per cent in 2013, is down to 10 per cent. The economy has been among the fastest growers in the European Union for the past three years, expanding by 8.4 per cent in 2021, 5.9 per cent in 2022 and 2.2 per cent in 2023. The proportion of non-performing loans held by Greek banks has dropped from a high of 16 per cent to 7 per cent.

Some believe that the country is back on its feet and open for business again. “Unequivocally, we are a completely normal country now,” said Yannis Mitsos, director of business issues at the Hellenic Federation of Enterprises, the country's equivalent of the CBI. “We have matured. The country, the economy, the banks, too, slowly but surely are more aware now of the world we live in, how to adapt and be more resilient.”

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A reform programme started by the left-wing Syriza government in 2015 and continued by the centre-right New Democracy party that has been in power since 2019 may have been very tough but had reaped some benefits, he said.

As reasons to be cheerful, he cited growing exports, improving industrial output and increasing foreign and domestic investment. A nascent technology start-up ecosystem that has grown from essentially nothing already has a capitalisation approaching €10 billion.



Demonstrators protest about austerity this week, a sign that Greece is not yet completely over its recession

GIORGOS ARAPEKOS/NURPHOTO VIA GETTY IMAGES

Greece is among the top ten countries in the world for expanding its renewable energy infrastructure, with strong potential in wind and solar power. Pharma and so-called agro food, alongside traditional industries such as shipping and tourism, are also performing well. Tourism arrivals were up by 17 per cent to 32 million in 2023 compared with 2022 and are forecast to reach a record this year. Athens has become a destination in its own right, rather than a transit point to the islands. Its museums have improved and bars and restaurants have become more sophisticated.

However, Mitsos and others warn that this is a recovery that has eluded many in the middle and lower classes. “They really suffered in the crisis and now inflationary pressures, seen all over Europe, and higher property and rental prices are really hurting them,” he said.

Dimitris Kalofotias, a physiotherapist, can attest to that. Now in his early thirties, he has found work in his desired field impossible to come by: “Sure there is talk of economic growth, but that has yet to trickle down to the production base and to young professionals like myself.”

### Greece: inflation (%)

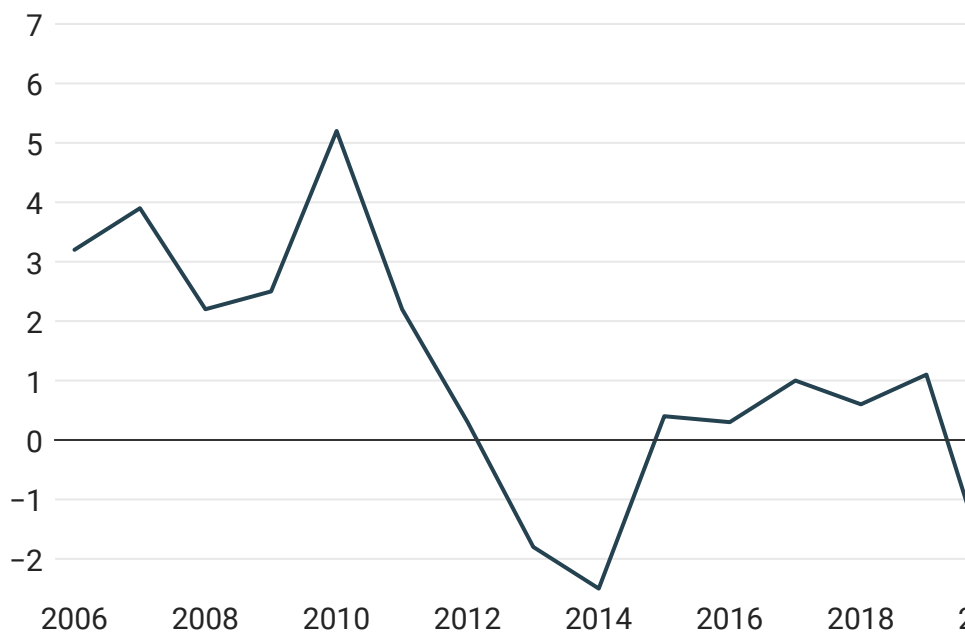


Chart: The Times • Source: IMF

Despite numerous attempts to find work at specialised clinics and recovery centres, since 2020 he has worked at a call centre for about €900 a month. He only recently landed what he called a “privileged position”, as a research associate at a leading company, making €1,300 a month, close to the national average. “I am actually lucky with the job I now hold,” he said. “That said, I am not giving up on plans to leave and work abroad.”

For Nikos Vettas, general director of IOBE, an Athens-based economics think tank, the real question for Greece is if the

progress it has made is fast enough and deep enough. “We are recovering from a very low base,” he said. “Real incomes are quite low. People left the country and are still leaving, although at a slower rate.

“There is more confidence in the economy, but the challenge is to double growth relative to the pre-crisis period, which averaged about 1 per cent. Without higher growth rates, public debt will become a burden again in a few years.”

### Greece: debt as % GDP

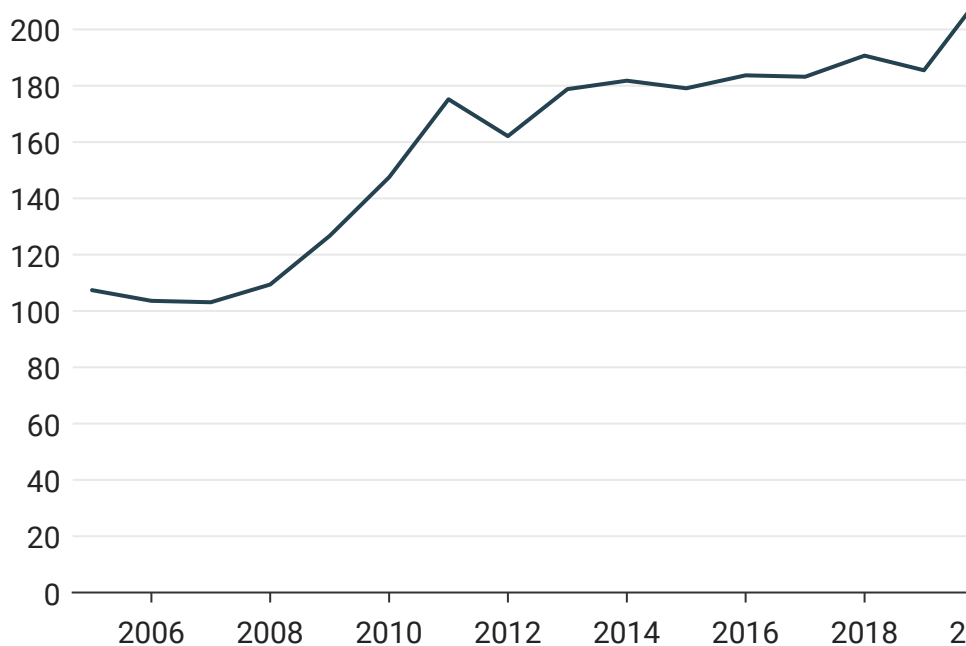


Chart: The Times • Source: IMF

Greece’s debt-to-GDP ratio is still about 180 per cent, not far off what it was before the global financial squeeze precipitated the crisis in 2009.

“In my view we are surviving, but we’re nowhere close to being healthy,” said Dimitrios Tsomocos, professor of financial economics at the Saïd Business School of Oxford University and a former economics adviser to Antonis Samaras, the New Democracy prime minister. “The worst is over, but we are in a period of secular stagnation. Wealth and income inequality has widened tremendously. There is now either a lower class or a wealthy upper class. The middle class has been all but

eliminated. All this austerity, this sweat and blood, was to no avail." Foreign investment may be rising, but too much of it is targeted at easy wins such as property. "We need more productive investments focused on the middle class rather than limited portions of Greek industry."

Greece's outright GDP last year was the second lowest in the European Union, higher only than Bulgaria, according to Eurostat, the bloc's statistics bureau. Pre-crisis, Greece habitually ranked in the middle of the table.

### Greece: GDP (%)

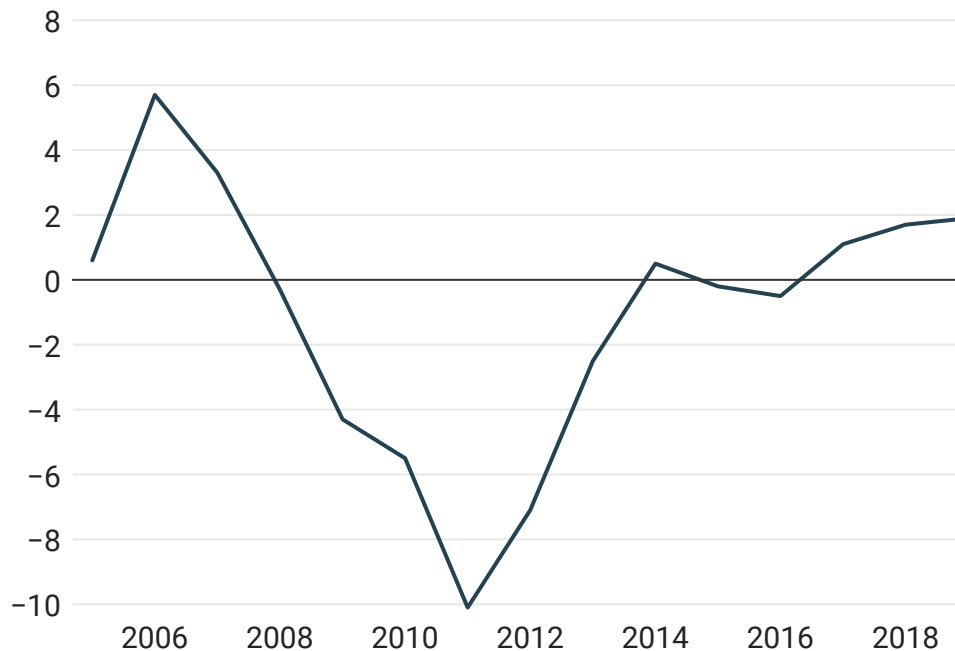


Chart: The Times • Source: IMF

"Greece has to pick up," Mitsos said. "Not only are other countries below us doing better, but they are also using cohesion funds [EU funding] better than us. We tend to see these funds as stop-gaps and quick fixes to keep alive small companies, but maybe we should be giving more to those who could use it more productively. We have to build up our medium-sized companies, which are small compared with the rest of Europe, but which have great potential."

What of Greece's prospects over the next five years? "If we keep on doing what we're doing," he said, "we'll be OK."

## Greece: unemployment (%)

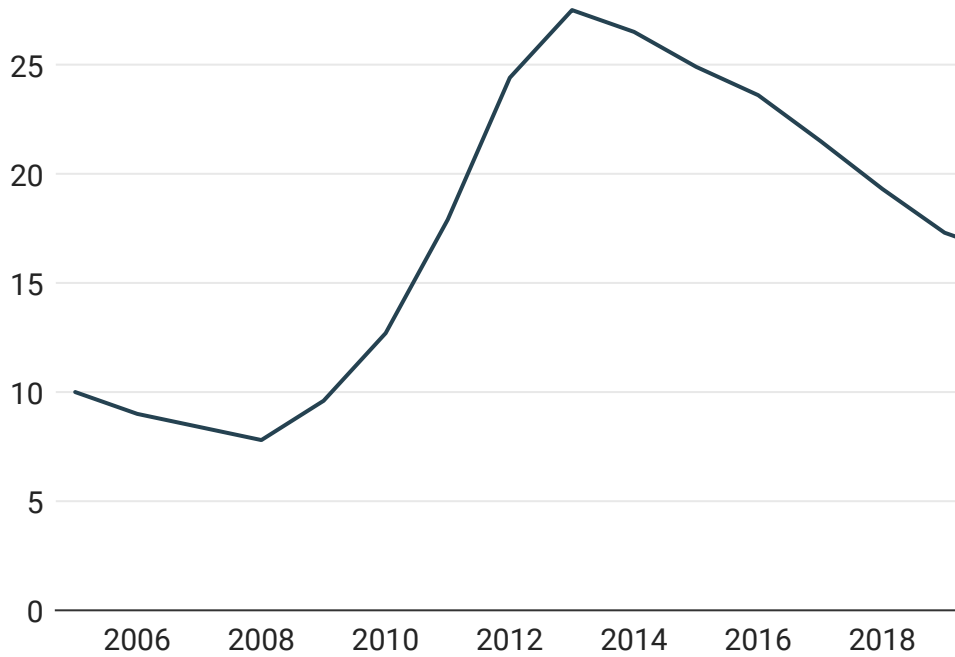


Chart: The Times • Source: IMF

### The market is a hot property once again

Every time the Athens-based luxury estate agent meets a client at a property, he sends up a drone that provides live video (Alex Spillius writes). Why? Because clients “like the big picture. It helps them to understand what they are buying, the land around. It gives a different perspective.”

For him and almost every estate agent in Greece, the view is certainly very good. “It is a good moment for us and the future looks good. Sales have been strong for the last three years,” he said, asking not to be named because of the “sensitivity” of his sales and the customer base of his boutique, upmarket agency. “It’s a good time to invest in the luxury market. Its future is secure in Athens and the Cyclades, in particular, because demand is strong.”

This week he has been marketing a €3.1 million seafront villa in Porto Cheli, a fancy resort town in the eastern Peloponnese, the mainland region west of Athens. The stylish modern construction is “an amazing property”. He is confident of selling soon.

The buyer is likely to be from the wealthy Greeks who form 60 per cent to 70 per cent of his client base and who have emerged from the country's economic crisis, the longest recession experienced by a modern economy, almost unscathed.

The luxury market has just recovered above its pre-crisis prices of 2008-09, but across the board prices are approaching those levels. Dimitrios Zacharakis, of the Skouras estate agency, has worked through the depths of the economic crisis, the "madness" of Covid-19 and now the good times.



The market for properties on islands in the Cyclades, such as Santorini, is said to be booming

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His company has four offices in the region and has seen prices rise by about 30 per cent over the past two years. Seven out of ten properties it sells go to foreign buyers, with Britons as prominent as ever. Last year it sold a house near the ancient theatre of Epidavros on Channel 4's *A Place in the Sun* for just under €500,000. "The area is near Athens and the airport, it has beaches, the climate, natural beauty, all the good things about Greece that people come here on holiday for.

"Since 2018, when the international bailouts ended, things have really picked up. I'd like to think people are less wary of buying in Greece now. They seem to have fewer doubts about real



estate here and see us as more professional. I think they see Greece as more of a serious country now.”

For Greek buyers, the picture is less rosy. Prices in urban areas rose by 14 per cent between 2022 and 2023 at a time of heavy inflationary pressure on personal incomes. In Athens, supply is being eroded by the proliferation of Airbnb properties, which has prompted protests and the government to say it will look at restrictions on short-term lets.

The luxury agent admitted: “My clients are doing well, but for the average Greek person the economy has a long way to go. The situation is very difficult if you are on €1,000 a month.”

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19 APRIL, 2024



Proof the Euro is a disaster. Greeks were in the middle of the wealth rankings for Europeans now bottom only to Bulgaria.

One size very definitely doesn't fit all.

Only question is who's next

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19 APRIL, 2024

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Complete rubbish. Greece is in this position because Greece spent huge amounts it couldn't afford. It could of ditched the euro but Greeks didn't want to

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A sizable issue for Greece has always been tax evasion. If that is corrected their debts could drop significantly.

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**s chappell**

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The Greeks have had a very tough time and made huge sacrifices to get through this period. I am not confident that the UK will manage so well when the curse of ever increasing debt and low productivity and growth finally catches up with us.

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True, and we don't have sunshine and cheap vino to assuage the cold and rain.

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**M****Michael Southgate**

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The one aspect of Greek life not mentioned and a major contributor to their disaster is tax evasion. Has that been corrected?

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**P****PeterMacLeod**

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My favourite story, told to me by a Greek Cambridge Graduate, was the tax on private swimming pools, or which there are many tens of thousands in the leafy suburbs of Athens and elsewhere. The government hired small helicopters to take aerial photos.

RESULT: not a drachma more in tax, but the sal...

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**A****Anne Ziogos**

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It's in their blood so hard to eradicate.

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**M****michael redfern**

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Let this be a lesson to the SNPs independent Scotland. No swimming pools here to tax or ability to take money direct from people's accounts. There would be the Scottish pound to devalue but that will cause a massive run on the banks as people move their money to England to retain value. At least it...

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**P****Paidin O'Cathain**

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Yeah right, use a country 3000Km away as a guideline for Scotland rather than Iceland, Denmark, Norway or Ireland that are closest. Perhaps this interest in faraway places

comes about as the UK increasingly uses Argentina as a model.

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**R****Richard Goodwin**

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1 DAY AGO

Plus its youth couldn't leave for other EU countries and send money home. They're stuck-even after today both parties rejected the free movement deal for the 18 to 30 year olds.

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**J****Jim McGarrey**

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2 DAYS AGO

I wish only the best for Greece and its people. I've been many times and the people are without doubt some of the friendliest on the planet.

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**A****A Lewis**

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2 DAYS AGO

Funded by Germany (and UK before BREXIT). Of course they wanted to remain within the Euro - it enabled them to continue their lifestyle.

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**S****S White**

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2 DAYS AGO

The UK has never funded a single euro country. Try engaging brain or at least Google before displaying your ignorance

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↪ 2 replies

**A****Ant Woolley**

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2 DAYS AGO

Continue their lifestyle?

A whole generation left and those that stayed saw their living standards collapse.

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2 DAYS AGO

Proof that staying in OUR European Union and the euro is the best policy for prosperity.

[Reply](#) · [☆ Recommend \(6\)](#) · [Share](#)**A****Andrew King**

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2 DAYS AGO

Strip out the growth from Eastern European states and GDP growth across the rest of the EU has been negligible for a decade. Of course, Brexit has damaged the UK but European growth prospects are extremely poor.

[Reply](#) · [☆ Recommend \(4\)](#) · [Share](#)[↪ 4 replies](#)**P****P Allan**

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2 DAYS AGO

How much did it cost us to bail Greece out?

[Reply](#) · [☆ Recommend \(1\)](#) · [Share](#)[↪ 1 reply](#)**J****Jose Ortiz**

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2 DAYS AGO

Funny how airBnb keeps popping up as one of the biggest ills causing the indigenous to be priced out.  
Ban these US corrosive companies with immediate effect, they bring nothing positive to the table!

[Reply](#) · [☆ Recommend \(4\)](#) · [Share](#)**P****P Norton**

...

2 DAYS AGO

If it brought nothing positive to the table then people wouldn't choose to use it. No one is forced to use Airbnb but they do so because it improves their lives. If you ban it then you are depriving people of a freedom to make a mutually agreeable transaction. That's the mark of an authoritarian.

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**Lynne Frost**

19 APRIL, 2024

So what happened to all that money it owed?

Mr F

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**Jim Holloway**

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180% debt to GDP ratio was mentioned: the money is still owed.

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