

**REGIONAL ECONOMIC EFFECTS OF MILITARY FACILITIES:  
PRELIMINARY EVIDENCE ON THE URBAN HOUSING ECONOMY IN THE  
CASE OF A MEDIUM SIZED CITY IN GREECE**

**Paschalis Arvanitidis**  
Department of Economics  
University of Thessaly

**Christos Kollias**  
Department of Economics  
University of Thessaly

**Dimitrios Skouras**  
Hellenic Armed Forces &  
Department of Economics  
University of Thessaly

**Abstract:** The economic effects of military expenditure in the case of Greece have attracted considerable attention in the relevant literature examining the impact on such variables as growth, investment, budgetary deficits. However, there are potentially important effects on a regional level from the presence of military camps and bases. The wider regional economy where military facilities are located is affected both directly through the generation of demand for local inputs such as goods, services and civilian labour as well as indirectly through the effect on the local economy from the armed forces personnel's households. Among others, this includes the demand for housing, education and other services. This paper examines the regional economic effects of military facilities in the case of Volos, a medium sized city in Greece, where significant military facilities are located in the wider area. In particular, the paper concentrates on the demand for housing and the location decisions of military households. Conventional urban theory suggests that households prefer to locate closer to the Central Business District (CBD) where most economic activities take place. On the basis of a questionnaire survey, we examine whether this applies in the case of the armed forces personnel's households in the city of Volos by exploring their location and housing decisions. Specific issues examined include the exact location of their houses, the date of house construction and their tenure status. These are examined in relation to the service personnel's marital status and household size, their rank and place in the military hierarchy, their income and their education level. Such analysis enables us to draw some preliminary conclusions on the potential effects that military facilities have on both the urban housing market and the urban structure in the case of Volos.

*Disclaimer:* The views presented in this paper are solely those of the authors and in no way should be attributed to their respective institutions