MARKETBEAT

GREECE

Office Q3 2021

CUSHMAN & WAKEFIELD | PROPRIUS

	YoY Chg	12-Mo. Forecast
7.45% Vacancy Rate	▼	▲
24,000 Take-Up sqm	▲	▲
€25.00 Prime Rent, PSQM	▲	▲

ECONOMIC INDICATORS Q3 2021

	YoY Chg	12-Mo. Forecast
4.3% GDP growth rate for 2021*	▲	▲
13.3% Unemployment Rate June 2021**	▼	▼
+2.2% Inflation rate July 2021**	▲	▲

*Source: *European Ciommission **Elstat*

ECONOMY: Economic sentiment brightens

Regardless of all the economic and societal challenges public life has largely returned to normal and that gives confidence for the future. The European Commission projects GDP growth rates of 4.3% (2021) and 6.0% (2022), provided the pandemic will not hit Greece with another wave. IOBE's baseline scenario places unemployment for 2022 at 14,3 %. Industrial output continued to register high growth rates in September, displaying strong resistance to the increased operation costs of industrial units due to the hikes in energy rates, raw materials and packaging. The Hellenic Statistical Authority showed the industrial output index jumping 9.7% compared to September 2020 while inflation climbed to 3.4% in October 2021. According to the draft budget report, a key factor in boosting economic activity in 2022 will be the Greek Recovery plan, with spending from the fund forecast to exceed 5 billion euros per year by the end of the implementation period. Consumption also contributed to growth fueled by government support measures, while investments are estimated at increasing by 21,9% in 2022 and tourism, is forecast at recovering 80-85 % of pre-pandemic 2019 levels with revenues estimated at reaching 16 billion euros in 2022.

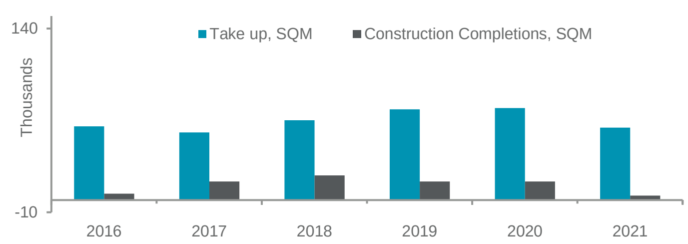
SUPPLY & DEMAND: Office tenant sentiment is gradually improving.

The new large mixed-use urban regeneration projects which will be launched over the next 2 to 4 years will create new investible stock which is expected to change the office market dynamics and increase the average market size. Office tenant sentiment is gradually improving and office space viewings are picking up in the third quarter, following the relaxation of Covid restrictions. Relocation plans are now being reactivated and there is a growing willingness among users to invest in office space again. The Q3 take-up has increased by 20% compared with the previous quarter while supply levels are anticipated to continue on an upward trend for less modern space, and significant rise in the volume of New Grade A office space is expected in the medium to long term. Relocation continues to be the main driver for office take-up and companies are placing a very strong focus on the quality of fixtures and fittings when signing leases. The forecast for future supply stands at just over 325k sq.m fueled by the market's expectations for a recovery although currently only 122k sq.m are under construction of which only 10% is pre leased.

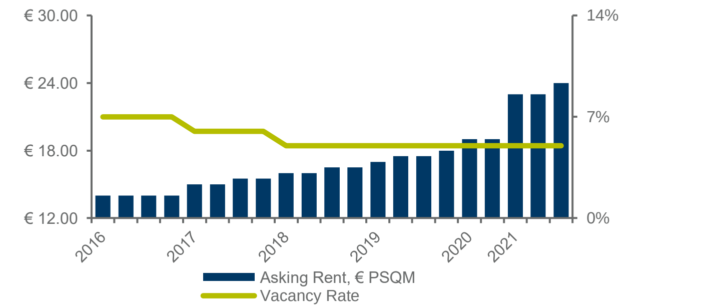
PRICING: Headline rents increasing.

The limited availability amongst the better quality buildings in the prime submarkets has led to a spike of prime rents across these locations. It remains to be seen the medium term impact of increasing completions of office projects on rents. Construction sites are also experiencing material and supply bottlenecks, which in turn causes delays while construction cost rising will ultimately further affect office rents.

TAKE UP/ DELIVERIES



OVERALL VACANCY & ASKING RENT



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MARKET STATISTICS ATHENS

SUBMARKET	INVENTORY (SQM)	AVAILABILITY (SQM)	OVERALL VACANCY RATE(%)	YTD OVERALL TAKE-UP(SQM)	UNDER CNSTR ONGOING (SQM)	DEVELOPMENT IN THE PIPELINE(SQM)	PRIME RENT* (€/SQM/MNTH)	PRIME YIELD*
CBD & CBD periphery	1,750,000	165,000	9.42	4,000	50,180	71,349	€24.00	6.00
Athens North East(Kifisias Ave, Attiki Odos, Mesoghion)	1,850,000	128,000	6.92	2,500	21,100	65,298	€23.00	6.30
Athens North(E75)	60,000	12,500	20.83	3,500	0,00	0,00	€15.00	7.00
Athens South(Syngrou, Vouliagmenis)	1,000,000	72,000	7.20	3,000	21,500	100,000	€19.00	6.50
Piraeus Port	280,000	41,000	14.64	1,000	15,000	0,00	€17.00	6.90
Other	150,000	31,000	20.67	2,000	0,00	0,00	€13.00	7.50
TOTALS	**5,090,000**	**449,500**	**13.28**	**25,000**	**109,520**	**236,647**	**€19.00**	**6.54**

*Rental rates & yields reflect average prime

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SQM	TYPE
Marousi	Athens North East	Kaizen Gaming	7,500	New lease
Kifisias Ave	Athens North East	Pharma	1,230	New lease
Delta Falirou	Athens South	Pharma	2,000	New lease
National Road(E75)	Athens North	Consumer products	1,000	New lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SQM	PRICE (€)
Kifisias Ave 266	Athens Northeast	GSK/ICI Reic	3,180.00	12,050,000
Ilida business centre	Athens Northeast	Lamda development/Prodea Reic(pre contract)	11,750.00	confidential
Panepistimiou str	CBD	Fund /Private investor	1,250.00	confidential
Kifisias Ave 278	Athens Northeast	Trastor Reic/Private(pre contract)	4,003.58	5,050,000

KEY CONSTRUCTION COMPLETIONS YTD 2021

PROPERTY	SUBMARKET	MAJOR TENANT	SQM	DEVELOPER
Attiki Odos	Athens Northeast	vacant	3,180	NEW ELEVEN CAPITAL

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