

GREECE

Retail Market Snapshot

First Quarter | 2016



Overview

Activity in the retail property market remained limited in Q1 2016. Occupiers and investors are still very wary as they wait to see the effect of the economic measures that will be applied in the next months, when Greek obligations will arise from the agreement with the creditors and when the reforms included in the Memorandum of Understanding will be implemented.

Occupier focus

Occupier demand focuses on small retail units located in prime high street locations and dominant shopping centres in Athens, targeted by independent food or drink operators. There are signs that some national and international retailers are considering potential expansion in the larger secondary cities and islands. The current economic uncertainty has had a significant impact on supply, which has remained unchanged since 2011, with only one new scheme added to the market in 2015. Prime rents witnessed a modest increase over the quarter with an 8.3% growth in high street and 5.3% growth in dominant shopping centre locations.

Investment focus

Retail investment activity remained very low in Q1 2016; below €10 million. Greek Reics are the most active players while private domestic investors are favouring opportunities abroad while there is little or no demand from core international investors, this being a result of the political and economic cloud that still lingers over the country.

Outlook

The outlook for Greece's retail sector remains fragile, with the number of strict measures imposed from the existing agreements having a potentially significant impact on investor and occupier activities. Moreover, applied future spending cuts and tax reforms will limit any significant improvements in domestic demand, consumer spending and confidence until 2017.

MARKET INDICATORS

Market Outlook

Prime Rents:	Rents to remain stable in prime locations, but rents in secondary markets are anticipated to fall further.	▶
Prime Yields:	Yields in prime high street and shopping centre locations may harden due to lack of good product on offer.	▲
Supply:	Limited development pipeline and new supply over the medium term.	▶
Demand:	Occupier and investor demand is anticipated to remain unchanged.	▶

Prime Retail Rents - March 2016

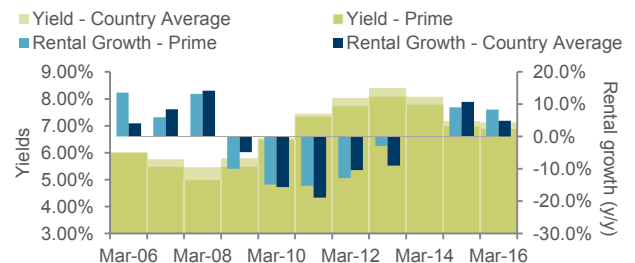
HIGH STREET SHOPS	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Athens (Kolonaki-Tsakalof)	90	1,080	111	0.0	-4.8
Athens (Ermou)	195	2,340	241	8.3	0.0
Athens (Glyfada-Metaxa)	110	1,320	136	0.0	-1.7
Athens (Kifisia-Kolokotroni)	110	1,320	136	0.0	-1.7
Athens (Piraeus-Sotiros)	70	840	86	0.0	0.0
Thessaloniki (Tsimiski)	130	1,560	160	4.0	0.0

Prime Retail Yields - March 2016

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Athens (Kolonaki-Tsakalof)	7.20	7.50	7.50	8.50	5.50
Athens (Ermou)	6.90	7.00	7.00	8.10	5.00
Athens (Glyfada-Metaxa)	7.20	7.20	7.20	8.60	5.50
Athens (Kifisia-Kolokotroni)	7.20	7.20	7.20	8.60	5.50
Athens (Piraeus-Sotiros)	7.50	7.50	7.50	8.60	6.00
Thessaloniki (Tsimiski)	7.00	7.00	7.00	8.60	5.75
SHOPPING CENTRES (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
Country prime	8.30	8.30	8.30	9.00	6.00

With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

Recent performance



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