

GREECE

# Industrial Market Snapshot

First Quarter | 2017



## Overview

The industrial market in Greece had a relatively good start of the year in spite of the weak economic climate. Non-oil exports of goods in terms of volume kept on rising in January 2017 (+6.1% in value and +3.2% in volume). Industrial production increased further in January 2017 (+7.2%), while non-oil manufacturing returned in positive territory (+1.4). According to the latest study of NBG, the logistics sector proved resilient in the crisis bringing their contribution to GDP to 2.9% in 2016 from 2.5% in 2008 and showing signs of convergence with European standards.

## Occupier focus

Active requirements appear to be rising - mainly in the sub 3,000 sq.m bracket – but overall take-up in Q1 2017 was satisfactory. Prime rents were stable in Q1 and no uplift is expected until demand levels significantly improve. Supply levels are high in absolute terms but there is a major shortage of large warehouses that meet the requirements of occupiers in terms of quality and/or size. Focusing on the future outlook of the industry, the momentum is maintained high and demand for industry services is expected to grow over the next five years (based on increased trend of outsourcing. At the same time, expected favorable impact of a series of external factors that will act as accelerators for the industry over the next five years - mainly participation in wider networks 4PL and the upscale presence of COSCO.

## Investment focus

Greece has received three binding bids for a 67% stake in its second-largest port in Thessaloniki. Apart from the price the preferred bidder will have to implement investments of at least €180 million within seven years. Super market AV Vasilopoulos will invest 40 mill for new warehouses in Mandra area within 2017. Papastratos, a subsidiary of the multinational Philip Morris announced a €300 million investment and construction of three new buildings to existing installations of the tobacco industry in Aspropyrgos.

## Outlook

The longer term outlook for the industrial market appears positive, as close to 15% of manufacturing and trade companies intend to outsource logistics operations to specialized logistics companies in the following five years. Wider 4PL networks and the enhanced presence of Cosco in the port of Piraeus are expected to provide new stimulus over the coming years.

## MARKET INDICATORS

### Market Outlook

Prime Rents:	Stable in 2017 for prime logistics and industrial space with upward trend due for quality space	▼
Prime Yields:	Stable, amid very limited transactional evidence. The best properties may see some modest compression.	▲
Supply:	Limited for prime space in the short term but rising secondary supply.	▼
Demand:	Increased activity mainly for small to medium size space.	▼

### Prime Industrial Rents – March 2017

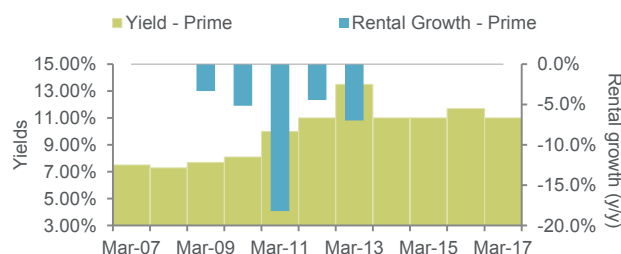
LOGISTICS LOCATION	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Athens	4.00	48.0	4.85	0.0	-1.4

### Prime Industrial Yields – March 2017

LOGISTICS LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Athens	11.00	11.50	11.70	13.50	7.30

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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