

## Overview

New indirect taxes, increased social security contributions, the persistently high unemployment and the ongoing uncertainty over the bailout review talks, have hurt consumer confidence and disposable incomes. Retail sales were up 1.4% in January 2017 (year-on-year), but decreased by a slight 0.1% on December 2016. Sales were dragged down by food, beverages and tobacco. Despite the prevailing adverse economic environment, the shopping centre sector continues to fare well. The EBITDA of all three shopping centers of Lamda Dev further increased by 8% year-over-year, amounting to €43 million in 2016 with aggregate shopkeepers' turnover increase by 2.9% year-on-year and average occupancy approximately 99%.

## Occupier focus

Big international retailers continue to invest in the Greek market. All Marinopoulos super markets changed to Sklavenitis brand name as part of the private legal agreement which is meant to save Marinopoulos' chain from closure. McDonalds opened a new 24 hours drive through in East Thessaloniki, Jysk opened their 5<sup>th</sup> store in Komotini, Carpisa opened their 10<sup>th</sup> store in Greece in Piraeus while Forever 21 opened its first store in Greece along Ermou str. Kotsovolos electrical store opened a store in Trikala while Public opened its 48<sup>th</sup> store in Kolonaki and will soon open a store in the airport. A new Oysho store has been agreed to open in Patras.

## Investment focus

In Q1 2017, a series of retail investments have been concluded. Grivalia Properties REIC acquired a portfolio of 16 stores leased to super markets across 48,477 sq.m through a public tender for €16.25 million and a 1,116 sq.m store (+1,300 sq.m auxiliary area) leased to Media Markt at Kifisias Avenue for €5.28 million. Trastor Reic acquired a store leased to Eurobank along Patision str for €1.1 million while ICI Reic acquired a store in Crete at 9.65% yield for €2.37 million.

## Outlook

Albeit economic environment the outlook for the retail sector is positive, with household consumption forecast to increase over the medium term. The shopping centre market is performing very well while there is increased high interest for prime stores in all prime high street retail locations.

## MARKET INDICATORS

### Market Outlook

Prime Rents:	Stable rental level in prime locations, but rents falling further in secondary locations.	▶
Prime Yields:	Yields in prime high street and shopping centre locations anticipated to harden in the medium term.	▲
Supply:	Limited supply, with no new projects in the immediate development pipeline.	▶
Demand:	Occupier and investor demand is anticipated to improve in the medium term.	▼

### Prime Retail Rents - March 2017

HIGH STREET SHOPS	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Athens (Kolonaki-Tsakalof)	90	1,080	109	0.0	-3.0
Athens (Ermou)	210	2,520	255	7.7	4.3
Athens (Glyfada-Metaxa)	120	1,440	146	9.1	1.8
Athens (Kifisia-Kolokotroni)	115	1,380	140	4.5	0.9
Athens (Piraeus-Sotiros)	70	840	85	0.0	2.5
Thessaloniki (Tsimiski)	130	1,560	158	0.0	2.5

### Prime Retail Yields - March 2017

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Athens (Kolonaki-Tsakalof)	7.20	7.20	7.20	8.50	5.50
Athens (Ermou)	6.90	6.90	6.90	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	Q	Q	Y	HIGH	LOW
Country prime	8.10	8.20	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

