

GREECE

Industrial Market Snapshot

Second Quarter | 2017



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 – June 2017

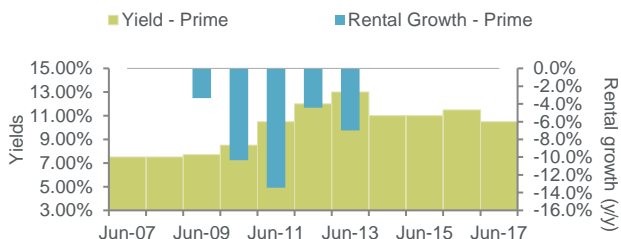
LOGISTICS LOCATIONS	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Athens	4.00	48.0	4.98	0.0	-1.4

Prime Industrial Yields – June 2017

LOGISTICS LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Athens	10.50	11.00	11.50	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



Overview

Business conditions in the Greek manufacturing sector improved in June, albeit to a marginal degree as per IHS Markit Economics. Behind the uptick were increases in new orders and output. Purchasing activity decreased again, but to only a fractional extent. Firms remained confident of an increase in their output over the coming 12 months. Driving the improvement in the Greek manufacturing sector was a rise in new orders for only the second time in almost three years. The rate of expansion, however, was fractional overall with reports of higher client demand largely counterbalanced by those of political instability. The logistics sector also continues to register a positive trend.

Occupier focus

Active requirements appear to be rising and overall take-up in Q2 2017 was satisfactory. During the past quarters the logistics occupational market in Greece recorded strong activity levels. Take-up, both in terms of leasing and owner-occupier transactions, recorded a strong increase compared previous year. Prime rents were stable in Q2 and no uplift is expected until demand levels significantly improve. Overall, the Aspropyrgos greater region continues to be the most active, accounting for the highest level of activity.

Investment focus

Domestic players are more active with the most significant deal to be MOTOR OIL acquisition of storage installations located at the area of New Karvali close to the city of Kavala. The value of the transaction will be approximately €15 million. Furthermore, Turkish company Ekol Logistics, a 3PL supplier with companies in 15 countries, has announced plans for further investment in its Greek network.

Outlook

The longer term outlook for the industrial market appears positive, due to the enhanced presence of Cosco in the port of Piraeus. Demand from occupiers tends to be for modern tailor-made spaces. The majority of demand derives from the retail sector, e-commerce and 3PLs. From an investment perspective, the logistics market will continue to attract operators with different risk profiles and the attention is mainly focused on prime products.

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