

GREECE

Retail Market Snapshot

Second Quarter | 2017



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 - June 2017

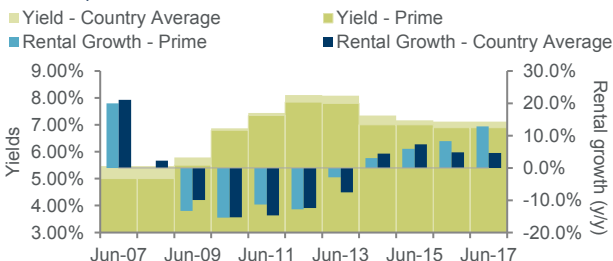
HIGH STREET SHOPS	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Athens (Kolonaki-Tsakalof)	90	1,080	112	0.0	-2.1
Athens (Ermou)	220	2,640	274	12.8	5.3
Athens (Glyfada-Metaxa)	120	1,440	149	4.3	2.7
Athens (Kifisia-Kolokotroni)	115	1,380	143	4.5	0.9
Athens (Piraeus-Sotiros)	75	900	93	7.1	3.9
Thessaloniki (Tsimiski)	135	1,620	168	3.8	4.2

Prime Retail Yields - June 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	8.10	8.10	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



Overview

The Greek turnover index in retail sales recorded an increase of 4.6% and the volume index by 3% in April 2017 compared to the same month a year ago, after an upwardly revised 1.2% decline in March according to statistics service ELSTAT. Retail sales were led higher by books and stationary, pharmaceuticals, supermarkets, foods and fuels. The drop in certain categories sales is attributed to the uncertainty created in the market by the delay in closing the second bailout review. Lamda development announced in June its decision to buy HSBC Property's 50 percent stake in The Mall Athens for €200 million, and take full ownership, reflected its optimism about Greece's economic outlook. Lamda Malls is 32% owned by Varde Partners. A new law has been voted allowing retail stores in central Athens, Thessaloniki and tourist areas to be open on Sundays for six months of the year during tourist season.

Occupier focus

Big international retailers continue to invest in the Greek market. Jysk opened several new stores during the second quarter; Public stores, the largest Greek retail network of technology and entertainment opened a concept store in Kolonaki; H&M opened two stores in Agia Paraskevi and Larissa; Media Markt announced a new store in Patras, 3INA opened its third store in Greece and Womens secret and Springfield opened a new store in Chalandri.

Investment focus

The retail sector dominated in the second quarter with the acquisition of four Sklaventis super market stores of 75,000 sq.m by Pangaea Reic for €47 million and the acquisition of 31.7% of Lamda Malls by Global investment firm Varde Partners for €61.3 million. Although the investor appetite is high for both the prime assets and those more opportunistic well located with redevelopment potential the transactional activity is rather low due to limited product on offer.

Outlook

A slightly better outcome is expected for 2017 due to better fundamentals in the economy and household consumption forecast to increase over the medium term. There is increased interest for prime stores in all prime high street retail locations while shopping centre development has been thin on the ground. The outlook for secondary markets is less certain as occupiers and investors re-assess risk.

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