

# GREECE Office Market Snapshot

Second Quarter | 2018



## MARKET INDICATORS

### Market Outlook

Prime Rents:	Shortages of quality supply allied with higher demand expected are likely to fuel rent hikes.	▼
Prime Yields:	Room for slight yield compression, as investor interest intensifies for quality schemes.	▲
Supply:	Supply under development expected to increase in the long term.	▼
Demand:	There is occupiers trend for demand increase focused on prime locations and quality assets.	▼

### Prime Office rents – June 2018

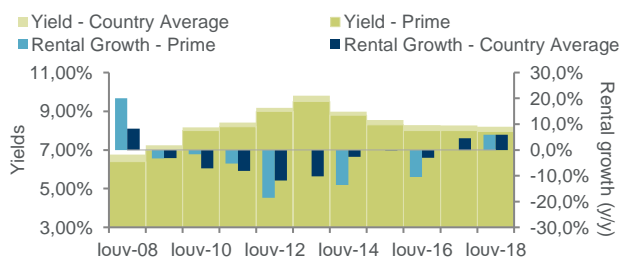
LOCATION	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Athens (Syntagma Square)	18.00	216	23.5	5.9	-3.9
Athens (Kifissias Avenue)	16.00	192	20.9	6.7	0.6
Athens (Piraeus)	13.00	156	17.0	8.3	6.5

### Prime Office yields – June 2018

LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Athens (Syntagma Square)	7.95	7.95	8.00	9.80	6.70
Athens (Kifissias Avenue)	7.95	7.95	8.00	9.80	6.70
Athens (Piraeus)	8.00	8.00	8.20	10.20	7.50

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

After a decade of recession, Greece is eyeing an exit from its third EU bailout programme. Recovery is set to be driven by tourism, with a record number of arrivals in 2017 and strong early bookings for 2018, along with increased domestic consumption. Occupiers remain cautious leading to low levels of demand with prime rents presenting increasing trend. Overall investment activity remained low over the quarter and development activity is still subdued.

## Occupier focus

Office space demand registered reductions in take-up in 2017 and the same trend continued in the first quarter of 2018 due mainly to an absence of large deals. There is a shortage of available offices apt to satisfy corporate demand while quality remains a driver for demand with very limited development activity and dated stock. CBD and Kifissias Ave have been the most active submarkets, with the financial services and pharma the most aggressive sectors. The market continues to be characterized by small-size transactions. Notable transactions include the lease of an office building along Syngrou Ave to a hotel operation.

## Investment focus

The first quarter of 2018 saw approximately 30 million euros invested into the office sector. Grivalia Reic announced the acquisition of an office building in Marousi of 5,470 square meters for 7.5 million euros and a 4,000 sqm building in Glyfada, south east Athens, for 5.08 million euros. Trastor Reic, acquired 80% undivided interest over an office building in Marousi of 4,715 sqm for 6.5 million euros and ICI Reic acquired 838 sqm offices in Kolonaki for 2.45 million euros. Core investment assets continue to be the most attractive for investors however, due to limited availability of quality products, there is an increasing demand for value-added opportunities in core locations. High competition for prime assets is generating yield compression in major submarkets.

## Outlook

The office sector is expected to drive investments interest throughout the year. As a consequence of the increasing competition for the best products, and lack of such product on offer, compression of prime yields is expected in 2018. Activity expansion and space renovation is expected to be the main drivers for new letting contracts this year.

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## Key Occupier Transactions

PROPERTY	SUBMARKET	TENANT	SIZE (SQ.M)	TRANSACTION TYPE
Athens	Syngrou Ave	Financial	3.350	New lease
Athens	Kifisias Ave	Travel agency	574	New lease
Athens	Neo Psychico	IT company	2.500	Renewal

Source: Cushman & Wakefield

## Key Investment Transactions

PROPERTY	SUBMARKET	SELLER / BUYER	YIELD	PRICE € MILLIONS
50 Agiou Konstantinou	Kifisias Ave	PRIVATE/GRIVALIA REIC	na	7.5
49 Agiou Konstantinou	Kifisias Ave	LAMDA DEV/TRASTOR REIC	na	6.5
3 Haritos, Kolonaki	CBD	PRIVATE/ICI INTERCONTINENTAL	na	2.45
5 Grigoriou Lampraki	Vouliagmenis Ave	PRIVATE/GRIVALIA REIC	na	5.08

Source: Cushman & Wakefield, Real Capital Analytics

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