

GREECE Office Market Snapshot

Second Quarter | 2019



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 further in the long term.	▶
Demand:	Demand is expected to continue to trend in line with current levels.	▶

Prime Office rents – June 2019

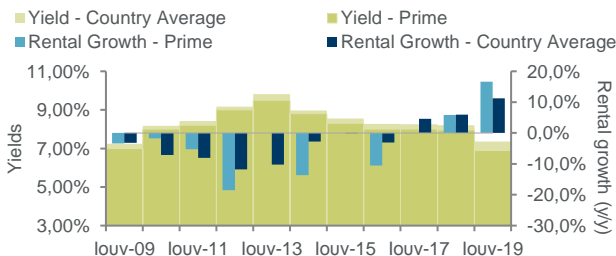
LOCATION	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Athens (Syntagma Square)	21.00	252	28.3	16.7	2.0
Athens (Kifissias Avenue)	17.50	210	23.6	9.4	3.1
Athens (Piraeus)	14.50	174	19.5	11.5	8.8

Prime Office yields – June 2019

LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Athens (Syntagma Square)	6.90	7.10	7.95	9.80	6.90
Athens (Kifissias Avenue)	7.10	7.30	7.95	9.80	7.10
Athens (Piraeus)	7.35	7.55	8.00	10.20	7.35

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

Greece's economic recovery is expected to maintain its momentum, with the economy growing by 1.9 % during the second quarter of 2019, compared to the corresponding period in 2018 according to ELSTAT. According to same GDP rose 0.8%, final consumption spending rose 0.7%, Gross fixed capital investments rose 2.4 %, the exports of goods and services rose 3.3% and imports of goods and services fell 0.8% in the second quarter compared with the first quarter of 2019. The Greek government now hopes that during the remaining two quarters of 2019, the expected boost in summer tourism revenues will speed the country's economic growth rates even further.

Occupier focus

Second quarter 2019 activity and vacancy rates remained stable in Athens compared to previous quarter with the prime vacancy rate level in Athens to be below 5% given low quality of available stock and fragmented supply. The stable demand for prime office space affected the asking headline rents in Athens, up 11% y-o-y to 20 €/sq.m in CBD and to 17 €/sq.m in Kifissias Ave. There are currently only 65,000 sq.m of new office space in progress and all of which comprising speculative developments.

Investment focus

Investment activity in the sector across the last quarter was very dynamic with HOT's agreed for several office deals in prime and secondary locations of Athens. Investors' focus remains in both prime and value add assets. The result is added pressure in yields that may compress further by the second half of the year and keep on levels around historical lows for prime assets. During 2nd Quarter of 2019 a pharmaceutical company acquired for self occupation 8,700 sqm in the prime peripheral office location of Athens marking one of the first corporate investments for self occupation in property market.

Outlook

We anticipate rents increasing in prime segment and even in secondary buildings in good locations. Investors will continue to look for opportunities and activity will be driven by domestic as well as international investors. Investment intentions keep strong and new investments are expected to be closed till year end through product sourced by NPL buyers.

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