

# GREECE

# Retail Market Snapshot

Second Quarter | 2019



## MARKET INDICATORS

### Market Outlook

- Prime Rents: Rents are expected to remain stable in high street locations. ▶
- Prime Yields: Downward pressure in yields in certain locations mainly due to lack of product on offer. ▲
- Supply: Limited supply, with few new projects in the immediate development pipeline. ▶
- Demand: Investor demand is anticipated to improve in the medium term. ▼

### Prime Retail Rents – June 2019

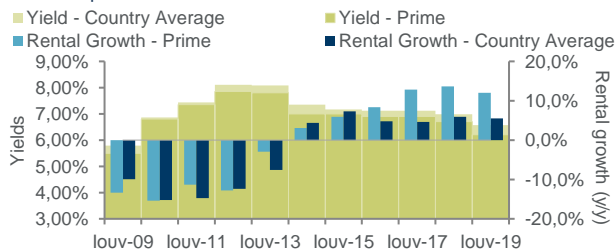
HIGH STREET SHOPS	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Athens (Kolonaki-Tsakalof)	100	1,200	135	11.1	2.1
Athens (Ermou)	285	3,420	384	14.0	10.9
Athens (Glyfada-Metaxa)	135	1,620	182	12.5	6.2
Athens (Kifisia-Kolokotroni)	120	1,440	162	4.3	3.7
Athens (Piraeus-Sotiros)	85	1,020	114	6.3	7.2
Thessaloniki (Tsimiski)	140	1,680	189	0.0	4.0

### Prime Retail Yields – June 2019

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Athens (Kolonaki-Tsakalof)	6.85	6.85	7.10	8.50	6.00
Athens (Ermou)	6.10	6.20	6.70	8.10	5.80
Athens (Glyfada-Metaxa)	6.80	6.90	7.20	8.60	5.80
Athens (Kifisia-Kolokotroni)	7.00	7.00	7.20	8.60	5.80
Athens (Piraeus-Sotiros)	7.00	7.00	7.40	8.60	6.30
Thessaloniki (Tsimiski)	6.60	6.60	7.00	8.60	5.90
SHOPPING CENTRES (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
Country prime	Q	Q	Y	HIGH	LOW
Country prime	8.00	8.00	8.10	9.00	6.50

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

According to the latest report by Foundation of Economic and Industrial Research (IOBE) the economic climate indicator declined slightly in April 2019 and stood at 100.3 points, from 101.3 in the previous month and 102.6 in April 2018 due to the deterioration of business expectations in retail trade and in services and construction. On the contrary, business climate in industry improved, as businesses are more optimistic on the evolution of production, sales and exports in the coming months. Consumer confidence continued to rise in April 2019, being stabilized since the beginning of the year near the level of -30 points, well above the level it was in the same period in 2018. The continuous rise in the confidence of households, particularly since the Q2 2018, is due to their improved estimates regarding their financial situation and the general situation of the country.

## Occupier focus

The main retail activities driving the market continue to be fashion related and F&B. The latter include mostly local brands in expansion phase. Prime rental values remained stable and during the 2nd quarter of 2019 it has been recorded weak retail leasing activity. Notable activity include the opening of the first Adidas store in Thessaloniki and new Mayroal store in Piraeus. Deus +Zion opened their first store in pedestrian Voukourestiou str. Turkish brand Waikiki expanded in Thessaloniki while Starbucks opened a store in the heart of Syntagma Square.

## Investment focus

During 2<sup>nd</sup> Q 2019 Trastor Reic agreed the acquisition of three prime high street stores at the markets of Glyfada and Piraeus at a total consideration of 9 mill euros. With an absence of shopping centre deals, capital invested into the sector predominantly came from private investors whose primary focus is prime high street retail. Prime high street yields compressed as a result of increased interest and limited product on offer.

## Outlook

Prospects of the general retail market in Greece is positive, with the economic environment improving and leasing activity expected to remain sound in 2019 benefitting from growth in private consumption and tourism increase. In terms of shopping centre developments the construction works for the development of the western part of the former International Broadcasting Center (IBC) building where Golden Hall shopping center operates, continue and the investment of a total budget of €25 million is expected to be completed at the end of 2019 and it is intended to supplement significantly the family entertainment sector of the shopping center.