

GREECE

Retail Market Snapshot

Fourth Quarter | 2018



MARKET INDICATORS

Market Outlook

- Prime Rents:** Prime rents in some high street locations are expected to stay stable until fundamentals will further improve. ▶
- Prime Yields:** Downward pressure in yields in certain locations due to limited product on offer. ▲
- Supply:** Limited supply, with no new projects in the immediate development pipeline. ▶
- Demand:** Occupier and investor demand is anticipated to remain stable in the short to medium term. ▶

Prime Retail Rents – December 2018

HIGH STREET SHOPS	€	€	US\$	GROWTH %	
	SQ.M	SQ.M	SQ.FT	1YR	5YR
	MTH	YR	YR		CAGR
Athens (Kolonaki-Tsakalof)	90	1,080	114	0.0	0.0
Athens (Ermou)	275	3,300	350	17.0	10.8
Athens (Glyfada-Metaxa)	125	1,500	159	4.2	4.6
Athens (Kifisia-Kolokotroni)	115	1,380	146	0.0	3.9
Athens (Piraeus-Sotiros)	80	960	102	6.7	9.9
Thessaloniki (Tsimiski)	140	1,680	178	3.7	5.9

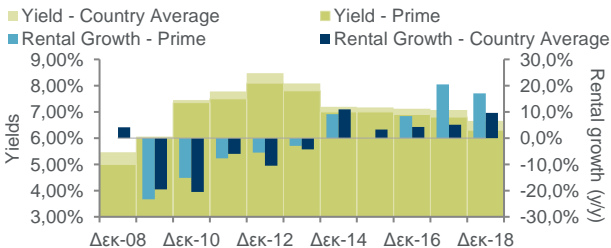
Prime Retail Yields – December 2018

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Athens (Kolonaki-Tsakalof)	6.85	7.00	7.20	8.50	5.80
Athens (Ermou)	6.30	6.50	6.80	8.10	5.50
Athens (Glyfada-Metaxa)	7.00	7.20	7.20	8.60	5.80
Athens (Kifisia-Kolokotroni)	7.00	7.20	7.20	8.60	5.80
Athens (Piraeus-Sotiros)	7.05	7.25	7.50	8.60	6.30
Thessaloniki (Tsimiski)	6.70	6.90	7.00	8.60	5.90

SHOPPING CENTRES (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	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

Despite the sharp fall in the retail volume index in October 2018, the annual y.o.y. percentage change of period January - October 2018 (1.3%) was slightly higher. The largest annual increase in average real sales has been recorded in furniture, electrical goods, large grocery stores, books, cosmetics, clothing, footwear, department stores and stationery. The retail business performance index rose in September compared to July, reaching 109.5 (from 105.8) points, higher compared to last year's performance according to the latest report by Foundation of Economic & Industrial Research. The Consumer Confidence Index is considerably improving in September compared to July and stands higher against its respective last year's level supported by growing tourism influx and better macros. The shopping Centre industry is performing well, registering growth in sales and footfall.

Occupier focus

In line with previous years and fueled by growing tourism, the Food & Beverage sector has been very active during 4th quarter. The fashion sector, while losing ground in comparison to past years, continued to be dominating. During this quarter the international fashion brand Carolina Herrera, opened its first store as part of its European expansion, at Golden Hall shopping Centre. A new 2.500 sqm Zara store opened in River West shopping Centre while B&G children were expanded in Greece by opening its first store in Thessaloniki. Burger King opened also its first store in Athens at El. Venizelos international airport.

Investment focus

Few retail investment transactions were recorded in Q4 2018. The main include the acquisition of two, rather small in size, high street stores by two local Reics. The one along Ermou str by NBG Pangaea Reic and the other in Kifissia by Trastor Reic. Investment volume in retail is expected to continue to be weak due to lack of product on offer. Prime yields in Q4-2018 has been further compressed reflecting the scarcity of product on offer. Private investors and golden visa buyers are also active with small in size deals.

Outlook

Prospects of the general retail market in Greece remains positive, with the economic environment improving albeit political risk increase with coming elections and challenges in banking sector. With limited development activity, the overall vacancy rate in dominant shopping centres and prime high streets is expected to remain low. Plans of Golden Hall's expansion are progressing and estimated for completion in autumn of 2019. The additional 11,500 sqm GLA will include Olympic Games museum, F&B, theater, auditorium, children entertainment, gym and additional parking.

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