

GREECE

Country Snapshots

Third quarter | 2017

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GREECE Office Market Snapshot

Third Quarter | 2017



MARKET INDICATORS

Market Outlook

Prime Rents:	Prime rents stable, with modest uplift forecast.	▼
Prime Yields:	Generally stable but some compression possible as investor interest intensifies for quality schemes.	▲
Supply:	Limited development activity and prime supply.	▶
Demand:	Slowing improving but expected to remain weak until there is more economic and political certainty.	▶

Prime Office rents – September 2017

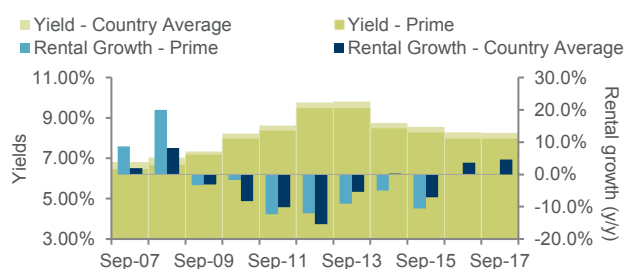
LOCATION	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Athens (Syntagma Square)	17.00	204	22.5	0.0	-5.0
Athens (Kifissias Avenue)	15.00	180	19.8	0.0	-1.3
Athens (Piraeus)	12.00	144	15.9	33.3	3.7

Prime Office yields – September 2017

LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Athens (Syntagma Square)	8.00	8.00	8.00	9.80	6.20
Athens (Kifissias Avenue)	8.00	8.00	8.00	9.80	6.20
Athens (Piraeus)	8.20	8.20	8.20	10.20	7.00

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

Delays in concluding the latest bailout review have increased uncertainty and slower economic growth of 1.5% is expected this year. Occupiers remain cautious leading to low levels of demand with prime rents unchanged over the quarter. While there is an increasing number of owner occupier led investment deals, overall investment activity remained low over the quarter and development activity is still subdued.

Occupier focus

The level of demand remains generally limited and is concentrated to modern good quality space. Development is still subdued due to lack of demand and nervousness of banks to finance any real estate project. Rents are anticipated to pick up slightly due to a shortage of good quality office space. Secondary space in the CBD at stand alone properties, is increasingly in demand which should begin to see the current relatively high vacancy rates in the secondary segment reduce in the near to medium term. There is a trend to convert grade C offices in the CBD to hotels.

Investment focus

Investor demand is mostly from domestic institutions whose preference is for prime product in central locations. Prime assets are sought after and attract several bidders maintaining yields at their current level (8%). PQH Single Special Liquidation S.A announced during September the successful selling of four buildings for 28.7 million Eur marking one of the largest office transactions of this quarter.

Outlook

With current outlook, business confidence will remain subdued. Well located high quality space will be sought after by both occupiers and investors alike. Institutional local Investors are expected to continue focusing on low risk prime assets and while yields are expected to remain stable, there may be some modest compression for the best prime properties. The spread between prime and secondary yields will tend to increase further in most areas.

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Key Occupier Transactions

PROPERTY	SUBMARKET	TENANT	SIZE (SQ.M)	TRANSACTION TYPE
Athens	CBD Fringe	Travel agency	1,964	New lease
Athens	Kifisias Ave	Advertising company	1,500	New lease
Athens	CBD Fringe	State authority	1,964	New lease
Athens	CBD Fringe	Consultants	1,000	New lease

Source: Cushman & Wakefield

Key Investment Transactions

PROPERTY	SUBMARKET	SELLER / BUYER	YIELD	PRICE € MILLIONS
n/a	n/a	n/a	n/a	n/a

Source: Cushman & Wakefield, Real Capital Analytics

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GREECE Retail Market Snapshot

Third Quarter | 2017



MARKET INDICATORS

Market Outlook

Prime Rents:	Prime rents stable, but rents falling further in secondary locations.	▶
Prime Yields:	Yields in prime high street and shopping centre locations anticipated to fall 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 - September 2017

HIGH STREET SHOPS	€		US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Athens (Kolonaki-Tsakalof)	90	1,080	119	0.0	-2.1
Athens (Ermou)	230	2,760	304	17.9	6.2
Athens (Glyfada-Metaxa)	120	1,440	159	4.3	2.7
Athens (Kifisia-Kolokotroni)	115	1,380	152	4.5	0.9
Athens (Piraeus-Sotiros)	75	900	99	7.1	4.6
Thessaloniki (Tsimiski)	135	1,620	179	3.8	4.2

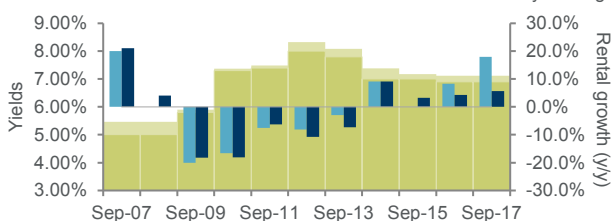
Prime Retail Yields - September 2017

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	Q	Q	Y	HIGH	LOW
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

■ Yield - Country Average ■ Yield - Prime
■ Rental Growth - Prime ■ Rental Growth - Country Average



Overview

The turnover of retail sales in Greece rose 1.6% in July 2017 compared the same period a year ago, with volume of sales up 2.3% over the same period according to statistics service ELSTAT. The Greek economic sentiment index grew further to 100.6 points in September from 99 in August and 98.2 in July, to the highest level since December 2014, according to the Foundation of Economic and Industrial Research (IOBE). Consumer confidence also improved, mostly due to less adverse estimates for unemployment and is consistent with positive growth rate across the wider economy.

Occupier focus

Prime retail markets and prime shopping centres continue to attract the interest of both local and international retailers. Occupier demand has been largely supported this quarter by food & beverage operators and mass-market retailers supported by increased tourism. This quarter Kotsovolos electronics opened its second store in Piraeus, Intersport athletics opened a stand-alone store along Stadiou street in the city centre while NYX Professional Makeup, opened their first store in Athens CBD and will soon expand in Glyfada. Starbucks opened its first store in the centre of Corfu and United Colors of Benetton and Sisley opened a store in Larisa while a new Goody's Burger House operated this summer in Mykonos.

Investment focus

Trastor REIC has been particularly active this quarter, acquiring four retail units; twain the high streets of Kifisia, for a total of €2.12m, a stand alone retail building along Tsimiski in Thessaloniki for €8.45m and a high street store in Halandri for €0.78m. Investor demand is expected to continue till the year end focused on well-positioned high street stores and supermarkets.

Outlook

There is increased interest for prime stores in all prime high street retail locations while shopping centre development has been thin on the ground. Investors' interest is expected to remain high and yields are mostly anticipated to remain stable, though some further downward pressure may be seen for prime schemes. Retailer demand is expected to hold, especially on behalf of mass-market operators, with rents remaining stable or rising in in certain locations.

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