

GREECE Office Market Snapshot

First 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 – March 2019

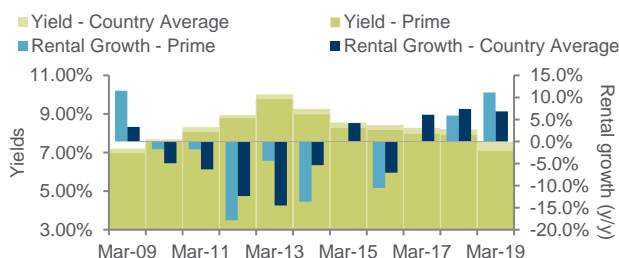
LOCATION	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Athens (Syntagma Square)	20.00	240	25.2	11.1	1.0
Athens (Kifissias Avenue)	17.00	204	21.4	6.3	4.0
Athens (Piraeus)	14.00	168	17.6	7.7	8.1

Prime Office yields – March 2019

LOCATION (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Athens (Syntagma Square)	7.10	7.25	7.95	9.80	7.00
Athens (Kifissias Avenue)	7.30	7.50	7.95	9.80	7.00
Athens (Piraeus)	7.55	7.75	8.00	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

The economy is on a gradual recovery with booming tourism sector and fall of the unemployment to 18 percent in December 2018. Greece has made considerable progress in the implementation of specific reform commitments due end-2018 according to creditors while open issues are related to measures in the areas of revenue administration, financial stability, energy, privatisation and public administration. A big challenge for Greece in 2019 remains the banking system and sorting out of NPLs in order to increase bank lending and support the economic recovery. With three elections in Greece in 2019, no major reforms is expected to take place. In terms of inward foreign direct investment record inflows of capital have entered the country which is a positive sign with money going into tourism, logistics, financial services, and real estate.

Occupier focus

During the first quarter of 2019 the Athens office market continued to follow a positive trend although very small percentage of the leased area was due to companies expanding or to new companies establishing in the city. Kifissias axis had the highest share of take up followed by CBD. Company and financial services was the most dynamic sector, followed by Pharma. There is an absence of take up in excess of 4,000 sqm in Athens market and the quality of the leased premises is becoming an increasingly important factor for occupiers to consider in their relocation's decisions. 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 3 months was very dynamic with an overall €100 million distributed in 13 office deals non-including the signing of the binding agreement by Alpha Investments to sell the shares of a property portfolio to Brook Lane at an agreed price of 95.3 mill euros. REIT's were the main source of buyer capital, followed by private funds. The completion of the transaction is expected in the 2nd quarter of 2019. The largest transaction include the sale of Ellaktor headquarters in Kifisia of 16,219 sq.m main space and 14,452 sq.m. auxiliary spaces to Orilina REIC, at 25.5 million euros.

Outlook

Albeit the positive outlook in terms of demand potential for the sector, market growth may be constrained by a shortage of spaces of appropriate quality and size. The remainder of 2019 will see an increased focus on the quality of product, as occupiers across all sectors have shown that cost is not the only consideration. The improving fundamentals of Greek real estate will continue to attract global investors, however, caution will prevail due to scheduled elections.

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Nicky Simbouras

Managing Director
154A, Sevastoupolos street,
11526 Athens, Greece
Tel: +30 210 7480852
nicky.simbouras@cwproprius.com
[cushmanwakefield.com / cwproprius.com](http://cushmanwakefield.com/cwproprius.com)

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Key Investment Transactions

PROPERTY	SUBMARKET	SELLER / BUYER	YIELD	PRICE € MILLIONS
Ermou 9, Kifisia	Kifisia	ELLAKTOR/ORILINA REIC	na	25.50
Vas. Sofias 94	CBD	GRUPO DOLPHIN/TRASTOR REIC	na	17.27
Gravias 4, Marousi	Kifisias	COPELOUZOS GROUP/TRASTOR REUC	na	12.00

Source: Cushman & Wakefield, Real Capital Analytics

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154A, Sevastoupoleos street,
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