

GREECE Office Market Snapshot

Fourth 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 – December 2017

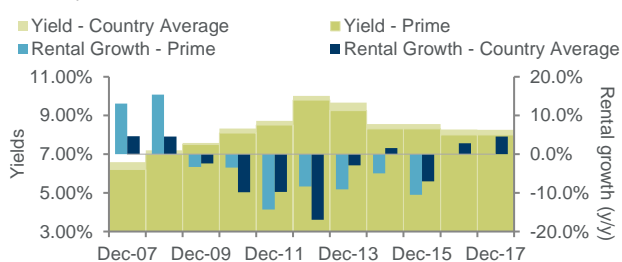
LOCATION	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Athens (Syntagma Square)	17.00	204	22.8	0.0	-5.0
Athens (Kifissias Avenue)	15.00	180	20.1	0.0	-0.7
Athens (Piraeus)	12.00	144	16.1	33.3	4.8

Prime Office yields – December 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 standalone properties, is in demand mainly for conversion to hospitality services.

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 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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