

# GREECE

# Retail Market Snapshot

First 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 – March 2019

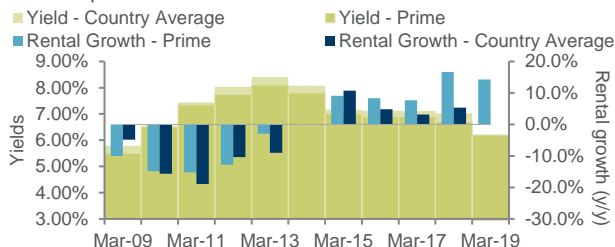
HIGH STREET SHOPS	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Athens (Kolonaki-Tsakalof)	90	1,080	113	0.0	0.0
Athens (Ermou)	280	3,360	353	14.3	11.2
Athens (Glyfada-Metaxa)	125	1,500	157	4.2	4.6
Athens (Kifisia-Kolokotroni)	115	1,380	145	0.0	3.9
Athens (Piraeus-Sotiros)	80	960	101	0.0	7.8
Thessaloniki (Tsimiski)	140	1,680	176	0.0	4.9

### Prime Retail Yields – March 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	5.80
Athens (Ermou)	6.20	6.30	6.70	8.10	5.50
Athens (Glyfada-Metaxa)	6.90	7.00	7.20	8.60	5.80
Athens (Kifisia-Kolokotroni)	7.00	7.00	7.20	8.60	5.80
Athens (Piraeus-Sotiros)	7.00	7.05	7.40	8.60	6.30
Thessaloniki (Tsimiski)	6.60	6.70	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) households are showing slight optimism, which is common during pre-election periods. The Consumer Confidence Index recovered in March after falling back last month and stood at -31.6 (from -33.3) units. The rise is supported mainly from the least households' pessimistic forecasts for the country's economic situation probably linked to the 10-year bond issue at the beginning of March. However, the Greek consumers remain the most pessimistic in the EU. The Economic Climate Index remains unchanged in March at 101.3 units (same as in February), the highest since September 2018. In industry and Retail trade it is reported worsening of expectations, as opposed to Construction and the Services where there is strong improvement.

## 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 for the last year and during the first quarter of 2019 it has been recorded weak retail leasing activity. Jysk expanded in Piraeus during this period, Intimissimi Uomo opened their 3<sup>rd</sup> store in Chalandri, while McDonald's announced opening of two new stores in 2019, the first in Athens along Mesogeion Avenue in Athens and the second in Larisa town.

## Investment focus

No institutional investment transactions were recorded in Q1 2019. 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 new developments Hines acquired from Blackrock the Mouzakis 24,000 sqm development land in Kifisos and instead of shopping centre they plan to develop big boxes. The lack of prime supply might limit the activity of potential investors despite the positive outlook.

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