



CRETE PROPERTY MARKET

1st Semester 2016



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1. Economic Overview

2015 was crucial for Greek economy due to the political uncertainty, the introduction of the emergency bank holiday and capital controls and the slow progress of negotiations with its international creditors. However, according to the spring economic forecast of the European Commission, Greek economy proved quite resilient due to the successful recapitalization of banks, the steady implementation of structural reforms under the new ESM programme, the progress with privatization, the higher than expected private consumption and the positive contribution of net exports. As a result, recession in 2015 was less severe than expected based on the winter economic forecast.

During the H1 of 2016, Greek economy continued to remain in recession, however, according to the latest forecasts of the Bank of Greece, the European Commission and the Organization for Economic Co-operation and Development (OECD), growth is expected to resume in the H2 of 2016 and to pick up in 2017 under specific circumstances; indeed, growth is totally subject to political stability, the successful implementation of reforms imposed by the bailout program, the banking NPL crisis being resolved, reforms in the market of goods and services being rapidly implemented, the decrease of unemployment rate, the gradual recovery of the labour market, the primary surplus remaining stable and actions being taken in order to increase the competitiveness of the public sector. However, the EC's prediction is that Greece's real GDP will contract by 0.3% in 2016.

According to the monthly economic bulletin published by the Hellenic Federation of Enterprises (SEV) on July 2016, the outcome of the referendum in the United Kingdom creates an unstable European environment, both economically and geopolitically, with consequences that have not yet become fully evident. Already, the decline of the British Pound with respect to the euro, the downgrading of the credit rating of British sovereigns and the rise in the spreads of the yield of sovereigns in the south of Europe with respect to Germany, increase uncertainty. At the same time the fragile Greek economy shows mixed trends after the conclusion of the first assessment of the adjustment program. In particular, the latest data reflect, on the one hand, the market optimism that follows the payout of the first tranche of the 3rd program which is expected to bolster liquidity among businesses and, on the other hand, the concerns regarding the impact the new measures will have on the income of businesses and households. In particular:

- ✓ Economic sentiment remained unchanged during June 2016 when compared to May (at 89.7). In spite of the decline of expectations in services and retail trade, business climate improved, as did consumer confidence (to -68 from -71.9 during the previous month), which improved for the second consecutive month.

- ✓ Although non-oil manufacturing production dropped in May 2016 (-1.6%) after six consecutive months of growth, overall for the 5-month period to May 2016 the output rose by +2%. Moreover, in June 2016 Purchasing Managers Index in Manufacturing (PMI) returned to a level above 50, which reflects expansion in the sector. In spite of the extremely fragile circumstances of demand, employment in manufacturing increased in the four out of six months of 2016, though the rate of increase remains modest.
- ✓ Retail sales, after the losses observed during the past months and especially in February 2016 (-5.5%), appear to stabilize in April 2016, with the volume except fuels increasing marginally (+0.1%). The period of sales and offers before Easter appear to have bolstered the market, as the volume of sales increased visibly for clothing and shoes (+16.2%), in large stores (+8.8%) and in shops that sell stationary, gifts and related items (+0.9%). Yet, overall for the first 4 months the volume of retail sales except fuels declined (-1.4%).
- ✓ Seasonally adjusted unemployment fell to 23.3% in April 2016 (from 23.7% the previous month and from 25.3% in April 2015). At the same time, during May 2016 there were created 76.591 jobs on a net basis, mainly as a result of strong hiring in accommodation, food services and retail trade ahead of the peak of the tourist season. This strong hiring more than compensated for the seasonal job losses in education. Moreover, for the 5- month period to May 2016, there were created 201.1 thousand jobs, compared with 194.5 during the same period in 2015.

On the other hand:

- ✓ Non-oil exports of goods declined visibly in May 2016 (-6.4%), overturning the positive trend of the previous months, with a sharp drop in exports to non-EU countries (-19%) while those to EU grew marginally (+0.7%). Overall, in the period Jan – May 2016 non-oil exports of goods have declined (-0.7%).
- ✓ Turnover in industry fell during April 2016 (-15.3%), mainly as a result of the decline in the sales of fuels (-34.8%) and in the mining sector (-11.2%), while in non-oil manufacturing the decline was smaller (-2.3%). Overall, for the period Jan – Apr 2016 turnover in industry declined by -14.3%, and in non-oil manufacturing by - 3%. The decline in oil prices affects strongly the turnover of industry since the fall of 2014 and is reflected in the larger decline of sales to countries outside the euro area (-27.5% in April 2016 and -22.6% for the period Jan-Apr 2016), than in the sales to euro area countries (+1.6% in April 2016 and -6.4% for the period Jan – Apr 2016).

- ✓ The year on year decline in receipts from tourism and shipping during April 2016 (-7% and -48.6% respectively) reflects the persistent impact of the capital controls, as an increasing share of the related transactions is migrating outside the Greek banking system. Overall, for the period Jan – Apr 2016 receipts from tourism weakened by -3.4% and arrivals by -5.3%. This weakening, in spite of the fact that it refers to small absolute numbers of the low season during the 4-month period to April, when combined with the events following the referendum in the UK and the continuing flow of refugees, creates concerns with respect to the performance of tourism, in spite of the generally positive expectations.
- ✓ Deposits of households, after the increase observed in April 2016, as a result of the payment of the Easter bonus and various holidays which led to postponed payments, declined in May (-€840 mil.), returning to the outflow levels observed during the fall of 2015 and March 2016.

At the same time, the almost inevitable slowdown of the European economy, as a result of the outcome of the referendum in Great Britain, is likely to weaken investor interest and may have implications on the current account and tourism in Greece. Even though the consensus estimate is that the immediate impact on the Greek economy will be relatively limited, it is necessary take growth enhancing initiatives so that the country can place itself on a trajectory of growth. As a starting point a comprehensive plan to battle tax evasion, undeclared work and smuggling can be rolled out, along with a rationalization of the tax system and the implementation of a plan to attract investment, with main pillars the privatization program and public – private sector partnerships, the opportunities offered by the digital economy and a focus on productive sectors with high growth potential.

(SEV - Monthly Economic Bulletin - June 2016)

Economic Indices

According to the latest predictions of the European Commission and the Organization for Economic Co-operation and Development (OECD), which however, are characterized by relative uncertainty due to the economic and commercial developments in Europe and worldwide, the Greek economy will remain in recession during 2016 and will return to growth in 2017. The General Government Balance as percentage of GDP, is expected to decrease significantly during 2016 and 2017, while the Gross Debt as percentage of GDP, is expected to increase in 2016 and to start gradually decreasing from 2017 onwards.

GREEK ECONOMY – EC’s FORECAST (May 2016)				
ECONOMIC INDICES	2014	2015	2016	2017
GDP growth (% , yoy)	0,7	-0,2	-0,3	2,7
Inflation (% , yoy)	-1,4	-1,1	-0,3	0,6
Unemployment (%)	26,5	24,9	24,7	23,6
General Government Balance (% of GDP)	-3,6	-7,2	-3,1	-1,8
Gross Debt (% of GDP)	180,1	176,9	182,8	178,8

Source: *ec.europa.eu*

GREEK ECONOMY – OECD’s FORECAST (June 2016)				
ECONOMIC INDICES	2014	2015	2016	2017
GDP growth (% , yoy)	0,7	-0,3	-0,2	1,9
Inflation (% , yoy)	-1,4	-1,1	-0,5	0,0
Unemployment (%)	26,5	24,9	24,0	23,2
General Government Balance (% of GDP)	-3,7	-7,3	-1,9	-0,5
Gross Debt (% of GDP)	182,9	182,7	185,3	182,3

Source: *www.oecd.org*

Conclusion

The austerity measures implementation process that Greece adopted since the signature of the first Memorandum is highly demanding. Having achieved a considerable decrease of the General Government Spending to 55.7 billion euros from 2008 till now (-30%) on one hand and an impressive shrinkage of the General Government Balance to 4.6% of GDP (from 15.4% in 2008) on the other hand, Greece still faces problems however, since GDP (175.6 billion euros) is consistently shrinking. Of course, the steady implementation of structural reforms, the progress with privatization and the gradual return of foreign investors are encouraging signs for 2016.

2. Office Market

Office market in Crete remained almost stable during H1 of 2016, while relative to 2014, market and rental values were decreased up to 5-10%. Despite the fact that asking prices are nowadays at quite low levels, asking prices are still negotiable and can be decreased up to 10-15%. Prime yields have seen a slight compression during the past semester, since the effects of the capital controls were not as severe as originally predicted and investors have been actively looking for opportunities.

In **Chania**, rental values around the Court Square are higher relatively to the city center, due to the privileged location of the square, which is close to the building of the Regional Union of Chania and the Court House, while the higher market values can be found at the city center (Skalidi & Giannari Streets, 1866 Square).

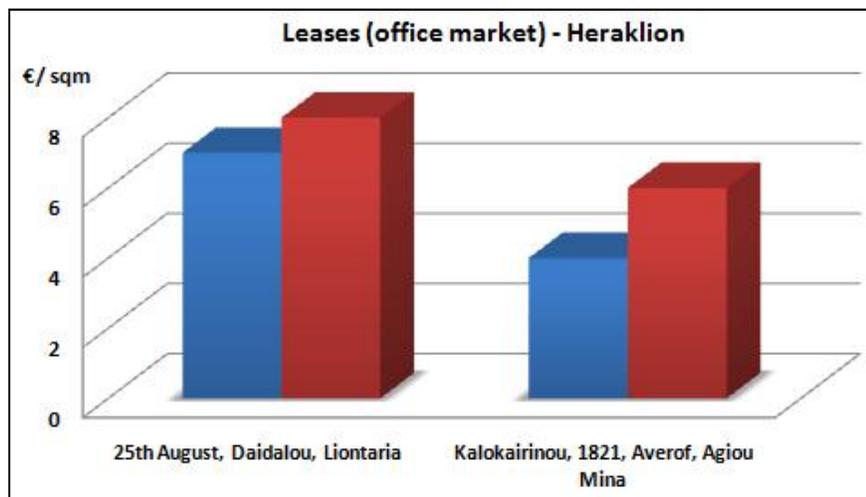
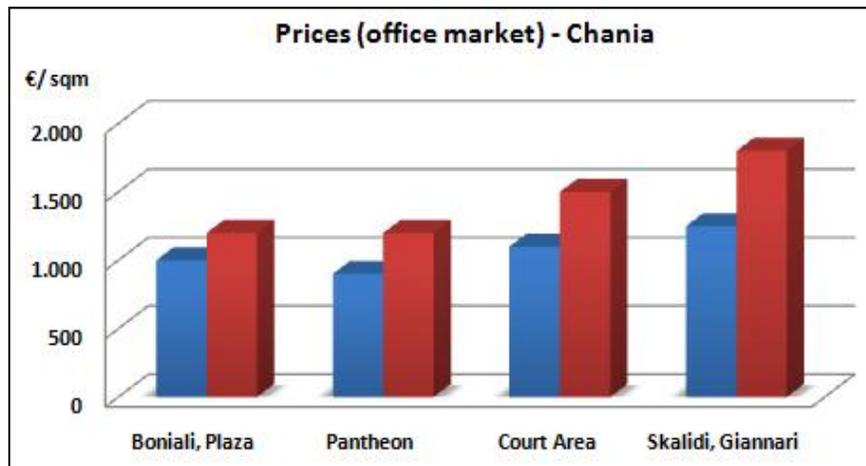
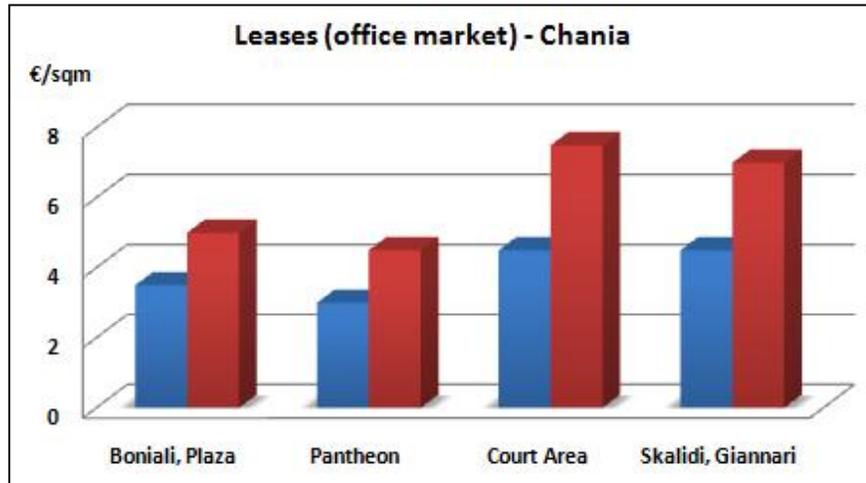


Trianon Center in Court Area, Chania

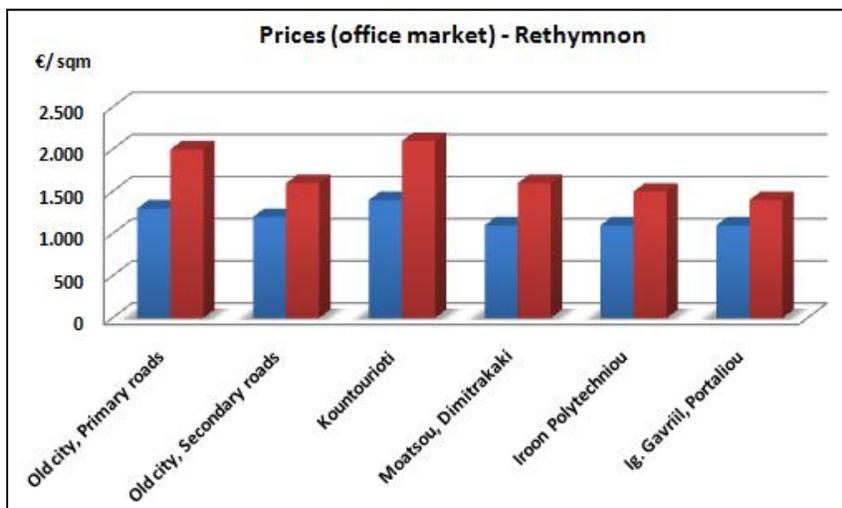
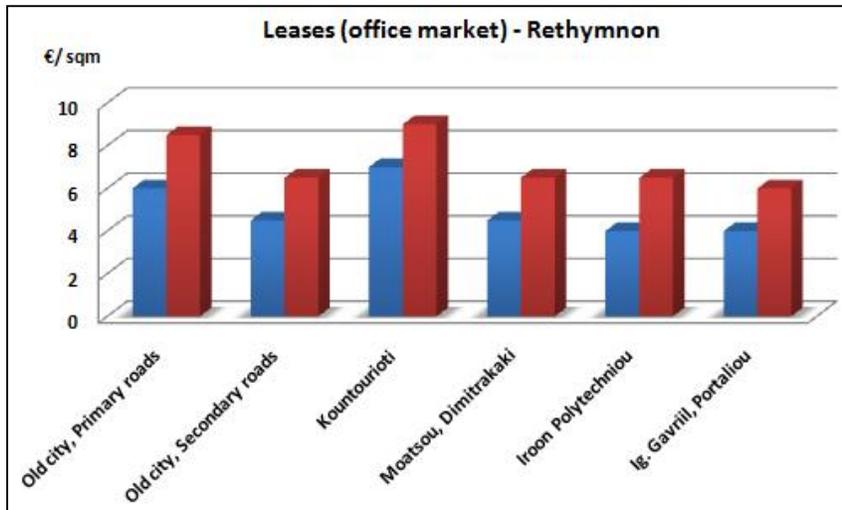
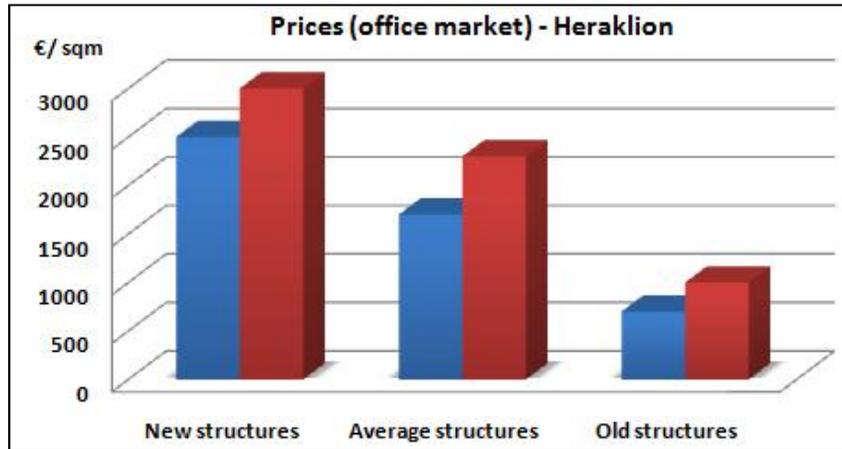
In **Heraklion**, the vast majority of office spaces are congregated around the city center (Zografou St, Daidalou St, Dimokratias St, Dikaiosinis St, 25th August St, Evans St, Kalokairinou St, Averof St, Liontaria Square), where freelances and businesses are highly interested due to the proximity to public services. On the other hand, there is no interest for offices spaces outside the city center and in low commercial streets.

In **Rethymnon**, the main office market is around the CBD, the Old City and Iron Polytechniou Square, close to the main retail market and public services buildings, while relatively new office spaces can be found at the main streets that lead to the CBD, i.e. Igoumenou Gavriil Avenue (west entrance) and Portaliou Avenue (east entrance).

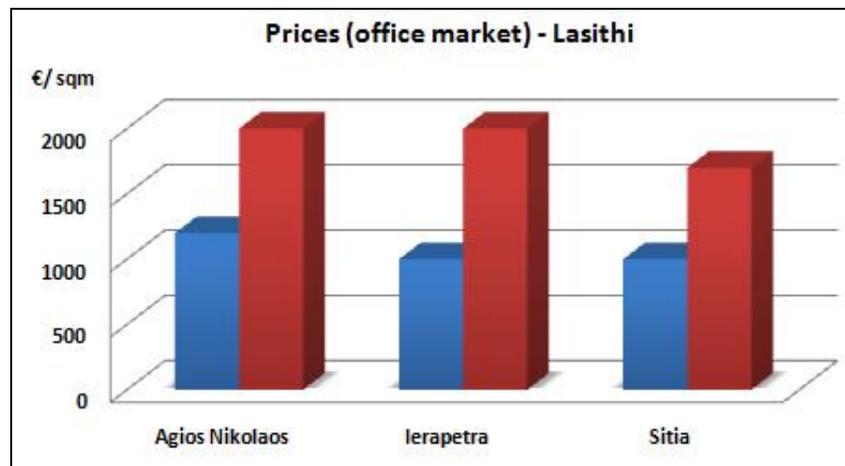
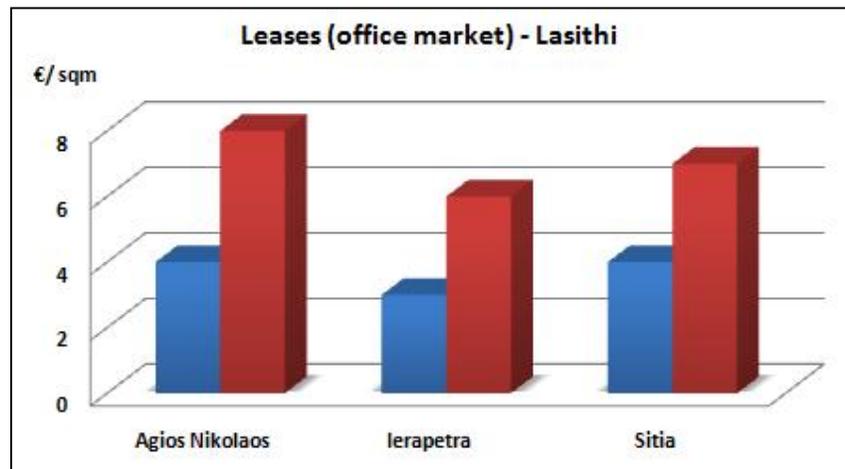
Finally, in **Lasithi**, due to the small size of the cities of Agios Nikolaos, Ierapetra and Sitia, office spaces are congregated only in the center of the cities.



Source: Danos – Melakis Ltd



Source: Danos – Melakis Ltd



Source: Danos – Melakis Ltd

* Leases and prices depend on the age, the condition and the location of the buildings.

3. Residential Market

After the announcement of the national elections in January 2015, there was a significant increase in the demand for small apartments mainly, since many people decided to withdraw their deposits and invest them in old and economical apartments. The recent activity in the real estate market showed that residences turned into a safe investment for many people with anxiety and economic insecurity. However, this small activity did not manage to reverse the negative climate in real estate market and was sharply interrupted by the introduction of capital controls, while the main reasons that the market hasn't picked up yet are the lack of new bank loans and no recovery of the mortgage market.

The residential market is still a deep sleeper with minimum transactions. During H1 of 2016, prices decreased slightly in most areas, with only a few prime areas showing signs of stability. There was a pickup in rental activity with high demand for medium size and good quality homes for rent, that mainly arise from people that try to take advantage of the low prices. It is worth mentioning that asking prices have decreased up to 10% in comparison with 2014, while negotiations usually result in a price cut over 10-15%.

As for the holiday residence sector, many investment opportunities can be found, due to the significant price decreases during the past years. Almost 5,000 holiday residences in Crete are for sale, a number that remained almost stable during the last five years, since construction activity has stopped and investing interest still remains at low levels. At the same time, market values have decreased up to 40% and sometimes even more relative to the period before crisis.

In general, it is believed that residential market has bottomed out during H2 of 2015 and has the potential to enter into a recovery path as long as the economy stabilizes, helping to reinforce the recovery of the economy as a whole from 2016.

In **Chania**, around CBD, the vast majority of residences are at least 25-30 year old and the price range is from 750 – 1.200 €/sqm, depending on the exact location, age and level of maintenance, while new structures' prices vary from 1.800 – 2.100 €/sqm. The prices regarding new conventional structures in popular residential areas near CBD vary from 1.600 – 1.900 €/sqm in Chalepa, from 1.450 – 1.650 €/sqm in Lentariana & Aberia and from 1.550 – 1.800 €/sqm in Nea Chora. As for rental prices, they remained almost stable relative to 2015.

In **Heraklion**, around CBD, the vast majority of residences are at least 25 years old, whose price range is from 1.000 – 1.400 €/sqm, depending on the level of maintenance and the parking availability. The price range for new residences in popular areas near the

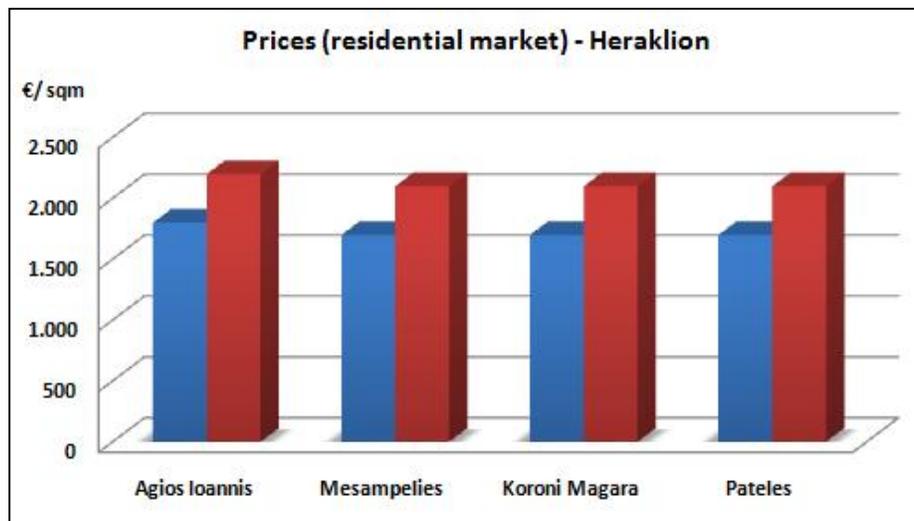
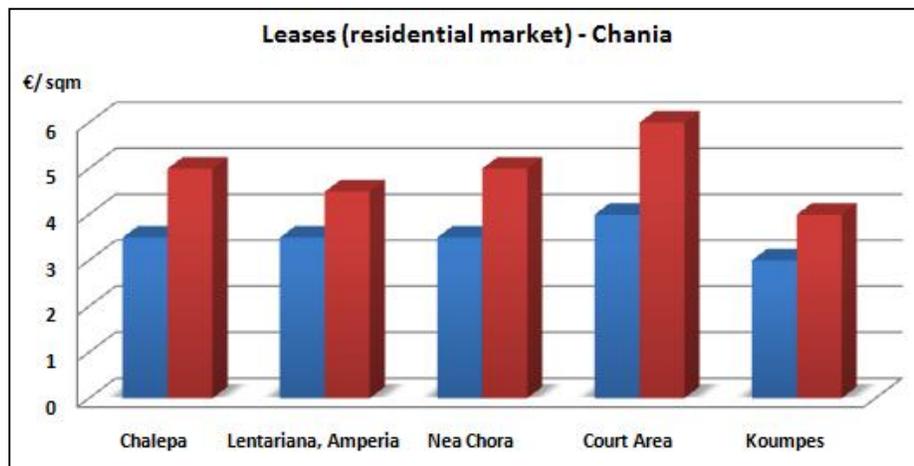
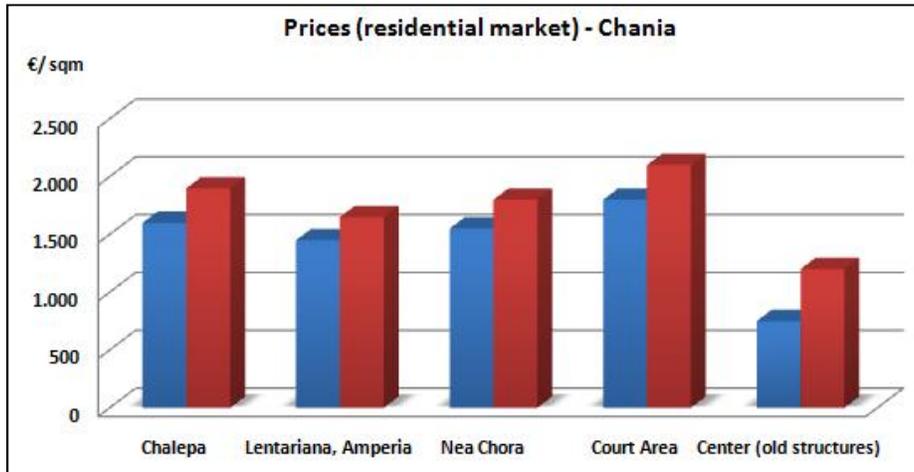
CBD, such as Analispi, Mastampas and Therissos, is from 1.800 – 2.200 €/sqm. The same price range stands also in the suburb of Agios Ioannis. Regarding the rest suburbs (Deilina, Koroni Magara, Mesampelies, Pateles, Poros, Katsampas and Mpenntevi), the price range is from 1.700 – 2.100 €/sqm. As for rental prices, they remained almost stable relative and vary from 4 – 6 €/sqm, with the upper levels representing residences in the CBD or popular suburbs, such as Agios Ioannis.

In **Rethymnon**, the vast majority of residences in the Old City are old structures whose price range is from 1.000 - 1.400 €/sqm, mainly depending on the level of maintenance. The price range for new conventional residences in areas near CBD, such as Kallithea, Mastampas and Koumpes, is from 1.600 – 2.000 €/sqm, depending on the characteristics of the property, such as location, floor level, view and size. As for rental prices, they remained almost stable relative to 2015, with a reduction of almost 10% since 2013.

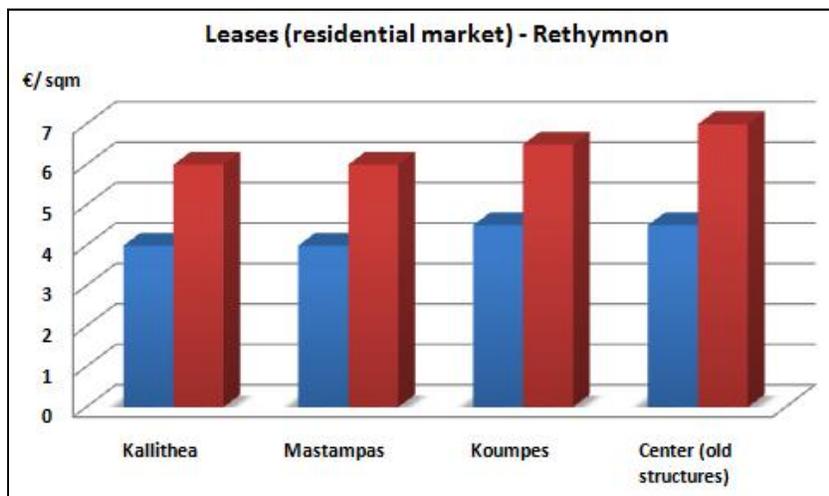
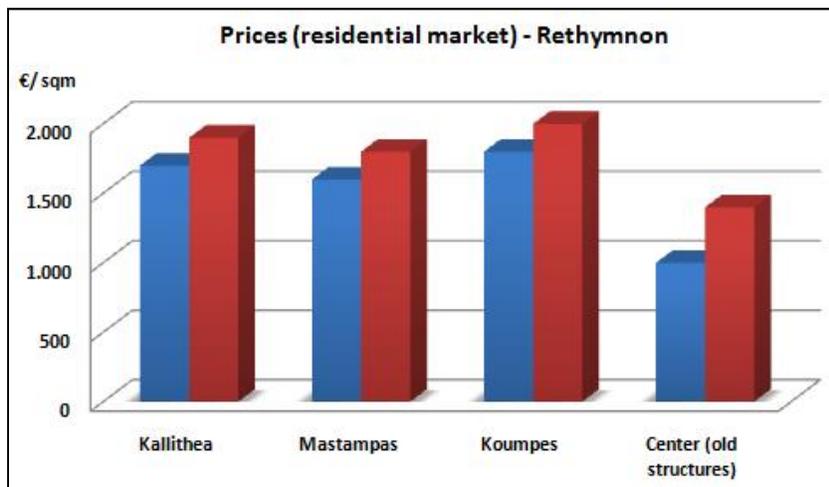
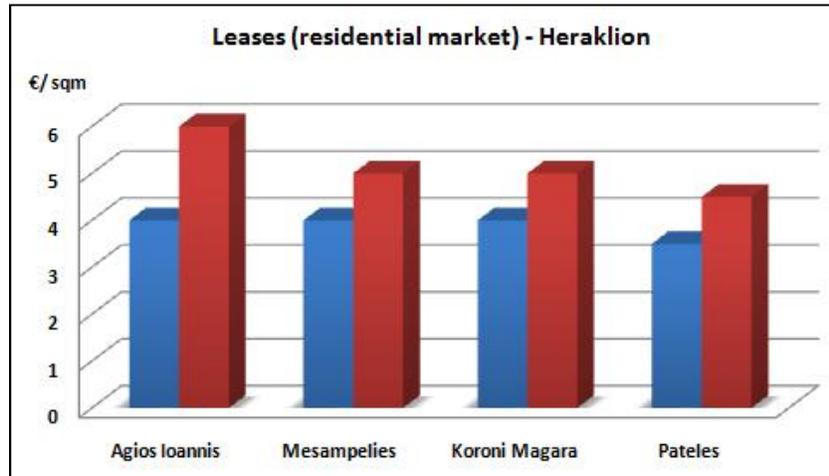


New Apartment Complexes in Heraklion and Rethymno

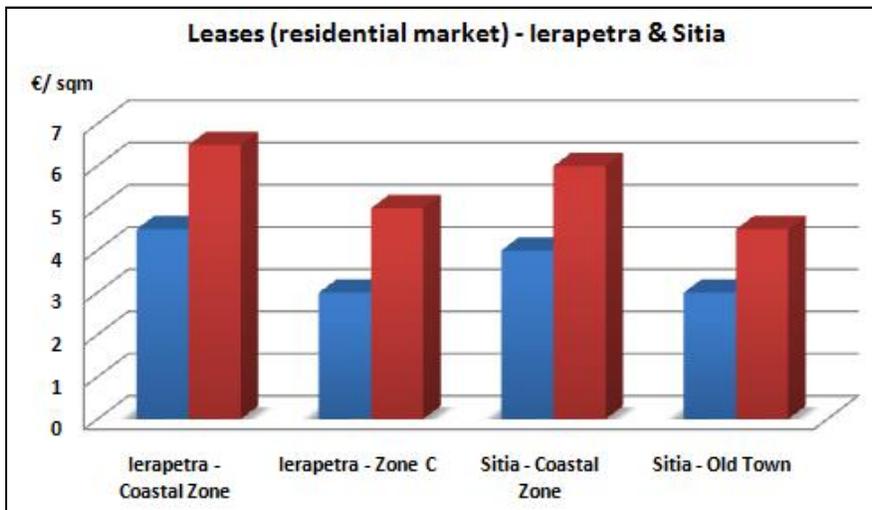
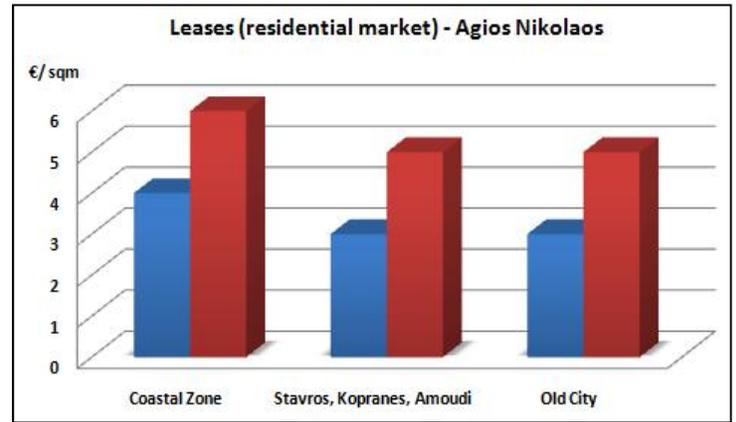
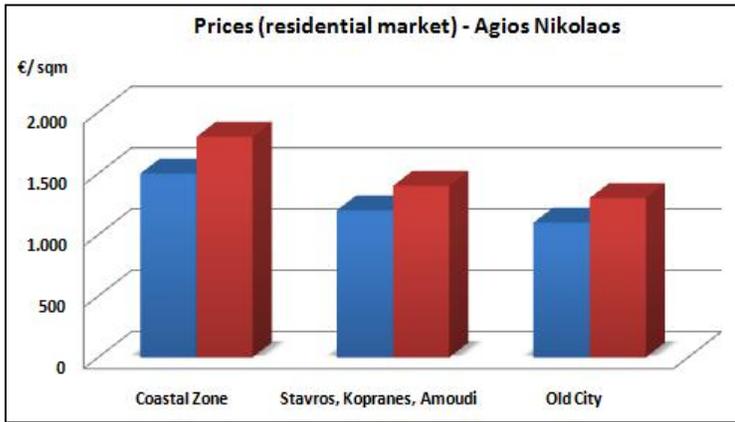
Finally, in **Lasithi**, the highest market values can be found at the coastal zone as well as the new suburbs of Agios Nikolaos, Ierapetra and Sitia, due to the most recent structures that can be found there, while market values at the old sections of the cities are slightly smaller. Rental prices remained almost stable relative to 2015.



Source: Danos – Melakis Ltd



Source: Danos – Melakis Ltd



Source: Danos – Melakis Ltd

4. Retail Market

The most severely hit of the real estate market due to the economic crisis, is the retail sector. During H1 of 2016, there was some increasing activity, with the prime markets showing strong interest from retailers; as a result, prices have been stabilized, vacancy has dropped and absorption has increased. Prime yields have seen a slight compression during 2015, since the effects of the capital controls are not as severe as firstly predicted and investors have been actively looking for opportunities.

In **Chania**, the most commercial area is the Old Port, where rental values vary from 30 - 40 €/sqm and from 15 - 20 €/sqm at Koum Kapi, while the most commercial roads are Chalidon, Chatzimichali Giannari and Skalidi Streets (main area of retail market), where rental values vary from 25 - 40 €/sqm. The new 'H&M' store at Tzanakaki Street and the pedestrianisation of Potie area have led to higher rental values and increased absorption in these two areas.

In **Heraklion**, there is a high interest for retail stores within the old walls and especially the CBD. The most commercial areas are Daidalou Street, 1821 Street and Liontaria Square, where rental values vary from 30 - 50 €/sqm. During H1 2016, 'H&M' dedicated its first store, which is hosted in a three-storey renovated building with a total surface of 1,600sqm, located in 25th August. At the same time, the construction of a new shopping mall started at the area of Chanioporta, while 'Intercontinental International REIC – ICI' completed the purchase of a retail-office building with a total surface of 4,000sqm at the area of Mastampas, with 'AB Vasilopoulos' being the main leaser. Finally, 'Lidl Hellas' completed the construction of the first new generation store in Nea Alikarnassos.



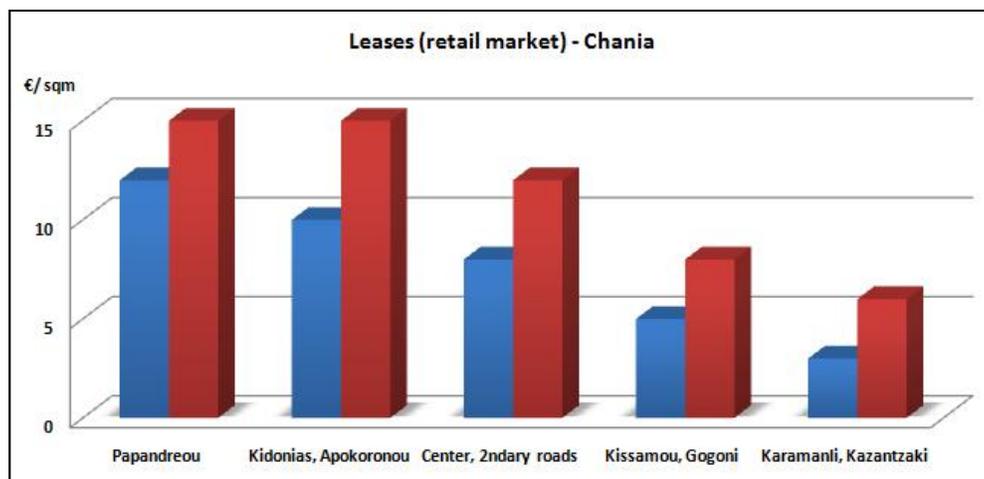
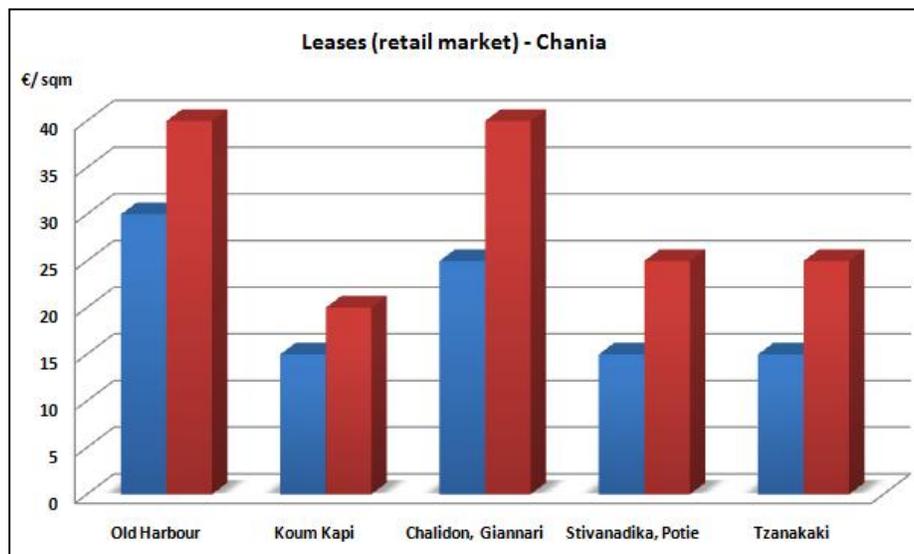
Shopping Center 'Olea' in Platania



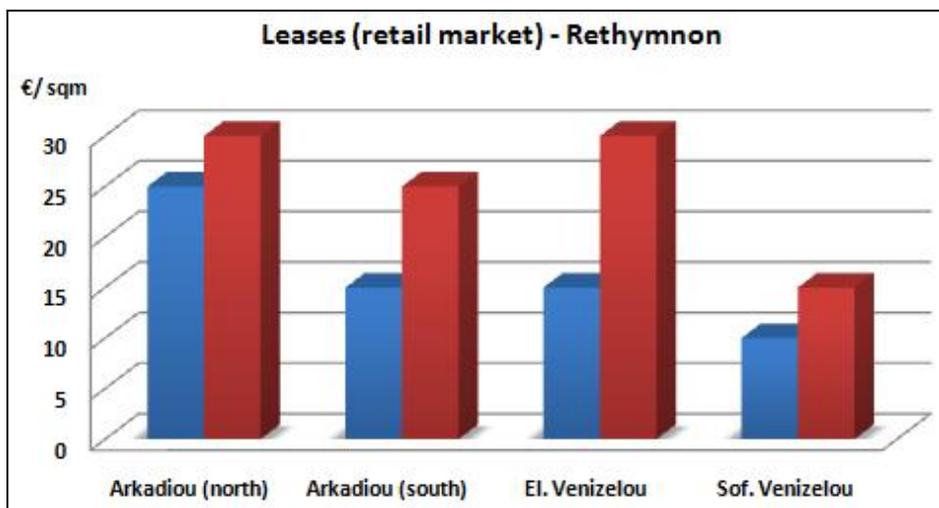
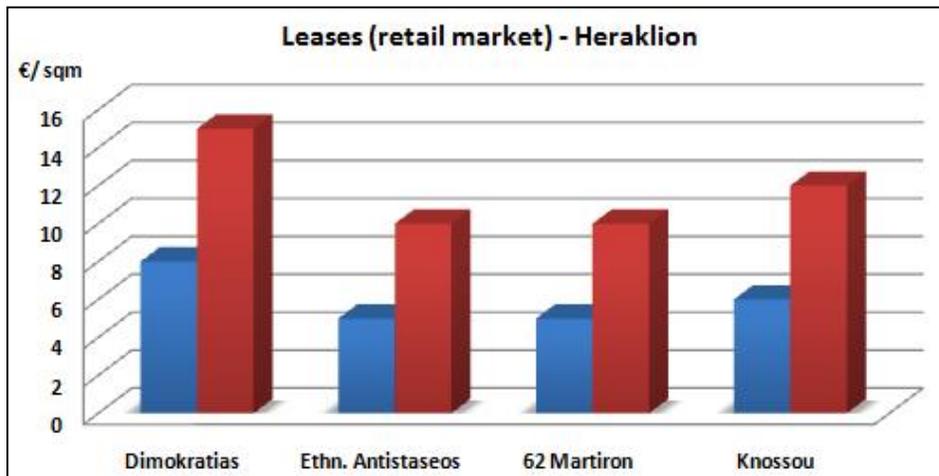
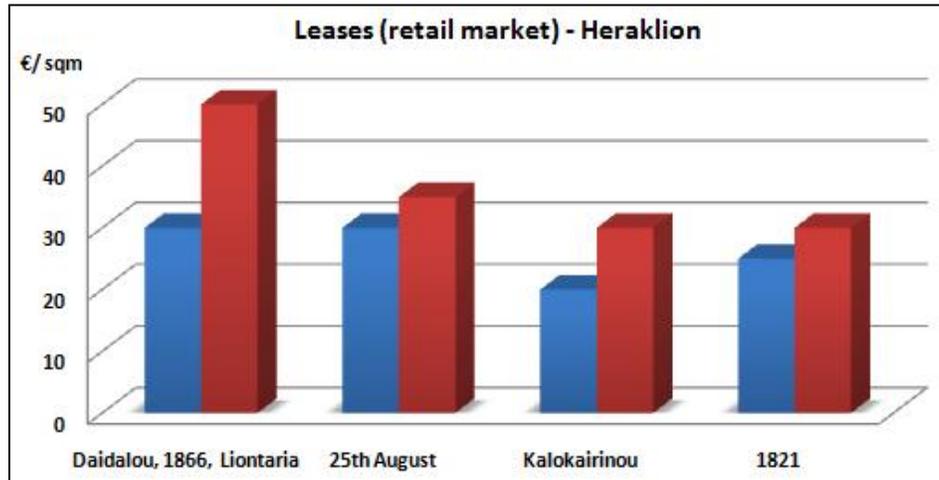
Shopping Center 'Talos Plaza' in Heraklion

In **Rethymnon**, within the Old Town, rental values vary from 15 – 30 €/sqm in Arkadiou Street (↑ prices at the north part) and from 10 – 15 €/sqm in secondary streets (Gerakari, Ethnikis Antistaseos), while in the coastal zone, values vary from 15 – 30 €/sqm at El. Benizelou Street and from 10 – 18 €/sqm in Sof. Benizelou Street. During the beginning of June, ‘H&M’ dedicated a new store, which is hosted in a three-storey building with a total surface of 780sqm, located in the Square of the Unknown Soldier.

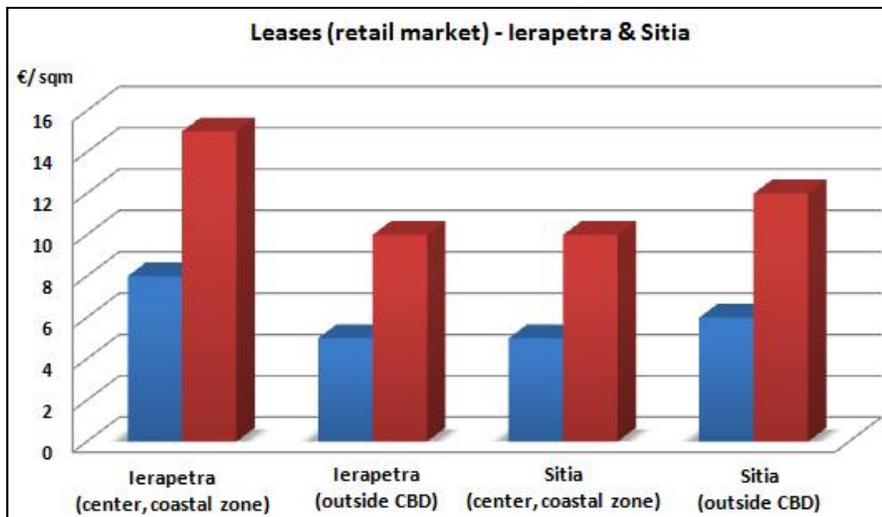
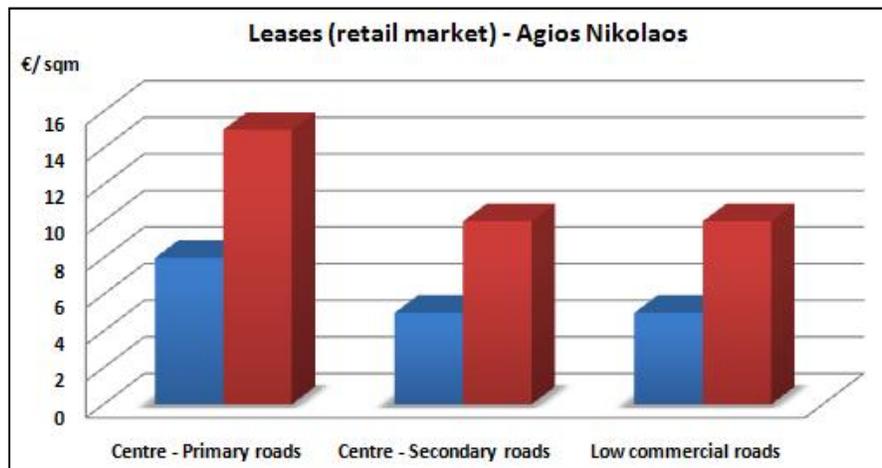
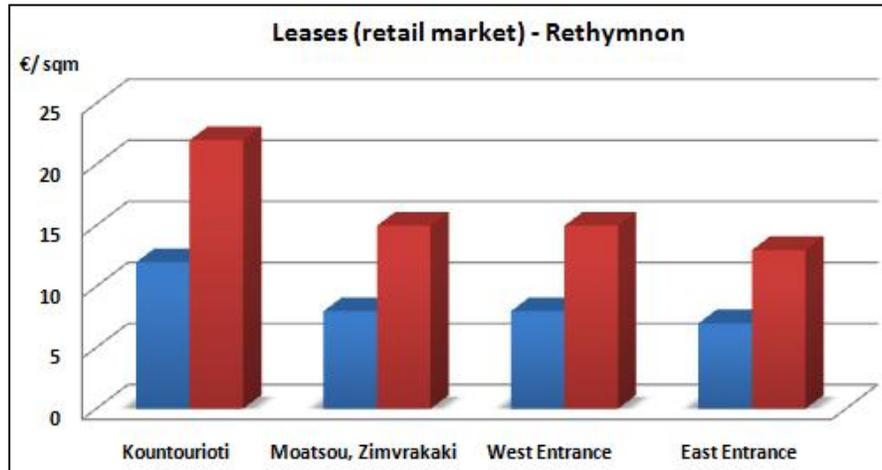
Finally, in **Lasithi** (Agios Nikolaos, Ierapetra and Sitia), commercial activity is found only in the cities’ center and the coastal zones. The relatively small offer of retail stores has led to very high market and rental values in some cases.



Source: Danos – Melakis Ltd



Source: Danos – Melakis Ltd



Source: Danos – Melakis Ltd

5. Logistics & Industrial Market

In Crete, no interest is observed in logistics and industrial market; therefore market has remained stable during H1 2016.

Large storage units can be mainly found in Heraklion and Chania, due to the presence of industrial parks, airports and large commercial ports in the two cities. Rental values vary from 2 - 4 €/sqm in Heraklion and from 1.5 - 3 €/sqm in Chania.

As for the regional units of Rethymnon and Lasithi, there is no formed real estate market in this sector, since the few large storage units are constructed upon request and based on the customer's needs.



6. Tourism

Tourism is one of the few sectors of the Greek national economy that is competitive at a global level. Despite the lingering economic challenges and the slow down due to the major politic developments, tourism sector showed remarkable strength and 2015 was a record year. The unique geographical characteristics, in combination with the highly developed and still fast developing transportation infrastructure, the development and modernization of more specific tourist facilities, are expected to contribute to the development of Greece as a major tourist destination in Europe and as an international transportation hub of European proportions.

Despite the initial negative signs due to the decrease of 1.3% as for tourist arrivals and of 6.25% as for tourist income during the period January-May, 2016 is expected to close with a positive sign, due to the significant increase of 'last minute' bookings made by the main markets of Greek tourism (Great Britain, Germany, Scandinavia), as a result of the recent advancements in Turkey and the mass cancellations. Based on the latest forecast of the Association of Greek Tourist Enterprises (SETE), 2016 will close with an increase of 5-6% as for flight arrivals and of 1-2% as for tourist receipts, with the highest arrivals' increase during H1 2016 being due to Russia (+22.7%), Great Britain (+8.6%), Germany (+7.2%), France (+6.9%) and Italy (+4.6%). However, as Mr. Andreadis, president of SETE, indicates, the migrant/refugee crisis in Europe and the unsatisfactory absorption of Russian tourists due to the 'visa' issue have hindered this increase to even higher.

As for the tourist activity in Crete during H1 2016, it exceeds the country's average, due to the demand's shift to the west and the significant decrease of tourist arrivals regarding the Eastern Aegean islands. More specifically, according to the latest data published by SETE, during the period January-June 2016, charter flight arrivals in Crete increased by 10.3%, while the increase was only 4.9% nationwide.

Airports - Arrivals

Based on the data given so far, during 2016, a large number of tourists are expected to arrive at the airports of Heraklion and Chania, giving a boost to the tourist sector in Crete. At the same time, the new Sitia's municipal airport terminal building, dedicated at the beginning of 2016, is expected to upgrade the city's role as an entrance gate to East Crete and support the steadily increasing air traffic in Eastern Crete, since many foreign agents have already shown interest in bringing charter flights during 2016 and 2017. However, high concern and big reactions from the local authorities has raised the agreement for the 40-year concession to the 'Fraport-Copelouzos Consortium' of 14 regional airports, with

Chania airport being amongst them, despite the fact that experts highlight that airports' upgrade project could give a big boost to the airline and tourist market.

In 2015, after 30 years and namely at the end of April, a British Airways flight landed at the airport of Heraklion after taking off from Gatwick airport in London. The airline had four flights to Heraklion per week during the touristic period and an extra flight during

Based on the recent data given by SETE, international arrivals during January-June 2016 numbered 930,034 at the airport of Heraklion (+11.9% relative to the same period of 2015 – 2nd airport nationwide) and 369,294 at the airport of Chania (+9.0% relative to the same period of 2015 – 6th airport nationwide), while there is an increase of +4.9% relative to 2015 for Greek airports as a whole. The positive sign regarding Heraklion airport is due to the significant increase of tourist arrivals coming from the main markets of Greek tourism (Germany, Great Britain and Scandinavia) and especially from Russia (+42% relative to 2014 and 2015). As for Chania airport, the largest increase is due to the British tourists (+34% relative to H1 2015) arriving via 'Ryanair' flights, winning as a result the 3rd place from Danish tourists (-4.0% relative to 2015) and approaching Norwegian and Swedish tourists.

Ports - Arrivals

Greece is the 3rd most popular European tourist destination in terms of cruise, following Spain and Italy. Based on the data given by the Hellenic Ports Association, during 2015, 4,281 cruise ships dropped anchor at Greek ports relative to 3,826 in 2014 (+12%), while the number of passengers remained at the same levels with 2014 (almost 5 million). A positive balance is also expected for 2016, despite the significant problems in the area of Eastern Mediterranean because of the armed conflicts, the terrorist attacks and the large migrant crisis. Based on the latest data given by the 'Association of Cruise Ship Owners & Shipping Agencies', in 2016, less cruise ships (4,067) were initially expected to drop anchor at Greek ports relative to 2015 (4,279), however, the recent terrorist attacks and political development in Turkey have forced many leading cruise operators to cancel their scheduled visits to the neighboring country and seek after safe shelters in the Greek ports.

As for **Heraklion port**, in 2015, cruise ship arrivals increased by 6% relative to 2014, despite the competition from other countries in the region, as well as the decision of some important cruise operators to withdraw from the Mediterranean Sea, due to geopolitical developments in the region. Based on the official data given by Heraklion Port Authority,

75 cruise ships with 98,765 passengers visited Heraklion port during H1 2016 (relative to 63 cruise ships in H1 2015), with scheduled arrivals reaching the number of 91 for H2 2016. The significant increase of cruise arrivals has led to the decision of constructing a cruise terminal at the national airport of Heraklion.



New Cruise Terminal in 'Kazantzakis' Airport, Heraklion

As for **Souda Port**, in 2015, cruise tourist arrivals almost tripled relative to 2014, as a result of the local authorities' intense efforts to attract more luxurious cruise ships with passengers of a higher level of income. Based on the official data given by the Municipal Port Fund of Chania and without taking into account any non-scheduled arrivals due to the recent developments in Turkey, during 2016, 15 arrivals were added to the 68 initial scheduled, with the total number of passengers approaching the number of 100,000. As for H1 2016, the local authorities' intense efforts to attract more luxurious cruise ships have led to an increase of 80% in arrivals relative to H1 2015.

However, according to Mr. Konte, president of the 'Association of Cruise Ship Owners & Shipping Agencies', the future of the cruise in Eastern Mediterranean is not promising, since the recent advancements in the region (economic crisis, capital controls, terrorism, migrant/refugee crisis, Brexit and unsuccessful military coup) have highly concerned the cruise operators and have led them to the replanning of their schedules for 2017 and the significant decrease of the cruise ships fleet capacity in the region. More specifically, two of the leading cruise companies worldwide, Royal Caribbean and Celebrity, have decided to withdraw in 2017 one ship each, while the future of two other ships is still unknown. Moreover, two other companies, Costa and AIDA, have reduced to almost half the ships capacity and the scheduled calls for the next year relative to 2016, while Wind Star is planning similar cuts.

Investments

There is strong interest from private equity funds and investors and international firms along with world calibre operators to expand in the Greek market, enhance infrastructure and attract more tourists, mainly of a higher level of income. As for Crete, there is strong interest for large seaside plots mainly in Eastern Crete, as well as for small boutique hotels in the Venetian Port of Chania.

DCI's (Dolphin Capital Investors) investment portfolio includes three major projects in Sitia, Plaka and Triopetra, however, the company has changed its plans regarding those three costly projects, in order to improve its financial image and increase its liquidity. More specifically, the company is searching for potential buyers regarding Nikki Beach in Ermioni Argolidas and has already reached an agreement for the sale of the 78% of the *'Sitia Bay Golf Resort'* project at the price of 17.2 million euros during Q3 2016. DCI has already reached an agreement for the construction at Sitia of a Waldorf Astoria hotel, which constitutes the highest quality hotel chain of *'Hilton Hotels and Resorts'* group, while the relevant Presidential Decree regarding the approval of the urban planning was signed during H1 2016. The complex will be situated on a land plot of 280 hectares with 2.5km of seafront and consists of over 80,000m² of buildable residential units, a 200 room luxury hotel, a convention centre, an 18-hole golf course and clubhouse, a 32 berth marina, a beach & country club and other leisure facilities. The *'Plaka Bay Resort'* in Lasithi will be developed on a land plot of 440 hectares with 7km of seafront and consists of a residential development of over 100,000m² buildable area, one or more five-star hotels, supporting recreational facilities and potentially an 18-hole golf course. Finally, the *'Triopetra'* project in south Rethymno will be developed on a seafront plot of more than 11 hectares and will consist of a 63 room luxury hotel with 2,500m² public areas and a 600m² spa and fitness club, as well as 82 residential units.



Sitia Bay Golf Resort, Sitia, Lasithi

The green light to the implementation of the ‘ITANOS GAIA’ investment in Northeast Crete was given after 23 years via the Presidential Decree issued at the beginning of May. The € 250 mn investment by the British company Loyalward Ltd, affiliate of Minoan Group Plc, intends to develop a large seaside plot in Cavo Sidero, Lasithi. Based on the initial concept of the project, the hotel complex which will consist of five hotels with 1,936 beds, a golf court and other sport facilities, mainly intended for luxury tourists on an annual basis, creating approximately 1,200 direct and 2,000 indirect job vacancies and arising noticeably the touristic profile of Crete. However, the ‘Greek Society for the Environment and Cultural Heritage’ and 140 local residents have contended against the implementation of the investment, arguing that the area is within a protected zone of the Natura 2000 network, where the development of such tourist facilities is forbidden.

The international chain ‘Carlson Rezidor Group’ has signed a franchise contract with the owner company of the hotel ‘Minos Imperial Luxury Beach Resort and Spa’ in the region of Milatos, Lasithi. The hotel was renamed into ‘Radisson Blue Beach Resort’ in 2016 and offers high quality services, since it has luxury rooms with Mediterranean esthetic, restaurant with menu designed by a 2 Michelin stars chef, exotic bar, 7 swimming pools, private beach and a fitness center.



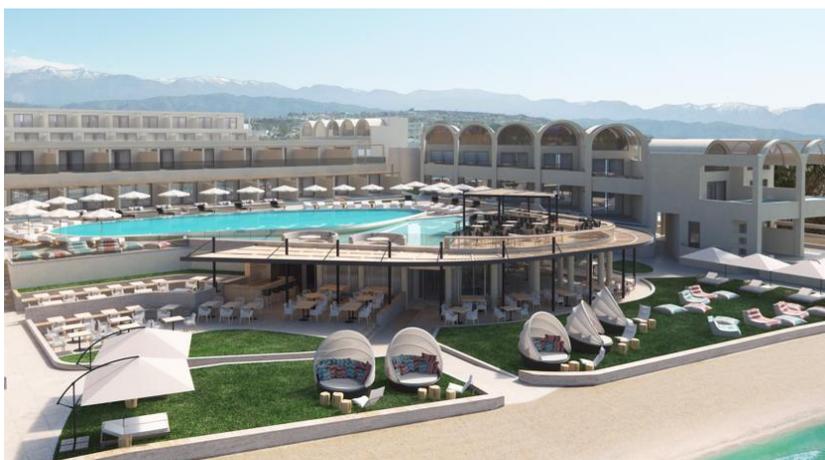
Radisson Blu Beach Resort, Milatos, Lasithi

At the same time, 2 five-star hotels in Heraklion and Agios Nikolaos are included within the important tourism investments operated by the ‘Special Promotion and Licensing Tourism Investment Service’ of the Ministry of Economy, Development and Tourism. More specifically, the project in Agios Nikolaos concerns a five-star hotel with 620 beds, spa center, tourist residences and supporting facilities, while the project in Heraklion is about a five-star hotel with 140 beds, a golf course, tourist residences and other facilities.

‘Karatzis’ group intends to built a new five-star hotel with 240 beds in Hersonissos, Heraklion, an investment that has already been under the provisions of the Investment Law with a total amount of 14.55 million euros and a financing rate of 30%. At the same time, ‘Stella Polaris Creta’, an affiliate of the ‘Karatzis’ group, plans to build a new five star hotel with 597 beds in the area of Agios Ioannis, Ierapetra, an investment for which the building license has already been issued.

The Greek group ‘Vita Hotels’ leased for the next fifteen years the four-star hotel ‘Elounda Aqua Sol’, which was renamed to ‘Elounda Breeze Resort’ during 2016, and plans to expand and upgrade it to a five-star hotel. As for the rest of the hotels managed by the group, ‘Karolina Mare’ was totally refurbished and upgraded from three to four-star hotel, ‘Sun Beach’ will be upgraded from two to five-star hotel, while a new water park will be added at the four-star hotel ‘Zorbas Village’.

‘Ledra Hotels and Villas’ group, after the agreement with the global leading lodging company ‘Marriott International’ regarding the launch of ‘Autograph Collection Hotels’ in Greece via the five-star hotel ‘Domes of Elounda’, has finished the construction of a new five-star beachfront hotel in the area of Agioi Apostoloi, Chania. The ‘Domes Noruz Chania’, dedicated on the middle of July, is an 83 room and suites hotel with spa, fitness center, sustainable facilities, conference rooms, 2 heated pools and beachfront restaurant. The € 15 mn investment created 80 new job vacancies.



Domes Noruz, Agioi Apostoloi, Chania

‘Vantaris Hotels’, owner of 3hotels in Georgioupolis, is planning the construction of two five-star hotels in Rethymnon (with over 1,000 beds) and Georgioupolis. The investments are of 30 mn euros and 20 mn euros respectively.

‘Vantarakis’ group, owner of the hotels ‘Mythos Palace’ and ‘Eliros Mare’ in the area of Georgioupolis, Chania, started operating its new five-star hotel ‘Anemos Luxury Grand Resort’ at the beginning of May. The hotel consists of 240 luxury rooms, 4 shared pools, 60 private pools, 3 restaurants, 4 bars, conference rooms and a spa center.



Anemos Luxury Grand Resort, Georgioupolis, Chania

‘Papadakis’ group, owner of the five-star hotel ‘Pilot Beach Resort’ in Georgioupolis, is planning a new five-star unit next to the existing one.

‘Mathioulakis’ group, that operates the five-star hotel ‘Minoa Palace Resort & Spa’ in the area of Platanias, Chania, has put on hold the construction of a five star hotel with 690 beds in Skoutelonas, Kolympari, Chania. The investment of more than 40 mn euros has already been under the provisions of the Investment Law.

Finally, ‘HotelBrain’ has undertaken the management and operation of the five-star hotel ‘Cretan Pearl Resort & Spa’ in Stavros, Chania, ‘4hoteliers’ is negotiating for Cypriot investors the construction of 2 new five-stars units in Pyrgos Psilonerou and Kolympari, Chania, while a hotel group that do business in Chalkidiki, has recently bought a large seaside plot in Kissamos, Chania, in order to develop a luxurious five-star hotel complex.

INTERNATIONAL COVERAGE FOR LOCAL SOLUTIONS



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