



PROPERTY MARKET

ATHENS

2nd semester 2017

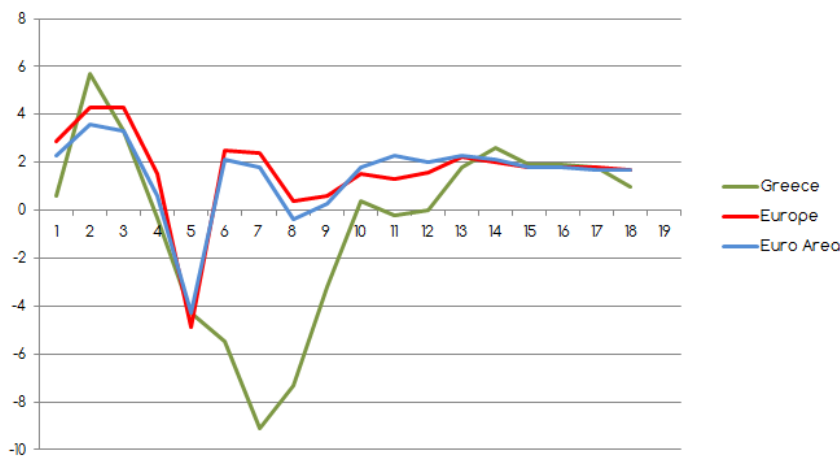


Economic Overview & Indices

The completion of the second EU program review in June 2017 buoyed confidence, supporting activity. Employment growth is buttressing incomes and private consumption, although many new positions are temporary or part-time and are paid with the minimum wage.

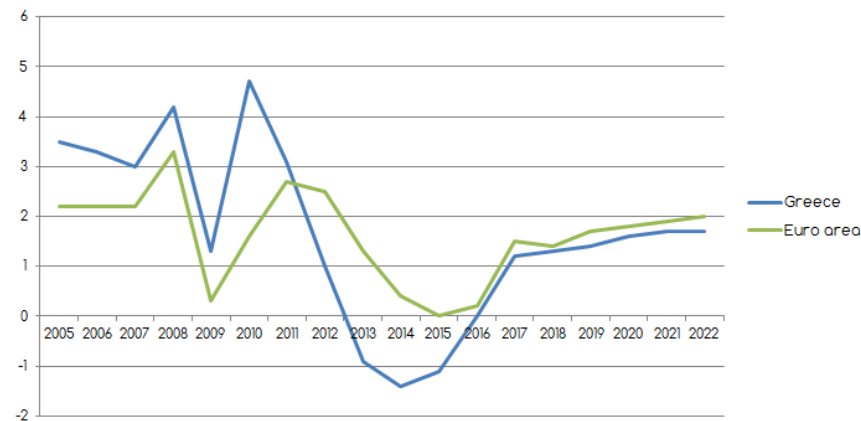
Greece's improved competitiveness is boosting goods exports while the international recovery is supporting tourism revenue. Excess capacity remains significant and inflation and wage pressures weak. High levels of public debt and NPLs make Greece's economic outlook highly sensitive to any slippage in policy. Slower progress in addressing NPLs would lower confidence and investment and activity.

Real GDP growth (Annual percent change)



Source: IMF, processing by Danos An Alliance Member of BNP Paribas Real Estate

Inflation rate, average consumer prices (Annual percent change)



Source: IMF, processing by Danos An Alliance Member of BNP Paribas Real Estate

Economic Overview & Indices

Higher public debt service costs, especially after the EU program will eventually conclude in August 2018, could adversely affect public finances and broader confidence, dragging down growth. Additional public debt restructuring would accelerate gains in access to finance and in activity. Stronger progress on the reform program would raise productivity and investments more than projected.

Unemployment rate (Percent)



Source: IMF, processing by Danos An Alliance Member of BNP Paribas Real Estate

Major Investment Transactions in 2017

Project Name	Type	2017 Vendor	Buyer	Price
Media Markt (Syggrou)	50% of Retail & Office Building	HC Leasing	Grivalia REIC	€ 13,20
Media Markt (Marousi)	Retail	HC Leasing	Grivalia REIC	€ 5,20
Sklavenitis S/M	16 Retail Shops	Zinon S.A.	Grivalia REIC	€ 16,25
Olympos Naoussa	Hotel - Development	Eurobank	Grivalia Hospitality S.A.	€ 5,50
Asteria - Glyfada	Company 80% for Hotel - Development	Nafsika S.A.	Grivalia Hospitality S.A.	€ 17,17
Media Markt (Syggrou)	50% of Retail & Office Building	POH S.A.	Grivalia REIC	€ 14,36
AB Vasilopoulos S/M	2 Multi Tenants Retail (Athens & Glyfada)	HC Leasing	Grivalia REIC	€ 22,57
Marks & Spencer (Erythria)	Retail	Individual Investor	Grivalia REIC	€ 2,65
Glou (Piraeus)	Retail	HC Leasing	Grivalia REIC	€ 4,14
Dixons - Kotsavolos (Aigio)	Retail	HC Leasing	Intercontinental REIC	€ 0,40
Sklavenitis S/M - IKA	Retail & Office spaces	Bierco S.A.	Intercontinental REIC	€ 2,37
Vodafone (Kallithea)	Retail	Individual Investor	Intercontinental REIC	€ 1,05
Salt Water, Hempel Hellas	Retail & Office space	Individual Investor	Intercontinental REIC	€ 3,14
B&B & Lynne	Retail	B&F A.B.E.E.	Intercontinental REIC	€ 3,75
ELTA Courier	Company HQ	Individual Investor	Intercontinental REIC	€ 1,74
Market In S/M	Retail	Individual Investor	Intercontinental REIC	€ 0,90
Rigillis Str.	Apartment - Office	Piraeus Bank	Intercontinental REIC	€ 0,75
Vas. Sofias Str.	Apartment - Office	Individual Investor	Intercontinental REIC	€ 0,37
Pindarou Str.	Apartment - Office	Individual Investor	Intercontinental REIC	€ 0,45
Piraeus Bank and Other (Kifisia)	Retail & Office Building	Piraeus Bank	Trastor REIC	€ 2,54
Eurobank (Patisia)	Retail & Office Building	Individual Investor	Trastor REIC	€ 1,10
Othanos	Office Spaces	Individual Investor	Trastor REIC	€ 1,57
Ex Fakos (Thessaloniki)	Retail Shop	National Bank Leasing	Trastor REIC	€ 8,45
Anchos Restaurant	Retail	Individual Investor	Trastor REIC	€ 1,40
Wolford	Retail	Individual Investor	Trastor REIC	€ 0,72
HSBC	Retail	Individual Investor	Trastor REIC	€ 0,78
Archirodon	Office Building	Individual Investor	Trastor REIC	€ 2,10
Sklavenitis S/M	Retail (Big Box)	Klépierre	Pangaea REIC	€ 47,00
Sklavenitis S/M	Retail (Big Box)	Chris Cash & Carry Ltd	Pangaea REIC	€ 24,00
Patmoy, Marousi (Empty)	Office Building	POH S.A.	Piraeus Bank	€ 6,28
Proto Thema	Office Building	POH S.A.	Douzoglou	€ 2,75
Voulagmenis, Elliniko (Empty)	Retail & Office Building	POH S.A.	Douzoglou	€ 5,35
Kifisias Av., Kifisia (Empty)	Retail	Eurobank	Briq Properties REIC	€ 0,75
Elin, Prisma Electronics S.A.	Retail & Office Building	Individual Investor	Briq Properties REIC	€ 1,10
Pantheon Plaza	Shopping mall (50%)	Rockspring	Blue House Capital	

Office Sector

The office sector in general has been stabilized. Rental prices in prime office locations have been stable in general and fluctuate between 8€ and 19 €/sq.m. with few exceptions. Major Avenues like Syngrou Ave. have seen a slight decrease of activity and therefore in price levels while other business districts have seen quite some transactions.

In the relevant graph we can see the Rental Values as have been estimated by Danos Company and the price range for various prime location buildings. The price difference indicates the various qualities of buildings and the major inefficiency in the market due to low transaction volume.

Prime yields remain for Grade A' close to 8% and for Grade B,C is 9% with only a few transactions to be recorded during this period in that range.

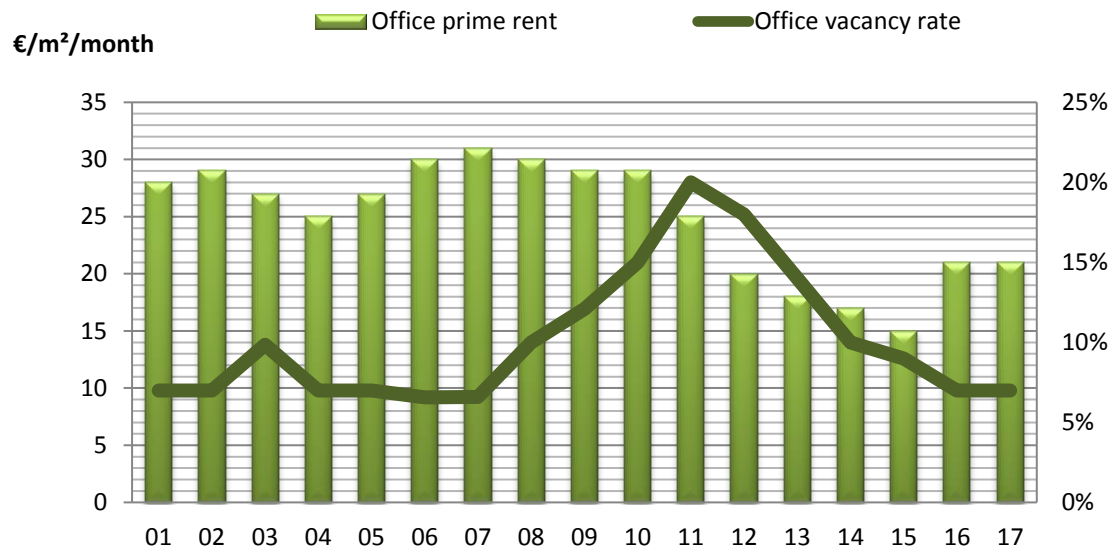
Given the completion of the 2nd evaluations of the MoU and the projections for economic recovery in the market from the 2017 and onwards, the yields are expected to contract as uncertainty falls.



Athens Office Market			
Athens Centre (C)	West Suburbs (w)	North Suburbs (N)	South Suburbs (S)
City Centre	National Rd	Kifisias Av.	Syngrou Av.
Ampelokipi	Petrou Rali	Mesogeion Av.	Amfitheas Av
Stadiou	Iera Odos	National Rd	Vouliagmenis Av.
Panepistimiou		Attiki Odos	Poseidonos Av.
Vas. Sofias			Piraeus Port
Piraeus Av.			

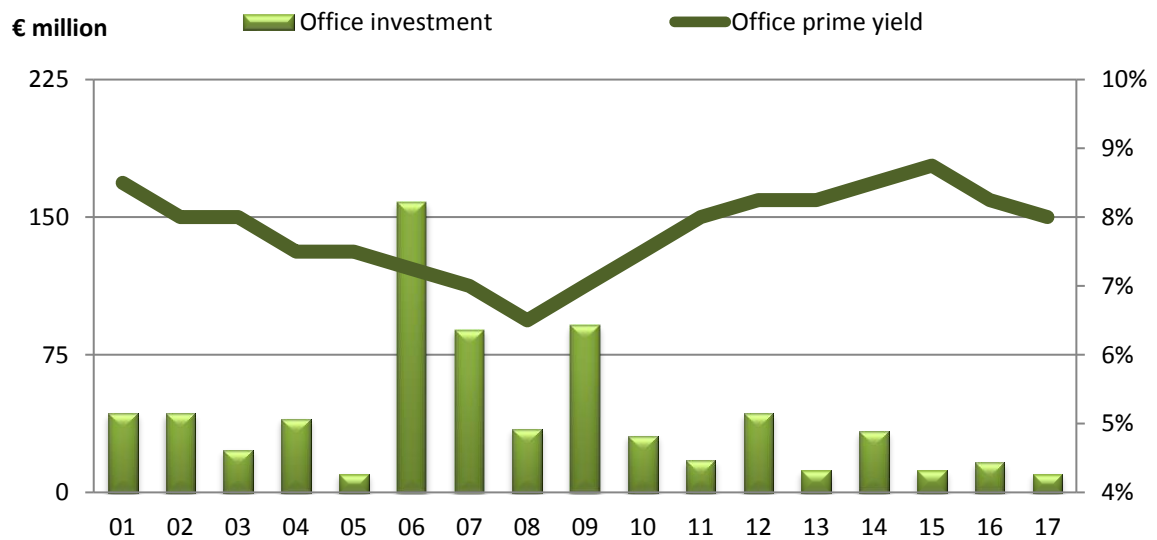
Source: DANOS – an alliance member of BNP PARIBAS REAL ESTATE

Prime Rent – Vacancy Rate



Source: DANOS – an alliance member of BNP PARIBAS REAL ESTATE

Prime Investment & Yield



Source: DANOS – an alliance member of BNP PARIBAS REAL ESTATE

Supply & Demand

In the greater Athens area the total Grade A and B office stock is c 1,8 million m2 mostly concentrated north and in the wider CBD area. The consecutive fall in rental values since the credit crunch in 2008, led to Grade A and Grade B office accommodation in prime locations becoming more affordable.

The outcome of this imbalance created an increase in demand for Grade A quality space in prime locations and an excessive supply of Grade B by upgrading the space to their requirements in return for rent free periods (max 3 months).

Prolonged escalation period and reductions in rent. As such there is little supply and high demand for Grade A and B offices in the city of Athens, especially in prime locations.

We see in CBD, the demand for Grade C and D office space are going up due to the big demand for transforming in boutique Hotels, apartments (Airbnb) etc.

	Rents	Yields	Demand	Supply
Grade A	↗	↗	↗	↘
Grade B	↘	↘	↗	↗

Source: DANOS – an alliance member of BNP PARIBAS REAL ESTATE

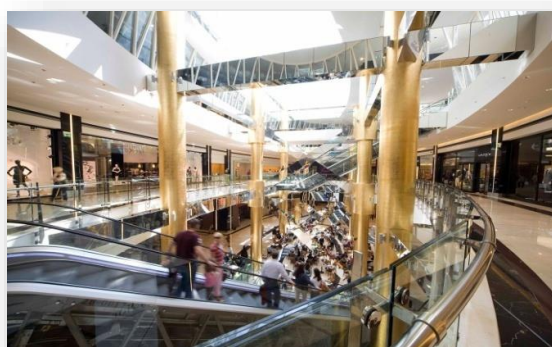


Retail Market

Greece's economic climate showed signs of recovery in September up for the first time since December 2014. The demand of the main Greek & multinational commercial companies were rose mainly in Prime retail markets. The prime rents was stable, as well the rents in secondary locations, the key money remain as asking, for shops in high street locations & in many cases for shops in secondary locations. The vacancy rate in Prime retail markets & shopping malls is low. Yields in the retail market in Ermou Str. is 6%, in the other prime markets is 6,5%-7%, & for the shopping centers is 7,5%.

However the Hellenic Statistical Authority announces on 31st January 2018 the turnover and volume indices in retail trade with base year 2010 November 2017 according to provisional and reduced data (they will announce the data of December 28/02/2018):

- The overall turnover index in retail trade in November 2017 decreased by 1,7% compared with the corresponding index of November 2016.
- The overall volume index in retail trade (i.e. turnover in retail trade at constant prices) in November 2017 decreased by 2,9% compared with the corresponding index of November 2016. It is the biggest decrease since June of 2016.

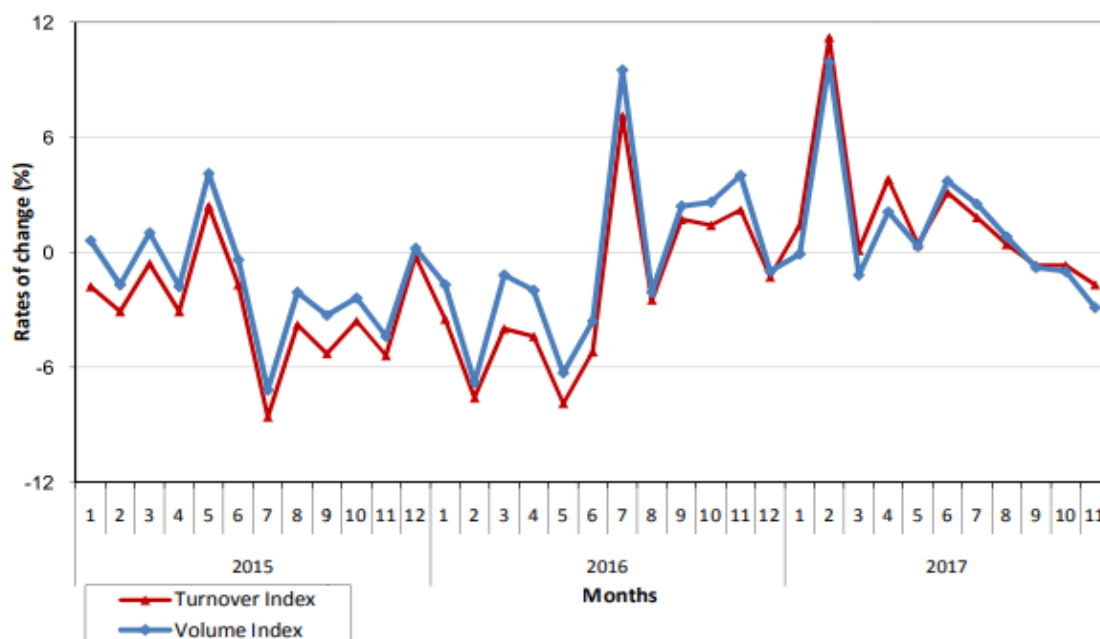


Annual rates of change of turnover index and volume index in retail trade

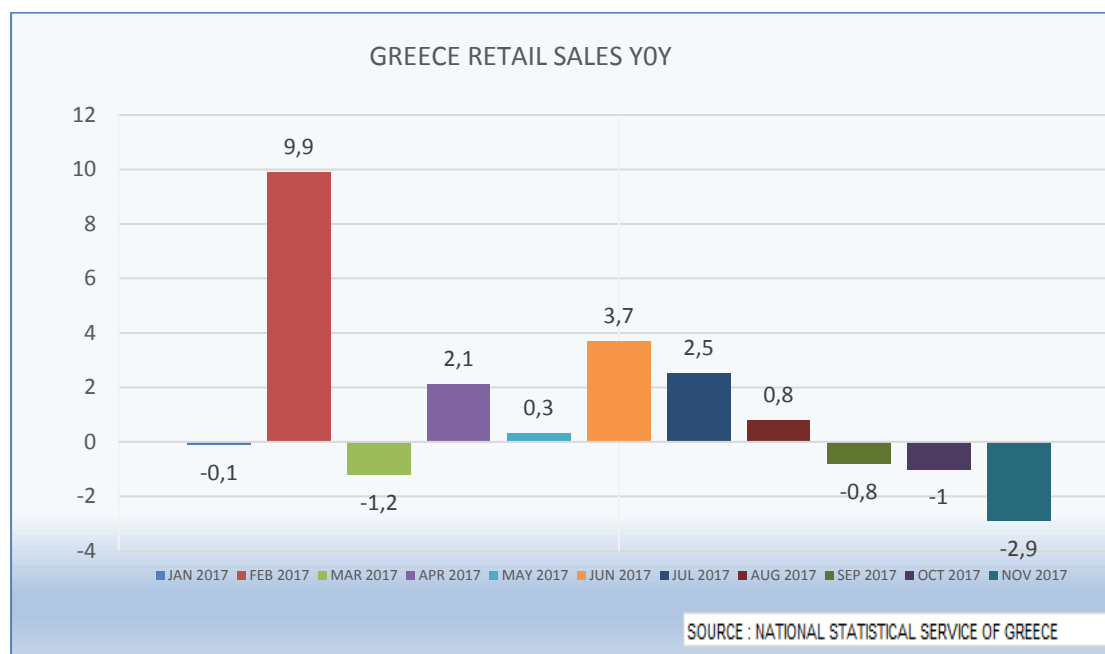
(Reduced data on the basis of a typical month) Base year: 2010=100.0

Retail Trade Store Categories	Turnover Index			Volume Index		
	November 2017*	November 2016	Annual rate of change (%)	November 2017*	November 2016	Annual rate of change (%)
Overall Index	68,6	70,0	-1,7	68,0	70,0	-2,9
Overall Index except automotive fuel	69,8	71,7	-2,6	70,2	72,4	-3,0
I. Main store categories						
Food sector	70,8	75,7	-6,5	67,3	72,8	-7,6
Automotive fuel	65,5	63,2	3,6	60,6	62,9	-3,7
Non-food sector except automotive fuel	68,7	67,2	2,2	75,0	72,6	3,3
II. Specialized store categories						
Supermarkets	73,2	78,8	-7,1	71,8	77,4	-7,2
Department stores	72,7	71,3	2,0	83,6	81,7	2,3
Automotive fuel	65,5	63,2	3,6	60,6	62,9	-3,7
Food, beverages, tobacco	57,0	58,7	-2,9	53,5	56,0	-4,5
Pharmaceutical products, cosmetics	58,9	60,3	-2,3	63,5	63,6	-0,2
Clothing and footwear	74,6	70,6	5,7	80,6	77,4	4,1
Furniture, Electrical Equipment, Household Equipment	63,2	58,4	8,2	77,9	69,8	11,6
Books, Stationery, other goods	95,2	95,4	-0,2	108,0	106,5	1,4
Retail sales not in stores	67,9	53,7	26,4			

Evolution of annual rates of change for turnover and volume overall indices in retail trade



SOURCE : NATIONAL STATISTICAL SERVICE OF GREECE



SOURCE : NATIONAL STATISTICAL SERVICE OF GREECE

Residential Market

Today there are about 6.4 million residential properties in Greece, or 71 housing units per 100 people. In the EU, there are 60 properties for every 100 European residents.

The available properties today in the Greek real estate market exceeds the 250,000.

According the data of Bank of Greece the prices of real estate in Greece are 42,1% below pre-crisis levels in Athens are 44,1% and in Thessaloniki 46,4% .

However, the actual reduction may in some regions exceed the 60% even the 70%. Great reduction in the prices of old homes, mainly in some areas in the center of Athens. Apartments 30 or 40 years are sold 10,000-20,000€.

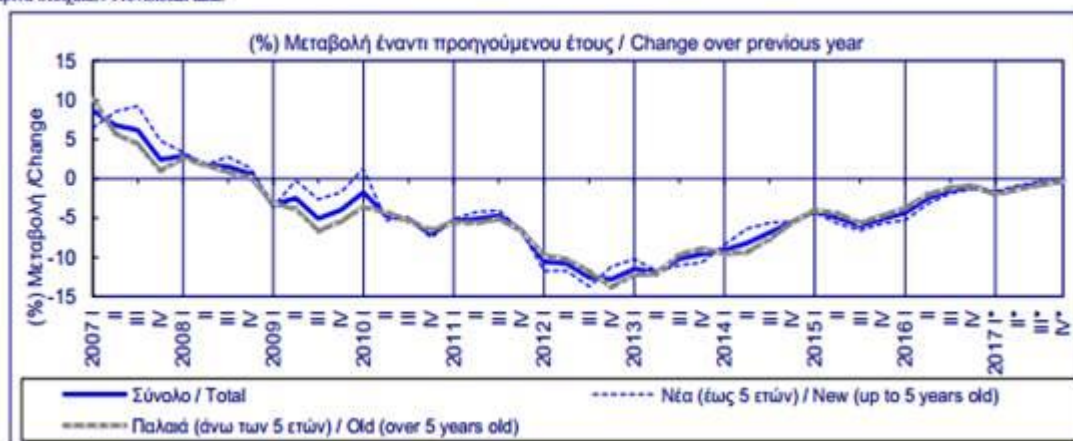
Airbnb and Greek Golden Visa, have begun to move the Greek real estate market. As of September 2017, 2014 primary applicants have received a Greek residency permit.

Foreign funds "besiege" dwellings mainly in the heart of Athens, aiming at their acquisition and then subleasing them through Airbnb. This has as a consequence to be very difficult to find an apartment for rent in the center of Athens, especially in districts of the center such as Koukaki, Petralona, Filopappou, Makrygianni or even Exarchia, the houses for rent are few, the rents high and the quality of the apartments low .

According to data collected from credit institutions, nominal apartment prices are estimated to have declined marginally on average by 0.3% year-on-year in the fourth quarter of 2017, whilst in 2017 the average annual decline in apartment prices was 1.0%, compared with an average decrease of 2.4% in 2016.



Πηγή: Τράπεζα της Ελλάδος, στοιχεία που συλλέγονται από τα πιστωτικά ιδρύματα. / Source: Bank of Greece, data collected from the MFIs.
*Προσωρινά στοιχεία. / Provisional data.



Logistics & Industrial Market

The market is characterized as a good activity with some new leasing deals occurring.

Deals that are closing stem from existing occupiers taking advantage of the weak fundamentals and either moving to secure better price space and better quality and some of them is looking for expansion looking due to the wider financial growth of the economy.

Prime rents are 2,50 €/sq.m./month for industrial in Athens and 3 – 4 €/sq.m./month for logistic and expected to remain stable. We see logistic Developers that but in the pipeline new and big logistics projects in Thriasio, due to Cosco, Thriasio project and the deal with the Italian Ferrovie for the train in Greece.

Investment activity was very subdued in 2017 with deal negotiations lengthy but was vastly increased the last 3 months and we expect it to last also during the first quarter of 2018.

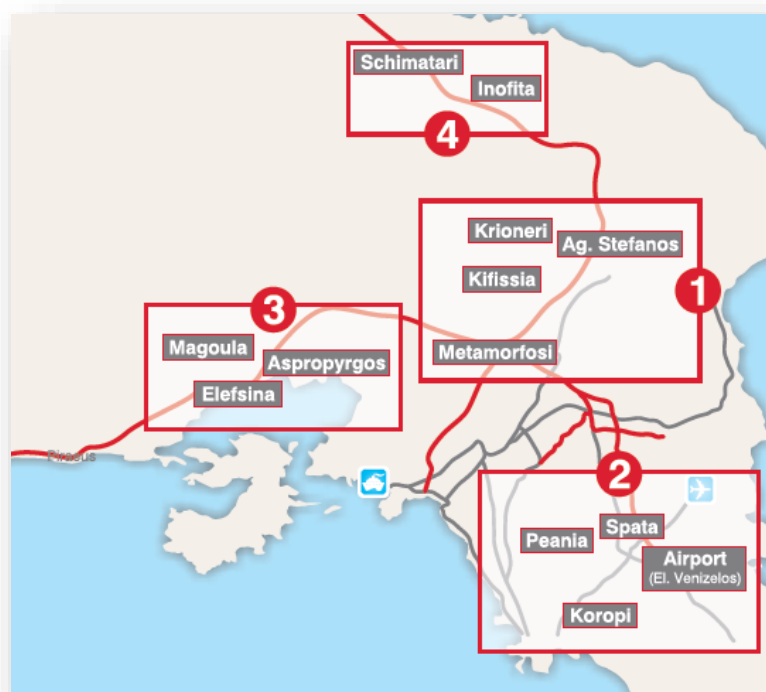
This year we see that big multinational logistic companies are looking for the Greek Market and some of them, like GEFCO, start the operation in 2017.



	Rents	Yields	Demand	Supply
Grade A	↗	↗	↗	↓
Grade B	↓	↗	↓	↑

Source: DANOS – in alliance with BNP PARIBAS REAL ESTATE

Athens Logistics & Industrial Map



Athens North (1)

Metamorfosi
Kifisia
Krioneri
Agios Stefanos

Athens East (2)

Koropi
Spata
Markopoulo
Peania

Athens West (3)

Aspropyrgos
Magoula
Elefsina

Viotia (4) Oinofyta & Schimatari

Hotel & Tourism

The Greek Tourism Confederation is optimistic for 2018 forecasting at least 26 million international tourists, representing an increase of 5% and significantly higher receipts, targeting at € 14.4 billion, an increase of 12.9% y-o-y. We assume that this increase is based on expected changes in the market mix.

At the Athens International Airport total international arrivals declined in Q2 2017 with 0.6% y-o-y, mainly caused by the performance of the month of February, which recorded a drop of 7% y-o-y.

Occupancy levels as well as room rates of Athenian hotels showed a positive trend, resulting in an improvement of RevPAR in Q2 2017 of 12.3% y-o-y.

International arrivals at the airport of Thessaloniki increased significantly by 11.8% y-o-y during Q2 2017. February was particularly strong, which was reflected in the occupancy levels of the Thessaloniki hotel sector. Overall, RevPAR increased by 10.1% y-o-y in Q2 2017.

The improved climate in the tourism industry is reflected in the important agreements that have been completed in Q2 2017. Among others:

- Zeus International **has reached a lease agreement of the Poseidon Resort in Loutraki**. The indebted hotel will be rebranded as the 108-room Wyndham Loutraki Poseidon hotel and the 207-room Ramada Loutraki Poseidon. Ramada is a brand of Wyndham Worldwide.
- Zeus International, as part of a wider development plan with the Wyndham Hotel Group signed deals in March with 2 hotels of the Xenotel Hotel Group in Attiki: the 346-room Mare Nostrum in Vravra and the 129-room Aqua Marina in Nea Makri. The hotels will be rebranded as the Ramada Plaza Attica Riviera and the Wyndham Garden Attica Riviera and will be in operation as such from 2018.
- **Accor**, which currently has the Novotel and Sofitel in Athens in their portfolio, announced in March that it will expand with an Ibis Styles hotel in Heraklion, Crete. The 72-room Ibis Styles Heraklion Central Hotel will be constructed by Polis H.M. S.A with a budget of € 15 million. Furthermore, Accor is planning for a first Ibis hotel in Athens and a Novotel in Piraeus.
- In February Eurobank confirmed that out of 5 bids the preferred buyer of the 700-room Capsis hotel is Nikos Koutras, owner of two major resorts on the island of Kos.
- Latest developments in Athens the fourth auction of the 314-room Athens Ledra at Syngrou Avenue and the first auction of the 208- room La Mirage hotel at Omonia Sq. failed despite expressed interest from local and foreign investors.
- Lampsas Group win the tender for the long-term lease a property of the “MUTUAL PROVIDENT FUND OF AGRICULTURAL BANK OF GREECE FORMER EMPLOYEES (ATPPEATE)” in Athens with a hotel use the ex Kings Palace in Syntagma Sq.

The great interest of investors and chains (domestic and foreign) for investments in Greece, shows the autonomous tourism / hotels in the rest of economic activities.

The forecasts remain auspicious for the coming years, as according to the PWC-RiMaKo study, may the arrivals in 2021 to exceed 35 million € and revenues of 20 billion €, while direct employment to exceed 1 million € and tourism to reach to contribute in 2021 € 43 billion to the GDP of the country. Of course, the above requires major moves for planning the next steps in order to expand the seasonality, the development of thematic tourism etc.





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