

## S1 2020 MARKET INSIDER REPORT



### ATHENS MARKET REPORT

The expectations for 2020 were high before the spread of the pandemic however Covid-19 has created massive turbulence in the market overall. 2019 has been a record year for the Athenian Real Estate market with high investment volumes and improved figures across the sectors.

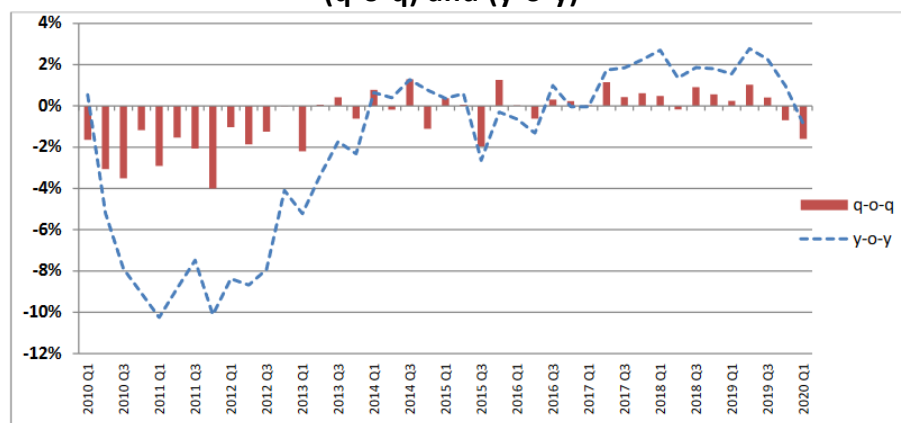
#### MACRO FIGURES

European and Global figures imply that economic impact of Covid-19 are present and leading the economies to unprecedented economic crisis. Forecasts of 2020 are not optimistic and most economists agree that we are headed to a U shaped recovery.

#### Greek Economy S1 Overview

What started off as a very promising year for the Greek economy has turned out to be a very challenging year because of the wide spread of the pandemic Covid-19. Almost all economies worldwide will be experiencing a year of recession, low demand for commodities and a low down in investment. According to the EU forecasts the Greek economy will fall in a short term recession following the global environment and will experience a 9,7% fall in GDP, an increase in Unemployment and a general slow down in basic figures. The economy is expected to bounce back in 2021 and to revive its previous positive outlook by 2022.

GDP in Volume Terms/Seasonally adjusted figures  
(q-o-q) and (y-o-y)

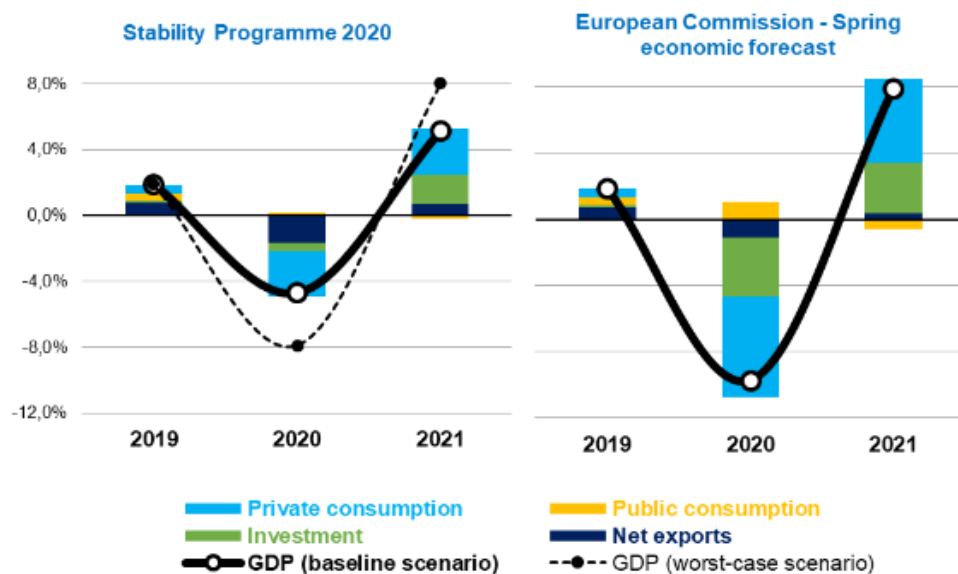


Source: Elstat

EUROPEAN COMMISSION FORECASTS					
ECONOMIC INDICATORS	2017	2018	2019	2020	2021
GDP (%)	1,5	1,9	2,2	-9,7	7,9
Inflation (%)	1,1	0,8	0,8	-0,6	0,5
Unemployment (%)	21,5	19,3	18,2	19,9	16,8
Gvnt Balance Sheet (% GDP)	0,7	1	1,5	-6,4	-2,1
Gross Public Debt (% GDP)	176,2	181,1	174,9	196,4	182,6

Source: ec.europa.eu

Dealing with the coronavirus pandemic will result in a temporary derailment of the fiscal path of high primary surpluses agreed with our European Union partners given the high public debt levels. Although the expansion of fiscal deficits in 2020 and 2021 is largely one-off, it nevertheless increases the gross financing needs of the Greek government, which are covered either by new borrowing or by liquidating government reserves (approximately €37 billion, of which about €21 billion is available to the Greek government). It is to be noted that debt sustainability requires that gross financing needs as a percentage of GDP to remain below 15% of GDP in the medium term and below 20% in the long run. According to the 5<sup>th</sup> Enhanced Surveillance Report, the sustainability criterion is met. The unknown factor is now, however, the effect of the coronavirus on the debt sustainability exercise. As far as deficits are financed by government reserves, debt is not affected. This does not mean, however, that government reserves are unlimited. Thus, when used for good purposes such as for COVID -19, these reserves will need to be replenished through borrowing, if other ways are not forthcoming.



Source: ECB

## Tourism Sector

Tourism is one of the pillars of the Greek Economy and at the same time one of the most affected sectors of pandemic due to the Lockdowns and the travel restrictions. The entire industry is facing challenges that are yet to be dealt with since after the partial opening of the borders to the tourists, the bookings and the sector activity remains in disappointing levels.

### Tourism in Numbers

Employment in Tourism is 20% of the total country employment

Tourism Industry consists of 11,7% of GDP in direct revenues and reaches up to 25-30% of indirect impact to GDP

Projected turnover Losses for 2020 around 4.46 billion Euro

71% of Hotels expect they will require funding of around 31,1% of their Revenues





## S1 2020 MARKET INSIDER REPORT



### OFFICE MARKET REPORT

Office market has been emerging over the last couple of years. Although 2020 is being a challenging year so far there is still ongoing demand for quality office spaces.

#### OVERVIEW

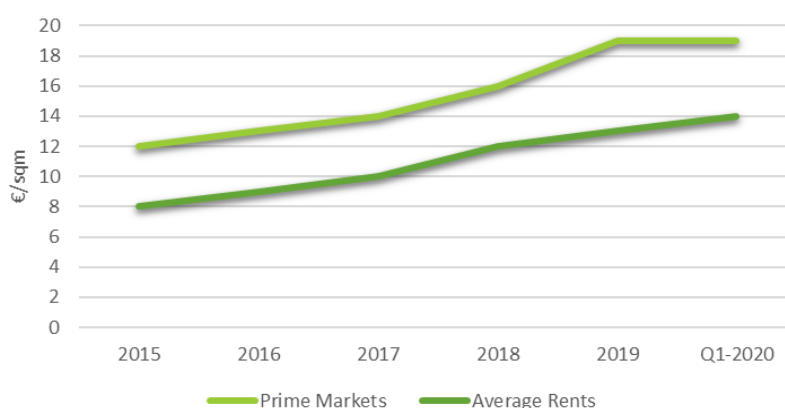
Athens Office Market has been in the investor radar for the past three years, the investor interest remains however it is yet to see how and whether the Covid-19 pandemic will transform the market.

#### ATHENS OFFICE MARKET

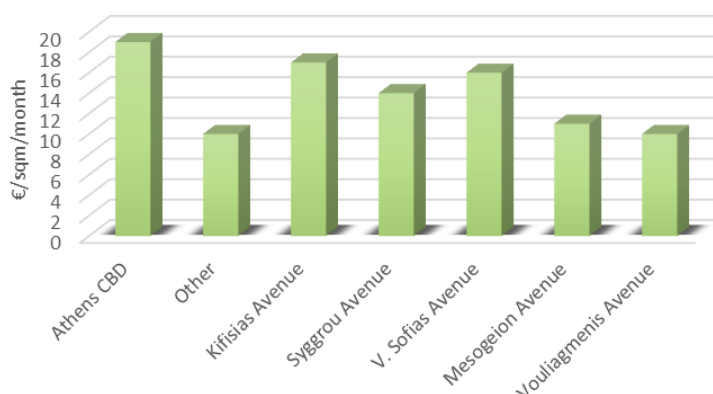
The offices sector offers significant prospects for investors, given the fact that the quality of existing office stock over the past years was insufficient (2019 Grade A vacancy rate 5,7%). The demand of quality office spaces (Class A) in the major business districts/avenues of the city is still intense, either for relocation purposes or new business activities (*i.e.* start-ups).

Of course, the increase of the level of the prices, both for the sale of properties and for rentals, in all Greece's RE market sections is a reality and Athens is predicted to rank, within 2021, amongst the first places of the list compared to other European cities. The Athens center and the northern suburbs of the city already showed an increase in the rentals, driving the yields to 6.5%.

#### Office Market Rental Values



#### Main Markets Avrg Rent



The lack of Grade A office space still remains an issue to the market supply, since there is lack of quality spaces to meet investor demand. There new developments that will offer some new Grade A spaces, however there is still little indication as to what the pandemic impact will be on the sector. Some analysts believe that remote working is here to stay so demand for Offices will fall while others believe that demand will rise especially for Grade A spaces that offer sustainability especially for hygienic purposes.



**Q1 2020: 40 million Euro deals  
finalised by June 2020.**

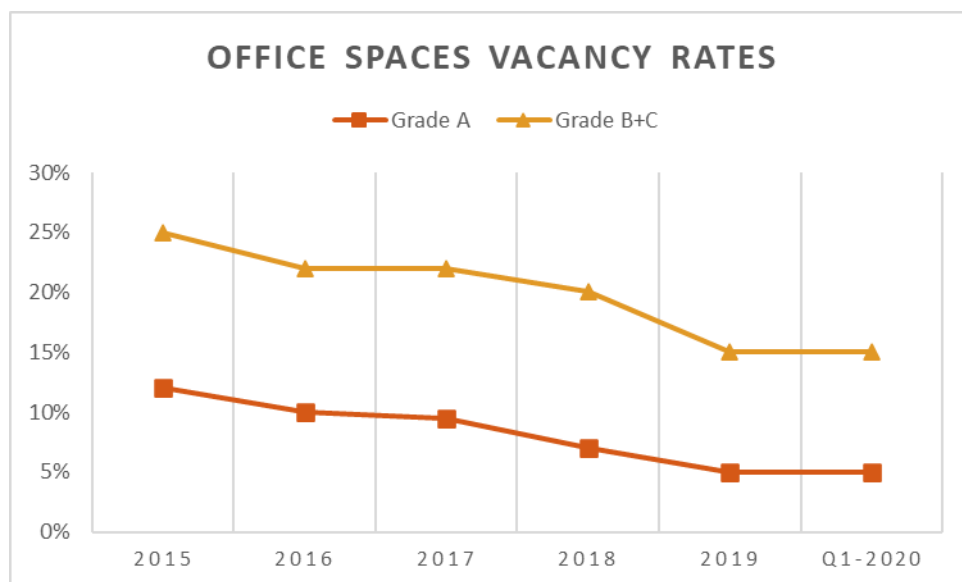


**Q1 2020: 82 thousand sqm  
Take up in Office Space.**

Greek REICs and real estate investors plus foreign private equity funds are looking at the market for properties with prime tenants.

High quality single assets or property portfolios are sought-after, which led to yield contractions especially for properties in prime office locations to around 6%-7%, whereas in secondary locations if the property is leased to a prime tenant yields form to around 8%-8.5%.

Yields	Locations
6%-6,5%	Grade A Prime Locations
7%-7,5%	Grade B Prime Locations
8%-8,5%	Grade B Secondary Locations



MARKET TRENDS GRADE A OFFICES	
RENTALS	→
YIELD	↘
VACANCY RATE	↘
ABSORPTION	↗

The lack of modern space and the investor appetite for Office spaces seem to be fortifying the sector against the challenges expected to be faced in the market as a result of the pandemic. There is recorded demand for office space and some major deals in the sector have come to completion as soon as the lockdown measures were resumed.

The implications of the upcoming economic crisis as a result of the pandemic is not quantified yet in the Real Estate market and it is yet to be seen if the office market will remain a leader in investor preferences, however so far it seems that there are willing investors and the short-term turbulence will not affect the long run investment criteria.

## S1 2020 MARKET INSIDER REPORT



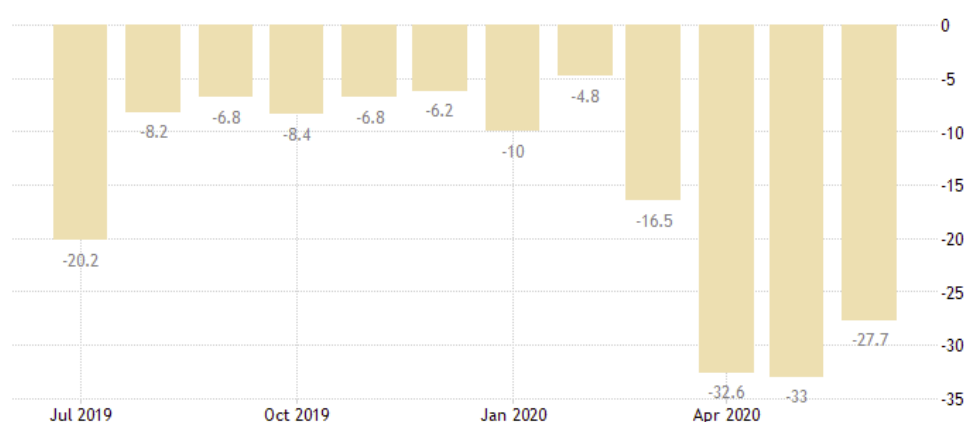
### RETAIL MARKET REPORT

The Retail Sector has been facing a challenge as a result of Covid-19 pandemic, prime locations and shopping malls have been performing over the last years and hold investors interest.

#### OVERVIEW

Retails has been challenged in the first Semester of 2020. Lockdowns and the spread of the pandemic have largely affected the operation of the retail market that is now in the process of stabilization and adaptation to the new norms.

#### Consumer Confidence Index



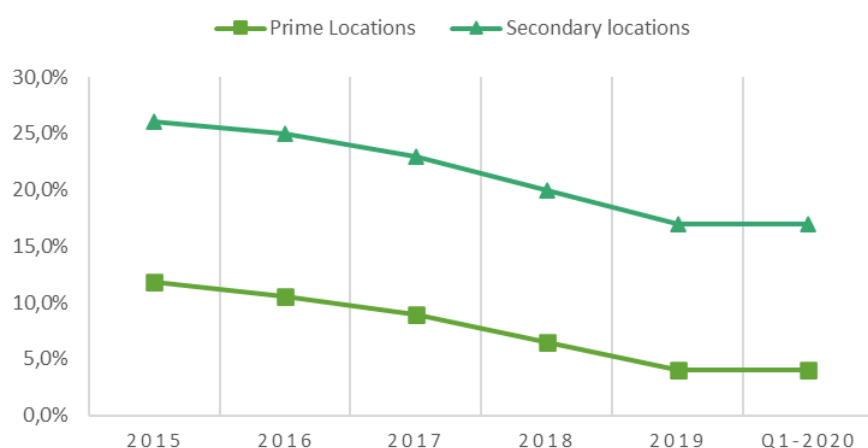
SOURCE: TRADINGECONOMICS.COM | EUROPEAN COMMISSION

#### ATHENS RETAIL MARKET

Retails Market is in a position where it has to come up against the results of Covid-19, whether these are translated to a plunged Consumer Confidence (as presented in the diagram) or a drop in disposable income or even the change in habits and spending. Bricks and mortar retail has to face e-commerce and its rapid increase during the pandemic. Purchases from online companies have doubled from 21 percent in 2019 to 44 percent in the first week of April 2020, with online food deliveries also rising from 13 percent to 25 percent since last year.

At the same time local markets are experiencing increase in sales since the people are not eager to commute and use public transport. It remains to be seen how the prime locations will correspond to these changes combined with the imposed by the government 40% discount in rents. That for some specific company operations it is a measure voted to stay till October.

#### RETAIL MARKET VACANCY RATES



Retail has performed throughout the years in Athens. Shopping Malls & High streets have been very popular and sought after popular brands. Main areas such as Ermou - Glyfada- Kifissia - Kolonaki and Piraeus have witnessed increases and are still considered as prime retail locations, characterized by higher volume of take ups, low vacancy rates and prime tenants. Peripheral retail markets (Chalandri, Nea Smurni etc.) also seem to be increasing their performances.

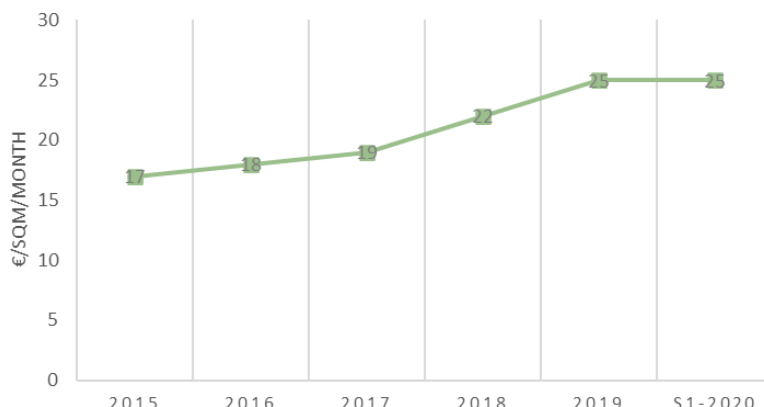


Secondary High streets  
€ 30 - € 80

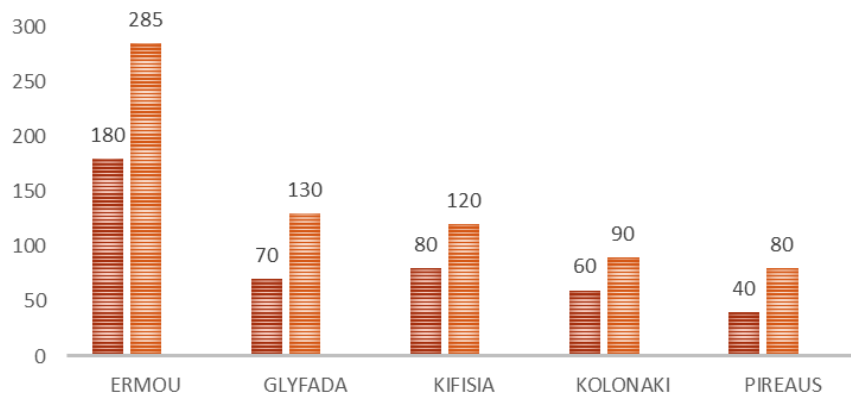


Shopping centers  
€ 20 - € 40

#### AVRG RENTS IN SECONDARY LOCATIONS



#### PRIME LOCATION RENT RANGE



#### MARKET TRENDS PRIMARY RETAIL LOCATIONS

RENTALS	➔
YIELD	➔
VACANCY RATE	➔
ABSORPTION	➔

**Main yields:** The yields in the high streets continued to compress for the second half of 2019, with the higher rates in the shopping malls 6,75%-7,75% and the lower rates in Ermou street 5,75%-6,25%. However in the first semester of 2020 they show signs of stability since the retail market is challenged and the increased volumes of e-commerce have resulted in a drop in sales. Prime locations so far seem to remain unaffected and in the short term the market will define whether the changes in consumption and retail activity will resume to previous standards.



## S1 2020 MARKET INSIDER REPORT

### LOGISTIC MARKET REPORT

The industrial market has been witnessing and impressive increase in volumes of transactions as well as rental levels. This trend is expected to continue throughout 2020 especially after Covid-19 pandemic and its impact in RE market.

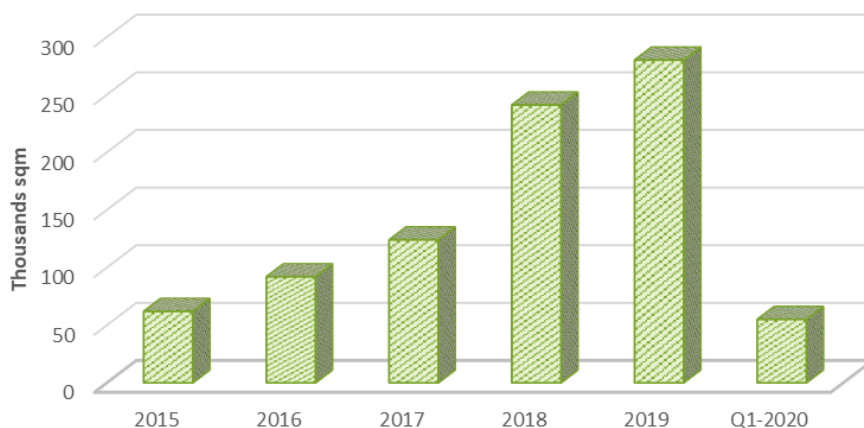
#### OVERVIEW

Major infrastructure works and the important investments scheduled by COSCO for the Port of Piraeus are creating an environment where Athens could be placed as an important transit centre in Europe challenged to handle extreme volumes of goods channelled from the East and Middle East to the EU market.

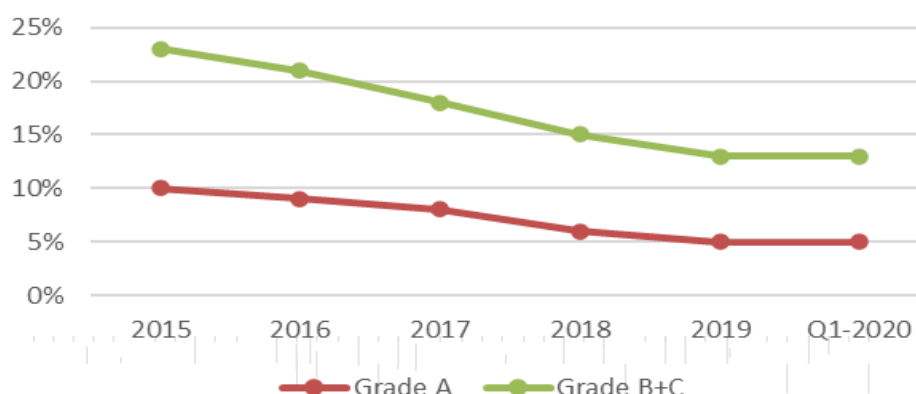
#### LOGISTICS REAL ESTATE MARKET

Logistics market is increasing its figures and gathers the attention of investors. The lack of Supply for modern Grade A logistics is triggering the investors interests that are looking to invest in spaces suitable for logistic developments. As far as demand is concerned, there has been significant activity on the market with new lease agreements, with surface sizes for rent ranging between 500-2,000 sqm in relatively urban areas and demand for larger surfaces up to 10,000 sqm in the regions, where 3PL companies are looking to develop new projects (with additional uses with office space).

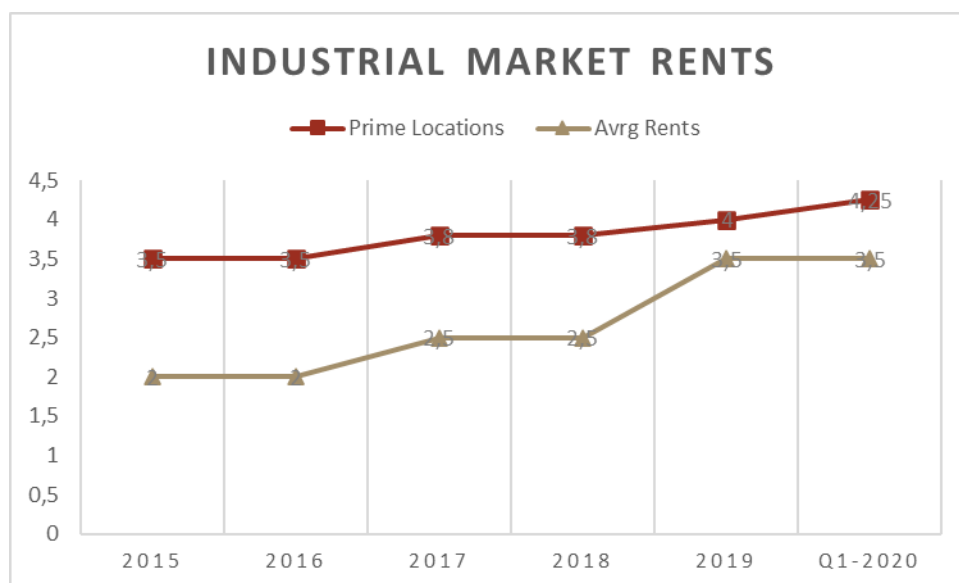
#### TAKE UP OF INDUSTRIAL PROPERTIES



#### Vacancy Rates Industrial Properties



The lack of a specialised logistics market was clearly depicted during the boom of e-commerce during the Lockdown period. Specifically it has been since the target of most courier and transport companies to develop adequate logistic centres and last mile logistics. Important investments are expected also by the major transportation firms.



Prime Logistics areas such as Aspropyrgos and Magoula have been under the investors interest and they are already drawing demand that is expected to increase further in the following months.

	MARKET TRENDS LOGISTICS			
	RENTS	YIELDS	DEMAND	SUPPLY
GRADE A				
GRADE B				

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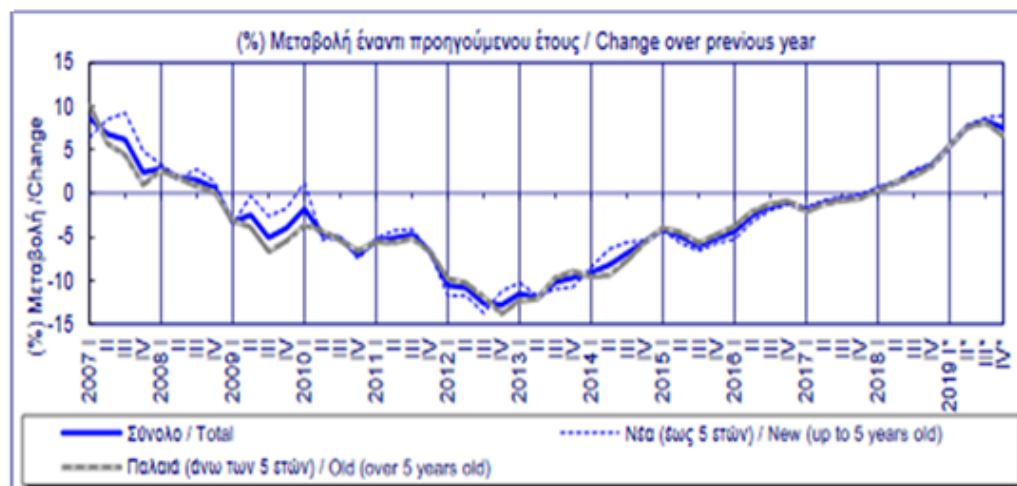


## RESIDENTIAL MARKET REPORT

The increase of Residential Market performance fueled by Airbnb and golden visa is expected to slow down in the coming months but once the travel disruption and restrictions cease and the restrictions are lifted the market is expected to bounce back.

### OVERVIEW

Transactions activity in the Residential Market appears to be dependent on Airbnb and Golden Visa, both of which have witnessed noticeable decline due the restrictions imposed as a result of the spread of Covid—19.



Source: Greek Central Bank

### ATHENS RESIDENTIAL MARKET

Athens residential market has witnessed subsequent increase in prices both in sales values and rental values for the past years. According to the Bank of Greece real estate prices rose 9.1% by the third quarter of 2019, according to data released so far, while for the whole of 2018 apartment prices rose at an average annual rate of 1, 8%. Data for 2020 has not yet been available.

The increase in prices for apartments up to 5 years in the third quarter of 2019, compared to the corresponding quarter of 2018 was 9.0% & 9.2% for apartments over 5 years. While for the corresponding age apartments for 2018 the rate of increase was 2.0% & 1.6%. At the Final quarter of 2019 a small decline has been recorded that remains to be examined in the data of 2020, so as to see the impact of Covid-19 in residential transactions and prices. The increase in construction activity as presented in previous years is expected to continue as the pandemic is considered as a short term turbulence that will not affect long term investment decision making.

## House prices for sale

*Golden Visa has been a significant market driver that has supported the market for the past three years. Cash injection and direct investment of foreign capital has been important to the market increases since local buyers have been facing problems with income levels and Bank fueled financing. It remains to be seen how the travel bans and the overall Covid-19 measures will impact the Greek Residential Market.*

Area	Q2 2020 (€/sqm)	Q2 2019 (€/sqm)	Change %
Greece - countrywide	1,544	1,474	4.80%
Athens - Center	1,571	1,522	3.30%
Athens - North	2,250	2,192	2.70%
Athens - South	2,600	2,532	2.70%
Athens - West	1,302	1,200	8.50%
Athens - East	1,527	1,456	4.90%
Piraeus	1,442	1,346	7.10%
Piraeus suburbs	1,154	1,073	7.50%
Rest of Attica	1,622	1,544	5.00%

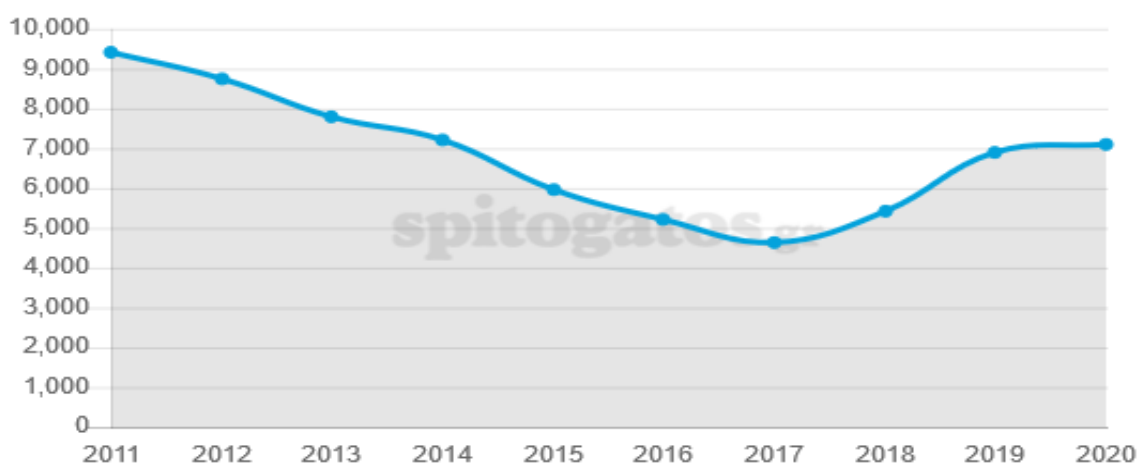
## House prices for rent

Area	Q2 2020 (€/sqm)	Q2 2019 (€/sqm)	Change %
Greece - countrywide	7.50	6.88	9.00%
Athens - Center	9.38	9.50	-1.30%
Athens - North	8.46	8.10	4.40%
Athens - South	10.37	10.49	-1.10%
Athens - West	6.40	5.77	10.90%
Athens - East	6.36	6.04	5.30%
Piraeus	7.65	7.22	6.00%
Piraeus suburbs	6.10	5.67	7.60%
Rest of Attica	6.43	6.33	1.60%

It has been recently observed that the supply of properties for Rent has increased substantially since many units available for short term rentals (Airbnb etc.) are now being marketed for long term rentals since the Tourism sector has been witnessing a downturn because of Covid-19.

Source: Spitogatos.gr

**SPI - Residential properties for sale, Athens - Center**  
Annual changes



The center of Athens show resilience in the changes and current challenges. The property stock is still low in quality and the prices are still attractive to investors.

## S1 2020 MARKET INSIDER REPORT



### HOTEL & TOURISM MARKET REPORT

Hotel and Tourism Industry has been one of the worst affected industries from the pandemic Covid-19. Government measures have ceased all tourism activity and now the industry is in the process to welcome back tourists with the new health & safety protocols.

#### OVERVIEW

Tourism has always been one of the pillars of the Greek Economy with an important contribution to the country's GDP and macro figures. The industry is expected to experience losses as the figures from international operators and advanced bookings show that the impact of the pandemic with further create problems in travel. The travel restrictions have not yet been eased to countries such as USA, Russia that are the basic client pool of the Greek Tourism industry. The volume of travelling remains low as shown in the diagram below.



**ATHENS INTERNATIONAL AIRPORT**  
**PASSENGER TRAFFIC DEVELOPMENT 2020**

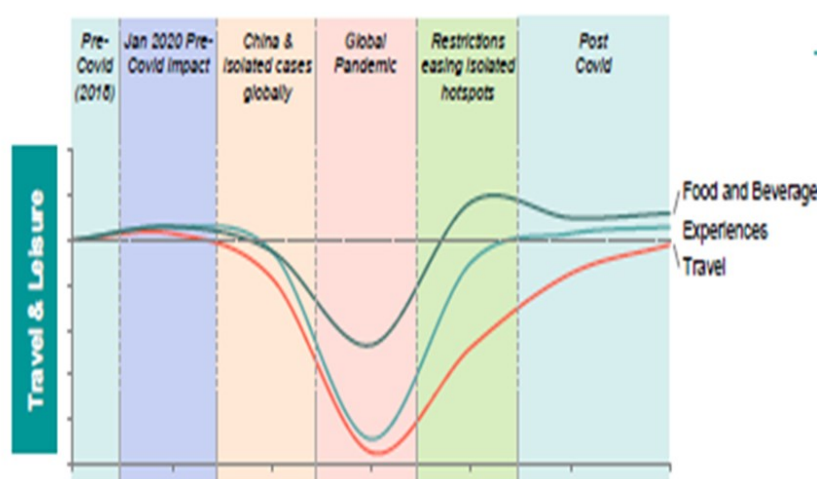
PASSENGER TRAFFIC	Domestic			International			Total		
	2020	2019	%2020/ 2019	2020	2019	%2020/ 2019	2020	2019	%2020/ 2019
January	433,964	449,834	-3.5%	1,038,772	943,051	10.2%	1,472,736	1,392,885	5.7%
February	423,501	443,228	-4.5%	941,130	884,560	6.4%	1,364,631	1,327,788	2.8%
March	207,955	516,796	-59.8%	431,826	1,135,798	-62.0%	639,781	1,652,594	-61.3%
April	11,917	573,227	-97.9%	11,411	1,413,529	-99.2%	23,328	1,986,756	-98.8%
May	58,289	700,752	-91.7%	25,728	1,584,454	-98.4%	84,017	2,285,206	-96.3%
June	195,871	795,188	-75.4%	119,837	1,817,906	-93.4%	315,708	2,613,094	-87.9%
Year-to-date	1,331,497	3,479,025	-61.7%	2,568,704	7,779,298	-67.0%	3,900,201	11,258,323	-65.4%

Source: AIA

## Athens Hotel & Tourism Market

The downfall of the numbers for industry started before the lockdown witnessing large falls in RevPar and Occupancy rates from the end of February in most European cities. Specialists believe that ADR and RevPar will fluctuate on the downside for the following year and will stabilize around Q3 2021. According to published researches involving 1.719 Greek hotels there is a challenging period ahead, both for the hotel operations as well as the liquidity of the companies. Covid Crisis in the industry has not slowed down investment so far and since most of the investors believe that this is a short term crisis and the demand for Greek holidays especially after successfully handling the pandemic crisis will bounce back fast to last years figures.

- Travel disruptions might be taking a while longer to adjust to Covid-19 turmoil.
- Risk of Second Wave might delay the rebound in the sector.
- Experts believe that full recovery will be effected in 2022.
- Turn to local customers facilities are expected to be affected more (poor health care, people not eager to commute)



Source: OC & C Strategy Consultants

## New Hotel Openings in 2020

A total of about 40 new, small and large hotel units were added in the greater region of Attica in 2019, and the addition of yet more plush accommodations is expected to change the hotel map of the capital city in the new year. this year's long-awaited arrivals include the new, five-star "Athens Capital Hotel – MGallery," located in Syntagma Square, which will open in the 1st of September under the management of the large French hotel chain Accort. The investment — totalling 22 million euros — will add a new five-star hotel to the array of accommodations in Greece's capital city, with 158 rooms and 19 suites plus a 9th-floor restaurant and conference venues for corporate meetings and events. The often-neglected Omonia Square welcomed recently the new "Brown Acropol" to the historic Acropol Hotel building, which has been completely renovated by the international chain Brown Hotels. The four-star Brown Acropol will boast 165 rooms and suites, conference rooms for up to 450 people. Other new hotel arrivals for the capital city include "Athens Ikon," a boutique hotel with luxury suites which will soon welcome visitors to 21 Mitropoleos Street, next to Syntagma Square and Plaka and Ermou streets.

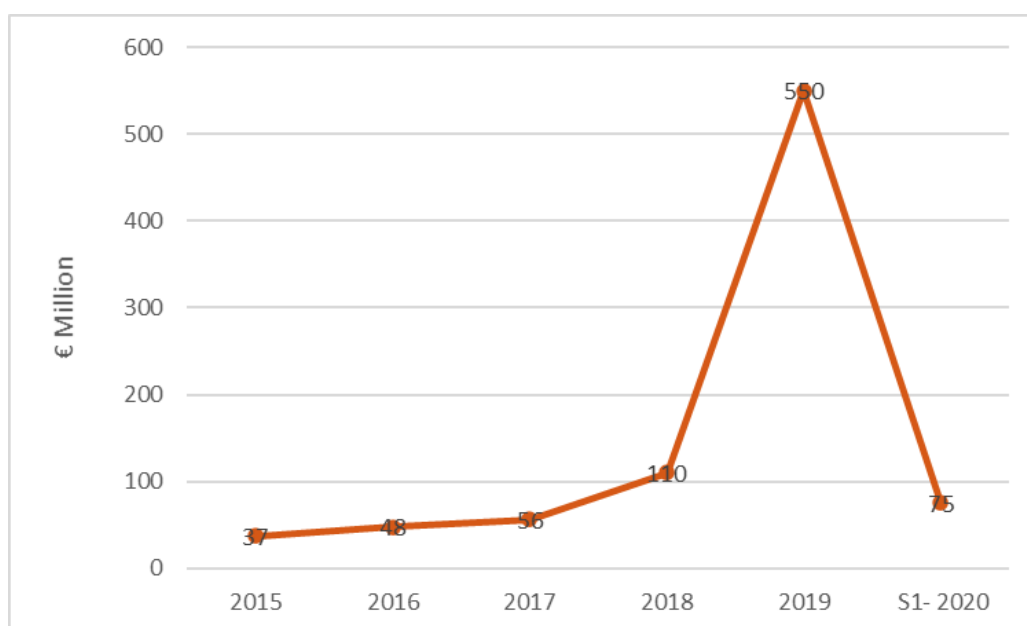
In addition, "Zoia Aioulou" and "Zoia Nikiou" are two new boutique hotels which are expected to open in downtown Athens this year. Zoia Aioulou will feature a total of 30 rooms and a rooftop overlooking the Acropolis, while Zoia Nikiou, with 26 rooms, will be housed in a converted building originally constructed in the 1960s. Further out from the city centre, at Ano Patisia, the new five-star "Green Suites Boutique Hotel" opened to the public on March 15. It features 45 rooms and suites.



## MAJOR RETRANSACTIONS S1-2020

Buyer	Asset - Description	Price (in million €)	Date
Trastor	Office Building 21.412 sqm - Maroussi	26,8	June 2020
Trastor	Office Building 4.185 sqm - Maroussi	7,2	June 2020
Trastor	Office Building 3.716 sqm -Ag. Konstantinou 57 Maroussi	6,35	April 2020
Trastor	Michalakopoulou 184, Office Building	17,1	January 2020
Bain Capital	NPL portfolio - National Bank Of Greece- Icon	1,6	June 2020
Fortress	NPL portfolio - Alpha Bank- Neptune	264	June 2020

## COMMERCIAL INVESTMENT VOLUMES S1-2020



**Covid-19 disruption in the market is yet to be measured and quantified, in this uncertain environment we hold the option to review the data and any impact of the pandemic as of the third quarter of 2020.**

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