

MARKET INDICATORS

Market Outlook

Prime Rents:	Prime rents stable, but rents falling further in secondary locations.	▶
Prime Yields:	Yields in prime high street and shopping centre locations anticipated to fall in the medium term.	▲
Supply:	Limited supply, with no new projects in the immediate development pipeline.	▶
Demand:	Occupier and investor demand is anticipated to improve in the medium term.	▼

Prime Retail Rents – June 2018

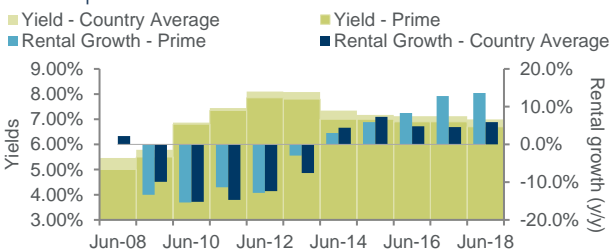
HIGH STREET SHOPS	€	€	US\$	GROWTH %	
	SQ.M MTH	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Athens (Kolonaki-Tsakalof)	90	1,080	117	0.0	0.0
Athens (Ermou)	250	3,000	326	13.6	8.7
Athens (Glyfada-Metaxa)	120	1,440	157	0.0	3.7
Athens (Kifisia-Kolokotroni)	115	1,380	150	0.0	2.8
Athens (Piraeus-Sotiros)	80	960	104	6.7	9.9
Thessaloniki (Tsimiski)	140	1,680	183	3.7	5.9

Prime Retail Yields – June 2018

HIGH STREET SHOPS (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Athens (Kolonaki-Tsakalof)	7.10	7.10	7.20	8.50	5.50
Athens (Ermou)	6.70	6.70	6.90	8.10	5.00
Athens (Glyfada-Metaxa)	7.20	7.20	7.20	8.60	5.50
Athens (Kifisia-Kolokotroni)	7.20	7.20	7.20	8.60	5.50
Athens (Piraeus-Sotiros)	7.40	7.40	7.50	8.60	6.00
Thessaloniki (Tsimiski)	7.00	7.00	7.00	8.60	5.75
SHOPPING CENTRES (FIGURES ARE GROSS, %)	CURRENT	LAST	LAST	10 YEAR	
Country prime	Q	Q	Y	HIGH	LOW
Country prime	8.10	8.10	8.10	9.00	6.00

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

The economic climate indicator climbed to 101 points in December 2017, from 95.1 in December 2016, a three-year high. This is a result of improved business expectations in industry and consumer confidence according to the latest report by Foundation of Economic and Industrial Research (IOBE), while Households' deposits rose for the sixth consecutive month in Nov 2017. However, the turnover of retail sales in Greece decreased by 0.8% in October 2017 compared the same period a year ago, with the overall volume index down by 1.1% over the same period according to National statistics service ELSTAT.

Occupier focus

Prime retail markets continue to attract the interest of both local and international retailers. During the first quarter of 2018 the Italian brand OVS clothes opened their first store along Tsimiski in Thessaloniki. Inglot cosmetics also expanded in Thessaloniki and Patras opening a flagship store. Selection Max Mara - Hugo Boss opened a store in Chania (Crete) and Funky Buda expanded in Mare West shopping center in Corinth. Increased activity is also noted by DIY stores as Leroy Merlin is opening a 6,000sqm store in CBD as at May 2018 and a new 30,000 sqm Praktiker opens in Rafina.

Investment focus

Following an active Q4 2017 in which the retail sector attracted around 38 million euros in retail deals, representing 35% of total investment, in Q1 2018 retail investment was weak. NBG Pangaea Reic acquired a standalone commercial building along 66 Ermou street for 5.7million euros and one in Kolonaki of 1,086 sqm for 3.75 million euros. Trastor also acquired a store in Ermou for 2.5 million euros. Investor demand is focused on well-positioned high street stores and supermarkets.

Outlook

General outlook for retail property in Greece is positive, with the economic environment improving and leasing activity expected to be sound in 2018 benefitting from growth in private consumption and tourism increase. With lack of development activity, the overall vacancy rate in dominant shopping centres and prime high streets is expected to remain low. The lack of prime supply might limit the activity of potential investors despite the positive outlook.