

S2 2021 MARKET INSIGHT REPORT

CRETE MARKET REPORT

2021 was the year of government's worldwide efforts to increase the vaccination rates of the population and confront COVID-19 spread. The overall restrictions for COVID-19 were different from place to place depending on health system pressure and 'Omicron' variant led to a step back. In spite of the uncertainty 2021 was a year that the Economy activity rebounded and new investments contributed to rise performance.

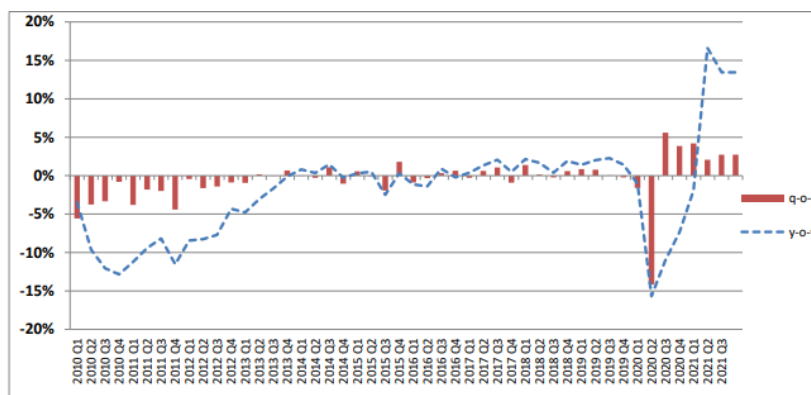
MACRO FIGURES

Massive vaccination across the globe fuelled hope and the economy against the stagnation impact of COVID-19 recorder in 2020. Forecasts for 2022 are even more optimistic although the energy crisis and the inflation recorded in most countries at the last quarter of 2021 might slow down the positive results.

Greek Economy Overview

2021 was a year with very good outcomes for the Greek economy although the pandemic bounced back with new variants and with increases in human losses and hospitalizations. The economy did not slow down and instead the investor appetite is strong and many new foreign and domestic investments kicked off. Growth exceeded expectations and reached 7% and the economic expansion is expected to continue in the following years marking a new era for the Greek Economy. 2022 will be the day after the pandemic and although optimism is depicted in the market the energy price increases create insecurity for the coming year.

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



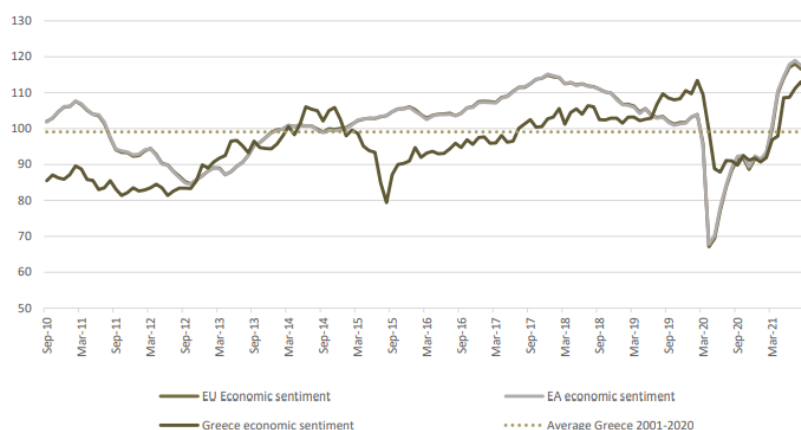
Source: Elstat

EUROPEAN COMMISSION FORECASTS				
ECONOMIC INDICATORS	2020	2021	2022	2023
GDP (%)	-9	8,5	4,9	3,5
Inflation (%)	-1,3	0,6	3,1	1,1
Unemployment (%)	16,3	15,3	15	14,5
Public Budget Balance (% GDP)	-10,1	-9,9	-3,9	-1,1
Gross Public Debt (% GDP)	206,3	202,9	196,9	192,1

Source: ec.europa.eu

The coronavirus pandemic took a strong toll on the Greek economy. However 2021 recorded as strong bounce back in 2020. The services sector and especially tourism sector which has a strong contribution to the Greek economy, has shown impressive increases. Greece enjoyed the vote of confidence among other countries and the Income from Tourism was well above its 9 billion target. The appearance of new variants created a level of turbulence that wasn't enough to significantly affect the market. The Economic Climate up turn has slowly started by the end of 2021 and is expected to further grow in 2022.

Economic Sentiment Indicator

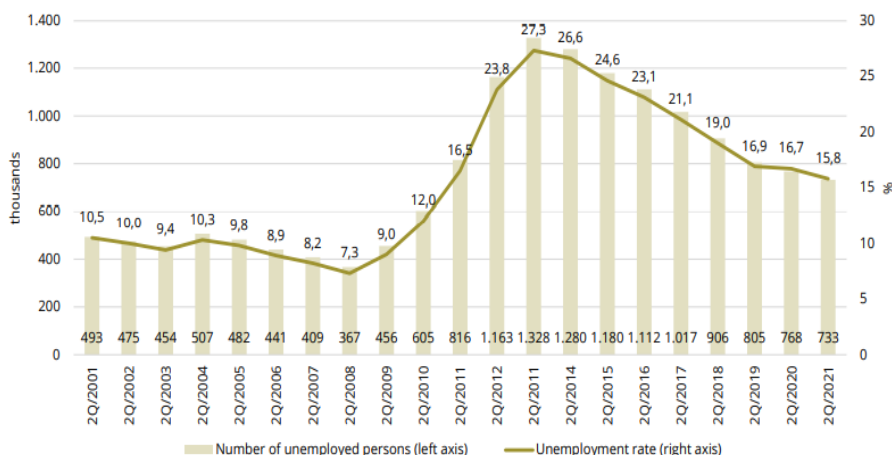


Sources: IOBE, European Commission

EU support measures are expected to continue as the energy crisis is expected to influence the economies further and as the impact of Covid-19 eases. The Energy plan as Commission states will try to absorb the increase so as to control inflation and help European Households.

EU and Greek government extend measures to support the households that were directly affected by the pandemic and its aftermath, most measures are extended through 2022 and with the support of banks so that we do not face a new era of NPL's. In addition to that the Government has successfully issued bonds so as to ensure liquidity in the market and proceed with the investment programs. The strong performance of the bonds has been achieved despite the context of the global crisis.

Number of unemployed persons and unemployment rate in Greece



Source: ELSTAT

Employment was negatively affected by the crisis, but the authorities have implemented measures to cushion the decline and to facilitate the recovery. Data on hiring and firing from the ERGANI system shows that during the pandemic the labor market remained 'frozen', with very limited hiring and firing taking place. However the second semester of 2021 and the boost in tourism were recorded as an increase in employment levels.

After a successful management of the health crisis and a meticulously organised vaccination campaign projections surrounding the outlook appear to be very optimistic and show an actual redirection of the Greek Economy to Sustainable development and Digital Transformation. Greece 2.0 comes as a response to the pandemic and the new challenges that the country has to face after the health crisis. Greece new investment program wishes to increase digitalization of the state while promoting public investment and large infrastructure projects.

S2 2021 MARKET INSIGHT REPORT



OFFICE MARKET REPORT

Office market in Crete shown a steady demand despite the repeated lockdowns through the year and the remote work business models applied.

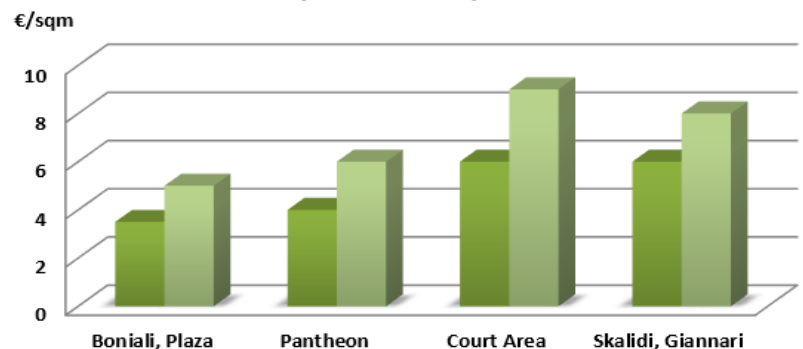
OVERVIEW

Crete Office Market was not affected negatively, even after the Government's plan for more remote working, caused by the pandemic situation.

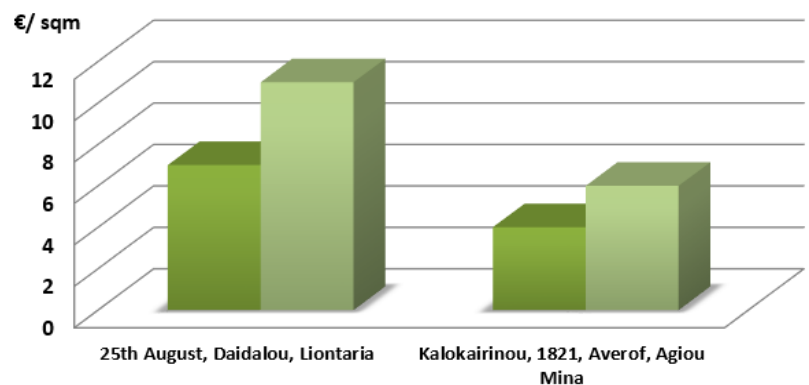
CRETE OFFICE MARKET

The continuous transformation in the market during the pandemic appears to have some crucial changes in the way of working. New working models and remote working gave to the office sector a significant supply and the need of Grade A offices is increasing. The race in vaccination programs during 2021 and COVID-19 variant was a key factor for the offices use by the companies. 2021 was also a year, especially in Crete, that the public sector focused on bigger spaces and quality Grade A offices. Furthermore, it seems that private sector has also a rising need of quality spaces to implement a modern way of working, keep their employees safe and follow the new standards and requirements. The lack of available office spaces in the island kept the prices in similar levels as previous years.

Leases (office market) - Chania



Leases (office market) - Heraklion

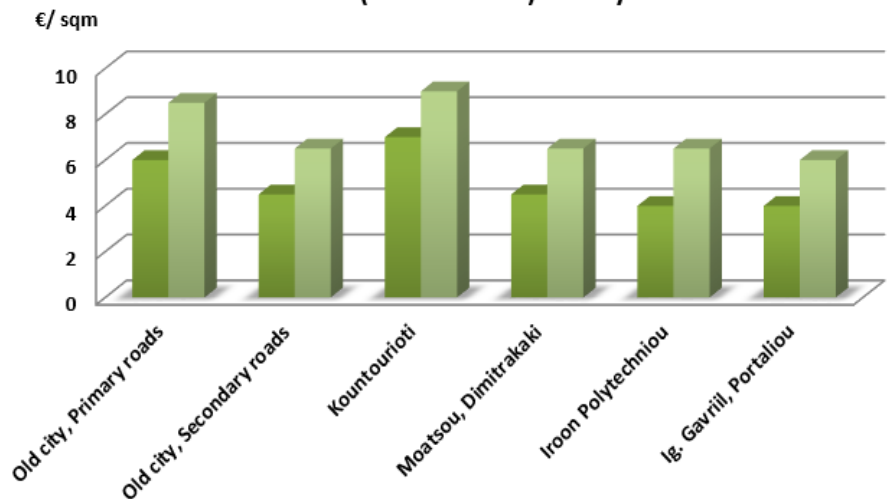


Source: Danos Melakis an alliance member of BNP Paribas Real Estate

The scarcity of Grade A office space still remains an issue to the market supply, since there is lack of quality spaces to meet investor demand, which appears to be persistent despite the pandemic. Crete office market characterized by a continuous need of new or renovated quality properties to meet the hygienic standards. In the same time some analysts mention that remote working the following years will be part of our life, in order to avoid overcrowding.

Investor Profile remains the same, Greek REICs have been playing a secondary role in local transactions focusing on office spaces for Crete. Furthermore multinationals seeking to relocate in view of future needs, remote working situation and development.

Leases (office market) - Rethymnon



Source: Danos Melakis an alliance member of BNP Paribas Real Estate

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	➔

KEY FIGURE GREECE 2021



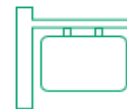
2.582.000
SQM- TOTAL
SUPPLY



42.000 SQM-
NEW OFFICE
SUPPLY



70.000 SQM
UNDER-
CONSTRUCTION



15% AVRG
VACANCY
RATE



€18/SQM
AVERAGE RENTS

RETAIL MARKET REPORT

The Retail Sector has faced a challenge in the previous years as a result of COVID-19 pandemic, prime locations and shopping malls still hold investors interest, while e-commerce made a rapid increase on sales caused by lockdowns.

OVERVIEW

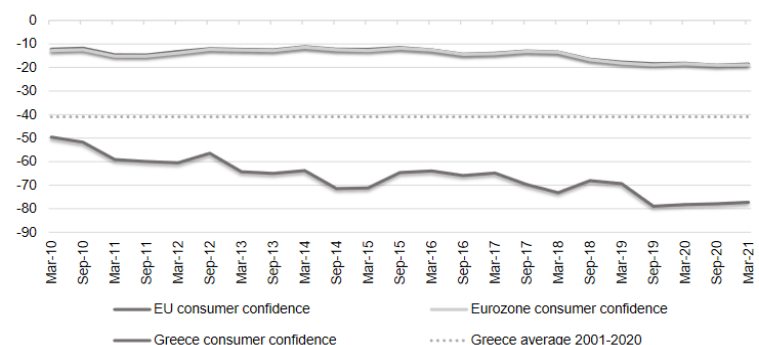
Retail has been challenged in the beginning of 2021. Lockdowns and the spread of the pandemic have largely affected the operation of the retail market, that is now trying to find its way with new rules and adapt in the new norms. E-Commerce was the main way of shopping and shows great increase in profits.

CRETE RETAIL MARKET

Retail market in Crete, after the continuous lockdowns and new restrictions implemented by the government, was the most affected. Crete's retail market faced difficulties during the year and more specifically the small businesses, while summer period and tourism gave an unexpected boost in the sector. According to the latest numbers the total increase of E-Commerce for 2021 continued further at 26%.

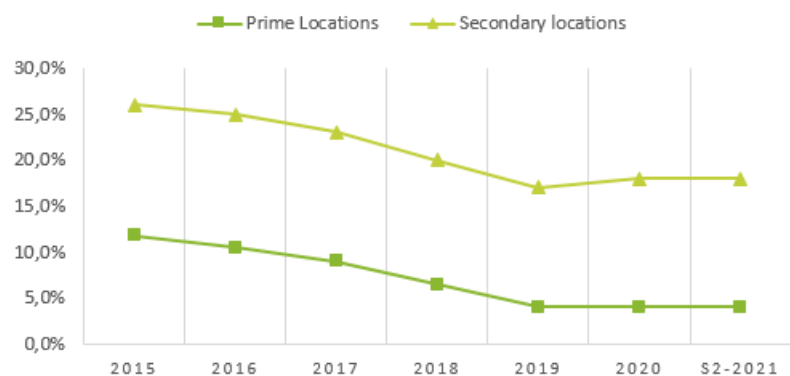
Prime retail and hypermarkets still gather the interest of investors and it remains to be seen how the prime locations will correspond to these changes combined. In an effort to help the retail sector the government has introduced rent free periods to retailers according to the measures imposed.

Consumer Confidence Index



Sources: IOBE, European Commission

RETAIL MARKET VACANCY RATES



Source: Danos Melakis an alliance member of BNP Paribas Real Estate

Chania Old Port is the most commercial area with great leasing interest. Monthly Rental values vary from 30-40€/sqm, while streets as Chalidon, Chatzimixali Giannari and Skalidi, where major companies are based, monthly rental values vary from 35-45€/sqm.

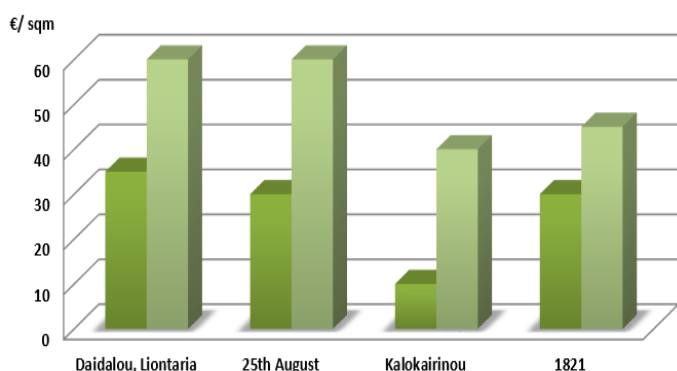
In **Heraklion**, the most commercial areas are Daidalou street, 1866 street and Lontaria square, where monthly rental values vary from 35-60€/sqm.

In **Rethymnon**, within the Old Town and in the north part of Arkadiou street, which is the most expensive, monthly rental prices vary from 25-30€/sqm.

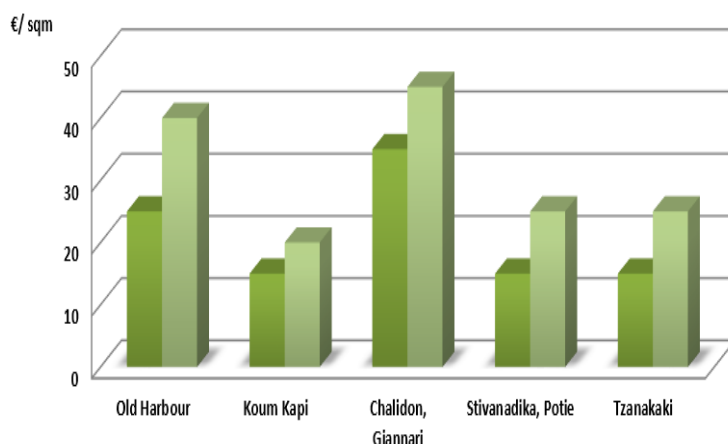
Finally in **Lasithi**, in central, primary, zones, prices can reach up to 15€/sqm/ month.

Currently the market appears to be in a waiting mood, expecting the end of the pandemic. Services/ banks and hypermarkets appear to expand and proceed to new leases. Commercial spaces in popular tourism destinations are also under demand.

PRIME LOCATION RENT-HERAKLION



PRIME LOCATION RENT - CHANIA



MARKET TRENDS PRIMARY RETAIL LOCATIONS

RENTALS	➔
YIELD	➔
VACANCY RATE	➔
ABSORPTION	➔

Source: Danos Melakis an alliance member of BNP Paribas Real Estate

Main yields: The yields in the high streets remained stable for the second half of 2021, with Chania and Heraklion to keep the high rates in the popular roads and streets despite the current uncertainty. Prime locations so far seem to stay unaffected and show stability in the short term the market will define whether the changes in consumption and retail activity will resume to previous standards.

Transactions: Slow down in lease transactions since the retailers will see the end of the pandemic before they reposition or expand in the market.

KEY FIGURES GREECE 2021



€30/SQM
MALLS
AVERAGE
RENTS



€12/SQM
SUPER
MARKET
AVERAGE
RENTS



€22/SQM
SECONDARY
HIGH STREET
AVERAGE
RENTS



15% AVRG
VACANCY
RATE



€12 MIL
INVESTMENTS I

S2 2021 MARKET INSIGHT REPORT



LOGISTICS MARKET REPORT

The logistics market in Greece has been under impressive development caused of the increasing demand and the geopolitical location of the country, that connects three different continents. Transport services market during the pandemic period enumerates rising numbers in transport services.

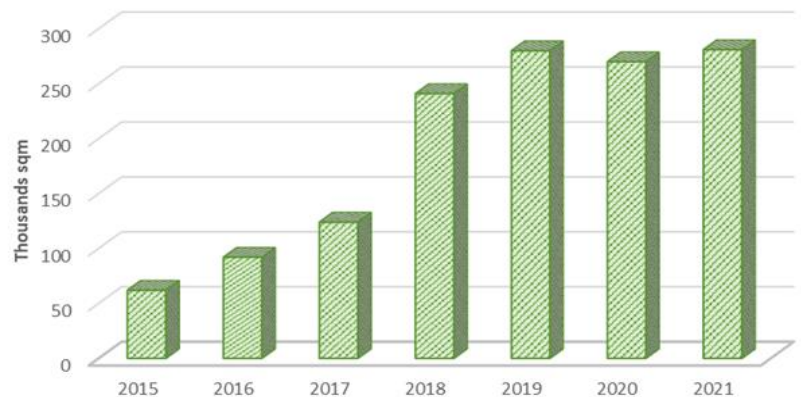
OVERVIEW

The industrial/logistics market in Greece is providing a full range of supply chain services. With their main income coming from warehousing and distribution activities and in addition from organization and management of road transportation. Major projects in the country is under development with Athens and Thessaloniki having the most important logistic markets.

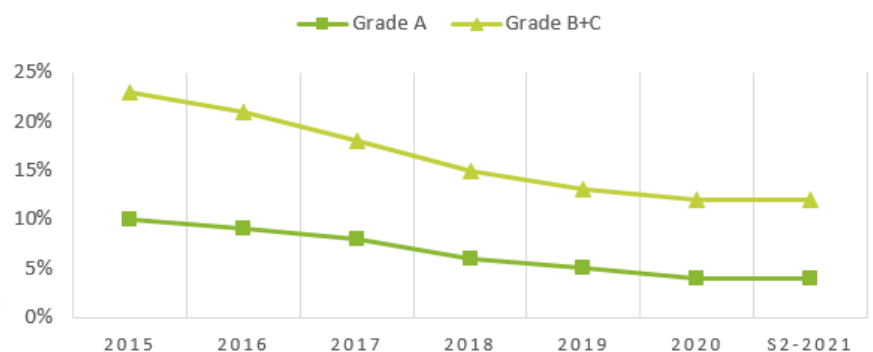
LOGISTICS MARKET

Logistics market is overperforming in the last year and gathers the attention of investors. The lack of supply for modern Grade A logistics is triggering the investors' interest, who are looking to invest in spaces suitable for logistics developments. Crete, even if it is the biggest island of Greece, still has small and medium size transportation companies, that operate in highly competitive environment. Heraklion and Chania can take advantage from their airports, which are in an expansion mood and their commercial ports as the main gates for goods transportation. Monthly lease values vary in Heraklion from 2,5-4,5€/ sqm and in Chania from 2-3€/sqm

TAKE UP OF INDUSTRIAL PROPERTIES

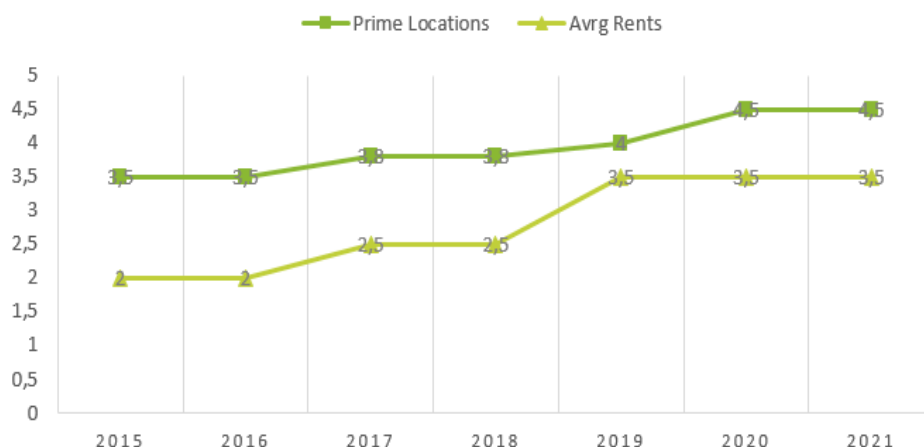


VACANCY RATES LOGISTICS & INDUSTRIAL SPACES



The lack of a specialised logistics market was clearly depicted during the boom of E-Commerce in the lockdown period and is still an issue since E-Commerce is here to stay. Greece is focusing on the increase of attractiveness as a leading regional logistics hub. To achieve that, priorities are the improvement of the international trade lines, the expansion, upgrade and building of new logistic infrastructures and the investment in technology, innovation and human capital.

LOGISTICS & INDUSTRIAL MARKET RENTS



Source: Danos Melakis an alliance member of BNP Paribas Real Estate

2022 is a vital year for Crete, with the construction start (till the end of 2022) of the biggest infrastructure project in Greece, the North Road Axis of Crete (BOAK), which according to the Greek Ministry of Environment and Energy includes 160km of roads. Another 150km of vertical roads will be used for the connection with the south part of Crete and the new Airport in Heraklion in Kastelli, which will serve around 15mil passengers per year.

	MARKET TRENDS LOGISTICS			
	RENTS	YIELDS	DEMAND	SUPPLY
GRADE A				
GRADE B				

KEY FIGURES GREECE 2021



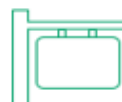
80.000 SQM
UNDER-
CONSTRUCTION



€4,25/SQM
PRIMARY
LOCATION
RENTS



€2/SQM
SECONDARY
LOCATION
RENTS



8% AVRG
VACANCY
RATE



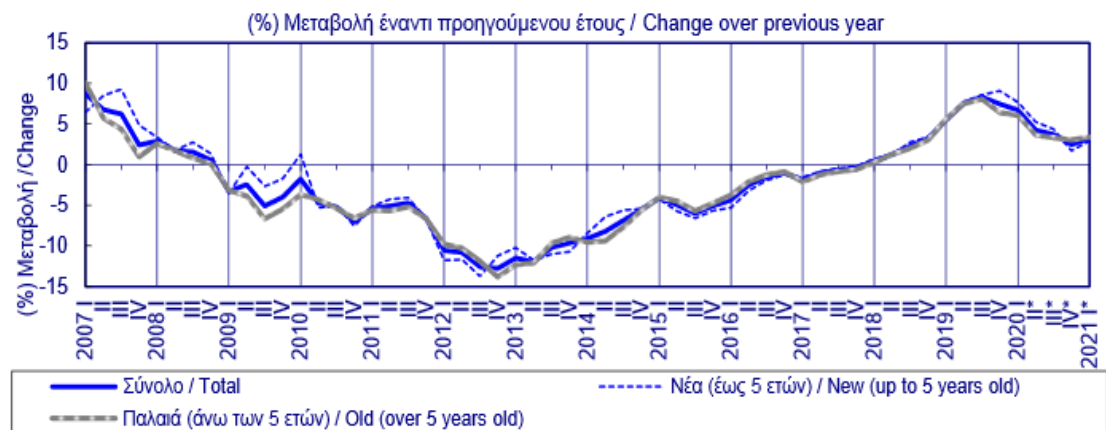
€30 MIL
INVESTMENTS
IN S1-2021

RESIDENTIAL MARKET REPORT

Residential Property Market despite the pandemic has shown another year of growth. The demand was in high levels while the prices on the market were mostly steady, however in many cases especially in popular areas rates continued their rising trend.

OVERVIEW

Transactions activity in the Residential Market appeared 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. Airbnb has documented a contraction of 30% in its occupancy rates of listed units. However the sector has managed to maintain the assets values and many local players penetrated the market.

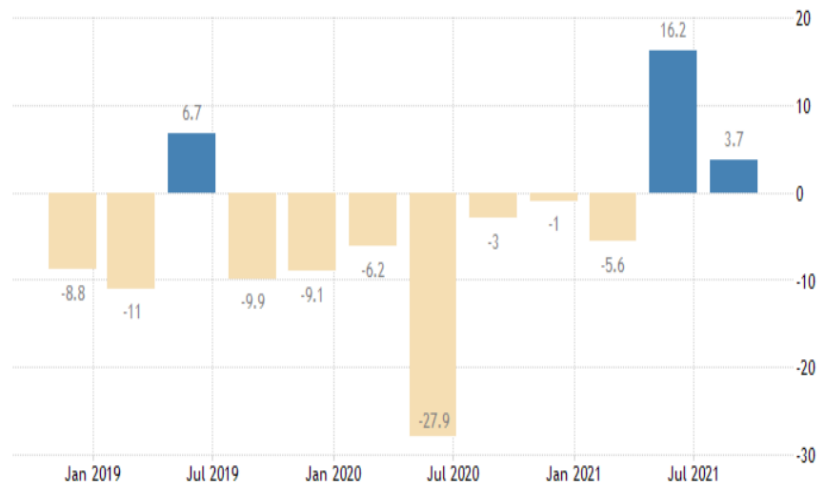


Source: Greek Central Bank

CRETE RESIDENTIAL MARKET

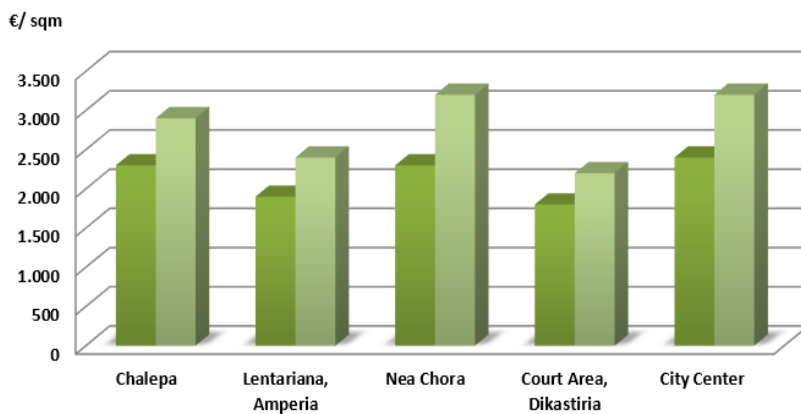
Crete Residential Market has been consistently in decent levels. The demand in Crete's residency is higher than the supply, which keeps an upward trend in prices even for lower quality houses. The low supply for residencies in the island brought in front a greater robust in construction activity despite the pandemic with a focus on new apartment buildings within or close to the city center. Crete's construction activity supported the Greek economy, while overall, according to National Statistical Service, construction output in Greece rose 3.7 percent from a year earlier in the third quarter of 2021, easing from a 4-year high of 16.2 percent growth in the second quarter as low base effects begin to fade. Building activity soared 27.2 percent (vs 25.4 percent in Q2), the highest reading since at least 2016. Focusing in Crete, the 1st semester of 2021 as National Statistical Service mentioning, the increasing construction permits numbered 14,2% comparing the previous year.

Except the importance of Golden Visa program for foreign income and investments, the Greek government announced an extent to the measures took since 2019. To name a few, the suspension of VAT payments on new building permits till December 2022 and reductions on VAT for renovations in housing. Furthermore the single property tax (ENFIA) reduced up to 8% in some categories following the reduction of last year of 30%. Finally another important factor to mention is that during the period 2021-2027 the Greek banks will give financial funding via Green bonds to the market.



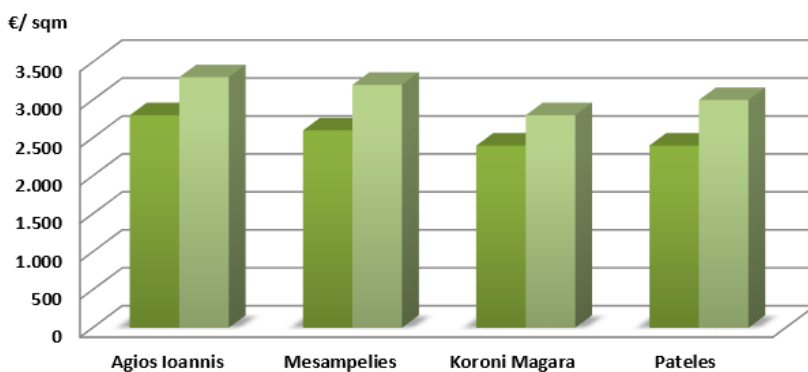
SOURCE: TRADINGECONOMICS.COM | NATIONAL STATISTICAL SERVICE OF GREECE

Prices (residential market) - Chania



Crete's residential market for lease it has been all the previous years under impressive pressure as the high demand cannot be covered from the supply of properties for rent. This is happening, because many of the units were used for short term rentals (Airbnb etc.), which offered high income during the summer. The columns on the left shows the range of residential prices in Chania and Heraklion for new structures.

Prices (residential market) - Heraklion



Source: Danos Melakis an alliance member of BNP Paribas Real Estate

S2 2021 MARKET INSIGHT REPORT



HOTEL & TOURISM MARKET REPORT

Tourism Industry has been under continuous pressure since the beginning of the pandemic. 2021 was a year with uncertainty for the sector, but as tourism in Greece is vital the Government proceeded with supportive measures and the vaccination program plan from endeavour, in order to keep the spread of Delta and Omicron variant under control and to reduce the issues.

OVERVIEW

The tourism industry in Greece according to 'Greek reporter' is on the upswing with a 135 % increase in earnings from 2020. The revenue for the first eight months of 2021 totaled 6.6 billion euros. The report is also mentioning that Greece welcomed more than two million visitors to its shores during just the months of July and August of 2021 more than any other European nation marking real success in its vital tourism industry despite the pandemic that is still raging across the world. Crete island named several times as one of the top destination across Europe for holidays. Furthermore, is the biggest island of Greece with over 600.000 inhabitants, while one in five of the country's visitors come to the island for their holidays. Crete's tourism is one of the main pillars of Greece GDP and one of the main drivers of economic growth for the island as it counts up to 47% of Crete's GDP. Finally, worth to mention that 55% of the population are employed in the tourism industry.

CHANIA AIRPORT "IOANNIS DASKALOGIANNIS" - 2021 vs 2020

Passengers	Domestic			International			Total		
Month	2021	2020	%Δ	2021	2020	%Δ	2021	2020	%Δ
JANUARY	10,539	47,227	-77.7%	16	2,306	-99.3%	10,555	49,533	-78.7%
FEBRUARY	8,868	44,590	-80.1%	2	3,011	-99.9%	8,870	47,601	-81.4%
MARCH	10,274	21,528	-52.3%	307	1,055	-70.9%	10,581	22,583	-53.1%
APRIL	14,270	818	1644.5%	219	6	3550.0%	14,489	824	1658.4%
MAY	26,532	5,702	365.3%	19,599	1	1959800.0%	46,131	5,703	708.9%
JUNE	44,012	17,804	147.2%	91,309	0		135,321	17,804	660.1%
JULY	62,168	32,940	88.7%	313,760	79,169	296.3%	375,928	112,109	235.3%
AUGUST	68,096	42,343	60.8%	365,196	160,238	127.9%	433,292	202,581	113.9%
SEPTEMBER	59,683	32,723	82.4%	291,897	107,675	171.1%	351,580	140,398	150.4%
OCTOBER	59,371	31,142	90.6%	249,840	53,926	363.3%	309,211	85,068	263.5%
NOVEMBER	45,769	9,450	384.3%	6,745	703	859.5%	52,514	10,153	417.2%
DECEMBER	44,716	9,118	390.4%	2,048	7	29157.1%	46,764	9,125	412.5%
TOTAL CHQ	454,298	295,385	53.8%	1,340,938	408,097	228.6%	1,795,236	703,482	155.2%

Source: FG Traffic Data Management-Fraport Greece

Crete Hotel & Tourism Market

Crete not only has a very long tradition and history in terms of culture and the primary sector, but is also world renowned for its hospitality. The number of tourists arriving to our island each season is gradually rising. The Regional Governor of Crete, Mr Stavros Arnaoutakis, mentioned: *"The island has witnessed a 60% growth in tourists over the past six years. Regarding the years to come, we aim to invest in quality tourism. Currently, we are constructing 5,000 new beds for five-star hotels, which will only add on to our large luxury offering, given that Crete has the most five-star beds in comparison to the rest of Greece. We estimate that within the next five years, 20,000 more five-star beds will be added in order to be able to accommodate the number of tourists arriving to our island. The extension of the tourist season and the growth of winter tourism are strategic goals for the Region of Crete. Our island is an ideal four-season destination due to the fact that we have an abundance of natural advantages, like our mountains for trekking and other athletic activities."*

New Hotel Openings

The expectations in the market remain high and there is vivid activity in the sector with new openings:

- ✓ «The Royal Senses Resort Crete» Curio collection by Hilton Hotels recently opened with 179 rooms in Rethymno.
- ✓ Cayo Exclusive Resort & Spa is set in Plaka with 74 rooms, in a quaint village on the northern coast of Crete, 10-minute drive from the cosmopolitan resort of Elounda.
- ✓ Sentido Unique Blue Resort by CIG, with 119 rooms in Heraklion Chersonisos area. The hotel will be fully renovated (phase 2) in April 2022.
- ✓ The Tanneries Hotel & Spa, a 5-star hotel with 20 rooms opened in April 2021. Located in Chania Town, close to Koum Kapi Beach.
- ✓ Minos Ambassador with 36 rooms located steps away from the golden beach of Rethymno and a few minutes' walk from the historical centre.
- ✓ Hyperion City Hotel, a 4 stars hotel located in Chania with 52 rooms and suits, including bar, restaurant, swimming pool etc.

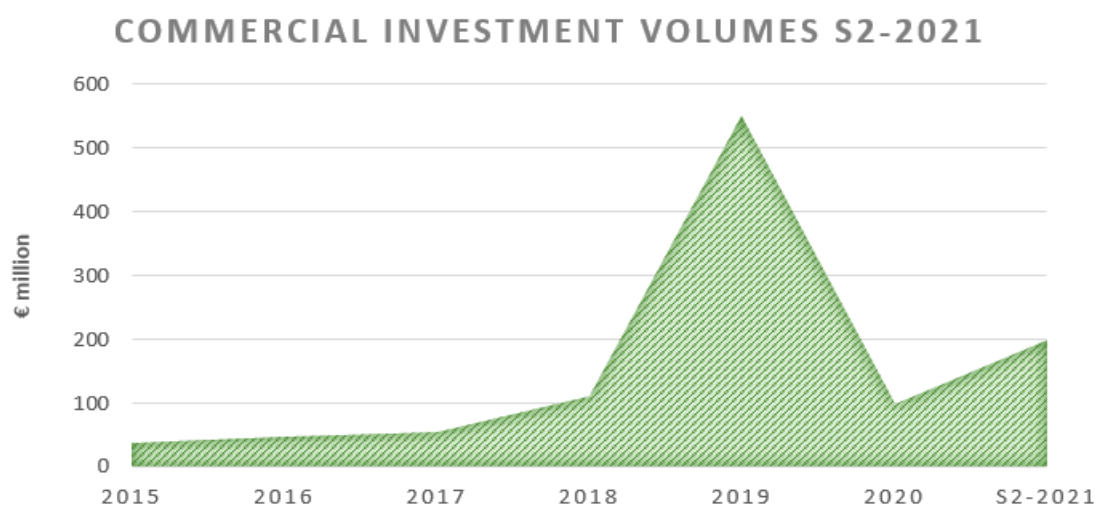


The Royal Senses Resort Crete

MAJOR RE TRANSACTIONS/ NEW PROJECTS S2-2021

Buyer	Asset - Description	Price (in million €)	Date
Hines	5 Star Hotel-Out Of The Blue Capsis Elite Resort-490 rooms	125	Jul 2021
Ellona IKE	Investment Permit for a new 5 star Hotel-287 rooms-Papoura Miamous-Heraklion	33	Aug 2021
Gold Residencies	Investment Permit for a new 5 star Hotel-98 rooms-Plaka, Elounda-Agios Nikolaos	20	Sep 2021

Overall, in S2 2021: around €200 mil investments finalised with significant size/ deals pending are expected to be finalised during S1 2022 in Commercial Real Estate



Source: Danos Melakis - an alliance member of BNP Paribas Real Estate

COVID-19 impact in the market has been prolonged due to Delta and Omikron Variants and delays in vaccination. Real Estate is in a changing process, new trends emerge, and new challenges are faced, the Greek Real Estate market, however, shows signs of resilience and adaptability.

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