

CRETE MARKET REPORT

The beginning of 2022 was positive as we saw the end of the COVID-19 pandemic. But soon, uncertainty returned again with increased inflation, global revaluations and the war in Ukraine. In the real estate market we saw a slowdown as a result of the above, but at the same time an upward trend in prices due to increased demand and limited supply.

MACRO FIGURES

The Greek economy has recovered strongly from the impact of COVID. This has slowed down due to the surge in energy prices and the Ukraine war. Consumer price inflation has reached a 25 year high putting pressure on the economy which expected to return the budget to a primary surplus in 2023. The geopolitical and energy crisis have slowed down but didn't stop Greece's growth.

Greek Economy Overview

2021 was a year with very good outcomes for the Greek economy albeit the impact of new pandemic variants. The economy did not slow down and instead the investor appetite is strong and many new foreign and domestic investments kicked off. In 2022 growth has slowed down mostly due to the energy crisis and inflated prices. This trend is expected to continue in 2023. Inflation has reached almost 9% with a lower forecast of 3,5% for 2023. Unemployment has been decreasing in the past years as Greece was exiting the enhanced supervision regime. Although, due to energy crisis and uncertainty the decrease of unemployment has stagnated and is expected to remain at around 13% for 2023. The public budget and debt have seen improvements over the past year as well.



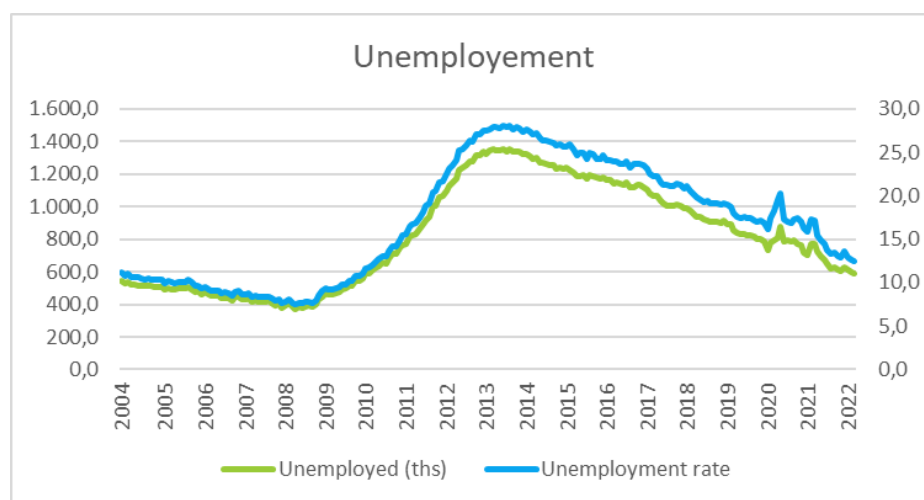
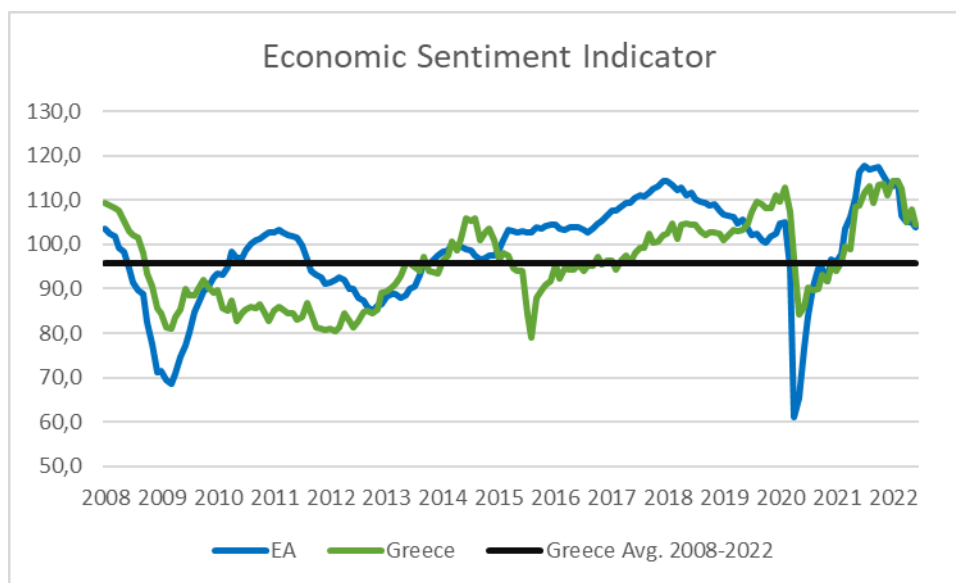
Source: Elstat

EUROPEAN COMMISSION FORECASTS				
ECONOMIC INDICATORS	2020	2021	2022	2023
GDP (%)	-9	8,3	4	2,4
Inflation (%)	-1,3	0,6	8,9	3,5
Unemployment (%)	17,6	14,7	13,7	13,1
Public Budget Balance (% GDP)	-10,2	-7,4	-4,3	-1
Gross Public Debt (% GDP)	206,3	193,3	185,7	180,4

Source: ec.europa.eu

The coronavirus pandemic, the energy and geopolitical crisis took a strong toll on the Greek economy which was growing fast before 2020. Even though the economy has shown signs of recovery from the pandemic impact in 2021 the war in Ukraine, the subsequent energy crisis and the high inflation, have created more pressure in the economy, which is still growing but at a slower rate. The services sector and especially tourism sector, which has a strong contribution to the Greek economy, is growing faster than expected and the projections for 2022 are very promising. 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 Greek 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.



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 and the subsequent energy and geopolitical crisis the labor market remained 'frozen', with very limited hiring and firing taking place. However, the first quarter of 2022 has seen slight improvement and more is expected as the boost in tourism will be 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. Also, as a response to the energy crisis, Greece has started to shift its energy supply from Russia. Additionally, to further improve energy efficiency, its developing renewable energy sources to establish long term energy security and sustainability.



OFFICE MARKET REPORT

Office market in Crete remained stable despite the energy crisis and the rise of inflation. Increased mobility was observed by larger companies towards a market repositioning/ relocation.

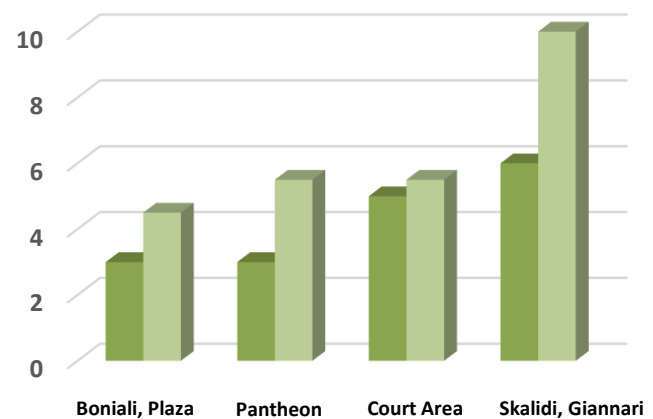
OVERVIEW

In the Office Market, strong demand is recorded for modern office spaces with "green" features. In 2022, it seems that the product demanded by users and investors is completely changing, with the demand intensifying since a corresponding product is not available. This trend widens the gap between Grade A and Grade B offices, for which demand is declining. This creates the need to upgrade existing stock offices to meet high demand. The first quarter of the year for the office market proved to be positive as growth of + 1,1% was recorded for the first time in two years.

CRETE OFFICE MARKET

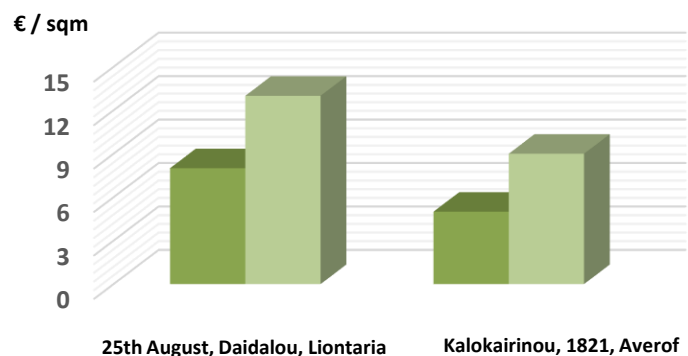
Crete Office Market has gradually begun to return to the pre-pandemic situation, although new distance working models have changed already the way of work. The need for Grade A offices, either for the public sector or for private companies remains, so that new work models can be achieved. Large companies and multinationals seem to be in a better mood to pursue a possible relocation or expansion to new properties. The lack of available office spaces in the island kept the prices in similar levels as previous years.

€/ sqm Leases (office market) - Chania



Source: Danos an alliance member of BNP Paribas Real Estate

Leases (office market) - Heraklion



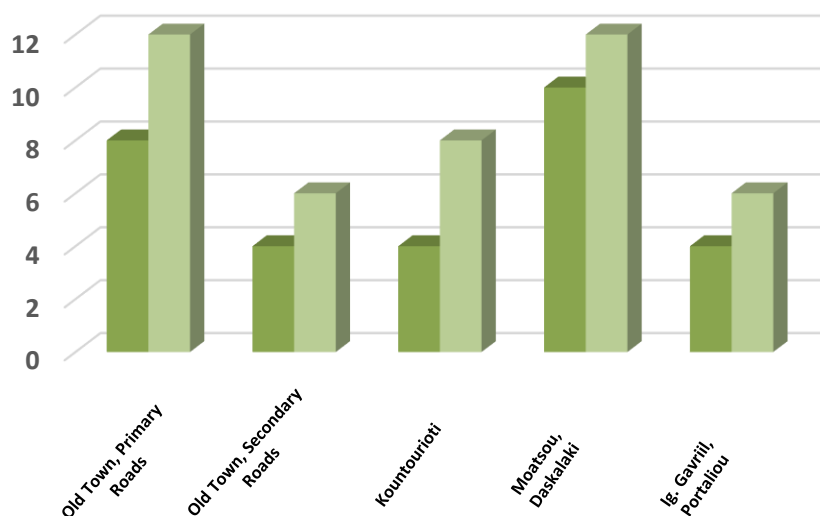
Source: Danos an alliance member of BNP Paribas Real Estate

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. The Cretan office market is characterized by a constant need for new or renovated quality properties to meet the new working conditions.

Investor Profile remains the same, Greek REICs have been playing a secondary role in local transactions focusing on office spaces for Crete.

€/ sqm

Leases (office market) - Rethymnon



Source: Danos 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	↗

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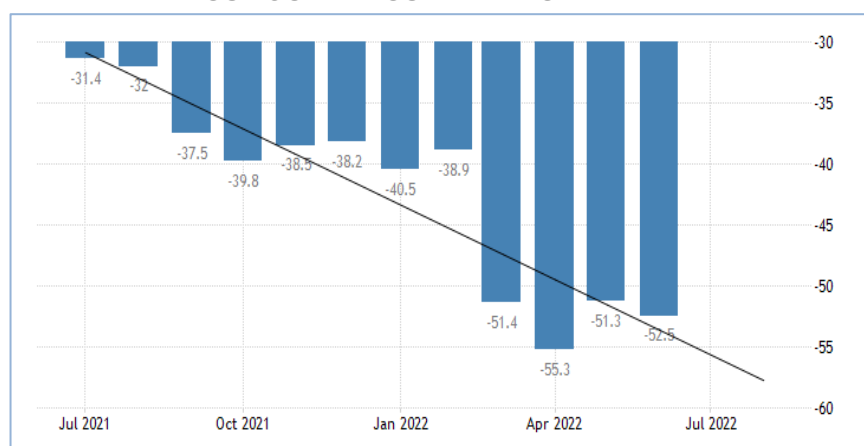
RETAIL MARKET REPORT

The Retail Sector has faced a challenge in the previous years as a result of COVID-19 pandemic, but despite the pandemic disruption and the shift of consumers to e-commerce, physical stores look resilient.

OVERVIEW

Despite the pandemic, it has been observed in the last 6 years that an average of 10 new retail chains enter the domestic market annually, a fact that largely maintains the interest in commercial real estate. The total size of the stock in Greece is 1,7 million sqm, of which 800.000 sqm relate to stores in open markets, 610.000 sqm in shopping centers and 235.000 sqm in retail parks.

CONSUMER CONFIDENCE INDEX



Source: European Commission

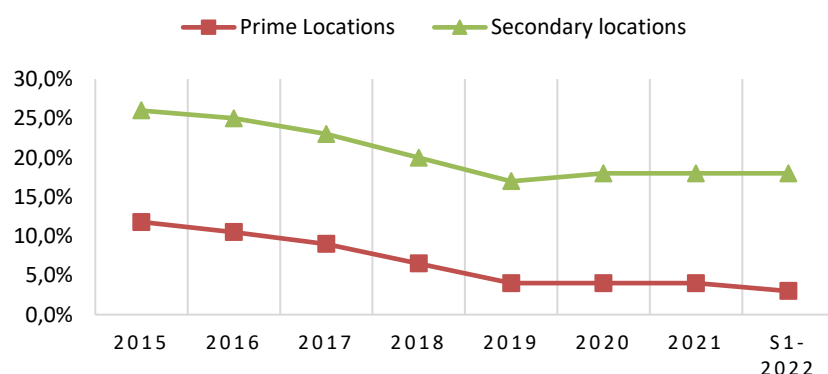
CRETE RETAIL MARKET

The retail market of Crete, after the end of the lockdowns and restrictions implemented by the government, was faced with the uncertainty caused by the increased inflation and the war in Ukraine. Rent prices in the major urban centers of Crete remained stable despite the current uncertainty.

However, the estimates for the Retail market for this summer are positive as tourism is expected to reach the levels of 2019.

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.

RETAIL MARKET VACANCY RATES



Source: Danos an alliance member of BNP Paribas Real Estate

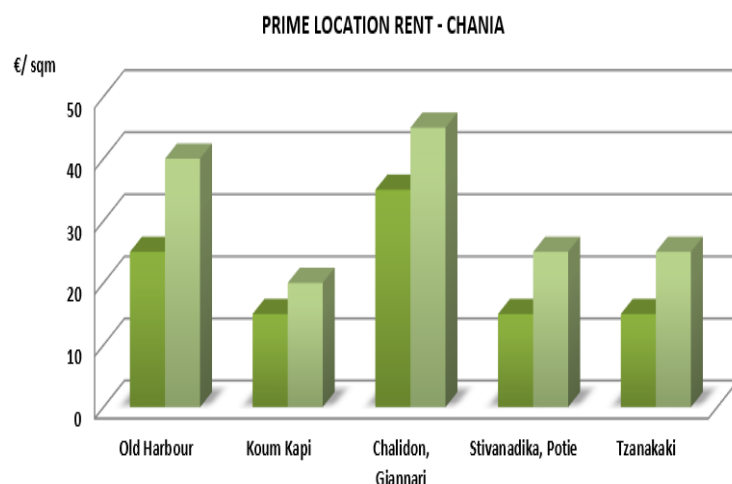
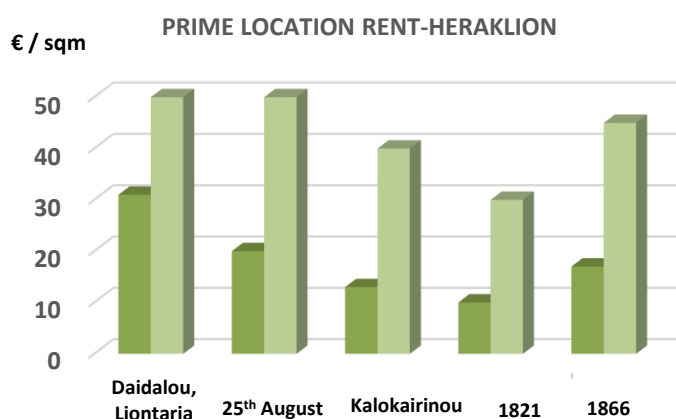
Chania Old Port is the most commercial area with great leasing interest. Monthly rental values vary from 30-40€/sqm, while streets as Chalidon, Chatzimixali Giannari and Skalidi, where major companies are based, monthly rental values vary from 35-45€/sqm.

In **Heraklion**, the most commercial areas are Daidalou street, 1866 street and Liontaria Square, where monthly rental values vary from 30-50€/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 15-30€/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. Services/banks and hypermarkets appear to expand and proceed to new leases. Commercial spaces in popular tourism destinations are also under demand.



Source: Danos an alliance member of BNP Paribas Real Estate

MARKET TRENDS PRIMARY RETAIL LOCATIONS	
RENTALS	➔
YIELD	➔
VACANCY RATE	➔
ABSORPTION	➔

Source: Danos an alliance member of BNP Paribas Real Estate

Main yields: The yields in the high streets remained stable for the first half of 2022, 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 war and the decrease of inflation before they reposition or expand in the market.



LOGISTICS MARKET REPORT

The logistics market in Greece has been under impressive growth in recent years, due to the growing demand and the geopolitical position of the country. However, it is expected that there will be a slowdown in growth due to high demand and the cost of construction of new warehouses, which have boosted purchase and rental prices.

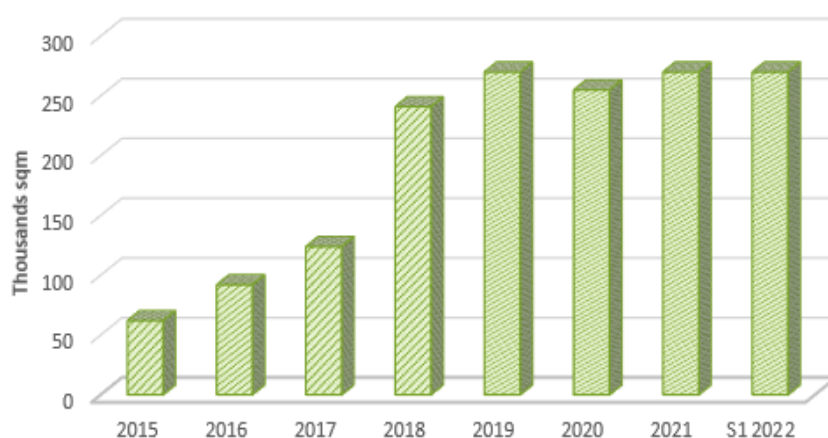
OVERVIEW

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

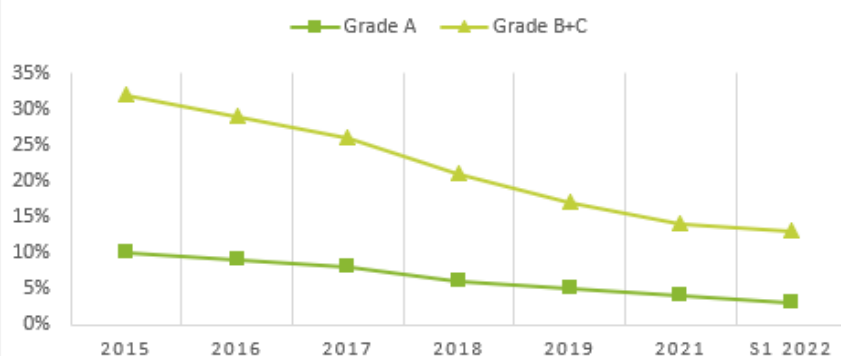
Prices in the logistics market, which has outperformed in the last year, are now reaching levels, that are seriously pushing the profit margins of warehouse management companies (3PL), with the result that the market is now looking for a balance. Crete, even though it is the largest island in Greece, still has small and medium-sized transport companies operating in a highly competitive environment. Heraklion and Chania can take advantage of their airports, which have an expansion climate and their commercial ports as key gateways for the transport of goods. Monthly rental values range in Heraklion and Chania from 2,5-4,5 €/sqm.

TAKE UP OF INDUSTRIAL PROPERTIES



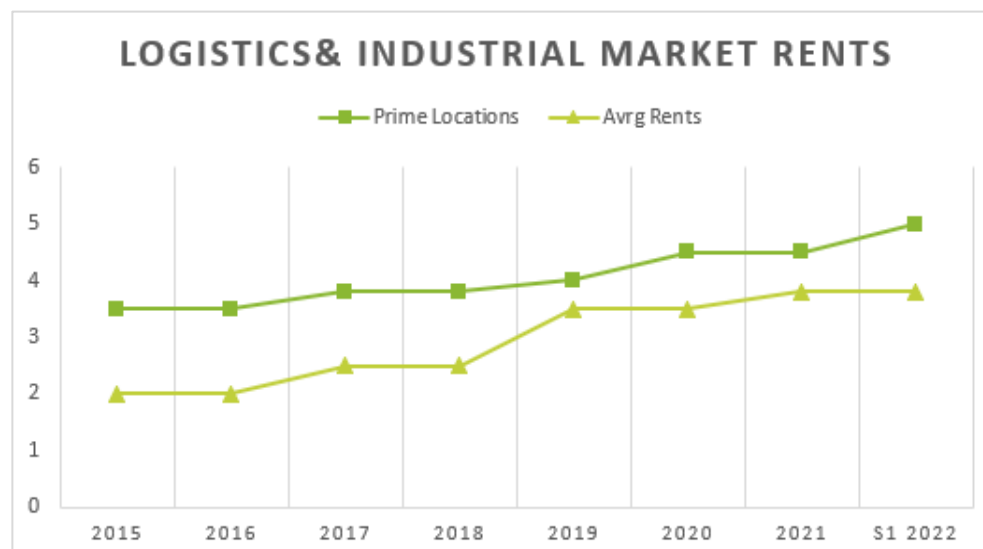
Source: Danos an alliance member of BNP Paribas Real Estate

VACANCY RATES LOGISTICS & INDUSTRIAL SPACES



Source: Danos an alliance member of BNP Paribas Real Estate

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.



Source: Danos an alliance member of BNP Paribas Real Estate

The upgrade of the Cretan road network with the construction of the Northern Road Axis of Crete (VOAK), which is expected to start in 2022, as well as the new Kastelli International Airport that is under construction, is expected to give the impetus for the new era in the field of logistics in Crete. A total of 300 km of new roads, that will comfortably serve the logistics sector, are expected to be constructed.

	MARKET TRENDS LOGISTICS			
	RENTS	YIELDS	DEMAND	SUPPLY
GRADE A				
GRADE B				

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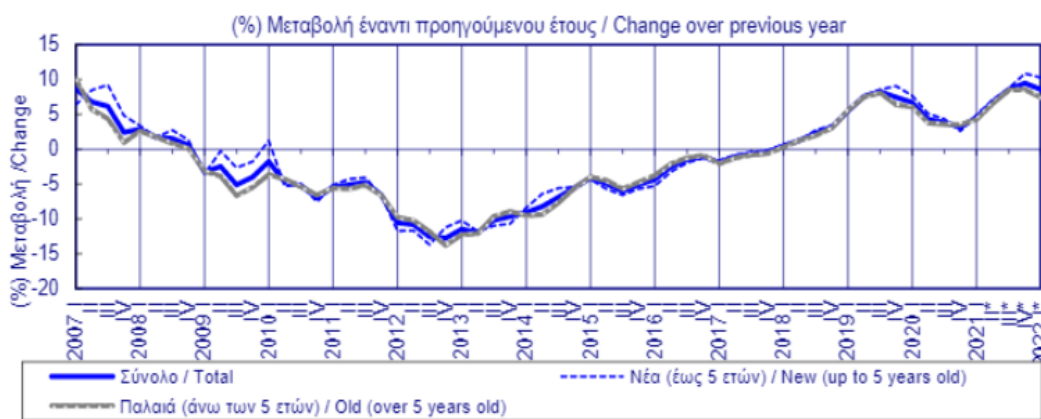


RESIDENTIAL MARKET REPORT

Residential Property Market despite the energy crisis and rising inflation, seems to be on the rise throughout the country. High demand due to lack of supply kept prices on the rise in urban centers, while in the rest of the country there were small increases.

OVERVIEW

Transactions activity in the Residential Market faced difficulties in the first half of 2022. On the one hand, the Greek bureaucracy that blocks the time of contracts and on the other hand, a strike of notaries, have left the market stagnant. In general, prices have risen due to inflation, especially in newly built buildings, which makes the market more difficult.



Source: Greek Central Bank

CRETE RESIDENTIAL MARKET

The housing market of Crete, influenced by the low availability of real estate for sale, maintains an upward trend in prices even for lower quality houses. The Russian invasion in Ukraine is expected to slow the recovery of global economies in the post-pandemic era. As a consequence, a slowdown in the construction activity is expected, as there is uncertainty in the market, a development that compresses the supply of housing in the medium term. Also, the rise in prices of construction materials and energy costs is expected to further increase the prices of newly built homes. Nevertheless, the construction activity in Crete seems to withstand the pressures and to focus on the new apartment buildings in or near the city center. According to the National Statistical Service, Total Construction Activity in Greece increased by 9.2% compared to last year in the first quarter of 2022, while in Crete we saw an increase of 8,1%.

According to the Bank of Greece, in the first quarter of 2022, the annual rate of change in apartment prices for the whole country was 8,6%. Based on the age of the property, the annual rate of change of the prices of the new apartments was 10,3% and of the old ones 7.4%, while based on the geographical location, the annual rate of change of the prices of the apartments was 9,7%. in Athens, 8,3% in Thessaloniki, 8,2% in other major cities and 6,4% in other parts of the country.

House prices for rent

Area	Q1 2022 (€/sqm)	Q1 2021 (€/sqm)	Change %
Athens - Center	9.00	8.87	1.50%
Heraklion Prefecture	7.50	7.37	1.80%
Lasithi Prefecture	6.82	6.00	13.70%
Rethymno Prefecture	8.00	8.22	-2.70%
Chania Prefecture	7.14	6.56	8.80%

Source: Spitogatos.gr

Crete's residential market 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 offers high income during the summer. as we observe in the right table, we see that there are increases in rental prices throughout Crete, except for the prefecture of Rethymno, which showed a slight decrease.

The same phenomenon has affected the market in Crete's residential market, resulting in small number of properties being offered for sale. This leads to an increase in prices, especially of new properties. The table on the left shows the percentage increase of real estate in Crete in the first quarter of 2022 compared to that of 2021. There is an average increase of 6,9% throughout the island.

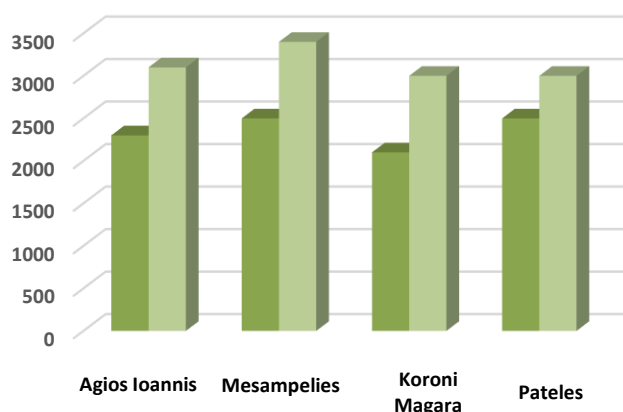
House prices for sale

Area	Q1 2022 (€/sqm)	Q1 2021 (€/sqm)	Change %
Athens - Center	1,667	1,556	7.10%
Heraklion Prefecture	1,331	1,250	6.50%
Lasithi Prefecture	1,714	1,612	6.30%
Rethymno Prefecture	1,524	1,413	7.80%
Chania Prefecture	1,813	1,694	7.00%

Source: Spitogatos.gr

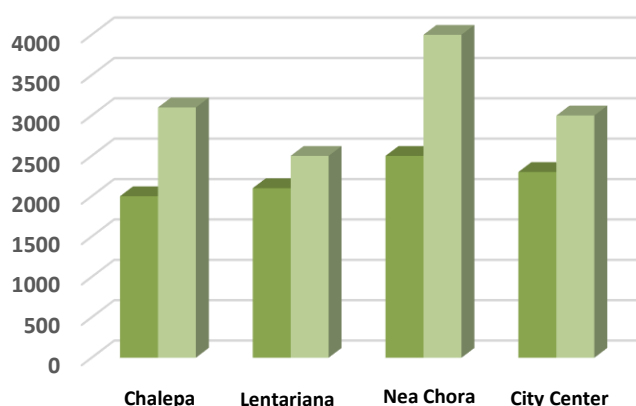
In the following columns we observe the range of the residential prices in the most sought areas of the two largest urban centers of Crete, Heraklion and Chania.

€/sqm Prices (residential market) - Heraklion



Source: Danos an alliance member of BNP Paribas Real Estate

Prices (residential market) - Chania



Source: Danos an alliance member of BNP Paribas Real Estate

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HOTEL & TOURISM MARKET REPORT

The tourism industry has been under constant pressure since the beginning of the pandemic. 2022 is the year in which it is expected to lay the foundations for the certainty needed in the sector for the future. The war situation in Eastern Europe creates a gap in tourism, as in the past there was a large number of Russian-speaking visitors coming to our country, but this is expected to be covered by tourists of other nationalities.

OVERVIEW

The developments in the tourism sector are positive as this year is expected to reach (or even overcome) the successful year of 2019. The high bookings also raise higher expectations for the government staff for increased revenues this year, where the first target for 80% of 2019, when tourism revenues reached 18.2 billion euros, seems to be surpassed with the current data. Even though Tourism in Greece for summer 2022 is threatened by staff shortages and spiraling energy costs, the government stays positive, that these issues will not cause trouble in the Greek Tourism product.

Hotel occupancy averages 70% - 80% for the four months of June-September with the most popular island destinations move to even higher levels. So far, at Chania airport the size of incoming passengers reaches the levels of 2019, while this pace is expected to continue for the entire tourist season. Although not many Russian-speaking visitors will come to our country due to the war, this gap will be filled by other nationalities such as Americans, of whom about half a million are expected to visit Greece.

CHANIA AIRPORT "IOANNIS DASKALOGIANNIS" - 2022 vs 2021

Passengers	Domestic			International			Total		
Month	2022	2021	%Δ	2022	2021	%Δ	2022	2021	%Δ
JANUARY	34,382	10,539	226.2%	1,016	16	6250.0%	35,398	10,555	235.4%
FEBRUARY	35,310	8,868	298.2%	1,791	2	89450.0%	37,101	8,870	318.3%
MARCH	43,683	10,274	325.2%	9,610	307	3030.3%	53,293	10,581	403.7%
APRIL	53,853	14,270	277.4%	115,140	219	52475.3%	168,993	14,489	1066.4%
MAY	55,647	26,532	109.7%	274,420	19,599	1300.2%	330,067	46,131	615.5%
TOTAL CHQ	222,875	70,483	216.2%	401,977	20,143	1895.6%	624,852	90,626	589.5%

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. Both the CEO of TUI, Fritz Jousen, and the Greek Minister of Tourism, Vassilis Kikilias, give positive assessments for this year's tourist season in Crete.

Special mention was made by the Governor of Crete Stavros Arnaoutakis in the construction of the North Road Axis, the new International Airport in Kastelli, but also in the marinas that Crete needs. Through these infrastructures "the position of Crete on the world tourist map will be completely upgraded, contributing even more to the country's GDP".

New Hotel Openings

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

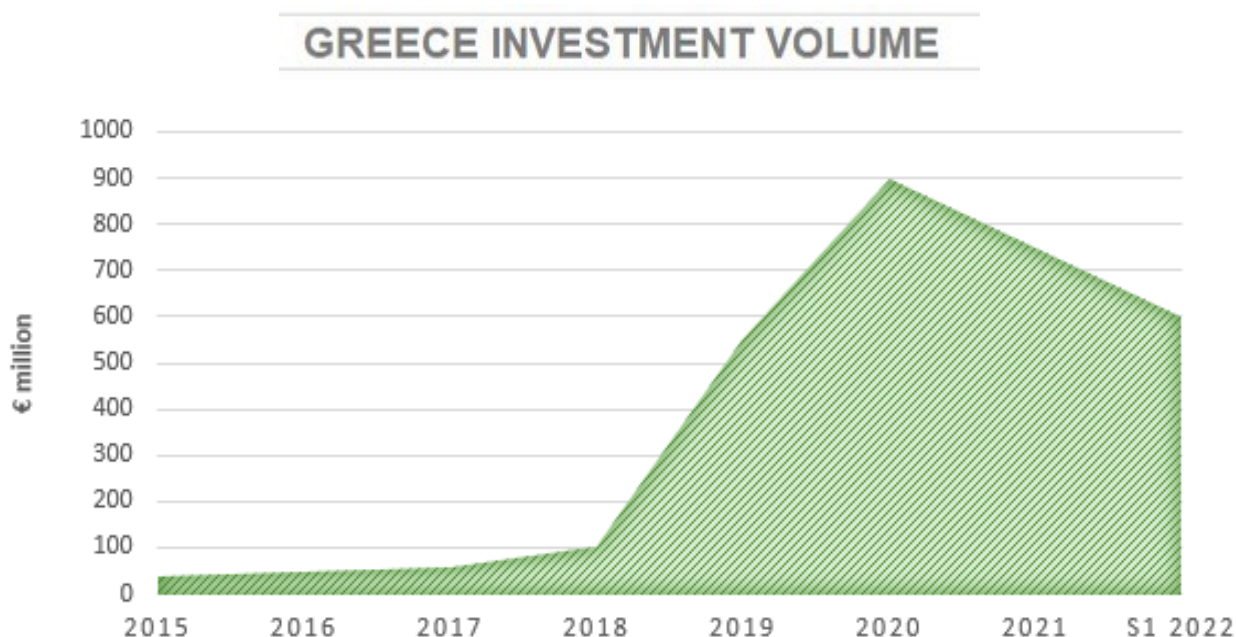
- ✓ «Nautilux» 5-star Hotel by Mage Hotels & Resorts is about to open in Rethymno with 120 rooms and suites.
- ✓ «Cape Tholos Complex» by Metaxa Hospitality Group in Lasithi with total capacity of 1,044 beds and a tourist port facility.
- ✓ An investment, that concerns the opening of 2 new 5 star boutique hotels in the center of Heraklion, which envisages the creation of a 5 star hotel in the old "Milano Sport", which will consist of 23 rooms and the creation of a 5 star hotel in the old clinic "Ippokratis", which will consist of 50 rooms, is going to take place by the travel agent Mr. Theodoros Mylonakis (CEO of MTS Globe)
- ✓ Two luxury hotels were opened in April in Crete by Melia Hotels International in the framework of the Group's cooperation with Zeus Hotels in Heraklion. More specifically, the group inaugurated the Blue Sea Beach Hotel and the Sol by Melia Marina Beach.



Photorealistic depictions of Nautilux Hotel in Rethymno

CRETE MAJOR RE TRANSACTIONS/ NEW PROJECTS S1-2022

Buyer	Asset - Description	Price (in million €)	Date
REDS A.E.	Purchase of 350 acres in the former American base in Gournes for the creation of a complete tourist complex with a casino.	40,2	Jan 2022
Mitsis Group	Purchase of Aldemar Royal Mare 5* and Aldemar Cretan Village 4* in Anissaras Chersonissos from Aggelopoulos Group		Apr 2022
ATEFA A.E.	Purchase of 119 acres in the central part of Falasarna beach for the creation of high standard hotel infrastructure.	69	Jun 2022



Source: Danos an alliance member of BNP Paribas Real Estate

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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