



CRETE MARKET REPORT

The second semester of the year Greek economy recorded quite promising activity, with tourism being a solid & continuous improved sector, while exports showed a stability and private consumption is remained under pressure due to the inflationary although the recent slow down of the market.

The last months of 2023, Greek economy and EU in general shows a stable GDP & employment growth.

Macro Figures

The current magnification of the Greek economy is supported by the recovery of consumption after the pandemic, which was strengthened by household support measures, the strong dynamics of inbound tourism which seems to be maintained in 2023 as well as the gradual increase in exports of goods in recent years. Maintaining a satisfactory growth rate the next period is the main challenge for the Greek economy.

Greek Economy Overview

The Greek economy maintained a significant part of its momentum during the first months of 2023 and is expected to continue to grow stronger, on the assumption that in the external environment, the geopolitical crisis will de-escalate, energy prices will decrease and that incoming tourism will keep on supporting the local income.

Inflation has already marked a significant slowdown, as early as the fourth quarter of the previous year, mainly due to the continued decline in the prices of energy goods. Economic growth, however, continued at a softer pace due to the slowdown in the growth rate of private consumption and was mainly based on investment and a strong rise in exports.

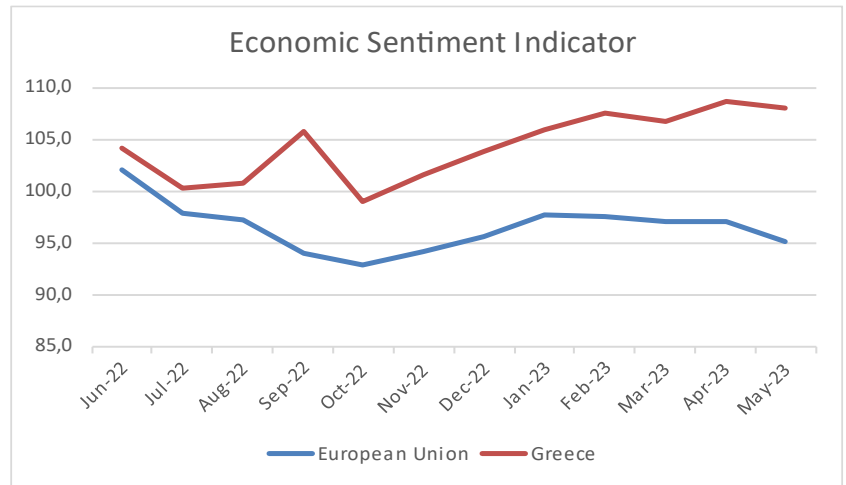
EUROPEAN COMMISSION FORECASTS			
ECONOMIC INDICATORS	2022	2023	2024
GDP (% yoy)	5,9	2,4	1,9
Inflation (% yoy)	9,3	4,2	2,4
Unemployment (%)	12,5	12,2	11,8
General government balance (% GDP)	-2,3	-1,3	-0,6
Gross public debt (% GDP)	171,3	160,2	154,4
Current account balance (% GDP)	-11,8	-9,2	-7,8

Source: ec.europa.eu



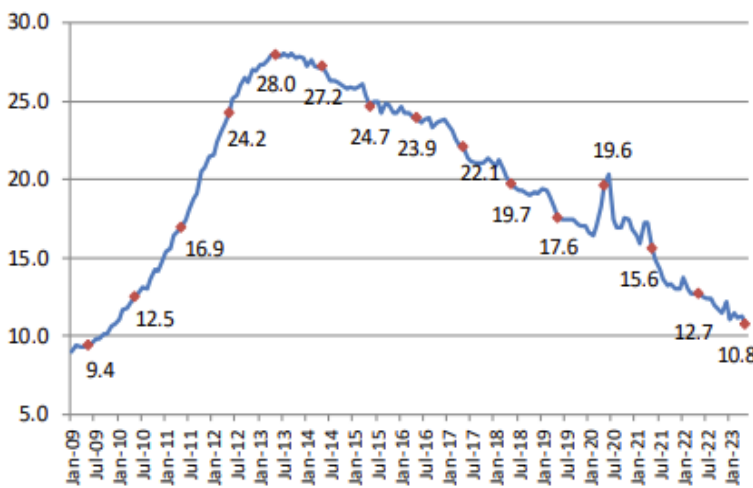
Source: ELSTAT

These developments, combined with the accumulated cash buffer and the rising contribution of investment to real GDP growth, are expected to support the regaining of the investment grade in 2023. The available seasonally adjusted data indicate that in the 1st quarter of 2023 the Gross Domestic Product (GDP) in volume terms decreased by 0.1% in comparison with the 4th quarter of 2022, while in comparison with the 1st quarter of 2022, it increased by 2.1%.



Economic Sentiment Indicator, Source: ec.europa.eu

The Economic Sentiment Index in Greece registered a significant increase during the first quarter of 2023 compared to the immediately preceding quarter (106.8 from 103.8 points). There is small decline compared to the corresponding quarter last year (111.7 points). However, it is expected that Greece in 2023 will have growth but in a much slower rate than the last year. This slowdown of the economic growth is projected to be a global phenomenon in 2023. The labour market has recovered after the pandemic and is expected to continue to improve in the medium term, despite high inflation, rising interest rates and increased uncertainty caused by the war in Ukraine. In 2022, total employment increased by 5.4% (versus 1.4% in 2021). There was a large increase in the number of people employed in tourism, education, manufacturing and construction. Based on the most recently published data the seasonally adjusted unemployment rate in May 2023 amounted to 10.8% compared to 12.7% in May 2022 and to 11.2% in April 2023.



Unemployment rate (%) by month, May 2009 – 2023, Source: ELSTAT

The banking turmoil in the US and Switzerland earlier this year, clearly demonstrated the swift transmission and spread of risks in the modern financial landscape. In the event of a shock to investors' and depositors' confidence, individual bank vulnerabilities are amplified and transmitted to other credit institutions at unprecedented speed, both at home and abroad, due to global financial interlinkages. Therefore, safeguarding financial stability requires further strengthening of the financial system. The Greek banking sector has made remarkable progress and has become more resilient over the past years, thereby being better placed to withstand potential turbulences and shocks. Although the near-term outlook remains positive, there are still challenges, including improving asset quality, achieving sustainable profitability and further enhancing banks' capital adequacy.

According to European Commission's Economic Forecast of Autumn 2023, Greece's real GDP growth for the remainder of the year 2023 is anticipated to be solid with an average 2.4%, above the EU average (0,6%), while also as stated to recent forecasts by the IMF and the Bank of Greece, it is estimate to exceed 2%, higher than the euro area, still below growth of 2022.

Following the previous semester, Greece at a faster rate compared to European average eases the inflation of the Greek economy in 2023, despite the instable international environment after the Russian invasion of Ukraine and the recent war in Palestine.



OFFICE MARKET REPORT

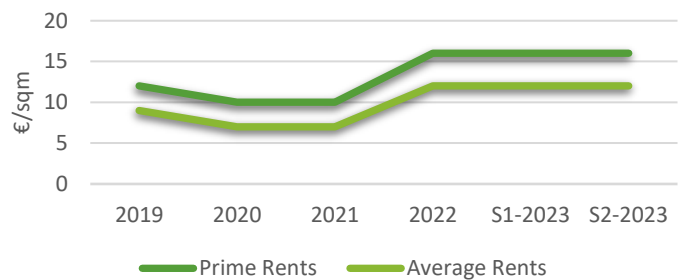
OVERVIEW

The office market continued to have a steady interest in 2023. The construction sector keeps covering the market need of new-office buildings, while many projects refer to renovation of older office buildings. The demand varies and depending on the location and the amenities, while new business requirements characterized by high standards and environmentally friendly spaces.

CRETE OFFICE MARKET

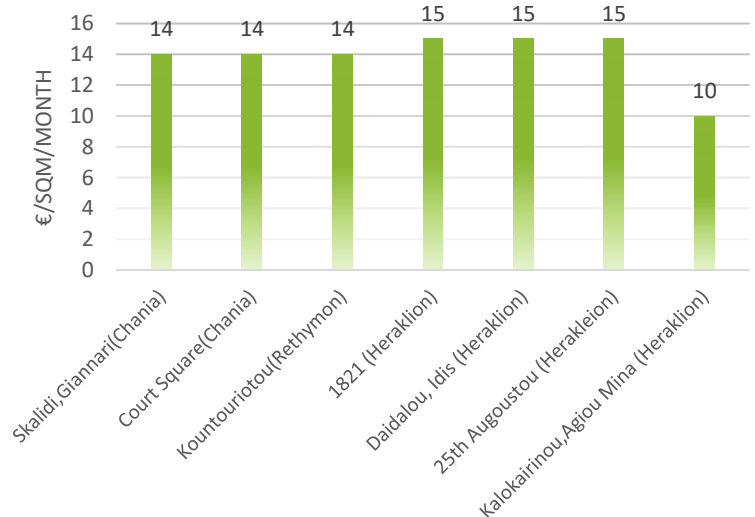
Currently at the main big cities of Crete, older office spaces and buildings exist, mainly developed in decades before 2000. In 2023, users and investors demanded a rapid change, focusing on modern and environmentally friendly spaces with the aim to low the overall maintenance costs. There is a trend for new renovations of office spaces in order to meet the high standards, as there is a lack of new office buildings in the island.

Crete's Office Market Rental Values



Source: Danos an alliance member of BNP Paribas Real Estate

CRETE'S PRIME MARKETS AVRG RENT



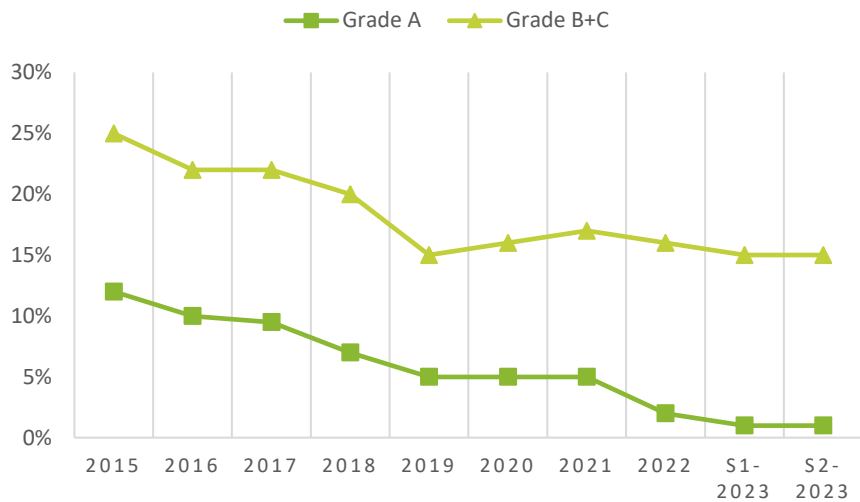
Source: Danos an alliance member of BNP Paribas Real Estate

The lack of Grade A office spaces leads the local users and investors to the solution of Grade B offices in prime and secondary locations. Under the pressure of economic challenges, the Cretan office market is focusing on the use of average quality spaces, which will be used under their current condition or will be renovated by the user/investor.

Investors' Profile remains the same, Greek REICs have been playing a secondary role in local transactions, with less priority/ demand for office spaces in Crete, as the leading tourism sector has the main focus.

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

OFFICE SPACES VACANCY RATES



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

MARKET TRENDS GRADE A OFFICES CRETE	
RENTALS	➔
YIELD	➔
VACANCY RATE	➔
ABSORPTION	➔



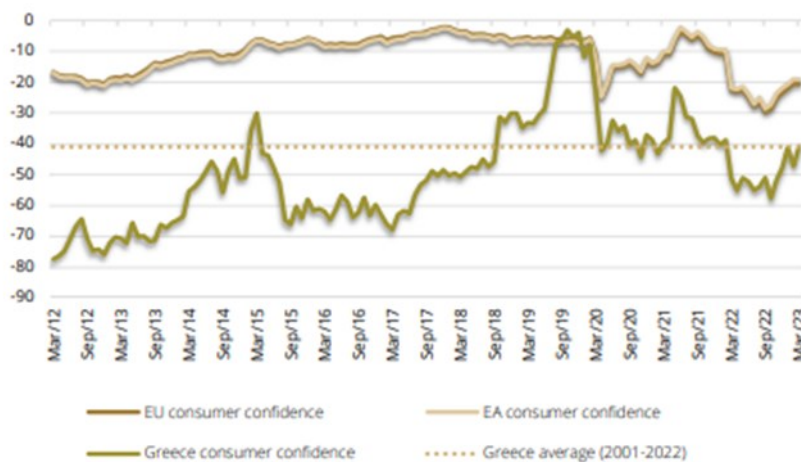
RETAIL MARKET REPORT

Consumers in EU appear to be affected as the inflation is still in significant levels, however the market seems to be unaffected with a steady demand.

OVERVIEW

Consumers now want to enjoy the benefits of both brick-and-mortar and online shopping, while this shift to e-commerce has affected the brick-and-mortar market, focusing investors and lessees/users almost exclusively on prime locations. As a result, the demand for rent in the most commercial streets, but also in the established shopping centers, is still high due to the lack of available shops.

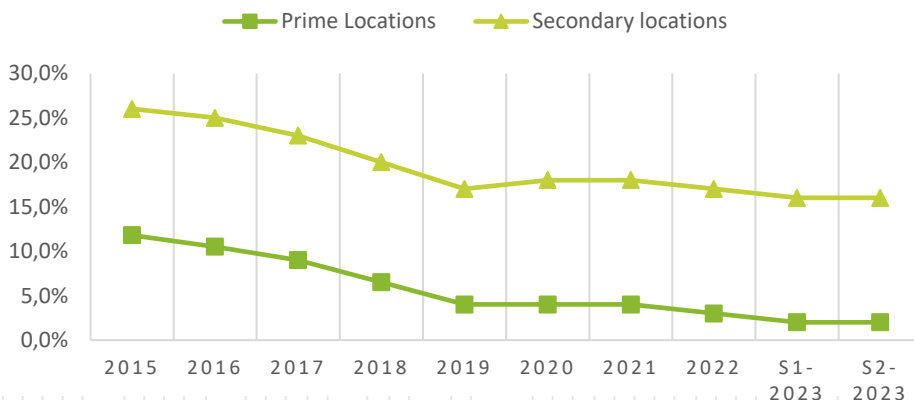
Consumer Confidence Index



CRETE RETAIL MARKET

As the inflation in Greece during 2023 has a downward rate comparing to the previous year, in the same time a steady demand was also observed in the retail market of Crete. The central areas of the cities are more popular, with many famous brands looking for new opportunities to expand their business. Once again the positive signs/performance of the touristic sector was the reason for the investors' interest regarding new prime retail and hypermarkets spots.

CRETE'S RETAIL MARKET VACANCY RATES



Source: Danos an alliance member of BNP Paribas Real Estate



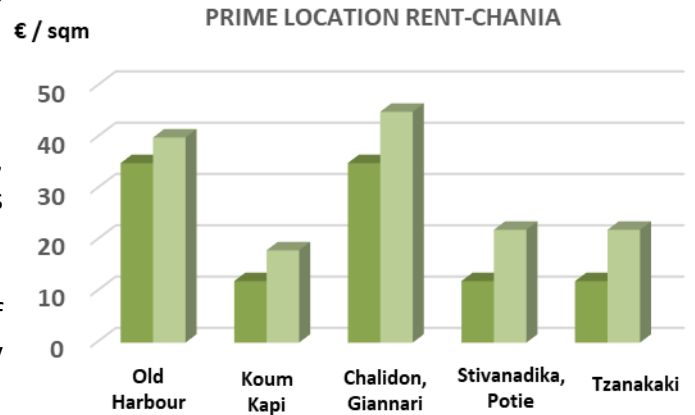
Chania Old Port is the most commercial area with great leasing interest. Monthly rental values vary from 35-40€/sqm, while in streets such as Chalidon, Chatzimichali-Giannari and Skalidi, where major brands are located, monthly rental values vary from 35-45€/sqm.

In **Heraklion**, the most commercial areas are Daidalou street, 1866 street and Liontaria Square, where monthly rental values vary from 50-70€/sqm.

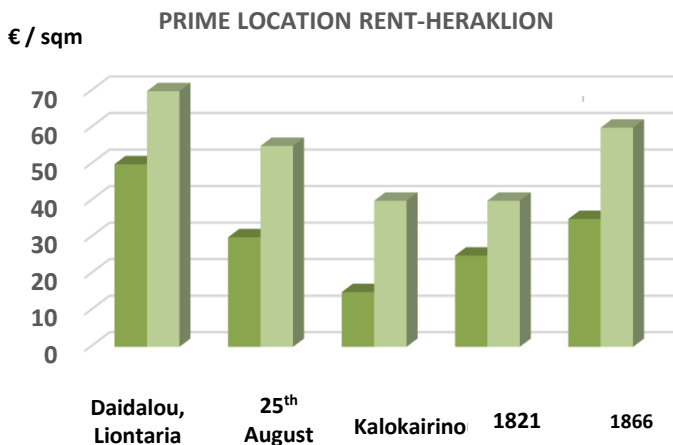
In **Rethymnon**, within the Old Town and in the north part of Arkadiou street, which is the most expensive area, monthly rental prices vary from 15-30€/sqm.

Finally, in **Lasithi (city center)**, primary zones, prices can reach up to 15€/sqm/month.

The retail sector in the island is growing every year especially after the end of Covid-19 period, despite the unforeseen international environment and the war conflicts, following the Greek economy, that is showing potential and a planned growth model, which raised the attention of the investors.



Source: Danos an alliance member of BNP Paribas Real Estate



CRETE'S 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 2023, with Chania and Heraklion maintaining high rates. Prime locations, so far appear to be unaffected, showing an uptick in the short term, while the market is demonstrating, that changes in consumption and retail activity have fully recovered

Transactions: Lease transactions and Rental rates have stayed stable across the island in the last 12 months.



LOGISTICS MARKET REPORT

The Logistics sector in Greece continues to be dynamic with impressive scope for growth and further investments, which concern both the service of the domestic market and the development of the country's potential as a transit center between Asia and Europe

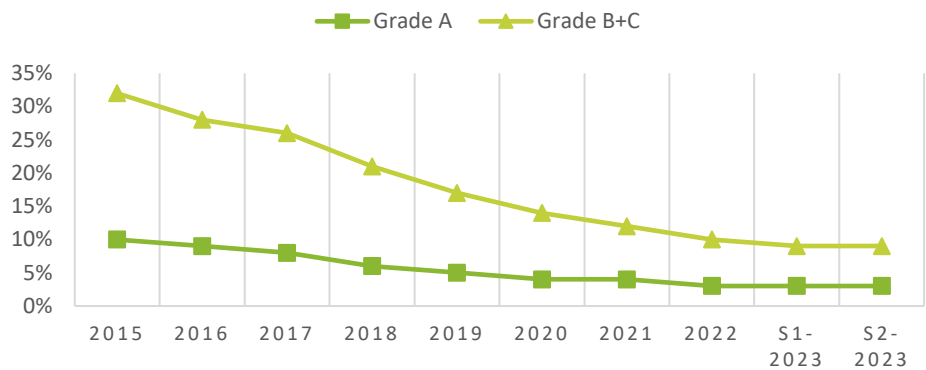
OVERVIEW

The market imbalance is leading to increased values and a decrease in yields in the range of 7% on quality properties, depending on location and construction characteristics. Those companies positioned at the beginning of this bull cycle secured even lower prices, with near double-digit returns. Yields in Greece are among the most competitive at the European level with increasing trends for 2024.

CRETE LOGISTICS MARKET

Every year the demand for new industrial spaces in the island is rising as the economy is progressing, combined with the supply chain increased needs. At the moment, an industrial/ logistics building in a prime location can register a rent of more than 5€/sqm/month. In other areas the lease terms are lower from 3€ /sqm/month.

CRETE'S VACANCY RATES LOGISTICS & INDUSTRIAL SPACES

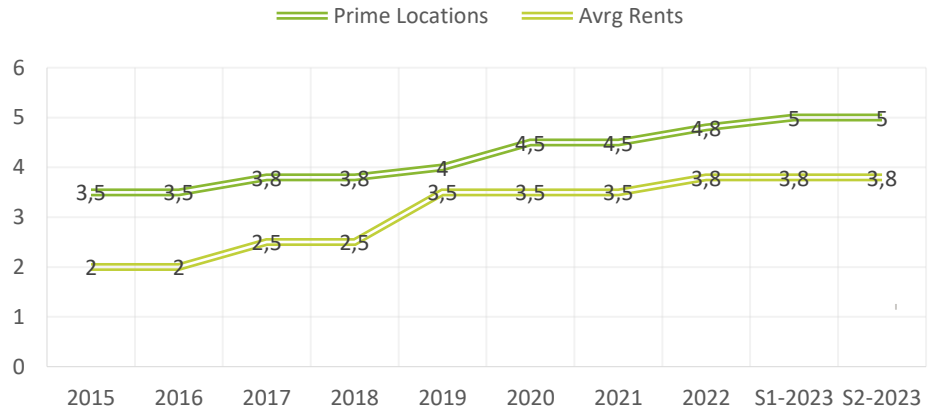


Source: Danos an alliance member of BNP Paribas Real Estate

It is a fact, that the sector is rapidly developing with huge investments especially in Athens and Thessaloniki as the main hubs of the transport/logistics in the country. Companies, in order to grow in a quite challenging and demanding environment, need to follow the recent trends such as the:

- Emphasis on sustainability
- Development of e-commerce
- Deep integration of technology

CRETE'S LOGISTICS & INDUSTRIAL MARKET RENTS



Source: Danos an alliance member of BNP Paribas Real Estate

In the area of Crete industrial investments are made to a lesser extend compared to Athens or Thessaloniki.

CRETE'S MARKET TRENDS LOGISTICS				
	RENTS	YIELDS	DEMAND	SUPPLY
GRADE A				
GRADE B				

Source: Danos an alliance member of BNP Paribas Real Estate

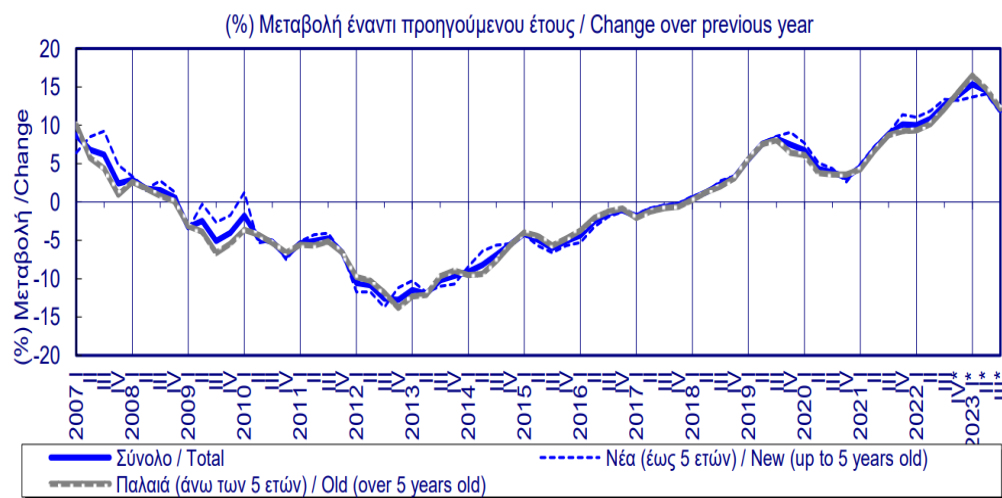


RESIDENTIAL MARKET REPORT

The second semester of the year 2023 prices related to the first half were relatively stable after a period of continuous increase in rents and sales. The Greek real estate market has attracted considerable attention from foreign investors, one of the factors contributing to this is the Golden Visa program.

OVERVIEW

The prices of residential properties at the end of 2023 comparing with 2022, according to the official data of the Bank of Greece (presented in the graph), observe a relative stability with small differences in the appreciations, depending on the age and condition of the property. According to recent updates the Greek Cabinet decided to the abolition of the Real Estate Tax non-debt certificate for the property transfer as a part of a series of initiatives taken by the Ministry of Digital Governance with the aim of digitization and bureaucracy reduction.



Source: Greek Central Bank

CRETE RESIDENTIAL MARKET

The average house sale prices in Chania and Heraklion in the second half of 2023 remained steady compared to the first half of the year, according to real estate market data, while the two bigger cities leading the market with the higher average prices. It is observed an increased demand for the acquisition of residential properties as an investment and of holiday houses close to the beach from people all around Europe and the rest of world such us USA, Australia etc.

Moreover huge boost on the demand came from the mortgage loan for young people through "My Home" Government's program, which includes a lower interest rate than a common mortgage loan with a 75% of the loan to be financed interest-free by the State on a maximum funding of 200.000 €.

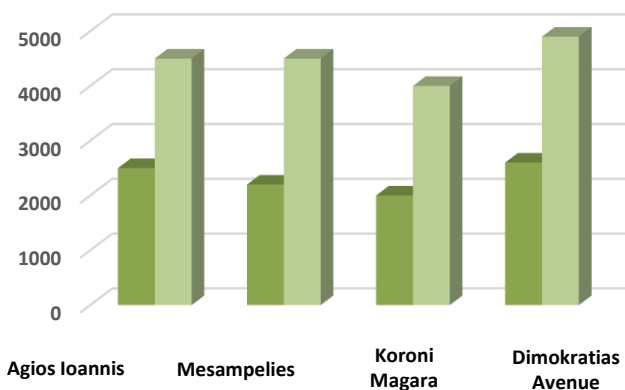
The increased construction cost has brought a stability in new building permits in relation to the post-Covid-19 era, while the supply continues to be unable to meet the demand for properties for sale or lease. This fact has kept prices at high levels both in residential sales and in long-term leases.

On the other hand the still increased mortgage interest rates across Europe are having an affect on residential property market. Furthermore the combination of inflation rate and mortgage interest rates is affecting the demand for new mortgages and long term debt cost, with the result of reducing the purchasing ability of private users and investors.

In the following graphs 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

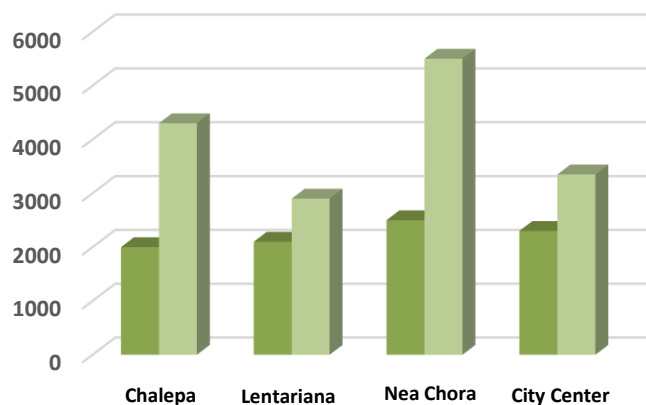


In some of the most popular areas in **Heraklion** property values vary from 2000-4900€/sq m, with average prices being around 3450€/sq m.

Source: Danos an alliance member of BNP Paribas Real Estate

In **Chania** city areas property values vary from 2000-5500€/sq m, with the highest prices referring to new buildings and average prices being around 3750 €/sqm.

Prices (residential market) - Chania



Source: Danos an alliance member of BNP Paribas Real Estate



HOTEL & TOURISM MARKET REPORT

The Greek tourism sector is consistently the flagship of Greek economy. Every year the airports have ever-increasing arrival rates which makes Greece one of the most popular countries for visitors and investors. This increasing trend of arrivals from year to year is a constant for new incoming investment schemes and the creation of new units and facilities related to the tourism sector.

OVERVIEW

According to the official data Institute of the Association of Hellenic Tourism Enterprises (INSETE) tourist arrivals show that specifically in the period January-October 2023, 23 million international arrivals were recorded, surpassing the levels of January-October 2022 and showing an increase of 11,5%. In absolute numbers it means that this year there were 2,4 million additional arrivals. In the same time, 204 hotel units and tourist accommodations were available for sale in the 2nd semester of 2023, which seems to enhance the transformation of the Greek Hospitality Market.

In 2023, Greece ranks first in the general satisfaction index (GRI) of hotels with 86%. In second place is Cyprus with 85% and in third place Italy and Spain with 84% respectively. It is followed by Turkey with 83% while in the last place was France with 78%.

2023	Ελλάδα	Τουρκία	Ιταλία	Γαλλία	Ισπανία	Κύπρος
Ιανουάριος	86%	82%	84%	79%	84%	85%
Φεβρουάριος	86%	83%	84%	79%	85%	86%
Μάρτιος	87%	83%	84%	79%	84%	85%
Απρίλιος	87%	84%	84%	78%	85%	86%
Μάιος	87%	84%	84%	77%	85%	87%
Ιούνιος	87%	84%	84%	76%	85%	86%
Ιούλιος	87%	84%	83%	78%	84%	84%
Αύγουστος	86%	82%	84%	78%	83%	83%
Σεπτέμβριος	86%	82%	84%	77%	84%	84%
Οκτώβριος	86%	83%	84%	78%	84%	85%
Νοέμβριος						
Δεκέμβριος						
Μέσος Όρος	87%	83%	84%	78%	84%	85%

Source: INSETE Intelligence

Οκτώβριος 2023	Ελλάδα	Τουρκία	Ιταλία	Γαλλία	Ισπανία	Κύπρος
Σχέση Ποιότητας-Τιμής	86%	87%	81%	77%	82%	86%
Δωμάτιο	85%	85%	89%	76%	84%	86%
Εξυπηρέτηση	90%	89%	87%	81%	88%	88%
Καθαριότητα	89%	89%	93%	81%	88%	93%
Τοποθεσία	89%	91%	89%	91%	90%	91%
Φαγητό-Ποτό	85%	85%	83%	-	82%	86%
GRI	86%	83%	84%	78%	84%	85%

Source: INSETE Intelligence

Furthermore, the statistics above show during October 2023, the several categories of the satisfaction levels. The research relate to value for money, the room, the service, cleanliness, location, food and drink.

Crete Hotel & Tourism Market

A large part of tourist arrivals and income for the Greek economy is generated by Crete. The major airports of Chania and Heraklion are the leaders of the arrivals on the island. More specifically, the official data of the traffic development overview for Chania shows a 25% increase for domestic passengers comparing with the previous year. While, International arrivals have an increase percentage of 7,9% and in total comparing the year 2022 and 2023, there is a quite significant increase of around 10,9% which shows the dynamic of the Greek touristic product.

Traffic Development Overview



CHANIA AIRPORT "IOANNIS DASKALOGIANNIS" - 2023 vs 2022

Passengers	Domestic			International			Total		
	Month	2023	2022	%Δ	2023	2022	%Δ	2023	2022
JANUARY	54,855	34,382	59.5%	2,614	1,016	157.3%	57,469	35,398	62.4%
FEBRUARY	51,968	35,310	47.2%	2,507	1,791	40.0%	54,475	37,101	46.8%
MARCH	59,712	43,683	36.7%	13,187	9,610	37.2%	72,899	53,293	36.8%
APRIL	66,001	53,853	22.6%	126,299	115,140	9.7%	192,300	168,993	13.8%
MAY	72,295	55,579	30.1%	300,904	274,610	9.6%	373,199	330,189	13.0%
JUNE	77,266	62,783	23.1%	466,858	436,412	7.0%	544,124	499,195	9.0%
JULY	83,282	72,071	15.6%	588,996	548,348	7.4%	672,278	620,419	8.4%
AUGUST	83,014	72,567	14.4%	542,270	514,297	5.4%	625,284	586,864	6.5%
SEPTEMBER	76,278	64,655	18.0%	478,662	435,411	9.9%	554,940	500,066	11.0%
OCTOBER	77,095	66,598	15.8%	282,805	263,763	7.2%	359,900	330,361	8.9%
TOTAL CHQ	701,766	561,481	25.0%	2,805,102	2,600,398	7.9%	3,506,868	3,161,879	10.9%

Hotels: New arrival in Crete – Blue Palace joins Rosewood Hotels.

The hotel will be operate according to estimations at 2025 after the complete renovation, with a capacity of 154 rooms and hotels.

Another international hotel chain, Rosewood Hotels & Resorts, is entering the Greek tourist market, includes in its network the Blue Palace, in Elounda, Crete, which belongs to the Greek company Phāea (Golf Residences S.A.)

Rosewood Hotels & Resorts manages a network of 32 luxury hotels, resorts and residences in 19 countries.

The new income of this chain validates the trust and the potential of the Greek tourism and economy.



Real Estate is always a challenging industry consistent with the economy, the potential and the risks, yet the Greek Real Estate market seems to overcome any obstacles and adapt to any situation.

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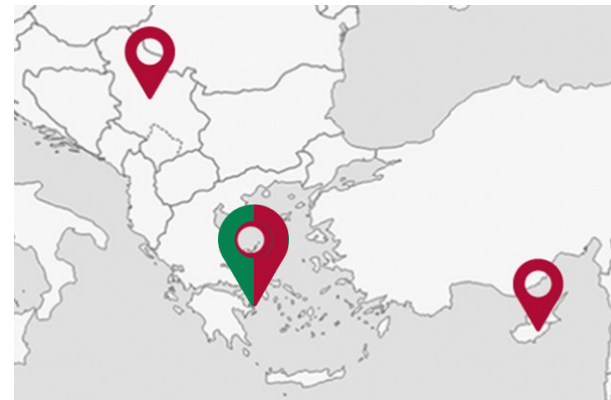
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