Danos - Melakis

INTERNATIONAL PROPERTY CONSULTANTS & VALUERS

S1 2026 MARKET INSIGHT REPORT

CRETE MARKET REPORT

Despite heightened geopolitical tensions and a more uncertain international environment, the Greek economy continued to demonstrate resilience during the first half of 2026. Real GDP growth remained above the Eurozone average, supported primarily by private consumption, investment and exports, while economic activity continued to benefit from the implementation of Recovery and Resilience Facility (RRF) projects. Inflationary pressures re-emerged temporarily, mainly due to higher international energy prices, although the medium-term outlook remains one of gradual moderation. Ongoing geopolitical uncertainty, elevated energy costs and weaker external demand continue to pose downside risks to the economic outlook.

Macro Figures

Economic activity in Greece is set to decelerate, from 2.1% in 2025 to 1.8% in 2026, as the energy price shock erodes households' real income and dampens consumption growth. Investment growth, however, is expected to remain robust, supported by continued absorption of EU funds. In 2027, GDP growth is projected to decline slightly to 1.6% as the implementation of the RRF winds down. Inflation is expected to increase to 3.7% in 2026, fuelled by the sharp increase in energy prices. In 2027, inflation is projected to decline to 2.4%, but inflation excluding energy and food is set to remain elevated as the price shock passes through to non-energy components. Unemployment is projected to decline further, albeit at a slower pace, reaching 7.9% in 2027. Greece is expected to maintain a favourable fiscal position, with sustained surpluses over 2025–27, despite expansionary fiscal measures. Solid nominal GDP growth and budget surpluses are projected to continue driving the debt-to-GDP ratio steadily downward, moving close to 134% by end 2027.

Indicators	2025	2026	2027
GDP growth (%, y-o-y)	2.1	1.8	1,6
Inflation (%, y-o-y)	2.9	3.7	2.4
Unemployment (%)	8.9	8.3	7.9
General government balance (% of GDP)	1.7	0.8	0.6
Gross public debt (% of GDP)	146.1	140.7	134.4
Current account balance (% of GDP)	-6.0	-7.1	-6.1

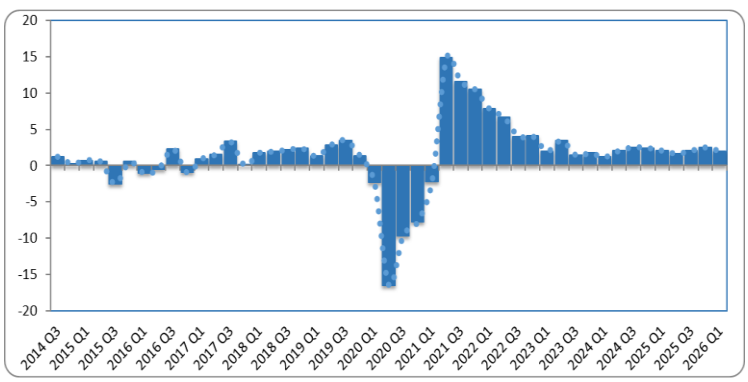
Source: ec.europa.eu

Greek Economy Overview

Economic activity in Greece remained resilient through the first half of 2026, although growth moderated compared with previous years. Real GDP continued to expand at around 2.0% year-on-year, supported by private consumption, investment activity and the ongoing implementation of Recovery and Resilience Facility (RRF) projects, despite increased external uncertainties.

Inflationary pressures strengthened during the first half of 2026, mainly driven by higher energy prices and services inflation. HICP inflation reached approximately 4.9% in May 2026, while inflation is expected to gradually ease over the medium term. Real GDP growth is projected to remain positive, reaching approximately 1.8% in 2026 and 1.6% in 2027.

Quarterly real GDP (y/y growth rate)



Source: ELSTAT

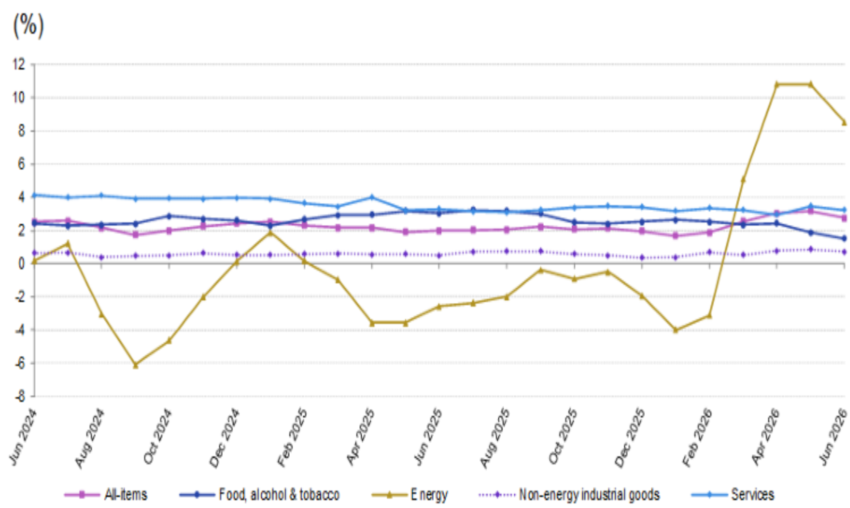
Private consumption

Private consumption remained resilient through the first quarter of 2026, continuing to support economic growth, although at a more moderate pace amid renewed inflationary pressures. Strong labour market conditions, rising employment and wage growth continued to support household disposable income, while investment activity remained robust, benefiting from the ongoing implementation of Recovery and Resilience Facility (RRF) projects. However, higher energy prices and increased inflation weighed on consumer confidence and are expected to gradually moderate consumption growth during the remainder of 2026.

Labour market

Labour market conditions continued to support private consumption through the first half of 2026, with unemployment remaining at historically low levels and employment growth sustaining household income. Despite renewed inflationary pressures, wage growth helped preserve purchasing power, allowing private consumption to remain resilient and continue supporting economic activity.

Inventory accumulation played a limited role in GDP growth during the first half of 2026, as firms maintained balanced stock levels amid more stable supply conditions and demand expectations. Domestic demand and investment continued to be the main drivers of economic growth.



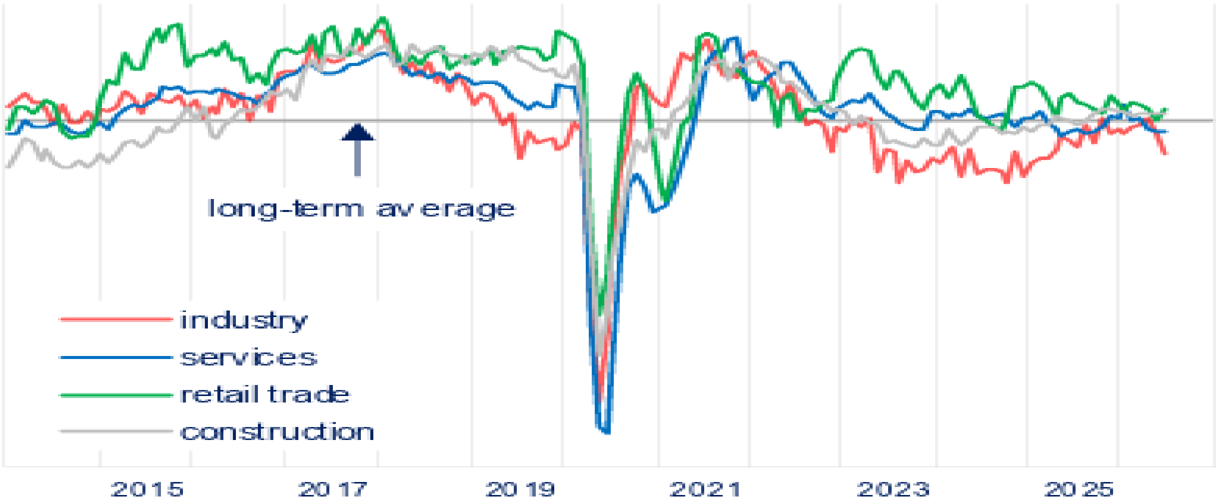
Euro area annual inflation and its main components, June 2024 – June 2026, Source: Eurostat

Following the stabilization observed in late 2025, gross fixed capital formation (GFCF) continued to recover during the first half of 2026. Investment activity was supported by the ongoing implementation of Recovery and Resilience Facility (RRF) projects, improved absorption of EU funds and continued construction activity. Although growth remained uneven across investment categories, GFCF continued to make a positive contribution to GDP growth in the first half of 2026.

Economic activity in Greece continued to expand moderately through the first half of 2026, supported by resilient private consumption and continued investment activity. Gross fixed capital formation strengthened further, driven by the ongoing implementation of Recovery and Resilience Facility (RRF) projects, improved absorption of EU funds and sustained construction activity, making a positive contribution to GDP growth.

Economic sentiment indicators continued to point to a broadly positive outlook for the Greek economy through the first half of 2026, despite increased uncertainty in the international environment. Consumer confidence remained relatively resilient, supported by favourable labour market conditions, although it was moderated by renewed inflationary pressures and higher energy costs. The Economic Sentiment Indicator (ESI) remained above its long-term average during the first half of 2026, reflecting stable business confidence and resilient expectations across most sectors of the economy.

Confidence developments were sector-specific: industry confidence declined, driven by weaker production expectations and softer order books; services confidence improved markedly, supported by stronger business conditions and demand expectations; consumer confidence remained broadly unchanged, with more positive expectations regarding household finances and the general economic outlook offset by a weaker intention for major purchases; retail trade confidence strengthened, reflecting improved assessments of current sales and future demand; construction confidence weakened, mainly due to softer employment expectations and lower confidence in private construction activity.



Source: IOBE, European Commission

The labour market remained resilient, with employment growth continuing across construction, trade, and professional services, while the unemployment rate declined further to one of its lowest levels in recent years. Overall, the first half of 2026 was characterised by improving business sentiment in services and retail trade, stable consumer confidence, and continued resilience of the Greek economy despite persistent geopolitical and inflationary uncertainties.

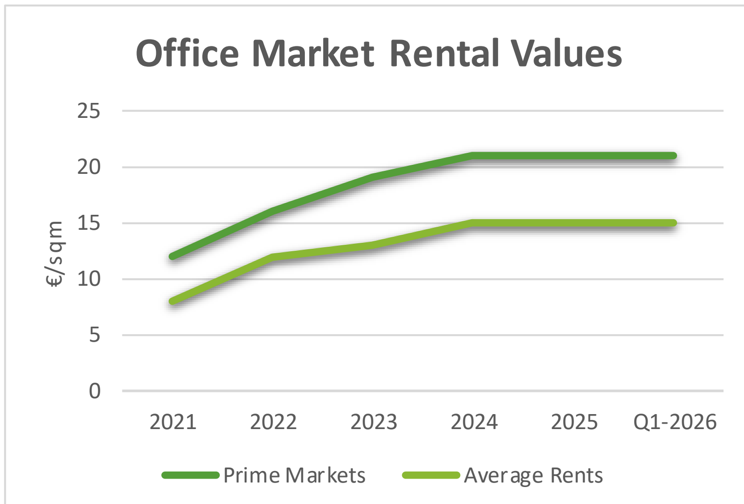
Economic sentiment in Greece improved modestly during the first half of 2026. Consumer confidence remained broadly unchanged, while the Greek Economic Sentiment Indicator (ESI) increased to 108.3 in June, following 107.7 in May. Industry and construction confidence weakened moderately, whereas services and retail trade confidence strengthened, and consumer confidence remained stable. These developments indicate that households and businesses maintained cautious confidence, supporting resilient domestic demand and continued investment activity.

Sectoral developments were mixed, with services and retail trade expectations improving, while industry and construction moderated. Consumer sentiment remained broadly stable, reflecting more optimistic expectations regarding household finances and the general economic outlook, offset by weaker intentions for major purchases

OFFICE MARKET REPORT

OVERVIEW

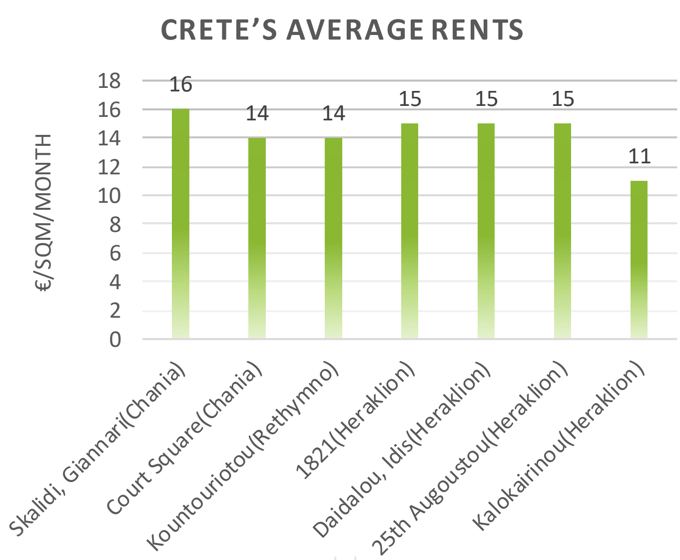
During the first half of 2026, the office market in Crete continued to perform positively, albeit at a more moderate pace than the rest of the Greek regions. Demand remained stronger than supply, particularly for modern, energy-efficient office space, sustaining upward pressure on both capital values and rental levels. At the same time, investors maintained a selective approach, focusing primarly on high quality assets offering stable income streams.



Source: Danos an alliance member of BNP Paribas Real Estate

CRETE OFFICE MARKET

The limited development of new office buildings remained a defining characteristic of the Cretan office market, contributing to the ongoing shortage of prime office stock. The performance of the office market was influenced by several key factors such as a continued imbalance between demand and supply of modern office accommodation, growing occupier preference for energy efficient sustainable and technological advanced office buildings and elevated construction and financing costs, which constrained new office developments and refurbishment projects.

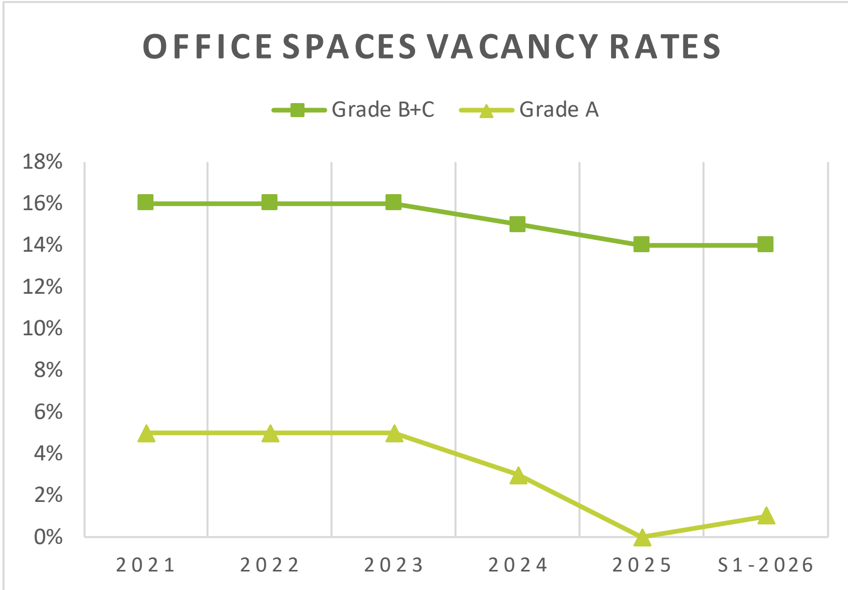


Source: Danos an alliance member of BNP Paribas Real Estate

Overall Market: Vacancy rates in Crete's office market remained relatively low for modern, high quality office space, reflecting the limited supply of Grade A properties.

Opportunities: Prime office buildings in central locations particularly in Heraklion and Chania, continued to experience high occupancy levels, while vacant space was concentrated primarily in older office buildings with outdated layouts, lower energy performance or less accessible location. Consequently, well maintained and recently refurbished office assets continued to outperform older stock in terms of occupancy and rental performance.

Challenges: The long-term competitiveness of Crete's office market will depend on increasing the supply of modern and high quality office space while meeting evolving occupier requirements. Investment in sustainable, energy efficient buildings, the refurbishment of older stock and the adoption of smart building technologies will enhance the market attractiveness.



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

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

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

RETAIL MARKET REPORT

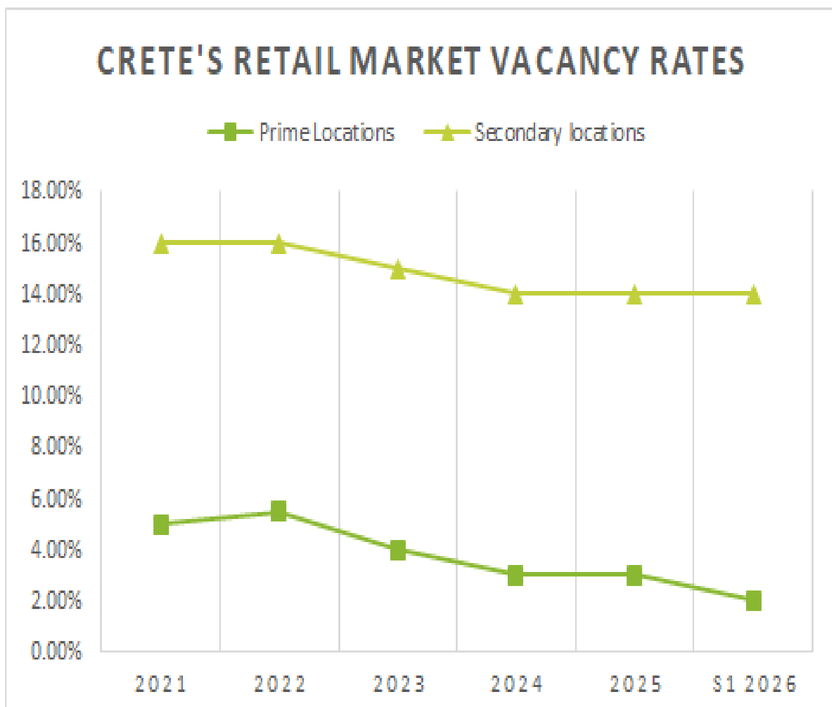
The Greek retail market remained resilient during the first half of 2026, continuing the positive flow of the recent years, albeit at a more moderate pace. International and domestic retailers remained active in securing flagship locations, reflecting confidence in consumer spending and tourism-driven retail activity. Greece's retail market is now in a maturation phase, where location and tenant quality play a more decisive role.

OVERVIEW

Investment sentiment toward retail assets remained positive. The sector continued to benefit from robust tourism flows and improving economic fundamentals, particularly in major urban centers and established tourist destinations.

CRETE RETAIL MARKET

During the first half of 2026, the retail market in Crete demonstrated positive momentum, characterized by strong demand for retail premises in tourist destinations and prime commercial locations, continued rental growth in high-footfall areas, limited availability of quality retail stock. In the same time, an increased interest from retail chains, food & beverage operations and tourism businesses was observed. Another fact that was observed was the investment preference in properties with long term tenants and stable income returns.



Source: Danos an alliance member of BNP Paribas Real Estate

As of the first half of 2026:

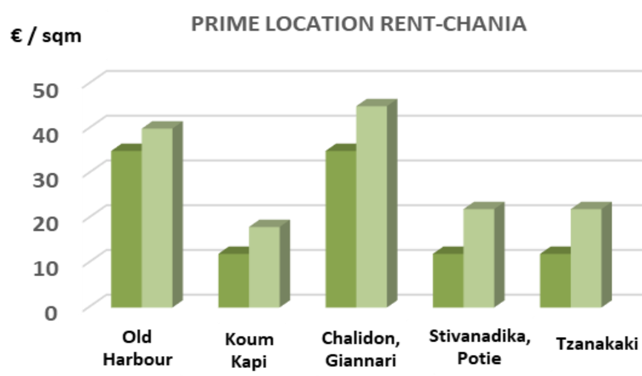
Chania: The **Old Port** remains the city's most commercially vibrant area, attracting strong leasing interest. Monthly rental values range between **€35 and €40/sqm**. Nearby streets such as **Chalidon**, **Chatzimichali Giannari**, and **Skalidi**, home to major brands, record monthly rents between **€35 and €45/sqm.**

Heraklion: The prime retail zones—**Daidalou Street**, **1866 Street**, and **Liontaria Square**—continue to command the highest retail rents on the island, with monthly values ranging for prime commercial locations from **€35 to €70/sqm**.

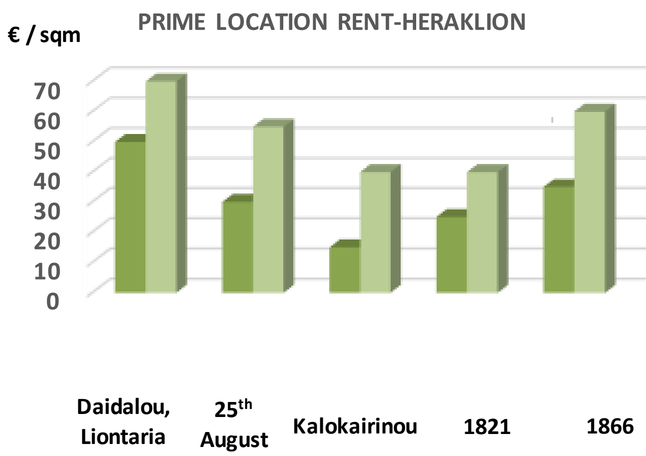
Rethymno: Retail demand is focused in the **Old Town** and the northern section of **Arkadiou Street**, the city's most expensive retail stretch, where monthly rents range from **€15 to €30/sqm.**

Lasithi: In the primary commercial zones of the city center, monthly rental prices can reach up to **€15/sqm**.

Broadly speaking, price levels and investors preferences around points of interest have not changed compared to the previous year.
Heraklion remains the strongest retail market on the island. This can be attributed to the largest resident population, the highest income and the highest presence of national and international chains.
Chania, the second largest city of Crete, is the market with the greatest growth potential due to tourism and increased high-income arrivals.



Source: Danos an alliance member of BNP Paribas Real Estate



CRETE'S MARKET TRENDS PRIMARY RETAIL LOCATIONS	
RENTALS	→
YIELD	→
VACANCY RATE	↘
ABSORPTION	↗

Main Yields: Crete continues to offer higher yields than Athens' prime high street locations, making it attractive to investors seeking a combination of stable income and capital appreciation. Market fundamentals suggest asset values are increasing at a faster pace than rents, supporting further yield compression in medium term.

Transactions: Most transactions are focused on high quality properties in Heraklion and Chania. Overall, transaction activity indicates that investors are increasingly targeting long term capital appreciations and asset quality rather than relying solely on rental growth.

LOGISTICS MARKET REPORT

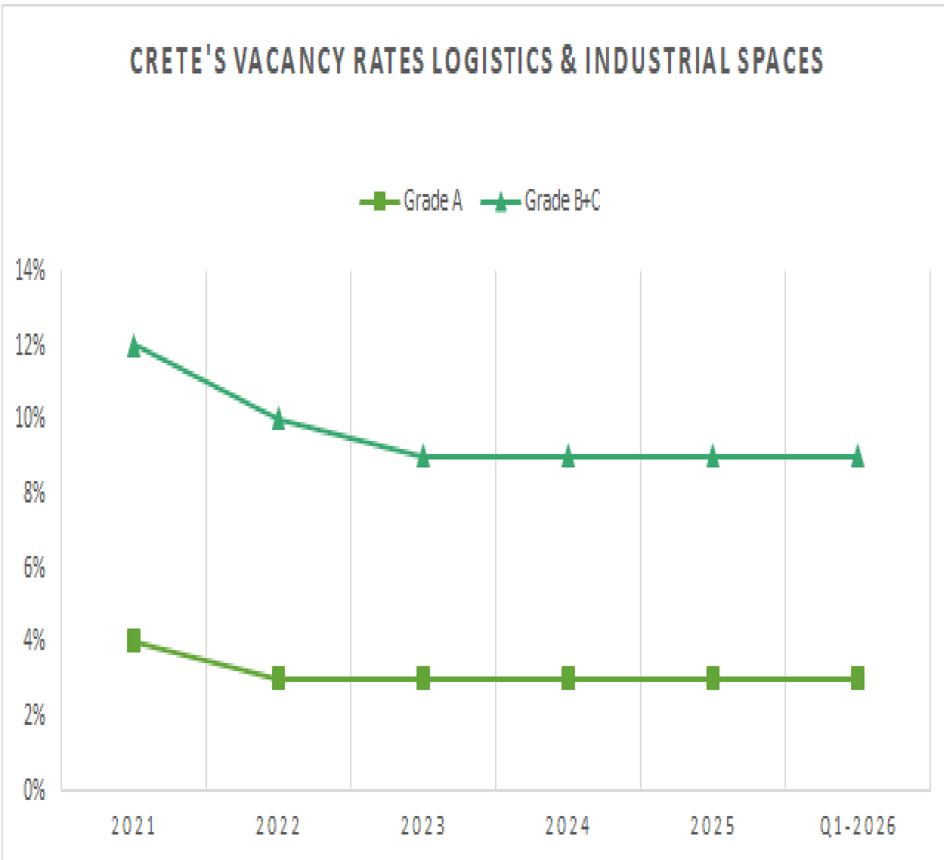
During the first half of 2026, Greece's logistics market, remained one of the strongest- performing segments of the commercial real estate sector. Demand for modern warehouse facilities, continued to be robust, supported by the ongoing expansion of e commerce, the restructuring of supply chains and continued investment in transport infrastructure.

OVERVIEW

Meanwhile, investments in automation, digitalization and "green" storage spaces, are accelerating as businesses seek greater resilience and efficiency in supply chain. The Greek market entered a more mature phase, with rental levels and investment yields showing signs of stabilization, while the development pipeline of Grade A logistics facilities expanded significantly, with approximately 80.000 sqm of new warehouse space planned nationwide.

CRETE LOGISTIC MARKET

Crete's logistics market continued to exhibit characteristics distinct from those of Greece's major metropolitan areas. Market activity remained primarily focused on serving local consumption, the tourism industry and the distribution of agricultural and food products. Demand for warehouse space remained strong particularly in the city of Heraklion. However, the supply of modern logistics facilities continued to be limited, both in terms of quantity and technical specifications.



Source: Danos an alliance member of BNP Paribas Real Estate

CRETE LOGISTICS MARKET

CHANIA:

Next to the national highway, in the Tsikalaria area of Chania, are located the Industrial Park and the Artistic Village.

The Chania Industrial Park (VIOPA) was constructed in 1993, 7 km east of the city of Chania and very close to the Souda Port. It consists of 87 buildings including small and medium-sized manufacturing businesses, covering an area of 112,000 square meters.

At present, the area is fully saturated and no longer capable of meeting the city's increasing demand for modern logistics and industrial facilities. This supply constraint has shifted market interest toward alternative locations outside the VIOPA, with new developments and corporate demand concentrating in areas such as Vamvakopoulo, along Souda Avenue, and in adjacent zones near the national highway interchanges, which offer improved accessibility and expansion potential.

Furthermore, a growing number of companies are actively seeking to acquire or lease large-scale industrial properties; however, the current market lacks available assets, that meet modern size, layout, and operational requirements, creating a clear supply–demand imbalance and highlighting significant investment opportunities in the sector.

RETHYMNO:

The total area currently owned by VIO.PA. RETHYMNOS SA is 285.300 sqm. VIO.PA. RETHYMNOS SA is the Establishment & Management company of the Rethymno Industrial Park (VIOPA). It was founded in 1996 and today its shareholders are the Region of Crete, the Chamber of Rethymno, the Municipality of Rethymno and the owners of the VIOPA plots. The company is the owner of all the facilities and buildings (infrastructure projects) that have been constructed within the VIOPA.

HERAKLION:

The areas of Heraklion, in which investment interest is concentrated, are two: The industrial zone in Kallithea Nea Alikarnassos and the Industrial Park (VIOPA) of Finikia (where we find low-disruption businesses and mainly in the craft sector).

The Heraklion Industrial Zone is an organized industrial zone, where many industrial and commercial businesses have been established around Nea Alikarnassos, approximately 4 km southeast of the city center of Heraklion. It was founded in 1968 and over 250 businesses operate in it with thousands of employees and significant economic turnover for the local economy. These are established industries, crafts, logistics, storage areas and industrial buildings, in organized plots & sectors. The total area of the Heraklion Industrial Zone is 1,700,000 sqm and within it we find some of the largest companies on the island as well as the most important branches of the country's most powerful industries.

This industrial zone attracts the interest of several businesses due to its location (it is close to the national road network that connects the cities of Crete, and a few km from the airport and the port of the city of Heraklion). The average price for the sale and lease of industrial properties (with the main factor being the surface area) is **800€-1400€/sqm** and **5€-6€/sqm/month** respectively. Additionally, there is a strong demand for plots of land where, in this case, the average selling price is
100€ - 150€ /sqm.

LASITHI :

The spatial structure of the city is characterized by isolated centers that do not form a wider zone. There are no identified comparative advantages of the wider area for the development of an industrial and warehousing market.

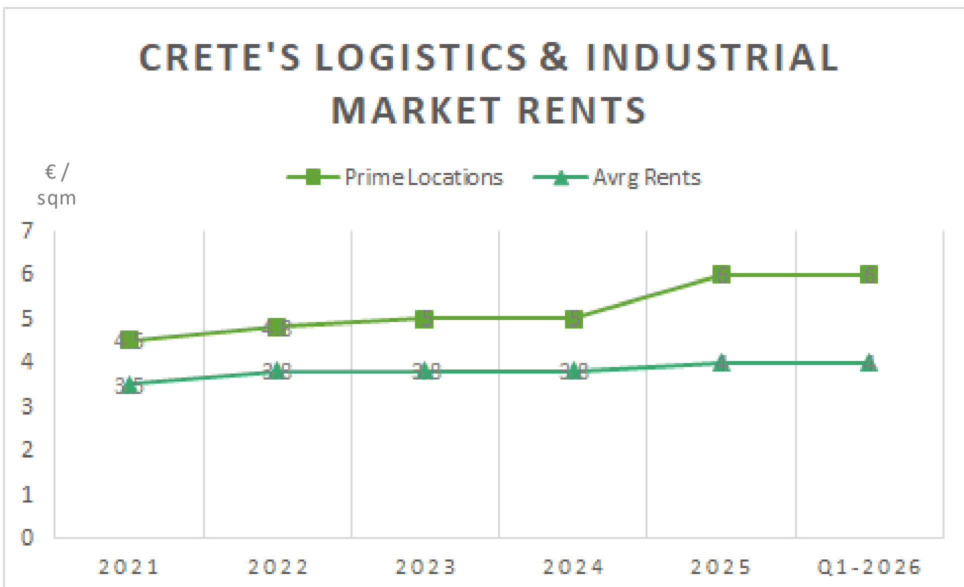
Consequently, no major publicly disclosed sales or leasing transactions involving large-scale logistics properties were recorded in Crete during the first half of 2026.

The market continued to rely predominantly on owner-occupied facilities, smaller local transactions and lease renewals, reflecting both the relatively small size and the limited transparency of the regional logistics market.

At the same time, Crete's logistics market show signs of positive development in the near future. Major infrastructure projects, including the construction of the new Heraklion international airport in Kastelli, the upgrade of the continued improvement of infrastructure in the two major ports of the island and the ongoing upgrade of Northern Road Axis of Crete (VOAK), are expected to strengthen the island's medium to long term logistics prospects.

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

Source: Danos an alliance member of BNP Paribas Real Estate



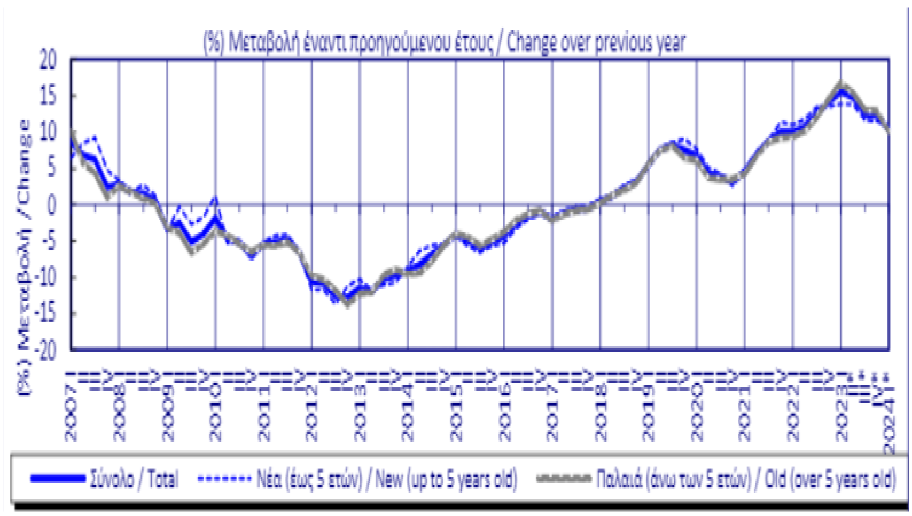
Source: Danos an alliance member of BNP Paribas Real Estate

RESIDENTIAL MARKET REPORT

The residential real estate sector in Greece during the first half of 2026, continued to move on positive direction, but with clear signs of a slowdown in the pace of growth compared to previous years.

OVERVIEW

In the first half of 2026, housing prices increased by 5,7% (year-on-year) for the whole country, compared to higher growth rates in 2024-2025 (when increases were closer to the 8%-9%). This shows a market that is not slowing down, but rather entering a phase of normalization. That means that prices are still increasing, but through a clearly slower rate, with greater variation across different regions.



Source: Greek Central Bank

CRETE RESIDENTIAL MARKET

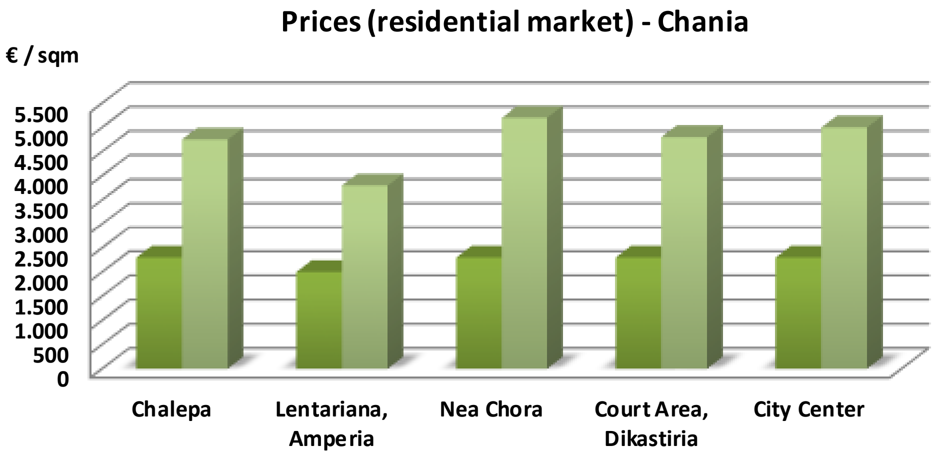
During the first semester of 2026, the residential market in Crete, continued its upward trajectory, with price levels maintaining positive growth across most regions of the island. Demand remained strong from both domestic and international buyers, while limited supply of newly developed residential properties continued to place upward pressure on values. The strongest market performance was recorded in the city of Chania and in prime coastal locations, while Heraklion remained the island’s largest owner-occupier housing market. Average residential sales prices are estimated to range between approximately **2.100€ and 3.120€/sqm**, reflecting significant variation depending on location, property quality and proximity to coastal or touristic areas. In the rental market, average asking rents are estimated approximately **8€ to 10€/sqm per month**, while rental values have also shown strong upward momentum, recording an annual increase of around **+7,6% .**

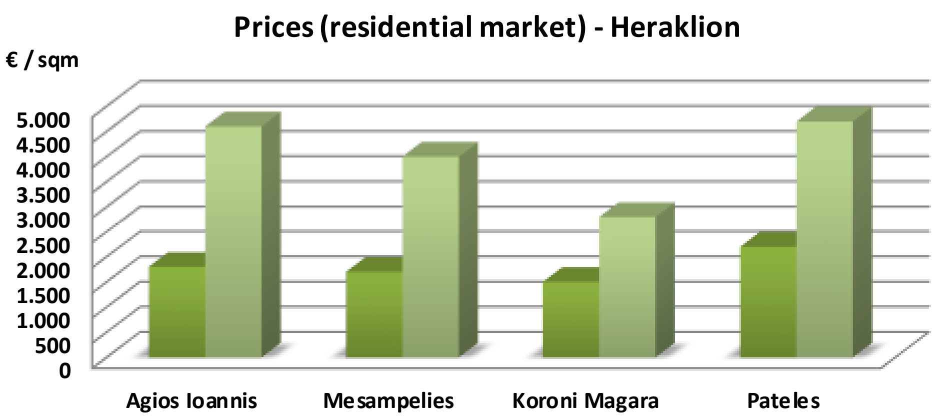
Significant regional disparities evident across the island:

Chania, continues to represent the highest-value market segment, with premium properties reaching the upper end of the pricing range.

Heraklion, reflects comparatively lower average price levels, while maintaining strong demand fundamentals.

Rethymno, is characterized by mid-range pricing and stable growth dynamics, whereas Lasithi presents a more fragmented market structure, with values varying considerably between island and coastal location.





Source: Danos an alliance member of BNP Paribas Real Estate

In conclusion, the residential market in Crete remained firmly in a growth phase. Market conditions, were further characterized by a limited availability of high quality residential stock, which continued to place upward pressure on prices. International buyers also played a very important role, with strong participation especially in Chania and the wider Elounda area, reinforcing the island's position as a key investment destination in Greece.

During the first half of 2026, the Hotel and tourism market in Crete remained highly resilient, supported by strong international demand, sustained growth in hotel performance indicators and continued investment activity.

OVERVIEW

For another year, the Greek tourism sector functioned as a pillar of the Greek economy. International arrivals justified the forecasts, that had been made, resulting in the country demonstrating its attractiveness as a safe, diverse and experience-rich destination. There was a strong presence from markets in Northern and Central Europe, while there was a strong percentage of visitors from Israel and Asian countries.

KEY STATISTICS

Tourism Contribution to GDP: Direct Contribution: Tourism contributes approximately 13% of Greece's GDP, equivalent to around €30 billion.

Visitor Numbers: Greece overall is projected to welcome a mid-single-digit percent increase in tourist arrivals for 2025 (3–5% growth).

Crete specifically is outperforming the national average, with early-season bookings rising +7% and summer arrivals in Heraklion up +13%.

CRETE HOTEL & TOURISM MARKET

OUTLOOK

High occupancy levels, increasing average daily rates and the island's strong appeal as a premium Mediterranean destination reinforced the positive outlook for hospitality sector.

Despite ongoing cost pressures, geopolitical uncertainties and war in near countries, market fundamental remained robust, confirming Crete's position as one of Greece's leading tourism and hospitality markets.

KEY HOTEL ACQUISITIONS/ LAUNCHES IN 2026

Hotel Acquisition: Phaea Cretan Malia Park– By Hotel Investments Partners (HIP)

Transaction Date: April 2026

Location: Mallia of Chersonissos.

Features: 204 rooms, bungalows & suites designed with a minimalist aesthetic and materials inspired by the local architecture.

A strategic acquisition by one of Southern Europe's largest hotel investment platforms.

New Hotel Development: Ikos Kissamos – By Ikos Resorts

Opening: April 2026

Location: Kissamos Chania.

Specs: Five-star luxury all-inclusive resort, comprises 414 rooms, suites and villas, offering premium facilities, multiple gourmet restaurants, extensive leisure and wellness amenities, and direct beachfront access.

The real estate sector is naturally influenced by evolving economic factors, global trends and varying levels of risk. Yet, Greece's property market continues to gain momentum, supported by its strong appeal as both a top tourist hotspot and a favorable destination for investment.

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