



CRETE MARKET REPORT

In the first half of 2024, the Greek economy demonstrated significant growth, fueled by strong private investments, rising exports, and a robust tourism sector.

Despite global economic uncertainties, the outlook for Greece remains positive, bolstered by improved credit ratings and substantial foreign investments.

Macro Figures

The current expansion of the Greek economy is underpinned by a post-pandemic recovery in consumption, bolstered by household support measures. Additionally, the strong performance of inbound tourism, sustained into 2023, and the gradual increase in goods exports over recent years contribute to this growth. The primary challenge for the Greek economy moving forward will be to maintain a satisfactory growth rate.

Greek Economy Overview

The Greek economy maintained substantial momentum during the early months of 2023 and is projected to strengthen further, assuming a de-escalation of the geopolitical crisis, a decline in energy prices, and sustained support from incoming tourism.

Inflation showed a significant slowdown as early as the fourth quarter of the previous year, primarily due to the continued decline in energy prices. While economic growth persisted, it was at a more moderate pace due to a deceleration in private consumption growth. The growth was chiefly driven by robust investment and a significant increase in exports.

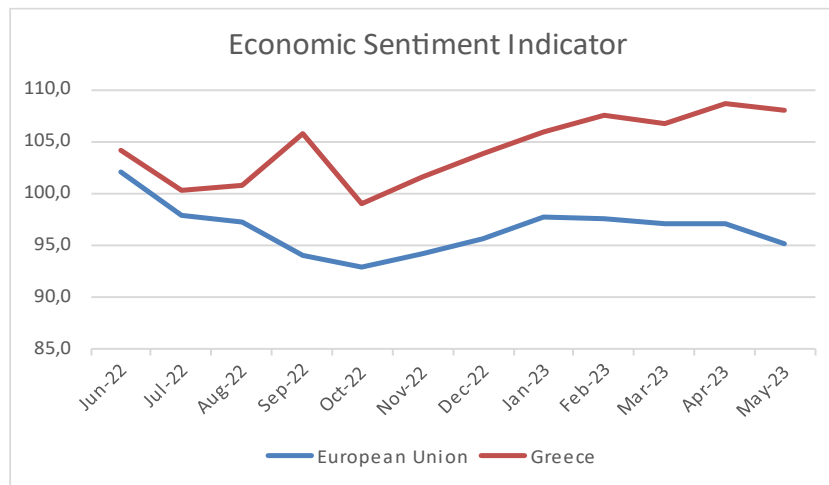
EUROPEAN COMMISSION FORECASTS			
ECONOMIC INDICATORS	2022	2023	2024
GDP (% yoy)	5,9	2,4	1,9
Inflation (% yoy)	9,3	4,2	2,4
Unemployment (%)	12,5	12,2	11,8
General government balance (% GDP)	-2,3	-1,3	-0,6
Gross public debt (% GDP)	171,3	160,2	154,4
Current account balance (% GDP)	-11,8	-9,2	-7,8

Source: ec.europa.eu



Source: ELSTAT

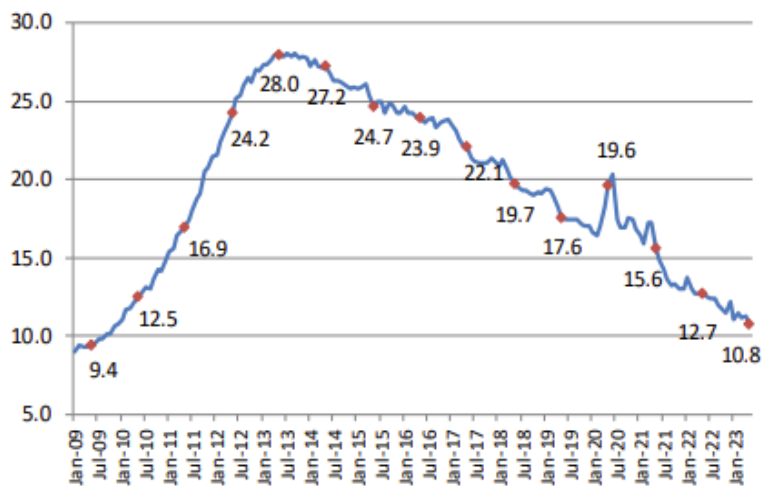
These developments, coupled with the accumulated cash buffer and the increasing contribution of investment to real GDP growth, are anticipated to facilitate the recovery of investment grade status in 2023. Seasonally adjusted data reveal that in the first quarter of 2023, the Gross Domestic Product (GDP) in volume terms decreased by 0.1% compared to the fourth quarter of 2022, yet recorded a 2.1% increase compared to the first quarter of 2022.



Economic Sentiment Indicator, Source: ec.europa.eu

The Economic Sentiment Index in Greece saw a notable rise during the first quarter of 2023, increasing to 106.8 points from 103.8 points in the previous quarter. Despite this improvement, there was a slight decline compared to the same quarter last year, which stood at 111.7 points. Growth in Greece for 2023 is anticipated, albeit at a much slower pace than the previous year, reflecting a broader global economic slowdown.

The labour market has rebounded following the pandemic and is expected to continue its improvement in the medium term, despite challenges such as high inflation, rising interest rates, and the uncertainty caused by the war in Ukraine. In 2022, total employment increased by 5.4%, up from 1.4% in 2021, with significant job growth in tourism, education, manufacturing, and construction. The most recent data shows the seasonally adjusted unemployment rate in May 2023 at 10.8%, down from 12.7% in May 2022 and 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 the European Commission's Spring 2024 Economic Forecast, Greece's real GDP is projected to grow by 2.2% in 2024 and 2.3% in 2025, surpassing the EU average growth rate of 1% for 2024, with the Euro area anticipated to grow at 0.8%. This growth is driven by increased consumer spending, higher wages, and robust job creation.

Despite challenges such as geopolitical tensions and potential trade disruptions, Greece has managed to ease inflation at a faster rate compared to the European average in 2023. This resilience highlights the country's economic recovery and stability amidst a turbulent global landscape.



OFFICE MARKET REPORT

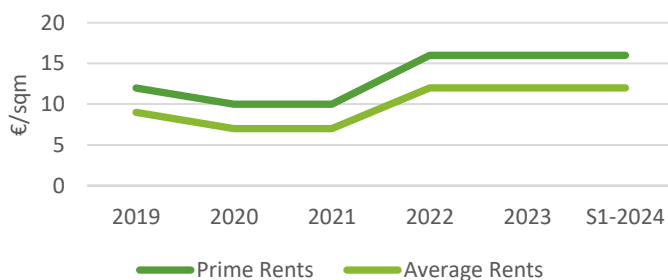
OVERVIEW

During 2024, the office market presents a dynamic landscape. In 2024, the office market is experiencing a dynamic transformation, driven by various economic, demographic, and technological factors. The emphasis on sustainability, advanced technology, and flexible workspaces is poised to shape the market in the years ahead. e, influenced by a range of economic, demographic and technological factors. The focus on sustainability, technology and flexible workspaces is likely to shape the market in the coming years.

CRETE OFFICE MARKET

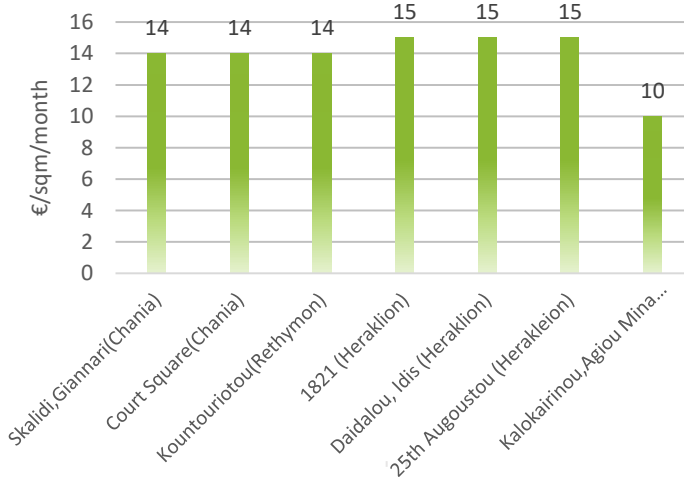
The office market on the island of Crete stands apart from the more developed markets of Athens and Thessaloniki, owing to its unique economic and geographic characteristics. Although less dynamic than the major cities, Crete's office market provides a stable environment with significant growth potential, particularly in Chania and Heraklion. These areas present both opportunities and challenges that warrant careful consideration.

Crete's Office Market Rental Values



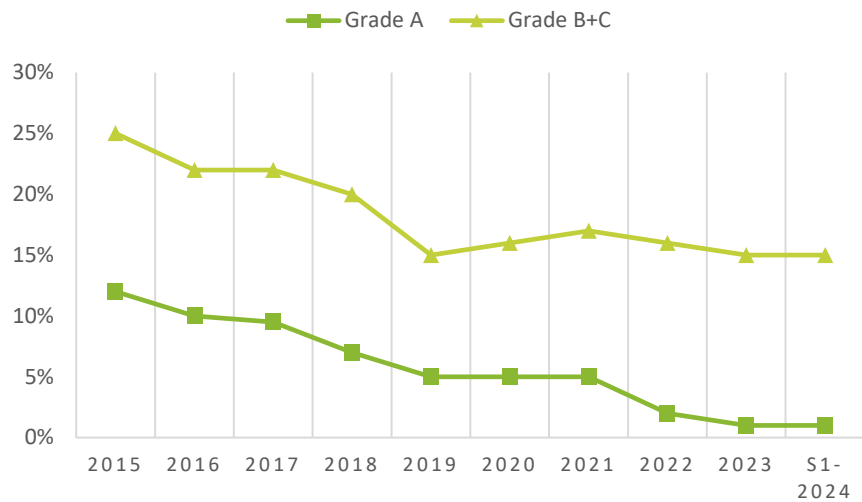
Source: Danos an alliance member of BNP Paribas Real Estate

Crete's prime Markets Avrg Rent



Source: Danos an alliance member of BNP Paribas Real Estate

Office Spaces vacancy rates



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

Overall Market: Vacancy rates in Crete are relatively stable compared to the previous year. The market does not experience the same level of fluctuation as larger metropolitan areas, but there is noticeable demand for modern, well-located office spaces.

Opportunities: The Crete office market presents opportunities for investors looking for less saturated markets with growth potential. The island's strategic location and economic diversification are positive indicators.

Challenges: Challenges include the need for modernization of existing office stock, relatively small market size, and potential seasonal fluctuations due to the heavy reliance on tourism.

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 CRETE	
RENTALS	➔
YIELD	➔
VACANCY RATE	➔
ABSORPTION	➔



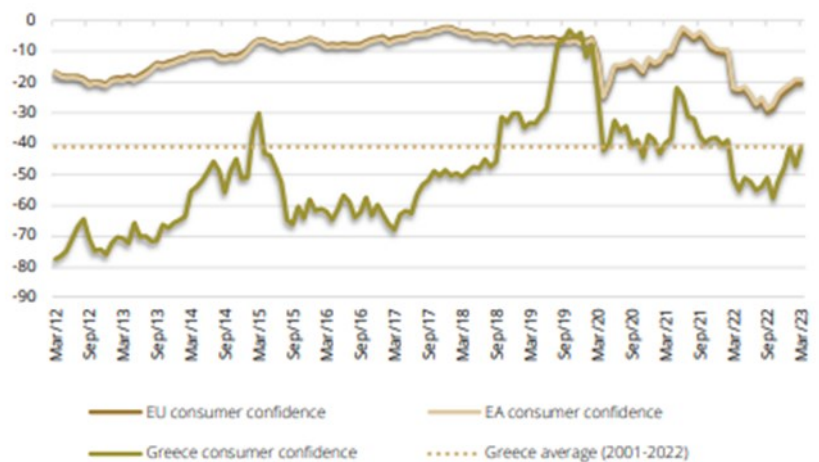
RETAIL MARKET REPORT

The retail market in Greece has undergone significant changes, driven by economic recovery, shifts in consumer behavior, and the growing influence of e-commerce.

OVERVIEW

The recovery after the previous decade of an economic crisis Greece is experiencing a moderate economic growth with a positive impact on consumers confidence and spending, benefiting the retail sector. The demand for retail space has been increasing, especially in prime locations and shopping centers. It is also observed a diverse supply in retail spaces ranging from high-end shopping centers and luxury boutiques to traditional markets and street shops.

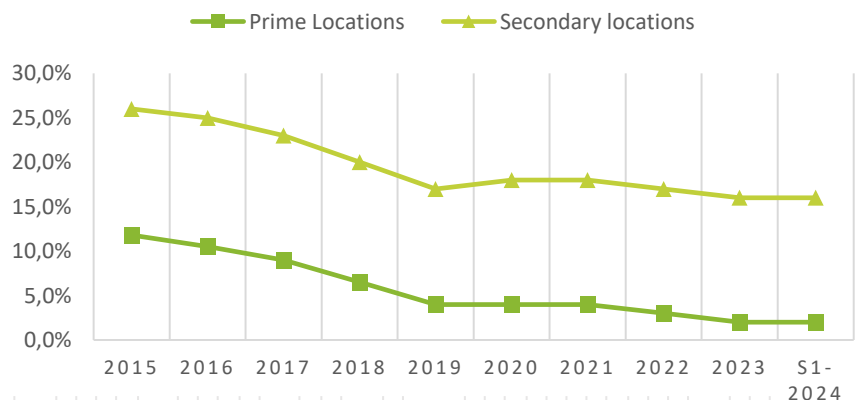
Consumer Confidence Index



CRETE RETAIL MARKET

The retail market in Crete, one of Greece's largest and most popular islands, reflects its unique blend of tourism-driven demand and local consumer behavior. Tourism: As a major tourist destination, Crete's retail market heavily relies on the influx of tourists, particularly during the peak season from spring to autumn. The island attracts millions of visitors annually, boosting retail sales. Local Economy: Apart from tourism, the local economy is supported by agriculture, services, and a growing interest in technology.

CRETE'S retail market vacancy rates



Source: Danos an alliance member of BNP Paribas Real Estate

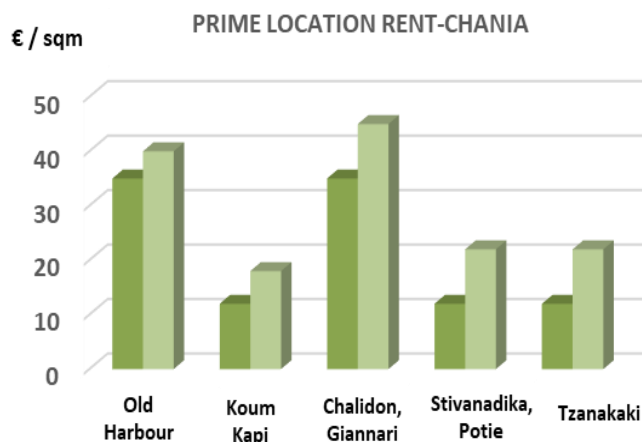


In **Chania**, the Old Port stands as the most commercial area, attracting significant leasing interest. Monthly rental values range from €35 to €40 per square meter, while streets such as Chalidon, Chatzimichali-Giannari, and Skalidi, home to major brands, see monthly rental values between €35 and €45 per square meter.

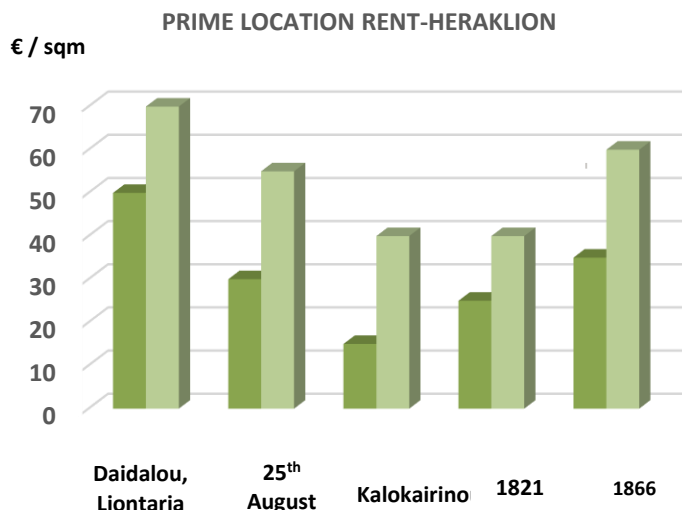
In **Heraklion**, the prime commercial areas are Daidalou Street, 1866 Street, and Liontaria Square, with monthly rental values ranging from €50 to €70 per square meter.

In **Rethymnon**, the Old Town and the northern part of Arkadiou Street, the most expensive area, have monthly rental prices ranging from €15 to €30 per square meter.

Lastly, in the primary zones of **Lasithi's** city center, prices can reach up to €15 per square meter.



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: For the first semester of 2024, yields in high street locations have remained stable, with major markets such as Chania and Heraklion continuing to exhibit strong rates. Prime locations have shown resilience and even a short-term increase, indicating a full recovery in consumption and retail activity.

Transactions: Lease transactions and rental rates across the island have generally stabilized in recent times. The robust demand from both local and international investors, bolstered by a renewed confidence following the COVID-19 pandemic, has contributed to this stability.



LOGISTICS MARKET REPORT

The Logistics sector in Greece is poised for continued expansion, leveraging its strategic advantages and ongoing improvements in infrastructure and technology. The sector is crucial to Greece's economy, contributing significantly to employment and GDP.

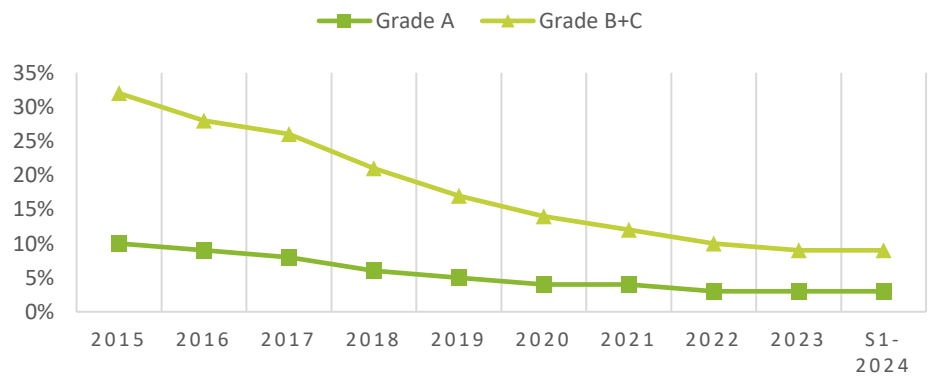
OVERVIEW

Greece is emerging as a leader in logistics, driven by investments from both public and private sectors, which are advancing the country's development into a key international trading hub. By 2024, over 250,000 square meters of new logistics facilities are projected to be delivered across the country.

CRETE LOGISTICS MARKET

The logistics market in Crete is poised for expansion, fueled by advancements in technology, rising investments, and strategic adaptations to global supply chain challenges. Currently, prime industrial and logistics properties can command rents exceeding €5 per square meter per month, while lease rates in other areas are generally lower, starting from €3 per square meter per month.

CRETE'S Vacancy rates Logistics & industrial spaces



Source: Danos an alliance member of BNP Paribas Real Estate

In Crete, logistics investments are on a different scale compared to the major cities of Athens and Thessaloniki.

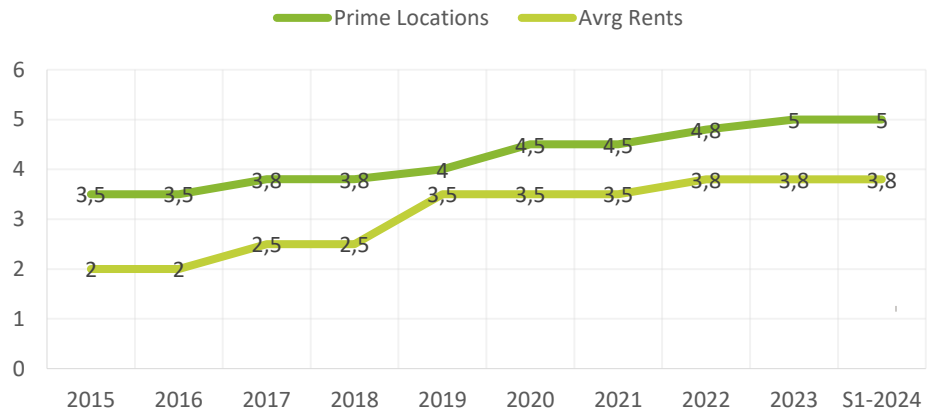
Crete’s Potential:

Crete benefits from its strategic location and is currently experiencing significant development, including major projects like the new airport in Kasteli, Heraklion, and the new national road (BOAK). Investments in infrastructure, such as new transport links and warehousing facilities, are crucial to enhancing the island’s market prospects.

Market Trends:

A limited supply of Grade A spaces on the island has led to increased rental values, particularly in major cities like Chania and Heraklion. The demand for both Grade A and Grade B spaces in Crete is expected to rise in 2024, reflecting an upward trend in the market.

CRETE'S LOGISTICS & Industrial Market Rents



Source: Danos an alliance member of BNP Paribas Real Estate

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

Source: Danos an alliance member of BNP Paribas Real Estate



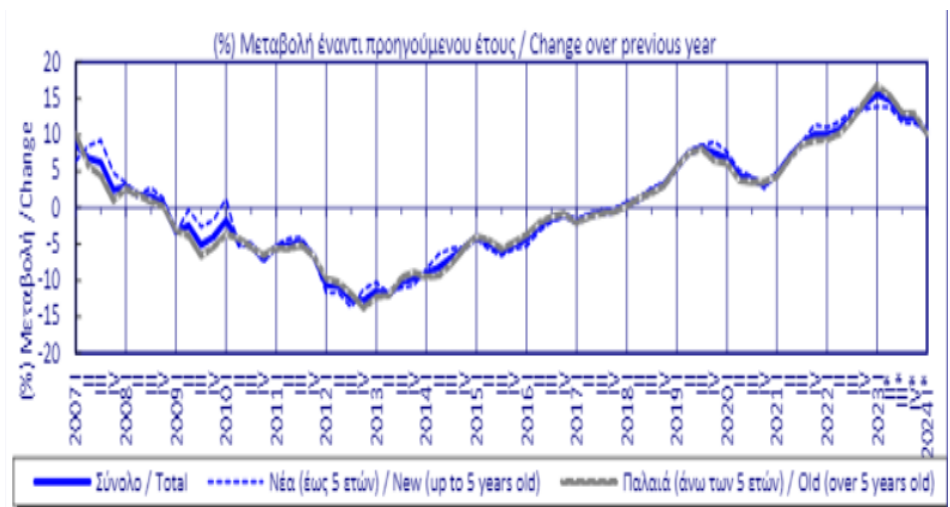
RESIDENTIAL MARKET REPORT

In the first half of 2024, Greece's real estate market has continued to attract new foreign investments, with a notable expansion in high-end residential developments. This growth is contributing positively to the economy, signaling an optimistic outlook. Balancing the demands of tourism with the need to maintain housing affordability for local residents will be essential in shaping the future dynamics of the market.

OVERVIEW

At the start of 2024, residential property prices in Greece have shown relative stability compared to 2023, with minor variations in appreciation depending on factors such as property age, condition, and location, as indicated by data from the Bank of Greece.

The Greek residential real estate market's performance in 2024 reflects the broader economic stability and growth experienced in recent years. Stable GDP growth and declining unemployment rates have fostered a more confident domestic market.



Source: Greek Central Bank

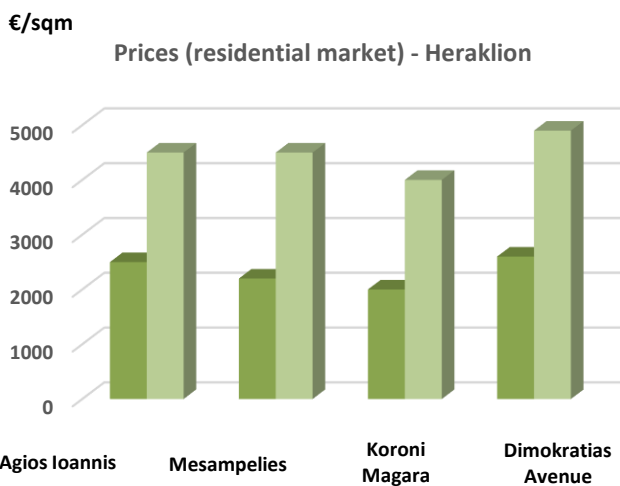
CRETE RESIDENTIAL MARKET

Crete, one of Greece's largest and most sought-after islands, boasts a distinctive residential market influenced by its robust tourism sector, dynamic local economy, and growing foreign investment interest. The island's stable economy benefits from agricultural exports, tourism, and a thriving real estate sector. In 2024, residential property prices in Crete have continued to rise, with significant increases in popular areas such as Chania and Heraklion. Coastal and tourist-focused regions experience higher price growth compared to inland areas, with luxury properties featuring sea views or prime locations commanding premium prices.

Crete continues to attract significant interest from foreign investors, particularly from Europe (Germany, UK, Scandinavia) and beyond, thanks to its picturesque landscapes, favorable climate, and relatively affordable property prices compared to other Mediterranean locales.

The Golden Visa program remains a key draw for non-EU investors. However, recent adjustments to the program aim to balance foreign investment with local housing needs. Notably, starting in the second half of 2024, the required property value for the Golden Visa will increase to €800,000 in the Region of Attica, Thessaloniki, Mykonos, Santorini, and islands with populations over 3,100. In other areas of Greece, the threshold will be set at €400,000. Investors who either pay the full amount or a 10% deposit, or sign a pre-contract by September 30, 2024, will have until December 31, 2024, to complete their investment under the existing conditions.

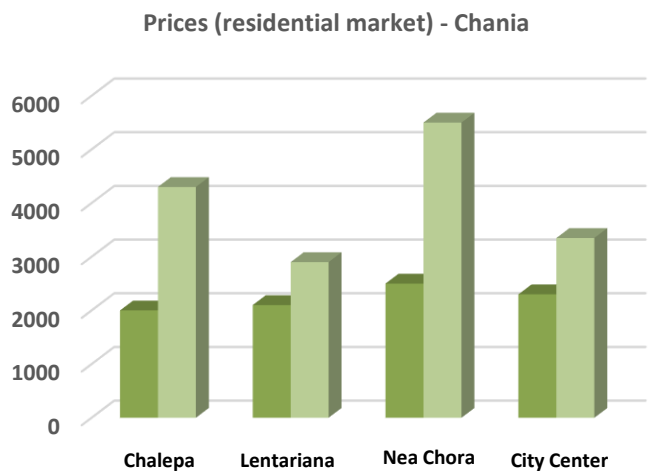
In the following graphs we observe the range of the residential prices in the most popular areas of Crete, Heraklion and Chania.



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

Source: Danos an alliance member of BNP Paribas Real Estate

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



Source: Danos an alliance member of BNP Paribas Real Estate



HOTEL & TOURISM MARKET REPORT

The hotel and tourism sector in Greece is set for robust growth in 2024, fueled by rising international visitor numbers, strategic investments, and a strong emphasis on sustainability and innovation. With its rich cultural heritage, diverse landscapes, and ongoing infrastructure improvements, Greece is well-positioned to leverage global tourism trends and solidify its reputation as a premier travel destination.

OVERVIEW

Greece's tourism sector is a crucial component of the country's economy, contributing significantly to GDP and employment. Significant investments are being made in new hotel developments, particularly in luxury and boutique segments. International hotel chains and investors are showing increased interest in the Greek market, leading to new projects and renovations of existing properties.

KEY STATISTICS

Tourism Contribution to GDP: The tourism sector accounts for approximately 20-25% of Greece's GDP, reflecting its importance to the national economy.

Visitor Numbers: In 2024, Greece expects to welcome over 35 million tourists, continuing the upward trend seen in the past few years.

Key source markets include Germany, the UK, Italy, the United States, and France, with significant growth in visitors from China and the Middle East.

Hotel Performance: Occupancy rates have rebounded to pre-pandemic levels, with many regions experiencing high demand during peak seasons.

Average daily rates (ADR) and revenue per available room (RevPAR) have shown strong growth, particularly in popular destinations like Athens, Santorini, Mykonos and Crete.

CRETE HOTEL & TOURISM MARKET

Crete plays a pivotal role in driving tourism growth for the Greek economy.

International Visitors: The island continues to attract significant numbers of European travelers, notably from Germany, the UK, France, and Italy. Additionally, there has been a marked increase in visitors from the United States, China, and the Middle East.

Domestic Tourism: Greek tourists also contribute significantly, particularly during holiday periods and extended weekends, reinforcing Crete's importance as a key destination within Greece.

ACCOMODATION OPTIONS

Luxury Resorts: Upscale resorts are broadening their offerings, incorporating exclusive services, wellness centers, and sustainable practices to cater to discerning travelers.

Boutique Hotels: Their numbers are growing, with a focus on personalized experiences and distinctive, locally-inspired design.

Vacation Rentals: The growth of platforms like Airbnb has led to an increase in high-quality villas and private homes, which are increasingly popular with families and groups seeking unique accommodations.

Budget Options: Hostels and budget hotels are enhancing their amenities and services to appeal to younger travelers and backpackers, offering more value and comfort.

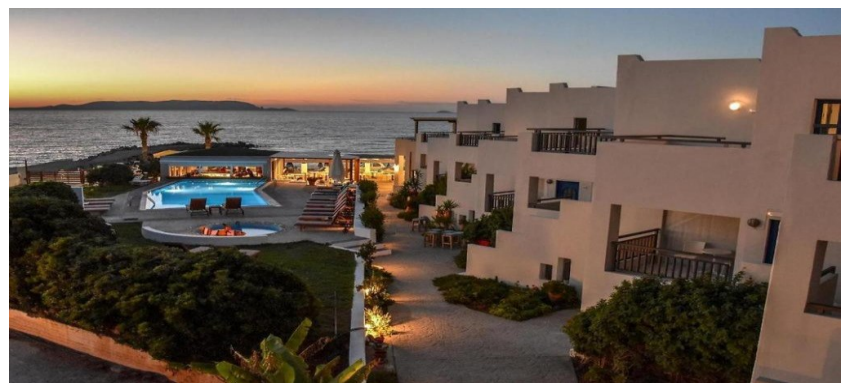
Hotel: New arrival in Crete – Cosmeen Lifestyle Boutique Stay (Hersonissos)

Newly Opened in March 2024, the boutique hotel is a newly launched apartment hotel featuring 16 rooms. Situated just 70 meters from the heart of Hersonissos, this property offers a seasonal outdoor swimming pool and a well-maintained garden. Guests can enjoy picturesque views of the pool and garden, with Limenas Hersonissou Beach located only 200 meters away.



Hotel: New arrival in Crete – Yria Beach Hotel (Kokkini Chani)

Opened in March 2024, the Hotel offers a refined 4-star experience with 36 rooms, located on the beachfront in Kokkini Chani. Featuring an outdoor swimming pool, it is situated 1.7 km from Cretaquarium Thalassocosmos, 15 km from the Heraklion Archaeological Museum, and 16 km from the Venetian Walls, it offers a prime location for exploring the region.



Real estate is inherently dynamic, influenced by economic conditions, risks, and global market trends. Nevertheless, the Greek real estate market, bolstered by its attractiveness as a premier tourist destination and investment hub, is showing a positive trajectory with significant growth potential.

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