



CRETE MARKET REPORT

Despite the adverse international environment, the Greek economy continues to grow at a steady pace in 2025, demonstrating notable resilience. The annual growth for 2025 is estimated at circa 2.2% (BoG), significantly exceeding the Eurozone average. Main drivers for the growth remain private consumption, investment and buildup of inventories, while inflation continues to decelerate, averaging below 3%, primarily due to the decline in energy costs. The side-effects of the newly imposed U.S. tariffs, global trade slow down, heightened uncertainty and shifts in international investment flows may adversely affect external demand.

Macro Figures

Economic activity continued to expand at a satisfactory pace in Q4-2025, with forecasts indicating growth of approximately 2.1% y-o-y, outperforming the euro area (around 1.3% y-o-y), despite elevated uncertainty in the international economic environment. Greece's GDP is estimated to have increased by around 2.1% y-o-y in FY-2025, compared with +2.3% in FY-2024. Growth continues to be primarily supported by resilient private consumption and sustained investment activity. Core inflation stood at about 2.8% in 2025, down from 3.6% in 2024, reflecting a continued deceleration in price pressures. The side-effects of newly imposed U.S. tariffs, global trade slowdowns and heightened uncertainty, may adversely affect external demand.

Indicators	2025	2026	2027
GDP growth (% y-o-y)	2.1	2.2	1.7
Inflation (% y-o-y)	2.8	2.3	2.4
Unemployment (%)	9.3	8.6	8.2
General government balance (% of GDP)	1.1	0.3	0.0
Gross public debt (% of GDP)	147.6	142.1	138.0
Current account balance (% of GDP)	-6.2	-6.4	-5.9

Greek Economy Overview

Economic activity in Greece continued to expand at a moderate pace in the second half of 2025, with real GDP growth rates reaching approximately 2.0% year-on-year in Q3, slightly improving from 1.6% in Q2. This growth is supported by resilient private consumption and investment, despite ongoing uncertainties in the global economic environment. HICP inflation remained elevated around 3.3% in mid-2025, driven mainly by price increases in food and non-energy industrial goods. Core inflation stayed high at about 4.0% in May, reflecting domestic demand pressures. Inflation is forecasted to gradually ease to around 2.2% by 2027, mainly due to the easing of non-energy industrial goods inflation.

Source: ec.europa.eu

Quarterly real GDP (y/y growth rate)



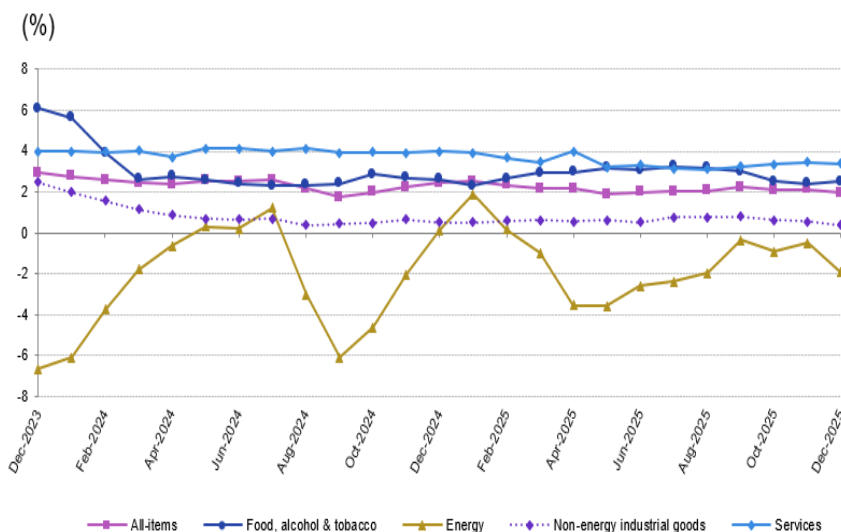
Source: ELSTAT

Private consumption

Private consumption remained resilient in the second half of 2025, continuing to act as the main driver of economic growth, albeit at a more moderate pace compared to early 2025. The gradual easing of headline inflation in the euro area, driven primarily by declining energy price pressures, supported real disposable income, while labour market conditions remained strong. Persistent services and core inflation reflected ongoing domestic demand and wage dynamics, although this did not materially constrain household spending.

Labour market

Labour market fundamentals continued to underpin consumption, with the unemployment rate remaining close to multi-year lows and employment conditions supportive of income growth. Although nominal wage growth moderated compared to the first half of the year, lower inflation helped sustain real wage gains. As a result, private consumption growth is estimated to remain close to 2.0% y-o-y in 2025, broadly in line with earlier expectations. Inventory accumulation played a more limited role in shaping GDP dynamics in S2 2025, as firms adjusted stock levels following earlier precautionary build-ups. Improved supply conditions and more stable demand expectations led to a moderation in inventory contributions, signalling a gradual normalization of inventory cycles.



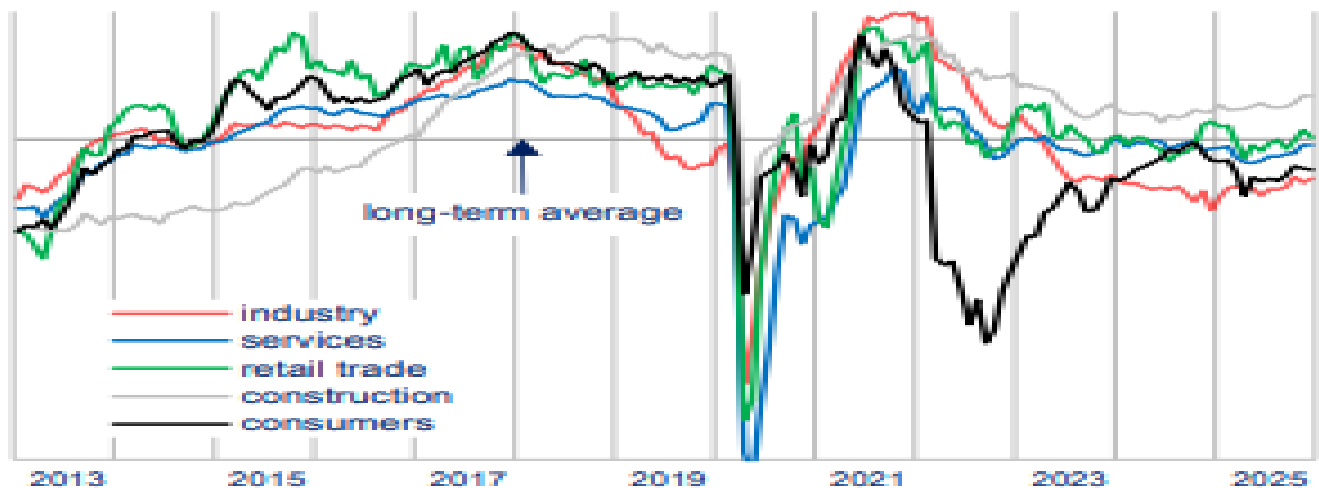
Euro area annual inflation and its main components, December 2023 - December 2025, Source: Eurostat

Following the sharp contraction in Q1 2025, gross fixed capital formation (GFCF) stabilized in S2 2025. The partial recovery was supported by the resumption of construction projects and improved absorption of investment funds. While growth remained uneven across components, GFCF is expected to contribute broadly neutrally to GDP growth in S2 2025.

Economic activity in Greece continued to expand moderately in the second half of 2025, supported by resilient private consumption and a gradual recovery in investment. Gross fixed capital formation stabilized after the sharp contraction in Q1 2025, as construction projects resumed and absorption of investment funds improved, resulting in a broadly neutral contribution to GDP growth.

Economic sentiment indicators show a generally positive outlook for the Greek economy. The Flash Consumer Confidence Indicator for the EU and Euro Area at the end of 2025 highlighted a slight improvement, with households expressing less negative expectations regarding their financial situation and the general economic outlook. The Economic Sentiment Indicator (ESI) for Greece averaged 107.4 in December, roughly at the same level as in 2024, indicating overall stability in both business and consumer expectations.

Confidence developments were sector-specific: industry confidence edged up (+0.5), driven by improved production expectations and order books; services confidence remained stable; consumer confidence was broadly unchanged (-0.1), with more positive views on past household finances offset by slightly more pessimistic expectations for the future; retail trade confidence declined (-0.8), reflecting weaker assessments of past business and inventory levels; construction confidence remained unchanged, though limitations due to insufficient demand, financial constraints, and labour/material shortages persisted.



Source: IOBE, European Commission

The labour market remained positive, with employment growth in construction, trade, and professional services, while the unemployment rate showed signs of gradual decline. Overall, S2 2025 was characterized by stable economic sentiment across most sectors, moderate improvements in consumer expectations, and ongoing resilience in the Greek economy despite global uncertainties.

Economic sentiment in Greece remained broadly stable in S2 2025. The Flash Consumer Confidence Indicator edged up slightly, while the Greek ESI stood at 107.4 in December, near 2024 levels. Industry confidence improved modestly, services confidence remained flat, consumer confidence was broadly unchanged, retail trade confidence declined, and construction confidence remained stable despite demand and labour/material constraints. These results indicate that households and businesses maintained cautious optimism, supporting moderate growth in consumption and investment.

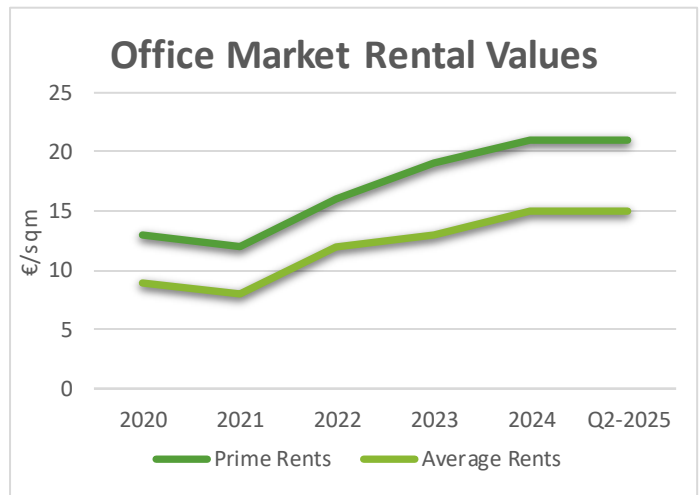
Sectoral developments were mixed, with industrial and construction expectations improving, while retail trade remained under pressure. Consumer sentiment showed limited improvement, reflecting both past financial experience and cautious expectations for the future.



OFFICE MARKET REPORT

OVERVIEW

During the second half of 2025 the office market in Crete showed stable and healthy dynamics, supported by increasing business activity in the technology, e-commerce and services sectors. The growing emphasis on sustainability, smart infrastructure, and flexible workspace design is increasingly defining market expectations and guiding future development strategies.

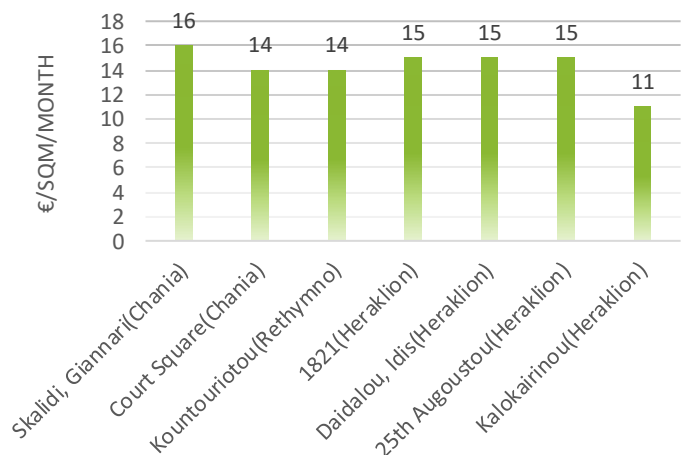


Source: Danos an alliance member of BNP Paribas Real Estate

CRETE OFFICE MARKET

Crete's office market can be characterized as steadily growing, with positive indicators, increased demand and substantial opportunities for new developments. Demand remained high, mainly for high-end buildings (Grade A and renovated Grade B), while vacancy rates remained consistently low, indicating a healthy absorption of the available supply.

CRETE'S PRIME MARKETS AVERAGE RENT

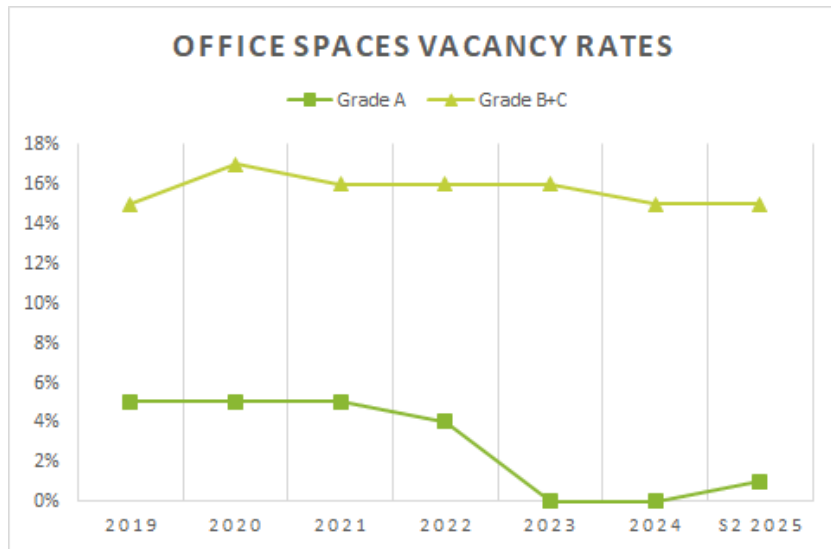


Source: Danos an alliance member of BNP Paribas Real Estate

Overall Market: The interest of local businesses and the increased demand from investors resulted in the relatively stable percentage of vacancies starting to gradually be absorbed, albeit at a slow pace. Buyer interest is primarily focused on centrally located areas with convenient access, particularly in established urban centers.

Opportunities: In the second half of 2025, there was particular interest in small office spaces, mainly from the medical and mental health sector, such as offices of psychologists and speech therapists in central locations in the cities of Crete. At the same time, there was also strong interest from companies that employ a fairly significant number of workers, located in the telecommunications and tourism services sectors.

Challenges: In order for this sector to become more competitive and show more positive results in the immediate future, the existing office stock must first be modernized and brought into line with market expectations and secondly, suitable spaces must be created in order to respond directly to investor's needs.



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

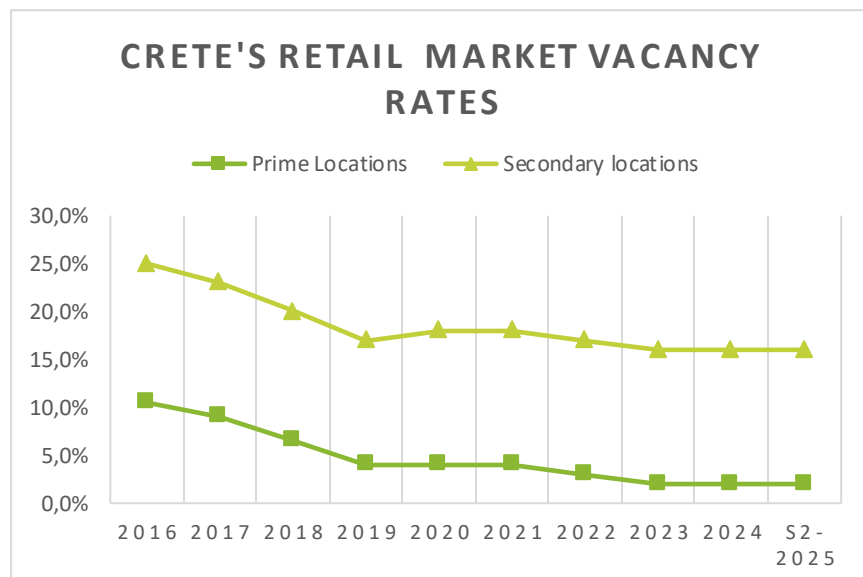
Greece's retail market picture for the last half of 2025 seems to present positive signs but also significant challenges depending on the type of property. While investments and transactions remain significant, there is a clear shift towards more "mature", measured and strategic development with an emphasis on quality, "investment-grade" properties and more careful management.

OVERVIEW

The indicators and prospects of the Greek economy, as well as the recovery of the investment grade, have created the appropriate conditions, strengthening buyer's confidence in high quality retail space for investments in Greece. The demand for retail space is highly matched by the supply of these spaces, with a range from traditional markets to shopping malls and luxury stores.

CRETE RETAIL MARKET

The retail market in Crete in the last half of the year, continues to reflect the island's dynamic, where tourism and local trade are the main form of economic growth. The preference of investors seems to be towards renting rather than buying retail properties. Prices in prime locations (Heraklion, Chania) are quite high, reflecting increased demand, tourism and footfall. For secondary areas (e.g. Rethymno), rents are more "affordable", which may affect the viability of a smaller store.



Source: Danos an alliance member of BNP Paribas Real Estate



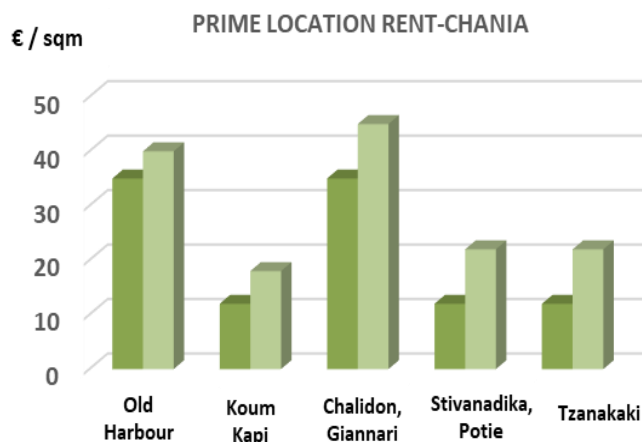
As of the second half of 2025:

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 rents between **€35 and €45/sqm**.

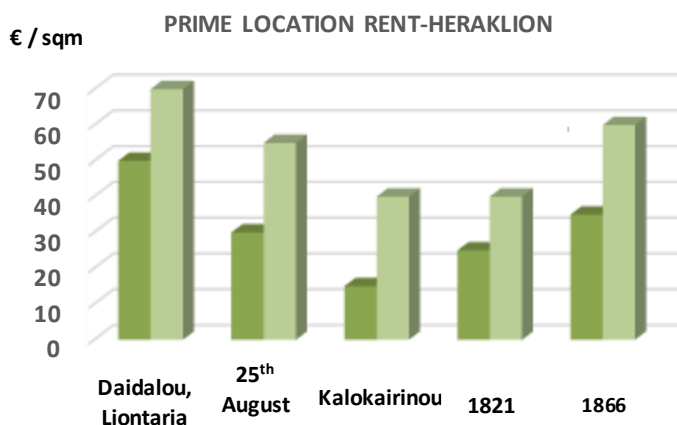
Heraklion: The prime retail zones—**Daidalou Street, 1866 Street,** and **Liontaria Square**—continue to command the highest retail rents on the island, with monthly values ranging from **€50 to €70/sqm**.

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 zone of the city center, monthly rental prices can reach up to **€15/sqm**.



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 second half of 2025, 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, remaining however at a relatively high level. 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

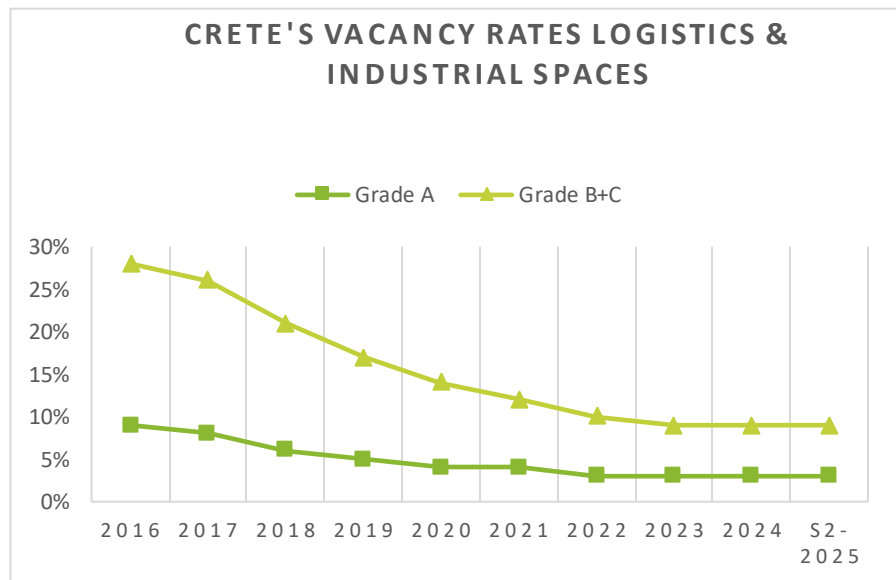
In the last half of 2025, Greece’s logistics market set to be one of the most dynamic and promising real-estate sectors — with rapid growth, significant capital and growing interest from investors and businesses. At the same time, the lack of infrastructure, land and modern “green” storage spaces is a real constraint.

OVERVIEW

In the second half of 2025, the Greek sector continues to thrive and continuously attract new investments to the country. Investors are increasingly looking for large, state-of-the-art buildings with high energy efficiency and advanced automation technologies. These features help to achieve significant economies of scale and reduce operating costs. All this leads to new planned investments in new modern spaces of the order of 300,000sqm to 400,000sqm across the country.

CRETE LOGISTIC MARKET

Crete’s logistics market shows several signs of positive development for the last half of 2025. The island continues to attract significant investments, especially in the two major cities and especially near the ports and airports, where the demand for modern warehouses and infrastructure is concentrated. The need for new infrastructure is also reinforced by the growth of tourism in Crete and the consequent increase in the transport of goods, supplies and services. As a result, the demand for modern storage spaces and efficient high-standard distribution networks on the island is increasing.



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, seven kilometers 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 112,000sqm.

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 BIO.PA. RETHYMNOS SA is 285 acres. BIO.PA. RETHYMNOS SA is the Establishment & Management company of the Rethymno Industrial Park (BIOPA). 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 BIOPA plots. The company is the owner of all the facilities and buildings (infrastructure projects) that have been constructed within the BIOPA.

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, logistics, storage areas and industrial buildings, in organized plots & sectors. The total area of the Heraklion Industrial Zone is 1.700.000sqm 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 kilometers from the airport and the port of the city of Heraklion), with 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** respectively. Additionally, there is a strong demand for plots of land where in this case the average selling price is **100€ - 150€ / sqm**

LASITHI:

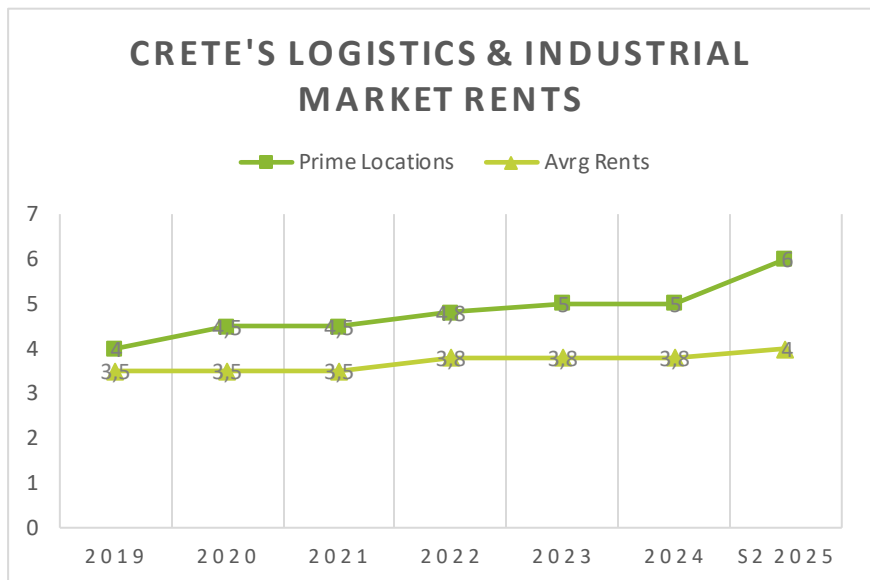
The spatial structure of the cities is characterized by isolated centers that do not form a wider zone. There are no identified comparative advantages of the wider area for the development of an industrial and warehousing market.

A characteristic development is the new facility of Delatolas Group SA. in Heraklion (Industrial Zone of Kallithea). The company, after having first expanded in the city of Chania, created a 3,000sqm warehouse facility with a capacity of 1,000 pallet spaces and a state-of-the-art distribution center. While in the same time, the construction of the new 'Top Parks' commercial park in Heraklion, has been completed. The facility covers an area of 14,000sqm with a total budget of €23 million.



Despite the increased demand, the logistics sector faces constraints due to the lack of suitable warehouse-parks, the limited availability of modern facilities and the general spatial planning problem prevailing in large cities. The biggest challenge for the efficient distribution and coverage of demand on the island is created by the need to modernize the road network, something that has begun to happen.

The geographically strategic position of Crete acts as a gateway to all directions of the modern world. The fact that large projects have already been planned on the island (new airport in Kastelli), most of the regional units of the island are acting on the basis of projects under development. For example, the port of Heraklion has adopted a master plan for 2025 which foresees the creation of new spaces and the improvement of existing infrastructure. Furthermore, a new €12.3 million passenger terminal is planned to be built at Souda Port in Chania. It will include check-in areas, customs, passenger services, separate flows for ferries and cruise ships. The terminal will significantly enhance the port's capacity and passenger experience.



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

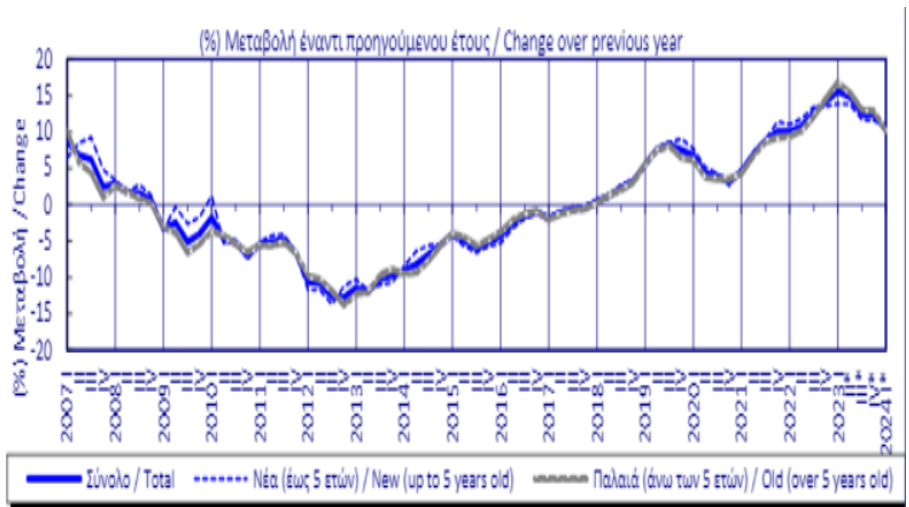


RESIDENTIAL MARKET REPORT

In the second half of 2025, Crete continues to be one of the most sought-after destinations in Greece, not only for tourism reasons but also for real estate investments. The real estate market, due to the location, climate and prospects of the island, attracts both Greek and foreign investors.

OVERVIEW

In the second half of 2025, the real estate market in Greece seems to be facing a new rising prices problem. Housing is in demand, prices are rising, but at the same time the supply is not sufficient and the difficulty of accessing the properties is becoming increasingly evident. The increase in prices is not accompanied by a corresponding increase in supply. In addition, the process of selling and transferring of the rights of a property is quite time-consuming and hinders the availability of real estate. Nevertheless, demand from foreign investors is expected to remain strong for another year.



Source: Greek Central Bank

CRETE RESIDENTIAL MARKET

Looking back to the second half of 2025, the real estate market in Crete remained stable with mild price increases, especially in high-demand areas. The increase in interest rates observed in the market may slightly slow down the demand situation, however, the interest of foreign investors, especially in coastal and touristic attractive areas, will remain at a high level. However, due to the fact that supply does not meet demand and given that in several parts of the island newly built houses are few and at exorbitant prices, while existing building permits are not being completed immediately, many domestic and foreign investors are turning to older houses or houses facing the countryside. The selling prices in these cases range between **70.000€ - 160.000€**

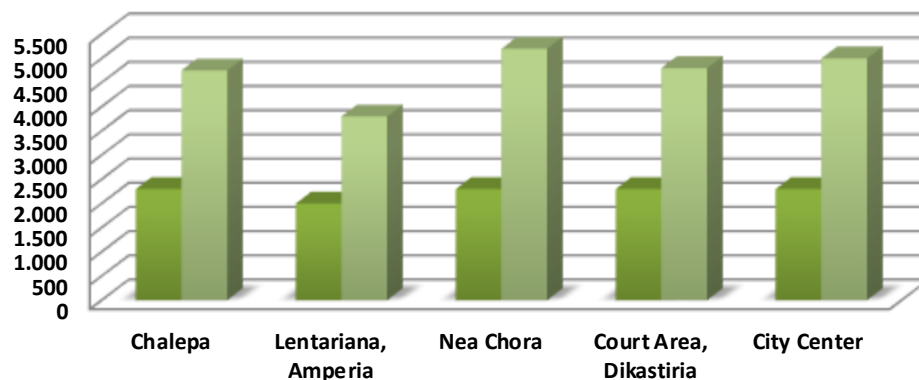
The average selling price of properties in Crete, according to a recent measurement (study), is approximately **2,493€/sqm** almost **+14%** since last November **2,188€/sqm**.

In general, an increase in real estate prices was observed in all major regions of Crete.

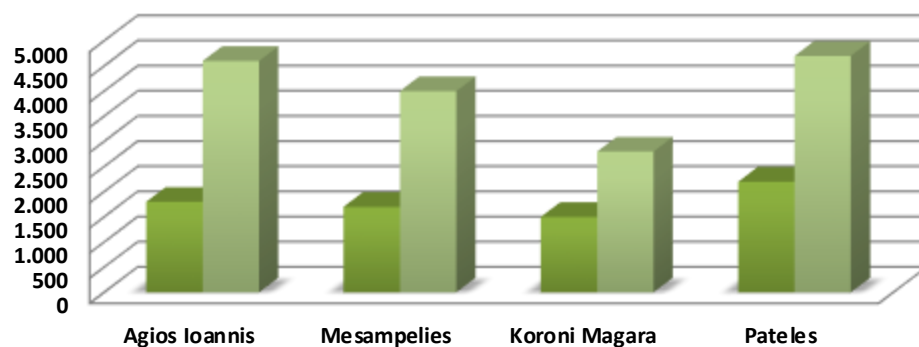
Heraklion: + 11.3% , Rethymno: +13.3% , Chania: +10.7%

Despite the turmoil caused in the market by the subsidized housing programs of recent months, real estate demand reached its highest level in the last three years, in July 2025, in all three major regions of the island.

Prices (residential market) - Chania



Prices (residential market) - Heraklion



Source: Danos an alliance member of BNP Paribas Real Estate

The rental market in Crete continues to fluctuate at the same levels as the previous half-year. However, there may be a significant difference in the level of properties offered. Due to the new government measures to decongest short-term rental properties, the market may benefit from new available properties and in this way a gradual de-escalation of rental prices may be caused.



HOTEL & TOURISM MARKET REPORT

During the second half of 2025, the hotel and tourism sector in Crete continues to thrive because the region combines high and stable demand, excellent infrastructure, strong tourism specialization and a unique identity that differentiates it internationally.

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 welcomed 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

Crete continues to lead in tourist arrivals in Greece: for 2025, according to recent data, the increase in international arrivals gave Crete a leading role — with airports recording a significant increase in passengers.

There is significant competitive pressure, both from new/quality hotels and “alternative” accommodations as short-term rentals/airbnb-style. This is affecting hotel profits, despite high occupancy.

OUTLOOK

Crete is poised for a record-breaking tourism season, underpinned by strong early bookings, timing of hotel openings in April/May, and diverse source markets.

The market is maturing, with growing emphasis on sustainable, off-peak tourism and brand-led hotel development.

Potential constraints lie in labor shortages and environmental capacity, which may require targeted policy and infrastructure solutions.

KEY HOTEL LAUNCHES IN 2025

Hotel: JW Marriott Crete Resort & Spa

Opening: June 2, 2025.

Location: Marathi Beach near Chania.

Features: 160 rooms, suites, and villas—many with private pools—six dining venues, holistic spa, cave meditation sanctuary, fitness center, beach club, and hiking trails through olive groves.



Hotel: ÓROS Luxury Beach Resort

Opening: May 2025 near Rethymno.

Specs: Five-star property with 117 accommodation units, four restaurants, three bars, wellness center, pool, and conference facilities, part of the LVX Collection.



Hotel: Hilton Garden Inn Chania City

Opening: December 2025.

Specs: The second Hilton Garden Inn in Greece (after Athens). Features 48 stylish, modern rooms, ideal for both business travelers and tourists.



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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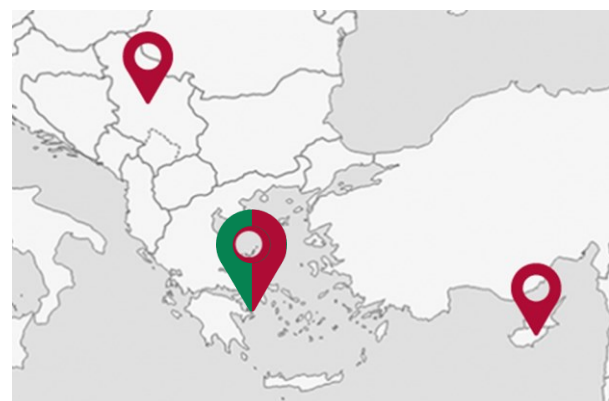
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