
Economy & Real Estate Market Snapshot



**GREECE DECIDES
ITS FUTURE**

Economy

Greece is at the most critical crossroad of its modern history.

After almost six months of discussions between the Greek Government and the EU, the IMF and the ECB, the negotiation for a new bailout program paused on Friday 26th of June 2015. The Greek Prime Minister called the Greek voters to decide whether or not to approve the proposed deal by the country's creditors in a referendum this Sunday.

On the 28th of June 2015, the ECB decided to keep the ceiling of the provision for emergency liquidity assistance (ELA) to Greek banks at the previous level. Following this decision, the Greek government imposed capital controls and closed the banks and the Athens Stock Exchange until the 6th of July 2015, a day after the referendum.

This is the first time Greece is without a bailout program since 2010 as the latest one expired at midnight Tuesday, June 30th, 2015, were the country failed to repay the circa €1.6bln loan due to the International Monetary Fund. The last minute's effort from the Greek government for an extension was rejected by the Eurozone finance ministers.

Hopes for a deal in the 12th-hour were raised when the Greek government announced it had submitted a new proposal on Tuesday afternoon. Greece's latest offer involves a circa €30bln loan from the European Stability Mechanism for the full coverage of Greece's financing needs for 2015-2016 as well as the simultaneous restructuring of the debt. Also it could accept the latest EU bailout proposal with some amendments and calling off or supporting yes in the coming referendum if agreement with creditors is reached this week. According to EU officials any further discussions will resume on Monday the 6th of July after the referendum outcome.

As the feedback from both sides is really controversial, any estimation at the moment is highly risky. Even though we strongly believe that the majority of Greeks are pro Europe, sooner or later the Greeks will have to decide about their future.

Tourism

The latest political developments are negatively influencing this year's tourism performance. The final conclusion will define if a slight lag or a severe drop will be recorded in tourism receipts this season. Regardless this year's outcome, the growing trend in the tourism sector will continue when the political and

economic turmoil settles. Greece should remain among the top choices for millions of foreign visitors for their holidays as it offers some of the most beautiful beaches in the world, a moderate climate, the Mediterranean cuisine, numerous of cultural and historical sites and the well-known Greek Hospitality.

Hospitality Market

Our partners in the Hotel industry, both on the mainland and on the islands, have assured us that business is being conducted as usual for those already on their holidays albeit the negative sentiment. There are a few cancellations but mainly from tour operators while many are on hold for a last minute call on Monday.

The high end sector is still strong and visitors with scheduled vacations are sticking to their initial plan with a slow down on new requests and a wait and see stance. Destinations such as Mykonos, Santorini,

Porto Heli, Corfu, Spetses and Elounda are worldwide recognized brand names and have evolved into very popular summer destinations for high-net worth individuals. They have a strong track record and great tourism potential and they have not yet been affected from the current political and economic situation. Even in the adverse scenario where Greece leaves the Eurozone, the main transactions in the hospitality sector will most likely be settled in Euros or US Dollars as in other developed tourist destinations outside EU like the UAE, Caribbean or Maldives while their costs will all be in a local currency.

Holiday Home Market

The acquisition of a holiday home in Greece should remain an attractive option, not only for a vacation or a retirement home, but also as an investment. In our latest report published in April, "Holiday Home in Greece: Ride the Momentum", our research team compared the average gross yields for prime holiday homes in the Mediterranean which indicate that Greek destinations can offer very attractive yields. Indicatively, Mykonos comes first with an average gross yield of 7.4%, followed by Elounda and Rhodes with 5.8% and 5.6% average gross yield respectively.

In the same context as in the Hospitality sector, for most of the holiday home sector transactions and any return deriving from them will be concluded in Euros or US Dollars.

Holiday homes in prime holiday locations will retain their current value since they have already been discounted over the last six years. Some anxious owners could further discount their asking price over the next couple of days with cash buyers that are committed to proceed in immediate transaction. The acquisition of a holiday home in Greece will most likely remain a compelling dream for many people all over the world.

In the event that Greece will exit the Euro these holiday homes should still be able to keep their value. Rentals transactions on high end villas will remain in Euros or US Dollars with any maintenance costs reflected in the new local currency probably making the yields even higher.

Algean Property

Algean Property will be at your disposal for any additional information or clarification. Our approach is to keep you updated for all the latest developments. Algean Property would be delighted to support

you in the search and appraisal of any investment opportunities that you may be interested in and guide you through the overall process of your investment.

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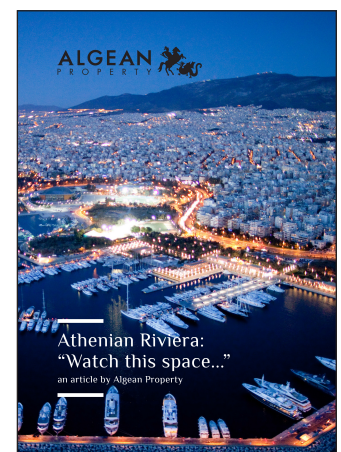
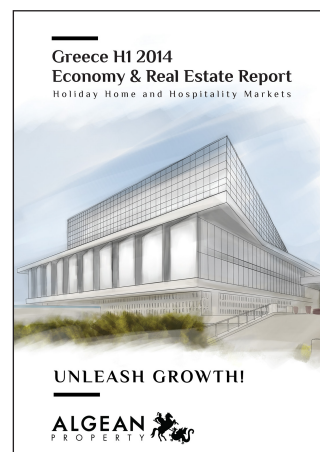
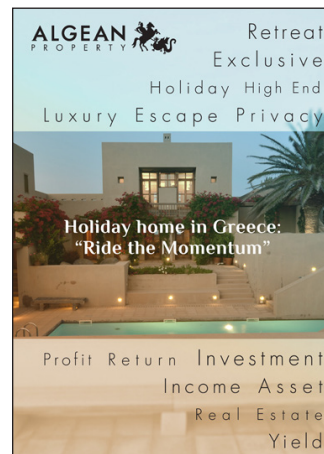
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