

# BRIDGING THE GAP

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## Economy & Real Estate Report Holiday Home and Hospitality Markets

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Greece 2016



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**Sources:** Bank of Greece, European Commission, International Monetary Fund (IMF), Eurostat, Hellenic Statistical Authority (ELSTAT), OECD, Association of Greek Tourism Enterprises (SETE), Hellenic Chamber of Hotels, Foundation for Economic & Industrial Research (IOBE), Global Review, Ministry of Finance, Ministry of Economy, Development and Tourism, Hellenic Republic Asset Development Fund, HotelCompset Database and Algean Property Research.



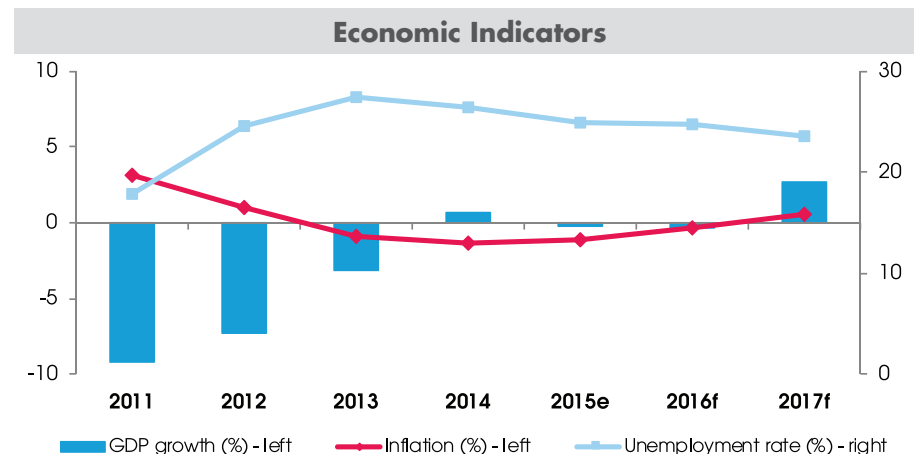
## Overview

The coalition government has finally passed a number of significant reforms through the parliament

The Greek economy turned to negative growth in 2015 after a short break in the previous year. The promising momentum reversed because of the political uncertainty. The on-going long negotiations for the 3<sup>rd</sup> bailout program and its consequences - bank holiday, capital controls and referendum, drove the Greek economy to recession again. The refugee crisis and the global economic reservations added more setbacks to the country's economy.

In 2015, the real GDP contracted by only 0.2% despite the initial estimate of an extended recession of approximately 1.5%. The encouraging shift from 2014 - 0.7% growth - did not continue, however the Greek economy showed its resistance to a further downturn. The capital controls, the further contraction in personal finances and the modest investment sentiment for Greece is expected to remain for the first 6 months of 2016. Stabilization of the economy in 2016 and a sustainable and robust growth for 2017 is expected.

On other microeconomic indicators, the average unemployment rate



fell in 2015 to 24.9% from 27.5% in 2013. This trend is expected to continue in the coming years. On the other hand, the consumer price index further deflated by 1.1% in 2015 reflecting the weak financial situation of Greek households. The General Government recorded a primary surplus of €4.13bln in 2015, against a primary surplus of €2.05bln in 2014, retaining fiscal discipline despite the negative internal and external factors. The key driver for this was the further cut of primary expenditure by 3.9% in 2015, compared to a cut by 6.9% in 2014. This was due to the suspension of payments to the government's suppliers.

Since the agreement of the 3<sup>rd</sup> bailout program in August 2015 and after securing victory in two consecutive elections, the coalition government has successfully passed a number of significant reforms through parliament, keeping Greece among the OECD countries with one of the highest rates of implemented reforms. The social security system reform, the NPL framework, the setup of the new privatization fund and the tax system reforms were the most challenging. The vote of the fiscal

contingency mechanism that will be activated if annual government accounts show a deviation from the agreed primary surplus target of the previous year was the last obstacle for the conclusion of the 1<sup>st</sup> Program review.

The successful recapitalization of the four systemic banks, the ongoing Implementation of key reforms and the conclusion of the first Program are expected to set the conditions for:

- Decisions for a debt relief agreement.
- The improvement of investor confidence.
- The participation in the ECB's QE program.
- The relaxation and eventual lift of capital controls and Access to financing.
- Improve the liquidity of the economy by the clearance of Government arrears to the private sector.

## Overview

Privatization Programme			
a/a	Asset	Project	Project Stage
1	14 Regional State Airports	Long Term Concession (40 + 1 years)	Concession Agreement signed (December 2015)
2	Former Athens International Airport (beachfront property measuring 6,000,000 m <sup>2</sup> )	<ul style="list-style-type: none"> <li>• Creation of Metropolitan Park</li> <li>• Hotels and residential complexes</li> <li>• Malls, Commercial stores</li> </ul>	Validation of the agreement by the Greek Parliament
3	Astir Vouliagmenis (hotel complex in Kavouri Vouliagmeni)	Management and improvement of existing facilities of the complex as well as management of Marina.	Presidential Decree pending on the development of the property.
4	Golf Course in Afandou, Rhodes	Development of hospitality project	Pending approval from the Central Council of Administration of the revised draft Presidential Decree for the resubmission to the Council of State
5	DESFA (Hellenic Gas Transmission Company)	Sale of 66% (31% from HRADF, 35% from Hellenic Petroleum S.A.) of DESFA shares at the State Oil Company of Azerbaijan (SOCAR)	The transaction is subject to approval by the General Directorate of EU Competition
6	OLP (Piraeus Port Authority)	Sale of 67% of OLP SA share capital to Cosco Group (Hong Cong) Limited	Approvals by the Greek Competition Commission (Cosco is the applicant) and ratification of the revised concession by the Greek Parliament
7	OLT (Thessaloniki Port Authority)	Sale of 67% of OLT SA share capital to a preferred investor	Eight companies prequalified. Deadline for submission of binding proposals within Q3 2016
8	TRAINOSE SA & EESTY SA (Rail Rolling Stock Maintenance Company)	<ul style="list-style-type: none"> <li>• Sale of 100% of TRAINOSE SA share capital to a preferred investor</li> <li>• Sale of 100% of EESTY SA share capital to a preferred investor</li> </ul>	<ul style="list-style-type: none"> <li>• Submission of binding offers until 05.31.2016 for TRAINOSE SA</li> <li>• Submission of binding offers until 05.31.2016 for TRAINOSE SA</li> </ul> 3 prequalified investment schemes
9	Athens International Airport (AIA)	Sale of 30% of AIA SA share capital to a preferred investor	Examination for the sale of 30% of AIA SA from HRADF board
10	E-auction of state owned assets	Sale of state owned properties	Ongoing sales of state owned properties
11	Marinas	Long Term Concession (40 years)	Several tender procedures underway
12	Egnatia Odos	Long Term Concession (35 years) of maintenance and operation rights of the Egnatia Motorway and its three vertical axes.	Estimated start of the first phase of the competition (expression of interest): September 2016
13	Hellenic Petroleum	Sale of 35% of Hellenic Petroleum SA share capital to a preferred investor	Alternative options are examined
14	OTE (Greece Telecommunications Organisation)	Transfer of 5% of OTE SA share capital owned by the Greek State, to HRADF so as to sell	Selection of consultants from the Greek government for handling the sales process. Deadline: May 2016
15	DEH (Public Power Corporation)	Sale of 17% of DEH SA share capital to a preferred investor	Plan underway for the acquisition of ADMHE from the Greek State, to withhold 51% by the Greek public and sale of 20% to a strategic investor and the introduction of 29% on the Athens Stock Exchange
16	EYAT (Water and Sanitation Company of Thessaloniki)	Sale of 23% of EYAT SA share capital to a preferred investor	Better regulation and adoption of a revised concession contract by the company and the Greek Republic
17	EYDAP (Water and Sanitation Company of country capital)	Sale of 11% of EYDAP SA share capital to a preferred investor	<ul style="list-style-type: none"> <li>• Selection of consultants from the Greek government for handling the sales process. Deadline: Q3 2016</li> <li>• Business Plan Preparation</li> </ul>
18	DEPA (Natural Gas Company)	-	<ul style="list-style-type: none"> <li>• Selection of consultants from HRADF</li> <li>• Evaluate alternative proposals and process restart</li> </ul>
19	ELTA (Greek Postal Service)	-	<ul style="list-style-type: none"> <li>• New Director &amp; CEO appointment</li> <li>• Transfer to the new HRADF after the restructuring plan</li> </ul>

## Overview

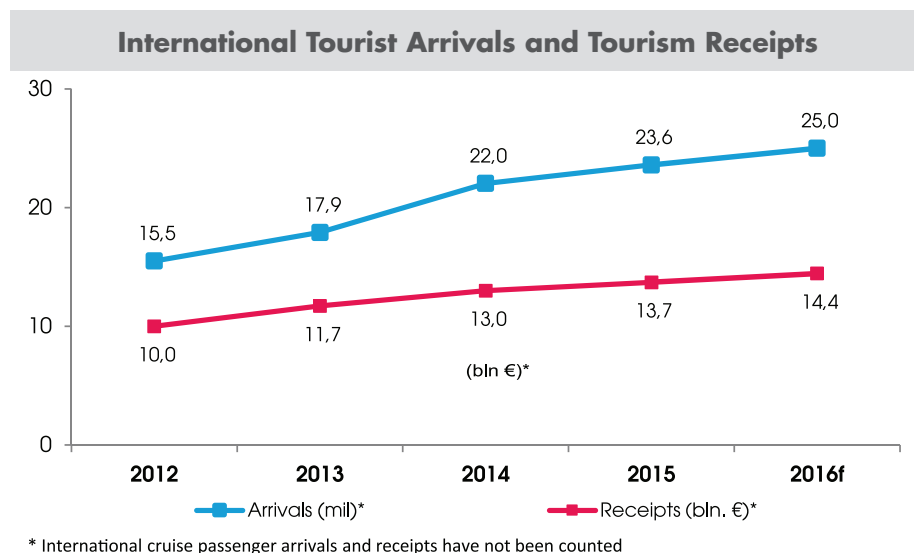
Key Tax Reforms that affect directly or indirectly the Greek Real Estate Market			
Tax Reform	Valid from	Before	Now
VAT increase in basic goods, food and beverage and services	30/9/2015	13%	23%
	1/6/2016	23%	24%
VAT increase in accommodation (hotels, camping, camps, etc.)	30/9/2015	6.5%	13%
Income tax rate for legal entities	1/6/2016	26%	29%
Price Reduction of Property Tax Assessed Values	1/5/2015		(5-20%)
Rental Income Tax rates	1/6/2016	up to € 12,000: 11%	up to € 12,000: 15%
		> € 12,001: 33%	€ 12,001 to € 35,000: 35%
			> € 35,001: 45%
Cancellation of reduced VAT in Established Aegean Island	30/9/2015	Accommodation 4%	13%
	30/9/2015	Services 16%	23%
	1/6/2016	23%	24%
Cancellation of reduced VAT in not Established Aegean Island	1/6/2016	Accommodation 4%	13%
		Services 16%	24%
Increase of Property Tax Rate (ENFIA)	1/6/2016		20 - 25%
Impose of supplementary Property tax for extensive property portfolio with Tax Assessed Value above:	1/6/2016	€ 300,000	€ 200,000
Increase of Supplementary Property tax for Legal Entities	1/6/2016	5‰	5.5‰
Increase of Supplementary Property tax for REICS	1/6/2016	2.5‰	3.5‰
Increase of Supplementary Property tax for Individuals that use the property for their professional	1/6/2016	-	1‰
Accommodation Daily Tax	1/1/2018		1 - 2 stars: € 0.5
			3 stars: € 1.5
			4 stars: € 3
			5 stars: € 4

## Tourism

Tourism was again the main driver of the Greek economy in 2015 marking a new record high, both in arrivals and in receipts from foreign visitors. In spite of the political uncertainty and the significant setbacks – bank holiday, capital controls, referendum, VAT increase and refugee crisis – before and during the summer of 2015, tourism shows its potential and resistance to unexpected factors. It was the key contributor in impeding the recession of the Greek economy and the further drop of the unemployment rate.

The positive trend which began in 2012, continued at an annual growth rate of over 10% for arrivals reaching 23.6 million visitor; this is without taking into account the arrivals from cruises. The target set in the Mckinsey report in 2012 was been achieved 5 years earlier. In the same context, receipts reached a new record of €13.7 billion at a smaller but stable growth rate.

The prospect is even greater if the necessary investments take place – investments in the development of – infrastructure – airports, ports and roads – but also in upgrading the tourist product.



These investments will:

- attract additional tourists,
- increase the average accommodation and spending, and
- prolong the vacation period.

Our analysis shows that the realization of these investments could lead to over 30 million arrivals of foreign visitors and €20 billion receipts in 2020.

In order to achieve this optimistic but feasible target, the Greek government must facilitate the completion of the major planned

developments, i.e., the upgrading of the 14 privatized Greek regional airports, the privatization of Astir Palace and the Hellinikon Project as well as all the blocked hospitality projects in various holiday destinations.

These investments in Greek tourism are necessary in order to get to the next growth phase and attract additional investors and international brands in the sector. According to the Mckinsey report €3.5 billion annual investment are required in Greek tourism in order to get to the next stage.

The realization of the necessary investments could lead to over 30 million arrivals of foreign visitors and €20 billion receipts in 2020



## Building Activity

The downward trend in the construction sector has continued for the 8<sup>th</sup> consecutive year, officially being the most affected sector of the Greek financial crisis. Cumulatively in this period total Building Activity (private-public) in Greece, calculated on the basis of the number of building permits issued, has dropped 82.9%.

Looking the same figure from a different view point, the number of building permits issued reached to 13,257 in 2015, lower by only 0.9% as compared to 2014. This occurred for the first time since 2007. An encouraging sign is that there is a 7.0% increase in surface (m<sup>2</sup>) and a 33.2% increase in volume (m<sup>3</sup>).

The above figures indicate a stabilization in this sector of the economy. Building activity in Greece seems that reached its lower most point. The political stability and the launching of the planned developments, especially in the hospitality sector, is projected to boost building activity in Greece in the coming year.

## Market Watch

The strain on real estate values continued at a slower pace in 2015. Any sign of recovery or even stabilization disappeared due to the political uncertainty in the first 6 months of 2015 and its consequences - bank holiday, capital controls and referendum. The lack of liquidity, the high property taxes and the unstable tax framework put an extra burden on the real estate market in Greece.

The interest for commercial properties was interrupted by the negative economic sentiment which delayed the completion of various transactions. The Greek Reics (Real Estate Investment Company) are behind any important deal as the international investors put their interest on hold.

The prime yields range between 8-9%, 7-8% and 10-11% in office, retail and logistic markets respectively, offering an investment opportunity as they are still higher compared to other European countries. The correction of price in the real estate market is expected to continue throughout 2016.

The Greek real estate market will recover when the government deals with the following inherent difficulties:

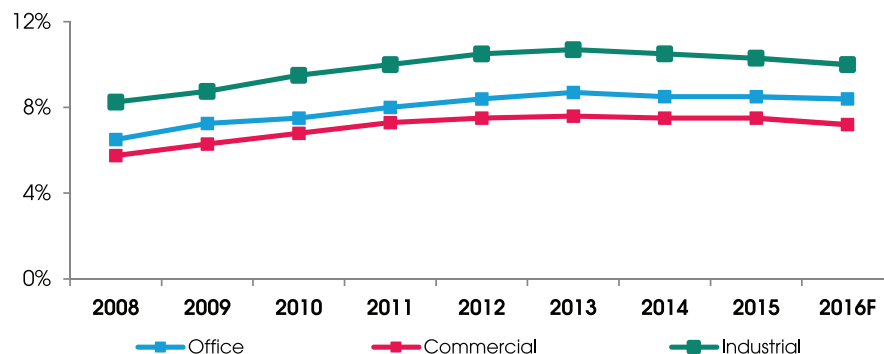
- a) rationalization of taxes and a stable tax framework
- b) confrontation of bureaucracy
- c) clear spatial planning
- d) transparency
- e) completion of the national cadastre.

The recent reduction of the tax assessed values as well as the future replacement by a new tax value system based on the real market values, is expected to support the recovery of the real estate market. The effect of the reduced tax assessed value is

moderated however by the increase of the property tax rates, especially for land plots and extensive property portfolios. A slight increase in the property tax rates for legal entities and Reics has also been imposed.

The acceleration of the privatization program of public real estate assets plus the completion of the agreed privatizations and developments will substantially contribute to the reversal of the negative investment sentiment and the reestablishment of investors' confidence in the Greek real estate market.

**Average Prime Yields per Sector**





## Domestic Residential Market

The revival of the residential market will take longer since it is tightly correlated to the recovery of the Greek economy

Residential prices have declined at a rate of 5.1% in 2015, recording a drop for the 7<sup>th</sup> consecutive year.

The downtrend in residential prices continues; a further decrease in housing prices by 4% for 2016 and 2% in 2017 is estimated. The downtrend was stronger in the two big cities (Athens and Thessaloniki), especially for old and larger houses, recording a cumulative decline of over 40%.

The supply of residential properties is increasing, due to the property taxes which force more owners to put their properties on the market.

Residential prices in prime locations – Northern Suburbs, Southern Suburbs and the Historical Center however, have remained stable



in 2015. On the other hand, residential properties in the less expensive areas are not expected to recover at least for the next decade.

The number of transactions was extremely low for another year. However, there is a growing demand for small and old apartments located in the historical center of Athens within a price range of €20,000 - 100,000. The motive of the investors is to renovate the properties and rent them out to tourists.

An increasing interest for luxury properties mainly in the north and south suburbs from foreigners looking for a second home has been noted. The local demand is weak due to the contraction in

personal finances.

A permanent solution for household loans in the red and access to bank financing are crucial for the revival of the Greek residential market.

Recent actions such as the gradual adjustment of the tax assessed values close to the market values are a step towards the improvement of the residential market. The revival of this market will take longer since it is tightly correlated to the recovery of the Greek economy.





## Overview

The holiday home market can be considered as the most promising market of Greek real estate

The Greek holiday home has not lost its authenticity, identity and local character. It has adjusted to modern amenities, while retaining all the traditional features.

The Greek holiday home market offers a wide variety of residential types that meet the expectations of the most demanding buyer. In this context, many foreigners have already bought properties in Greece and there is a strong interest from future buyers.

The unique holiday home as well as the locale, the moderate climate,

the infinite coastline, the local cuisine, the history and culture and the lifestyle have transformed Greece into a very popular summer destination for high-net worth individuals.

The rental of luxury holiday homes offers high returns to the villa's owners. The political and economic uncertainty have kept down the volume of transactions but the existing track record and the great potential make the Greek holiday home market very promising.

## Supply

The existing holiday home market largely consists of private residences instead of organised residential developments that can be found at more established holiday destination.

The Greek holiday home has evolved following the dictates of contemporary residences but with respect to the environment, harmoniously adapted to place and time. It retains all the traditional features and is built with local materials, offering a high quality result.

The wide variety of residence styles and designs is what makes the Greek holiday home diverse and unique and captivates the attention of foreign visitors.

The existing stock in the market has slightly increased to above the 50,000 holiday homes for sale as more owners have placed their properties on the market due to

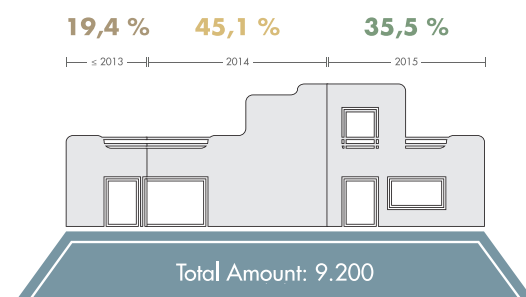
the lasting political and economic uncertainty. The amount of new holiday homes that have been built in the last years is insignificant. However, there are high-end properties at well-known holiday destinations where the construction stopped due to the crisis.

The increasing trend of high-end tourism in conjunction with the lack of quality supply, has increased the demand for luxury holiday home rentals. Each year more and more owners decide to let their holiday

homes in order to take advantage of the high rental yield.

According to the latest available information from the Ministry of Tourism more than 9,200 furnished villas in Greece have the necessary license from EOT (Greek National Tourism Organization). More than 80% of these were registered in the Ministry of Tourism in 2014 and 2015, confirming the increasing trend of letting luxury holiday homes.

### Holiday Home - EOT Licences per Year



## Demand

The nervousness over the prolonged negotiations between the New Greek government and the EU, the IMF and the ECB for the new bailout program for Greece in the first 6 months of 2015, put any potential investor in the Greek holiday home market, on hold.

The demand strengthen following the agreement of the new program in August. This growing trend is expected to continue in 2016, indicating the recovery of the holiday home market in Greece. More than 100,000 foreigners,

mainly from Europe, USA and Australia about 60%, are already owners of residences in Greece. Russians and Eastern Europeans follow with an approximate 10% share. In the last 3 years there has been an increase in demand from Israelis, UAE, and Lebanese investors.

The "Golden" visa scheme - residence permit for investments in excess of €250,000 – is still in effect with more than 1,000 permits issued, mainly to Chinese, Russians and citizens of the UAE.

A 20% annual increase has been recorded on online viewings of Greek holiday properties for sale in the last 2 years, showing the increasing interest for holiday homes in Greece.

The weakening of the Euro against the US dollar also attracts the attention of US based potential buyers.

The demand focuses on established holiday destinations such as Mykonos, Santorini and Corfu.

### Potential Buyers in the Greek Holiday Home Market



## Prices - Transactions

The high returns that the rental of luxury holiday homes offers has played an important role in aligning the gap between buyers and sellers

Holiday homes in prime holiday locations retained their value since they have already been discounted over the last 5 years. On the other hand, prices in less established areas continued their downward trend in 2015 albeit at a slower pace of 5%.

On the positive side, the holiday

home market in prime destinations i.e. Mykonos, has begun to regulate after years of irregularity both from buyers and sellers. The high returns that the rental of luxury holiday homes offers has played an important role in aligning the gap between buyers and sellers.

There is still a divergence pricing but it is being bridged at a fast pace. Greek destinations can offer a gross average yield of over 5% compared to other competitive destinations in the Mediterranean, which offer an average yield of 3-4%. A typical example is Mykonos with more than 8% yield double that of Ibiza, its main competitor with a 3.8% yield only.

Despite the above encouraging trends and due to the lasting uncertainty, the number of transactions is still very low compared to the pre-crisis level.

The apprehension concerning Greece's place in the Eurozone in

the first 6 months of 2015, led to a drop of foreign capital income for property acquisition for the first time since 2013. Foreign buyers spent approximately € 186 million on holiday homes in Greece in 2015, compared to € 250 million in 2014 and € 168 million in 2013.

On the positive side, and after the agreement between Greece and its Creditors in August 2015, there is a growing trend in foreign capital income for properties.

A significant increase of approximately 20% has been recorded in transactions for holiday homes in prime locations (Mykonos, Santorini, Paros, Elounda and Corfu). However, the total figure is still considerably lower by 30% compared to 5 years ago.

## Outlook

The expectation that 2015 would be a milestone year for the recovery of the Greek holiday home market was not confirmed.

This was due to the economic instability of the country in the first months of 2015 which put a "wait and see approach" on any potential investor. The future prospects of the market look very positive taking into consideration

the political stability of the country.

The significant drop in holiday home prices in the last 6 years and the increasing present demand, reveal that potential buyers can also expect a significant increase in the value of their properties in the near future. Therefore, the holiday home market can be considered as the most promising market of Greek real estate.

The latest report from IOBE presents the holiday home market in Southern Europe as the most dynamic industry in Europe. More than 2 million holiday homes in Southern Europe are expected to be sold to Northern Europeans by 2020. The challenge is what percentage share of this amount Greece will earn.



## Overview

New 5 and 4 star hotels have entered the market with new international operators establishing a presence, and the existing operators extended their positions

The consistent growth of Greek tourism leads positively the hospitality market, the only market of Greek real estate at the moment.

The Greek hospitality sector showed its resilience to external factors – the refugee crisis and terrorism, and internal – political instability,

increase in VAT, high taxes, capital controls, and recorded an adequate performance.

The tourism product is consistently upgraded to address the growing trend in tourism. The promising prospects in the hospitality market attract the interest from foreign

investors and international hotel operators.

The completion of the planned developments will lead the hospitality sector to the next growth phase.

## Supply

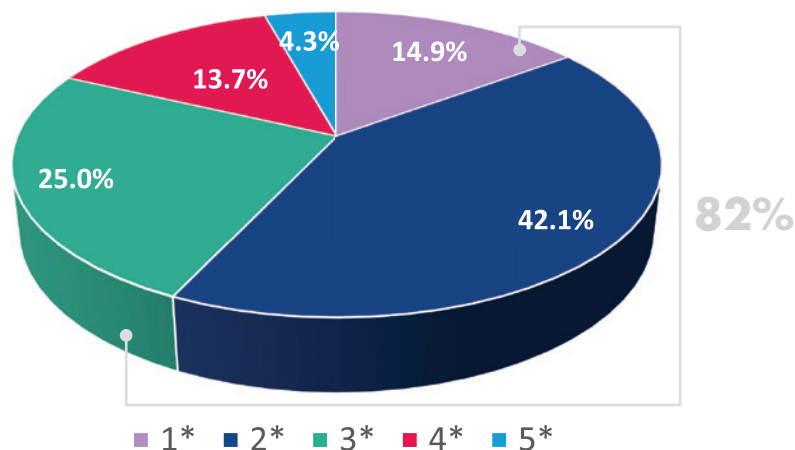
In 2015, the hotel capacity in Greece amounted to 9,757 hotel units with 406,200 rooms and 784,315 beds. This remained essentially unchanged in the last 5 years (2010- 2015) as only 20,908 beds, 2.7% increase, were added to the country's hotel capacity.

Hotels in the upper category added 26,242 new beds in the same period recording an increase of 25.6%. The increase is more than 40% in prime holiday destinations.

This clearly shows that the hotel stock of the country has been significantly upgraded.

New 5 and 4 star hotels have entered the market with new international operators establishing a presence, and the existing operators extended their positions.

**Allocation of Hotel Units per Category in Greece**



Only 4.3% of the hotel units or 16.4% of hotel beds are listed in the upper category, showing the lack of quality supply in the high end market where there is a growing demand of visitors.

The average size of the hotel units in Greece displays a steady growing trend, reaching 41.6 rooms per unit in 2015. The average size of 5 star hotel units climbed to 151 rooms per unit.

## Perspectives – Key Performance

In 2015, the Greek hospitality sector had to deal with an array of external and internal issues but succeeded in outperforming for the 3<sup>rd</sup> consecutive year, driven by the steady growth of Greek Tourism.

The refugee crisis in the Mediterranean and the increased terrorist activity in Europe were the main external factors that put pressure on the Greek hotel industry. The political uncertainty due to the lengthy negotiations between the government and its creditors was also a setback for the sector. In spite of the above negative aspects, the hospitality sectors retained its positive potential.

The perceived seasonality remains the major weakness of the Greek hospitality sector despite the coordinated actions for dealing with it. Indicatively, above 80% of the total international arrivals and travel receipts are recorded during the 6 month summer period (May to October) while 55% of the total hotel units in Greece have seasonal operations. The upgrading of the classic “Sun & Beach” model with more exclusive facilities and the development of alternative types of tourism are necessary in order to:

- attract additional tourists,
- increase stay and spending, and
- prolong the vacation period.

In 2015, Greek hotel units are recorded a solid growth in key performance indicator. The occupancy rate ranged between 50% to 60% on an annual basis while the figures climbed to above 70% to 80% on a seasonal basis.

The average daily rate (ADR) amounts to €80 to €160 while

the revenue per available room (RevPAR) ranges from €60 to €120. Total income per available room averaged approximately €15,000 - €20,000, recording an increase of 10% in the last 2 years.

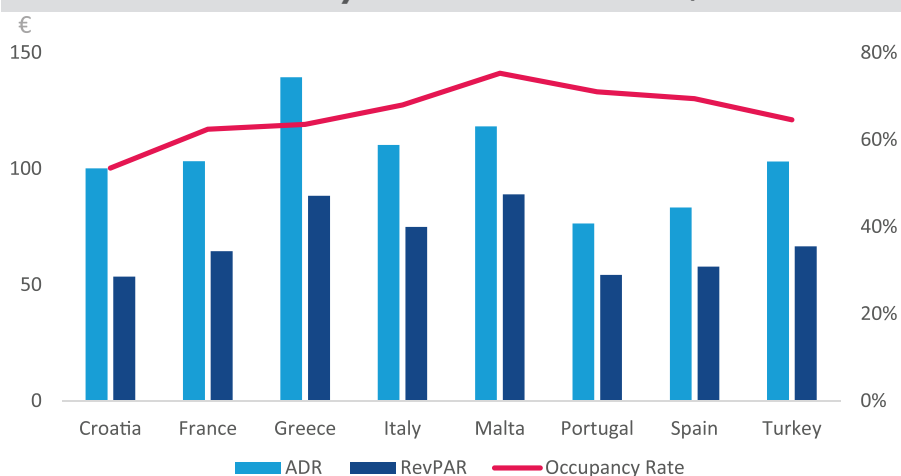
The corresponding figures for resort hotels and for the upper category are approximately 20% to 40% higher.

It is worth mentioning, that the prime hotels in Athens were the leading performers for 2015, recording high occupancy rates and ADRs.

Greece recorded a higher level of visitor satisfaction (GRI Index) - 84.5% - compared to its major competitors – 81.5%, maintaining the encouraging signs which began in 2014.

Characteristically, 1 out of 3 people are willing to visit Greece for holidays in 2016 and 8 out of 10 consider Greece a safe destination, ratings in both figures are higher than its key competitors.

**Hotel Units: Key Performance Indicators, 2015**



**Greece: Hospitality Sector – Performance**

Annually Occupancy Rate	50% - 60%
Average Duration of Stay	7.2 days
Expenditure per Overnight Stay	€ 75.1
Average Daily Rate (ADR)	€ 80 - € 160
Revenue per Available Room (RevPAR)	€ 60 - € 120
Total Income per Available Room	up to € 20,000
EBITDA Multiplier	10x - 15x
GRI Visitor Satisfaction Index	84.5%



## Transactions - Investments

The untapped potential of the Greek hotel industry is so great that it attracts intense interest from European, Asian, American and South American investors

The high end hospitality market in Greece is the most appealing sector for foreign investors and international hotel operators.

Their interest mainly concerns the well-known tourist destination. An increasing demand for Athens, the capital of Greece has been apparent in the last 2 years. The volume of transactions is still low as there is a gap in the pricing.

Wealthy Greek families instead of hotel investors are owners of the majority of the hotel product, complicating the acquisition procedure.

The main transactions in 2015 were completed between international investors and Greek banks, a trend that is expected to continue in the next years when the banks will put hotels with NPLs on the market. Standstills to potential investors are the unstable tax framework, the increase of VAT in prime holiday destinations, the lack of financing and the delays on the planned developments due to bureaucracy and permit issues. The acceleration of the privatization program and the launch of the stagnating developments will boost the investment activity in the hospitality industry.

Regardless of the above, the untapped potential of the Greek hotel industry is so great that it attracts intense interest from European, Asian, American and South American investors.

Renowned International operators such as Carlson Rezidor Group,

Diamond Resorts International, Intercontinental, Loyalward, Marriott and Four Seasons are extending their position or establishing a presence in the Greek hospitality market.

In the same context, international companies are investing in or are willing to enter the Greek market. A few of the most important companies are Fairfax, Invel, Fosun, Blackstone, Oaktree, Hines, QIA, Carlton Group, York Capital, Al Maabar and Olayan.

According to the McKinsey Report, €3.5 billion annual investments are required in order to achieve the untapped potential of Greek tourism and convert it into the heavy industry of Greece.

Total investment in the tourism sector in the last year is significantly below this target.

## Outlook

The promising prospects of the hospitality market were confirmed in spite of the wide range of unanticipated events that had to be dealt with during the past year.

2015 is a landmark year for the hospitality market as the last reservations regarding the potential

and the dynamics of the market have diminished. After a very tough year for the Greek economy, the contribution of the hotel sector to the country was crucial.

The vote of confidence from international hotel chains shows the endless prospects of the Greek

tourism sector. A significant volume of developments, investments and transactions is expected in the coming years.

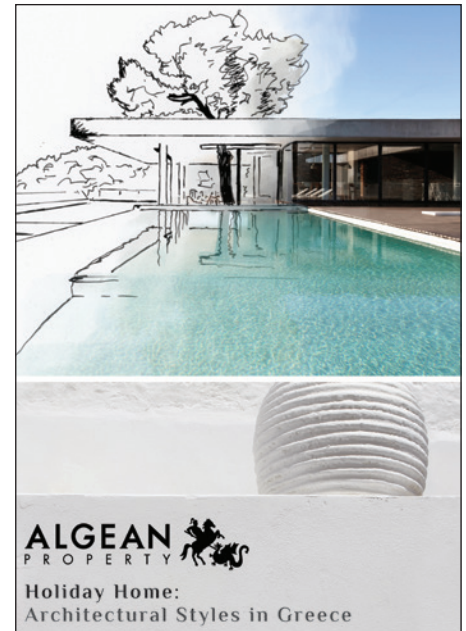
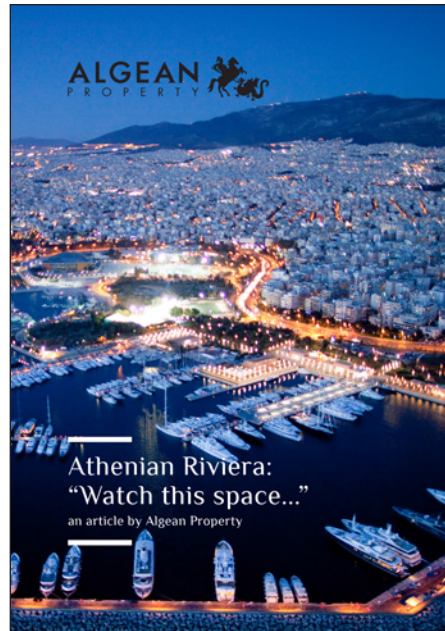
## Economy

Macroeconomic Data									
Economic Indicators	2009	2010	2011	2012	2013	2014	2015e	2016f	2017f
Population (mil.)	11.1	11.1	11.1	11.1	11.0	10.9	10.8	10.7	10.7
GDP Growth (%)	(3.1)	(4.9)	(9.2)	(7.3)	(3.1)	0.7	(0.2)	(0.3)	2.7
Inflation (%)	1.3	4.7	3.1	1.0	(0.9)	(1.4)	(1.1)	(0.3)	(0.6)
Unemployment Rate (%)	9.6	12.7	17.9	24.5	27.5	26.5	24.9	24.7	23.6
FDI (net inflows in mil. €)	1,753.8	249.2	822.3	1,354.3	2,122.1	1,259.1	(261.4)		
Spreads (10 year bond)	239	951	3,313	1,058	649	906	771		
Athens Stock Exchange	2,196.2	1,413.9	680.4	907.9	1,162.7	826.2	631.4		

## Real Estate

Market Trends				
	Stock	Price	Demand	Supply
Residential Market (for sale)	250,000 - 300,000	↘	→	→
Holiday Home Market (for sale)	50,000 - 70,000	→	↗	→
Hospitality Market (Total Stock)	9,757	→	↗	→

## Our Latest Reports



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