

ALGEAN
PROPERTY



Mykonos:
“Point of Reference”

Mykonos

Overview

Mykonos is a multicultural destination attracting high net worth individuals from around the world.



Mykonos is a small island in the heart of the Aegean Sea well known for its cosmopolitan aura and carefree summer lifestyle, comparable to no other destination in Greece. Over the last few years it has evolved from a well-known international tourist destination in Greece into a hub of luxury tourism in the Mediterranean.

Mykonos is a multicultural destination attracting high net worth individuals from around the world. When it comes to luxury, the island provides just about everything in abundance and to the greatest extent; from gourmet restaurants, vibrant beach life, extravagant parties with world-famous DJ's, to ultra-luxurious

hotels, resorts and spectacular villas. Well-known jet-setters come to the 'Island of the Winds' during the summer eager to get a taste of the 'true Mykonos experience'.

Mykonos has cultivated its international and cosmopolitan profile by investing in the upgrading of its tourist product in both the hospitality sector and the holiday home market. In the last few years, new luxurious hotels were built, old ones were upgraded, and new and innovative business ideas found the fertile ground to flourish.

The expansion of tourism in Mykonos affected the real estate market positively, adding a new

dimension to the holiday home sector. Previously perceived as a product used predominantly (or solely) for leisure, the holiday home in Mykonos emerged as an investment asset with great potential. As a result, the purchase of a holiday home in Mykonos for investment purposes is now the rule and not the exception.

The development prospects of the tourist industry and, in turn, of the holiday home sector in Mykonos are vast. The country is emerging from its crisis and tourism continues to be one of the main pillars of the economy, at nearly 1/4 of Greece's GDP. Certainly, Mykonos will continue to be a point of reference in the coming years.

Mykonos

International Brands



Mykonos

Tourism

In the last two years, Mykonos has firmly established itself as the top luxury destination in the Mediterranean and one of the most recognizable worldwide.

In the last two years, Mykonos has firmly established itself as the top luxury destination in the Mediterranean and one of the most recognizable worldwide. The high level of services provided for visitors has been enriched with new luxury hotel units, signature restaurants, beachfront bars, and a seafront shopping mall, elevating Mykonos to the next level.

The soaring progress Mykonos is experiencing is noted in the number of airport arrivals recorded over

the last two years. This increase is a product of both the rising tourism figures recorded in Greece and the upgrading of facilities at Mykonos airport over the last three years by Fraport Greece, the airport's management company. More specifically, in 2016, Mykonos recorded an increase of 9.4% in international arrivals, welcoming 301,842 foreign visitors, while in 2017 there was a further increase of 14.8%, adding up to a total of 346,458 international arrivals. Preliminary data for 2018 predict a 30% increase in international airport arrivals since 2017, with the total number estimated close to 450,000.

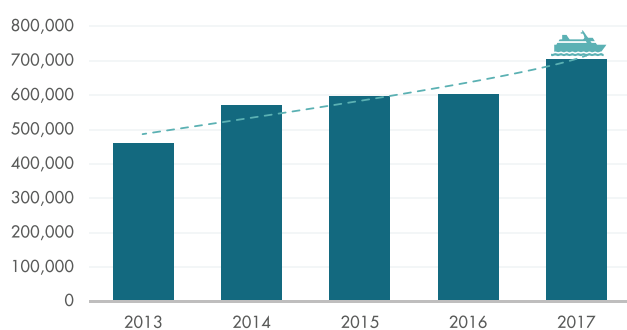
The transfer of nearly all ferry services to the new port of Tourlos as well as the various projects that have taken place in recent years have contributed significantly to the rapid increase in the number of incoming visitors. Specifically, ferry arrivals recorded a compound annual growth rate (CAGR) of 11.2% in the last 4 years reaching a total of 703,927 arrivals in 2017, up from 460,593 in 2013.

Mykonos has always attracted international visitors. Characteristically, over the last 10 years, the international to

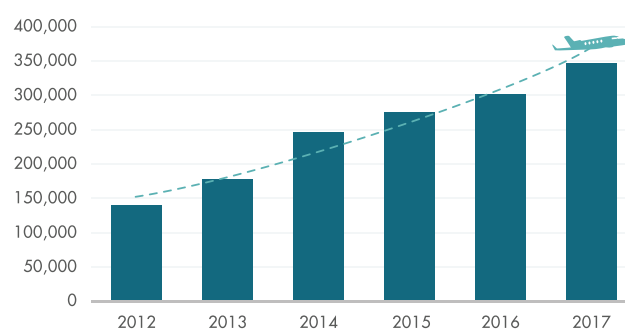
Greek visitors balance has shifted from 79.1% international to 20.9% Greek to 90.8% to 9.2% respectively, clearly recording a pattern. In a continuous effort to boost international tourism to the island and enrich the visitor's palette, the Municipality of Mykonos launched a collaboration with Qatar Airways, introducing a direct flight from Dubai for the whole season.

As projections for international arrivals over the coming years remain high, emphasis should be placed on the further upgrading of the island's services. In spite of the significant efforts being made, the ever increasing number of incoming tourists shows that there is still room for progress. The entry of new companies with innovative products into the island's hotel market, the further improvement of the island's infrastructure, as well as the attraction of international operators, are key for the island's success in the years to come.

Mykonos - Ferry Arrivals



Mykonos - International Airport Arrivals



Holiday Home Market

Overview, Supply & Demand

OVERVIEW

The holiday home sector in Mykonos has become a recognized investment product.

Following a period of steady growth and development on the island, the holiday home sector in Mykonos has become a recognized investment product. This product mix offers something unique in that combining the distinctive characteristics of classic Cycladic design along with the deluxe comforts of a modern holiday home.

The sales volume has increased significantly over the last two years driven by the positive performance of tourism, the improvement of the island's infrastructure (new harbor, new hotel units, airport upgrading), and the overall improvement of the tourist product (new beach bars, restaurants, shopping malls, etc.) An important role in this market

boom is the stabilization of asking prices in luxury homes coupled with the sharp rise in rental rates offering attractive returns, consequently making Mykonos a top investment destination in the Mediterranean at this time.

SUPPLY

The total number of holiday homes in Mykonos has not changed significantly in recent years (1,500 properties). The new developments that have been built are mainly modern constructions incorporating the basic architectural principles that characterize the island.

Several villas were built in a cave style manner, taking advantage of the island's raw natural landscape and the constructional advantages

this technique offers (an extra 50% building coefficient).

The pipeline of the new hotel projects on the island will include the construction of luxury homes within their premises. Currently, only 54 villas are part of a luxury compound, consequently, the upcoming developments will contribute to the existing housing stock as well as to the implementation of a new holiday

home product on the market.

The 2017 forest maps project for Mykonos has led to another step towards the improvement of spatial zoning on the island. This, combined with the existing regional planning is expected to normalize the regulatory building framework, thus, further favoring the attraction of new investments in the island's real estate market.

DEMAND

The interest of foreign buyers in purchasing a holiday home in Mykonos has grown in recent years. In addition to the traditional buyers and current owners of luxury homes on the island (British, French, Italian, Middle Eastern), there is an observed increase of Turkish buyers, looking to reposition their investment funds on account of the prevailing political uncertainty in their country.

Apart from traditional buyers, there is a growing interest by institutional

investors aiming to profit from the island's ever growing prospects in the holiday home sector. Over the last two years, the main driver behind this exponential growth in demand is the acknowledged investment potential that the Mykonos market provides. Besides the basic property features one seeks when looking to buy a villa in Mykonos (sea and sunset views, pool, proximity to the beach), prospective buyers nowadays are primarily interested in the revenue a villa may generate, treating the

property as an investment asset.

The average budget by private investors for purchasing a holiday home featuring all modern comforts on the island remains between € 800,000 - € 1,500,000. Institutional investors are primarily interested in quantity, looking for moderately distressed assets or semi-finished projects with an aim to mitigate their risk and add value to the investment project through the refurbishment and operation of these properties.

Holiday Home Market

Prices - Transactions

Compared to a few years ago, asking prices for holiday homes in Mykonos have stabilized and are recording a steady increase. A positive climate has returned to the market after a massive price correction due to the economic crises. The increased performance of tourism on the island has resulted in increased rental rates, in turn producing high yields and keeping investor's interests high.

Specifically, and in accordance with Algean Property's latest report, [Yields Report 2018: High-End Holiday Homes in the Mediterranean](#), asking prices for luxury holiday homes in Mykonos range between

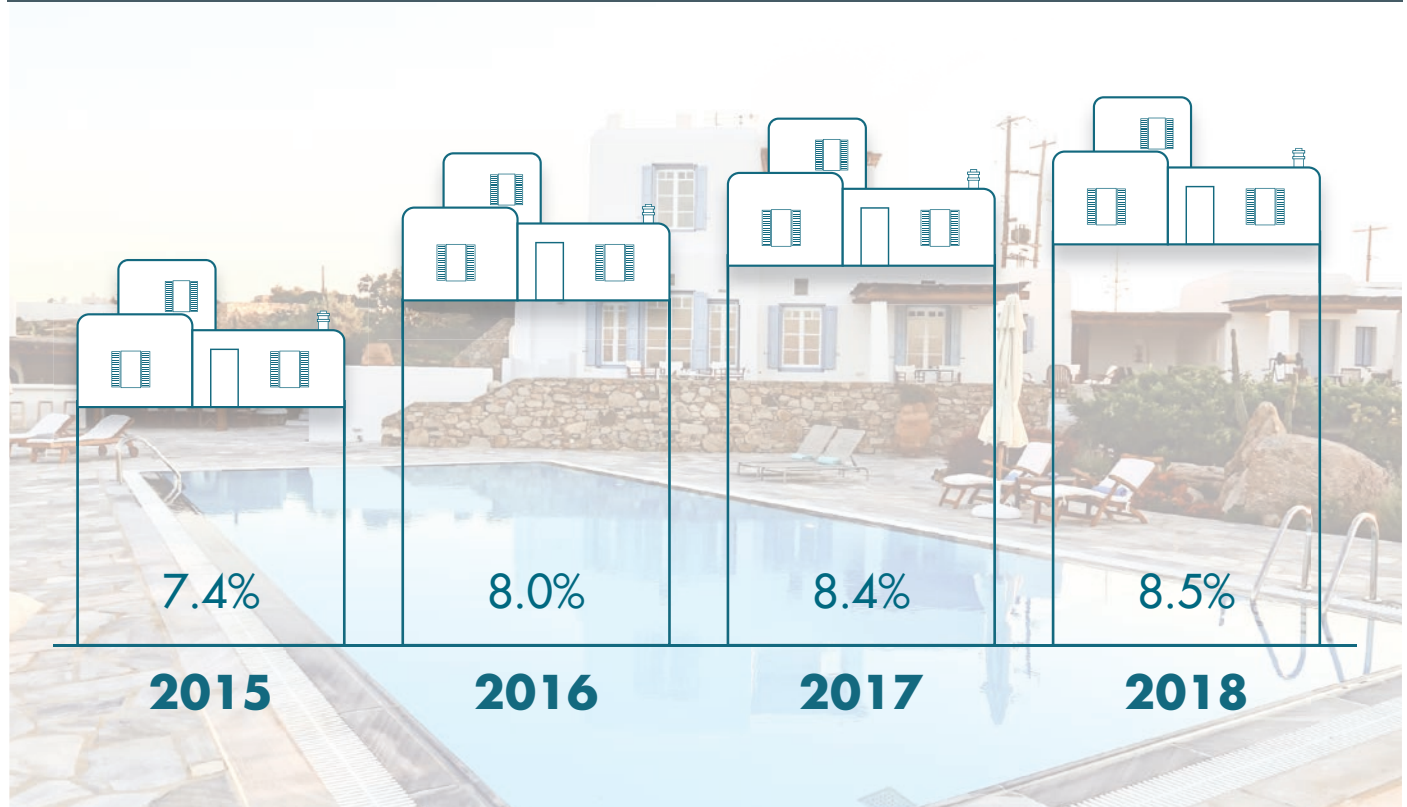
€5,500 - €7,500/m². Nonetheless, opportunities can be found at lower prices. For newly built high end villas prices can even surpass €10,000/m². Meanwhile, private luxury holiday homes are rented for an average of €11,500/week, with some rentals well over €30,000/week. Prime villas located within the island's large high-end hotel complexes have rental rates reaching an average of €2,000-€4,000/day.

With increases in rental rates, the returns from luxury holiday homes in Mykonos have risen in recent years, characterizing the sector as an excellent investment opportunity. Based on data collected by Algean

Property's research, gross rental yields on high-end holiday homes in Mykonos recorded a 14.8% growth for the period 2015-2018, by far the top performer in Greece and in the Mediterranean in general.

The volume of transactions has grown significantly over the past few years, while projections point to a further increase due to the favorable investment climate prevalent on the island. The further stabilization of asking prices as well as the constantly high rental rates are a guarantee for the further strengthening of the holiday home sector in Mykonos.

Yields Evolution in Mykonos | 2015 - 2018



Holiday Home Market

Outlook

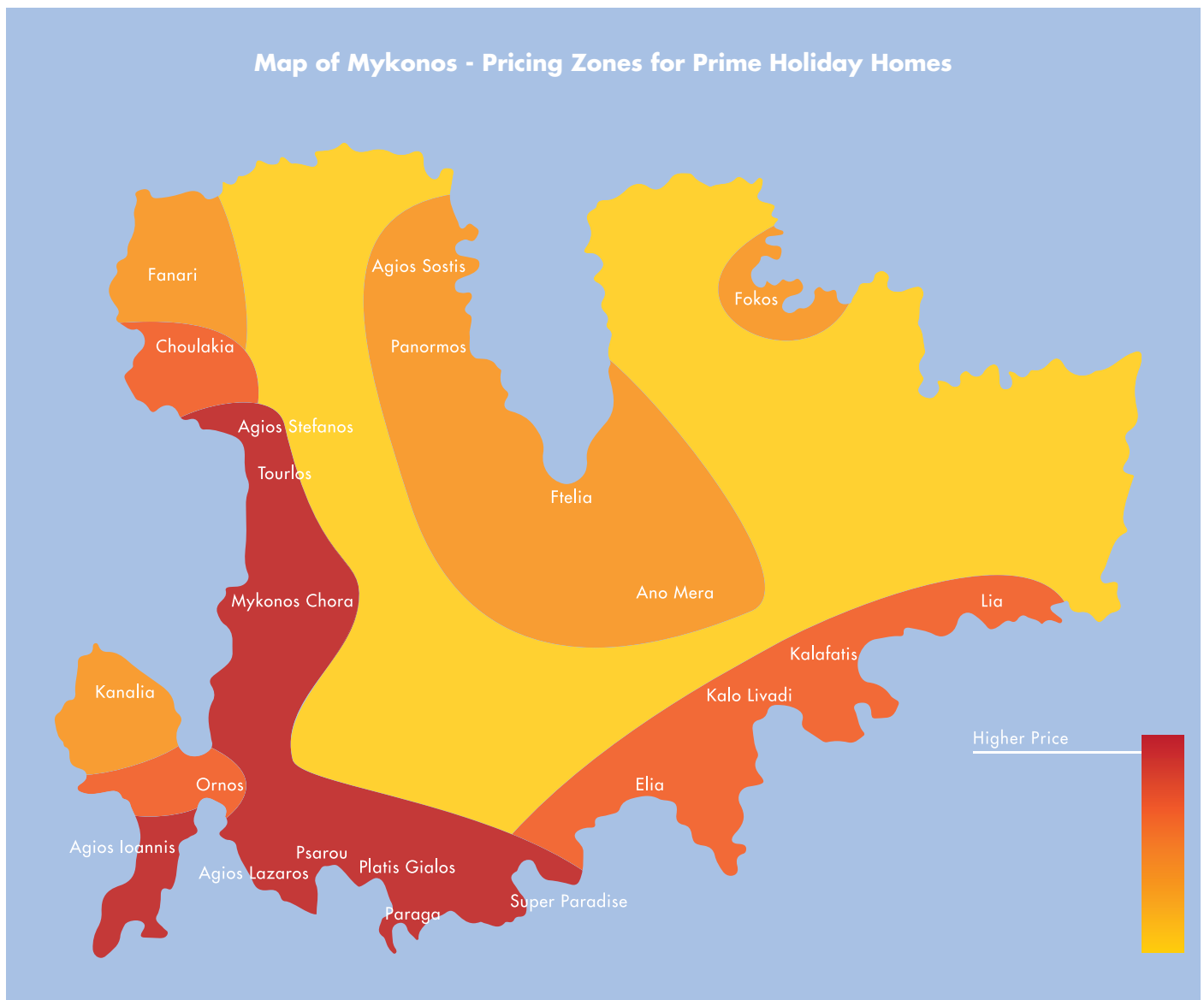
It is an indisputable fact that Mykonos is the top holiday home market destination across the Mediterranean. The increased returns offered have attracted the interest of individual and

institutional investors who are quick to take advantage of the positive investment climate.

The positive forecasts for tourism, the steady course of the Greek

economy and the island's longstanding reputation as an ultimate holiday destination are a guarantee for the further development of the holiday home market in Mykonos.

Map of Mykonos - Pricing Zones for Prime Holiday Homes



Hospitality Market

Overview & Supply

OVERVIEW

Mykonos continued to grow in recent years transforming the island into the top destination for luxury holidays.

Mykonos hospitality industry has recorded significant progress in recent years.

The targeting for high-income tourism led to the quantitative upgrading of the hospitality sector through the development of new high-end hotel units as well as the upgrading of existing ones.

Maintaining the high level of services provided, Mykonos continued to grow in recent years transforming the island into the top destination for luxury holidays

in the Mediterranean, far ahead of competitive destinations in the region.

The upcoming presence of new luxury hotel units as well as the growing interest from international hotel firms looking to operate on the island, foretell the sectors further development and sustainable growth of luxury tourism in Mykonos.

SUPPLY

The total hotel capacity in Mykonos is 186 units, 6,272 rooms and 12,670 beds, while for the 5-star category units, an increase of 55.5% was recorded in the last two years alone reaching a total of 42 units. The percentage of available rooms in the 5-star category hotels increased by 34.6% reaching 36.5% of the total number of rooms available on the island.

The concentrated effort that has been made over the past two years in regards to the preservation and further development of luxury tourism in Mykonos is reflected in the figures above.




Between 2010 -2015, the recorded increase in hotel units was 6.7%, while in the last two years alone the increase was nearly the same, reaching an

overall increase of 6.28%.

The qualitative enhancement of the island's hotel product remains a perpetual strategic goal for the hospitality sector in Mykonos. A series of high-end hospitality developments have been announced, aiming to contribute to the total room capacity as well as to the product's diversity. More and more units now provide the option

of renting a high-end residence within their premises.

Given that the total number of 5-star hotels is only 22.6% of the total hotel accommodation on the island, there is still plenty of room for further development as incoming high- end tourism shows no signs of slowing down.

5* Hotel Evolution 2015-2017			
	2015	2017	%
 Units	27	42	55.5%
 Bedrooms	1,701	2,290	34.6%
 Beds	3,440	4,667	35.6%

Hospitality Market

Perspective - Key Performance - Investments

Throughout the economic crises in Greece and the overall geopolitical turmoil in the Eastern Mediterranean region over the last few years, the hospitality sector in Mykonos showed remarkable resilience recording positive results year after year.

Lead by the over-performance of tourism, the industry has managed to further improve its performance making Mykonos the number one choice for luxury tourism in the Mediterranean.

According to the latest data, the occupancy rate for 5-star hotels in Mykonos ranges between 70%-90% on a seasonal basis and 40%-50% on an annual basis. The average daily rate (ADR) for 4-star and 5-star hotels exceeds €400, while for 5-star alone, the price is over €800.

The hotel industry in Mykonos is one of the most dynamic parts of the island's economy. The booming

growth of the island's tourist figures have made Mykonos a pole of attraction for potential investors, who foresee the island's enormous investment prospects. In recent years and due to the growing demand for luxury tourism, a significant number of 5-star hotels - mostly boutique accommodation - has entered the market, combining luxury and privacy.

Over the past two years, no major takeover has taken place in the island's tourism industry. However, large companies in the tourist industry have opened new hotel units.

Indicatively:

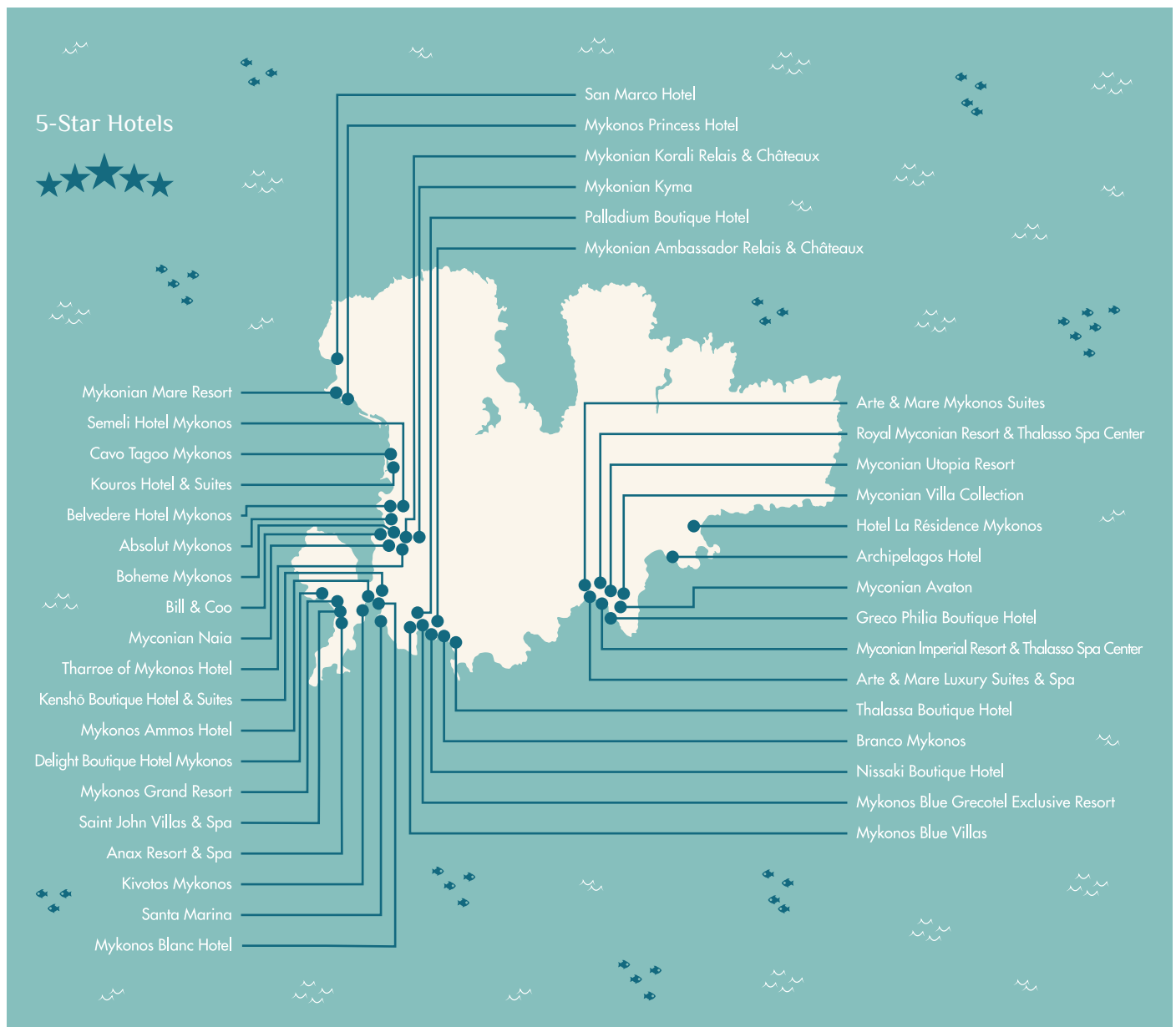
- a. Branco Hotel (former Lady Anna) in Platy Gialos with a capacity of 21 rooms and 39 beds was acquired under a long-term lease agreement by 'Inestia Hospitality', a subsidiary of INTRAKAT, opened its doors in summer 2017.

- b. 'My Mykonos Hotel', located above Chora, featuring 36 rooms and suites, opened in 2017, and is a member of 'Hotel Brain'.
- c. Katikies Mykonos, the newest member of the 'Katikies Luxury Boutique Resorts', featuring 33 deluxe suites opened this year in Aghios Ioannis beach

In terms of new developments, a number of large and smaller projects are in the pipeline for the next few years, one of which is the new development of 'Mitsis Hotel Group'. On a 37 acre privately owned plot of land in the Elia area, the hotel group is planning an investment that will include the construction of luxury apartments and suites with a total capacity of 100 beds.

Hospitality Market

5-Star Hotels & Outlook



OUTLOOK

It is now a widely accepted fact that Mykonos is the most established tourist destination in Greece and one of the top in the Mediterranean.

The systematic effort to strengthen the existing hotel stock has begun to pay off as hospitality figures show a rapid improvement over the last few years.

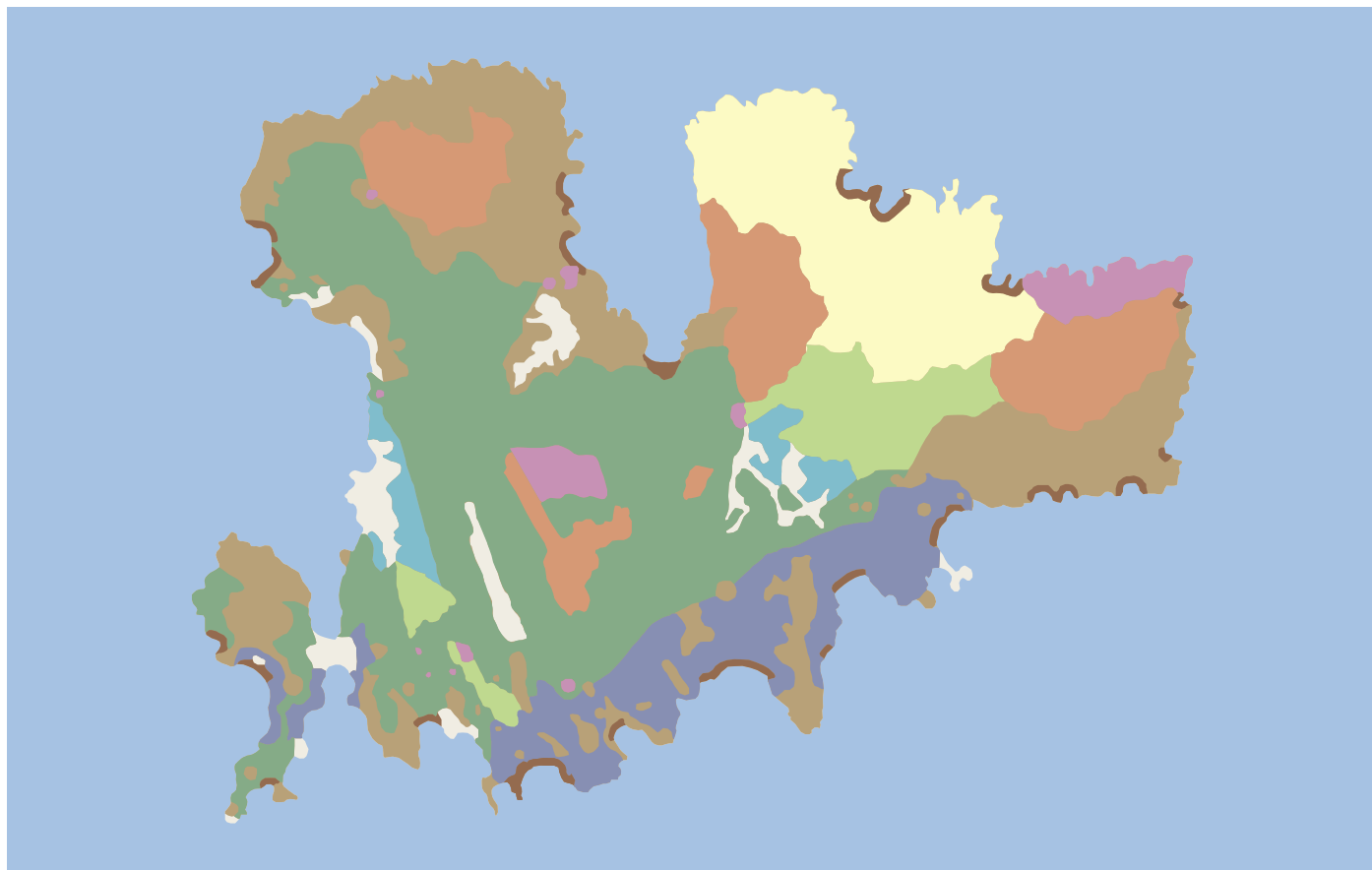
The reputation of the island grows exponentially, therefore the need for further strengthening of the island's hotel capacity is imperative. A continuous effort must be made so as to enhance the luxury and cosmopolitan profile of Mykonos through new deluxe units.

As the tourism numbers continue their upward course and the

prospects remain high, Mykonos will become an investor's paradise, as both private investors and developers as well as international hotel brands will rush to capitalize on the island's favorable tourism momentum.

Mykonos

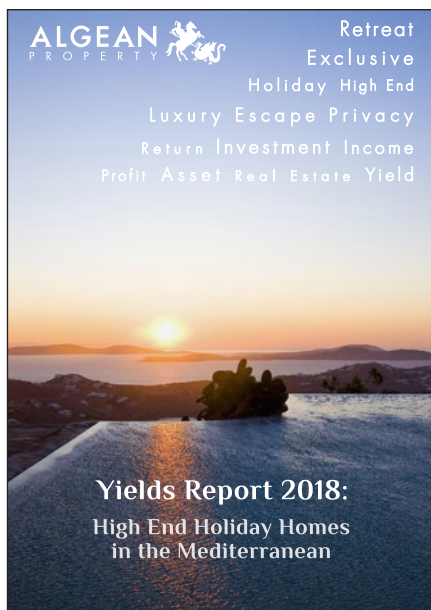
Regional Planning Map



- Residential development: At least 4,000 m² of land plot for development of 200 m² residence.
Tourist development: At least 10,000 m² of land plot for development of 1,500 m² hotel construction.
- Areas close to Mykonos town and Ano Mera - low density developments: At least 4,000 m² of land plot for development of 200 m².
- Residential, holiday homes for commercial use, retail shops, hospitals, gas stations and conference centers. At least 4,000 m² of land plot for development of 200 m², but 600 m² for conference centers.
- Storage areas, retail shops, restaurants, wholesale, etc.: At least 6,000 m² of land plot for development of 400 m².
- Agricultural land: At least 10,000 m² of land plot for development of 80 m² farmhouse.
- Agricultural livestock land: At least 10,000 m² of land plot for development of 80 m² farmhouse or 400 m² animal farm buildings.
- Physical landscape protected areas: Only restoration of existing farmhouses.
- Areas close to beaches: At least 6,000 m² of land plot, 100m away from the shore for development of 120 m²
- Physical landscape protected areas: At least 10,000 m² of land plot for development of 80 m² agricultural warehouse.

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, www.mykonos.gr and Algean Property Research.

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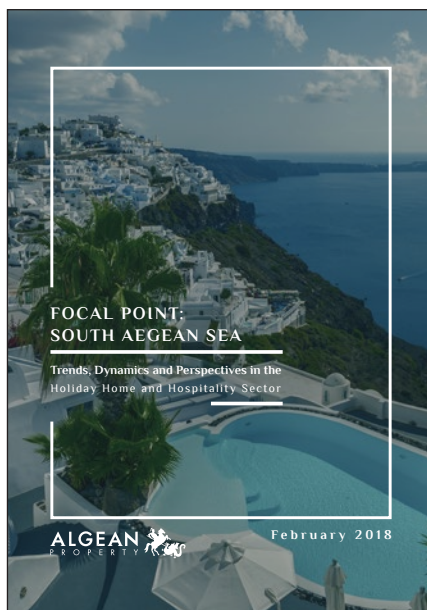


George Eliades
Managing Partner

Skype: george.elias.eliades
george.eliades@algeangroup.com

Joanna Leskow
Senior Property Advisor
joanna.leskow@algeanproperty.com

Athens
78, Kifisias Avenue, Marousi
15125, Athens, Greece
T : +30 210 6833 304



Giannikos Giannakos
Senior Analyst

Skype: ggiannakos.algeanproperty
giannikos.giannakos@algeanproperty.com

Christina Kapsali
Junior Property Advisor
christina.kapsali@algeanproperty.com

London
180 Great Portland Street
W1W 5QZ, London, UK
T : +44 (0)20 3608 6917

www.algeanproperty.com
welcome@algeanproperty.com

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