



Mykonos: “Third Wind”



Overview

Mykonos is known for its beautiful crystal waters, its long sandy beaches and of course its nightlife

Mykonos, Greece's most famous international jet set destination, is located in the central Aegean Sea and is part of the Cyclades complex of islands. The island is under the administration of the Prefecture of the Southern Aegean Sea and has one Municipality, that of Mykonos. The island spans an area of 86,125 km² and its total shoreline reaches 81 km. The population of Mykonos is 10,172 residents, 30% of which are foreigners.

Mykonos is called "The Island of the Winds". It combines tradition with glamour, accommodating all tastes and ages with an array of activities, ranging from nightlife, fine dining, shopping, relaxation, sailing to culture. During the summer period it attracts a cosmopolitan mix of visitors, who either own a holiday home or come to enjoy a summer break either with their yachts or in a luxury resort hotel.



Mykonos is known for its beautiful crystal waters, its long sandy beaches, most of them perfectly organized and other keeping their natural beauty untouched, and of course its nightlife. It has become a jet set destination with small shops carrying famous designer brands and international restaurants. Luxury resort hotels sprawl along lavish sandy beaches and major cruise lines circle this small piece of heaven.

The luxury scene of Mykonos is made up exclusively of high end resorts, small boutique hotels, stunning villas, upscale shops and restaurants and trendy clubs. Mykonos is unique in the fact that it has retained its traditional Cycladic island character in spite of the international influence. Delos, an islet near Mykonos is a World

Heritage site with findings dating from the 10th century BC. Mykonos also features 25 classic and contemporary art galleries and an Archeological Museum.

Located at the center of the Aegean Sea, it is easily accessible from its international airport and Piraeus, Rafina and Lavrio ports by commercial boats. It is also easily combined to visiting the neighboring islands: Tinos, Paros, Syros, Ios, Andros, Naxos, Santorini, or even Crete.

The climate of Mykonos is hot and dry with breezy winds during the summer months and is characterized by mild winters.



Map & Key Features



Key Features



Total Land (km²)

86,125



Population (2011 Census)

10,172



Population Density (people per km of land area)

118,107



Shoreline (km)

81

Accessibility from Athens



40 min



3-5 hours



Tourism

Mykonos showed a rapid growth in recent years, leading the growing momentum of tourism in Greece

Mykonos is one of the most popular holiday destinations in the world with increasing arrivals every year. Being an island that caters to all visitors, it combines tradition and glamour. It can offer a wide variety of activities from nightlife, fine dining, shopping and culture, to yachting, sailing, hiking or just relaxing on one of its many crystal turquoise beaches.

Mykonos showed a rapid growth in recent years, leading the growing momentum of tourism in Greece. In 2015, 275,959 foreign tourists arrived in Mykonos airport from international flights, a figure more than double compared to 5 years ago as more than 25 international airline companies have direct flights to Mykonos international Airport. Every year, Mykonos airport welcomes more than 150,000 foreign and local visitors from domestic flights. During the peak season, two flights per hour are planned to arrive and depart from Mykonos, with 25% of these flights being charter or private jets.

Thousands of people visit Mykonos

by ferry or yacht as it is the most common way to visit the Greek islands. There is an array of well serviced ferry connections with Athens and other Greek islands during the summer months. Mykonos is connected to the largest ports of the country - Piraeus, Rafina, Lavrio - as well as an array of other Cycladic islands – Tinos, Syros, Ios, Paros, Andros and Santorini, making access to the island even easier.

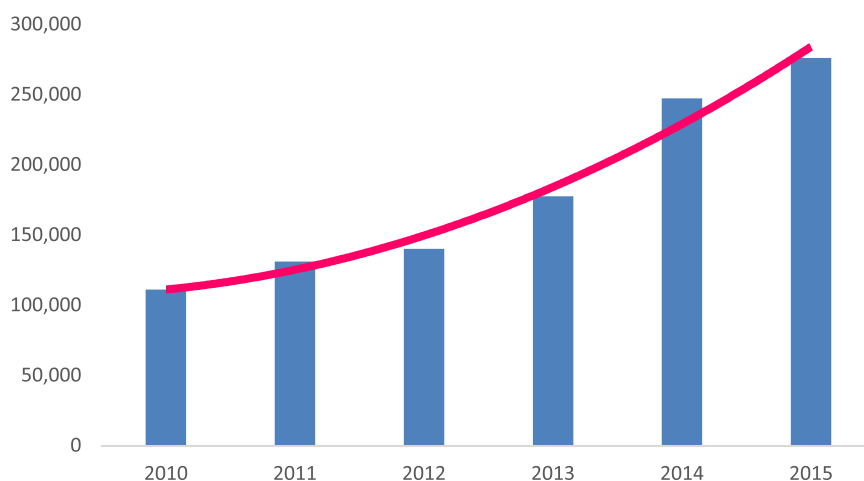
The cruise sector also had a significant contribution to Mykonos' tourism sector. More specifically, the number of visitors from cruises recorded an increase of 6.5% in 2015, reaching 649,914 arrivals.

Mykonos showed its great tourism potential and resistance as it outperformed during the past years despite the setbacks of internal political uncertainty, the external refugee crisis and global reservations. The Island of the Winds has an existing track record and has not been affected by external factors, expecting a further growth in the coming years. In spite an attempt to prolong the tourist season in the last two years, seasonality is still the major setback of the tourism industry.

The improvement of the tourist infrastructures – airport, roads, port, marinas, luxury resorts and hotel units on the island is necessary for the further development of this sector. The new port in Tourlos is a major step in this direction because it can host larger passenger ships, cruise ships and yachts. Mykonos International Airport is part of the privatization program of 14 state airports concerning the management and improvement of the existing infrastructure. A consortium by Fraport and Copelouzos Group is contracted for a 40-year concession. The improvement works will launch in September 2016 and are expected to upgrade the airport's capacity and quality of services aiming to accommodate more foreign and domestic flights. The hotel stock of the island has significantly improved over the last years, although there is still a lack of quality supply and international operators.

These works are expected to attract additional visitors, increase the average stay and prolong the holiday season.

Mykonos - International Airport Arrivals



Overview

The strong overseas interest for renting of luxury holiday homes has prevented any further drop in prices

Mykonos has a long established holiday home market. All the modern amenities have been added to the island's holiday homes, while at the same time they retained all the traditional features and the distinctive Cycladic architectural style. The island's cosmopolitan

aura and glamorous lifestyle have attracted many Greek and foreign entrepreneurs and celebrities who acquired a holiday home on the island. The strong overseas interest for renting of luxury holiday homes has prevented any further drop in prices. This growing trend

has caught the interest of foreign investors, making the acquisition of a holiday home in Mykonos ideal not only for a vacation home but also as an investment which offers high rental yields and a future value appreciation.

Supply

According to the latest housing census in 2011, there are 6,676 main residences and 1,290 holiday homes on Mykonos. The amount of holiday homes remained relatively unchanged as construction activity slowed during the economic crisis in Greece. The completion of many stalled projects has been recorded in the last 2 years. According to the new legislative framework of Mykonos regional planning more than 4,000 m² of land plot for the construction of a 200 m² residence are required while the development of new residences is not allowed in some areas. Therefore the residential stock is not expected to increase significantly in the coming years.

The existing holiday home market consists of private residences instead of organised residential developments, as many Greeks had built their holiday home in Mykonos. Small residential complexes of 5-10 units have been developed mainly by local developers.

The uniqueness of holiday homes in Mykonos is that they retain all the traditional features – local materials, cube shapes, coloured windows, and white washed or natural stone walls, enhanced with all the new amenities – modern technology, swimming pool and extensive gardens, following the dictates of modern holiday

residences. Further information in Algean Property's report, [Holiday Home: Architectural Styles in Greece](#).

The financial instability of the last few years has opened a window of opportunity for investment as many Greek owners put their residence on the market for sale and/or rental. According to the latest available information from the Ministry of Tourism more than 650 furnished villas in Mykonos hold the necessary license from EOT (Greek National Tourism Organization), with almost 50% of those registered in the last year.

Demand

A substantial number of foreigners are already owners of holiday homes in Mykonos while an increasing overseas demand has been observed in the last 2 years. The main interest traditionally comes from European countries – UK, Germany, Italy, France, and the Scandinavian countries while a growing interest has been recorded from Middle Eastern countries - UAE, Lebanon, Israel, Egypt, Kuwait and Saudi

Arabia. The Greek diaspora, especially from the USA and Australia are the most promising market. This increasing demand is mainly driven by the discounted prices on the island compared to 5 years ago as well as by the high return that can be attained by the rental of a holiday home in Mykonos.

Potential investors usually search for properties with more than

3 bedrooms, a swimming pool, sea views and easy access to Mykonos town or to a beach. The average budget ranges from € 800,000 to € 1,500,000 although it could reach € 3,000,000 for luxury detached properties with all the high end amenities, extensive gardens and direct access to the sea. The southern areas with relatively close proximity to the town attract the most interest.



Prices - Transactions

The asking price for a prime holiday home in Mykonos has remained stable in the last year as it was discounted up to 30% in the previous 5 years. Bargains can be still found but the high return that the rental of luxury holiday homes offers, has regulated the market upwards. The gap between the sellers and the buyers is aligning as Mykonos continues to spur investor's interest.

The average asking sale price for prime holiday homes ranges between € 5,000 - € 7,000/m². However, there is still volatility in the market, discounted prices a bit lower than this range can be found. The asking price for newly built exclusive luxury villas can reach more than € 10,000/m². In general, the higher prices can be found in

the Southeastern areas such as Agios Ioannis, Agios Lazaros and Aleomandra or north of the town in Tourlos and Agios Stefanos. The prices in the northern areas of the island are relatively lower however the quality of construction and the amenities of the residence are the main factors that finally define its value.

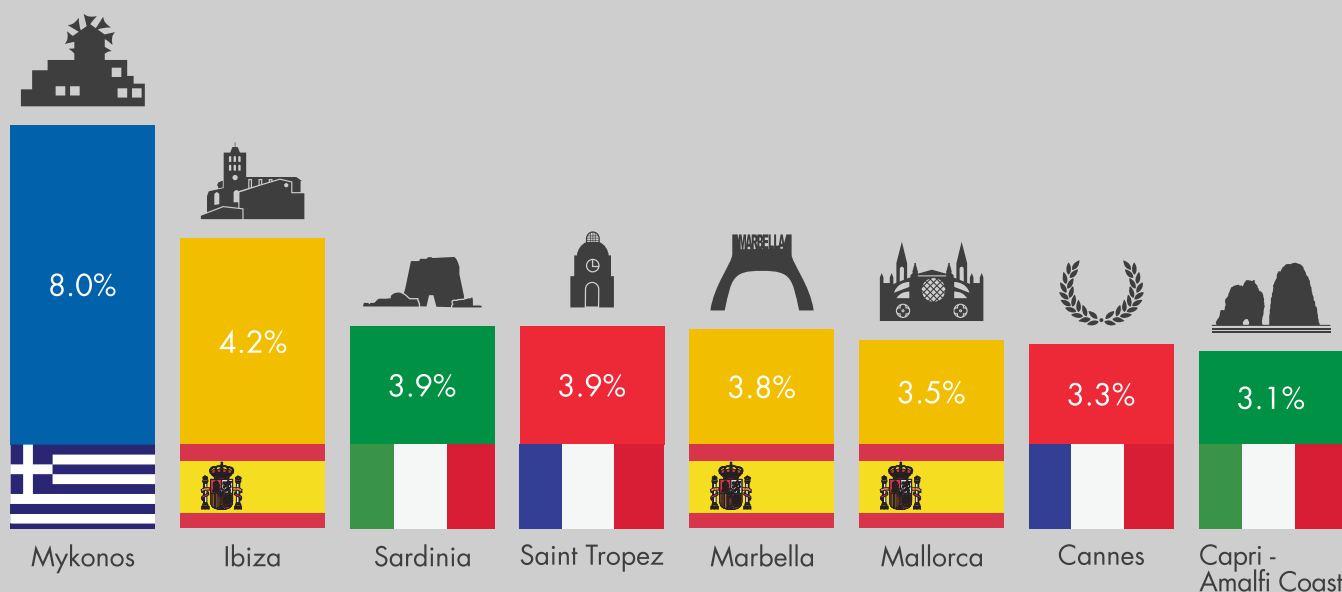
The strong interest for rental of luxury holiday homes in Mykonos continued in 2015, offering attractive yields to the villas owners. The high end holiday homes in Mykonos are let at an average of € 10,000 weekly rate while this rate at peak season can reach € 30,000 per week for exclusive villas. According to Algean Property's latest report, [Holiday Home in Greece 2016: Ride the](#)

[Momentum](#), regarding the rental yields for prime holiday homes in the Mediterranean, Mykonos is the top performer, offering an 8% gross average rental yield. It is noteworthy, that Mykonos offers twice as much compared to its main competitors in the Mediterranean.

An increase of 20% in transaction numbers was estimated in 2015 according to our analysis. The number is still relatively low compared to the pre-crisis years. The volume is expected to significantly strengthen in the next years driven by the competitive prices and the higher rental yields as compared to other high end holiday destination in the Mediterranean.

Rental Yields for Prime Holiday homes in the Mediterranean

Mykonos & Main Competitors





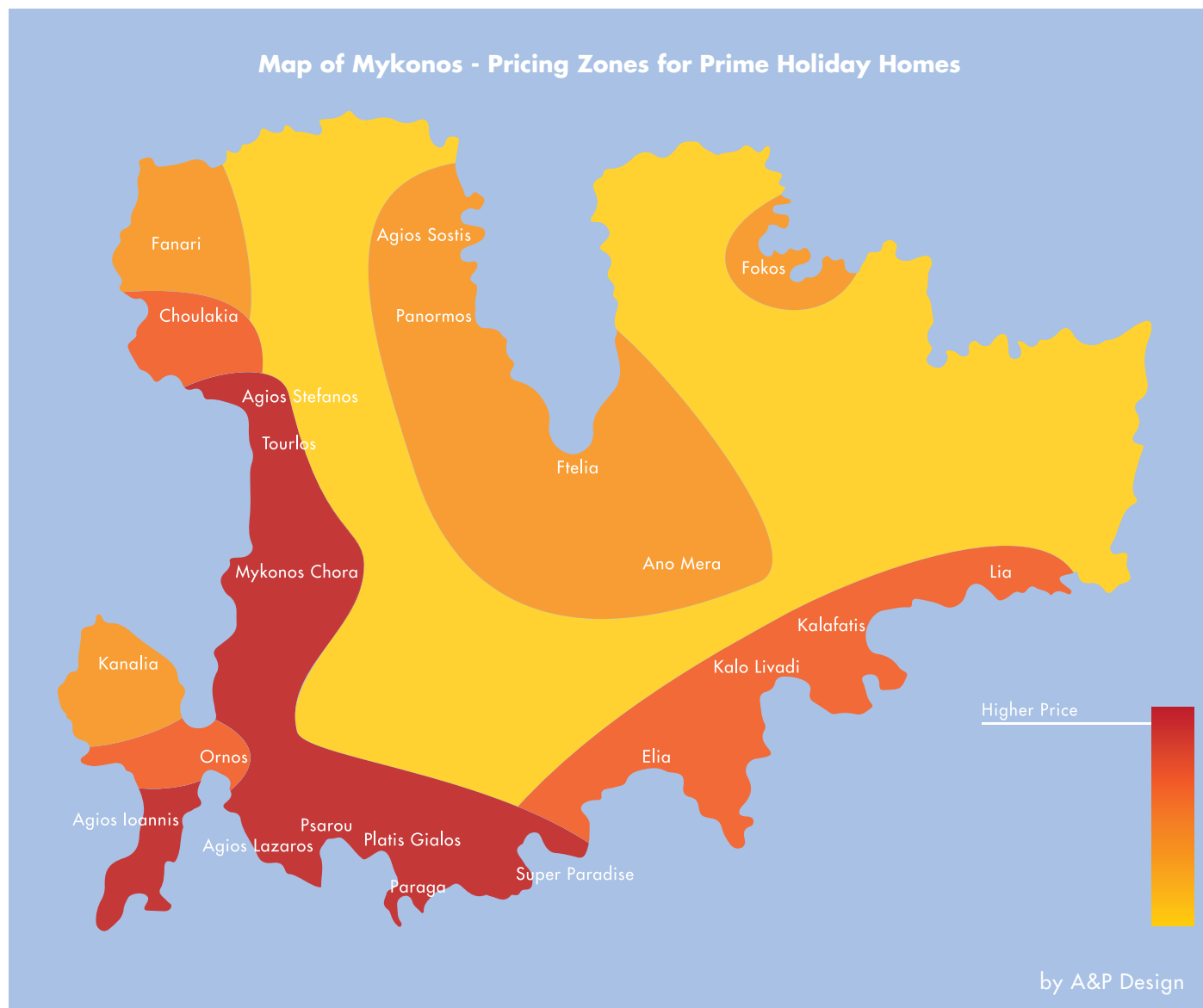
Outlook

The holiday home market in Mykonos has maintained its strength in recent years despite the internal and external setbacks. The island's international reputation and the cosmopolitan lifestyle attract the attention of international

investors. The interest is growing fast, with foreign buyers closely monitoring the holiday home market in Mykonos. Taking into account that the holiday home market is the most promising industry in Southern Europe – as more than

2 million holiday home sales are expected by 2020 from northern Europeans, Mykonos has the potential of becoming a benchmark for the holiday home industry in the Mediterranean Sea.

Map of Mykonos - Pricing Zones for Prime Holiday Homes





Overview

The island's capacity was significantly upgraded to address the growing high end tourism interest

The extensive track record and great potential of the island's hospitality sector has increased in the past two years. The hospitality sector developed and outperformed expectations against an array of negative internal and external factors. The island's capacity was significantly upgraded to address the growing high end tourism interest. Mykonos is becoming one of the leading markets for luxury vacations in Europe.

The improvement of the island's infrastructure, the further upgrading of the hotel capacity and the future presence of international hotel operators on the island are necessary to accomplish these targets.

Supply

The hotel capacity in Mykonos amounts to 175 units, with 5,861 rooms and 11,724 beds, showing an increase of 6.7% in hotel units over the last five years. This follows the general trend in Greece as the total room and bed capacity recorded a slight increase of 11.7% and 12.9% respectively in the same period. While the room and bed capacity only for the five star category increased by 75%.

The significant upgrade of the island's hotel stock is necessary in

order to address the growing trend of high end visitors to Mykonos and for attracting a larger share of this market in the future. The improvement of hotel capacity is not only based on the development of new units but also on the upgrading of the current stock. Despite the substantial adjustment in the hotel capacity over the past years, only 29% of Mykonos hotel rooms and beds are listed in the upper category, indicating the necessity for further improvement of the supply for the increasing

demand in the high end market. The large number of private villas that are rented by international visitors, has also confirmed the lack of quality supply in the upper category of the island.

The average size of hotel units in the island reached 33 rooms per unit while the corresponding figure for five star hotels reached 63 rooms per unit.

Hotel Capacity in Mykonos						
	1 Star	2 Star	3 Star	4 Star	5 Star	Total
Hotel Units	35	32	30	51	27	175
% of Total	20%	18.3%	17.1%	29.1%	15.4%	
Hotel Rooms	483	755	1,150	1,772	1,701	5,861
% of Total	8.2%	12.9%	19.6%	30.2%	29.3%	
Hotel Beds	967	1,493	2,281	3,543	3,440	11,724
% of Total	8.2%	12.7%	19.5%	30.2%	29.3%	
Av. Rooms per Hotel	14	24	38	35	63	33
Av. Beds per Hotel	28	47	76	69	127	67



Perspective- Key Performance

The Mykonos hospitality sector shows its potential and resistance to unexpected factors. In spite of the political uncertainty in Greece and its setbacks, the global economic reservations, the refugee crisis and the terrorist activity, it recorded a solid growth in the key performance indicators for the 3rd consecutive year.

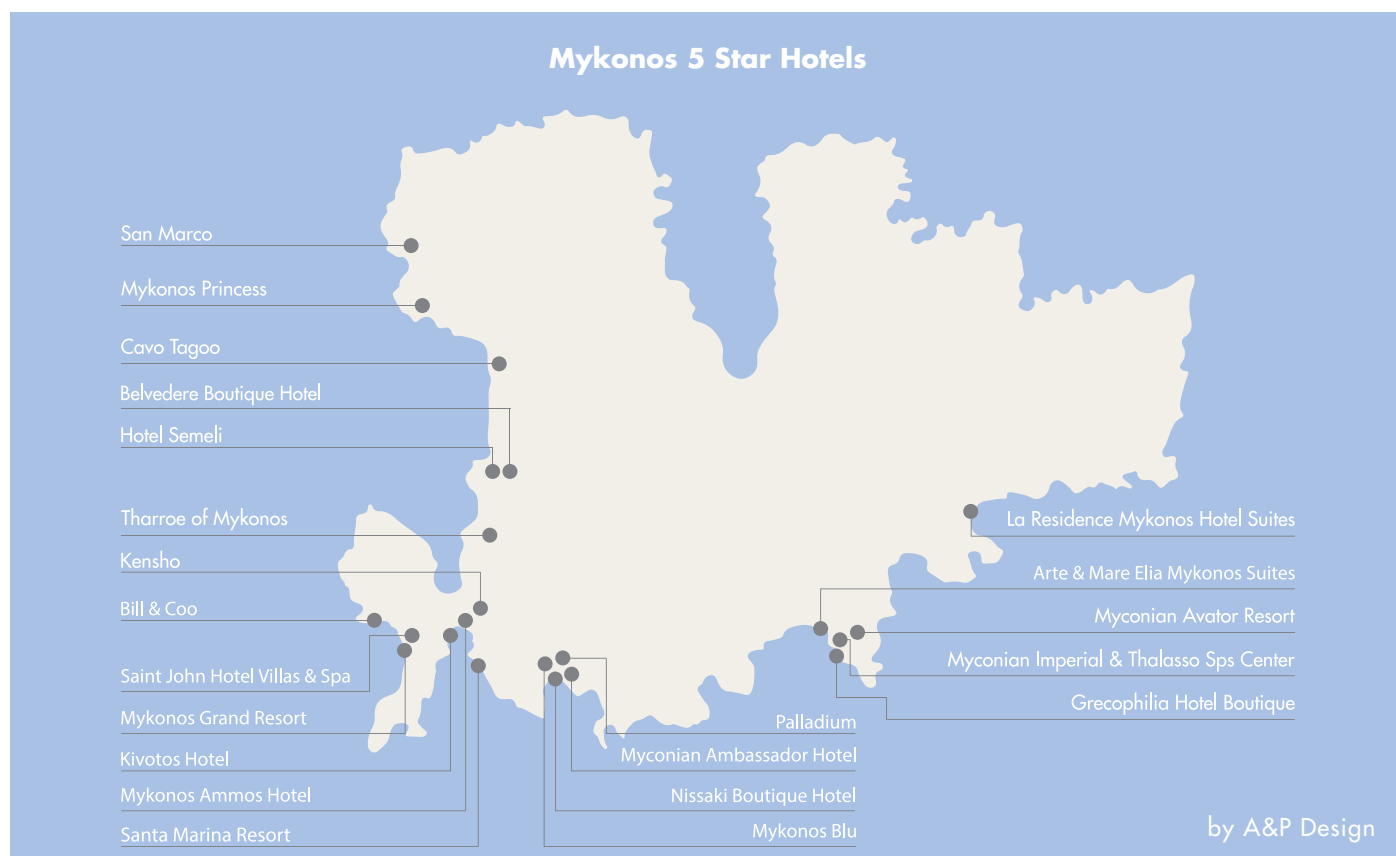
The annual occupancy rate and the average duration of stay has increased, partially addressing the perceived seasonality, even though the shortened season remains the main weakness of the sector. The operation season for the majority of the hotel units varies from 180 - 240 days. The occupancy rate ranges between 60% - 80% on a seasonal or 35% - 45% on an annual basis. The average daily rate ranges from € 200 to € 500 while the corresponding figure for five star hotels is € 800. Total revenues per

Mykonos: Hospitality Sector - Performance	
Annual Occupancy Rate	35% - 45%
Seasonal Occupancy Rate	60% - 80%
Average Duration of Stay	4.5 days
Average Daily Rate	€ 200 - € 500
Total Revenue per Available Room	€ 50,000
Gross Profit Margin	30%
Operation Period	180 - 240 days
Visitor Level of Satisfaction	87.5 %

available room averaged roughly € 50,000, recording an increase of over 10% in the last three years. The gross profit margin remains stable above 30%.

In 2015, Mykonos recorded a higher level of visitor satisfaction – Global Review Index - compared to its major competitors. It is noteworthy that

Mykonos dominates in all the categories with an average satisfaction rate of 87.5% compared to a range between 82% - 84% for Saint Tropez, Sardinia and Ibiza.



Transactions- Investments

The extensive track record and great prospects of the hospitality sector in Mykonos attract the interest of local and international investors and hotel operators. The increasing trend of high end tourism on the island reveals the necessity for an additional supply especially in the upscale product. The introduction of international brands in the market is also essential for upgrading the tourist product in Mykonos.

The owners of prime hotel units in Mykonos are unwilling to sell their properties or asking for high prices due to the great performance and prospects of the sector. The most important transaction was the

acquisition of the Leto Hotel with a capacity of 25 rooms in Mykonos town, for € 16.9mil by "Asteras 2020", a Greek company with great activity in the real estate sector that was accomplished through the privatization program. The investment activity for the upgrading of the current stock is noteworthy while new units are entering the market every year.

Indicatively:

- a) Kensho Boutique Hotels & Suites, a new boutique hotel in Ornos with a capacity of 25 rooms and 10 suites and
- b) Bill & Coo Coast, the newest member of the Bill & Coo family opened this year in Agios Ioannis

beach. The unit has a capacity of 17 deluxe suites.

An array of new developments have been announced while international hotel operators such as W Hotels and Resorts and Four Seasons are ready to enter to the market. According to the new regional planning for Mykonos, the construction of hotel units is restricted mainly to the southern areas of the island. In addition, a land plot with a surface of at least 10,000 m² is necessary for getting the necessary permits. The restrictions regarding new developments on the island create few and limited opportunities to potential investors.

Outlook

The hospitality market in the island must focus on more luxury and exclusive accommodation

The brand name, Mykonos is recognized worldwide as a major tourist destination. However, there is still a lot of room for improvement so that Mykonos becomes the leading tourism destination in the Mediterranean.

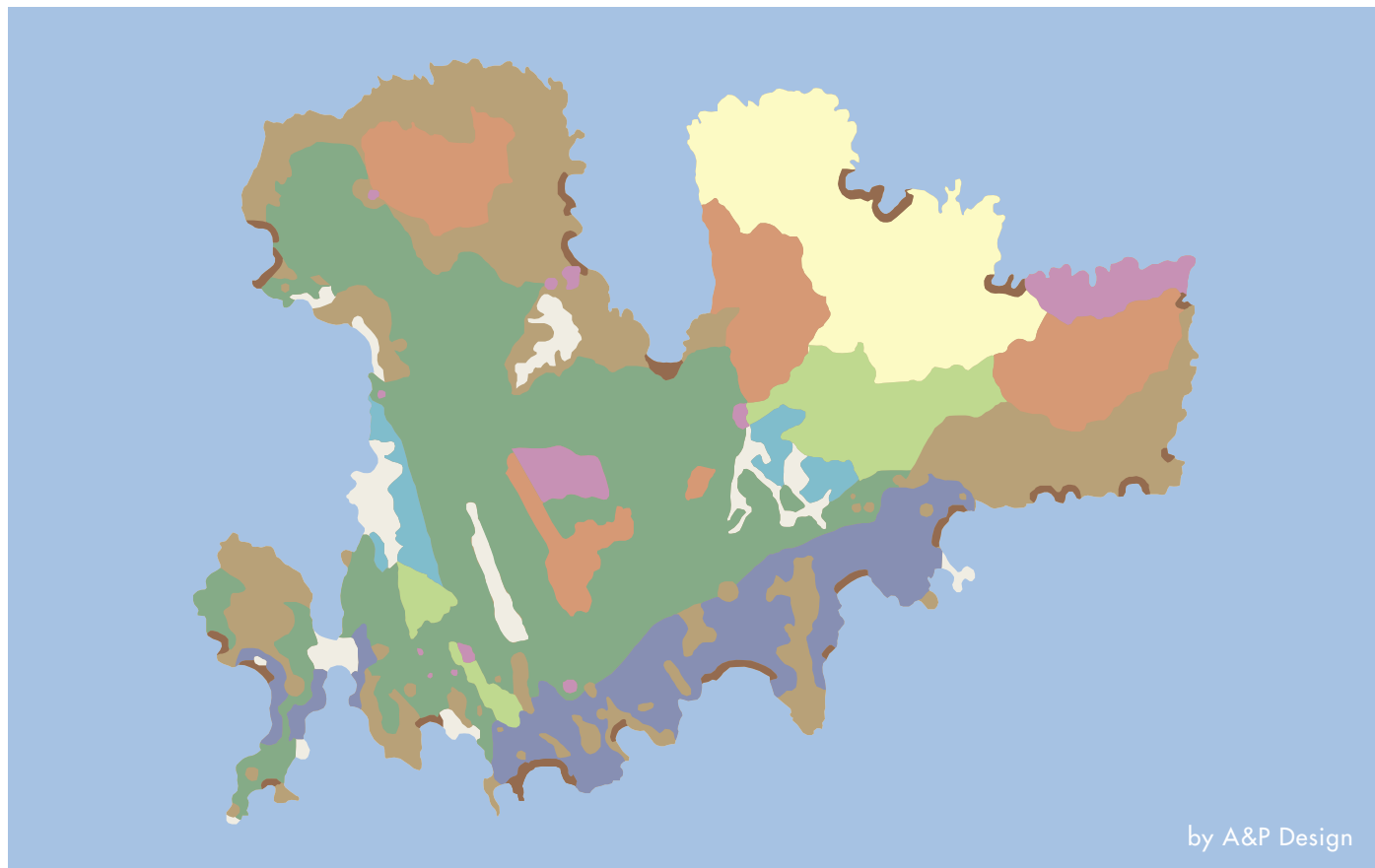
The hospitality market in the island must focus on more luxury and exclusive accommodation. The limited supply of quality hospitality developments and international brands reveal real opportunities

in Mykonos that should not be overlooked.

The promising prospects of the hospitality market and the growing trend in tourism is expected to attract more international hotel operators, developers and investors to the island, giving the Third Wind to 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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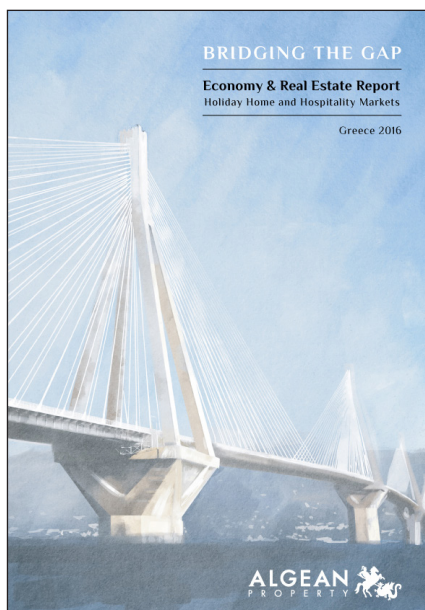
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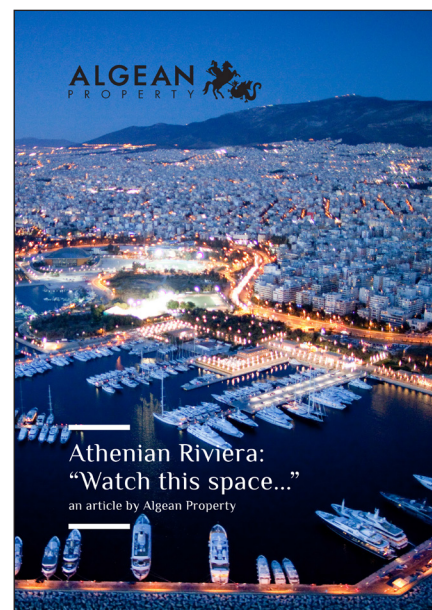
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