



SPOTLIGHT

Savills Greece Research

Athens Retail Market

KENTRIKI



Overview

Despite the high inflation pressures that tend to compress consumer confidence, as well as the previous years' pessimistic forecasts, and in contrast to most of the other European countries, the Greek retail market continued to perform well in 2023, probably due to the fact that the Greek economy remains in positive grounds as regards GDP growth. Despite previous years' forecasts regarding lower levels of consumer confidence due to high inflation pressures, this trend has not been recorded yet, thus not affecting the domestic retail market.

More specifically, sectors pertinent to the out-of-town market (e.g. grocery, household goods, DIY, discount stores, and sports and outdoor equipment) have seen significant average spending growth in the last few years compared to 2019. Based on Savills analysis, in 2022 consumer spending in both essential and non-essential goods increased when compared to 2021, and this positive pattern seems to continue in 2023. We believe that the stabilized Greek economy, followed by the government's income support measures, will further strengthen this growth in 2024, although at a slower pace.

Submarkets

1 CBD Submarket

The CBD is the retail submarket that offers the largest variety of retail stores in terms of category and price range. The most important high-streets herein, are Ermou and Voukourestiou. International mass retailers (such as Zara, H&M, Adidas) have flagship stores along Ermou, with Voukourestiou attracting luxury brands such as Hermes, Prada, Christian Dior, Chanel, Louis Vuitton, Cartier and Rolex. Except from these high-streets, the CBD offers plenty of secondary streets and commercial arcades, mostly occupied by domestic retailers and local boutiques as well as F&B stores. Although these secondary areas faced a downfall and increased vacancy rates during the economic crisis, a bounce back in interest for these areas is starting to show again.

2 East Submarket

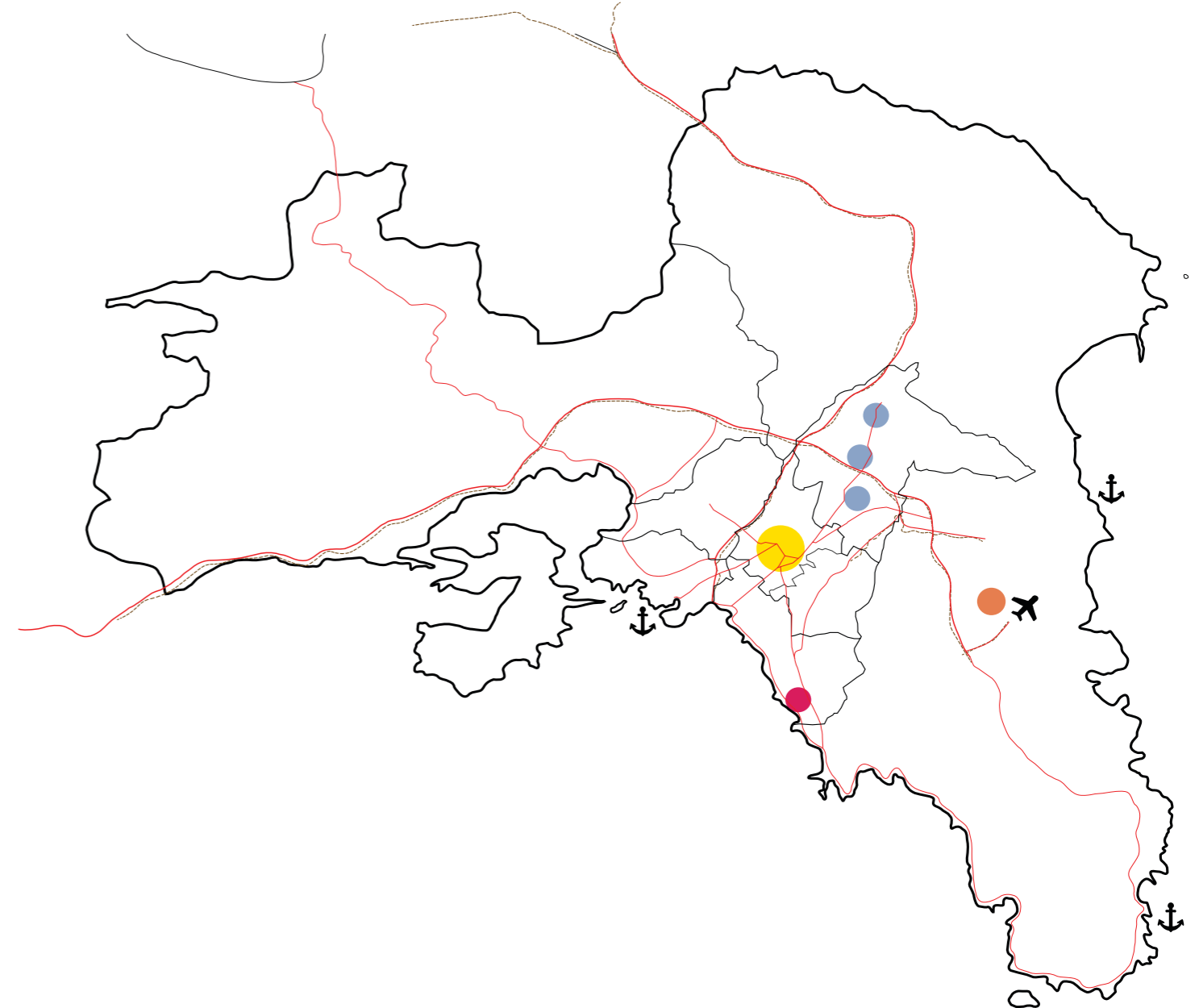
The East submarket is considered as one of the most important regarding retail & leisure uses offering a variety of schemes, from retail parks to open air shopping centres. There has been increased investment activity in the area, regarding the development of new retail parks and retail warehousing facilities. Most of these schemes are situated in the Spata area, where the only designer's outlet of Athens is located, close to Attiki Odos, a strategic thoroughfare which connects the region with the rest of Attica. There are currently certain projects in the pipeline that are expected to operate until 2025 and will offer new retail stock complementing the dynamic offering of the area.

3 North Submarket

The North submarket is the largest regarding the size of retail offer as it spreads throughout different areas of the north suburbs such as Maroussi, Chalandri and Kifissia. The main characteristic of these areas is the mixing of retail and F&B uses, thus creating a family friendly environment for consumers. The most prominent of these locations is Kifissia since it attracts both medium and high-income consumers, with many luxury retail and aspirational shops accommodated along Kolokotroni, Levidou, Panagitsas and Argyropoulou streets. The retail offer in Maroussi is mainly situated within a radius of 500 metres from the subway station. The retail shops attracted in the area are mainly domestic brands, boutiques, and mass retailers such as Zara and H&M, thus characterizing this submarket of mass to mass plus retail offering. Chalandri's retail market is mainly situated in the centre of the area, along Pentelis Ave, Kolokotroni Str. and the small pedestrian streets connecting the two. The area provides a good mix of retail offering with mass and mass plus stores as well as F&B uses creating an all-day vibrant location.

4 South Submarket

The South submarket is considered as one of the strongest in Athens. The most popular high-street in this submarket is Metaxa str. in the centre of Glyfada mixing both retail and F&B uses, while other important streets are that of Vouliagmenis Ave, Grigoriou Lambraki, and Vas. Pavlou Ave. in Voula. The development of the Ellinikon project which among other commercial developments will offer new ultra-modern shopping facilities mainly arranged in the two shopping malls is expected to magnetize consumer's interest in the project, something which may probably have an impact in the other retail activities of the area.

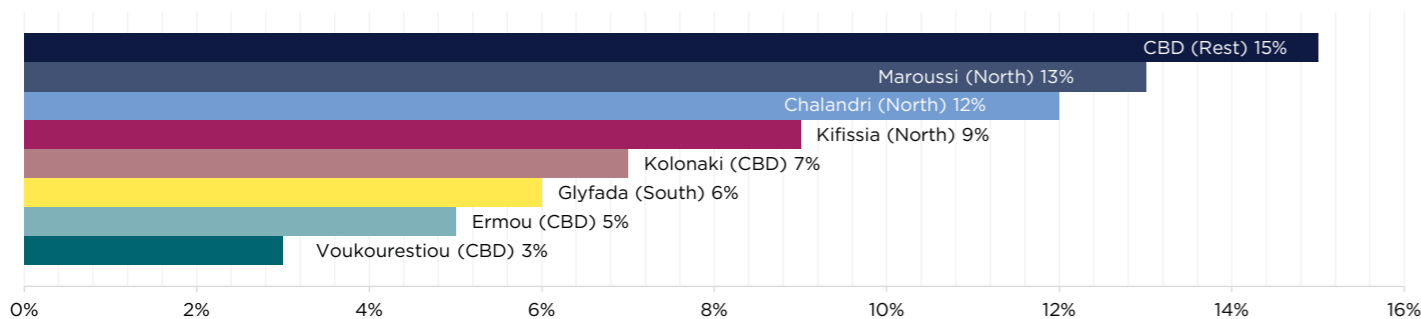


Source: Savills Hellas Research

Vacancy Rates

“Vacancy rates have started decreasing in the core retail markets of the capital. The top high-streets such as Voukourestiou, Ermou in the CBD, Kolokotroni in Kifissia (Athens North) and Metaxa in Glyfada (Athens South) are witnessing strong demand from retailers, and most of the units that became vacant because of the pandemic have already found their new occupiers.”

- **Ermou**, as the traditional and most popular high-street of the country, offers a mix of mass retailers such as Zara, H&M, Orchestra, Mango, Foot Locker, Pandora etc. with some of these retailers occupying more than one unit along the street. Vacancy rate is currently at c. 5% on average, with the stores on the stretch close to Syntagma square being fully occupied.
- **Voukourestiou street** attracts most of the luxury brands such as Louis Vuitton, Prada, Dior, Rolex, Brunello Cuccineli etc. The prime stretch lies between Akadimias and Stadiou streets where the high-street is fully pedestrianized. In the beginning of the year only 3 units were available for lease in this area, providing the extremely low vacancy rates that constantly prevail in this part of the city.
- **The rest of the CBD's** retail market is considered historically of secondary importance and as a result it faced high vacancy rates reaching up to 80% (mostly related to arcades) during the financial crisis. However, even this part of the market is now showing recovery signs. Today, tenant's interest is mostly focused on restaurants and café/bars. This turn towards F&B activities which was observed during the financial crisis has assisted in decreasing the levels of vacancy rates even in secondary locations, over the last couple of years. At this stage the vacancy rate stands at 15%, after some constant decrease since 2019, despite the pandemic shock.
- **Kolonaki area**, which used to be one of the most prominent retail areas of the city center, is still facing higher vacancy rates comparing to its performance before the crisis, however at a decreasing rate. From 2019 onwards, retailers (mainly domestic boutique shops that offer high end products) started occupying again available units along prime streets such as Kanari, Tsakalof and Skoufa, with Patriarchou Ioakeim also experiencing some strong recovery with high levels of demand and low vacancy rates.
- **Glyfada**, and more specifically Metaxa high-street continues performing well with a good mix of mass, mass plus and high-end aspirational boutique shops. A vacancy rate of c. 6% along with satisfactory demand is recorded, although sometimes vacancies are due to high asking rents that don't match the tenant's budget most of the times.
- **Kifissia**, after facing an increase in vacancy rates until 2018, became attractive to retailers and F&B users who are again showing strong interest. This resulted to most of the vacant stores being absorbed rather fast, significantly decreasing the vacancy levels close to 9% with a forecast of further decrease. As a result, Kifissia remains the smartest market of northern Athens in terms of retail and F&B offer.
- **Chalandri**, is a vibrant submarket that mainly attracts international mass and smaller scale domestic retailers, with most of the prime high-streets such as Andrea Papandreou, Pedelis Avenue and Chaimanta having vacancy rates less than 5%. On the other hand, secondary streets close to the main high-streets are still facing increased levels of vacancy rates thus pushing the overall vacancy closer to 12%.
- **Maroussi**, has a rather stabilized vacancy rate of 13%, with its main retail offering located close to the metro station. It is overwhelmed by local boutique shops and bar/restaurants which mainly refer to the local population and that coming from neighboring areas.



Source: Savills Hellas Research

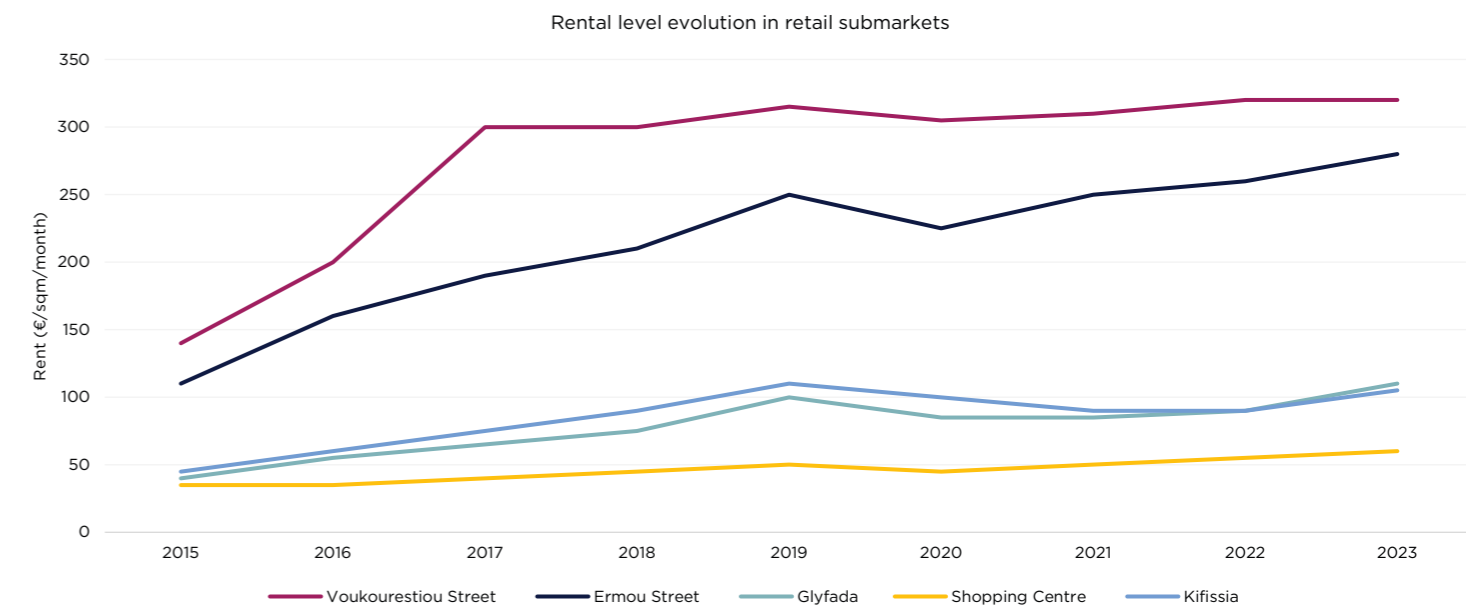
Rental Levels

“Rental levels in prime high-streets have increased in the post-covid era, after the seize of lockdowns and the strengthening of the economy. After the downturn recorded in 2020 and early 2021, achievable rents reached the pre-pandemic levels, while in certain cases (such as in Ermou Str. and Kifissia) a more intense increase was observed.”

- **Voukourestiou str.**, the high-street of the luxury brands and the most expensive one regarding rental levels, witnessed a modest decrease in achievable rental rates, of approximately 1.5% (compared to year end of 2022). As rental rates in this area have reached record heights, it was anticipated that the market would temporarily adjust slightly at lower levels. This is reflected in recent leases which are agreed at levels close to 320€/sqm/month.
- **Ermou str.**, with significant daily footfall, attracts unprecedented interest from worldwide retailers looking to enter the Athenian market by opening flagship stores. Due to limited availability of supply, new lease agreements witnessed a 5.7% y-o-y increase reaching historic highs of 280€/sqm/month.
- **Glyfada's retail market** remained resilient, showing remarkable stability as regards rental levels. Currently, prime rents range in the order of 110€/sqm/month, with some lease agreements for small retail units (not exceeding 50 sqm) surpassing this price range. The expected Ellinikon retail offering which will come into the market in early 2027, thus creating a new place of interest for consumers, is expected to affect the market by moving the epicenter of retail interest in the project and to a greater extent in southern Athens.
- **Kifissia's market** witnessed a positive performance overall, with an increase of 6.25% y-o-y in achievable rental prices, with prime rents being in the order of 105€/sqm/month for typical size retail outlets located in the best parts of Kolokotroni and Levidou streets, where the main retail offering of Kifissia is located.

The successful Athenian shopping centres, continued to perform well after the pandemic lockdowns with increased footfall being recorded both in H2 of 2022 and in FY 2023. The increased tourist flows during July and August, have further increased the already high levels of consumer visitation during these months. Average rental levels remained resilient, without any major changes compared to 2022, being in the order of 60€/sqm/month.

Our analysis is based solely on rental rates observed on the ground floor surface of retail units located on high-streets.

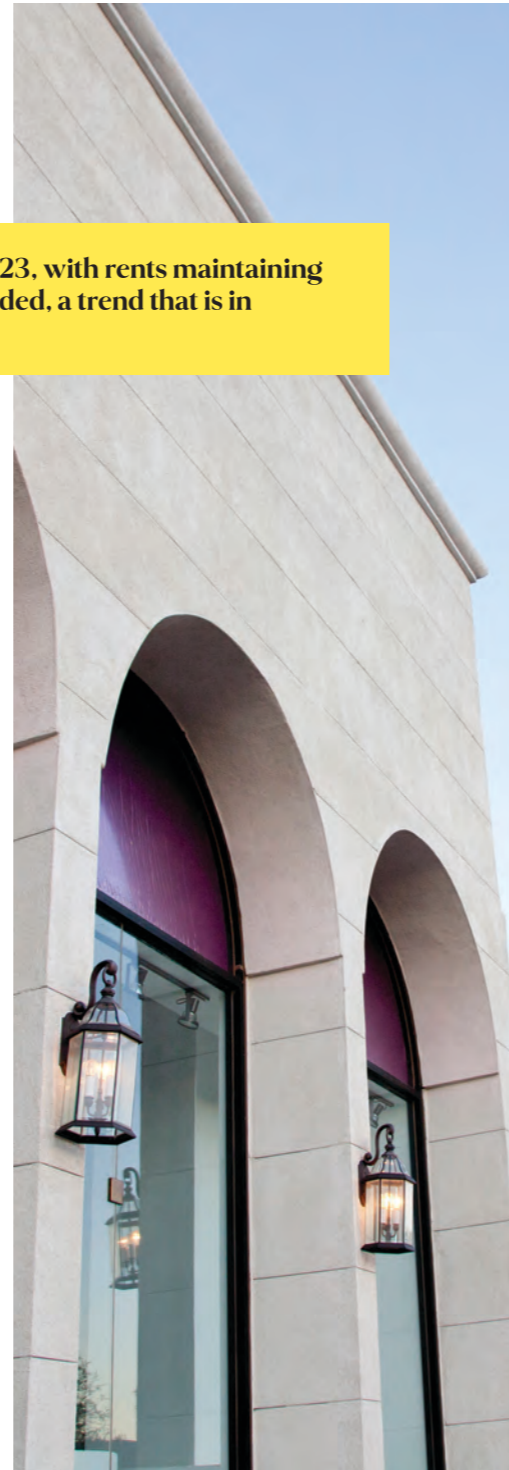


Source: Savills Hellas Research

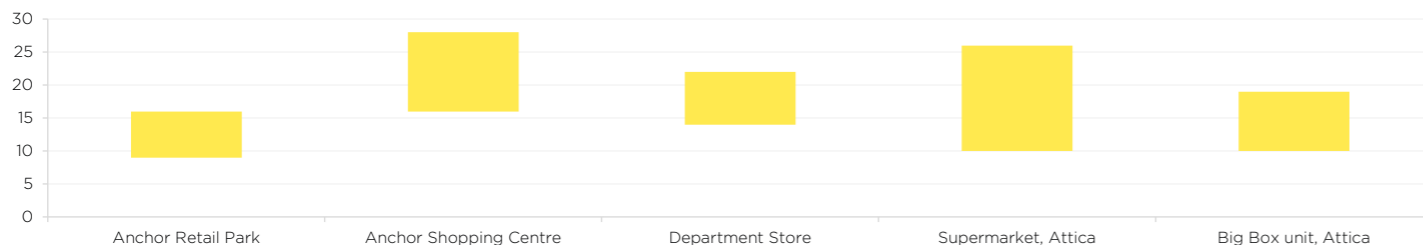
Rental Levels of Large Retail Units

The rental performance of large retail units showed stability throughout 2023, with rents maintaining the same levels as last year. In certain cases, a slight increase has been recorded, a trend that is in contrast with what is observed in most of the rest European markets.

- Anchor units in retail parks, all over Greater Athens achieve rental levels in the order of 9 - 16 €/sqm/month, depending on the location of the retail park and its appeal in the local market.
- Anchor units, in the established shopping centers achieve rents in the order of 16 - 28 €/sqm/month, depending on the successful performance of each shopping center, their overall status in conjunction with the type of consumers they attract as well as their turnover. The latter is an important KPI since the standard practice for shopping center owners is to negotiate and agree leases which include an element of turnover rent besides the base rents.
- For department stores, prime rents currently stand at 22€/sqm/month mostly regarding stores that are located in close proximity to the CBD, with the lowest rental rates observed for stores located outside of the city fringe (14€/sqm/month).
- Supermarkets, the only retail category that experienced growth during the pandemic have stabilized their performance and achieved the highest rents. They are affected by characteristics such as location, catchment area, accessibility and the size of each property. Currently, rental levels range between 10 - 26 €/sqm/month, while rents for supermarket units located in the best spots of 'high profile' areas can reach up to 50 €/sqm/month.
- The out-of-town retail schemes attract larger scale retailers and continue operating relatively well both in the domestic and international markets, as the majority of this type of properties are offering an outdoor environment and host a mix of DIY stores, furniture stores, white goods and electronics stores etc. thus, securing good levels of footfall and satisfactory income flow. Rental levels in Attica for big boxes in retail schemes are currently in the order of 10 - 19 €/sq/month depending on the location and the catchment area.



Rental Levels of large retail units (€/m²/month)



Source: Savills Hellas Research

Big Box Segment

The relatively low construction costs along with rental values which showed resilience throughout the pandemic followed by a modest increase in the year that passed, pointed out the dynamics of the Big Box segment. Thus, developers and investors showed an increased appetite in developing and investing in this type of assets, mainly due to the lack of availability in the market but also because of the increased returns offered.

More specifically, the continuing improvement across several performance metrics, allows the sector to stand out positively, particularly when benchmarked against shopping centres and high-streets. Thus, Big Box retail units are performing well with stability being recorded both in rental levels and achievable yields for this specific segment of retail property.

Prime big box rents are expected to witness a slight increase of 5% for newly developed assets strategically located in areas that attract key players of the market. On the other hand, the secondary market of this segment hasn't shown any decrease until now, with the achievable rental levels being stable at 10 €/sqm/month.

Based on recent transactions in the domestic market, yields for prime big box assets are in the order of 7.50%, while we understand that for secondary assets the expected yield level is 8.75%. Following the relevant graph, the two metrics showed good levels of stability and resilience after the increase that was recorded due to the pandemic and the continuous months of lockdown during 2020 and 2021.

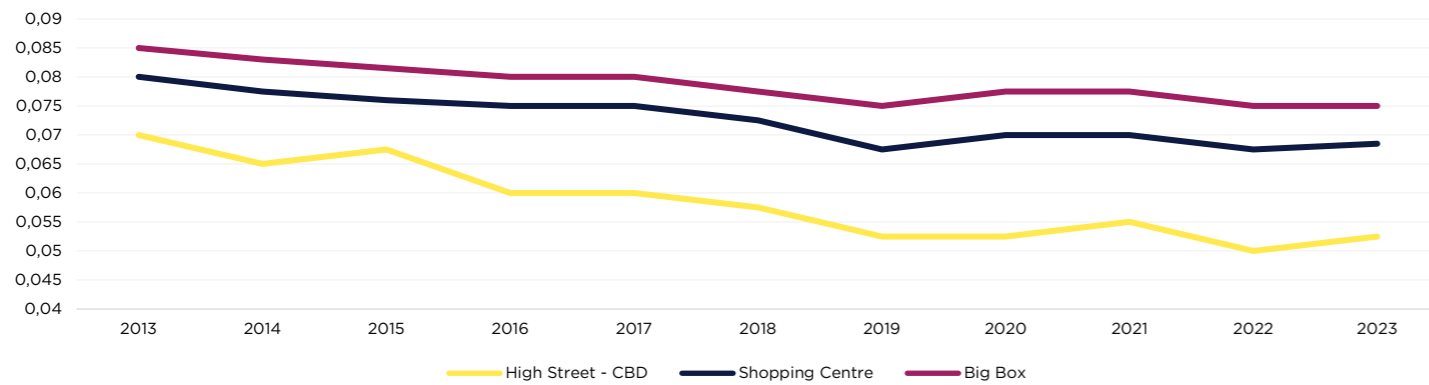


Investment Market

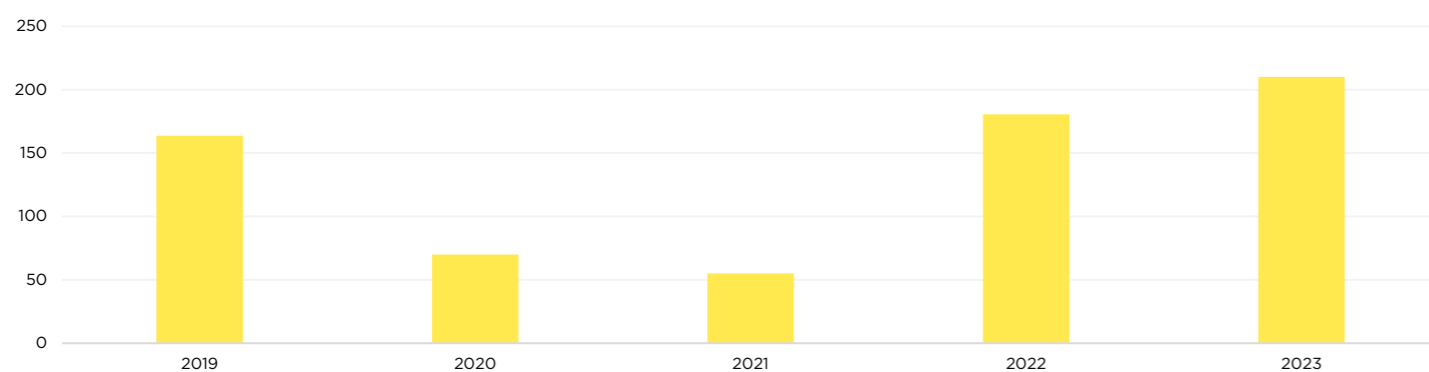
The retail sector has experienced a notable upswing, reflecting the growing demand for vibrant shopping, entertainment, and leisure destinations. As the Greek economy rebounds and consumer confidence strengthens, the demand is particularly evident in popular tourist destinations and major urban centers. Over the last 12 months we have recorded a significant number of transactions in the Attica region, mainly for income producing big box units, retail parks and well positioned high-street stores. The majority of domestic players purchasing this kind of assets are institutional investors, private equity funds as well as family offices of both foreign and domestic capital. It is noted that during 2023 an approximate of €215 million have been transacted on the capital's retail market, with the sale of "Smart Park" in the East submarket (a total size of 52,000 sqm with well-established anchor tenants of the global market) for a total amount of €110 million, giving a great boost to the domestic retail investment volume.

Yields remained resilient in both high-street and shopping centre retail. A modest increase of the high-streets retail yields was recorded at the end of 2023, due to the hesitancy that exists on the market both by domestic and foreign investors and the pessimistic attitude for traditional high-street retail and its prospects, probably linked to global economic instability and the prospects of traditional retail patterns. Prime high-streets on the CBD and the suburbs of the capital are observing a satisfactory level of interest from buyers, though with a more conservative approach, with the average prime yield observed in the order of 5.2%. The big box segment continues to be resilient, with achievable yields in the order of 7.50%, especially for income producing assets with high profile tenancies. Lastly, the shopping centre market is performing on a stable growth pattern after the problems it faced throughout the pandemic years, with footfall (and turnover) being at satisfactory levels for the established schemes, showing an increase in the order of 7-9% since last year. The average prime yield showcased an anticipated modest increase in the order of 15 bps over the last 12-month period, linked to the high inflation in the European real estate market.

Prime Yield Levels of different retail asset classes



Retail Transaction Volume, during the last 5 years



Source: Savills Hellas Research

Trends & Challenges



- Shift towards E-commerce**
 Like many other parts of the world, the retail sector in Athens has experienced a growing trend towards e-commerce. The convenience and ease of online shopping have attracted consumers, leading to increased competition for traditional brick-and-mortar retailers. This trend has prompted some retailers to adapt their strategies by incorporating online platforms and omnichannel approaches to remain competitive. According to Hellenic Statistics Authority data businesses that accept online orders have grown rapidly in recent years, accounting for c.20% of the total in 2023 (11% in 2019).
- Emphasis on Experiential Retail**
 In order to tackle the challenge of e-commerce, retailers in Athens are now aiming to provide unique and immersive experiences to their shoppers, driving foot traffic to their physical stores. With international retailers showing the way, the majority of new schemes on the pipeline have experiential retail on the forefront of their plans, which could also assist in the continued resilience of the traditional high-street retail segment.
- Pop-up Stores and Concept Stores**
 Pop-up stores and concept stores have gained popularity in Athens. These temporary retail spaces allow brands to test new markets, promote limited-edition products, or create a sense of urgency and exclusivity. Concept stores, on the other hand, curate a selection of products based on a

specific theme or lifestyle, offering a more personalized and curated shopping experience for consumers.

- Focus on Sustainability**
 The Athenian retail market could also not remain unaffected by the global sustainability trend. Consumers who are increasingly conscious of environmental and social issues force retailers to offer sustainable products and follow eco-friendly practices throughout their operations. Moreover, landlords are trying to "future-proof" their units, as more and more retail tenants are attracted to ESG driven stock. The latter offers them fewer operating costs and is in line with their global net-zero strategies, thus creating a rental value premium for units fulfilling ESG criteria.
- Integration of Technology**
 Technology has been playing a significant role in the retail sector's evolution in Athens. Retailers have been leveraging technologies such as augmented reality (AR), virtual reality (VR), and artificial intelligence (AI) to enhance the customer experience, improve inventory management, and personalize marketing efforts. Additionally, the adoption of mobile payment systems and contactless transactions has become more prevalent, offering convenience and safety to consumers (e.g. Public partnering with Klarna to allow customers to buy now and pay later).



Savills Hellas

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Head Of Office

Dimitris Manoussakis
Head of Office, Head of Valuations
+30 21 0699 6311
dman@savills.gr

Agency & Advisory

Konstantina Dotsikas
COO, Director, Residential RE Agency
+30 21 0699 6311
k.dotsikas@savills.gr

Loukas Papathanasiou
Senior Associate, Commercial RE Agency
+30 21 0699 6311
l.papathanasiou@savills.gr

Danae Tsakiris
Director, RE Advisory & Agency
+30 21 0699 6311
d.tsakiris@savills.gr

Research

Konstantinos Lykostratis
Associate Director, Asset Mngt & Research
+30 21 0699 6311
k.lykostratis@savills.gr

Panagiotis Manoussakis
Senior Associate, Valuation, RE Advisory & Research
+30 21 0699 6311
pman@savills.gr

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Athens

Head Office
64 Louise Rencourt Str.
115 23 Athens

+30 21 0699 6311
kentriki@savills.gr

Thessaloniki

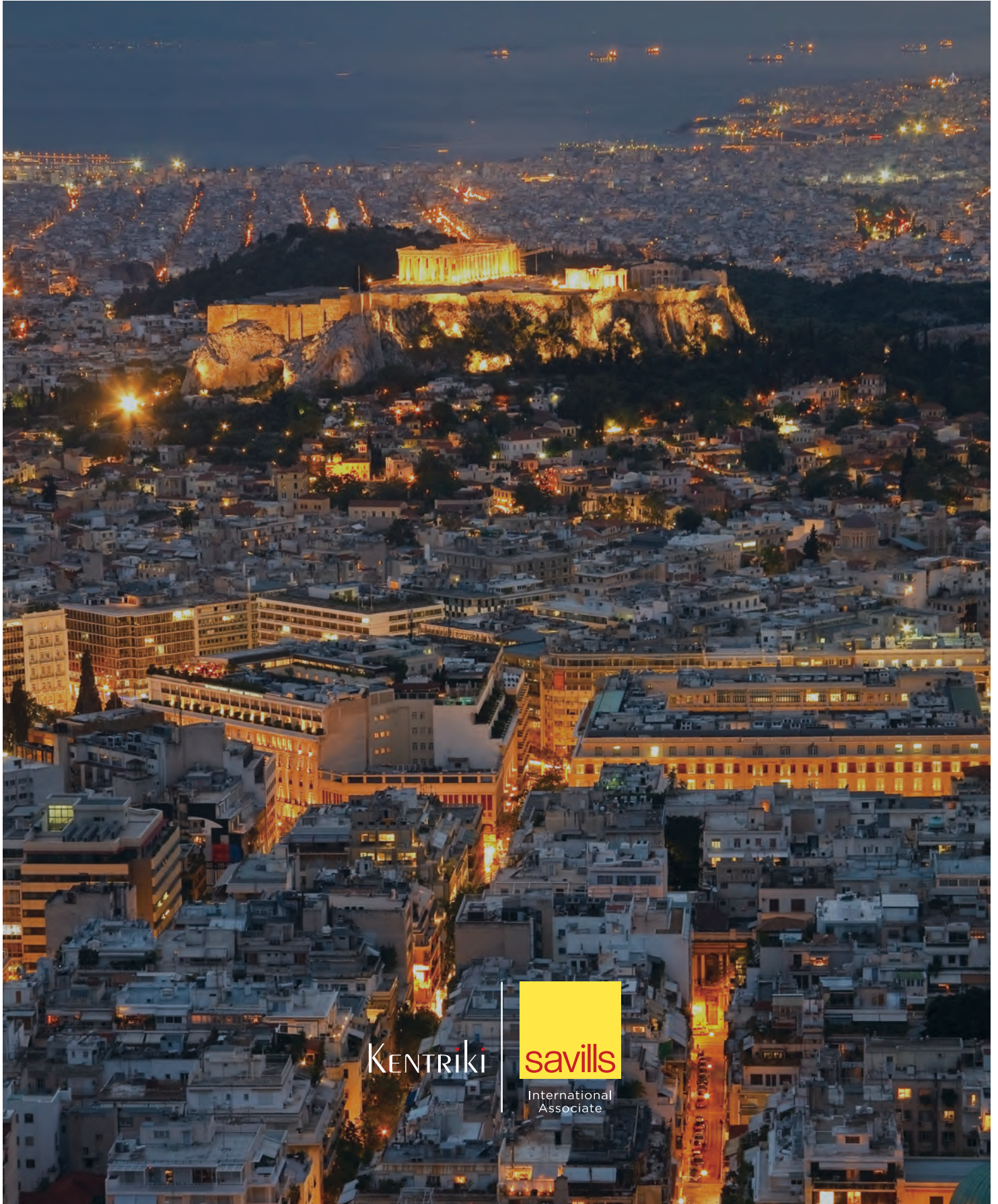
53 Vasileos Irakleiou & Karolou
Ntil 54623 Thessaloniki

+30 21 0699 6311
thessaloniki@savills.gr

Corfu

26 Guilford street
49100 Corfu Island

+30 21 0699 6311
corfu@savills.gr



KENTRIKI



International
Associate