



SPOTLIGHT

Savills Greece Research

Athens Residential Market

KENTRIKI



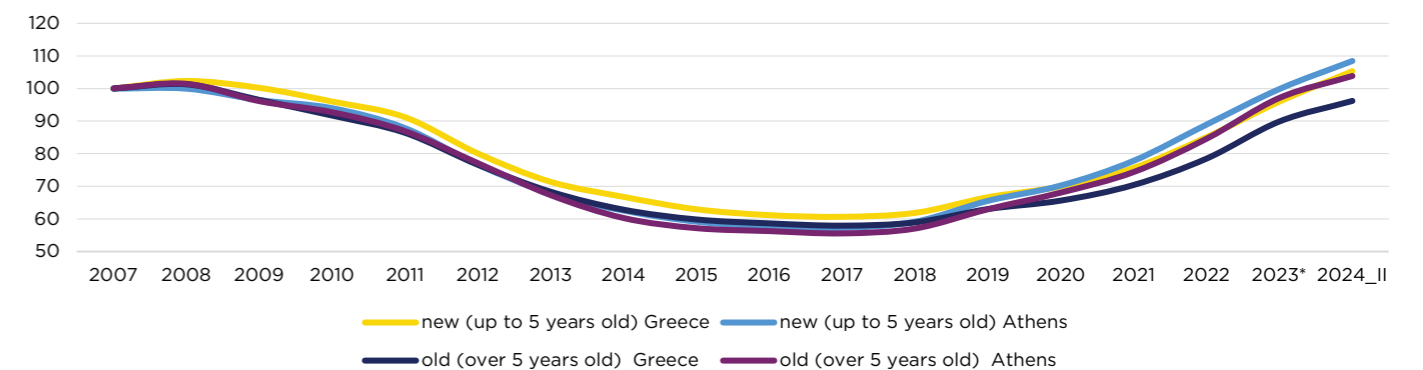


Despite the economic difficulties, particularly during the Covid-19 crisis and the subsequent European energy crisis, a dynamic surge of the Greek economy is being recorded. The significant GDP growth which is expected to continue at least until 2026, is an indicator of productivity, reflecting noteworthy changes in the micro-economy, employment and real household income. Moreover, the accumulating investment projects (the largest net FDI inflows since 2002 recorded in 2022) confirm the upward trajectory of the Greek economy and the successful effort made in recent years to attract foreign investment to the country. It is noted however that this economic growth seems to be coming at a smaller pace in recent years, mainly due to high energy prices that limit real income and private spending, higher funding costs and the recession across the euro area, offsetting some of the observed strength.

According to the latest report of the Bank of Greece, 2023 was a year of significant growth for the Greek real estate market, despite the turmoil caused by the war

in Ukraine and the adverse effects on borrowing costs, energy, materials and construction in general. Consistently positive expectations for the market and undiminished investment interest, especially from abroad, maintained the high growth rates of residential real estate prices, especially in highly commercialized areas. The above is reflected in the evolution of residential real estate prices which already from 2023 seem to be reaching pre-crisis levels. Focusing on Athens, it is worth noting that for 2023 prices for properties constructed more than 5 years ago have increased by 14.8% (compared to 13.7% in 2022) while new-built property prices by 12.2% (14.2% in 2022). This reversal in the growth rates of new-built vs older properties could indicate that prices of new-built properties have started to reach a plateau but can also be attributed to various state incentives related to the upgrading of older properties, leading buyers to turn to this category, further contributing to the increase in their prices. Latest published data concerning H1 of 2024 reveal that prices for new-built properties are 5-8% above their pre-crisis levels.

Price index of residences, Greece & Attica (2007=100), 2007-H1 2024

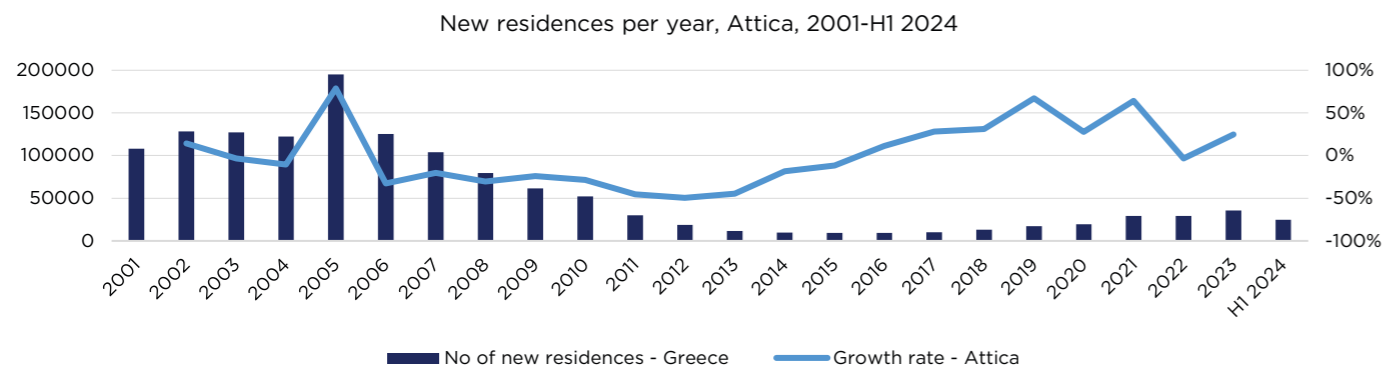


Source: Bank of Greece

Construction & Residential Activity

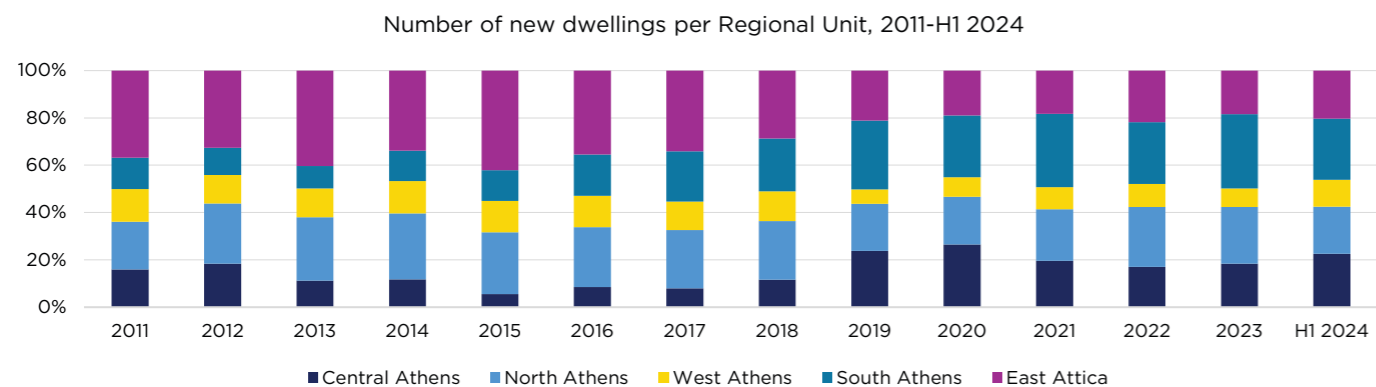
2023 seems to have been the peak of the construction activity of recent years as shown by the number of permits issued annually across the country. More specifically, in 2023 the number of building permits surpassed 2022 levels at both Attica (the greater Athens Region) and country level, after a temporary halt mainly related to increased construction costs. Regarding new-built residences added to the stock, preliminary data for 2024 (H1) showcase that 2024 will exceed 2023 numbers, although in lower pace, becoming the best year of the

period 2015-2024. This is also reflected in the Construction (Building) Activity Index according to which the upward trend in building construction continues in 2024 (2nd quarter) (above pre-crisis levels for the first time), but also in the positive business expectations for housing construction (Foundation for Economic & Industrial Research), which further strengthened in 2023 to an annualized 18.1% (4.0% in 2022), despite the pressures exerted by the constant increase of the high inflation.



Source: Hellenic Statistics Authority

The majority of the construction activity (in terms of total sqm) for 2023 is found in the southern part of Attica, followed by North and Central Athens, with the rest of the region showing stability compared to the previous year. The ever-increasing rate of new housing development (with a momentary freeze in 2022, likely due to steep increases in construction costs) reveals the area's dynamism, but also the lack of land for new constructions (to a greater extent than in Central Athens). In addition, it is linked with the steady demand from foreign buyers due to the proximity to the seafront, the city center and the airport, as well as the higher quality of leisure activities and retail offering. Preliminary data for 2024 showcase that the Central sector of Athens may rebound in terms of construction and residential activity after a few years of compressing growth.



Source: Hellenic Statistics Authority

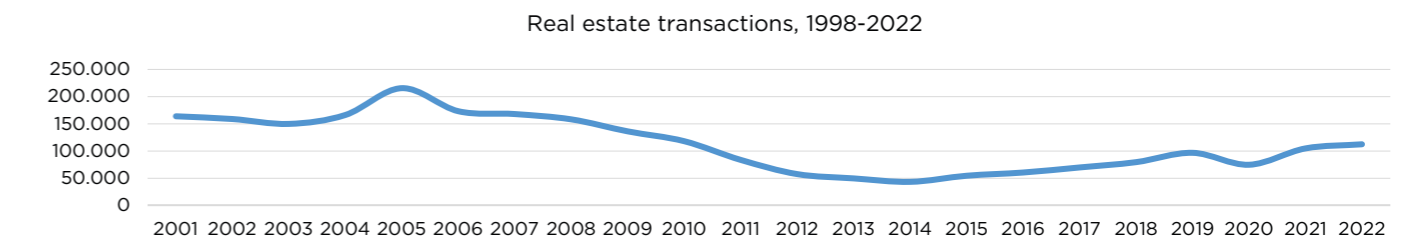
Market Activity

The dynamics of the residential real estate market in 2023 and the first half of 2024 strengthened significantly, mainly due to strong tourism and foreign investment demand, which positively affects housing mainly through short-term rentals, as reflected in the inflow of capital from abroad for real estate purchases. Based on the latest published data as well as the benchmarks of the Bank of Greece, real estate transactions in 2022 increased (albeit at a reduced rate) by 7% compared to the previous year with residential sales amounting to c. 45,000 (country level).

It is noted that in 2023 the total amount of new mortgages decreased by 1.3% (after 20.7% increase in 2022), still at low levels compared to pre-financial crisis levels. Also, according to Q2 2024 data of the Bank Lending Survey, a steadiness in mortgage demand is recorded for the second quarter in a row, following two years of continuous decline in demand. The above is probably due to the gradual increase in interest rates in previous years (in order to control the ever-increasing inflation) which led to higher borrowing costs, affecting the affordability of housing loans and their approval. It is noted that the inflationary

market conditions have made prospective home buyers increasingly cautious, resulting in delaying purchases or even in choosing smaller, more affordable properties.

Thus, the reduction in mortgage interest rates that has already begun (Euribor) is expected to give further impetus to market activity. It is worth noting that besides the large EU capital and foreign direct investment already oriented towards the country, the Greek Ministry of Finance has also made progress in reducing banks' non-performing loans (which allows them more freedom to lend), thus further improving the prospects for increased investment. Moreover, by introducing favorable lending arrangements for specific population groups, the government aims to facilitate transactions of residences older than 15 years. It is noted that the public discussion which has lately begun by the Greek Government for introducing the so-called affordable housing initiatives, is expected to also affect positively the residential market activity and bring younger parts of the population into the market.



Source: Hellenic Statistics Authority

Demand

Parameters such as the recovery of the economic activity, the high investment interest (mainly from abroad), the increased tourist activity, the possibility of greater financing from the banking sector, but also the fact that Greek real estate prices remain lower compared to corresponding European markets, shape the context of increased demand in Attica. Following a demand analysis in terms of the number of "clicks" on relevant listings for sale, the south suburbs appear to be the most popular area among prospective buyers, followed by the center and the north suburbs, making demand a major driver of house prices. It is worth noting that the purchasing interest throughout Attica is basically focused on apartments, with the exception of the coastal part of Athens and the north suburbs furthest from the city center, where buyers are interested in detached residences. In terms of apartments, demand focuses mainly in the 2-bedroom typology, with the exception of the north suburbs an area that traditionally appeals to families, where demand for 3-bedroom units dominates. It is noted that the shift of prospective buyers to smaller properties, in connection with the golden visa program, the boom in short-term rentals and the prevailing trend in investment properties, is expected to further boost the demand for smaller typologies, which is also evident from the gradual increase in construction activity of smaller homes.

Pricing

The confluence of factors such as the city’s cultural richness, historical significance, and vibrant atmosphere has positioned Athens as a favored destination among tourists. This, coupled with the evolving landscape of short-term rentals and a growing influx of investors, has reshaped the residential property market in the Greek capital with residential property prices in Athens witnessing a notable surge, outpacing the broader trend observed across Greece. As a result, homeowners and investors alike are experiencing a notable uplift in property values, placing Athens as a dynamic and promising real estate market in the current context.

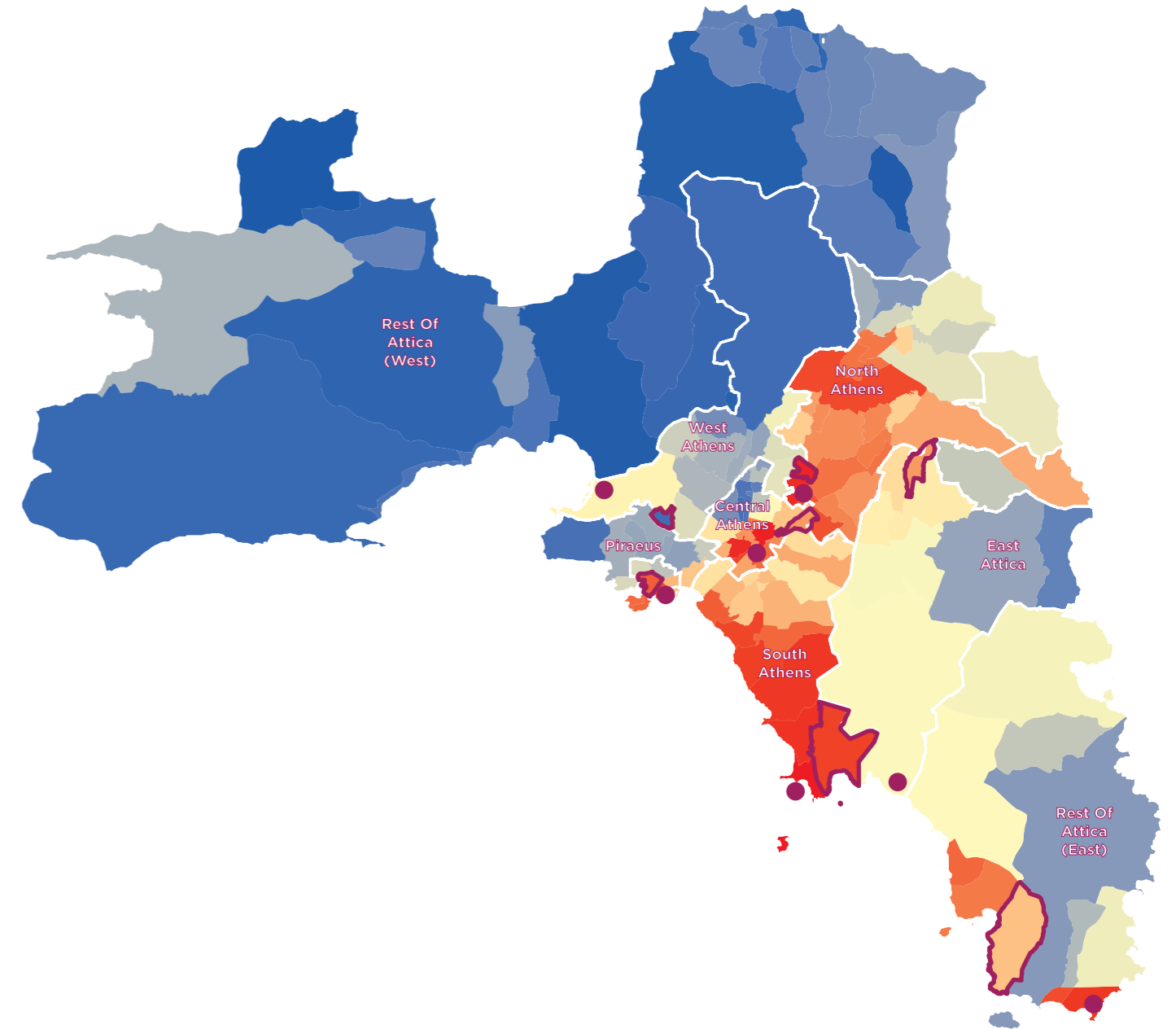
Compared to Savills’ previous analysis results regarding residential prices 3 years ago (post Covid-19 era), significant increases are recorded in almost all the Region of Attica at a rate of approximately 25% on average, with the highest growth recorded in Piraeus. This strengthening of the prices is mainly attributed to the significant increase in the construction costs, the maintainable levels of demand, along with the slowdown in the rate of construction activity recorded in the last 2 years.

Inflationary conditions, increased energy costs and high interest rates seem to lead to a restraint of growth rates and in some cases to a correction of prices, especially in areas where demand is limited. At the same time, interventions of the Greek government towards the strengthening of supply and the limitation of investment demand for residential properties placed on the short-term rental market and the Golden Visa (especially in high demand areas) are expected to further contribute to this direction.

This trend is also reflected in our annual analysis of residential property prices, which indicates minimal

changes compared to the previous year. Variations are primarily observed in areas where prices had remained low in previous years, reflecting the upward trend of recent years in high-demand locations, as well as in sought-after neighborhoods of the northern suburbs and the city center. More specifically, price increases continue to be recorded in areas such as Filothei and Kolonaki, which are traditional high-demand markets that attract buyers with high incomes, while the same applies to high-end properties whose demand is not sufficiently covered by the existing market supply. Furthermore, regeneration projects also seem to contribute to the further increase in prices of the areas in which they are located, such as around The Ellinikon Project and in Piraeus. It is noted that in the case of the latter, where the highest price increases have been observed, it appears that the rise in the minimum Golden Visa thresholds across the rest of Athens has redirected investor interest to the area, further driving up prices.

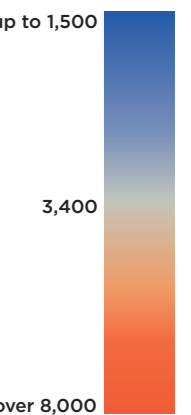
As can be seen from the map, the highest values per sqm are found in the south suburbs (mainly in the southernmost areas where prices gradually increase as proximity to the sea heightens), followed by the center of Athens (particularly around the historic center) and the north suburbs. It is apparent that in terms of location, the factors that create a premium are the proximity to the sea for the south suburbs, abundance of large open green spaces for the north suburbs and proximity to the CBD and/or Acropolis and other attractions for the City Centre. We can also observe that characteristics such as low population density, low building heights and low building density are also common between the north and south suburbs which constitute the majority of the prime residential market of Athens.



Regional Unit	Average Growth range	Average Price range (€/sqm)	Highest Growth	Upper market Price
Central Athens	16-28%	2,750 - 4,500	Goudi	Kolonaki - Lykavittos (10,800 €/sqm)
South Athens	14-23%	3,250 - 4,750	Vari - Varkiza	Vouliagmeni (15,000 €/sqm)
North Athens	8-20%	3,550 - 4,100	Filothei	Palαιο Psychiko (9,000 €/sqm)
West Athens	10-28%	2,450 - 2,850	Agia Varvara	Chaidari (3,500 €/sqm)
Piraeus	28-53%	2,500 - 2,950	Center - Port	Kastella - Pasalimani (6,000 €/sqm)
East Attica	16-30%	2,800 - 3,350	Anthousa	Koropi (3,900 €/sqm)
Rest of Attica	16-45%	2,250 - 3,450	Palaia Fokaia	Sounio (5,200 €/sqm)

* The adjacent heatmap shows our 2024 estimated sale prices (€/sqm) for residential apartments in each Municipality of Attica. These are derived from regression models combining houses’ building characteristics as well as spatial variables based on asking prices of apartments for H2 2024, and reflect a typical, new-built apartment of 90 sqm, with 2 bedrooms and parking space.

- Highest Price (Per Regional Unit)
- Highest Growth (Per Regional Unit)



Investment Activity



Besides recent European and global economic and geopolitical uncertainties, the market is still relatively resilient as evidenced by the annual growth rate of residential prices and steady demand levels. The upward trend recorded in recent years in Foreign Direct Investments in real estate activities (8% increase compared to 2022 with a total volume of over €2 billion) continued in 2023, showing stabilization trends. “Housing and other constructions” were the only category with upward movement (compared to other investment categories in the country for 2023), while there was a jump in the share of real estate in total Foreign Direct Investment, reaching almost 45%. The above seems to be driven due to the changes announced in the conditions for the golden visa. Additionally, approx. €1.15 billion has already been invested in the real estate sector in the 1st half of 2024.

The dynamics of the residential market (and primarily in investment properties) is reflected in the investments in housing (ELSTAT) which recorded a 20.7% increase on an annual basis translating to €3.8 billion in 2023 (33.7% and €3.15 billion in 2022) but are still at a low level as a percentage of GDP (1.9%) (Bank of Greece). Preliminary data showcase that 2024 is expected to fluctuate at similar levels to those of 2023 (€1.9 billion in 1st half of 2024). Based on the data collected by the Bank of Greece, in 2023 significant investments were made by Real Estate Investment Corporations (REICs), and development companies in institutional residential projects, with the largest percentage of funds directed to Attica.

More specifically, institutional residential products such as Purpose-Built Student Accommodation (PBSA) and Built-to-Rent (BtR), have been on the radar of REICs,

private equity funds and family offices, in the last three years. Recent incentive programs for retirees, digital nomads, and other particular expat segments, along with the constantly increasing demand for housing either from students or young professionals has led to an increase in developments of such assets, mostly in central locations of Athens. Areas that are in proximity to universities or enjoy good connectivity via the public transport system (e.g. Zografou, Neos Kosmos and Piraeus) are at the forefront of interest by investors looking to diversify their portfolios, with the capital invested ranging from 5-7€ mil per asset. It is noted that up to now, more than € 650 mil of investments focused on PBSA have occurred all over the country, with a big majority originating from cooperations of private investment companies with the public sector and state universities.

Furthermore, the reduction of non-performing loans, but also expectations for a resilient Greek economy despite the deterioration of the economic outlook for the Eurozone in recent months (the Greek economy has performed better than the European average in the last two years), reflect the positive outlook given by international rating agencies to Greece’s credit rating. Thus, further maintaining the investment grade rating given in 2023 by 3 agencies is expected to further attract more private investments. Recent studies showcase that there has been growth in investment willingness in Greece in recent years (from 28% in 2020 to 51% in 2024), while a substantial 69% of potential investors anticipate an improvement in the attractiveness of the country over the next three years. This optimistic outlook positions Greece in the top spot among the countries being compared, surpassing the overall attractiveness of Europe as a whole.

Golden Visa Program

The Greece Golden Visa, launched in 2013, remains one of Europe’s most compelling residency-by-investment programs, offering non-EU citizens a gateway to Greek residency through real estate and other investment options. Over the past decade, it has drawn substantial global interest, solidifying Greece as a leading destination for investors seeking not only residency but also access to the wider Schengen Area.

Initially requiring a minimum investment of just €250,000—the lowest threshold in Europe—the program catalyzed a wave of demand that contributed to Greece’s dynamic real estate market. This surge in popularity, alongside the notable rise in property values in high-demand areas such as Athens, Thessaloniki, Mykonos, and Santorini, has led to a strategic refinement of the program’s terms to ensure sustainability and align with market realities. As of September 1, 2024, the revised thresholds reflect the diverse opportunities for investment across Greece:

- **Affordable Entry Point:** A minimum investment of €250,000 remains available for properties converted into residential use or for restoring historic buildings. This incentivizes the preservation of Greece’s rich architectural heritage while offering accessible options for investors.
- **Balanced Growth:** Investments in single properties of at least 120 m² in less densely populated cities or islands start at €400,000, promoting regional development and unlocking high-potential areas with promising returns.
- **Prestigious Urban Options:** For those targeting prime locations, such as Athens, Thessaloniki, or larger islands, the program offers opportunities for €800,000 investments, which ensure access to some of the most vibrant and sought-after markets in Europe.

Since its inception, the Golden Visa program has attracted over 12,700 successful applicants as of Q3 2024, demonstrating its enduring appeal. Investors from around the world—particularly China, Turkey, Lebanon, Iran, and the United Kingdom—have collectively contributed over €2.6 billion to Greece’s economy as of 2021. This illustrates the program’s role not only as a residency facilitator but also as a driver of economic growth and regional development. The changes to the program are not merely adjustments but opportunities for investors to tap into a robust market, where property values and demand continue to rise.

Rental Market

Similarly to sales prices, residential property rents are on the rise, recording an average increase of 25% compared to 2022. The largest increases are found in Piraeus and its surrounding areas (where the largest sale price increases are also noted), which could be linked to various regeneration projects in the area.

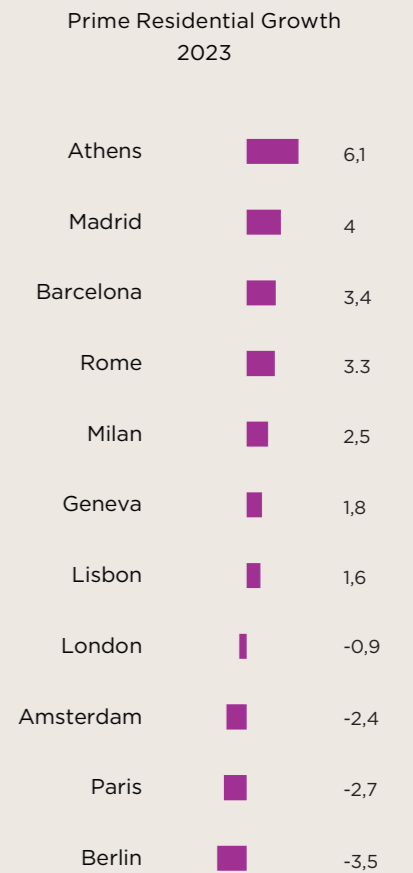
At a micro-locational level of analysis, the largest rent increases are found in areas with medium sales prices/sq.m. (e.g. Nea Philadelphia, Penteli), but also in areas where new metro stations have been announced (e.g. Goudi, Kaisariani).

It is worth noting that in most cases the rental growth levels are lower or marginally lower than the corresponding sale price ones. This is likely connected to the sharp increase in construction costs which appears to be having a slower impact on rental prices.

Prime Residential

Despite economic difficulties and uncertainties Athens prime residential market has shown remarkable resilience. Compared to other southern European capitals, the city experienced the highest growth in prime residential prices, soaring by 6.1% over the year, with Madrid and Rome capital values (who also demonstrated strong performance) surging by 4.0% and 3.3% respectively.

This trend is inextricably linked to the limited stock of prime properties in the Greek market (which further bolstered pricing increases), but also their comparatively lower prices than other European counterparts, thus attracting buyers and investors from across the globe.



Trends & Challenges

- Neighbourhood Revitalization:**
 Urban regeneration efforts currently in progress in (mostly) central areas of the city, along with large scale mixed-use development projects (e.g. The Ellinikon project), and infrastructure works mostly concerning connectivity (construction of new subway lines stretching to new parts of the metropolitan area) are heavily contributing to the attractiveness of certain locations and the transformation of the residential real estate market, impacting on the growth of demand and property prices in these areas.
- Short-Term Rental Boom:**
 There has been a significant increase in the number of properties available for short-term rental in areas of the country with intense tourist activity (320% increase compared to 2016), most of which are located in Athens, especially around the city center and along the Athens Riviera. It is noted that both Foreign Direct Investment and the number of corresponding available properties showcase parallel (rapid) growth in the last decade. According to the European Commission, a significant percentage of properties rented through short-term rental platforms have been purchased for this purpose, which is indicative of the investment interest.
- Modernization and Renovation:**
 During the last couple of years, due to the shortage of available plots for development in focal areas for investors, a trend of repurposing old residential and commercial buildings into student accommodation units or serviced apartments has emerged and relevant investments have witnessed a drastic increase from 2021 onwards. Recent examples concern old residential buildings located in key areas that have been transformed into boutique PBSA schemes, offering 20 -25 units each (mainly owned by private equity funds that are active in the market since 2018) and old office buildings closer to the CBD, repositioned to BtR schemes aimed at young professionals and students.
- Government Initiatives and Regulations:**
 Recent government initiatives and regulatory changes

are also impacting the residential sector. The 24% VAT imposed on first sales of new-built properties to non-primary-home buyers in 2006 was suspended in 2020 to boost the construction sector, leading to a surge in off-plan sales, with most prime new-built properties now sold before completion. The VAT suspension's success has prompted an extension until at least the end of 2024, and possibly beyond. Moreover, in the context of social housing, a new program is about to be established concerning the allocation of plots by the state to developers, with the sole obligation to lease a percentage of the houses that will be built at low rent levels, while the remaining houses will be sold on free market terms. The plots that will be offered are located in prime areas of Athens (mainly in the north suburbs) and are expected to further boost construction activity and house prices. Furthermore, due to various economic structural reforms and tax incentives, property transaction costs in total are significantly lower than other EU countries (suspension of VAT on acquisition, low Transfer Tax at 3%, suspension of Capital Gains Tax from properties etc.).

The pandemic had direct effects on the supply chain, bringing about an increase in transportation fees and the prices of building materials, with simultaneous shortages of materials. Besides, the Russia-Ukraine war caused an increase in energy costs, keeping inflation at high levels, as well as an increase in mortgage lending rates. Furthermore, the economic and business impact of the rapidly evolving situation in Gaza is too early to assess. Despite these uncertainties in the domestic and global economy, expectations for the Greek real estate market remain positive. Considering that the Greek market is differentiated in terms of its characteristics, that the rates of price growth have been milder in recent years compared to other countries and that yields are still at attractive levels, residential properties (especially high-end) are expected to continue to attract increased interest. However, the impact of parameters such as geopolitical stability and the international economic environment is expected to be significant, directly or indirectly affecting real estate through construction costs, mortgage interest rates, and investments.

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

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

Sofoklis Dimitratos
 Senior Associate, RE Agency
 +30 21 0699 6311
 s.dimitratos@savills.gr

Research

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

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

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Athens | Thessaloniki | Corfu | Crete

Head Office | 64 Louise Riencourt Str. | 115 23 Athens | +30 21 0699 6311 | kentriki@savills.gr



KENTRIKI

savills

International Associate