

GREECE

Cushman & Wakefield

Global Cities Retail Guide



Although Greece is a relatively small country with 10.7 million inhabitants, Greece has a strategic position at the crossroads of the eastern Mediterranean, Middle East and South Eastern Europe, an important and fast developing market in a region of over 160 million people. Its membership within the European Union and inclusion in the Eurozone also creates opportunities in the market.

Since late 2009, the Greek economy has been hit by a severe economic and financial crisis resulting in the Greek government requesting loans from EU institutions, a substantial debt write-off, stringent austerity measures and political instability. The taxation and the commercial lease laws have been significantly amended in order to facilitate investment and business operation.

Greece has more than 15,000 kilometres of coastline, 190,000 beaches and 6,000 islands and islets, and is one of the top tourist destinations in the world.

The Olympic Games of 2004 marked a milestone in the transformation of modern Greece. The first proper shopping centres have been developed and investment product of international standards has been increasingly offered to the market. Athens is not only the capital of the country but also the financial and commercial centre of Greece. Half the population of Greece lives in Athens, a city with exceptionally strong tourism. According to official statistics the population of the Attica region is 3.8 million, however the true population is estimated to be around 4.5 to 5 million.



**GREECE
LARGEST CITIES**

GREECE

ECONOMIC OVERVIEW

ECONOMIC SUMMARY

ECONOMIC INDICATORS*	2018	2019F	2020F	2021F	2022F
GDP growth	1.9	1.9	2.3	2.3	2.5
Consumer spending	1.0	1.4	2.2	1.9	1.9
Industrial production	1.1	1.6	2.6	2.9	3.0
Investment	-12.0	4.2	8.1	5.0	5.7
Unemployment rate (%)	19.3	17.4	16.0	14.6	13.2
Inflation	0.6	0.4	0.5	0.9	1.5
US\$/€ (average)	1.2	1.1	1.2	1.2	1.3
Interest rates 3-month (%)	0.0	0.0	0.2	0.5	0.7
Interest rates 10-year (%)	4.2	3.8	3.7	3.9	4.3

ECONOMIC BREAKDOWN

Population	10.6 million (2019F)
GDP (nominal)	US\$ 216.4 billion (2019F)
Public Sector Balance	-0.1% of GDP (2019F)
Public Sector Debt	202% of GDP (2019F)
Current Account Balance	-2.0% of GDP (2019F)
Parliament	Syriza/Anel
President	Prokopis Pavlopoulos
Prime Minister	Alexis Tsipras
Election Dates	July 2019 (Parliamentary)

RETAIL SALES GROWTH: % CHANGE ON PREVIOUS YEAR

GREECE	2018F	2019F	2020F	2021F	2022F
Retail Volume*	2.4	2.1	2.0	2.0	2.1

NOTE: *annual % growth rate unless otherwise indicated. Figures are based on local currency and real terms. E estimate F forecast.

CITY	POPULATION
Athens metropolitan area	3,781,274
Thessaloniki metropolitan area	1,012,297
Patras metropolitan area	260,308
Hrakelio	225,574
Larisa	162,591
Volos	144,449
Chania	108,642
Ioannina	112,486

Source: Hellenic Statistical Services



GREECE LARGEST CITIES

GREECE

RETAIL OVERVIEW

MAJOR DOMESTIC FOOD RETAILERS

Sklavenitis, The Mart, AB Vassilopoulos, METRO Cash and Carry, Galaxias Cash & Carry, My Market, Market In, Masoutis, Kritikos, Promitheftiki

MAJOR INTERNATIONAL FOOD RETAILERS

Lidl, Spar

MAJOR DOMESTIC NON-FOOD RETAILERS

Jumbo, Attica Department Stores, Notos Group, Fais Group, BSB, Attrattivo, Vardas, Public, Plaisio, Folli Follie Group, Elmec Sport, Shop & Trade, Bertolucci, Portobello's, Pop -Air, Celestino, Ths, Migato, Funky Buddha, Cosmos Sport, Zakret sport, Shop & Trade

INTERNATIONAL RETAILERS IN GREECE (a selection)

Ikea, Leroy Marlin, Praktiker, Inditex Group (Zara, Bershka, Pull & Bear etc.), Mango, H&M, Footlocker, Sfera, Benetton, Sephora, Nike, Adidas, Marks & Spencer, Orchestra, Forever 21, Gant, Lacoste, Mac, Accessorize, Flying Tiger, Jysk, Prada, Zadig & Voltaire, American Eagle Outfitters, Terranova, Victoria's Secret, Springfield, Twinset, Under Armour NYX, Guess, LCWaikiki, Inside, Decathlon, Prenatal, Mothercare

FOOD AND BEVERAGE OPERATORS

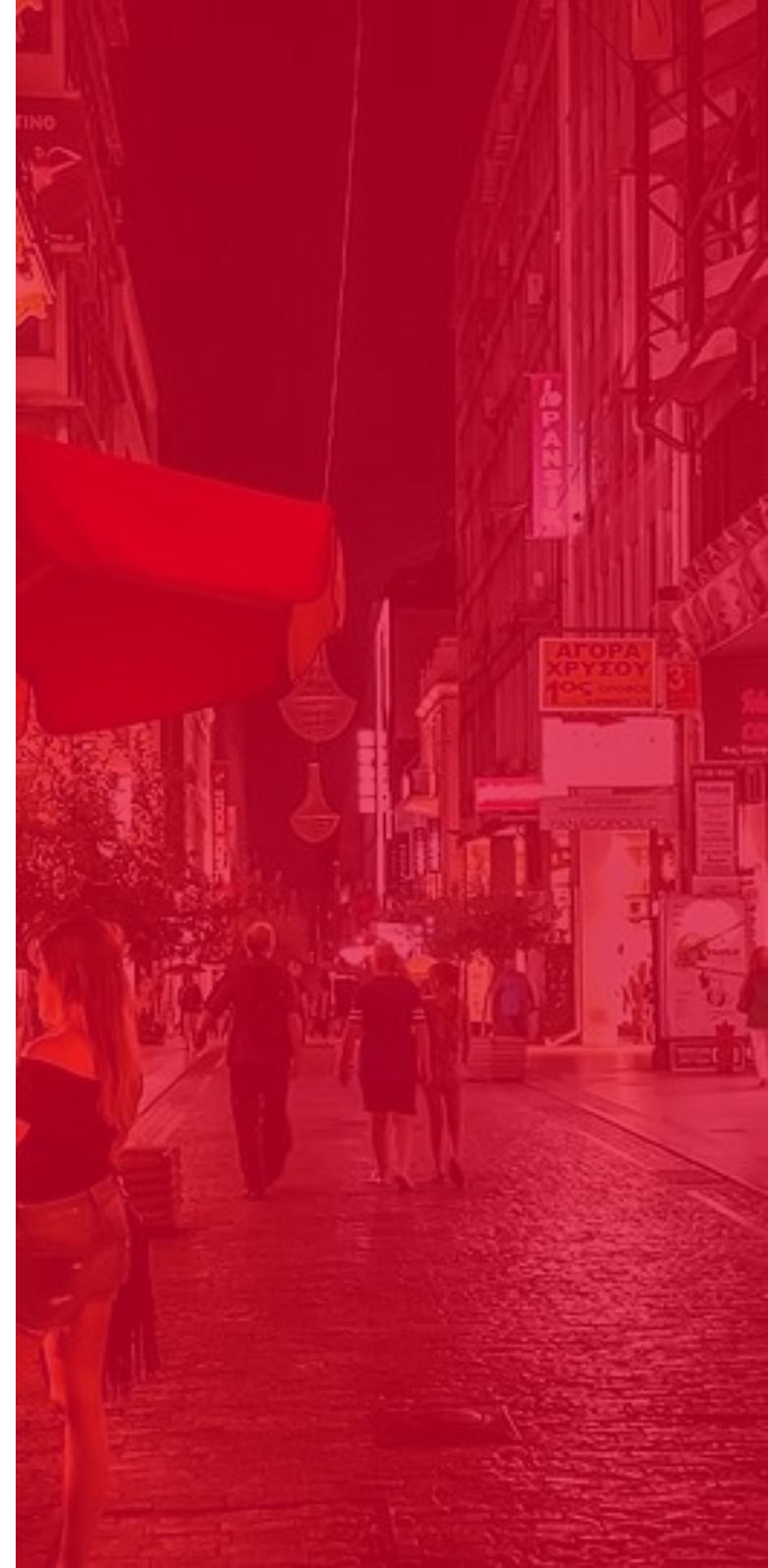
McDonald's, Wagamama, Starbuck's, Goody's, Flocafe, TGI Friday's, Everest, Haagen Dazs, Mikel, Grigoris, Venetis, Apollonion, Horiatiko, Coffee Way, Coffee Labs, Coffee Island, Hard Rock Café.

TYPICAL HOURS

MONDAY – FRIDAY	SATURDAY	SUNDAY
09.00-21.00	09.00-20.00	Closed (with the exception of 8 Sundays per year and stores in tourist areas/islands)

NEW ENTRANTS TO MARKET

Decathlon	Guess	LCWaikiki	Inside
Miniso	Okaidi		



GREECE

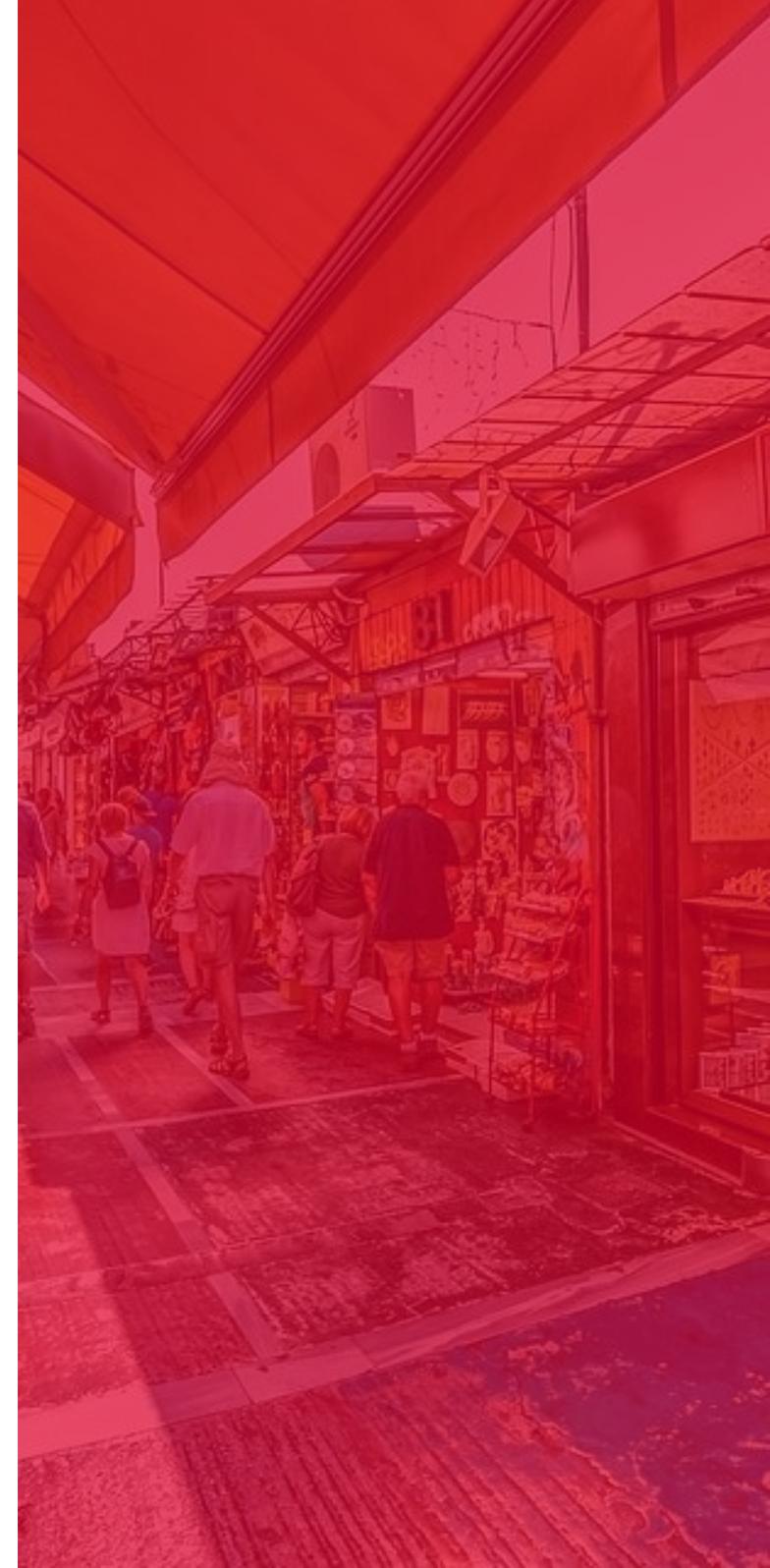
RETAIL SCENE

Until the late 1980s, the Greek market place comprised small shops in busy commercial sections within the cities, suburbs and towns. Unlike most European countries, there were not many large-scale shopping and entertainment centres in the market. Shopping centres arrived relatively late in Greece and there are still not many. The total shopping centre stock in Greece is estimated at 620,000 sqm (July 2019); 70% of which is concentrated in Athens metropolitan area.

Greece has one of the lowest provisions of shopping centre space per thousand population in Europe while no major shopping centre development has taken place since 2010. Shopping centres such as The Mall, Golden Hall, Mediterranean Cosmos, River West and Athens Metro Mall have experienced significant demand and show growth of turnover and footfall on an annual basis while the average occupancy rate is close to 97%. Shopping centres showed more resistance to the challenging economic conditions of previous years. The drop in their sales was lower compared to the drop in high streets with no reduction accepted by the landlords during this period, for the prime shopping centres, where an increase in rents requested for new stores or renewals.

Typical traits of the Greek consumer are the use of cars for shopping needs and the tendency to combine shopping with dining and entertainment. The mild climate makes the Greek consumer prone to spending a significant portion of income on dining and entertainment. This is attributed to numerous restaurants and nightclubs that remain open until 04:00 in the morning.

Greece enjoyed an active retail scene until it was impacted seriously during 2010 -2017, as a result of the economic recession. The vacancy rate has reached its peak in 2015 and this was more evident in CBD locations. The Greek consumer sector has come under immense pressure as retailers have seen their turnover shrink considerably during recession and a significant number of small retailers were forced to close. Food and beverage is the most dynamic and high growth sector in Greek manufacturing and several stores turned from retail uses to F&B. Since late 2016, prices have been stabilized and a continuous increase is currently shown, especially in prime markets, where today availability is very limited and in some cases << Key Money>> status, appeared again. Secondary markets have also shown a recovery trend, with lower vacancy rate compared to previous years. The retail occupational market is benefiting from the improving economic outlook with sustained demand being seen from a growing range of local and overseas retailers. Prime high streets continue to see the highest demand and supply remains tight in these locations which continue to exert upward. The growing associated revenues from tourism, as recorded in the past years, are helping the retail market, in particular the turnover of shops located at the historic centre of Athens. This has led to renewed and increased demand from existing and new retail brands and domestic F&B operators for spaces in these areas. The percentage of vacant stores in prime locations is less than 10%. At the same time, the growth in commercial transactions via internet (e-commerce), continued to bring about alterations in consuming behaviour and it is gradually leading to a transformation in the supply chain. This has intensified the reduced demand for large-scale retail spaces and augment the need of retail businesses operating only in physical stores to invest in e-commerce and therefore occupy space in smaller and more flexible inner-city hubs. Prime retail markets and prime shopping centres continue to attract the interest of both local and international retailers. On the supply side there are no major schemes in the development pipeline for 2019-2020 apart from Golden Hall and River West shopping centre extensions.



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RETAIL SCENE

Retail in Greece has a positive trend starting from early 2017. Overall, the Greek economy remains on a track of recovery in Q1 2019, although GDP growth is slowing down. Recovery is mainly driven by exports of services and investment, without recording any substantial transformation of the production base, while productivity growth was halted and substitution of imports remains sluggish. At the same time, private consumption remains anemic, mainly due to overexertion. According to Hellenic Federation of Enterprises, private consumption kept on growing relatively slowly (+0.8%, against +0.5% in Q1 2018 and +1.1% in 2018 as a whole), as household income is under pressure from over- taxation. Consumer confidence improved further in May 2019, remaining close to the level of -30 points since the beginning of the year.

Developers are reluctant to proceed with new investments and there are not ongoing projects in the pipeline until 2020. Lamda development intends to develop Hellinikon Project, one of the most prominent inner-city waterfront mixed development projects in the world and create an integrated multi-use destination in the area of the Former Airport in Athens, but without a definite completion date.

There is little in the way of retail warehouse and factory outlet provision in the Greek market, so there are potential opportunities for real estate players willing to diversify into new retail formats. Indeed, while from a low base there is now an increasing acceptance of new retail formats. There are only a handful of retail parks, although the ones in existence have proved to be quite popular with consumers. Typically, they are located in more peripheral areas as land here is not only cheaper but more available. The development of the sector will be aided by improved infrastructure projects allowing ease of access.

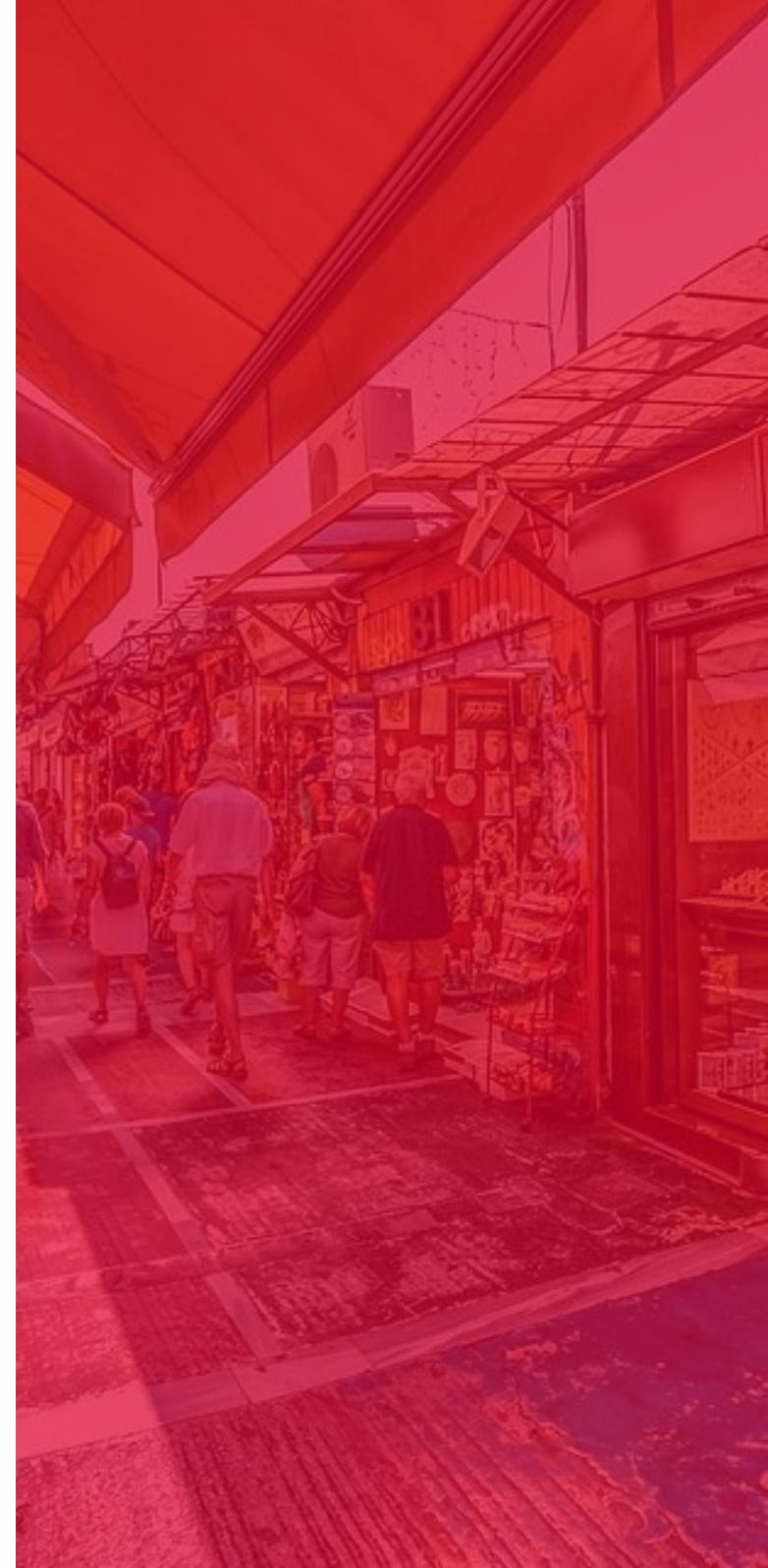
In Athens a typical retail warehouse cluster is to be found near the international airport with an IKEA store, factory outlet store, Kotsovolos and Leroy Merlin DIY and a McArthurGlen Designers Outlet, in Spata, in a 10 minutes' drive time distance from the airport combined with Smart Part retail park. In Thessaloniki the retail park format is represented by Florida I, comprising four retail and leisure boxes.

McArthur Glen Designer Outlet Athens, the first designer outlet in Greece, has 21,000sq.m of retail and provided a welcome boost to the Greek fashion market, while Fashion City Outlet of 20,000 sqm GLA opened in Q4/2018 in the city of Larissa (Central Greece) and visitors exceeded 1million during the first 6 months of operation.

E-commerce has developed rapidly in Greece, but compared to elsewhere in Europe, it is still relatively low. E-commerce in Greece is expected to be worth 4 billion euros at the end of this year. That would be an increase of over 8 percent, compared to the 3.7 billion euros the Greek ecommerce industry was worth last year according to the Greek ecommerce association.

Although it is possible to enter the Greek retail market direct, a lot of brands have chosen to enter through franchise. There are no restrictions on foreign companies either buying or renting property in Greece. Only acquisition of ownership of real estate in designated areas close to the Greek border is subject to prior approval by state authorities.

It is generally believed that the Greek lease structure is tenant friendly. Tenants can terminate leases for no reason at the completion of the third year of the Lease by providing a written Termination notice.



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SHOPPING CENTRES

TOP TEN SHOPPING CENTRES BY SIZE

NAME	CITY	SIZE (GLA SQM)	YEAR OPENED
The Mall Athens	Athens	58,500	2005
Smart Park	Athens	52,000	2011
Mediterranean Cosmos	Thessaloniki	46,000	2005
Golden Hall	Athens	52,500*	2008
City Gate/One Salonica	Thessaloniki	30,000	2004
Avenue	Athens	22,000	2007
Metro Mall	Athens	22,000	2010
Athens Heart	Athens	20,000	2008
River West	Athens	39,000**	2011
VSM	Athens	19,000	1999

*Golden Hall including extension of 11.500 sqm (Q4 2019 est.)

**River West including extension of 21,000 sqm (Q4 2020 est.)

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KEY FEATURES OF LEASE STRUCTURE

KEY FEATURES OF LEASE	
ITEM	COMMENT
Documentation	There is no standard lease document. However, there are a number of standard clauses that are always covered in a lease contract.
Enforceability of lease	Leases are legally binding on both parties. The landlord must proceed to a mandatory electronic submission of the lease document, through General Secretariat for Information systems (Taxisnet) of the Ministry of Finance
Lease Term	According to paragraph 1 of article 13 of the Law published on February 28th, 2014, on the Greek Government Gazette, commercial leases falling within the scope of Presidential Decree 34/1995, which are concluded after February 28th, 2014, shall have a minimum term of three (3) years, even if they were concluded for a shorter, or indefinite, period. It should be clarified that the provisions of the new Law do not affect the twelve-year, or the potential longer contractually agreed term of a commercial lease that has been concluded, extended or renewed (either implicitly or explicitly) before the enactment of the new Law (i.e. before February 28th, 2014). In practice average term 6 to 12 years
Rent Free period	One to six months
Rents	Quoted in euros/ sq.m/ month, payable monthly in advance
Tenant's building reinstatement at lease end	As per agreement. Normally original condition allowing for wear and tear
Measurement	There is no strict standard of measurement. Gross area is commonly used, but buildings are sometimes measures in net area.
Break clause	For leases concluded after February 28th 2014, may be (amicably) terminated, at any time, by virtue of a newer agreement signed between the landlord and the lessee, evidenced by means a document bearing a certain date. According to the Law, the (unilateral) termination (by either the landlord or the lessee) of a new commercial lease shall be made in writing, whilst it becomes legally binding within three (3) months after its service to the other party. It should be stressed however that the new Law does not specify whether the aforesaid right for unilaterally terminating a commercial lease is afforded to the parties also during the legal minimum three-year term of a new commercial lease.
Rent review dates	Annually
Rent review (% , amount)	At CPI or CPI + 1% usually floored and capped
Security Deposit	2 Months of Rent
Stamp duty	3.6% paid by tenant or VAT (24%)

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WHAT'S NEXT

REDEFINING THE LANGUAGE OF
RETAIL & LEISURE

