

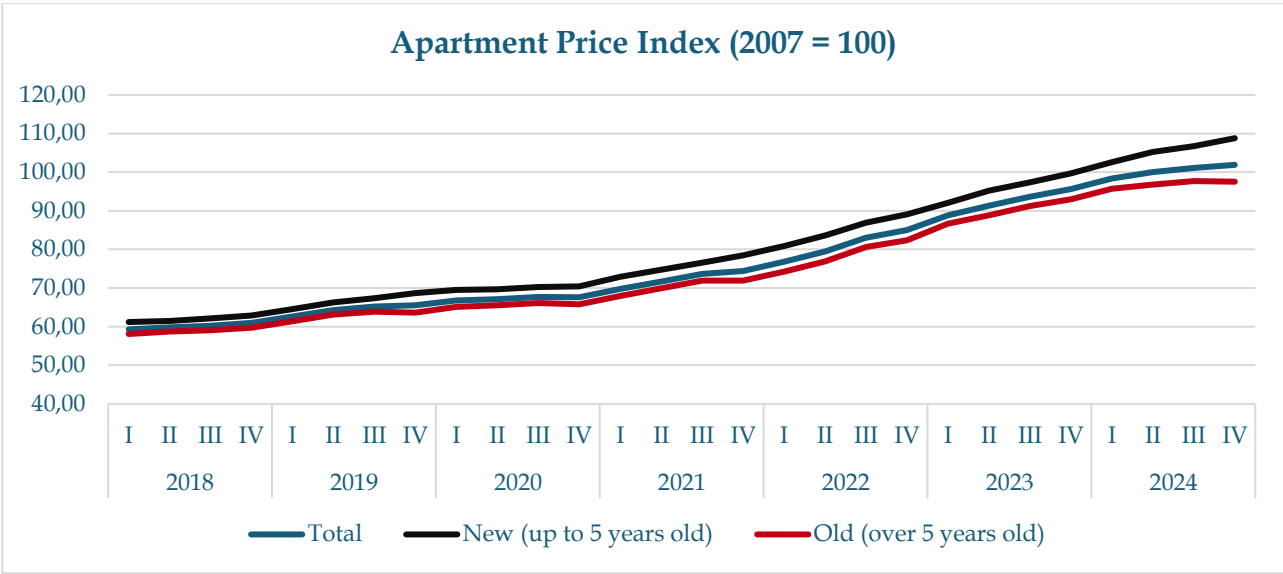
Residential market in Greece - snapshot

Review 2024 - prospects for 2025

According to the latest data from the Bank of Greece, the Greek real estate market maintained significant momentum throughout 2024, attracting notable interest and investments from both domestic and international sources. Property values followed an upward trend during the entire year, with premium properties leading the way in terms of price increase. Investor demand spanned across all property categories, while demand for assets meeting contemporary standards continued to exceed the available supply.

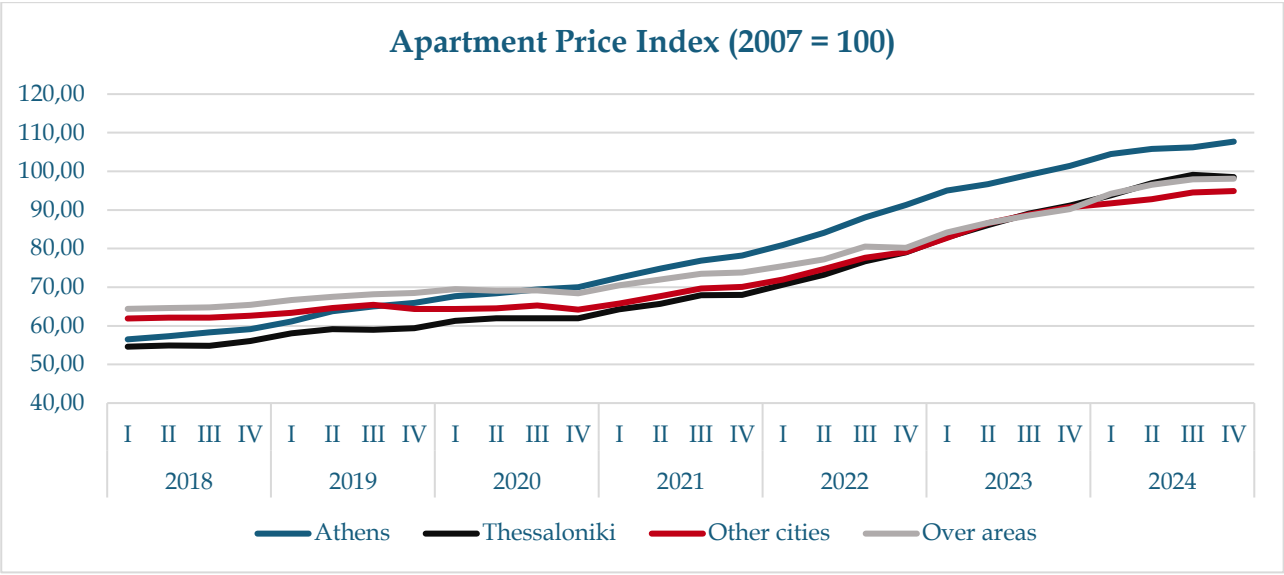
However, the market's ability to meet the demand was challenged by a combination of factors. In particular, the general geopolitical instability, combined with the increased cost of energy and materials, have a direct impact on construction activity and, consequently, on the supply of new assets to the market. Taking the above into account, real estate prices, especially residential, are expected to continue to rise in the upcoming period, given that demand from both Greek and foreign investors is not expected to decline.

Apartment price index indicates a strong annual increase in apartment prices in the country as a whole, but at a relatively slowing pace over the last seven quarters. To be more specific, during 2024, apartment prices increased by 8.7% year-on-year, compared to increases of 13.9% in 2023 and 11.9% in 2022. A higher increase is recorded in the prices of apartments up to 5 years old, with an average annual increase rate of 10.1%, compared to an increase of 7.8% in older apartments.



Source: Bank of Greece

By region, the most significant increase rates were recorded in Thessaloniki, where the increase reached 11.2%, and in the rest of the country (10.6%), while Athens and other major cities recorded milder increase rates, i.e. 8.2% and 7.1% respectively. It is worth noting that, during Q4 2024, the real estate price index for the whole country remained just 0.4% below the historical high of Q3 2008, while for new apartments the corresponding historical high was exceeded by 5.6%.



Source: Bank of Greece

Overall, the residential property market in the country is progressing positively, boosted by strong investment interest from abroad. Based on Golden Visa data, as well as on foreign direct investment data, net investment revenue for 2024 increased by 28.9%. According to ELSTAT data, in the first 11 months of 2024, construction activity in the residential real estate sector increased significantly, both in terms of number and in terms of structural volume of new residential buildings, with annual increase rates of 30.3% and 22.7% respectively.

The expectations for the residential real estate market for the first half of 2025 remain strongly positive, particularly for premium residences and serviced apartments. However, the wider geopolitical instability, the global political and economic developments, as well as high construction costs despite the relative reduction in inflation constitute factors of uncertainty.

The continuing rapid increase in residential property prices in recent years has negatively affected the affordability of housing for middle and lower income households. This phenomenon also extends to the rental market, with studies indicating that 52% of renters pay more than 30% of their monthly income on rent alone, while 42% of those with a mortgage express a similar financial pressure. Concerning households with a monthly income below €1,450, the cost of rent reaches up to 60% of monthly income. In addition, secondary costs (electricity, heating, utilities) are also considerable, with 28% of renters stating that they exceed 30% of their income.

The implementation of the “Spiti Mou II” program, while facilitating access to housing for vulnerable households, further increases the demand for older properties. In Q1 2025, the implementation of the program resulted in a significant increase in demand for mortgage loans, while in contrast, demand for consumer loans remained almost unchanged. Based on available data, this trend is expected to continue in Q2 2025.

In addition, legislative initiatives towards limiting investment demand in specific locations, through the most recent more restrictive frameworks for short-term rentals and Golden Visa, aim at freeing up housing stock for residential use. However, long-standing issues of bureaucracy in transactions and frequent changes in the legislative and tax framework continue to affect the appeal of new developments, ultimately limiting the supply of modern assets to the market.