

RED & invest

REAL ESTATE AND DEVELOPMENT

REAL ESTATE

OFFICE

SIGNS FOR A NEW ERA

RETAIL

GROWTH OPPORTUNITIES

LOGISTICS

TRENDS THAT WILL STICK AROUND

TOURISM

INNOVATIVE STRATEGIES

GRECOVERY

GREEK NPL MARKET

DO THE MATH...

COSTA NAVARINO

THE NEW SECOND HOME DESTINATION
IN THE MEDITERRANEAN

Competitive Freight Costs. The geographical position of Greek ports allows the offering of competitive sea freight cost for transported containers, while offering access to a set of growing economies in the broader region.

Transport Infrastructure. Continuing investment in road and rail infrastructure means that Greece's major ports are now directly interconnected with modern road and rail links, facilitating intermodal transport of cargo onwards to their final destination quickly and cost-effectively. Under the new European Infrastructure Policy (TEN-T) more than €26 bln will be invested in European infrastructure, including railway, road, port, airport and multimodal infrastructure projects in Greece.

WHY GREECE

World Champion Shipping Sector. Greek ship owners control the world's largest merchant fleet.

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Know-how and skilled

labor. Greek manufacturing and maritime tradition ensures the availability of skilled logistics and assembly employees for the staffing of local distribution centers.

Efficient global logistics providers. Several global 3PL providers such as Kuhne & Nagel, DHL, Schenker, Geodis, Panalpina, and Express are currently operating in Greece. Recently, a logistics network funded by the Hellenic Federation of Industries (SEV) has been created, to improve collaboration between logistics providers and the rest of the Greek economy.

completed and ongoing investments in several major motorway projects

- The opportunity for major manufacturers to use Greece as an assembly, logistics and quality assurance center for their products manufactured in Asia and sold in Europe.
- The potential for Greece to become a major logistics, distribution and assembly hub for Europe has been recognized by major investors such as Chinese COSCO, which has heavily invested in the Piraeus port.

Also, significant is the agreement between the Greek Rail company TRAINOSE, recently acquired by Ferrovie dello Stato Italiane, and HP for the exclusive transport of HP goods coming through Piraeus to the European markets. Following the same path, Huwaei established a pilot distribution center in the Port of Piraeus whereas ZTE Corp has also developed a logistics center in the Port of Piraeus. Additionally, as part of the wide range Privatization Program that is underway, the Greek government has a rich portfolio of infrastructure projects. This portfolio includes, among others: Ports as companies of limited liability, Rail Infrastructure, Athens International Airport, other regional airports.



DIKA AGAPITIDOU
BSC(ECON) MRICS DIRECTOR,
JLL - ATHENS ECONOMICS

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Indeed and more specifically the following apply:

- the industrial production index rose by 3.1% for the year to November 2018
- manufacturing production surged by 5.3% over the same period
- gross fixed capital formation has been on an upward trend over the past 4-5 years, despite some fluctuations
- about 6% of GDP actually originates from 3PL (third party logistics) activity – a percentage which rises to 9.5% when own service logistics are included
- the share 3PL users has been steadily growing and is estimated at almost 40% today, gradually replacing traditional warehousing practices
- in response to increasing demand, employment in 3PL has also been steadily growing over the past 4-5 years and currently amounts to c. 200,000
- demand for logistics space has been outstripping supply for several years now (and this is especially true for the broader Thriassio area, to the west of Athens) due to (i) unsuitability of a large proportion of existing stock (older buildings with dated specs and insufficient in size) and (ii) the poor volume of speculative development during the past decade, in the aftermath of the economic recession, which naturally led to the tight supply in modern specification space we are witnessing today

We have therefore reached, a point whereby the LRE market boasts a positive performance and there are reasons to expect a favourable outlook, namely:

- take up has been significantly rising every year in the recent past and estimates for 2018 are in excess of 200,000 sq m (up > 60% on 2017)
- rents for grade A space currently range between € 3,40 – 4,10/ sq m/ month – an improvement over the € 2,90 – 3,75/ sq m/ month of 2015
- yields have been gradually hardening over the past few years and range between 9.25 – 10% today
- institutional investor interest is significant and stemmed only by lack of suitable product for sale: the share of the sector in total investment throughout 2018 amounted to 3.4% (vs 1.6% in 2017)
- following several years of inactivity, developers are gradually getting back into action, particularly insofar as the broader Thriassio area is concerned: some 60,000 sq m were added over 2018 and the supply pipeline points to further additions of about 100,000 sq m in 2019
- growth in e-shopping, which is gradually taking off and at 40% market penetration today still has some way to go before converging with the European average of 75%

The main challenge in the short term stems from the small size of individual units: indeed, according to recent research conducted by the University of Aegean c. 62% of 3PL companies are in buildings < 10,000 sq m, the minimum international benchmark size for an adequate logistics property; this is largely a result of the restrictions and difficulties with in the planning and licensing procedure for large-scale developments.