Greece investment market report

Q4 2025

AVISON YOUNG

Investment market trends

2.1%

The Greek economy continues to grow, with a projected rate of 2.1% in 2025, exceeding the EU average (1.4%).

Greece's real estate market is on an upward trajectory, supported by macroeconomic stability, rising investor confidence, and policy measures aimed at long-term growth. Since 2018-2019, Greece has managed to move away from the debt crisis-era stagnation and has achieved credit rate upgrades. Key indicators such as GDP growth, inflation stabilization, and declining interest rates have positioned Greece as an appealing investment destination.

€2.75bn

Net FDI in Greek real estate market increased by 28.9% yoy in 2024, reaching a record high of €2.75bn.

Recent data on Foreign Direct Investment (FDI) in real estate illustrates rising investor confidence, with an increase of approximately 41% in 2024 compared to previous years. This inflow of foreign capital is directed across various sectors—most notably residential, hospitality, logistics, and industrial assets—reflecting a diversifying and maturing market.

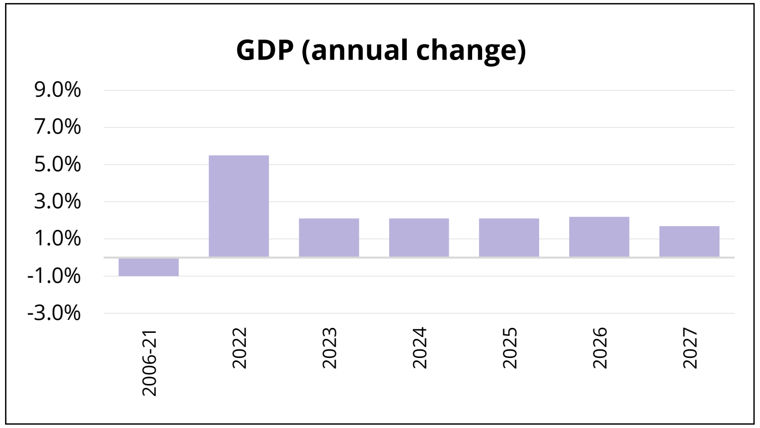
16% yoy

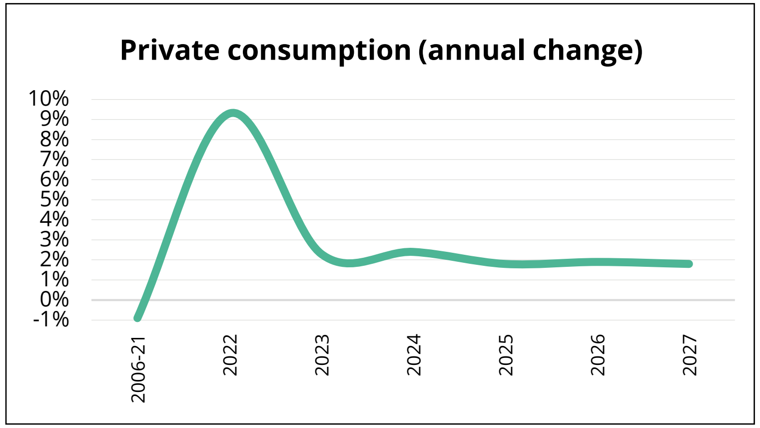
Q1-Q3 2025 yoy large-scale commercial investment volume was 16% higher than a year ago.

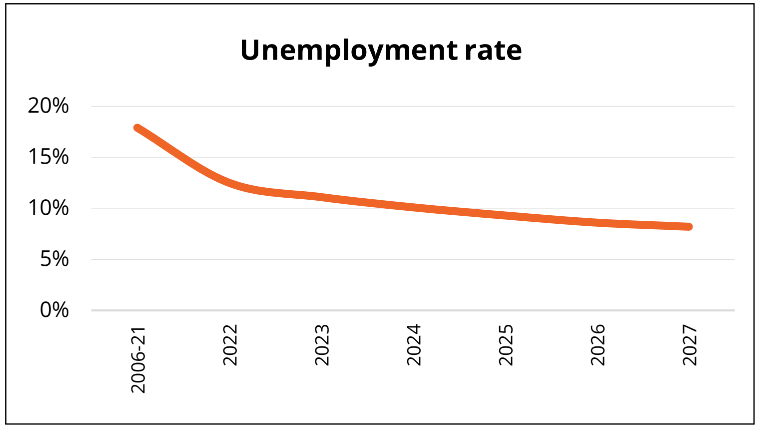
While European property markets saw a 3% YoY drop in Q3 2025 investment (RCA), commercial transaction volumes in Greece exceeded €1bn in the first three quarters of the year, with the 12-month rolling volume 2.8 times above the long-term average (10 year). This surge reflects Greece's unique position in the market cycle, driven by strong recovery, and attractive yields.

Source: Avison Young Market Intelligence, Bank of Greece, RCA

Economy







Quick snapshot

Growth stays resilient: GDP is set to expand 2.1% in 2025 and 2.2% in 2026, driven by steady consumption and strong EU-funded investment, while net exports remain a drag due to high import content.

Inflation: It is expected to decline gradually, to 2.4% by 2027, as solid demand and the projected increase in energy prices will put an upward pressure on consumer prices.

Fiscal outlook: Greece's fiscal outlook remains favourable. Strong nominal GDP growth and budget surpluses are set to keep the debt-to-GDP ratio on a downward trend, moving below 140% by 2027.

Factors driving growth

EU-funded investment: Recovery and Resilience Plan spending remains strong through 2025–2026, supporting construction, infrastructure, and capex.

Resilient consumption: Steady income gains, rising real wages, minimum wage hikes, and lower social contributions keep demand firm.

Tight but improving labor market: Unemployment down to levels not seek in more than a decade at 8.2% (Oct 2025) and employment still expanding, underpinning household spending.

Source: European Commission – Autumn 2025 Forecast

Factors inhibiting growth

Net exports drag: High import content of investment and robust import demand outweigh slower export growth.

Labor supply constraints: Skills gaps and low participation—especially among women—limit how fast employment and output can expand. Demographic challenges further restrain the labour force.

External risks to tourism/exports: Heightened geopolitical/trade uncertainty and a softer global outlook could curb services exports, notably tourism.

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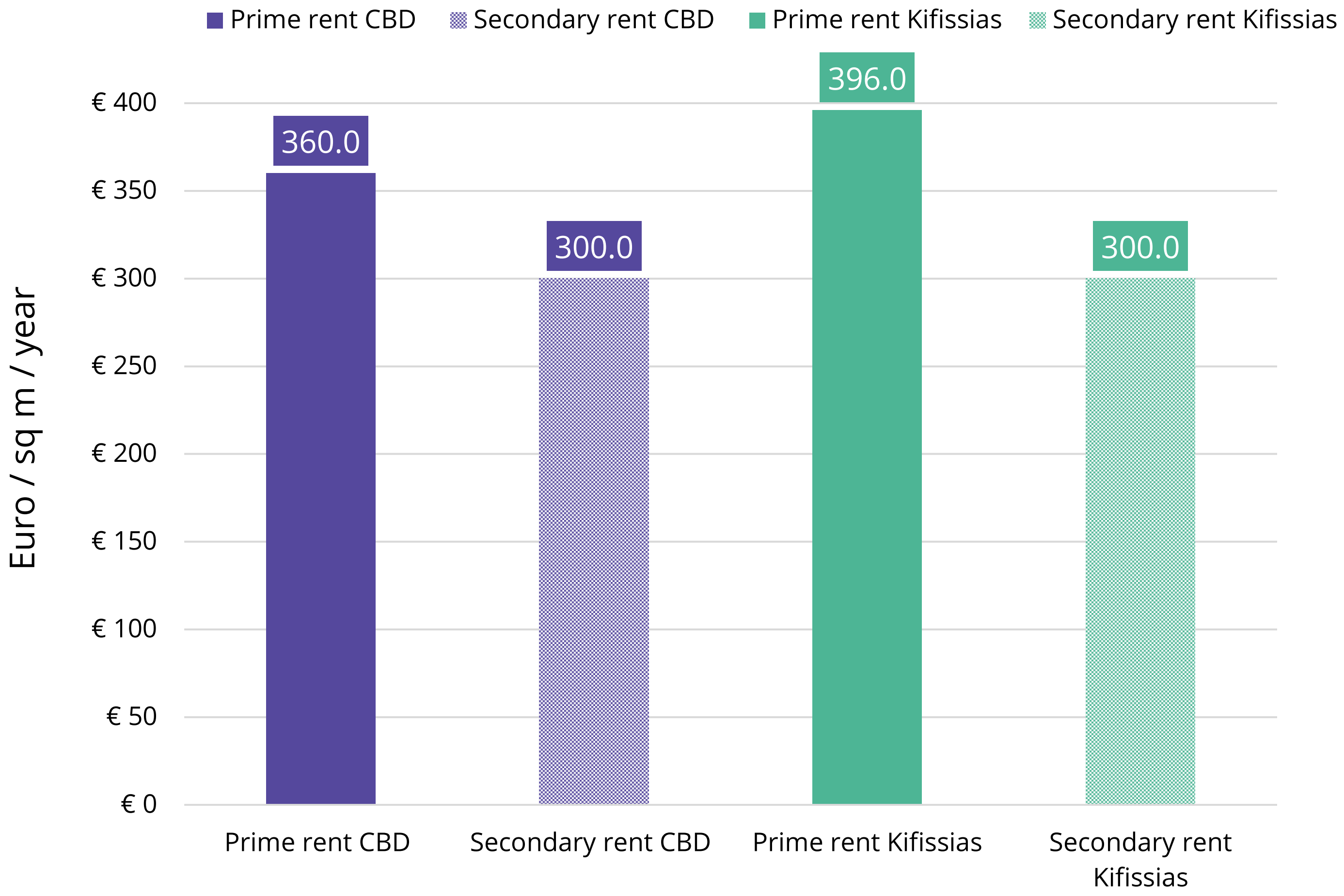
Office market

Demand for modern office space drives rents

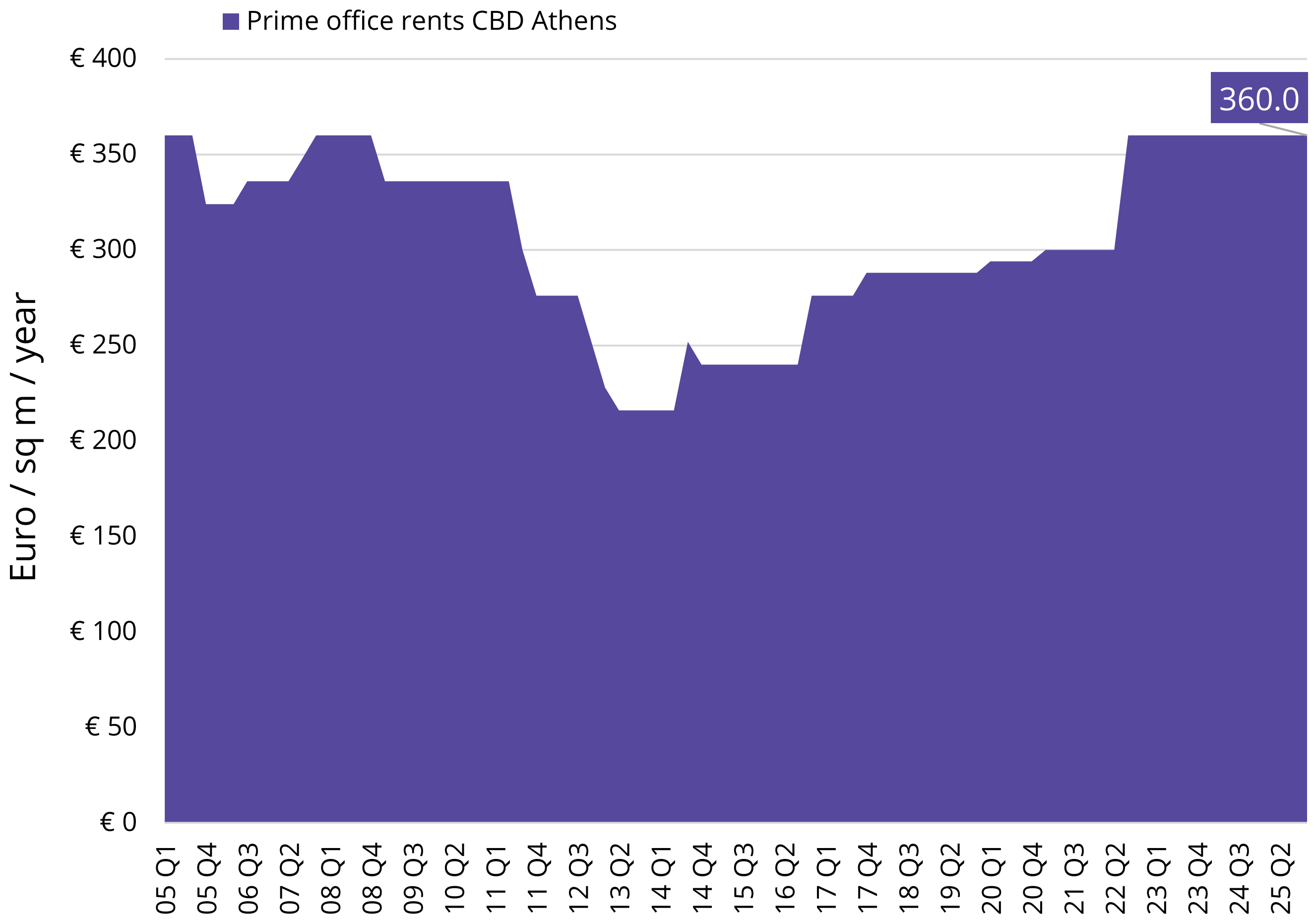


Source: Avison Young

Current Market Overview

- **Demand & Rents**: Occupier preference for modern premises has shifted demand away from the city centre's outdated stock. CBD **prime rents** trade at a 9% discount to Kifisias Avenue, versus a historical 50% premium. Corporate clustering in the northern suburbs has underpinned rental growth.
- **Supply:** Limited supply of modern office stock in Athens and Thessaloniki has narrowed the gap between prime and secondary rents to 24% (vs. 10-year average of 32%).
- **Yields**: Prime office buildings, especially ESG-compliant ones, demonstrate strong resilience in terms of pricing with **prime yields** at 6.25%, still 50bps above pre-Covid peaks due to higher financing costs.

Prime office rents have exceeded their past peak

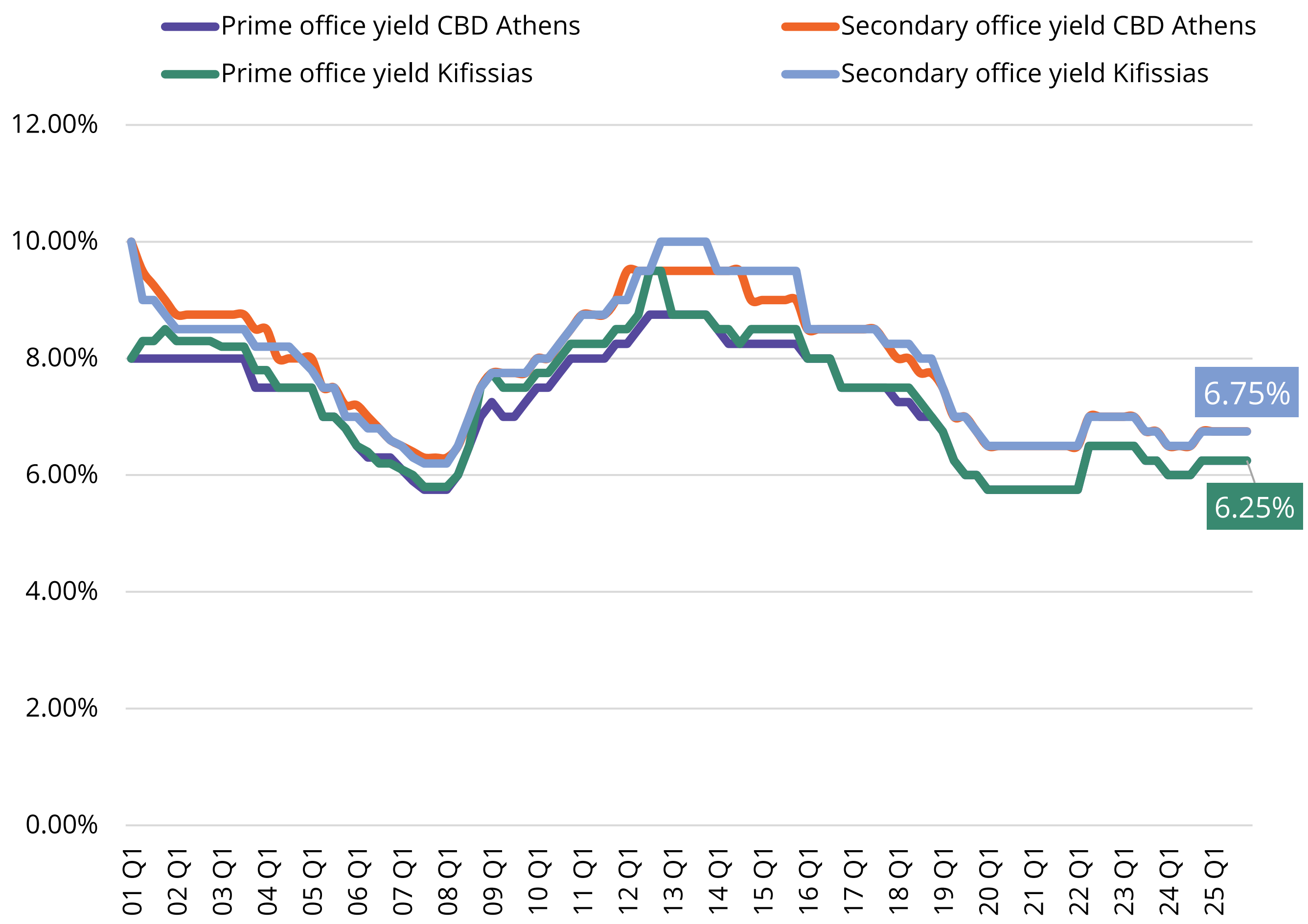


Source: Avison Young

Drivers of growth

- **Economic Growth**: Economic growth is fuelling demand for flexible, ESG-compliant workspaces that meet the needs of the digital economy.
- **Strong Corporate Demand**: There is a significant demand for high-quality, modern office premises in well-connected locations, particularly near Metro lines.
- **Talent Competition**: Companies are modernizing their facilities and seeking premium office spaces to attract and retain top talent.
- **Value-Add Strategies**: Investors are focusing on upgrades and repositioning efforts to provide much-needed Grade-A space and capture high prime rents.

Prime office yields are stabilising



Source: Avison Young

Market challenges

- **Growing Demand for larger accommodation**: Increased demand for spaces over 2,500 - 5,000 sq m is met with limited availability in both prime and secondary locations.
- **Supply-Demand Imbalances**: A chronic shortage of development land and rising construction costs are exacerbating supply-demand imbalances in the market.
- **Affordability**: High asking prices are making it difficult for SMEs to find value-for-money office space.

2026 Outlook Offices

Demand: Technology, education and business services sectors are expected to lead occupier demand.

Supply: Limited availability of quality office space over 1,000 sq m will continue to support the redevelopment of dated buildings and a small number of greenfield projects.

Rents: Prime rents are expected to remain broadly stable as tenant affordability comes under pressure.

Investment demand: Activity to be led by private wealth and listed property companies.

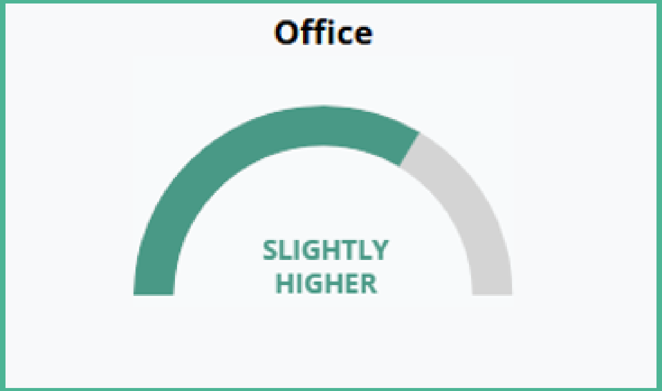
Yields: Prime yields anticipated in the region of 6.25% for standalone assets with strong covenants and long lease terms.

€ 33 / sq m

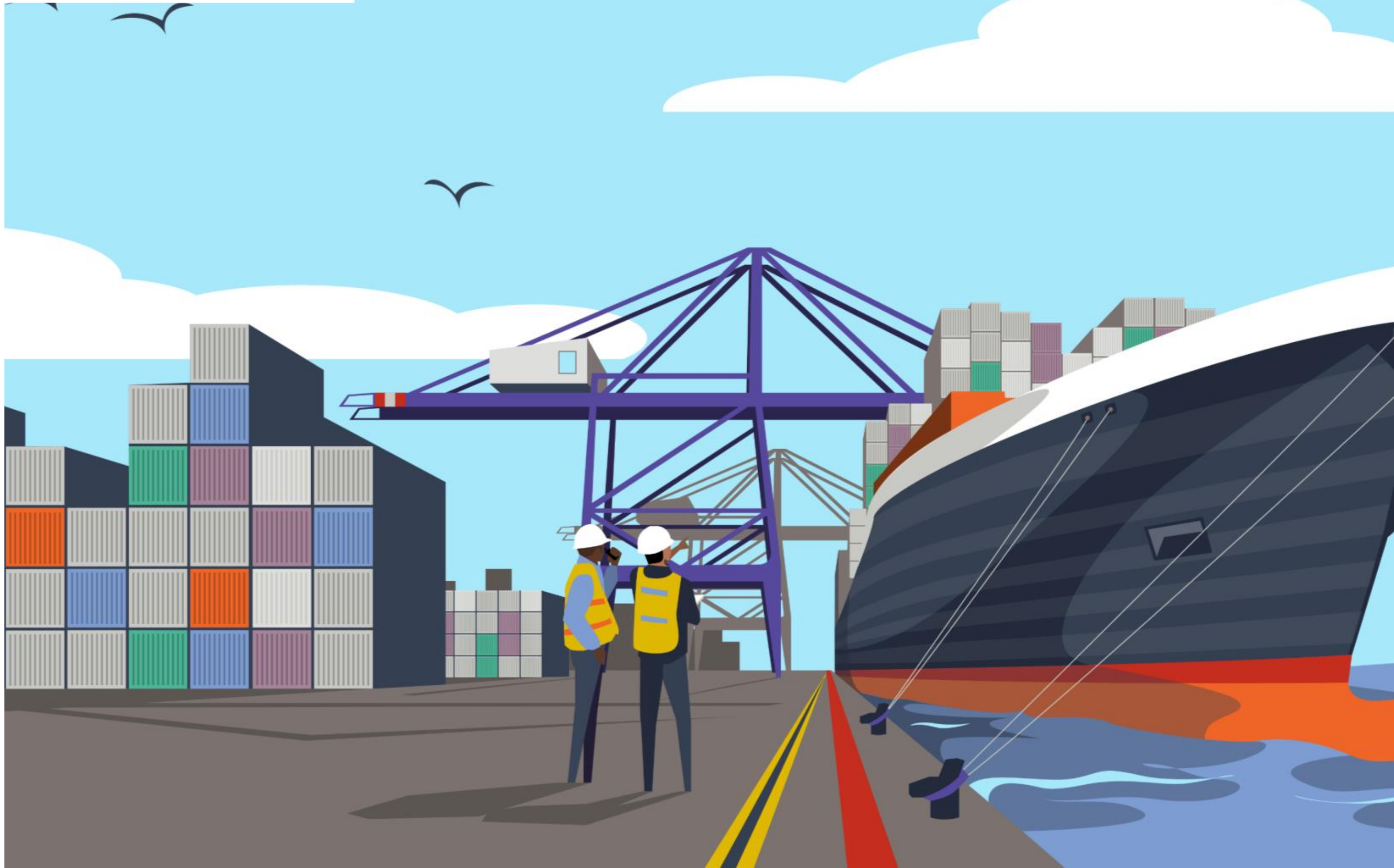
Prime monthly office rent (Kifissias Avenue)

6.25%

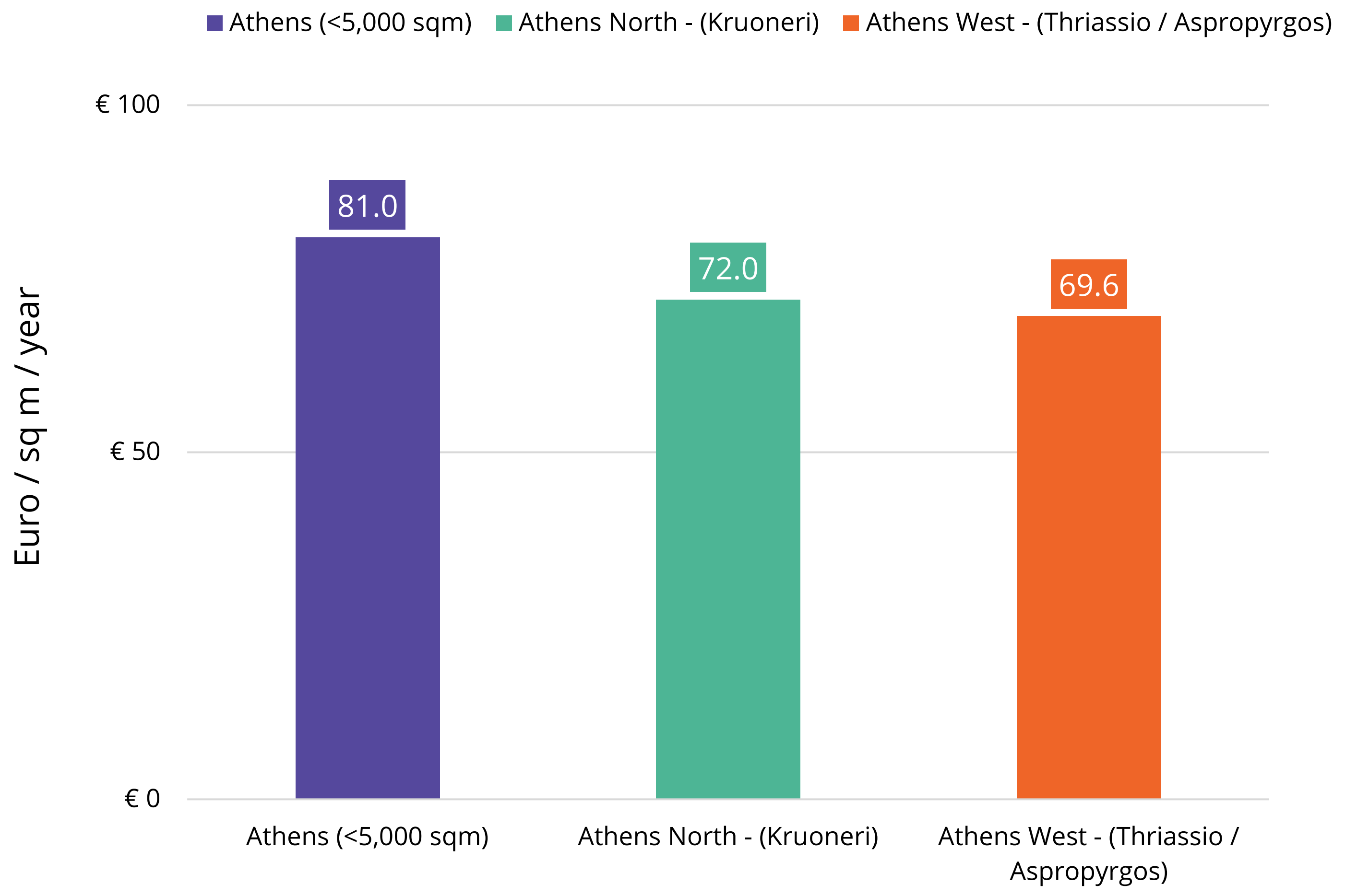
Prime office yield (Kifissias Avenue)



Logistics market



Prime warehousing rents are driven by demand for modern accommodation

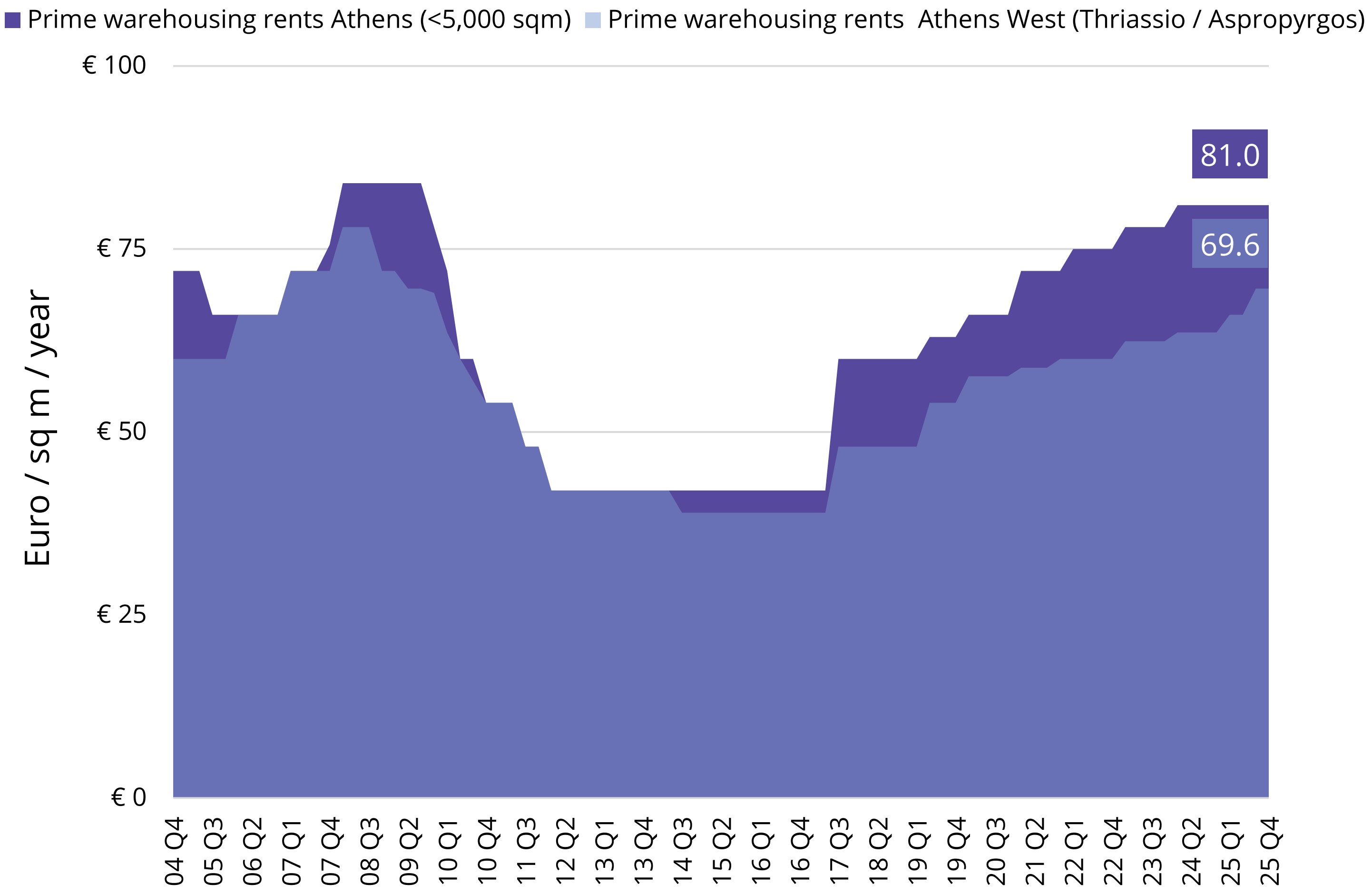


Source: Avison Young

Current Market Overview

- **Logistics hub**: Greece is solidifying its role as a regional hub of international trade in SE Europe as reflected in its improved ranking to 19th place in the World Bank's Global Logistics Performance Index (LPI).
- **Demand**: Strong occupier demand for modern, well-located facilities is being driven by 3PL providers and major retailers. Enquiries for last-mile logistics space are also rising as consumer habits increasingly favour online shopping.
- **Rents:** Prime logistics rents continue to edge higher, rising by 5.5% YoY in Athens West (Thriassio / Aspropyrgos) and 9.1% YoY in Athens North (Kryoneri) in 2025. Average prime warehousing rents in Attica increased by about 19% over the past five years.

Prime warehousing rents have increased by 19% over the past five years



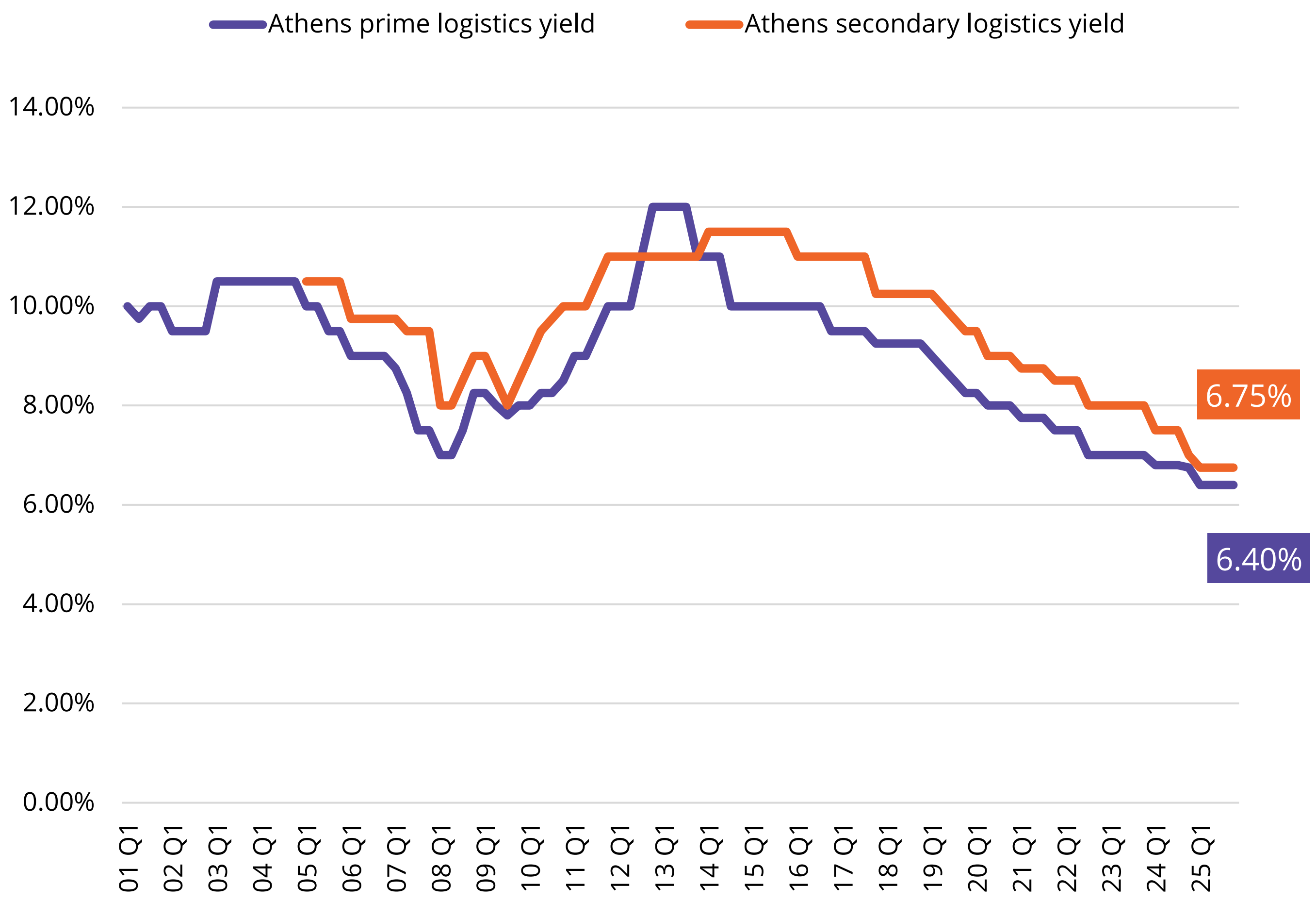
Source: Avison Young

Drivers of growth

- **Demand for warehouses**: The need for last-mile distribution warehouses and dark stores is rising, driven by e-commerce growth of 8.2% YoY in 2024, with similar projections through 2029.
- **Development of turn-key projects**: Demand for modern facilities with ESG credentials, combined with low supply, are expected to sustain development of turn-key facilities.
- **Infrastructure Upgrades**: EU-backed and private investments in upgrading ports, rail, and road infrastructure are set to shorten transit times, reinforcing Greece's position as a regional logistics gateway.

Source: https://ecommercenews.eu/, https://www.trade.gov/

Prime warehousing yields are at record low levels



Source: Avison Young

Market challenges

- **Need to improve competitiveness**: In a highly competitive international trade market, there is a pressing need for digitization and modernization of infrastructure to reduce operating costs and attract investments in the logistics sector.
- **Shortage of development land:** There is a scarcity of large, Grade A warehouses, along with limited and expensive prime land, which, combined with elevated construction costs, puts pressure on returns.
- **Rising prices**: Prime achievable industrial yields have declined to 6.4%, with some exceptional transactions occurring at even lower levels.

2026 Outlook Logistics

Demand: E-commerce, pharmaceuticals and FMCG will continue to drive demand for logistics, last-mile and temperature-controlled space.

Supply: Development activity is expected to focus on turnkey projects, while demand for urban logistics may stimulate the upgrade of older manufacturing facilities within urban or former industrial areas.

Rents: Prime rents are expected to remain broadly stable, having already reached average CEE levels.

Investment demand: Newly developed assets with strong tenants will continue to attract investor interest, with prime yields likely to stabilise given limited rental growth prospects.

Yields: Prime logistics yields are anticipated to remain stable at around 6.4%.

€ 5.8 / sq m

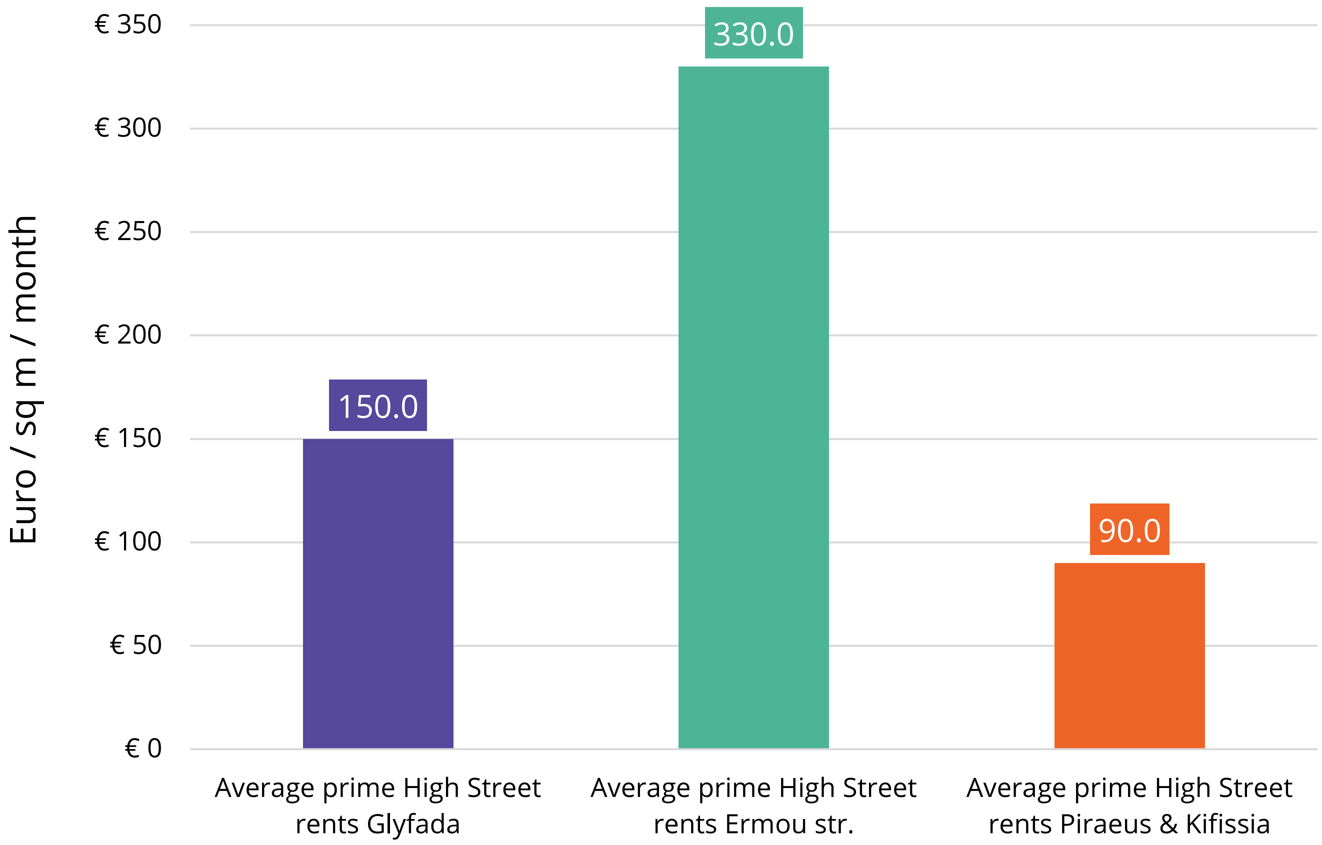
Prime monthly logistics rent (Athens West)

6.4%

Prime logistics yield (Athens West)

Retail market

Retail rents can vary significantly depending on location and size of unit

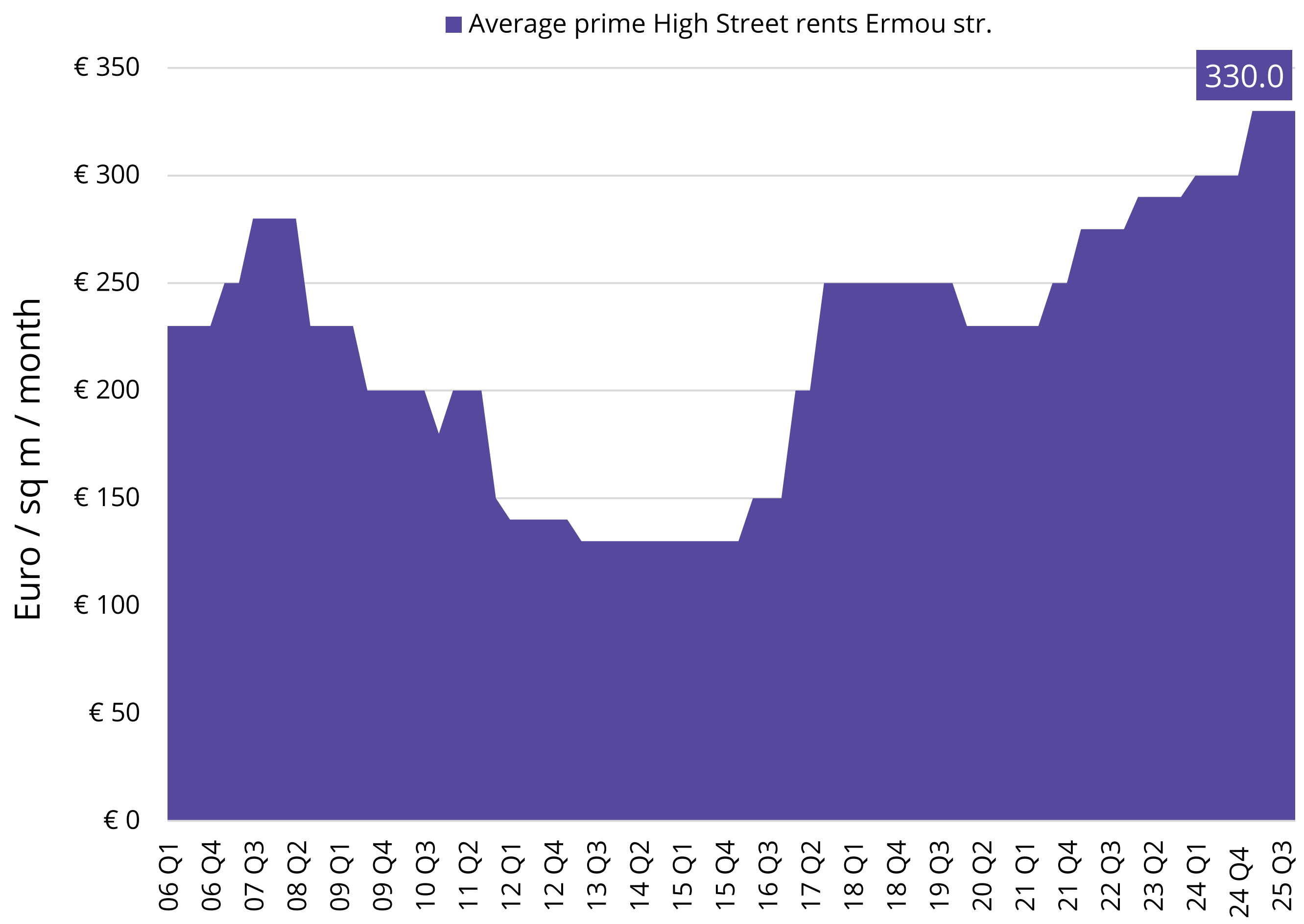


Source: Avison Young

Current Market Overview

- **Consumer Spending**: Greece's consumer spending reflects a dynamic economy with increasing activity. Despite households facing rising costs, retail trade grew by 2.5% YoY in Q2 2025 (ELSTAT).
- **Retailer demand:** It is concentrated on prime high-footfall locations, benefiting from strong tourist flows and catchment areas with favourable demographic profiles.
- The most dynamic growth is observed in athleisure, cosmetics, accessories and value fashion, which continue to drive new store openings.
- **Yields:** Prime yields (retail warehouses) have moved in by 25 bps in 2025 driven by investor competition for convenience retail assets (supermarkets), which are in short supply.

Prime retail rents have increased due to competition for the best locations



Source: Avison Young

Drivers of growth

- **Stronger tourist flows**: The ongoing growth of tourism is a key driver of demand, with retailers actively targeting Athens, Thessaloniki and major tourist destinations such as Rhodes, Corfu and Crete; this also intensifies competition among luxury brands for the prime luxury high street of Athens (Voukourestiou str.).
- **Young consumer habits**: Changing preferences of young consumers are fueling the expansion of new concepts in fashion, athleisure and cosmetics, supporting network growth.
- **Value segment**: Rising living costs are making consumers more price-sensitive, driving the expansion of value-oriented retailers aiming to build extensive networks across Greece, including smaller cities and secondary retail markets.

Prime retail yields for large concepts have converged

Source: Avison Young

Market challenges

- **Pressure on household budgets:** Rising living costs are constraining disposable incomes and limiting the pace of consumer spending growth, pushing households to focus on essential products, making retail sales more volatile and uneven across segments.
- **High rents:** Strong competition for the best locations has pushed prime retail rents higher, squeezing retailer margins.
- **Short supply**: Limited availability of large units in urban areas restricts options for retailers seeking flagship-scale stores.
- **Polarisation:** The expansion of larger chains is widening the gap between prime and secondary locations, contributing to higher vacancies in secondary pitches and intensifying competitive pressure on smaller independent retailers.

2026 Outlook
Retail

Demand: Value retailers are expected to dominate demand for new space in locations with high footfall. Supermarket consolidation will drive network rationalisation, alongside new openings of small convenience formats in urban areas.

Supply & rents: Expansion in the convenience segment is supporting the development of small regional retail parks, but the overall supply of modern retail space remains below the European average, due to shortage of development land. Vacancy will stay higher in secondary locations, while prime rents are expected to remain broadly stable, with occasional exceptional deals in super-prime spots.

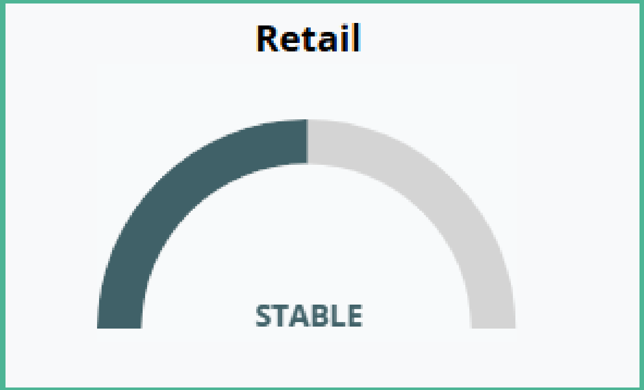
Investment & yields: Investor appetite will focus on supermarket-let assets with long leases, offering secure and stable income. Prime achievable retail yields are expected to remain stable.

€ 150 - 330 / sq m

Average prime monthly High Street rents

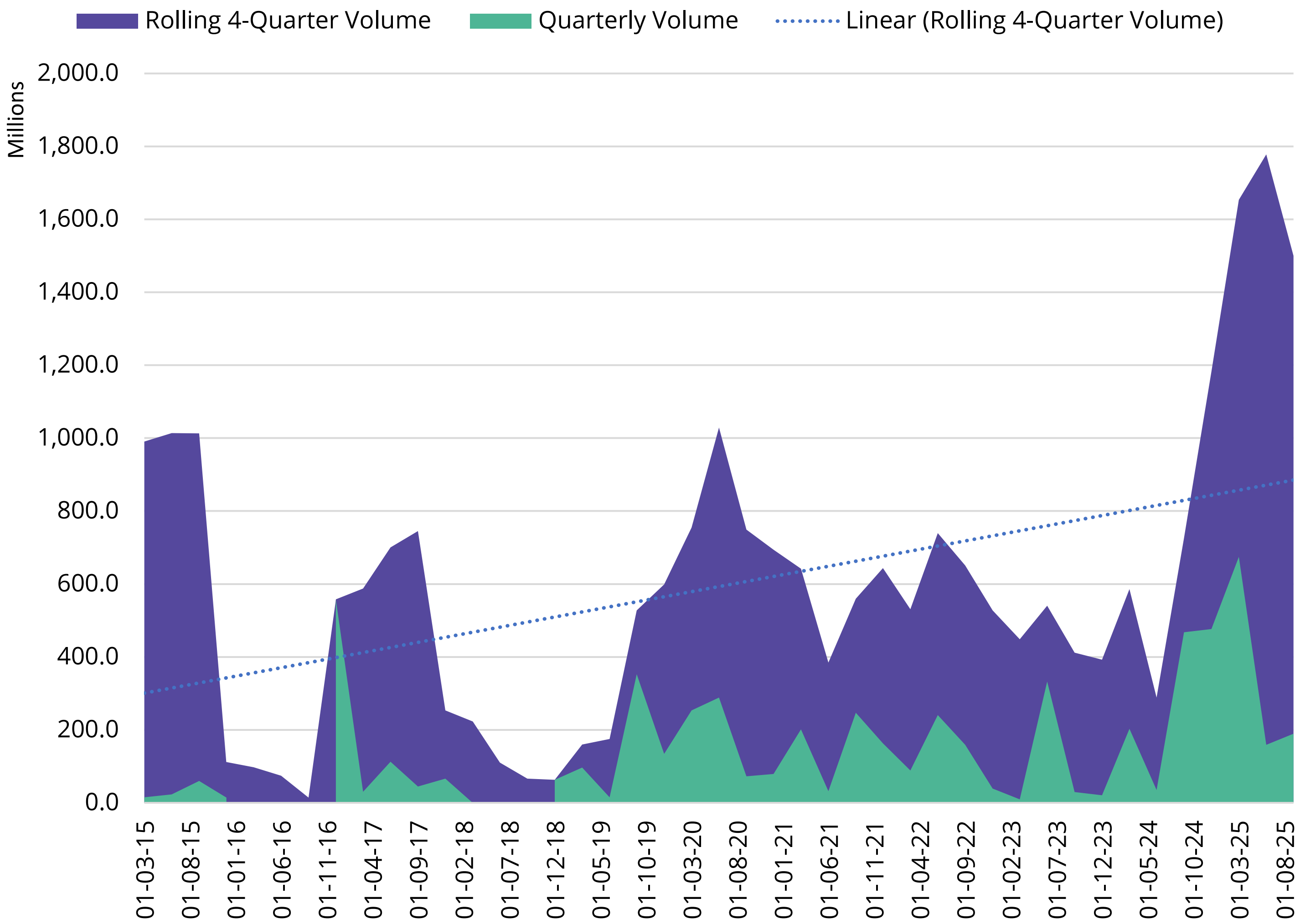
6.75%

Prime retail yield (Shopping centres and Retail Parks)



Investment trends

Investment volumes are rising



Source: RCA

Sales volume

- Investment activity in the Greek commercial real estate market continues to show a **positive trajectory**, with expectations for another record-breaking year. According to RCA (MSCI) As of Q1-Q3, volumes have already increased by 16% year-over-year, nearing €1.1 billion.
- Two mega deals registered in Q4 2025, regarding the sale of portfolios of assets, is going to push the total volume of the year over €2.0 billion.

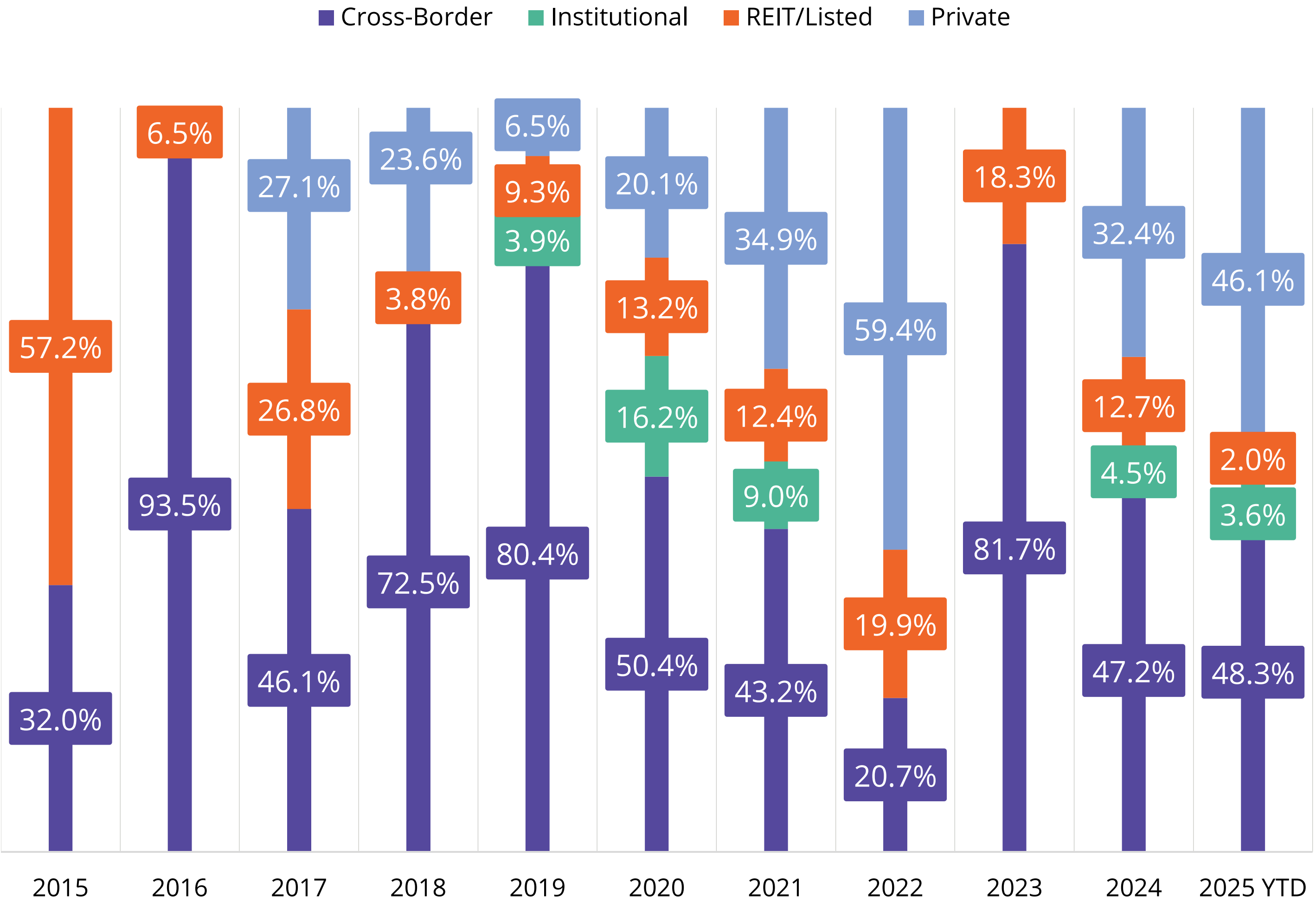
Majority of activity in the regions, driven by hospitality sector

Source: Avison Young, RCA

Investment by region

- Steady economic recovery, improving credit ratings, rising investment in energy and infrastructure are among the factors that have boosted **investor confidence.**
- Activity is primarily concentrated in **Athens (67% of the total)**, which accounts for the largest share of economic output and offers institutional quality product.
- Meanwhile, over one third **of investments were directed towards the hospitality sector** in Athens and regional markets, largely driven by the robust rebound in tourism.

Cross border investors and private capital are dominating the activity

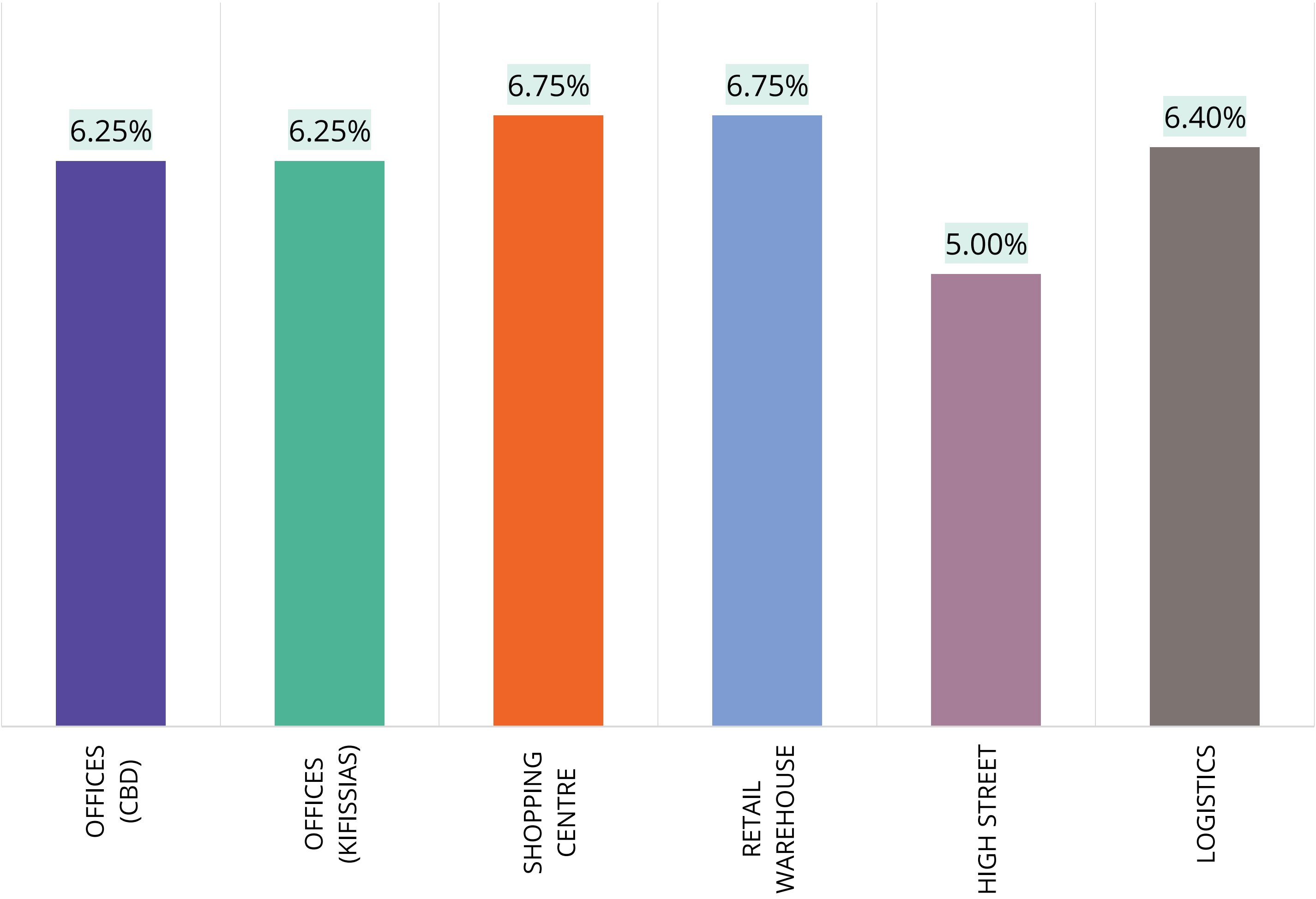


Source: RCA

Buyer composition

- **Cross-border investors** have captured almost half of the investment activity this year (Q1-Q3 25), focusing on the hospitality sector. These investors are crucial for enhancing market liquidity and contributing to long-term growth.
- **Listed Real Estate Investment Companies** have significantly shaped the commercial real estate landscape in Greece, supporting market growth and stability. Recent trends show REITs becoming net sellers of assets due to strategic adjustments.
- **Private investors** account for a record high 46% of activity and are targeting income-generating assets, attracted by strong returns and steady cash flow opportunities.

Prime achievable yields per sector



Source: Avison Young

Investment by sector

- Greek listed real estate companies remain heavily weighted towards **offices**, which have historically dominated the commercial property market.
- The strong growth of tourism has driven a strategic shift into **hospitality**, attracting both domestic and international capital.
- A shortage of professionally managed rental living products is drawing investment into **residential** developments, although high land and construction costs challenge target returns.
- The **logistics** sector is gaining share in institutional portfolios on the back of robust fundamentals, with limited product availability leading to pre-sale agreements for turn-key developments.
- In **retail**, investor interest is concentrated on convenience formats and supermarket-anchored schemes, which are perceived as resilient and income-secure.

2026 Outlook Investment

Investment activity: It will be primarily driven by Greek REITs, which are diversifying their portfolio allocations towards hospitality, living and logistics sectors. Big international investors are monitoring the market for assets with long leases and attractive returns (min 7.0% yield).

Supply: Access to prime properties occurs mainly through the acquisition of developments or refurbished products. While there will be more opportunities for value-add investments, the gap between buyer and seller pricing expectations may extend negotiation periods or postpone transactions.

Yields: Prime yields for high-quality properties are expected to remain stable, as prospects for further rental growth are limited. Domestic investors are likely to continue outpricing international players, who generally apply a higher risk premium.

6.25%

Prime office yield
(Kifissias Avenue)

6.40%

Prime logistics yield
(Athens West)

For more market insights and information visit **avisonyoung.com**

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