



SPOTLIGHT

Savills Greece Research

Greek Hospitality Market

KENTRIKI



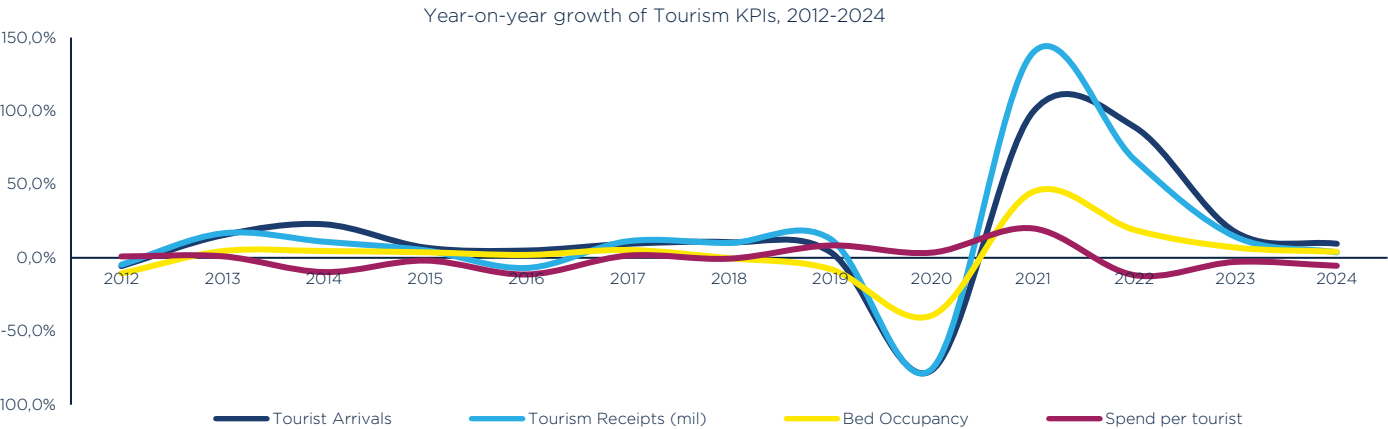
Overview

Tourism continues to be a powerhouse of the Greek economy, with continued growth and a direct contribution to the country’s positive economic development. According to information from the Bank of Greece and the Greek Statistical Authority, the sector’s contribution to the country’s GDP in 2023 rose to 13%, at 28.5 bn €, surpassing the previous peak of 2019 (12.6% at 23 bn €), and signifying a complete recovery post-pandemic.

Taking 2012 as the base year of the current growth cycle of the tourism industry, and until early 2020, tourist arrivals and receipts were on a continuous increasing track, reaching historical heights every year. The severe hit of the COVID-19 pandemic in 2020 came after a record high year in terms of arrivals and revenues in 2019, but the sector was able to bounce back quicker than expected, with 2022 reaching almost pre-pandemic levels in all KPIs and 2023 continuing at an accelerated growing pace, especially assisted by increased demand during the shoulder seasons.

Focusing on the post-pandemic period, 2022 was the first normalized year, with arrivals at c. 28 million visitors (i.e. 2017 levels), but tourism revenues significantly increased at almost 2019 levels, thus putting the average spend at an advantage compared to 2019 (+10%), suggesting higher levels

of high-end tourists who were less affected by the global economic effects of the pandemic. The year-on-year growth of all metrics in 2023, led to record heights in absolute terms of arrivals (32.7mil visitors at +17.6% y-o-y) and receipts (19.7mil at 14.4% y-o-y). This resulted to a decreased spend per capita, on par with international stabilization trends. As regards hotel occupancy and despite the rather stable total number of available hotel beds during the last 5 years, there is an observable positive upward curve which has completely mitigated the dip of 2019 and the pandemic period. Based on preliminary data of 2024, further increase is forecasted for arrivals, revenues and occupancy rates, with spending per capita again dipping slightly and indicating a return of the mid-market tourists.



Source: SETE, ELSTAT

Arrivals

Tourist arrivals had been on a steep upward curve since 2012, with the total number of incoming tourists surpassing for the first time 30 million visitors in 2018, and growing by a further 4% in 2019 at 31.3 million tourists. Arrivals during 2020 which was affected in its majority by the Covid-19 pandemic, dropped by a staggering 76% at 7.4 million, even though the first two months of the year (Jan-Feb) incoming tourists were 22% more than during the respective period of 2019. During 2021, arrivals returned to about 50% of 2019 (14.7mil) recording an annual growth of almost 100%, which can be attributed to the country’s tourism industry re-opening in mid-May. A further 89% increase was recorded in 2022, with arrivals just shy of the 30mil mark (27.8mil). Announced data for tourist arrivals in 2023 recorded

a new all-time high absolute number of incoming tourists in the country that surpassed 32.5 mil international arrivals. While 54% of arrivals occurred in the 3-month period of July to September, it appears that off-peak months are also attracting significant demand and increasing their contribution to the annual tourist traffic.

While formal data for 2024 have not yet been announced, high traffic from international tourists was reported in Greek airports in the first 9-months of the year, indicating a rather promising year for the tourism industry of the country that could even surpass the threshold of 35 mil.



Source: SETE, ELSTAT

Tourist Expenditure

Until 2019, the total expenditure of incoming tourists was following a rather steady upwards curve, despite dips in 2012 and 2016, with a total growth of almost 84%, from €9.6 bn in 2010 to €17.7 bn in 2019. This overall growth has been beneficial for the Greek economy, highlighting tourism as a key industry. On the other hand, the average spend per trip, regarding only foreign tourists, had been on the decline between 2013 (€653 per capita) and 2019 (€564 per capita) at -12%. The latter however possibly indicates a divergence of the incoming tourism from the luxury tourism model that Greece has attempted, and for some locations has succeeded, to promote internationally. In 2020 and 2021, despite fewer tourists, the average spend per trip increased, likely due to higher-spending tourists booking last-minute trips.

Post-pandemic, tourist expenditure and average spend per capita remained in high levels, similar to the performance of the industry before Covid-19 struck. Specifically, total expenditure in 2022 returned to almost 2019 levels, while average spend remained in high levels. In 2023, a new record was achieved in tourists' total expenditure and at the same time the average spend per trip remained relatively as high as in 2022 (€603 per trip).



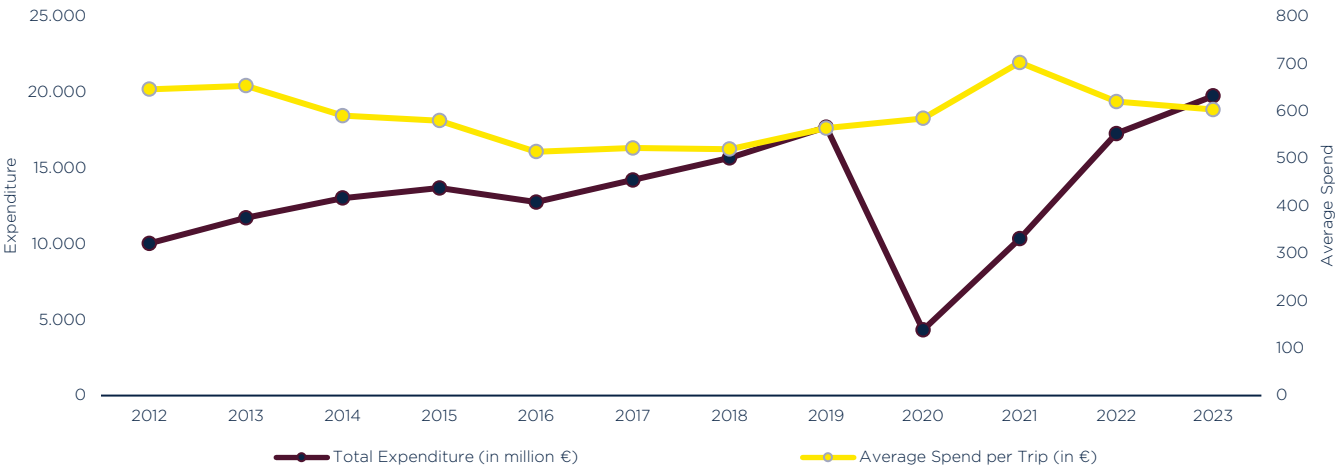
Key Source Markets

Europe has traditionally been the main source market for Greek tourism (approximately 75%-85% consistently through recent years), while the next most important pool comprises tourists from American and Asian countries. In 2023 the majority of incoming tourists were from the United Kingdom (approximately 22%). French and Italian tourists also constitute an important share of total tourist arrivals to Greece (approximately 9% each), while a large share of tourists come from neighbouring countries.

Pre-pandemic, Greece's inbound tourism was showing a changing nationality demographic with rising numbers of tourists of non-European origin. North American markets, along with Australia, saw a large increase in the number of tourist arrivals in Greece between 2010 and 2019, while the largest growth came from neighbouring Albania and Romania. Comparing the pre- and post pandemic data (2019 vs 2023) some negative patterns were recorded, possibly due to long distances (e.g. Australia) or geopolitical issues (i.e. European sanctions imposed to Russia in 2022 due to the latter's invasion in Ukraine). Even so, the majority of the top countries noted slight increases of their incoming numbers, and in a few cases very large growth up to c. 38% (e.g. Netherlands).



Tourists' Expenditure, 2012-2023



Source: SETE

Growth of arrivals per country of origin, 2010-2019 vs 2019-2023



Source: SETE

Spend Per Tourist



The average daily spend per tourist for the whole country in 2023 was calculated at €86.6, a significant increase, even compared to the pre-pandemic peak of 2019 (€76.1).

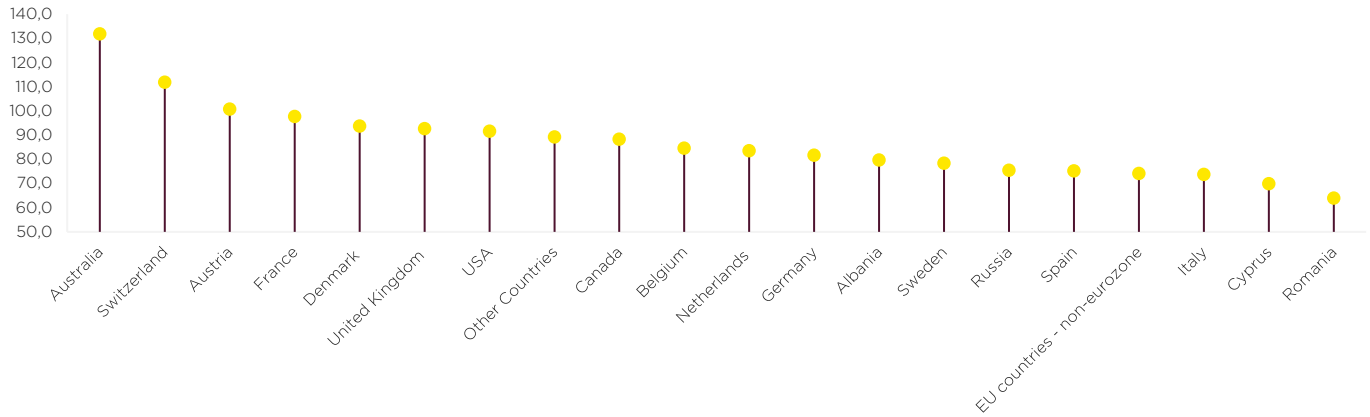
In 2023 Australians, Swiss, Austrians and French spent the largest amount per day during their vacations in Greece (c. €98-€130) followed by visitors from Denmark and Austria who spent €94 - €98 per day per visitor. Cypriot, Romanian and Spanish tourists spent the least, with an average daily spend of €74 or less.

Not taking into account the year 2020 due to the severe effect of the pandemic, there has been significant growth in the average daily spend over the last 10 years, with the overall average for Greece increasing a total of 22%. Czech, Dutch,

Cypriot and Danish visitors have significantly increased their daily spend since 2012 (growth of >35%). On the other hand, tourists from Spain and Russia have greatly reduced their daily spend (-19% and -24% respectively).

On a regional level, the average daily spend is also rather diverse between the various regions of the country. The highest daily spend in 2023 was recorded in Crete with c. €113.5 per day, followed by South Aegean and Attica, at €105.5 and c. €85.4 respectively. The whole Region of Macedonia (East, West & Central) and Thrace, on the contrary, along with Thessaly are found at the bottom, with c. €62.0 per tourist per day or less. Large differences are noted in many regions between 2016 and 2023, with the most significant being observed in Crete, North and South Aegean (+45%, +37% and +35% respectively).

Average Daily Spend (in €) per Country of Origin, 2023



Source: SETE

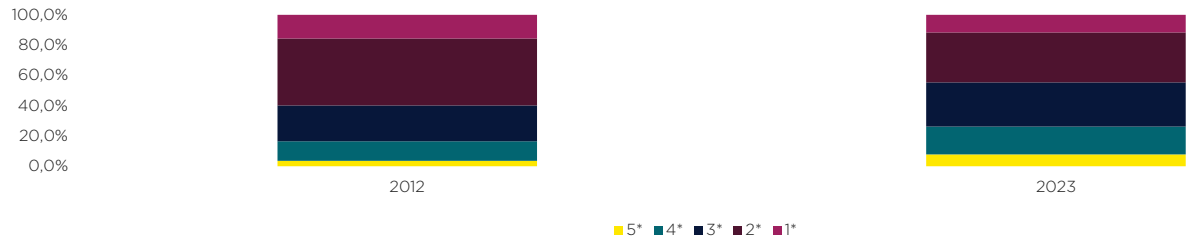
Hotel Supply & Performance

In Greece and for the year 2023, almost 8% of total hotel supply refers to 5* hotels and 18.4% to 4* units. In contrast, in reference to available rooms, these correspond to 23.8% and 29% of the total bed offer respectively, which indicates the significantly larger size (in number of rooms) of higher-category hotels, with 133 rooms per unit for 5* hotels and 70 rooms for 4*, compared to an overall average of 44 rooms per unit.

During recent years Greece has followed the international trends of tourists requiring higher-quality accommodations, thus continually developing more hotels at the top-end of

the market (4* and 5*). This trend is apparent in most regions of the country where there is a continuous increase in the number of luxurious hotels. Since 2012, 5* units have actually doubled in number (+131% growth) and 4* units have increased by 48%, while 2* and 1* hotels have decreased by 22%. More specifically, almost 450 new 5* hotels have opened over the past 10 years, along with more than 600 new 4* hotels, with both categories adding c. 79,000 available rooms to the country total. However, the total supply of hotel rooms in Greece increased by only ~45,350, since approximately 41,000 rooms in the 1* and 2* categories discontinued their operation.

Hotel Units breakdown per specification, 2012 vs 2023



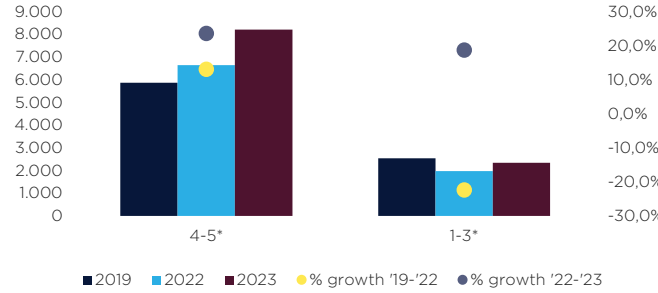
Source: ELSTAT, ITEP

According to the Greek Institute for Tourism, 2023 saw a good bounce-back in terms of hotel performance and turnover post the 2020-2021 period. In total, Greek hotel turnover recorded a 2.4% increase from 2019 to 2022 and a further +22.5% from 2022 to 2023, due to the good performance of hotels with seasonal operation. The significant decrease in turnover for hotels in continuous operation (-21%) in 2019-2022 period can be attributed to the low rates they offer in the high-season due to the demand being reoriented to mostly resort destinations as well as the remaining effects of the pandemic.

However, an increase was recorded the following year (2023), leading back to 2019 levels.

As expected, the turnover of upper category hotels in 2019-2022 period contributed most heavily to the total, and also presented a significant growth compared to lower categories (+13% vs -22%). The positive growth of the turnover of the upper category hotels remained and reached +23.5% in 2023 compared to 2022, followed by an impressive c. 20% growth in lower categories.

Annual Hotel Turnover by category (mil€)

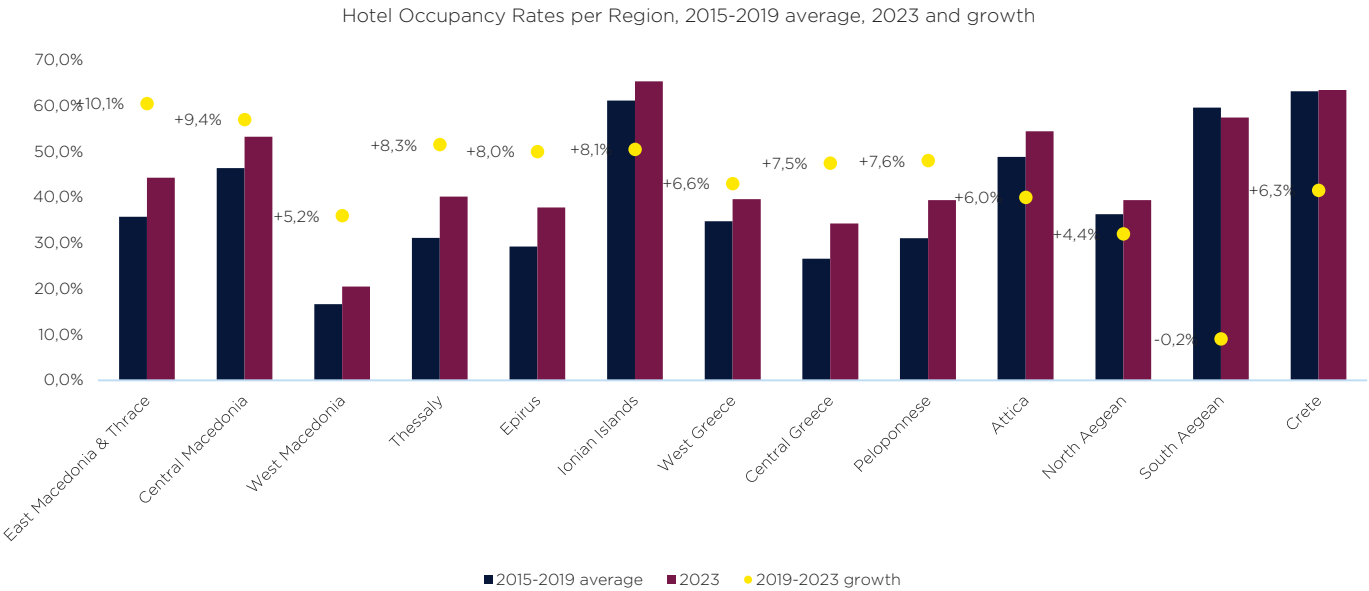


Source: ITEP

Occupancy Rates

In the decade leading up to 2019, the country average annual hotel occupancy rate ranged around the 50% mark, led almost exclusively by good occupancy performance during the summer (June to September). While the market seemed to grow steadily until 2018, 2019 saw a significant drop, inconsistent with the respective growth in arrivals and receipts; which could be explained by the stunning increase in Airbnb properties and other competitive accommodation options. Post-pandemic, recovery begun in August of 2021 with a strong winter season, which continued into 2022 recording 2019 levels. In 2023, we saw positive growth on monthly and annual bases, compared both to 2022 but also to pre-pandemic levels.

On a regional level there is significant variability, with Crete and the two island groups, i.e. South Aegean and Ionian Islands, having a noticeable lead in occupancy rates compared to all the other regions that more or less range between 20% and 45% consistently in the last decade. Exceptions are Attica and Central Macedonia, where the two main Greek cities are located and occupancy rates averaged at 55% in 2023. For most regions, 2023 was a 10-year peak in terms of hotel occupancy, with only South Aegean and Crete not managing to go above pre-pandemic levels, even though they still recorded y-o-y growth.



Source: ELSTAT

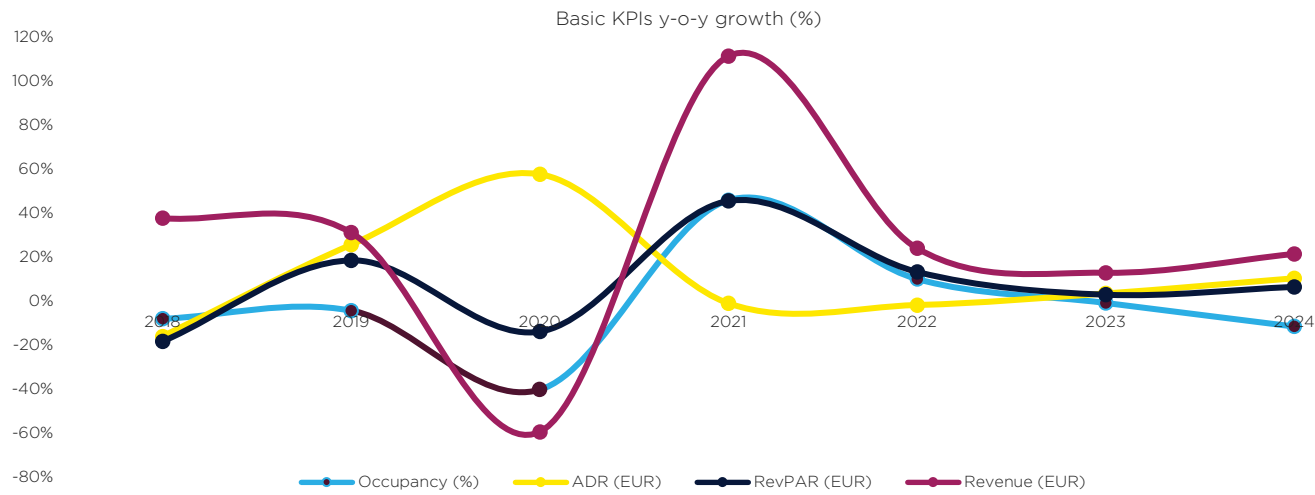
Luxury & Ultra-Luxury Segment

The luxury and ultra-luxury segments of the Greek hotel market have achieved great growth in the last 10 years, with increasing spread of this type of offering in the non-core locations of Greek tourism, such as the Peloponnese or islands without airports (e.g. Kea). This fact was heavily influenced by the land availability of some locations, prime to develop large-scale resorts with integrated residential elements, as well as the need of these resorts to differentiate from the pre-existing tourism model of established locations such as Mykonos or Crete.

Our analysis of the Luxury hotel sector is based on seasonal performance data of a comparable set of top, internationally branded, luxury resort hotels (12 schemes). The included hotels cover a range of prime urban and holiday destinations: Attica, Cyclades, Crete, Halkidiki and the Peloponnese, with a total of 1,880 keys on offer (average size 157 rooms per unit). In terms of occupancy rates, the segment maintained high

levels throughout the summer seasons in the last 8 years – especially during the June-September period, at 70% - 80%. Even though we observe a decreasing trend of occupancy rates through the years, this is countered in the overall revenues which are on a constant positive curve post-2020, due to the inversed performance of the ADRs, and boosted by an overall increase in the high-end tourism. Even so, the high seasonality effect is very prominent in these summer-oriented hotels, with the annual variation reaching 157% increase from April to July.

As regards the RevPAR, an outstanding aggregate growth is recorded in this period, that has increased the average RevPAR to almost €600, from below €400 before the pandemic. Again, the seasonality effect plays an important factor, but it is interesting to highlight a slight tendency for this effect to decrease during the last few years.



Source: STR

The Athens Story

The Greek capital has traditionally been an attractive tourist destination, especially for European visitors, due to its history, archaeological interest and cultural heritage. However, it was usually seen as a short stop-over on the way to the Greek islands. Today, Athens has changed its profile and is regarded as a global must-see destination on its own merit.

A record 8 mil international arrivals to the Athens International Airport were recorded in 2024, indicating the city's popularity among all types of visitors, including vacationers and business travelers. The multiple alternative accommodation options, the modern and historic culture, the vivid nightlife and the ascending food scene, alongside with the improvement of

air connectivity with all sides of the globe, are making the city appealing to young city-breakers, vacationing families, and wealthy travelers alike. Meanwhile, the addition of new 5* keys to the city's inventory, both in the center as well as along the Athenian Riviera, and the numerous international brands

entering the hotel market, are upgrading the offered product and attract higher spenders – with the latter being reflected in the rising ADRs and Occupancy rates of the city's hotels.



Transaction & Investment Activity

The hotel transaction market in Greece showcases a vivid and continuously growing activity since 2015, with more than 170 transactions relevant to the hospitality industry having taken place. These transactions include already operating hotels and resorts, abandoned units or old buildings suitable for conversion into hotels, as well as NPL properties sold via auction. The last year established that the country is entering a new cycle in terms of hotel transactions, with value-add investors starting to divest of their matured assets and yield-oriented buyers taking over, such as the cases of Grand Hyatt Athens, Astir Palace Four Seasons and Mykonos Flow.

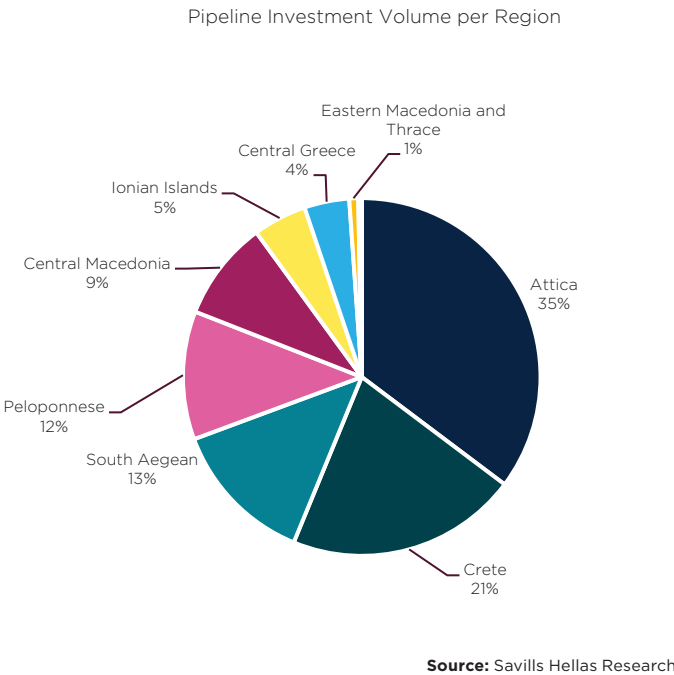
Throughout the last decade, total investments to the wider hospitality sector both from foreign and domestic capital have multiplied exponentially, with 2023 noting an all-time high at the levels of c. 2.5 bn € invested (42% yearly growth compared to 2022). Part of this capital is being channeled into refurbishment, renovation of maintenance of existing units, representing 7% of total hotel revenue in 2023 and almost a third of the total hospitality investments. As expected, the upper hotel categories saw the highest amounts spent for the amelioration of their facilities, with 32% of the total being spent on 5* hotels and a further 34% on 4* hotels. Similarly to international trends, 13% of the total CapEx spent in 2023 concerned sustainability actions.

Another indication of the high international expectations regarding the Greek hospitality sector is the number of new projects that are on the pipeline. These new projects will not only increase the total hotel capacity of the country, but they will also upgrade it, as the majority of them refer to 5* facilities, which are either brand new developments (c.70%) or renovations and repositioning of existing units (c.30%). Out of the approximately 11 bn € planned to be spent in hospitality developments in the next few years, c. 40% refers to projects in Attica, denoting the investment community’s faith in the possibilities of the region.

Although typical hotel units dominate in terms of number of pipeline projects, more than 65% of the total investment volume is expected to be oriented to branded mixed-use developments, which combine hotels with the sale of residential units (branded and non-branded residences), as well as other commercial and leisure elements, creating a complex and complete holiday and living proposition. Prominent examples that are currently under development include The Ilisian in Athens (Conrad & Waldorf Astoria), Mandarin Oriental in the Ellinikon Project, Elounda Hills in Crete (1Hotels), Six Senses and Four Seasons in Porto Heli, all planned to open within the next 3 years.

2019-2023 Transaction Highlights

- Over 1 bn€ total volume
- 230mil€ largest transaction
- More than 5,000 keys changed hands
- 165,000€/key on average
- Up to 600,000€/key
- Largest sale (price/key): 570,000 €/key in Mykonos
- South Aegean & Athens at the top of investors’ focus



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