

THE HELLENIC REPUBLIC

ECONOMY

- A major factor in the development of contemporary Greece is its achievement of a sound economy within the framework of the European Union.
- Greece's GDP surpasses that of all Balkan countries combined (not including Turkey).
- Greece's industry traditionally focused on textiles, processed foods and cement. Technology and Telecommunications are new industries emerging in Greece.
- The Greek merchant fleet is the largest in the world and shipping continues to be a key industrial sector.
- Tourism has been of the mainstays of Greece's economy and the number of tourists visiting Greece last year was 11.5 million – higher than the total population of Greece.

REAL ESTATE MARKET

- Corporate real estate clients are primarily interested in open space larger than 1,000 m².
- Class A office space is either pre-leased or built for a specific client.
- Office space yields have decreased over the past couple of years giving the market a level of financial security.
- International investors maintain a leading role in the increase in Greek real estate investment transactions and it is predicted to continue through 2010.



Athens Market Report & Leasing Guidelines

ATHENS, GREECE IS ONE OF THE FASTEST GROWING CITIES IN EUROPE

Often called the “Cradle of Western Civilization due to its cultural achievements in the 4th and 5th centuries, Athens continues today to dominate the economic, cultural and political life in Greece.

The fourth most populous city in Europe and a popular tourist destination, Athens has seen a significant economic boost in recent years.

As host to the 2004 Olympics, Athens modernized the city's transportation infrastructure creating new opportunities for decentralized developments. The country's positive economic growth also stimulated demand for quality office accommodations in the city.

There has, however, been very limited office leasing activity in the first half of 2008 with few transactions involving buildings over 3,000 m². There continues to be a shortage of class “A” office space in northern Athens, but a growing supply south of the city.

Prime rents for in-town office accommodations have risen to €35/m²/annum, but this level of rent only applies to a handful of buildings in the heart of the CBD.

Prime rents in the most popular corporate locations north of the city stand at around 25/m²/month.

ATHENS

- Athens is the most powerful of the ancient Greek city-states and the world's first democracy.
- Athens serves as the hub of Greece's national transportation network. The Attiko Metro was completed in 2000 and serves the heart of Athens with extensions to residential districts planned over the next few years. The railway system is centered in Athens and ferries depart from the port at Piraeus.
- Nearly 40% of Greece's population lives in Athens, the country's most important commercial center.
- Athens has 148 theatrical stages, which is more than any other European city. The most famous ancient theater is Herodes Atticus – home to the Athens Festival held annually between May and October.

GREECE

- Greece is the southernmost country on the European mainland and is roughly the same size as New York state.
- Greece has over 2,000 islands scattered in the eastern Mediterranean and roughly 200 of them are inhabited.
- The European Union has funded Greece for major infrastructure projects such as the Eleftherios Venizelos International Airport, the Athens Metro and the Attiki Odos motorway.

ATHENS AT A GLANCE

Conversion 0.77€ = 1 US\$

	NET RENT /M ² /YEAR		US\$ NET RENT/SF/YEAR		
	Low	High	Low	High	Vacancy
CITY CENTER OFFICE					
New Construction (AAA)	€15	€35	\$21.72	\$37.64	8%
Class A (Prime)	€15	€25	\$18.82	\$28.96	8%
Class B (Secondary)	€10	€15	\$14.48	\$21.72	6.5%
SUBURBAN OFFICE					
New Construction (AAA)	€17	€25	\$24.61	\$31.85	10%
Class A (Prime)	€15	€20	\$23.17	\$28.96	N/A
Class B (Secondary)	€12	€17	\$20.27	\$24.61	N/A

The dynamics of the Athens office market have significantly changed by the new transportation infrastructure developed for the Olympics in 2004. The road improvements, especially the development of the Attiki Odos orbital highway and the extension of the metro/light railway network, have created new options for office locations.

Peripheral and out-of-town districts have become more attractive for occupiers as they provide well-specified offices in accessible locations at lower rents. It appears occupiers are more price sensitive rather than location sensitive now that the new infrastructure network and public transportation has made commuting easier. The CBD has become less popular due to poor traffic access, high rental values, shortage of parking spaces and a lack of new construction.

Athens does not yet have any business parks, but these are expected to materialize in the next five years.



SUPPLY

The market is largely driven by local developers. Babis Vovos International Construction is one of the major players, which currently owns and manages 200,000 m² of office and retail space in Athens.

Other development companies include Ektasis, GEK, Lamda Development and Prometheus Gas. A conservative approach to future development has reduced the supply of new office stock.

CBD / CITY CENTER

The CBD is located between Omonia and Syntagma Squares, with offices located along or close to Stadiou, Panepistimiou, Akadimias and Vassilissis Sofias Avenues. The “old banking” quarter is in this area and occupiers include financial and legal companies who continue to prefer to be in the city center as well as government departments. Offices in residential buildings are typically divided into office suites with average floor plates of 200 m² to 500 m². The exclusive residential area of Kolonaki lies slightly to the east of the CBD where many lawyers, financial and other consultants have their offices. Rents are between 15 and 35 euros/m²/month.

CITY FRINGE / AMBELOKIPI

This is where Alexandras, Kifisias and Vasilissis Sofias Avenues join on the northern edge of the traffic restriction ring. There is a high concentration of government buildings and hospitals in this area. Rents are between 14 to 20 euros/ m²/month.

KIFISSIAS AVENUE

There is a high concentration of purpose built offices on Kifissias Avenue mostly built over the past twenty-five years and occupied by many of the multinational companies in Athens. The new road infrastructure and airport have enhanced the importance of this location. Occupiers on or close to Kifissias Avenue include: Philips, 3M, IBM, American Express, Price Waterhouse Coopers, Deloitte & Touche, GlaxoSmithKline, Bayer, Siemens, AIG, Microsoft, WIND Hellas, Vodafone as well as the State telephone company OTE and its mobile arm COSMOTE. Rents are between 18 and 25 euros/ m²/month.

MESOGION AVENUE

This is the main avenue leading northeast from the city center towards the airport. Not as prestigious as Kifissias Avenue, but does have the advantage of having Line 2 of the Metro running alongside for most of its length. Occupiers include Hewlett Packard, HSBC, General Bank, Societe Generale, Pfizer and Commercial Bank of Greece. Rents are between 15 and 20 euros/ m²/month.

PRIME NET OFFICE RENTS	€ / m² / month
ATHENS CITY CENTRE	
City Centre	15 – 35
City Fringe	16 – 20
ATHENS CITY PERIPHERY	
North – Kifissias Avenue	20 – 25
Northeast – Mesogeion Avenue	15 – 20
Southeast – Syngrou Avenue	15 – 22
ATHENS OUT-OF-TOWN	
Metamorfosi / National Road	15 – 18
Airport	18 – 20
Vouliagmenis Avenue	15 – 20
Glyfada	15 – 20
Piraeus	12 – 25

Rents assume an office of 500 m² to 1,000 m². Figures quoted are asking rents for space measured on the gross internal floor area, excluding occupational costs such as service charges or stamp duty on rent.

DEMAND

Demand for office space has remained stable in the last 12 months, especially in northern Athens, for well-specified, modern office properties with good quality transportation and communications as well as sufficient parking facilities.

SYNGROU AVENUE / FALIRON

A six to eight lane highway leading south from the city center, Syngrou Avenue contains a large number of prime and secondary office buildings. Many of the occupiers are insurance, shipping and pharmaceutical companies including ING, Rank Xerox, AC Nielsen, Piraeus Bank, Gruppo Insurance, Interamerican, RBS, Sanofi Aventis, NIKE, Norton Rose and LG. Syngrou Avenue also offers the Intercontinental, Ledra Mariott and Metropolitan Hotels as well as numerous restaurants and nightspots. Rents are between 15 to 20 euros/ m²/month.

GLYFADA

Glyfada is a prosperous suburb located south of the city center on the coastline. Mainly known as a popular shopping and residential area, but now more office buildings are being developed. Rents are up to 20 euros/m²/month.

METAMORFOSI / KIFISIA

In Metamorfosi and Kifisia, along the Attiki Odos and the National Road, there are a number of newly built offices. The location is considered an emerging market due to improved road connections. Many of these offices are on sites which were previously industrial buildings. However, the area still suffers from a lack of public transport. Rents are between 15 to 18 euros/m² /month. Occupiers include ABB, Ernst &Young, Citibank, Accenture, Ellinoil, S & B, Siemens, Wincor Nixdorf and Leroy Merlin.

VOULIAGMENSIS AVENUE

Like Syngrou, Vouliagmenis Avenue runs south from the city center. Since the relocation of the airport, it has lost some of its importance, but it should benefit from the extension of the metro line to Hellenikon in 2010, the conversion of the Olympic facilities and development of the old airport. Occupiers include Greek insurance and shipping companies. Rents are between 15 to 20 euros/m²/month.

AIRPORT

Eleftherios Venizelos airport is located 30 klms east of the city center and linked by the Attiki Odos highway, the metro and light railway system. To date, the airport management company is developing surplus land on site, but so far only retail projects have been realized – IKEA, Factory Outlet, Leroy Merlin and Kotsovolos.

PIRAEUS

Effectively a separate market for the shipping industry around Piraeus Port, this location has become less attractive to occupiers because of traffic congestion and some of the larger shipping companies moving their offices to other locations. Rents are up to 25 euros/m²/month for the best buildings on the harbor front.

GREECE DATA

Area (KM ²):	131,957
Population:	11.1M
GDP (US\$):	356.3B
GDP Growth:	4.3%
Inflation Rate:	3%
Unemployment Rate:	8.5%

GREECE HISTORY

Greece was part of each of the great empires that ruled the region – the Roman, the Byzantine and the Ottoman – and sits at the crossroads of many civilizations including Europe, Asia and Africa.

Throughout Greece's rich 3,000 year old history, the Greek language has not changed and today's 'modern' Greek is easily recognizable as the language of Plato.

Athens was liberated from Ottoman rule and made the capital after the War of Independence (1821-1829).

The first summer Olympic Games were held in Athens in 1896 as a way to promote a more peaceful world in the spirit of the ancient Olympic Games.



FACILITIES

1. How is floor space measured?

Generally, floor space is measured as the gross internal area including walls, but excluding common areas. Common areas are almost always included if the whole building is rented to one tenant. Certain ownerships in specific buildings include these common areas, but these are exceptions and not the norm. However, there is no standard for measuring floor space in multi-tenant buildings.

In Athens, tenants are responsible for a proportionate share of the service charges, but not based on the amount of space leased. For example, a ground floor tenant would pay less for lift maintenance and common electricity consumption than occupants on higher floors. In Thessaloniki, tenants are assessed a proportionate share of the common areas based on the occupation space.

2. What is generally provided by the landlord prior to occupancy of the space?

In most cases, accommodations are offered in basic form. The tenant is, therefore, responsible for completing finishes such as lighting, carpeting, partitioning, etc.

THE LEASE

1. How long are leases generally?

The standard lease is for a term of 12 years, with a tenant's option to renew for a further four.

After two years of the initial term, the tenant has the right to leave, but must give six months' notice and pay the landlord compensation equivalent to four months' rent.

Alternatively it is possible at the time of signing for the tenant to specifically waive the right to break the lease in order to provide the owner with a longer term commitment.

2. What form of agreement would the tenant be asked to sign?

The tenant would be expected to sign a formal lease that is binding upon both parties. There is no standard lease document for office space. However, there are a number of clauses that are always covered in a lease contract.

3. Is the lease legally binding?

The lease is legally binding. The landlord is obliged to have it stamped and registered with the Inland Revenue Office within one month. It is advisable for the tenant to also register it with the Inland Revenue Office, both as a precautionary measure and because it will be required by the company in order to obtain operating permits, apply for telephone lines, etc.

4. Are options to renew or extend the lease possible?

By law, the tenant is granted a four-year extension of the original lease term. This can be challenged by the owner in instances of owner occupation, re-development, tenant's breach of lease terms etc.

5. What regulations cover sub-leasing or assigning of leases?

Sub-leasing usually requires the landlord's consent, which is rarely refused if a detailed description of the sub-lessee is provided and the sub-lessee has direct financial interests with lessee or is a part of the overall tenant company's group. This should be detailed in a specific clause. Generally, landlords do not accept sub-leasing without prior consent and due diligence.



RENTAL

1. In what monetary units are rents quoted?

Rents are quoted in Euros (€) per square meter per month.

2. When referring to rent, what does this specifically include?

In addition to basic rent, the tenant commonly pays a stamp duty every month, which is currently 3.6% of the monthly rent. This can be negotiated and shared equally between the tenant and landlord.

There is also a monthly service charge that covers the cost of the building's maintenance and operating expenses.

3. How is rent adjusted during the term of the lease?

Rent is adjusted through annual increases as agreed to at the beginning of the lease. The increases are generally based on the inflation rate plus 1% to 2% extra and are negotiable. It is also common that annual indexations can be a mutually agreed upon flat percentage (currently between 4%-5%). Service charges are adjusted each month, depending on the building's operating costs.

4. How is rent paid – monthly, annually?

The first month's rent is paid upon the signing of the contract. Thereafter, rent is paid monthly in advance.

5. What incentives are offered by the landlord?

Incentives are usually very limited, but short rent free periods (from one to two months) to allow for fit-out may be granted or a small number of free parking stalls (if available).

OPTIONS

1. Can furnished office space be leased on a short-term basis?

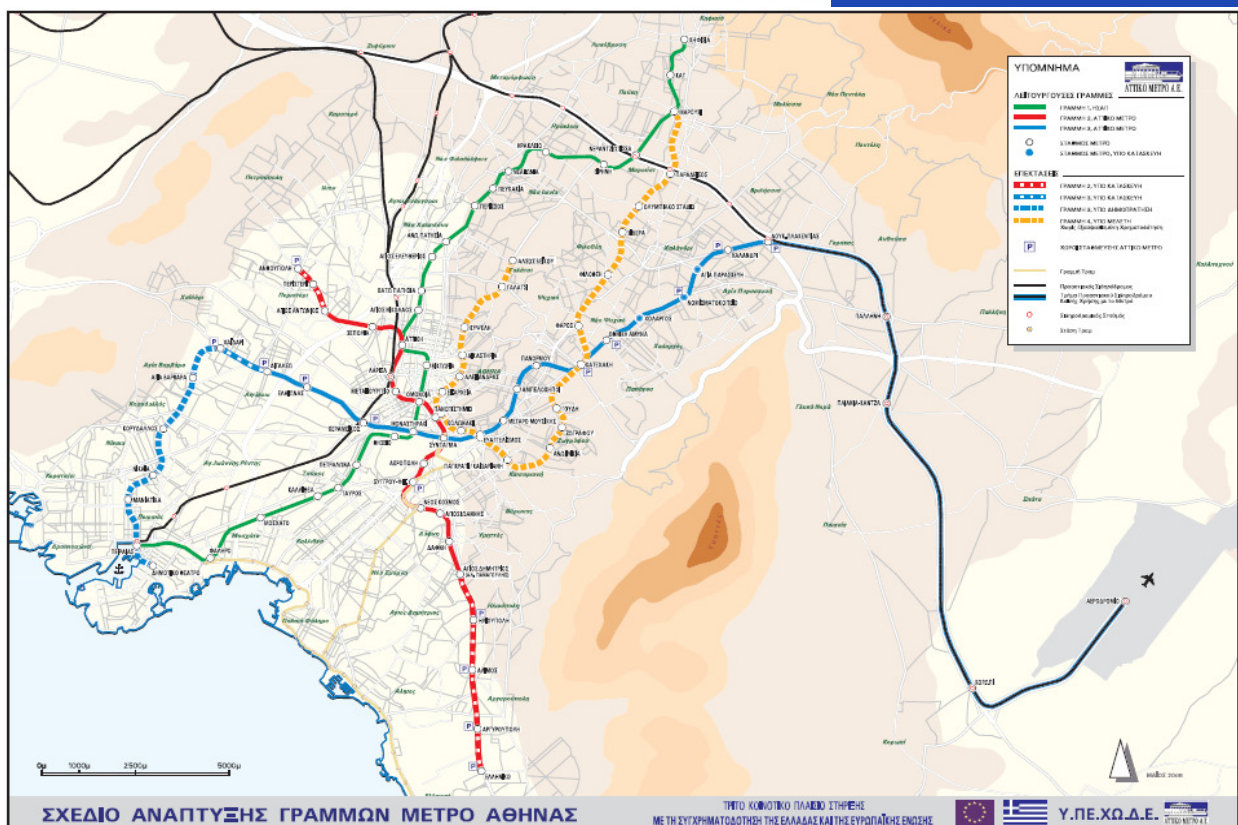
In Athens, there are only a few small, service office suites suitable for relatively short terms.

2. Is leasing the only option for foreigners wishing to establish an office in your country?

In Greece, foreigners can buy or lease. For leasing, there must be a professional business address in order for a company to establish itself as a legal entity. The company's Greek lawyers or accountants can supply this until a suitable space is leased and all bureaucratic works completed for the incorporation of a company.

3. Are there restrictions on foreign ownership of commercial buildings in your country?

In order to purchase property in Greece, the purchaser must be "established", i.e., operates as a branch or parent company and is registered for VAT.



COSTS

1. What costs does the tenant incur at the time of occupancy?

The tenant usually pays two months rent as a deposit and the first month's rent plus the stamp duty that corresponds to the rent (this is not applicable to the two month deposit). Legal costs are borne equally by the parties.

2. Is key money charged or a security deposit required at the start of the lease?

As mentioned above, the usual deposit is equivalent to two months rent. Key money is always sought in the case of high street retail locations, but rarely for office space.

3. How are tenant improvements specified, paid for and supervised?

The fit-out is usually organized by the tenant and subject to the landlord's approval. The tenant also finances the improvements in most cases. In most Class A premises, landlords have their own teams or can sub-contract. It is advisable that all tenant specs are listed, with prices, etc. and that this forms an appendix to the lease agreement. The landlord remains owner of the improvements when the tenant leaves the premises.

4. What additional costs should the tenant budget for during the term of the lease?

The tenant should budget for annual increases in rent owing to the escalation clause. However, value added tax (VAT) is not charged on rent. VAT may or may not be applied to service charges, depending on how property management accounting is conducted. Service VAT in Greece is 19%. Other duties that refer to the occupied space are small municipal taxes, municipal waste disposal, etc. are usually incorporated and clearly stated within the Public Electrical Company's bi-monthly bill.

5. What costs are the tenants responsible for at the end of the lease?

At the end of the lease, the tenant must bear the costs of returning the property to the same condition it was in at the beginning of the lease, but this should be thoroughly discussed with the landlord at the appropriate time. Most landlords are flexible and usually can accept the condition of the property upon expiration in "as is" condition, but only with their prior consent.



About AsiaPac International

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