



Danos

INTERNATIONAL PROPERTY
CONSULTANTS & VALUERS

CYPRUS PROPERTY MARKET

1st Semester 2019



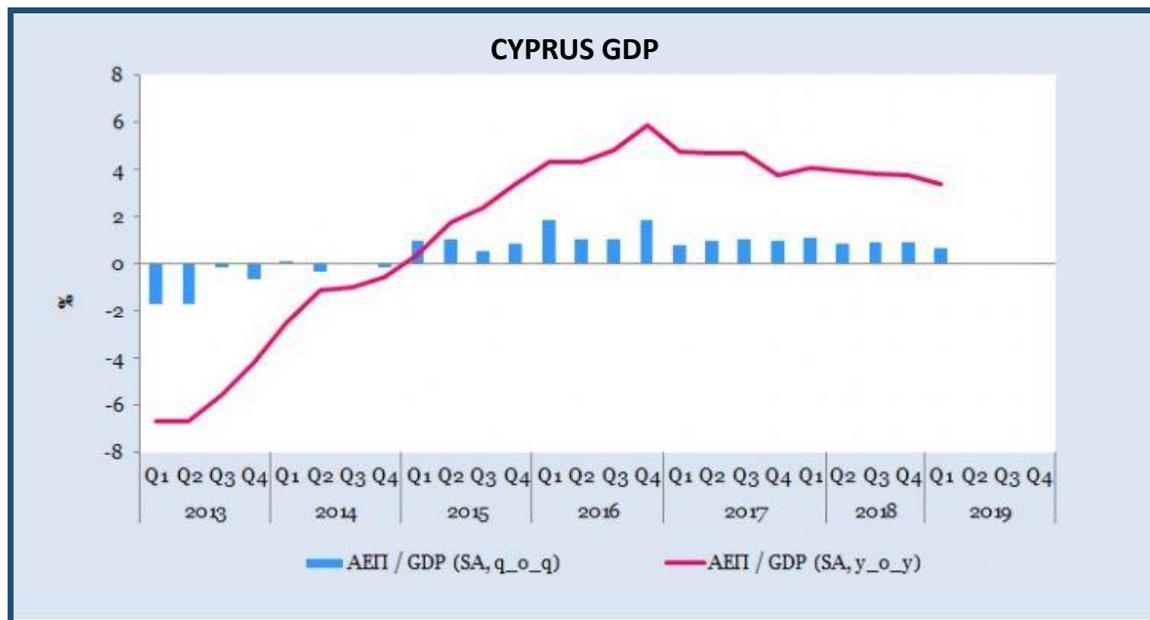
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REAL ESTATE**



1. Economic outlook and Real Estate Sector

Cyprus is experiencing strong economic growth and the labour market is rapidly improving. The GDP growth rate in real terms during the first quarter of 2019 is positive and estimated at +3.2% over the corresponding quarter of 2018. Based on seasonally and working day adjusted data, GDP growth rate in real terms is also estimated at +3.4%.

The increase of the GDP growth rate is mainly attributed to the sectors: "Construction", "Information and Communication", "Professional, scientific and technical activities", "Administrative and support service activities" and "Arts, Entertainment and Recreation". Negative growth rate was recorded by the sector "Financial and Insurance Activities".



Source: MOF

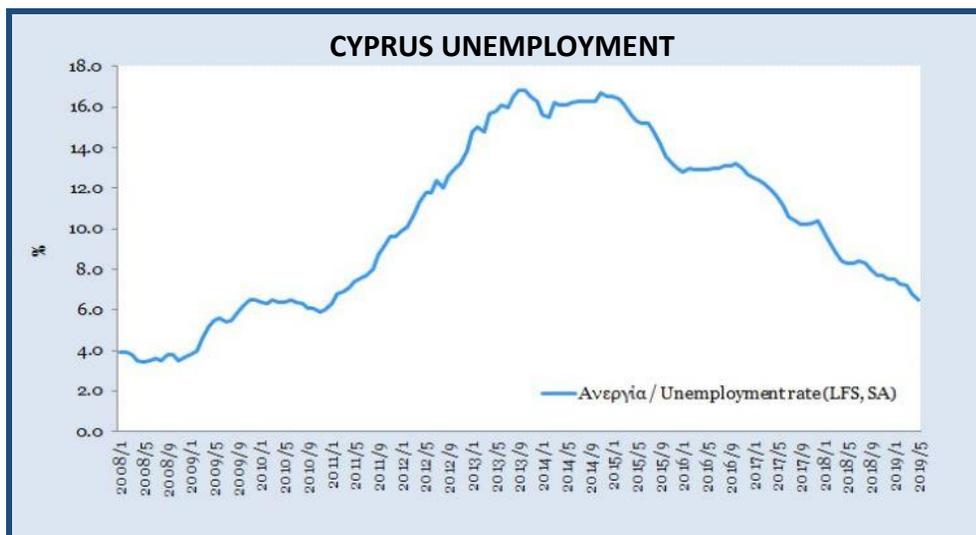
Economy of Cyprus – Indicators

- The Cyprus Economy continues the recovery path.
- Inflation (HICP) for April 2019 increased by 1.2% when compared to April 2018. For January-April 2019 the HICP increased by 1.3% compared to the corresponding period of the previous year.
- The challenges for the Cyprus Economy continue to exist and leave no room for complacency.
- A slowdown in the GDP growth rate in the coming years. With regard to the mid-winter economic forecasts, in 2018 GDP growth in Cyprus was around 3.8%, from 4.2% in 2017. In 2019, it is expected to reach 3.3% and in 2020 to 2.7%. In 2019 and 2020, growth is projected to slow down to 3.3% and 2.7% due to the less favorable external environment.

Unemployment Rate

Labour Force Survey (LFS) unemployment decreased to 6.5% in May 2019 compared with 8.3% in May 2018. The unemployed persons, registered at the District Labour Offices on the last day of May 2019, reached 17.607 persons. Based on the seasonally adjusted data that show the trend of unemployment, the number of registered unemployed for May 2019 decreased to 22.336 persons in comparison to 22.851 in the previous month.

In comparison with May 2018, a decrease of 5.232 persons or 22,9% was recorded, attributed mainly to the sectors of trade (a decrease of 1.097), accommodation and food service activities (a decrease of 584), construction (a decrease of 576), public administration (a decrease of 533), manufacturing (a decrease of 380), professional, scientific and technical activities (a decrease 150) and to newcomers in the labour market (a decrease of 1.607).



Source: MOF

Banking Sector

Developments around the Cypriot banking system over the last few years have been continuous, resulting to the shrinking of the banking sector.

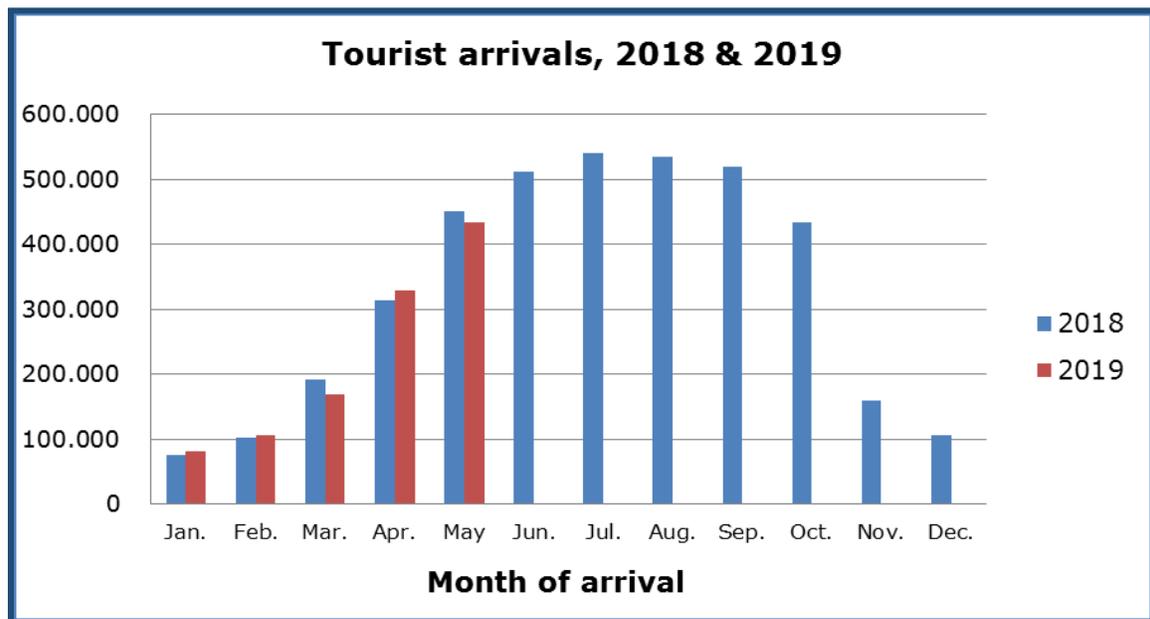
The Cypriot economy may follow a rising trend of positive GDP growth for the fourth consecutive year, but major challenges remain for the economy in 2019 with the main challenge of reducing non-performing loans (households and small and medium-sized businesses).

Tourism

The tourism sector is one of the stable pillars of the Cypriot economy.

On the basis of the results of the Passengers Survey, arrivals of tourists reached 434.578 in May 2019 compared to 450.495 in May 2018, recording a decrease of 3,5%.

For the period of January – May 2019 arrivals of tourists totaled 1.121.361 compared to 1.134.076 in the corresponding period of 2018, recording a decrease of 1,1%.

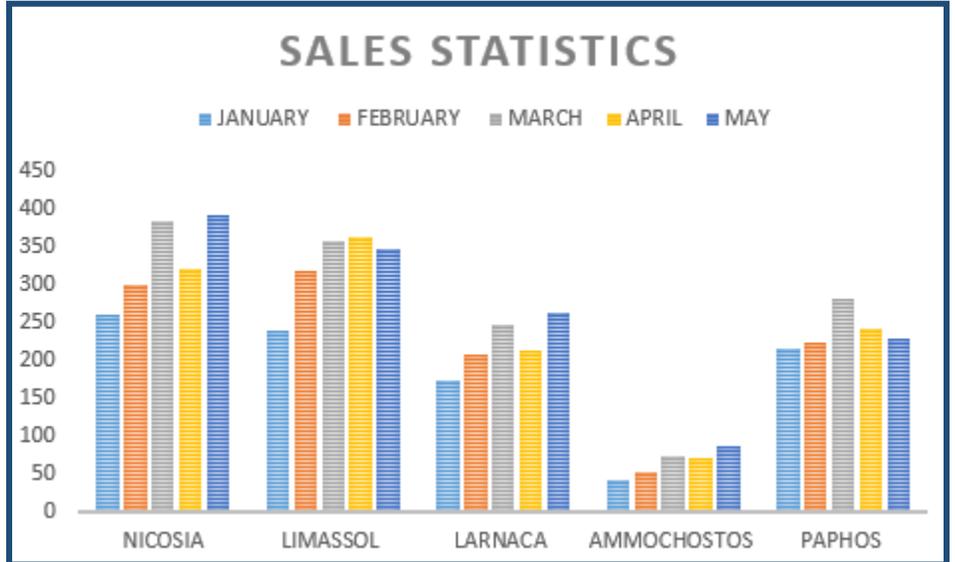


Source: SSC

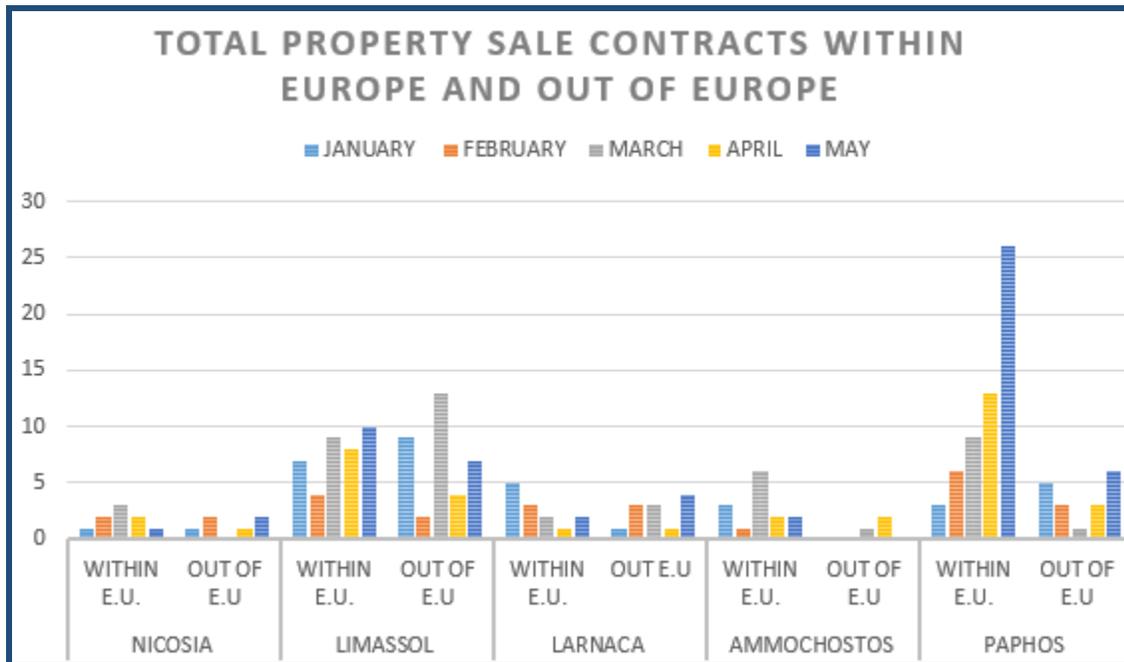
2. Cyprus' Property market

According to the latest figures released by the Department of Land Registry, the increase in the sale of documents was 25%. This increase is added to the already increased figure of 2018.

During the first two months of the year, the total number of sales documents filed with provincial cadastral offices increased to 1600 or 18%, compared to the same period last year.



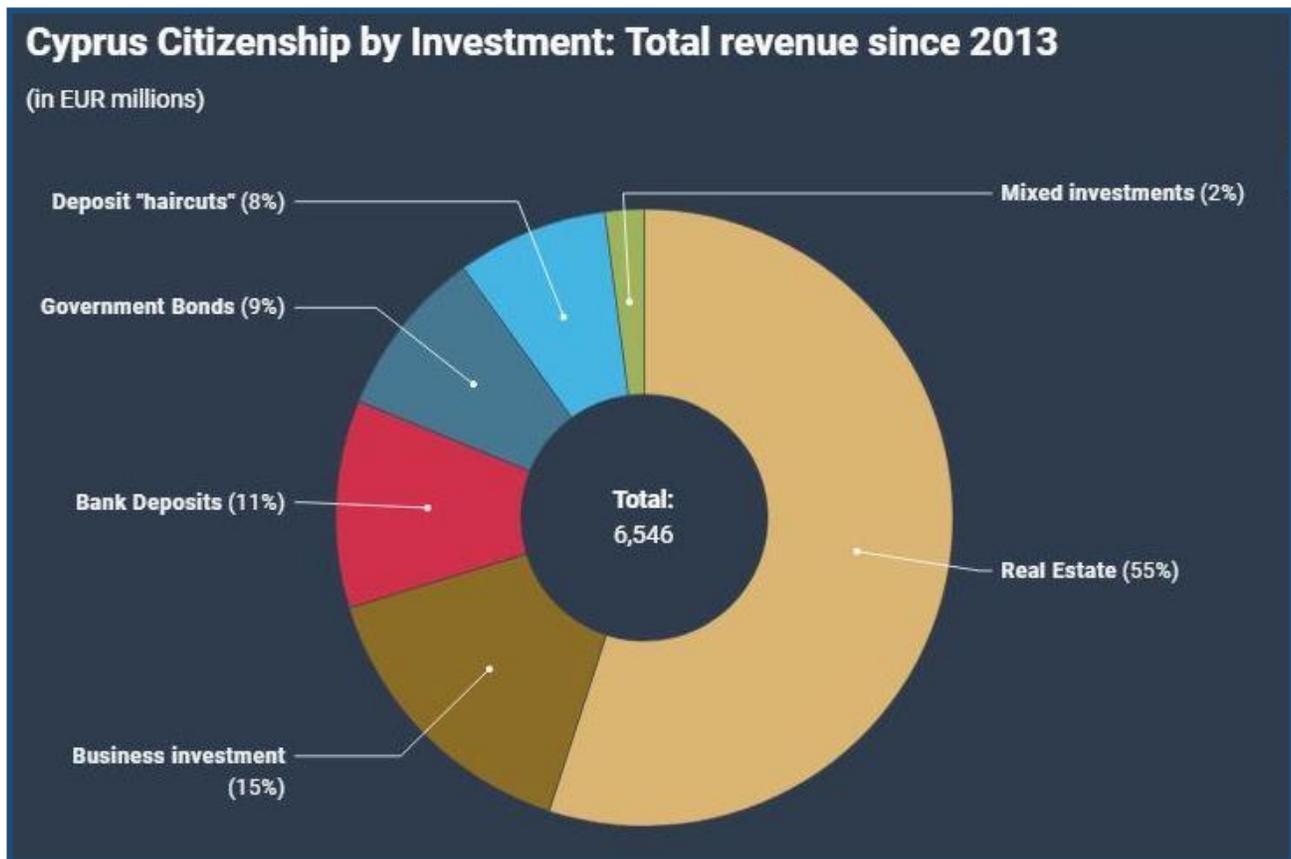
Source: DLS



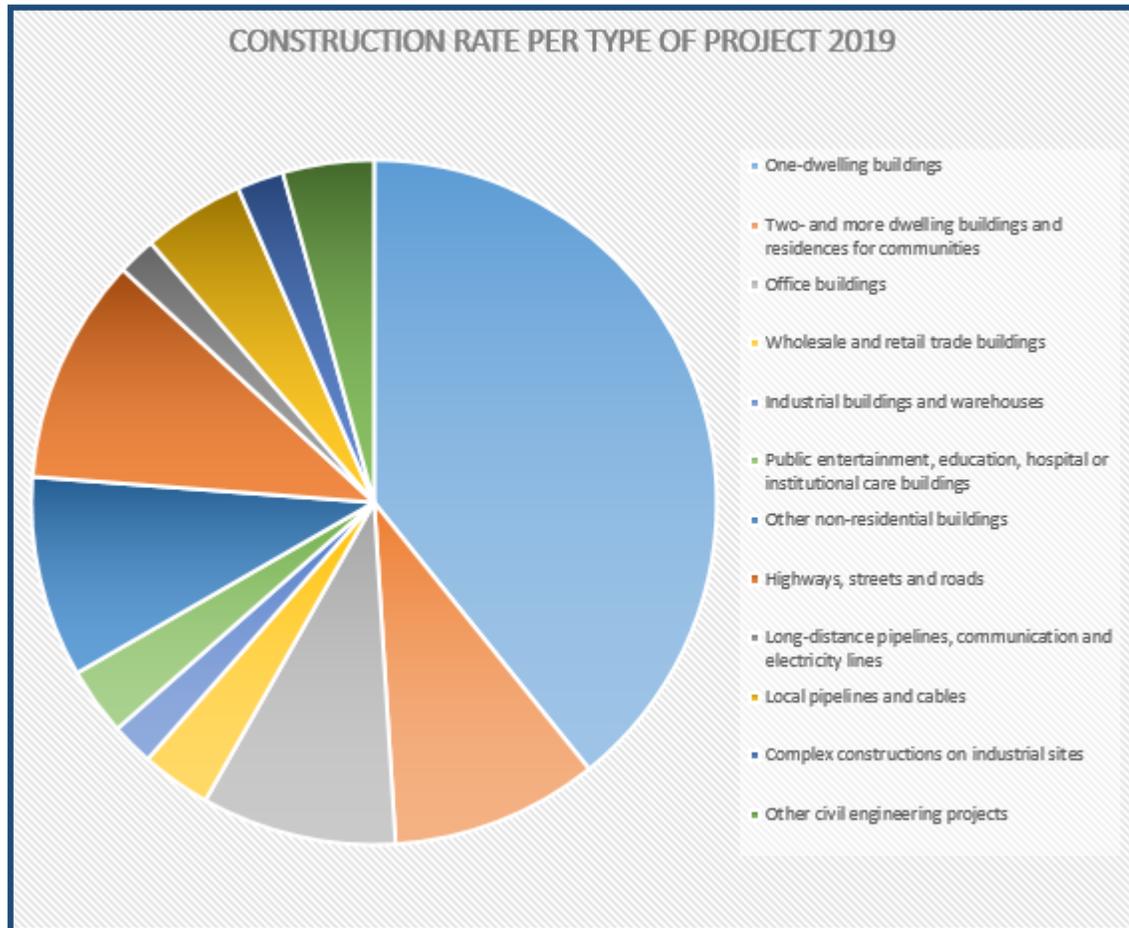
Source: DLS

Property Investment in Cyprus by Sector

The Cypriot real estate market has historically been divided into the major urban centers of Nicosia, Limassol and Larnaca mainly on the basis of local demand (but also foreign demand during last 15 years) and the seaside resorts of Paphos and Famagusta on the basis of foreign demand. Traditionally, the Cypriot property market is dominated by residential properties, with geographic and historical factors on the island partly dictating the dynamics of different sub-markets. However, as a compensatory unit, the development companies' tendency in the last few years has been the construction of office facilities mainly for the large multinational companies that the island attracts.



Source: MOF



Source: Danos an Alliance Member of BNP Paribas Real Estate

3. Residential Market

An increase in sales of residential properties in all Districts has been recorded during the 1st semester of 2019. The level of Demand is higher to 'end products' rather than fields.

The main interest in buying residential products are by foreigners who choose Cyprus for the purchase of their second/holiday home or investors, who are taking advantage of the incentives given by the government to obtain a passport, mainly buy residential products (apartments, houses) in the coastal areas or in prime locations in Nicosia.

The domestic market is inextricably linked and fully dependent on the Banks, so as the lending terms increase and improve, sales are expected to increase.

Household real estate prices in the first half of 2019 have rising tendencies.

4. Retail Market

Retail development concentrates in the 4 main cities (Nicosia, Limassol, Larnaca, Paphos).

Over the 1st term of 2019, the occupancy in the major commercial roads has increased. The main tenants are the clothing and footwear chains.

However, the attractiveness of the consumers by Malls or Department stores is still in high levels due to the fact that the consumers are attracted by the more convenient conditions to do their shopping combined with entertainment and fun. The convenience of easy parking, accessible to all climatic conditions, makes a visit to a single spot where one finds shopping, entertainment and eating out under one roof, make malls the ideal place suitable for all ages. A new trend – Discount Retail Villages e.g. Neo Plaza, is now emerging in Cyprus also.

Retail Markets- Rentals 1st Semester 2019 ±20%

Street	City	Rent price sq.m/month (€)
Arhiepiskopou Makariou	Nicosia	10-60
Stasikratous		15-40
Ledras		20-70
Anexartisias	Limassol	20-60

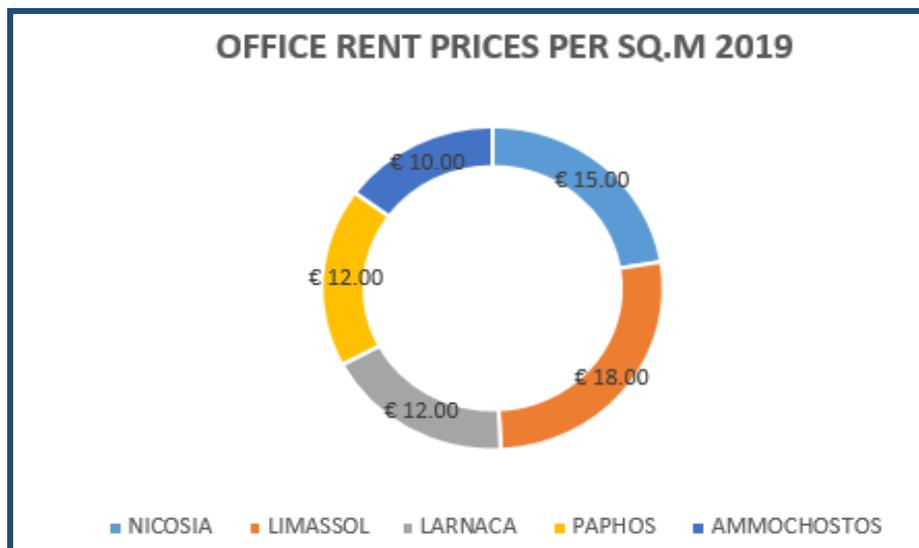
Source: Danos an Alliance Member of BNP Paribas Real Estate

5. Office Market

In the first half of 2019 the office market in Cyprus grew significantly. Demand for office rentals Grade A is higher than in the second half of 2018, while demand for first-class office space in privileged areas generating income with a yield of between 5% and 6.5% continues to exist in the first half of 2019. In 2018 and then in 2019, you see a great office development, with luxurious buildings, some of which are in the works, some on paper, while in others the construction work has advanced significantly. The high rise buildings that Cyprus has or will acquire in the near or distant future are expected to change its image.



Source: Danos an Alliance Member of BNP Paribas Real Estate



Source: Danos an Alliance Member of BNP Paribas Real Estate

6. Industrial Market

The recovering of the supply market lead to a positive development in the 1st half of 2019. The industrial and logistics market is under investigation by companies related to energy and transportation.

7. Property News

- **Trilogy Limassol Seafront:** Over €110 million in sales of Trilogy, a project by Cybarco Development Ltd, whose work began in 2018. The West Tower will be the first tower to be completed by the end of 2021 and followed by the East Tower in early 2022. The West Tower includes 69 apartments and 52 offices, while in the East Tower there are 127 apartments. The North Tower is expected to be completed by the end of 2023.
- **Limassol Del Mar:** The residential tower of Cypeir Properties Ltd, which is made up of the Leptos Group and D. Zavos Group, will reach 107 meters and 27 floors. Construction work began in 2017 and the project is expected to be completed in 2020. The first phase apartments of the project have already been sold. Ten of the 50 Signature Collection apartments, signed by the famous Gianfranco Ferré Home, have already been sold. It is noted that buyers from 17 nationalities have already acquired apartments.
- **Icon:** The implementation of The Imperial Icon, the building whose design innovation will be an inspiration for the city of Limassol, continues to be carried out with full rhythm and absolute adherence to the timetable. The construction of the 21-storey and 125-meter project began in February 2018 and is expected to be completed in December 2020.
- **Limassol Neo:** After ONE, Pafilia began work on NEO, a complex of four high-rise buildings, 173 meters high, situated in a privileged position, beside the public garden and the municipal gallery of Limassol. The four NEO buildings, which will reach 39, 33, 33 and 28 floors, include six-star facilities designed to provide relaxation, activity, entertainment and wellness. The RIVA and KAIA towers and the vast majority of facilities are expected to be completed in 2023, while the entire project in 2025.
- **Aura:** The 37-storey residential tower, AURA, which will be erected on the coastal front of Limassol, expects the necessary building permits to commence construction. Construction work is expected to be completed by the end of 2022. The owner of the project is LBSP Limassol Beach & Seaview Properties Ltd, a subsidiary of Woolworth (Cyprus) Properties of the Shacolas Group.

In the project area, which is located on 28th Avenue, there is a multi-storey department store and an open parking area. The demolition works are expected to start as soon as the town planning permit is issued and last for 3-4 months.

- **Dream Tower:** Ready until 2021 is expected to be the Dream Tower, the 27 storey project of the Property Gallery and HKCY Hotels. In an area of more than 13,000 m². and costing € 50 million, the multi-storey building will have 55 apartments, with 20% of the available apartments already pre-sold.
- **Sky Tower:** In the area of Potamos Germasogeia and 300 meters from the sea an impressive residential property of Prime Property Group is being erected. On 23 floors and 98 meters high, Sky Tower is a high-end residential complex in Limassol with hotel facilities designed according to the latest trends in architecture. Erection works for this tower began in June 2017 and are expected to be completed by the end of 2020.
- **Marr Tower:** At the end of 2020 the Marr Tower is expected to be delivered, the construction works of which began in 2018. The new residential tower of Germasogeia will be 110 meters high and will include 65 refined apartments and five-star hotel facilities.
- **Sofitel Resort:** Oxley Planetvision Properties Ltd announced in March 2019 that it secured the planning permission for the establishment of the Sofitel Hotel Resort & Residences in Limassol. In collaboration with AccorHotels, one of the world's leading hospitality and entertainment groups, the company will bring to Limassol the first development of branded luxury development luxury apartments with five-star hotel, called Sofitel Resort & Residences. The two 20 and 22 storey residential towers will be built as an extension of the hotel and their tenants will enjoy all the services and services of a luxury hotel.
- **LABS Tower:** its construction began in February on an open-air plot. The building extends to a height of 22 floors totaling 90 meters, plus three underground parking spaces, with a total area of covered space of 13,350 square meters. Completion of the project is expected in December 2019 and the construction work was undertaken by ZEMCO CONSTRUCTION LTD.
- **The IHG® (InterContinental Hotels Group),** one of the largest hotel giants in the world, announced the arrival of Hotel Indigo® Cyprus - Larnaca. The hotel will be open to the public by the end of 2019 and will operate under an international agreement between IHG, Sunnysseeker Hotels, the world's largest hotel management company, and Quality Group, one of the largest land and investment developers in island.
- **Neo Plaza:** The first open air Discount Village and Recreational Park in Cyprus. In particular, the project will be erected in an area of more than 35,000 sq.m. and will cover a commercial space of a total area of approximately 10,000 sq.m. Based on the design, it will host 45-50 fashion stores, 8-10 focal points. More specifically, the park provides for the creation of a playground, events area, green areas and landscapes.

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