



CRETE MARKET REPORT

Despite the adverse international environment, the Greek economy continues to grow at a steady pace in 2025, demonstrating notable resilience. The annual growth for 2025 is estimated at 2.3% (BoG), significantly exceeding the Eurozone average. Main drivers for the growth remain private consumption, investment and buildup of inventories, while inflation continues to decelerate primarily due to the decline in energy costs. The side-effects of the newly imposed U.S. tariffs, such as global trade slow down, heightened uncertainty and shifts in international investment flows may adversely affect external demand.

Macro Figures

Economic activity continued to expand at a satisfactory pace in Q1-2025 (2.2% y-o-y), outperforming the euro area (1.5% y-o-y), despite the elevated uncertainty despite the elevated uncertainty of the international economic environment.

Greece's GDP increased by 2.2% y-o-y, remaining flat in quarterly terms (+0.04% q-o-q) in comparison with previous quarterly increase of +2.5% in Q4-2024 and annual increase of +2.3% in FY-2024.

Core inflation stood at 3.6% in 2024, down from 5.3% in 2023, remaining though, at elevated levels. In May 2025, core inflation increased to 4.0% from 3.8% in April.

Indicators	2024	2025	2026
GDP growth (% , y-o-y)	2.3	2.3	2.2
Inflation (% , y-o-y)	3.0	2.8	2.3
Unemployment (%)	10.1	9.3	8.7
General government balance (% of GDP)	1.3	0.7	1.4
Gross public debt (% of GDP)	153.6	146.6	140.6
Current account balance (% of GDP)	-8.3	-8.2	-7.9

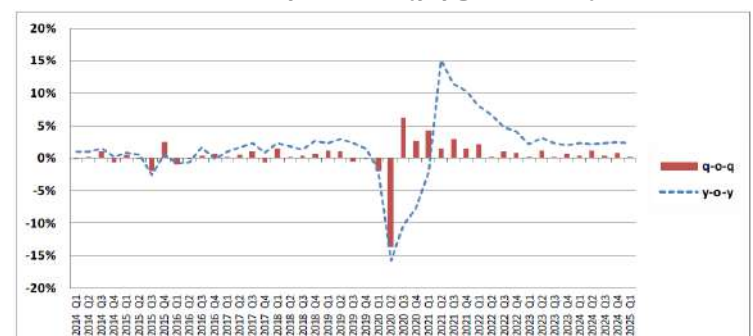
Source: ec.europa.eu

Greek Economy Overview

HICP inflation increased to 3.3% in May 2025, a monthly 0.7% increase, mainly because of increases in the inflation rates of food and of non-energy industrial goods as well as due to a less negative rate in energy inflation.

Core inflation (HICP excluding energy and food) is at high levels, 4.0% in May picking up from 3.8% in April, showing a significant deviation from the euro area average and partly reflecting the large positive output gap of the Greek economy. It is expected to decline to 2.2% by 2027, reflecting mainly the easing of non-energy industrial goods inflation.

Quarterly real GDP (y/y growth rate)



Source: ELSTAT

Private consumption rose by an average pace of 1.9% y-o-y in Q1-2025, remaining the primary factor of growth, contributing 1.3 pps to the annual GDP growth. The average annual increase of labour compensation by 6.4%, the steady drop of the unemployment rate and the solid consumer credit growth reflect the improvement of labour market conditions.

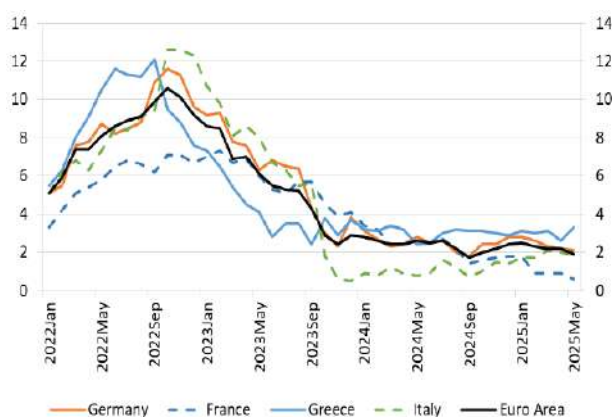
Inventories also played a significant role in shaping GDP levels, contributing 1.6 pps of the annual change, in Q1-2025. Strong demand, shorter inventory cycles, and contingency stockpiling were amongst the main drivers.

Strong labor market fundamentals, shaping the unemployment rate at 8.3% in April 2025, approaching the 2008 historical low of 7.8%, with real wage growth projected at approximately 2.5%—combined with increased non-wage income and elevated levels of financial and real estate wealth, is expected to support private consumption growth at around 2.0% for the current year.

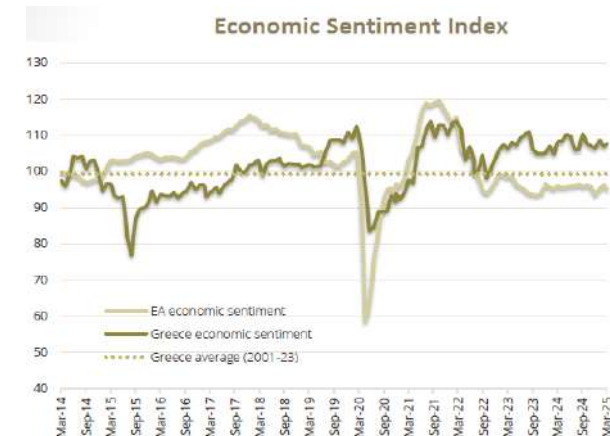
The significant drop in gross fixed capital formation declined markedly, by 6.1% quarterly in Q1-2025, the largest drop after Covid-19 pandemic. This is attributed largely to the fall in other construction investment, partly related to a lag in the implementation of construction projects.

Both housing and commercial property prices (prime office and retail) increased at a strong pace in 2024 and continued on an upward trend in early 2025 due to both external and internal demand. In Q1-2025, apartment prices continued to increase at a strong, though decelerating, rate (6.8% y-o-y). In the commercial real estate sector, prime office prices increased by 6.2% y-o-y in H2-2024, while prime retail prices increased by 9.2% y-o-y over the same period.

The sharp decline in gross fixed capital formation raises legitimate concerns, as it appears inconsistent with other investment-related leading indicators across industry, services, and construction during the same period. Machinery, including defence systems and intellectual property products were the only components of the GFCF that recorded positive annual growth. In contrast, non-residential construction experienced its steepest decline in five years, while residential construction contracted slightly by 0.3% y-o-y. Investments in transportation equipment fell by 3.2%, and ICT equipment saw a sharp decline of 10.2% y-o-y.



HICP Headline inflation, annual changes %, Source: Eurostat, Latest observation May 2025



Source: IOBE, European Commission

The Economic Sentiment Indicator (ESI) averaged 107.2 in April-May 2025, slightly below its Q1-2025 level (107.6), and well below its Q2-2024 average of 109.4.

Total employment growth remained positive, largely due to higher demand for labour in the construction, trade and professional service sectors. The employment rate in Q1-2025 decreased by 1.7 pp y-o-y.

The unemployment rate is estimated to reach 9.4% in 2025, and is expected to decline rapidly as low as 8.2% in 2027, reflective of the projected continued rebound in economic activity over the medium term.

Corporate bank credit expanded significantly throughout 2024 and into the early months of 2025, in line with underlying economic growth and the downward trend in interest rates.

In contrast, household lending continued to contract, primarily due to net repayments of outstanding housing loans. Nonetheless, the negative momentum in housing credit has moderated.

The Greek economy continues to outperform the euro area average, supported by robust corporate credit, rising private consumption, and improving labour market conditions. Consumption, driven by higher real disposable income, is expected to grow at 2.0%, while total investment is projected to rise by 7.5% annually over 2025–2026. Despite declining public investment in 2027, residential investment remains stable, though below pre-crisis levels. Risks include global trade tensions, inflationary pressures, climate-related disruptions, and slower reform implementation. Full utilization of EU Recovery Funds could boost GDP by 7% by 2026. Key policy priorities include inflation control, investment acceleration, labour market efficiency, and maintaining fiscal and debt sustainability.



OFFICE MARKET REPORT

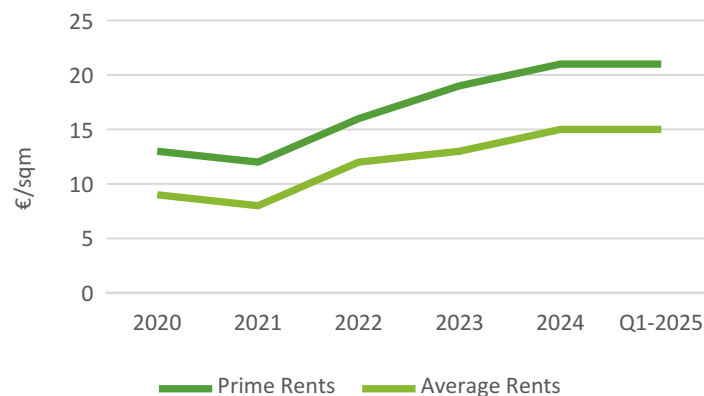
OVERVIEW

During the first half of 2025, the office market continues to evolve rapidly, shaped by a combination of economic shifts, demographic trends, and accelerating technological advancements. The growing emphasis on sustainability, smart infrastructure, and flexible workspace design is increasingly defining market expectations and guiding future development strategies.

CRETE OFFICE MARKET

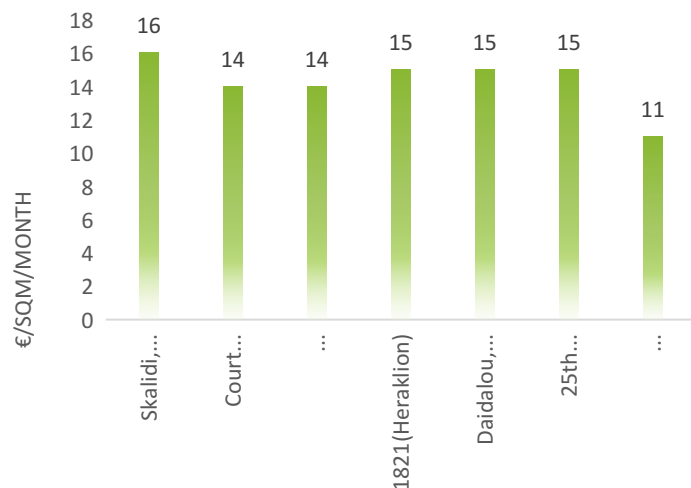
Crete's office market remains closely tied to the island's broader trajectory in international trade and investment, largely due to its strategic geographic position. Heraklion and Chania continue to attract the bulk of commercial interest, driven by ongoing urban development and economic activity. While Rethymno garners comparatively less attention, it demonstrates notable potential, particularly in terms of its skilled and growing workforce.

CRETE'S OFFICE MARKET RENTAL VALUES



Source: Danos an alliance member of BNP Paribas Real Estate

CRETE'S PRIME MARKETS AVRG RENT



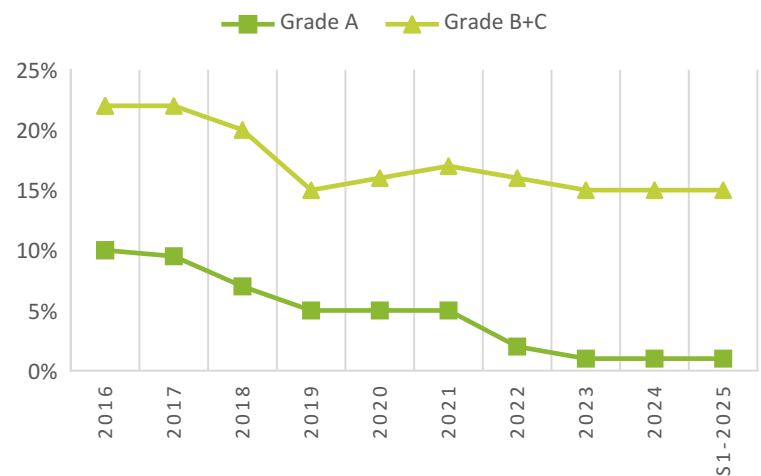
Source: Danos an alliance member of BNP Paribas Real Estate

Overall Market: Vacancy rates in Crete remain relatively stable compared to the previous year. However, demand for modern, high-functionality office spaces continues to rise. Buyer interest is primarily focused on centrally located areas with convenient access, particularly in established urban centers.

Opportunities: In the first half of 2025, demand for office space in Crete remains strong, driven both by locally established firms and by new entrants seeking to expand into the island's growing market. Notably, companies in the telecommunications and e-commerce sectors continue to lead this trend, reflecting the island's increasing appeal as a regional business hub.





Challenges: A key priority for the market is the modernization of existing office inventory, along with the strategic activation of underutilized properties. Aligning available stock with current market expectations—particularly in terms of functionality, sustainability, and technological readiness—is essential to meeting ongoing demand.

CRETE'S OFFICE SPACES VACANCY RATES



Source: Danos, an alliance member of BNP Paribas Real Estate

MARKET TRENDS GRADE A OFFICES CRETE

RENTALS	
YIELD	
VACANCY RATE	
ABSORPTION	

Yields

Locations

6%-6,5%	Grade A Prime Locations
7%-7,5%	Grade B Prime Locations
8%-8,5%	Grade B Secondary Locations



RETAIL MARKET REPORT

In the first half of 2025, Greece's retail market maintains a steady course, showing continued resilience amid shifting consumer habits and economic headwinds. Demand for prime retail spaces remains stable, though elevated energy costs persist as a key challenge for both retailers and shoppers.

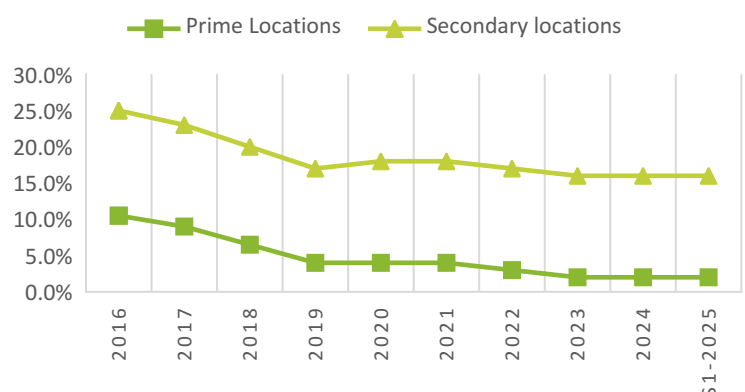
OVERVIEW

The indicators and prospects of the Greek economy, as well as the recovery of the investment grade, have created the appropriate conditions, strengthening buyer's confidence in high quality retail space for investments in Greece. The demand for retail space is highly matched by the supply of these spaces, with a range from traditional markets to shopping malls and luxury stores.

CRETE RETAIL MARKET

The retail market in Crete continues to reflect the island's strong potential, supported by consistent local consumer activity, vibrant local trade, and the enduring strength of its tourism sector—one of its primary economic drivers. The high volume of visitors during the first half of 2025 has further boosted retail sales, reinforcing both the local economy and the island's broader commercial momentum.

CRETE'S RETAIL MARKET VACANCY RATES



Source: Danos an alliance member of BNP Paribas Real Estate

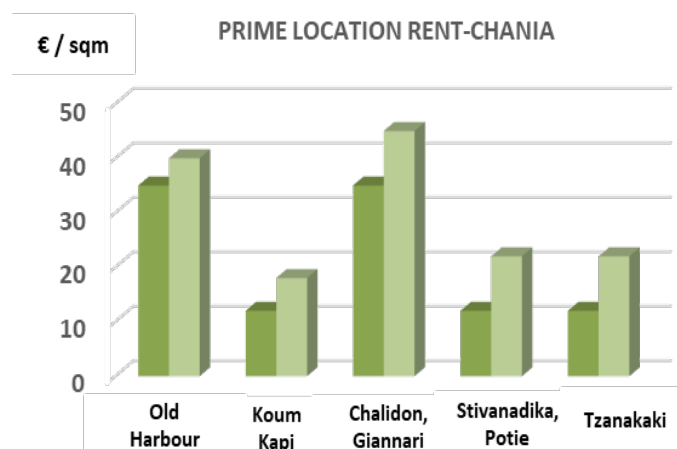
As of the first half of 2025:

Chania: The **Old Port** remains the city's most commercially vibrant area, attracting strong leasing interest. Monthly rental values range between **€35 and €40** per square meter. Nearby streets such as **Chalidon**, **Chatzimichali Giannari**, and **Skalidi**, home to major brands, record rents between **€35 and €45** per square meter.

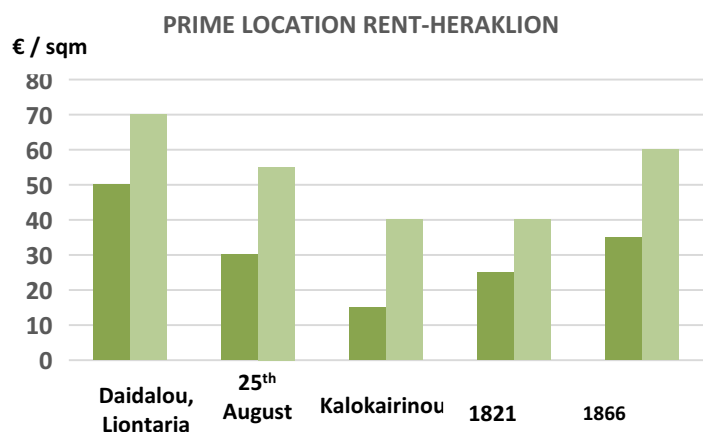
Heraklion: The prime retail zones—**Daidalou Street**, **1866 Street**, and **Liontaria Square**—continue to command the highest retail rents on the island, with monthly values ranging from **€50 to €70** per square meter.

Rethymno: Retail demand is focused in the **Old Town** and the northern section of **Arkadiou Street**, the city's most expensive retail stretch, where monthly rents range from **€15 to €30** per square meter.

Lasithi: In the primary commercial zones of the city center, monthly rental prices can reach up to **€15** per square meter.



Source: Danos an alliance member of BNP Paribas Real Estate



CRETE'S MARKET TRENDS PRIMARY RETAIL LOCATIONS	
RENTALS	➔
YIELD	➔
VACANCY RATE	➔
ABSORPTION	➔

Source: Danos an alliance member of BNP Paribas Real Estate

Main Yields: For the second semester of 2024, yields in high street locations have remained stable, with major markets such as Chania and Heraklion continuing to exhibit strong rates. Prime locations have shown resilience and even a short-term increase, indicating a full recovery in consumption and retail activity.

Transactions: Lease transactions and rental rates across the island have generally stabilized in recent times, remaining however at a relatively high level. The robust demand from both local and international investors, bolstered by a renewed confidence following the COVID-19 pandemic, has contributed to this stability.



LOGISTICS MARKET REPORT

In the first half of 2025, Greece's logistics market continues to build on the strong momentum of the previous year, marked by sustained investment activity and ongoing development. However, workforce shortages remain a key challenge, highlighting the need for targeted strategies to support the sector's long-term growth and operational efficiency.

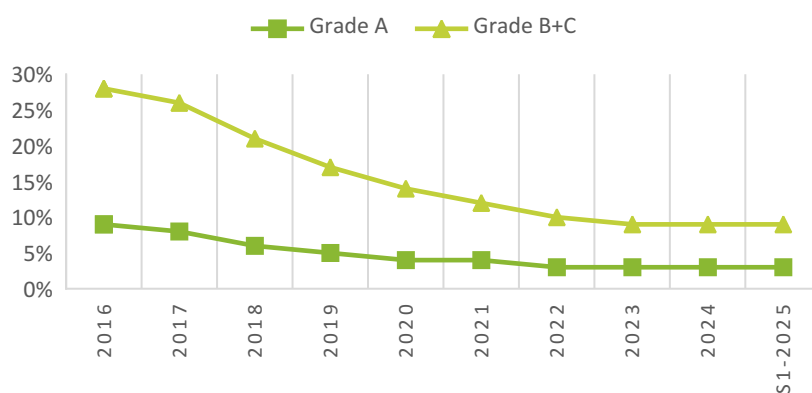
OVERVIEW

In the first half of 2025, the Greek logistics sector continues to attract major investment, building on approximately €500 million committed in early 2024, amid a wider €2 billion+ pipeline of planned developments across major hubs. Meanwhile, the broader industrial sector—which encompasses logistics—accounts for around 10.4–18% of GDP, depending on classification, highlighting its central role in the national economy.

CRETE LOGISTICS MARKET

In the first half of 2025, Crete's logistics market continues to show steady development, supported by the island's strategic location as a gateway between Europe, North Africa, and the Middle East. While on a smaller scale compared to mainland hubs, there is growing investment interest in modern logistics infrastructure—particularly around key urban centers like Heraklion and Chania, as well as areas near ports and the island's main airport.

CRETE'S VACANCY RATES LOGISTICS & INDUSTRIAL SPACES

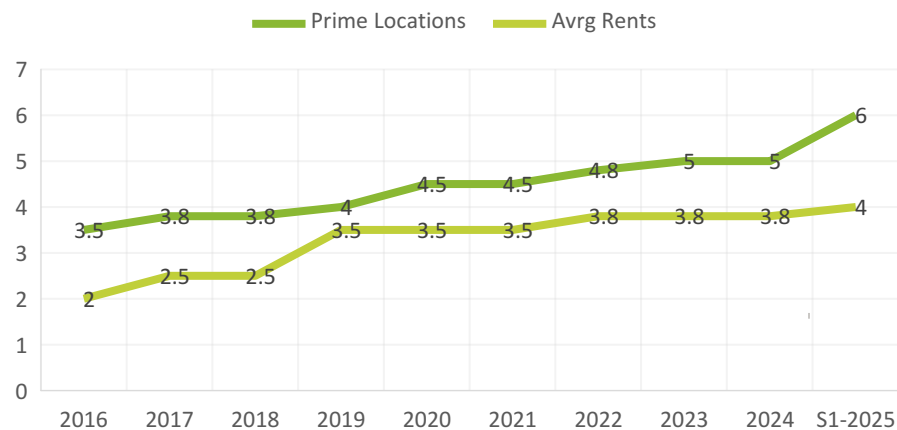


Source: Danos an alliance member of BNP Paribas Real Estate









Demand is primarily driven by the expansion of e-commerce, the growth of export-oriented agri-food businesses, and the ongoing need for efficient distribution networks to support the island's dynamic tourism sector. However, challenges remain, including limited availability of high-spec logistics facilities and infrastructure constraints in certain areas.

With targeted upgrades and improved connectivity, Crete has the potential to evolve into a secondary logistics hub, complementing larger national distribution networks while serving its unique regional needs.

CRETE'S LOGISTICS & INDUSTRIAL MARKET RENTS



Source: Danos an alliance member of BNP Paribas Real Estate

	CRETE'S MARKET TRENDS LOGISTICS			
	RENTS	YIELDS	DEMAND	SUPPLY
GRADE A				
GRADE B				

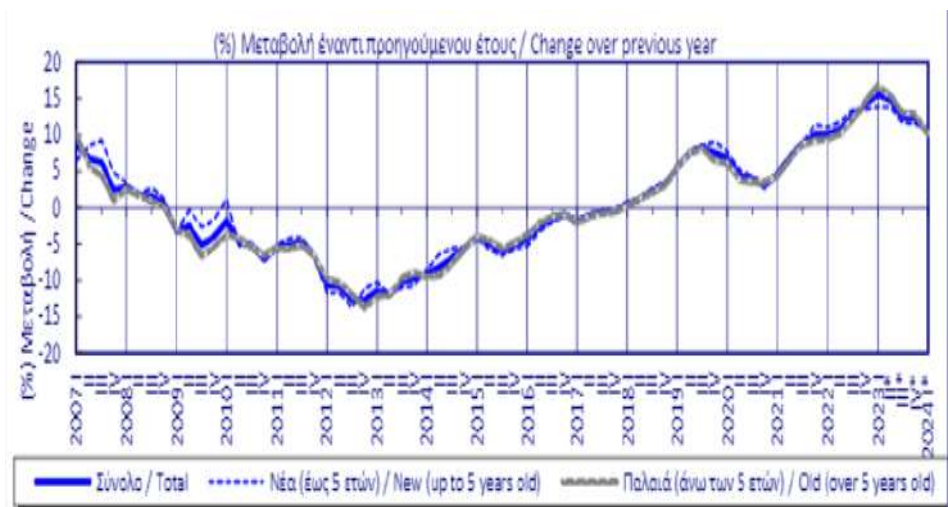
Source: Danos an alliance member of BNP Paribas Real Estate

RESIDENTIAL MARKET REPORT

In the first half of 2025, Crete's real estate market continues to draw foreign investor interest, though the pace of new inflows has slightly moderated compared to previous periods. Investors are increasingly looking to the island as a means of portfolio diversification amid persistent uncertainty in other international markets.

OVERVIEW

In the first half of 2025, Greece's residential real estate market is experiencing a slight slowdown, particularly in the segment of newly built homes. This cooling trend is largely influenced by the cumulative rise in property prices and the reduced momentum following the expiration of the Golden Visa program, which had been a key driver of foreign investment in previous years. Nevertheless, property prices in Greece—especially in high-demand regions like Crete—remain relatively attractive compared to other major Southern European markets.



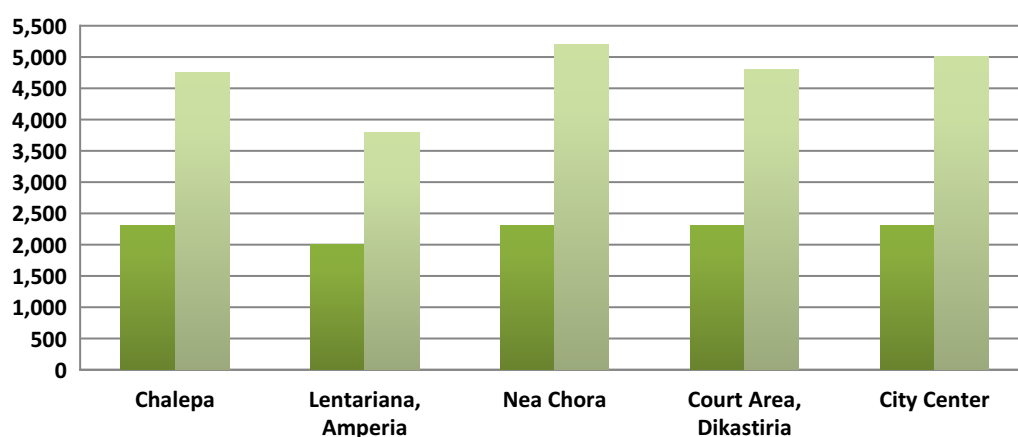
Source: Greek Central Bank

CRETE RESIDENTIAL MARKET

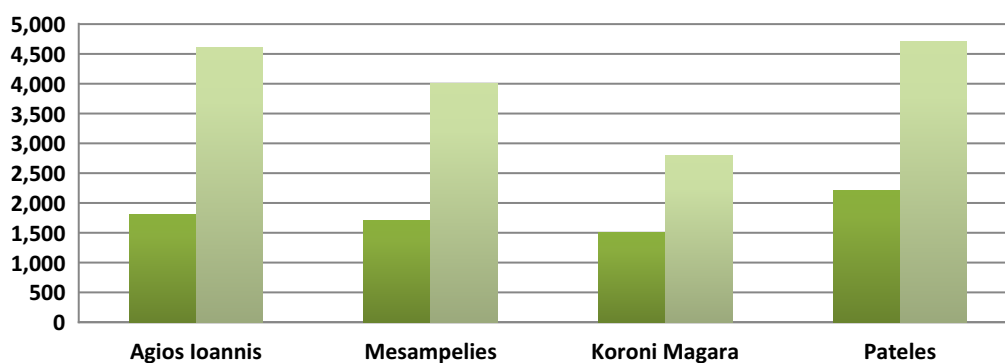
In the first half of 2025, Crete remains one of Greece's most desirable real estate destinations, with a residential market shaped by strong tourism activity, a resilient local economy, and continued foreign investor interest. The island benefits from multiple economic drivers—including agriculture, tourism, and an expanding real estate sector—which contribute to market stability and sustained growth. Coastal zones and tourist-centric locations are seeing the most notable price increases, especially for luxury properties with sea views or prime positioning, which consistently command premium valuations over inland alternatives.

In some of the most sought-after areas of **Heraklion**, property prices range from **2.000€ to 4.900€/sq. m.**, with the average asking price at **3.450€/sq. m.** In **Chania**, values fluctuate between **2.000€ and 6.000€/sq. m.**, with the highest prices observed in newly constructed properties, where the average price reaches **4.000€/sq. m.** Although there has been a decline in the number of new mortgage loans, real estate prices have remained **relatively stable**, supported by steady demand across key urban and coastal areas.

Prices (residential market) - Chania



Prices (residential market) - Heraklion



Source: Danos an alliance member of BNP Paribas Real Estate

Crete's residential rental market continues to face significant pressure in 2025, as demand consistently outpaces the available supply. A key contributing factor is the large number of residential units allocated to short-term rentals (e.g., Airbnb), particularly in tourist-heavy areas, where property owners prioritize higher seasonal returns over long-term leases.



HOTEL & TOURISM MARKET REPORT

In the first half of 2025, Crete's hotel and tourism sector continues on a strong growth trajectory, driven by increasing international arrivals, targeted investment activity, and a growing focus on sustainable and experience-based tourism. With its unique cultural identity, varied natural landscapes, and ongoing infrastructure upgrades, Crete is well-positioned to capitalize on evolving global travel trends and reinforce its status as one of the Mediterranean's top year-round destinations.

OVERVIEW

The Greek tourism sector is expected to maintain a strong performance in 2025, building on the momentum of previous years. International arrivals are projected to surpass pre-pandemic levels, driven by Greece's established global brand, expanding air connectivity, and its appeal as a safe, diverse, and experience-rich destination. Key source markets such as Germany, the UK, France, and the U.S. are expected to remain strong, while efforts to attract visitors from Asia and the Middle East are gaining ground.

KEY STATISTICS

Tourism Contribution to GDP: Direct Contribution: Tourism contributes approximately 13% of Greece's GDP, equivalent to around €30 billion.

Visitor Numbers: Greece overall is projected to welcome a mid-single-digit percent increase in tourist arrivals for 2025 (3–5% growth).

Crete specifically is outperforming the national average, with early-season bookings rising +7% and summer arrivals in Heraklion up +13%.

CRETE HOTEL & TOURISM MARKET

Pre-bookings are strong, with significant upticks **+5 %** from Germany and the UK, **+7 %** from Scandinavia, and **+10 %** each from Poland and Israel.

Booking data highlight historic growth, with increases of **6–7 %** across Greece, driven primarily by double-digit growth in Crete.

Early bookings for **summer 2025** are already ahead by around **31%**.

OUTLOOK

Crete is poised for a record-breaking tourism season, underpinned by strong early bookings, timing of hotel openings in April/May, and diverse source markets.

The market is maturing, with growing emphasis on sustainable, off-peak tourism and brand-led hotel development.

Potential constraints lie in labor shortages and environmental capacity, which may require targeted policy and infrastructure solutions.

KEY HOTEL LAUNCHES IN 2025

Hotel: JW Marriott Crete Resort & Spa

Opening: June 2, 2025.

Location: Marathi Beach near Chania.

Features: 160 rooms, suites, and villas—many with private pools—six dining venues, holistic spa, cave meditation sanctuary, fitness center, beach club, and hiking trails through olive groves.



Hotel: ÓROS Luxury Beach Resort

Opening: May 2025 near Rethymno.

Specs: Five-star property with 117 accommodation units, four restaurants, three bars, wellness center, pool, and conference facilities, part of the LVX Collection.



Hotel: Hilton Garden Inn Chania City

Opening: October 2025.

Specs: The second Hilton Garden Inn in Greece (after Athens). Features 48 stylish, modern rooms, ideal for both business travelers and tourists.



The real estate sector is naturally influenced by evolving economic factors, global trends, and varying levels of risk. Yet, Greece's property market continues to gain momentum, supported by its strong appeal as both a top tourist hotspot and a favorable destination for investment.

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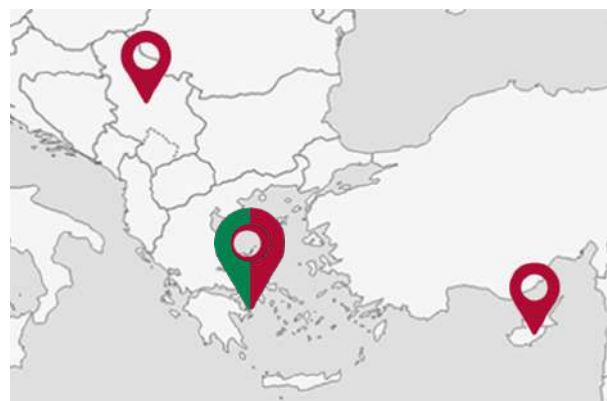
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