



CYPRUS MARKET REPORT

The gross Domestic Product (GDP) growth for 2025 is expected to reach **3.1 per cent, compared to 3.4 per cent in 2024**, while for 2026 and 2027, the GDP is anticipated to expand by **3 per cent annually**.

The projected GDP trajectory is mainly attributed to the expected further increase in domestic demand throughout the forecast period and, to a lesser extent, to external demand during 2026-27, which is negatively affected by the exceptional uncertainty in the global geopolitical and trade environment.

Domestic demand is anticipated to be bolstered by the **rise in private consumption** driven by **increased real disposable income of households** and the continued **resilience of the labour market**.

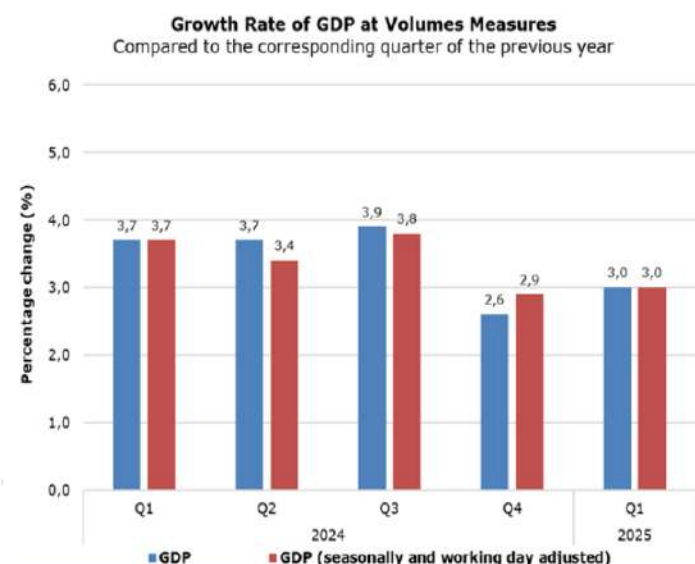
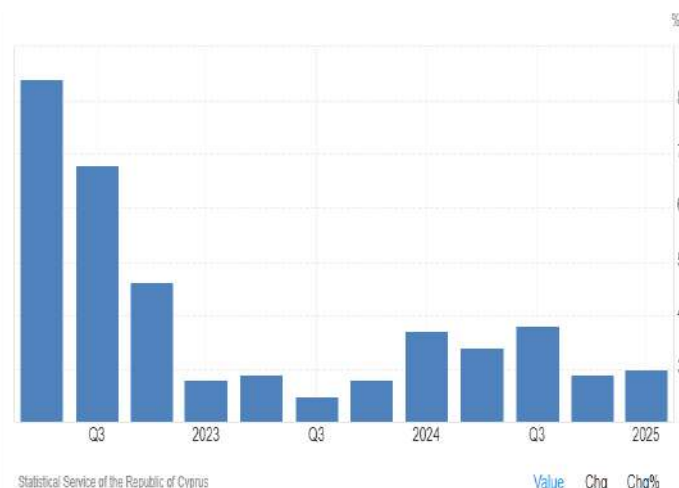
Macro Figures

Growth is expected to decelerate to 2.5 percent in 2025 and stabilize at 3 percent in the medium term as Cyprus shifts towards more investment-driven growth. The fiscal surplus reached an impressive 4.3 percent of GDP in 2024, while public debt declined to 65 percent of GDP in 2024.

Economy Overview

The economy of Cyprus expanded by 3% year-on-year in the first quarter of 2025, confirming flash estimates and slightly above the 2.9% growth recorded in Q4. On the expenditure side, growth slowed for private consumption (1.5% vs 1.8% in Q4), government spending (1% vs 3.4%), and fixed investment (19.3% vs 67.1%). Net trade contributed negatively, as exports rose by 4.5% (vs 2.1%), while imports advanced more rapidly at 6.8% (vs 8.7%). On the production side, output accelerated in several sectors, including manufacturing (3.3% vs 1.7%), information and communication (5.3% vs 4.3%), professional, scientific and technical activities (2.3% vs 1.7%), and arts, entertainment and recreation (6% vs 5.1%). On a quarterly basis, GDP rose by 1.3%, up from 0.2% in Q4, marking the fastest pace of growth since Q1 2024.

Consumer prices in Cyprus declined by 0.2% year-on-year in May 2025, following a 0.2% increase in the previous month. This marked the first decline in consumer prices since March 2021. The main downward pressure came from a further drop in transport prices (-6.6% vs -3.6% in April) and in housing and utilities (-1.53% vs -1.4%). Additionally, price growth eased for food and non-alcoholic beverages (1.98% vs 2.59%), restaurants and hotels (4.91% vs 5.23%), and miscellaneous goods and services (0.96% vs 1.03%). On the other hand, prices accelerated for recreation and culture (4.01% vs 2.49%) and health (1.62% vs 1.55%). On a monthly basis, consumer prices increased by 0.2% in May, following a 0.1% rise in April.



Source: CYSTAT, year of reference 2025



Cyprus's inflation rate is currently trending downward, with the latest readings showing a significant drop. Harmonized inflation in May fell to 0.4%, its lowest level since March 2021. This slowdown is largely attributed to easing price pressures in food and transportation. While the European Commission forecasts project a gradual convergence to 2% by 2026, temporary inflationary pressures related to food and tourism are still present.

Indicators	2024	2025	2026
GDP growth (% , yoy)	3,4	3,0	2,5
Inflation (% , yoy)	2,3	2,0	2,0
Unemployment (%)	4,9	4,7	4,6
General government balance (% of GDP)	4,3	3,5	3,4
Gross public debt (% of GDP)	65,0	58,0	51,9
Current account balance (% of GDP)	-7,0	-6,5	-5,9

The latest macroeconomic forecast for Cyprus.

Economic growth is expected to remain strong in 2025 and 2026, thanks to the continuation of dynamic domestic demand. Despite a fragile international environment, exports of services are also set to remain robust. Inflation is expected to decline. The government budget is forecast to register noticeable surpluses, supported by continued strong growth in revenues. The debt-to-GDP ratio continues to decrease and is projected to move below 60% this year.

The ongoing transformation of the economy is expected to translate into strong investment flows into emerging sectors such as ICT, which also contribute to productivity gains. However, the growing presence of foreign-owned companies, and the resulting repatriation of their profits, is expected to partially offset improvements in the trade balance. Still, the current account deficit is projected to narrow to 5.9% of GDP by 2026.

Economic uncertainty remains the main downside risk. Cyprus’s limited goods trade with the US suggests only marginal direct impact from the recent tariffs. However, indirect negative spillovers resulting from global trade disruptions remain a risk. This is particularly the case given the importance of the sea transport sector for the Cypriot economy, which is more exposed to international trade fluctuations.

Main Economic Indicators for Cyprus, 2019-2026*

	2019	2020	2021	2022	2023 Proj.	2024 Proj.	2025 Proj.	2026 Proj.
GDP at constant market prices 2010 (% change)	5.5	-4.4	6.6	5.6	2.4	2.9	3.1	3.2
Unemployment Rate LFS (%)	7.1	7.6	7.5	6.8	6.4	5.8	5.3	5.0
Harmonized Index of Consumer Prices (% change)	0.5	-1.1	2.3	8.1	4.1	2.5	2.0	2.0
Budget Balance (% of GDP)	0.9	-5.7	-1.9	2.6	2.5	2.8	2.8	2.6
Public Debt (% of GDP)	93.2	116.2	103.2	88.2	81.8	74.7	69.5	63.0

(October 2023)

*DBP 2024

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Labour market pressures weaken

The unemployment rate fell to a 15-year low of 4.7% in 2024-Q4, without significant signs of unmet labour demand. This is partly due to the inflows of foreign workers following the so-called 'headquartering policies', designed to attract international companies and relocate headquarters to Cyprus. These inflows are expected to gradually reduce, as the initial wave of corporate interest has largely materialised. With growth moderating slowly and labour needs diminishing as a result, pressure on the labour market is expected to remain limited.

Inflation to hit 2%.

Food and tourism prices showed marked increases in early 2025, reflecting the delayed passthrough of wage growth and strong tourist demand. These temporary inflationary pressures are expected to gradually subside as wage growth normalises and goods prices, including energy, moderate. HICP inflation is projected to converge to 2% by 2026.

Fiscal outlook remains bright

In 2024, Cyprus reached a general government headline surplus of 4.3% of GDP, with revenues growing stronger than expenditures. In 2025, the government surplus is projected to remain solid and reach 3.5% of GDP. Continued strong economic growth is expected to contribute to revenues growing at a faster pace than expenditures, despite several new or increasing expenditure measures. These include the participation of the State in the construction of a terminal for receiving liquified natural gas and of the Great Sea Interconnector for gas. These also include social initiatives like the solidarity fund to compensate people who lost their savings during the financial crisis of 2012-2013, as well as a mortgage-to-rent scheme that allows overindebted households to stay in their property while transforming their loan into rent payments.

In 2026, the overall picture is forecast to remain broadly unchanged, and the government headline balance is projected to achieve a surplus of 3.4% of GDP.

The government debt-to-GDP ratio dropped by more than 8 pps. down to 65.3% at the end of 2024. This trend is supported by the continued government headline surpluses. Government debt is projected to fall to 58.0% of GDP by the end of 2025 and to 51.9% in 2026. With this fiscal outlook the risks for public finances appear contained.

[Spring 2025 Economic Forecast: Moderate growth amid global economic uncertainty](#)



OFFICE MARKET REPORT

OVERVIEW

The Cypriot office market in 2025 is showing a strong and resilient performance, with increasing demand and rising rental prices, particularly in Limassol and Nicosia. Larnaca has also seen a notable rise in office values. Overall, the market is characterized by increased transaction volumes and values, with a notable surge in investor confidence.

It is expected to maintain its positive momentum through the remainder of 2025, with continued growth and strong demand. The market is likely to be influenced by factors such as economic growth, foreign investment, and the ongoing development of new projects. While price increases are expected to continue, particularly in prime areas, the market is expected to remain relatively stable overall.

- **Strong Demand and Growth:** The Cyprus property market, including offices, is experiencing a surge in transactions, with a notable increase in sales contracts filed in the first quarter of 2025 with **Nicosia's Ascendancy**. Nicosia has seen a significant rise in high-value property transactions, including a record-breaking office sale.
- **Limassol's Continued Strength:** Limassol remains a major market center, particularly for commercial properties, and continues to attract a large share of transactions.
- **Foreign Investment and Price Increases:** There is a growing trend of foreign buyers, particularly from the EU and Middle East, entering the market, contributing to increased demand and rising property values.
- **Limited Supply in Prime Areas:** Coastal regions and urban centers are facing a shortage of new developments, leading to increased competition and higher prices.
- **Impact of New Building Regulations:** The introduction of a new, flexible system for building permissions is expected to streamline processes and potentially impact the pace of development.
- **Shift in Buyer Preferences:** While demand is strong across various : The office rental market is dynamic, with varying prices depending on location and property type.

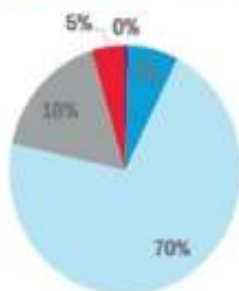
Outlook for the Remainder of 2025: The Cyprus property market, including the office sector, is expected to maintain its positive momentum through the remainder of 2025, with continued growth and strong demand. The market is likely to be influenced by factors such as economic growth, foreign investment, and the ongoing development of new projects. While price increases are expected to continue, particularly in prime areas, the market is expected to remain relatively stable overall.

OFFICE RENTALS

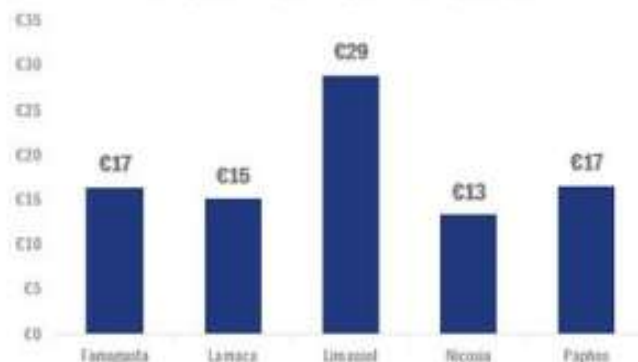
SOURCE:
Landbank
Analytics

Nu. of Available Offices for Rent (Supply)

■ Famagusta ■ Larnaca ■ Limassol ■ Nicosia ■ Paphos



Average Monthly Asking of Offices per Sqm

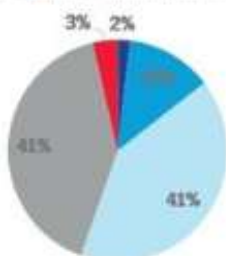


Offices				
District	Property Number	Min of Avg/Rent per Sqm	Average of Avg/Rent per Sqm	Max of Avg/Rent per Sqm
Famagusta	2	€9	€17	€24
Larnaca	38	€6	€15	€42
Limassol	352	€9	€29	€70
Nicosia	89	€5	€13	€33
Paphos	25	€7	€17	€50
Cyprus	506	€5	€24	€70

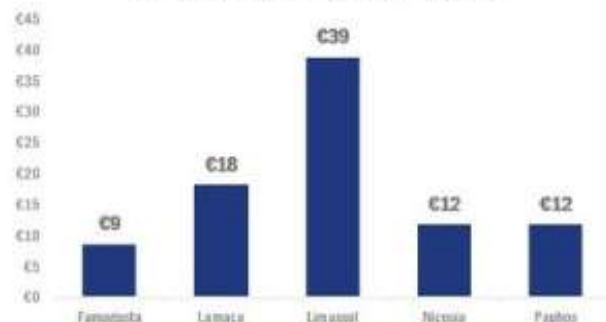
January 2025

Nu. of Available Shops for Rent (Supply)

■ Famagusta ■ Larnaca ■ Limassol ■ Nicosia ■ Paphos



Average Monthly Asking of Shops per Sqm

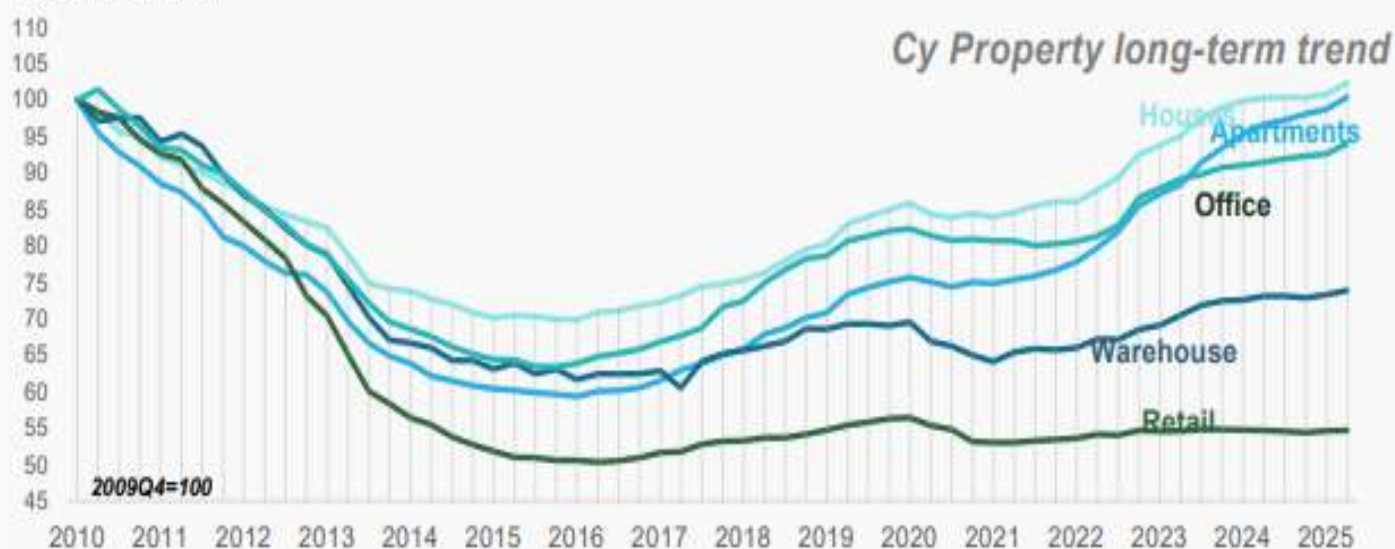


Shops				
District	Property Number	Min of Avg/Rent per Sqm	Average of Avg/Rent per Sqm	Max of Avg/Rent per Sqm
Famagusta	2	€9	€9	€9
Larnaca	14	€5	€18	€35
Limassol	43	€12	€39	€94
Nicosia	44	€8	€12	€23
Paphos	3	€11	€12	€14
Cyprus	106	€5	€24	€94

SHOP RENTALS
SOURCE: Landbank Analytics

Real estate long term trend

During 2025Q1, further price increases were reported in all asset classes to a greater or lesser extent when viewed at a headline (country) level. Compared to the previous quarter, the largest gain was in Apartments with the most modest in Retail. This is also reflected in annual rate of change with Apartments leading the way followed by Offices and Houses while Retail was essentially flat.



The analysis of available retail spaces for rent also highlights significant variations across districts. Nicosia has the largest number of retail properties (44), followed by Limassol (43).

- Larnaca, with 14 retail spaces, also provides leasing options.
- In Paphos, only three retail spaces were available, while in the small market of Famagusta, availability is limited to just two shops, reflecting the area's seasonal nature focused on the summer period.
- Limassol leads in rental prices, with an average of €39/sqm. and a maximum of €94/sqm. Larnaca follows with an average rent of €18/sqm. and a maximum of €35/sqm.
- More affordable rental options can be found in Nicosia, where the average rent is €12/sqm. and the maximum is €23/sqm.
- The most economical, but with very limited availability, are Paphos (€12/sqm. average and €14/sqm. maximum) and the non-occupied Famagusta district (€9/sqm. average).



CYPRUS RETAIL MARKET REPORT

OVERVIEW

Consumer confidence indicator

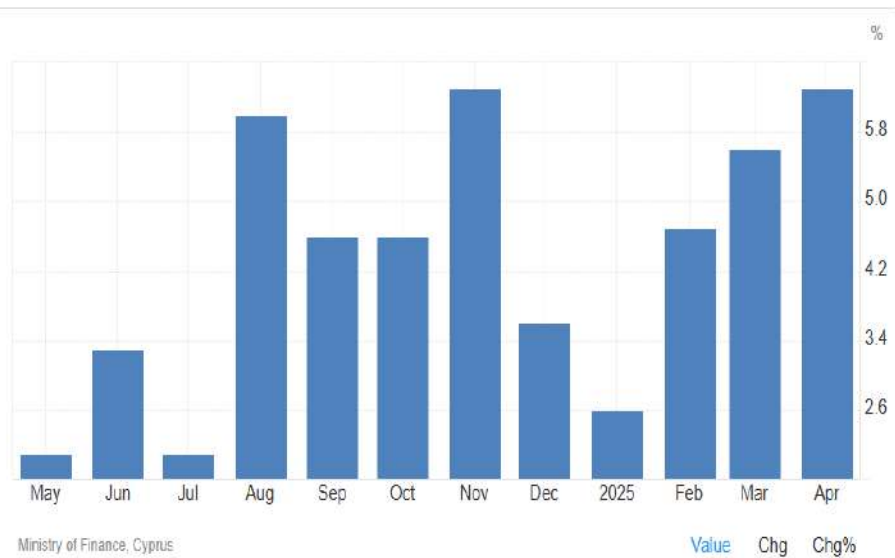
Retail sales in Cyprus grew by 6.3% year-on-year in April 2025 from 5.6% in the previous month.

This marked the strongest growth in retail activity since November 2024, primarily attributed to a jump in sales of food, beverages, and tobacco in non-specialised stores (7.5% vs 5.9% in March), pharmaceuticals, orthopaedic goods, and cosmetics (4.0% vs 0.3%), and flowers, plants, watches, jewellery, optical goods, and second-hand goods (12.7% vs 3.8%).

Additionally, sales recovered significantly for food, beverages and tobacco in specialised stores (10.8% vs -0.7%) and automotive fuel (3.1% vs -1.3%).

Meanwhile, sales slipped for other household equipment (-3.1% vs 7.7%), cultural and recreation goods (-0.5% vs 7.8%) and it slowed for ICT equipment (7.9% vs 9.5%) and clothing and footwear (12.2% vs 16.7%).

On a year-to-date basis, retail sales advanced by 5.8%.



Rental values - YoY% change (by sector)



Yields

Asset Types - Cyprus

	2025Q1	2024Q1
Apartments	5,39%	5,44%
Houses	2,99%	2,97%
Retail	5,78%	5,83%
Warehouse	4,23%	4,22%
Office	5,59%	5,51%
Holiday Apartments	5,76%	5,75%
Holiday Houses	2,79%	2,74%

Yields have recorded very marginal movements since last year with the only notable movement recorded in Offices.

Source: RICS

Retail sales in Cyprus increased by 4.7% year-on-year in February 2025 from a six-month low of 2.6% rise in the previous month. This marked the strongest growth in retail activity since November 2024, mainly driven by higher sales in food, beverages, and tobacco in non-specialised stores (5.1% vs 3.5% in January), ICT equipment (11.7% vs 2.8%), clothing and footwear (9.6% vs 4.2%), and cultural and recreational goods (17.8% vs 12.6%).

Additionally, sales rebounded in food, beverages, and tobacco in specialised stores (1.8% vs -1.0%), other household equipment (3.0% vs -1.3%), and pharmaceuticals, orthopaedic goods, and cosmetics (0.1% vs -1.3%).

In contrast, trade slowed notably for automotive fuel (0.3% vs 3.7%). On a year-to-date basis, retail sales advanced by 3.7%.



Danos

INTERNATIONAL PROPERTY
CONSULTANTS & VALUERS

LOGISTICS MARKET REPORT

In 2025, the logistics industry will be shaped by transformative trends such as AI-driven supply chains, green logistics, blockchain transparency, e-commerce advancements, and diversified sourcing. Companies embracing these innovations will drive efficiency, sustainability, and resilience in global trade.

OVERVIEW & TECHNOLOGIES SHAPING SUPPLY CHAINS

Overview of Digital Transformation in Supply Chain

- The rise of advanced technologies like AI, IoT, and blockchain is revolutionizing supply chains.
- Data-driven decision-making is becoming essential for optimizing operations.
- Real-time tracking and monitoring of goods improve visibility and efficiency.
- Cloud-based platforms and automation tools streamline processes and reduce human error.
- Cyber-security is a critical challenge for supply chain networks

Key Digital Technologies Shaping Supply Chain

- **Artificial Intelligence (AI):** Predictive analytics, demand forecasting, and route optimization.
- **Internet of Things (IoT):** Connected devices enabling real-time data collection for better visibility.
- **Blockchain:** Ensuring transparency, security, and traceability in transactions.
- **Automation & Robotics:** Speeding up warehouse operations and inventory management.

CITY LOGISTICS, CUSTOMER EXPERIENCE, OMNI-CHANNEL DELIVERY

Cities become bigger

- The Global urban population growing by 1.5 million people weekly
- Expected 37 megacities by 2025, up from 23 in 2015
- Global population expected to reach 8 billion by 2025, creating unprecedented consumer demand that will dramatically alter consumption patterns and distribution strategies
- COVID-19 has boosted e-commerce and the need for omni-channel deliveries

Key Digital Technologies Shaping Supply Chain

- Design supply chains optimized for **dense urban environments** (e.g. Urban Consolidation Centers, Night deliveries, Low Emission Zones)
- **Enhance Customer experience:** End-to-end visibility, omni-channel deliveries (PUDO points, Curb collection, Parcel lockers)
- **Last-mile orchestration platforms:** Orchestration of last-mile deliveries & returns (fleet mgt, routing, driver's app, customer's feedback)
- **Multiple types of delivery means:** Cargo bikes, e-vans, crowd-shipping

Source: OECD (2025)

The supply of warehouse rentals in Cyprus is limited, but it appears to meet demand, as the average monthly rent for warehouses stands at €5/sq.m. Limassol has the highest number of available warehouses for rent, accounting for 47% of the total supply, followed by Nicosia (33%) and Larnaca (20%).

Limassol also records the highest average rent per square meter, reaching €7/sq.m. In Nicosia, the average monthly rent is €5/sq.m., while in Larnaca, it is €3/sq.m.

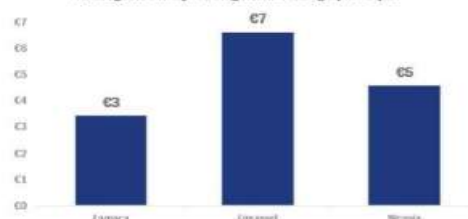
"The increased demand, combined with limited supply in Limassol, likely drives rental prices higher. When discussing warehouses, location plays a crucial role in pricing. Limassol is home to Cyprus' main port, which is undoubtedly one of the reasons for the higher demand and rental prices," notes Christophorides.

Pancyprian Rental Warehouses Overview January 2025

Nu. of Storage per Sqm



Average Monthly Asking Rent Storage per Sqm



District	Warehouses	
	Property Number	Min of Avg/Rent per Sqm
Larnaca	6	€3
Limassol	14	€7
Nicosia	10	€5
Cyprus	30	€5

RESIDENTIAL MARKET REPORT

OVERVIEW

The Cyprus residential market in Q1 2025 showed a mixed performance with new apartment prices remaining stable while new house prices experienced a notable increase. Specifically, the average price for new apartments across Cyprus remained steady - while the average price for new houses rose by 12%. This increase in house prices is attributed to strong demand for modern housing in key areas.

Market values - YoY% change (by sector)



Looking at the data on a year-on-year (YoY) comparison, the latest numbers show a strong increase in Apartments, followed by Offices and Houses. Warehouses recorded minor increases, whilst Retail once again stands out showing a minor decline.

Market values - QoQ% change (by sector)



The quarter-on-quarter (QoQ) data, shows Apartments posting the most material gains.

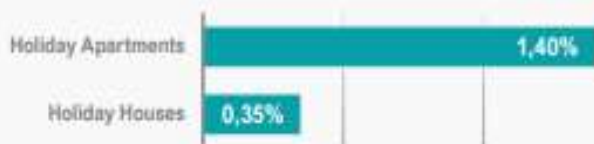
At a district level, the strongest increases were recorded in Larnaca, and the lowest in Nicosia. Famagusta registers modest overall increases, whilst Limassol and Paphos only minor ones. The biggest increases over the quarter were in Larnaca – Offices, Houses and Apartments show a strong demand. Similarly, the same assets show increases in Famagusta, as well as in the remaining districts albeit at a lower degree. Warehouses recorded very marginal increases, whilst Retail recorded very small movements with an aggregate of almost nil effect.

Holiday assets



Holiday asset pricing (Apartments & Houses) recorded small increases when compared with the preceding period.

2025Q1 Vs 2024Q1



Looking at these assets over the past year, both Holiday Apartments and Holiday Houses are also recording modest gains with Apartments leading the way.

QoQ% Change



At a district level, the largest quarterly increases recorded were in Larnaca with smaller gains in Apartments in Famagusta. The remaining district recorded either almost nil or negative values.

Rental values - YoY% change (by sector)



Yields

Asset Types - Cyprus

	2025Q1	2024Q1
Apartments	5.39%	5.44%
Houses	2.99%	2.97%
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HOTEL & TOURISM MARKET REPORT

OVERVIEW

Cyprus is experiencing a strong tourism recovery in 2025, with record-breaking tourist arrivals and increased revenue from tourism compared to previous years. The island is also seeing a shift towards luxury and boutique accommodations to cater to high-end tourists.

Observing the flow of bookings for 2025, it seems that there is interest in making reservations earlier, compared to what was seen during the same period in 2024.

In 2024, which was described as a good year, there was a sluggish flow of bookings from Cyprus's main markets in the first half of the year. In the second half of the year, the small gap that existed in the first half was covered.

The tourism infrastructure in Cyprus, it is said that most of the hotels in Cyprus were built in the 1980s and 1990s, so they are 30- 40 year- old hotels, but in good condition- with the various incentives recently provided by the Government, most hoteliers have significantly upgraded their hotels, offering qualitative infrastructure.

So, while our product is somewhat dated, it is at a very good level compared to what exists in competitive destinations. However, we definitely need to consider in the future how we can upgrade and update our tourism product.

Hotels, by their nature, require large investments- so if we are to upgrade this tourist product, by considering some extra incentives.

•Tourist Arrivals:

May 2025 saw a 13.7% increase in tourist arrivals compared to May 2024, with a total of 479,160 visitors. For the first five months of the year, arrivals reached 1,344,486, a 14.9% increase compared to the same period in 2024.

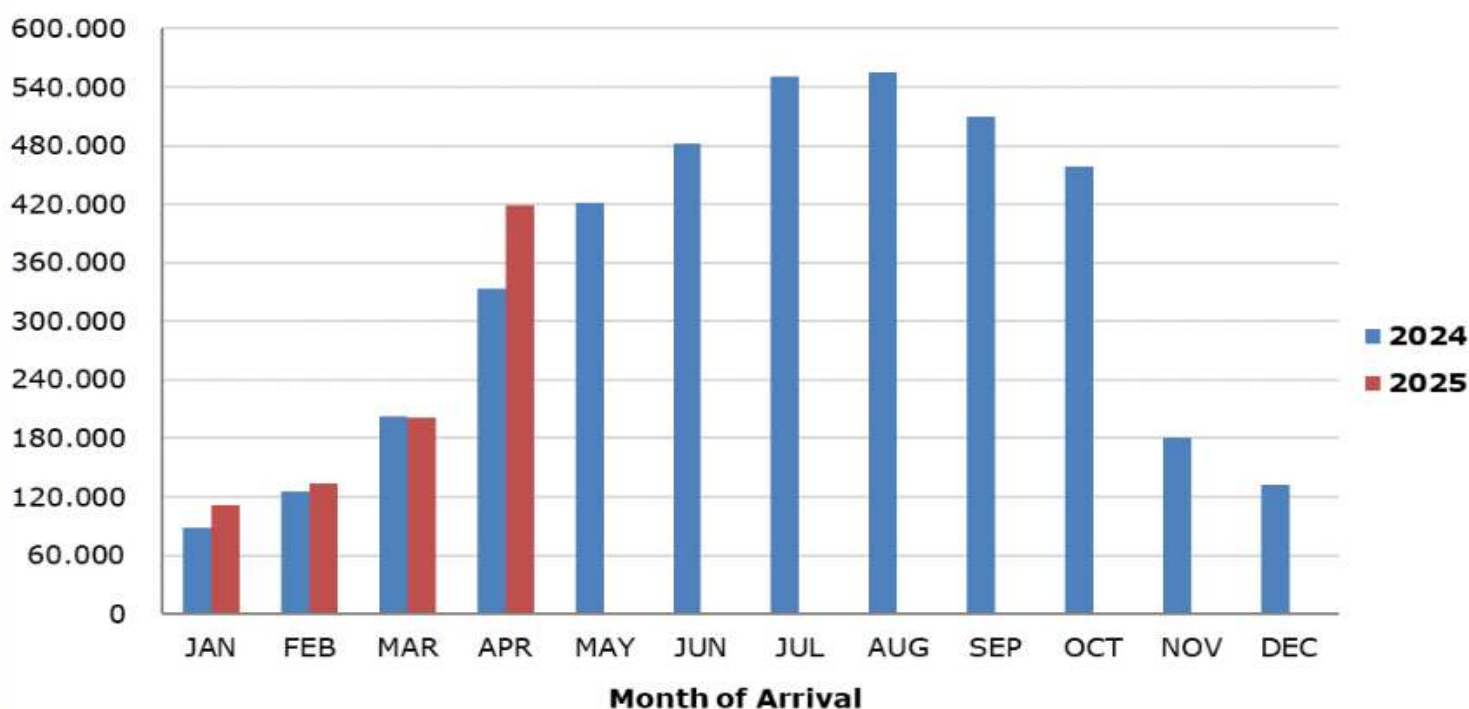
•**Revenue Growth:** Revenue from tourism for the first three months of 2025 is estimated at €278.3 million, a 24.6% increase compared to the same period in 2024.

Key Source Markets:

The United Kingdom remains the largest source of tourists for Cyprus, followed by Israel, Poland, Germany, Sweden, and Greece.



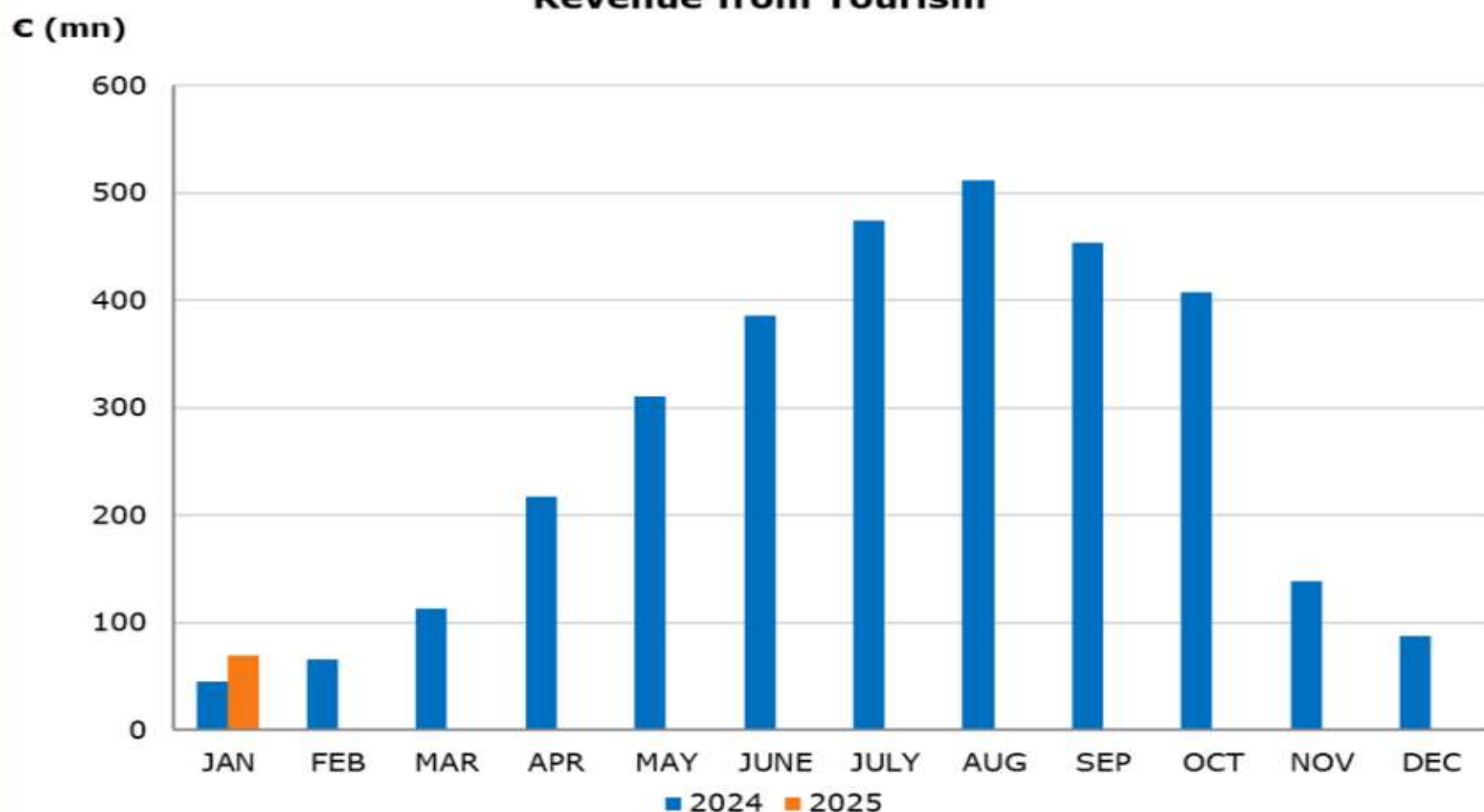
Figure 1: Tourist Arrivals



Tourist Arrivals

The arrivals of tourists reached 418.730 in April 2025 compared to 333.563 in April 2024, recording an increase of 25,5%. For the period of January – April 2025, arrivals of tourists totalled 865.326 compared to 748.814 in the corresponding period of 2024, recording an increase of 15,6%. *Revenue from Tourism 53,1%- €69,2 m n in January 2025*

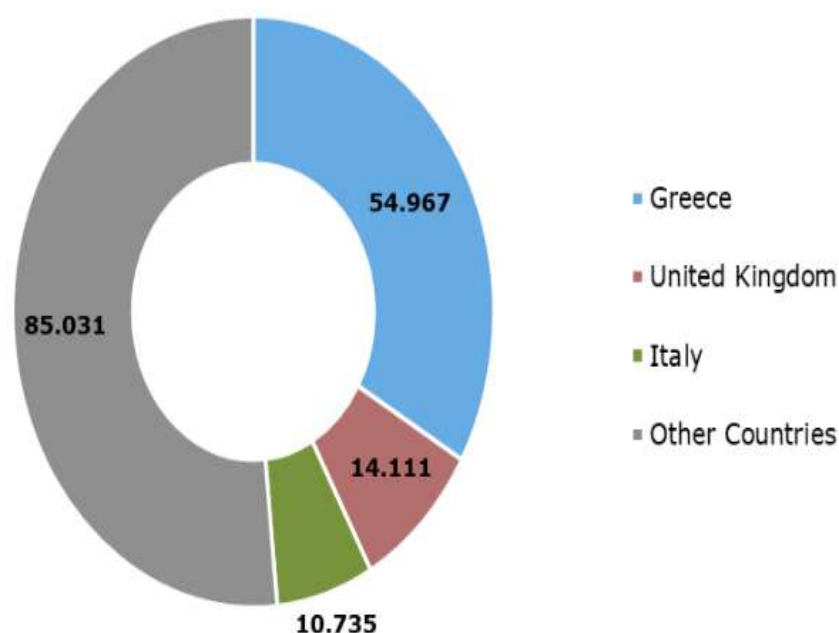
Revenue from Tourism



RESIDENT RETURNS

A total number of 164.844 residents of Cyprus returned from a trip abroad in April 2025 compared to 132.806 in the corresponding month last year, recording an increase of 24,1%. The main countries from which residents of Cyprus returned in April 2025 were Greece with a share of 33,3% (54.967), the United Kingdom with 8,6% (14.111) and Italy with 6,5% (10.735).

Figure 2: Returns of Residents of Cyprus by Country of Visit, April 2025



The purpose of travel for the residents of Cyprus in April 2025 was mainly holidays, with a percentage of 70,9%, whilst business reasons held a percentage of 17,5%, studies 10,8% and other reasons 0,8%.



MAJOR REAL ESTATE TRANSACTIONS S1 2025

	Municipality / Community	Property type	Sale Price
1	Amathus, Agios Athanasios	Five-story office space in a multi-storey commercial center on the seafront avenue	€ 28,500,000
2	Limassol, Neapolis	4 apartments in a high-rise building	€ 14,807,200
3	Limassol, Tserkezoi	Land – My Mall area	€ 9,400,000
4	Limassol, Tsiflikoudia	1 restaurant and 3 apartments in a seafront project under construction	€ 8,111,900
5	Limassol, Agia Napa	Office buildings in central Limassol	€ 7,200,000
6	Amathus, Potamos Germasogeias	Luxury apartment	€ 6,350,000
7	Limassol, Zakaki	Residential land	€ 5,598,756
8	Amathus, Agios Tychonas	Luxury apartment	€ 5,000,000
9	Amathus, Germasogeia	Residential land	€ 4,500,000
10	Amathus, Agios Tychonas	Luxury apartment	€ 3,537,000

Source of data: Department of Lands and Surveys

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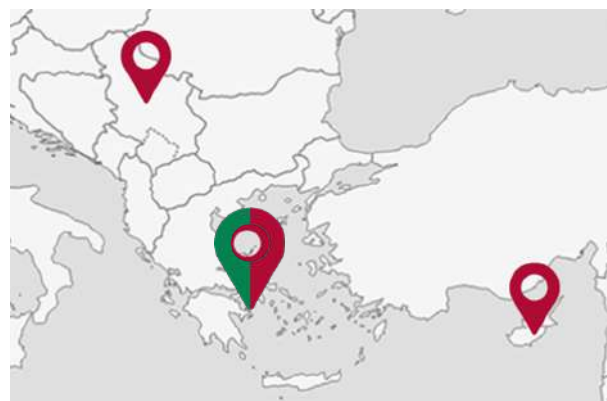
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