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IN FOCUS:

THE MIXED-USE CONCEPT

A TREND SHAPING IN GREEK TOURISM DEVELOPMENTS

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This article provides an overview of the luxury tourism mixed-use developments and vacation homes market in Greece. We provide information regarding pricing and the background of the market, as well as a brief overview of legislation relevant to this market in Greece. The prices mentioned in this article cover a selection of properties based on certain characteristics that we deem important for a property to belong in the luxury segment. All information mentioned in the article is indicative and should not be used in the stead of actual market research by an interested party.

Mixed-Use Lodging Facilities and Branded Residences

Global Trends

The array of interests covered by the concept of Branded Residences are favoured by several developers, as they combine the provision of a lifestyle product with the development of real estate properties for outright sale to investors or final users. The emerging trend for transferring knowledge from the hospitality sector to residential developments involves branding and the integration of hotel services and amenities aiming at incorporating not only exclusivity and prestige but also safety and privacy. Since service and facility standards have risen in hotels, demand for similar standards in **Branded Residences** has followed the trend. According to various studies, Branded Residences have commanded an average uplift in price of about 30% as compared to equivalent non-branded residential schemes.

CHART 1: MAIN TOP END PLAYERS

Four Seasons
Mandarin Oriental
Ritz-Carlton
St. Regis
Fairmont
Banyan Tree

The Branded or Managed Residence market has emerged in Europe relatively recently as part of the strategic plan of several upscale branded hotel companies to meet market needs. It seems that the prospect to capture a share of the upscale residential real estate market has become irresistible to those companies who dominate the market in exclusivity and service in the world of luxury hotels. In terms of number of developments, the market is dominated by high-end North American and Asian hotel companies, both in terms of location and company origin; although the Caribbean is increasingly popular as a destination for this type of development. The main global hospitality players at the top end of the market are presented in chart 1.

Other branded hospitality companies such as Aman, Hyatt, and Kempinski are also involved in this sector but have less presence in the global market at the moment. It is clear, however, that interest in this segment is experiencing significant growth around the world as the combination of real estate growth potential and luxury lifestyle are exploited by those companies with access to buyers at this level of the market. Branded Residences in Europe are limited in number but there is interest being shown by companies such as Four Seasons, Starwood (St. Regis), and Marriott (Ritz-Carlton) to expand their existing presence in the Mediterranean region.

Greece

The Greek islands have always been known for their sunshine, laid-back lifestyle, and great food. While other European real estate markets approach a standstill, there appears to be an increasing number of rich Europeans buying luxury properties on the Greek islands. The country has a lively residential property market primarily driven by two major buyer groups besides Greek citizens; the British and the Germans. The international buyers mainly use their property as a place to retire and live permanently since it is acknowledged that, in general terms, the cost of living in Greece is rather lower than in their home countries. There are also many examples of foreign buyers buying a plot of land and building a new house by themselves. According to real estate agents and the daily press, currently there are about 70,000 foreign owners with property in Greece, including Athens.

Nonetheless, Greece remains the only European country without a complete land registry and zoning, making it difficult to identify the owners in a country that many refer to as “one of the most attractive tourism destinations”. Recent legislation reformation tried to clarify where construction is allowed and where it is forbidden. Additional restrictions foreign buyers have to face are the strict controls over development (or renovation of older properties) to ensure that the local character is maintained, particularly in coastal and suburban areas. Regarding pricing, property prices have risen considerably in the last decade, although not by as much as in other countries. The biggest rises have been witnessed on some particularly popular Greek islands, where prices have risen at a much faster rate since the country joined the European Union (EU) and remained resilient despite the severe economic environment of the last five years. Old village houses are reasonably priced and in plentiful supply in most areas, although they usually require extensive modernisation and renovation.

The natural beauty of the country combined with the relatively short travelling time from all major European source markets have increased the demand for serviced and/or branded holiday villas in Greece. At the same time the demand for second-home ownership in residential resorts generated from northern Europe seems to have shifted from Spain and Portugal towards the less-developed region of southeast Europe. While this demand is expected to continue to grow over the next few years, the supply of such units is expected to remain limited due to the time required to complete such projects. The very few organized developments of that kind in Greece achieve particularly high selling rates per square metre exactly due to this lack of supply.

The luxury real estate market in Greece appears to be in a relatively early stage of development. With some exceptions, most of the residential properties for sale nowadays are standalone villas in popular destinations, or form part of a small scale (5 - 10 units) complex. Currently, Greece offers an extremely limited residential product as part of an integrated resort development. Given that, quite a few projects of that kind are in the pipeline all over the country, either under construction or in the design phases. Most of these developments are aiming towards the higher-end of the resort and real estate markets, signifying the evolution of the second holiday home market in Greece.

In order to highlight the most important **mixed-use** tourism projects in **Greece** (existing, under construction, or announced), the following chart sets out the key physical characteristics of an indicative set of such projects.

CHART 2: INDICATIVE SET OF MIXED-USE DEVELOPMENTS IN GREECE AND THEIR FACILITIES

									Facilities and Amenities					
Status	Property	Location	Hotel Rooms	Average Hotel Room Size (m²)	Suite Ratio	Number of Residential Units	Average Residential Unit Size (m²)	Average Residential/ Hotel Rooms Ratio	Restaurants	Bars	Golf	Spa	Meeting Room	Meeting Space (m²)
Existing	Amanzoe	Porto Heli, Peloponnese	42	117	100%	34	500 - 2,000	81%	3	1	N	1,200 m²	2	N/A
Existing	Costa Navarino	Messinia, Peloponnese	766	40 - 192	21%	45	200 - 500	6%	6	5	Y	4,000 m²	12	5,000
Existing	Porto Carras	Halkidiki	998	38	33%	146	90	15%	9	8	Y	7,000 m²	15	4,735
Proposed	Grace Kalamata	Messinia, Peloponnese	88	66	57%	19	365	22%	3	2	N	2,000 m²	3	530
Proposed	Fairmont Corfu	Corfu	250	51	16%	72	281	29%	3	3	N	1,550 m²	15	1,767
Proposed	Kilada Hills	Porto Heli, Peloponnese	201	262	51%	350	384	174%	2	3	Y	4,400 m²	1	550
Proposed	Kassiopi Estate	Corfu	161	N/A	N/A	59	N/A	37%	N/A	N/A	N	Y	Y	N/A
Proposed	Xenia Paliouri	Halkidiki	130	50	N/A	40	200	154%	2	2	N	600 m²	1	350
Proposed	Afandou Rhodes	Rhodes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Y	N/A	N/A	N/A
Proposed	Angsana Resort & Spa	Corfu	200	N/A	N/A	80	N/A	N/A	4	8	N	2,300 m²	Y	N/A
Proposed	Pravita Estate	Halkidiki	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N	N/A	N/A	N/A
Proposed	Med Sea Health	Halkidiki	304	42	30%	150	N/A	N/A	5	6	N	5,000 m²	Y	N/A

The majority of the proposed facilities have not yet been finalised and the data indicated here are only assumptions that are subject to change
Source: HVS Research

Recent and Forthcoming Mixed-Use Developments

Costa Navarino, the largest tourism development currently in operation in Greece is located in southwest Peloponnese on the Messinian Peninsula, featuring a total investment of reportedly €1,2 billion. The first phase of Costa Navarino was completed in 2010 with the development of two integrated resorts, both situated on beachfront property near the town of Pylos and the village of Romanos. More specifically, in May 2010, two five-star hotels featuring 321 and 445 keys commenced operations in the Romanos region. These hotels are managed by Starwood Hotels and Resorts under its **Luxury Collection** and **Westin** brands and the development is known as the Navarino Dunes. A second golf development, “The Bay Course”, has been operational since October 2011. There is also a residential component of the project that has yet to materialise. At the end of 2014, Costa Navarino announced that Saudi Arabian Olayan Group acquired a 25% stake in the project.

By combining some of the world's best hotel brands and designers, Dolphin Capital Investors (DCI) aims at creating an upmarket destination on the south shores of Argolida, close to Porto Heli. The first phase of the investment includes **Amanzoe**, a 42-pavilion hotel and spa and the Amanzoe Beach Club, currently operating since August 2012; 34 Aman Villas serviced by Amanzoe; the 66-room **Nikki Beach Hotel** which opened in July 2014; and 11 Seafront Villas under construction. Later stages, known as the **Kilada Hills** project, include a 100-room **Chedi** hotel and beach club, 88 villas and suites, 13 cabanas, an 18-hole signature golf course, a golf clubhouse, 250 golf residences, and 100 residences. Especially for the construction of these other phases, the company intends to take advantage of the Special Spatial Development Plans of Strategic Investments (ESCHASE in Greek). Kilada Hills is currently under review from the Greek Council of State to receive the final green light for development.

The owning company of **Porto Carras Grand Resort** in Halkidiki is exploring ways of repositioning its facility, expected to take place after 2015, and set to be achieved through investments in refurbishment, construction of new private villas/residences, and a potential affiliation with a reputable international hotel operator. This plan is anticipated to elevate the current positioning of the resort which has passed through a period of decline and deterioration of its erstwhile fame and reputation and currently its performance is bouncing back to healthy levels. Excluding the residential component, the expected investment is anticipated in the magnitude of several million Euros.

Also in process in Halkidiki is a project launched by Russian hotel and health service company **Med Sea Health** that includes the creation of a high quality hotel complex with a capacity of 640 beds, hydro-therapeutic spa centre, a 90-berth marina and a settlement of approximately 150 holiday homes (which will be available for outright sale) in a total area of 330,000 m^2. The hotel element of the entire complex is currently under construction at Kanistro location in Paliouri and is expected to commence operations in Spring 2016, whereas in January 2015 the environmental permits for the residential element were approved and this second phase of the project is planned to begin in the near future.

Also in March 2016, the ex-San Stefano Hotel near the village of Benitses on the island of Corfu is expected to be re-launched in the market, after its acquisition from a Greek investment company, featuring 200 guest rooms (including suites and bungalows). In addition to guest rooms, the Hotel is planned to feature numerous food and beverage outlets, a multifunctional meeting space, 2,300 m^2 of health spa and also a residential element comprising about 80 villas. The entire development is agreed to be flagged under the **Angsana** brand of **Banyan Tree Hotels and Resorts**.

Grace Kalamata is scheduled to open in 2018. Located on the beautiful sandy Velika beach with 300 metres of secluded beachfront, the hotel will be approximately 20 kilometres west of the city of Kalamata (capital of the Prefecture of Messinia in southwest Peloponnese) in an area known for its outstanding natural beauty. The hotel will offer views of the Messinian Gulf and Mount Taygetos. The hotel is planned to comprise 125 rooms and suites, up to 40 residential villas, and will offer all amenities associated with a luxury resort. The project received the go-ahead to begin development from the municipal authorities of Kalamata in March 2015.

In January 2013, the board of directors of the **Hellenic Republic Asset Development Fund (HRADF)** approved the binding financial offer by NCH Capital for the acquisition of 100% of the stake of the Special Purpose Vehicle, to which the HRADF will transfer the concession rights of the property development for a period of 99 years for a beach front plot of land at **Kassiopi, Corfu**. This is an investment of approximately €100 million, including €23 million for the acquisition of the leasehold, €2.3 million of an earn-out clause, and an estimated amount of €75 million for the development of the property. The total area of the property is 490,000 m^2, on which the investor will have the right to develop a gross buildable area of about 36,000 m^2 including hotel and villas. NCH Capital is based in New York, USA, and has over $3.5 billion of capital under management, with funds across four asset classes: listed equity, real estate, agribusiness, and private equity.

In October 2013, the HRADF's Board of Directors accepted Donskoy Tabak's improved offer of €14 million regarding the greenfield development of the real estate in **Paliouri** area of Halkidiki, concluding the respective tender process. The size of the property measures 210,742 m^2 and includes the once famed but currently abandoned tourist units of Xenia (3,658 m^2) and Paliouri Camping Facilities (1,128 m^2). Potential exploitation plan for the property could include up to 29,168 m^2 of luxury hotel (via leasehold or concession) and 12,500 m^2 of vacation residences (freehold). The property should be developed in accordance with the procedures for urban-planning maturity, prescribed in Law 3986/2011 and the relative Special Town Planning Development Plan (ESCHADA in Greek).

In November 2013, **Agios Ioannis**, a beachfront land plot on the peninsula of Sithonia, Halkidiki measuring 261,000 m^2, featuring a seafront of 2,000 meters and a usable area of 200,000 m^2, was sold to a construction company based in Northern

Greece owned by Mentekidis Bros. for €9.61 million after an international tender process conducted by the HRADF. An additional investment of approximately €50.0 million in tourism facilities development is expected.

In July 2014, the HRADF announced the highest bidders of the tender for the utilization of two neighbouring beachfront land plots in **Afandou** on the island of Rhodes totalling 161.5 hectares. The deal for the Afandou assets amounted to €42.1 million. US-based **M.A. Angeliades Inc.**, that offered €26.9 million, was declared the investor for the 1.36 km² North Afandou plot that includes an 18-hole golf course. The company **T.N. Aegean Sun Investments Ltd.** was declared the investor for the South Afandou plot after submitting an offer of €15.2 million. Reportedly, the investors are expected to put around 300 million Euros into the area to build hotels, bungalows, revamping the golf course, landscaping, etc. Of the total land area of 161.5 hectares, 53 will be given over to the golf course. The area is given over to the investors under a 50-year lease. An area of 28.6 hectares is foreseen as protected natural environs and natural beauty. The investors may build a maximum of 151,000 square meters worth of roofed venues on the plot.

In October 2013 the project **"Pravita Estate"** was announced to be subject to the provisions of the "Fast Track" Law that Greek government created in order to assist the licensing process of large strategic investments. The company Pravita Development and Holdings S.A. intends to develop an area of 3,131 acres located in the area of Taksiarhis, near Polygyros, Halkidiki and take advantage of the Special Spatial Development Plans of Strategic Investments (ESCHASE in Greek) that allow the State to intervene in cases where the use of specific land is deemed vital for an investment to proceed. The investment plan includes four golf courses, three five-star hotels, a residential component, a conference centre, a health centre, rehabilitation facilities, an athletic training centre, and alternative tourism facilities. The total investment for the creation of Pravita Estate is estimated at approximately €726.4 million and, in accordance with the investment schedule, is intended to be completed gradually over a five-year period.

Corfu Gardens S.A., a Russian-backed hotel real estate development company, plans to develop an ultra upscale 180-room hotel under the Fairmont flag on the site of the former Club Mediterranee, which operated under the Club Med name until 2003. The site of the proposed **Fairmont Corfu Resort and Spa** is located in the area of Ipsos, about ten kilometres north of the town of Corfu, on a peninsula that overlooks the sea and measures about 265,000 m². The proposed hotel is planned to be constructed and positioned in the market featuring new rooms, food and beverage outlets, a spa and wellness centre, and conference facilities. The site is assumed to be further developed with a residential component featuring 40 Fairmont-branded villas and 45 apartments. The project is currently on hold from the investors.

Relevant Legislation

According to the applicable building regulations stemming from Law 180A/22-08-11 for mixed-use developments, the building coefficient of a plot of land with a hotel and residential development element is 15%, with the stipulation that the proportion between the two should always be 70% - 30% of the total built area of the development at any one time. In cases where the building coefficient does not exceed 10%, then 40% of the total surface of a mixed-use development could be sold as freehold residences. This percentage rises up to 60% when the building coefficient does not exceed 5%.

According to legislation currently in place, a foreign national buying residential real estate property worth at least €250,000 is entitled to obtain a residence permit in Greece. The laws for obtaining such permits have been designed to be fairly simple, thus the process can be usually completed within a reasonable timeframe. The permit is valid for an initial period of five years. As long as someone remains in possession of property, as described above, the residence permit can be renewed every five years without important bureaucratic concerns. Holders of residential permits are entitled to equal access to state services as citizens do, but the permit does not allow an individual to work in the country. This law has been in effect from mid-2013 (as part of a broader fast-track legal framework promoting foreign investment in Greece), while statistics ranging from May 2014 through September 2014 show that 436 such permits were granted in this period.

Holiday Home Market in Greece

CHART 3: INDICATIVE PRICES OF VACATION HOME DEVELOPMENTS - GREECE

Region	Location	Type	Average Surface Area (m²)	Average Asking/Actual Price (€)	Average Asking/Actual Price per m² (€)
Ionian Sea	Corfu	Villa	358	2,534,000	6,350
Crete	Elounda	Standalone Villa	357	2,472,000	6,930
		Villa in Complex	288	1,937,500	6,730
North Greece	Halkidiki	Standalone Villa	180	779,000	4,340
		Villa in Complex	118	367,500	3,130
Cyclades	Andros	Standalone Villa	202	553,000	2,730
	Folegandros	Standalone Villa	98	217,000	2,220
	Kea	Standalone Villa	131	293,000	2,240
	Koufonissia	Standalone Villa	139	412,000	2,950
	Mykonos	Standalone Villa	347	1,648,000	4,750
	Naxos	Standalone Villa	149	517,000	3,470
	Paros	Standalone Villa	198	632,000	3,200
	Santorini	Standalone Villa	126	606,000	4,790
	Serifos	Standalone Villa	109	295,000	2,710
	Sifnos	Standalone Villa	179	482,000	2,700
Average:			**199**	**916,333**	**3,949**

Source: HVS Research

The following table indicates the average asking or actual prices for comparable villas within residential complexes, or standalone properties in various locations in Greece.

On the island of **Corfu** there are two distinctive real estate markets for holiday homes: (1) the entire northeast coast between the villages of Nissaki and Kassiopi is considered to host the most upscale residential developments and (2) the remaining areas on the island whereon homes and apartments targeting the lower end of the market are constructed. In general, the existence of residential complexes on the island is quite limited; whereas the ones that exist target the lower end of the market (average asking or selling price is around €2,000 per m²) As such they remain currently unsold due to the shrinkage of the disposable income of individuals comprising their target market. On the contrary, the northeast area's development as a primary destination to own real estate property on the island of Corfu began back in 1961 when Jacob Rothschild built his villa and thereafter the broader region gained the necessary awareness to become a destination for the rich and famous. Since then several other prominent individuals have invested in the area and plenty of luxurious properties have been constructed for multiple purposes (self use, outright sale, rent, and so on). According to the Hellenic Statistical Authority's 2011 Population and Housing Census (2011 Census), Corfu had 18,660 holiday homes and secondary residences in total, of which roughly 50 - 55% are estimated to be holiday homes.

Our review of the various relevant data indicates that the island of **Crete** benefits from healthy economic development, driven on a large scale by tourism in connection to the convenient accessibility of the destination with numerous domestic and international flights or by well-serviced ferry connections. The island has managed to maintain its brand name as a tourist destination and many sub-markets within Crete have managed to keep healthy growth rates of inbound tourism and position themselves effectively in various markets. The island remains a top destination for northern Europeans seeking both stays at hotels and at residential complexes. There is a good amount of foreigners owning holiday homes on the island, both within complexes or outside of them. According to the Hellenic Statistical Authority's 2011 population and housing census, Crete had 37,470 holiday homes and 44,186 secondary residences. Selling prices fall within a range of €1,500/m² - €5,000/m² and vary according to location, type of property, and services that might be included. It has to be noted that specific regions in Heraklio and Lassithi, such as Elounda, appear to have achieved an upscale market positioning; thus, being able to call for a premium on average market prices and partly disengage from the predominant dependency of Cretan tourism on tour operators and price sensitive clientele. This, in turn, has led holiday home prices in these areas to remain at the highest end of the price spectrum, with asking prices above €8,000 (although in very few outstanding cases).

CHART 4: INDICATIVE PRICE RANGE OF VACATION HOME DEVELOPMENTS WITHIN COMPLEXES - GREECE

Region	Location	Number of Residential Units	Average Residential Unit Size (m²)		Asking/Actual Price (€)		Asking Price per m² (€)	
			min.	max	min.	max	min.	max
Halkidiki	Athos	30	60	110	200,000	750,000	3,330	6,820
	Kassandra	167	90	200	140,000	500,000	1,560	2,500
Crete	Elounda	26	50	536	400,000	5,500,000	8,000	10,260
Peloponnese	Messinia	45	200	500	700,000	2,000,000	3,500	4,000
Cyclades	Mykonos	5	170	400	900,000	4,000,000	5,290	10,000
Ionian Sea	Corfu	14	200	900	750,000	8,000,000	3,750	8,890
Peloponnese	Porto Heli	35	500	2,500	3,500,000	25,000,000	7,000	10,000
Total/Average		**322**	**181**	**735**	**941,429**	**6,535,714**	**4,633**	**7,496**

Source: HVS Research

Although **Halkidiki** is considered one of the most popular destinations in Greece and enjoys healthy growth rates of mainly regional (neighbouring countries and Russia) inbound tourism, the area lacks internationally branded upscale properties that could absorb the increasing demand of high-spending tourists but, more importantly, provide higher international exposure and awareness to the destination. Nonetheless, various national hotel players have stepped their foot in the destination while numerous residential facilities have already been constructed, or are in the pipeline, mainly due to the appeal of Halkidiki to Eastern European residents. Some of the most popular areas within Halkidki that are known amongst foreigners for buying real estate properties are Sani, Nikiti, Nea Moudania, and Pefkohori. The area features all kinds of housing units (e.g. detached villas, complexes, apartments, etc.) with their selling price ranging between €2,000 and €6,000 per m^2; however, very few of them offer augmented services and facilities. Therefore, with regards to this gap in the upscale second holiday home supply, Halkidiki could be considered a very promising destination for investors in tourism mixed-use developments. According to the 2011 Census, Halkidiki had 67,997 holiday homes and secondary residences in total, of which roughly 55 - 60% are estimated to be holiday homes.

The holiday home market of the **Cyclades** island complex is quite complicated, due to the different conditions prevailing on every island. In our opinion, the islands could fall into the following categories: (a) developed destinations (e.g. Mykonos, Santorini, Naxos, and Paros), (b) developing destinations (e.g. Folegandros, Serifos, Sifnos), and (c) destinations with special characteristics (e.g. Kea, Andros, Antiparos, and Koufonissia). Development of mixed-use projects on the Cyclades varies with difficulty of implementation – from being challenging to being impossible – due to land size limitations (land for new mixed-use developments should measure by law over 150,000 m^2) or other reasons. Nonetheless, there is strong demand for holiday homes in the island complex, with the majority of potential buyers looking for medium-sized furnished houses with a garden. The demand for such properties is higher for the most prominent destinations (i.e. Mykonos, Santorini, Paros). These islands are more easily accessible and provide a relatively higher level of available infrastructure and services when compared to smaller islands in the area. Central European and Scandinavian pensioners constitute the majority of demand in the market. High net-worth individuals and jet setters of various nationalities also have a presence in the market, and are actively seeking luxurious properties with special characteristics and augmented services. According to the 2011 Census, the Cyclades regional unit had 51,162 holiday homes and secondary residences, of which roughly 60 - 65% are estimated to be holiday homes.

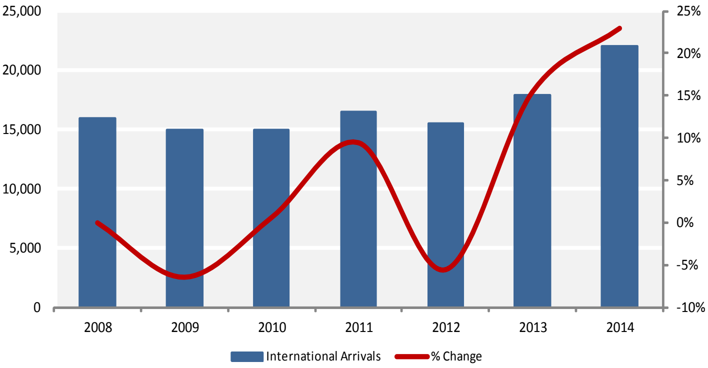
Conclusion

Many analysts and real estate professionals believe that the demand for ownership of real estate property in Greece is closely tied with the increase in tourist arrivals. As such, many developments in the Greek real estate market seem promising. Demand for truly high-end holiday homes is expected to continue to outnumber supply, keeping property prices at least at their current levels.

Keeping in line with the trends, the luxury real estate market in Greece seems to be focusing on the development of organized residential projects with the majority of them being part of branded luxury mixed-use resorts. Besides, it is no secret that successfully implemented mixed-use tourism developments provide immediate cash inflows to the entire project, usually leading to higher returns for the investor when compared to traditional lodging facilities. Several such developments have already entered, or are expected to enter the Greek luxury hospitality market over the next three to five years. This is expected to have a transformative effect on the tourism product, enhancing the country's offering with golf courses (a highly-marketable focus point), extensive spa facilities, and other high-end, leisure-related facilities.

Greek Tourism at a Glance

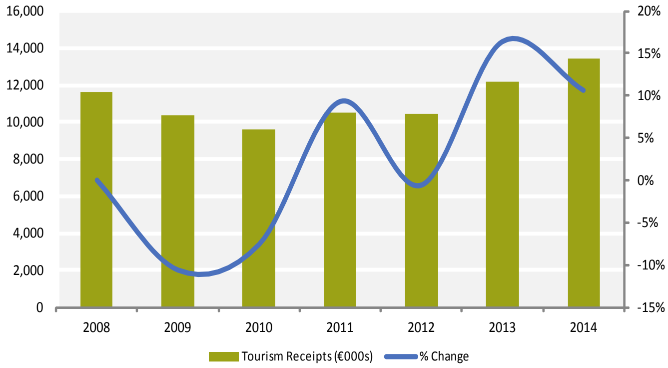
INTERNATIONAL ARRIVALS 2008-14 (000s)



Source: Bank of Greece

- International arrivals have grown by a compound annual average of 5.5% between 2008 and 2014.
- Strong fluctuation from 2009 to 2013 due to internal unsteadiness and economic / political turbulence.
- In 2014 international arrivals recorded an extraordinary 23% increase over 2013, topping 22 million arriving tourists.

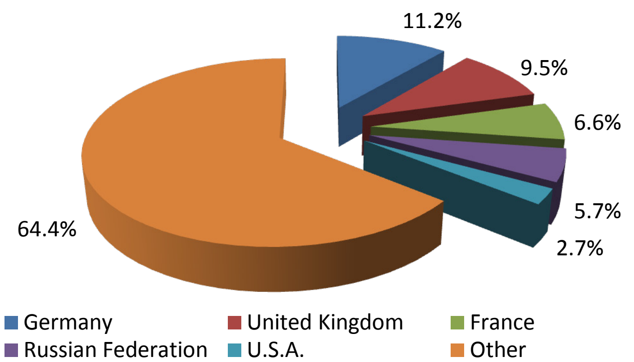
TOURISM RECEIPTS 2008-14 (€MILLIONS)



Source: Bank of Greece

- Steady environment within the country is evidently the most critical factor affecting tourism receipts.
- Despite recent volatility, tourism receipts in 2013 came back to 2008 levels in line with the recorded increase in international visitation.
- In 2014, tourism receipts exceeded €13 billion, an all-time record, recording an 11% increase over 2013.

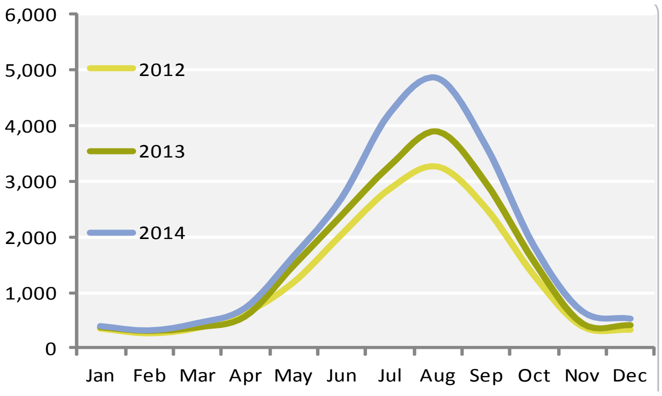
TOP 5 FEEDER MARKETS – COUNTRY OF ORIGIN, 2014



Source: Bank of Greece

- The main driver behind overall demand growth was the EU-28 source markets (about 60% of total arrivals in 2014).
- Germany is the largest arrival source market to Greece for 2014 (11.2%).
- Russian tourists recorded the highest annual growth rate over the last five years amongst all other source markets.

SEASONALITY OF ARRIVALS 2012-14 (000s)



Source: Hellenic Statistics Agency

- International arrivals follow a pronounced seasonality pattern.
- High season demand occurs during summer months due to temperate climate.
- Winter months tend to be the low tourism season due to the current lack in supplementary tourism-related facilities (e.g. golf courses, marinas, second holiday home organized establishments, etc.).

About HVS

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