



Year in Review - 2023

Cyprus Real Estate Market

February 2024





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PwC in Cyprus

Foreword

We are delighted to present our latest PwC Cyprus Real Estate Market publication. This publication provides information about the Cyprus economy in general and an analysis of key real estate market developments, focusing on the performance of the sector during 2023. Our analysis includes presentation of transaction activity exhibited across the island, the residential property sector in particular, the behaviour of property prices and developments in the construction sector. The analysis presented is based on the available market data for 2023, using PwC's rich and in-depth market expertise and data analytics capabilities.



Our world is in a state of polycrisis and our businesses are battling with strong headwinds in the form of economic instability, geopolitical tensions, polarized societies and media, increased regulatory complexity etc. Even more important, the disruption brought about by generative AI and climate change pose existential threats to businesses, challenging their very viability over the next few years.

Despite the difficult environment, sustainable prosperity and economic growth is possible but only if we embrace technological advancements and transform our business and operating models accordingly. To thrive in today's world, organizations need to reinvent themselves and change how they create, deliver and capture economic value. As leaders, we need to re-imagine and transform our organizations and avoid the risk of applying a short-term, crisis management mindset.

In Cyprus, we have good reasons to be optimistic about our future. The Cyprus economy has been particularly resilient to external shocks and it is expected to record a positive GDP growth of 2.2% during 2023. It is clear that the small size of our economy and our extroverted nature continue to provide us with agility and bounce-back possibilities. Cyprus' Vision 2035 provides the direction and the platform for the cultural as well as structural changes needed to mobilize the entire Cypriot ecosystem to invest in the business opportunities for Cyprus in the emerging world.

The Cyprus real estate market has also proved to be particularly resilient during 2023, with the total value of transactions reaching €5.5bn, maintaining the record-high levels recorded last year. Demand in the residential sector continues to drive the market, particularly fueled by the sustained growth in foreign demand. It is also apparent that demand for development land remains strong, indicating the private development sector's responsiveness to the prevailing demand / supply imbalances that we have been experiencing since the outbreak of the war in Ukraine.

The Real Estate sector has an important role in the new economic model for Cyprus and has its own transformation agenda in order to align with the vision for the country. There is a prevailing urgency for industry participants to keep revisiting their strategies and priorities, focusing on concepts, products and infrastructure solutions that are sustainable and fit for the future needs of the country.

I trust you will find this publication useful to inspire the necessary transformation ahead towards sustained outcomes.

A handwritten signature in black ink, appearing to read 'P. Soseilos'.

Philippos Soseilos
CEO and Chairman
PwC Cyprus

FY 2023-The key highlights

Real GDP %

European Commission Forecasts 2,2% - 2023 (F)

The Cypriot economy exhibited significant resilience and flexibility to the negative exogenous factors related to the Russian-Ukraine war, recording a 5,1% growth during 2022. According to the European Commission Autumn 2023 report, economic activity is expected to moderate to 2,2% in 2023, amid continued global uncertainty and rising interest rates. Real GDP is expected to expand further in the coming years, mainly due to the introduction of sizeable infrastructure projects in the areas of energy, education, health and tourism as well as investments financed under the Recovery and Resilience Plan (RRP).



Inflation

3,9% - 2023

Inflation has decelerated markedly to 3,9% in 2023 after reaching a year-end peak of 8,1% in 2022. According to the Central Bank of Cyprus (CBC), the significant decline in inflation is mainly attributable to the normalisation path in energy prices and the disinflationary impact of ECB monetary policies. Inflation is expected to continue subsiding to 3% in 2024 on the back of declining energy prices and support measures adopted by the Government.



Cyprus' sovereign rating

During the year, upgrades of the country's sovereign rating were recorded from Fitch Ratings (to BBB with a positive outlook) and Moody's (by two notches to Baa2, with a stable outlook). The upgrades reflect broad-based sustained improvements in the country's credit profile due to past and ongoing economic, fiscal, and banking reforms as well as Cyprus' proven resilience in dealing with the external shocks caused by the war in Ukraine.



Cyprus Government Bonds

On 4 April 2023, Cyprus tapped the markets with its first-ever €1bn inaugural sustainable 10-year fixed-rate benchmark bond. The bond had a coupon of 4,125%, with demand exceeding €12bn, which was a record amount for Cyprus. As at 31 December 2023, the 10-Year Government Bond Yield of Cyprus (issued on January 2022) stood at 3%, with the sustainable Bond marking a yield of 3,2%.

Lending Market

Reduction in new mortgage loans, while loan restructurings skyrocketed

The cautious approach of banks' lending policies, as well as the reduced levels of demand for new loans by households, mainly as a result of interest rate hikes, led to a reduction of c.14% in pure new mortgage loan facilities during 2023. At the same time, loan restructurings skyrocketed during the year, reaching €925mln compared to merely €108mln in 2022.



€5,5bn transaction value (In line with 2022 levels)

- The value of transactions reached €5,5bn during 2023 maintaining the record-high levels of 2022.
- Transactions in Larnaca district experienced the highest growth in terms of transaction value (22%).
- Despite a 8% contraction in the value of transactions in Limassol, the district continues to absorb the majority of the share of transactions, making up 41% of the total value.
- Paphos ranked second contributing 20% of the total value of transaction, followed by Nicosia with 18%.



24.200 transactions recorded (3% increase compared to 2022)

- In total, 24.200 transactions were recorded during the year, marginally exceeding the volume of transactions recorded in 2022 (23.600) which was a record-high year in terms of transactions.
- The districts of Larnaca and Paphos experienced increases during the year in volume terms (20% and 3% respectively compared to 2022), while the districts of Limassol, Nicosia and Famagusta experienced marginal drops of 3%, 3% and 1% respectively.
- Limassol made up the majority of the volume of transactions during 2023 (30%), followed by Nicosia (25%) and Larnaca (22%).



Significant activity in land transactions was observed

- Land transactions made up the majority of the growth of the sector in terms of transaction volume and value.
- Transactions of land totalled €1,2bn during the year, representing a YoY increase of 8%. Overall, land transactions made up 23% of the total value of real estate transactions and 35% of the total number of transactions.



16% increase in transactions from foreign buyers

- During 2023, a total of 6.900 properties across Cyprus were acquired by foreigners (in terms of sale contracts filed at the DLS), compared to 5.928 properties during 2022, representing a 16% increase. Foreign activity patterns appear correlated with the continued influx of foreign companies relocating their operations and staff to the island, albeit at a slower rate compared to last year.
- Limassol and Paphos made up the majority of foreign transactions (34% each), followed by Larnaca (21%).



Transactions of high-end residential properties (≥ €1,5mln) plummeted

- The high-end residential property segment appears to be shrinking in 2023, with the analysis of transaction data of single residential properties with a price of ≥€1,5mln, indicating a YoY drop of 26%.
- During the year a total of 164 transactions were recorded in this segment of the market, with total values reaching €440mln.
- The size of this segment during 2023 appears halved when compared to the peak 2017 – 2018 activity and has subsided to the levels observed during the Covid-19 period.



Real Estate Price Evolution

- On the back of 2022, a year in which residential property prices recorded a 7% growth driven by the domestic housing segment and rising construction costs, index prices appear to maintain their dynamic increasing trajectory.
- Specifically, during Q3 2023 (latest available information), index prices recorded a 8% YoY increase and a 6% increase compared to Q4 2022.



7% drop in the volume of new building permits

- The growth in construction material prices decelerated during the year, with the index marking a 3% annual increase (compared to 17% during 2022).
- A decline of 7% in new building permits was observed during 10M 2023 (5.906 permits in total). However, in value terms the new permits issued increased by 17% on an annual basis, mainly driven from larger scale infrastructure projects of the private sector.
- According to the latest European Commission report (Autumn 2023), a slowdown in residential construction activity is expected in the coming years, following the robust expansion of the sector in recent years, coupled with a sustained increased interest rate environment.

Cyprus economy update

Following robust growth in 2022, the Cypriot economy is expected to record a positive yet decelerating GDP growth in 2023

The Cypriot economy exhibited significant resilience and flexibility to the negative exogenous factors related to the Russian-Ukraine war, recording a growth of 5,1% during 2022. According to the European Commission ("EC") Autumn 2023 Forecasts, economic activity is expected to moderate to 2,2% during 2023 amid continued global uncertainty and rising interest rates.

Domestic demand continued its strong performance during the year (albeit lower than 2022), while on the other hand, external demand for services, especially financial and business, appears to be adversely affected by global developments.

In addition, the effective diversification strategy of the Government led to tourism revenues exceeding their pre-COVID-19 levels, with tourist arrivals almost reaching the peak 2019 levels, a parameter that contributed materially to the economic growth expectations of 2023.

According to the EC Autumn 2023 report, real GDP is expected to expand further in the coming years, mainly due to the introduction of sizeable infrastructure projects in the areas of energy, education, health and tourism as well as investments financed under the Recovery and Resilience Plan (RRP). The EC expects this growth to be partially offset by a slowdown in residential construction activity following the significant expansion observed in recent years and increased cost of borrowing.

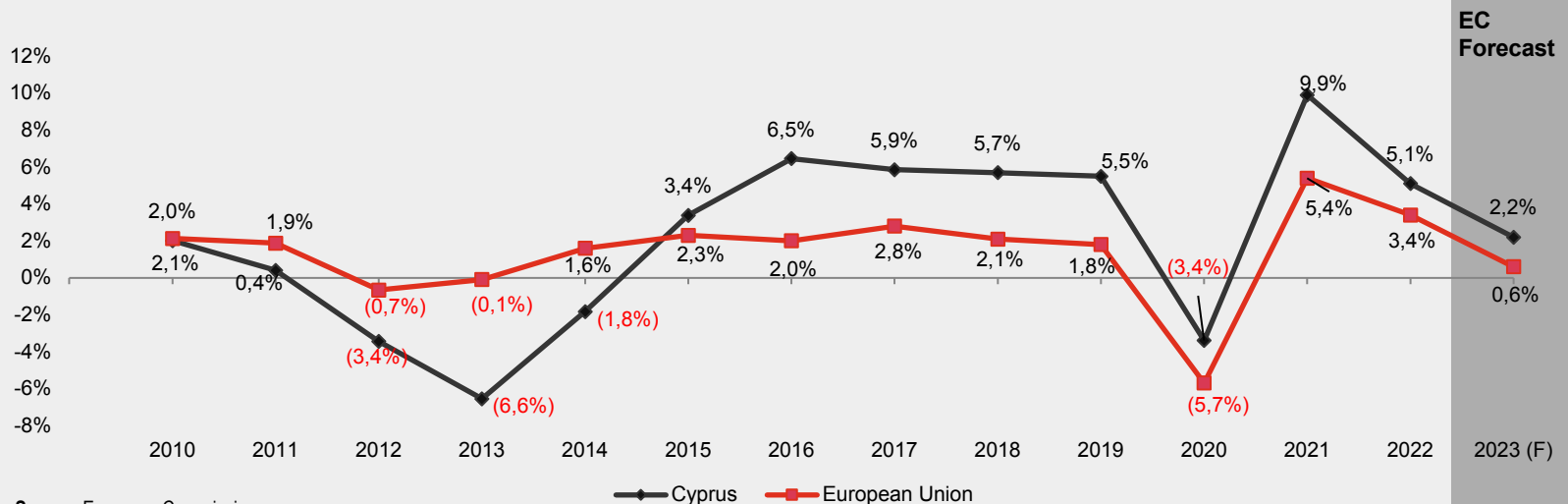
+5,1%

2022
Real GDP %

+2,2%

2023 (F)
Real GDP %

Cyprus Vs European Union Real GDP (% change)



Source: European Commission

Note: The 2023 Forecast represents the latest available EC estimates based on their Autumn 2023 Economic Forecasts

2023 (Forecast) GDP % (constant prices)

Malta	4,00%
Croatia	2,60%
Greece	2,40%
Spain	2,40%
Portugal	2,20%
Cyprus	2,20%
Belgium	1,40%
Slovenia	1,30%
Slovakia	1,30%
France	1,00%
Italy	0,70%
Netherlands	0,60%
European Union	0,60%
Finland	0,10%
Latvia	(0,20%)
Germany	(0,30%)
Lithuania	(0,40%)
Austria	(0,50%)
Luxembourg	(0,60%)
Ireland	(0,90%)
Estonia	(2,60%)

Source: European Commission

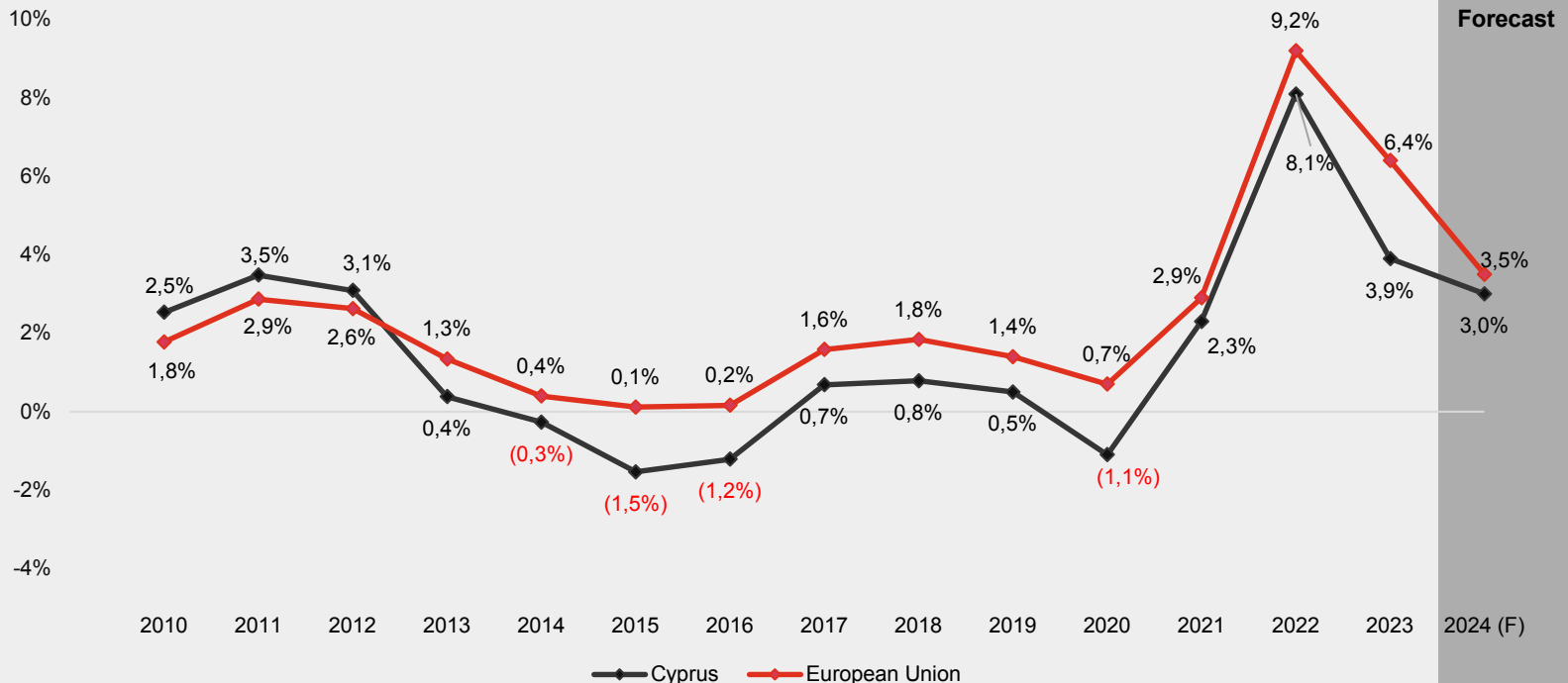
Note: The 2023 Forecasts represent the latest available EC estimates based on their Autumn 2023 Economic Forecasts

Inflation

Inflation (as measured by the Harmonised Index of Consumer Prices (HICP)) has decelerated significantly to 3,9% in 2023 after reaching a peak of 8,1% in 2022. According to the Central Bank of Cyprus (CBC), the significant decline in inflation is mainly attributable to the normalisation path in energy prices and the disinflationary impact of ECB monetary policies.

According to the EC Autumn 2023 report, inflation is expected to further subside to an estimated 3% in 2024, on the back of declining energy prices and support measures adopted by the Government.

Inflation (HICP) (% yoy)



Source: European Commission

Note: The 2024 Forecasts represent the latest available EC estimates based on their Autumn 2023 Economic Forecasts

Cyprus' sovereign rating

All major credit rating agencies; namely Standard & Poor's (S&P), Fitch Ratings, Moody's and Morningstar DBRS, rate Cyprus above investment grade. S&P upgraded Cyprus to BBB in September 2022. Although S&P upgraded the country's outlook to positive (from stable) to reflect the ongoing macroeconomic normalisation since the country's financial crisis in 2012-2013, S&P also acknowledges the potential for heightened political pressure to increase Government spending.

On 10 March 2023, Fitch Ratings upgraded Cyprus to BBB with a stable outlook. The agency's decision was based on the outperformance of the country's fiscal balance and growth rate, coupled with its proven resilience in dealing with the external shock caused by the war in Ukraine. In December 2023, the agency changed the outlook to positive, citing, among others, the country's declining Debt to GDP ratio and an improvement in the banking sector.

On 29 September 2023, Moody's upgraded Cyprus' rating by two notches to Baa2, with a stable outlook. The agency had Cyprus below investment grade since March 2012. In its report, Moody's noted that the upgrade reflects broad-based sustained improvements in the country's credit profile because of past and ongoing economic, fiscal, and banking reforms. The stable outlook balances these positive credit trends against remaining challenges, such as a potentially slower progress in the implementation of investments and reforms related to Cyprus' National Recovery and Resilience Plan (RRP).

On the same day, Morningstar DBRS upgraded Cyprus to BBB (High) with a stable outlook. The upgrade was driven by the recent decline in Government debt and the agency's expectation that public debt metrics will continue to improve over the next few years.

Credit Rating Agency	Previous Credit Rating	Date Rating Changed	Current Credit Rating (02/2024)	Outlook	Date Outlook Changed
Moody's	Ba1	29/09/2023	Baa2	Stable	29/09/2023
Fitch	BBB-	10/03/2023	BBB	Positive	08/12/2023
S&P	BBB-	02/09/2022	BBB	Positive	01/09/2023
Morningstar DBRS	BBB	29/09/2023	BBB (High)	Stable	29/09/2023

Source: Moody's, Fitch Ratings, S&P Global Ratings and Morningstar DBRS



Cyprus Government bonds

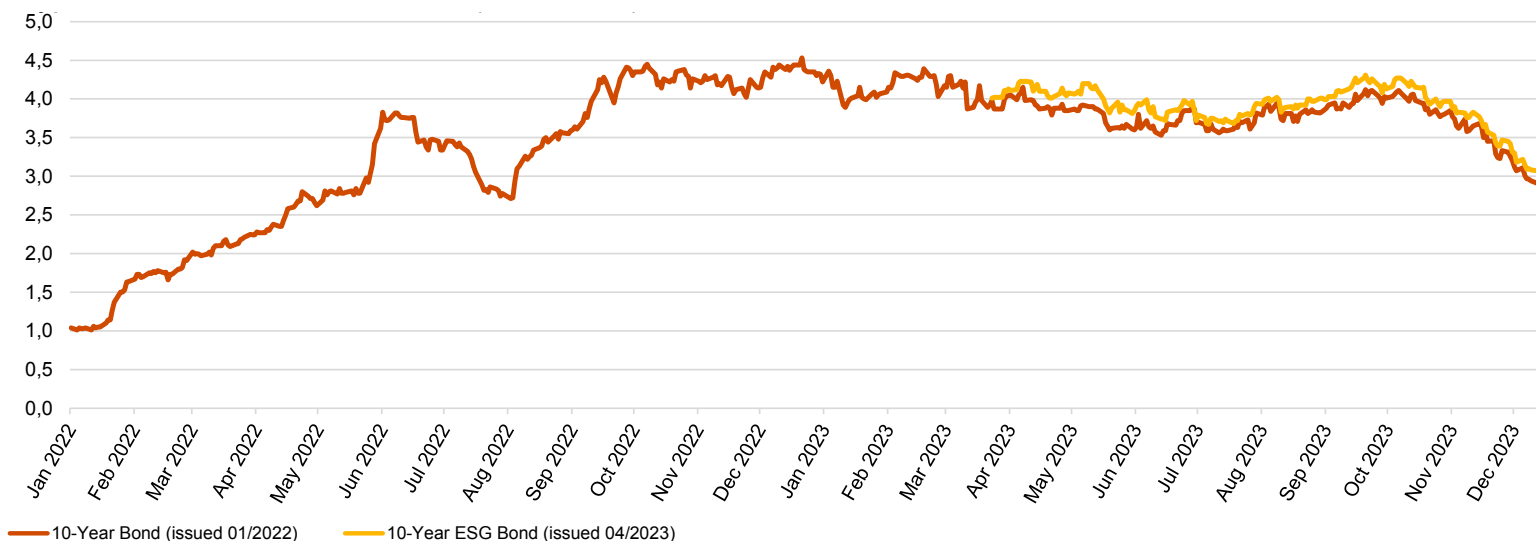
On 4 April 2023, Cyprus tapped the markets with its first-ever €1bn inaugural sustainable 10-year fixed-rate benchmark bond. The issuance is under the country's Euro Medium-Term Note (EMTN) programme. The bond had a coupon of 4,125%, with demand exceeding €12bn, which was a record amount for Cyprus. At the time, the yield of the bond appeared to be comparable to green bonds from other EU countries with higher credit ratings such as Italy (4,10%) and Greece (4,11%).

As at 31 December 2023, the 10-Year Government Bond Yield of Cyprus (issued on January 2022) stood at 3%, with the sustainable Bond marking a yield of 3,2%.

In its Annual Financing Plan, published in late 2023, the Ministry of Finance indicated its intend to issue a new EMTN bond of €1bn in 2024.



Cyprus Government Bond Yields (2022-2023)



Source: Refinitiv, PwC Analysis

Cyprus Government Bonds (2020-2023)

Mid-yield (%) as at 31 December 2023

10-Year Bond (issued Jan 2020)	2,920%
20-Year Bond (issued Jan 2020)	3,590%
7-Year Bond (issued Apr 2020)	2,790%
30-Year Bond (issued Apr 2020)	3,900%
5-Year Bond (issued Feb 2021)	2,790%
10-Year Bond (issued Jan 2022)	3,000%
10-Year Sustainable Bond (issued Apr 2023)	3,200%

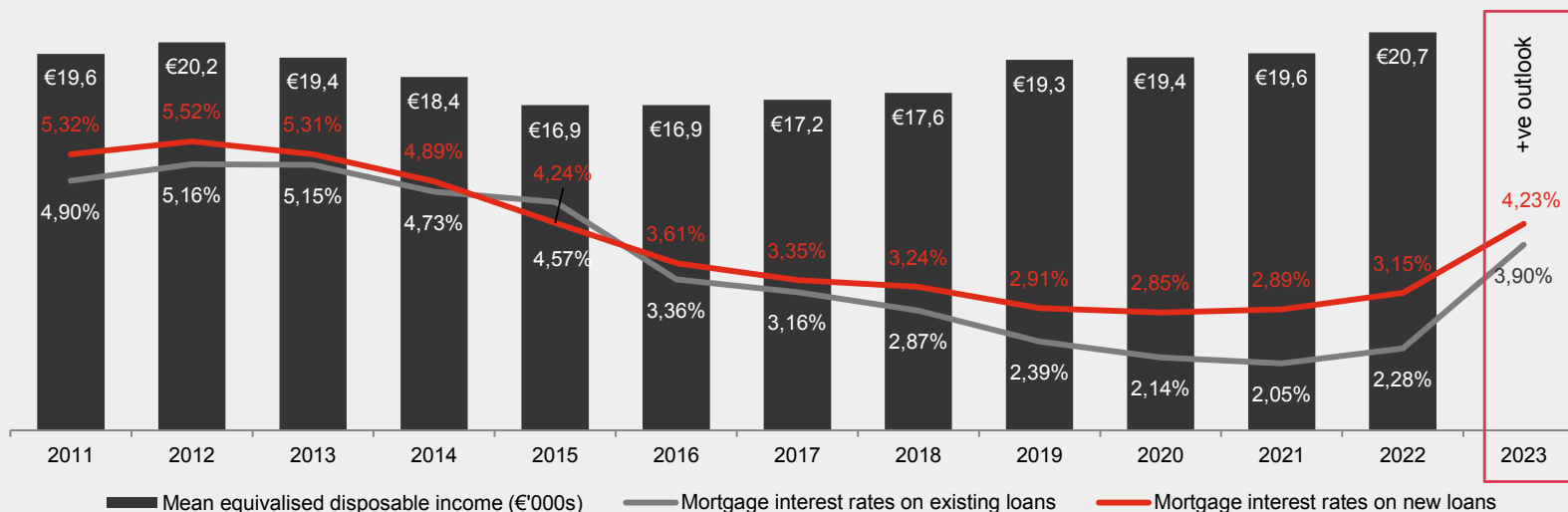
Household disposable income and the lending market

Household disposable income increased by 5,6% during 2022 as a consequence of the gradual recovery of consumer behaviour, following a long period of restraint and restrictions during the pandemic.

Although data on real disposable income has not been made available for 2023 yet, household disposable income is set to rise, partly reflecting the impact of the increased wage indexation agreement. This is expected to maintain growth in private consumption, albeit at a slower pace than recent years.

At the same time, according to data published by the Central Bank of Cyprus (CBC), interest rates on existing housing loans increased significantly during 2023, reaching an average of 3,90% during 2023 (162 bps increase compared to the average interest rates of 2022), while interest rates on new housing loans reached 4,23% (108 bps increase from 2022).

The observed increases in mortgage interest rates in Cyprus appears to be broadly in line with ECB's interest rate hikes and tighter financing conditions.



Source: Central Bank of Cyprus and Cystat

Note 1: The equivalised disposable income is the total disposable income of a household, divided by its respective equivalised size

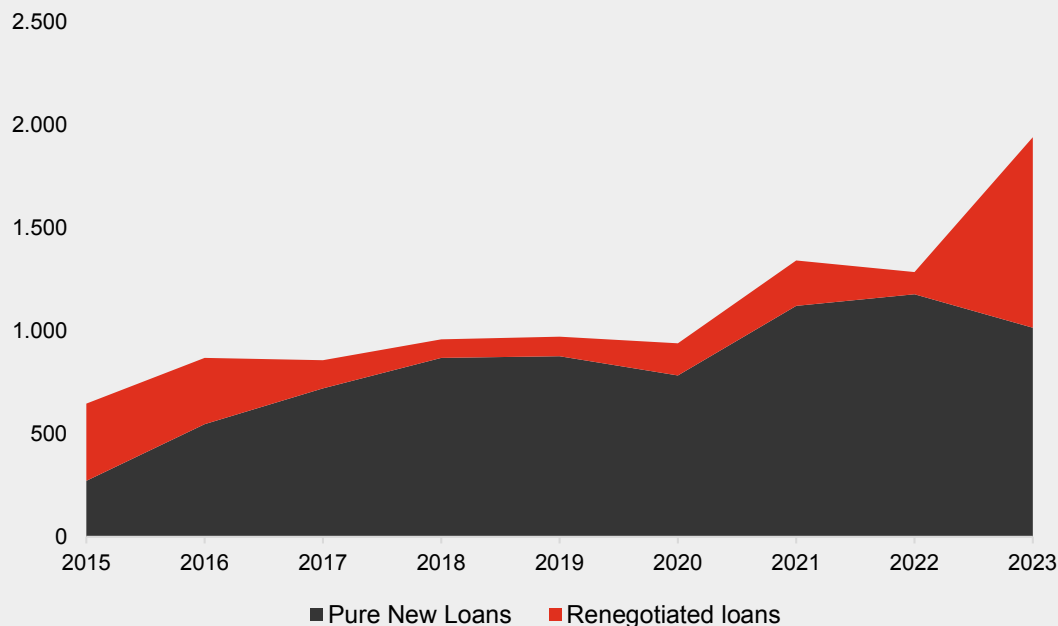
Note 2: The mortgage interest rates on existing loans correspond to the annual average rates of outstanding housing loans greater than 5 years

Lending market

Given recent macroeconomic developments, Cyprus banks maintain a cautious approach to their lending policies, aiming to mitigate the surge of a new wave of non-performing loans. At the same time, households have been somewhat deterred by the interest rate hikes, reducing the overall levels of demand for new loans. This led to an annual decrease of c.14% in pure new mortgage loan facilities during 2023.

At the same time, mortgage loan restructurings skyrocketed during the year, reaching €925mIn compared to merely €108mIn in 2022.

New and renegotiated Mortgage Loan Facilities (€mIn)



Source: Central Bank of Cyprus



Real Estate & Construction:

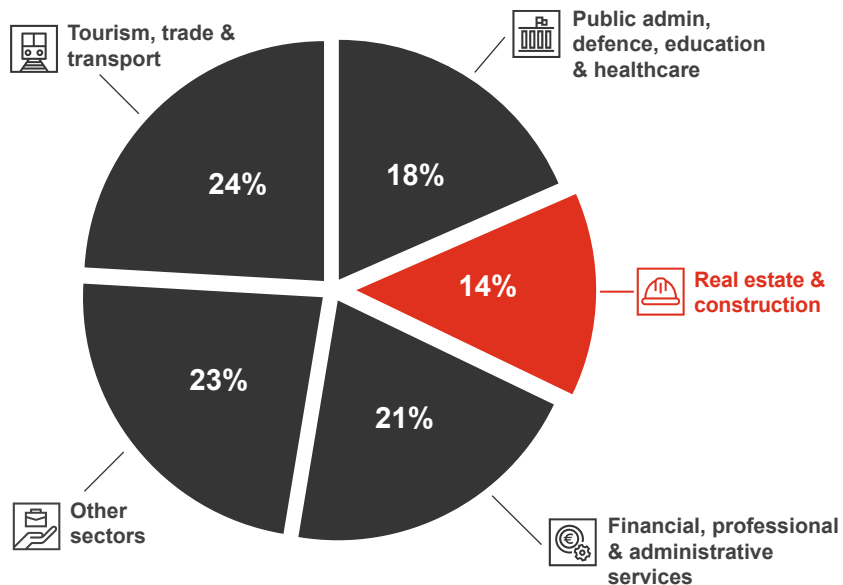
GVA output growth of 3% (12-month period to 30 September 2023)

The Real Estate & Construction sector contributed 14% to the country's GVA during the 12-month period to 30 September 2023. The sector's GVA output increased by 3% during the 12-month period to 30 September 2023, highlighting its continuous resilience and importance to the overall economy of the island. Tourism, Trade & Transport demonstrated the highest growth amongst all sectors during the same period (20% increase), which was largely driven by the tourism sector, with reported revenues exceeding their pre-COVID-19 levels.

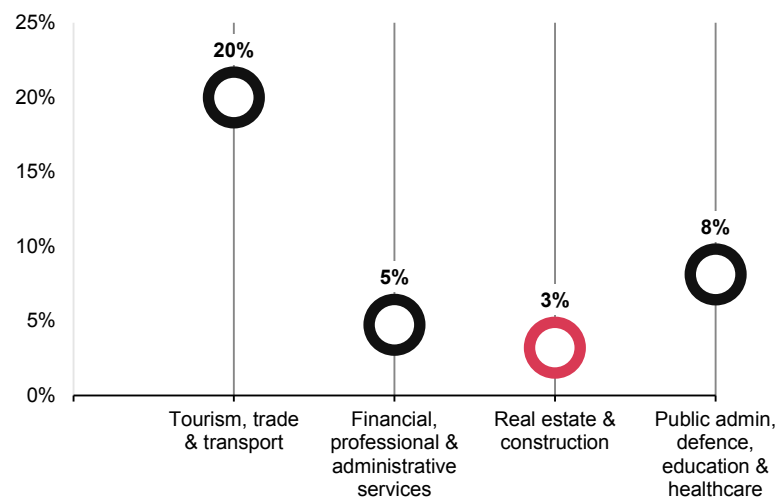
The latest EC report for Cyprus (Autumn 2023) states however, that based on bookings data available to date, the expansion of tourism may slow down after its full recovery from the pandemic. The geopolitical tensions and the increase in air fares are expected to take a hit on tourism, however their impact is expected to be somewhat offset by the further diversification of the tourism product/ source markets.



Gross Value Added contribution by sector (12 month period to 30 September 2023)
(current prices)



% Growth in GVA of key sectors for the 12 month period to 30 September 2023
(current prices)



Transaction volumes / Investment activity levels

The Cyprus real estate market exhibited significant resilience and flexibility during 2023, maintaining the record-high levels in transaction values observed in 2022 (in total €5,5bn). In terms of the number of transactions recorded at the DLS, the total number of properties sold during 2023 reached 24.200, recording an increase of 3% on an annual basis (2022: 23.600).

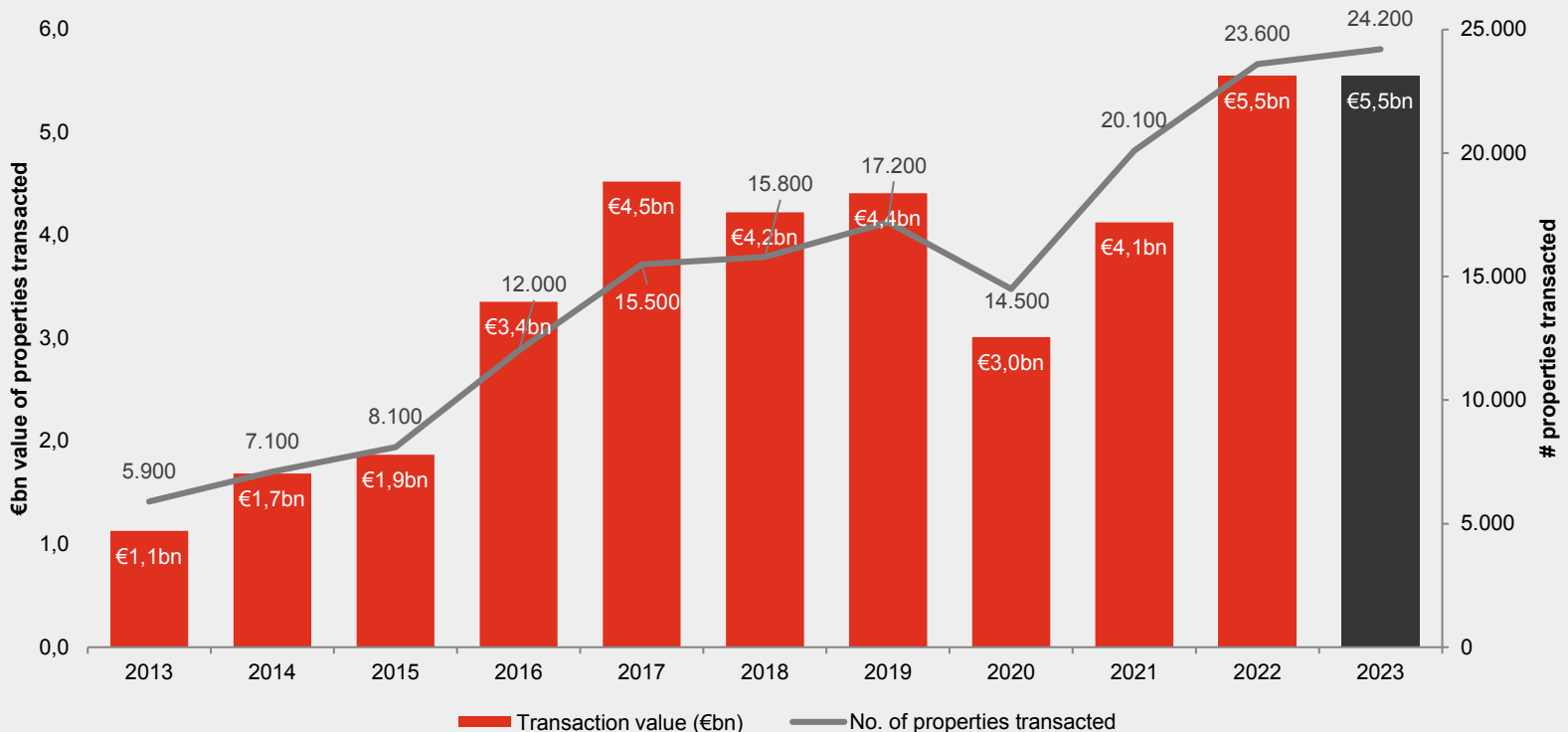
+3%

2023
YoY growth in #

0%

2023
YoY growth in €

Volume and Value of properties transacted

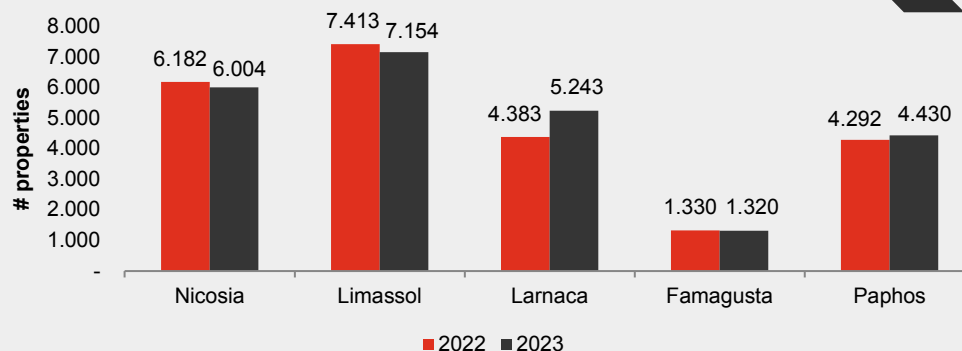


Source: The transaction activity analysis was based on data from the Department of Lands and Surveys (DLS), relating to contracts of sale and sale transfers, extracted on 31/01/2024. Any differences with previous publications relate to amended Land Registry records and discrepancies between the date of agreement and respective filing date.

Note: The above figures do not include: (i) Debt for Asset Swap transactions (DFAS), (ii) transactions of real estate through the sale of company shares or fund units (Share Deals) and (iii) any other transactions not filed or adequately recorded at the DLS.

During 2023, the district of Larnaca experienced a notable increase of 20% in terms of the volume of transactions compared to 2022, while Paphos also recorded an increase of 3%. Transaction volume data for the districts of Nicosia, Limassol and Famagusta indicate marginal drops of 3%, 3% and 1% respectively.

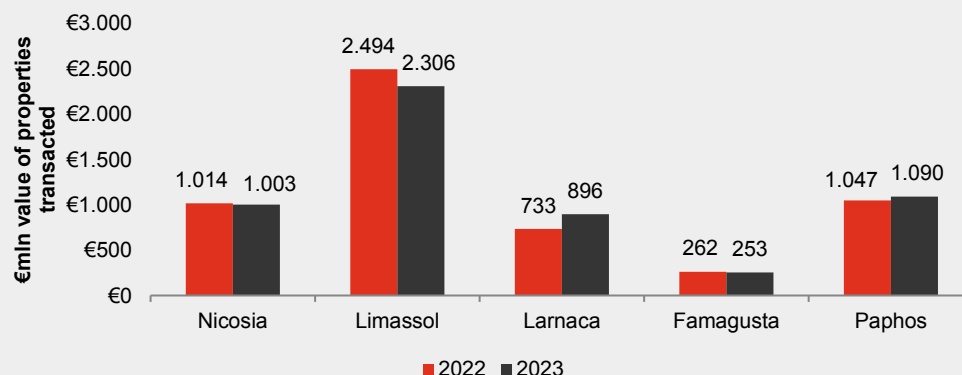
Transaction volume per district (2022 - 2023)



Source: Department of Lands and Surveys (DLS), PwC Analysis

In terms of the value of transactions, Larnaca district experienced a notable increase of 22%, while Paphos also recorded growth, which stood at 4%. On the contrary and on the back of a surging 2022, the value of transactions in Limassol appears to have subsided by 8% during the year. The districts of Nicosia, and Famagusta recorded marginal drops of 1% and 3% respectively.

Transaction value per district (2022 - 2023)

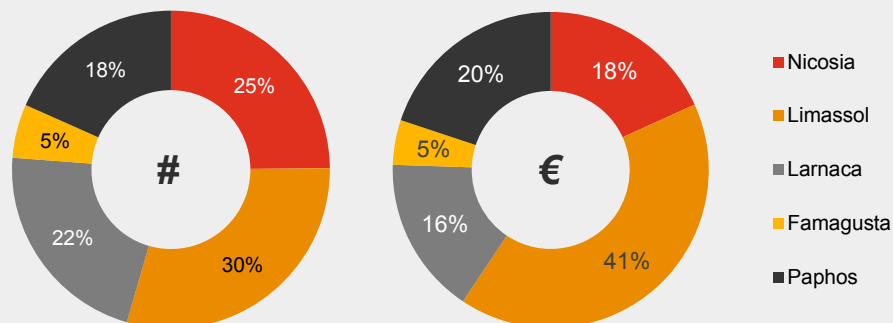


Source: Department of Lands and Surveys (DLS), PwC Analysis

During 2023, Limassol made up the majority of the volume of transactions (30%), followed by Nicosia (25%) and Larnaca (22%).

In transaction value terms, Limassol continues to dominate the share of the market, making up 41% of the total value of transactions recorded during the year. Paphos ranked second with a 20%, followed by Nicosia (18%) and Larnaca (16%).

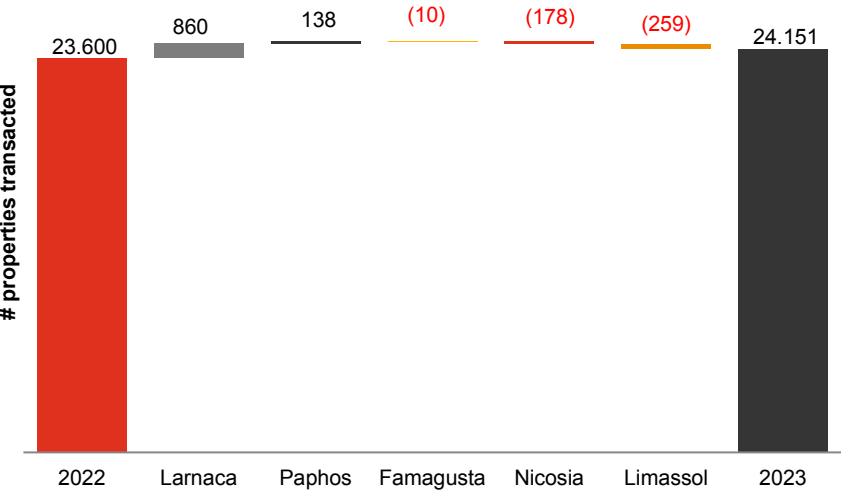
Transaction volume and value by district (2023)



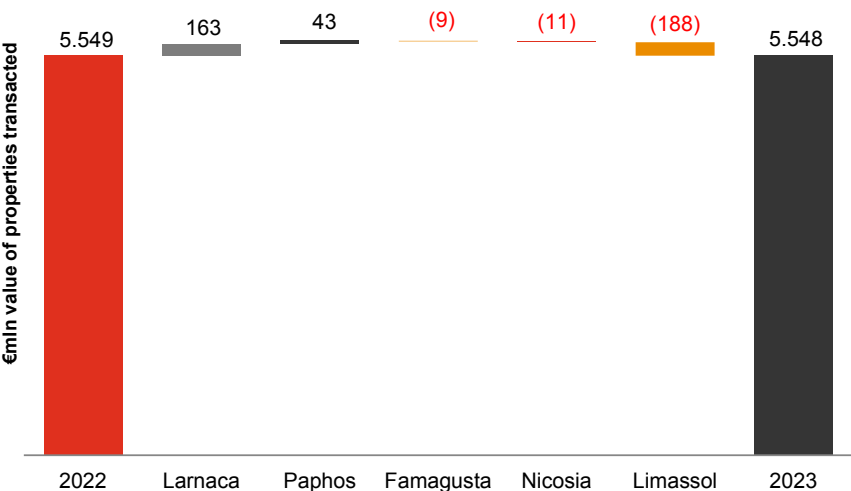
Source: Department of Lands and Surveys (DLS), PwC Analysis

2023 Growth per district

Change in volume of transactions (2023 Vs 2022)



Change in value of transactions (2023 Vs 2022)

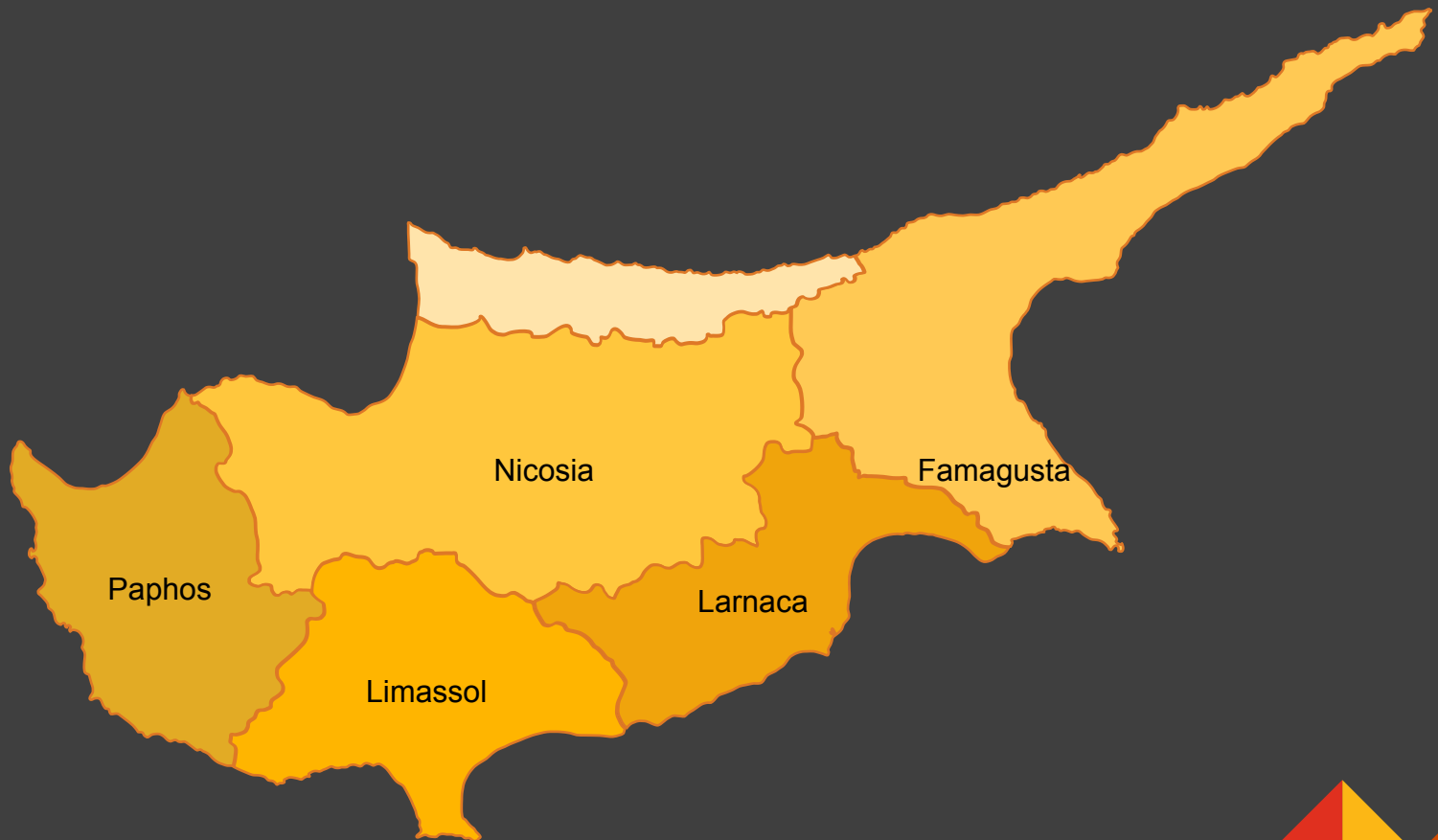


Source: Department of Lands and Surveys (DLS), PwC Analysis



The significant growth in transactions observed in the district of Larnaca appears to have offset the annual drop recorded in Limassol, leading to the overall value of transactions in 2023 relatively stabilised and in line with 2022 levels.

District Snapshots



Nicosia Snapshot

€1,0bn

2023

(1%)

YoY drop in €

#6.000

2023

(3%)

YoY drop in #



Apartments	2022	2023	Trend (2023 Vs 2022)
€ transaction value	€396mln	€437mln	↑
# properties	#2.440	#2.500	—
Average price per unit	€162k	€175k	↑



Houses	2022	2023	Trend (2023 Vs 2022)
€ transaction value	€232mln	€203mln	↓
# properties	#990	#840	↓
Average price per unit	€234k	€242k	↑



Land Fields	2022	2023	Trend (2023 Vs 2022)
€ transaction value	€92mln	€89mln	↓
# properties	#1.410	#1.390	—
Average price per unit	€65k	€64k	—



Land Plots	2022	2023	Trend (2023 Vs 2022)
€ transaction value	€154mln	€157mln	—
# properties	#910	#890	—
Average price per unit	€169k	€176k	↑

Source: Department of Lands and Surveys (DLS), PwC Analysis

Top 5 real estate transactions in Nicosia recorded through the DLS during 2023



	Transaction date	Property Category	Property Type	Description	Transaction Price (€)
1 Latsia Municipality	September 2023	Commercial	Mixed-use building	Mixed-use building under construction	€4,7mIn
2 Latsia Municipality	March 2023	Residential	House	House situated within a plot of land with total surface area of c. 6.700m ²	€4,5mIn
3 Idalio Municipality	June 2023	Commercial	Industrial unit	Industrial building under construction	€4,0mIn
4 Strovolos Municipality	May 2023	Commercial	Industrial unit	Industrial unit situated in Strovolos industrial area	€3,2mIn
5 Engomi Municipality	October 2023	Residential	Apartment Block	Off-plan residential apartment block being developed on a plot of land of c. 775m ² , in Engomi Municipality	€3,1mIn

Note: In relation to the transaction prices presented above, in the case where the Declared price and the Accepted price (by the DLS) vary, for the purposes of this analysis the average of the two was indicatively adopted.

Limassol Snapshot

€2,3bn (8%)

2023

YoY drop in €

#7.150 (3%)

2023

YoY drop in #



Apartments	2022	2023	Trend (2023 Vs 2022)
€ transaction value	€1.270mln	€1.065mln	↓
# properties	#3.010	#2.730	↓
Average price per unit	€422k	€390k	↓



Houses	2022	2023	Trend (2023 Vs 2022)
€ transaction value	€527mln	€559mln	↑
# properties	#1.390	#1.320	↓
Average price per unit	€379k	€423k	↑



Land Fields	2022	2023	Trend (2023 Vs 2022)
€ transaction value	€276mln	€270mln	↓
# properties	#1.740	#1.900	↑
Average price per unit	€158k	€142k	↓



Land Plots	2022	2023	Trend (2023 Vs 2022)
€ transaction value	€238mln	€253mln	↑
# properties	#890	#860	↓
Average price per unit	€267k	€295k	↑

Source: Department of Lands and Surveys (DLS), PwC Analysis

Top 5 real estate transactions in Limassol recorded through the DLS during 2023



	Transaction date	Property Category	Property Type	Description	Transaction Price (€)
1 Limassol Municipality Tsiflikoudia	March 2023	Land	Fields	8 adjacent parcels of land situated along the coast, near the Limassol port area	€24,2mln
2 Limassol Municipality Ayios Ioannis	September 2023	Residential	Residential project	Residential project comprising 5 apartment blocks situated in Ayios Ioannis Quarter	€13,2mln
3 Limassol Municipality Ayios Nikolaos	May 2023	Land	Field	Field with a total surface of c. 10.850m ² situated along Griva Digeni Avenue. The field is situated within residential and commercial planning zones	€12,0mln
4 Limassol Municipality Zakaki	July 2023	Land	Field	Field with a total surface of c.22.400m ² located in the new port area of Limassol. The field is situated within residential and commercial planning zones	€12,0mln
5 Parekklesia	April 2023	Residential	Apartment	3-bed apartment on the 5th floor of a newly constructed coastal residential project	€10,3mln


Note: In relation to the transaction prices presented above, in the case where the Declared price and the Accepted price (by the DLS) vary, for the purposes of this analysis the average of the two was indicatively adopted.


Larnaca Snapshot


€896mIn **22%**
2023 YoY increase in €


#5.240 **20%**
2023 YoY increase in €



	Apartments	2022	2023	Trend (2023 Vs 2022)
	€ transaction value	€277mIn	€359mIn	↑
	# properties	#1.920	#2.300	↑
	Average price per unit	€144k	€156k	↗

	Houses	2022	2023	Trend (2023 Vs 2022)
	€ transaction value	€178mIn	€236mIn	↑
	# properties	#850	#920	↗
	Average price per unit	€210k	€257k	↑

	Land Fields	2022	2023	Trend (2023 Vs 2022)
	€ transaction value	€71mIn	€127mIn	↑
	# properties	#710	#1.020	↑
	Average price per unit	€99k	€125k	↑

	Land Plots	2022	2023	Trend (2023 Vs 2022)
	€ transaction value	€90mIn	€120mIn	↑
	# properties	#590	#750	↑
	Average price per unit	€152k	€160k	↗

Source: Department of Lands and Surveys (DLS), PwC Analysis

Top 5 real estate transactions in Larnaca recorded through the DLS during 2023



	Transaction date	Property Category	Property Type	Description	Transaction Price (€)
1 Pyla	January 2023	Land	Field	Field with a total surface of 38.000m ² within tourist planning zone, located c.100m from the sea	€8,9mln
2 Larnaca Municipality City Center	June 2023	Land	Plot	Plot of land with an area of c.6.000m ² , situated within residential and commercial planning zones	€6,8mln
3 Perivolía	July 2023	Land	Plot	Seafront plot of land within a tourist planning zone, with an area of c.9.000m ²	€3,8mln
4 Larnaca Municipality Coast	August 2023	Hospitality	Hotel	2-star hotel with a capacity of 40 rooms, situated in the Larnaca city-centre	€3,8mln
5 Perivolía	June 2023	Land	Plot	Plot of land with an area of c.20.000m ² , located c.50m from the sea. The plot is situated within a tourist planning zone	€3,7mln


Note: In relation to the transaction prices presented above, in the case where the Declared price and the Accepted price (by the DLS) vary, for the purposes of this analysis the average of the two was indicatively adopted.


Famagusta Snapshot


€253mIn (3%)
2023 YoY drop in €


#1.320 (1%)
2023 YoY drop in #



	Apartments	2022	2023	Trend (2023 Vs 2022)
	€ transaction value	€70mIn	€61mIn	↓
	# properties	#470	#440	↓
	Average price per unit	€148k	€140k	↓

	Houses	2022	2023	Trend (2023 Vs 2022)
	€ transaction value	€129mIn	€108mIn	↓
	# properties	#400	#390	—
	Average price per unit	€324k	€276k	↓

	Land Fields	2022	2023	Trend (2023 Vs 2022)
	€ transaction value	€34mIn	€42mIn	↑
	# properties	#280	#300	↑
	Average price per unit	€123k	€139k	↑

	Land Plots	2022	2023	Trend (2023 Vs 2022)
	€ transaction value	€10mIn	€15mIn	↑
	# properties	#90	#110	↑
	Average price per unit	€112k	€133k	↑

Top 5 real estate transactions in Famagusta recorded through the DLS during 2023



	Transaction date	Property Category	Property Type	Description	Transaction Price (€)
1 Paralimni Municipality Coast	August 2023	Land	Field	Seafront field with a total area of c.28.000m ² , situated within tourist planning zone	€9,1mln
2 Ayia Napa Municipality Coast	February 2023	Residential	Villa	Seafront 5-bedroom villa situated in Ayia Napa	€5,5mln
3 Paralimni Municipality Centre	November 2023	Commercial	Commercial building	Commercial building (incl. offices and retail spaces) with a total surface area of c.2.700m ² situated along Protaras Avenue	€4,8mln
4 Paralimni Municipality Coast	April 2023	Land	Field	Seafront field covering an area of c.12.000m ² , situated within a touristic planning zone	€3,8mln
5 Paralimni Municipality Coast	January 2023	Residential	Apartment	6-bedroom penthouse on the 5th floor of a newly constructed coastal residential project	€2,6mln

Note: In relation to the transaction prices presented above, in the case where the Declared price and the Accepted price (by the DLS) vary, for the purposes of this analysis the average of the two was indicatively adopted.

Paphos Snapshot

€1,1bn

2023

4%

YoY increase in €

4.430

2023

3%

YoY increase in €



Apartments	2022	2023	Trend (2023 Vs 2022)
€ transaction value	€259mIn	€294mIn	↑
# properties	#1.610	#1.640	↑
Average price per unit	€161k	€179k	↑



Houses	2022	2023	Trend (2023 Vs 2022)
€ transaction value	€550mIn	€529mIn	↓
# properties	#1.500	#1.470	—
Average price per unit	€366k	€360k	—



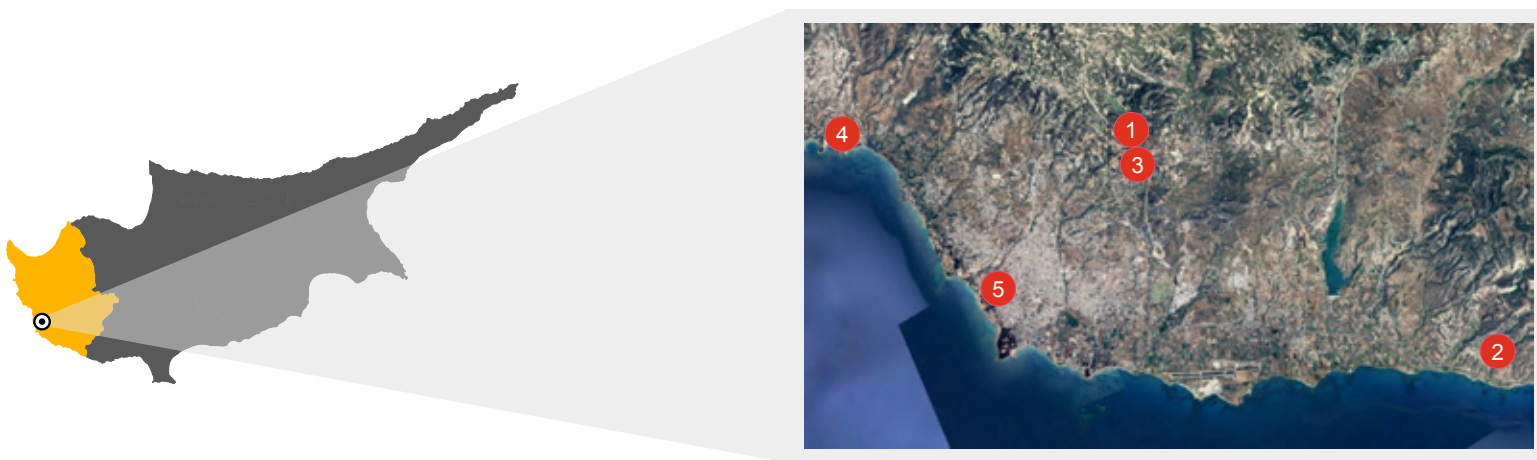
Land Fields	2022	2023	Trend (2023 Vs 2022)
€ transaction value	€128mIn	€119mIn	↓
# properties	#740	#770	↑
Average price per unit	€172k	€155k	↓



Land Plots	2022	2023	Trend (2023 Vs 2022)
€ transaction value	€55mIn	€82mIn	↑
# properties	#270	#320	↑
Average price per unit	€202k	€255k	↑

Source: Department of Lands and Surveys (DLS), PwC Analysis

Top 5 real estate transactions in Paphos recorded through the DLS during 2023

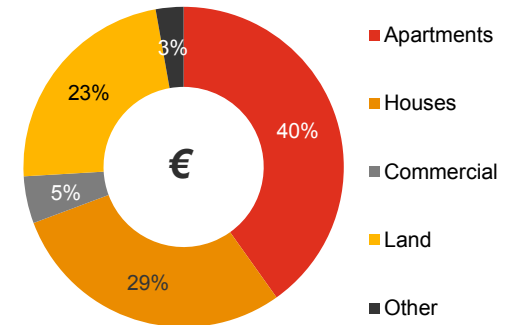


	Transaction date	Property Category	Property Type	Description	Transaction Price (€)
1 Tsada	March 2023	Residential	Villa	Villa situated within an integrated golf project	€8,4mln
2 Kouklia	March 2023	Residential	Villa	Villa situated within an integrated golf project	€5,0mln
3 Tsada	October 2023	Residential	Villa	Villa situated within an integrated golf project	€4,1mln
4 Pegeia Municipality	June 2023	Land	Field	Field with a total area of c16.000m ² situated in close proximity to Coral Bay. The field falls within a tourist planning zone	€3,9mln
5 Paphos Municipality	April 2023	Land	Field	Field with a total area of c.7.300m ² within a residential planning zone. The property is situated in close proximity to the archeological site of the Tombs of the Kings	€3,5mln

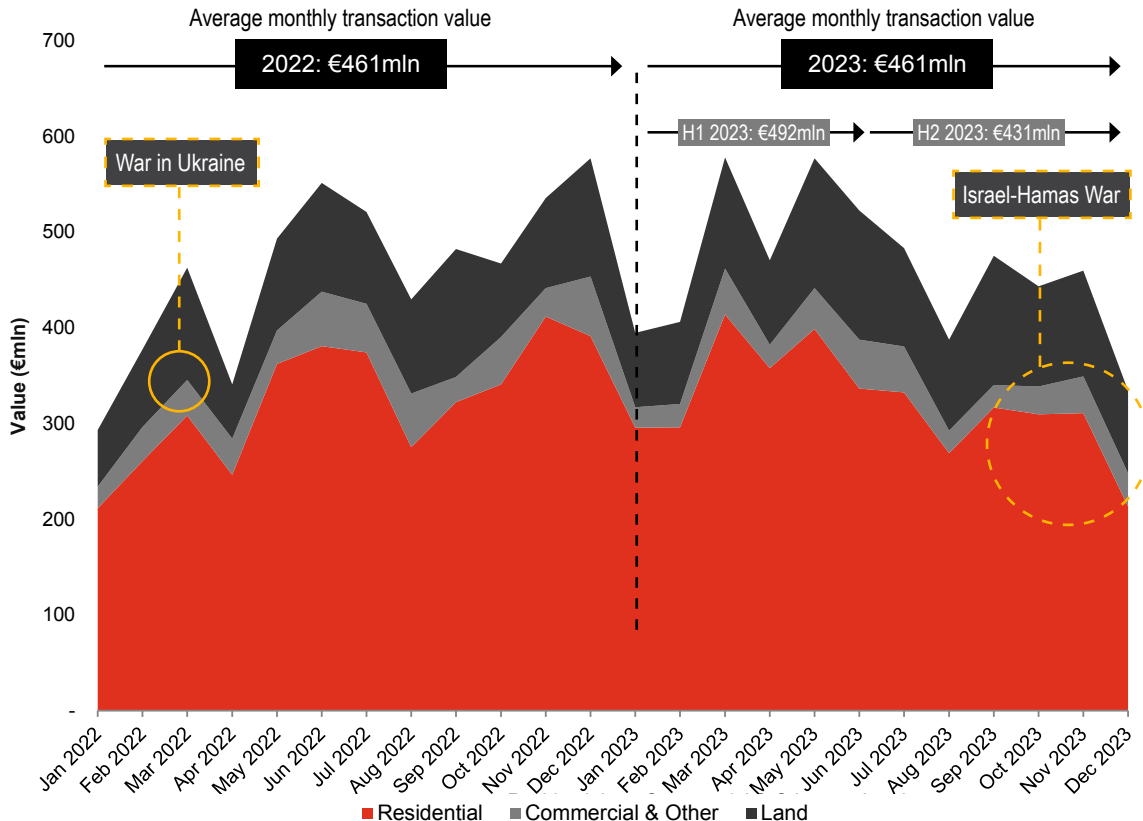
Note: In relation to the transaction prices presented above, in the case where the Declared price and the Accepted price (by the DLS) vary, for the purposes of this analysis the average of the two was indicatively adopted.

Transaction value by type

During 2023, the transaction value of the residential property sector reached c.€3,9bn representing a YoY decrease of c.1%. According to PwC analysis, in total c.14.600 apartments and houses were sold (c.9.600 apartments and c.5.000 houses), recording a mere increase of 0,3%. The residential property sector made up 69% of the total value of transactions in the sector during the year (40% apartments and 29% houses), compared to a 70% contribution during 2022.



Transaction value per month (2021 - 2023)



Source: Department of Lands and Surveys (DLS), PwC Analysis

- The effects from the war in Ukraine further accelerated the materialisation of relocations of foreign operations and staff in Cyprus, leading to a relatively high average monthly transaction value of €460m during 2022.
- The surging activity was sustained during the first half of 2023, with the average monthly value of transactions reaching c.€492m. The market experienced a slowdown during the second half, highlighted by the final quarter of the year, in the aftermath of the Israel-Hamas war and the sustained geopolitical instability effects. During the second half of 2023, average monthly transaction value stood at c.€431m. Overall during the year, average monthly transactions stood at c.€461m.

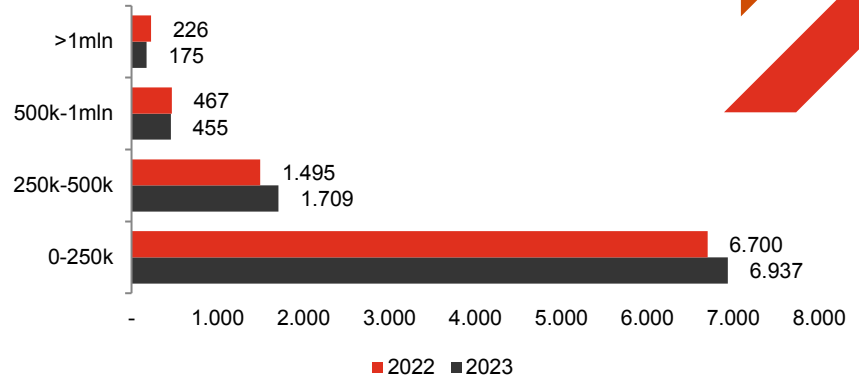
Source: Department of Lands and Surveys (DLS), PwC Analysis



Apartments

	2022	2023
€ transaction value	€2,3bn	€2,2bn
# properties	9.500	9.600
Average price per unit	€240k	€231k

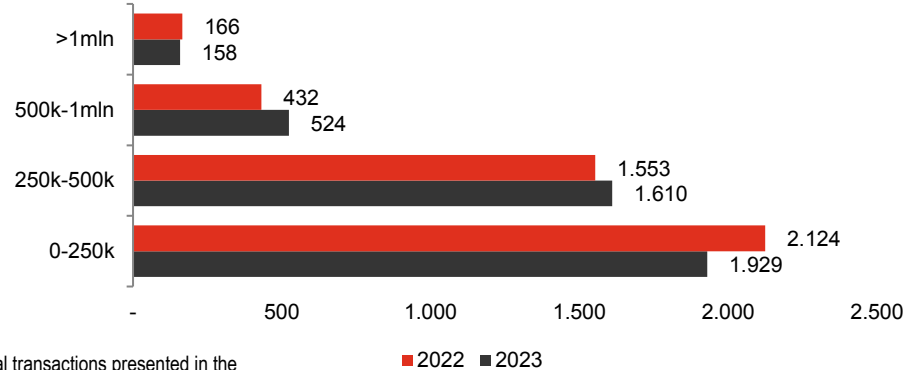
Apartments sold per price bucket



Houses

	2022	2023
€ transaction value	€1,6bn	€1,6bn
# properties	5.100	4.900
Average price per unit	€315k	€331k

Houses sold per price bucket



Source: Department of Lands and Surveys (DLS), PwC Analysis

Note: The number of transactions included in the price bucket chart differ from the total transactions presented in the table above, as the chart includes only single unit transactions with 100% share (to avoid statistical discrepancies).



Land Fields

	2022	2023
€ transaction value	€0,60bn	€0,65bn
# properties	4.900	5.400
Average price per field	€123k	€120k



Land Plots

	2022	2023
€ transaction value	€0,55bn	€0,63bn
# properties	2.800	2.900
Average price per plot	€199k	€214k

Source: Department of Lands and Surveys (DLS), PwC Analysis

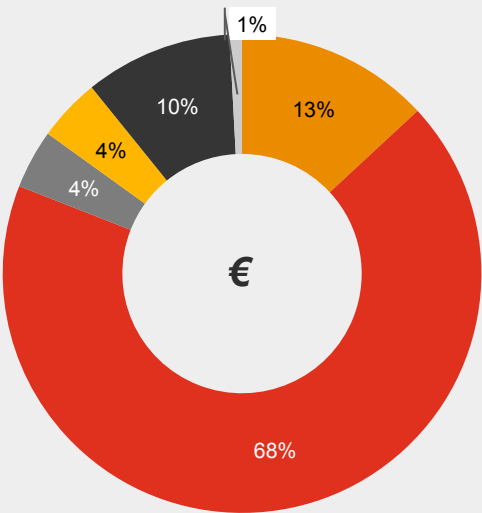
Land transactions by planning zone

Land transactions reached €1,3bn during 2023, representing an increase of 11% compared to 2022. Overall, land transactions made up 23% of the total transaction value of the sector and 34% of the total volume of transactions of the sector.

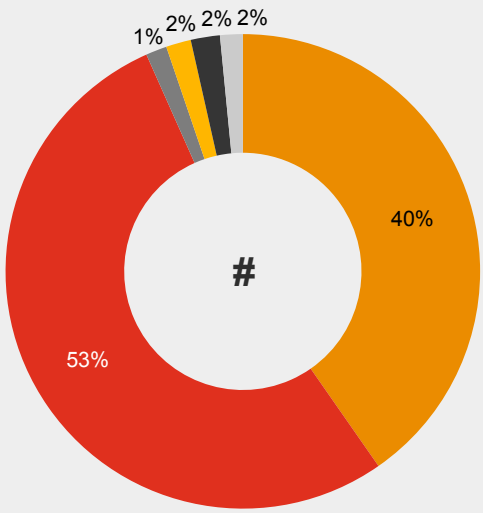
68% of land transactions in terms of value, relate to properties situated within residential planning zones, whereas 13% comprised land within agricultural planning zones. In volume terms, 53% comprised land within residential planning zones and 40% comprised land within agricultural planning zones.



Transaction value by planning zone (2023)



Transaction volume by planning zone (2023)

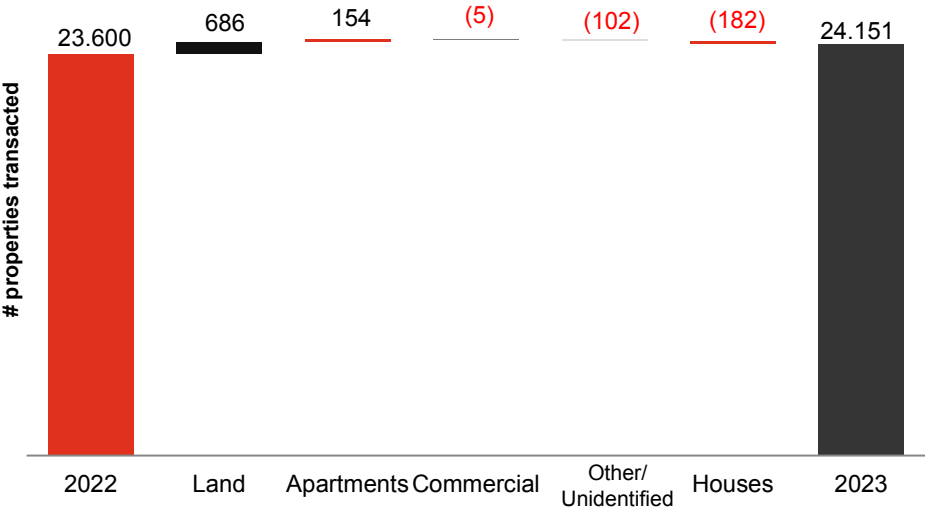


■ Agricultural ■ Residential ■ Commercial & Special Zones ■ Industrial ■ Tourist ■ Other / Non-identified

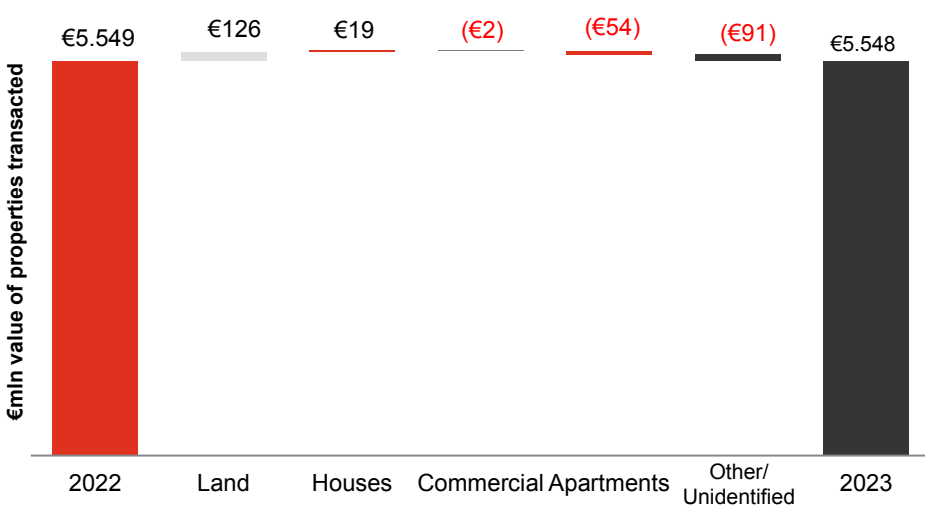
Source: Department of Lands and Surveys (DLS), PwC Analysis

2023 Growth
per property type

Change in volume of transactions (2023 Vs 2022)



Change in value of transactions (2023 Vs 2022)



The marginal drop in value of apartment transactions recorded during the year, appears to have been offset by a notable growth in land transactions and particularly residential land plots.

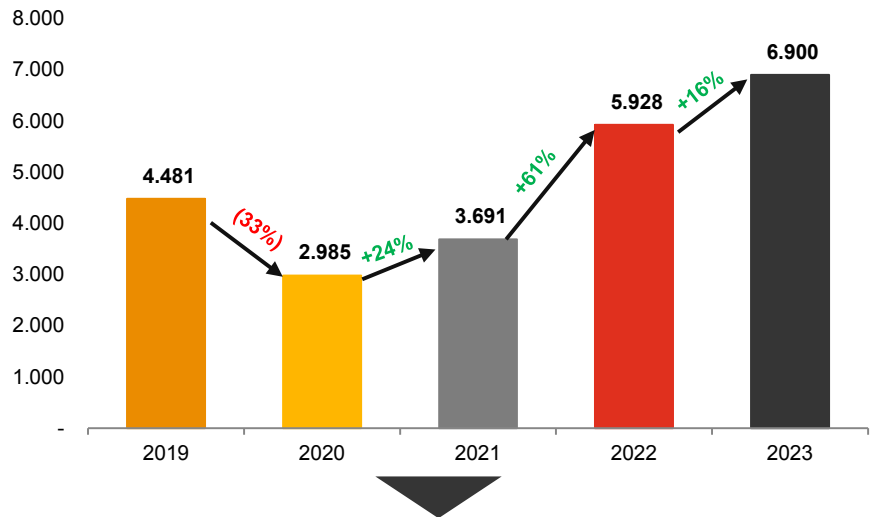
Source: Department of Lands and Surveys (DLS), PwC Analysis

Foreign transaction activity

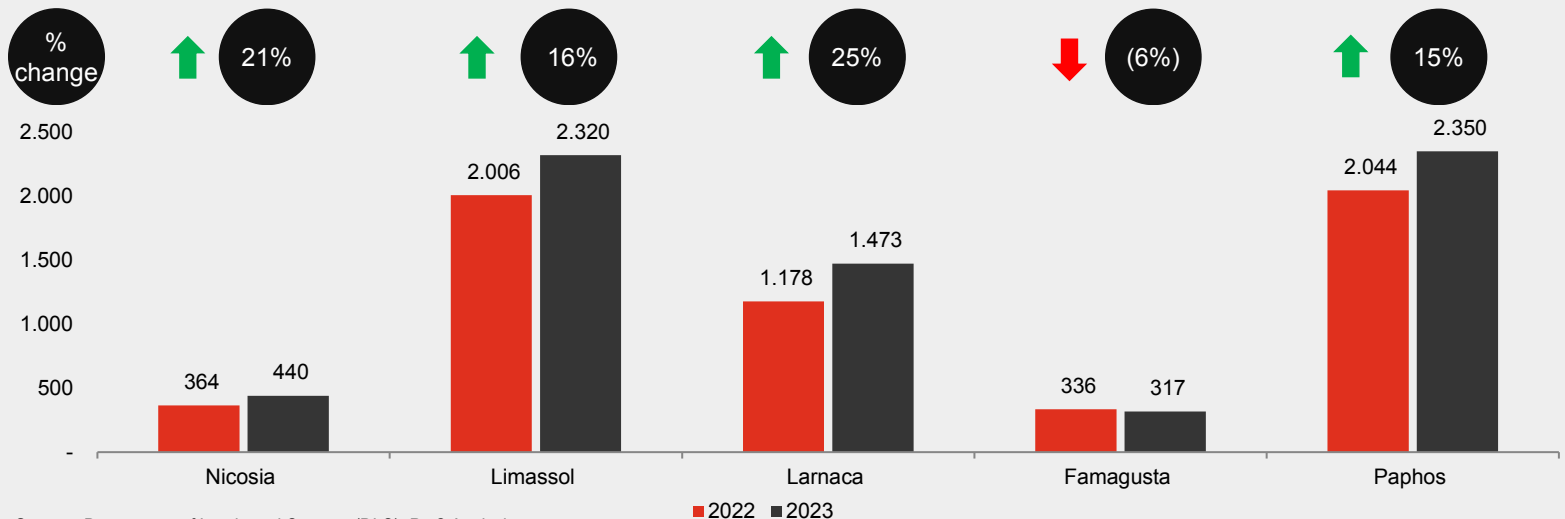
During 2023, a total of 6.900 properties across Cyprus were acquired by foreigners (in terms of sale contracts filed at the DLS) compared to 5.928 properties during 2022, representing a 16% increase. Foreign activity patterns appear correlated with the continued influx of foreign companies relocating their operations and staff on the island, albeit at a slower rate compared to last year.

All Cyprus districts (except Famagusta) recorded YoY increases during 2023, in terms of the number of properties acquired by foreigners (based on sale contracts filed at the DLS). Larnaca experienced the most significant increase (25%), followed by Nicosia (21%) and Limassol (16%).

No. of properties acquired by foreigners based on sale contracts filed at the DLS (2019-2023)



No. of properties acquired by foreigners per district based on sale contracts filed at the DLS (2022 - 2023)



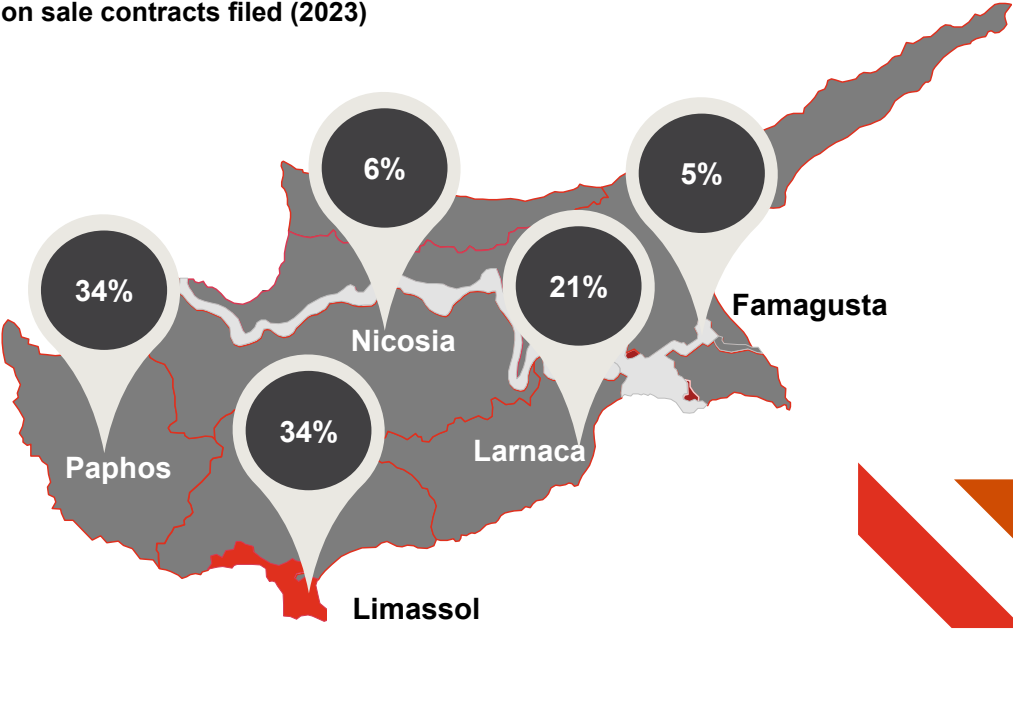
Source: Department of Lands and Surveys (DLS), PwC Analysis

The highest concentration of sale contracts filed by foreign buyers took place at the districts of Limassol and Paphos (34% respectively). The two coastal districts together make up more than two thirds of foreign transactions on the island.

Looking at the monthly data, it is evident that the number of properties acquired by foreigners outnumbered each respective month of 2022 with the exception of November and December 2023, which experienced decreases of 16% and 18% respectively, which appears to be largely attributable to the outbreak of the Israel-Hamas war in early October.

Approximately 72% of properties acquired by foreigners during 2023 relate to non-EU buyers (2022: 57%). Limassol represented the district with the highest proportion of non-EU buyers (77%), followed by Larnaca (74%) and Paphos (70%).

Geographical distribution of properties acquired by foreigners based on sale contracts filed (2023)



No. of properties acquired by foreigners based on sale contracts filed at the DLS per month (2022 - 2023)

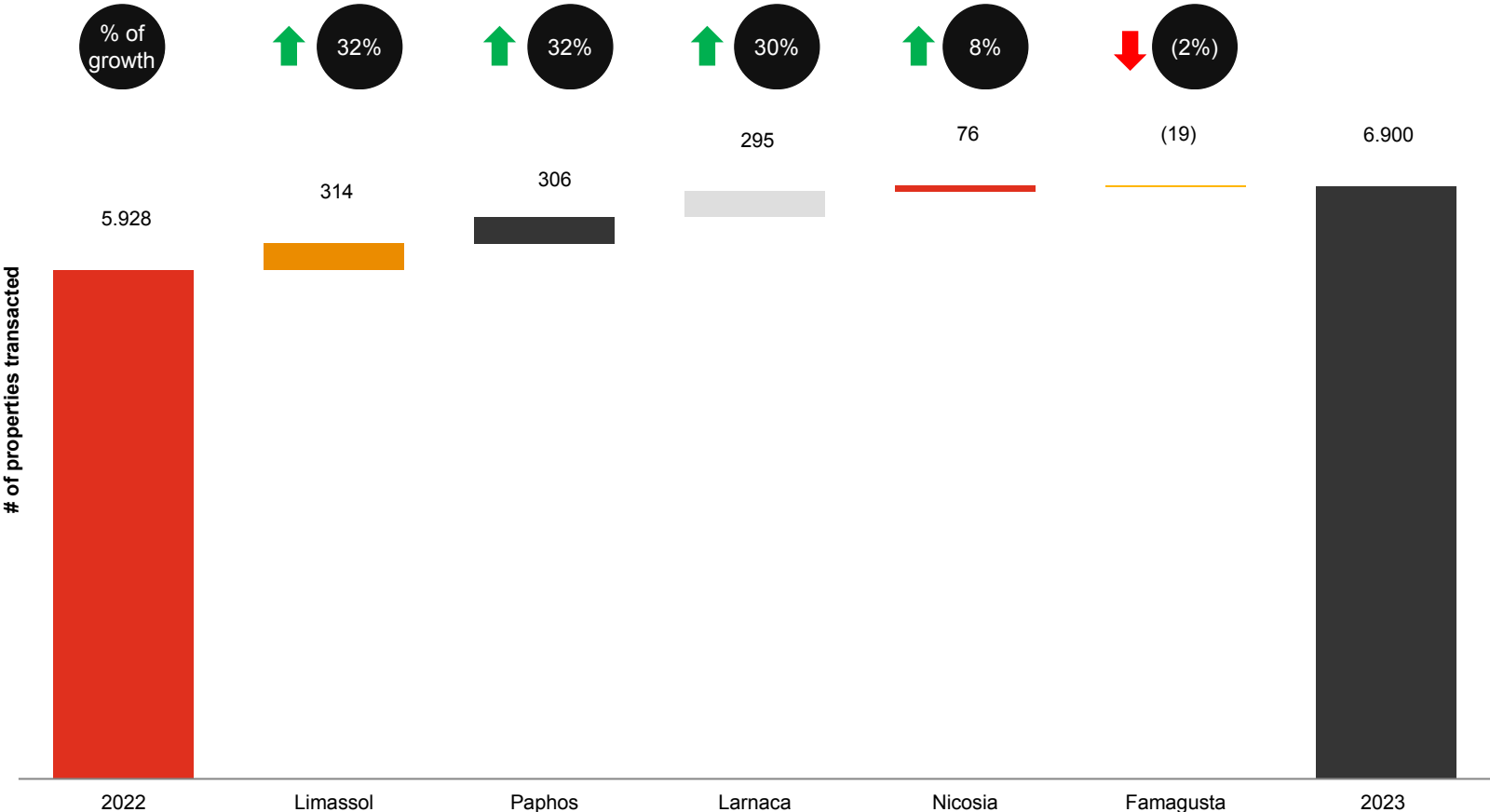


Source: Department of Lands and Surveys (DLS), PwC Analysis

2023 Growth of foreign transaction activity per district



Change in volume of properties transacted (2023 Vs 2022)



Source: Department of Lands and Surveys (DLS), PwC Analysis



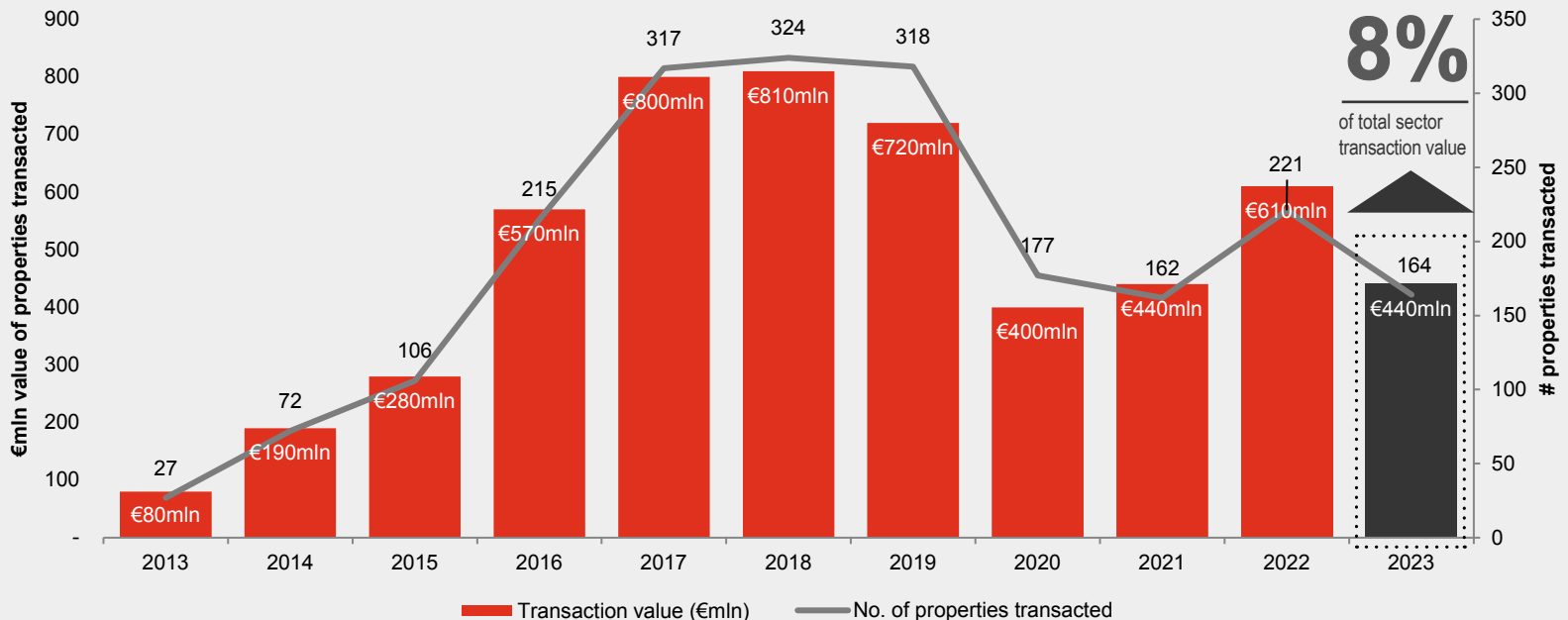
High-end residential property segment ($\geq \text{€}1,5\text{mIn}$)

The high-end residential property segment appears to be shrinking in 2023, with the analysis of transaction data of single residential properties with a price of $\geq \text{€}1,5\text{mIn}$, indicating a YoY drop of 26%. The data suggests that during the year a total of 164 transactions were recorded in this segment of the market, with total values reaching $\text{€}440\text{mIn}$.

The size of this segment during 2023 appears halved when compared to the peak 2017 – 2018 activity and has subsided to the levels observed during the Covid-19 period. Overall, the high-end property sector ($\geq \text{€}1,5\text{mIn}$) contributed c.8% of the total transaction value of the sector during 2023, representing the lowest contribution since 2013.



Volume and Value of high-end properties transacted ($\geq \text{€}1,5\text{mIn}$)

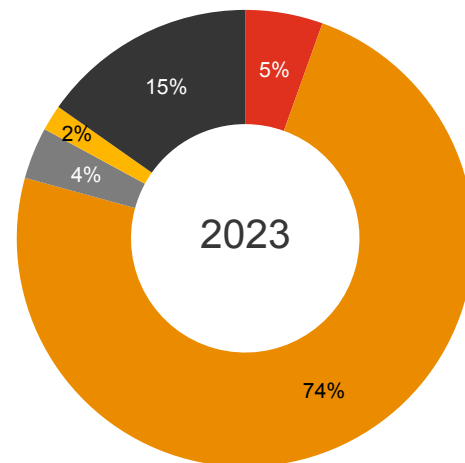
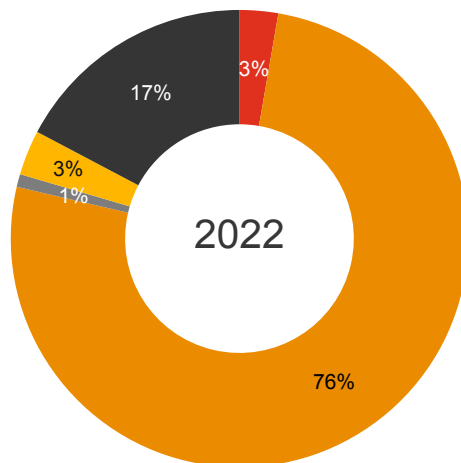


Source: Department of Lands and Surveys (DLS), PwC Analysis

Note: High-end residential property segment statistics for all years were based on a data extraction dated 31/01/2024. Any differences with previous publications relate to amended Land Registry records (e.g. cancellations of previous sales etc.) and discrepancies between the date of agreement and respective filing date.



Limassol district continues to dominate the share of high-end residential property transactions (74% during 2023), followed by Paphos with 15% of the share. The two coastal districts make up 89% of the size of this segment (2022: 93%).



■ Nicosia ■ Limassol ■ Larnaca ■ Famagusta ■ Paphos

Source: Department of Lands and Surveys (DLS), PwC Analysis

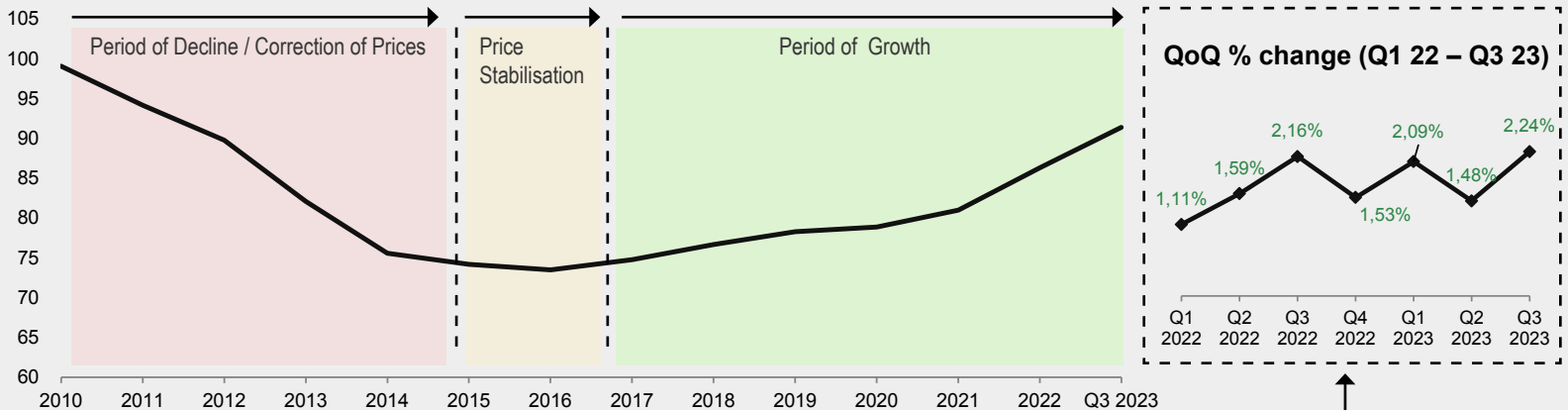
Note: The PwC Analysis has been based on transaction data by the DLS in a digital format, extracted from the DLS Portal on 31/01/2024 and relate to transactions with an agreement date up to 31/12/2023.

Real estate price evolution

Residential Property Prices

The behaviour of residential property prices across Cyprus is captured by the Central Bank of Cyprus (CBC) index, amongst other publicly available indices. During 2022, residential property index prices recorded a 7% annual growth, mainly driven by domestic housing demand and rising construction costs. Up to Q3 2023 (being the latest available information) residential property index prices maintained their increasing trend, marking a c.8% YoY increase and a c.6% compared to Q4 2022. The increase in index prices is partially attributed to the sustained levels of domestic housing demand, the effects of rising construction costs in previous periods and surging levels of demand from foreign buyers.

CBC Residential Property Price Index (2010 - Q3 2023)



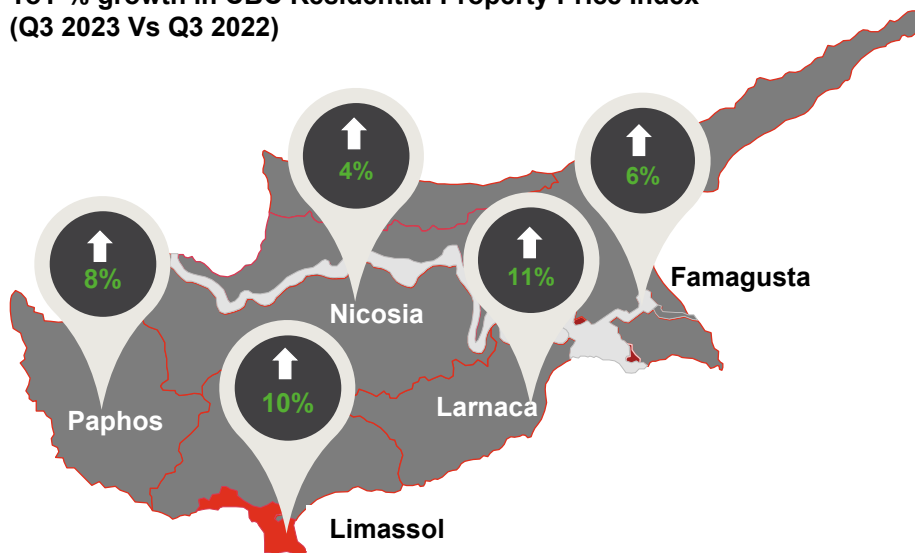
Annual price change	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	12 Months ending Q3 2023 (YoY%)
CBC	(5%)	(5%)	(9%)	(8%)	(2%)	(1%)	2%	3%	2%	1%	3%	7%	8%

Source: CBC RPPI, PwC Analysis



Based on the CBC price index on an annual basis up to Q3 2023, residential property prices in all Cyprus districts, recorded increases, with the most significant index movements being recorded in Larnaca (11%) and Limassol (10%).

**YoY % growth in CBC Residential Property Price Index
(Q3 2023 Vs Q3 2022)**



Source: CBC RPPI, PwC Analysis

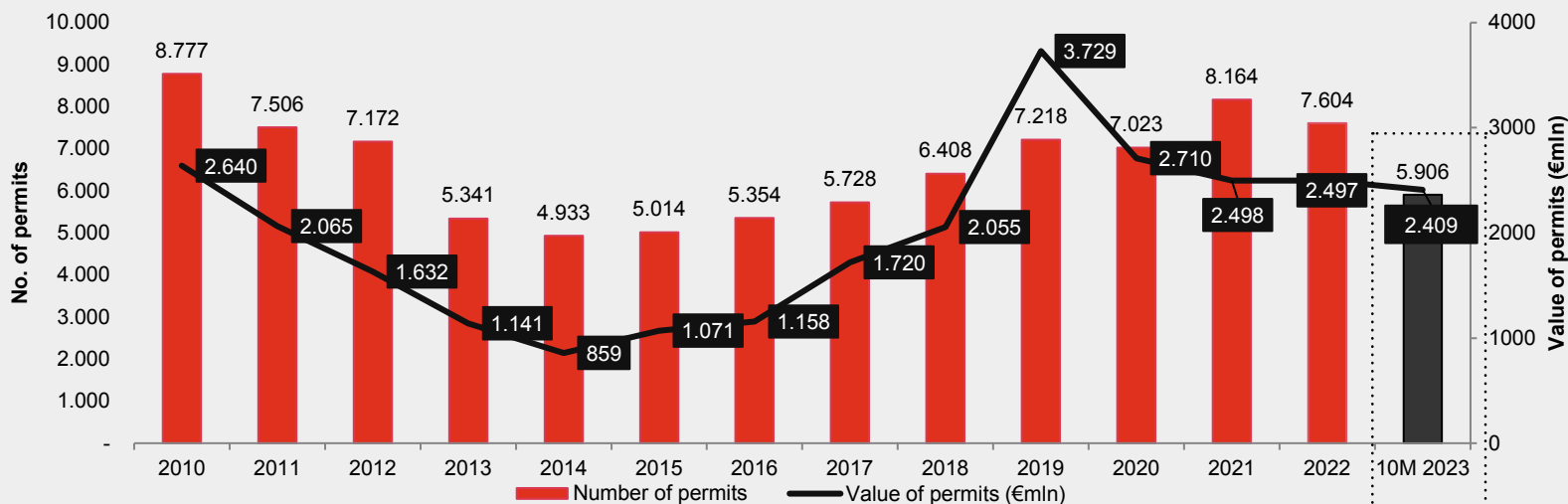


Construction activity

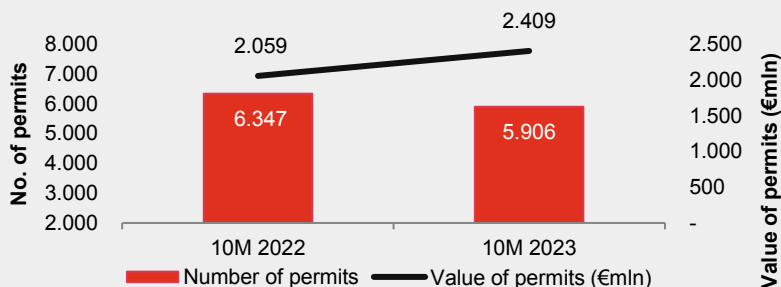
New building permits issued during the period January - October 2023 (10M 2023) stood at 5,906, representing an annual drop of 7%. In value terms, the new permits issued increased by 17% compared to 10M 2022 which is mainly attributed to the development of larger scale infrastructure projects by the private sector.

According to the latest EC report (Autumn 2023), a slowdown in residential construction activity is expected in the coming years, following the robust expansion of the sector during the last years, coupled with a sustained environment of increased interest rates.

Building permits number Vs value (€mIn)



Building permits number Vs value (10M 2022 - 10M 2023)



Source: Cystat, PwC Analysis

10M 2023 Vs 10M 2022

(7%)

Decrease in #

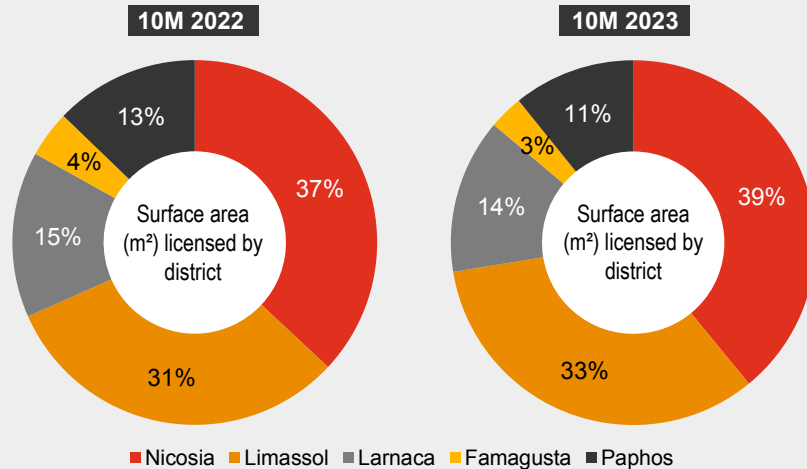
17%

Increase in €

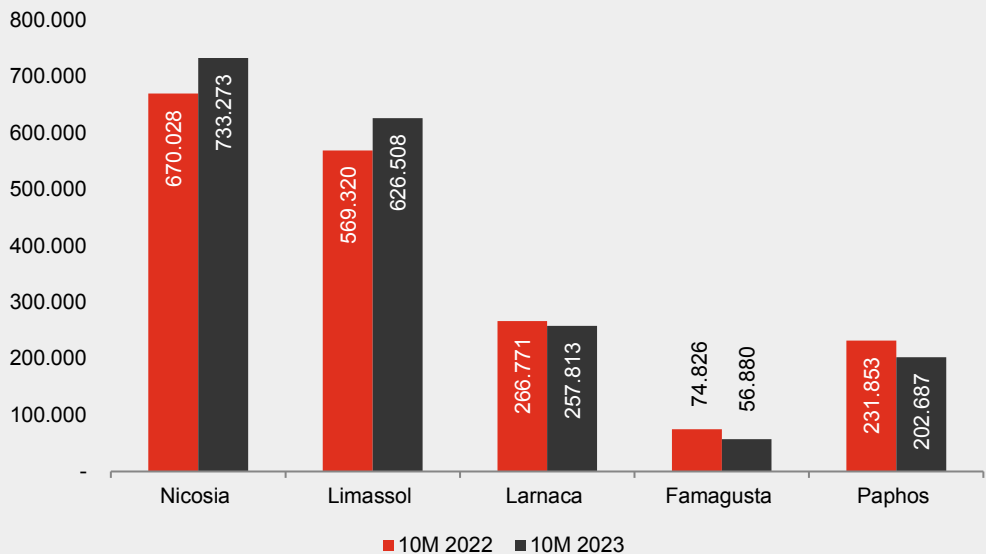
Distribution of building permits per district and surface (m²)

The largest concentration of new permits for developments, in terms of licensed building surface (m²) during 10M 2023, relates to Nicosia (39%) and is followed by Limassol (33%).

During 10M 2023, Larnaca and Paphos witnessed YoY decreases of 23% and 16% respectively, which may be attributed to the rapid expansion in activity observed in the previous year. On the other hand, the surface being licensed for development continues to grow in Nicosia and Limassol, both recording a 4% increase on a YoY basis.



Surface area licensed (m²) per district (10M 2022 - 10M 2023)



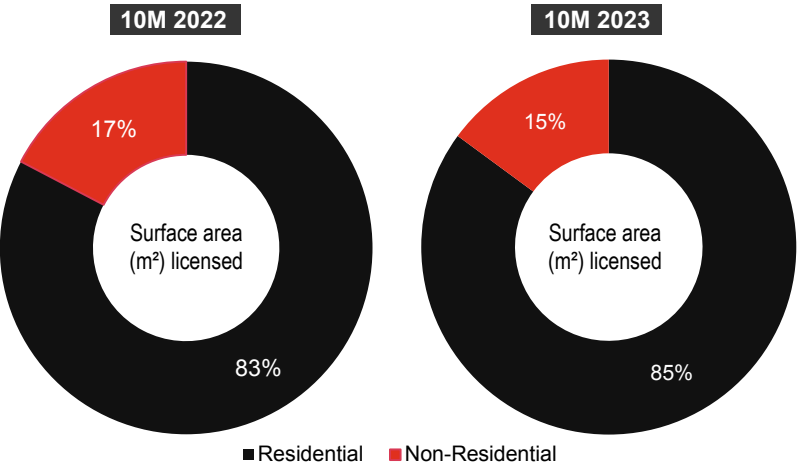
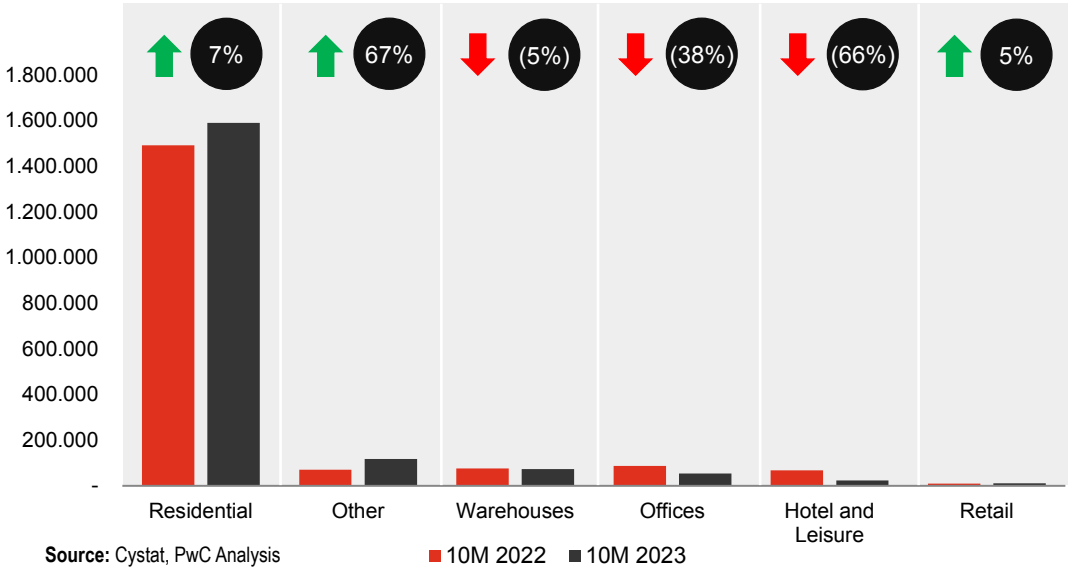
Source: Cystat, PwC Analysis

Overall, residential developments constituted the majority of licensed surface area during 10M 2023, making up 85% of new developments licensed. The residential sector demonstrated a 7% increase in licensed surface during 10M 2023 compared to the respective period in 2022.

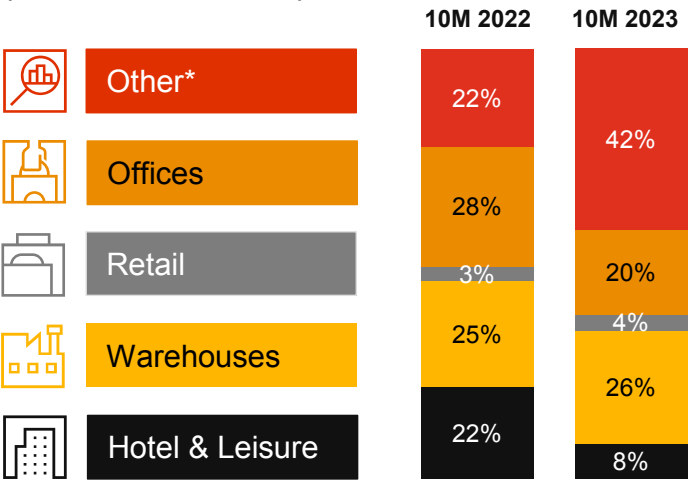
Surface area (m²) licensed for non-residential buildings experienced a drop of 11% compared to the respective period in 2022.

Noteworthy is the decline in the number of office and hotel & leisure developments licensed during 10M 2023, which recorded a 38% and 66% decrease respectively.

Licensed surface area (m2) by category



Breakdown of non-residential surface area (m²) (10M 2023 Vs 10M 2022)



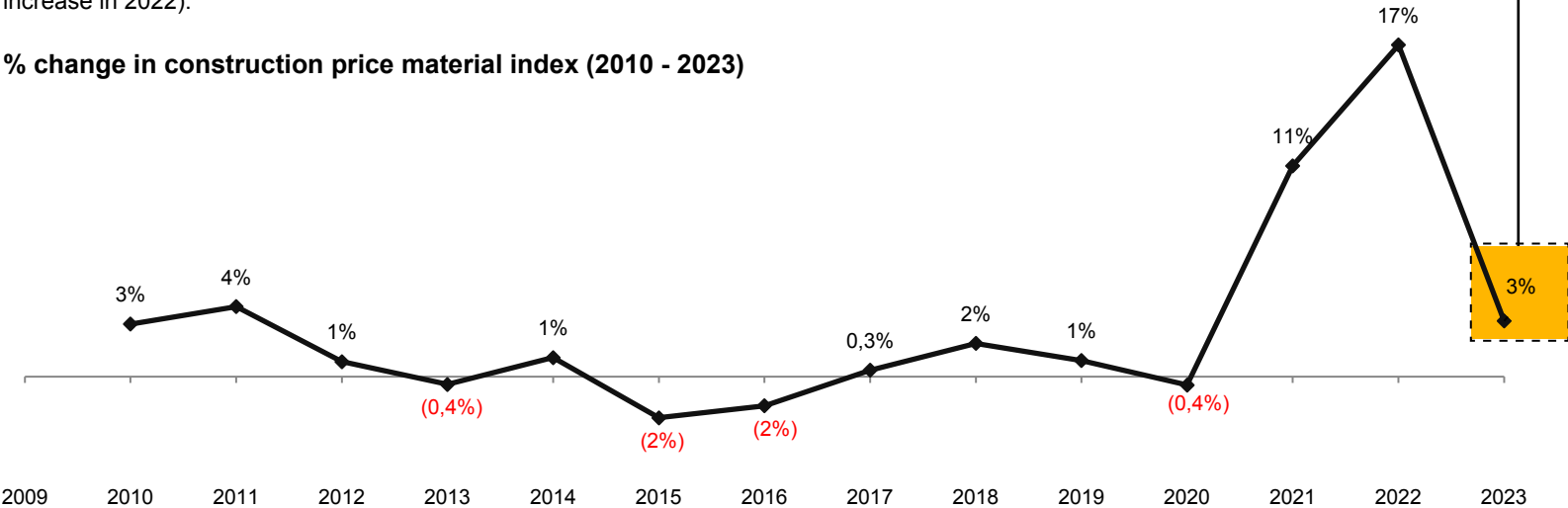
Source: Cystat, PwC Analysis
Note: Other relates to (i) public entertainment buildings and buildings used for recreational, educational or medical purposes, (ii) transport and communication buildings, and (iii) other non-residential buildings.

Construction material prices during 2023

The index of construction materials published by Cystat, appears to have decelerated during the year, recording a 3% growth (compared to 17% during 2022). The cost of minerals and mineral products seem to be the key drivers of the overall increase in costs (18,5% and 9,4% increase respectively), while the cost of metallic products appears to have subsided by 6,3% during the year (following a 23,7% increase in 2022).

Annual price change	2023
Minerals	18,5%
Products of wood, insulation materials, chemicals and plastics	3,5%
Mineral products	9,4%
Metallic products	(6,3%)
Electromechanical products	2,7%
Weighted	2,9%

% change in construction price material index (2010 - 2023)



Source: Cystat, PwC Analysis



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We are uniquely positioned to bring the best business advice with the best real estate advice, providing tailor-made solutions of high quality for specific needs to clients who develop, invest, own, lease, dispose or acquire any type of property in Cyprus.

We have a diverse team of real estate advisory experts with backgrounds ranging from transaction specialists, management consultants, property valuers, planning experts and finance experts. We are as comfortable in talking business, finance and tax, as we are with development designs, town planning permits, Land Registry procedures and site plans, bringing a whole different approach to real estate.

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In-depth **understanding of the changing market forces** that are affecting the local real estate industry



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Real estate transaction advisory services

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- Transaction support services
- Go to market strategies
- Real Estate Due Diligence

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- Benchmarking analysis
- Market intelligence
- Real estate portfolio analytics

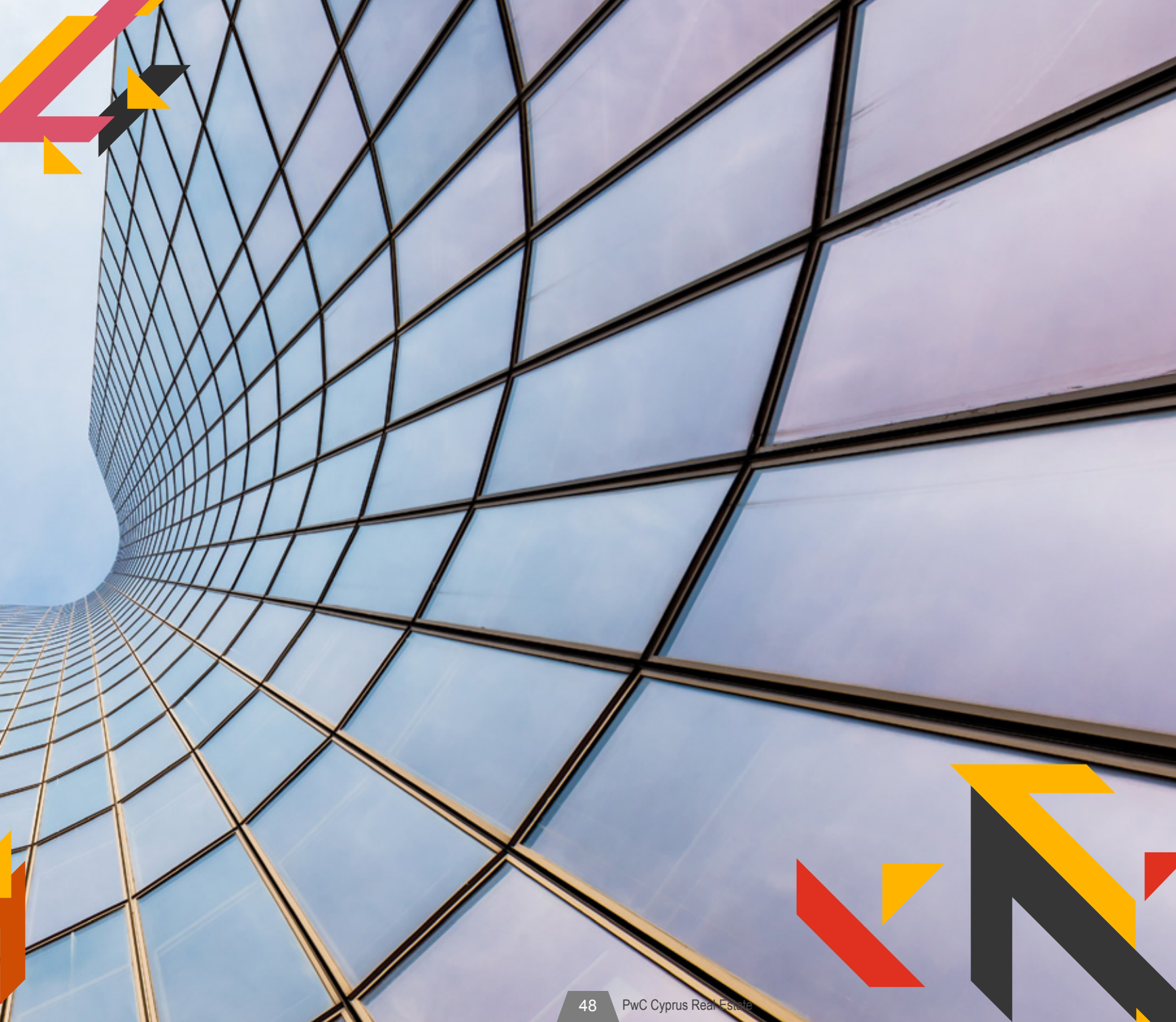


Valuation analysis & verification

- Valuation reviews for financial reporting purposes
- Property portfolio valuation analysis

Real estate development advisory

- Development appraisals / Feasibility studies
- Highest & Best Use analysis
- Objective assessment of Business Plans
- Financial modelling



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