DANOS RESEARCH

CYPRUS RETAIL MARKET INSIGHT S1 2026

Consumer demand, retail property performance, occupancy evidence and development pipeline

REPORTING PERIOD	PUBLICATION DATE	SOURCE
1 January - 30 June 2026	24 July 2026	DANOS Research

EXECUTIVE VIEW

Retail demand remains strong; property pricing is more selective

The first half of 2026 combined resilient consumer activity with strong mall trading, while retail property values and rents continued to lag residential and office assets.

+7.1%	+5.9%	+8.4%	5.77%
RETAIL VALUE	RETAIL VOLUME	CYPRUS VOLUME	RETAIL YIELD
Jan-May 2026	Jan-May 2026	May YoY; EU high	RICS Q1 2026

What matters

Consumer demand. Retail turnover accelerated in May, with clothing and footwear, information and communication equipment, and household equipment among the strongest volume categories.

Shopping centres. All major centres that disclosed S1 figures recorded higher footfall; disclosed sales or turnover growth outpaced visitor growth at Nicosia Mall and MyMall Limassol.

Property performance. RICS/KPMG recorded only 0.72% annual growth in retail capital values and 0.66% in retail rental values in Q1 2026, the weakest sector result in both measures.

New supply. The Cabinet's July approval of the EUR95m Limassol Mall, subject to road and traffic conditions, is the clearest near-term structural change. New shops under construction in Lakatamia and the D. Zavos Zakaki concept add neighbourhood and large-format propositions in Nicosia and Limassol.

DANOS VIEW

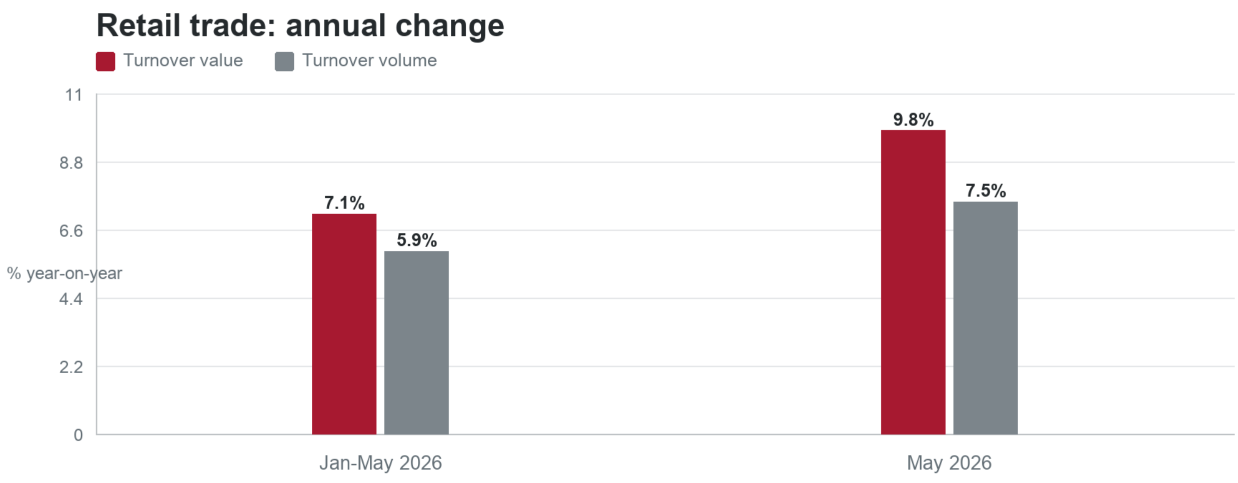
Cyprus retail is currently an operating-income and location-selection story rather than a broad capital-growth story. Prime centres can sustain demand, but secondary stock requires sharper pricing, stronger accessibility and a clear tenant proposition.

Reporting period: 1 January-30 June 2026. Latest official retail turnover data available at publication cover January-May 2026.

DEMAND

Consumer momentum strengthened into May

Official turnover data show that growth reflects both higher spending and a material increase in the volume of goods purchased.



Source: Statistical Service of Cyprus (CYSTAT), May 2026 release, published 1 July 2026.

May composition

Category	Value YoY	Volume YoY	Reading
Clothing & footwear	n/a	+19.4%	Strongest disclosed volume gain
Information & communication equipment	n/a	+17.6%	High discretionary and replacement demand
Other household equipment	+12.0%	+13.3%	Broad home / fit-out demand
Cultural & recreation goods	+10.1%	n/a	Books, sports equipment and toys
Automotive fuel	+20.9%	-3.8%	Price-led value growth; weaker physical volume

European context

Eurostat recorded Cyprus as the strongest annual retail-volume performer among reporting EU member states in May 2026, at +8.4%, compared with +1.9% for the EU. Cyprus also posted the highest month-on-month increase, at +3.7%. This confirms exceptional momentum, although a single month should not be treated as a permanent growth rate.

INTERPRETATION

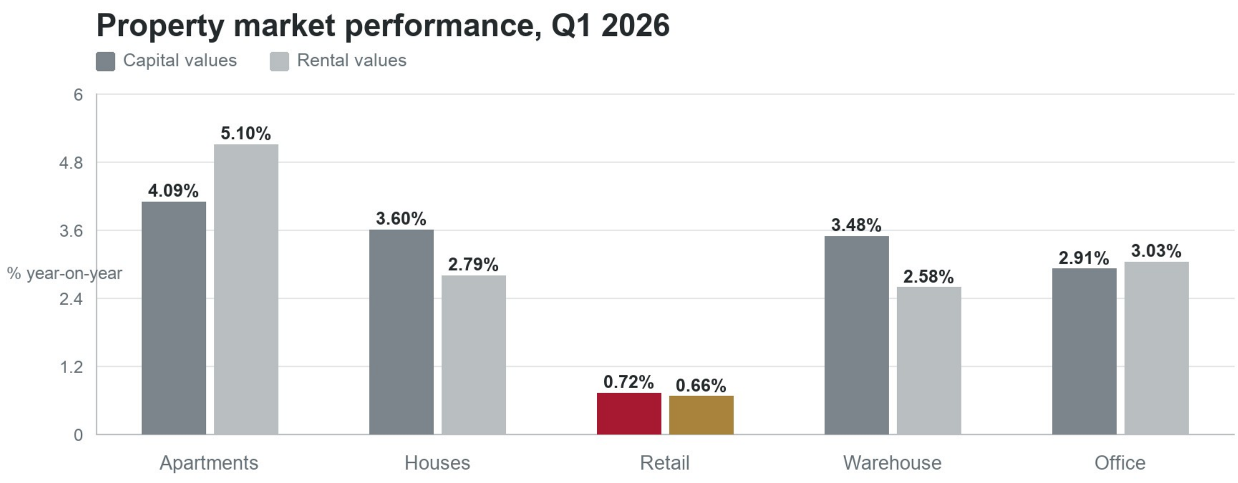
The mix is constructive for physical retail: the strongest May volume gains were in store-intensive categories. Operators should still distinguish sustainable category demand from fuel-price effects and promotional spikes.

Source: Eurostat, Volume of retail trade, May 2026, published 6 July 2026.

PROPERTY

Retail assets remain income-led

Trading momentum has not translated into broad-based retail property appreciation. Retail was the weakest asset class in the latest RICS/KPMG index.



Source: RICS Cyprus Property Index with KPMG in Cyprus, Q1 2026, published 20 May 2026.

+0.72%	+0.66%	5.77%	0.00%
CAPITAL VALUES	RENTAL VALUES	RETAIL YIELD	QOQ CHANGE
Retail, YoY	Retail, YoY	Q1 2026	Retail, Cyprus

Market reading

Retail values were broadly flat quarter-on-quarter, with small increases in Limassol and Famagusta and a slight decline in Paphos. On an annual basis, apartments, houses, warehouses and offices all outperformed retail capital values.

The 5.77% retail yield was effectively unchanged from 5.78% a year earlier. Stable yields alongside modest value and rent movement point to cautious pricing: investors continue to reward secure income and established tenant covenants, but are not applying uniform growth assumptions across the sector.

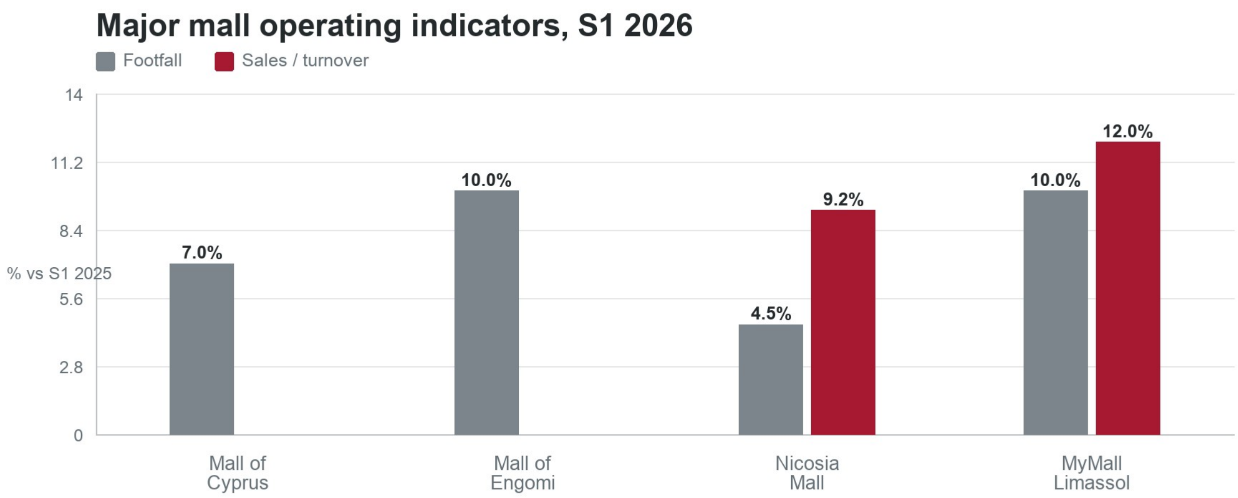
IMPLICATION FOR OWNERS

Asset performance will depend on leasing execution, tenant mix and catchment quality. Refurbishment or repositioning should be supported by demonstrable footfall, conversion and occupancy evidence rather than market-wide rental optimism.

SHOPPING CENTRES

Trading growth is broad; prime availability is tight

S1 operating indicators support the continuing preference for organised retail, but occupancy disclosure across the market remains inconsistent.



Source: Statements from mall management reported by Politis for S1 2026. Blank sales bars indicate that no separate percentage was disclosed.

Occupancy and vacancy evidence

Asset / market	Latest evidence	Date	Assessment
Mall of Cyprus	Vacant space 0%	S1 2026	Market evidence; effectively full
Mall of Cyprus	Footfall +7% in S1	S1 2026	Supports continued tenant demand
Mall of Engomi	Footfall +10% in S1	S1 2026	Strong neighbourhood-centre momentum
Nicosia Mall	Footfall +4.5%; turnover +9.2%	S1 2026	Sales growth ahead of traffic
MyMall Limassol	Footfall +10%; sales +12%	S1 2026	Strong growth despite refurbishment works
High streets	No standardised vacancy rates	S1 2026	Estimated vacancy: 20%

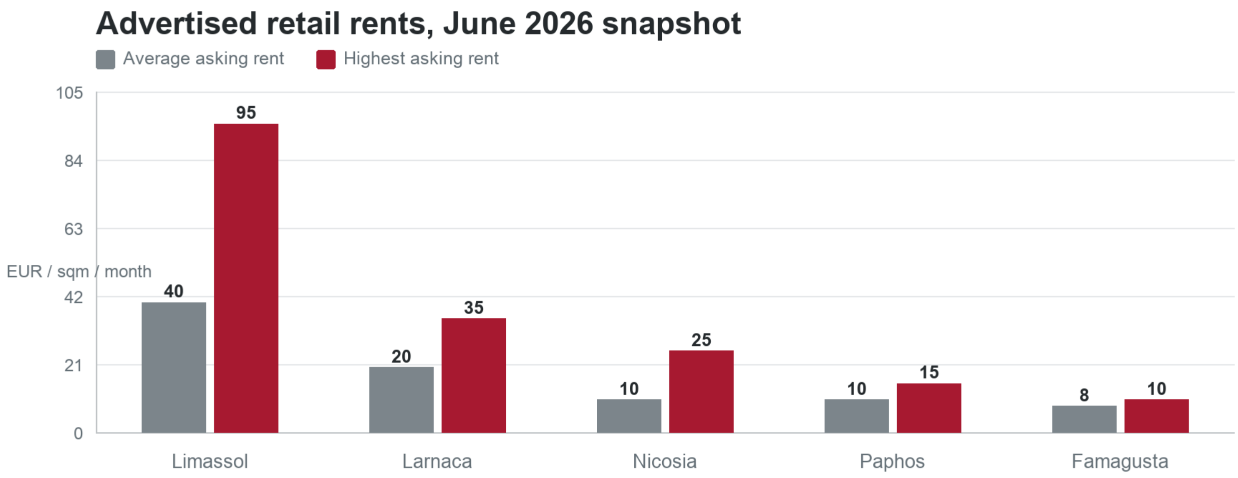
DATA DISCIPLINE

A standardised published high-street vacancy series is not available. The 20% figure is a DANOS Research market estimate for S1 2026 and should be interpreted alongside corridor-level field observations, while disclosed mall occupancy and operating indicators are stated separately.

HIGH STREETS

A wide pricing gap separates Limassol from the rest of Cyprus

DANOS Research's June 2026 review of advertised retail availability provides an indicative asking-rent benchmark. It is a market snapshot, not an achieved-rent index.



Source: DANOS Research, advertised retail availability reviewed 6 June 2026.

District	Listings	Average	Maximum	Market reading
Limassol	48	EUR40	EUR95	Highest pricing; substantial prime / secondary spread
Nicosia	84	EUR10	EUR25	Largest advertised pool; more balanced pricing
Larnaca	22	EUR20	EUR35	Coastal stock
Paphos	17	EUR10	EUR15	Broader sample; tourism remains influential
Famagusta	10	EUR8	EUR10	Seasonal market with a narrow observed range

Corridor implications

Nicosia. Ledra/Onasagorou, Makariou, Stasikratous and the established suburban retail avenues serve different catchments. Parking, delivery access and unit configuration remain decisive outside pedestrian areas.

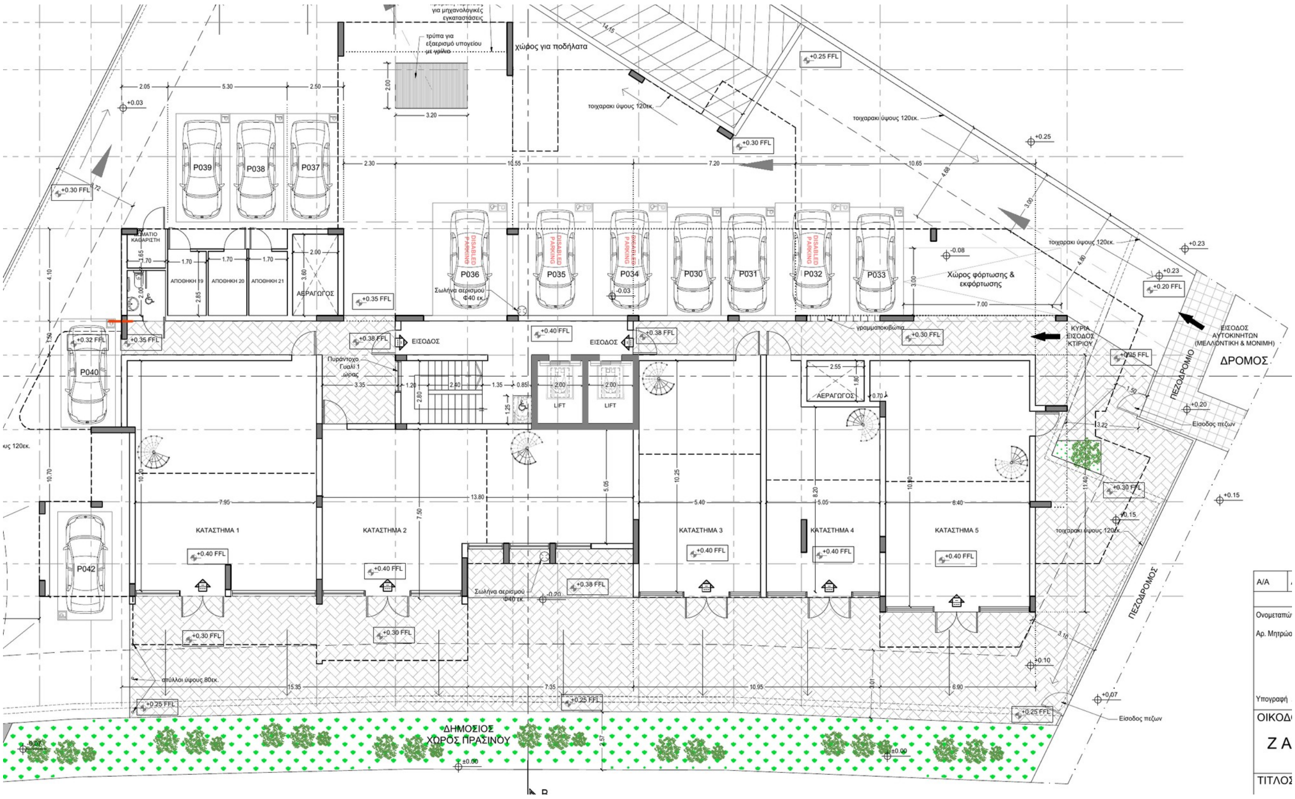
Limassol. Anexartisias, Makariou, the seafront and marina-linked destinations command different demand profiles. Limassol's top asking rents should not be extrapolated to secondary stock without frontage, parking or tourism exposure.

Larnaca and Paphos. Tourism and seafront regeneration support selected pitches, but smaller samples and seasonal demand require location-specific evidence.

NICOSIA PIPELINE

Under-construction shops in Lakatamia, Nicosia

The ZANCON 31 mixed-use scheme introduces five ground-floor retail units with mezzanine accommodation. Developer material places the project beside Second Cup, with avenue access and a rear connection towards AlphaMega.



Ground-floor plan: ZANCON 31 architectural drawings dated 27 April 2026.

Shop	Ground floor	Mezzanine	Total area
1	91 sqm	45 sqm	136 sqm
2	92 sqm	36 sqm	128 sqm
3	61 sqm	25 sqm	86 sqm
4	50 sqm	23 sqm	73 sqm
5	80 sqm	40 sqm	120 sqm
Combined	374 sqm	169 sqm	543 sqm

COMMERCIAL RELEVANCE

The five shops provide approximately 543 sqm in aggregate. The plan also identifies customer parking, accessible spaces, a loading and unloading area, pedestrian access and separate vehicle entry and exit points.

Source: ZANCON Properties developer unit schedule received 14 May 2026.

DEVELOPMENT PIPELINE

Limassol enters a new supply phase

Two competing mall schemes framed the recent planning debate. The July 2026 Cabinet decision approved the Nicosia Mall / Papantoniou scheme, subject to material road and traffic conditions.

Limassol Mall - approved subject to conditions

Item	Verified position as at 24 July 2026
Promoters	Nicosia Mall shareholder group in collaboration with Papantoniou Group
Location	Agios Athanasios commercial / industrial area, eastern Limassol
Investment	EUR95m: approximately EUR55m construction and EUR40m tenant fit-out
Planning status	Cabinet approval in July 2026, with road and traffic conditions
Infrastructure	Three principal roundabouts, road widening and junction upgrades identified
Construction	Estimated at a minimum of two years once conditions are satisfied

POST-PERIOD UPDATE

The approval occurred after the S1 reporting period. It is included because it materially changes the forward supply outlook, but it should not be read as completed or immediately available retail stock.

The Mall of Limassol - alternative proposal

Atterbury Europe's proposal at Mesa Geitonia / Spyrou Kyprianou Avenue envisaged around 90 shops, food and beverage, a multi-screen cinema and indoor entertainment. The July Cabinet decision selected the competing Limassol Mall scheme. The Atterbury concept remains relevant evidence of investor and tenant appetite, but should not be counted as committed supply unless its planning position changes.

Competitive effect

A new eastern Limassol mall would increase modern retail capacity and intensify competition for international brands. Existing centres and high streets will need to defend tenant mix, accessibility and experience. The most exposed assets are likely to be undifferentiated schemes rather than well-traded destinations with secure anchors.

Sources: Council of Ministers decision reporting by CBN / InBusinessNews, 16 and 22 July 2026; Atterbury Europe project material.

LARGE-FORMAT PIPELINE

D. Zavos Retail & Office Park, Zakaki

The concept provides a separate western-Limassol proposition close to MyMall and City of Dreams, combining large-format ground-floor retail with first-floor offices.

Concept visual: UDS Architects massing study for D. Zavos Group, 24 April 2026.

Project parameter	Massing-study provision	Commercial relevance
Site	15,951 sqm gross / 12,000 sqm net	Large-format development capacity
Ground floor	4,800 sqm incl. 4,550 sqm across four stores	Flexible multi-tenant retail plates
Mezzanine	2,275 sqm	Staff, MEP, kitchen and ancillary uses
First floor	5,700 sqm incl. 5,500 sqm offices	Mixed-use daytime population
Basement	3,600 sqm incl. 2,200 sqm shop storage	Back-of-house and servicing support
Parking	182 spaces proposed	Above the stated 177-space requirement

STATUS

The information reviewed is a massing study, not a completed development or confirmed letting schedule. Final areas, delivery timing, planning position and subdivision remain subject to due diligence.

OCCUPIER INTELLIGENCE

Active requirements point to a broader demand mix

DANOS correspondence during S1 2026 identifies both market-entry and expansion activity across premium fashion, pet retail, food and beverage, electronics and large-format home improvement.

Retailer	Demand signal	Likely format implication	Status language
lululemon	Cyprus market-entry interest	Prime mall / premium lifestyle location	Active requirement; no signed opening implied
Pet City	Cyprus network entry	Flagship, regular stores and support space	Active requirement; location search
Lucciano's Gelateria	Cyprus market entry	High-footfall lifestyle, tourist and mall pitches	Active requirement; initial market review
Foot Locker	Expansion	Established mall and prime urban retail	Expansion interest
Public	Expansion	High-footfall, flexible multi-category space	Expansion interest
Leroy Merlin	Expansion / large format	Retail park, build-to-suit or commercial park	Large-format requirement

What this means for the market

Unit diversity matters. Demand is not confined to standard fashion units. The pipeline spans compact F&B, mid-box stores, flagships and large-format retail.

Nicosia and Limassol remain the first screen. Mall availability, visibility, parking and corridor access will determine whether requirements translate into transactions.

New supply can unlock constrained demand. The Lakatamia scheme, Limassol Mall and Zavos concept add formats that may satisfy requirements which are difficult to accommodate within existing centres.

IMPORTANT QUALIFICATION

These names are presented as DANOS market intelligence. They should not be interpreted as signed leases, confirmed store openings or public corporate announcements unless separately verified.

OUTLOOK

Selective growth, tighter evidence standards

The market enters S2 2026 with strong consumer and mall indicators, a meaningful Limassol supply decision and continued international occupier interest.

Base case for S2 2026

Prime shopping centres should continue to outperform secondary retail where they combine established anchors, high occupancy and measurable footfall. High streets will remain opportunity-led: the strongest pitches can attract F&B, lifestyle and convenience uses, while poorly configured or inaccessible units will require price adjustment or alternative use.

Limassol will remain the most closely watched market. The new mall approval strengthens the medium-term supply pipeline, while Zakaki continues to develop as a large-format, leisure and destination-retail cluster. Nicosia retains the deepest year-round catchment, a broader range of achievable rents and incremental neighbourhood supply, including the five-shop Lakatamia scheme.

Research priorities

Priority	Recommended DANOS evidence
Vacancy	Twice-yearly physical audit of prime mall and high-street units by corridor
Achieved rents	Separate asking, headline and net-effective rents; record incentives and service charges
Footfall	Request comparable monthly series and distinguish visitors from transactions
Pipeline	Track planning conditions, construction milestones, GLA and pre-leasing
Occupiers	Maintain requirement status: enquiry, retained search, heads of terms, signed lease, opened

Principal sources

CYSTAT. Turnover Index of Retail Trade Except of Motor Vehicles, May 2026, published 1 July 2026. View source

Eurostat. Volume of retail trade, May 2026, published 6 July 2026. View source

RICS / KPMG in Cyprus. RICS Cyprus Property Index, Q1 2026, published 20 May 2026. View source

The Mall of Cyprus (MC) Plc. Annual Report and Financial Statements for the year ended 31 December 2025. View source

Politis. S1 2026 footfall and sales statements from Mall of Cyprus, Mall of Engomi, Nicosia Mall and MyMall Limassol, July 2026. View source

DANOS Research. High-street availability, development pipeline and occupier intelligence for S1 2026, including updates stated as at 24 July 2026.

Source: DANOS Research. All information is stated as at 24 July 2026 and is subject to revision as new official or project-specific evidence becomes available.