



CYPRUS PROPERTY MARKET 2nd SEMESTER 2014



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1. Cyprus in General

Cyprus is situated in the north-eastern corner of the Mediterranean basin, close to the busy trade routes linking Western Europe with the Arab World and the Far East. It covers an area of about 9,251-sq. km. (3,570 sq. miles), making it the third largest island in the Mediterranean after Sicily and Sardinia.

The capital of the island, Nicosia, with a population of 275,000 approximately, is the main administrative and business centre and is situated to the east of the geographical centre of the island. Limassol, the second largest city with a population of 200,000 people, is situated in the southwest part and is an important seaport, industrial and tourist centre. Larnaca, with a population of 125,000 people, is situated in the south part and is the location of the main international airport with rapidly expanding tourist industry as well as the International Free Trade Zone area. Paphos, with a population of 100,000 people, is on the West Coast with a strong tourist industry and the location of the second airport in Cyprus.

The Republic of Cyprus has a presidential system of government. The president is elected for five years directly by the people in a secret ballot with universal suffrage. Currently, the President is Mr. Nicos Anastasiades. The House of Representatives is the islands legislative body and it consists of 56 elected members who serve a five year term. The legal system is based in English law. Cyprus is a member of the European Union, the United Nations, the Commonwealth and the Council of Europe.

38% of Cyprus's territory is under Turkish military occupation since 1974.

The Republic of Cyprus is the only internationally-recognized sovereign government established in 1960. Its President is Nicos Anastasiades. The republic has the sovereign right under international law to explore and exploit its natural resources within its EEZ. The United States and the EU has repeatedly stated it supports Cyprus' sovereign right to explore energy in its offshore areas.

Cypriot government officials, such as Foreign Minister Ioannis Kasoulides, have stated the island's natural resources belong to all its people and that once a settlement is reached, potential revenues would be shared.

Turkey's choice to obstruct settlement talks and escalate tensions with "gunboat diplomacy" is regrettable. Turkey's incursion into Cyprus' EEZ is the latest in a long line of international law violations against Cyprus. Turkey illegally invaded Cyprus in 1974 and continues to occupy the EU nation today with more than 43,000 illegal troops and more than 180,000 illegal settlers.



2. Economic Overview

MONTHLY ECONOMIC INDICATORS

	Period		2014
Tourist arrivals	Jan.-October	Thousands of tourists	2302,9
Tourist arrivals	Jan.-October	% change ⁽³⁾	1,5
Tourist arrivals	October	Thousands of tourists	251,5
Tourist arrivals	October	% change ⁽³⁾	-8,1
Revenue from tourism	Jan.-September	€ million	1697,6
Revenue from tourism	Jan.-September	% change ⁽³⁾	-2,4
Revenue from tourism	September	€ million	273,4
Revenue from tourism	September	% change ⁽³⁾	-22,6
Fiscal Balance on a Cash Basis ⁽⁵⁾	Jan.-October	€ million	274,9
Fiscal Balance on a Cash Basis ⁽⁵⁾	Jan.-October	% of GDP	1,6
Consumer price index	Jan.- November	% change ⁽³⁾	-1,35
Consumer price index	November	% change ⁽³⁾	-0,15
Harmonised index of consumer prices	Jan.- November	% change ⁽³⁾	-0,20
Harmonised index of consumer prices	November	% change ⁽³⁾	-0,03
Unemployment (Number of registered persons) ⁽¹¹⁾	November	Persons	47.603
Harmonised rate of unemployment ⁽¹²⁾	October	%	15,3
Volume Index of Manufacturing Production ⁽⁷⁾	Jan. - September ⁽⁶⁾	% change ⁽³⁾	-0,4 ⁽¹⁾
Turnover Volume Index of Retail Trade ⁽⁷⁾	Jan. - September ⁽⁶⁾	% change ⁽³⁾	3,4 ⁽¹⁾
Registration of Saloon Cars (Private)	October	% change ⁽³⁾	44,9
Registration of Saloon Cars (Private)	Jan.- October	% change ⁽³⁾	29,8
Cyprus Stock Exchange (CSE) General Price Index	end November	03/09/2004 = 1000 ⁽⁹⁾	85,32

(1) Provisional data.

(2) Total imports of goods.

(3) Percentage change compared with the corresponding period of the previous year.

(4) Total exports (fob) minus total imports (cif).

(5) It includes the accounts of the Central Government and the Social Security Fund.

(6) Monthly average.

(7) Introduction of NACE Rev.2 and change of base 2005=100.

(8) Excluding the Central Bank of Cyprus. MFIs= Monetary Financial Institutions

(8a) Excluding General Government

(9) New CSE General Index, includes Main and Parallel Market (base 3/09/2004=1000).

(10) The reduction in reserves during 2008 was due to the fact that as from 1st January 2008 Cyprus joined the euro area and, consequently, all euro denominated reserves and all reserves in foreign currency but held with other euro area countries were excluded.

(11) The number of unemployed persons registered at the District Labour Offices. Source: Cystat.

(12) Harmonised rate of unemployment (seasonally adjusted, not working day adjusted). Source: Eurostat.

(13) For January 2013, revenue from Tourism is based on estimations.

(14) Figures for Tourism Revenue, Volume Index of Manufacturing Production and Turnover Volume Index of Retail Trade for 2014 are not yet available

Last update: 26/06/2014

Source: Central Bank Of Cyprus

Cyprus has been in an economic recession since mid-2011 as the turbulence in its banking and financial sector led to reduced investment and consumption. Since March 2013, Cyprus has been in an Economic Adjustment Programme agreed with the Troika (IMF, European Commission and European Central Bank) that aims to restore confidence, fix fiscal imbalances and enhance competitiveness in the economy. The Programme covers the period 2013-2016 projecting a recession during 2013-2014 and a gradual recovery in 2015-2016 and thereafter.

The financial assistance provided to Cyprus is subject to quarterly reviews and is based on the implementation of the Memorandum of Understanding on Specific Economic Policy Conditionality ('the MoU').

Surprisingly, according to the statement issued by the Troika regarding the Third Review Mission which occurred in February 2014, the effect on the Cypriot Economy is far better than expected.

Cyprus has also returned to the international markets after a 3-year exclusion. Nobody expected the government to regain access so soon after the signing of the memorandum and the bail-in of depositors –was the quickest return to the markets of a country in an assistance programme.

The resolute implementation of the memorandum, the positive quarterly reviews by the troika, the better than forecasted indicators of public finances all contributed to a successful €750 million euro bond issue.

This was the reason the government upped the size of its bond issue from the €500 million initially announced, to €750 million. Also significant was that the interest which was below 5%, eventually settling at 4.75%. This may still be considered high compared to the yields of other states' bonds and the low bank interest rates across the eurozone, but for a country that is in an assistance programme it was a positive step in the economy's rehabilitation and an indication that the state was regaining some of the trustworthiness it had lost.

There are still many challenges however, including dealing with the high level of non-performing loans and the need of a sustainable financial reform while improving the economy's cash flow.

Recently, it was discovered that Cyprus has significant natural gas reserves within its Exclusive Economic Zone.

The great natural environment of beaches and mountains, the highly developed infrastructure, the growing tourism market, the weather, and the low property tax, make Cyprus ideal for property investment. Added to this, is the benefit of obtaining the Cypriot Citizenship as a result of such or similar investment.

3. Cyprus Property Market in General

The Cyprus real estate market has historically been divided into the major urban centres of Nicosia, Limassol and Larnaca primarily driven by local demand and the seaside resort areas of Paphos and Famagusta mostly driven by foreign demand. Traditionally, the Cypriot population preferred to buy properties mainly for private use (private housing, inheritance to his children or business property), but also for investment purposes, having an annual income by leasing his property (income-producing) or at an annual increase of the value of his property (capital appreciation) with the aim of profit by selling it. The Cypriot investor prefers to buy more than one property. A secondary residence or an apartment close to the sea or up in the mountains as a holiday resort it appears to be very popular to the Cypriots.

Today, the Cyprus property market is dominated by the residential sector, with the island's geography and historical reasons partly dictating the dynamics of the various submarkets. Nicosia, the capital, is dominated by government services and houses, the headquarters of most banks and finance houses. Limassol, the main commercial port, has a high proportion of overseas residents and of companies active in shipping, financial services etc. having more international demand lately. Larnaca and Paphos house the island's international airports, with both cities having a sizeable proportion of overseas residents and holiday homes. Paphos has been the district of preference for many British who choose to retire to Cyprus (34% of the population of Paphos is from overseas). Famagusta has a small local and a sizeable seasonal population, as many Cypriots have holiday homes in the district (32% of residential units in the district are used as second/holiday homes).

During the second semester of 2014 the Cyprus economy showed some signs of stability, with the economy's performance being better than expected at the end of 2013 and tourism outperforming forecasts. Unemployment remained at a historical high level, stabilised at ca 17-18%, further decreases in salaries were recorded and discussions were ongoing regarding privatisations of state owned enterprises, the revised Immovable Property Tax and the foreclosure bill.

**PANCYPRIAN COMPARATIVE STATISTICS OF SALE DOCUMENTS
FILED AT THE DISTRICT LAND OFFICES DURING THE YEARS 2013
AND 2014**

MONTH	NUMBER DEEDS OF SALE 2013	NUMBER DEEDS OF SALE 2014	PERCENTAGE VARIATION IN DEEDS OF SALE
<u>JANUARY</u>	375	293	-22%
<u>FEBRUARY</u>	352	311	-12%
<u>MARCH</u>	286	344	20%
<u>APRIL</u>	285	311	9%
<u>MAY</u>	214	551	157%
<u>JUNE</u>	267	403	51%
<u>JULY</u>	354	407	15%
<u>AUGUST</u>	266	336	16%
<u>SEPTEMBER</u>	285	373	31%
<u>OCTOBER</u>	310	375	21%
<u>NOVEMBER</u>	394	370	-6%
<u>DECEMBER</u>	379	454	20%
<u>TOTAL</u>	3767	4527	20%

A continuation of the increase of property sales in last quarter of 2014 compared to 2013 is a positive sign for Property Market. However, it must be noted that the comparative year (2013) is not considered representative. Firstly, due to the 2013 low base that was shaped by the March Eurogroup decisions and the following liquidity squeeze. Secondly, due to increased foreign demand, a trend that has been building up since the government introduced the visa-for-property purchase scheme. Lastly, 2014 transactions were boosted by housing loan settlements by banks, since there is clearly a positive correlation between rising non-performing loans and sales volume.

**PANCYPRIAN STATISTICAL TRANSFERS (SALES) AND DEEDS OF SALE TO FOREIGN FOR THE PERIOD 01/01/2014 -
31/12/2014**

	PANCYPRIAN	NICOSIA	AMMOCHOSTOS	LARNACA	LIMASSOL	PAFOS
NUMBER OF FOREIGN BUYERS ARE SUBMITTED DEEDS OF SALE						
JAN 2014	107	10	11	15	17	54
FEB 2014	89	9	5	20	29	26
MAR 2014	117	9	9	19	31	49
APRIL 2014	98	10	6	16	19	47
MAY 2014	186	39	13	33	45	56
JUNE 2014	111	5	5	18	38	45
JULY 2014	102	4	8	24	35	31
AUG 2014	108	2	3	13	20	70
SEPT 2014	114	7	6	27	30	44
OCT 2014	147	2	7	49	32	57
NOV 2014	123	11	6	35	31	40
DEC 2014	116	3	4	29	25	55

NICOSIA

COMPARATIVE STATISTICS OF SALE DOCUMENTS FILED AT THE DISTRICT LAND OFFICE NICOSIA DURING THE YEARS 2013 AND 2014			
MONTH	NUMBER DEEDS OF SALE 2013	NUMBER DEEDS OF SALE 2014	PERCENTAGE VARIATION IN DEEDS OF SALE
<u>JANUARY</u>	46	50	9%
<u>FEBRUARY</u>	59	69	17%
<u>MARCH</u>	80	62	-23%
<u>APRIL</u>	37	73	97%
<u>MAY</u>	24	117	388%
<u>JUNE</u>	45	54	20%
<u>JULY</u>	94	65	-31%
<u>AUGUST</u>	61	53	-13%
<u>SEPTEMBER</u>	55	40	-27%
<u>OCTOBER</u>	64	39	-39%
<u>NOVEMBER</u>	62	73	18%
<u>DECEMBER</u>	82	53	-35%
<u>TOTAL</u>	709	748	6%

LIMASSOL

COMPARATIVE STATISTICS OF SALE DOCUMENTS FILED AT THE DISTRICT LAND OFFICE LIMASSOL DURING THE YEARS 2013 AND 2014			
MONTH	NUMBER DEEDS OF SALE 2013	NUMBER DEEDS OF SALE 2014	PERCENTAGE VARIATION IN DEEDS OF SALE
<u>JANUARY</u>	94	90	-19%
<u>FEBRUARY</u>	83	95	14%
<u>MARCH</u>	54	100	85%
<u>APRIL</u>	72	92	25%
<u>MAY</u>	63	152	157%
<u>JUNE</u>	74	139	88%
<u>JULY</u>	119	139	17%
<u>AUGUST</u>	57	127	123%
<u>SEPTEMBER</u>	86	123	43%
<u>OCTOBER</u>	90	130	44%
<u>NOVEMBER</u>	130	103	-21%
<u>DECEMBER</u>	127	127	0%
<u>TOTAL</u>	1049	1417	35%

LARNACA

COMPARATIVE STATISTICS OF SALE DOCUMENTS FILED AT THE DISTRICT LAND OFFICE LARNACA DURING THE YEARS 2013 AND 2014			
MONTH	NUMBER DEEDS OF SALE 2013	NUMBER DEEDS OF SALE 2014	PERCENTAGE VARIATION IN DEEDS OF SALE
<u>JANUARY</u>	35	52	49%
<u>FEBRUARY</u>	67	50	-25%
<u>MARCH</u>	55	71	29%
<u>APRIL</u>	58	43	-31%
<u>MAY</u>	49	77	57%
<u>JUNE</u>	40	81	103%
<u>JULY</u>	55	72	31%
<u>AUGUST</u>	40	54	35%
<u>SEPTEMBER</u>	50	60	29%
<u>OCTOBER</u>	60	68	47%
<u>NOVEMBER</u>	47	82	74%
<u>DECEMBER</u>	48	57	40%
<u>TOTAL</u>	604	794	31%

PAFOS

COMPARATIVE STATISTICS OF SALE DOCUMENTS FILED AT THE DISTRICT LAND OFFICE PAFOS DURING THE YEARS 2013 AND 2014			
MONTH	NUMBER DEEDS OF SALE 2013	NUMBER DEEDS OF SALE 2014	PERCENT VARIATION IN DEEDS OF SALE
<u>JANUARY</u>	178	93	-48%
<u>FEBRUARY</u>	128	79	-38%
<u>MARCH</u>	84	87	4%
<u>APRIL</u>	90	77	-14%
<u>MAY</u>	67	143	121%
<u>JUNE</u>	85	183	21%
<u>JULY</u>	72	193	50%
<u>AUGUST</u>	85	76	-11%
<u>SEPTEMBER</u>	71	125	76%
<u>OCTOBER</u>	75	90	29%
<u>NOVEMBER</u>	136	92	-32%
<u>DECEMBER</u>	93	160	72%
<u>TOTAL</u>	1164	1236	5%

Source : Land Registry Department



MARGARITA DANOU ARCHITECT:

PEDESTRIAN BRIDGE OVER COASTAL ROAD IN LIMASSOL

An overpass that connects directly Fytideio Sports Centre - GSO with the coast Olympians coast is available to the people of Limassol. The project is a milestone for the city, which was achieved through the assistance of Cyta, chosen by the Cyprus Architects Association to represent our country, along with nine other projects in European competition «Mies Van Der Rohe Award» which is currently conducted and awards ceremony will take place in the summer of 2015 in Barcelona.

The overpass Cyta is project of architect Margaritas Danou and construction costs for the project has exceeded half a million euros.

4. Commercial Market

Within the commercial property market of Nicosia the supply of available commercial property has surpassed the current demand. Values of commercial properties fell across all cities during the second half of 2014.

4.1.1 Office Market

Traditionally office space in Cyprus was found in common type multi storey buildings. In recent times it appears that there is a demand in Grade A offices with all the modern requirements and specifications. This kind of office space sets the bar a bit higher both for capital values and for rents. The office market is performing relatively well since companies such as ALVAREZ, EBRD, UN, Qatar Airways, Hulliburton etc, plus foreign governments such as Kuwait, Libya, Qatar, Israel etc want to grow their presence in Cyprus.

OFFICE CAPITAL VALUES

Location	2014 Capital Values per m2 (€)
Nicosia	2,000 - 3,000
Limassol	2,000 -5,000
Paphos	1,700 - 2,000
Larnaca	1,800 - 2,000

OFFICE RENTAL VALUES

Location	2014 Rental Values per m2 per Month (€)
Nicosia	8-13
Limassol	8-25
Paphos	5-10
Larnaca	5-10

Source: Danos, in alliance with BNP Paribas Real Estate

**OFFICES FOR RENT IN AGIOS
ANDREAS – NICOSIA**



**MODERN DESIGN BUILDING FOR
SALE IN LIMASSOL**



4.1.2 Retail Market

In the broader area of Nicosia, investment returns for shops and offices fluctuate between 6.5% and 8%. Market values for shops that are located outside Nicosia centre appear to be lower. Retail development is concentrated in the 4 main cities (Nicosia, Limassol, Larnaca, Paphos).

Ledras and Onasagorou are located in the old town of Nicosia. In the last year a number of new stores, restaurants and bars have opened on the two streets.

Makariou Ave. which is the high street of Nicosia has seen a major decline in consumption. The decrease in customers and the high rents have caused shop owners to close down and move out. The retail market is suffering due to saturation and low consumption.

The following tables present a general view of the Nicosia retail property market:

Shops-Market Values

Street	Market Value per m² (€)
Arch. Makarios III (2nd part)	4.500 - 5.000
Stasikratous	3.500 - 4.000
Athalassas	2.500 - 3.000
Kennedy	2.000 - 3.000

Shops-Rental Values

Street	Rental Value per m² per month (€)
Arch. Makarios III (2nd part)	20
Stasikratous	20
Kennedy	8 – 10
Athalassas	8 - 10

Source: Danos, in alliance with BNP Paribas Real Estate

**ASTONISHING HOUSE FOR RENT IN
MAKEDONITISSA**



**HOUSE 4BEDROOMS WITH LARGE
POOL AND MATURE GARDEN IN
MAKEDONITISSA**



4.1.3 Shopping Centres

During the last years, there has been a significant development of shopping centres in Cyprus, the first being the Mall of Cyprus that opened as part of the Shacolas Emporium Park on the 27th of September 2007. After this development, further developments have emerged, including the My Mall in Limassol and the Mall of Engomi in Nicosia.

The Kings Avenue Mall has opened in November 2013. Kings Avenue Mall located in the heart of central Paphos has been developed by a joint venture, Athiari Commercial Ltd (Paphos), and is one of the largest commercial developments on the island of Cyprus. The total investment exceeded the amount of €170 million.

The Nicosia Mall is under construction on a plot with a total surface area of 61.261 sq.m. The mall is being developed on the western outskirts of Nicosia, in the parish of Archangelos/ Anthoupoli. It will consist of approximately 32.000 sq.m of net lettable area. It is expected to open during 2015.

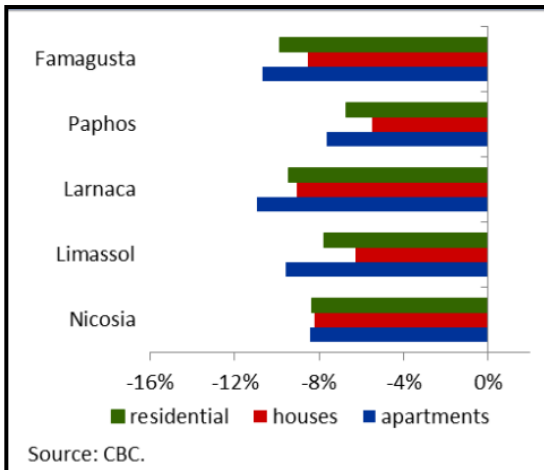
5. Residential Market

Based on Residential Property Price Index issued by Central bank Of Cyprus residential prices recorded a decrease of 2% in the last quarter of 2014. House prices recorded a rate of decline of 1.5%, while apartment prices declined by 2.7%.

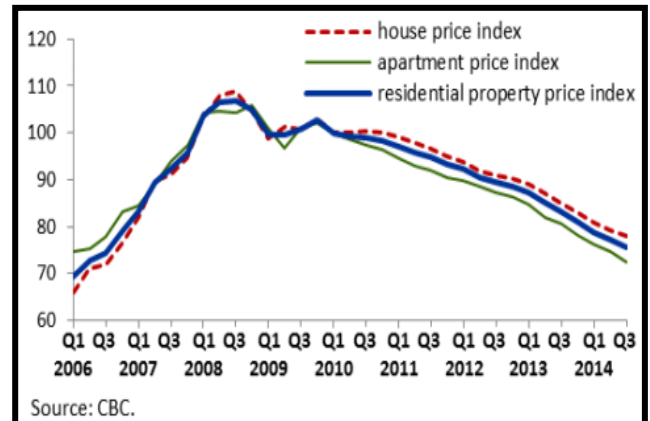
On annual basis, the residential property price index declined by 8.9%.

Generally the demand for residential properties is significantly low compared with the supply which is constantly increasing. The relatively difficultness of obtaining bank loans is one of the main reasons of the correlation of supply and demand.

ANNUAL PERCENTAGE CHANGE BY DISTRICT AND BY TYPE , 2014Q3



HOUSE AND APARTMENT PRICE INDICES (2010 Q1=100)



**STANNING VILLA 4 BEDROOM FOR
SALE IN AGIA NAPA**



APARTMENT FOR SALE IN DASOUPOLI - NICOSIA



**APARTMENT 3BEDROOMS FOR RENT
IN ACROPOLIS - NICOSIA**



**BEAUTIFUL DETACHED HOUSE FOR
SALE IN STROVOLOS - NICOSIA**



The price range of the residential market, for the 2nd semester of 2014, is presented in the following tables:

DETACHED HOUSES

Location	2014 Capital Values per m2 € *
Nicosia	1,000 - 4,000
Limassol	900 - 6,000
Paphos	1,200 - 3,000
Larnaca	1,200 – 3,000
Famagusta	1,200 – 3,000

FLATS

Location	2014 Capital Values per m2 € *
Nicosia	800 - 2,500
Limassol	800 - 6,000
Paphos	700 - 1,300
Larnaca	800 – 2,000
Famagusta	700 – 2,500

RESIDENTIAL MARKET – BUILDING PLOTS

*min-max

Location	2014 Capital Values per m2 € *
Nicosia	220 – 1,000
Limassol	180 - 950
Paphos	130 – 700
Larnaca	100 – 700
Famagusta	100 – 500

(Source: Danos, in alliance with BNP Paribas Real Estate)

6. Logistics & Industrial Market

The logistics market has affected of the current economic situation. The subject market is highly affected by the companies/ business prosperity which is very rare nowadays.

The demand is low very low and prices have showed downturn in second semester of 2014. Rental values range from 1,5 to 3 €/sqm/month for new warehouse space, whereas the asking values of land intended for industrial use are around 120 – 150 €/sq.m.

WAREHOUSE FOR SALE OR RENT IN TSERI



7. Property Market News

In order to facilitate economic recovery and encourage investment, the government of Cyprus is currently promoting more real estate development projects on the island.

Over the last few years there have been significant developments towards the creation of marinas in Larnaca, Ayia Napa and Paphos. In addition, some of the most recent developments include the following:

- Immovable Property Tax revision by adjusting 1980 prices to 2013 values (readjustment of tax rate is expected) and also reassessing the method of property taxation so as to increase state income, and transfer the tax burden on the property rather than on the transaction.
- Privatization of semi-public organizations according to MoU terms, starting with CYTA, EAC and Cyprus Ports Authority.
- Exploitation and utilization of state property (including real estate).
- Amendment in legislation for speeding up the process of real estate foreclosures.
- The government talks with oil companies in Larnaca and has decided that the refineries will be moved within three years and they will be transferred in a given space Energy Center in Vasiliiko. Therefore, the area is expected to be developed for touristic and recreational use and with the refineries transferred, there will also be an additional 3 km of beach for use.
- The Cyprus Government has recently announced that non-EU citizens investing in property on the island, subject to certain requirements, will be granted permanent residency through a special immigration visa.
- The government has decided to grant one license for a large integrated casino resort in Cyprus and is currently looking for investors internationally.
- In addition, the government has decided to create a Science Technology Park ('STP') in the form of a Knowledge Park within the scope of promoting research, innovation and technology and also to enhance the entrepreneurial and industrial development of Cyprus as well as its transformation into a regional research and innovation centre. The government has invited interested parties for an Initial Expression of Interest to develop activities in the STP or to undertake the establishment and operation of the STP.
- Dolphin Capital Investors, which owns a 49.8% stake in Aristo Developers Ltd has announced the collapse of the deal for the sale of Venus Rock to China Glory Investment Group.
- Wargaming spent 40 million euros to increase its stake in Hellenic Bank, the "World of Tanks" gamemaker. It's poised to own 30 percent of Hellenic Bank.

- PWC has come to an agreement with Cyfield to rent a very modern building situated in Demosthenis Severi Avenue near the Presidential Palace.
- Cybarco has announced that major construction project is about to start just within the Limassol tourist area. The €60 million, 16-storey office tower named The Oval, is due to become the tallest office block in Cyprus. Covering a total area of 19,000 sq.m., the oval-shaped building designed by Atkins will stand opposite the Crowne Plaza Hotel. It features 11 floors of offices, with five floors of double-height executive offices above, plus a roof garden offering spectacular sea views and two underground car parks.
- The first marina in Cyprus, with the possibility of berthing superyachts is now a fact and is located in Limassol. The landmark work on Cyprus, as has been called the Limassol Marina, has already changed the face of the city and has already established itself as one of the most attractive projects in Europe. With 650 berths for luxury yachts in length from 8 to 115 meters combines luxury apartments and privileged villas with private berths or direct access to the sea.
- Following changes to the law, everyone who has purchased property in Cyprus is required to pay Immovable Property Tax (IPT) this year, regardless of whether they hold the Title Deed to the property. Those without the deed to the property they purchased should complete a Form 318 2014 (English & Greek) and pay their IPT liability by 31st October to benefit from the 15% discount on offer.
- Larnaca is anticipating a capital injection in the form of an €80 million luxury hotel complex, to be built along the Finikoudes coastal front. According to the Media, the project has been approved by the town's Municipal Council, and is set to be financed by Russian investors. The agreement stipulates, furthermore, that a substantial amount of money will go towards the renovation of Finikoudes coastal front. Construction is expected to begin towards the end of 2015, as the Russian investors prepare to submit draft plans to the Department of Town Planning and Housing. Larnaca Municipality will receive €5 million from the sale of a plot that will be utilised as part of the construction space, with this money expected to be contributed toward a fund establishing a new open market.

8. Recent Transactions

- The land on which the Kimon Phinikoudes project in Larnaca is to be built together with all its Planning Licences has been sold by the Lefkaritis family to a group of Russian Investors in June 2014. The transaction price was €24M. The project will combine hotel, retail and serviced apartments and it is estimated to worth around €100M when completed.
- Office building developed by Cyfield and located on Limassol Avenue in the capital of Cyprus, sold for € 3.700.000,00 to a Belgian Fund.
- The same Belgian Fund purchased the Office building next to the above for € 7.410.000,00. It was also erected by the same developer (Cyfield).
- Office building 'City Link' located on Armenias Avenue in the capital of Cyprus, purchased for € 5.100.000,00 from the Embassy of Kuwait that was renting it.
- A three storey office building located on Andreas Avraamides Avenue in the capital of Cyprus, sold for € 3.500.000,00.
- Wargaming, among the 3 major shareholders of Hellenic Bank in Cyprus agreed to buy "President" building of Rotos Developers for €20 millions. The "President" building located in the Demosthenis Severi Avenue, Nicosia is of 75 meters height and will be covered by large disk photo-voltaic panels.
- Office building located on Limassol Avenue in the capital of Cyprus, sold for € 4.000.000,00.
- The Hotel Industry has witnessed a significant attention lately, with Russian companies investing in 3 main hotel resorts of the island. Alexander the Great in Paphos, owned by Kanika Hotels, has been recently sold to the Russian investment company Ruby Coast Properties Ltd. The hotel will continue being operated by Kanika through a long-term lease agreement.
- Kanika International Business Centre, a luxury office development in Limassol, was sold to Russian real estate investors, Bystrema Holdings.
- Significant shares of five star hotels Amathus and Le Meridien Spa & Resort in Limassol have also been acquired by Russian investors. 75% of Amathus Hotel was sold for €71M (€64M relates to the real estate) and 50% of Le Meridien for €90M (company's debt included), with an estimated GOP multiple of 14,3 and an estimated implied value per room of approximately €300.000.
- According to Media the construction Company Chapo sold a commercial plot 2.500m² in Limassol for €4.8m to Lebanese Investors.

- Other deals include PWC, LEPTOS, SHACOLAS, ATHIENITIS and TOFARCO. Also, organisations like CNP, USB, IBL, Trust, PWC, EY and CTO have either relocated their offices or are planning to do so in the near future. Retailers such as Pizza Hut, Divas Melin, Euronet and Electroniki are expanding.
- Halliburton and Schlumberger, two of the world's largest oilfield services companies, have chosen Cyprus as their base of operations for the eastern Mediterranean. Halliburton provides drilling services and gear for companies prospecting for hydrocarbons. Their base in Cyprus will cover the entire East Mediterranean, which is expected to become a hotbed of exploration activity in the years to come. Halliburton estimates that over the next few years around 50 to 60 new wells are going to be drilled in the East Med.
- Immovable Property Tax revision by adjusting 1980 prices to 2013 values (readjustment of tax rate is expected) and also reassessing the method of property taxation so as to increase state income, and transfer the tax burden on the property rather than on the transaction.
- Privatization of semi-public organizations according to MoU terms, starting with CYTA, EAC and Cyprus Ports Authority.
- Exploitation and utilization of state property (including real estate).
- Amendment in legislation for speeding up the process of real estate foreclosures.
- The government talks with oil companies in Larnaca and has decided that the refineries will be moved within three years and they will be transferred in a given space Energy Center in Vasiliko. Therefore, the area is expected to be developed for touristic and recreational use and with the refineries transferred, there will also be an additional 3 km of beach for use.
- The Cyprus Government has recently announced that non-EU citizens investing in property on the island, subject to certain requirements, will be granted permanent residency through a special immigration visa. The subject incentive is analysed at a later stage in the report.
- The government has decided to grant one license for a large integrated casino resort in Cyprus and is currently looking for investors internationally.
- The government has decided to create a Science Technology Park ("STP") in the form of a Knowledge Park within the scope of promoting research, innovation and technology and also to enhance the entrepreneurial and industrial development of Cyprus as well as its transformation into a regional research and innovation centre. The government has invited interested parties for an Initial Expression of Interest to develop activities in the STP or to undertake the establishment and operation of the STP.

**PANORAMIC VIEWS 3 AND 4 BEDROOM
LUXURY VILLAS FOR SALE IN THE MOST
PRESTIGIOUS ARE OF LIMASSOL**



**LUXURY HOUSE FOR SALE IN
TRIMIKLINI**



**LUXURY APARTMENT FOR SALE IN
LIMASSOL**



**LUXURY HOUSE FOR RENT IN ZYGI
LARNACA**



**BEACHFRONT 6BDR APARTMENT FOR
SALE IN LIMASSOL**



**PENTHOUSE APARTMENT FOR SALE OR
RENT ACROPOLIS AREA NICOSIA**



INTERNATIONAL COVERAGE FOR LOCAL SOLUTIONS



GREECE
Athens
15 Vouliagmenis Ave., 116 36
Tel.: +30 210 7 567 567
Fax: +30 210 7 567 267
office@danos.gr

Thessaloniki
4 Ionos Dragoumi Str., 546 24
Tel.: +30 2310 244962
Fax: +30 2310 224781
info.thes@danos.gr

Crete - Chania
3 Iroon Polytechniou Str., 731 33
Tel.: +30 – 28210 50900
Fax: +30 – 28210 59700
info.crete@danos-melakis.gr

Crete - Heraklion
38 Aretousas Str., 712 02
Tel.: +30 2810 282822
Fax: +30 2810 282822
info.crete@danos-melakis.gr
www.danos.gr

CYPRUS
Nicosia
35 I. Hatziosif Ave., 2027 Strovolos
Tel.: +357 22317031
Fax: +357 22317011
info@danos.com.cy

Limassol
69 Gladstonos Str., 3040 Acropolis
Centre, Shop 10
Tel.: +357 25343934
Fax: +357 25343933
danosa@cytanet.com.cy
www.danos.com.cy

SERBIA
Belgrade
3 Spanskih boraca Str.
11070 New Belgrade
Tel.: +381 11 2600 603
Fax: +381 11 2601 571
office@danos.rs
www.danos.rs

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