

NPL&REO in Greece 2024

SPRING UPDATE

Following years of strong deleveraging in Greece, the NPL market is set to enter a new stage with the booming of the secondary market. Increased activity is also expected due the new phase of Hercules program.

Economy

Greece's economy is estimated to have grown by 2.2% in 2023, losing momentum compared to the strong 5.6% increase of 2022. However, Greece GDP continued to grow well above the European average, which sat at a residual 0.5%.

5.6% (2022) ↓

2.2%

GDP GROWTH 2023
SOURCE: INE

9.3% (2022) ↓

4.2%

INFLATION RATE 2023 (HICP)
SOURCE: EUROSTAT

2.2% (2023) =

2.3%

GDP GROWTH 2024 (FORECAST)
SOURCE: EUROPEAN COMMISSION

Property Market

House prices in Greece continue to rise robustly, but since the beginning of 2023 year-on-year price growth has shown signs of slowing. Thessaloniki is now leading the way in terms of price increase, although there was also a slowdown in the pace growth in Q3. Foreign investment in real estate continued to rise, increasing by almost 30% in the first nine months of the year.

12.6% (Q3 2022) ↓

11.9%

GREECE Y-O-Y HOUSING PRICE VARIATION (Q3 2023)
SOURCE: BANK OF GREECE

14.6% (Q3 2022) ↓

12.0%

ATHENS Y-O-Y HOUSING PRICE VARIATION (Q3 2023)
SOURCE: BANK OF GREECE

12.9% (Q3 2022) ↑

15.4%

THESSALONIKI Y-O-Y HOUSING PRICE VARIATION (Q3 2023)
SOURCE: BANK OF GREECE

11.2% (Q3 2022) ↑

12.8%

OTHER CITIES Y-O-Y HOUSING PRICE VARIATION (Q3 2023)
SOURCE: BANK OF GREECE

€1.3bn (Q1-Q3 2022) ↑

€1.6bn

FOREIGN DIRECT INVESTMENT IN THE GREEK RE (Q1-Q3 2023)
SOURCE: BANK OF GREECE

60.2% (Q1-Q3 2022) ↓

28.7%

Y-O-Y VARIATION IN FDI IN THE GREEK RE (Q1-Q3 2023)
SOURCE: BANK OF GREECE

NPL Stock and Ratio

Greece continued the impressive deleveraging path of recent years, once again reducing the stock of NPLs both q-o-q (-8.8%) and y-o-y (-24.5%). These were some of the sharpest decreases (%) both in annual and quarterly terms, contrary to the dominant trend in Europe, where most countries increased the NPL stock between Q2 and Q3.

€11.0bn (Q3 2022) ↓

€8.3bn

NPL STOCK (Q3 2023)
SOURCE: EBA

3.0% (Q3 2022) ↓

2.0%

SHARE IN EUROPE'S NPL STOCK (Q3 2023)
SOURCE: EBA

4.9% (Q3 2022) ↑

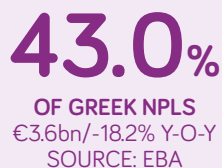
4.1%

NPL RATIO (Q3 2023)
SOURCE: EBA

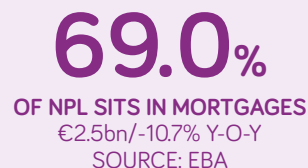
The consistent and accelerated path of decrease in recent years has resulted in a financial system that compares the current €8.3 billion (Q3 2023) in NPLs with the €74.5 billion it had just four years ago (Q3 2019). This means that Greece now accounts for 2% of Europe's NPL stock, while in 2019 its share was 12%. The NPL ratio stood at 4.1%, down from 4.9% in Q3 2023 and resuming the downward trend of recent years, to which previous quarters proved more resistant, with a stabilization of this indicator. Reflecting the continued effort in reducing NPL over the years, the current NPL ratio compares to the figure of about 38% observed in 2019. Nevertheless, Greece continues to have one of the highest NPL ratios in Europe.



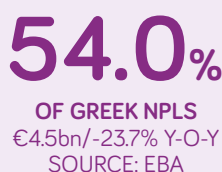
40.0% (Q3 2022) ↑



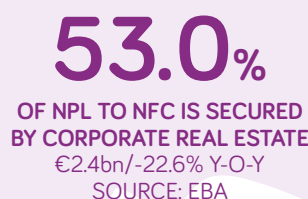
64.0% (Q3 2022) ↑



54.0% (Q3 2022) =



53.0% (Q3 2022) =



NPL Potential Deals

Following years of strong NPL trading activity in Greece, boosted in part by the transactions completed under the Hercules (HAPS) government securitisation programme, the Greek market has naturally slowed down in the last two years, with an estimated transaction volume of between €8.0 billion and €10.0 billion in 2023. This compares with over €40.0 billion traded in 2021, a year in which the country stood out in the European context with a transaction volume significantly higher than any other market.

The NPL stock in Greece currently stands at €8.3 billion, representing 4.1% of the credit granted in the national financial system, a far cry from the approximately €75.0 billion of defaulted loans recorded in Q3 2019, which at the time represented almost 40% of the total amount financed.

Given this outstanding progress in recent years and the existence of a transaction market strongly characterised by the sale of jumbo portfolios, activity has naturally slowed down and will tend to focus more on the secondary market in the future, with visible effects in the short term, including this year. The trend is for investors, having acquired the jumbo portfolios of recent years and taken advantage of the earlier phases of HAPS, to now focus on smaller portfolios, which can appear on the market as slices of larger portfolios, either separately by sector or by loan category. One of the most emblematic segmentations to emerge is that of the former Ariadne portfolio, which passed under the control of PQH and is returning to the market renamed Alphabet, with a revised value (down from €5.2bn to €4.8bn) and divided into three portfolios: one with NPLs of €1.4 billion, another of €2.1 billion and another of €1.3 billion.



An increase in NPL transaction activity is also expected in 2024 due to the reactivation of HAPS, which will allow not only the resumption of some securitisations pending from the previous framework (the Frontier II and Sunrise II cases, which will enter this third phase), but also the launch of new securitisations, of which the Frontier III project stands out for the time being. On the other hand, more NPLs are expected to be securitised in this way, since non-systemic banks will now be able to use HAPS, which will also increase activity in the market, especially generated by the portfolios of banks such as Attica Bank and Pancretia.

About Prime Yield part of Gloval NPL&REO Services

Established in 2005 and since 2018 a part of Gloval, a leading property services group that provides integrated valuation, engineering and consulting services, Prime Yield delivers valuation, research and advisory/consultancy services and has been focusing on the NPL&REO market, specializing in Europe and Latin America. The company has an NPL&REO specialized business area, supported by Prime AVM&Analytics, an advanced technological solution that allows NPL's investors and sellers to have property valuations in a fast, simple and reliable way both for single assets and entire portfolios. Prime Yield is regulated by RICS and REV-TEGoVA, also holding a certification in Quality and Environmental Management (NP EN ISO 9001 and NP EN ISO 14001).

Visit us at <https://nplreo.prime-yield.com>

Contacts

SPAIN

Av. de Manoteras, 44 - 4ª planta | 28050 Madrid
T.: (+34) 915 613 388

PORTUGAL

Av. Columbano Bordalo Pinheiro, 75-9º, | Fração 9.06
1070-061 Lisboa | T.: (+351) 217 902 540

GREECE

1, Neofitou Vamva Street | GR-106 74 – Athens
T.: (+30) 210 68 01 786 int. 16

BRAZIL

Av. Brigadeiro Faria Lima, 1.461 – 4º, Torre Sul
Pinheiros | CEP 01452-002 | São Paulo – SP
T.: (+55) 11 3382-1536

e: nplreo@prime-yield.com
www.nplreo.prime-yield.com

rev
Recognised European Valuer

 **RICS** | Chartered
Surveyors



primeyield[®]
GLOVAL
PART OF VAL