



Market Area Overview – Athens, Greece

Pavlos Papadimitriou, Consulting & Valuation Analyst

Themis Trakas, Senior Associate

HVS – Athens Office

10 Panepistimiou Street, 3rd Floor

10671 Athens

Greece

Tel: +30 (210) 36 12 085

Fax: +30 (210) 36 16 689

February 2009



Athens Overview

Athens¹ is the principal commercial and financial centre of Greece, situated in the prefecture of Attica on the southern tip of the Greek mainland and features about 20% of total hotel supply in Greece. It has a long coastline along the Argosaronic Gulf and the gulfs of Evia and Megara. Attica covers just fewer than 3% of the territory of the country, but is home to some 40% of the country's population or about 4.5 million people, giving a high population density of 6,700 inhabitants per square meter. The city of Athens, Attica's capital, has some 750,000 inhabitants but daily hosts about twice that many commuters. Together with the capital Athens, Attica is the most densely-settled and most heavily-industrialised part of Greece and is also known for its high quality of infrastructure developed after the 2004 Olympic Games. According to the "Invest in Greece Agency", the region's tourism sector numbers 692 firms.

Indicative Map of Prefecture of Attica – Athens Metropolitan Area (Athina)



Demand Generators

Athens is undoubtedly a city that offers its visitors numerous tourist attractions varying from ancient monuments (e.g. Acropolis, Temple of Hephaestus, the Arc of Adrian, the Temple of Olympian Zeus, the Pnyx,

¹ Athens refers to the greater metropolitan area excluding Piraeus and the islands of the Argosaronic Gulf.



etc.) to museums (e.g. The New Acropolis Museum – to be officially inaugurated in June 2009, the National Archaeological Museum, the Benaki Museum, the Byzantine and Christian Museum, the Goulandris Cycladic and Ancient Art Museum, etc.) as well as lively neighbourhoods (Syntagma, Plaka, Monastiraki, Psiri, Kolonaki, Gazi etc.) and hundreds of kilometres of seacoast (nine Blue Flag-awarded beaches and six marinas).

Impact of the 2004 Athens Olympic Games

The 2004 Olympic Games attracted significant international attention to Athens and Greece as a whole. The amount of investment channelled towards infrastructure improvements and development and the efforts made in upgrading several official Olympic cities and particularly Athens were highly publicised and resulted in a greater international awareness of the city and the country.

During the last decade, major efforts have been made to improve the quality of life of the people living in the greater Athens area. These efforts concern not only infrastructure and environmental projects but also actions to reassess the population's perception and importance of the city centre in combination with the seafront, a coastline of over 40 kilometres. Examples of the remarkable changes include:

- The award winning Athens International Airport “Eleftherios Venizelos”, consistently ranked as one of the world's top airports in terms of service and efficiency and accessible by metro in 45 minutes from the city centre;
- Athens' very efficient and constantly expanding public transportation system consisting of metro, suburban railway, tram, and bus;
- The unification of the entire historical city centre through pedestrian zones;
- Large-scale development of unspoiled or underdeveloped areas in the city centre (Eleonas, Gazi-Cultural Quarter, Piraeus Avenue-Cultural and Recreational District);
- Plans for two metropolitan parks (Ellinikon-Waterfront, Goudi-City Centre) and a museum of contemporary art (former Fix Factory);
- Plans to create more public space (i.e. parks) by re-routing ground-level avenues in the city centre to underground ones (e.g. Alexandra's Avenue);
- Redesigned central squares and sidewalks;
- The resurfacing of about 160 kilometres of public roads.



It is an undeniable fact that the Olympic Games were the primary motive for the aforementioned achievements and yet the starting point of remarkable improvements mainly as far as the realisation of the importance of tourism in the economy of Athens is concerned. The success of the 2004 Athens Olympic Games have contributed to the strengthening of the city's visibility. Nonetheless, the city is still unable to find drastic solutions to some of the big issues that all metropolitan cities face, such as poor parking conditions and traffic jams during the peak hours. In addition, even nowadays, almost five years after the Olympic Games, the majority of the "Olympic Assets" are not efficiently utilised mainly due to daedal bureaucratic procedures.

Airport and Seaport Traffic

Athens is served by one airport, the "Eleftherios Venizelos" International Airport, located 18 kilometres east of the city centre. Piraeus is the main seaport of Athens, the largest port of Greece, and the second largest in the Mediterranean Sea after Marseilles in France.

Visitation to Athens over the past ten years is summarised in Table 1. Airport arrivals include those by scheduled and charter flights and seaport arrivals refer only to passengers disembarked by commercial ships. The total number of passenger arrivals has been steadily increasing since 1998 with a Compound Annual Growth Rate (CAGR) of 7.0%. During the period between 2001 and 2003, the tourist movement in Athens and Attica was slowing down; nonetheless there was a significant amelioration after 2004. Arrivals by air are more than seaport arrivals and account for approximately 93% of total arrivals every year. During the last ten years, arrivals at the seaport of Piraeus have been significantly reduced; however, tourist arrivals by cruise ships have vigorously increased over the last five years coming out of a period of stagnation. Nevertheless, Greece is one of the few countries that still forbids cabotage by foreign companies, thus leaving a huge tourism potential unexploited. Statistical data for airport arrivals available for the first ten months of 2008 reveal a slight decrease of 1.4% compared to the same period last year.

**Table 1 International Arrivals by Air and Sea - Athens 1998-2007 (000s)**

Year	Total	% Change	Airport	% Change	Seaport	% Change	Cruises	% Change	Airport % Share	Seaport % Share	Cruises % Share
1998	2,252	—	2,108	—	27	—	117	—	93.6 %	1.2 %	5.6 %
1999	2,640	17.2 %	2,469	17.1 %	56	103.6 %	116	-1.3 %	93.5	2.1	4.7
2000	2,962	12.2	2,802	13.5	36	-36.0	124	6.8	94.6	1.2	4.4
2001	3,190	7.7	2,978	6.3	32	-8.8	180	45.6	93.3	1.0	6.0
2002	3,149	-1.3	3,075	3.3	22	-33.6	52	-70.8	97.6	0.7	1.7
2003	3,156	0.2	3,035	-1.3	27	26.6	94	78.6	96.2	0.9	3.1
2004	3,331	5.5	3,150	3.8	30	9.0	150	60.4	94.6	0.9	4.8
2005	3,677	10.4	3,456	9.7	24	-20.0	197	31.1	94.0	0.6	5.7
2006	3,950	7.4	3,699	7.0	12	-51.2	239	21.2	93.7	0.3	6.5
2007	4,139	4.8	3,872	4.7	5	-55.6	262	9.6	93.6	0.1	6.8
Compound Annual Growth Rate 1998-2007		7.0 %		7.0 %		(16.9) %		9.3 %			

Source: National Statistical Service of Greece

Tourism Visitation

To determine the effective relevance of the domestic market and the international source countries, an analysis of visitation to the region has been performed. Visitation to Athens over the past five years, expressed in number of arrivals at hotel establishments, is summarised in Table 2.

Table 2 Domestic and International Arrivals at Hotels - Athens 2003-07

Year	Total (000s)	% Change	Total International Visitors (000s)	% Change	Total Domestic Visitors (000s)	% Change	International % Share	Domestic % Share
2003	2,304	—	1,393	—	911	—	60.5 %	39.5 %
2004	2,180	-5.4 %	1,310	-5.9 %	870	-4.6 %	60.1	39.9
2005	2,634	20.8	1,674	27.8	960	10.4	63.6	36.4
2006	2,885	9.5	1,867	11.5	1,019	6.1	64.7	35.3
2007	3,261	13.0	2,093	12.1	1,169	14.7	64.2	35.8
Growth 2003-07		41.5 %		50.2 %		28.3 %		
Compound Annual Growth Rate 2003-07		9.1%		10.7%		6.4%		

Source: National Statistical Service of Greece

As illustrated in the table above, an average of about 40.0% of the total hotel arrivals in Athens over the past five years has been of domestic nature. The number of total tourist arrivals at hotels has experienced significant growth over the past five years at 41.5%, with a larger gain recorded in the international segment, at 50.2%. The respective CAGR are 9.1% and 10.7%.

Most tourists visiting Greece during the summer months select Athens as part of their trip only for a few days and continue on to the Greek islands for the remainder of their trip. During the winter months, the Greek islands are not offered for tourist vacation; however the city of



Athens is becoming a destination for hosting conferences and events which, according to industry experts, last about three to four days. The average length of stay in the city, as indicated in Table 3, confirms all of the above.

Table 3 Hotel Arrivals and Bednights - Athens 2000-07

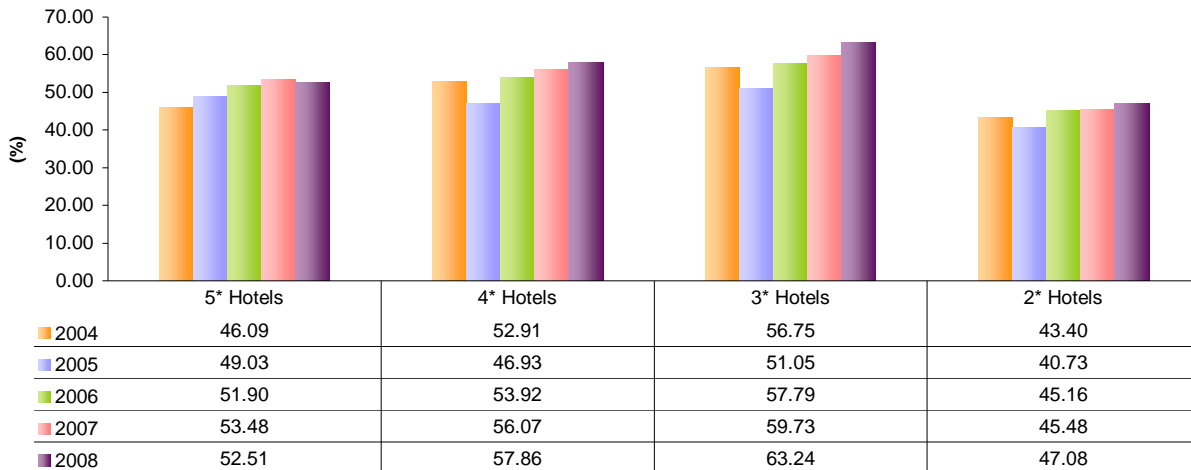
Year	Tourist Arrivals (000s)	% Change	Accommodated Bednights (000s)	% Change	Average Length of Stay (days)
2000	2,196	—	4,883	—	2.2
2001	1,993	-9.2 %	4,252	-12.9 %	2.1
2002	1,829	-8.2	3,951	-7.1	2.2
2003	2,304	26.0	5,191	31.4	2.3
2004	2,180	-5.4	5,299	2.1	2.4
2005	2,634	20.8	5,630	6.2	2.1
2006	2,885	9.5	6,282	11.6	2.2
2007	3,261	13.0	7,077	12.6	2.2
Compound Annual Growth Rate 2000-		5.8 %	5.4 %		

Source: National Statistical Service of Greece

Historical Hotel Performance

Athens has a potential to become a city break destination as infrastructure has dramatically improved over the last few years and increased international awareness was gained from the Olympic Games in 2004.

Graph 1 illustrates data provided by the Athens Hotel Association (AHA) revealing that three-star hotel properties remain the best performers over the period 2004 – 2007 whereas the occupancy of the five-star properties has been steadily increasing. In 2008, data from the same source are available until August and reveal a steady upward trend about the bed occupancies of Athenian hotels. This trend might end up worse than projected in August for the year since the data exclude the last quarter of 2008, when the impact of the real estate turmoil and the bank credit crunch traumatized the entire global economy whereas Athens' tourism was shocked by street riots in December of the same year.


Graph 1 Bed Occupancy by Hotel Classification – Athens 2003-07


Source: Athens Hotel Association

* Through August 2008

Moreover, a recent study conducted by Deloitte shows that the return on profit of the Athenian hotels improved after their slow performance in 2003 when Revenue Per Available Room (RevPAR) was at €72.74, a result of an average rate of €126.07 and occupancy 57.70%. On the contrary, in the period between 2005 and 2007 the three primary indicators improved, with the average rate reaching €142.00, occupancy at 67.30%, and RevPAR at €95.56 for a sample of 4,091 daily available rooms. Even though the sample of Deloitte is different than the one of the AHA, they both demonstrate that hotels in Athens enjoyed a healthy performance increase during the post-Olympic period of 2005 – 2007.

For the first seven months of 2008, hotel performance has improved when compared to the same period last year, although not yet revealing the impact of the unstable global economic environment. In a sample of 4,453 daily available rooms, RevPAR increased from €98.20 to €99.60, originating from an increase in average rate of 4.10% (€150.00 vs. €144.00) and a decrease in occupancy of 1.8 percentage points (66.40% vs. 68.20%).

The growth in RevPAR recorded in 2008 is assuring of the healthy hospitality conditions in Greece following the three post-Olympic years of 2005 – 2007. Moreover, the market in this period seems to be absorbing the higher rates commanded by the Athenian hotels, even if it is doubtful whether or not the continuous upward pressure in prices can be sustained for much longer, given the expected tough period ahead,

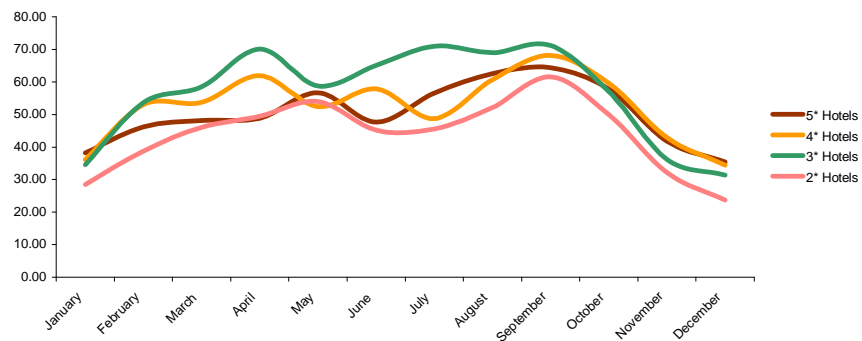


the instability of the markets, and the vague expected performance of tourism visitation in the coming years.

Seasonality

Athens has a rather typical seasonality of visitation for a city destination that demand for hotel accommodation can be described as follows: it starts from relatively low levels in winter; it increases during the first months of the year to reach a peak around April, mainly due to business activity and conferences/congresses organised in the city; it slows down during summer months when resort destinations are more preferable than urban ones; it peaks again in September, another popular month for conferences/congresses; and it drops quite stiffly moving towards the Christmas period. Graph 2 summarises the monthly bed occupancies of the hotels in Athens by their classification and is evident of the above.

Graph 2 Average Bed Occupancy by Month – Athens 2003-07



Source: Athens Hotel Association, HVS Analysis

The monthly occupancy resulted by calculating the average of the monthly occupancies during the period 2004 – 2007. In general, the seasonality of hotel demand seems to follow a certain pattern despite the fact that there are some behavioural differences depending on the hotel categorization.

International Feeder Markets

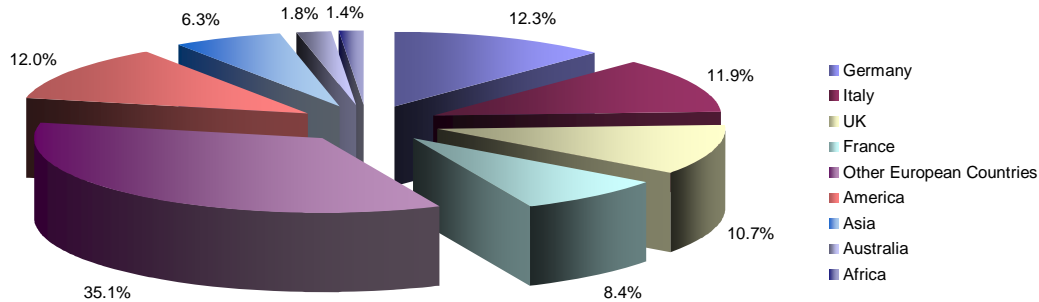
The economic and demographic profile of the defined market area is typically relevant in gauging the strength of a market's lodging demand. A significant proportion of tourism visitation to Athens is made up of international travellers. Table 4 outlines the foreign visitor arrivals at the Athens International Airport by source country from 2000 to 2007.


Table 4 Arrivals at Athens International Airport by Source Country – 2000-07 (000s)

	2000	2001	2002	2003	2004	2005	2006	2007	Compound Annual Growth Rate 2000-07	% Share of Total (2007)
Germany	359	336	527	534	610	625	574	475	4.1 %	12.3 %
Italy	368	366	339	353	384	469	502	459	3.2	11.9
UK	403	366	437	458	484	439	400	416	0.5	10.7
France	309	386	348	326	298	317	311	326	0.8	8.4
Spain	97	146	123	111	120	134	157	191	10.3	4.9
The Netherlands	109	127	166	150	158	160	188	188	8.2	4.9
Cyprus	108	122	117	112	130	159	155	170	6.7	4.4
Switzerland	131	137	130	132	77	91	114	130	-0.1	3.4
Belgium	88	130	102	106	109	112	108	109	3.1	2.8
Other European Countries	322	412	226	216	198	376	420	572	8.6	14.8
America	243	170	173	172	172	223	401	466	9.7	12.0
Asia	181	186	307	291	325	243	243	246	4.4	6.3
Australia	46	50	40	37	45	61	72	71	6.5	1.8
Africa	39	45	40	37	42	47	57	53	4.4	1.4
Total	2,802	2,978	3,075	3,035	3,150	3,456	3,699	3,872	4.7 %	100.0 %

Source: National Statistical Service of Greece

According to the National Statistical Service of Greece, the Spanish market recorded the highest CAGR over the last eight years. Regarding European markets, the second and third highest CAGR were recorded from Other European Countries and the Netherlands, respectively. Size-wise, the primary European source country for visitation to Athens is Germany, followed by Italy, and the United Kingdom. The United Kingdom, although traditionally being one of the two first source countries for Greek tourism, comes fourth in ranking for the past two years, overtaken by Italy and America. In general, arrivals from European destinations account for 78.4% of total international arrivals at Athens. The sum of international tourists coming from North and South America (mainly comprising of U.S. citizens) is also significant since it accounts for 12.0% of the total arrivals in 2007 and has recorded the second highest CAGR for the examined period, revealing the potential of the tourist markets of America. Besides, tourists originating from America have succeeded to climb to the second place falling just 9,000 arrivals behind Germany. Graph 3 depicts the relative market shares of each significant source country for 2007.


Graph 3 Market Shares of Primary Source Countries - 2007


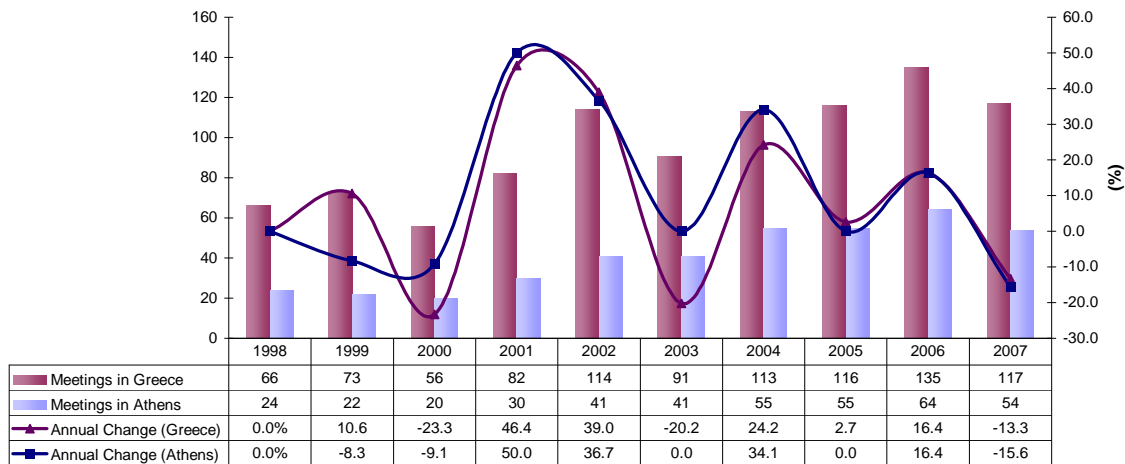
Source: National Statistical Service of Greece

Convention Centres

The existence of convention and congress spaces in a city plays a major role in attracting the so-called MICE (Meetings, Incentives, Conventions, and Exhibitions) segment of tourists. Demand in this segment is generated primarily by local, regional, and international companies holding training sessions, conferences, product launches and small meetings, as well as by incentive and association meetings held at several venues (e.g. conference centres, meeting facilities in hotels, universities etc.).

According to the International Congress and Convention Association, more than 3,500 international conventions took place in Europe during 2007. The leading convention capitals which hosted the largest number of these events were Vienna, Berlin, Paris, and Barcelona, followed by Budapest, Lisbon, and Amsterdam according to the European ranking for convention-holding capitals. More specifically, Vienna has been the most popular city for hosting international conventions for the last three consecutive years.

Currently, Athens is not strongly positioned as a particularly known destination for MICE business; however, most of the city's upscale hotels offer numerous meeting and conference spaces, with the largest ones able to host up to 2,500 delegates. The following graph presents the statistical data of the international association meeting market concerning Greece and Athens revealing that Athens captures approximately 45% of the international MICE business of the country.


Graph 4 International Meetings Statistics - Greece and Athens 1998-2007


Source: International Congress and Convention Association, HVS Analysis

Although the MICE segment in Athens strengthened during the pre-Olympic period, currently is slowly but steadily decreasing. The main reason for that recorded trend is most probably the lack of a major conference facility. In an effort to cure this defect, the State plans to convert the Olympic Tae Kwon Do indoor stadium at the area of Palio Faliro into the Athens Metropolitan Convention Centre, with a total capacity of 5,000 seats, through a public/private partnership scheme. At present, the process is at the tendering stage of the selection of an investor that will undertake the provision of all necessary maintenance work and management functions, for running the venture, for 25 years. The plan is that the new facility is likely to open its doors in 2011 and the investment is estimated to reach €56 million. This plan, if materialized successfully, is expected to create an additional demand for 280,000 room nights on an annual basis.

A second major development regarding the MICE infrastructure of the city is the exhibition and conference centre at the airport. The centre commenced operations in January 2009 and marked the creation of a significant big-scale exhibition venue for the city of Athens, which is projected to boost business travel volumes as well as tourist traffic. The exhibition centre offers 50,000 square meters of covered space for exhibition events and over 3,600 parking spaces. Its operations are supported by conference facilities for up to 600 attendees. Following the completion of the airport's retail park in March 2007, the development of the exhibition centre sets the next step towards the creation of a modern "airport city" that is anticipated to transform the Athens International Airport into an autonomous and attractive business destination.



According to press-released information², the Piraeus Port Authority S.A. signed an agreement with a joint venture for the development of a 60,000 square metre complex, within the port infrastructure, that is planned to feature an exhibition centre, as well as a mall, targeting cruise ship passengers.

Supply

The Athens room stock has not shown any significant increase, because the physical improvements of existing hotels, rather than the building of new ones, were a priority before the Olympic Games. Table 5 indicates the availability of hotels, rooms, and beds for the city over the past five years.

Table 5 Evolution of Hotel Supply – Athens 2003-07

No of Hotels:	2003	2004	2005	2006	2007	% Share (2007)
5* Hotels	19	24	26	27	28	6%
4* Hotels	55	60	64	64	64	14%
3* Hotels	78	82	81	82	79	17%
Other	306	296	296	283	283	62%
Total:	458	462	467	456	454	100%
No of Rooms:	2003	2004	2005	2006	2007	% Share (2007)
5* Rooms	4,859	5,825	5,967	6,251	6,273	23%
4* Rooms	6,565	6,596	6,906	6,460	6,915	25%
3* Rooms	5,429	5,683	5,393	5,506	5,352	19%
Other	9,819	9,637	9,535	8,934	9,021	33%
Total:	26,672	27,741	27,801	27,151	27,561	100%
No. of Beds:	2003	2004	2005	2006	2007	% Share (2007)
5* Beds	9,130	10,985	11,269	11,788	11,842	23%
4* Beds	12,203	12,224	12,830	12,021	12,942	25%
3* Beds	10,073	10,536	9,954	10,192	9,893	19%
Other	18,335	17,967	17,700	16,384	16,586	32%
Total:	49,741	51,712	51,753	50,385	51,263	100%
Hotel Supply Increase	—	0.9%	1.1%	-2.4%	-0.4%	
Room Supply Increase	—	4.0%	0.2%	-2.3%	1.5%	
Bed Supply Increase	—	4.0%	0.1%	-2.6%	1.7%	

Source: Hellenic Chamber of Hotels

During the period 2003 – 2007 eight five-star hotels have opened their doors, namely, Classical Athens Imperial, Classical King George Palace, Plaza Resort, Holiday Inn Attica Avenue, Life Gallery, Grecotel Cape Sounio, Semiramis, and Classical Baby Grand Hotel. The most significant (through February 2009) changes in the city’s hotel market for the last few years are highlighted below:

² Souki, S. (2008), “New investments upgrade convention tourism in Athens”, *Tourism & Property Magazine*, November (in Greek)



- The Hotel Amalia (97 rooms), located downtown, was re-launched in mid-2007 after its major refurbishment was completed at an estimated cost of €7 million;
- The Athens Gate Hotel (106 rooms), also located downtown, commenced operations in October 2007;
- Formerly known as the Sun Rise Hotel, located in the south suburbs of Attica, the property was re-launched in April 2007 as a member of Divani Collection (a Greek hotel group that currently owns seven properties in Greece). Following a €6 million major renovation, the hotel is now operating as an “All Suite Hotel” featuring 56 rooms;
- In mid 2007, the Olympic Palace Hotel, located at Fillelinon Street near Syntagma Square, was bought by the Greek chain of boutique hotels called Yes!Hotels (owner of four boutique properties in the Attica region) for approximately €14 million. The budgeted refurbishment plan is €25 million and the hotel is due to re-enter the Athens hotel market, featuring approximately 80 rooms, in early 2010;
- In December 2007, the Sofitel Athens Airport hotel (345 rooms) was bought by Mitsis Hotel Group for about €53 million. The management contract with Sofitel is anticipated to be extended after its termination in 2009. Mitsis Hotel Group is one of the largest hotel companies in Greece and currently owns 20 hotels and resorts;
- A new three-year investment plan is still under way at Astir Palace in the region of Vouliagmeni in the so-called Athenian Riviera. The plan, which is due to finish by the end of 2009, is estimated to exceed €50 million. In July 2006 Starwood Hotels & Resorts raised its Luxury Collection flag on the Arion hotel and the Westin flag on the Nafsica hotel. In mid-2010, the third hotel of the resort, the Aphrodite, will become a W hotel, following a renovation. The plan also includes a new spa, which is in the area of Arion and started operating a few months ago, a renovation plan of 58 bungalows, which is also under way and aiming at offering sophisticated and comfortable rooms with private swimming pools, and the creation of a new conference hall, covering an area of 3,000 square metres;
- The current investment plan of the Athenaem InterContinental is due for completion by the end of 2009 at an estimated cost of €15 million. The hotel is planning to further penetrate the MICE segment by: (1) fully utilizing its recently-renovated 3,500 square metres of conference facilities, and (2) assuming the management of an adjacent conference building facility that is currently owned by Ethniki Asfalistikí (Greece’s leading insurance company);



- In May 2008, the former 193-room, Athens Holiday Inn was re-launched in the market as a Crowne Plaza, after an extensive renovation that reportedly cost €13.1 million;
- In May 2008, the former Grand O' Hotel (member of the Classical Hotels) in Omonia square was re-launched after an extensive renovation as the "2FashionHouseHotel" featuring 115 rooms and targeting mainly young and hype clientele;
- In June 2008, the five-star, 89-room Athenian Callirhoe Hotel was sold for €14.1 million;
- In July 2008, Sol Meliã Hotels and Resorts took over the management of the former Residence Giorgio, a five-star, 136-room hotel in downtown Athens, and re-branded it as Meliã Athens;
- In summer 2008, the four-star, 43-room Delphi Art Hotel was sold to the Cyprus-based company TIG Lifestyles Hotels for €6.5 million;
- A new, four-star, 38-room hotel located on Kifissias Avenue commenced operations in late 2008 and is managed by Civitel, a Crete-based hotel company. Another Civitel property (about 100 rooms) is planned to commence operations in spring 2009, located in the same region;
- A number of small hotels, located at downgraded areas, have ceased operations in 2008. The closure of the two-star, 208-room La Mirage hotel at the city centre was also a rather significant event.

International and Local Hotel Brands in Athens

In 2005, only 3.4% of the country's hotels (controlling 16.8% of the total room capacity) had an affiliation either with a Greek or an international brand³ and this number is unlikely to have been significantly altered since then. This situation reflects not only the orientation of most accommodation businesses towards the package tour market but also the predominant mentality amongst Greek hoteliers which prevents them from giving away the management of their properties.

The greater Athens metropolitan area features a number of international brands, including that of Athens Hilton, Starwood (Grande Bretagne, Astir Palace Vouliagmeni), IHG Group (Athenaeum InterContinental, Crowne Plaza Athens City Centre, Holiday Inn – Attica Avenue), Leda Marriott, and Accor (Sofitel Athens Airport, Novotel Mirayia). The leading local hotel brands that operate units in Athens are Classical Hotels, Divani Collection, and Electra whereas several other hotels have joined hotel marketing consortiums (Great Hotels of the World, Design Hotels, Best Western, etc.).

³ Koutoulas, D. (2005), *The 2005 Greek Hotel Branding Report*, Athens



Regarding hotel branding, Athens is better off than other major Greek cities where there is minimal, if any, presence of any type of hotel brand. However, there is a potential to attract more international hotel operators in Athens since there are several properties that are regarded suitable (size- and location-wise) for re-branding. Most of the currently-established hotel operators have the potential to penetrate the market even further, either by expanding an already-existing brand in the Athenian market or by introducing new hotel brands from their portfolio.

Conclusion

The successful staging of the Olympic Games has, according to the statistics, vastly improved the attractiveness of Athens as a destination in general; yet the impact in terms of arrivals and overnight stays in the city, as a destination and not as a transit city, is emerging slowly.

In December 2008 the city faced extensive damage from street riots burst out in the centre that were set off by the killing of a young man by a police officer. The fact that these incidents were broadcast all around the world, combined with the high level of economic uncertainty caused by the volatility in the debt markets ('credit crunch') and speculation as to the effect of the current global economic slowdown (key economies including the UK, the USA, and the Eurozone either officially entering recession or showing many characteristics of such) have made the majority, if not all, of hoteliers highly concerned about the immediate future of the Athenian tourism industry, bringing up damaging scenarios for its performance.

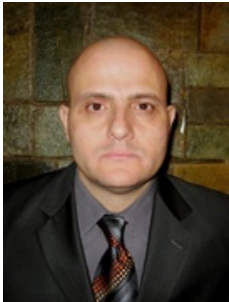
Nevertheless, the 'redesigned' city centre, the unique archaeological sites, the beautiful islands within one hour's reach, the clean beaches (EU 'Blue Flag' carriers), the recently upgraded marinas, extensive shopping, and vibrant night life, all constitute the most desirable attributes for Athens to become a top city break destination. In June 2007 the city organized the City Break Expo demonstrating its persistence in gaining valuable knowledge for improvement. The founding of the Athens Tourism and Economic Development Company, together with the formerly non-existent Athens Conventions Bureau, was also helpful in order for the city to obtain central management as a tourism destination. However, there is still a lot to be done as far as a proper marketing strategy is concerned in order to attract the ever-increasing number of city-break visitors from the demand side and world-renowned hotel brands from the supply side.



About the Authors



Pavlos Papadimitriou is a Consultant & Valuation Analyst with the Athens Office of HVS specializing in hotel valuation and consultancy. He joined HVS in late 2007 after completing an MBA from Les Roches School of Hotel Management in Switzerland and a Bachelor of Science in Marketing and Communication from the Athens University of Economics and Business. Since then, he has conducted a number of valuations, feasibility studies, and market research analyses in Greece, Cyprus, Montenegro, and Turkey.



Themis Trakas is a Senior Associate with the Athens Office of HVS. He joined HVS in 2006 and has eight years' operational experience in the hospitality industry in Greece, Switzerland, and the United States. He holds an MBA in Accounting from Baruch College in New York and a Bachelor of Science in Hotel and Restaurant Administration from Cornell University. Since joining HVS, he has completed numerous feasibility studies, valuations, and market research analyses throughout Greece and in Morocco, Cyprus, Turkey, and Malta.

No investment decision should be made based on the information in this survey.

For further information, please contact Pavlos Papadimitriou and Themis Trakas

Pavlos Papadimitriou – Consultant & Valuation Analyst at ppapadimitriou@hvs.com

Themis Trakas – Senior Associate at ttrakas@hvs.com

Or visit our website at www.hvs.com

Copyright © HVS – Athens Office 2009. No part of this article may be reproduced in any medium without the express written permission of the copyright holder.