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Cyprus Real Estate Review 2023

An analysis of the real estate market



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Executive summary

Cyprus's real estate market recorded €5.6bn in sales, across 25.4k transactions during 2023. This represents another record year following 2022, thus showcasing its resilience against local and global headwinds.



Economic update and real estate activity

Cyprus's 2023 real GDP growth once again outperformed the EU average by 160 basis points. The economy benefitted from a strong year in tourism, which is forecast to increase further during 2024. Unemployment is at its lowest point over the last decade at 6.1%, whilst inflation is largely controlled through ECB's monetary mechanisms.



Residential

The residential market recorded a total of €3.4bn in sales, across 13.2k transactions, accounting for 61% of total sales value. The average transaction value for 2023 was €259k, versus €257k in 2022. The minor increase was largely driven by new build properties, which accounted for 69% of total residential sales.



Vacant land

The vacant land market recorded a total of €1.9bn in sales, across 11.2k transactions, accounting for 34% of total sales value. The average transaction value for 2023 was €168k, versus €175k in 2022. The decrease was partly driven by higher volumes of transactions in Nicosia and Larnaca, where average transaction value has historically been lower than that of Limassol and Paphos.



Commercial

The commercial market recorded a total of €121m in sales, across 510 transactions, accounting for 2% of total sales value. The average transaction value for 2023 was €238k, versus €262k in 2022. The decrease was partly driven by fewer transactions on new build properties in Limassol.



Real estate market by district

The real estate market was dominated by transactions in Limassol, which accounted for 41% of total sales value. However, all cities recorded lower sales values compared to 2022, except for Larnaca, which increased by 28%. Larnaca's increase was driven by both higher volumes and higher average prices.



Deloitte survey results: Outlook for 2024

The respondents to our survey have generally indicated that they do not expect any fundamental changes to the real estate landscape during 2024. This includes changes to real estate fundamentals (such as cost of funding and availability of capital), as well as sale and rental price levels. Most consider residential apartments to be the most attractive investment opportunity during the next 12 to 18 months.

Economic update and Real estate activity

Cyprus's Real GDP growth for 2023 was 2.3%, which was significantly higher than EU's average of 0.7%. The main driver related to considerably increased tourism levels, with arrivals almost reaching pre-pandemic levels, whilst private consumption remained strong. Inflation levels reduced to 3.9%, from 8.1% in 2022, mainly reflecting lower energy prices and ECB's monetary policies.

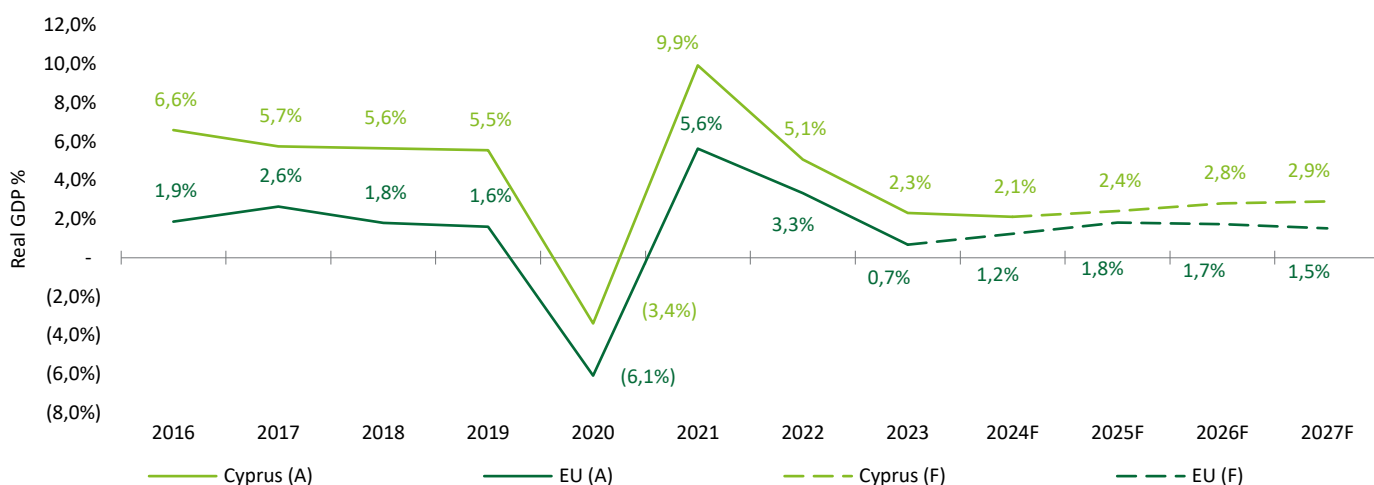
A resilient economy that is forecast to continue outperforming the European Union Real GDP average, supported by tourist markets and a strong private consumption

Real GDP growth in Cyprus for 2023 was 2.3%, which was lower compared to 5.1% recorded in 2022, but better than the EU average of 0.7%. The decelerated growth compared to 2022 was mostly driven by comparatively lower demand for non-tourism services during Q1 to Q3. Nevertheless, tourism continued to rebound following a significant 20% uptick in arrivals, which are almost on par with peak levels of 2019. Even though Cyprus's reliance on Russian and Ukrainian tourist markets increased during the recent years, it has managed to attract more tourists from alternative markets, such as the UK and other European countries.

Real GDP growth is estimated to further decelerate to 2.1% in 2024, mostly driven by potentially stickier inflation in the Eurozone, which may hinder consumer spending, and tighter financial controls. However, growth rates are forecast to normalise at 2.8% after 2025, following EU's recovery and resilience investment plan, under which Cyprus is expected to receive €1bn in infrastructure grants. However, there still is concern as to the contribution of net exports due to the economic uncertainty in Cyprus's main trading partners.

Irrespective of the above, EU forecasts indicate that Cyprus will continue growing at a faster real GDP growth rate than the EU average, for the next four years.

Real GDP development



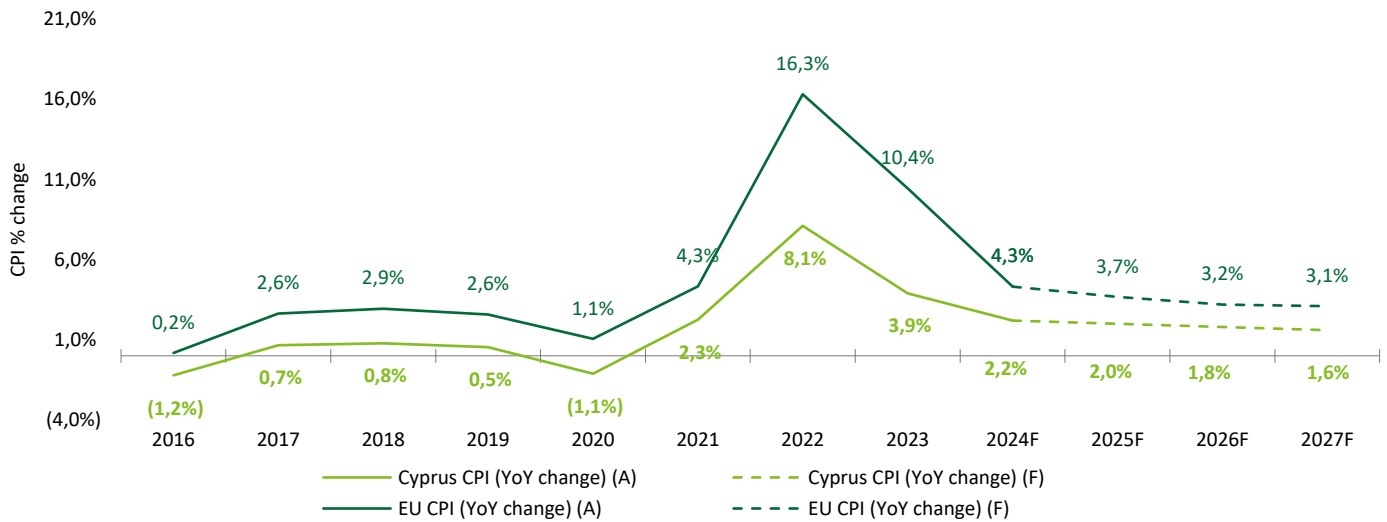
Source: Economist Intelligence Unit (EIU), International Monetary Fund (IMF), Deloitte analysis

Inflation slowed down to 3.9% in 2023 compared to 8.1% in 2022, mainly reflecting lower energy prices

Forecast inflation for 2024 and 2025 is set to decelerate further to 2.2% and 2.0% respectively, in line with an expected decline in energy and other commodity prices. Potential counterweights to this slowdown are wage indexation and Cyprus’s heavy reliance on imported oil. Spikes in oil prices are a key risk for the Cypriot economy, especially given its proximity to the Israel – Hamas conflict in the Middle East.

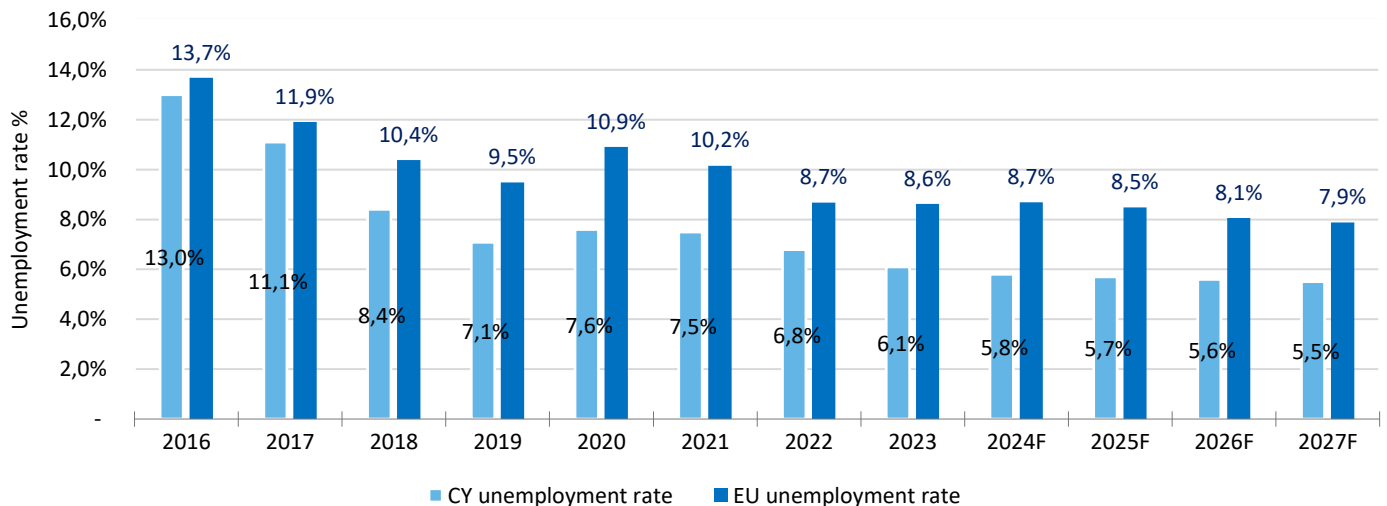
Unemployment further decreased during 2023, from 6.8% in 2022, to 6.1% during 2023, following a strong year in tourism and hospitality services. It is forecast to further decrease in 2024 to 5.8%, but predictions are largely dependent on how much the wage indexation will weigh on local businesses, coupled with external demand levels for non-tourism services.

Consumer Price Index development



Source: Economist Intelligence Unit (EIU), International Monetary Fund (IMF), Deloitte analysis

Unemployment rate development



Source: Economist Intelligence Unit (EIU), Deloitte analysis

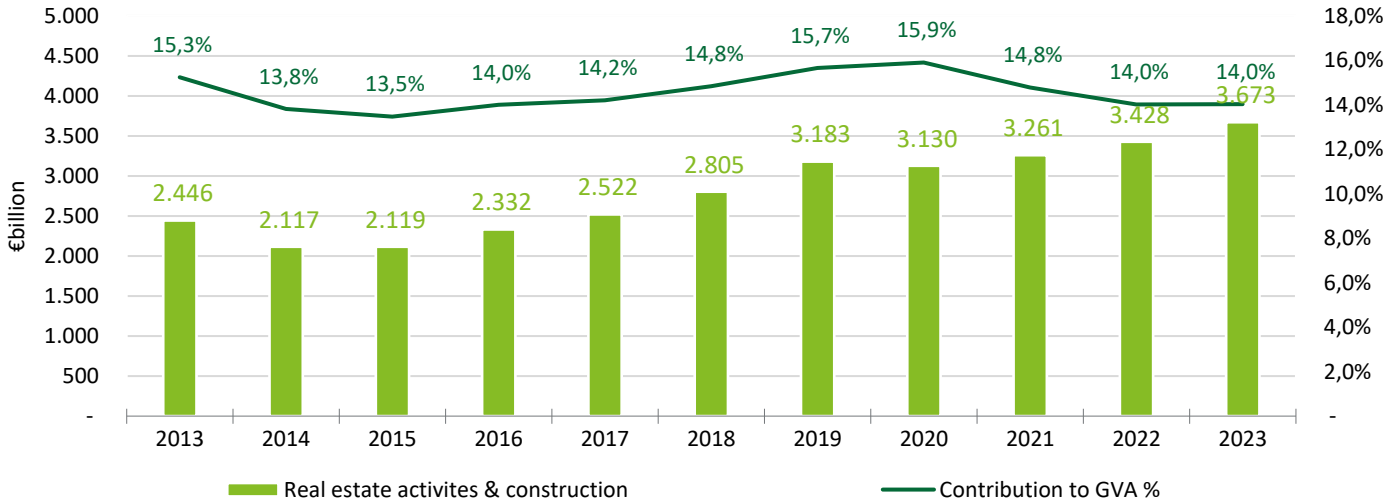
Real estate & construction is a sector that historically contributed between 13% and 16% to Cyprus’s Gross Value Added (“GVA”). It is Cyprus’s highest individual contributing sector, accounting for 14% of total GVA in 2023.

GVA is an economic productivity metric that measures the contribution of a sector in a country’s economy

It is calculated as GDP plus government subsidies minus taxes. Therefore, the GVA shows a more accurate depiction of the true level of activity.

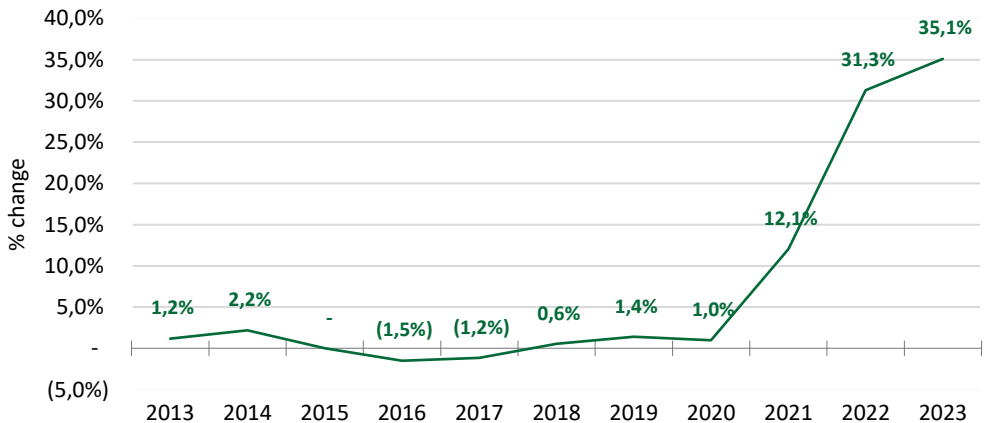
Real estate & construction GVA increased by €0.2bn to €3.7bn in 2023 compared to 2022, predominantly driven by increases in the costs of construction materials and inflation.

Real estate activities & construction contribution to GVA



Source: CyStat, Deloitte analysis

Construction materials price index (% change from base year 2015)



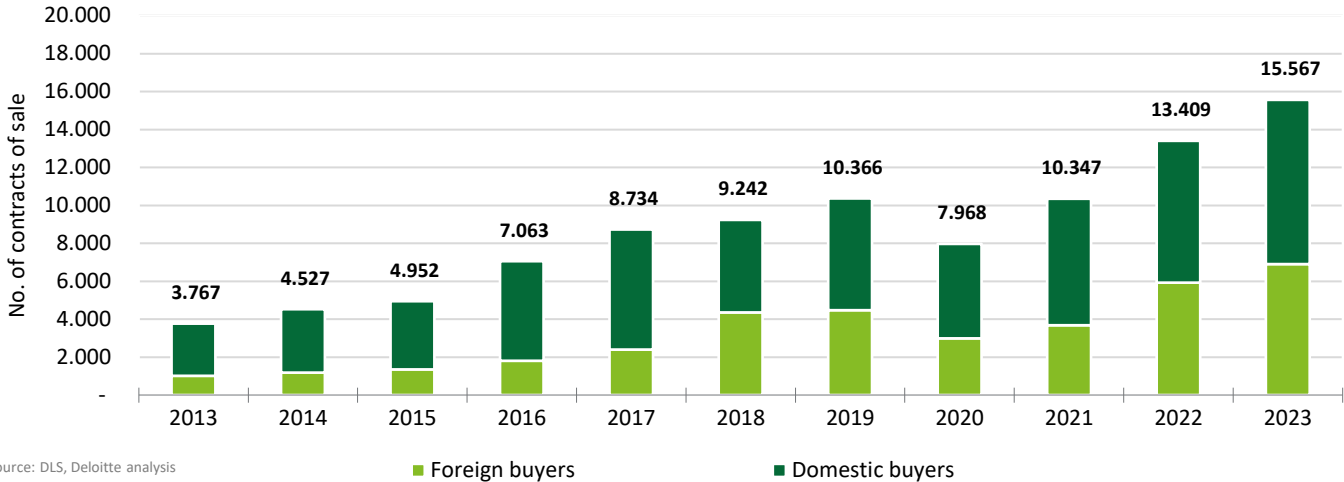
Source: CyStat, Deloitte analysis

The construction materials price index indicates the change of cost of construction materials, benchmarked against 2015 prices.

According to the Cyprus Statistical Service (CyStat), the construction materials price index increased by 3.8% in 2023, compared to 2022.

The price increases of 2023 mainly relate to inflationary pressures on a global level.

No. of "Contracts of Sale" development



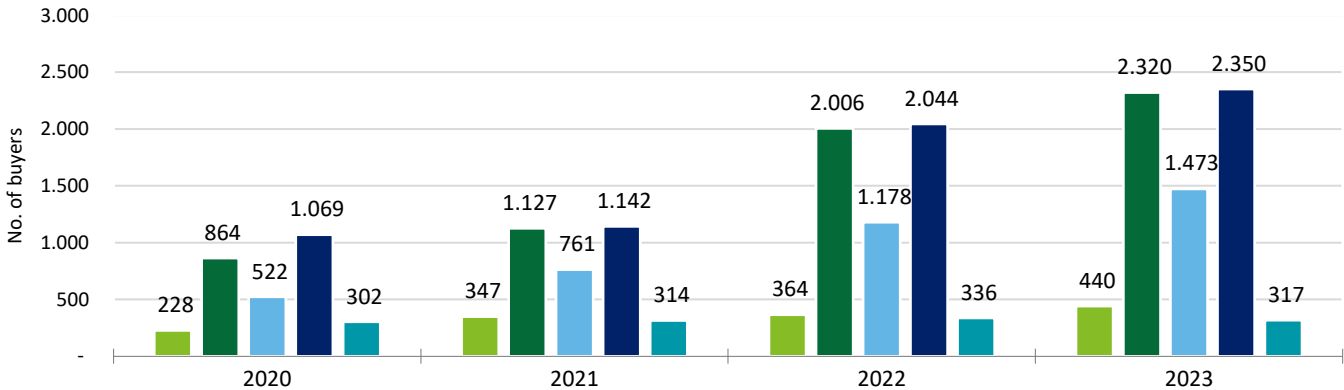
Source: DLS, Deloitte analysis

The ratio between domestic and foreign property buyers remained broadly stable from 2018 to 2023, at c.55% domestic and c.45% foreign. The only exceptions to this were 2020 and 2021, which were heavily impacted by COVID-19 and associated travelling restrictions.

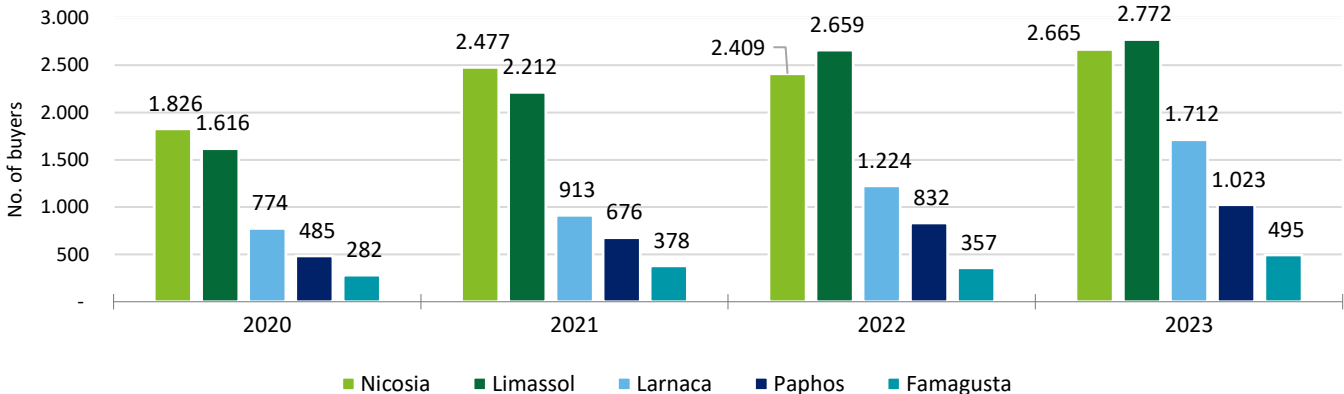
Historically, Nicosia and Limassol attracted the highest volumes of domestic buyers. However, Larnaca and Paphos also recorded increased volumes during 2023, driven by ongoing efforts to accelerate development.

Limassol and Paphos continue to attract the highest volumes of foreign buyers, whilst Larnaca also recorded record growth during 2023. However, the foreign investor profile varies between these cities, as Paphos attracts more investments related to holiday homes, whereas Limassol and Larnaca attract a more balanced blend between residential for investment purposes and commercial.

No. of contracts of sale by district | Foreign buyers



No. of contracts of sale by district | Domestic buyers

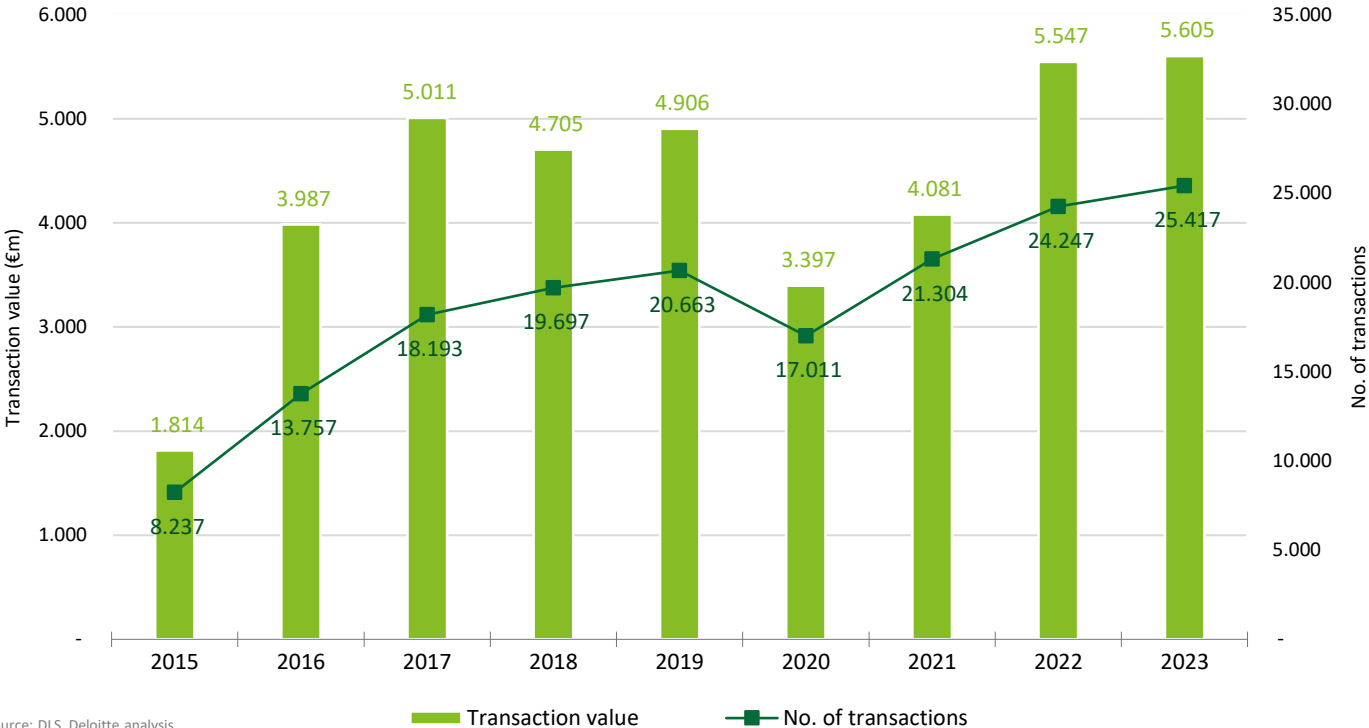


Source: DLS, Deloitte analysis

Cyprus's real estate market activity

Cyprus's total real estate market activity during 2023 was higher compared to all other periods since 2015, both in terms of transaction value (€5.6bn), and volume of transactions (25.4k).

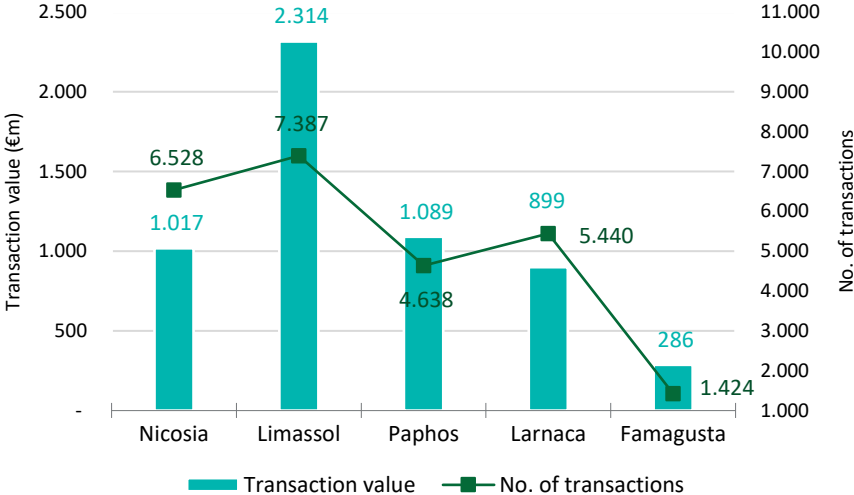
Overall real estate market activity



Source: DLS, Deloitte analysis

Note: Real estate market activity was based on the analysis of data and information extracted from the DLS database on 18 January 2024. Transactions relate to both Contracts of sale ("CoS"), and sale transfers.

Real estate market activity by district | 2023



Source: DLS, Deloitte analysis

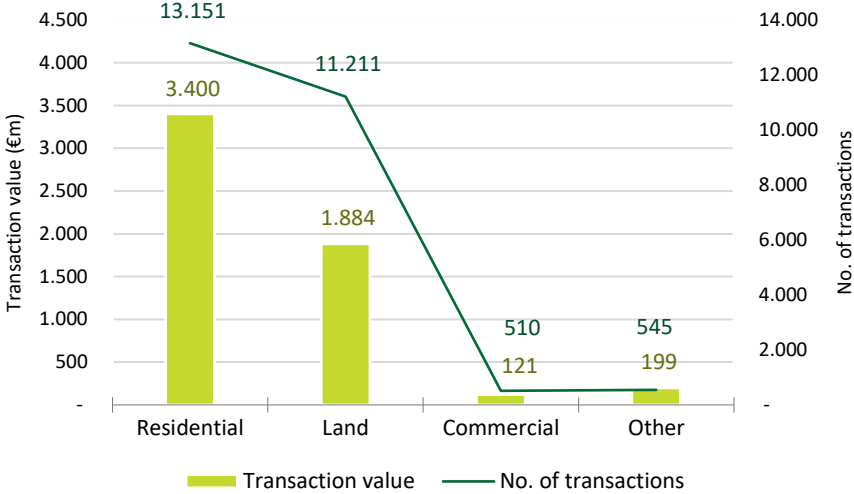
Limassol leading the way in both sales value and volume. Paphos was second in sales value, but still was less than half of that of Limassol's. Limassol remained the most active district, both in terms of number of transactions (7.4k), and in terms of total value of properties sold (€2.3bn). Limassol's average transaction value was €313k, which was 33% higher than second highest Paphos, where the average transaction value was €234k. Paphos marginally outperformed Nicosia in terms of value (€1.1bn vs €1.0bn), despite the fact that Nicosia recorded 41% more transactions (6.5k vs. 4.6k, respectively).

61% of the total transactions value during 2023 related to residential properties

Cyprus’s real estate market was dominated by transactions within the residential space, both in terms of value (€3.4bn, 61%) and volume (13k, 52%). Vacant land transactions accounted for 34% of total value, and 44% of total volume.

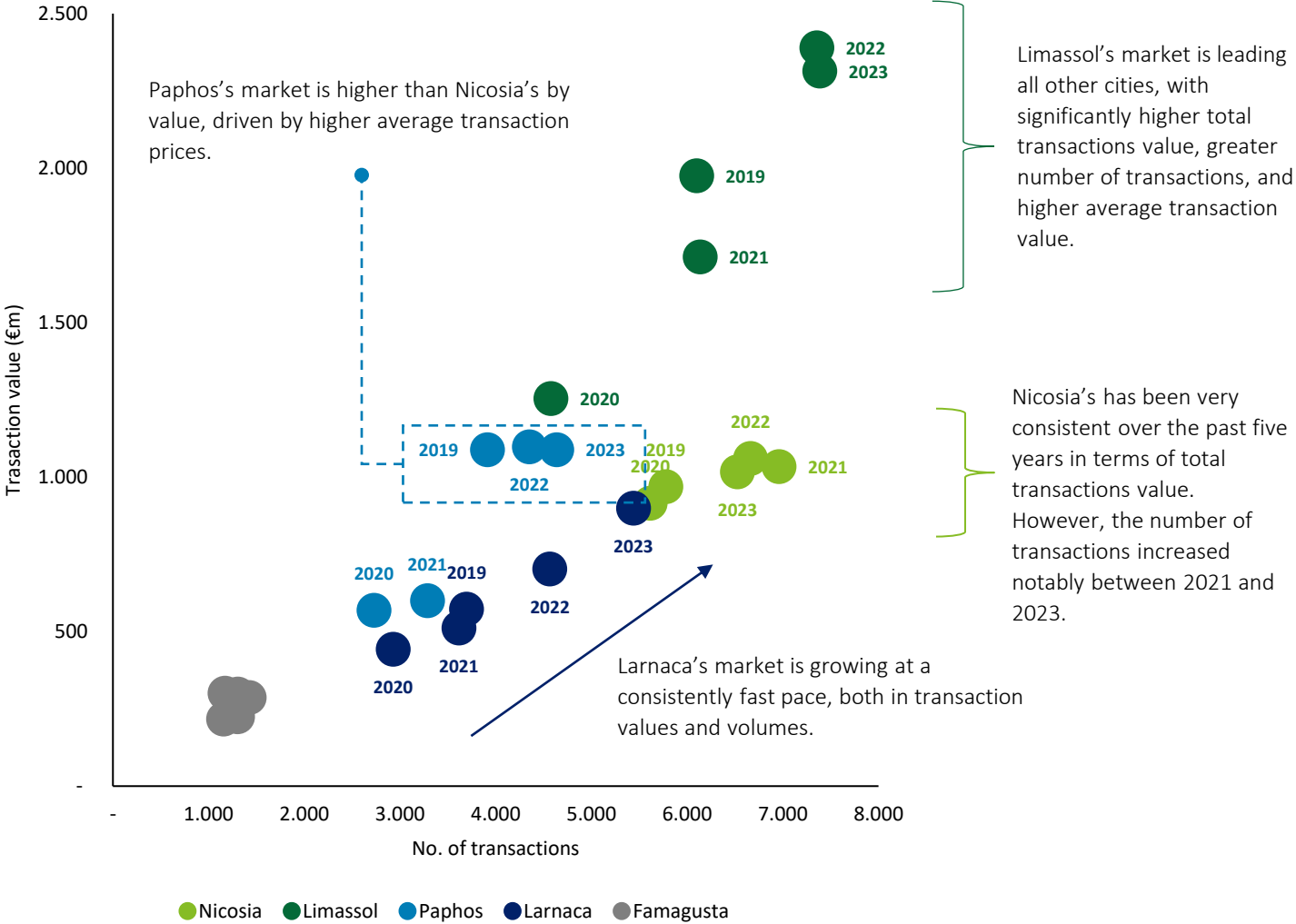
Transactions within the Commercial space, encompassing both retail and office space, only accounted for 2% of total value.

Real estate market activity by type of property | 2023



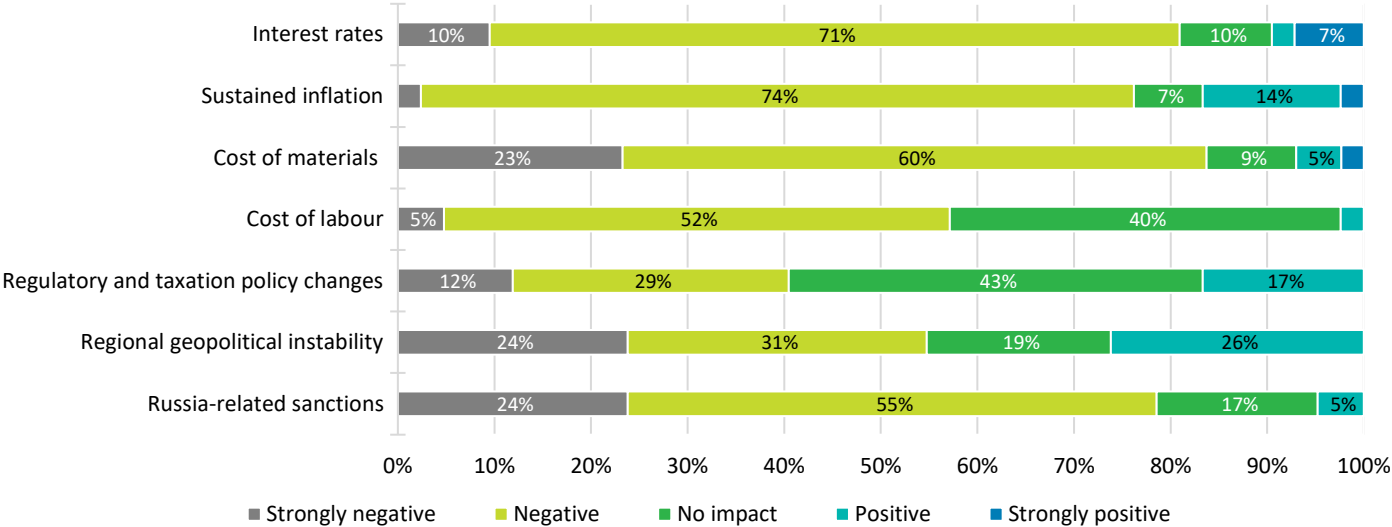
Source: DLS, Deloitte analysis

Real estate market activity by district | 2019 - 2023



Source: DLS, Deloitte analysis

Factors impacting the real estate industry during 2023



Source: Deloitte real estate survey

Cyprus’s real estate market showcased its resilience, as 2023 was a record year in terms of both value and volume of transactions, despite the significant headwinds at a regional and global level.

Based on the results of our real estate survey, the majority of the industry stakeholders who responded noted that the impact of various key macroeconomic and geopolitical factors either had a Strongly negative, or Negative impact on the industry. These factors included higher interest rates, sustained inflation, the rising cost of materials and the Russia-related sanctions that directly affected investment in Cyprus.

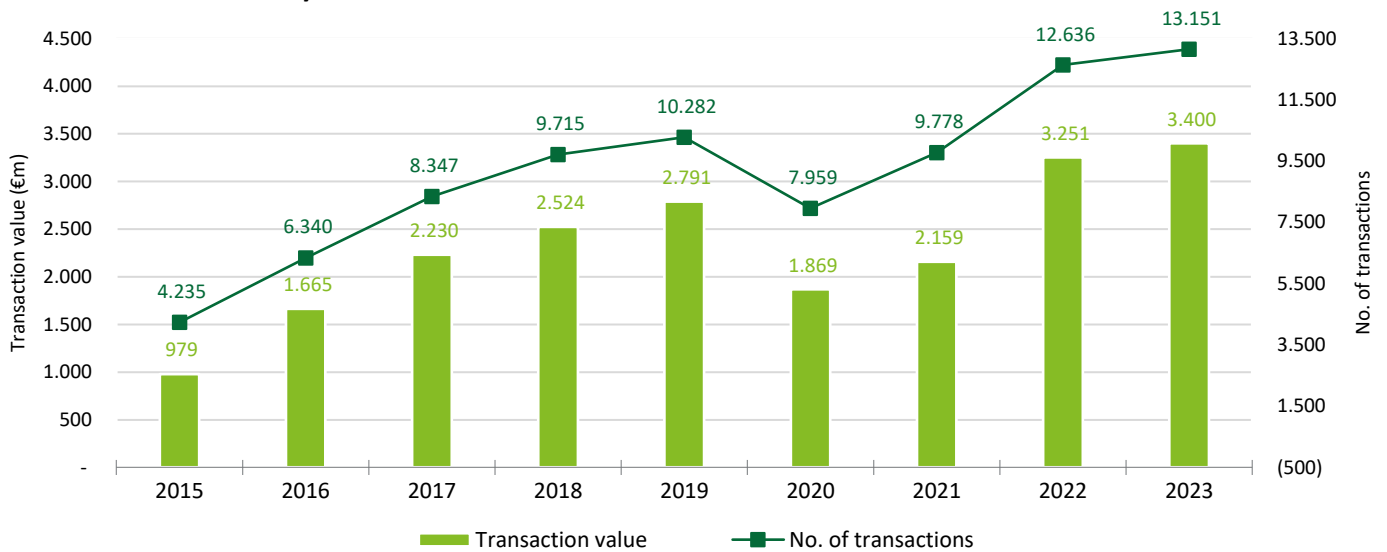
Furthermore, 43% of our respondents noted that the recent regulatory and taxation policy changes – such as the new VAT regulations and the affordable housing policy – were largely ineffective in impacting the real estate market, whilst 41% noted that their impact was Strongly negative, or Negative.

Finally, opinions with regards to the most recent regional geopolitical instability were more equally divided amongst respondents, as 55% answered that the impact was Negative / Strongly negative, whilst 26% answered Positive.

Residential market

Activity during 2023 was record high in terms of both value (€3.4bn) and volume of transactions (13.2k). The average transaction value for 2023 was €259k, slightly higher than the €257k recorded in 2022. However, the 2023 average value was lower compared to the peak €271k recorded during 2019.

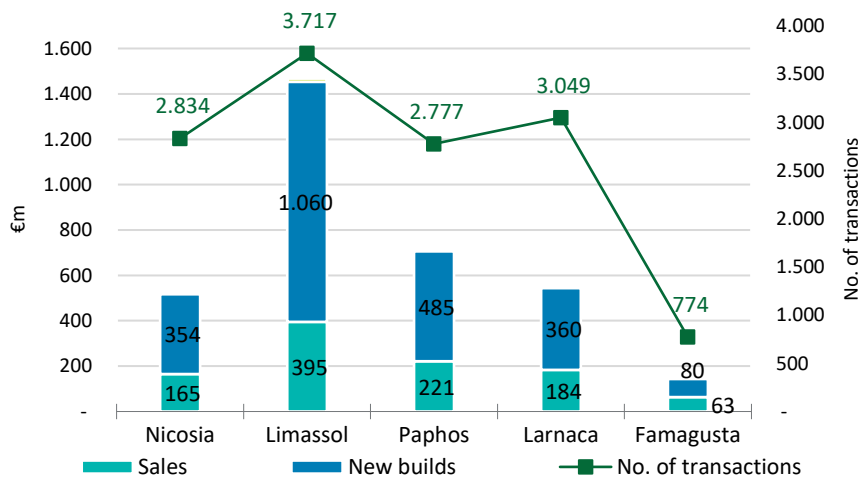
Overall residential activity



Source: DLS, Deloitte analysis

Limassol accounted for 43% of total residential activity by value, recording a total of €1.5bn in sales across a total of 3.7k transactions. Paphos's residential market was the second most active with €0.7bn in total transactions value, across 2.8k transactions.

Residential activity by district | 2023



Source: DLS, Deloitte analysis

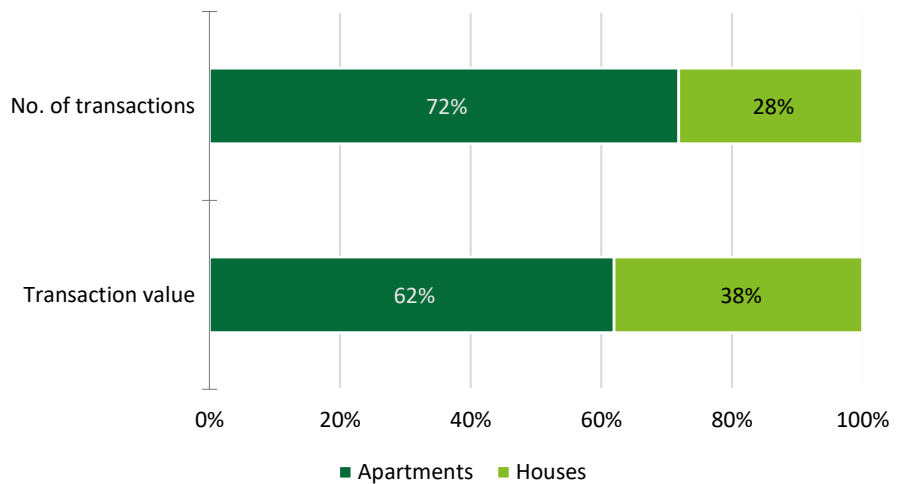
New build properties, for which title deeds have yet to be issued, accounted for 69% of total transaction value in the residential market. 45% of New build properties were in Limassol, followed by Paphos (21%), and Larnaca (15%).

Nicosia recorded €0.5bn in total transaction value (15% of residential market), across 2.8k transactions. The average transaction value was €184k, which was less than half of Limassol's €395k, and 28% lower than Paphos's €256k.

Apartments accounted for 62% of total market value during 2023, and 72% of total transactions. The ratio between apartments and houses, both in terms of value and volume, is consistent with 2022 and 2021. Most apartment sales related to 2-bedroom properties, whilst studios / 1-bedroom properties trailed second. We also note that there was a material volume of transactions for which DLS provided limited information to categorise into appropriate size buckets.

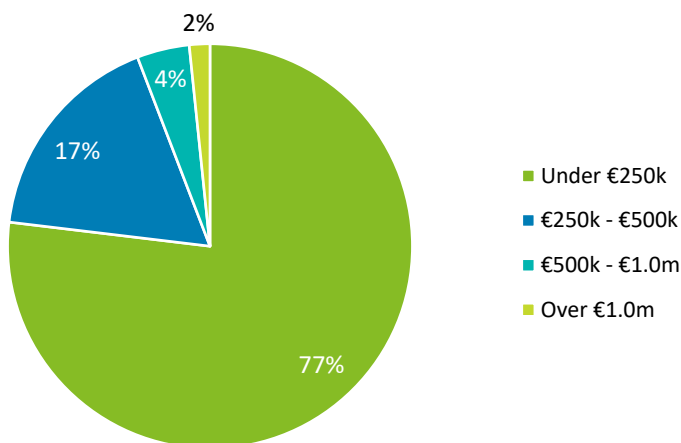
The majority of houses sold were smaller than 200 sqm, and mostly related to terraced developments.

Residential activity by type | 2023



Source: DLS, Deloitte analysis

Apartment transactions by price bucket | 2023



Source: DLS, Deloitte analysis

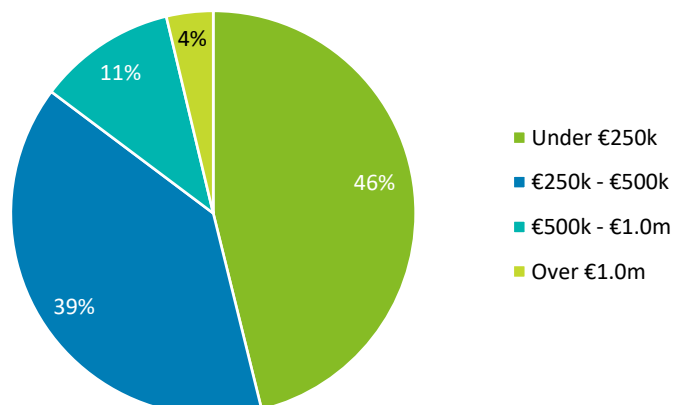
Most apartments sold during 2023 related to properties sold for less than €250k, which also seems to correspond with the most popular apartment sizes, which are either one- or two-bedrooms.

We also noted that whilst transaction volumes for apartments increased from 8.9k in 2022 to 9.5k in 2023, the increase was mostly due to transactions of more expensive properties, with sale values between €250k and €1.0m.

46% of houses sold during 2023 also related to properties sold for less than €250k. However, house sales were significantly more equally distributed between the different price ranges.

We also noted a similar trend to that of apartment sales, where the price bucket mix shifted in favour of more expensive properties in 2023 compared to 2022.

House transactions by price bucket | 2023



Source: DLS, Deloitte analysis

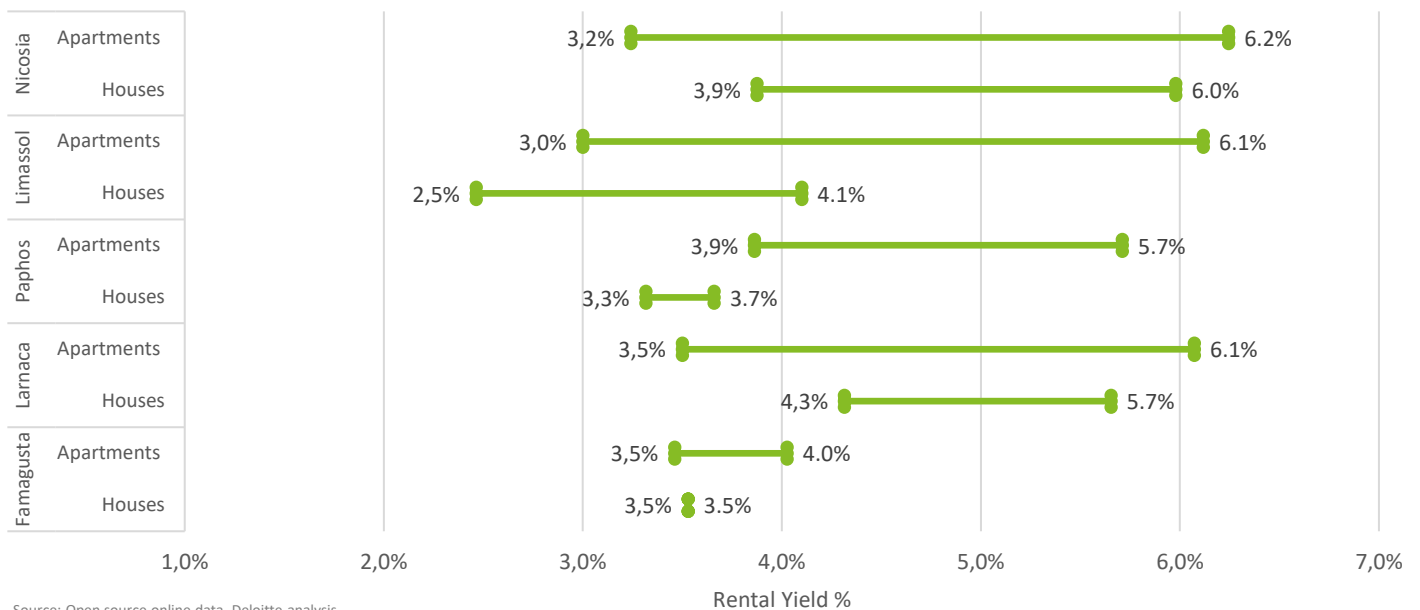
Deloitte performed an analysis on rental yields, by collecting information on rental and sale asking prices, for properties across Cyprus.

many other factors also come into play, such as construction year, specifications (e.g. high rise luxury), locale (e.g. seafront), and ease of finding tenants.

We are presenting the results of our research below, showing some indicative rental yield returns by district, and type of residential property. These values represent the blended rental yield rates, after numerous aggregations, such as area, size etc. However, these are not always reflective of the expected yield return, as

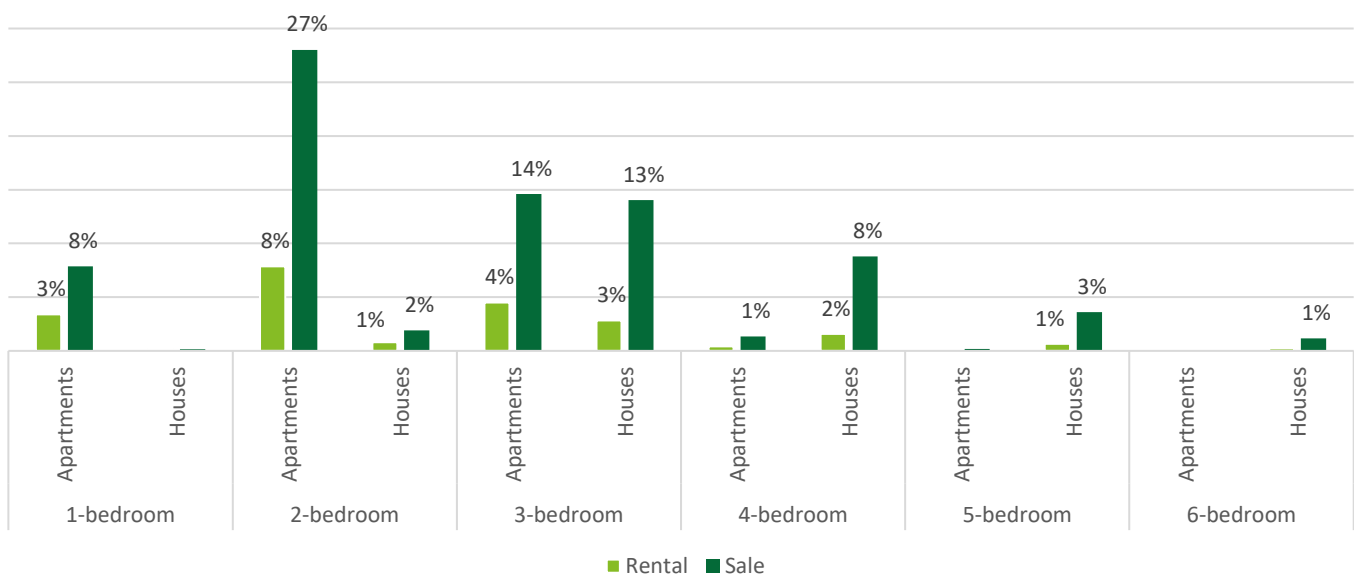
Our initial observation is that Limassol apartments have the highest yield disparity compared to all other options, whereby yields can vary from 3.0% to 6.1%. We understand that this is due to the higher availability of luxury apartments for sale, compared to those available for rent.

Indicative rental yield by district | Dec'23



Source: Open source online data, Deloitte analysis

Indicative availability of properties by size and type | Dec'23



Source: Open source online data, Deloitte analysis

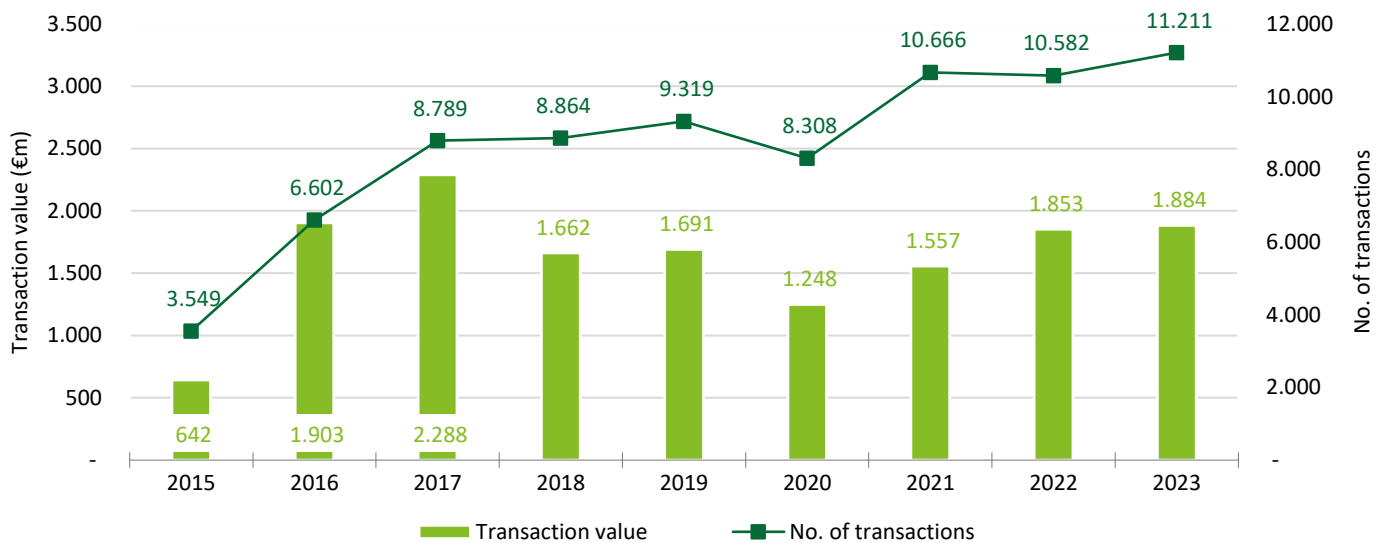
The indicative analysis shows the profile of properties available for either sale, or rent, as at December 2023. All values together aggregate to 100%, and represent the total available residential properties.

We have purposely masked the actual values, as the absolute values fluctuate daily. As at December 2023, the ratio between total properties available for sale, and available for rent was more than 3:1.

Vacant land market

Activity for vacant land transactions during 2023 was broadly consistent with 2022 in terms of value, but the number of transactions was higher in 2023 (11.2k vs. 10.6k). The average transaction value for 2023 was €168k, which was slightly lower than the €175k of 2022, but distant from the peak €288k of 2016.

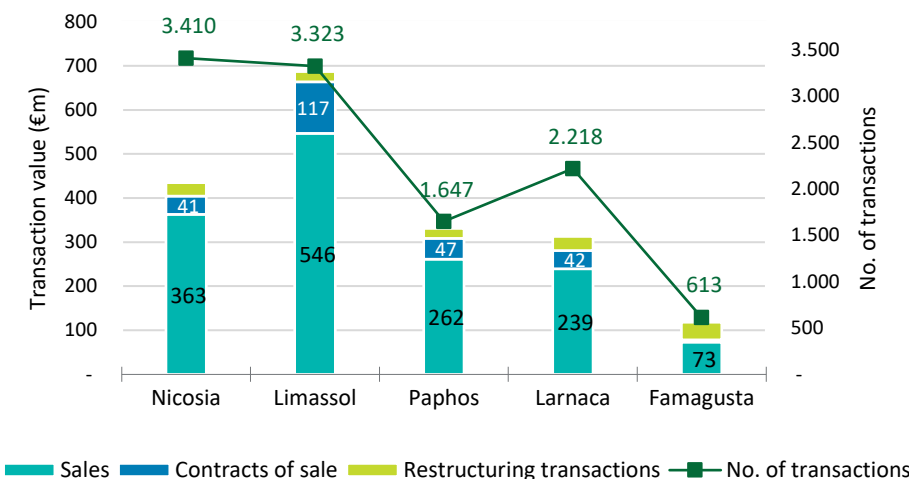
Overall vacant land activity



Source: DLS, Deloitte analysis

Limassol accounted for 36% of vacant land transactions by value, recording a total of €687m in sales, across a total of 3.3k transactions. Nicosia's vacant land market was the second highest by value, with €435m in total transactions value, across 3.4k transactions.

Vacant land activity by city | 2023



Source: DLS, Deloitte analysis

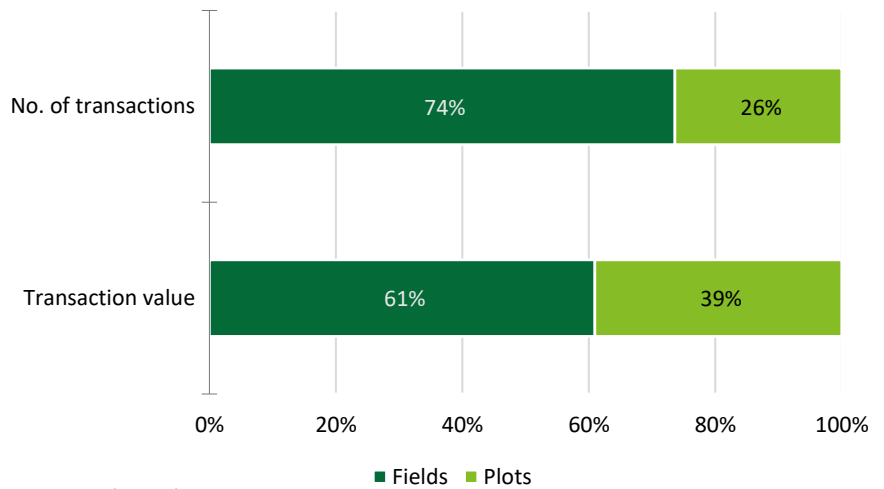
Contracts of sale related to plot carveouts from fields, and issuance of title deeds for the newly formed land assets. These accounted for 13% of the total vacant land market during 2023.

Overall, there were a total of 871 restructuring transactions; the highest across all other property types. These accounted for 8% of total value and volume of land transactions, an improvement compared to 2022, where restructuring transactions accounted for 16% of total value, and 10% of volume.

Fields accounted for 61% of the total vacant land market value during 2023, and 74% of total transactions.

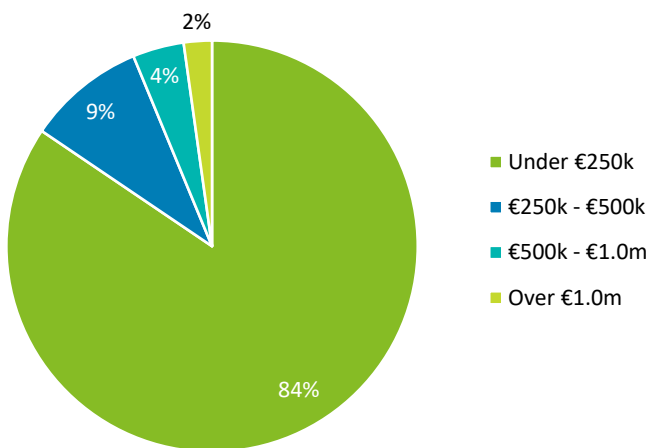
The ratio between fields and plots, both in terms of value and volume, during 2023 was consistent with 2022 and 2021.

Vacant land activity by type | 2023



Source: DLS, Deloitte analysis

Vacant land transactions by price bucket | 2023



Source: DLS, Deloitte analysis

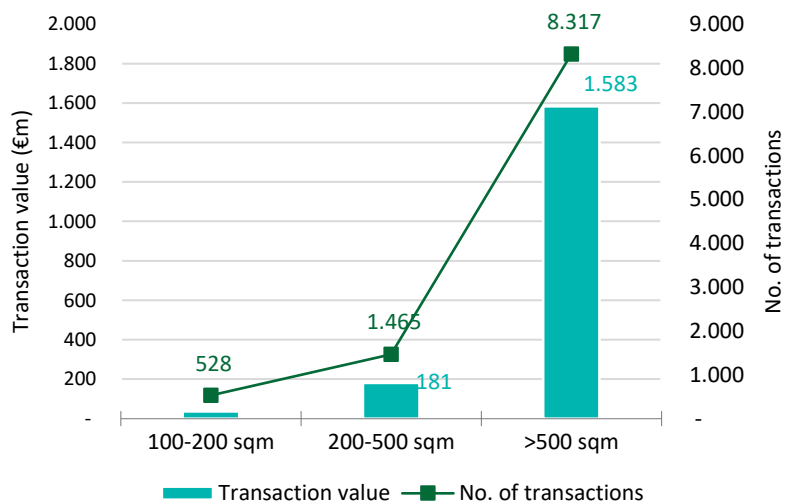
Most land sold during 2023 related to plots and fields sold for less than €250k. Most transactions with value exceeding €500k either related to large plots of land, or smaller plots in highly expensive areas, such as seafronts.

Whilst the transaction volumes profile remained broadly stable between 2021 and 2023, there were progressively more transactions within the €500k - €1.0m, at the expense of €250k - €500k.

The overwhelming majority of land transactions related to properties in excess of 500 sqm in area.

The average price per property in this size bucket was €190k, which was similar to the €196k average in 2022.

Vacant land activity by size of land parcel | 2023

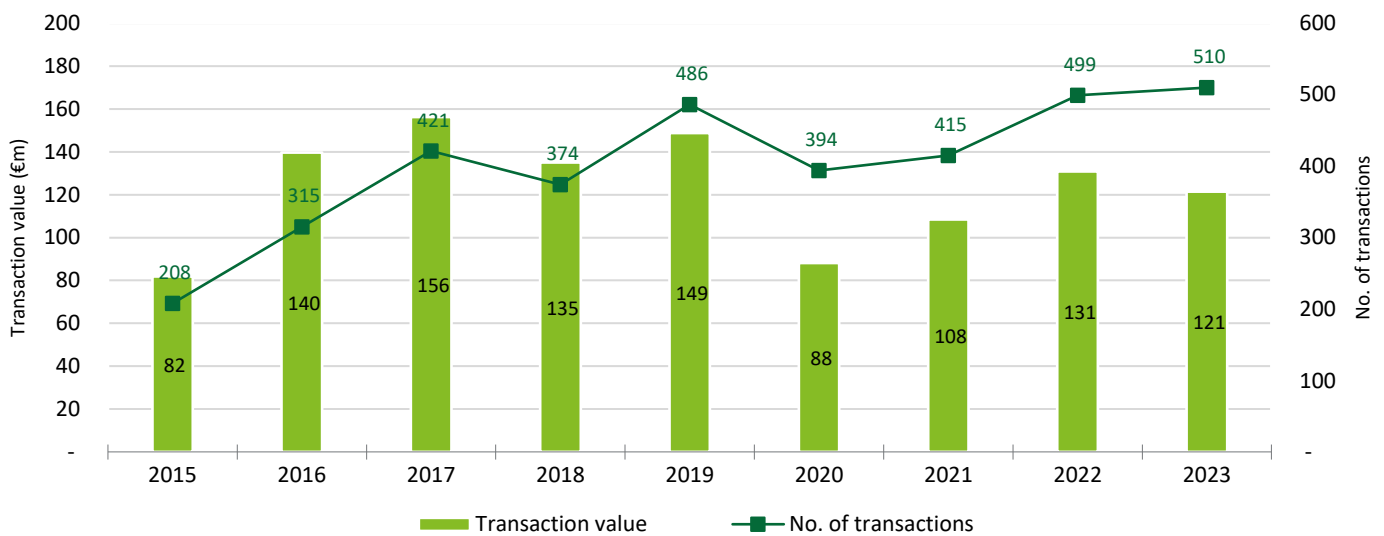


Source: DLS, Deloitte analysis

Commercial market

The commercial market during 2023 was lower in terms of transactions value (€121m), but higher in terms of volume (510 transactions), compared to 2022. The average transaction value for 2023 was €238k, which was lower than the €262k in 2022, primarily driven by fewer transactions on New build properties in Limassol.

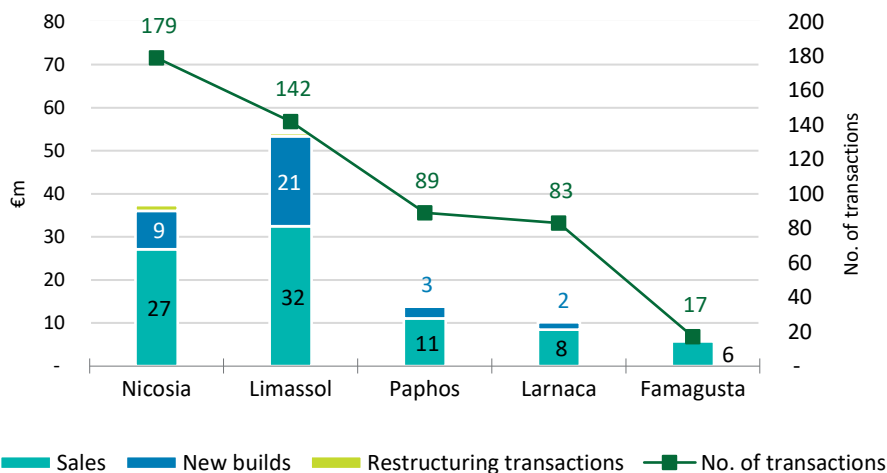
Overall commercial activity



Source: DLS, Deloitte analysis

Limassol led the commercial space, accounting for 45% of total commercial market by value, recording a total of €54m in sales, across 142 transactions. Nicosia had the second most active commercial market, recording a total of €37m in value, across 179 transactions.

Commercial activity by district | 2023



Source: DLS, Deloitte analysis

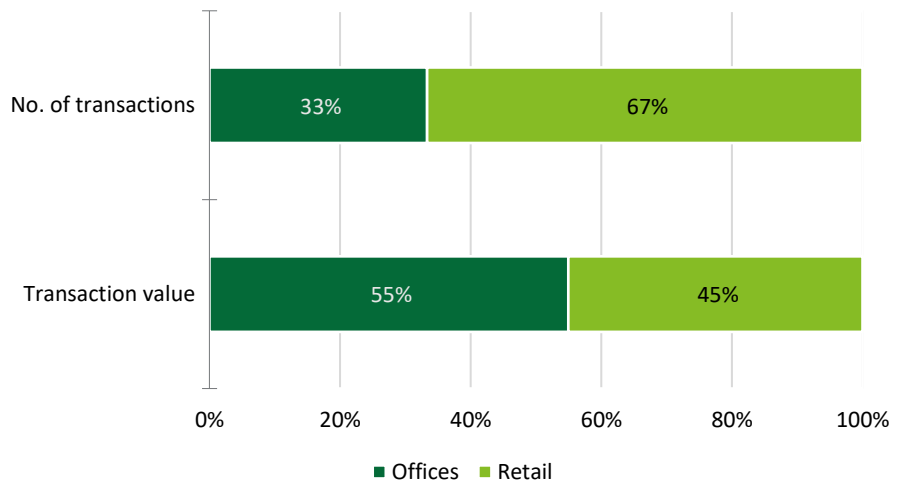
New build properties, for which title deeds have not yet been issued, accounted for 28% of total transaction value within the commercial space. 61% of newly built offices were located in Limassol, followed by 26% in Nicosia. There was negligible new build commercial activity within the remaining districts.

There is a considerable difference between the average transaction value of a newly built commercial property and that of older ones. The average transaction value in Limassol and Nicosia were €277k and €174k for existing properties, and €1,352k and €633k respectively, for new builds.

Office space accounted for 55% of total commercial space value during 2023, and 33% of transactions. The ratio between Offices and Retail space, both in terms of value and volume, is consistent with 2022 and 2021. Most office sales by value related to 200-500 sqm properties, whilst 100-200 sqm trailed as a close second. However, most transactions by volume related to properties between 50 and 100 sqm.

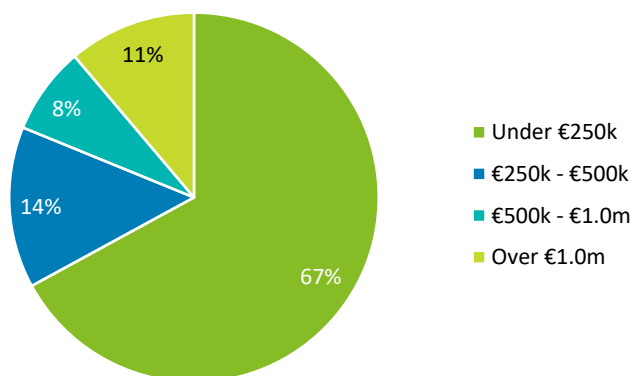
The retail space sales profile was the opposite to that of office space, as most retail sales by value related to small shops below 100 sqm.

Commercial activity by type | 2023



Source: DLS, Deloitte analysis

Office transactions by price bucket | 2023



Source: DLS, Deloitte analysis

Most offices sold during 2023 related to properties sold for less than €250k. Even though the highest concentration by value related to larger office space, most transactions occurred for properties between 50 and 100 sqm.

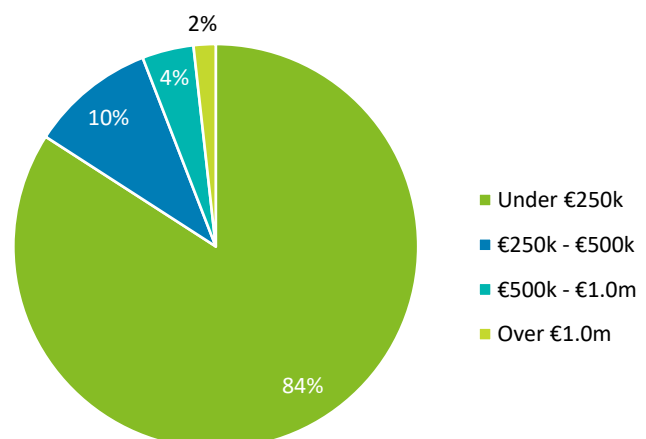
We also noted that the transactions profile remained very similar between 2023 and 2022, whereby the number of transactions, by price bucket, did not change by more than 1%.

Most retail space sold during 2023 also related to properties sold for less than €250k, albeit at a significantly higher concentration than office space.

We also noted that the transactions profile by price bucket remained very similar between 2023 and 2022.

The few transactions within Retail space that exceeded €250k in transaction value mostly related to larger stores, in prime locations in Limassol.

Retail transactions by price bucket | 2023



Source: DLS, Deloitte analysis

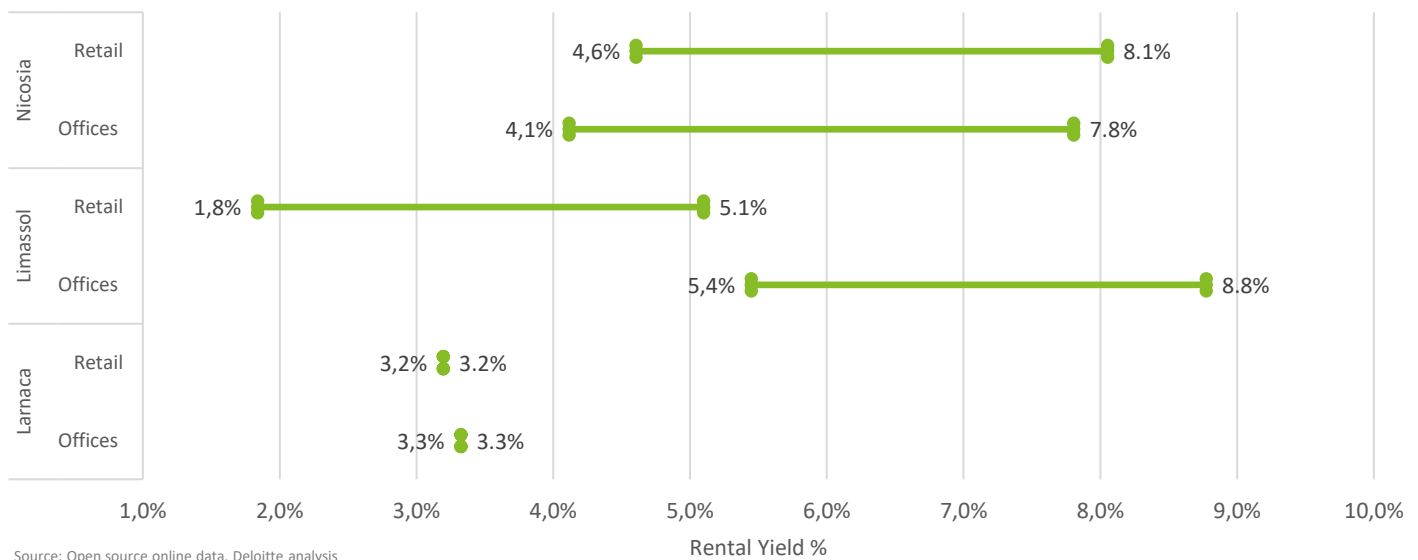
Deloitte performed an analysis on rental yields, by collecting information on rental and sale asking prices, for properties across Cyprus.

We are presenting the results of our research below, showing some indicative rental yield returns by district, and type of commercial property. These values present the blended rental yield rates, after numerous aggregations, such as area, size etc. However, these are not always reflective of the expected yield return, as

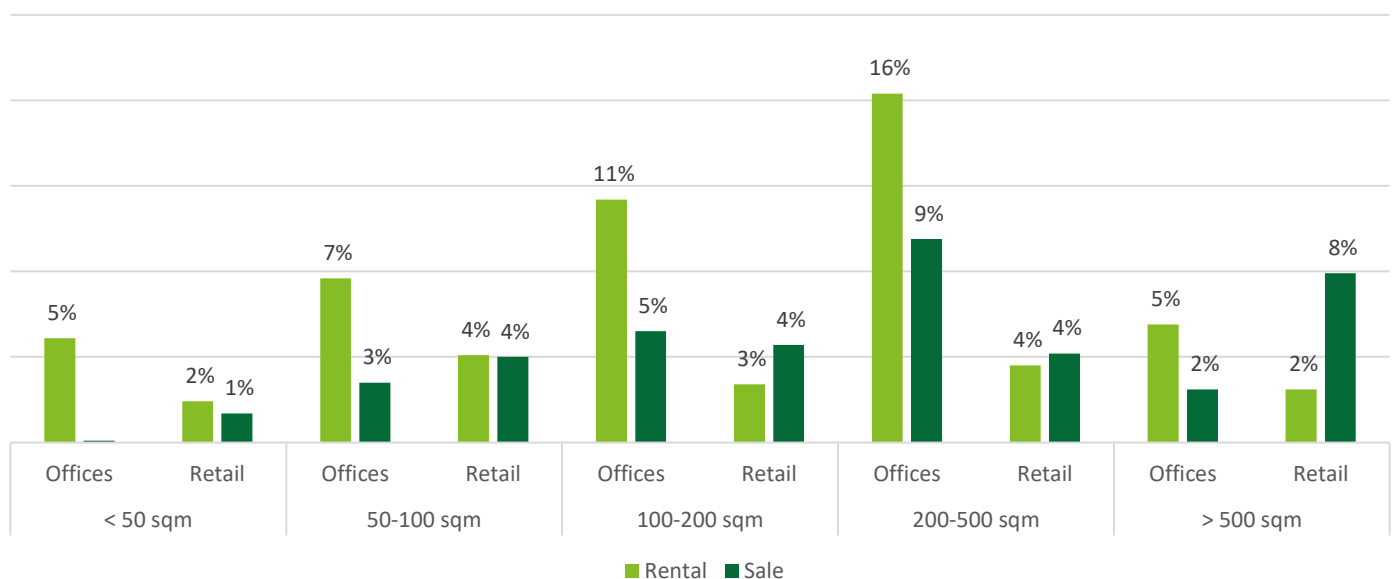
many other factors also come into play, such as construction year, specifications (e.g., high rise), locale (e.g., business district), and ease of finding tenants.

Our initial observation is that office space can potentially yield greater returns than residential assets, as indicated by Limassol's maximum yields of 8.8%. However, commercial space also has greater disparity between indicative minimums and maximums. **It is important to note that the indicative yields below are based on materially fewer data points, compared to residential.**

Indicative rental yield by district | Dec'23



Indicative availability of properties by size and type | Dec'23



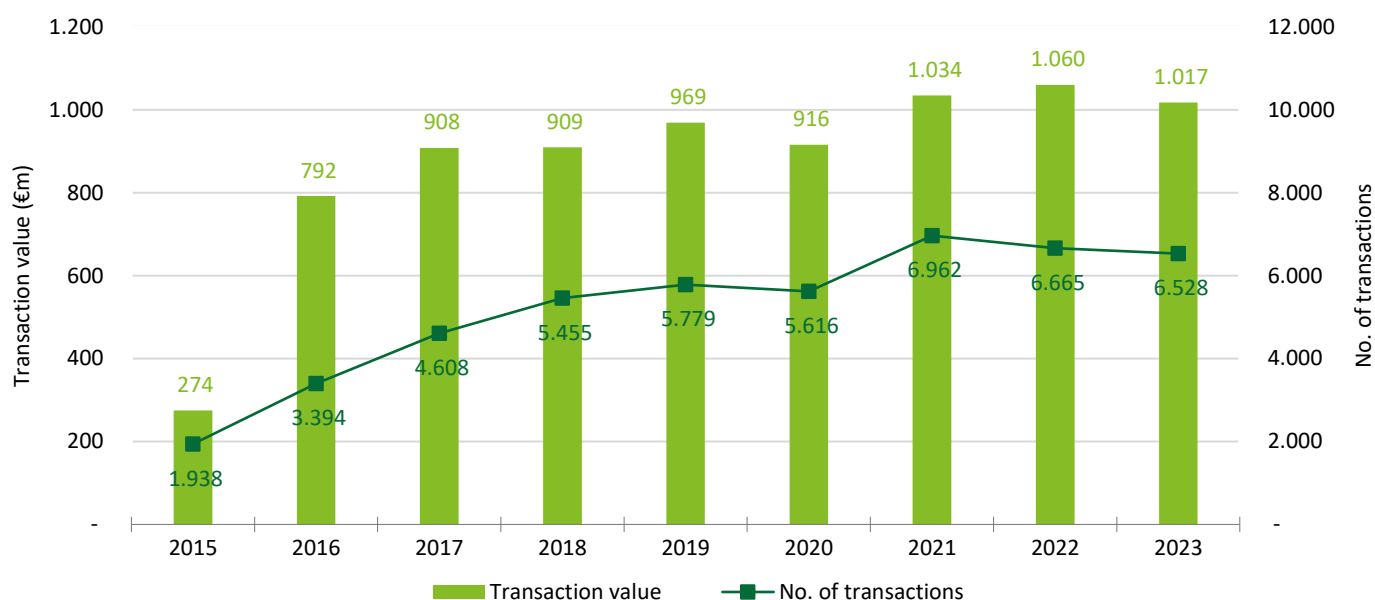
We have provided an indicative analysis with regards to the profile of properties that are available for sale and for rent, as of December 2023. All values together aggregate to 100% and represent the total available commercial properties. We have purposely masked the actual values,

as the absolute values fluctuate daily. As of December 2023, the ratio between total properties available for sale, and available for rent was 40:60. This is different to the residential market, where properties available for sale far outnumber properties available for rent.

Real estate market by district: Nicosia

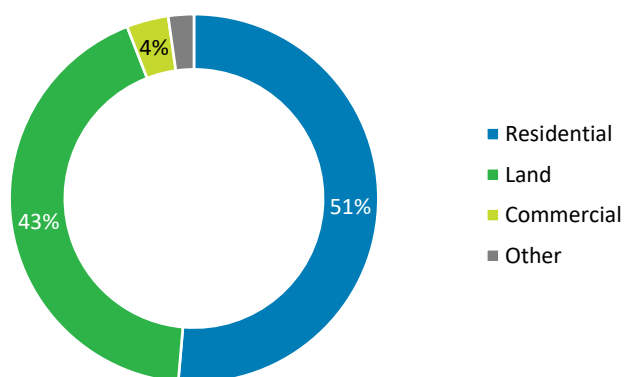
Nicosia’s real estate market activity marginally decreased during 2023, by both value (4%) and volume of transactions (2%), compared to 2022. However, Nicosia’s market has historically been the most resilient compared to all other cities, as it is primarily driven by domestic capital, invested towards residential properties.

Nicosia real estate market activity



Source: DLS, Deloitte analysis

Transaction value by property type | Nicosia 2023



Source: DLS, Deloitte analysis

Nicosia’s real estate market activity during 2023 comprised of 51% (€522m) in residential properties, and 43% (€435m) in vacant land transactions.

The average transaction value of residential properties during 2023 was €184k, which is consistent with the 2022 value of €183k. However, 2022 and 2023 were both higher than the 2021 average transaction price of €170k.

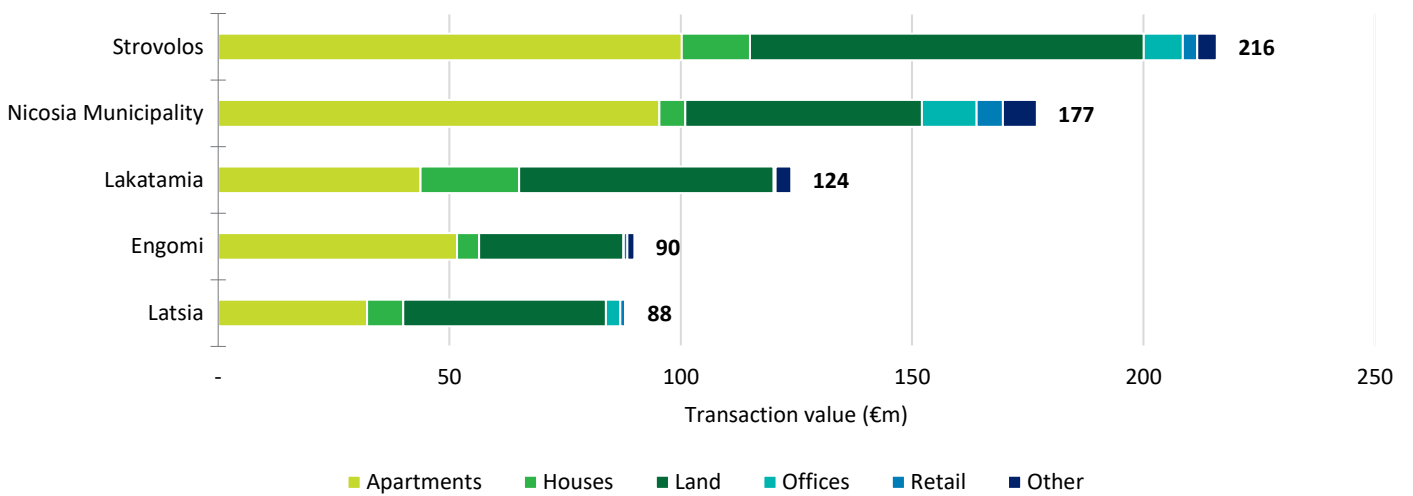
The average transaction value of vacant land properties during 2023 was €127k, which is consistent with both 2022 and 2021.

The market activity by value of the top five areas of Nicosia accounted for 68% of the district’s total real estate market.

Engomi was historically the most expensive area of Nicosia. Engomi’s average transaction value during 2023 was €225k, significantly lower than the average value of €262k during 2022.

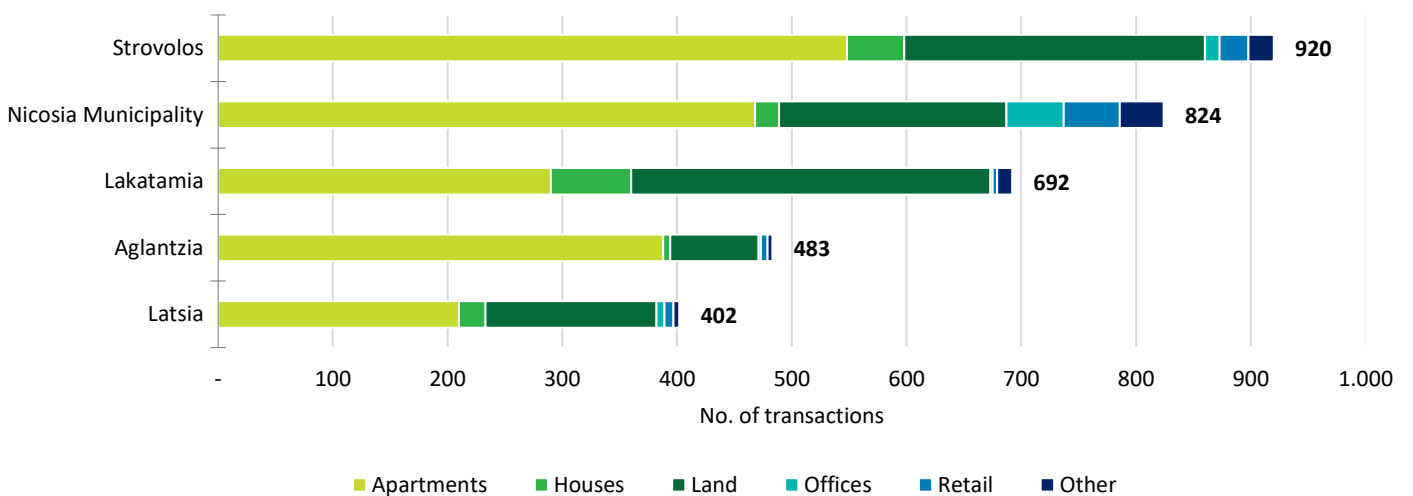
Activity in Strovolos was the highest by value (€216m) and volume of transactions (920) during 2023, whereby both metrics were marginally lower compared to 2022 (€230m, 942 transactions). Strovolos’s average transaction value during 2023 was €235k, which is lower compared to €245k in 2022.

Areas with highest transactional values by property type | Nicosia 2023



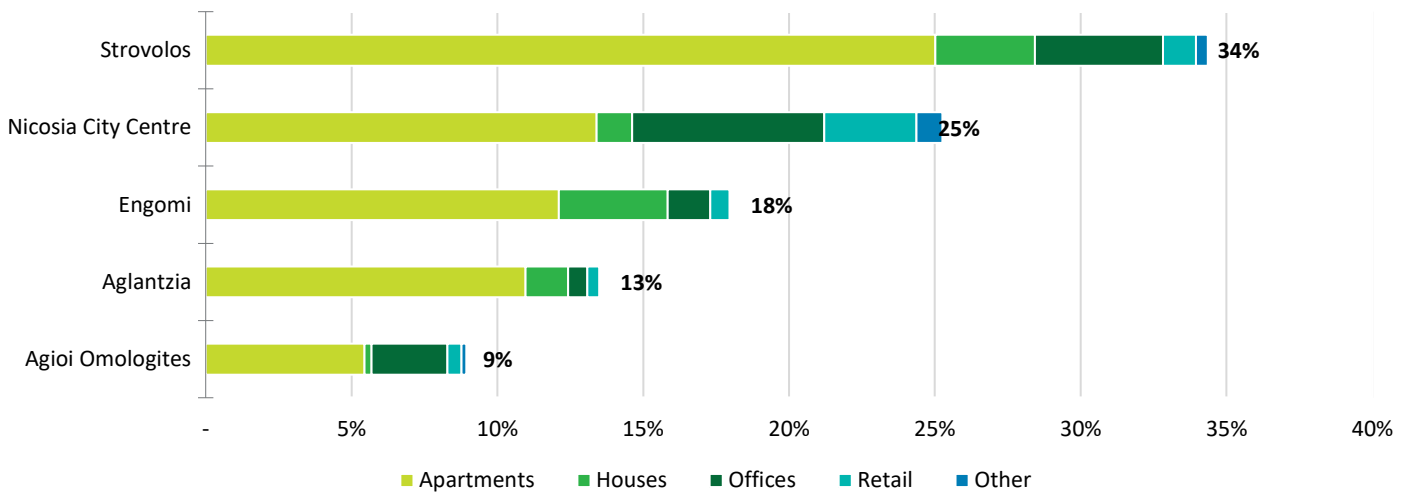
Source: DLS, Deloitte analysis

Areas with most transactions by property type | Nicosia 2023

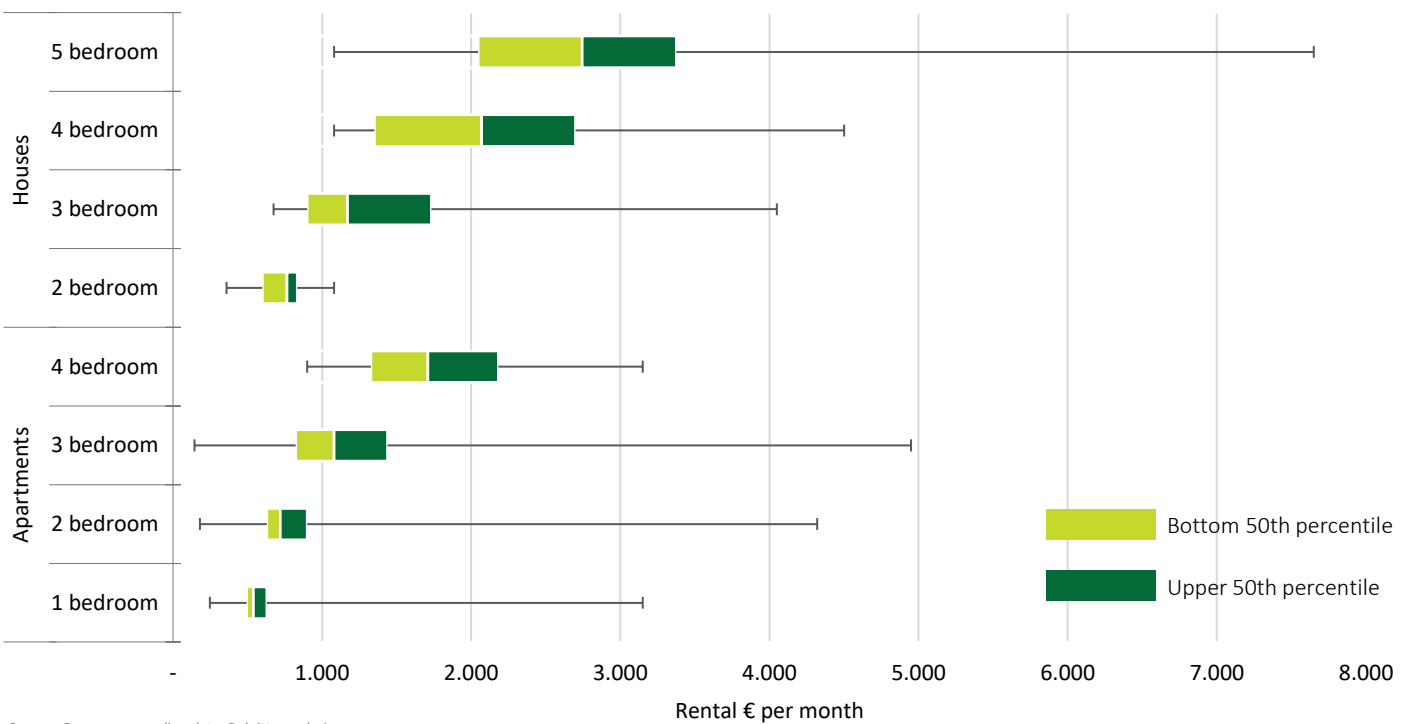


Source: DLS, Deloitte analysis

Areas with most listings for rent by property type | Nicosia Dec'23



Monthly rental asking prices for residential properties | Nicosia Dec'23



We have provided an indicative analysis of what type of properties, and in what ratios, were available in Nicosia’s most actively traded areas, as of December 2023. We have purposely masked the actual number of properties, as listings fluctuate daily.

As of December 2023, Strovolos accounted for 34% of the total properties available for rent in Nicosia’s most actively traded areas. Around 75% of these related to residential apartments. Nicosia City Centre had the second highest number of available properties, albeit these were more evenly distributed between residential apartments (53%) and offices/ retail (42%).

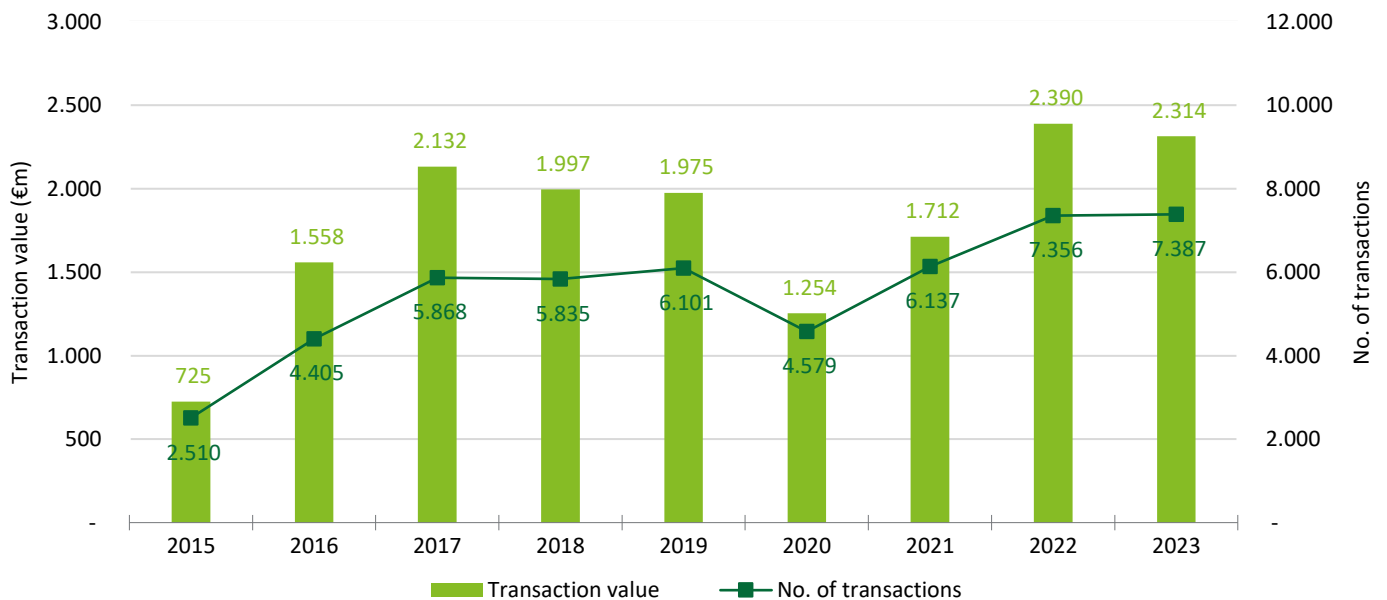
Furthermore, apartment properties in Nicosia are fairly consistent in terms of rental prices, across all apartment sizes. This is indicated by the relative proximity between the bottom and the top 50th percentiles of the rental prices.

Houses available for rent exhibited a more varied rental price profile, as indicated by the higher variance between the bottom and the top 50th percentiles of the population.

Real estate market by district: Limassol

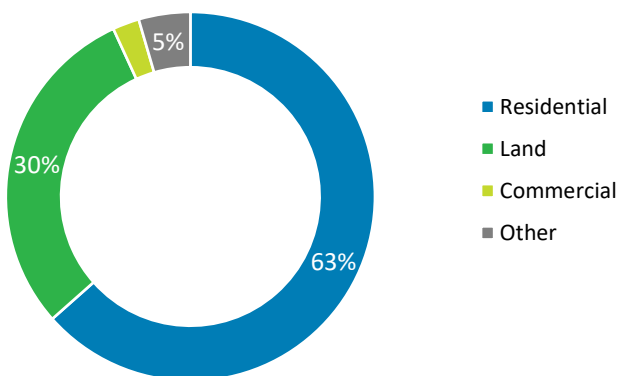
Limassol’s real estate market activity marginally decreased during 2023 by value (3%), whilst the volume of transactions marginally increased by less than 1% , compared to 2022. Limassol’s real estate market is dominated by transactions in the residential space, whilst the district accounts for 41% of Cyprus’s total transactions value.

Limassol real estate market activity



Source: DLS, Deloitte analysis

Transaction value by property type | Limassol 2023



Source: DLS, Deloitte analysis

Limassol’s real estate market activity during 2023 comprised of 63% (€1.5bn) in residential properties, and 30% (€687m) in vacant land transactions.

The average transaction value of residential properties during 2023 was €395k, which is equal to the 2022 value. However, 2022 and 2023 were both higher than the 2021 average transaction price of €333k.

The average transaction value of vacant land properties during 2023 was €207k, which is equal to 2022, but higher than the 2021 average transaction value of €181k.

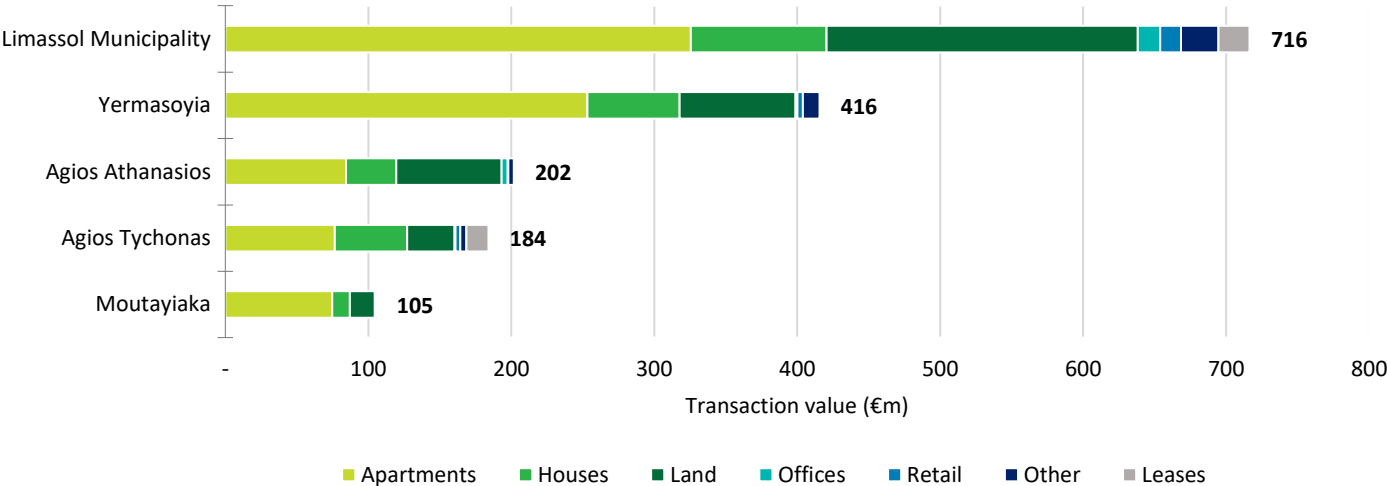
The market activity by value of the top five areas of Limassol accounted for 70% of the district’s total real estate market.

Agios Tychonas remains the most expensive area of Limassol, where the average transaction value in 2023 was €658k, from €651k in 2022.

Limassol Municipality (“LiM”) had the biggest market both by value (€716m) and volume (1,792 transactions) in 2023. However, both metrics are marginally lower compared to 2022 (€752m, 1,841 transactions). LiM average transaction value in 2023 was €409k, which is the same as that of 2022.

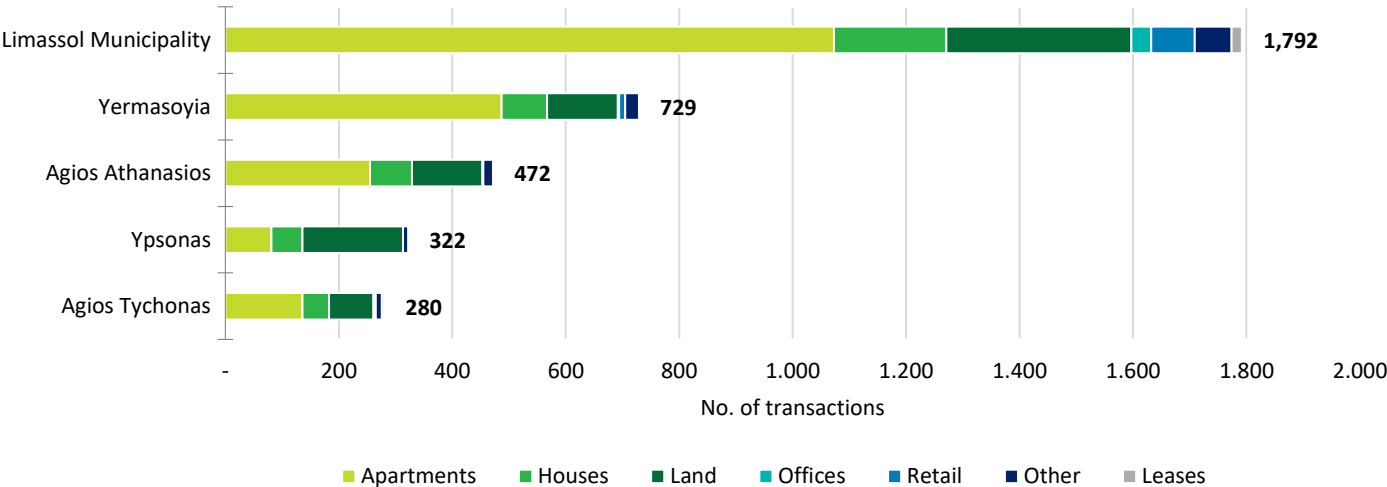
The second most expensive area is Yermasoyia, whose average transaction value was €570k in 2023, c.15% cheaper than Agios Tychonas. We also note that Limassol’s most expensive area was almost three times more expensive than Nicosia’s.

Areas with highest transactional values by property type | Limassol 2023



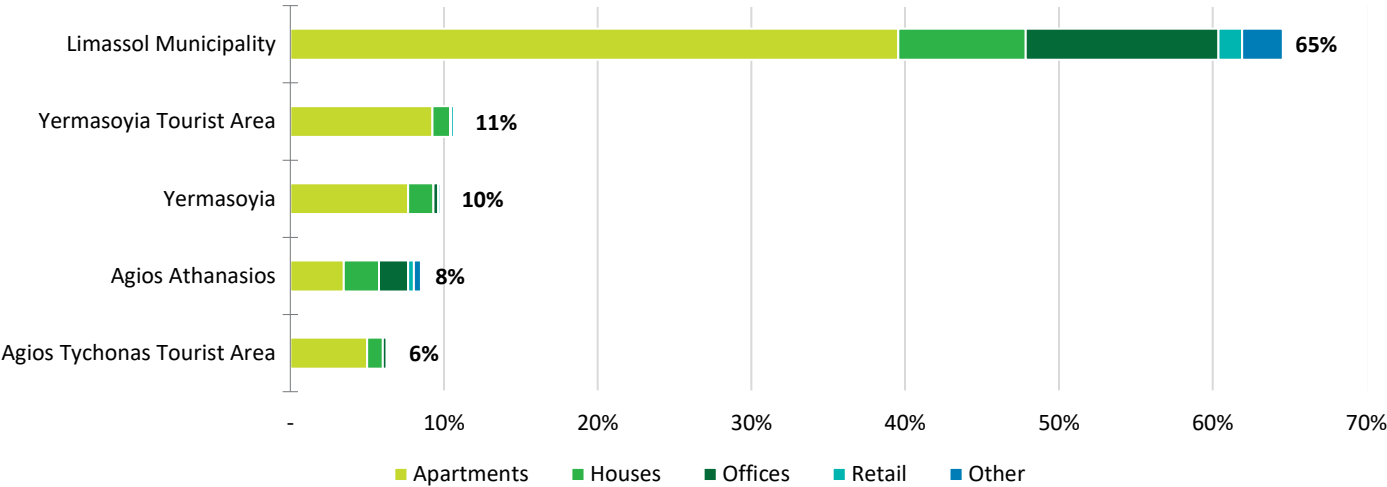
Source: DLS, Deloitte analysis

Areas with most transactions by property type | Limassol 2023



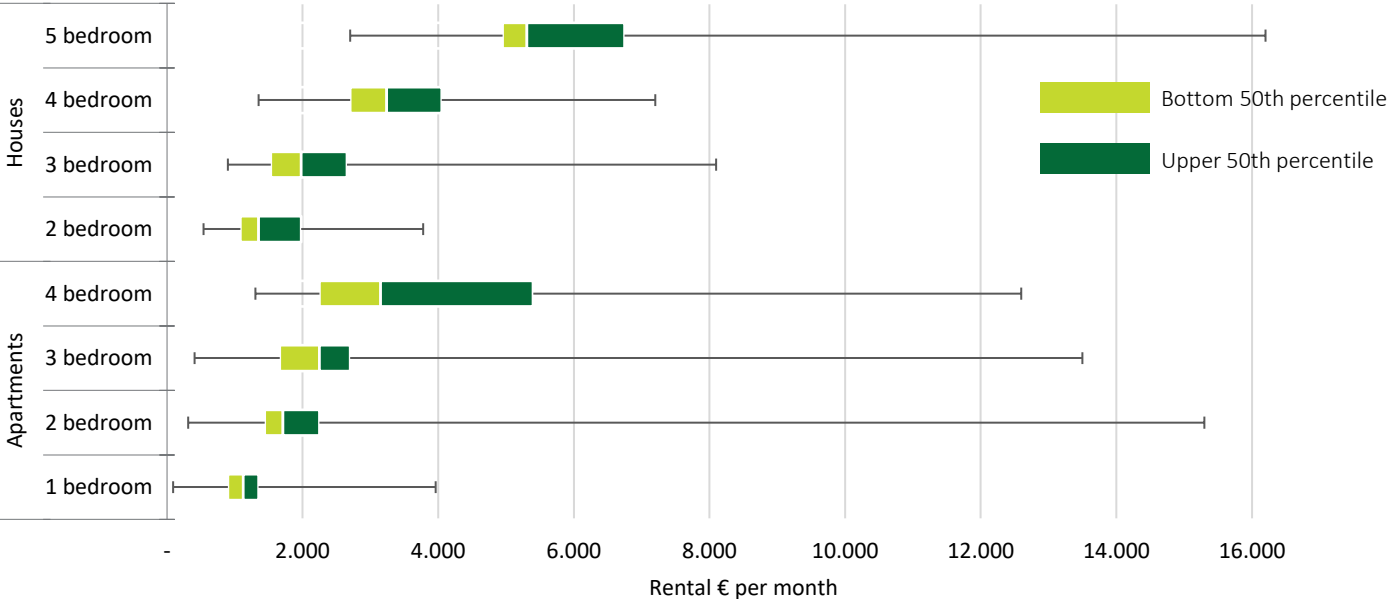
Source: DLS, Deloitte analysis

Areas with most listings for rent by property type | Limassol Dec'23



Source: Open source online data, Deloitte analysis

Monthly rental asking prices for residential properties | Limassol Dec'23



Source: Open source online data, Deloitte analysis

We have provided an indicative analysis of what type of properties, and in what ratios, were available in Limassol’s most actively traded areas, as of December 2023. We have purposely masked the actual number of properties, as listings fluctuate daily.

As of December 2023, LiM accounted for 65% of the total properties available for rent in Limassol’s most actively traded areas. Around 60% of these related to residential apartments and 22% to commercial (offices and retail). Yermasoyia (including its tourist area) had the second highest number of available properties, whilst the concentration of residential apartments was 82%.

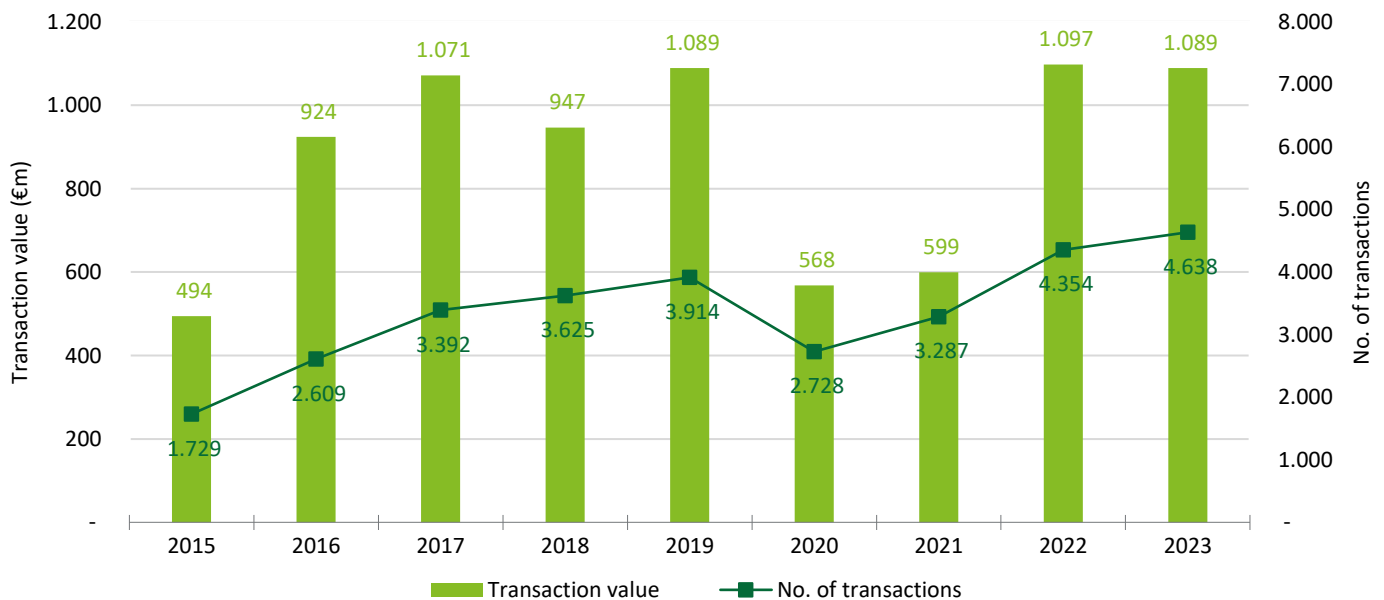
Furthermore, we noted that apartment properties in Limassol were fairly consistent in terms of rental prices, across all apartment sizes, except for those over 4 bedrooms. This is indicated by the relative proximity between the bottom and the top 50th percentiles of the rental prices.

Houses available for rent revealed a more varied rental price profile, as indicated by the higher variance between the bottom and the top 50th percentiles of asking prices.

Real estate market by district: Paphos

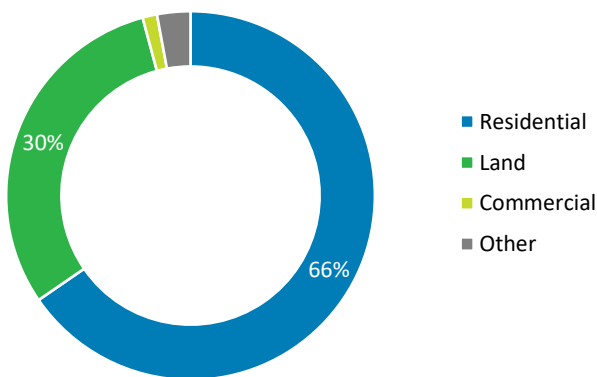
Paphos’s real estate market activity during 2023 remained consistent in terms of value (€1.1bn), even though the volume of transactions increased by 6% compared to 2022. Paphos’s market consistently reached c.€1.0bn every year since 2016, except for during the years of the pandemic, as most investment relates to foreign capital.

Paphos real estate market activity



Source: DLS, Deloitte analysis

Transaction value by property type | Paphos 2023



Source: DLS, Deloitte analysis

Paphos’s real estate market activity during 2023 comprised of 66% (€712m) in residential properties, and 30% (€331m) in vacant land transactions.

The average transaction value of residential properties during 2023 was €256k, slightly higher than the 2022 value of €249k. It is important to note that average transaction prices in 2022 and 2023 were materially higher compared to the 197k in 2021.

The average transaction value of vacant land properties in 2023 was €201k, which is lower than 2022 (€235k), yet higher than 2021 (€153k).

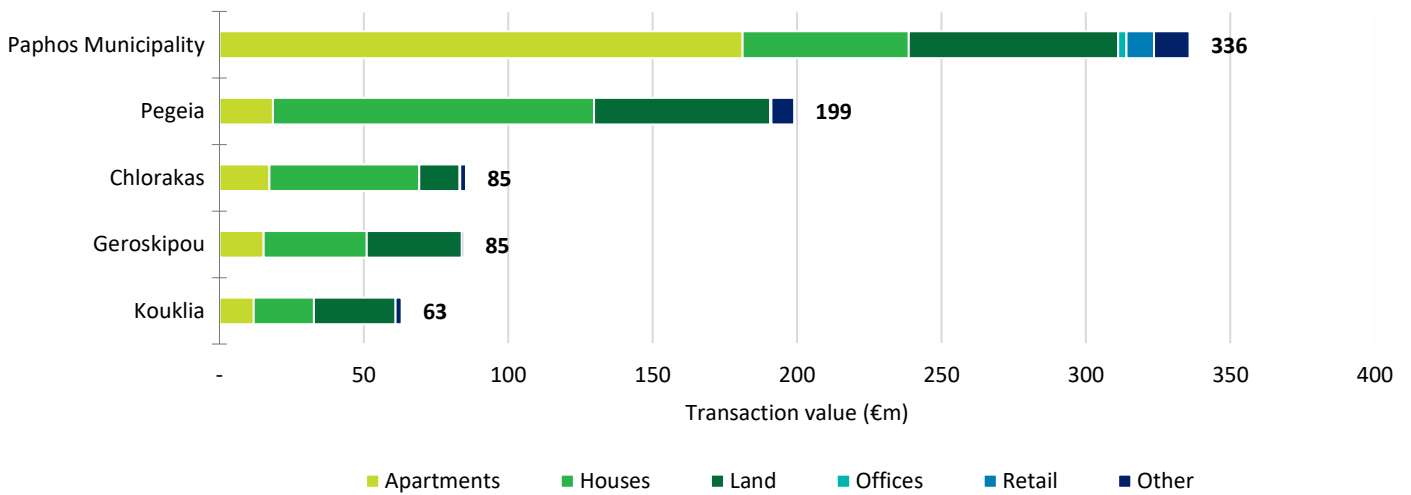
The market activity by value of the top five areas accounted for 71% of Paphos’s total real estate market.

Activity in the Paphos Municipality (“PaM”) was the highest by value (€336m) and by volume of transactions (1,460) during 2023. The value and volume of transactions during 2022 was significantly lower at €239m, across 1,249 transactions. PaM’s average transaction value in 2023 was €230k, considerably higher than the €191k in 2022.

Pegeia, Chloraka and Geroskipou are all considered to be the most expensive areas of Paphos, mostly due to the fact that their market profile largely includes the sale of luxury villas, whose average transaction value is higher than that of apartments’.

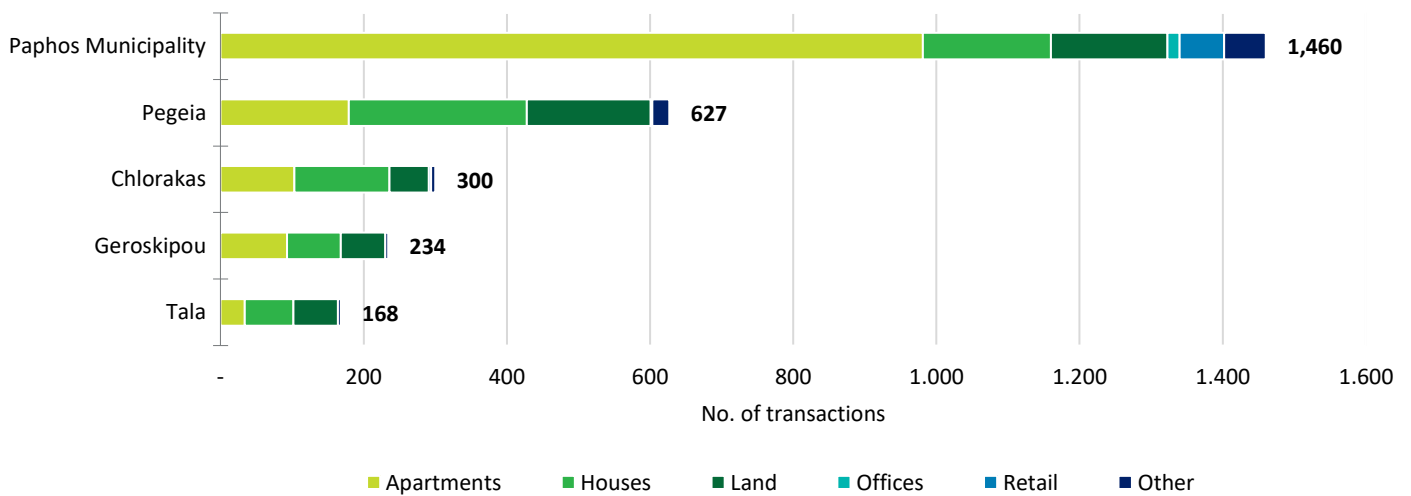
However, all three areas recorded lower total and average transaction sale values during 2023. The most significant decrease related to Pegeia, whose total market value was €270m in 2022, and average transaction value was €420k (vs. €199m and €317k during 2023).

Areas with the highest transactional values by property type | Paphos 2023



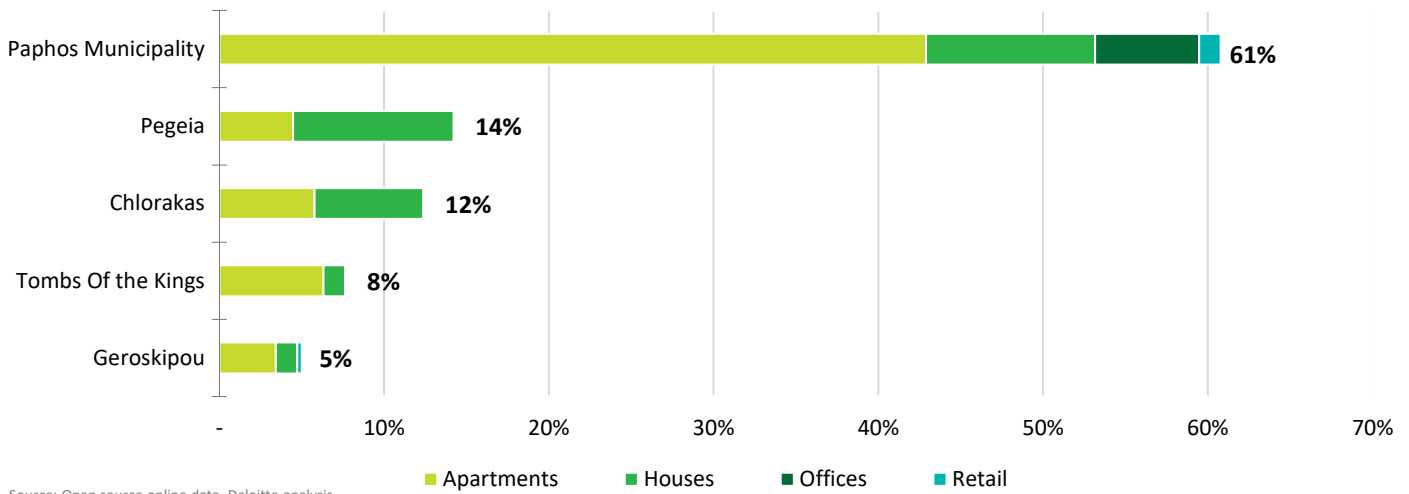
Source: DLS, Deloitte analysis

Areas with most transactions by property type | Paphos 2023

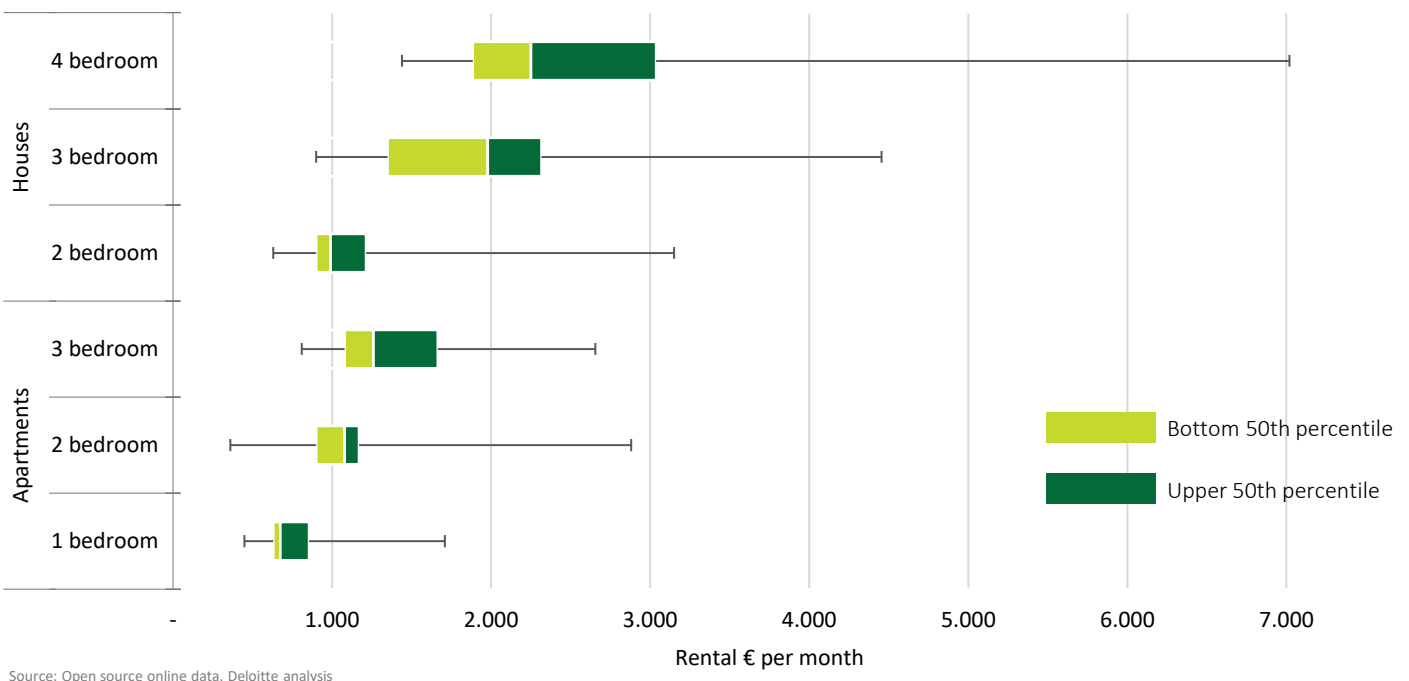


Source: DLS, Deloitte analysis

Areas with most listings for rent by property type | Paphos Dec'23



Monthly rental asking prices for residential properties | Paphos Dec'23



We have provided an indicative analysis of what type of properties, and in what ratios, were available in Paphos’s most actively traded areas, as of December 2023. We have purposely masked the actual number of properties, as listings fluctuate daily.

As of December 2023, PaM accounted for 61% of the total properties available for rent in the district’s most actively traded areas. Around 70% of these related to residential apartments. Furthermore, PaM was the only area in Paphos that also listed non-residential properties. Pegeia had the second highest number of available properties for rent, 68% of which were houses.

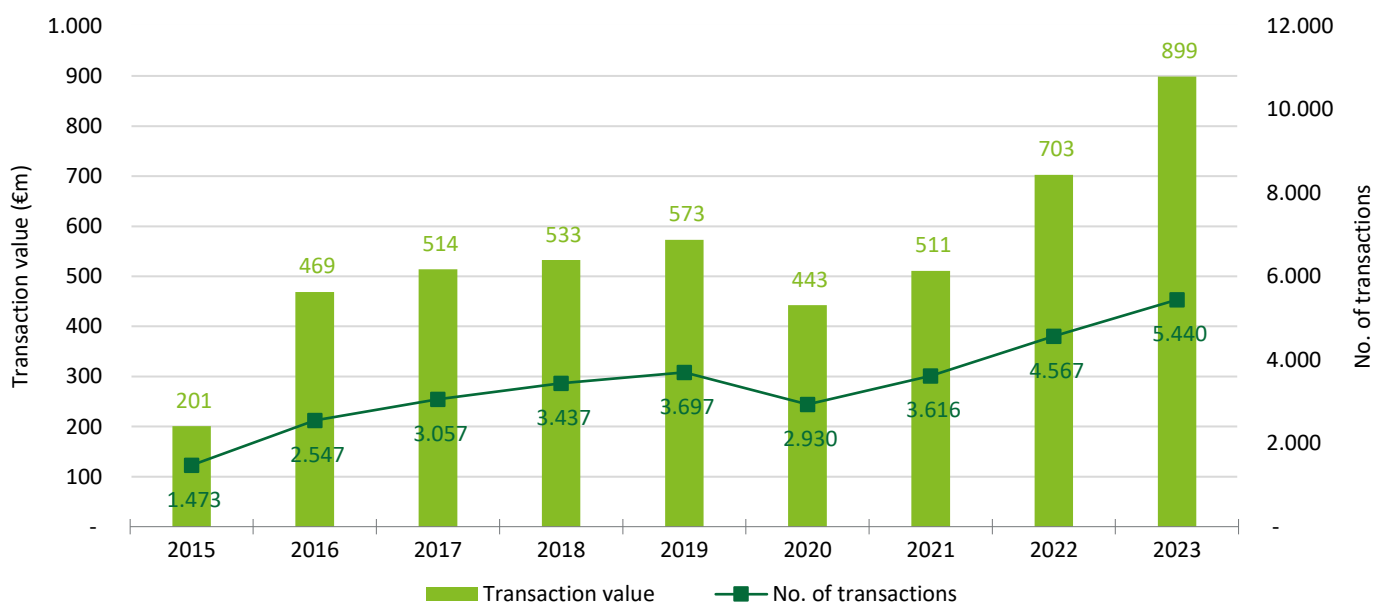
Furthermore, we noted that apartment properties in Paphos are quite consistent in terms of rental prices, across all apartment sizes. This is indicated by the relative proximity between the bottom and the top 50th percentiles of the rental prices.

Houses available for rent exhibited a more varied rental price profile, as indicated by the higher variance between the bottom and the top 50th percentiles of the rental asking prices.

Real estate market by district: Larnaca

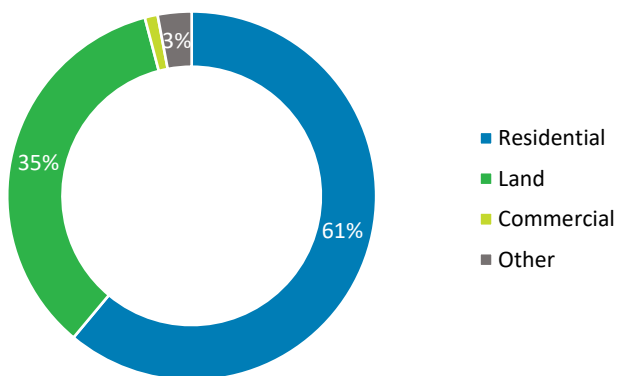
Larnaca’s real estate market activity in 2023 grew by €196m (28%) compared to 2022, reaching €899m. This was driven by both an increase in the volume of transactions, and the average transaction value (€165k in 2023 vs. €154k in 2022). 2023 was the third consecutive year of growth, in a market that has doubled in value since 2020.

Larnaca real estate market activity



Source: DLS, Deloitte analysis

Transaction value by property type | Larnaca 2023



Source: DLS, Deloitte analysis

Larnaca’s real estate market activity during 2023 comprised of 61% (€549m) in residential properties, and 35% (€313m) in vacant land transactions.

The average transaction value of residential properties in 2023 was €180k, which is higher compared to €161k in 2022. Furthermore, 2023 was the second consecutive year of growth on an average transaction basis.

The average transaction value of vacant land properties during 2023 was €141k, which is also higher than both 2022 (€138k), and 2021 (€122k).

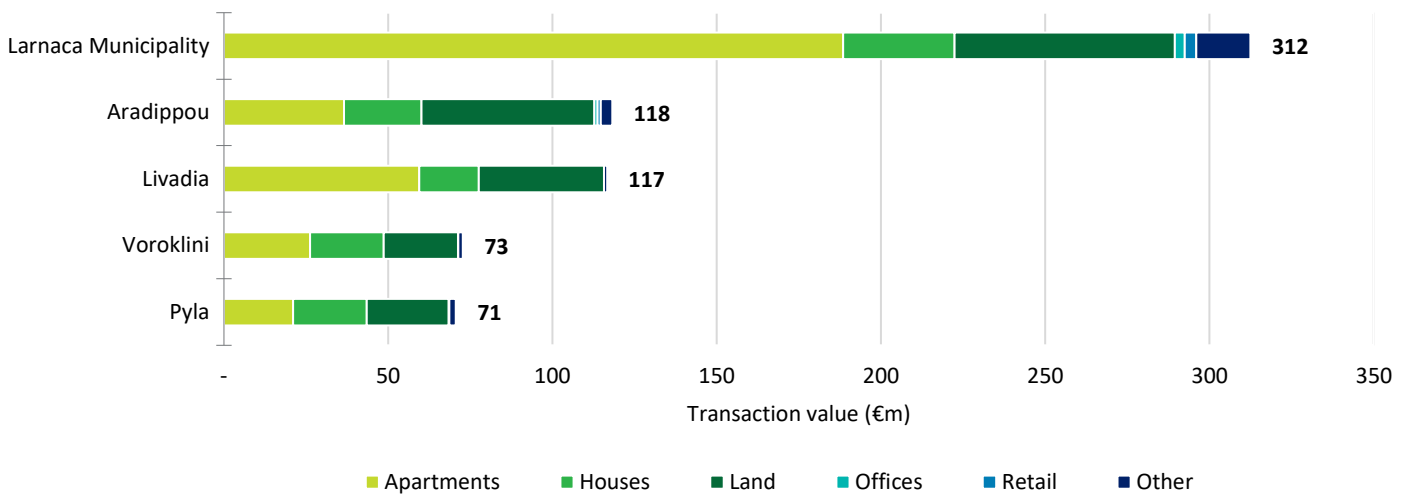
The market activity by value of the top five areas of Larnaca accounted for 77% of the district’s total real estate market.

Aradippou and Livadia, the second and third most popular areas of Larnaca, recorded growth in both value and volume in 2023, compared to 2022.

Activity in Larnaca Municipality (“LaM”) was the highest by value (€312m) and volume of transactions (1,570) in 2023. The value of transactions in 2022 was significantly lower at €269m, whilst volume was broadly consistent at 1,511 transactions. LaM’s average transaction value in 2023 was €199k, which is higher compared to €178k in 2022.

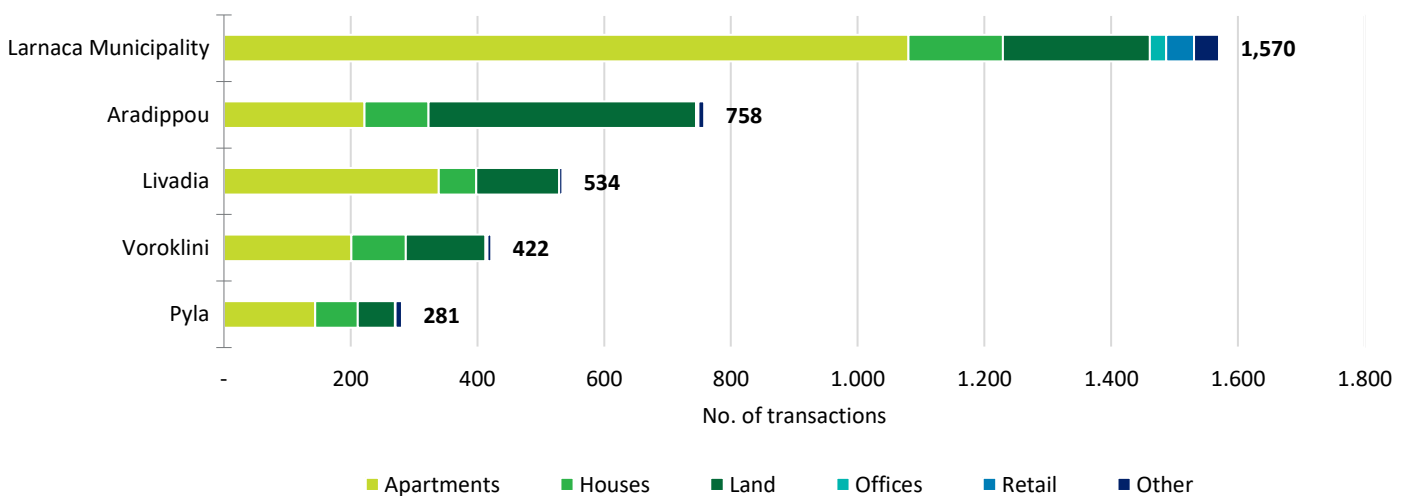
However, the average transaction value for these areas remained broadly the same between 2023 and 2022.

Areas with highest transactional values by property type | Larnaca 2023



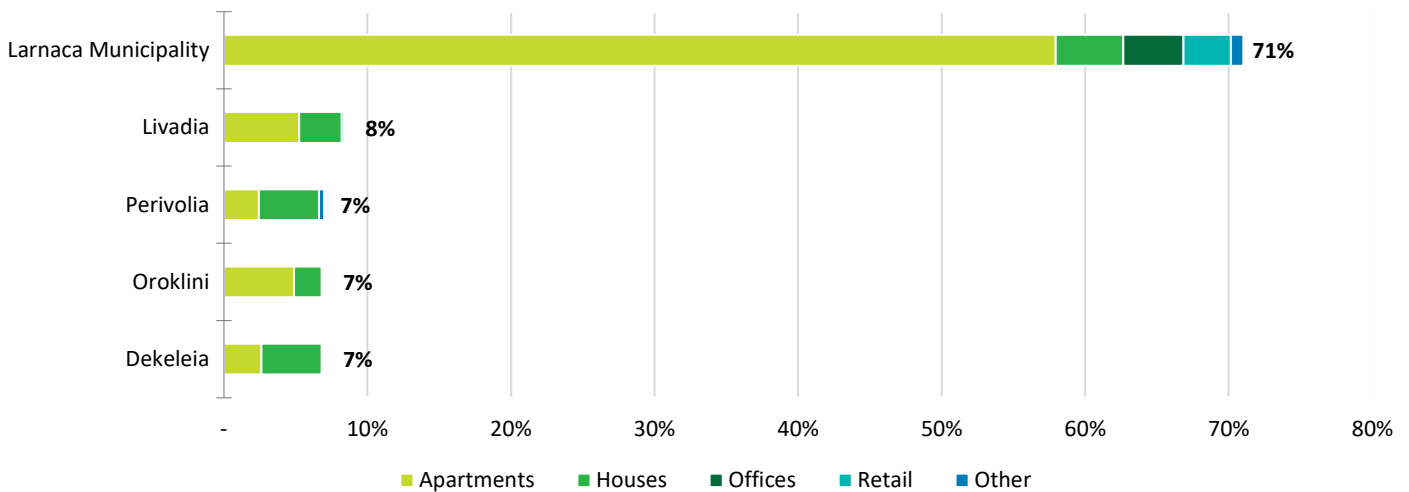
Source: DLS, Deloitte analysis

Areas with most transactions by property type | Larnaca 2023



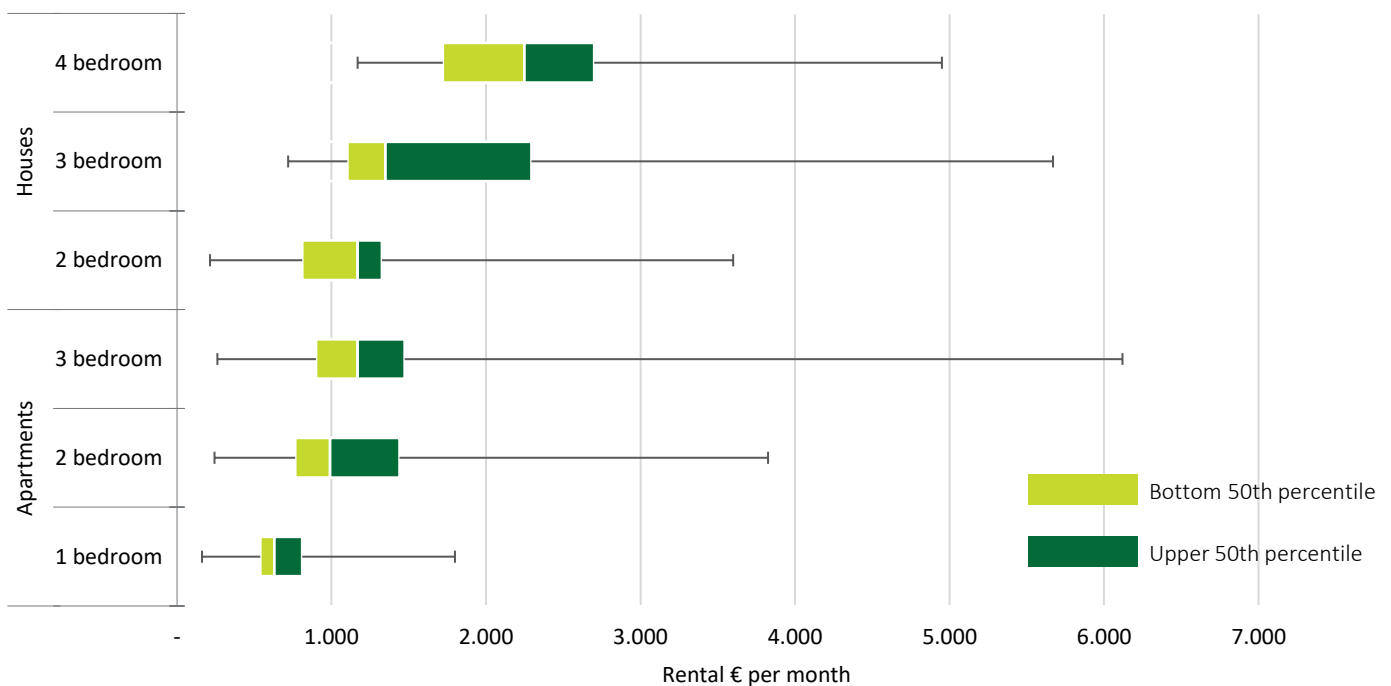
Source: DLS, Deloitte analysis

Areas with most listings for rent by property type | Larnaca Dec'23



Source: Open source online data, Deloitte analysis

Monthly rental asking prices for residential properties | Larnaca Dec'23



Source: Open source online data, Deloitte analysis

We have provided an indicative analysis of what type of properties, and in what ratios, were available in Larnaca’s most actively traded areas, as of December 2023. We have purposely masked the actual number of properties, as listings fluctuate daily.

As of December 2023, LaM accounted for 71% of the total properties available for rent in the district’s most actively traded areas. Around 80% of these related to residential apartments. Furthermore, LaM was the only municipality in Larnaca that also included non-residential properties.

Moreover, apartment properties in Larnaca appear to be fairly consistent in terms of rental prices, across all apartment sizes. However, more 2-bedroom apartments tend to be on the more expensive side.

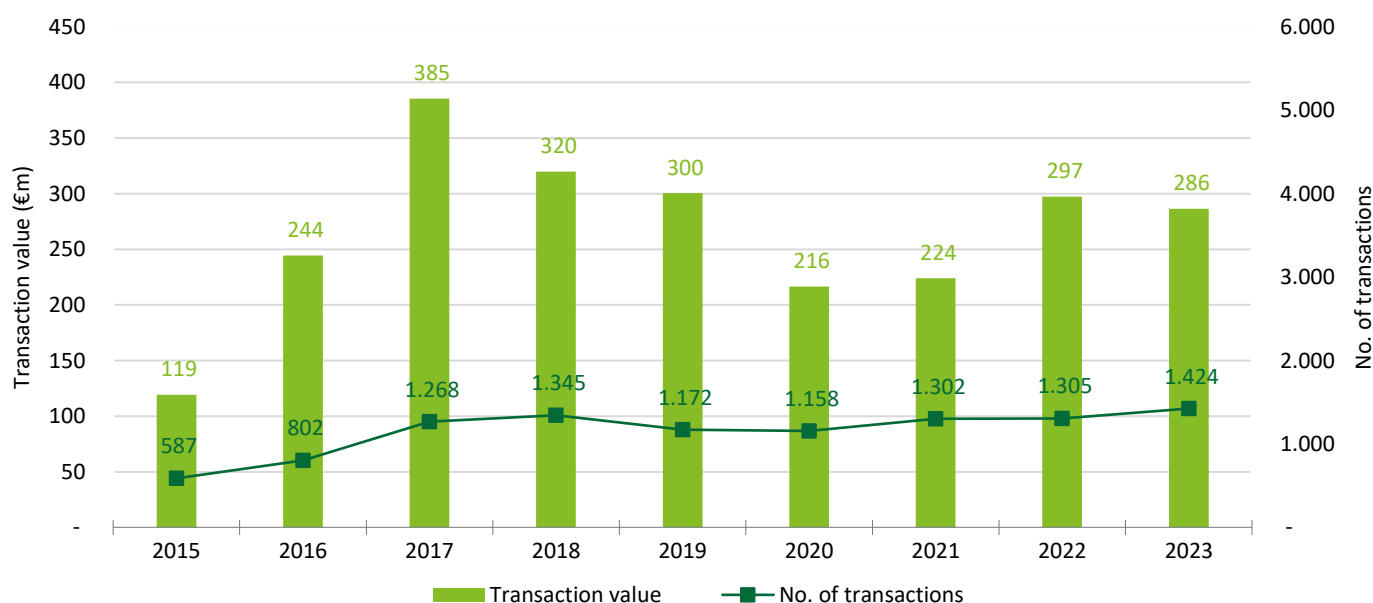
Houses available for rent exhibited a more varied rental price profile, as indicated by the higher variance between the bottom and the top 50th percentiles of the rental asking prices.

Real estate market by district: Famagusta

Famagusta’s real estate market activity in 2023 decreased marginally by €11m (4%) to €286m, compared to 2022. This was despite the increase in the volume of transactions from 1,305 to 1,424.

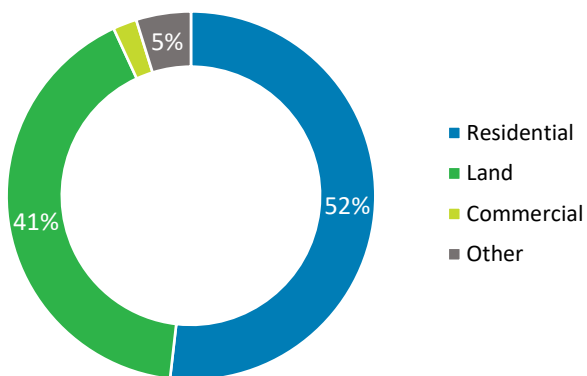
Famagusta’s real estate market is the smallest across all districts in Cyprus, accounting for less than 5% by total transaction value.

Famagusta real estate market activity



Source: DLS, Deloitte analysis

Transaction value by property type | Famagusta 2023



Source: DLS, Deloitte analysis

Famagusta’s real estate market activity during 2023 comprised of 52% (€148m) in residential properties, and 41% (€118m) in vacant land transactions.

The average transaction value for residential properties in 2023 was €192k, which is lower than the 2022 value of €210k. It is important to note that the average transaction value of 2023 was the lowest since 2015.

The average transaction value for vacant land properties in 2023 was €193k, which is also lower than 2022 (€235k).

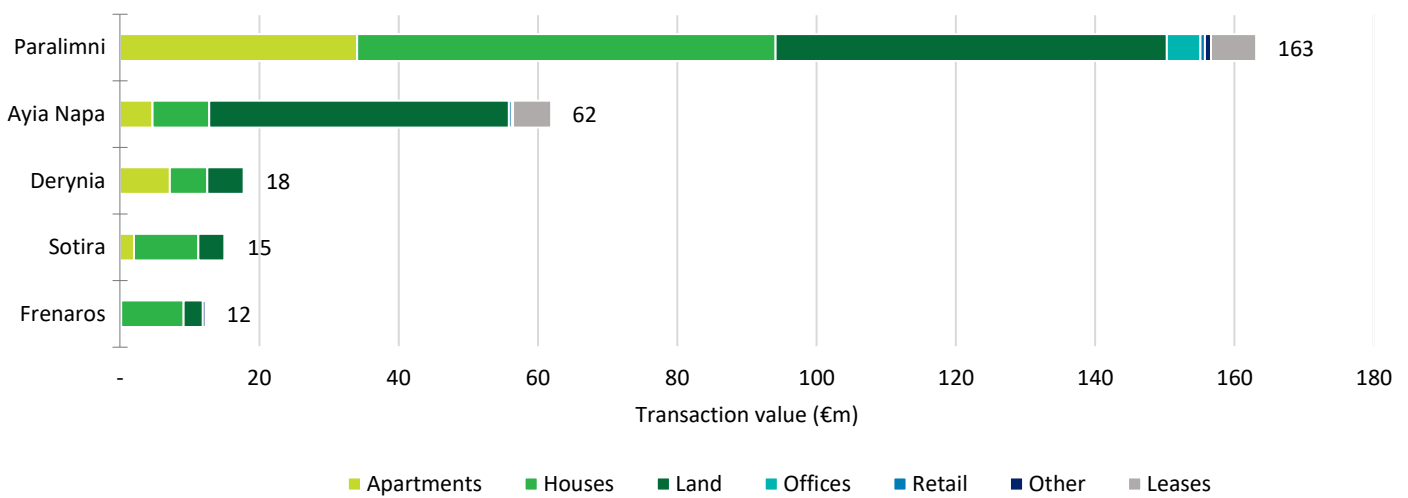
The market activity by value of the top five areas of Famagusta accounted for 94% of the district's total real estate market.

Activity in Paralimni was the highest by value (€163m) and by volume of transactions (718) in 2023. The value of transactions was lower in 2022 at €155m, whilst volume was broadly consistent at 727 transactions. Paralimni's average transaction value in 2023 was €227k, which is higher compared to €213k in 2022.

Ayia Napa is clearly the most expensive area of Famagusta, with an average transaction price of €399k in 2023. This represents a significant reduction from the average transaction price of €750k in 2022.

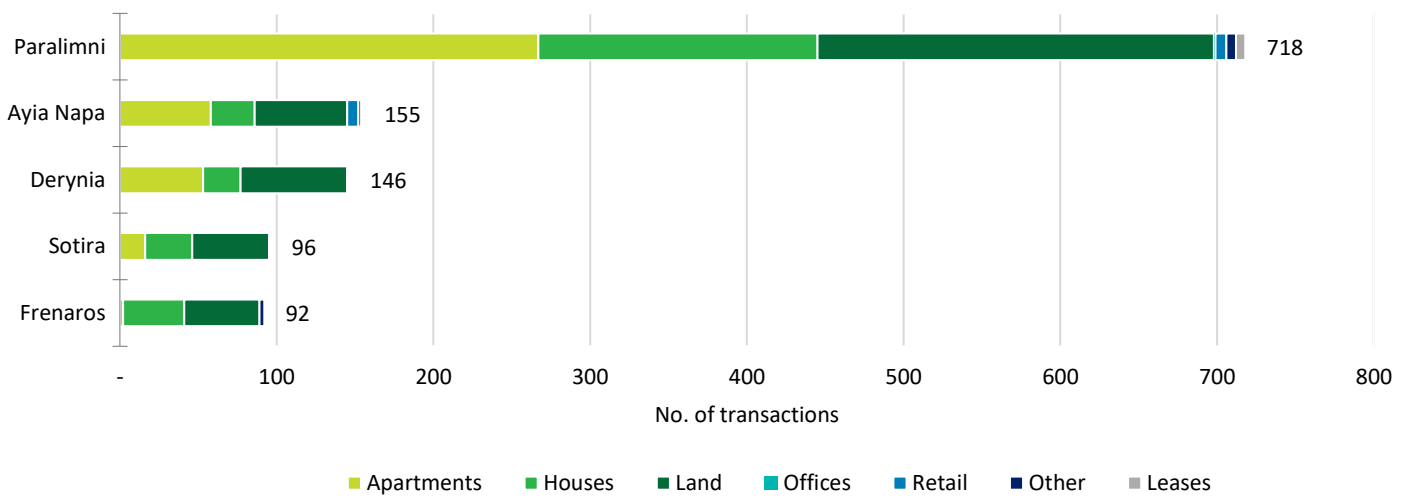
We understand that these values are significantly higher than those of Paralimni, the second most expensive area, due to the sales of seafront luxury apartments and villas.

Areas with highest transactional values by property type | Famagusta 2023



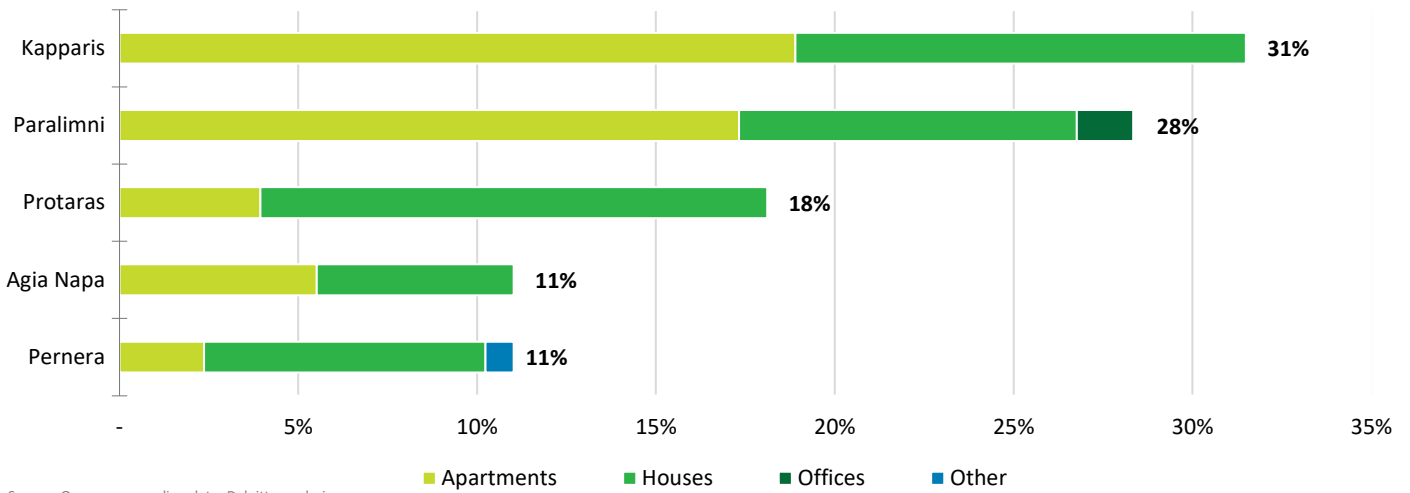
Source: DLS, Deloitte analysis

Areas with most transactions by property type | Famagusta 2023

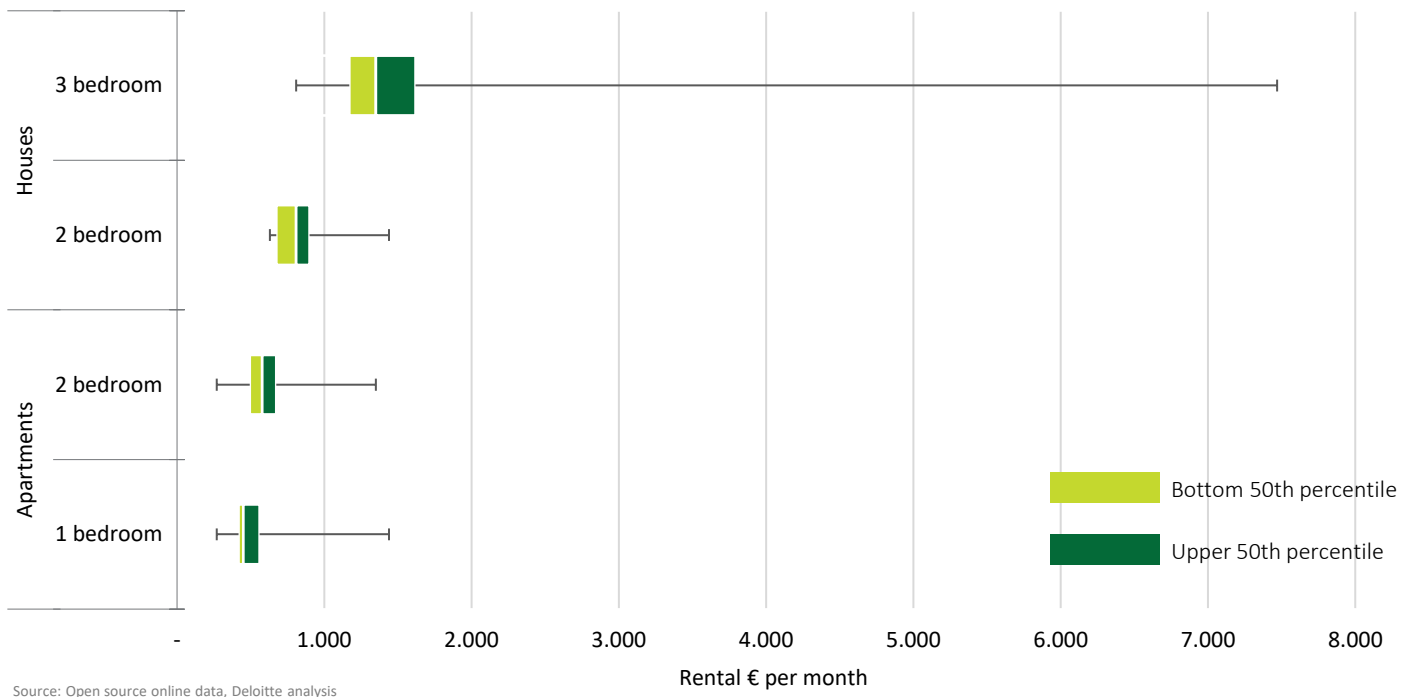


Source: DLS, Deloitte analysis

Areas with most listings for rent by property type | Famagusta Dec'23



Monthly rental asking prices for residential properties | Famagusta Dec'23



We have provided an indicative analysis of what type of properties, and in what ratios, were available in Famagusta's most actively traded areas, as of December 2023. We have purposely masked the actual number of properties, as listings fluctuate daily.

Furthermore, we noted that residential properties in Famagusta are very consistent in terms of rental prices, across all sizes, with few exceptions that relate to high end/ luxury seafront villas.

As of December 2023, Kapparis accounted for 31% of the total properties available for rent in Famagusta, most of which related to accommodation that is used seasonally for touristic purposes. However, we also highlight that Famagusta's rental property sample was quite small compared to the other districts.

Deloitte survey results: Outlook for 2024

Deloitte Cyprus conducted an online survey during the beginning of 2024; among more than 100 real estate industry professionals and affiliates, such as real estate investment companies, people in professional services, and others.

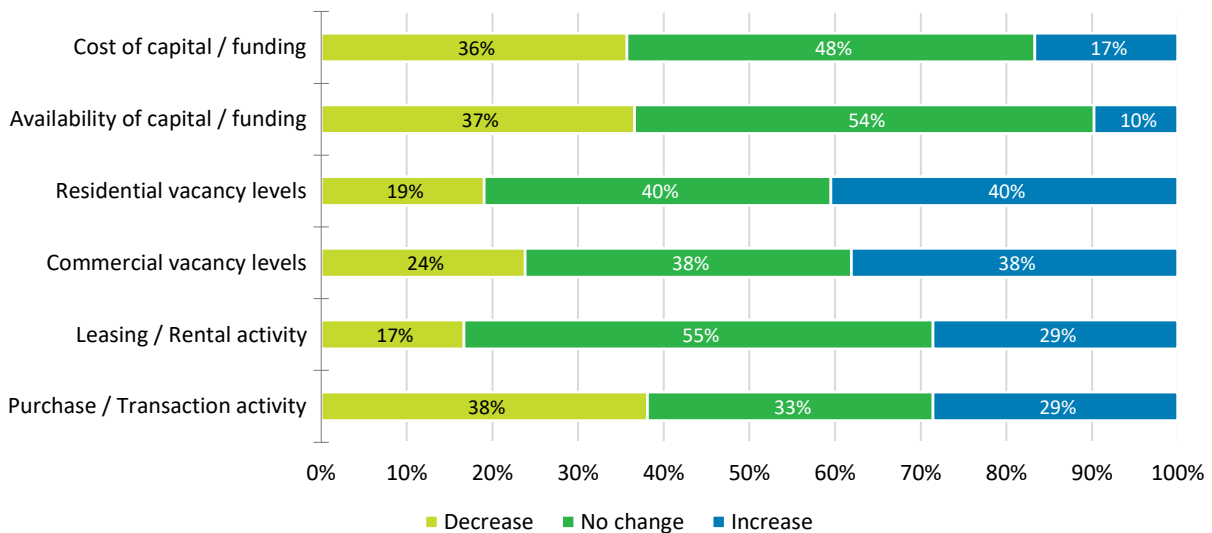
Survey respondents were asked to share their opinions on numerous forward looking real estate-related matters. We also asked about their investment priorities and anticipated market changes in 2024.

The respondents to our survey have generally indicated that they do not expect any fundamental changes to the real estate landscape during 2024.

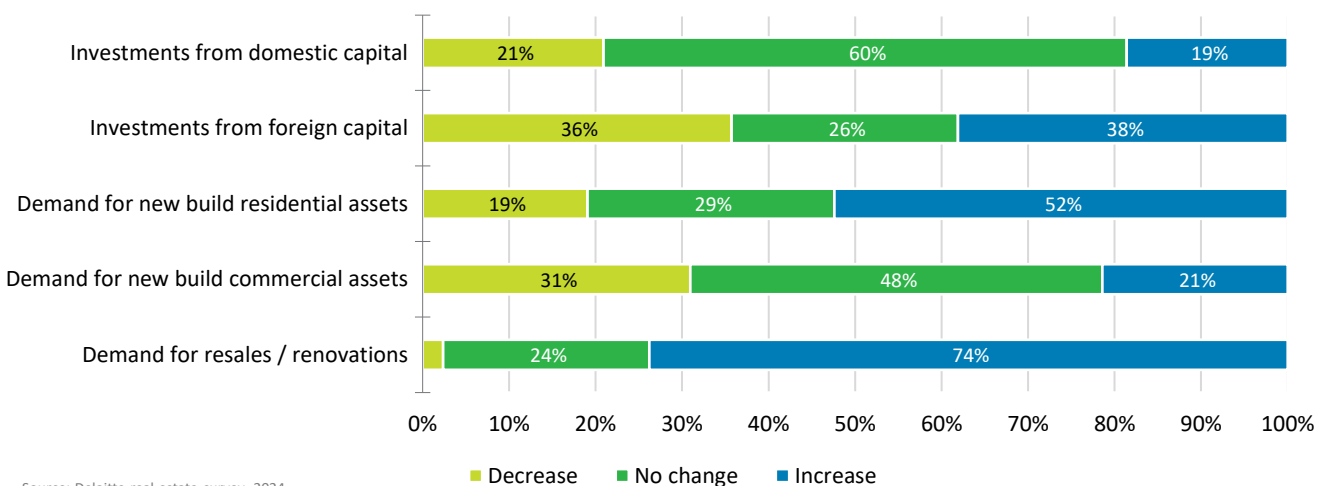
The majority do not believe that the cost and availability of funding will change, although many expect that vacancy levels for both residential and commercial properties will increase. The respondents' opinions were equally divided with regards to expected transaction activity. 60% commented that they expect that total investment from domestic capital will not change during 2024, whereas opinions were divided with regards to foreign capital inflow.

Nevertheless, the majority of respondents believe that demand for residential properties will continue increasing during 2024, with particular emphasis on resales and renovations.

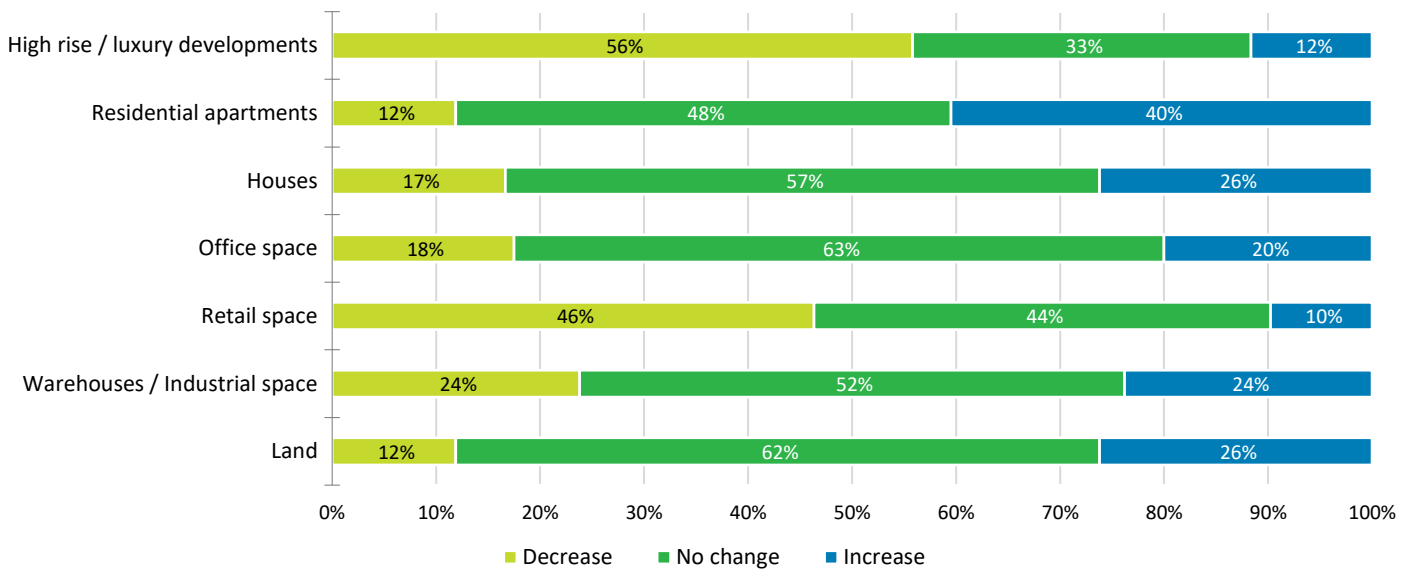
Anticipated RE fundamentals development during 2024



Anticipated investment and demand development during 2024

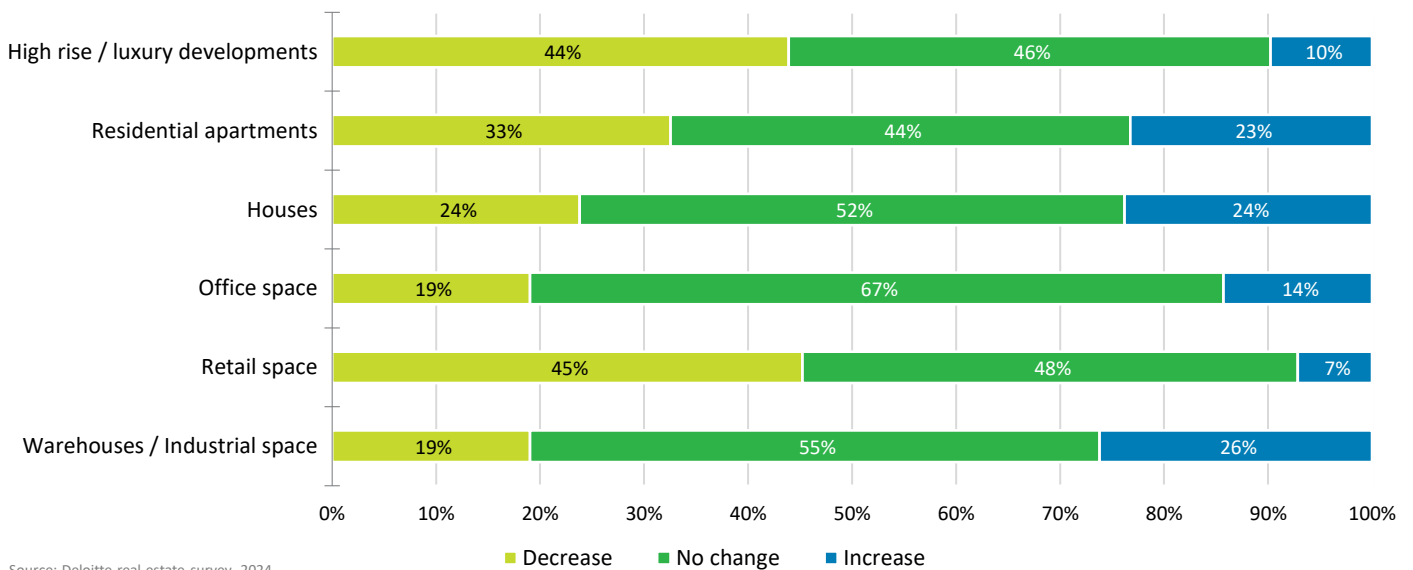


Anticipated changes in the sale prices during 2024



Source: Deloitte real estate survey, 2024

Anticipated changes in the rental prices during 2024



Source: Deloitte real estate survey, 2024

Around 50% of our real estate survey respondents anticipate that sale and rental prices during 2024, will remain broadly consistent with 2023 levels.

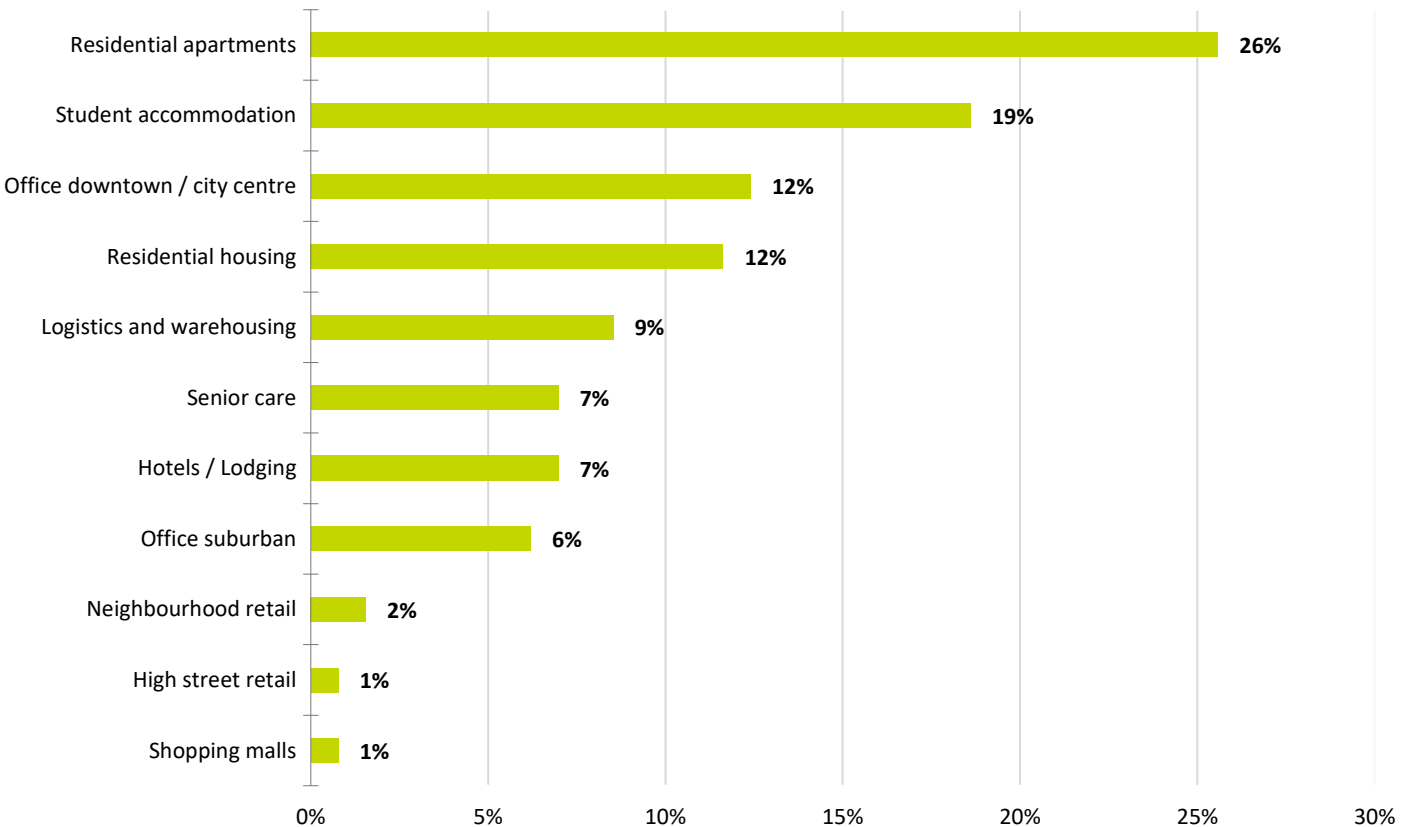
The most significant exceptions to the above sentiment related to high rise luxury developments, where 56% and 44% of the respondents believe that sale and rental prices respectively will decrease during 2024. Only 12% and 10% respectively believe that sale and rental prices will increase, which are some of the lowest concentrations across all asset categories.

Furthermore, 40% of respondents believe that the sale prices for residential apartments will increase in 2024, whereas rental prices will most likely remain unchanged, or decrease. The reason for such contrasting movements is due to increased cost of funding and inflation, coupled with increased availability and lower disposable incomes.

When asked about which property types present the most attractive investment opportunities over the next 12 to 18 months, residential apartments (26%) and student accommodation (19%) were amongst the top responses, followed by offices within the city centre (12%).

Respondents consider retail assets, including neighborhood (suburban), high street retail, and shopping malls, as the least attractive among all property types.

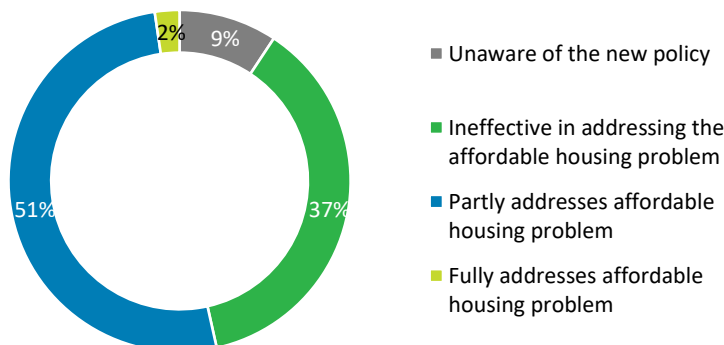
Which of the following property types do you consider to be the most attractive investment opportunities within the next 12 to 18 months?



Source: Deloitte real estate survey, 2024

What is your opinion regarding the new affordable housing policy framework recently announced by the Government?

Only 2% of respondents believe that the Government’s new affordable housing policy framework will fully address the affordable housing problem.



A significant 37% believes that the new policy will be ineffective, whilst 9% of total respondents were unaware of the new policy.

Source: Deloitte real estate survey, 2024

Closing remarks

2023 has been another strong year for Cyprus's real estate market, following an equally strong 2022. The market is once again heavily driven by transactions within the residential space, followed by vacant land. Commercial space accounted for a small overall market share, in line with all previous periods.

Cyprus's market was again dominated by transactions in Limassol, which accounted for 41% of total sales value. We also noticed that all cities, with the exception of Larnaca, recorded marginally lower sales values compared to 2022. Larnaca has grown for a third consecutive year, almost doubling in both transactions value and volume, since 2020.

We have also undertaken an analysis of rental prices and general availability of properties, as of December 2023, through leveraging open-source, online information.

Based on the evidence that we have collated, our key takeaway is that there is a significantly higher volume of properties that are available for sale, compared to ones available for rent. The majority of these properties relate to 2- and 3-bedroom apartments, predominantly in Limassol. Furthermore, it appears that the profile of the properties that are available in the market varies, as there seem to be more luxury apartments that are available for sale, whilst more older apartments tend to be available for rent.

Finally, our online survey among more than 100 real estate industry professionals and affiliates indicated that most of them do not expect any significant changes in the economic landscape and financing in the next 12 months. However, many also believe that the markets for high rise / luxury developments and retail space will decrease.

How we can help

Our Real Estate team provides a range of solutions, tailored to personal and business needs, or investment criteria to:

- Owners (individuals, institutional, or developers)
- Tenants (owned or leased properties)
- Investors (individuals, private equity, or institutional)
- Intermediaries (lawyers, insurance companies, lenders, financial consultants, banking institutions)

Service offerings



Distressed Real Estate and
NPL Portfolio Advisory



Construction advisory



Valuation services



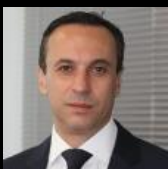
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Investment Consultancy



Transaction Advisory Services



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