AXIA

CHARTERED SURVEYORS

TOURISM OVERVIEW

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ABOUT US

AXIA CHARTERED SURVEYORS™ is a property consultancy firm that was established in Cyprus in 2012. The company is registered at the Cyprus Ministry of Commerce under the name T.Dimopoulos & Associates Property Valuers L.L.C. The company operates throughout Cyprus and has offices in both Nicosia and Larnaca and through our associates, in other EU countries.

We specialise in property valuations and provide a wide range of other professional property related services such as: development appraisals, property management, planning & development advice, market researchand investment consultancy.

Our company has established a large and diverse customer base that varies from the public sector, financial institutions, retail chains and private individuals. Through the professional services that we have provided to these clients, AXIA has established its reputation both locally and internationally.

<u>Vision and Values</u>

Our vision is to become the real estate adviser of your choice. We simply do not wish to be the biggest, just the best.

Our values capture our commitment not only to ethical, professional and responsible conduct but also to provide the optimum value-embracing approach.

OUR SERVICES

- Property Valuation
- Property Consultancy & Investment
- Development Appraisals
- Market Research
- Real Estate Analytics (Machine Learning and AI Tools)
- Due Diligence and Initial Planning Investigation

AXIA

OUR TEAM

THOMAS DIMOPOULOS
DIRECTOR AND FOUNDER

Thomas is the Director and founder of AXIA CHARTERED SURVEYORS. He was appointed at the European Board of IVSC (International Valuation Standards Council) on January 2020. He served as Chairman of RICS Cyprus from 2017 to 2022. He is also Assistant Professor and Director of Real Estate Programmes at Neapolis University and Visiting Lecturer at Cyprus University of Technology. He holds a PhD from Cyprus University of Technology, a M.Eng. in Rural and Surveying Engineering from Aristotle University of Thessalonica, and a MSc in Real Estate from Oxford Brookes University. He was chairman of RICS Cyprus (Royal Institution of Chartered Surveyors) from 2017 until 2022 and member of the board of the Association of Property Valuers in Cyprus. Before AXIA he worked in several companies in Cyprus and abroad. He has also published several articles in accredited international journals. His research and publications focus on property valuation methodologies, property taxation, geospatial data analysis and Mass Appraisals with the use of Artificial Intelligence and Machine Learning techniques.

TRIFONAS MAMAS
HEAD OF LARNACA OFFICE

Trifonas Mamas MRICS, is co-founder, Associate Director of AXIA CHARTERED SURVEYORS and Head of Larnaca Office. He holds a BSc in Finance, Accounting and Banking from University of Piraeus and another BSc in Real Estate Valuation and Development from Neapolis University. He is a Chartered Surveyor and also a member of Cyprus Technical Chamber as Property Valuer, and a Licensed Estate Agent. Prior AXIA he was Director of a family-owned real estate business in Larnaca.

TEREZA KYPRIANOU
PROPERTY VALUER

Tereza is member of the Cyprus Scientific and Technical Chamber (ETEK) and a graduate of the Cyprus University of Technology, where she completed a BSc in Surveying Engineering and Geoinformatics Engineering. She also completed her MSc in Real Estate at Neapolis University in 2018. She started working at AXIA in 2016.

STEFANOS KYRIAKOU
PROPERTY VALUER

Stefanos holds a BSc from the Cyprus University of Technology as a Surveying Engineer and an MSc in Real Estate from Neapolis University. He is a member of ETEK, and he has work experience as a Cartographer and GIS specialist. Stefanos started working at AXIA in 2017 as a property consultant.

OUR TEAM

NIKI CHATZIMINA

PROPERTY VALUER

Niki holds an M.Eng. in Rural and Surveying Engineering from the National Technical University of Athens and an MSc in Real Estate from Neapolis University. She is a member of the Cyprus Technical Chamber (ETEK). Niki joined AXIA at the beginning of 2018.

ALEXANDRA CLEOVOULOU

PROPERTY VALUER

Alexandra holds a BA(Hons) in Architecture from Oxford Brookes University and a Diploma in Architecture from Neapolis University. She completed an MSc in Real Estate at Neapolis University in 2020. She has worked for architectural firms in both the UK and Cyprus and within the property development industry. Alexandra joined AXIA in 2018.

EFTHYMIOS PANAGIOTOU

PROPERTY VALUER

Efthymios joined AXIA in 2018. He holds a bachelor's degree in Land Surveying and Geomatics from the Cyprus University of Technology and an MSc in Real Estate from Neapolis University. Prior to joining AXIA, Efthymios completed a one-year internship at the Department of Land and Surveys as a land surveyor. He a GIS specialist and is a member of ETEK.

ANGELA ANTONI

ADMINISTRATIVE OFFICER

Angela earned a master's degree in Human Resource Management from the University of Manchester. She holds a BSc in Business Administration from the University of Cyprus. Angela started to work as an administrative officer at AXIA in 2018.

NIKOLETTA IOANNOU

PROPERTY CONSULTANT

Nikoletta holds a diploma in Journalism from Ant1 MediaLab and is currently on the way of completing the degree in BSc in Real Estate Valuations and Development from Neapolis University. She has been working as a real estate agent for more than 4 years. She joined Axia in 2022.

SOROUSH SANEI

CIVIL ENGINEER

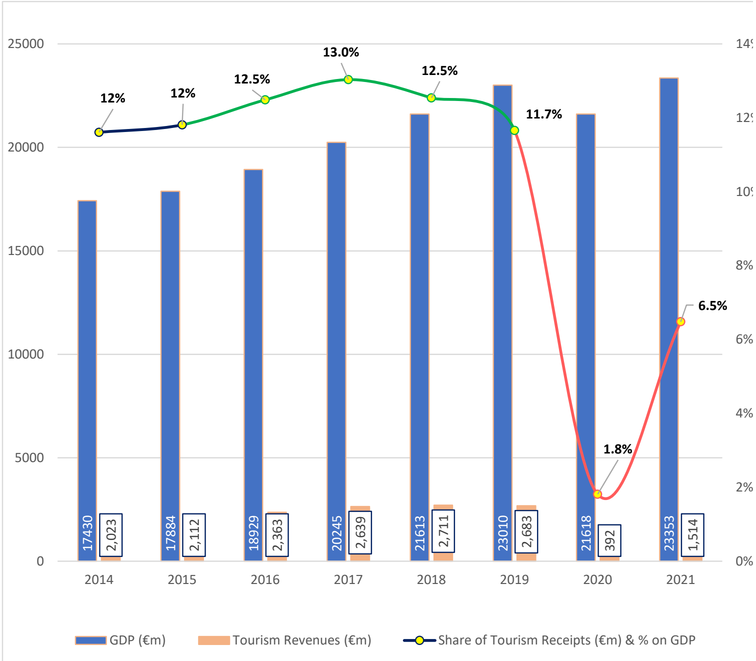
Soroush has a bachelor's degree in civil engineering and a master's degree in structural engineering, and is currently getting a master's degree in construction management and real estate working as an intern at Axia.

General Overview – Importance of Tourism in Cyprus Economy

Tourism is one of the world's major economic sectors. It is the third-largest export category (after fuels and chemicals), and in 2019 accounted for 7% of global trade. The tourism industry is one of Cyprus' main service sectors and over the past 10 years it has been the source of 8% - 13.1% of Cyprus' annual GDP. In 2020 when the COVID-19 pandemic put a halt on international tourism, Cyprus' tourism industry took a dive. The contribution of travel and tourism to GDP (% of GDP) in Cyprus grew by 3.6% between 2018 and 2019 (from 21.9 % in 2018 to 22.7 % in 2019). The tourism sector in Cyprus relies on its natural resources and ideal weather of 340 days of sunshine and its pristine beaches – which are consistently ranked as some of the best in Europe for their high environmental and quality standards. The Mediterranean lifestyle and expanding tourism offerings of Cyprus have strengthened its status in the global tourism market as a destination of choice for travelers of all budgets – with accommodation ranging from rustic retreats and vast Airbnb options to bespoke hotels and luxury resorts. In 2020 revenue from tourism accounted for only 1.8% of Cyprus' GDP, whereas this percentage increased to 6.5% in 2021. The lack of revenue from tourism had a huge impact on Cyprus' hotel industry, with many hotels only operating for the three – four summer months of 2020. A review of historical cycles illustrates that the hotel industry will experience a decline in asset values internationally due to COVID-19 and the economic downturn, as according to reports by international real estate experts, tourism is not expected to return to pre-crisis levels until 2024-2025. Tourism is a major pillar of the Cyprus economy and new and existing destination markets are being focused on in order to cover the loss in tourism. The National Tourism Strategy 2030 for Cyprus highlights a clear strategy for the country and for development of the tourism industry, which provides an optimistic outlook for Cyprus tourism industry in the future. Wfor the winter months with only a 10-12% decline. In 2021 the arrivals of tourists between October and December, compared to tourist arrivals during the same period of 2019, highlighting a near recovery in 2021 to 2019 levels for the winter months with only a 10-12% decline.

GDP & TOURISM

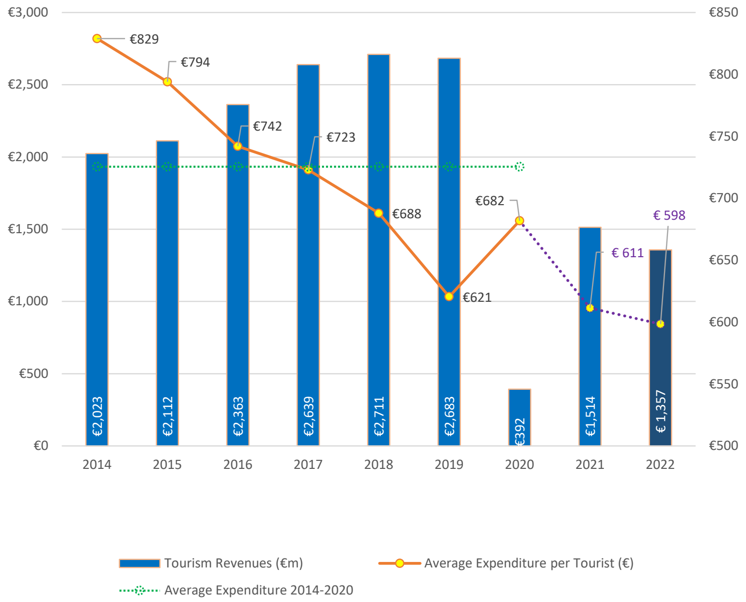
Between the period of 2014-18 there was a 34% increase in revenue from the tourism industry from €2.0bn in 2014 to €2.7bn in 2018. In 2019 we witnessed the first drop in revenue of -1%, compared to the previous year, after many years of growth. The COVID-19 pandemic saw an -85% decline in income from tourism in 2020 compared to 2019, from €2.68bn in 2019 to €0.39bn in 2020.



Soirce: CyStat

The percentage share of the tourism sector as part of the GDP increased from 2014 – 2017, whereas in 2018 and 2019 the share of revenue from the tourism sector in relation to Cyprus' GDP decreased. Revenues from the tourism sector in Cyprus accounted for 13% of Cyprus' GDP in 2017 whereas in 2019 it accounted for 11.7%. In 2020 revenue from tourism accounted for only 1.8% of Cyprus' GDP, whereas this percentage increased to 6.5% in 2021. In 2017 Cyprus experienced the highest revenue from tourism (about 2,639 million Euros), that correlated to 13% of the country's GDP for that year. This percentage decreased to 1.8% in 2020 due to COVID-19. Revenue from tourism reached 1,514 million Euro in 2021 which corresponds to 6.5% of the country's GDP. The decline of revenue from tourism in Cyprus due to the COVID-19 pandemic was much worse than that experienced on a global level. Before the COVID-19 pandemic hit, a slight deterioration in the tourism sector was observed, which has been a cause of concern in both industry and policy circles. Officials have said that in recent years uncertainty over Brexit, a weaker Russian Ruble and a sluggish German economy are reasons for the downturn in the island's tourism, with the number of tourism arrivals and income from tourism falling.

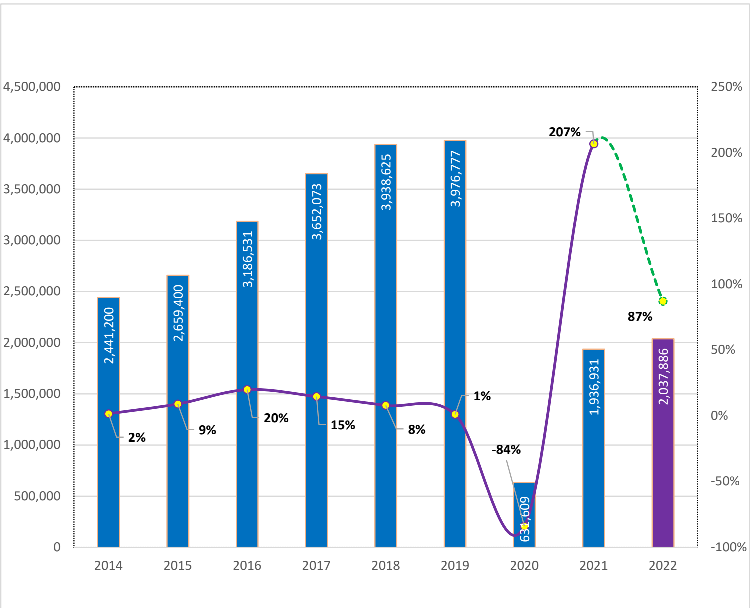
A declining trend on average expenditure per tourist during the period of 2014-19 can be observed, showing a 25% decrease during this period. Average revenues per tourist were €829 in 2014 and dropped to €621 in 2019. A forecast analysis shows that the expected revenue from tourism in 2022 will be 1,357 million Euro, and the average expenditure per tourist has been estimated to be about €598, that is still lower that average for the period between 2014 – 2019 which was €725. The highest revenue from tourism for the period was reached in 2018.



Source: CyStat

Arrivals

The number of tourist arrivals experienced substantial growth from 2014-2019. In 2019, tourist arrivals reached a record high of 3.97m, which shows a 1% and 63% increase compared to 2018 and 2014, respectively.

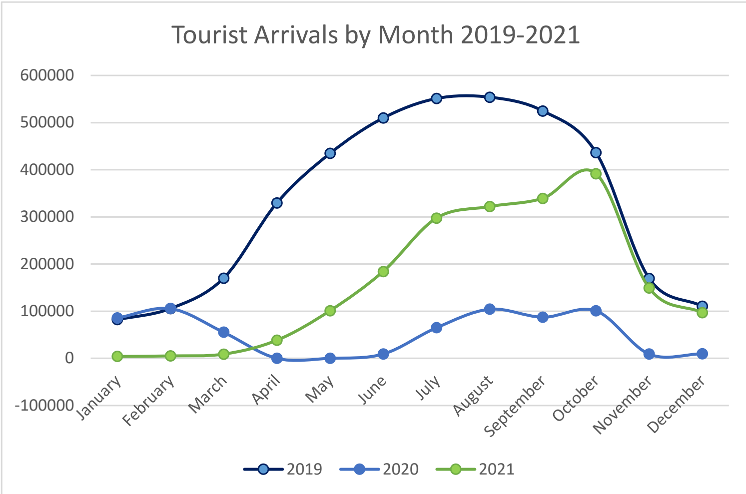


Source: CyStat

In 2020 Cyprus tourist arrivals declined by -84%, and experienced a 207% upturn in 2021, compared to 2020 (1,936931 versus 631,609), recording 1.31 million more tourists, compared to 2020. While 2021 saw an increase in tourist arrivals in Cyprus compared to 2020, arrivals were still -51% below the pre-pandemic year of 2019. In 2021 the arrivals of tourists reached 391,638 in October, 148,973 in November and 96,928 in December, compared to 436,509 tourist arrivals in October, 169,392 in November and 110,330 in December of 2019, highlighting a near recovery in 2021 to 2019 levels for the winter months with only a 10-12% decline.

Arrivals by Seasonality

The peak season for tourist arrivals in Cyprus is the 6-month period from May to October, accounting for a concentration of c. 84% of arrivals in 2021. In 2020 Cyprus tourist arrivals declined by -84%, and experienced a 207% upturn in 2021, compared to 2020 (1,936931 versus 631,609), recording 1.31 million more tourists, compared to 2020.



Source: CyStat

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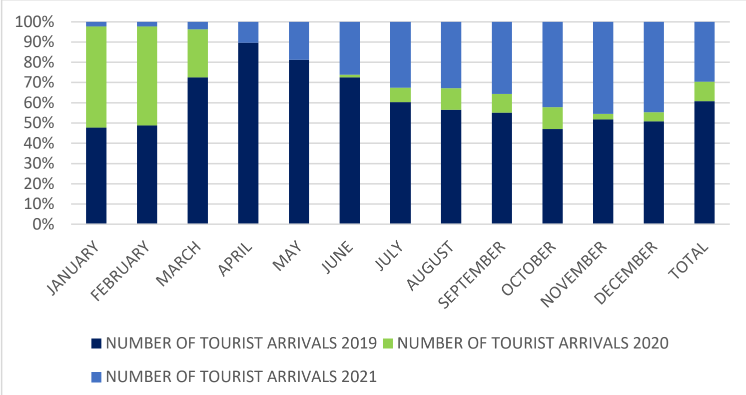
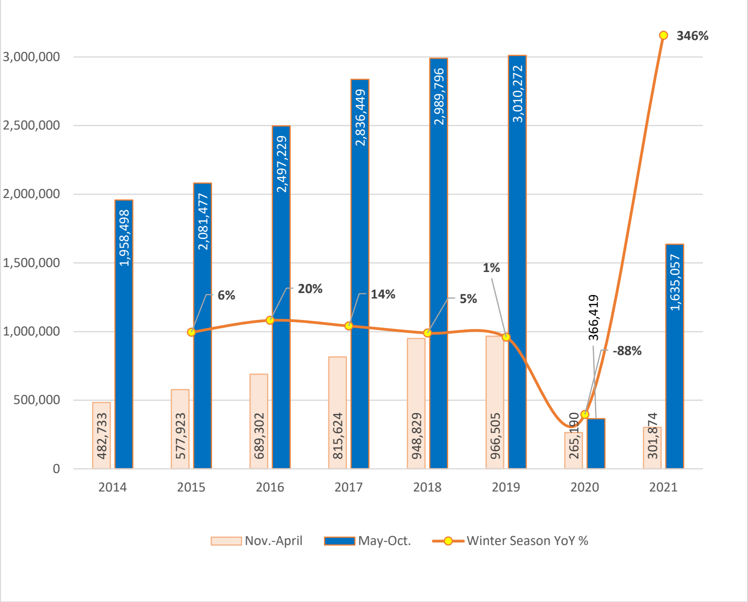


Source: CyStat

Cyprus is primarily known as a summer destination and attracting tourists during the winter months remains a challenge. However, during the five years prior to the pandemic, a slight improvement to the off-season performance was observed, which accounted for 24% of all arrivals in 2019 (up from 4% from 2014). Overall, compared to 2014 we witness growth in tourism arrivals during the winter months with some months exceeding 100%.

In October, November and December of 2021, the number of tourist arrivals nearly returned to pre-covid numbers, an insight that provides an optimistic outlook for the 2022 tourism season.

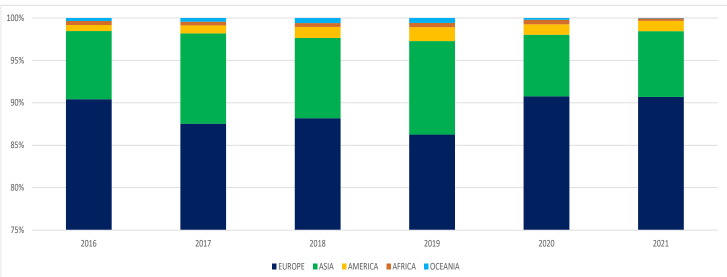


Source: CyStat

In 2019, tourist arrivals over the peak season (c.3 million) were approx. 3 times more than in the off-peak season (c.950,000). Interestingly, over the period 2014-19, an overall significant increase between 82% and 133% in the off-season months is observed, which is a good sign for the Cypriot tourism industry and the improvement of seasonality. Furthermore, there has been positive growth in the winter months, the growth was more significant in 2016 (20% growth from 2015), than it was in 2019, (only 1% growth from 2018). Winter tourism declined by -88% in 2020 but then jumped up by 346% in 2021.

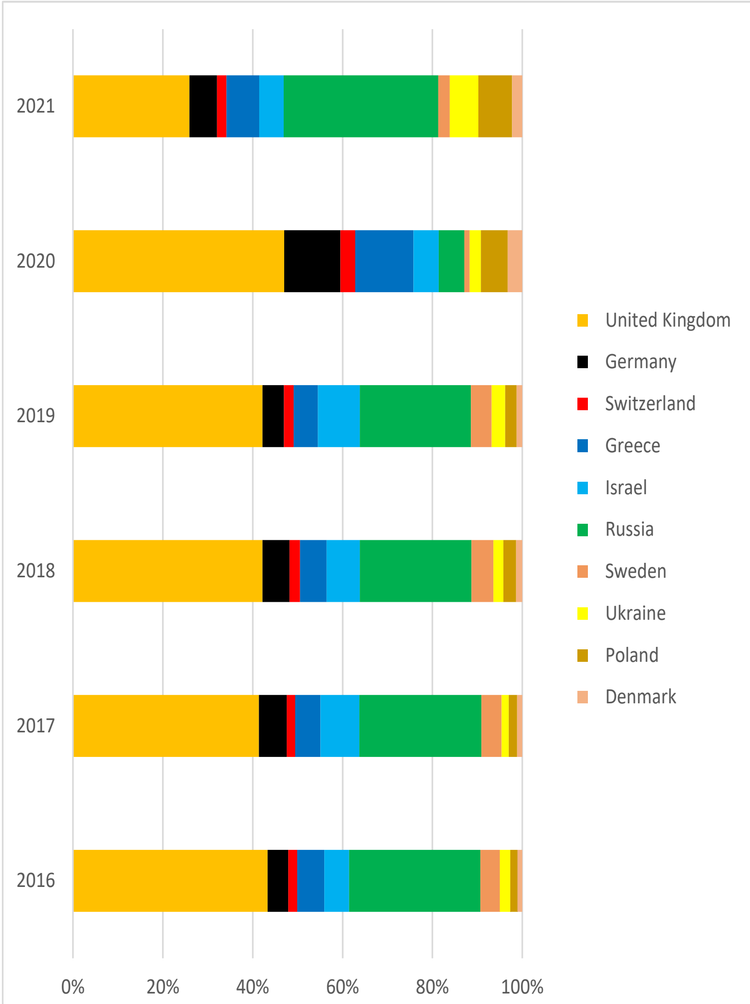
Arrivals by Nationality

Most tourist arrivals originate from European countries (between 85%-91% during the last 7 years), reaching a peak of c.3.47m arrivals in 2018 (88% of total). In 2019, the last year we consider as a 'normal' tourism year for Cyprus, tourist arrivals from Europe reached c.3.43m (86% of total), the second most important source region was Asia with c.438,156 arrivals in 2019 (11% of total), followed by America (1.6% - c.65,026 arrivals), Oceania (0.6% - c.23,170 arrivals) and Africa (0.5% - c.20,263 arrivals). Even in the past two years where the tourism market has been impacted by the pandemic over 90% of tourists who visited Cyprus originated from Europe.



Arrivals by Country

The majority of tourist arrivals every year originate from the UK (33% of total tourists who visited Cyprus in 2019, c.1.33m tourists), which represents a 24.5% increase since 2009. Russia is the second largest source for tourist in Cyprus, representing c.20% of the total in 2019 (c.781,856 arrivals). This analogy changed in 2021 with tourist arrivals from the UK accounting for 20% of the total arrivals, and tourists from Russia accounting for 27% of total arrivals.



Source: CyStat

Despite the increase in arrivals from Russia in recent years, we expect that the ongoing war between Russian and Ukraine will have a negative impact on the incoming tourist arrivals from these countries, both of which were in the top-5 countries of tourist arrivals in 2021. The United Kingdom was the main source of tourism arrivals in December 2021, with a share of 19.8% (19,199) of total arrivals, followed by Greece with 12.8% (12,420), Russia with 9.5% (9,234), Poland with 7.2% (6,989), Germany with 6.8% (6,618) and Ukraine with 6.4% (6,169). The recovery of the number of tourists during the winter months can be predominately justified by the mass roll-out of vaccines that occurred during the second and third quarters of 2021. For 2022, initial estimates predicted passenger traffic of about 9 million passengers coming to Cyprus, however, the estimate decreased to 7.5 million after the developments with the Russian invasion of Ukraine.

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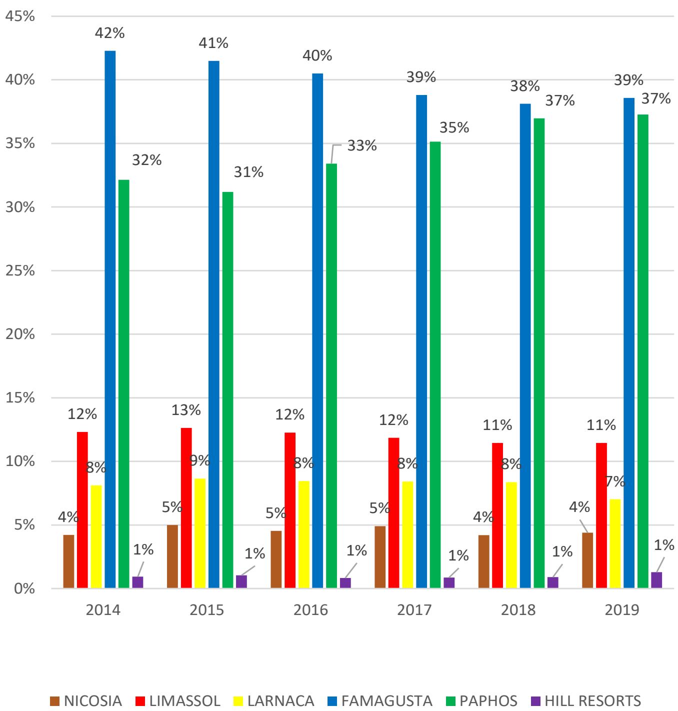
Arrivals by District

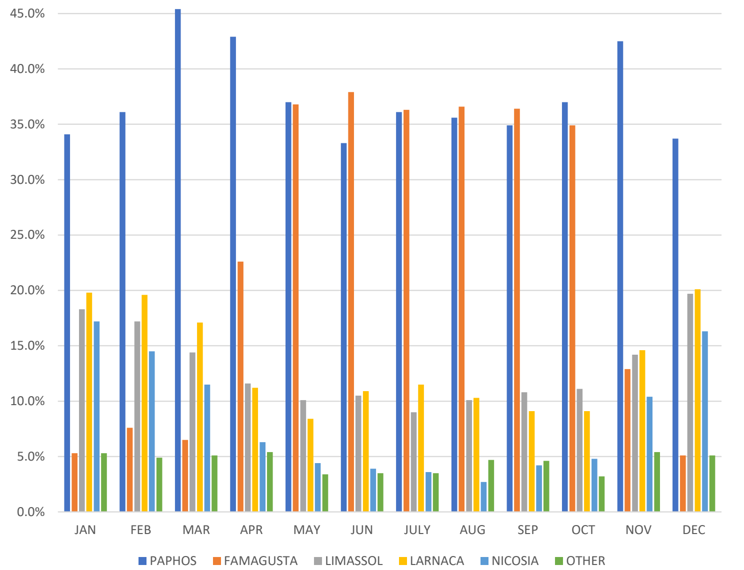
During 2019 - 2019 the percentage share of all arrivals in Famagusta decreased slightly (from 42% of total share in 2014 to 39% of total share in 2019), even though the actual number of tourist arrivals was increasing. The share of tourist arrivals in Paphos on the other hand consistently increased over the six-year period (from 32% to 37%), as well as in actual numbers.



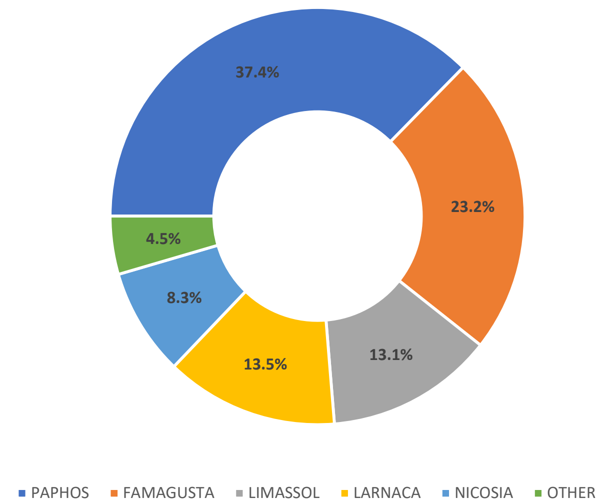
Source: CyStat & Deputy Minister of Tourism, Cyprus

2017 was a record year in terms of performance for the Cypriots tourism industry. Since 2017 we have witnessed a slowdown in performance while over-all the revenues from tourism and the number of arrivals is still increasing, just at a slower rate. The tourist dispersion for 2017 shows that the most stable area is Paphos with a high number of tourists throughout the year, while Famagusta only has a high number of tourists during the peak season. The tourist dispersion for 2017 shows that the most stable area is Paphos with a high number of tourists throughout the year, while Famagusta only has a high number of tourists during the peak season.

Overall Paphos had the highest number of tourists compared to all the other districts in Cyprus, with a total of 37.4% of total tourists, followed by Famagusta that had a share of 23.2% of total tourists.



Source: CyStat



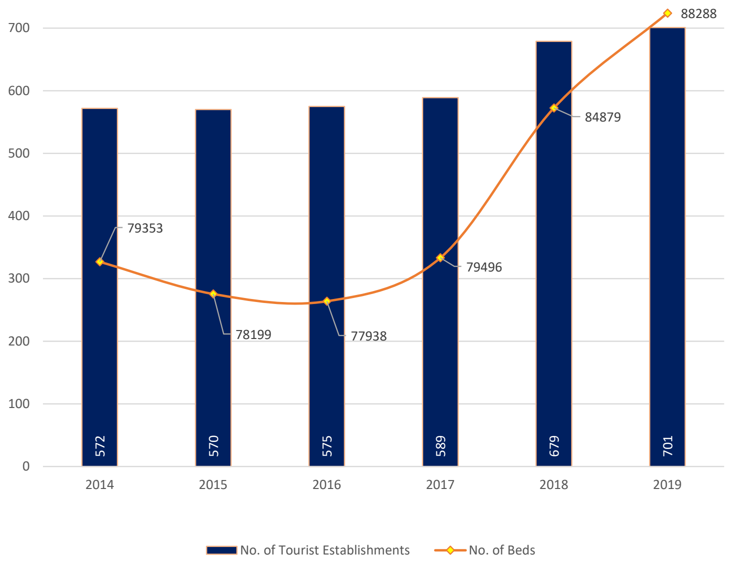
Source: Deputy Ministry of Tourism , Cyprus

Purpose of Visit

In 2017 and 2018 11% of the tourists that visited Cyprus, travelled for business purposes, and in 2019 that percentage increased to 12%, whereas in 2017 and 2018 83% of the tourists that visited Cyprus, travelled for holiday purposes, and in 2019 that percentage decreased to 82%.

ACCOMMODATION & EXPENDITURE

The number of licensed tourist establishments and the number of beds in Cyprus has been increasing since 2015 onwards. The number of establishments has increased by 23% whereas the number of beds has increased by 13% since 2015. Famagusta then Paphos have the maximum accommodation capacity, however data shows that the number of tourists that visited Paphos is higher than any other district in Cyprus.



Source: AirDNA

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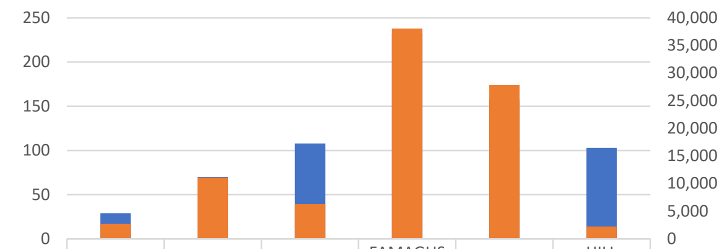


	NICOSIA	LIMASSOL	LARNACA	FAMAGUSTA	PAPHOS	HILL RESORTS
Units	29	70	108	233	158	103
Beds	2,699	11,090	6,313	38,079	27,875	2,232

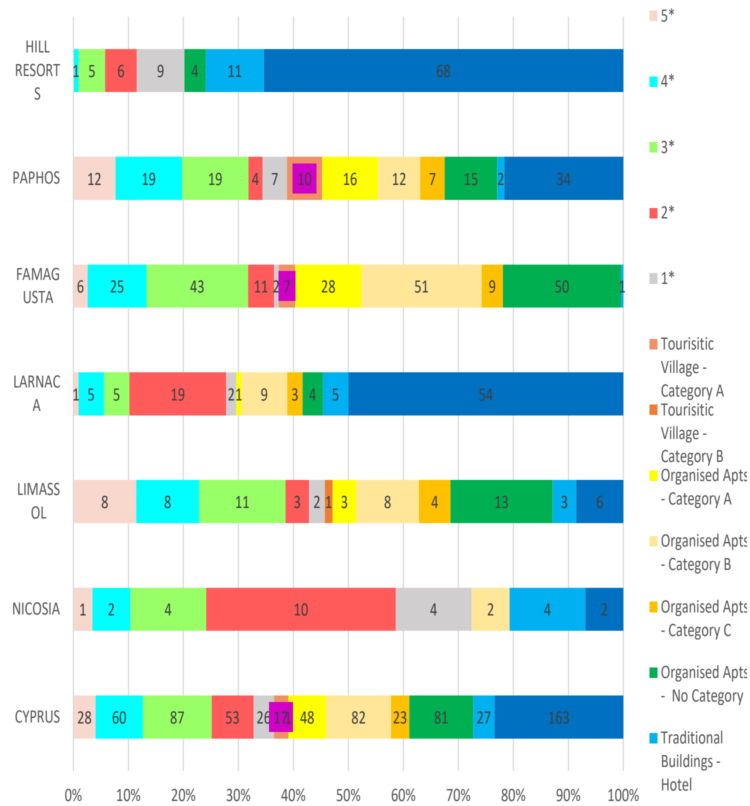
Units Beds

Source: AirDNA

Types of Accommodation

Accommodation offered in Cyprus mainly consists of hotels, hotel apartments, tourist villages and traditional buildings. Hotels are broken down into star category, with the lower the number of stars corresponding to the lower range of hotel accommodation, and the higher the number of stars associated with the better standard of hotel.

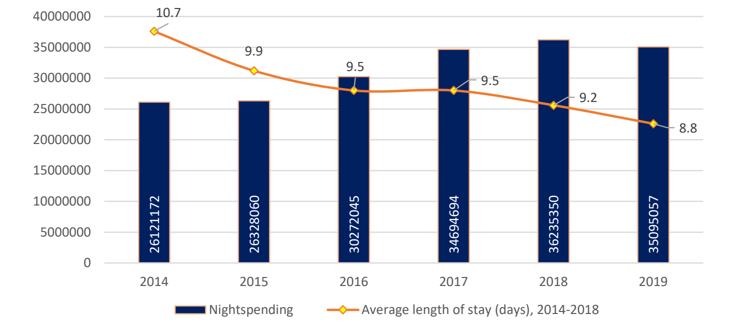
Touristic villages and organized apartments are both broken down into letter grading categories, with 'A' being the best and the subsequent letters corresponding to lower categories of accommodation. Traditional buildings are broken down into hotel and apartment accommodation. The breakdown of the types of accommodation offered in Cyprus per area in 2019. It counts only the 701 licensed properties throughout Cyprus (there are 120 similar establishments that operate such as villas and furnished apartments that are not included in this category), with an overall bed capacity of c.88,288.

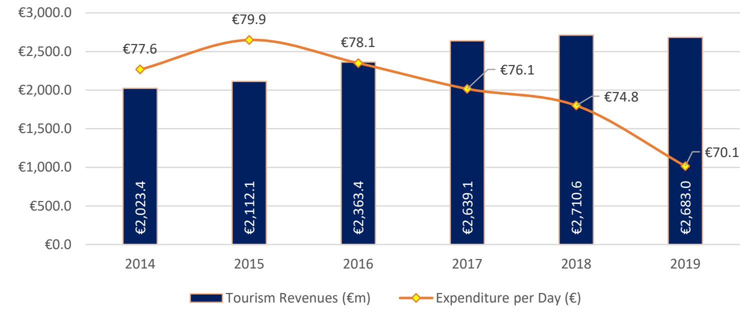


Source:CyStat

Accommodation & Expenditure

Over the period of 2014-2019, night spendings (total number of nights that visitors spent in touristic lodging) increased by 34% from c.26.1m in 2014 to c.35.1m in 2019, showing a steady upwards trend until 2018 and a slight decrease in 2019. The average tourist length of stay in Cyprus was 8.8 days in 2019 which is 18% less than in 2014 (10.7 days). The length of stay has been decreasing steadily over the six-year period The average daily spending per tourist in Cyprus stood at c.€70.1 in 2019, which reflects a 10% decrease since 2014 (€77.6 per tourist).

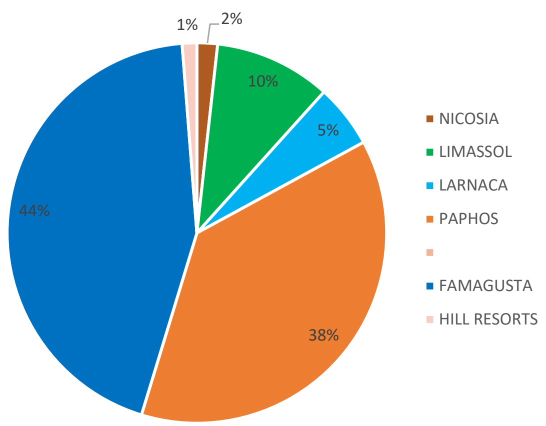




Source: AirDNA

Tourist Overnights & Occupancy

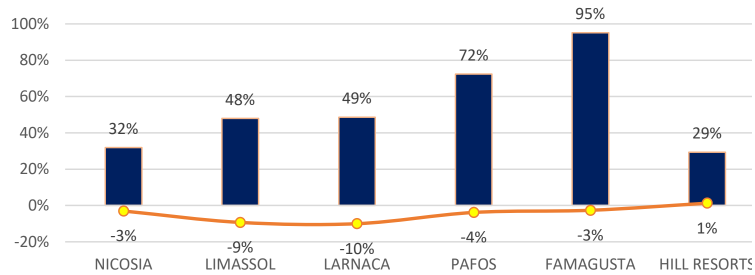
Regarding tourist overnights in Cyprus and throughout 2019, the most popular areas were Famagusta (44% of total) and Paphos (37% of total). Limassol followed with 10% of total, Larnaca with 5%, Nicosia with 2% and Hill Resorts (which include areas above a 600m altitude) with 1%.



Source: CyStat

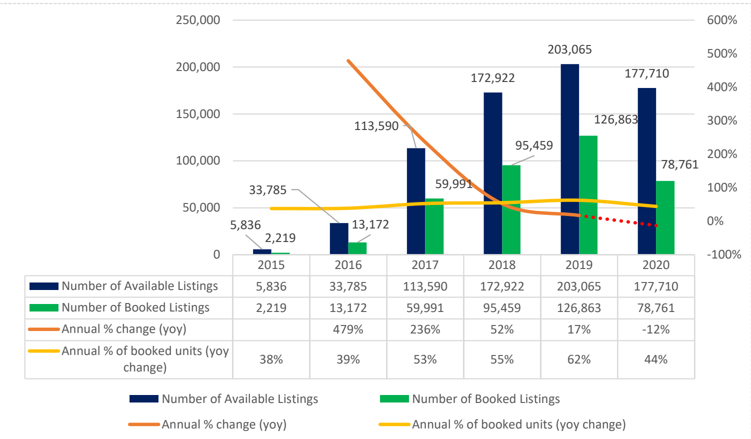
When viewing the annual occupancy rates by area over the past six years we can see that Paphos has the most stable annual increase in occupancy and that generally it has the highest occupancy rates over the other cities. Whereas when viewing the net numbers, we see that Famagusta has the highest occupancy rates out of all the cities. The net occupancy rates for 2019 show very positive results for Famagusta, at 95% occupancy but nevertheless, compared to 2018 there was a decline in the occupancy rates in nearly all cities (expect the Hill Resorts), with Larnaca taking the largest hit at a 10% lower occupancy rate in 2019 compared to 2018.

there was a decline in the occupancy rates in nearly all cities (expect the Hill Resorts), with Larnaca taking the largest hit at a 10% lower occupancy rate in 2019 compared to 2018. These numbers align with the declines we have seen above that affected the performance of the tourism industry in both 2018 and 2019.



Available AirBnb Units in Cyprus

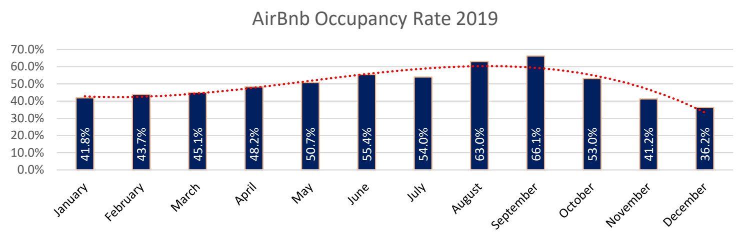
In 2015 there were 5,836 available units to book on AirBnb throughout Cyprus. This number has increased to 203,065 units in 2019, which accounts for a 3380% increase. In 2020 this number decreased to 177,710 (accounting for a 12% decrease), which was most likely to many hosts not listing their properties for rent due to the COVID-19 pandemic.



	2015	2016	2017	2018	2019	2020
Number of Available Listings	5,836	33,785	113,590	172,922	203,065	177,710
Number of Booked Listings	2,219	13,172	59,991	95,459	126,863	78,761
Annual % change (yoy)		479%	236%	52%	17%	-12%
Annual % of booked units (yoy change)	38%	39%	53%	55%	62%	44%

Source: AirDNA

From the above listings, in 2015 38% of the units were booked (the property has at least one booked day in the month). This percentage gradually increased annually up until 2019 where the percentage of booked unit reached 62%. Again, this rate fell in 2020 to 44% due to the COVID-19 pandemic.

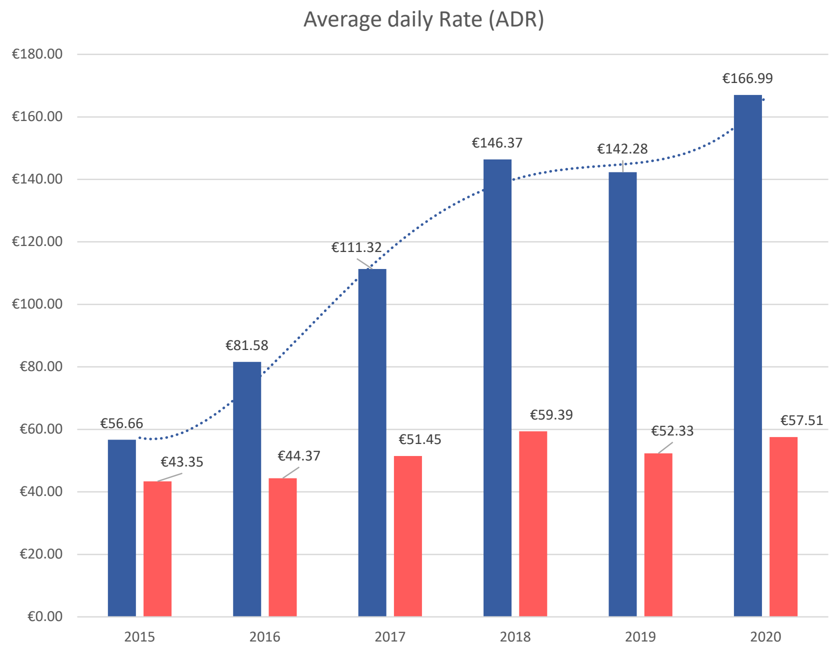


Source: AirDNA

Also, The occupancy rates do not change drastically from month to month thereby implying that the AirBnb lodging market is quite stable.

AXIA

In 2019 the occupancy rate difference between the month with the highest occupancy, August, and the lowest month, December, was 26.8%.

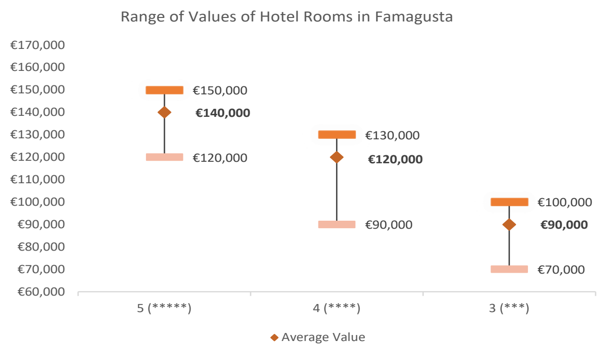


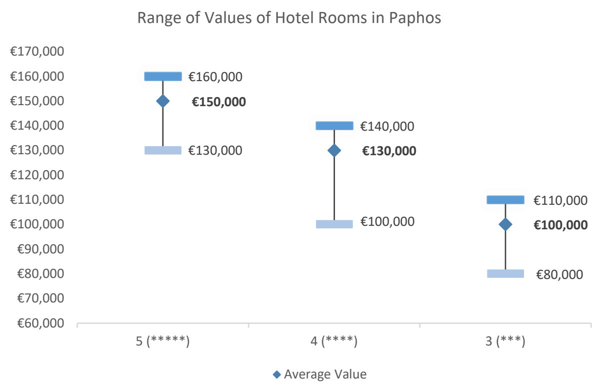
Source: AirDNA

The data available regarding AirBnb properpties describes two property types – entire place and hotel comparable. Entire place refers to properties with more than one room, for example a 3-bedroom villa. Hotel comparable is defined by AirBnb as the room that is considered to be most closely comparable to a hotel room.Based on data regarding AirBnb properties, between 2015 and 2018 the ADR for both property types increased by a total of 158% for entire places and by 30% for hotel comparables. In 2019 the ADR decreased by -3% for entire places and by -7% for hotel comparables. In 2020 again we witnessed an increase in ADR for bother property types. Overall, between 2015 and 2020 the ADR for entire places increased by a total 195% over the whole period and by 33% for hotel comparable.The data for entire places is not fully reliable as there is not one set property type. For example, and entire place could refer to a two-bedroom apartment or a 5-bedroom villa with a swimming pool, therefore with the larger number of properties entering the AirBnb market, we are unable to measure if the large increase in ADR is in fact actuate.

Values

The data presented in this report presents Paphos and Famagusta as the two districts with the highest touristic activity. Based on market valuations carried out by our company, the range of values and the average values per room for the three most popular room types (3-star, 4-star and 5-star hotels) in Paphos and Famagusta are presented in the opposite charts. The average values per hotel room in Paphos are slightly higher than those of hotel rooms in Famagusta in all categories.





Source: AirDNA

AFFILIATES

Flatmatie

Flatmatie is a roommate finder and roommate search service that was established in 2020. Flatmatie has verified roommates and rooms for rent throughout Europe and aims to pair people with similar interests and outlooks and then find them the perfect property.

REAL GEO-SOLUTIONS

Real Geo-Solutions is the first real estate software firm in Cyprus that was established in 2018. The company designed and developed a unique and holistic Real Estate Valuation Management software system with full Geographical Information Systems (GIS) Integration.

Cyprus Properties

CYPRUS Properties is a licensed estate agency that operates throughout Cyprus and offers a wide range of properties available for sale and for rent.

HOMESURV

Homebuyer surveys are a good way to avoid unexpected repair costs further down the line. Getting a survey for a house or flat will give you an idea of how much you might need to spend in a property after you buy it.