

# Quarterly bulletin on private debt in the Greek economy

JUNE 2026

Prepared by IOBE, supported by CEPAL



# Contents

1.	Executive summary	3
2.	Global environment	5
3.	Domestic economic activity	14
4.	Real estate market	35
5.	Domestic private debt	46
6.	Special theme: Evolution of old-age pensions in Greece over the last decade, by pension level, recipient age, and public versus private provision	57



## Executive summary – Global and domestic economic trends

**Global economic activity slowed down in the first half of 2026** amid the war in the Middle East, which triggered supply side shocks for energy and other goods. **Uncertainty remains elevated in mid 2026**, as various truce and peace agreements in Iran, Lebanon and Ukraine have so far proven short-lived, affecting markets, inflation expectations, interest rate and growth outlook. After a significant hit in economic sentiment and capital market performance in March, investor sentiment has largely recovered during Q2. However, the persistence of inflation expectations increases the likelihood for a tighter monetary stance, as indicated by the ECB decision in June to raise interest rates after 3 years of monetary easing.

- **Macro indicators:** Global growth has slowed down in 2026, mainly in Europe and China, inflationary pressure intensifies, including in the US.
- **Market trends:** In Q2, stock markets have recovered their losses recorded in March, energy prices are significantly higher y/y, interest rates start picking up, while the euro slightly weakened. Uncertainty is portrayed through higher market volatility.

**The Greek economy grew by 2.0% y/y in 2026 Q1**, supported by fixed investment and exports, **outperforming the Euro Area (0.3%)**. Annual growth is expected to slightly decelerate in 2026, close to 1.8% (IOBE forecast, April 2026), while downside risks intensify the more the war is prolonged.

- Amid **positive trends**, fiscal performance is systematically strong, exports of goods show resilience, tourism sector continues to boom, the banking system records strong fundamentals, investment rate and disposable income gradually improve.
- However, **challenges persist**, including high core inflation, very weak household savings, sizable current account deficit, low productivity and remaining investment gap vis-à-vis EU peers.
- The systematic improvement of the economy's fundamentals and international investors' sentiment for Greek assets, combined with the need for faster reform policies and implementation of the Recovery and Resilience Facility, provide **opportunities** to accelerate investment and households' income convergence with EU peers.

In the short term, the bulletin tracks **quarterly developments in key areas of the domestic environment** as follows : (a) GDP and components, (b) inflation and labor markets, (c) fiscal performance, (d) financial sector, (e) trends in selected sectors.

## Executive summary – Domestic trends on real estate and private debt

The property market stayed buoyant in Q1 2026 with rising prices, while housing affordability remains the weakest in the EU. At the same time, the overall stock of private debt continued to rise by end-2025, though its non-performing share is gradually declining.

In the **real estate market**, construction activity stayed firm and material-cost inflation moderated.

- **House prices rose further in Q1 2026**, underpinned by record real-estate investment and FDI, with one-bedroom dwellings posting the strongest increases (5–8%).
- **Constraints on housing affordability remain highly acute.**
- **Mortgage disbursements accelerated**, albeit remain small, while the bulk of distressed housing debt is held by servicers.
- **Property auctions decelerated marginally** in Q1 2026, with only about 1 in 7 scheduled auctions completing.

**Total private debt** (to financial institutions, tax and social-security authorities) **rose to €417.0 bn in Q4 2025** (168% of GDP), driven by expanding performing credit and the further accumulation of overdue obligations to the public sector.

- **Debt in arrears remains high at €237.8 bn**, though its share fell to 57.0%; public-sector arrears to AADE and EFKA dominate, at €165.2 bn (69% of arrears).
- **Total private debt in loans reached €251.9 bn**, with business lending the main driver.
- **Non-performing loans** have stabilized at around 30% of total loans, with servicers holding 92% of NPLs.

The **special theme** of this issue examines the **evolution of old-age pensions** over the period 2019 – 2025. The **mean pension has remained flat in real terms**, the recipient base is ageing (89% of pensioners are over 65), and the public–private gap narrowed as public pensions lost real value while private ones held.

## 2. Global environment

- Macro indicators
- Markets

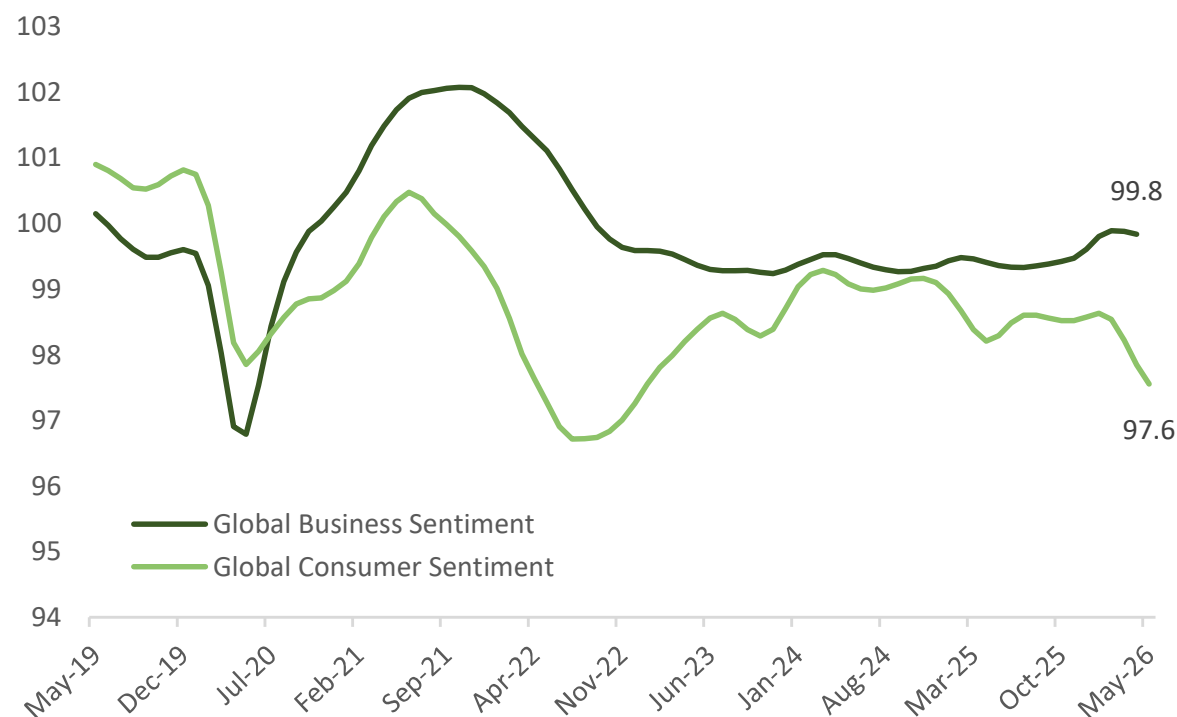


## Global environment - Summary

- **Global economic sentiment has weakened since February 2026**, especially among consumers, while business confidence has proven more resilient. The Euro Area Economic Sentiment Indicator recovered slightly in May.
- **Global economic growth has decelerated**, following the war eruption in the Middle East, while energy inflation triggers wider inflationary pressure in the economy. A clear and steady re-opening of Hormuz Strait is key for international trade and for avoiding more persistent supply side shocks. Macroeconomic conditions deteriorated across **Euro Area member states**, with growth ranging from near stagnation in some economies to mild expansion in others, while inflation has risen above target in most countries.
- **Global trade volumes dropped** sharply amid historically high trade policy uncertainty. The perturbation of marine traffic in the straits of Hormouz in March raised barriers to world trade activity.
- **Energy, food and metal prices rose sharply during 2026**, with the war in the Middle East putting pressure on energy supply.
- **Financial conditions became more volatile**, as the euro slightly weakened against the dollar from 5-year highs, while equity markets recovered from March's war-driven losses. Euro Area financing costs and bond yields rose over March-May on conflict-related inflation.
- **The on-going war in the Middle East** has intensified global uncertainty, volatility in global energy markets and trade flows while exerting upward pressure on cost of living for households, production and funding costs for businesses, both negatively weighing on global growth prospects.

## Global and Euro Area sentiment weakened in April, with only a marginal Euro Area uptick in May

Global sentiment has weakened during March-April, driven by consumers, with business confidence displaying resilience



Source: OECD, until 05/2026. Note: Data for Global Business Sentiment is available until 04/2026.

The Euro Area Economic Sentiment Indicator declined to 93.4 points in April from 98.8 in January, before improving slightly in May to 93.7 points



Source: DG ECFIN, until 05/2026

# Global economic growth has slowed down, inflation is picking up following the energy price shock stemming from the war in the Middle East

GDP growth is expected to decelerate in 2026 in Europe and China. Global growth is expected to accelerate slightly in 2027

Inflationary pressures have intensified in 2026, largely and slightly above target in the US and the Euro Area, respectively

Real annual GDP growth rate



Source: OECD, estimate for 2025, forecast for 2026, 2027

Annual inflation rate



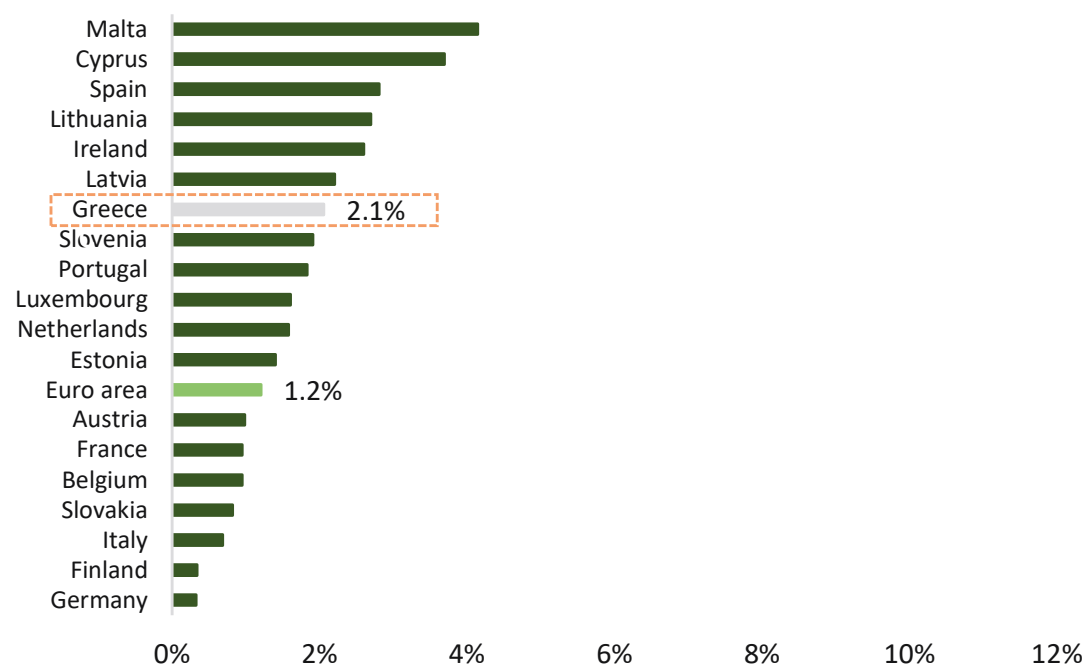
Source: OECD, IMF, actual for 2025, forecast for 2026, 2027

## Growth and inflation remain markedly uneven across euro area member states

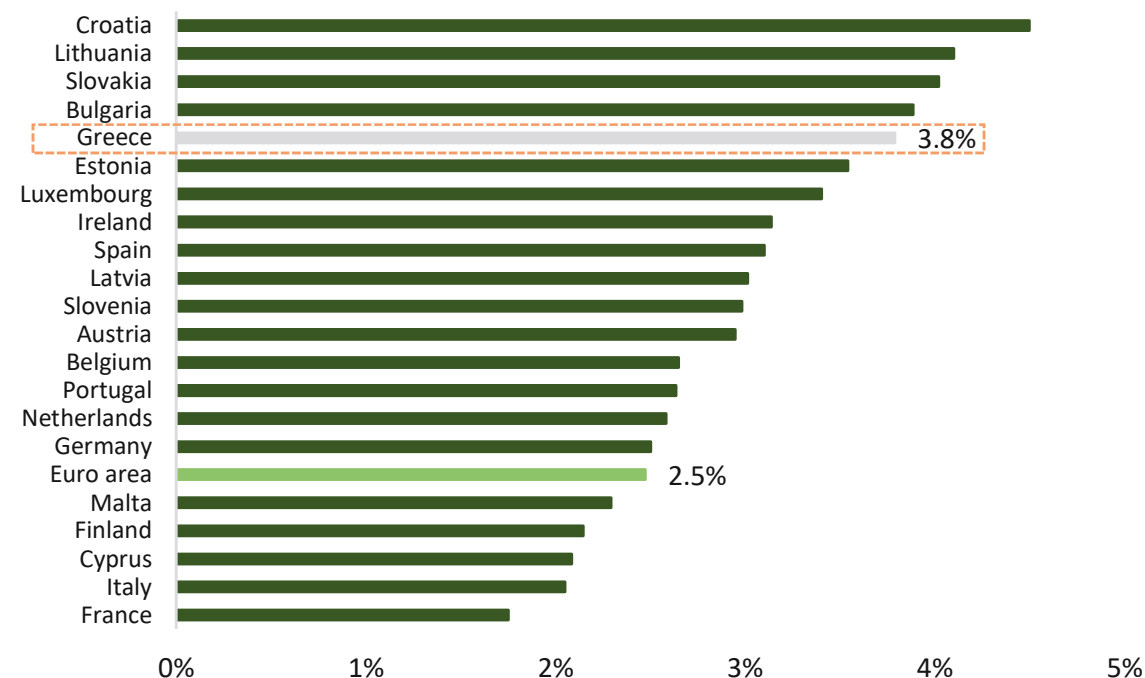
In Q1 2026, annualized growth spanned near flat (Finland, Germany) to strong (Malta, Cyprus). Greece ranked 8<sup>th</sup> at 2.1%, 0.9 pp above the EA average

In Jan–May 2026, inflation remained contained in few members but ran higher across several eastern and Baltic economies. Greece posted the 5<sup>th</sup> highest rate (3.8% vs 2.5% EA)

Annualized growth rate YoY (2025Q2-2026Q1)



HICP inflation rate YoY, Jan-May 2026

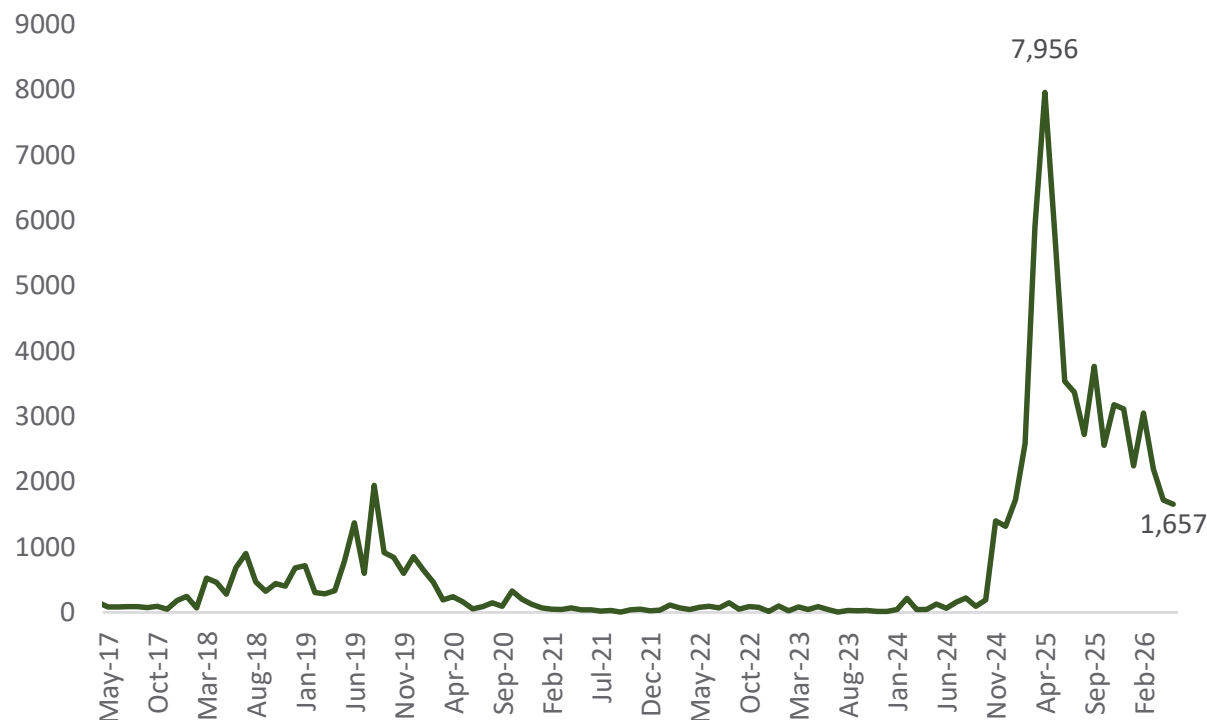


Source: Eurostat. Note: Annualized GDP is calculated as the rolling 4-quarters GDP

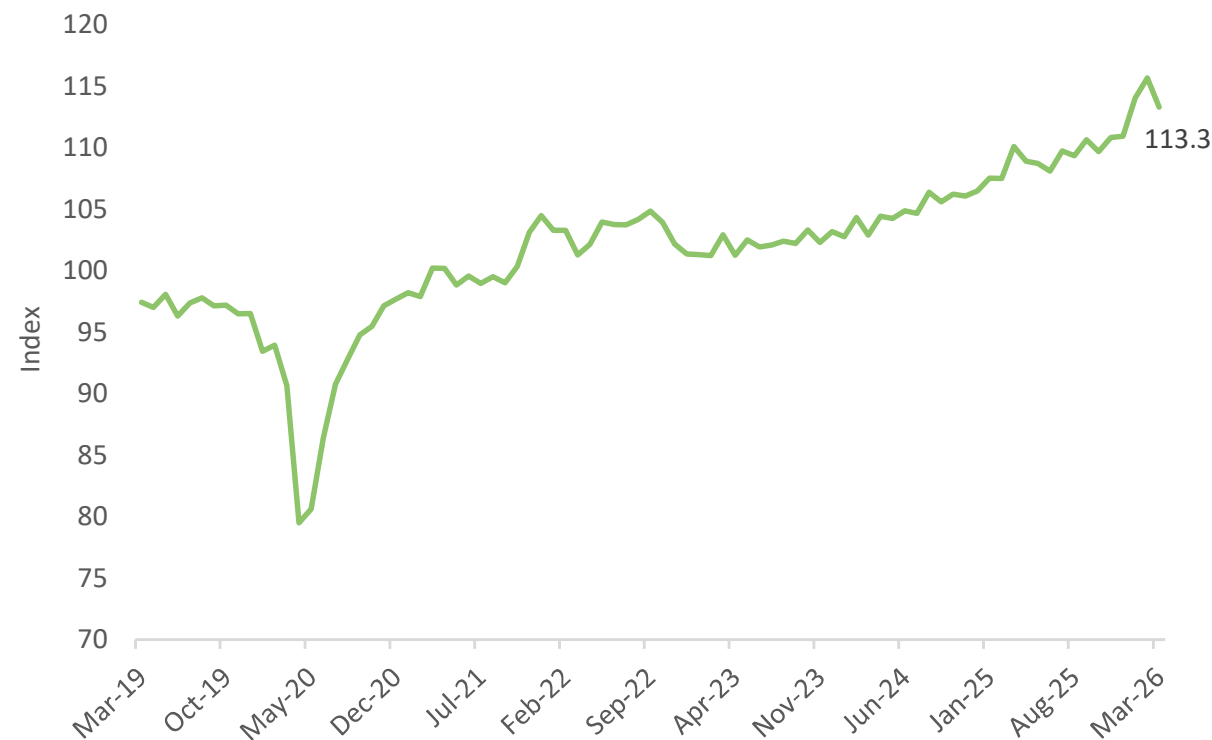
# International trade volume dropped sharply following the closure of the Hormuz Strait amid only gradually dissipating global trade policy uncertainty

After reaching a historical peak in April 2025, US trade policy uncertainty has been easing but remains in multiples higher than its long-term average

International trade volume fell sharply in March to 113.3 points after rising to 115.6 points in February



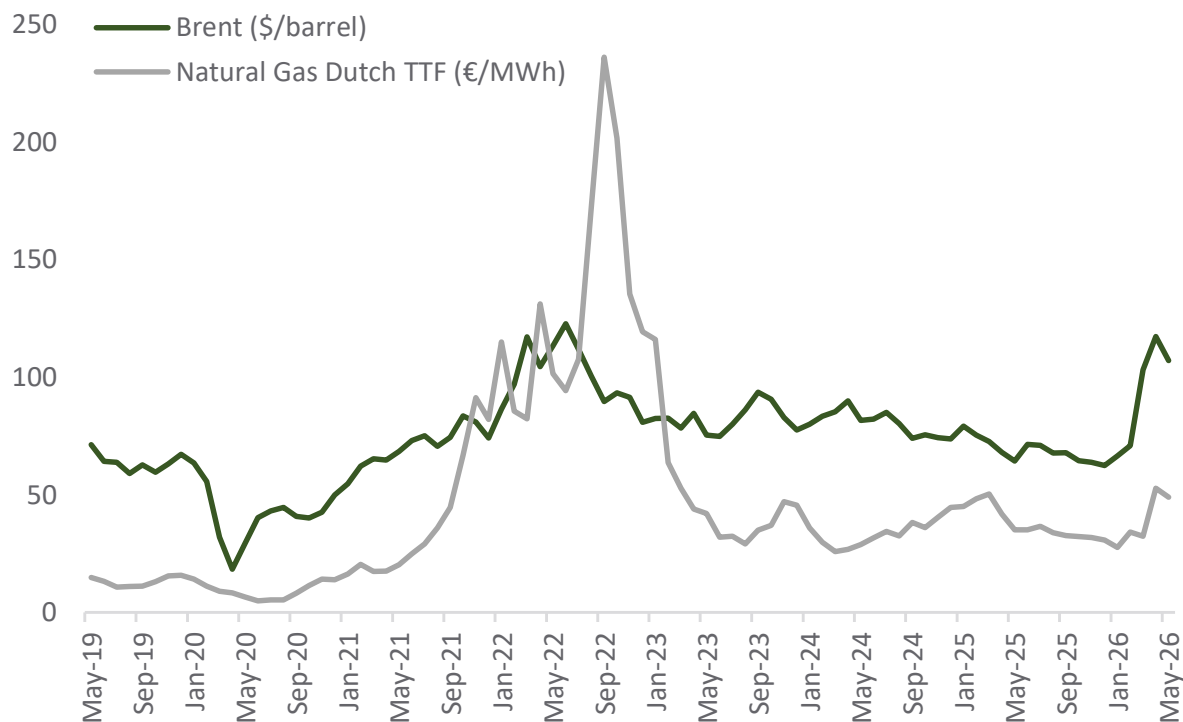
Source: US Economic Policy Uncertainty, until 05/2026



Source: CPB (Netherlands Bureau for Economic Policy Analysis), until 03/2026

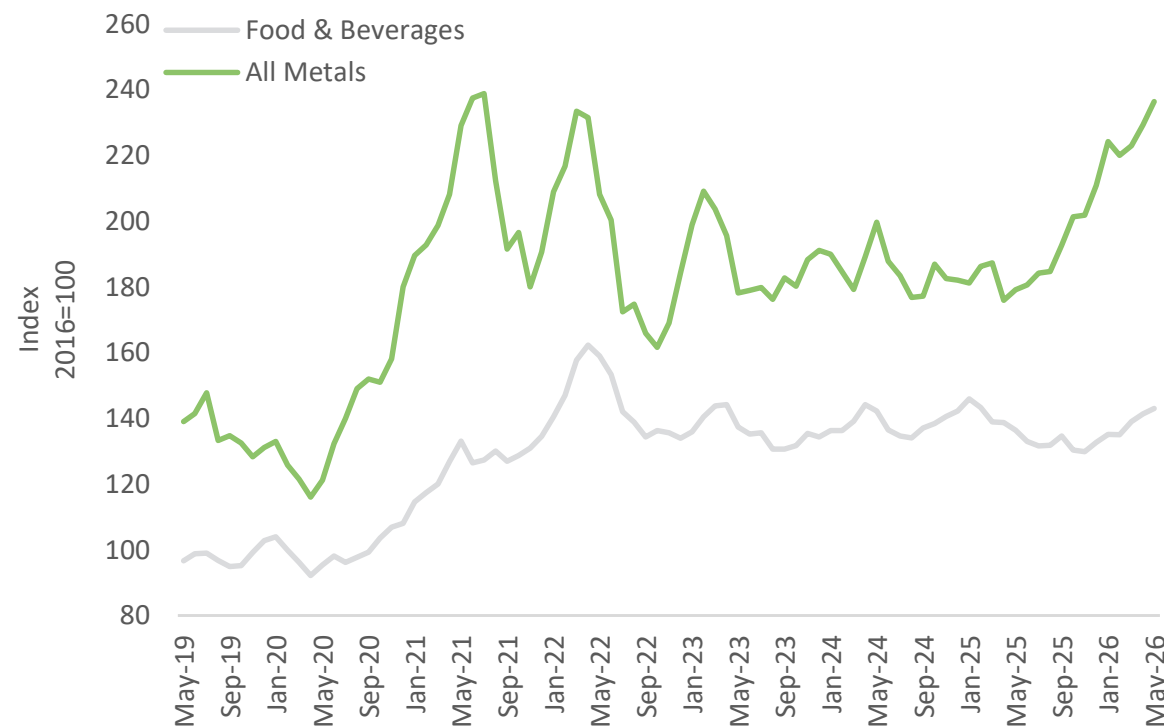
Energy, food and metal prices rose through 2026. The war in Middle East drove energy prices to an April peak, with prices easing slightly in May and more significantly in June, after the announcement of a peace agreement between the USA and Iran.

Brent crude reached a 4-year high in April (up to \$117/barrel) before easing by 8.7% in May to \$107.1/barrel. The next-month TTF natural gas contract stood at €49.0/MWh in May



Source: EIA, NYMEX, until 05/2026. Note: TTF stands for Title Transfer Facility.

Metal prices increased further by 3.1% in May, reaching 4-year highs. Food and beverage prices also rose by 1.2%



Source: IMF, Commodity data portal, until 05/2026

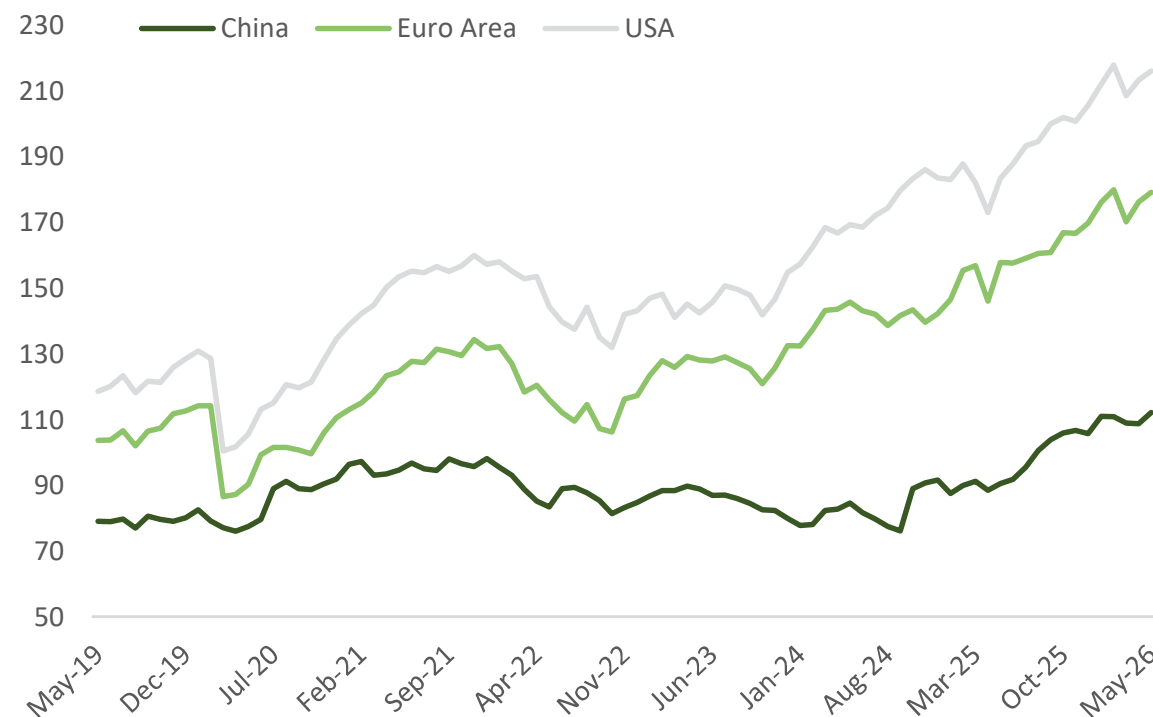
## Euro-dollar exchange rate has oscillated around \$1.17 in Q2, while international capital markets proved resilient to the war turbulence

The euro-dollar exchange rate weakened in May, while still significantly higher than during 2022-2024



Source: ECB, until 05/2026

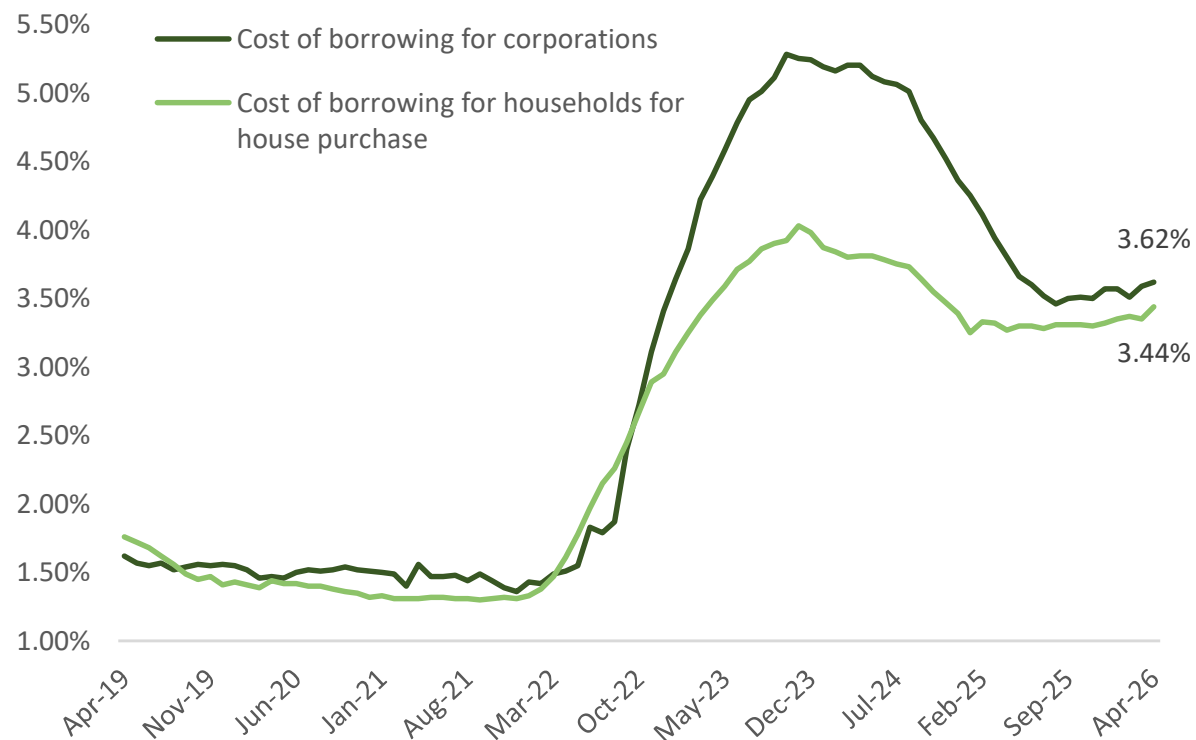
Share prices rose in the US (+1.3% MoM) and in China (+3.1% MoM) in May 2026, recovering from the steep losses recorded in March due to the war in the Middle East



Source: OECD, monthly average of closing market index (2015=100), until 05/2026.

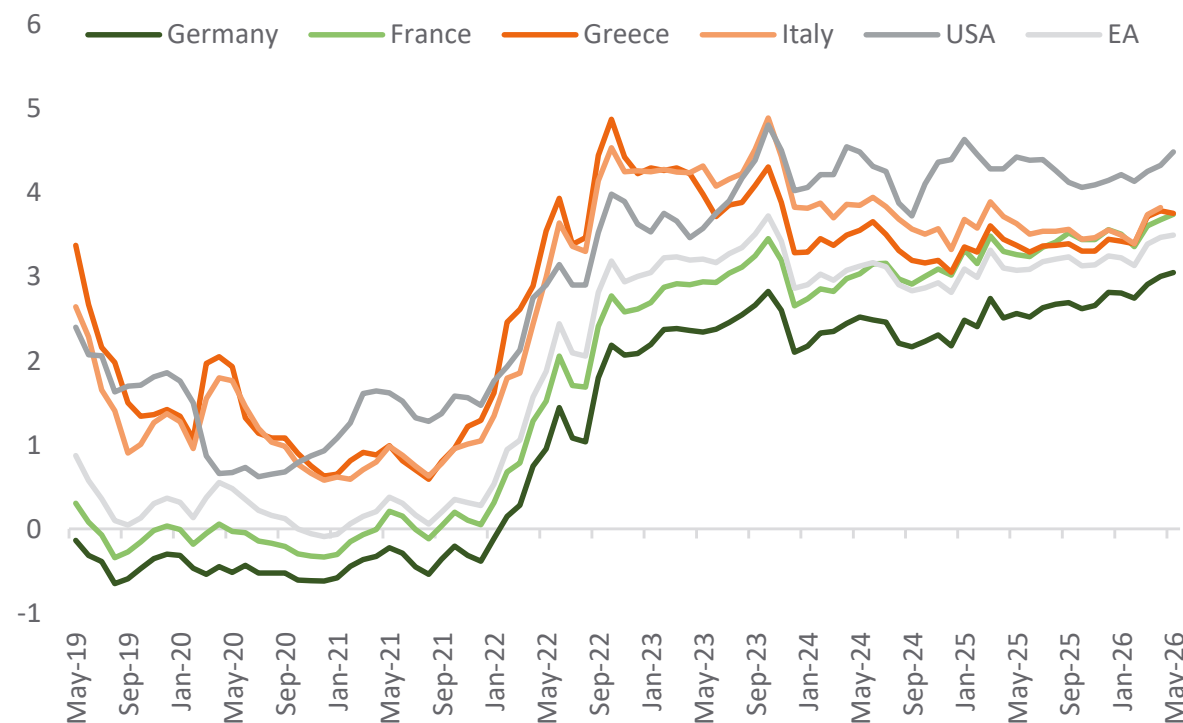
## Financing costs and Euro Area government bond yields rose in March–May, driven by mounting inflationary pressures linked to the Middle East conflict

**Borrowing costs for corporations and households have increased in April to 3.6% and 3.4%, respectively**



Source: ECB, until 04/2026

**10-year government bond yields rose to 4.48% in the US and 3.49% in the Euro Area in May. The Greek yield (3.8%) is similar to the respective in Italy and France**



Source: OECD, ECB, until 05/2026

# 3. Domestic economic activity

- GDP components
- Inflation and labor market
- Fiscal
- Financial
- Selected sectors

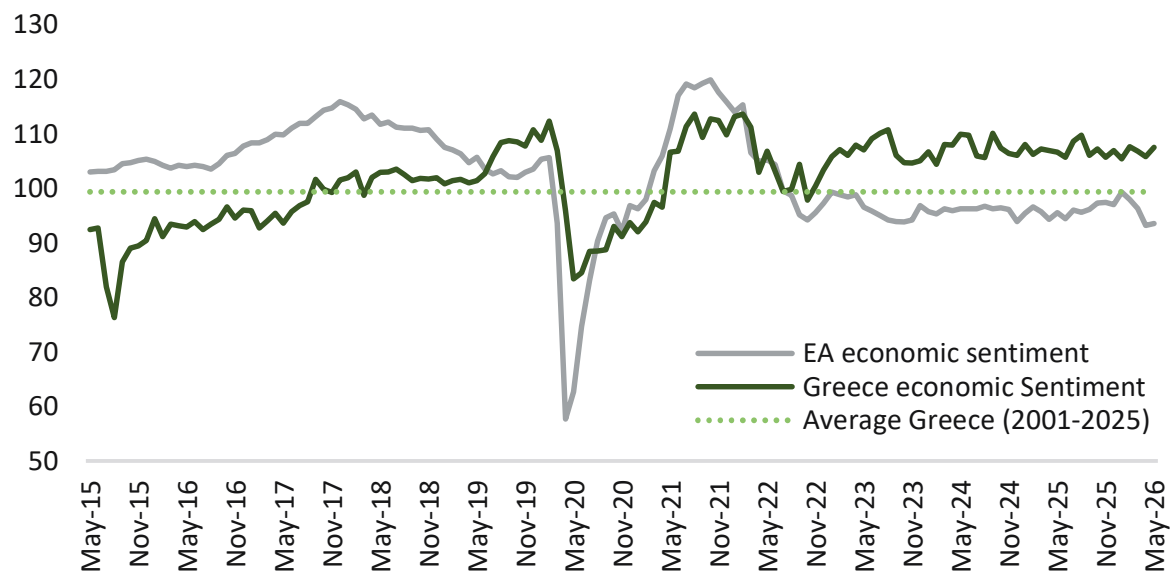


## Domestic economic activity - Summary

- The **Greek economy grew by 2.0% in 2026 Q1** (2.3% YoY in Q4) compared to 0.3% in the Euro Area average, mainly due to growing fixed investment and exports. Recent forecasts anticipate slightly decelerated growth rate in 2026, due to the supply side shocks and energy inflation triggered by the war in the Middle East.
- The **current account deficit** increased to €7.0 bn (10.9% of GDP) in the first quarter of 2026, up from €5.0 bn (8.1% of GDP) in the same period the previous year. This was mainly due to a reduction in the surplus of secondary income.
- **Labor market conditions** show signs of “fatigue” in 2026 Q2, as unemployment rate increased y/y in April after significant and systematic improvements in the previous quarters. On the positive side, participation rate gradually increases, while the rising trend in wages continues. Household incomes gradually recover, yet savings remain very weak.
- Overperformance of **fiscal targets** in cash terms continued in early 2026.
- **Credit expansion** to the private sector continued in early 2026, at a higher pace towards businesses. The **cost of funding** for the private sector has started to pick up in Q2, alongside for the public sector, while comparable to that of peers like Italy and France.
- Key **sectoral trends** in industrial production, retail trade and tourism remain positive in the first half of 2026.
- **Concerns on the domestic outlook** intensify as long as the tension in the Middle East persists. The risks relate to high inflation, erosion of disposable income, market volatility, higher funding costs and widening current account deficit due to energy goods. As a party comforting signal, after a significant hit in the capital markets in March, the Greek stock market has fully recovered its losses and trades again at multi-year highs.

# Domestic economic sentiment showed resilience in Q2, while consumer confidence stays subdued

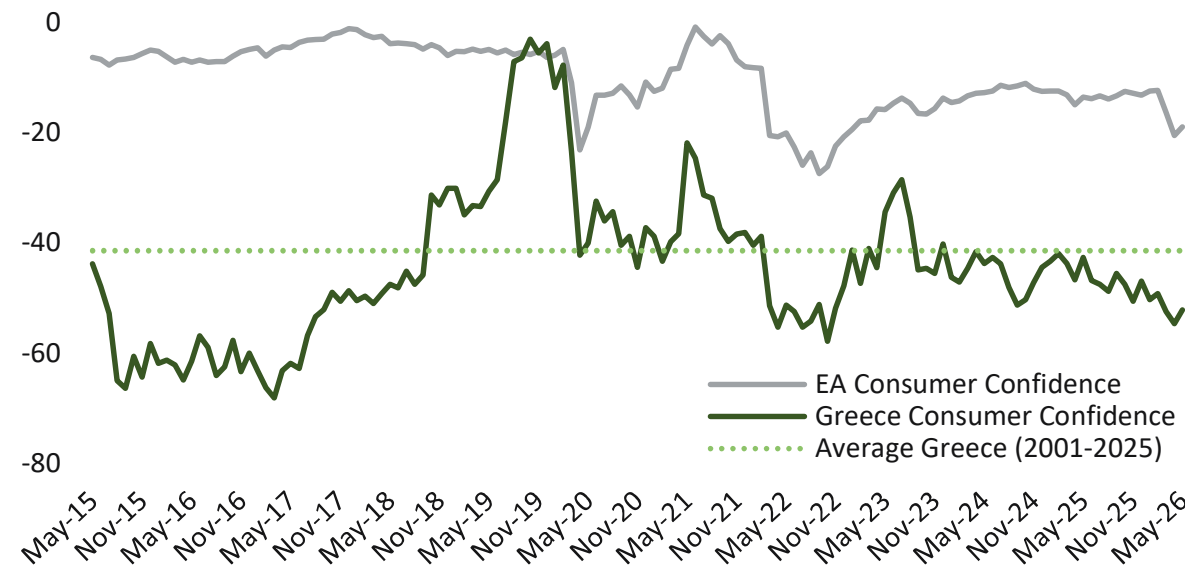
**Improvement of economic sentiment led by stronger business and construction expectations**



The economic sentiment index rose to 107.5 points in May, from 105.8 in April and slightly above its previous year level (106.6).

Source: IOBE, European Commission, until 05/2026

**...while consumer confidence edges up but stays below its long-run average and the Euro Area**

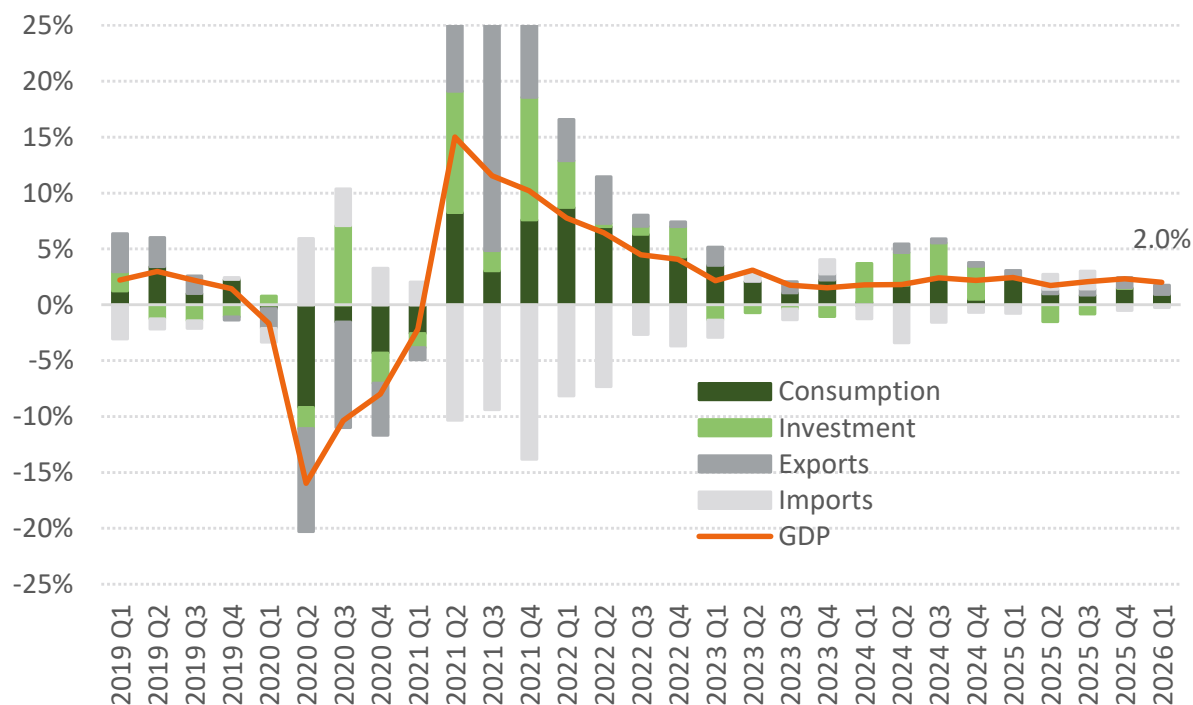


The consumer confidence index increased in May, standing at -52.2 points compared to -54.7 points in April but remained below both its previous year level (-42.7) and its long-run average.

Source: IOBE, European Commission, until 05/2026

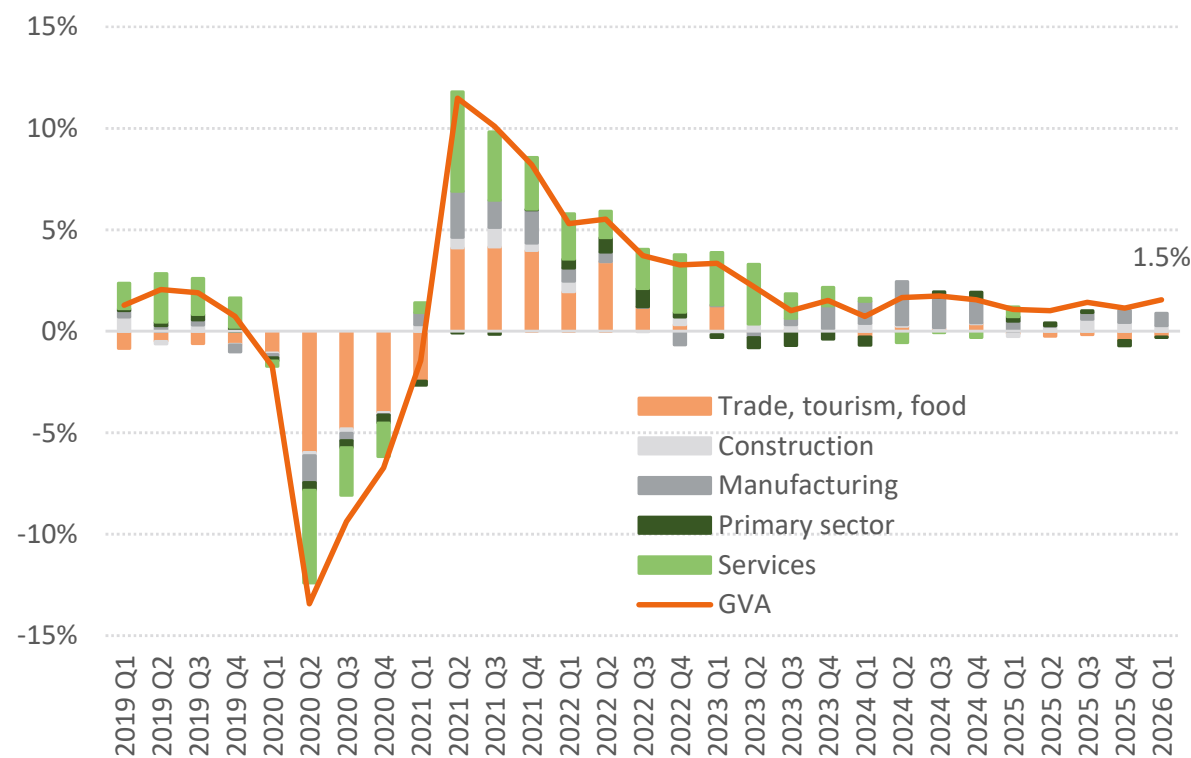
# GDP growth moderated to 2.0% YoY in Q1 2026, from 2.3% in Q4 2025, as sectoral contributions eased, but stayed well above the 0.3% Euro Area average

**GDP growth (YoY)**  
Chain linked volumes, index 2020=100  
Seasonally adjusted



Source: Elstat, until 03/2026

**Gross Value Added (GVA) growth contribution by production component (YoY), Chain linked volumes, index 2020=100**  
Seasonally adjusted



Source: Elstat, until 03/2026

## Institutions have revised 2026 Greek growth forecasts downwards to around 1.8–1.9% while marking up inflation, pointing to lower growth alongside price pressures

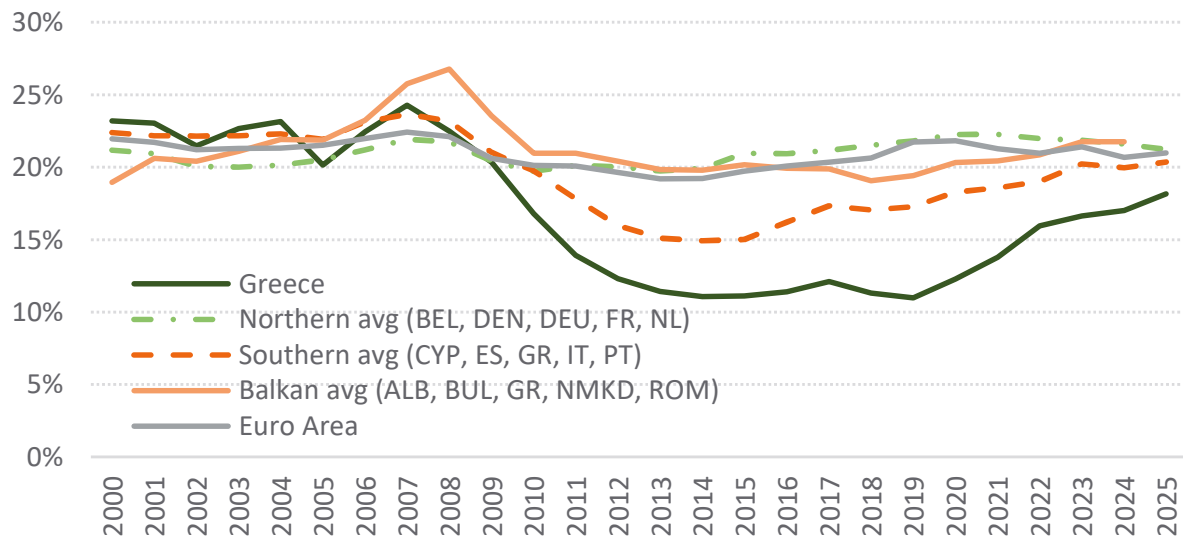
y/y growth rate, unless otherwise specified	Bank of Greece	Ministry of Finance	European Commission	IOBE	IMF	OECD
	<b>2026</b>					
GDP	1,9%	2,0%	1,8%	1,8%	1,8%	1,9%
Total consumption	:	:	:	1,5%	:	:
Private consumption	1,9%	1,5%	1,6%	1,7%	:	1,3%
Public consumption	0,4%	1,1%	1,2%	0,9%	:	1,5%
Gross Fixed Capital Formation	8,8%	7,1%	7,3%	10,2%	:	7,1%
Exports	1,6%	2,9%	1,7%	2,6%	1,0%	2,4%
Imports	3,4%	4,4%	3,3%	3,9%	1,6%	2,6%
Inflation rate (HICP)	3,1%	3,2%	3,7%	3,5%	3,5%	4,2%
Unemployment rate (% labor force)	8,2%	8,4%	8,3%	8,5%	7,4%	8,3%
Primary balance of general government (% GDP)	:	3,2%	0,8%	:	3,7%	-0,2%
Current account balance (% GDP)	:	:	-7,1%	:	-6,4%	-6,7%

Major institutions **revised downwards their recent forecasts** to moderate **GDP growth** of around **1.8–1.9% in 2026**, supported mainly by strong **investment dynamics** and continued **growth in private consumption**. At the same time, **inflation** forecasts were **revised** markedly **higher**, to around **3.1–4.2%** (from roughly 2.1–2.5%), partly reflecting the energy-price pressures triggered by the **Middle East conflict**. Nonetheless, **external imbalances persist**, with the current account deficit expected to remain elevated at around 6.4–7.1% of GDP, despite the ongoing expansion of economic activity.

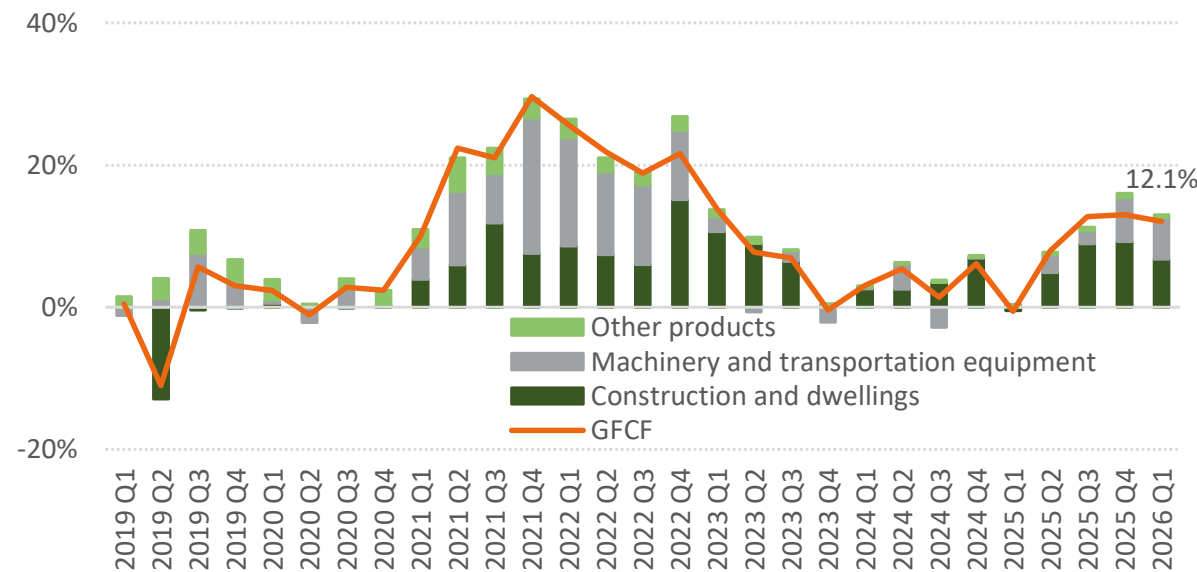
**Sources:** Note on the Greek Economy – May 2026 – BoG; Annual Progress Report 2026 – April 2026 – MinFin; European Economic Forecast – Spring 2026 – May 2026 – EC; The Greek Economy 01/26 – April 2026 – IOBE; World Economic Outlook – April 2026 – IMF; Economic Outlook – June 2026 – OECD

## Fixed investment remained robust in Q1 2026, led by Construction and Machinery, as the GFCF-to-GDP ratio continued to narrow the gap with the Euro Area

Gross fixed capital formation (GFCF) (% GDP)  
Chain linked volumes, index 2020=100  
Seasonally adjusted



GFCF growth rate and contribution by components  
Chain linked volumes, index 2020=100  
Seasonally adjusted



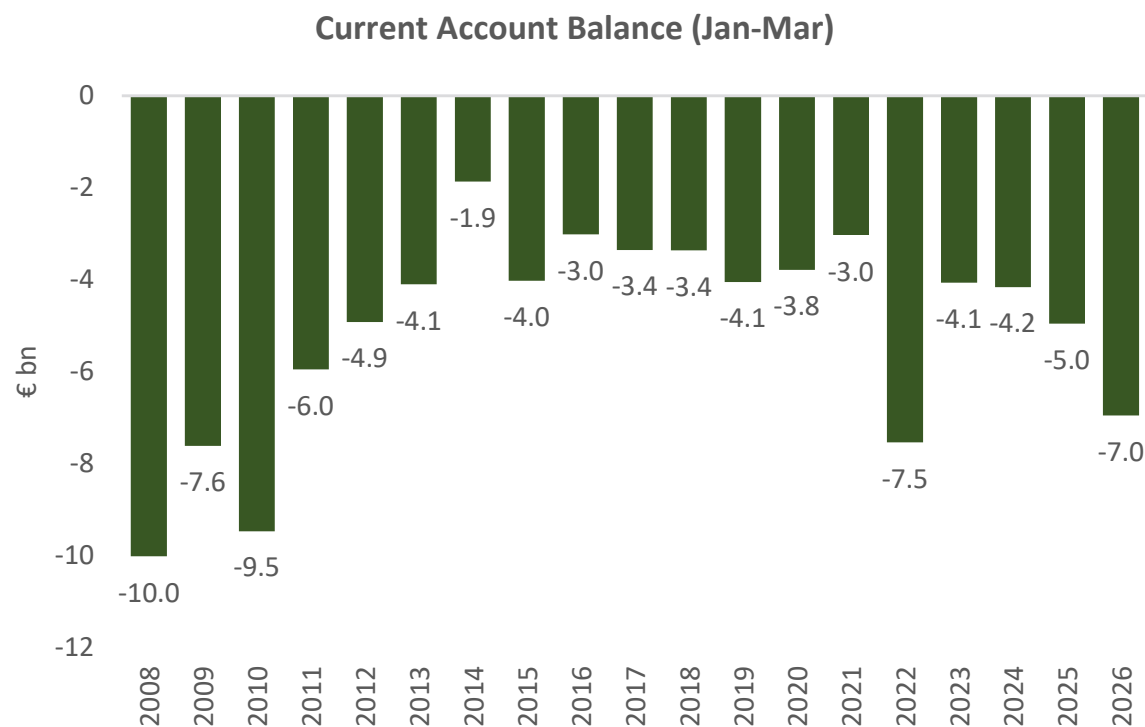
Investment has continued to recover at roughly 18% of GDP but still lies below the Euro Area average (21%). After several volatile years, fixed investment growth has strengthened (+12.1% YoY in Q1 2026), with positive contributions across most components, underpinning the ongoing recovery in investment activity.

Source: Eurostat, until 12/2025

Source: ELSTAT, until 03/2026

## The current account deficit increased to €7.0 bn (10.9% of GDP) in Q1 2026, up from €5.0 bn (8.1% of GDP) in the same period the previous year

While the balances of goods and services improved, the primary and secondary income balances deteriorated in Q1 2026

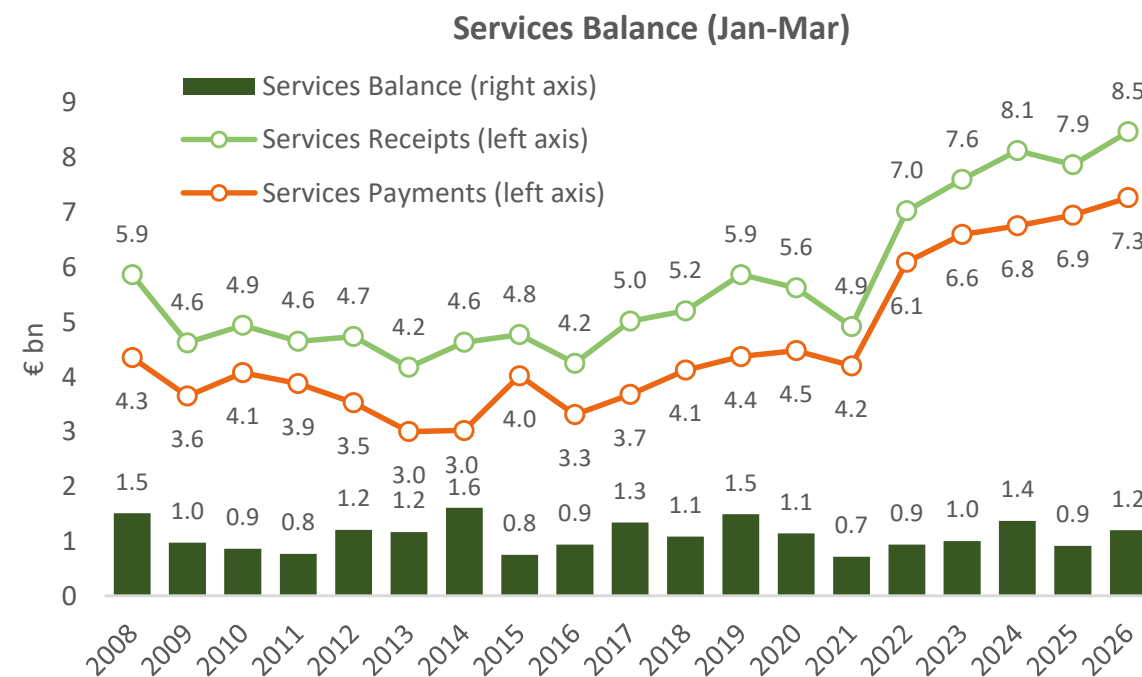
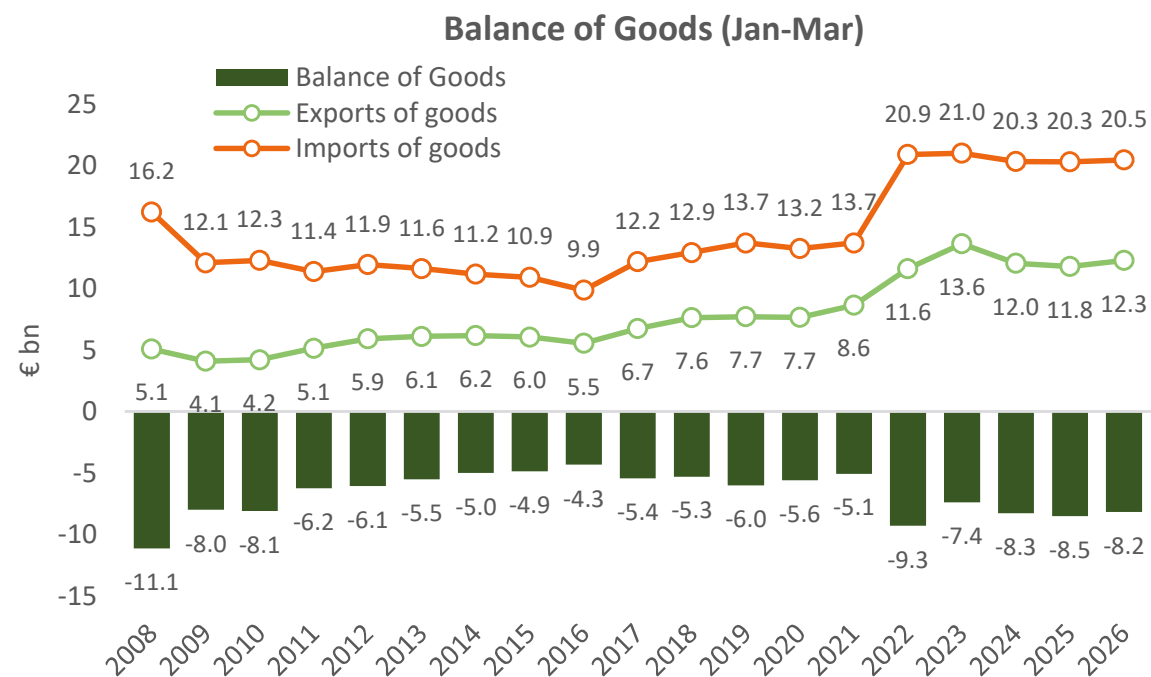


### Jan-Mar 2026

- The **goods** deficit improved by €338 m to reach €8.2 bn in Q1 2026, as exports rose 4.3% to €12.3 bn while imports increased only 0.8% to €20.5 bn.
- The **services** surplus rose by €285 m to €1.2 bn, with receipts up 7.7% to €8.5 bn, outpacing a 4.6% rise in payments to around €7.3 bn.
- The **primary income** deficit worsened to €483 m, from €298 m a year earlier, due to a much larger decline in receipts.
- The **secondary income balance** shrank sharply to €496 m, compared to €2.9 bn in 2025, due to the decline of receipts.

Source: Bank of Greece, until 03/2026

## As of March, the external sector showed no clear sign yet of impact from the Strait of Hormuz crisis, with the goods deficit narrowing and the services surplus improving



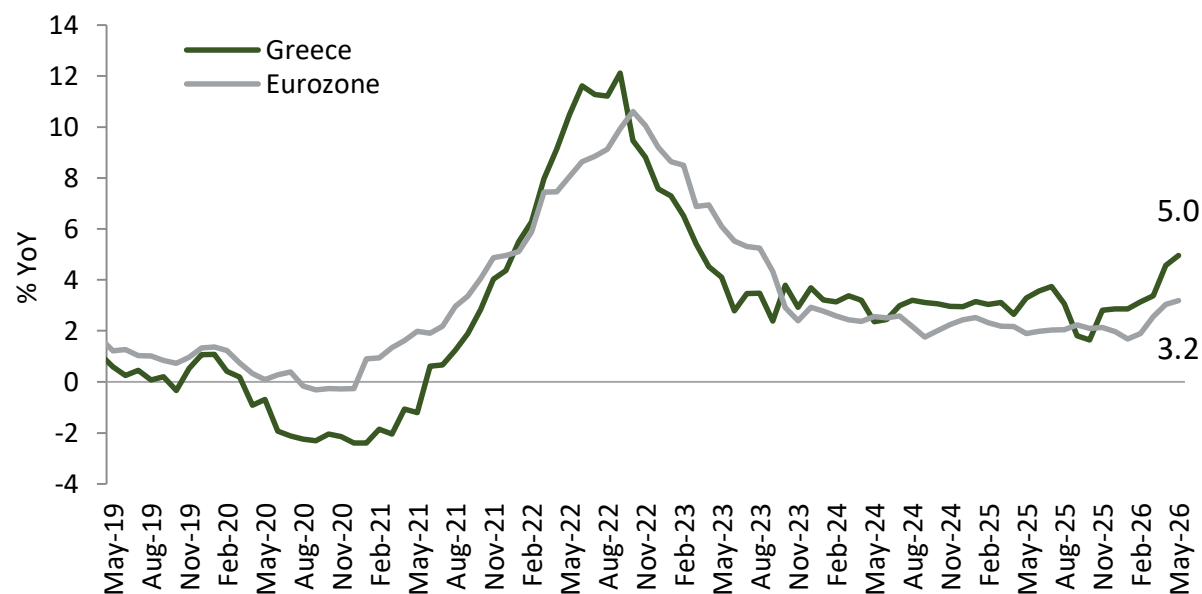
The **goods balance** improved slightly in Q1 2026 compared to Q1 2025, with exports increased more than double rate of imports (€504 m vs €165 m). Exports of other goods increased by €282 m and exports of fuels by €205 m. Imports of other goods increased by €918 m, while imports of fuels declined by €810 m.

The **services surplus** rose to €1.2 bn in Q1 2026, supported mainly by tourism, with receipts up €656 m, while transport receipts rose more modestly, by €75 m.

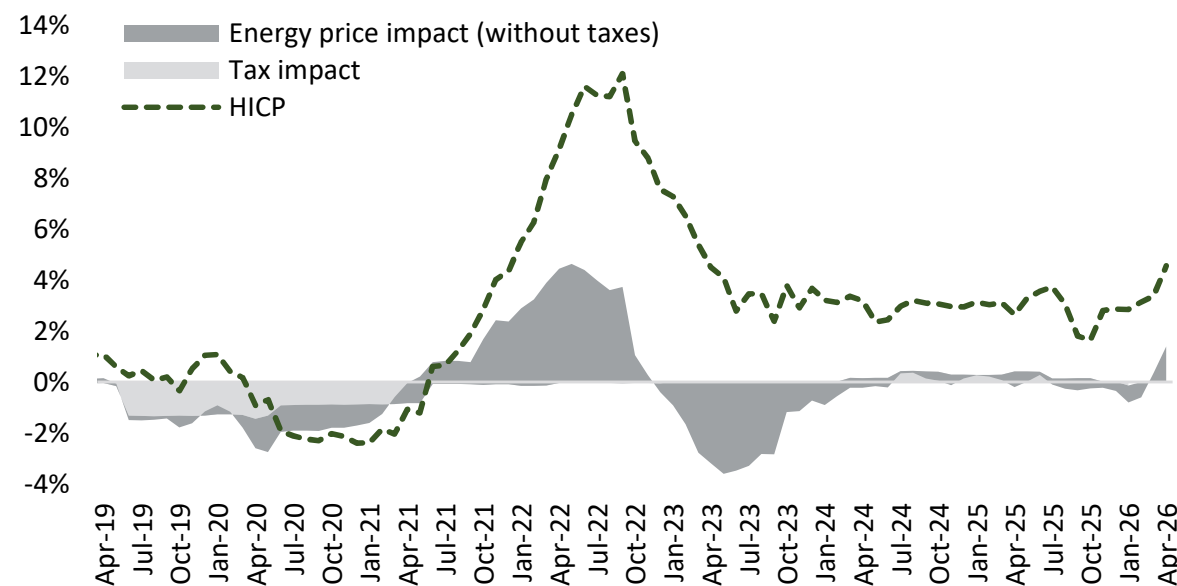
Source: Bank of Greece, until 03/2026

## Greek inflation increased to 5.0% in May, remaining well above the Euro Area average (3.2%), as the March energy-price shock fed through

Harmonized Inflation rate (HICP, % YoY)



HICP, impact of energy prices and changes in taxation



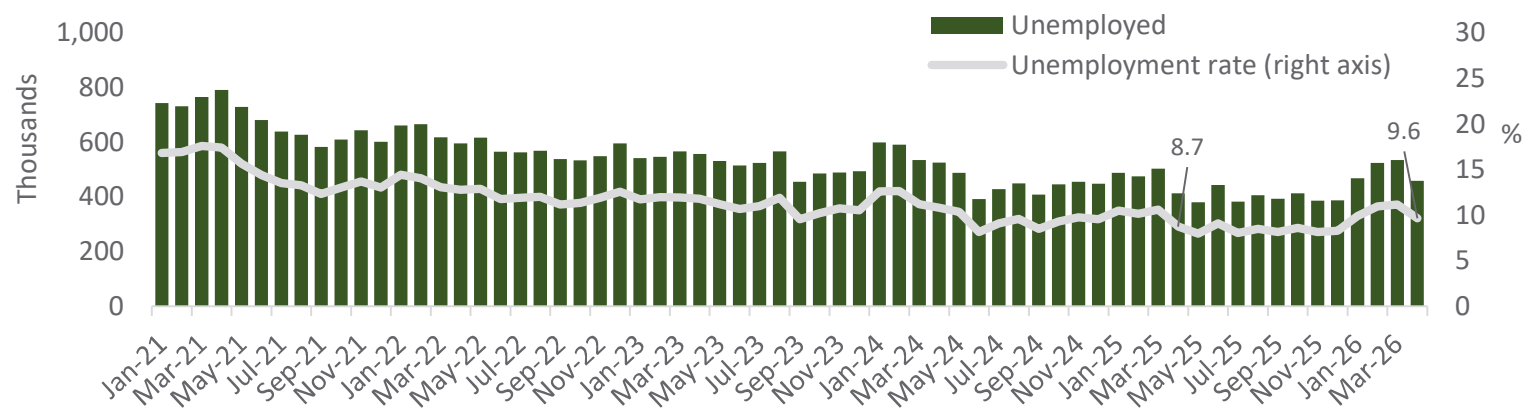
**Greece:** Harmonized inflation accelerated sharply in May, to 5.0% YoY, from 3.1% in February, recording the steepest pick-up since the 2021–2022 inflation surge and a clear break from the moderate 2–3% range that had prevailed through 2024–2025. The domestic CPI is estimated at 5.2% YoY (from 2.7% in February), broadly in line with the HICP.

The acceleration is driven primarily by energy: following the closure of the Strait of Hormuz amid Middle East tensions, the energy contribution turned strongly positive (1.4% in April). Domestic demand continued to add to price pressures (3.2% in April).

**Euro Area:** Inflation also rose markedly, to 3.2% YoY in May, from 1.9% in February, confirming that the energy shock is a euro-area-wide phenomenon.

# Unemployment rose to 9.6% in April 2026, up from 8.7% a year earlier, marking a hold in previously systematic labor market improvements

Unemployment rate\* and number of unemployed in Greece



Balance of hirings and departures



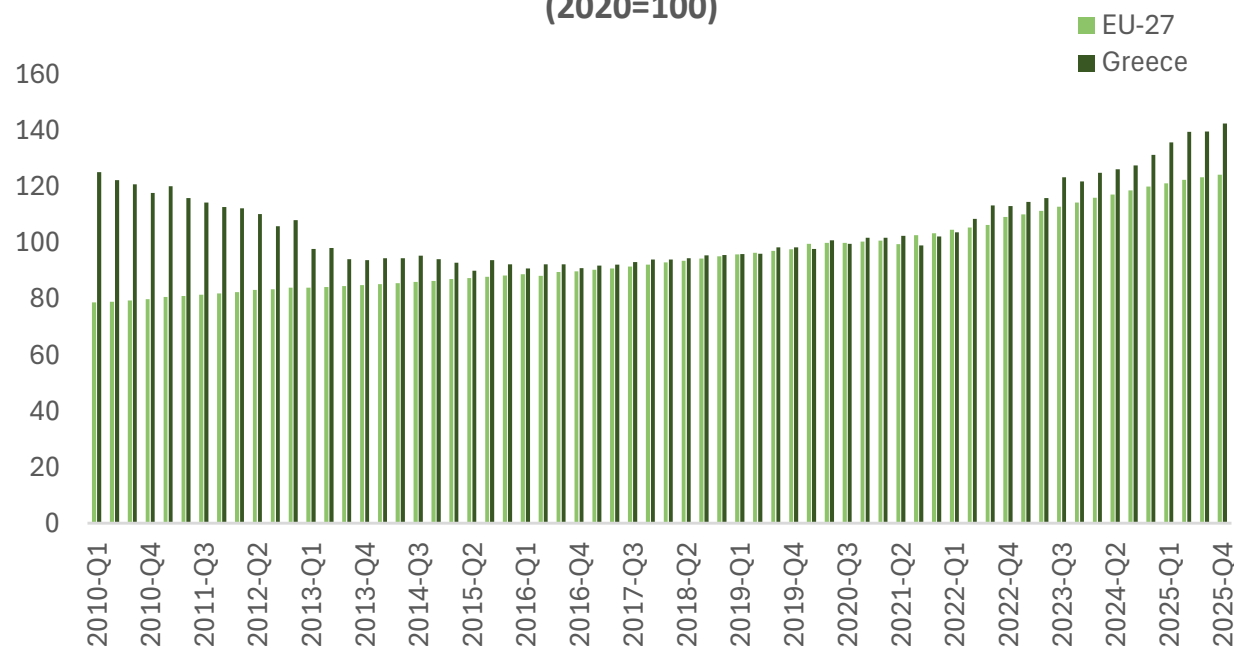
- In April 2026, the seasonally unadjusted unemployment rate increased to 9.6% compared to 8.7% in the same month of 2025.
- During the same period, the number of unemployed persons increased by 11.0% (YoY) (45.4 thousand), reaching 458.4 thousand people, while the number of employed decreased by 19.6 thousand (-0.5%), to 4,292.2 thousand people.
- The seasonally adjusted unemployment rate in April 2026 decreased to 9.5% from 10.4% in the previous month.
- Based on ERGANI data, in January 2026, the balance of hires and departures was negative by 18,744 jobs (199,215 hires against 217,959 departures), wider than the negative balance a year earlier (-15,450 jobs, with 205,933 hires and 221,383 departures).

Sources: ELSTAT until 04/2026, ERGANI until 01/2026

\* seasonally unadjusted

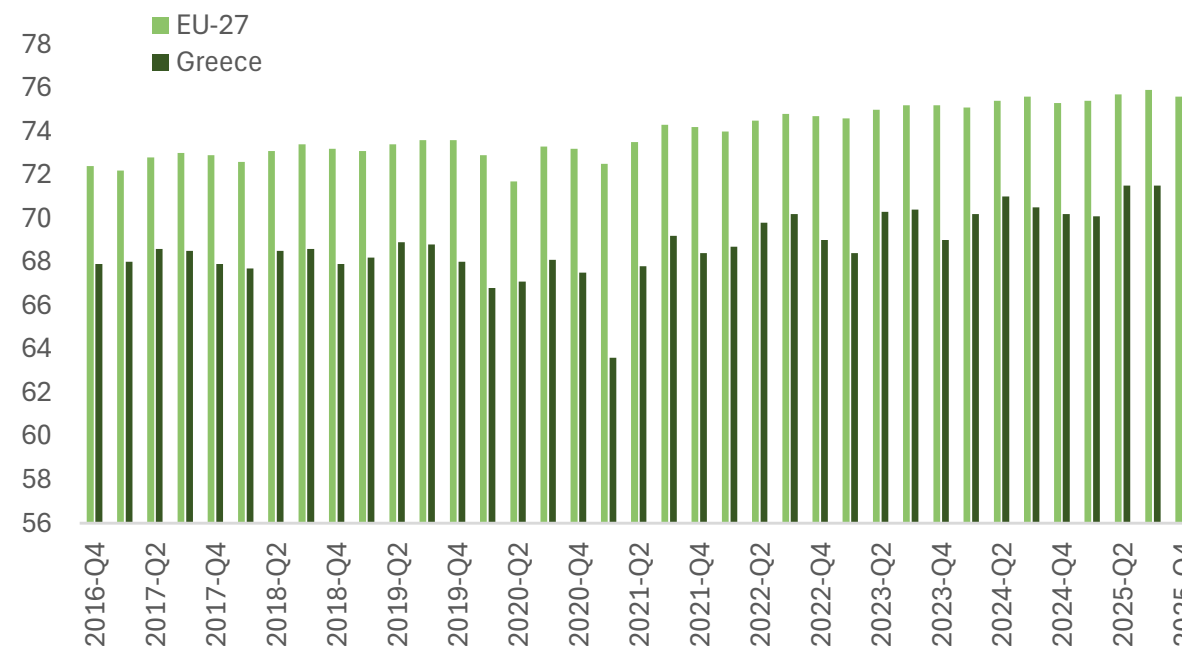
## Wages kept rising in Q4 2025 (+8.5% YoY), while participation edged up but stayed below the EU-27

Seasonally and calendar adjusted wages in Business Economy (2020=100)



The wage index in Greece has continued to rise, reaching 142.5 units (2020=100) in Q4 2025 (+8.5% YoY), growing faster than the EU-27 average since 2022.

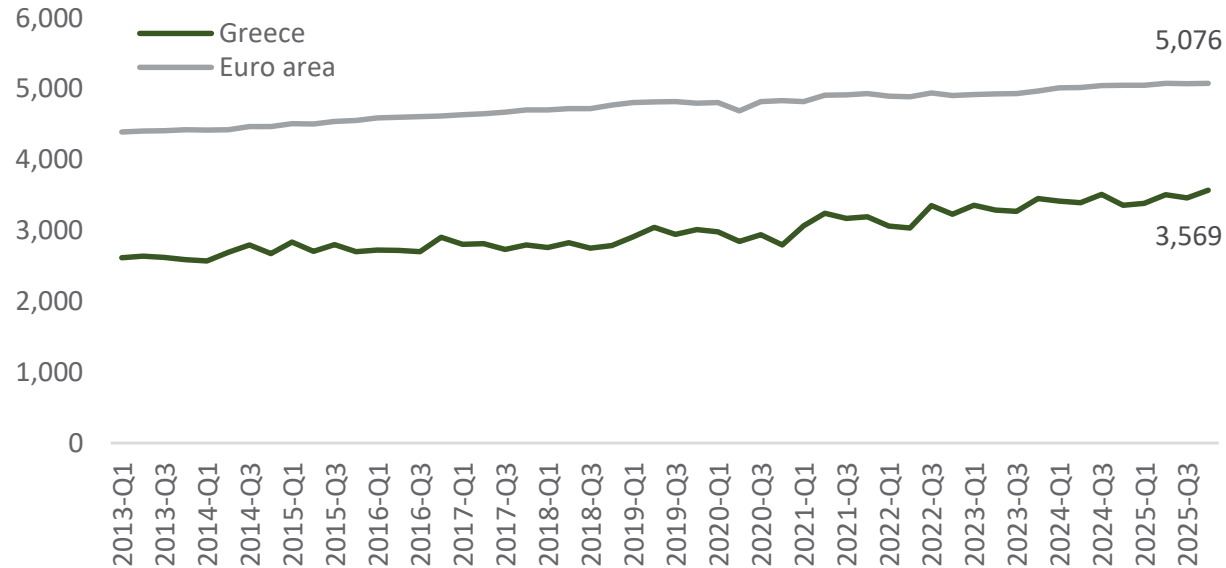
Labor Participation Rate



In Q4 2025, the participation rate in Greece increased to 70.7%, from 70.2% a year earlier. However, it remained 4.9 percentage points below the EU-27 average underscoring a persistent gap.

## Household incomes continue to rise gradually, but the saving rate remains negative

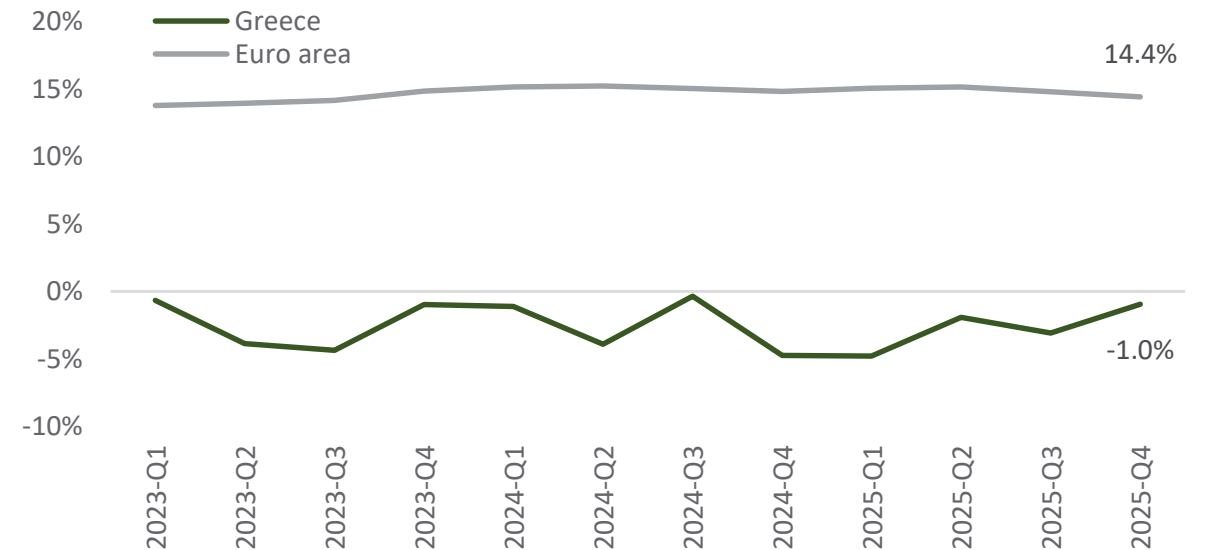
Gross disposable income of households (in real terms) per capita, Q1 2013 - Q4 2025 (PPP-adjusted)



Greek household disposable income has followed a steady upward path, gradually narrowing the gap with the Euro Area. Even so, it **remains 30% below the Euro Area**.

Source: Eurostat, until 12/2025

Gross household saving rate, Q1 2023 - Q4 2025 (% gross disposable income)



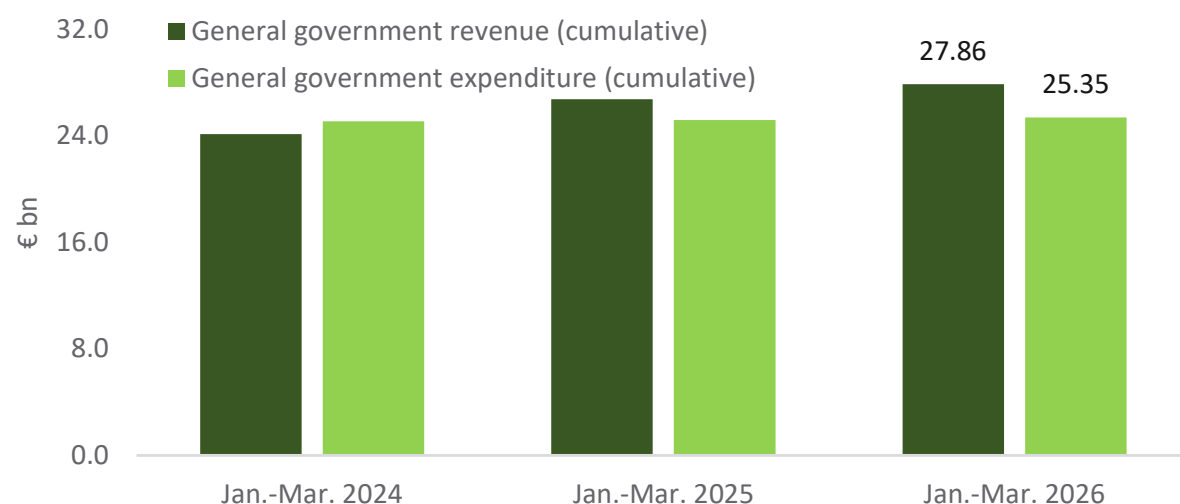
The Greek household saving rate stayed negative across 2023–2025 (between about 0% and –5%), far below the Euro Area average of around 14%. This persistent dissaving means **households rely on borrowing or running down wealth to finance consumption**.

Source: Eurostat, until 12/2025

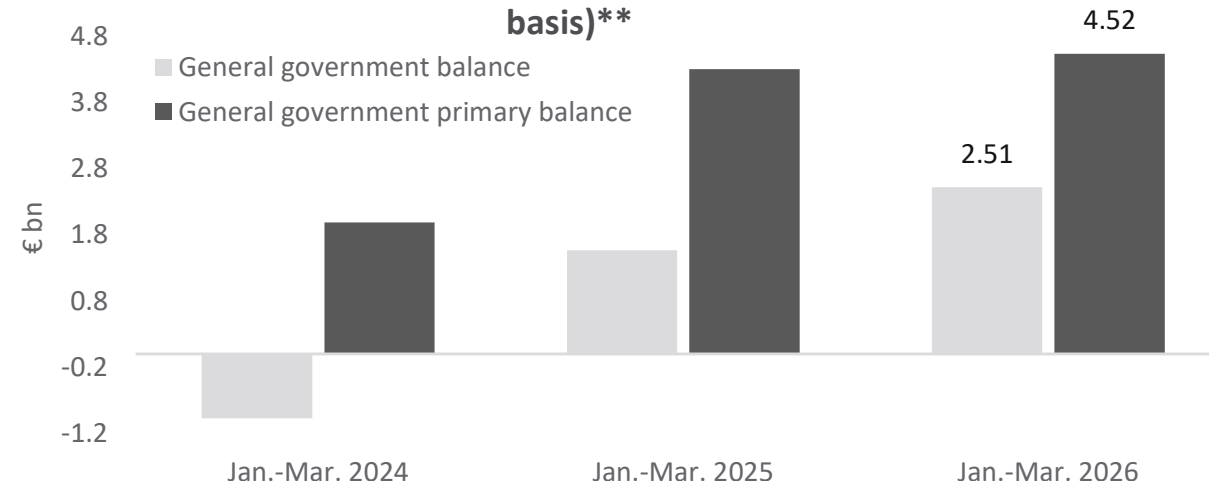
## Fiscal overperformance continued in Q1 2026 in cash terms, with the overall surplus widening to €2.51 bn (0.97% of GDP)

In cash terms, General Government Revenue rose by 4.3% in Q1 2026 (YoY) while expenditure increased by 0.8%. The General Government Balance reached a €2.51 bn surplus (0.97% of GDP) in Q1 2026, up from €1.56 (0.63% of GDP) in Q1 2025. The Primary Balance reached a €4.52 bn surplus (1.74% of GDP), slightly higher than the €4.29 bn surplus in the previous year (1.73% of GDP).

General Government Revenues and Expenditure (cash basis)\*



General Government Balance and Primary Balance (cash basis)\*\*



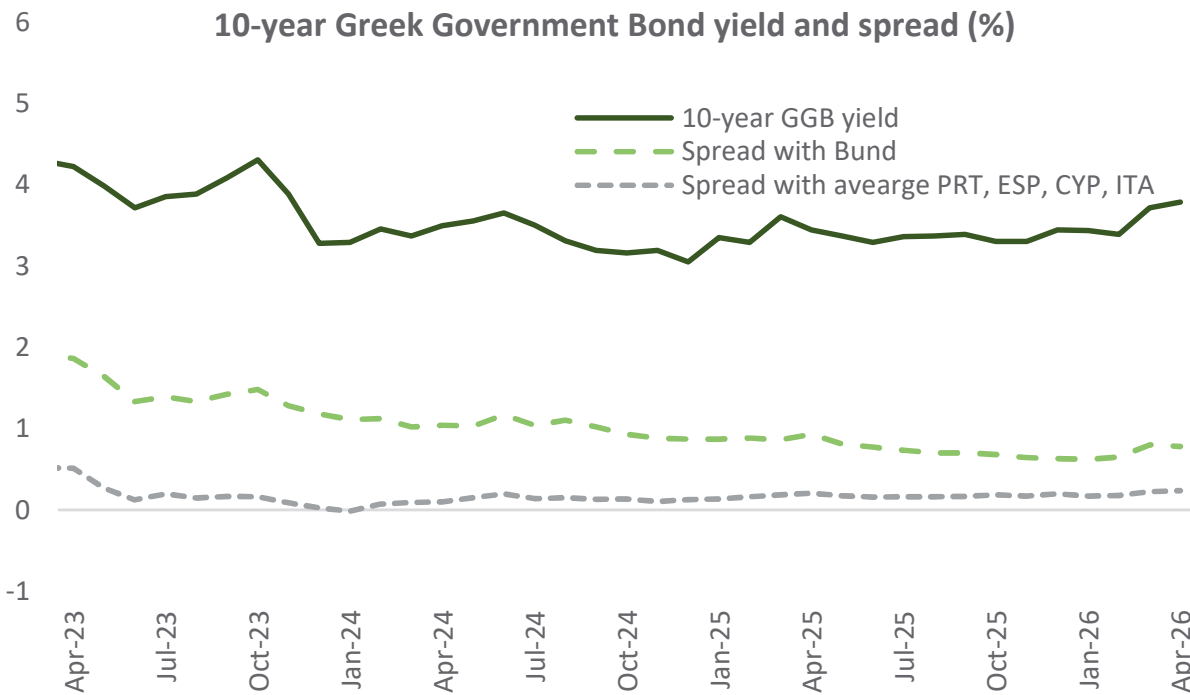
Revenue in Q1 2026 increased by €1.14 bn (YoY), led by indirect taxes (+€902 m) and capital transfer revenue (+€604.6), while direct tax revenue fell by €360.9 m. Expenditure increased by €192 m (YoY), with the largest increases recorded in social benefits (+€836.2 m) and purchases of non-financial assets (+€513.4 m). Significant declines occurred in interest payments (-€715.7 m) and capital transfer payments (-€710.9 m).

**Source:** Ministry of Finance, June 2026. GDP figures: 2026 Hellenic State Budget Draft, November 2025 \*On a cash and consolidated basis. The General Government includes the State Budget, the Central Government (Public Utilities, other public legal entities, Hospitals), the budgets of Local Governments and the Social Security Funds. \*\*The General Government Balance is the difference between revenue and expenditure. The General Government Primary Balance results from subtracting interest payments from its balance.

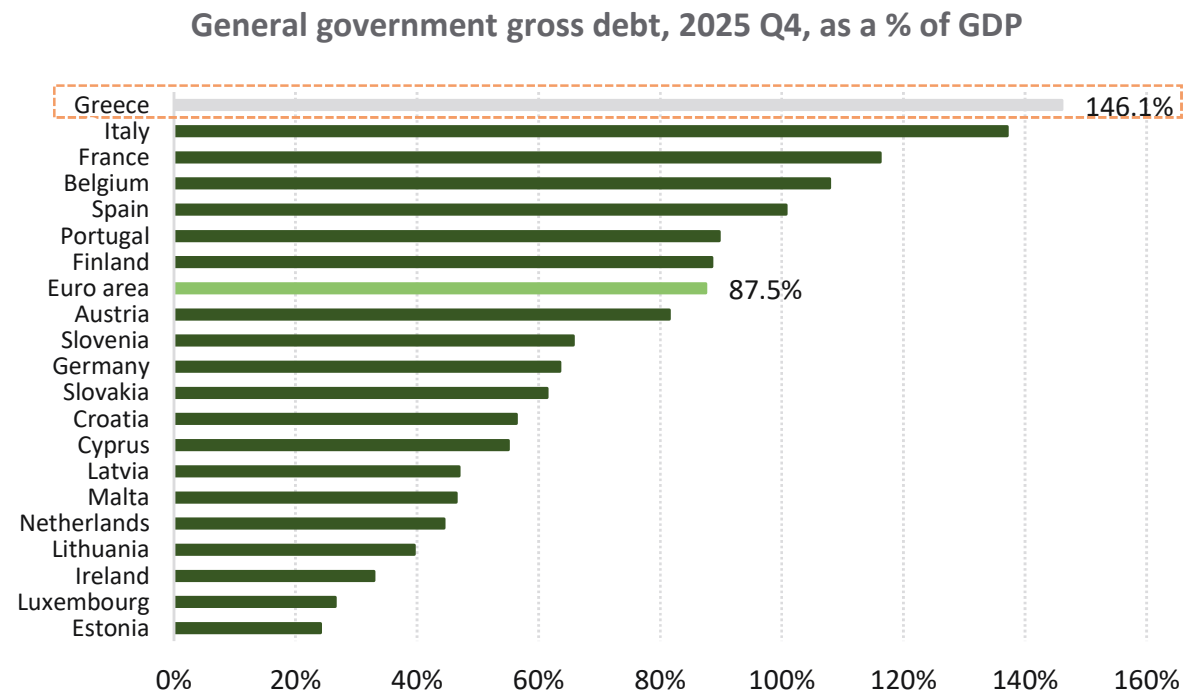
# The average yield on Greek bonds increased since February 2026, while spreads with the Bund have slightly widened. Greek government debt declined further in Q4 2025

The yield of 10-year Greek government bonds, around 3.8% in April 2026, is comparable to that of Italian and French bonds, while the spread with Bund is around 80 basis points

Greek government debt as a share of GDP is the highest in the Euro Area, yet has been systematically dropping. It fell to €362.9 bn (146.1% of GDP) in 2025 Q4, from €367.9 bn (149.8%) in Q3, while EA debt held steady at 87.5% of GDP quarter-on-quarter



Source: ECB, until 04/2026

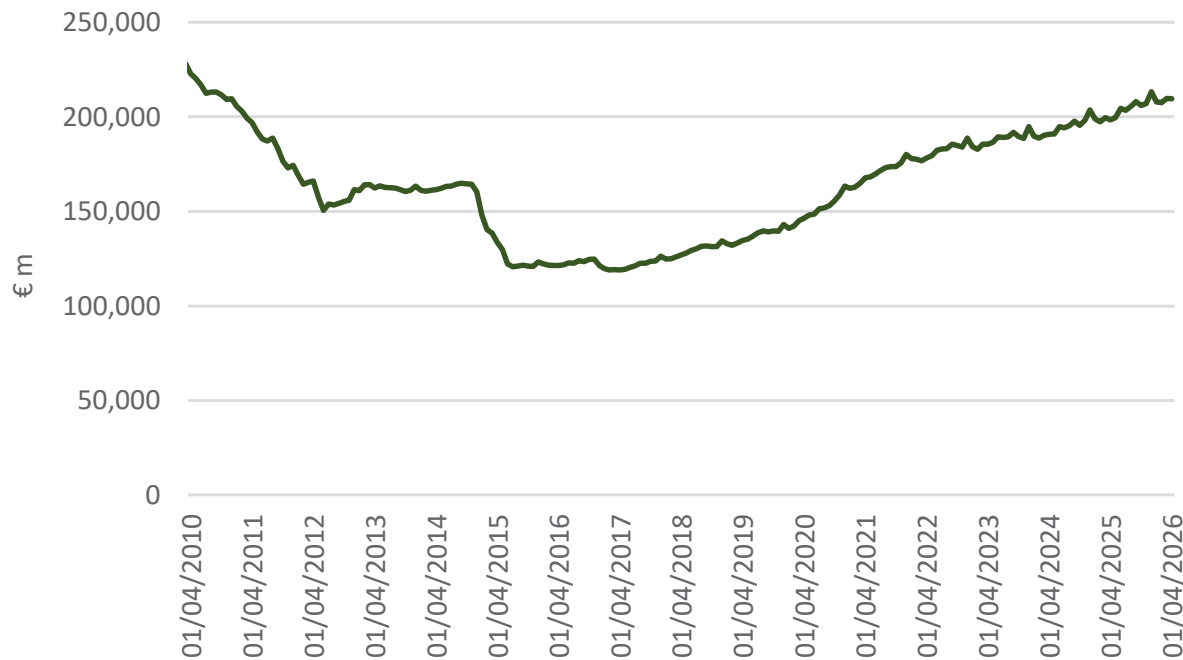


Source: Eurostat, until 12/2025

## Banks' private deposits have recovered close to pre-crisis levels, while NPL ratios have stabilized to low levels following their peak in 2016

Bank deposits by households and businesses have been on a systematic upward momentum since 2017, reaching €209.6 bn in April 2026

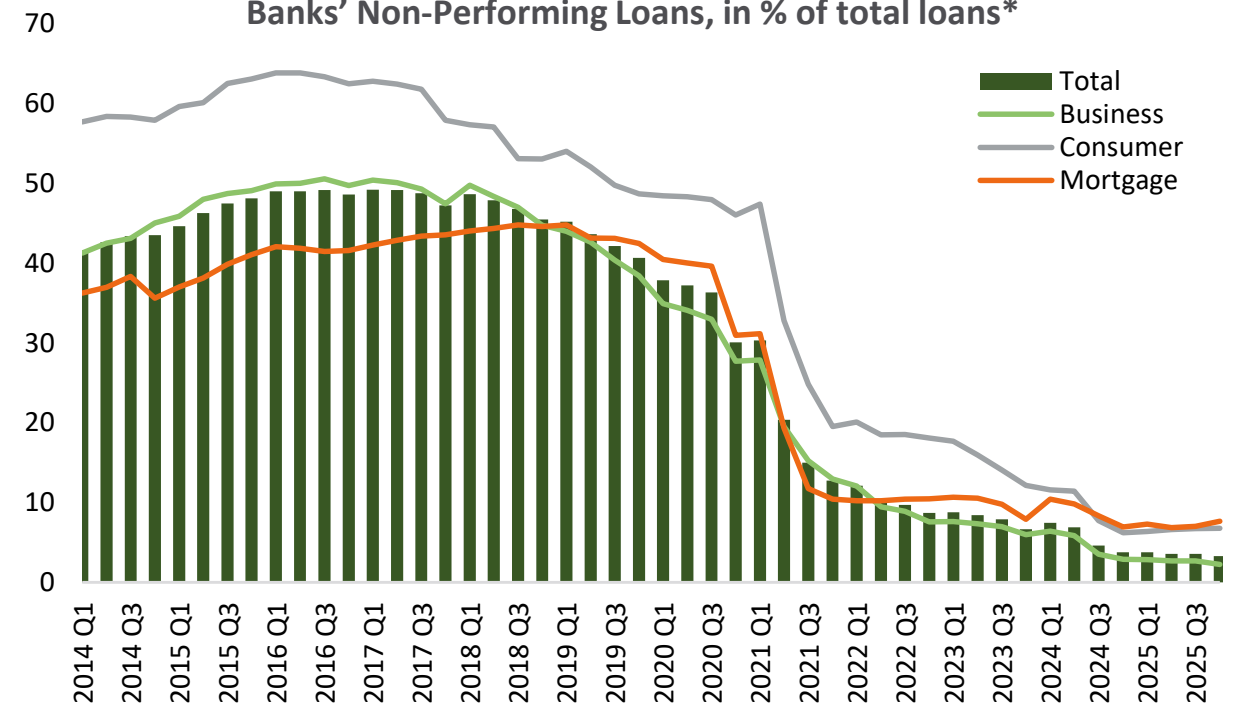
Private deposits (in € m)



Source: Bank of Greece, until 04/2026

Bank NPL ratios have dropped significantly, partly due to sales and write-offs during 2017-2019, mainly due to securitizations (HAPS scheme) during 2020-2024

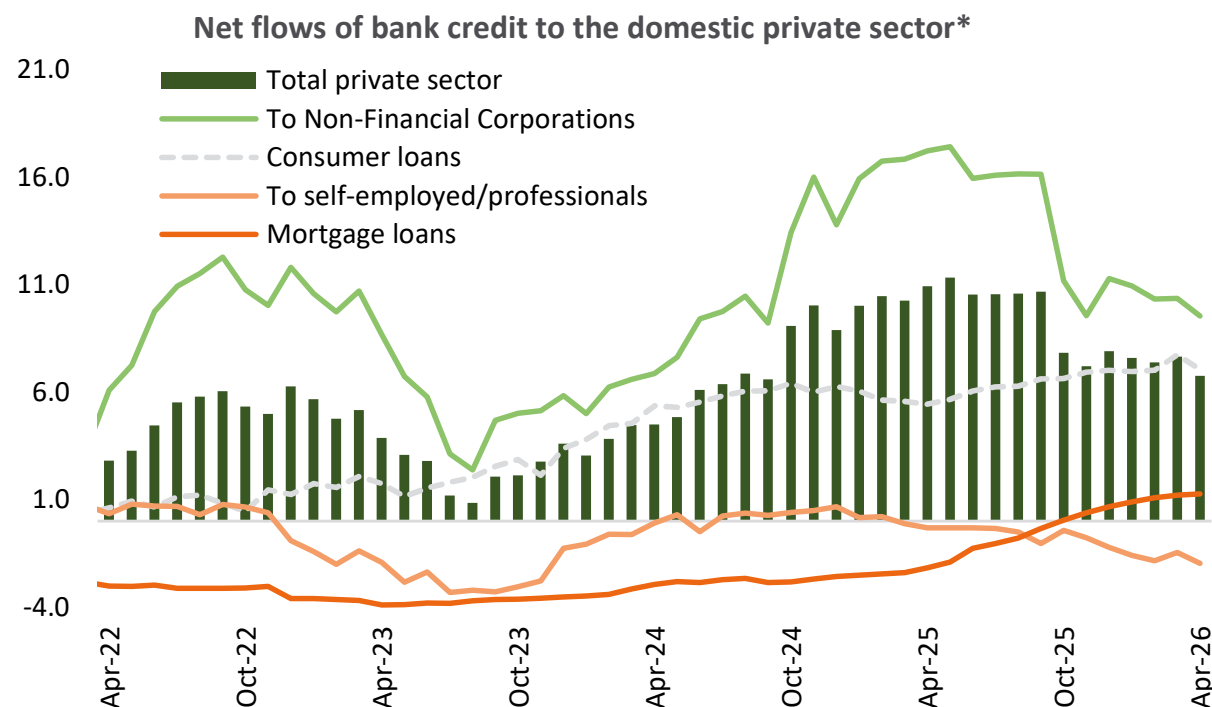
Banks' Non-Performing Loans, in % of total loans\*



Source: Bank of Greece, until 2025 Q4. Note: \* On-balance sheet loans (before provisions) for all Greek banks on a non-consolidated level

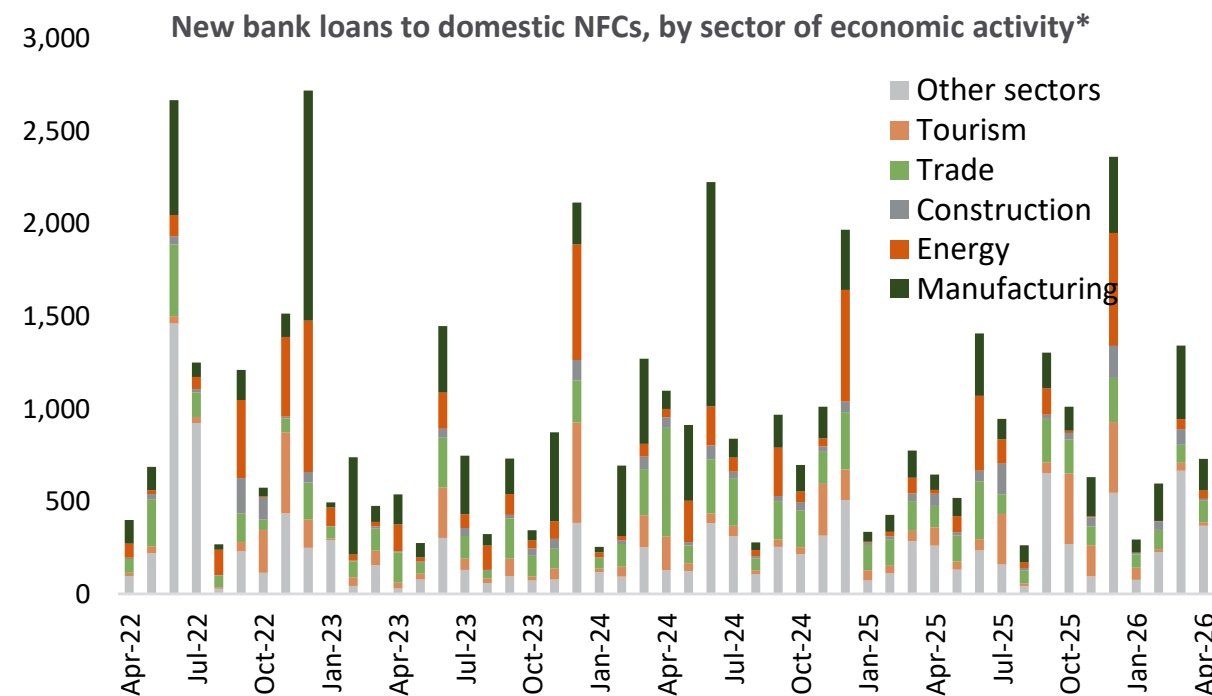
## Bank credit expansion continues to the private sector, with a higher pace towards businesses

Annualized credit expansion to the NFCs edged at 9.5% in April 2026, followed by consumer loans (7.1%). Mortgage loans' rate turned positive in late 2025, after 15 year contraction



**Source:** Bank of Greece, until 04/2026. **Note:** \* Flows after correcting for writeoffs, exchange rates and statistical reclassifications

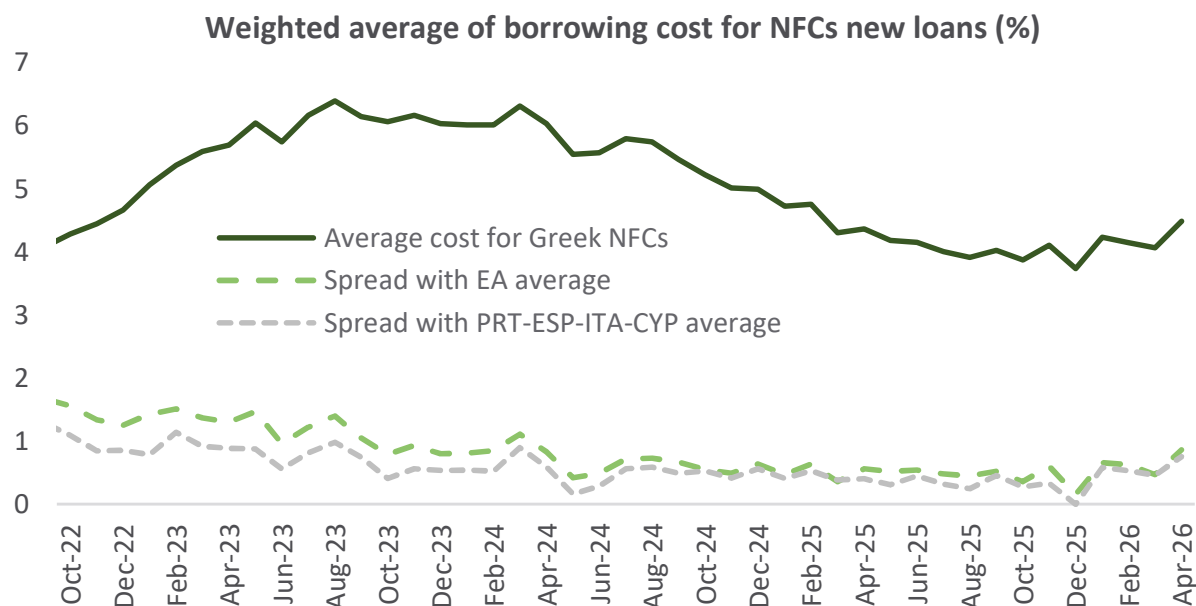
The largest share of new business loans in 2026 have so far been allocated to Manufacturing, Trade, Transportation, Construction, Tourism and Energy sectors



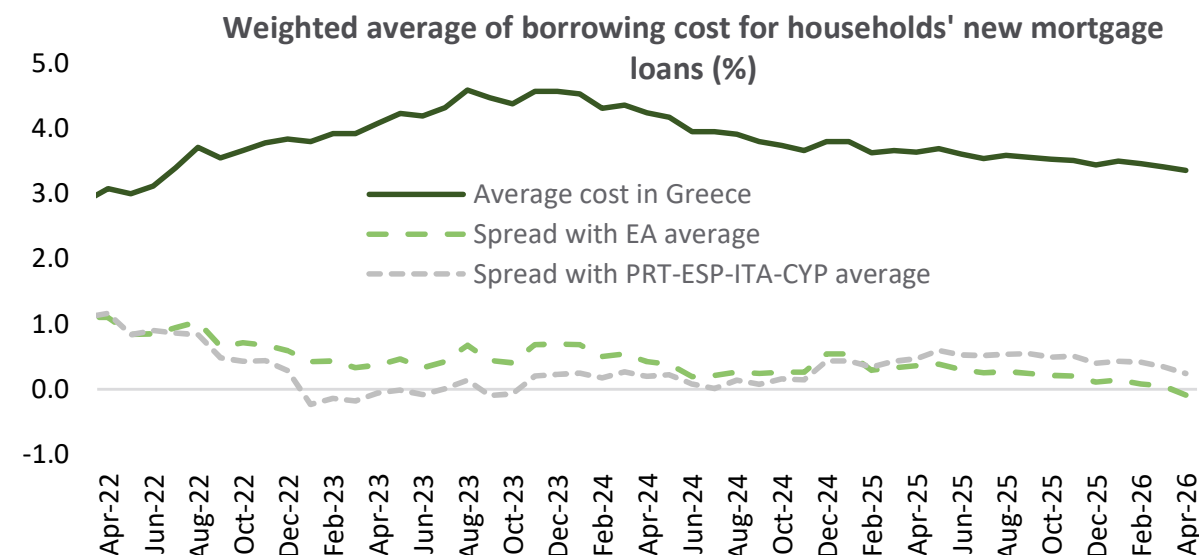
**Source:** Bank of Greece, AnaCredit, until 04/2026. **Note:** \* The amounts reflect total monthly disbursements, recorded by AnaCredit data set.

## Interest rates on new business loans have risen since the war eruption in the Middle East. New housing loan rates remain at low levels, but expectations for rise loom

The cost of new borrowing for businesses increased at 4.5% in April, with the deviation from the Euro Area average recording an increase to 86 basis points



The interest rate on new housing loans to households stood at 3.4% in April, close to the euro area average

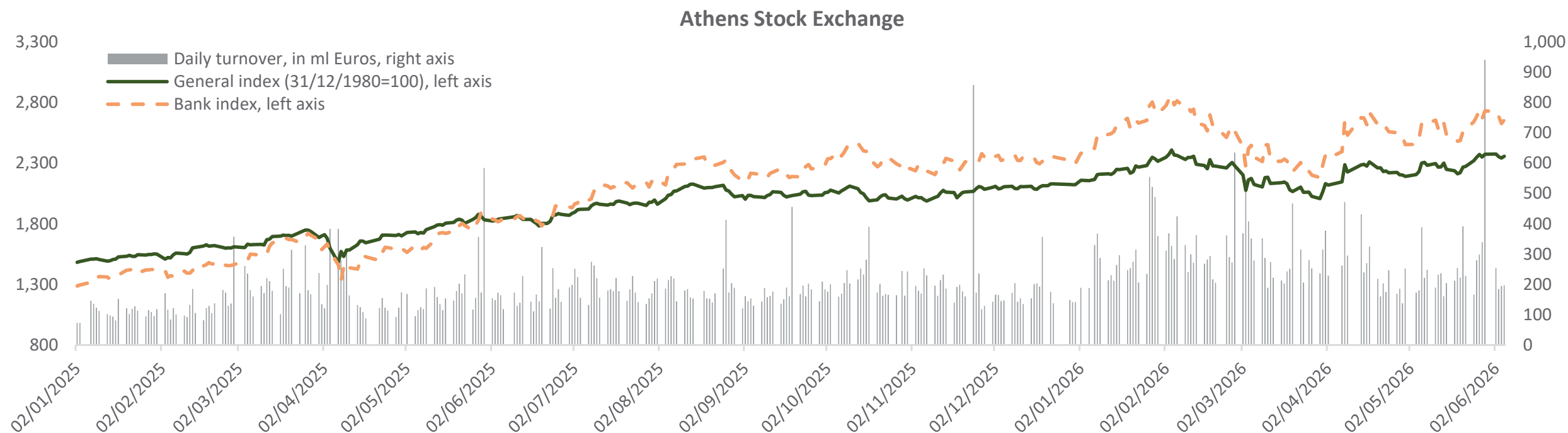


The average cost of new borrowing for businesses and households in April was higher than the average for the southern Euro Area, by 76 and 24 basis points respectively.

Source: ECB, until 04/2026

Source: ECB, until 04/2026

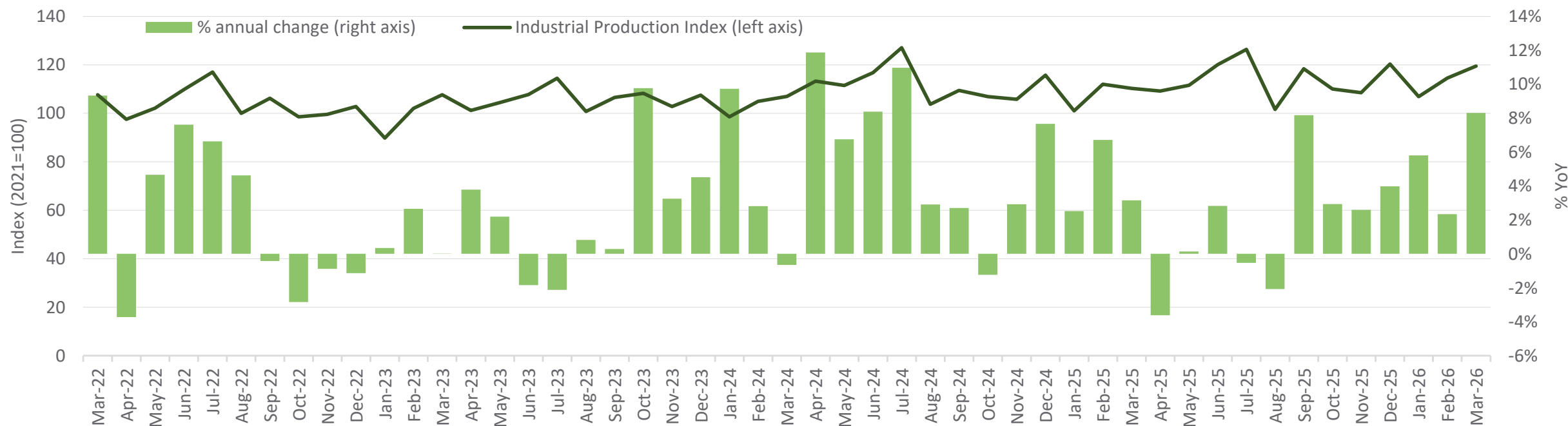
## Following a decline in February-March, caused by the war in the Middle East, the general stock price index has recovered its losses during April-May



**The banking index also recorded a correction in Q1 2026 which has been fully offset in Q2. The average daily trading volume increased considerably to €288 m in Jan-May, compared to an average daily trading volume of €178 m in 2025.**

Source: Ot.gr, until 06/2026

## Significant annual increase in Greek industrial production in March 2026 by 8.3%



**Increase in Manufacturing** in March (+5.5% instead of +3.7% in 2025) and **in Electricity supply** (+24.6% instead of +0.6%), **decrease in Mining** (-5.4% instead of +4.9% in 2025) and **in Water supply** (-1.5% instead of +1.7%). In high-value manufacturing sectors, there is a **growth in Pharmaceuticals** (+30.6% instead of -3.8% in 2025), **in Food** (+8.9% instead of +1.9%) and in **Chemicals products** (+3.6% instead of +4.8%). Production **declined in basic metals** (-6.3% instead of +8.4% in 2025).

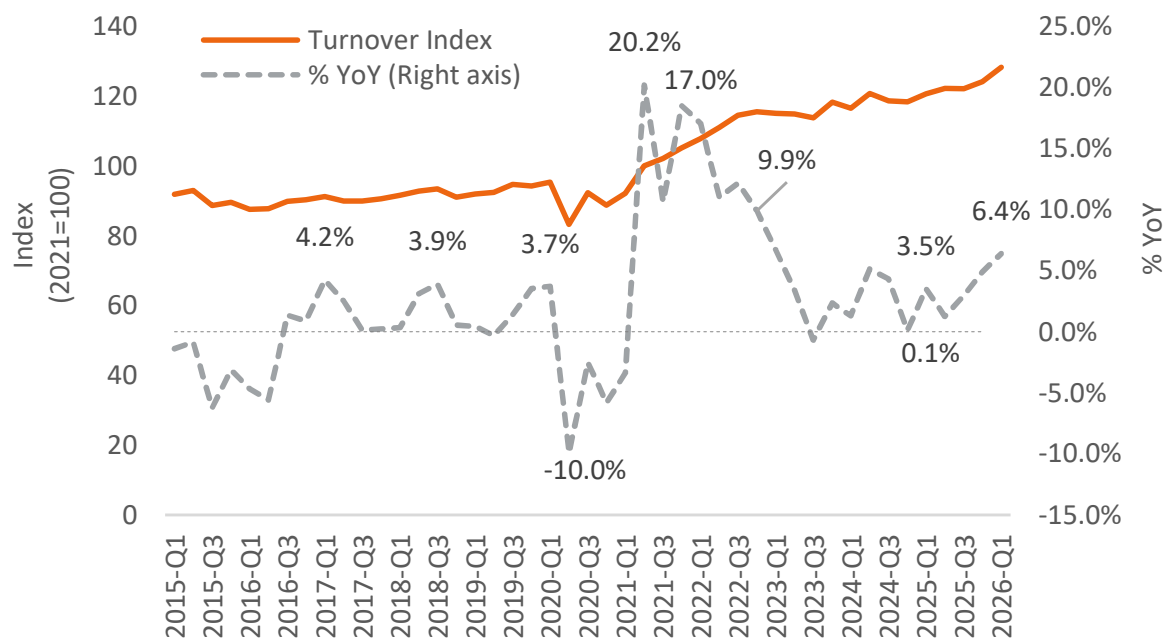
Source: ELSTAT, until 03/2026 (The index covers all the sections of industry. Working day adjusted data, according to the real number of working days)

# Retail turnover reached a new peak in Q1 2026, while vehicle registrations kept rising

The retail trade turnover index remained on a positive trajectory in Q1 2026, increasing by 6.4% YoY

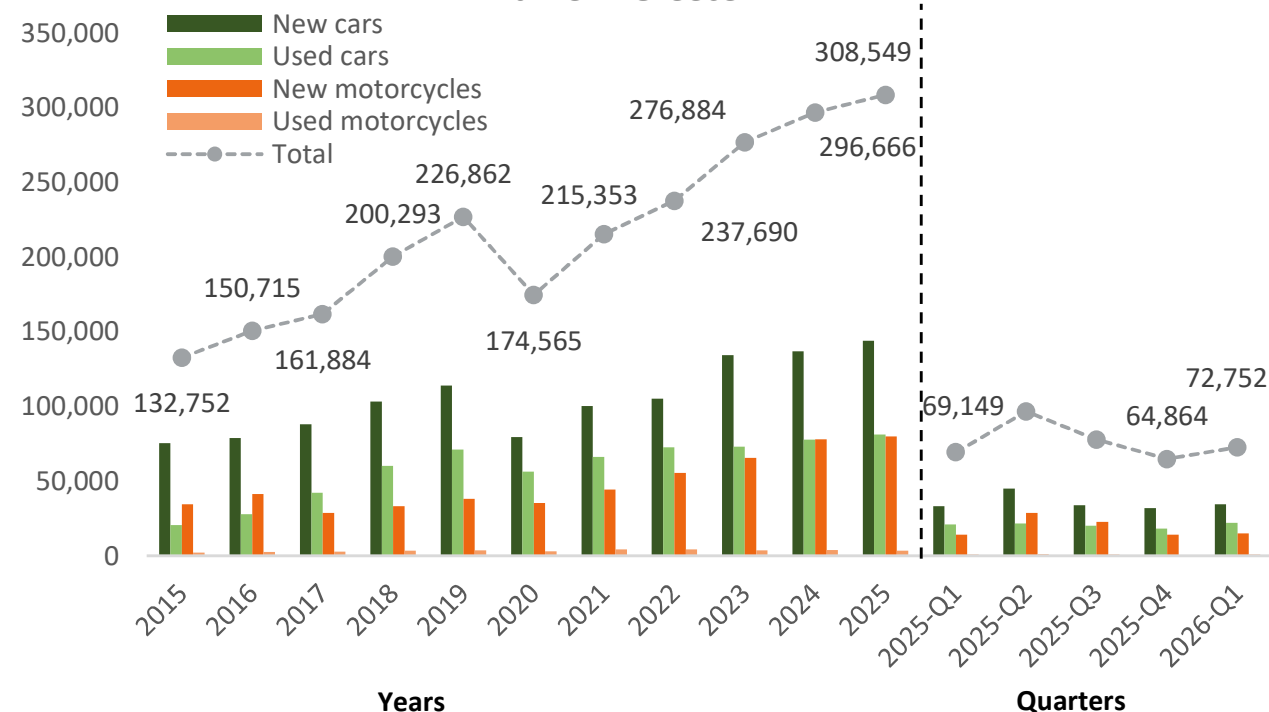
Vehicle registrations reached 72,752 in Q1 2026, exceeding those of Q1 2025 (69,149) by around 5%

Retail Trade Turnover Index



Source: Eurostat, until 03/2026

Passenger cars and motorcycles put into circulation for the first time in Greece



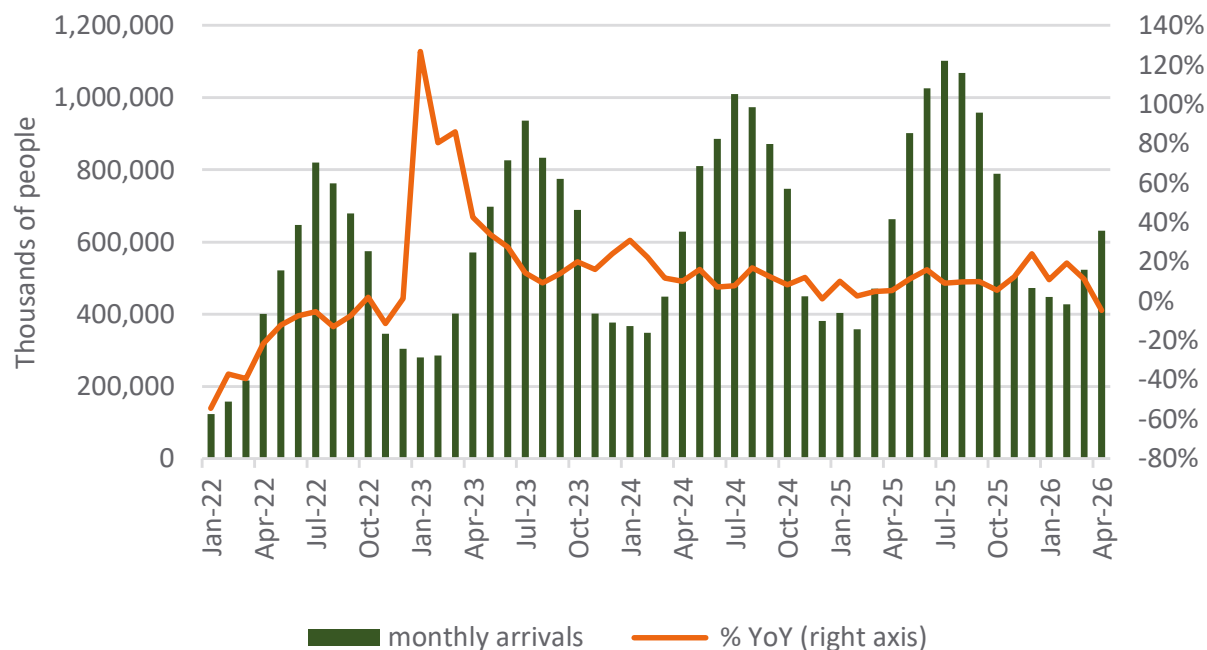
Source: ELSTAT, until 03/2026

## Tourism stays a strongly supporting pillar of the external balance

International arrivals in Athens remain robust, with monthly flows holding at high levels. However, YoY growth has moderated further, turning negative in April 2026, for the first time in 5-years

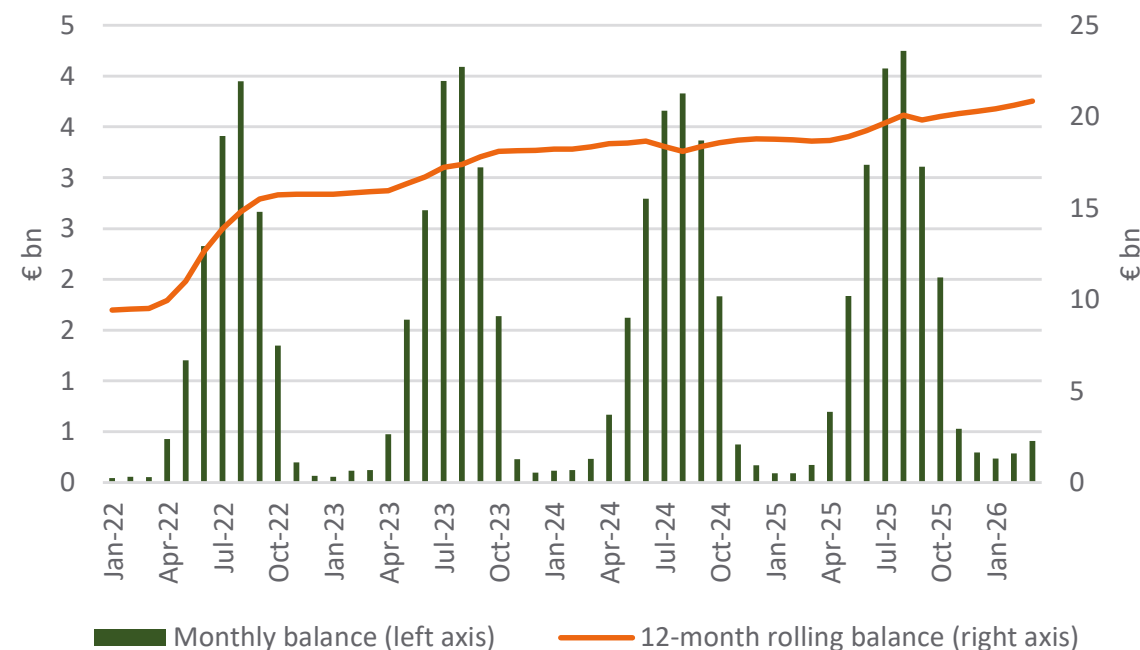
Robust tourism inflows drive the travel services balance steadily higher

International arrivals in Athens



Source: INSETE, until 04/2026

Travel Services Balance (EUR bn)



Source: BoG, until 03/2026

## 4. Real estate market

- Construction activity
- Housing price indices
- Mortgage market and auctions

This section includes data and analysis by



## Real estate market - Summary

- **Construction activity** follows a consistent seasonal pattern, with **Q1 2026 the weakest quarter for both permits and surface area**; the **Construction Production Index** keeps rising but at a markedly slower pace, easing to **around 2% YoY by Q4 2025**.
- **Material cost inflation has moderated considerably**, from around +10% YoY in early 2023 to just above +2% by early 2026, while construction sector sentiment has remained elevated throughout 2025.
- **House prices continued to rise in 2025**, underpinned by record real estate investment and FDI, with **Thessaloniki outpacing Athens** and the national average.
- **One-bedroom dwellings led price growth in Q1 2026**, gaining 5-8% across all regions, and command a premium price per m<sup>2</sup> over larger units in most markets.
- **Mortgage disbursements have accelerated sharply since 2025** to their highest level in over a decade, while the loan stock has stabilised at around €26 bn, still at low levels compared to pre-crisis.
- **The bulk of distressed housing debt has shifted outside the banking system**, with credit servicing firms managing about €25 bn and bank NPLs falling below €2 bn.
- **Property auctions show a marginal deceleration in Q1 2026**, with the gross absorption rate easing to around 13–14%; **auction success peaks in rounds 1 and 4**, and **residential properties account for around 53%** of all auctioned properties.
- **Housing affordability remains a structural challenge in Greece**, which records the **highest housing cost overburden rate in the EU**, despite a slight easing from 28.9% in 2024 to 26.4% in 2025.

# Construction activity maintains a steady seasonal rhythm, with Q1 as the annual trough and Q4 as the peak, while the construction index points to sustained growth since 2023

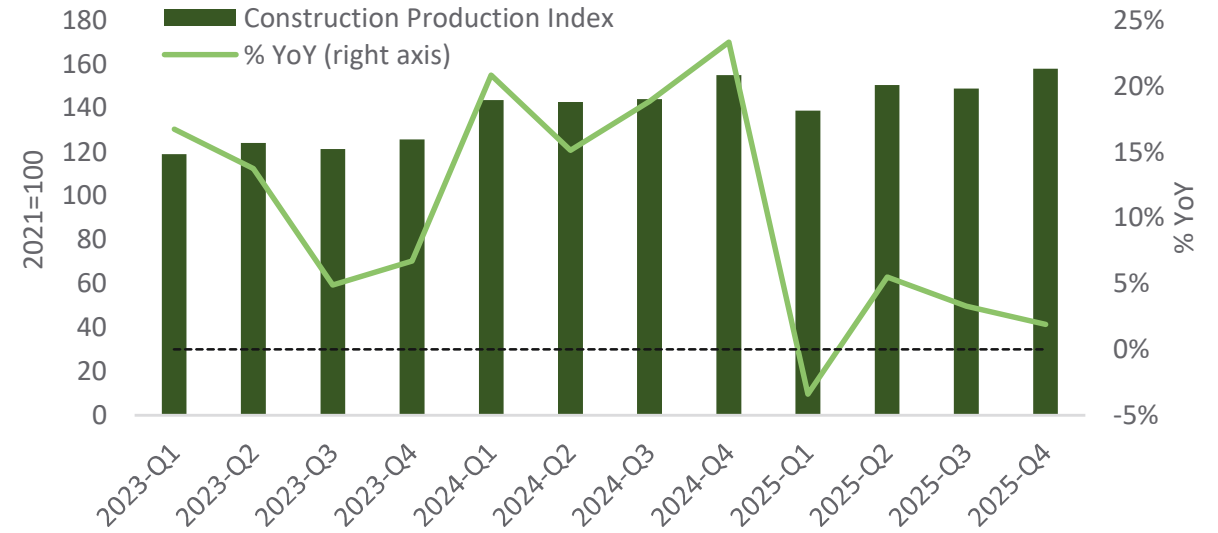
Number of residential building permits and their corresponding total area



Building activity follows a consistent seasonal pattern, with Q1 historically recording the lowest activity and Q4 the highest, both in terms of number of permits and surface area.

Source: ELSTAT, until 03/2026

Construction production index

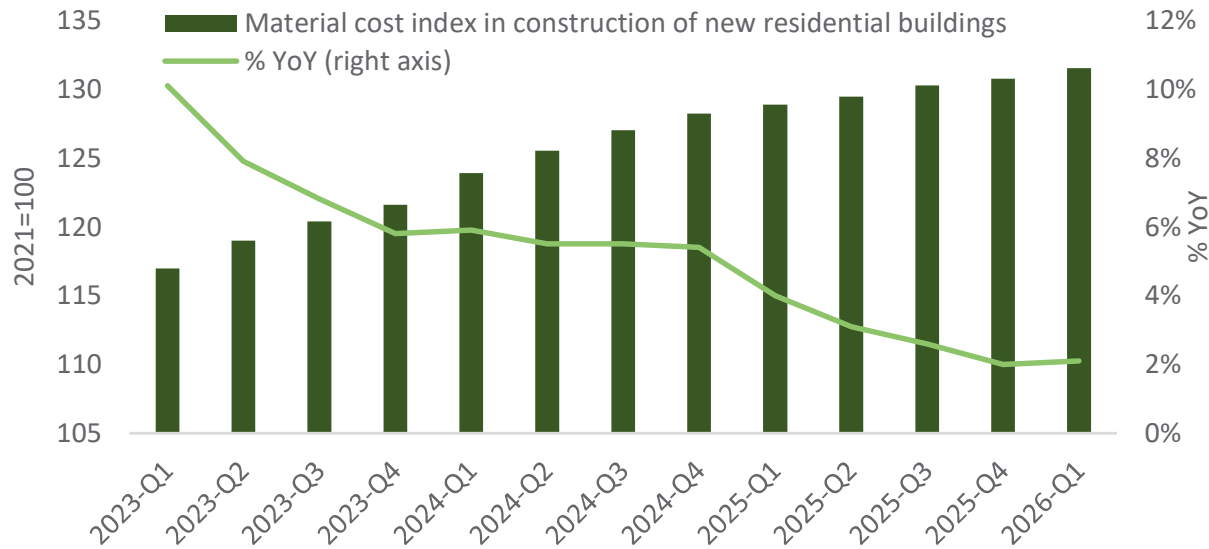


The Construction Production Index has risen steadily since 2023, but its growth rate has slowed markedly — from around 20% in 2024 to roughly 2% by Q4 2025.

Source: ELSTAT, until 12/2025

# Material costs continue to rise at a moderating pace, while construction sector sentiment remains strong, despite some volatility

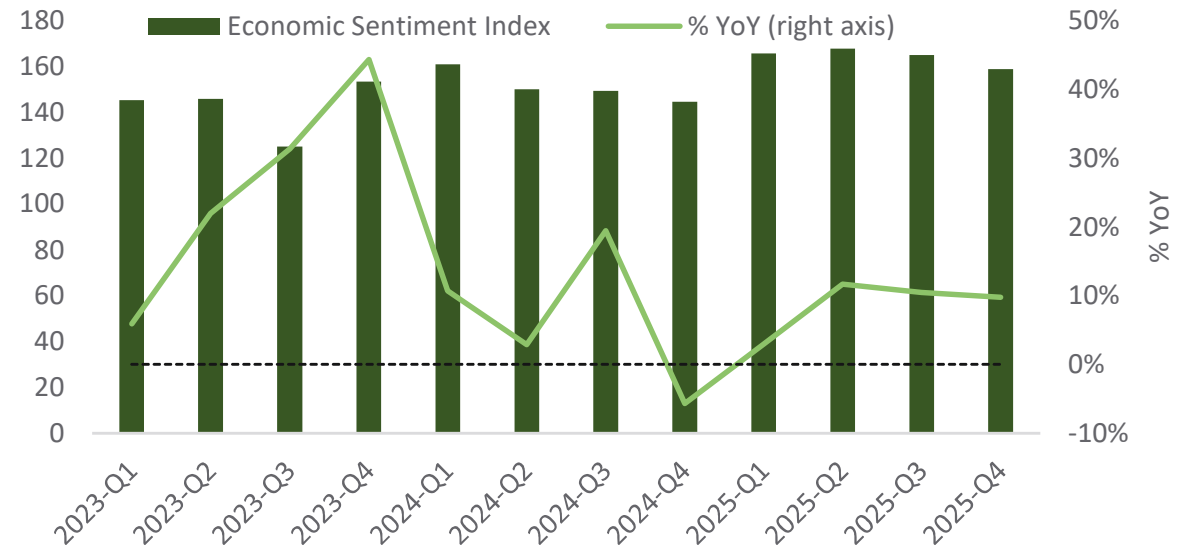
Material cost index and its corresponding YoY growth rate



Material costs in residential construction continue to rise, but the rate of increase has slowed markedly, from around +10% YoY in early 2023 to just above +2% by early 2026.

Source: ELSTAT, until 03/2025

Economic sentiment in construction and its corresponding YoY growth

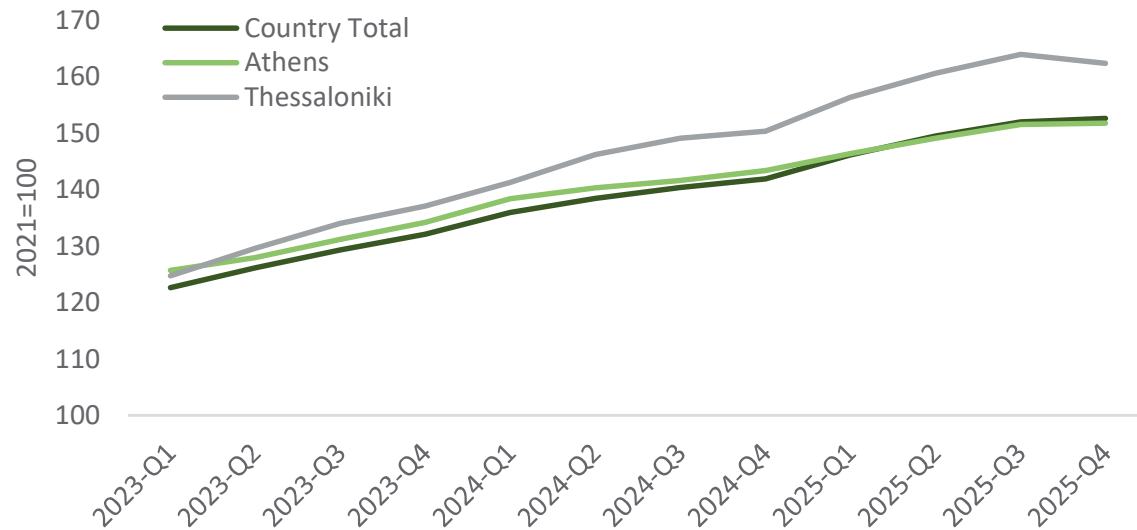


Economic sentiment in construction has held at elevated levels during 2025. YoY growth has been volatile, peaking near 40% in 2023 before easing to around 10%.

Source: IOBE, until 12/2025

# Record Real Estate investment and FDI underpinned further house prices in 2025, with Thessaloniki outpacing Athens

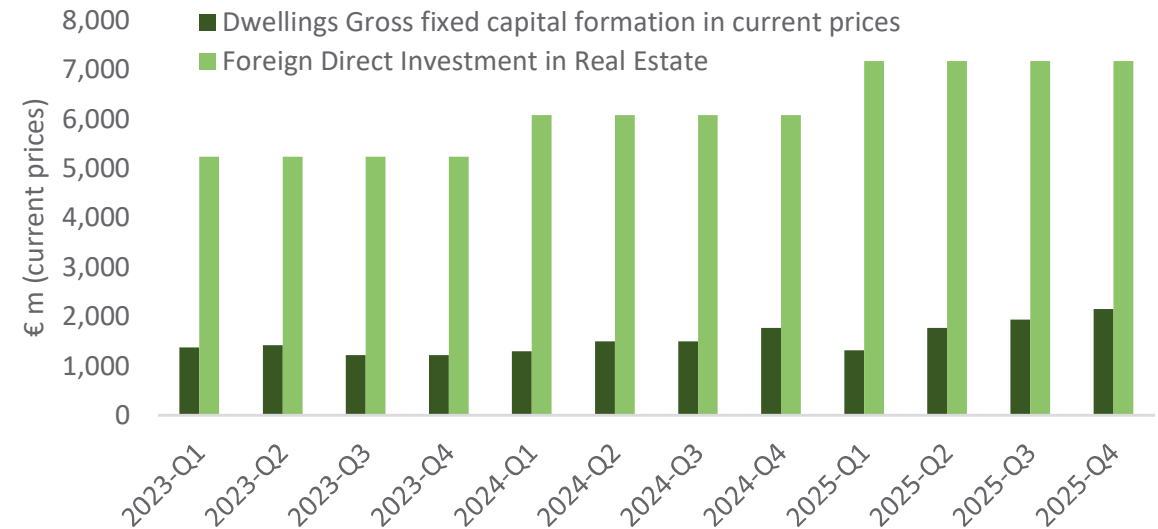
House Price Index



House prices have continued to rise across Greece since 2023, with Thessaloniki pulling ahead of Athens and the country average by 2025.

Source: BoG, until 12/2025

Gross fixed capital formation (GFCF) and Foreign Direct Investment (FDI) in Real Estate

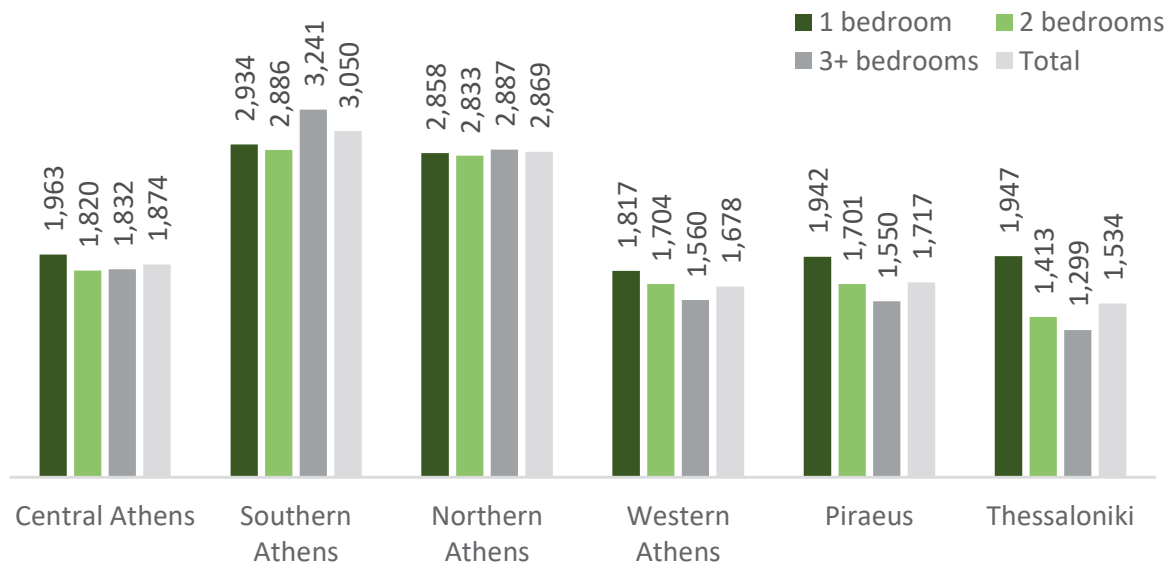


Both FDI in Real Estate and GFCF accelerated through 2025, with the latter reaching a record high.

Source: BoG, until 12/2025

# One-bedroom dwellings led price growth across all regions in Q1 2026, up by 5–8%, extending the premium on smaller homes

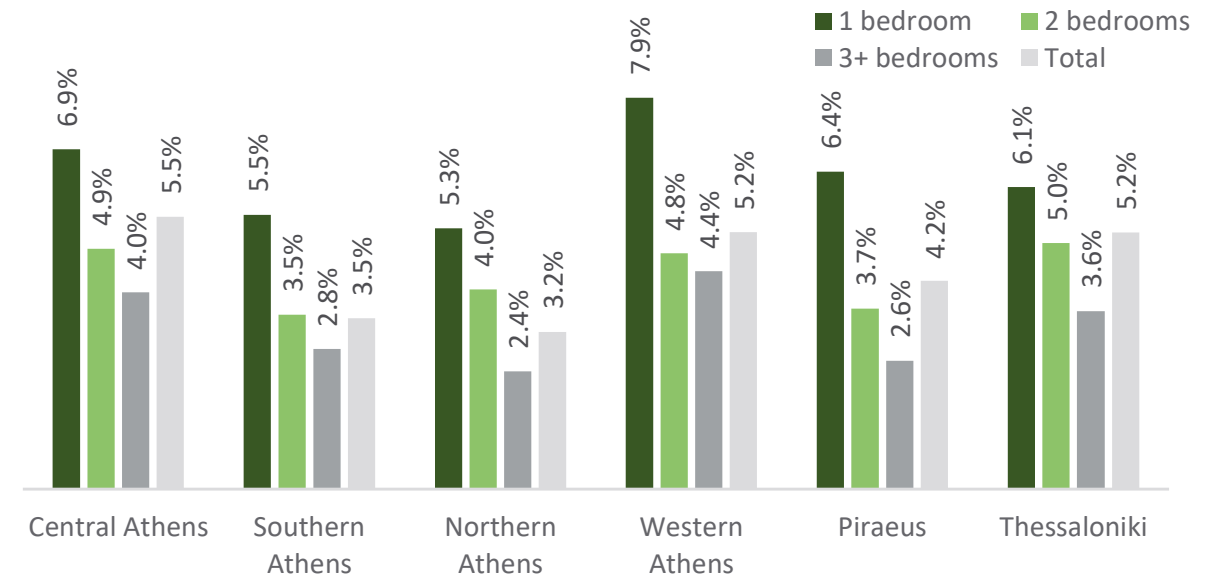
Transaction price (€/m<sup>2</sup>), by size of housing and region (Q1 2026)



In Q1 2026, smaller dwellings command a higher price per m<sup>2</sup> in most regions. Southern and Northern Athens are the exception — and the most expensive markets overall — where larger (3+ bedroom) dwellings carry the highest prices.

**Source:** ReDataset, until 03/2026. **Note:** Prices are estimated by ReDataset on a sample of market listings, auctions, transactions and appraisals.

Transaction price (€/m<sup>2</sup>) yearly growth, by size of housing and region (Q1 2026 vs Q1 2025)

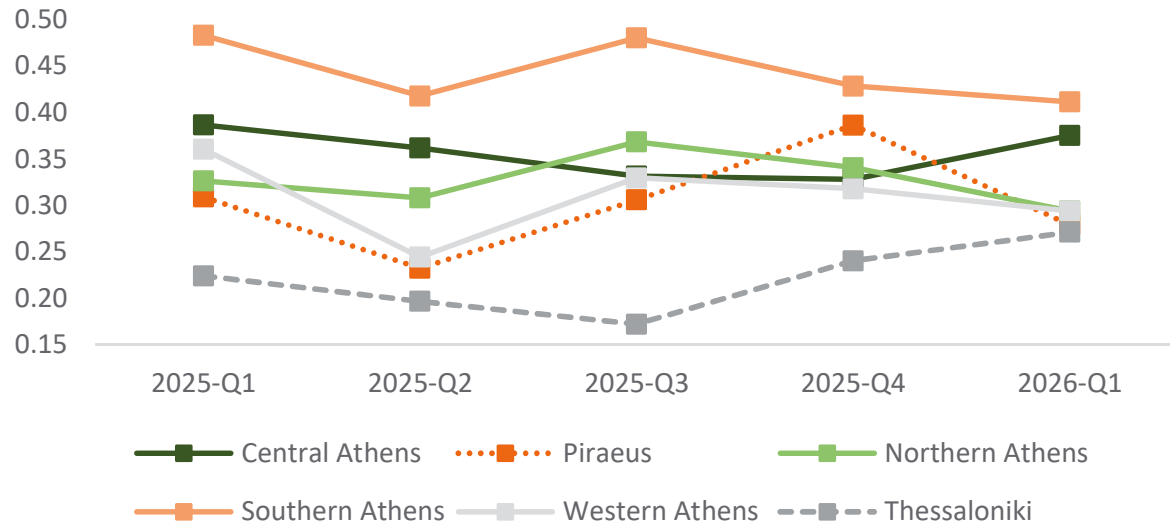


Between Q1 2025 and Q1 2026, price growth remained broad-based, with 1-bedroom dwellings posting the strongest increases in every region, most notably in Western Athens (+7.9%) and Central Athens (+6.9%).

**Source:** ReDataset, until 03/2026. **Note:** Prices are estimated by ReDataset on a sample of market listings, auctions, transactions and appraisals.

# Regional housing market dynamics: largest negotiation margins in Southern Athens, and elevated price-to-rent ratios in Southern and Northern Athens

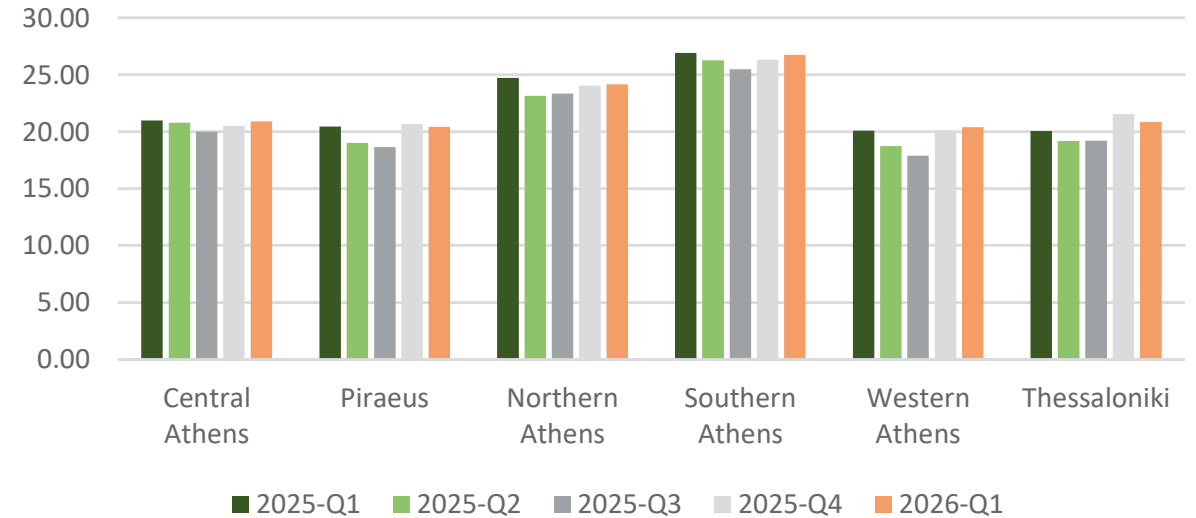
Transaction price spread by region



Southern Athens records the largest negotiation margins, while Thessaloniki and Western Athens exhibit relatively lower spreads, suggesting comparatively higher market liquidity.

Source: ReDataset, until 03/2026. The Transaction Price Spread is defined as (Listing Price – Transaction Price) / Listing Price. Prices are estimated by ReDataset on a sample of market listings and transactions.

Listing price-to-rent ratio by region

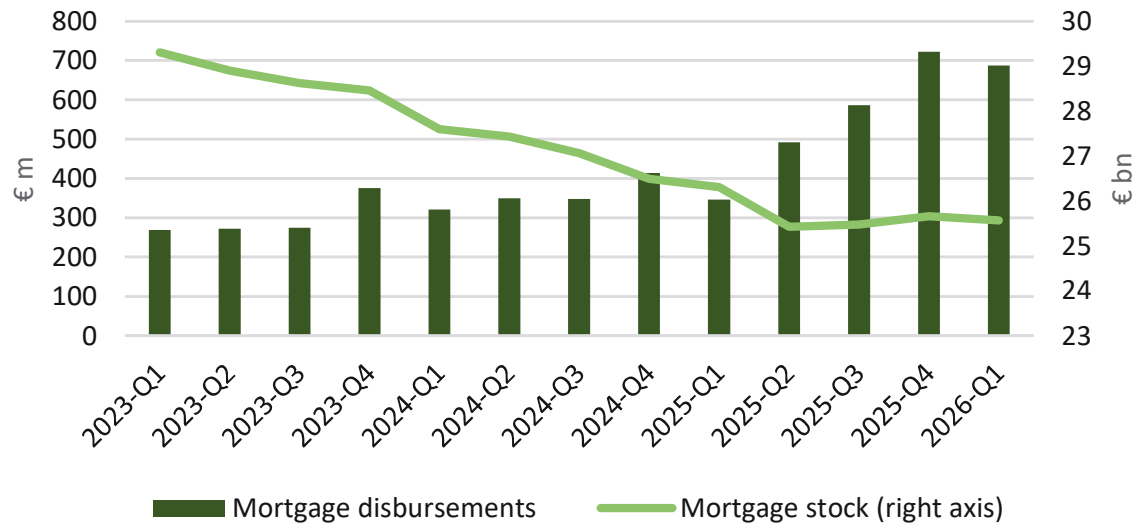


The listing price-to-rent ratio, indicating strong demand for ownership, and expectations of price growth, remains highest in Southern and Northern Athens, with a broad-based increase across most regions in Q1 2026.

Source: ReDataset, until 03/2026. Note: Prices are estimated by ReDataset on a sample of market listings and transactions.

# Mortgage disbursements have accelerated sharply since 2025, while distressed housing loans shifted to servicers (€25bn), leaving bank mortgage NPLs under €2bn

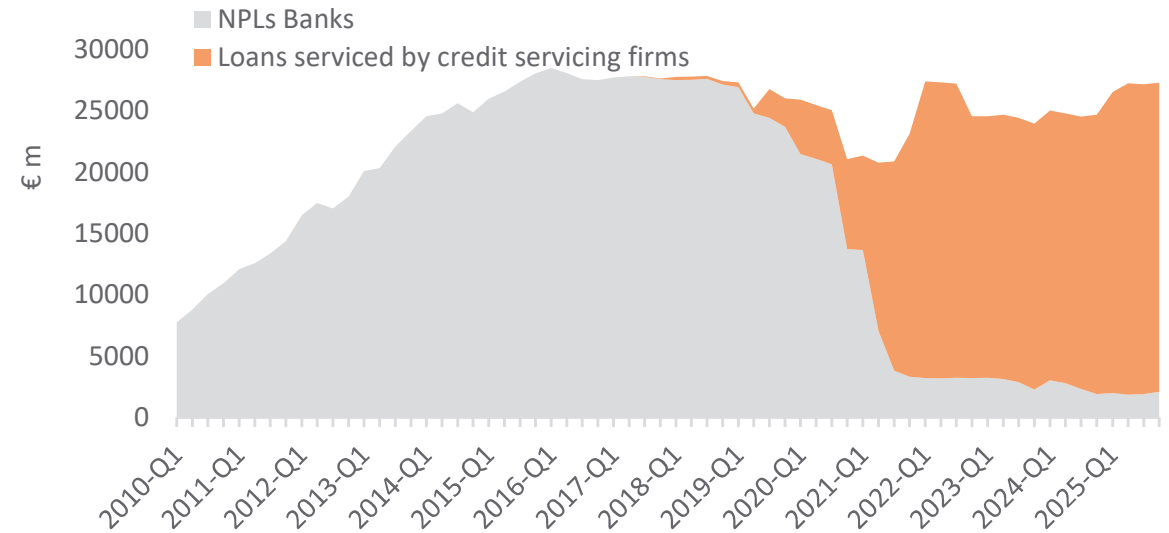
Mortgage disbursements and mortgage loans stock



Mortgage disbursements have accelerated sharply since 2025, reaching their highest level in over a decade. The stock of mortgage loans, after years of decline, has stabilised at around €26bn.

Source: BoG, until 03/2026

Mortgage loans serviced by servicing firms and non-performing mortgage loans on banks' balance sheets

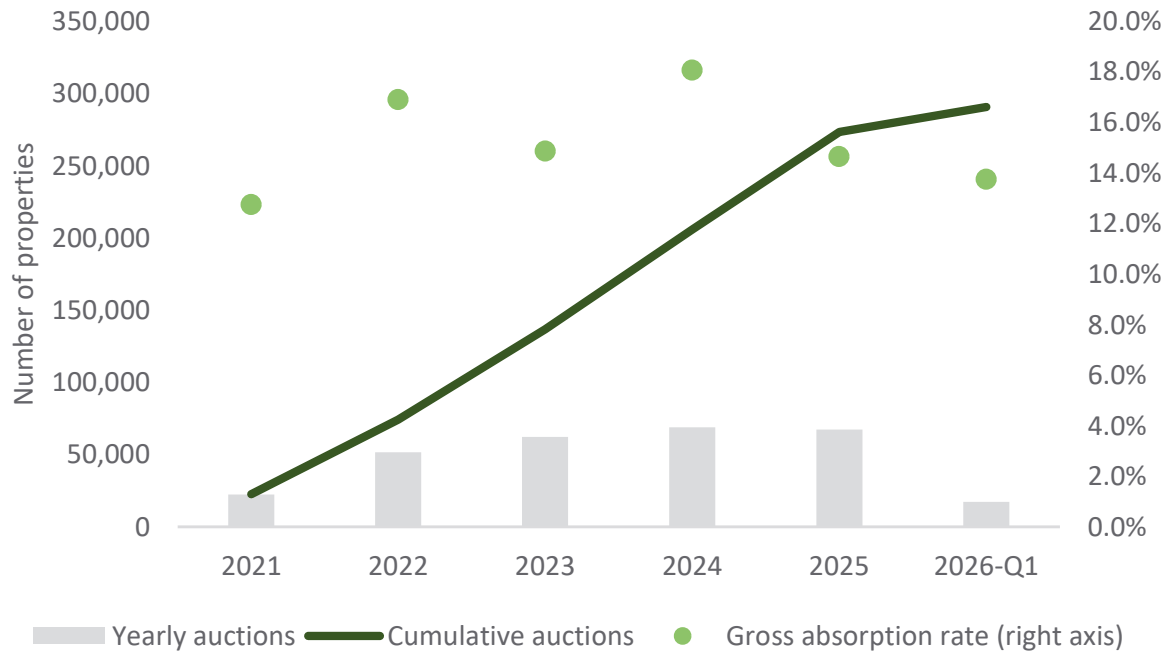


The bulk of distressed housing debt now sits outside the banking system: credit servicing firms manage approximately €25bn, while non-performing mortgages remaining on banks' balance sheets have fallen to under €2bn.

Source: BoG, until 12/2025

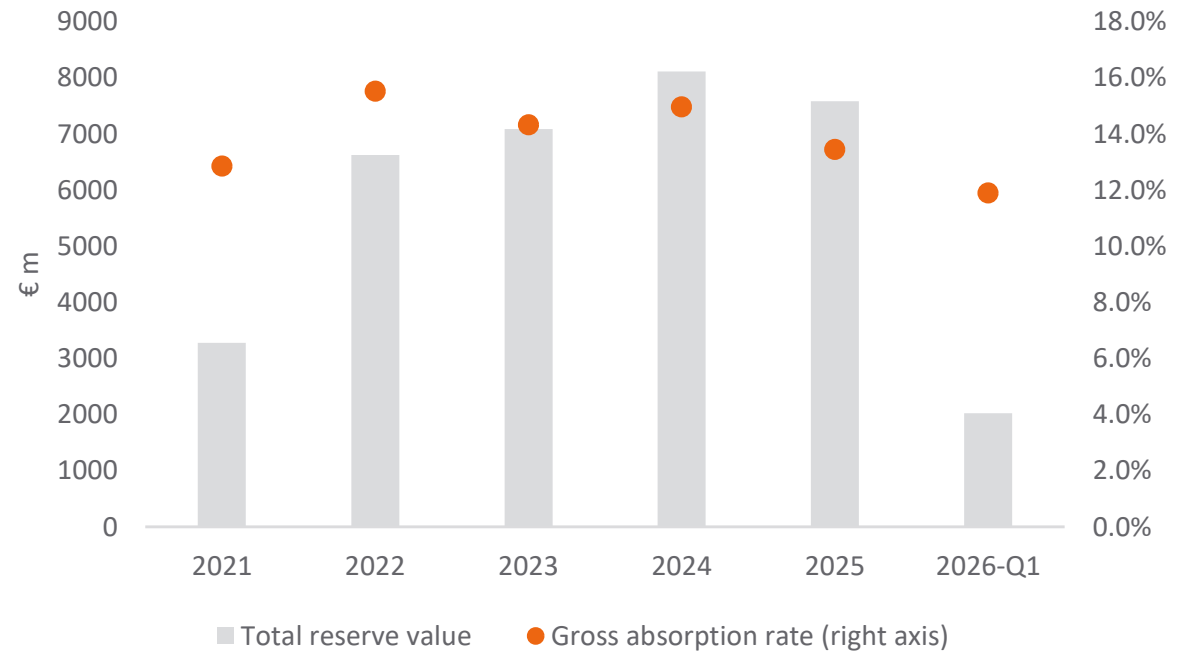
# Absorption rates show a marginal deceleration in Q1 2026

**Number of auctioned properties and gross absorption rates\* per year. The gross absorption rate peaked at around 18% in 2024 and has since eased to roughly 14%**



**Source:** ReDataset, until 03/2026. **Note:** Auctioned properties include residential and commercial buildings. The number of properties does not correspond to unique assets but to auction events, as the same property may be auctioned multiple times within a single year or across different years. The gross absorption rate measures the number of successful auctions over the total number of auctions (including suspended auctions).

**Value of auctioned properties and gross absorption rates of reserve values\* per year**

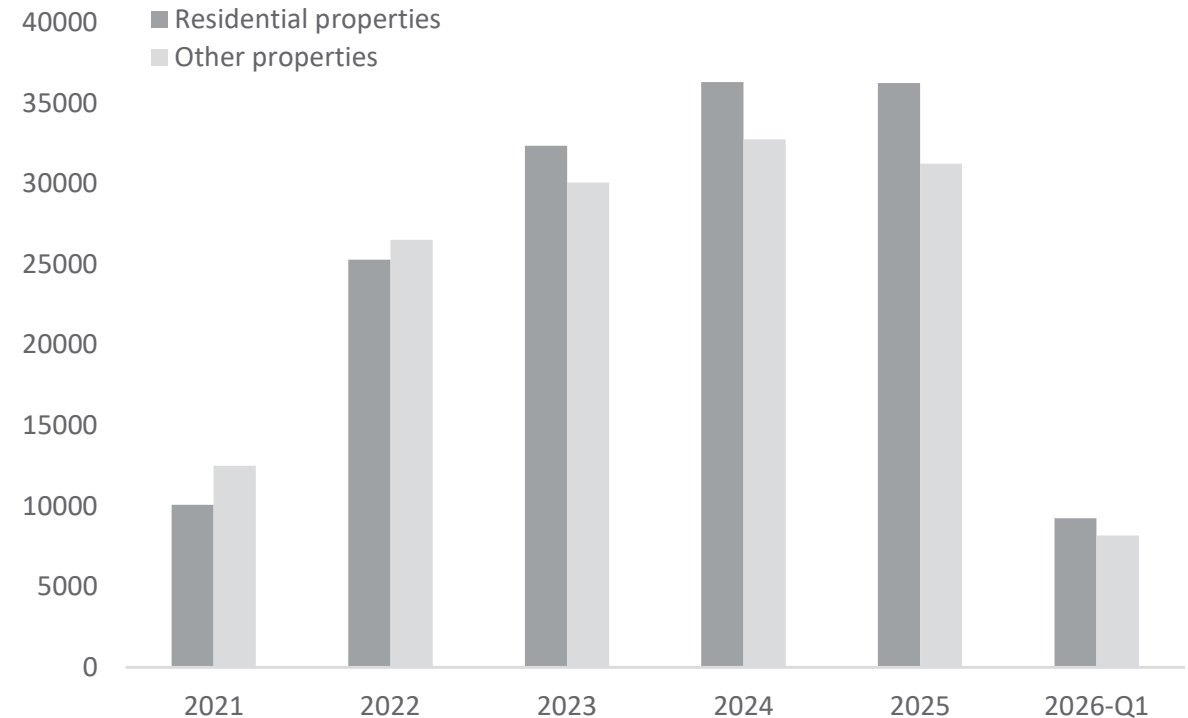
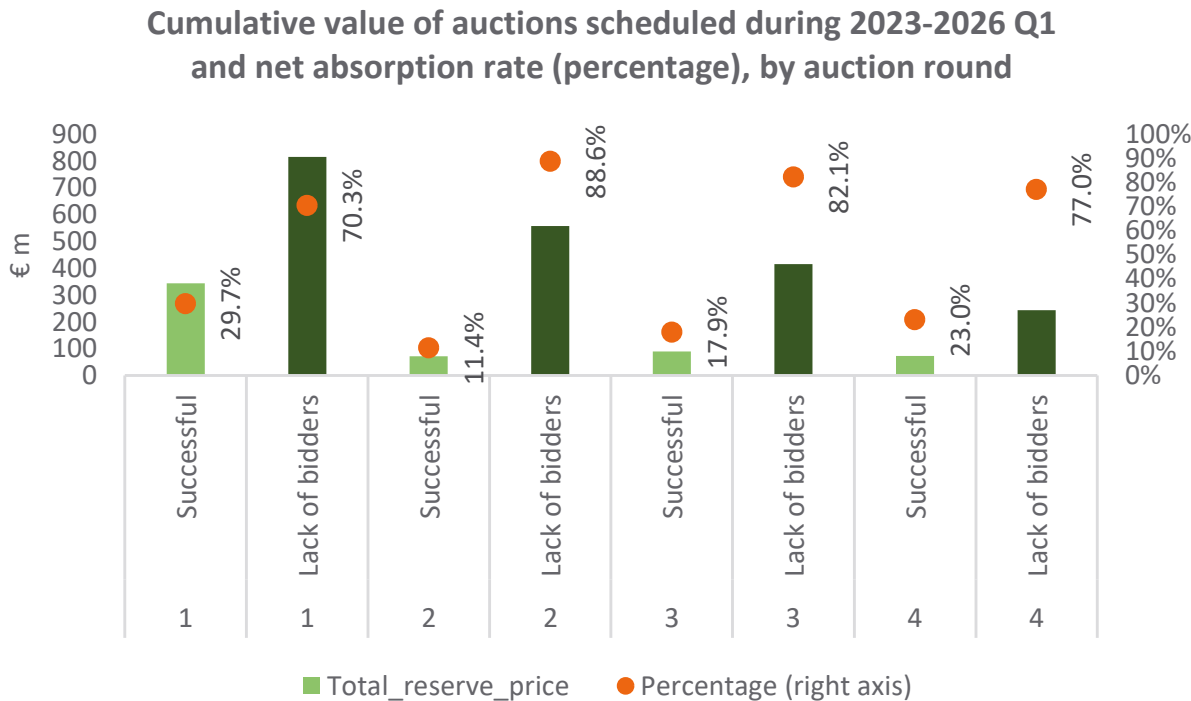


**Source:** ReDataset until 03/2026. **Note:** The reserve price is the value at which a property is offered at auction. It is determined either through a market valuation by a certified valuer, a court decision, or an automatic adjustment of the initial reserve price in accordance with Greek legislation. The value of properties does not correspond to unique assets but to auction events, as the same property may be auctioned multiple times within a single year or across different years. The gross absorption rate measures the value of successful auctions over the total value of auctions (including suspended auctions).

# Auction success peaks at ~30% in round 1 and rebounds in round 4, while residential properties reaching around 53% in Q1 2026

In each auction round, at least 70% of properties fail to attract bidders. Net absorption rate\* nonetheless rises from round 3 onward, as a 20% discount is applied to the reserve value

After 2023, about 53% of all the auctioned properties are residential



Source: ReDataset, until 03/2026. Note: Auctioned properties include residential and commercial buildings. The value of properties do not correspond to unique assets but to auction events, as the same property may be auctioned multiple times within a single year or across different years. The net absorption rate measures the value of successful auctions over the total value of auctions (excluding suspended auctions).

Source: ReDataset, until 03/2026. Note: The number of properties do not correspond to unique assets but to auction events, as the same property may be auctioned multiple times within a single year or across different years. "Other properties" include land plots/fields (18.9% of total properties in Q1 2026), commercial/retail/office properties (13.4%), auxiliary space (10.1%) and logistics/hotels/other properties (4.5%).

# Greece faces the most severe housing affordability challenge in the EU, with persistently high cost burdens and arrears pointing to structural constraints

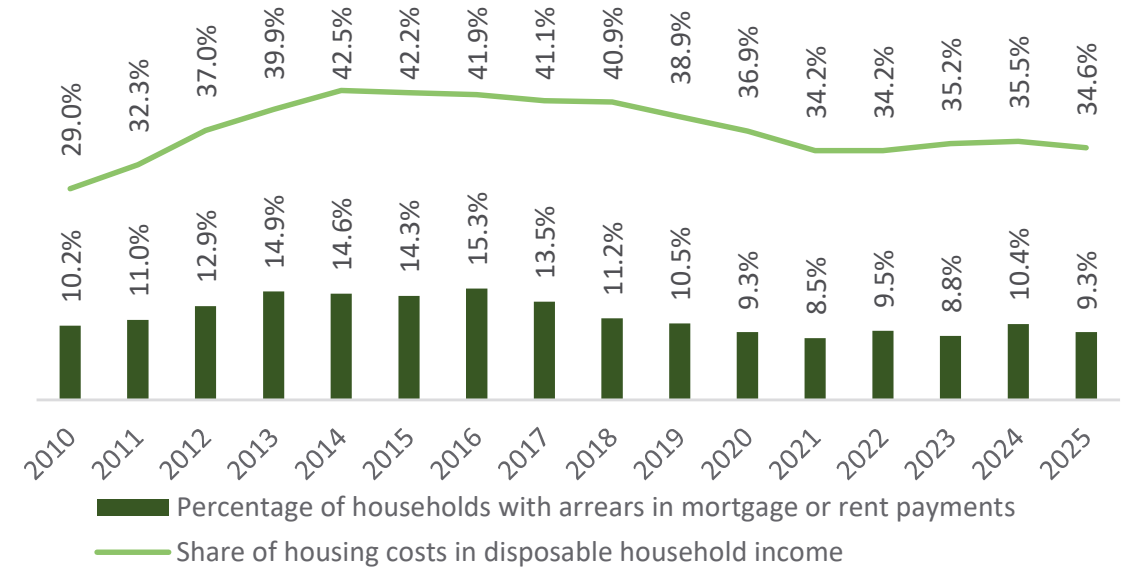
Housing cost overburden rate by selected EU countries



Greece remains the least affordable housing market in the EU, despite a slight easing in the overburden rate from 28.9% in 2024 to 26.4% in 2025.

**Source:** Eurostat, until 2025. **Note:** The housing cost overburden rate is defined as the percentage of persons in households which spend more than 40% to cover their housing costs.

Share of housing costs in disposable household income and percentage of households with arrears in mortgage or rent payments



Since 2021, both the housing cost-to-income ratio and the share of households with mortgage or rent arrears have slightly increased alongside rising house prices, though they remain well below their crisis-era peaks.

**Source:** Eurostat, until 2025. Housing costs include rental or mortgage payments, utility bills and housing taxes.

## 5. Private debt

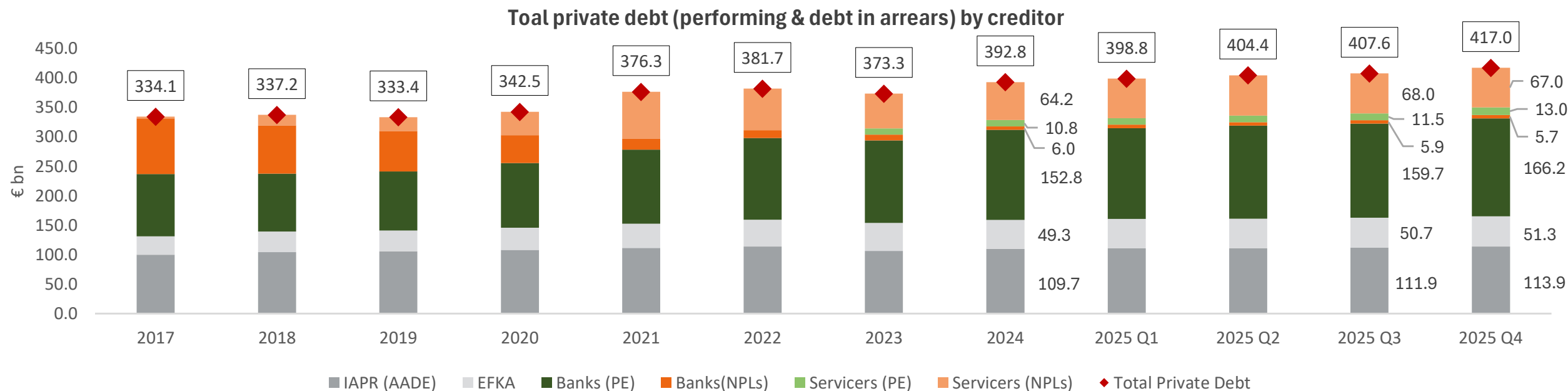
- Total stock and flow trends
- Breakdown by selected creditors
- Non-performing versus performing
- Breakdown by portfolio segments (mortgage, consumer, business)

## Private debt - Summary

- **Total private debt increased to €417.0 bn in Q4 2025, or 168% of GDP**, driven by the expansion of performing credit and the further accumulation of overdue obligations to the public sector.
- **Debt in arrears remains structurally high, at €237.8 bn**, but its share of total private debt declined to **57.0%**, as performing debt expanded more strongly during 2025.
- **Public-sector obligations continue to dominate private debt in arrears**, with overdue liabilities to IAPR (AADE) and EFKA amounting to **€165.2 bn**, or **69.5% of total arrears**.
- **Collection rates improved for tax debt in 2025 but remain low relative to the accumulated stock of arrears.**
- **Total private debt in loans reached €251.9 bn in Q4 2025**, with **business lending remaining the main driver** of the loan stock.
- **The NPL share has stabilized at around 30% since 2023**, with **servicers holding 92.2% of total NPLs** and **business exposures** accounting for about **52% of NPL portfolios**.

**\*Methodological note:** The amounts represent total debt of the private sector to financial institutions and public authorities (tax and social security). For **public authorities**, the amounts include nominal value, accrued interest, and any additional charges. For **banks and servicers**, the amounts reflect the Gross Book Value (GBV) of exposures rather than the Total Legal Claim (TLC), i.e. they exclude accrued interest and additional charges. A detailed breakdown would require the availability of more granular data and a common methodological framework from all reporting entities.

## In 2025, total private debt reached €417.0 bn (168% of GDP), increasing by €24.3 bn compared with 2024

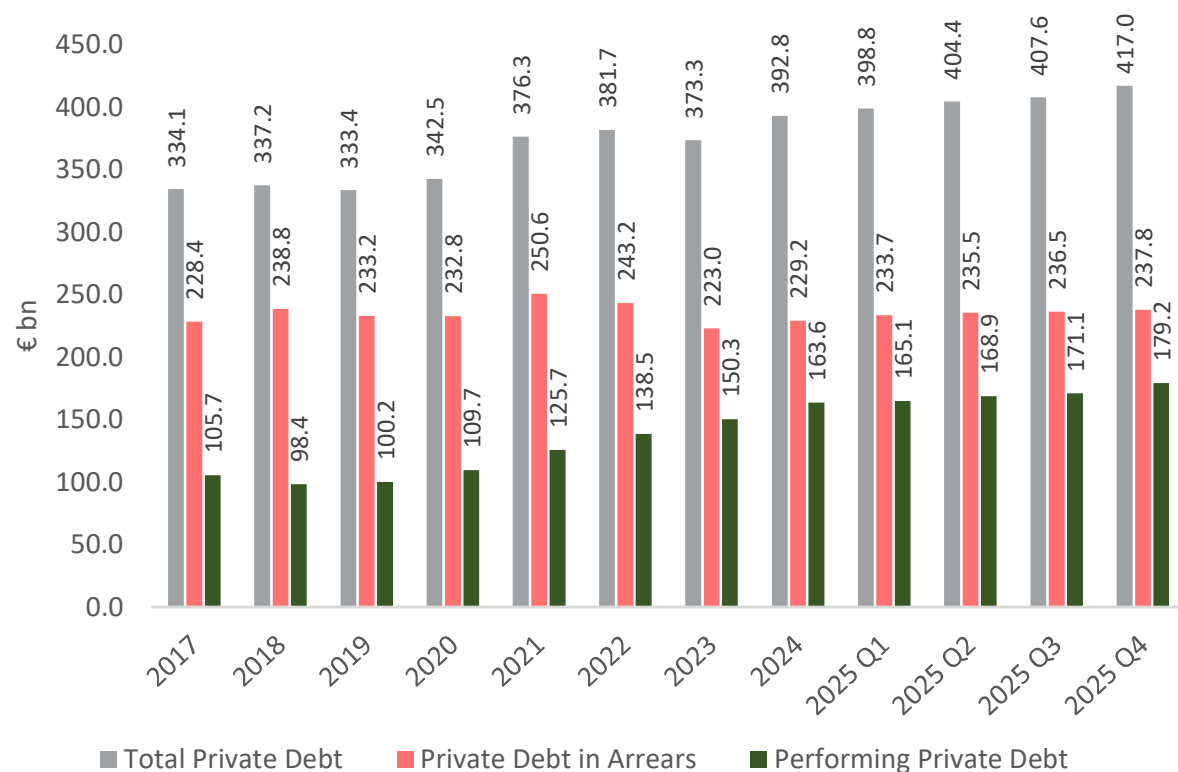


**Total private debt reached €417.0 bn in Q4 2025, up from €407.6 bn in Q3 2025 and €392.8 bn in 2024. The increase mainly reflects the continued rise in performing bank credit (+ €13.4 bn compared with 2024), alongside the further accumulation of overdue obligations to the public sector (+ €6.2 bn).**

**Source:** BoG, IAPR (AADE), EFKA & HLSA (EEDADP), until 12/2025. **Note:** The amounts represent total debt of the private sector to financial institutions and public authorities (tax and social security). For public authorities, the amounts include nominal value, accrued interest, and any additional charges. For banks and servicers, the amounts reflect the Gross Book Value (GBV) of exposures rather than the Total Legal Claim (TLC). A detailed breakdown would require the availability of more granular data and a common methodological framework from all reporting entities. Eurostat reports the sub-total debt of private sector for debt securities and loans, amounting to 96.6% of GDP in 2025.

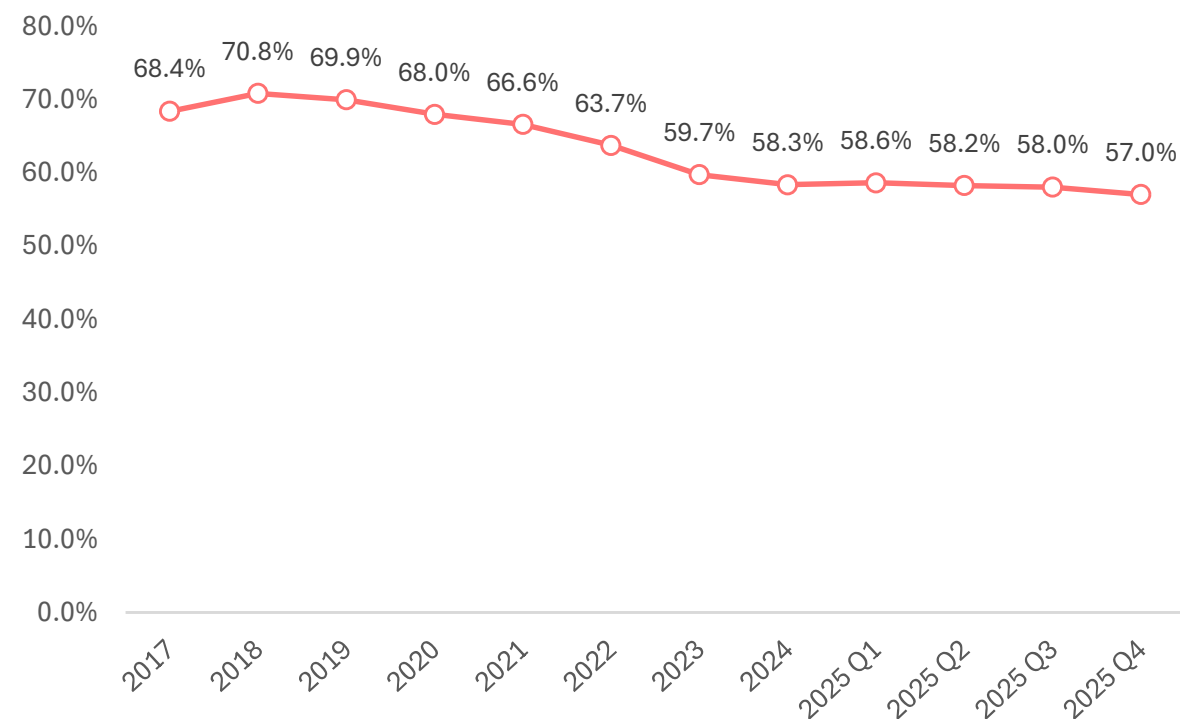
# Private debt in arrears rose to €237.8 bn (96% of GDP) in Q4 2025, but its share of total private debt slightly declined to 57%

Evolution of private debt: performing vs debt in arrears



Source: BoG, IAPR (AADE), EFKA & HLSA (EEDADP), until 12/2025

Private debt in arrears (% of total)



Source: BoG, IAPR (AADE), EFKA & HLSA (EEDADP), until 12/2025

## Public-sector obligations remain the dominant source of private debt in arrears, at €165.2 bn in Q4 2025

Private debt in arrears (2025 Q4)



**In Q4 2025, overdue liabilities to IAPR (AADE) and EFKA represented 69.5% of total arrears. Non-performing loan exposures accounted for the remaining €72.7 bn, mostly under servicers (€67.0 bn), while NPLs held by banks remained comparatively limited at €5.7 bn.**

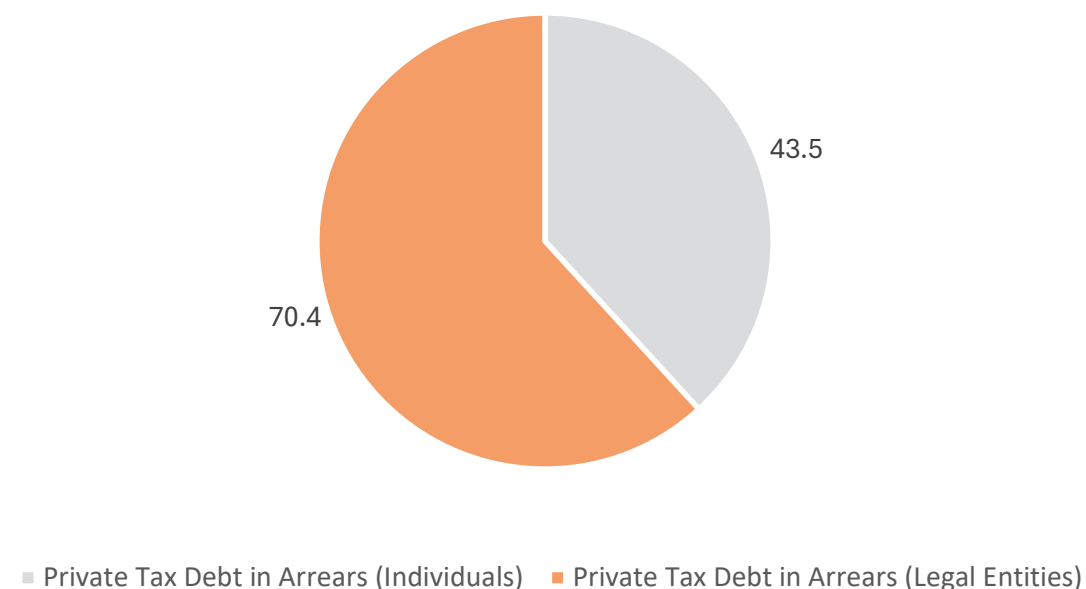
Source: BoG, IAPR (AADE), EFKA & HLSA (EEDADP), until 12/2025

## Private tax arrears remained elevated at €113.9 bn in Q4 2025, with legal entities accounting for nearly two-thirds

Total private tax debt in arrears and collections



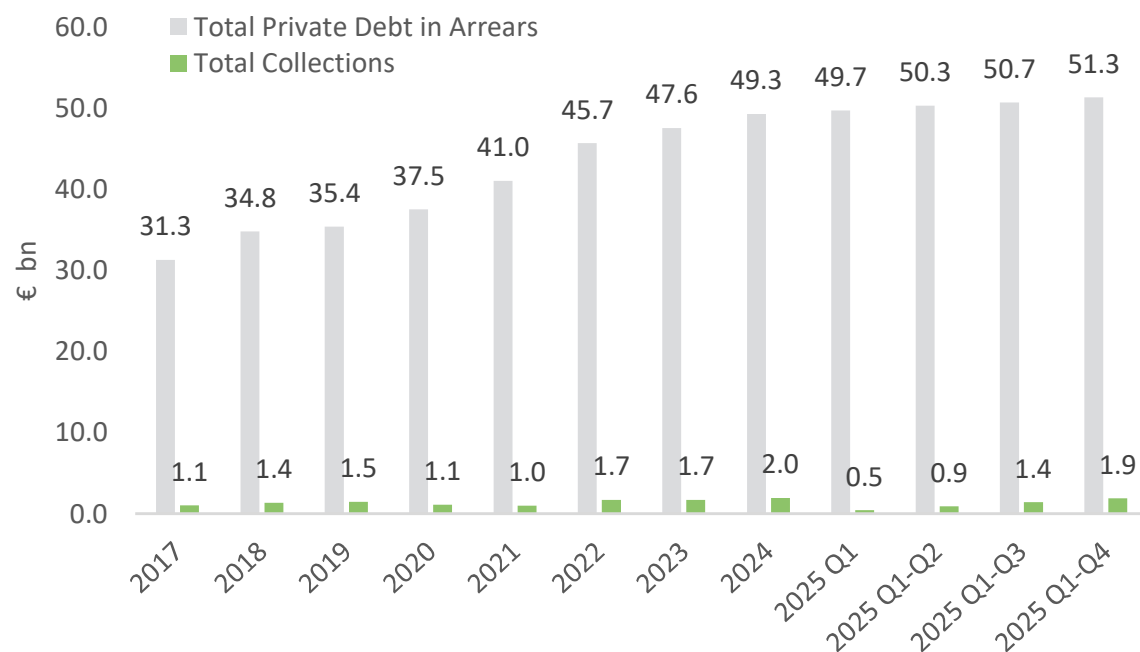
Total private tax debt in arrears, € bn (2025 Q4)



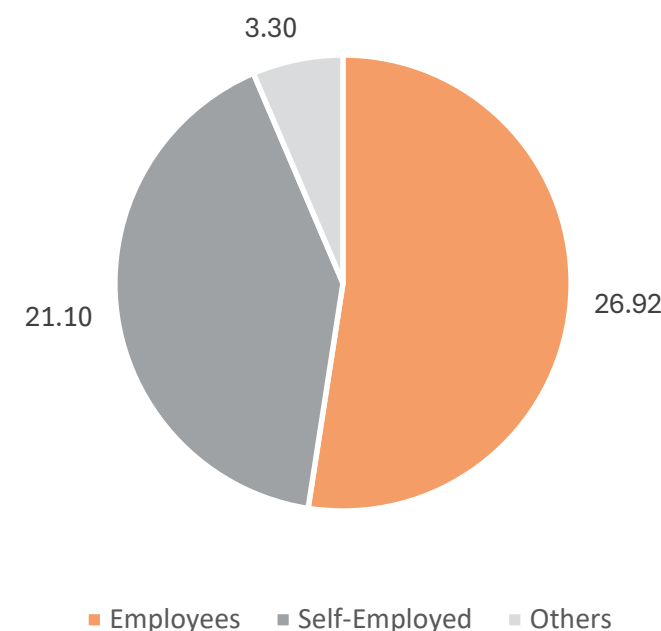
**Private tax debt in arrears stood at €113.9 bn in Q4 2025, compared with €111.9 bn in Q3 2025 and €109.7 bn in 2024, remaining on an upward trajectory after the decline recorded in 2023. Legal entities continue to account for the largest share, with €70.4 bn (61.8%), while individuals account for €43.5 bn (38.2%). Total collections (old & new tax debt) amounted to €6.8 bn in 2025, higher than in 2024.**

## Private debt to EFKA continues to accumulate

Total private debt in arrears and collections



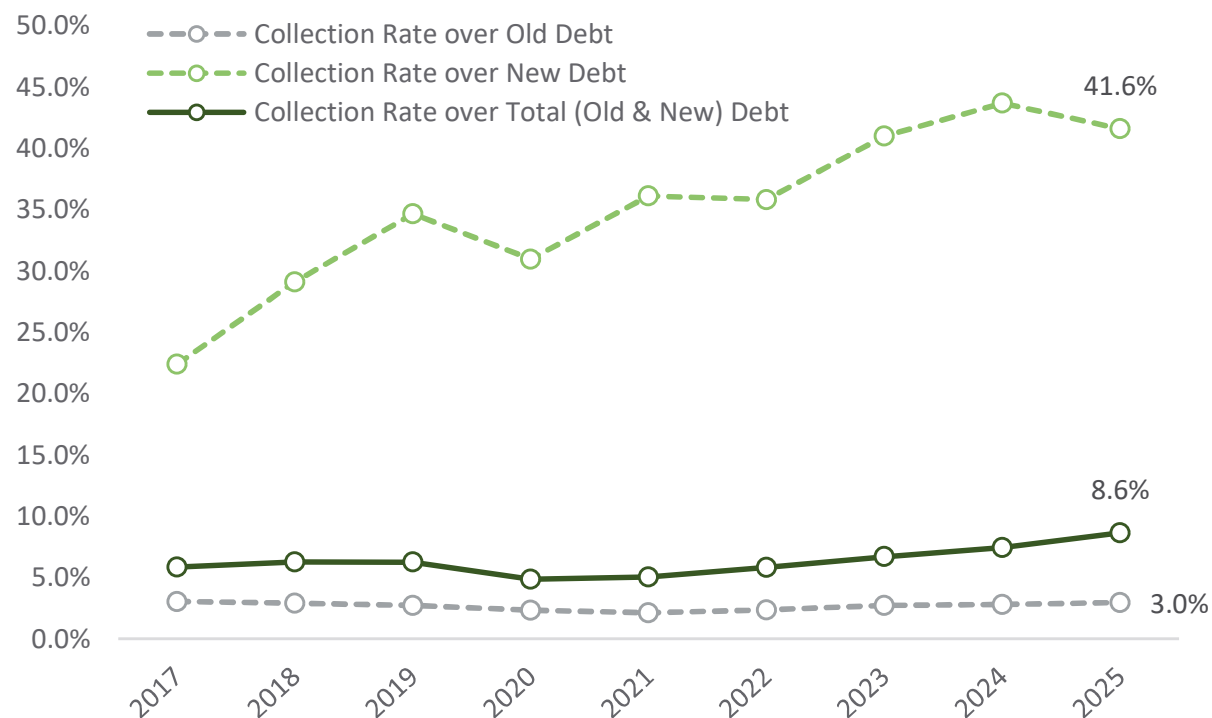
Total private debt in arrears, € bn (2025 Q4)



**Social security debt in arrears reached at €51.3 bn in 2025, increasing by €2 bn over the past year, while annual collections amounted to €1.9 bn. Employee-related contributions account for the largest share of EFKA arrears, at €26.9 bn, followed by obligations of the self-employed at €21.1 bn.**

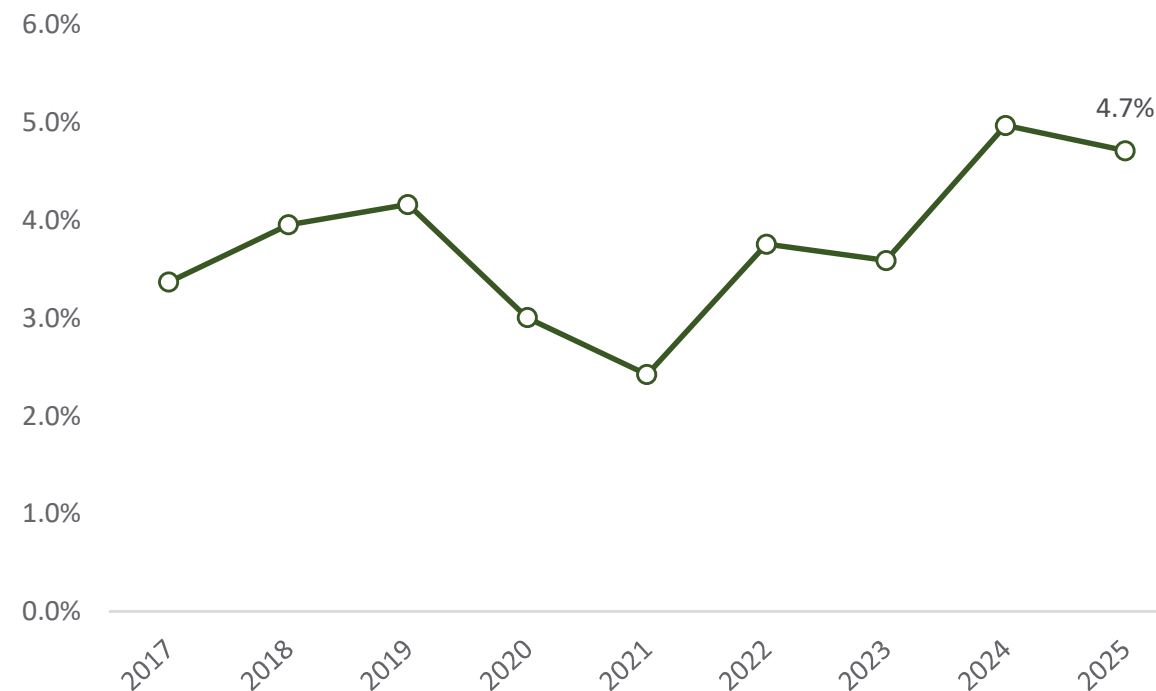
## Despite some improvement in 2024–2025, public-sector collection rates remain low relative to the accumulated stock of arrears

### Collection Rate of Tax Debt



**Source:** IAPR (AADE), until 12/2025. **Note:** The exact collection rate over new tax debt for 2017 is slightly overstated, as data on new debt classified as “uncollectible” are not available for that year.

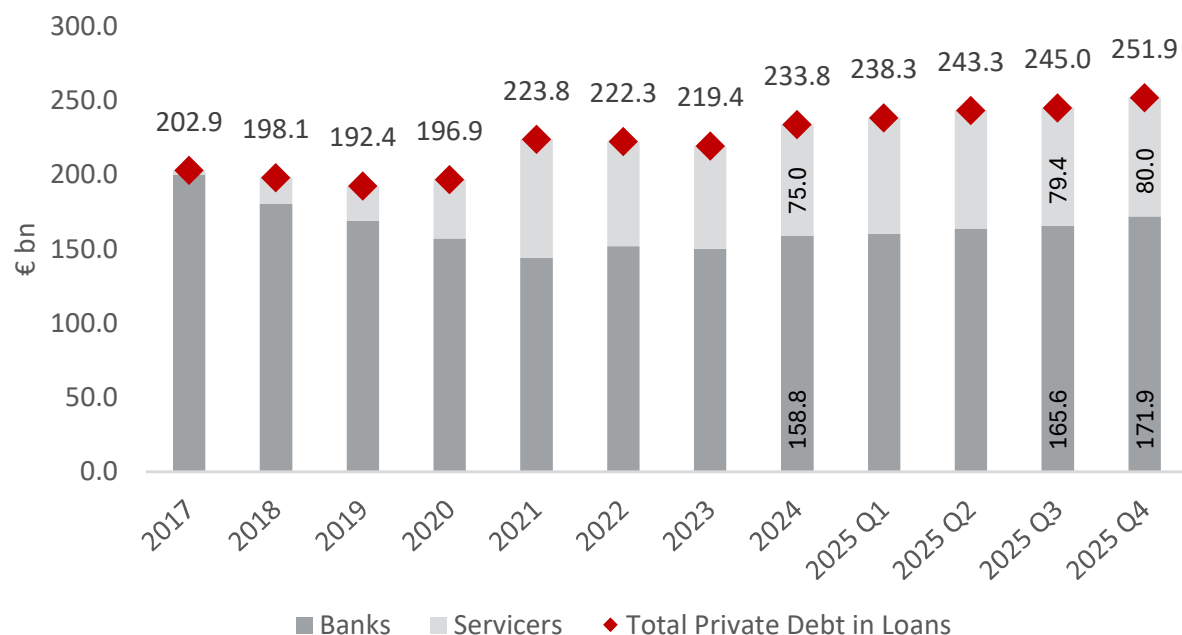
### Collection Rate of Social Security Debt



**Source:** EFKA, until 12/2025. **Note:** From 2024 onwards, based on available data, debts of low collectability have been excluded from the calculation of the collection rate.

## Business lending remains the main driver of total private debt in loans, which reached €251.9 bn in Q4 2025

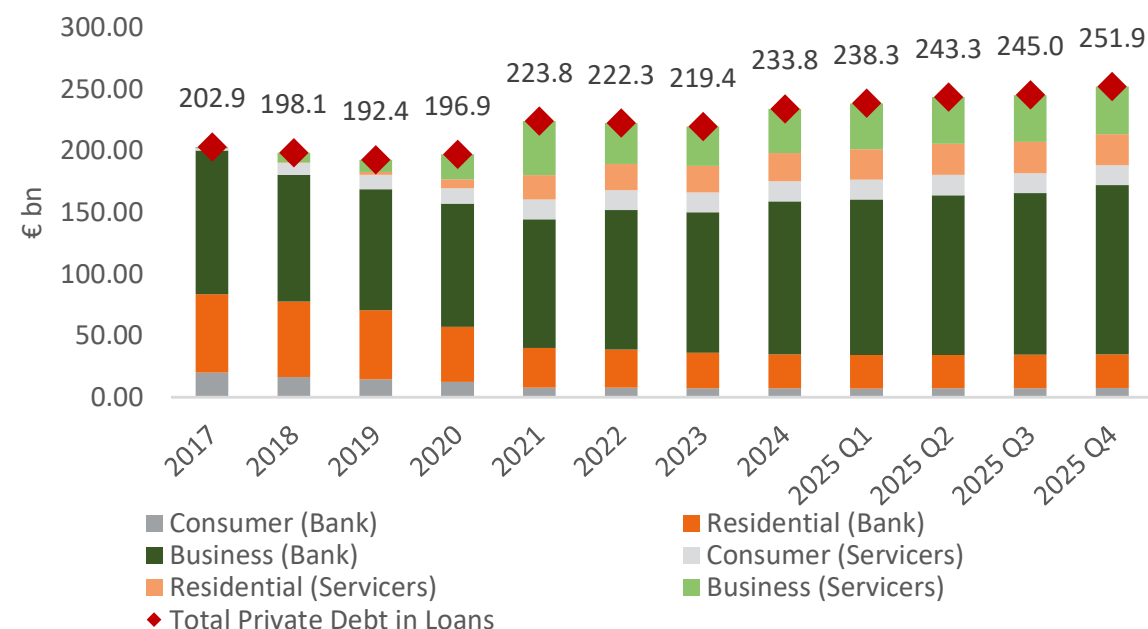
Total private debt in loans



**Total private debt in loans reached €251.9 bn in Q4 2025, increased by €6.9 bn compared with Q3 2025 and by €18.1 bn compared with 2024.** Loans held by banks remain the largest component, at €171.9 bn, while loans managed by servicers amounted to €80.0 bn.

Source: BoG, until 12/2025

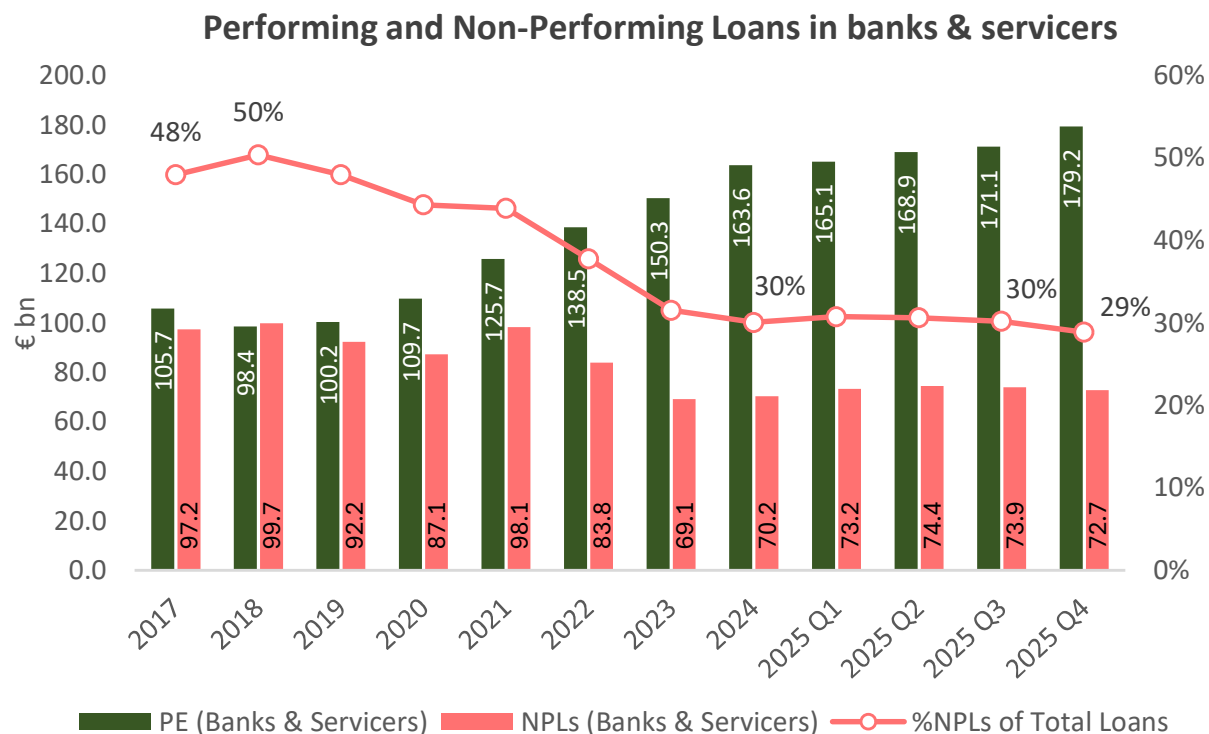
Total private debt in loans by loan type



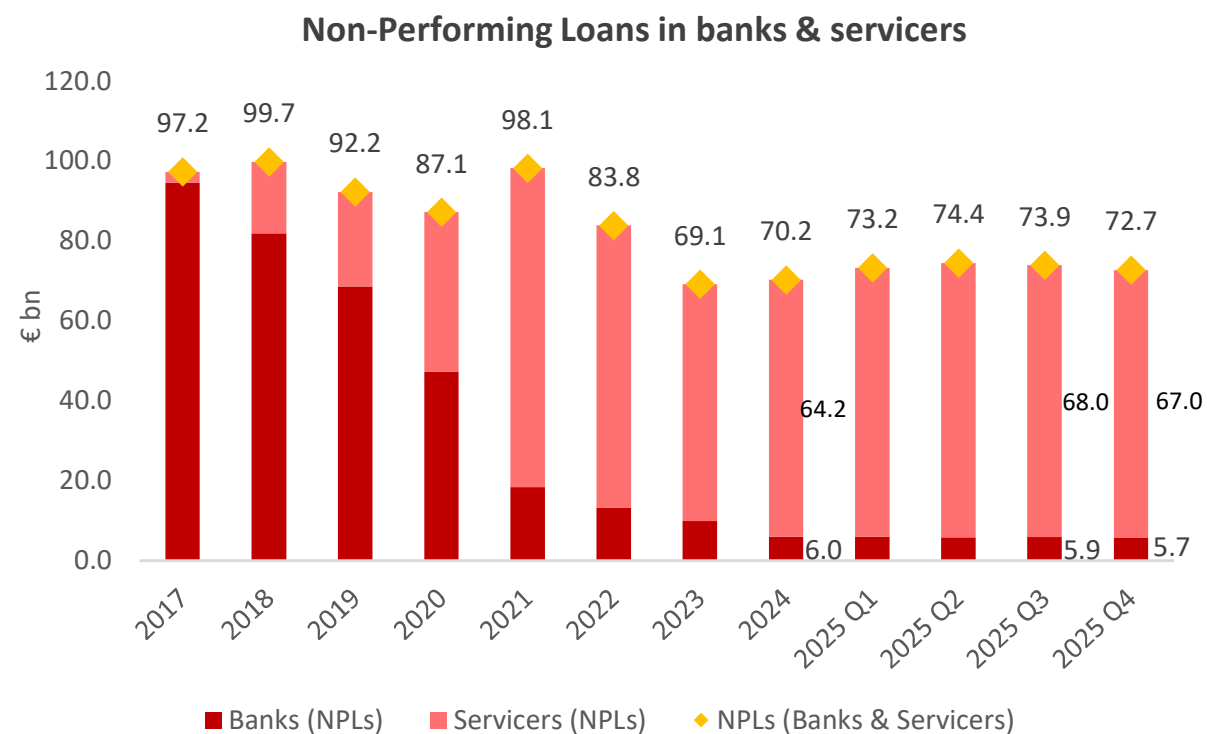
**Business lending accounts for the largest share of total private debt in loans, at €175.8 bn in Q4 2025. Residential loans followed at €52.4 bn, while consumer loans amounted to €23.7 bn.**

Source: BoG, until 12/2025

## The NPL share has stabilized since 2023 at around 30% of total loans held by banks and servicers



**Performing loans increased to €179.2 bn in Q4 2025, from €171.1 bn in Q3 2025. At the same time, total NPLs declined to €72.7 bn, reducing the NPL share of total loans slightly to 28.8%, from 30.2% in Q3 2025.**

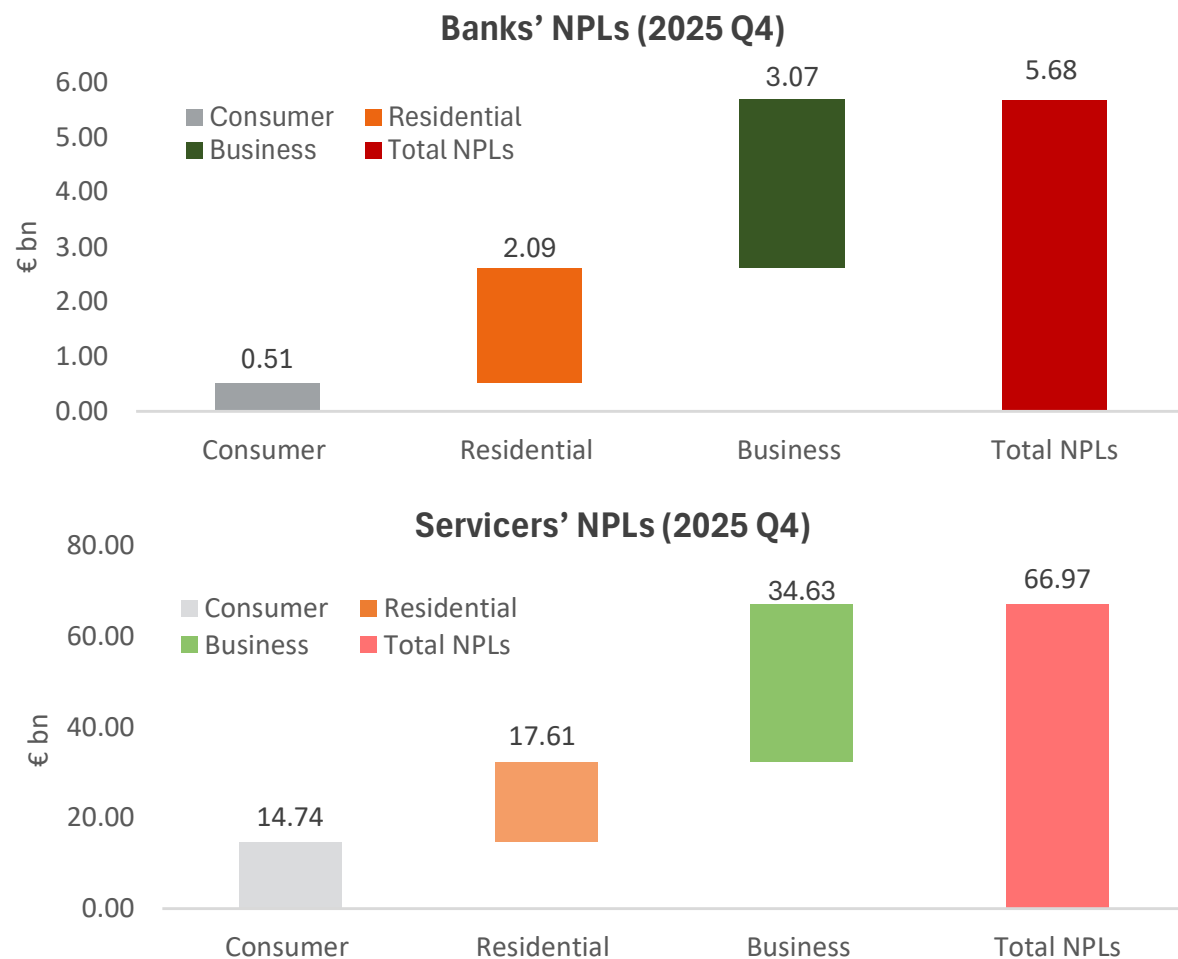


**Servicers held 92.2% of total NPLs, corresponding to €67.0 bn, while banks held the remaining €5.7 bn.**

Source: BoG & HLSA (EEDADP), until 12/2025

Source: BoG & HLSA (EEDADP), until 12/2025

## Business exposures remain the largest component of NPLs, accounting for about 52% of total NPLs in both banks and servicers



- In Q4 2025, banks held €5.7 bn in NPLs. Business loans accounted for the largest share, at €3.1 bn, followed by residential loans at €2.1 bn and consumer loans at €0.5 bn.
- Servicers managed €67.0 bn in NPLs. Business loans represented the largest component, at €34.6 bn, followed by residential loans at €17.6 bn and consumer loans at €14.7 bn.

Source: BoG & HLSA (EEDADP), until 12/2025

## 6. Special theme

- Evolution of old-age pensions in Greece over the last decade, by pension level, recipient age, and public versus private provision

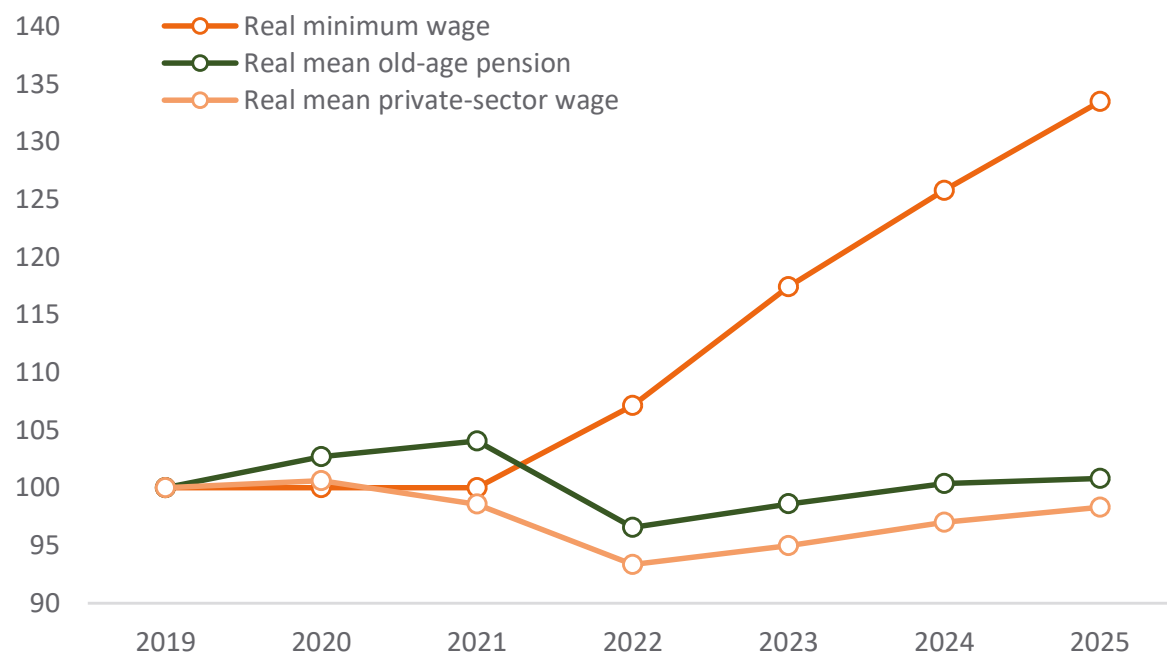


## Special theme - Summary

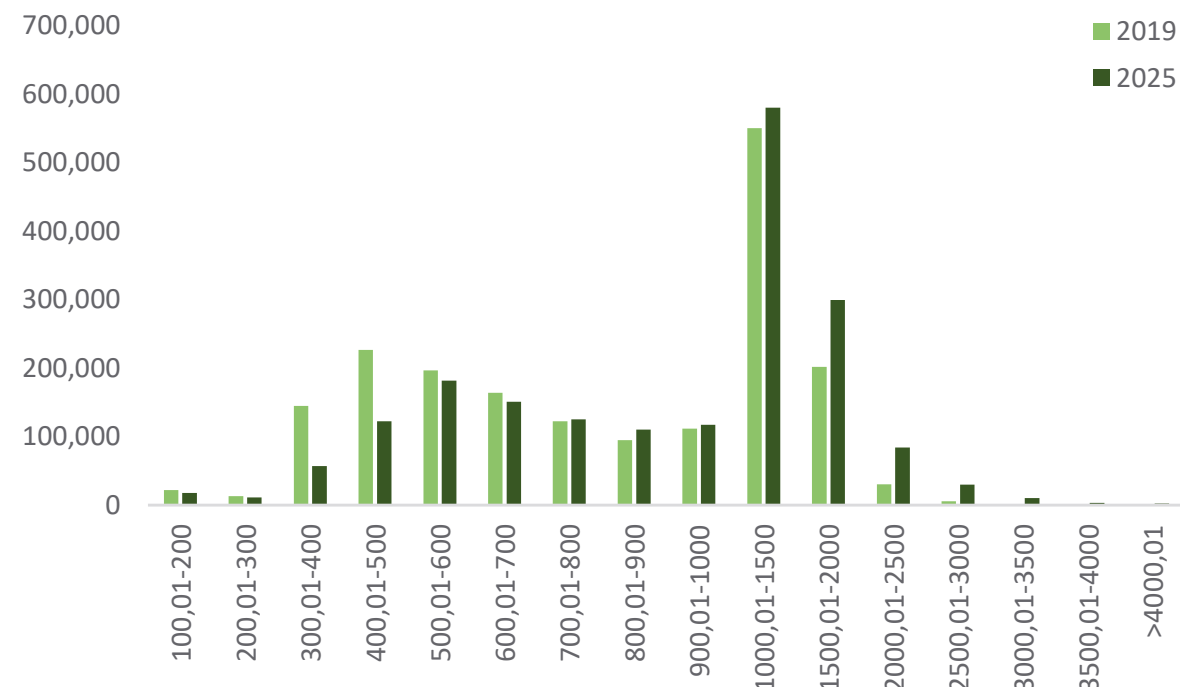
- Macroeconomic and demographic developments affect the **capacity to repay for indebted households** through various **channels**.
  - **Inflation** erodes the disposable income of borrowers, also weakens the lenders real claim, unless it is indexed to inflation or at variable rate
  - **Ageing** deteriorates the prospects of reaching a settlement since regulatory enforced credit policies imply maximum borrower age at each restructuring maturity date and as such increase average monthly instalment
  - **Higher interest rates** make repayment more expensive as most overdue loans are in variable interest rate
  - **Higher housing prices** translate into higher wealth for home owners and value of the collateral, which in turn may complicate the prospect of reaching a settlement as it may translate into higher installments.
  
- An increasing share of households with overdue liabilities consist of persons of third age, often pensioners. A deep dive into the four aforementioned channels for **pensioners during 2019-2025** highlights that:
  - In line with inflation, the **average pension has remained broadly unchanged in real terms**, slightly above the real average wage, but significantly below the real minimum wage. Based on IDIKA data, the mean old-age pension rose marginally by 0.8% in real terms between 2019 - 2025, with the largest share of pensioners receiving €1,000-1,500 per month.
  - The **pensioner population is ageing**: the age distribution is concentrated in the 71-75 age band, and 86% of the pensioners over 65 years old in 2025, up from 81% in 2019.
  - **Public primary pensions remain higher than private ones**. In nominal terms, from 2019 to 2025 public primary pensions rose from €1,162 to €1,235 (+6.3%) and private primary pensions from €730 to €884 (+21%). In real terms, however, public pensions fell by 11% while private pensions edged up 1.3%. This divergence narrowed the gap in public-private pension levels: public pensions premium of 59% in 2019 dropped to 40% in 2025.
  - **Expectations for higher interest rates** in the second half of 2026 and persistent expectations for further **increases in housing prices**, both appear as factors which raise challenges in the prospects of settling overdue private debt.

## Real pensions rose marginally by 0.8% since 2019, with most pensioners receiving €1,000–1,500 a month

Index 2019=100



Distribution of old-age pensions by pension amount

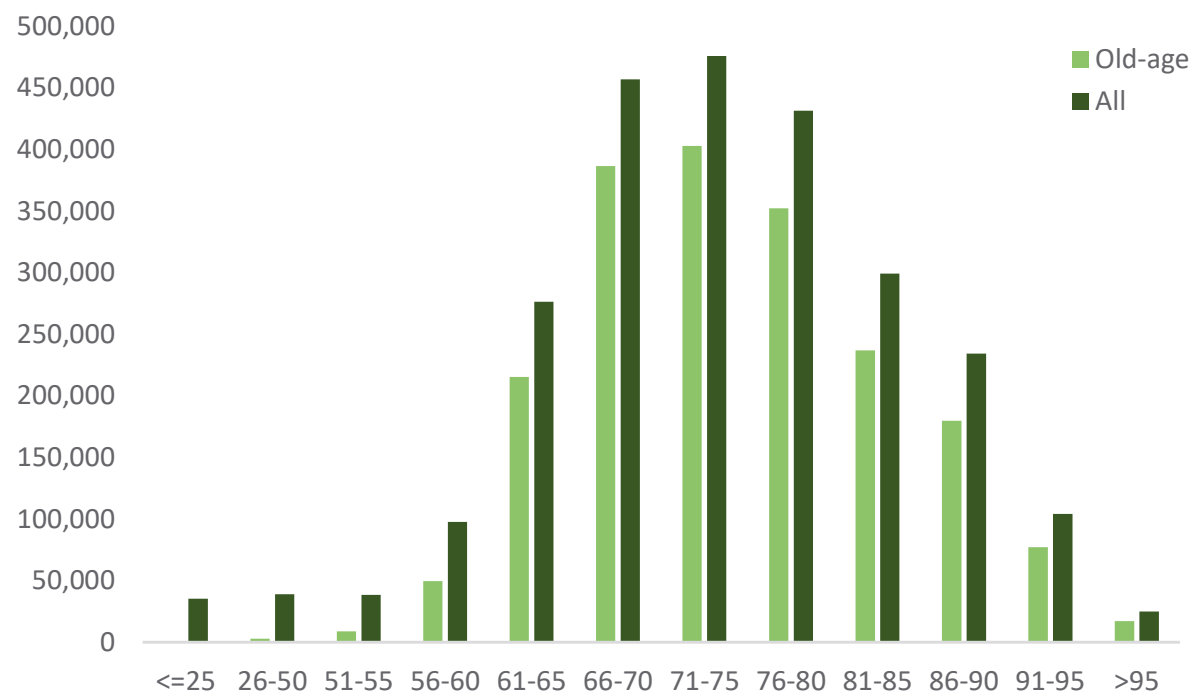


The mean old-age pension rose around 0.8% in real terms between 2019 and 2025. This was significantly less than the real gain in the minimum wage (about 33%), slightly above the average private-sector wage, which marginally declined in real terms over the same period. The largest group of pensioners receives €1,000–1,500 a month.

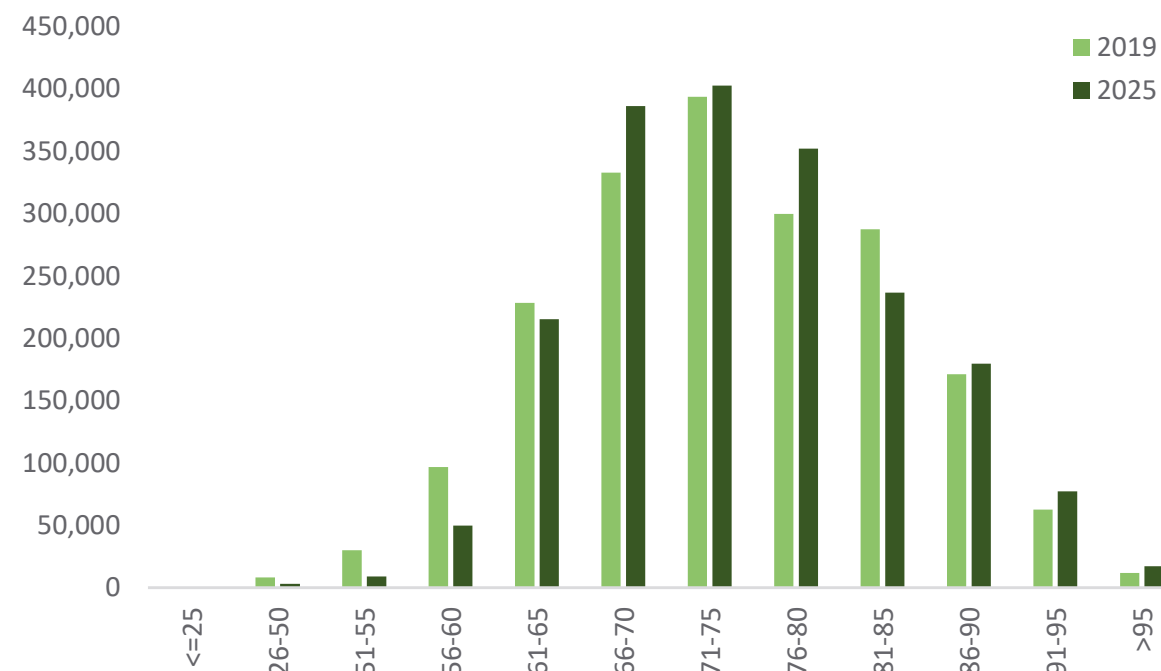
Source: IDIKA. Data processing: IOBE.

## Age distribution of pensioners, 2019 vs 2025: the pensioners population is ageing

Distribution of old-age and all pensions by age, 2025



Distribution of old-age pensioners by age: 2019 vs 2025

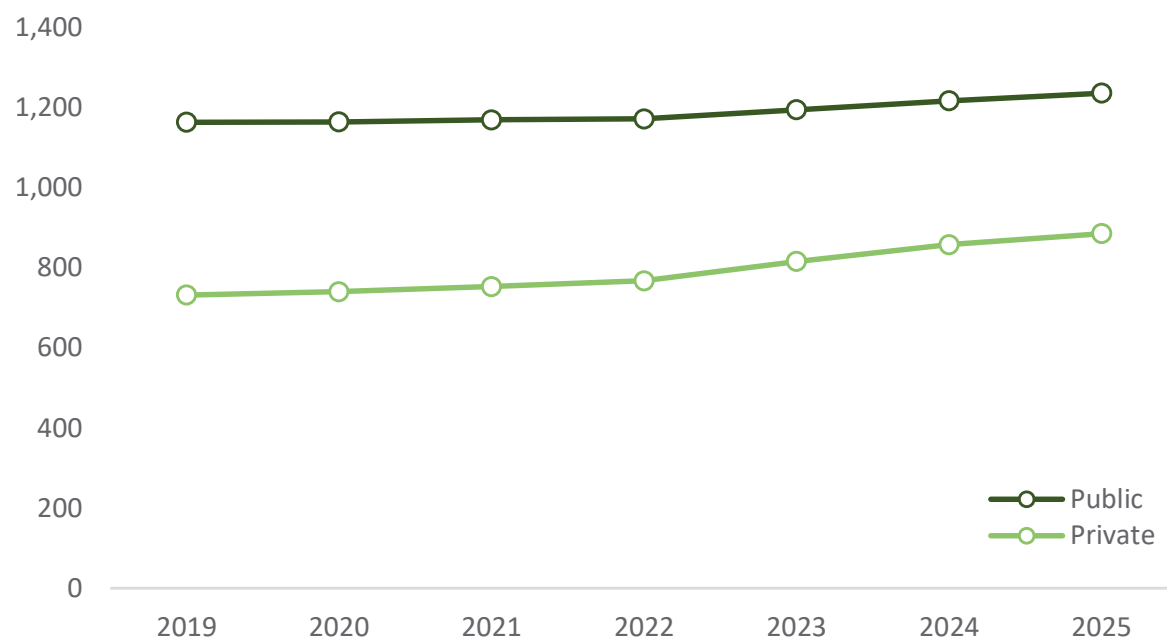


**The pensioner population is concentrated in the 71–75 age group, with 86% of the pensioners over 65 years old in 2025, up from 81% in 2019. At the same time, the number of younger pensioners (aged 51–65) has fallen since 2019, consistent with later retirement and fewer early exits.**

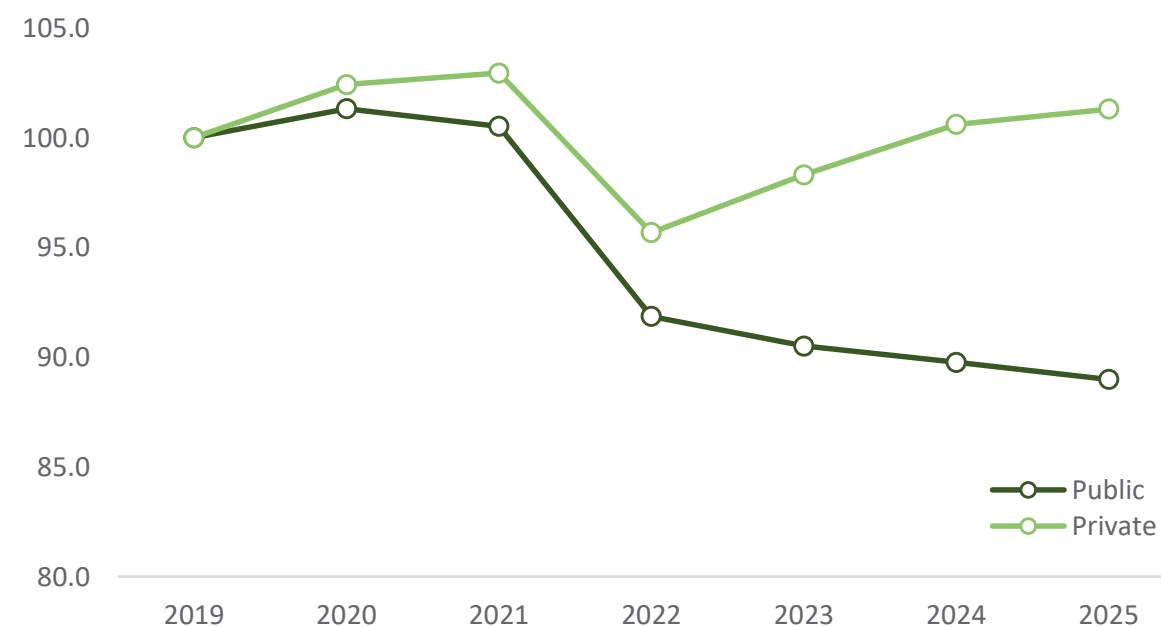
Source: IDIKA. Data processing: IOBE. Note: All pensions include old-age, survivors', disability and other pensions.

## Public and private old-age primary pension levels, 2019–2025

Evolution of the nominal mean old-age primary pension for Public and Private workers



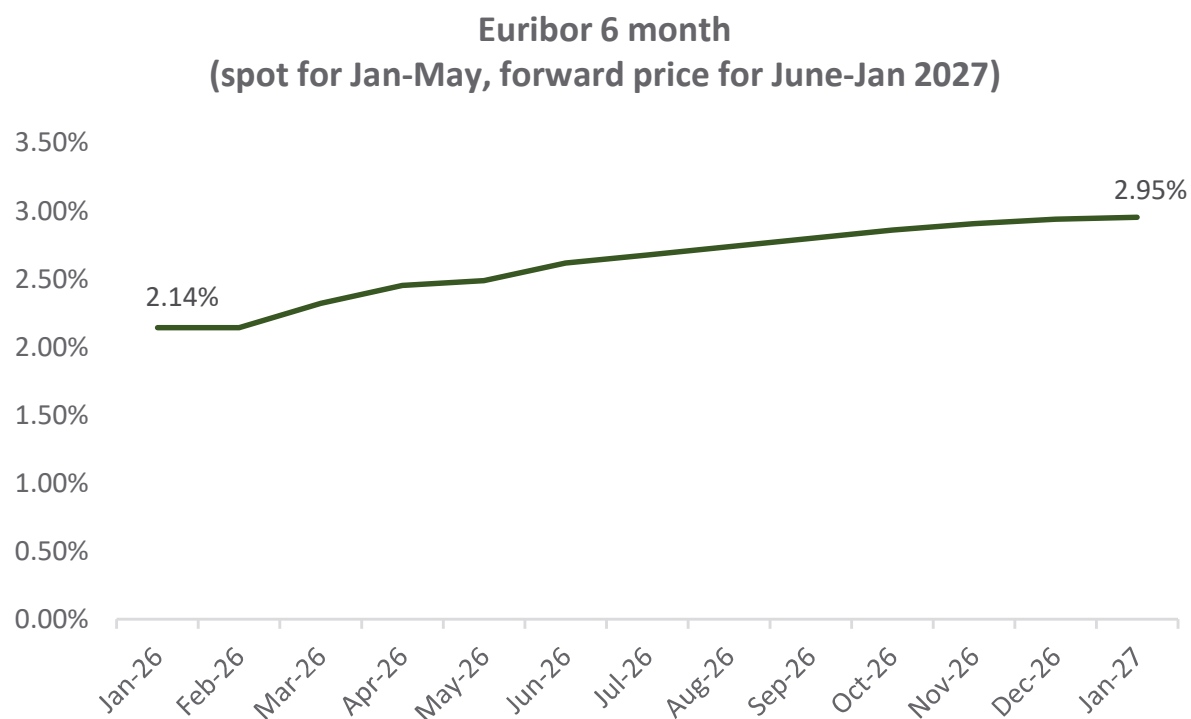
Evolution of the real mean old-age primary pension for Public and Private workers (2019=100)



**Based on IDIKA data, average public pensions remain higher than private ones. From 2019 to 2025, public pensions rose from €1,162 to €1,235 (+6.3%) and private pensions from €730 to €884 (+21%) in nominal terms. In real terms, however, public pensions fell by 11%, while private pensions increased slightly by 1.3%.**

Source: IDIKA. Data processing: IOBE.

## After three years of monetary easing, the ECB rose key interest rates in June by 25 bpts, while markets expect further rise in the cost of money in the coming quarters...



... **putting pressure to borrowers**, most of whom have outstanding debt in **variable interest rates**. Alongside, expectations for further increase in home prices, appear as factors which raise challenges to the objective to settle overdue private debt

Source: ECB, BlueGamma. Data processing: IOBE.

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