

Quarterly bulletin on private debt in the Greek economy

MARCH 2026

Prepared by IOBE, supported by CEPAL



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Executive summary – Global and domestic economic trends

Global economic activity remained resilient in 2025, despite rising geopolitical and trade risks. **Uncertainty increased in early 2026**, driven initially by US trade policy shifts and then primarily the escalation of conflict in the Middle East, affecting markets, inflation expectations, interest rate and growth outlook. After strong capital market performance and easing monetary conditions up to February 2026, **households and businesses' expectations weakened in March**.

- **Macro indicators:** Global growth is moderating, with weaker momentum in the US and China, inflationary pressure had eased by early 2026.
- **Market trends:** Until February 2026, asset prices were booming, the euro had appreciated, while energy prices and interest rates had eased. Since March, reverse trends have emerged, mainly in relation to high energy prices and market volatility.

The Greek economy grew by 2.1% in 2025, outperforming the Euro Area (1.4%). Growth of similar magnitude is expected in 2026, supported by investment and exports, however downside risks to the outlook have intensified since March.

- Amid **positive trends**, the economy has become more extrovert, the banking system records strong fundamentals, labor market conditions and disposable income gradually improve.
- However, **challenges persist**, including the systematic inflation premium vis-à-vis the Euro Area, the current account deficit, weak household savings, housing affordability pressures and high private and public debt.
- The last year of implementation of the Recovery and Resilience Facility, the ongoing reforms, the systematic improvement of the economy's fundamentals as well as the restoration of confidence among the international community, provide **opportunities** to support investment and medium-term growth convergence with the rest of Europe.

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

While macroeconomic conditions improved in 2025, **households and businesses continue to face pressures**, particularly from rapidly increasing rental and other housing costs, reflected in persistently high non-performing debt shares.

In the **real estate market**, construction activity steadily recovered in the post-crisis period alongside rising investments in real estate, whereas activity moderated in 2025.

- **House prices have risen strongly** since 2017, especially in urban areas.
- **Housing affordability** remains a key challenge in Greece.
- **Mortgage lending** is gradually recovering but remains subdued.
- **Property auctions** continue, supporting the resolution of distressed assets.

Total private debt (to financial institutions, tax and social security authorities) increased to €407.6 bn in Q3 2025, mainly driven by credit expansion as well as the continued accumulation of liabilities to the public sector.

- **Debt in arrears remains high** (€235.6 bn; 58% of total private debt), largely due to tax and social security obligations (~70%).
- **Total private debt in loans increased** to €245 bn (~98.6% of GDP), with business lending representing the largest share.
- **Non-performing loans** account for 30% of total loans held by banks and servicers (€73.9 bn), with most managed by servicers (€68 bn).

The **special theme** of this issue analyses **private sector wage trends in Greece (2016-2025)**, highlighting that growth in the average wage has lagged increases in the minimum wage, particularly in smaller firms and services sectors.

2. Global environment

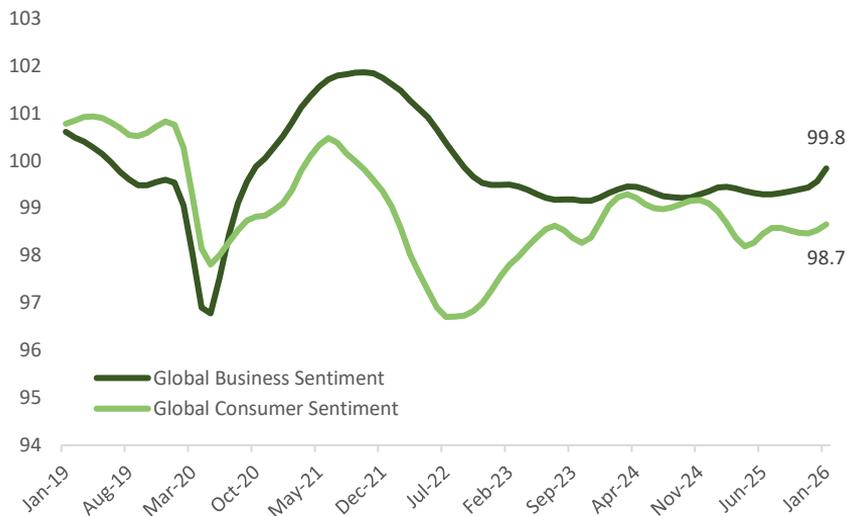
- Macro indicators
- Markets

Global environment - Summary

- **Global economic sentiment showed mixed dynamics in early 2026** before the escalation of the war in the Middle East, with business confidence improving globally in January while sentiment in the euro area weakened slightly in February.
- **Global economic growth is moderating**, with weaker momentum in the United States and China and relatively subdued growth in the Euro Area, while inflation dynamics remain uneven across regions. The war in the Middle East poses serious risks for lower growth and higher inflation. Macroeconomic conditions vary significantly across **Euro Area member states**, with growth ranging from near stagnation in some economies to stronger expansion in others, while inflation remains elevated in several countries.
- **Global trade activity remained resilient despite heightened trade policy uncertainty**, with international trade volumes continuing to increase through 2025. The perturbation of marine traffic in the straits of Hormouz in March raises barriers to world trade activity.
- **During Jan-Feb 2026, energy and food prices remained broadly stable, while metal prices increased.** The war in the Middle East has triggered **upward pressure and high volatility in energy prices since March.**
- **Financial market conditions improved in Jan-Feb 2026**, with the euro strengthening, equity markets showing upward trends in major economies, and borrowing costs and government bond yields stabilizing after the sharp increases recorded in 2022–2023. Reverse trends have emerged in March.
- **The escalation of the Iran–Israel–US conflict in early March 2026 introduces additional downside risks to the global outlook**, increasing **volatility in global energy markets and trade flows** while exerting **upward pressure on inflation and funding costs** and **weighing on global growth.**

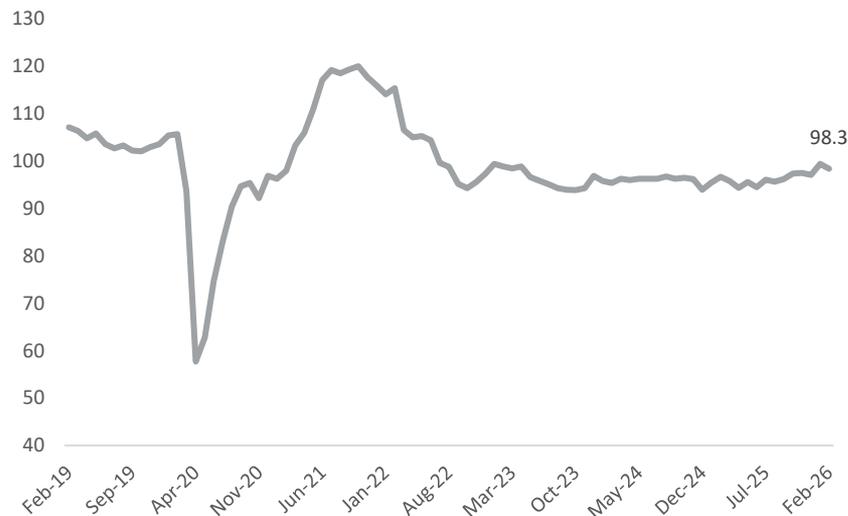
Global confidence rises in January, Euro Area sentiment declines in February

January 2026 began with global sentiment ticking up, especially for businesses, signaling improving business confidence alongside a more subdued consumer outlook



Source: OECD, until 01/2026

The euro area Economic Sentiment Indicator declined to 98.3 points in February after rising to 99.3 points in the first month of 2026



Source: DG ECFIN, until 02/2026

Global economic growth is moderating, inflationary pressures remain uneven across regions, while global risks to the macroeconomic outlook are intensifying

GDP growth has decelerated in the US and China and remains relatively weak in Europe. Global growth is expected to accelerate slightly in 2027

Inflation remains above target in the US, below target in China and close to target in the Euro Area. The war in the Middle East and rising trade protectionism push up inflation risks

Real annual GDP growth rate



Source: OECD, actual for 2024, estimate for 2025, forecast for 2026, 2027

Annual inflation rate

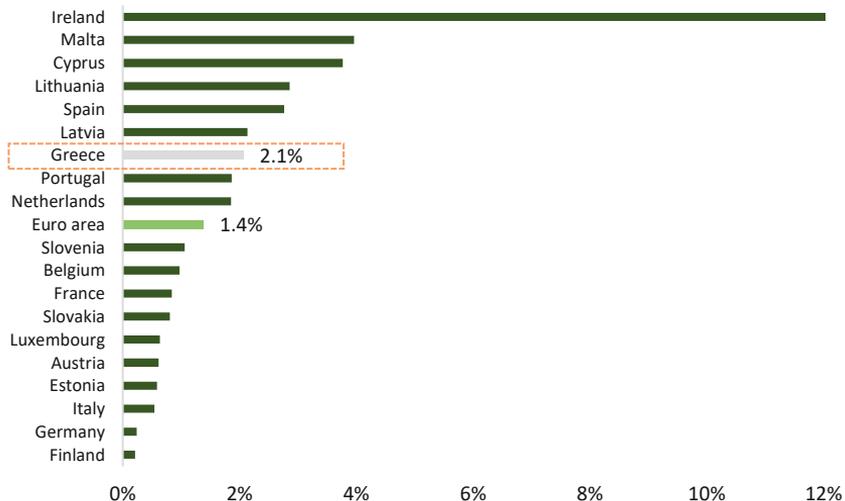


Source: OECD, IMF, actual for 2024, 2025, forecast for 2026, 2027

Significant heterogeneity in growth and inflation across euro area member states

In 2025, growth across the euro area ranged from marginally positive in Germany and Finland to strong in Ireland, Malta and Cyprus. Greece recorded the 7th highest growth rate

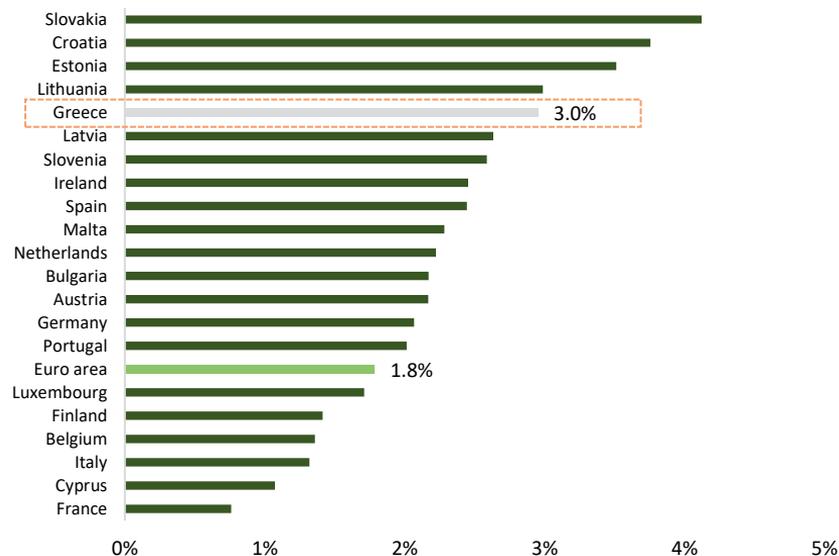
Real GDP growth rate, 2025



Source: Eurostat

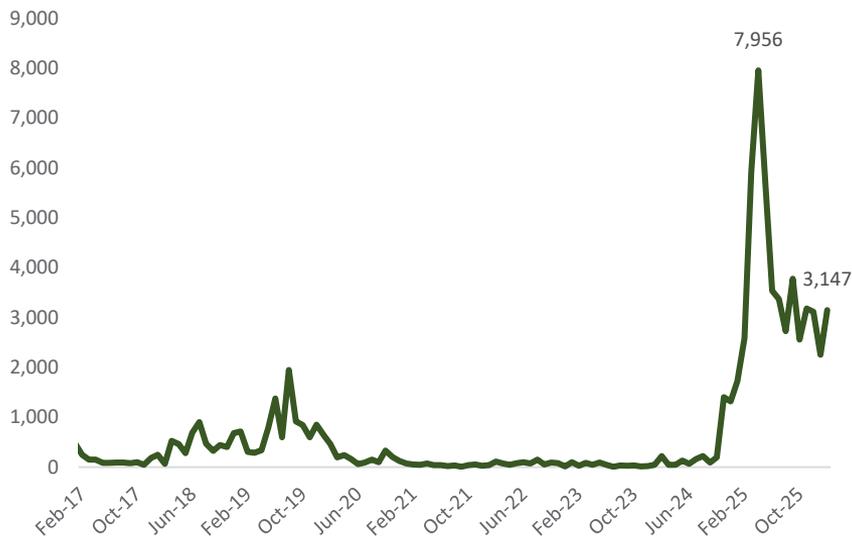
In early 2026, inflation remained relatively subdued in France, Cyprus and Italy, while it was higher in several eastern euro area countries. Greece posted the 5th highest inflation rate

HICP inflation rate, Jan-Feb 2026



International trade volume records remarkable resilience amid historically high global trade policy uncertainty

After reaching a historical peak in April 2025, US trade policy uncertainty has partly eased but remains several times higher than its long-term average



Source: US Economic Policy Uncertainty, until 02/2026

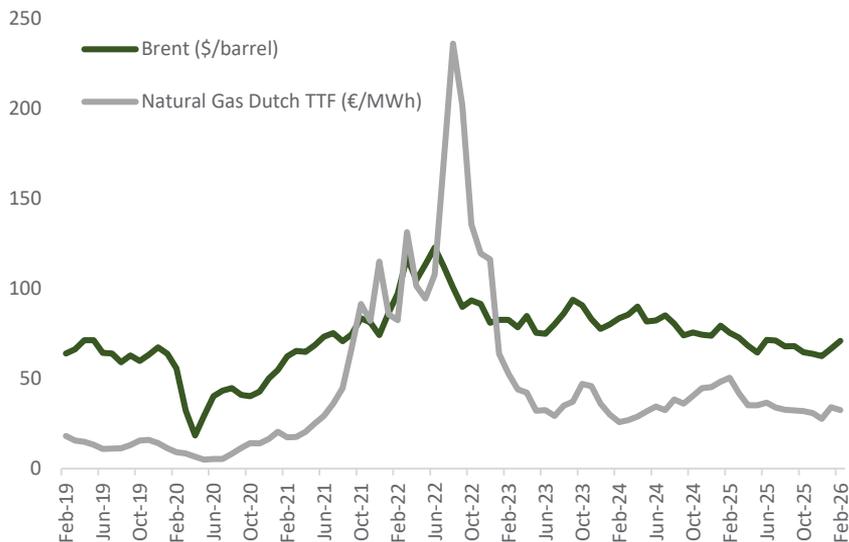
International trade volume continued to edge higher at the end of 2025, rising from 106.5 points in 2024 to 111.7 points in 2025



Source: CPB, until 12/2025

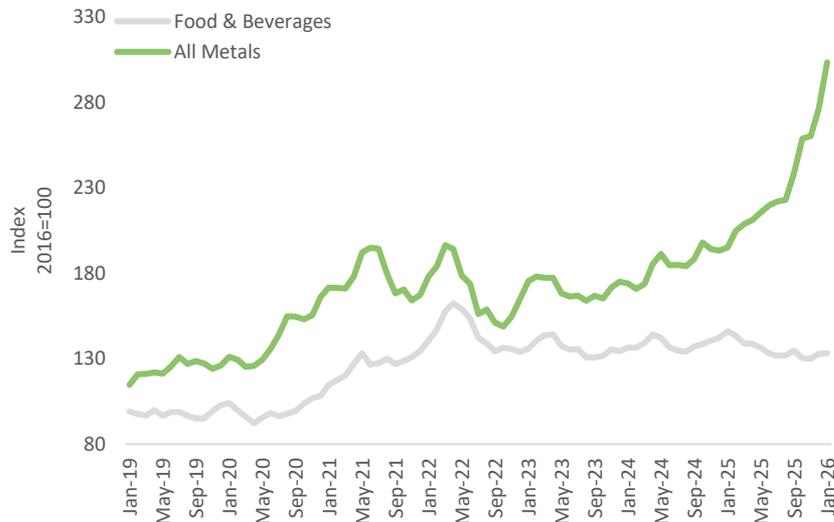
Rising prices for base metals during 2025, stable energy and food prices until February 2026. The war shock in the Middle East has triggered a rapid increase in energy prices in March

Brent crude rose by 6.4% in February to \$70.9/barrel, before recording a 4-year high in March (up to \$110/barrel). The next-month TTF natural gas contract was at €32.4/MWh in February



Source: EIA, NYMEX, until 02/2026

Metal prices increased further by 9.8% in January, largely driven by the continued rally of gold. Food and beverage prices rose marginally (0.3%).



Source: IMF, Commodity data portal, until 01/2026

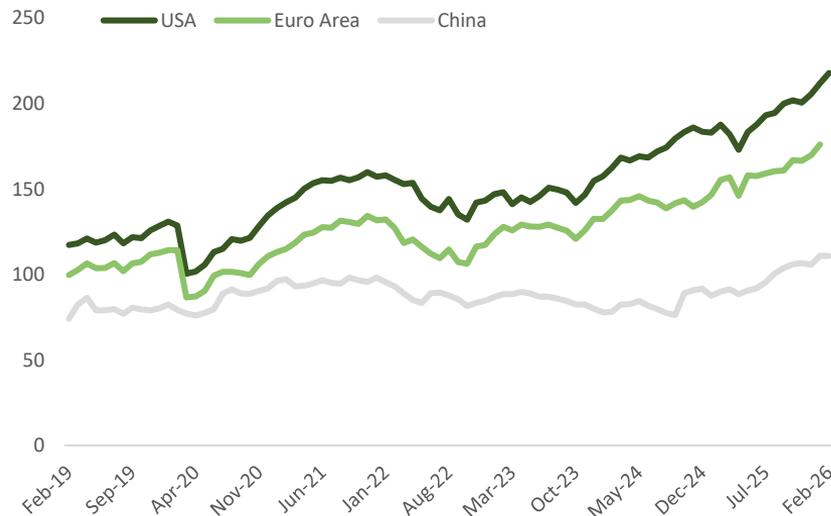
Euro-dollar exchange rate has strengthened since early 2025, international capital markets boomed until February 2026, before being hit by the war turbulence in March

The euro-dollar exchange rate rose further in February to \$1.18 per euro, before retracting towards \$1.16 in March



Source: ECB, until 02/2026

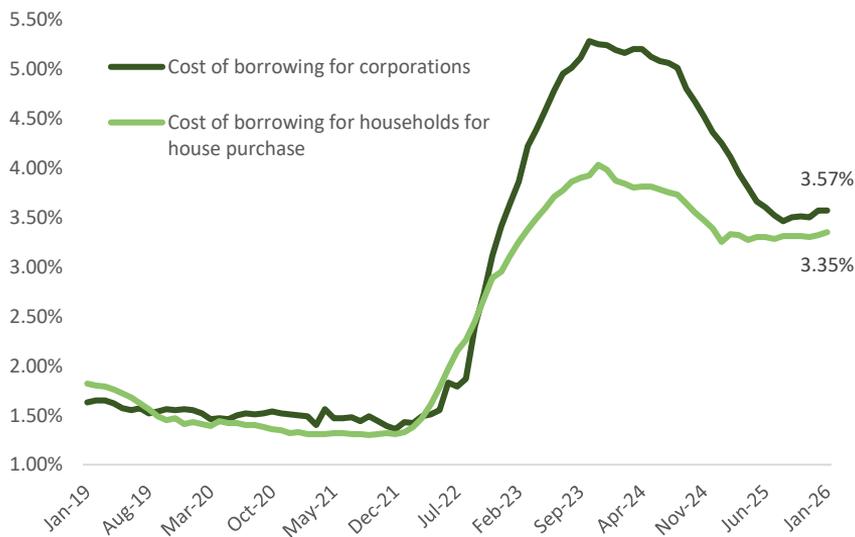
Share prices rose in the US (+2.8%) and declined slightly in China (-0.1%) in February 2026, before recording high volatility and losses in March due to the war in the Middle East



Source: OECD, monthly average of closing market index, until 02/2026. Note: For the Euro Area, data is available through 01/2026.

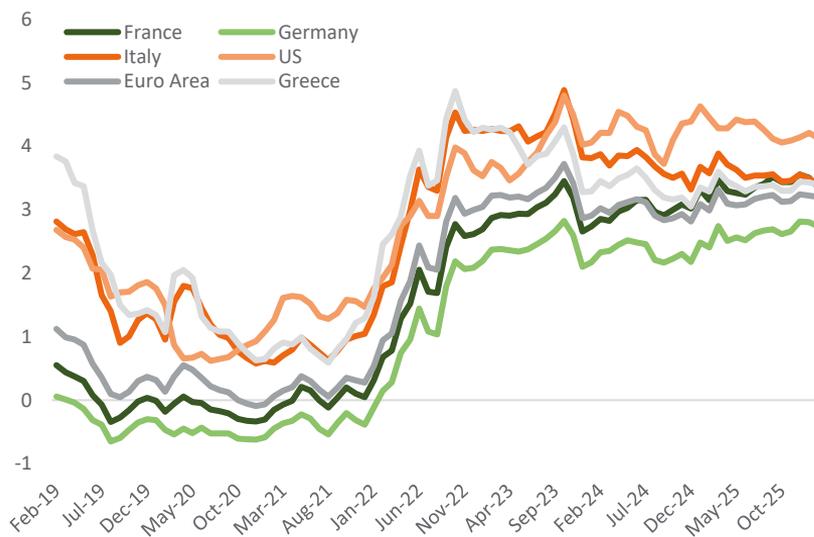
Stabilization of financing costs and government bond yields in the Euro Area in Jan-Feb, however upward pressures re-emerged in March following the war in the Middle East

Borrowing costs for corporations and households stabilized at the end of 2025 at around 3.5%, following the sharp increase recorded during 2023–2024



Source: ECB, until 02/2026

10-year government bond yields stood at 4.13% in the US and 3.20% in the Euro Area in February. The Greek yield is similar to the respective in Italy and France.



Source: OECD, ECB, until 02/2026

3. Domestic economic activity

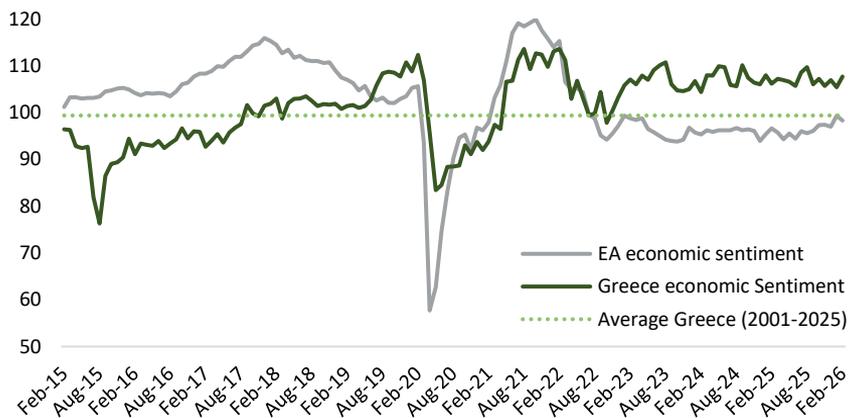
- GDP components
- Inflation and labor market
- Fiscal
- Financial
- Selected sectors

Domestic economic activity - Summary

- The **Greek economy grew by 2.1% in 2025** (2.4% YoY in Q4) compared to 1.4% in the Euro Area average. Recent forecasts until February anticipated stable or slightly accelerated growth rate in 2026, fueled by the positive investment and exports momentum, as well as the higher absorption of RRF funds. The war in the Middle East has raised significant downside risks to the outlook.
- The economy has gradually become more extrovert. The **current account** deficit narrowed to €14.1 bn (5.7% of GDP) in 2025, compared to €16.9 bn (7.1% of GDP) in 2024, however it remains sizable.
- **Labor market conditions** improved further in early 2026, as unemployment rate dropped below 9%, participation rate gradually increases, while the rising trend in wages continues. Household incomes gradually improve, yet savings remain very weak.
- Overperformance of **fiscal targets** continued in 2025.
- **Credit expansion** to the private sector continues unabated, at a particularly high pace towards businesses. The **cost of funding** for both the private and public sector has eased considerably during 2025 and Jan-Feb 2026.
- Key **sectoral trends** in industrial production, retail trade and tourism remain positive in early 2026.
- **Concerns on the domestic outlook** intensified following the **war eruption in the Middle East in March**. Those relate to risks for higher inflation, market volatility, funding costs and widening current account deficit due to energy goods. As an early warning signal, after a booming 2025, the stock market recorded a decline in February-March.

Improvement in the domestic Economic Sentiment Index in February, with a slight rebound in consumer confidence

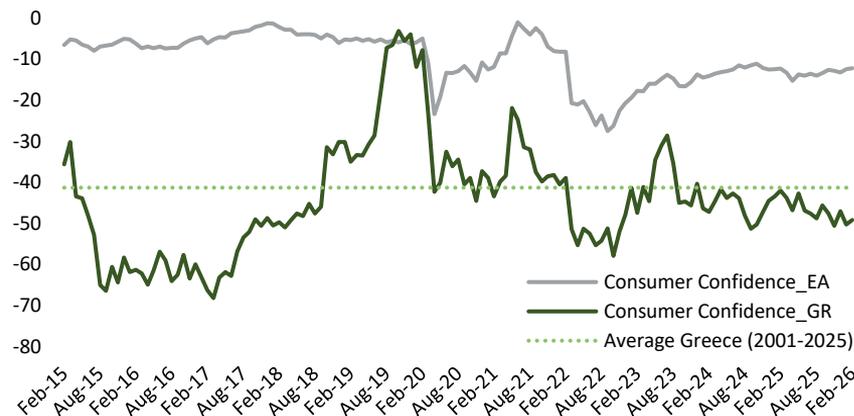
Improvement of economic sentiment, with an increase in all four sectors' expectations



The economic sentiment index improved significantly in February to 107.7 points, compared to 105.4 points in January and 106.3 points a year ago.

Source: IOBE, European Commission, until 02/2026

...with consumer confidence rising slightly

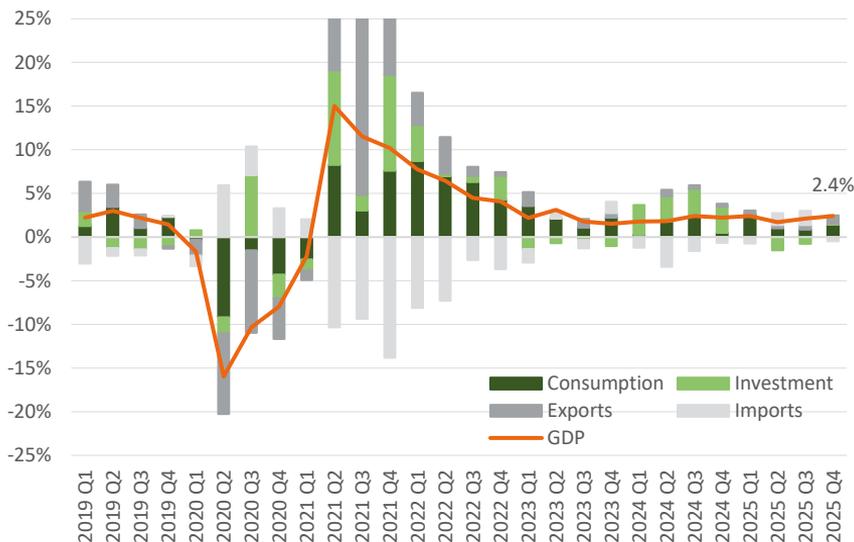


The consumer confidence index strengthened in February, standing at -49.2 points compared to -50.3 points in January, still lower than last year's level (-42.0 points).

Source: IOBE, European Commission, until 02/2026

Economic activity expands moderately as sectoral contributions ease. GDP growth in 2025 reached 2.1% (2.4% YoY in Q4) compared to 1.4% in the Euro Area average

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



Source: Elstat, until 12/2025

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



Source: Elstat, until 12/2025

Recent key macro forecasts for the Greek economy (with vintage date just before the war in Iran) by various institutions anticipated relatively stable growth in 2026

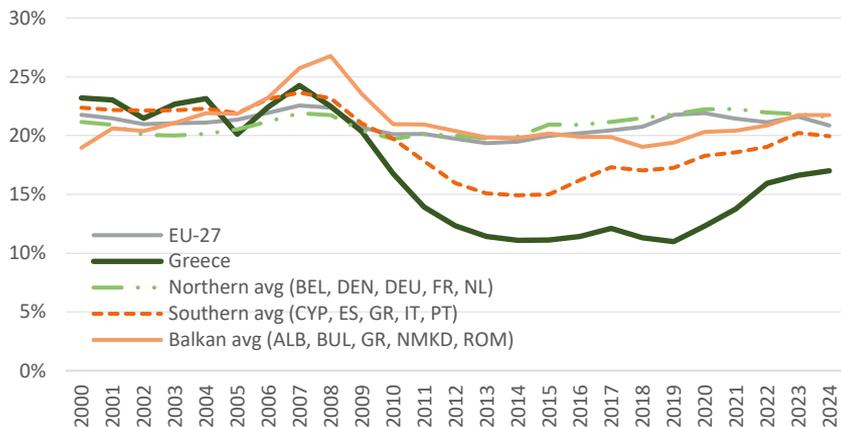
y/y growth rate, unless otherwise specified	Bank of Greece	Ministry of Finance	European Commission	IOBE	IMF	OECD
	2026					
GDP	2,1%	2,4%	2,2%	2,2%	2,0%	2,2%
Total consumption	:	:	:	1,7%	:	:
Private consumption	2,1%	1,7%	1,9%	1,9%	:	2,0%
Public consumption	0,6%	0,7%	2,5%	1,0%	:	1,7%
Gross Fixed Capital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

Forecasts by major institutions until February pointed to moderate GDP growth of around 2–2.4% in 2026, supported mainly by strong investment dynamics and continued growth in private consumption. At the same time, external imbalances persist, with the current account deficit expected to remain elevated at around 5–7% of GDP despite the ongoing expansion of economic activity. These forecasts have not yet incorporated the impact of the war in Iran. During late March, some institutions revised downwards their 2026 annual growth forecast, e.g. the Bank of Greece (1.9%) and the IMF (1.8%).

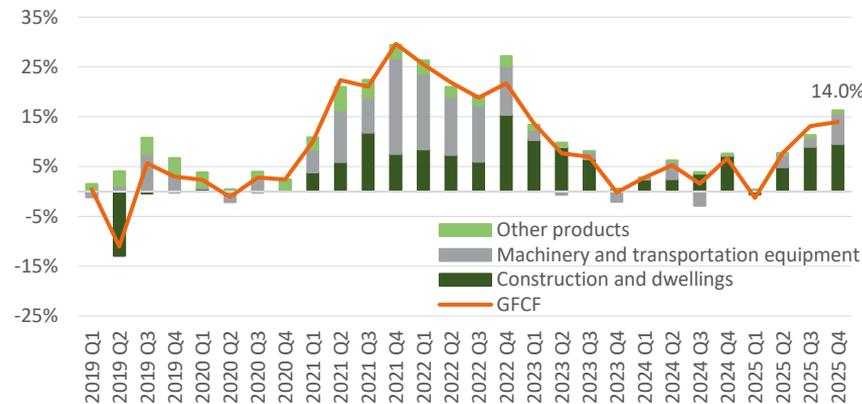
Sources: Note on the Greek Economy – January 2026 – BoG; Draft Budgetary Plan 2026 – November 2025 – MinFin; European Economic Forecast – Autumn 2025 – November 2025 – EC; The Greek Economy 04/25 – January 2026 – IOBE; World Economic Outlook – October 2025 – IMF; Economic Outlook – December 2025 – OECD

Investment growth strengthens while the gap with EU peers narrows, albeit only gradually

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



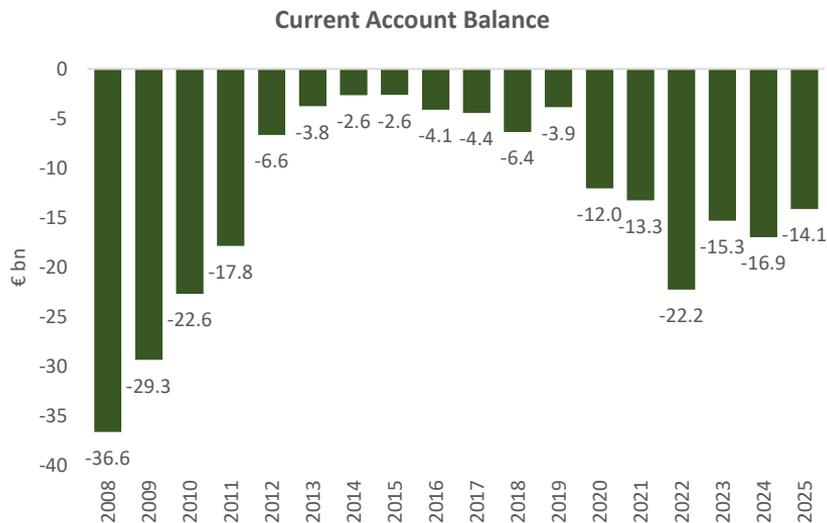
Investments have recovered from the very low levels recorded during the post-crisis period, **yet they remain significantly below the EU average** as a share of GDP (17%), indicating a **persistent investment gap** despite recent progress. After a period of volatility in recent years, **investment growth has strengthened again (+14%)**, with **positive contributions across several components**, supporting the gradual recovery of overall investment activity.

Source: Eurostat, until 12/2025

Source: ELSTAT, until 12/2025

The current account deficit narrowed to €14.1 bn (5.7% of GDP) in 2025, compared to €16.9 bn (7.1% of GDP) in 2024, however it remains sizable

Improvement recorded in 2025 across all balances, particularly in the balances of goods and primary income

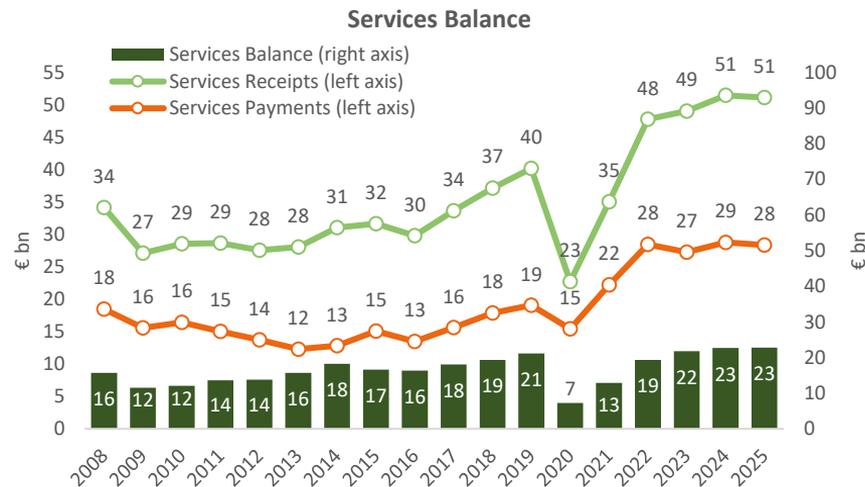
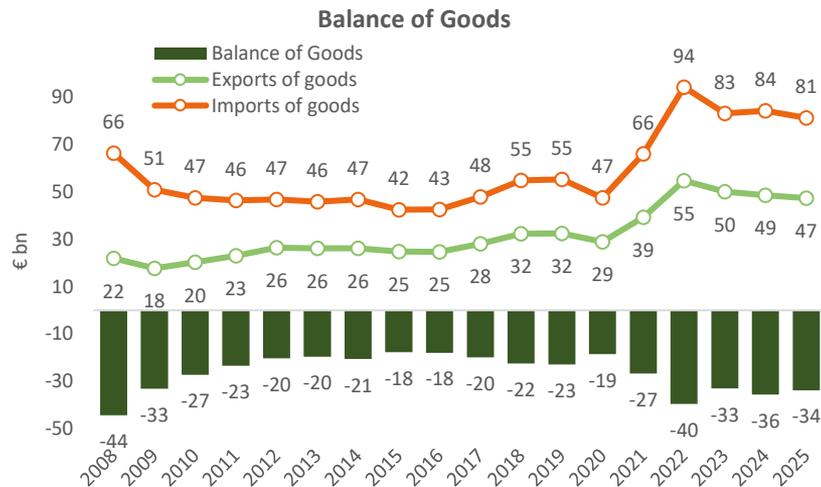


Jan-Dec 2025

- The **goods** deficit improved by €1.8 bn to reach €33.8 bn in 2025. Exports totaled €47.4 bn, a decrease of 2.5% compared to 2024, while imports amounted to €81.2 bn, a decrease of 3.6%.
- The surplus in the **services balance** was €22.8 bn, marginally increased by €81 m. Receipts stabilized at €51.1 bn, while payments decreased to around €28.4 bn (-1.4% compared to 2024).
- The **primary income** deficit improved to €5.2 bn, compared to €6.0 bn in 2024, due to a much larger decline in payments than receipts.
- The **secondary income balance** strengthened to €2.2 bn, compared to €2.1 bn in 2024.

Source: Bank of Greece, until 12/2025

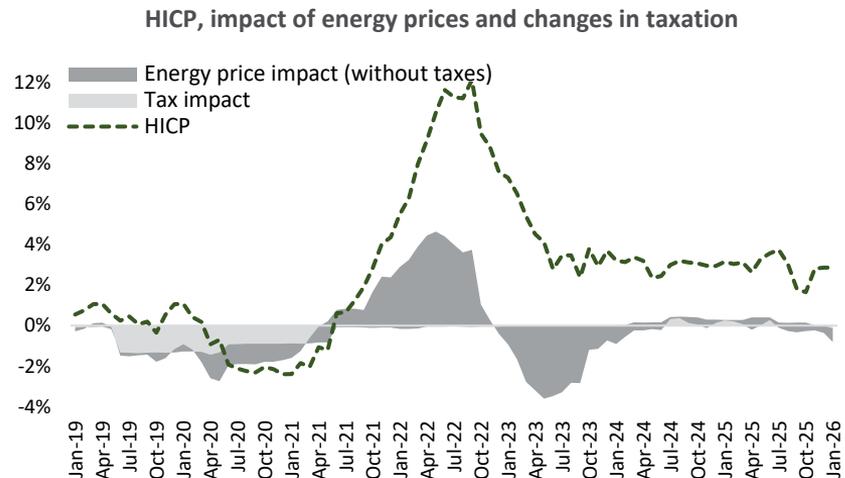
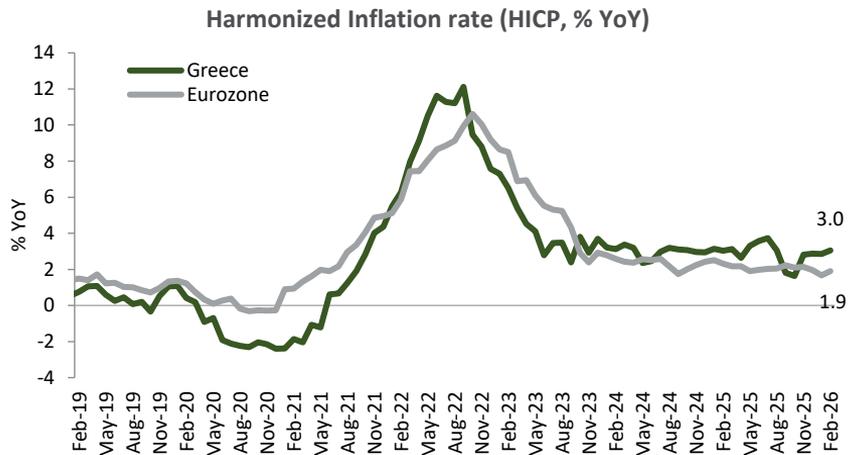
The economy has gradually become more extrovert, with a narrowing goods deficit and a strong services surplus



The **goods balance** improved in 2025 compared to 2024, with imports falling at twice the rate of exports (-€3.1 bn vs. -€1.2 bn). Exports of other goods increased by €973 m, while exports of fuels declined by €2.1 bn. Imports of other goods increased by €1,8 bn, while imports of fuels declined by €5.0 bn.

The surplus in the **services balance** stabilized in 2025. Receipts from tourism increased by €2.0 bn, while transport receipts fell by €2.6 bn.

Inflation rate in Greece (close to 3%) remained above EA average (close to 2%), ahead of the global energy price shock triggered in March



Greece: Harmonized inflation was marginally stronger in February, at 3% YoY, from 2.9% in January, while the domestic inflation index is estimated at 2.7% YoY, up from 2.5% in January, slightly below the HICP.

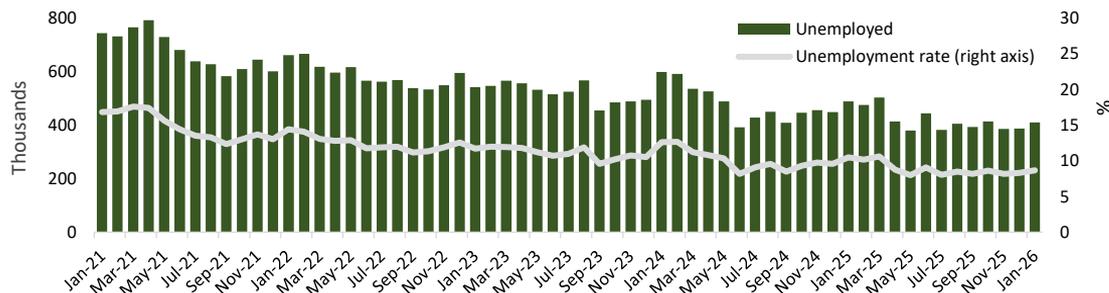
The increase in inflation is due to the stronger positive impact of domestic demand (3.7% in January). The negative impact of energy goods (-0.7% in January) was also stronger, but this trend is expected to reverse, amid tensions in the Middle East and increasing energy prices, in the coming months.

Euro Area: Inflation was slightly higher in February, at 1.9% YoY, from 1.7% in January.

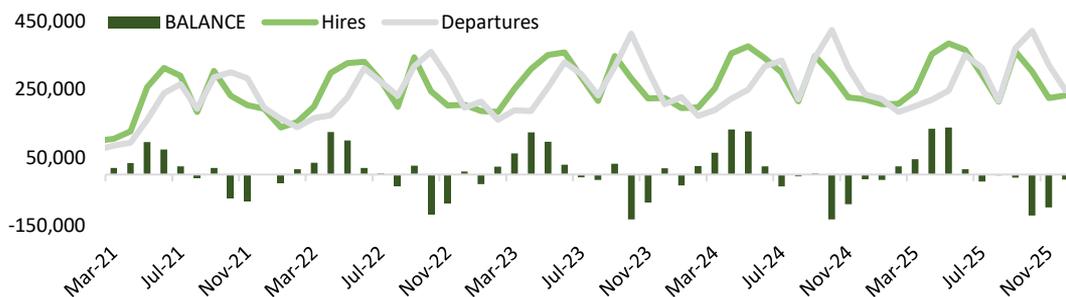
Source: Eurostat, until 2/2026

Unemployment rate drops further in early 2026

Unemployment rate* and number of unemployed in Greece



Balance of hirings and departures

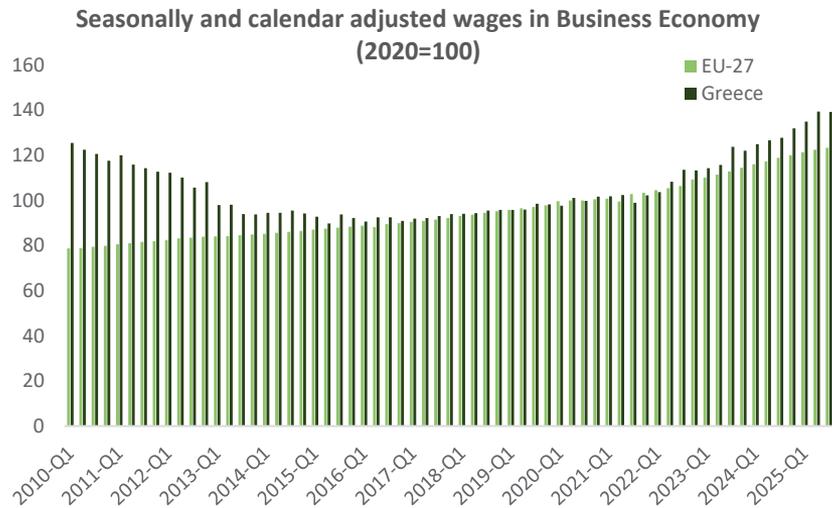


Sources: ELSTAT until 01/2026, ERGANI until 12/2025

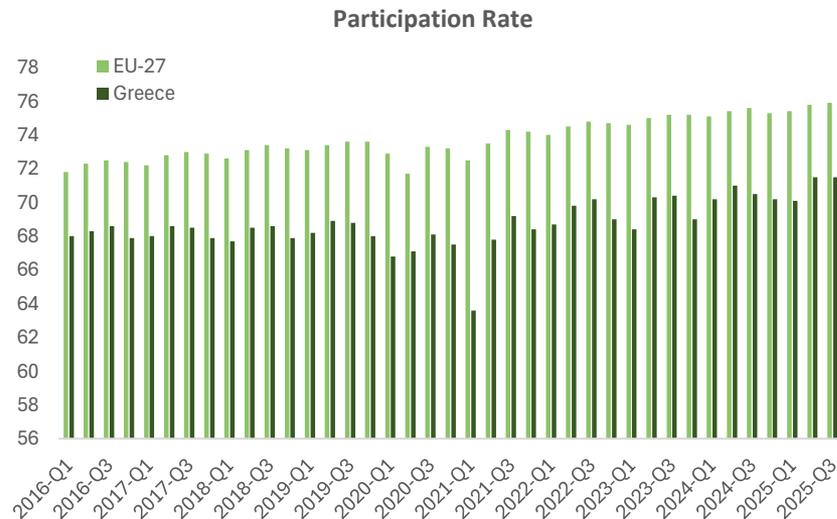
* seasonally unadjusted

- In January 2026, the seasonally unadjusted unemployment rate decreased to 8.7% compared to 10.5% in the same month of 2025.
- The number of unemployed decreased by 15.9% (YoY) in January 2026 (-77.4 thousand), to 409.8 thousand people.
- At the same time, the number of employed increased by 157.4 thousand (3.8%), to 4,326.1 thousand people.
- The seasonally adjusted unemployment rate in January 2026 decreased to 7.7% from 7.9% in the previous month.
- Based on ERGANI data, in December 2025, the balance of hires and departures was negative by 14,524 jobs (231,834 hires and 246,358 departures), marginally wider than the negative balance in December 2024 (-14,218 jobs, 219,773 hires, and 233,991 departures).

Increase in wage index and improvement in participation rate



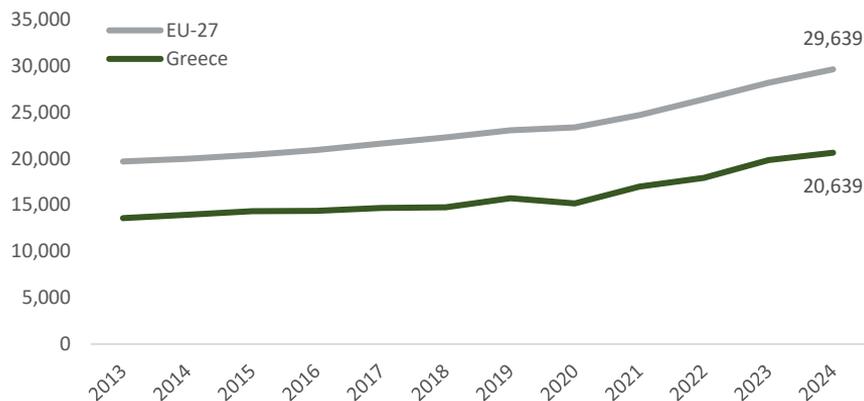
The wage index in Greece has recovered its pre-crisis nominal level since 2024, recording a cumulative increase close to 40% since 2020. In 2025 Q3, the index rose to 139.1 units, up 8.9% compared with a year earlier.



In 2025 Q3, the participation rate in Greece increased to 71.5%, up from 70.5% in the same period of 2024. However, it remained 4.4 percentage points below the European average.

Household incomes gradually improve, yet savings remain very weak

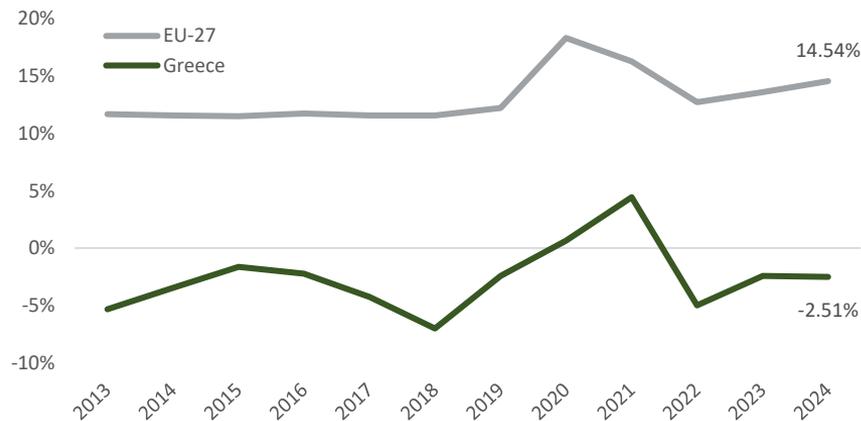
**Adjusted gross disposable income
(PPS per inhabitant in €)**



Disposable income has increased in recent years, yet remains significantly below the EU average in PPP-adjusted terms, indicating that households' purchasing power still lags behind that of most EU economies.

Source: Eurostat, until 12/2025

**Gross household saving rate
(% gross disposable income)**



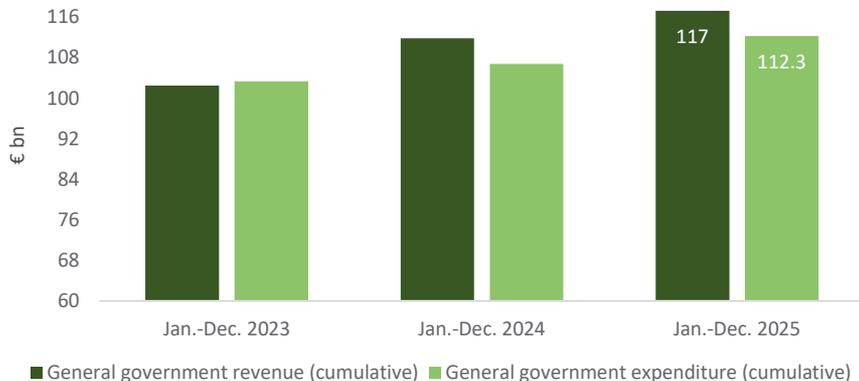
Saving rate displays a persistent negative trend for more than a decade, indicating that households often rely on funds beyond their current income (e.g. borrowing, wealth liquidation) to cover consumption needs.

Source: Eurostat, until 12/2025

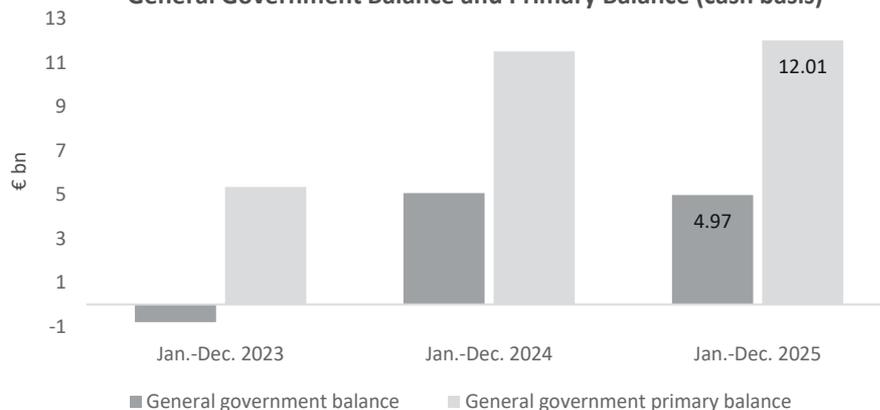
Overperformance of fiscal targets continued in 2025

In cash terms: General Government Revenues (Expenditure) increased by 4.9% (5.2%) YoY in 2025. The General Government Balance reached a €4.97 bn surplus (2.0% of GDP), which is slightly lower than the €5.06 bn surplus of 2024 (2.1% of GDP). The Primary Balance reached a €12.01 bn surplus (4.8% of GDP), slightly higher than the €11.52 bn surplus in 2024 (4.8% of GDP).

General Government Revenues and Expenditure (cash basis)*



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



Revenues in 2025 increased by €5.43 bn YoY. There was an increase in most revenue subcategories, with the largest being recorded in capital transfers (+€1.91 bn) and direct taxes (+€1.69 bn). Expenditure increased by €5.52 bn YoY, with an increase in most expenditure subcategories. The largest was in purchases of non-financial assets (+€2.54 bn). There was a large decline in capital transfer payments (-€1.99 bn).

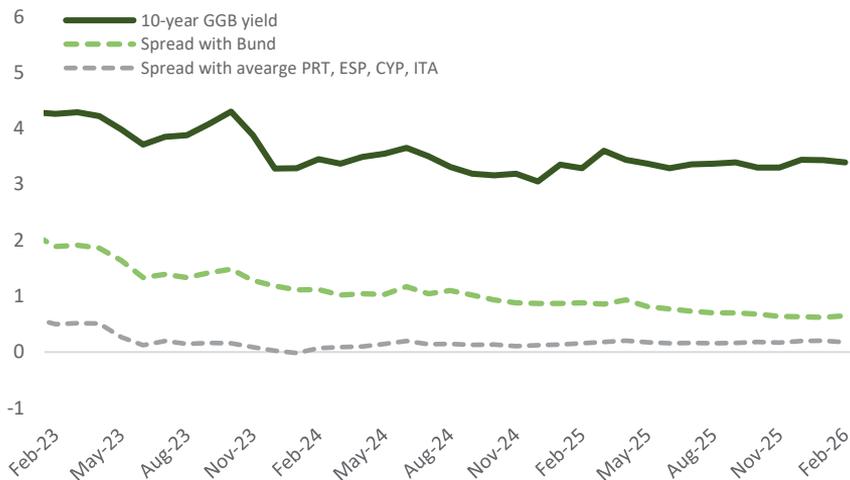
Source: Ministry of Finance, February 2026. GDP figures: 2026 Hellenic State Budget Draft, November 2025 *On a cash and consolidated basis. The General Government includes the State Budget, the Central Government (Public Utilities, other public legal entities, Hospitals), the budgets of Local Governments and the Social Security Funds. **The General Government Balance results from 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 remained stable in early 2026, spreads with EA peers have narrowed. Greek government debt declined further in Q3 2025

The yield of 10-year Greek government bonds, around 3.4% in early 2026, is comparable to that of Italian and French bonds, while the spread with Bund has halved since 2023

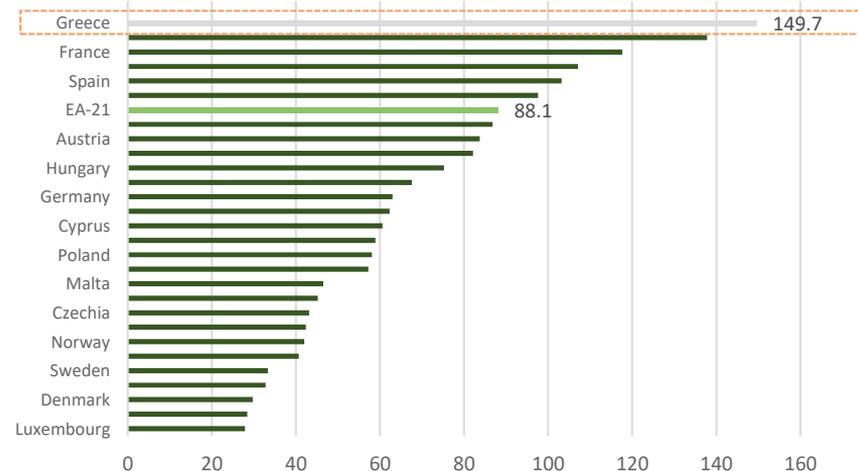
The Greek government debt declined to €367.9 bn (149.7% of GDP) in 2025 Q3, down from €368.6 bn in Q2 (151.9% of GDP). EA debt increased to 88.1% of GDP, up from 87.7% in Q2

10-year Greek Government Bond yield and spread (%)



Source: ECB, until 02/2026

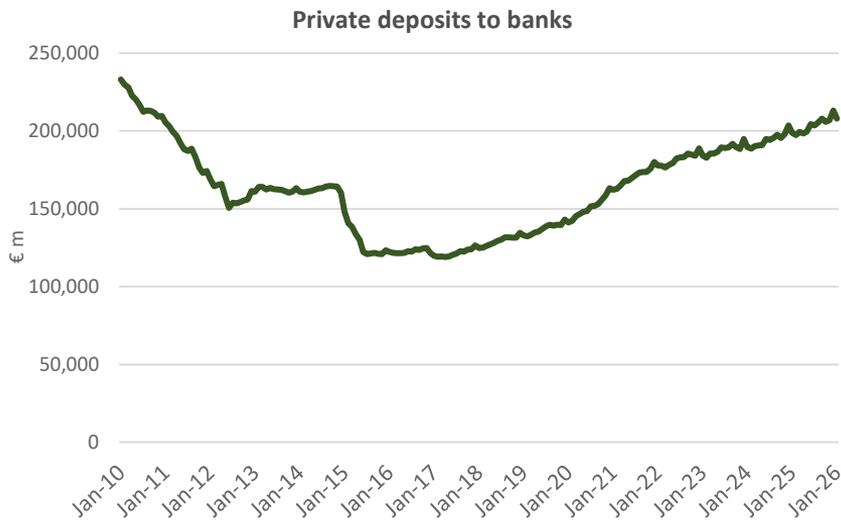
General government gross debt, 2025 Q3, in % of GDP



Source: Eurostat, until 09/2025

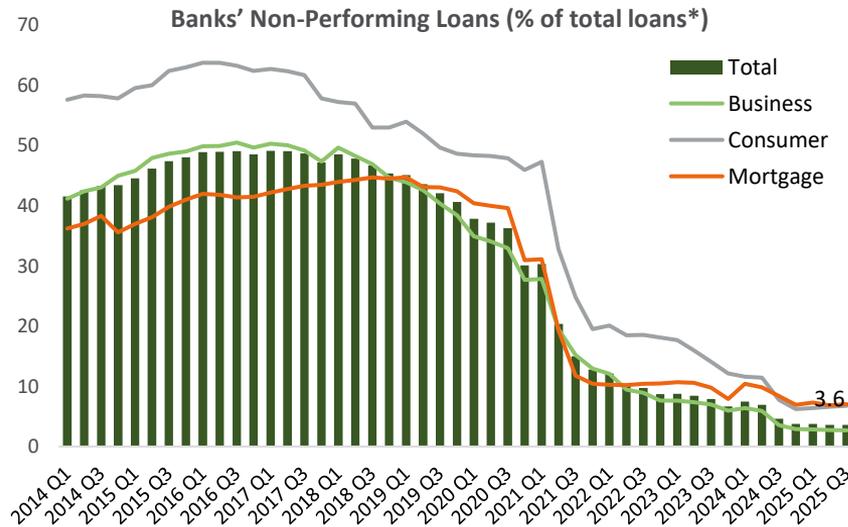
Banks' private deposits have recovered close to pre-crisis levels, while NPL ratios have stabilized to low levels following their peak in 2016

Bank deposits by households and businesses have been on a systematic upward momentum since 2017, reaching €207.9 bn in January 2026



Source: Bank of Greece, until 01/2026

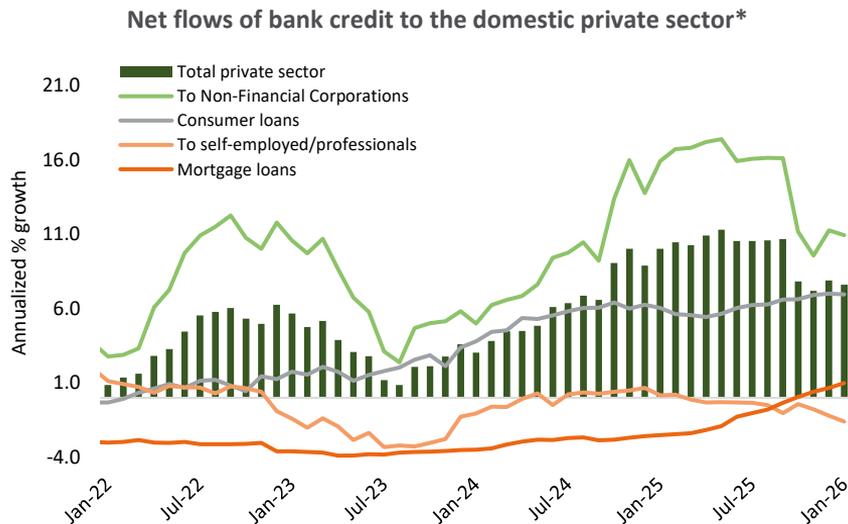
Bank NPL ratios have dropped significantly, partly due to sales and write-offs during 2017-2019, mainly due to securitizations (HAPS scheme) during 2020-2024



Source: Bank of Greece, until 2025 Q3. Note: * On-balance sheet loans (before provisions) for all Greek banks on a non-consolidated level

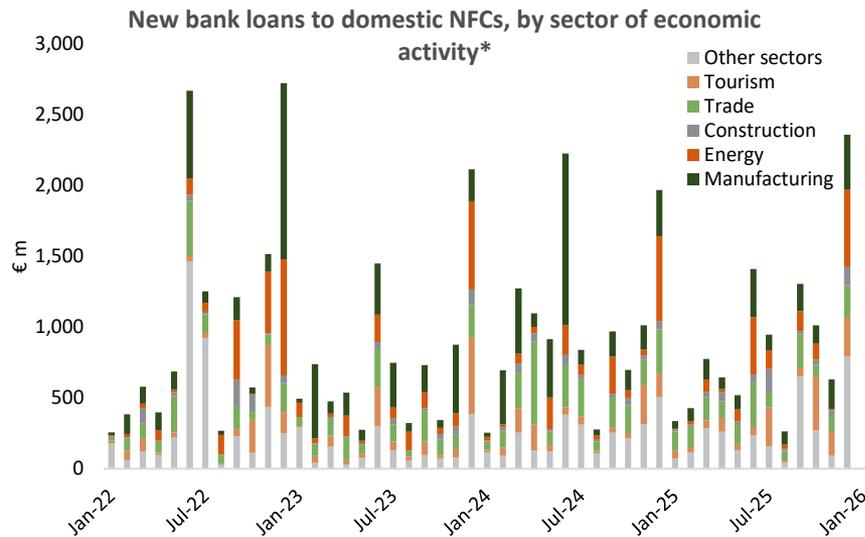
Bank credit expansion has been recorded to the private sector after the pandemic era, with a particularly high pace towards businesses

Annualized credit expansion to the NFCs edged at 10.9% in January 2026, followed by consumer loans (7.0%). Mortgage loans' rate turned positive in late 2025, after 15 year contraction



Source: Bank of Greece, until 01/2026. **Note:** * Flows after correcting for writeoffs, exchange rates and statistical reclassifications

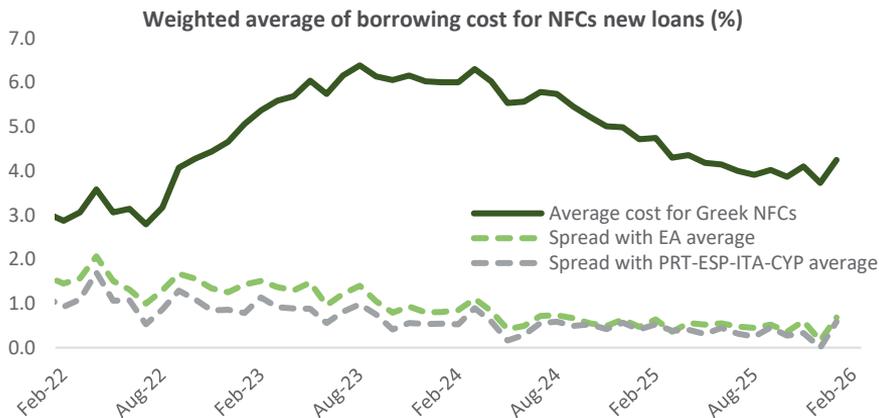
The largest share of new business loans are allocated to Manufacturing, Trade, Energy and Tourism sectors



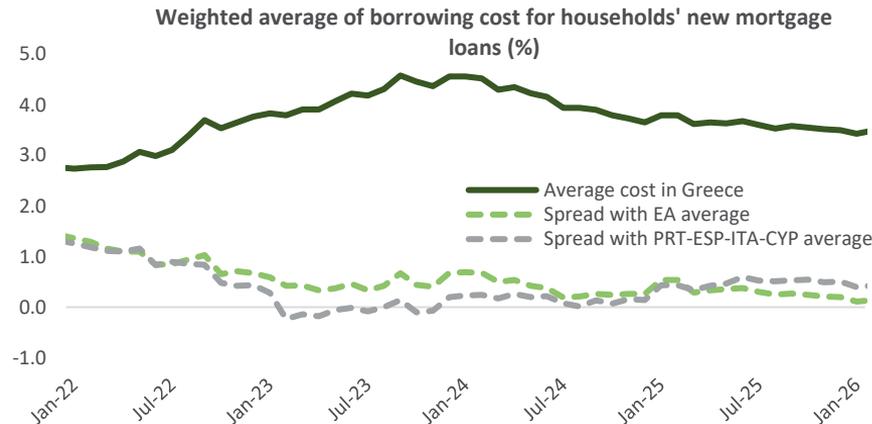
Source: Bank of Greece, AnaCredit, until 01/2026. **Note:** * The amounts reflect total monthly disbursements, recorded by AnaCredit data set.

Average interest rates on new business and new housing loans declined during 2025. Concerns for their uncertain path in 2026 loom following the war eruption in the Middle East

The cost of new borrowing for businesses increased at 4.3% in January, with the deviation from the Euro Area average recording a slight increase to 68 basis points



The interest rate on new housing loans to households stood at 3.5% in January, with the deviation from the euro area average remaining low at 14 basis points

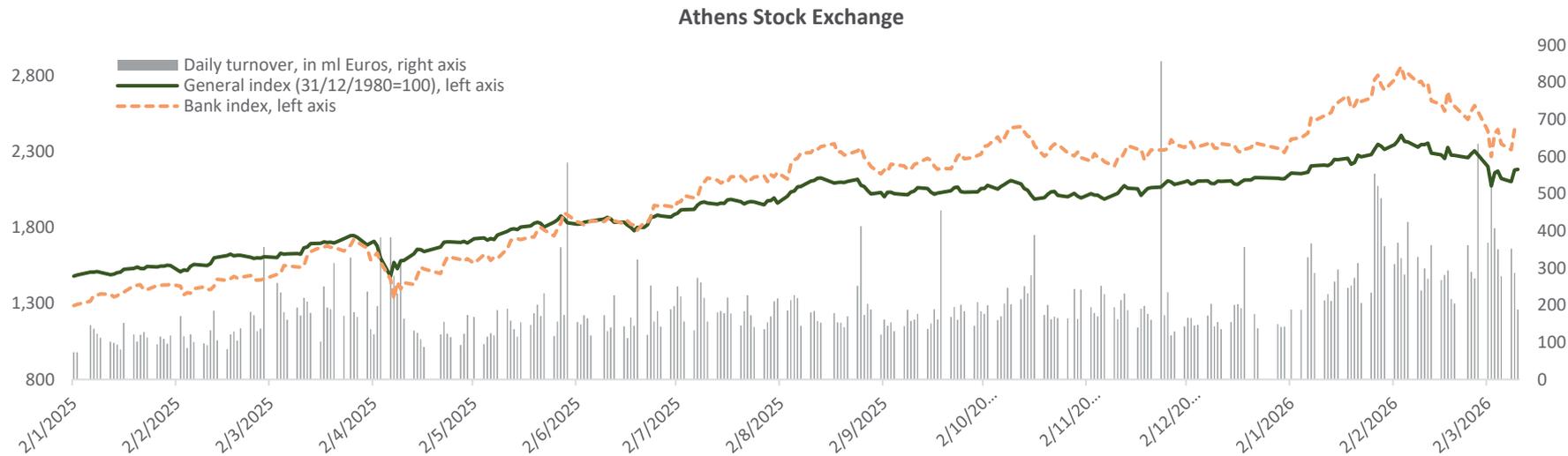


The average cost of new borrowing for businesses and households in January was higher than the average for the southern Euro Area, by 59 and 43 basis points respectively.

Source: ECB, until 01/2026

Source: ECB, until 01/2026

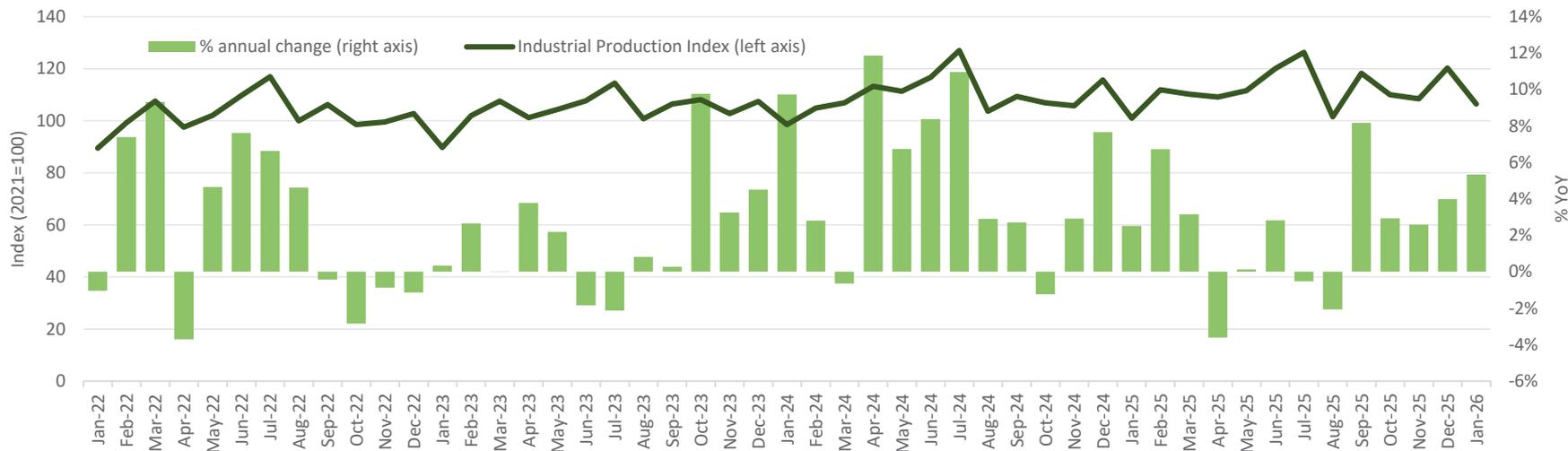
The general stock price index recorded a decline in February-March, amid the global market turmoil caused by the war in the Middle East, after a booming 2025



The banking index also recorded a correction in early 2026. The average daily trading volume increased considerably to €309 m in Jan-Feb, compared to an average daily trading volume of €178 m in 2025.

Source: Ot.gr, until 02/2026

Annual increase in Greek industrial production in January 2026 by 5.3%



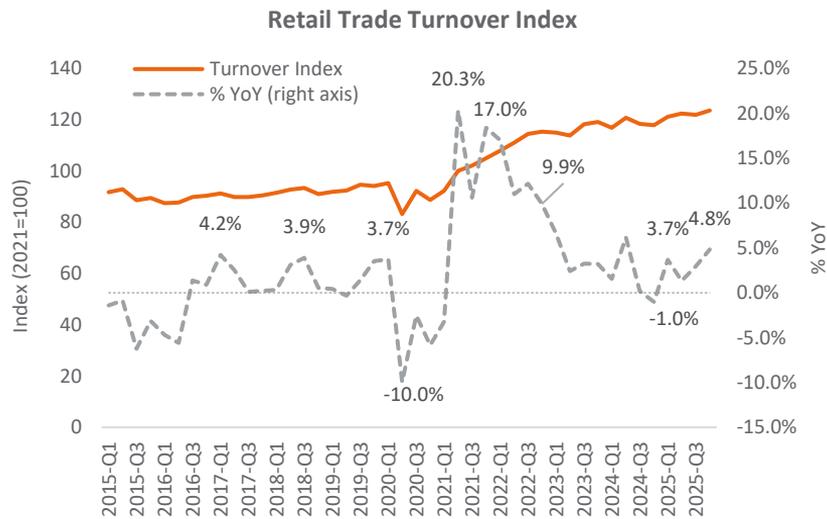
Increase in Manufacturing (1.1% instead of +2.1% in 2025) and **in Electricity supply** (22.5% instead of 4.3%), **decrease in Mining** (-16.2% instead of -4.1% in 2025) and **in Water supply** (-3.4% instead of +3.4%). In high-value manufacturing sectors, there is a **growth in Pharmaceuticals** (18.0% instead of -10.2% in 2025) and **in Food** (4.7% instead of 6.1%). Production **declined in basic metals** (8.0% instead of +8.7% in 2025) and **in chemicals products** (-6.9% instead of -0.6% in 2025).

Source: ELSTAT, until 01/2026 (The index covers all the sections of industry. Working day adjusted data, according to the real number of working days)

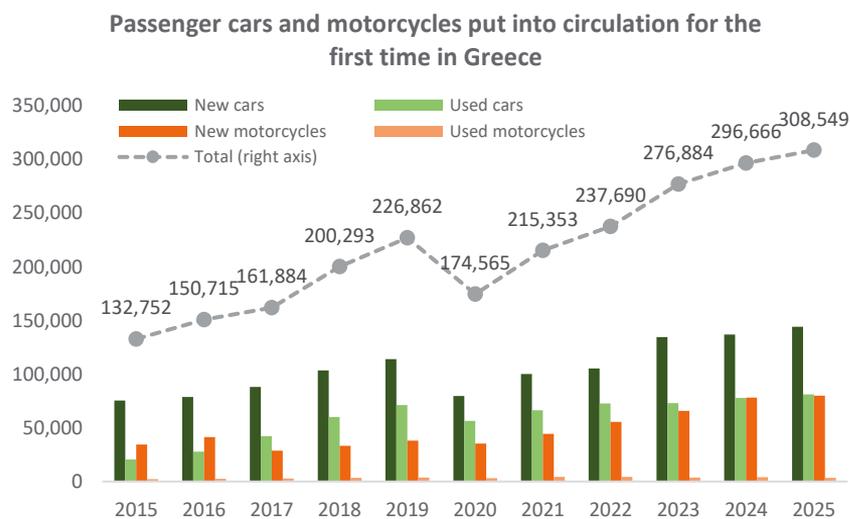
Retail Trade continues its upward trajectory while vehicle registrations reach new highs

The retail trade turnover index maintained a positive course throughout 2025, reaching a new peak in Q4 2025 (+4.8% compared to a year earlier).

Passenger car and motorcycle registrations have largely exceeded pre-pandemic levels, reaching 308,549 vehicles in 2025 (+4% compared to 2024)



Source: Eurostat, until 12/2025

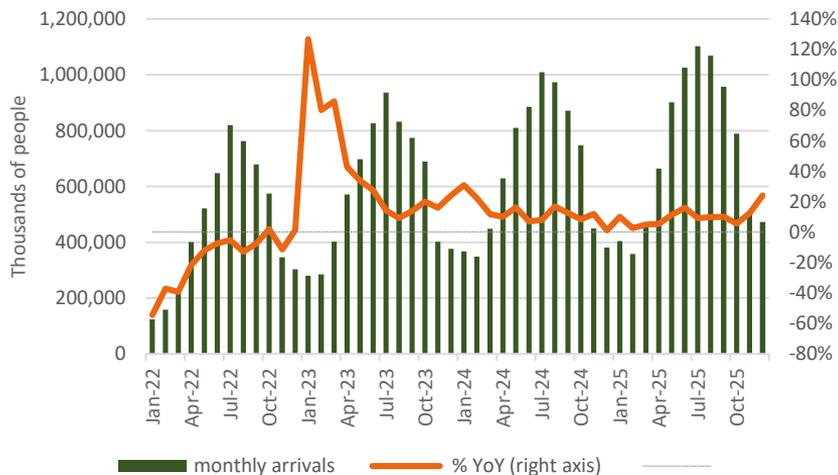


Source: ELSTAT, until 12/2025

Strong tourism flows sustain the travel services surplus

International arrivals in Athens display robustness, following the post-pandemic recovery, with monthly flows stabilizing at high levels despite some moderation in YoY growth rates.

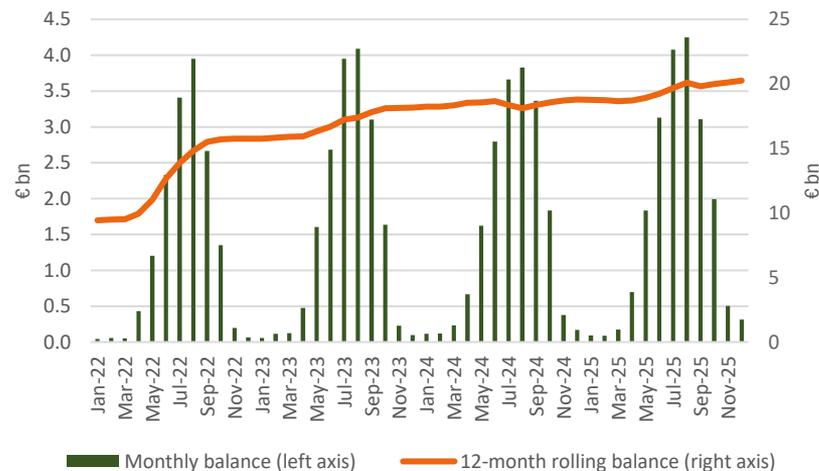
International monthly arrivals in Athens



Source: INSETE, until 12/2025

The travel services balance improves steadily reflecting sustained strength in tourism revenues.

Travel Services Balance



Source: BoG, until 01/2026

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 steadily expanded in the post-crisis period alongside rising investment in real estate, whereas **growth marginally moderated in 2025**, with a slight decline in building permits (-2.2%) and a larger contraction in the total surface area of new residential buildings (-8.9%).
- **Rising material costs since 2021** did not seemingly have prevailing adverse effects, as indicated by the still-positive economic sentiment in construction.
- **House prices have steadily increased since 2017**, with the recovery accelerating in recent years and driven primarily by major urban areas, particularly **Athens and Thessaloniki**.
- **Smaller dwellings exhibit higher prices per m² and stronger price growth**, indicating increased demand for smaller housing.
- **Mortgage disbursements have gradually recovered since 2021**, although remain subdued, suggesting cautious lending conditions and weak demand.
- The **transfer of non-performing loans to servicing firms has reduced banks' NPLs**, while **property auctions continue**, reflecting the ongoing resolution of distressed assets. Successfully auctioned properties during 2021-2024 correspond to around 7% of total property transactions in the same period.
- **Housing affordability remains a structural challenge in Greece**, with one of the **highest housing cost overburden rates in the EU**.

Following a strong performance in 2024, construction activity slowed in 2025, with declines in permits and a moderation in the construction production index

Number of residential building permits and their corresponding total area



2025 recorded a marginal slowdown in permits (-2.2% compared to 2024), which was accompanied by a sharper contraction in the surface area of new private buildings (-8.9%).*

Source: ELSTAT, until 12/2025 * Proprietary data for the 12th of 2025

Construction production index



The price adjusted output of construction, as measured by the construction production index, grew steadily in the post-crisis period but showed a slight easing in 2025.

Source: ELSTAT, until 12/2025

Despite rising material costs since 2021, strong economic sentiment signals sustained construction activity

Material cost index and its corresponding YoY growth rate



Economic sentiment in construction and its corresponding YoY growth



Material costs in residential construction continued to rise in 2025, following the sharp post-2021 acceleration.

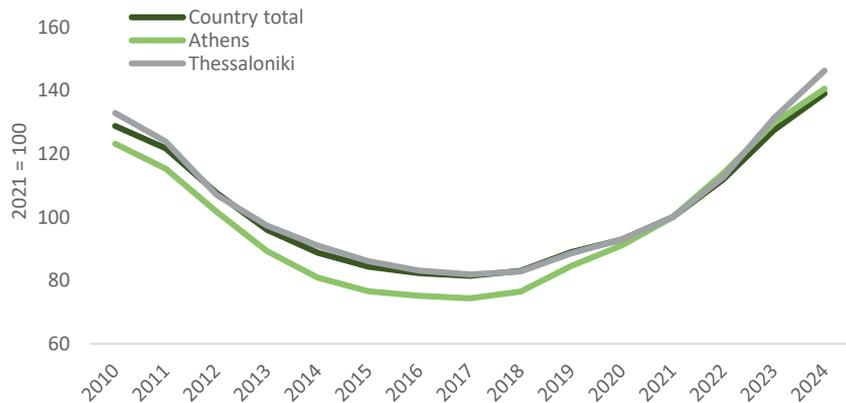
Economic sentiment in construction remained elevated in 2025, despite a slowdown in growth following the 2021 surge.

Source: ELSTAT, until 12/2025

Source: IOBE, until 12/2025

Post-crisis house price growth has been driven in part by increasing GFCF and FDI in Real Estate

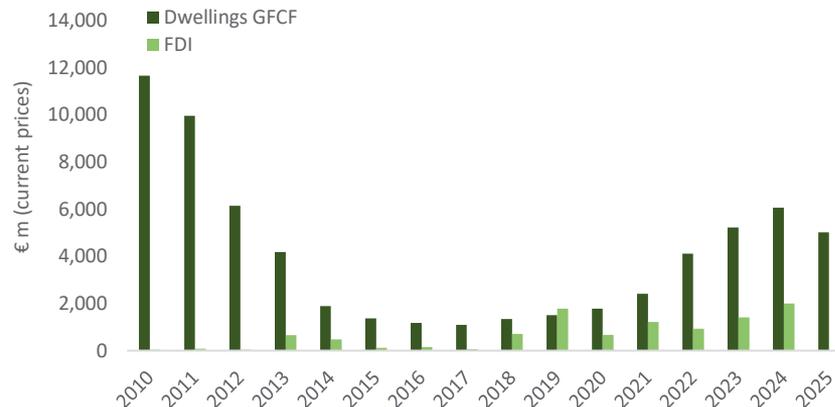
House Price Index



Following a prolonged decline, house prices have risen sharply since 2017, led by marginally stronger increases in the largest metropolitan areas.

Source: BoG, until 12/2025

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

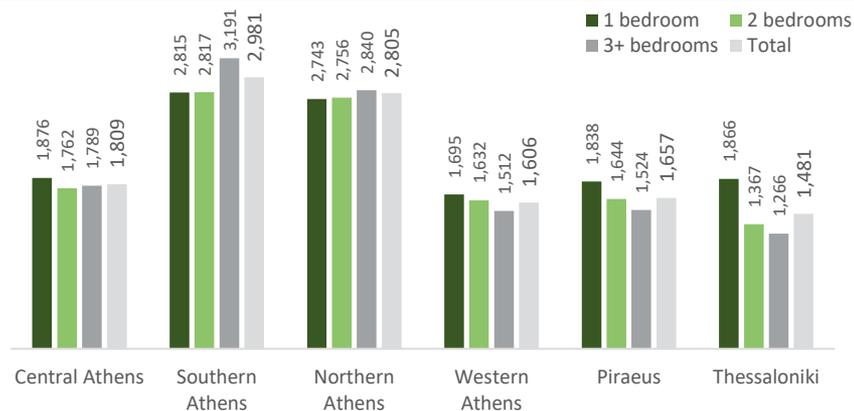


The recent rise in foreign direct investment in real estate has been accompanied by a strengthening in residential investment, pointing to renewed confidence and capital-driven expansion in the housing sector.

Source: BoG, until 12/2025

Smaller dwellings require a premium and exhibit stronger recent price growth across most regions, reflecting rising demand for smaller housing

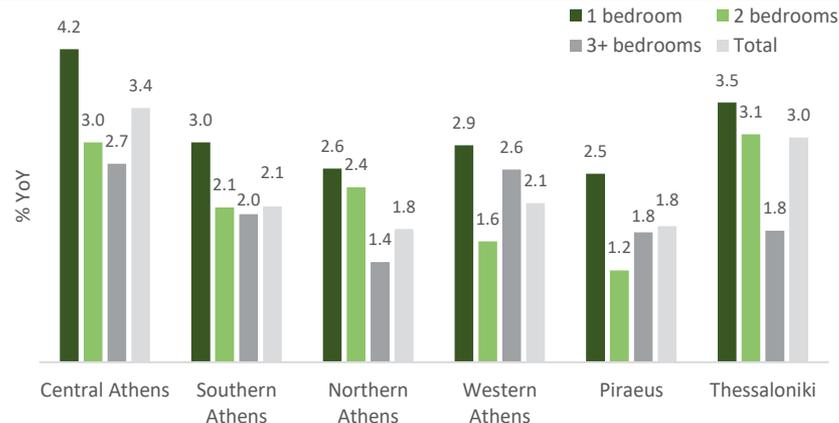
Transaction price (€/m²), by size of housing and region (2025)



In 2025, smaller dwellings exhibit higher price per square meter across most areas, while Southern and Northern Athens remain the most expensive markets.

Source: ReDataset, until 12/2025. **Note:** Prices are adjusted to a representative dwelling (first floor, built in 1992). Prices are estimated by ReDataset on a sample of market listings, auctions, transactions and appraisals.

Transaction price (€/m²) yearly growth, by size of housing and region (2025)

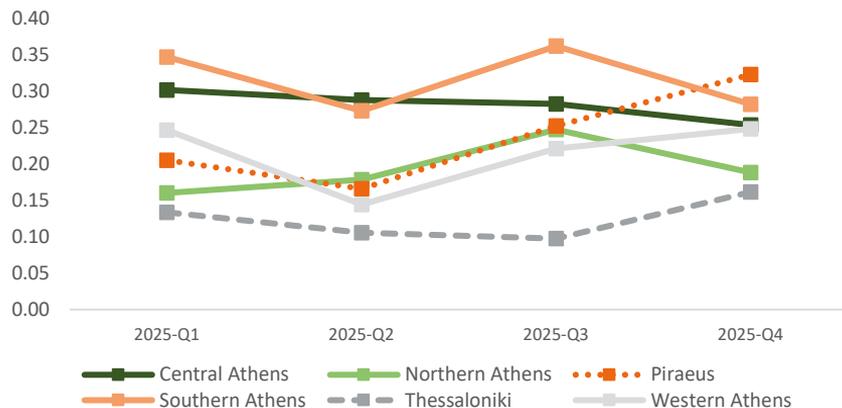


Between 2024 and 2025, residential price growth remained broad-based across regions, with smaller (1 bedroom) dwellings recording stronger increases, suggesting stronger demand driven by tighter budget constraints and the rise of smaller households.

Source: ReDataset, until 12/2025. **Note:** Prices are estimated by ReDataset on a sample of market listings, auctions, transactions and appraisals.

Regional housing market dynamics in 2025: Largest gaps reported in Piraeus and Southern Athens, and elevated price-to-rent ratios in Southern and Northern Athens

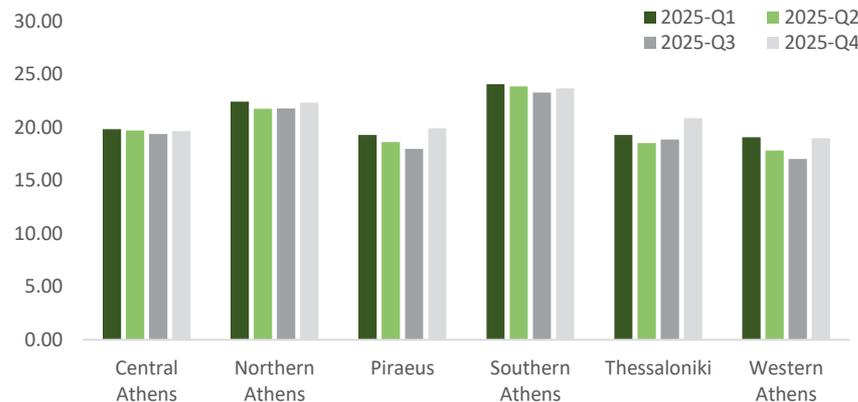
Transaction price spread by region



Transaction spreads, capturing the discount from asking to final prices, vary across regions in 2025: Southern Athens shows the largest negotiation margins, while Thessaloniki and Northern Athens exhibit relatively higher market liquidity, possibly reflecting higher demand.

Source: ReDataset, until 12/2025. 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, expectations of price growth, or possible overvaluation, remains highest in Southern and Northern Athens throughout 2025.

Source: ReDataset, until 12/2025. **Note:** Prices are estimated by ReDataset on a sample of market listings and transactions.

Mortgage disbursements accelerate gradually since 2021, whereas the large share of NPLs has been transferred from banks' balance sheets to credit servicing companies

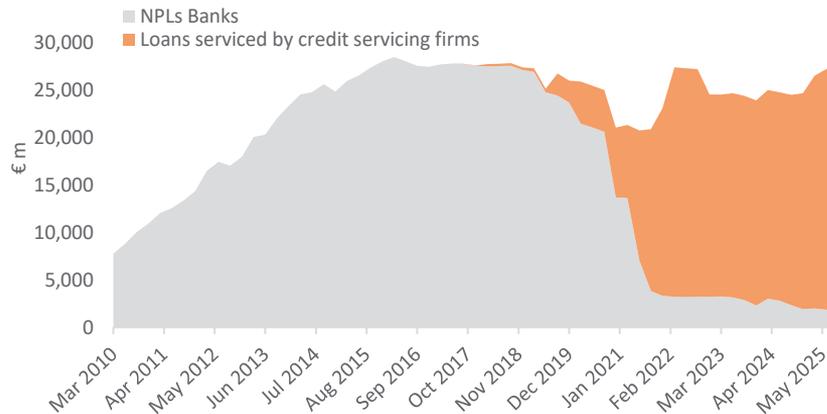
Mortgage disbursements and Stock of mortgage loans



Starting in 2021, mortgage disbursements are increasing, partially due to homeownership subsidies, but are still very low compared to the pre-crisis period.

Source: BoG, until 09/2025

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

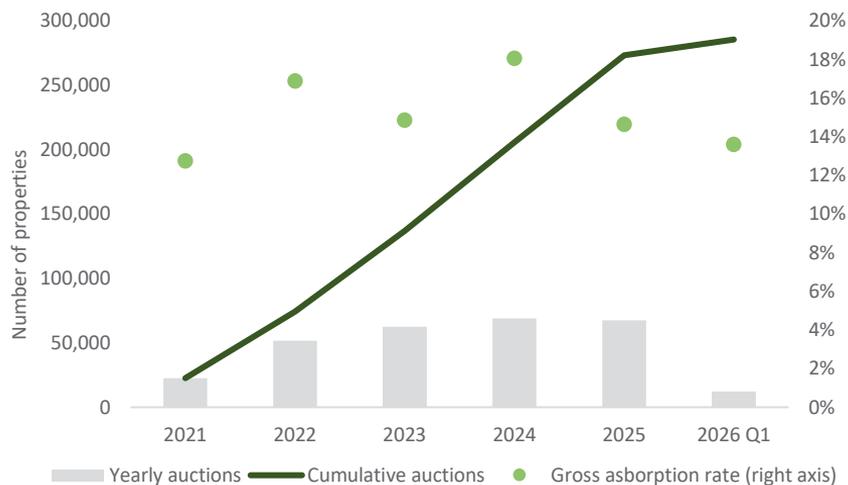


The transfer of non-performing mortgage loans from banks to servicing firms has been accompanied by a marked decline in banks' NPL ratios.

Source: BoG, until 09/2025

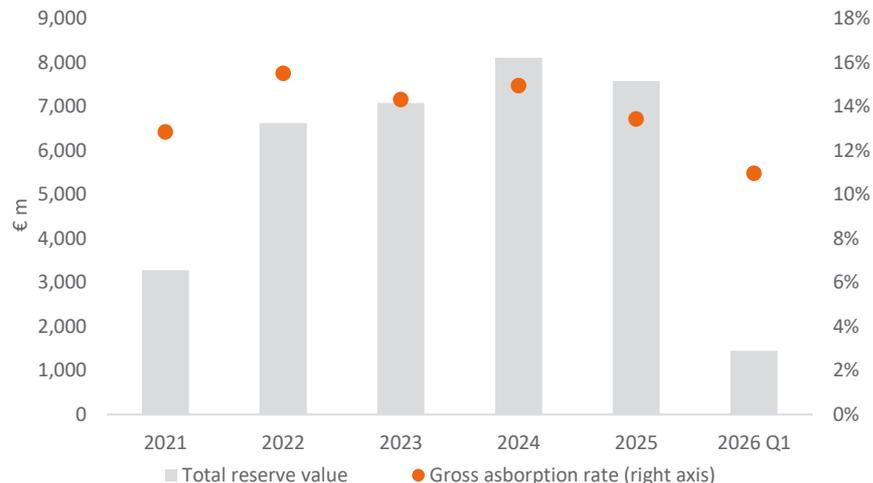
The number of auctioned properties peaked in 2024, while 2024 and 2025 recorded the highest total reserve values

Number of auctioned properties and gross absorption rates* per year. In 2025, around 1 in every 7 properties scheduled to be auctioned, actually materialized.



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).

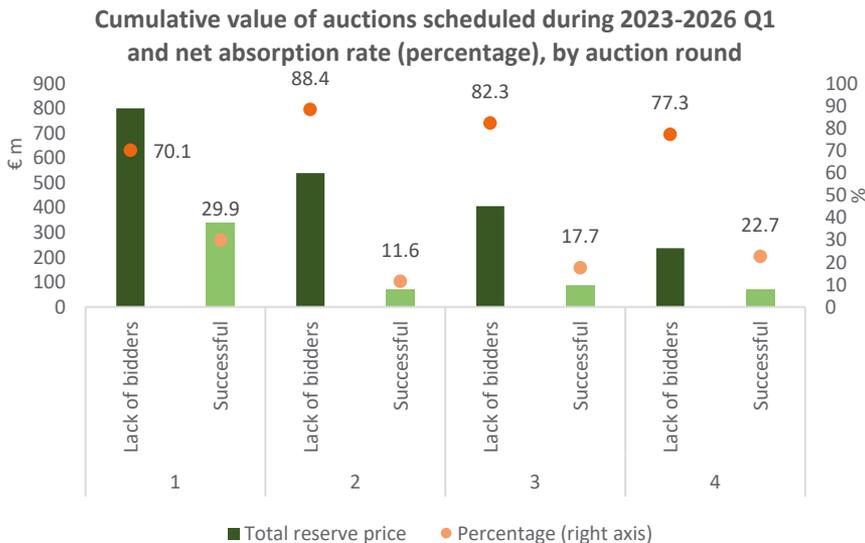
Value of auctioned properties and gross absorption rates* per year



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).

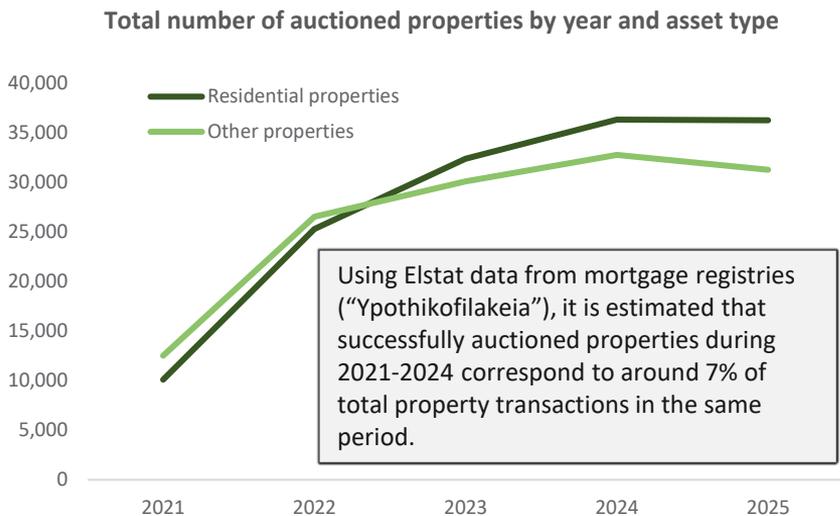
Auction success peaks in rounds 1 and 4. Residential properties, especially those below €200k, constitute the majority of the sample.

Net absorption rates* per auction round (1-4) reflect a share of at least 70% of lack of bidders in each round. Absorption rises from round 3, as there is a 20% discount on reserve value.



Source: ReDataset, until 02/2026. **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).

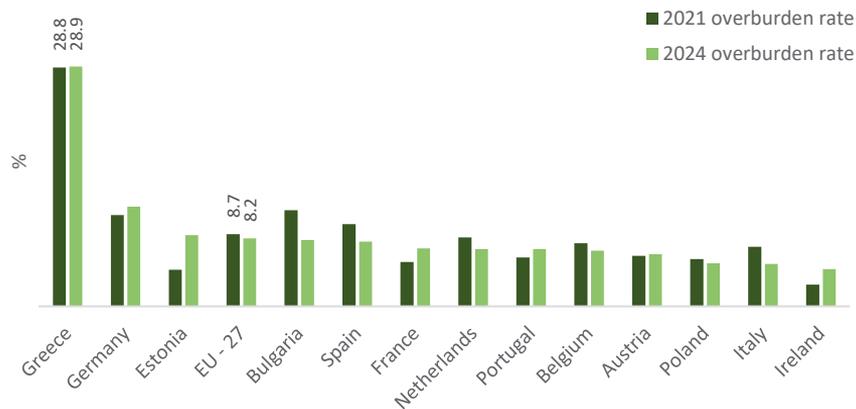
About 90% of the residential sample consists of properties below €200k, which corresponds to about 62% of total reserve price for residential properties.



Source: ReDataset, until 12/2025. **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 (18.0% of total properties in 2025), commercial/retail/office properties (13.2%), auxiliary space (11.4%) and logistics/hotels/other properties (4.7%).

Persistently high housing cost overburden rates and high percentage of income spent on housing indicate structural affordability constraints in the Greek housing market

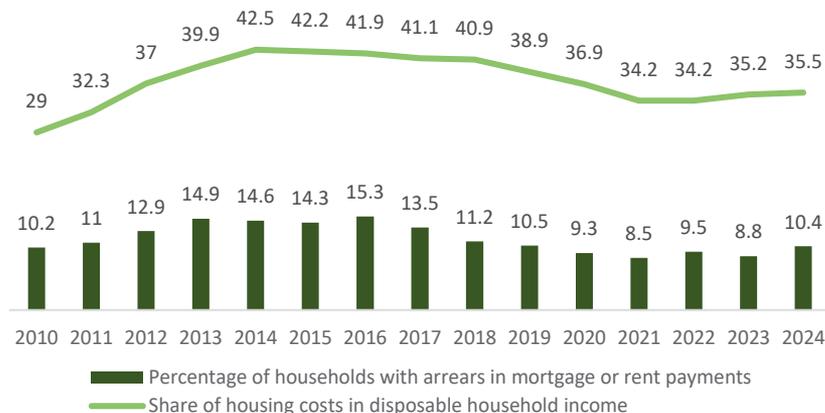
Housing cost overburden rate by selected EU countries



Greece records the highest housing cost overburden rate in the EU, a figure which is especially relevant for urban regions.

Source: Eurostat, until 12/2024. **Note:** The housing cost overburden rate is defined as the percentage of 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



In recent years, both the housing cost-to-income ratio and the share of households with mortgage or rent arrears have increased alongside rising house prices.

Source: Eurostat, until 2024. Housing costs include rental or mortgage payments, utility bills and housing taxes.

5. Private debt

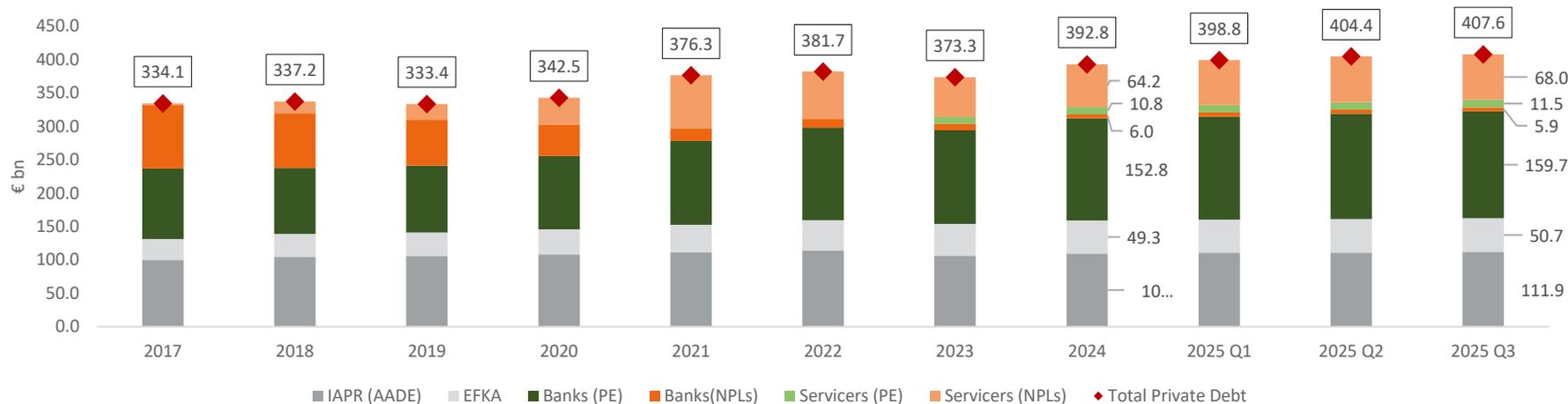
- Total stock and flow trends
- Breakdown by selected creditors
- Non-performing versus performing
- Breakdown by portfolio segments (mortgage, consumer, business)

Private debt - Summary

- **Total private debt (to financial institutions, tax and social security authorities) continued to increase, reaching €407.6 bn in Q3 2025**, driven mainly by credit expansion as well as the continued accumulation of liabilities to the public sector. The aggregate amounts include nominal debt value, accrued interest, and additional charges, a detailed breakdown of which would require more granular and homogeneous reporting from the creditor entities.
- **Debt in arrears remains substantial at €235.6 bn**, accounting for **58% of total private debt**.
- **The public sector remains the largest “creditor” in arrears**, with **tax and social security arrears accounting for around 70% of total debt in arrears**, highlighting the importance of public-sector liabilities.
- **Tax arrears remain elevated at €111.9 bn**, with **legal entities accounting for the majority of liabilities (62%)**, while **social security arrears have continued to rise to €50.7 bn**.
- **Total private debt in loans increased to €245 bn in Q3 2025 (≈98.6% of GDP)**, with **business lending representing the largest share**.
- **The share of non-performing loans declined to 30% (€73,9 bn)** of total loans held by banks and servicers.
- **Most non-performing loans are now held by servicers**, which manage 92% (€68 bn) of total NPLs.
- **Business loans constitute the largest share of non-performing exposures**, both in banks and servicers, followed by residential and consumer loans.

Total private debt (to financial institutions, tax and social security authorities) continues to rise, reaching €407.6 bn (164% of GDP) in Q3 2025

Total private debt (performing & debt in arrears) by creditor



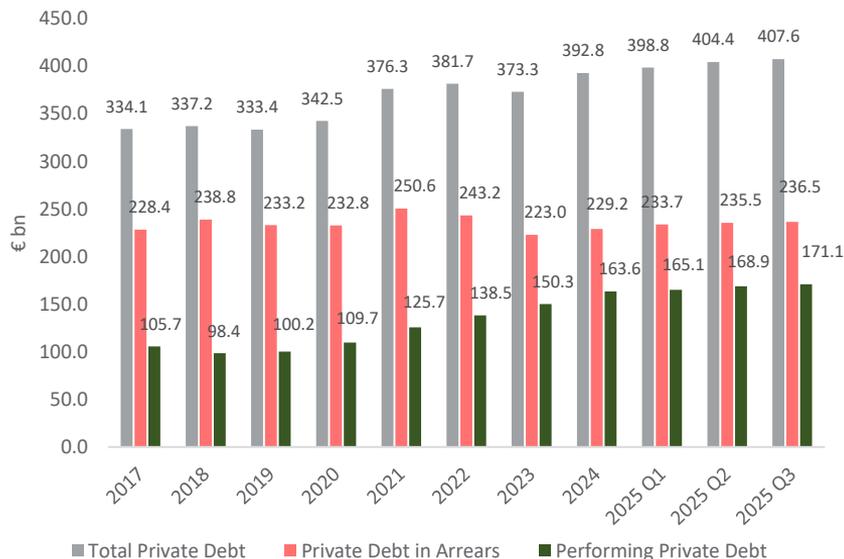
Total private debt increased from €392.8 bn in 2024 to €407.6 bn in Q3 2025, driven by the expansion of performing bank loans (+ €6.8 bn), loans held by servicers* (+ €4.5 bn) and obligations to public sector (+€3.6 bn) (IAPR and EFKA).

*The increase in servicers' loans mainly reflects the registration of NPLs related to PQH.

Source: BoG, IAPR (AADE), EFKA & HLSA (EEDADP), until 09/2025. **Note:** The amounts represent total debt of private sector to financial institutions and public authorities (tax and social security), including nominal value, accrued interest, and any additional charges. A detailed breakdown would require the availability of more granular data from all reporting entities. Eurostat reports the sub-total debt of private sector for debt securities and loans, amounting to 94.5% of GDP in 2024.

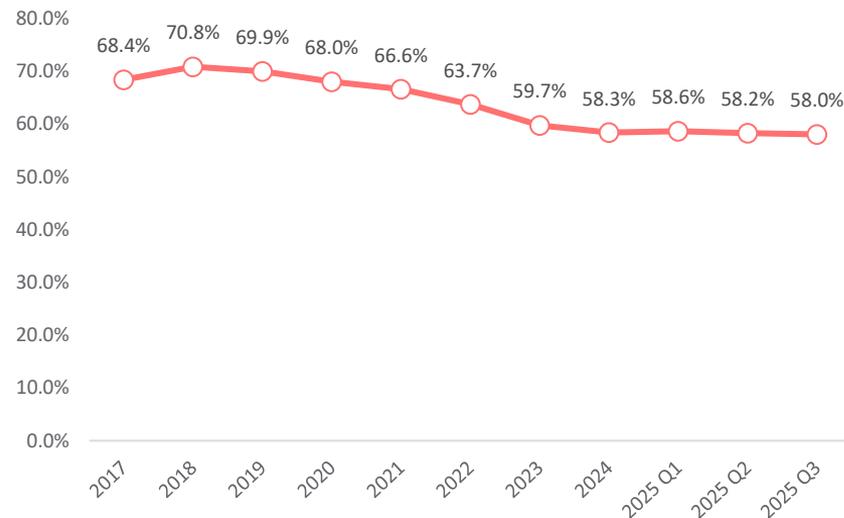
Private debt in arrears amounted to €236.5 bn (95.3% of GDP) in 2025 Q3, while its share of total private debt has stabilized at around 58%

Evolution of private debt: performing vs debt in arrears



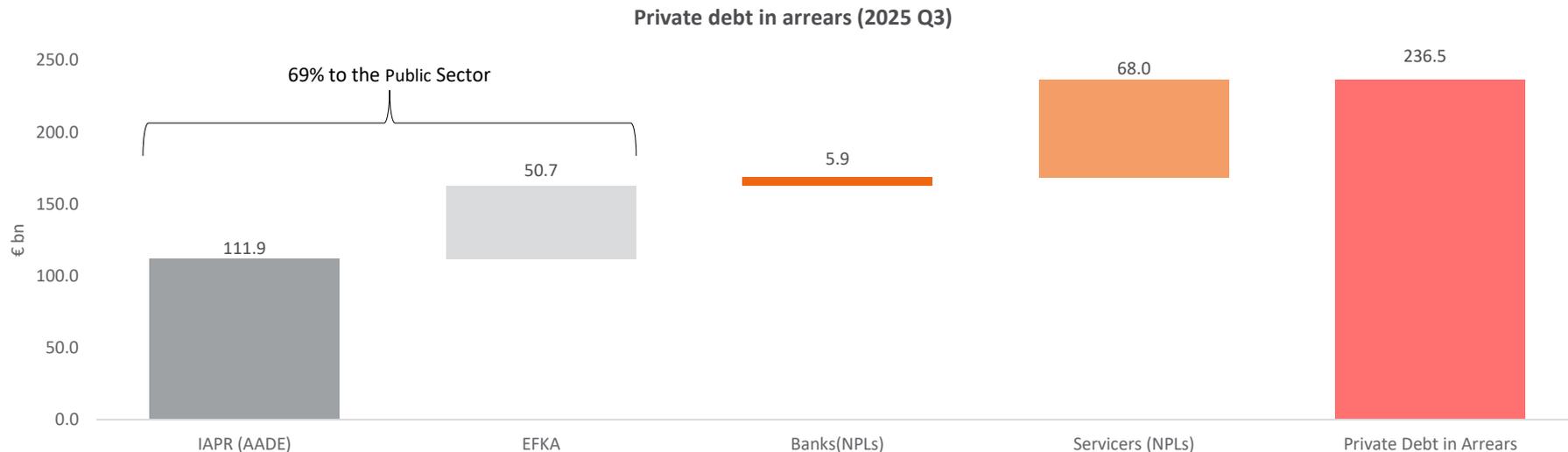
Source: BoG, IAPR (AADE), EFKA & HLSA (EEDADP), until 09/2025

Private debt in arrears (% of total)



Source: BoG, IAPR (AADE), EFKA & HLSA (EEDADP), until 09/2025

Nearly 70% of private debt in arrears is owed to the public sector

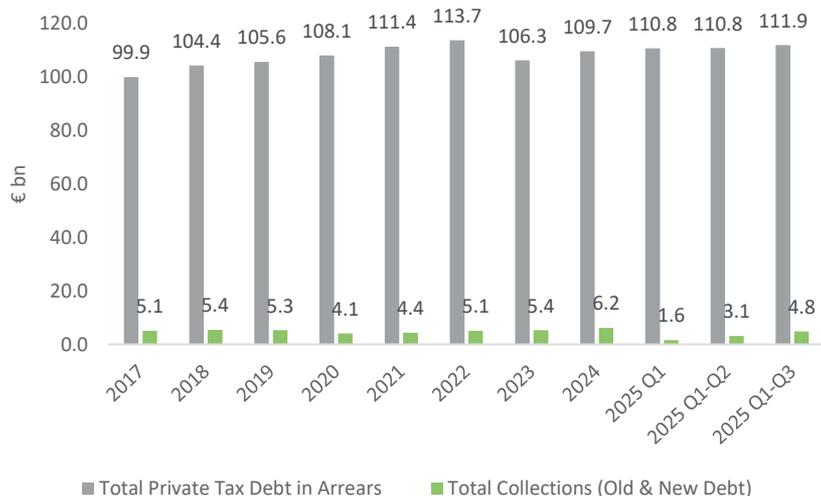


In Q3 2025, private debt in arrears totaled €236.5 bn, of which €162.6 bn (69%) relates to obligations to the public sector (IAPR and EFKA), while the remaining debt concerns non-performing loans managed by servicers (€68.0 bn) and banks (€5.9 bn).

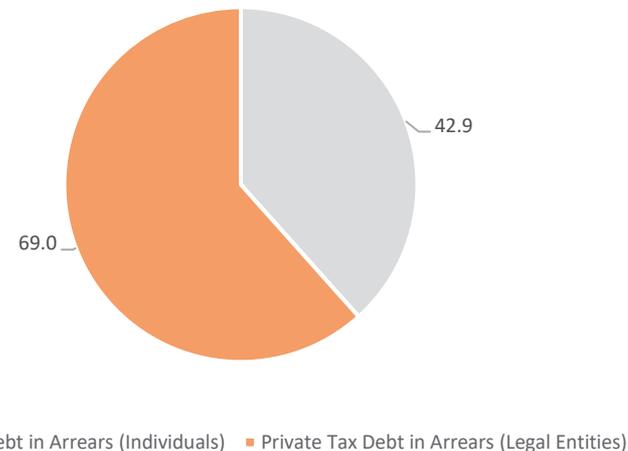
Source: BoG, IAPR (AADE), EFKA & HLSA (EEDADP), until 09/2025

The stock of private tax debt in arrears to IAPR (AADE) increased slightly in 2025

Total private tax debt in arrears and collections



Total private tax debt in arrears, € bn (2025 Q3)

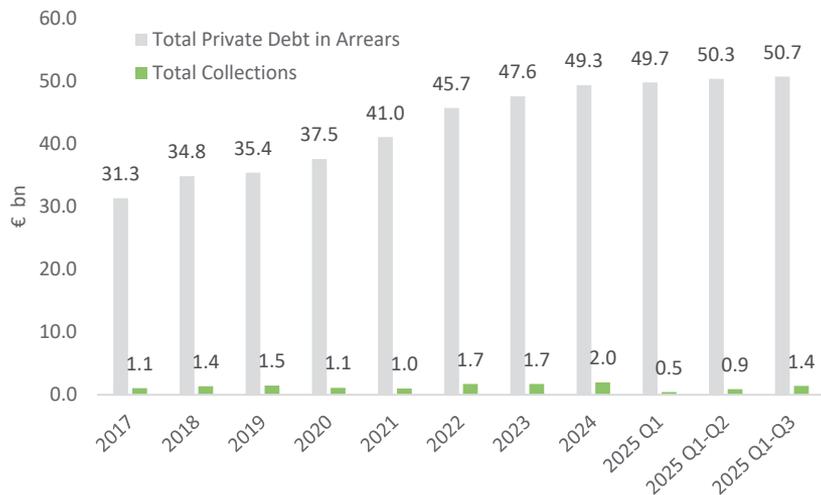


Private tax debt in arrears remained elevated at €111.9 bn in Q3 2025, with legal entities accounting for the largest share of liabilities (€69.0 bn or 62%), while individuals account for €42.9 bn (38%). 78.7% of debtors owe less than €3,000 (accounting for €1.5 bn, or 1.4% of total debt), while 0.6% of debtors owe more than €300,000 (accounting for €90.9 bn, or 82.8% of total debt)*.

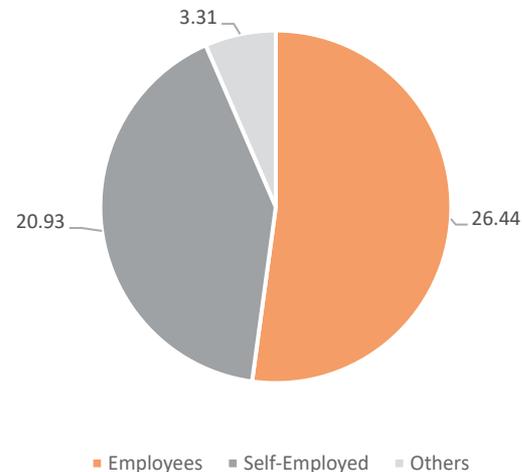
Source: IAPR (AADE), until 09/2025. *Obligations until 01/2025

The stock of private debt to EFKA increased steadily in recent years

Total private debt in arrears and collections



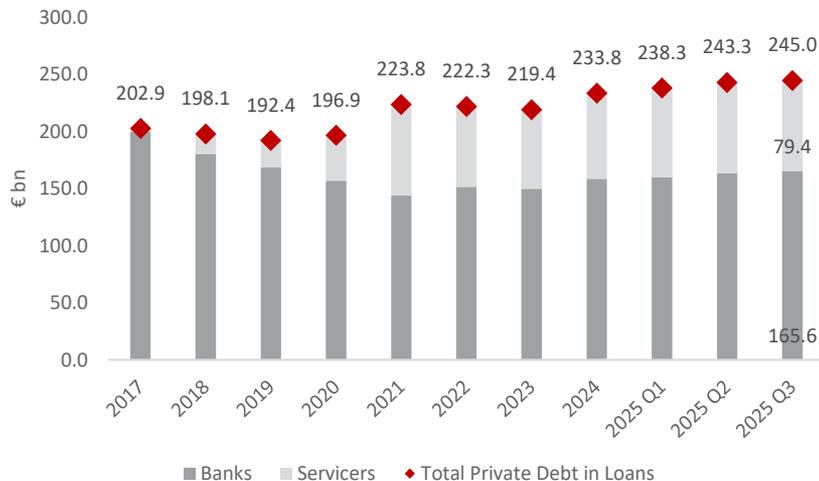
Total private debt in arrears, € bn (2025 Q3)



Social security debt in arrears continues to rise, reaching €50.7 bn in Q3 2025. Contributions related to employees account for the largest share of arrears (€26.4 bn), followed by self-employed (€20.9 bn). 70.1% of debtors owe up to €15,000 (amounting to €5.5 bn, or 10.9% of total debt), while 0.3% of debtors owe more than €500,000 (amounting to €15.2 bn, or 30% of total debt). Moreover, 63.7% of total debt (€32.3 bn) relates to obligations incurred before 2010.

Total private debt in loans stands at €245 bn (98.6% of GDP) in Q3 2025, largely concentrated in business lending

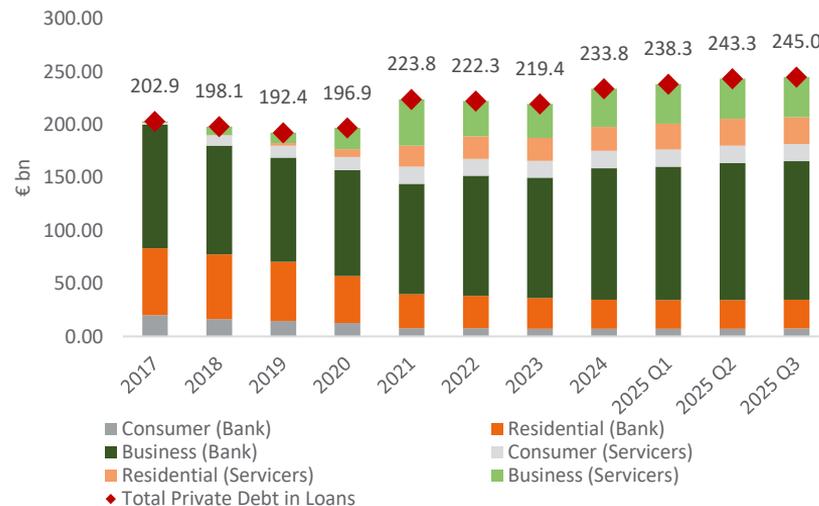
Total private debt in loans



Total private debt in loans increased to €245.0 bn in Q3 2025 (from €233.8 bn in 2024), with bank loans remaining dominant while servicers' portfolios expanded following the transfer of non-performing exposures.

Source: BoG, until 09/2025

Total private debt in loans by loan type

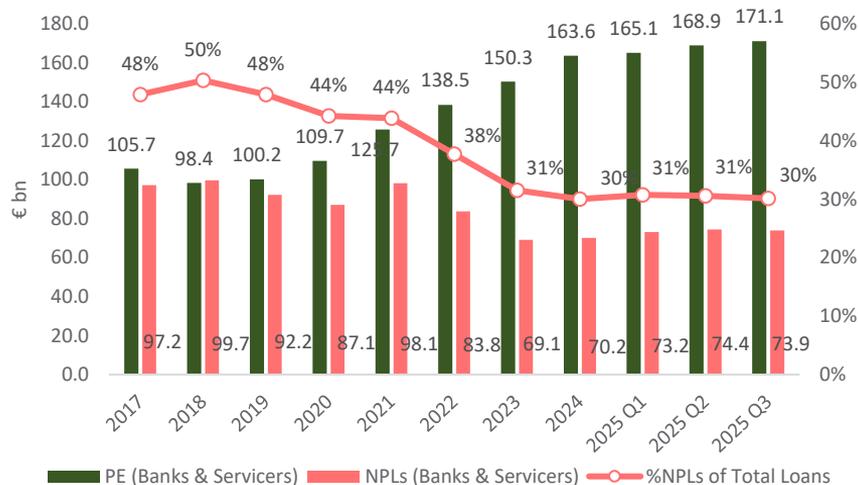


Business loans account for the largest share of total private debt in loans (€169 bn), while residential (€52.4 bn) and consumer (€23.6 bn) loans represent smaller shares across both banks and servicers.

Source: BoG, until 09/2025

Non-performing loans account for around 30% of total loans held by banks and servicers

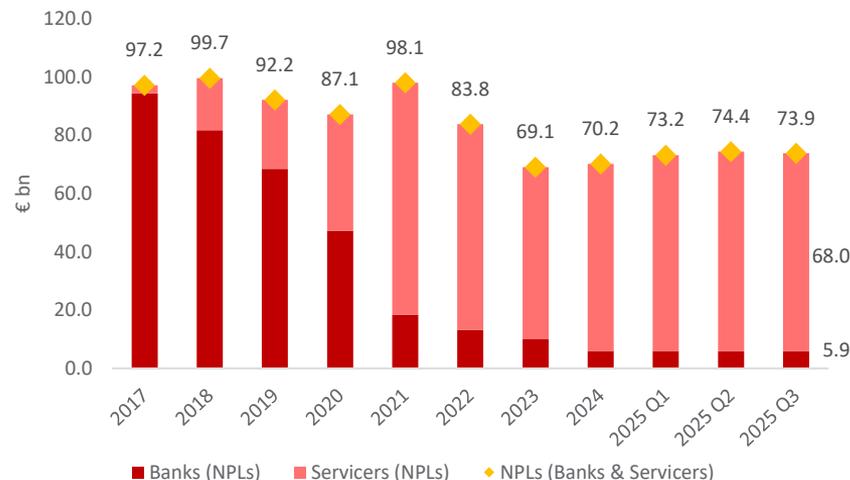
Performing and Non-Performing Loans in banks & servicers



Performing loans increased steadily from €105.7 bn in 2017 to €171.1 bn in Q3 2025, while the share of NPLs declined from around 48–50% in 2017–2019 to about 30% in 2025.

Source: BoG & HLSA (EEDADP), until 09/2025

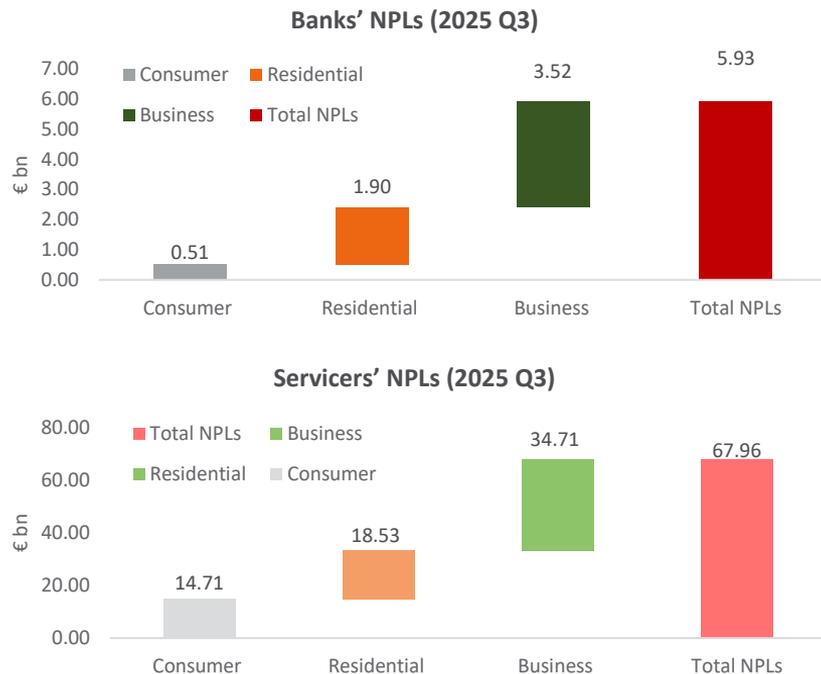
Non-Performing Loans in banks & servicers



Total NPLs declined significantly from €97.2 bn in 2017 to €73.9 bn in Q3 2025, with the majority held by servicers (€68 bn) following the large-scale transfer of NPL portfolios from banks' balance sheets.

Source: BoG & HLSA (EEDADP), until 09/2025

Business loans account for the largest share of NPLs in both banks and servicers



- Banks' NPLs amounted to €5.9 bn in Q3 2025, with business loans representing the largest share (€3.5 bn), followed by residential loans (€1.9 bn) and consumer loans (€0.5 bn).
- Servicers manage the bulk of NPLs (€68 bn or 92%), with business loans accounting for the largest portion (€34.7 bn), followed by residential (€18.5 bn) and consumer loans (€14.7 bn)

Source: BoG & HLSA (EEDADP), until 09/2025

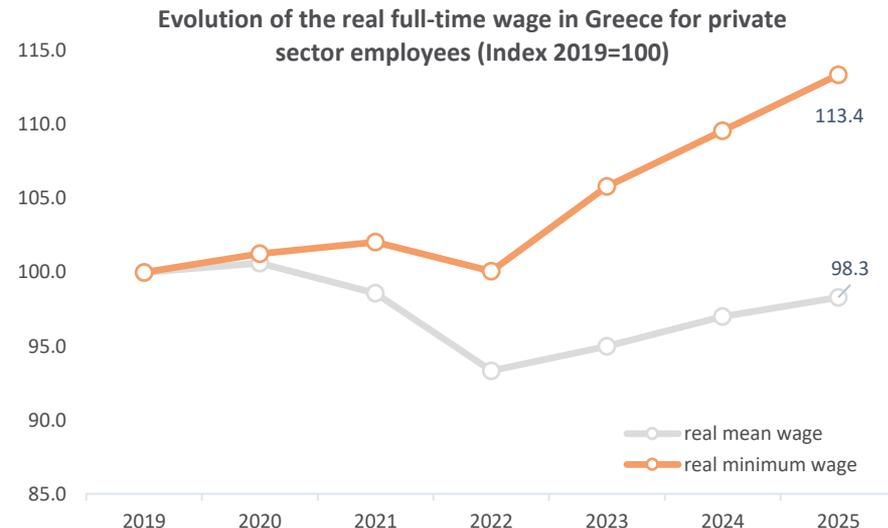
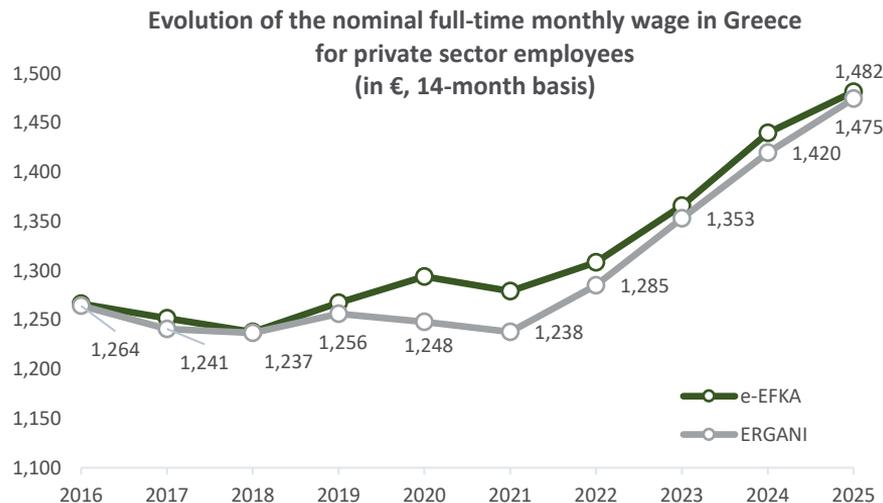
6. Special theme

- Evolution of wages in the private sector in Greece over the last decade, by sector and company size

Special theme - Summary

- In **2025**, the **average wage** for full-time private-sector employees in Greece **increased by 3.9%**, reaching **€1,475** (or €1,721 on a 12-month basis).
- Over the period **2019-2025**, the **average wage grew by 4.5% annually on average in nominal terms**, while **declining marginally in real terms**. Over the same period, the **minimum wage has increase cumulatively by 13.4% in real terms**.
- A descriptive analysis of the Greek labor market shows that **minimum-wage adjustments have a stronger impact** on workers in **flexible forms of employment**, employees in **small and medium-sized enterprises**, and workers in **service sectors**.
- The **minimum-to-average wage ratio** for full-time employees across all enterprises stood at **63%** when **seniority bonuses** are **included** and **59%** when they are **excluded**.
- Greece exhibits a **high degree of wage compression in the private sector**, particularly in **small firms** and **specific economic sectors**, making these groups **more sensitive to changes in the minimum wage**.

Average wage has grown steadily over the past four years in nominal terms but has remained flat in real terms. Minimum wage has increased cumulatively by 13.4% in real terms since 2019.

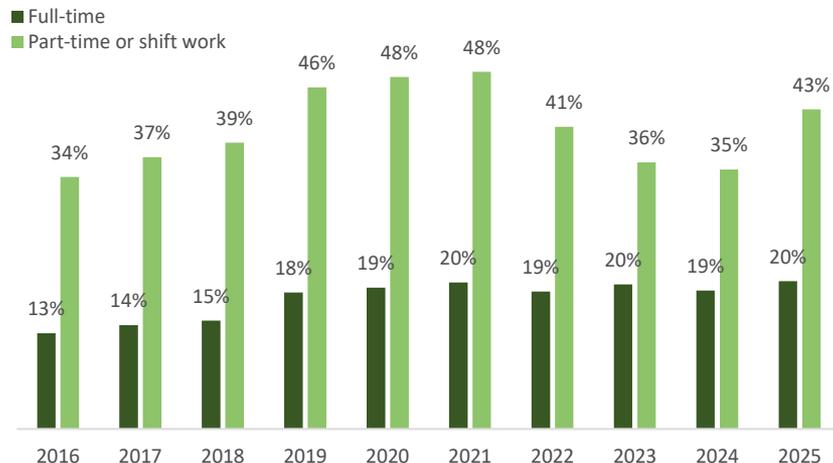


Based on ERGANI data, nominal average wage growth for full-time private sector employees strengthened to 4.5% annually during 2021-2025, up from 1.7% since 2016. Both e-EFKA and ERGANI show very similar levels, with only a modest divergence during the pandemic years.

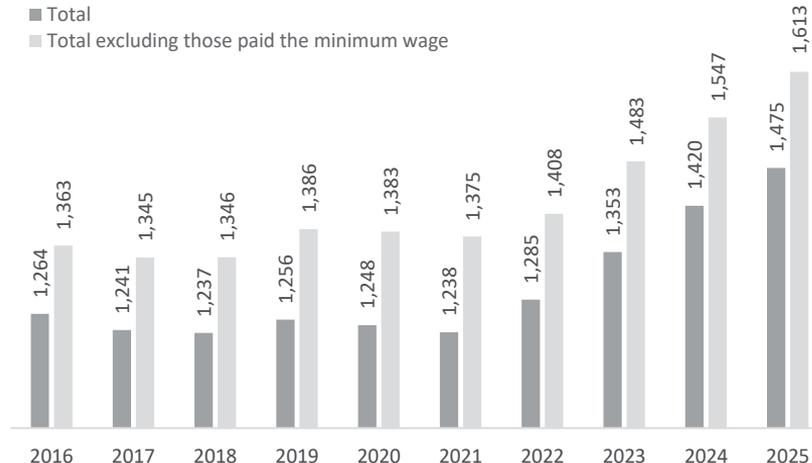
Source: ERGANI and e-EFKA. Data processing: IOBE. Note: e-EFKA figures are annual averages based on monthly data, while ERGANI figures refer to Q4 of each year. The e-EFKA average for 2025 is based on data available through June 2025.

High rates of minimum wage earners are recorded, especially in flexible forms of employment

Percentage of employees paid the minimum wage, 2016-2025



Average salary for all full-time employees, 2016-2025

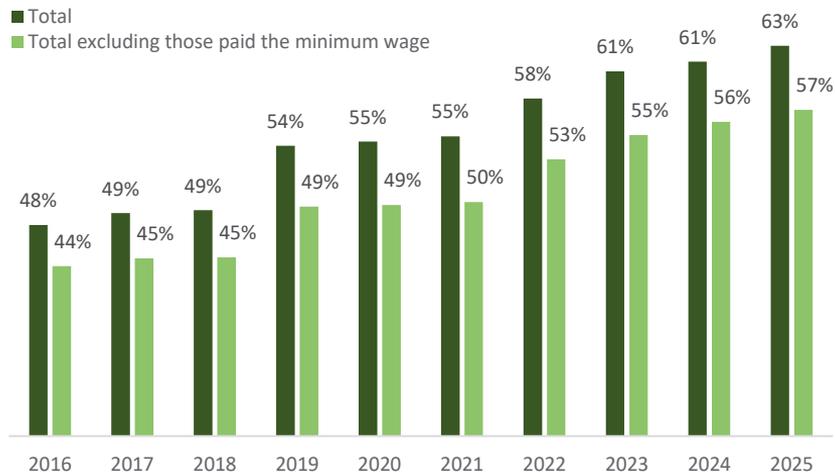


The share of workers in flexible employment receiving the minimum wage rose sharply to 43% in 2025, after three years of decline, while the corresponding share among full-time employees remained stable at around 19-20%.

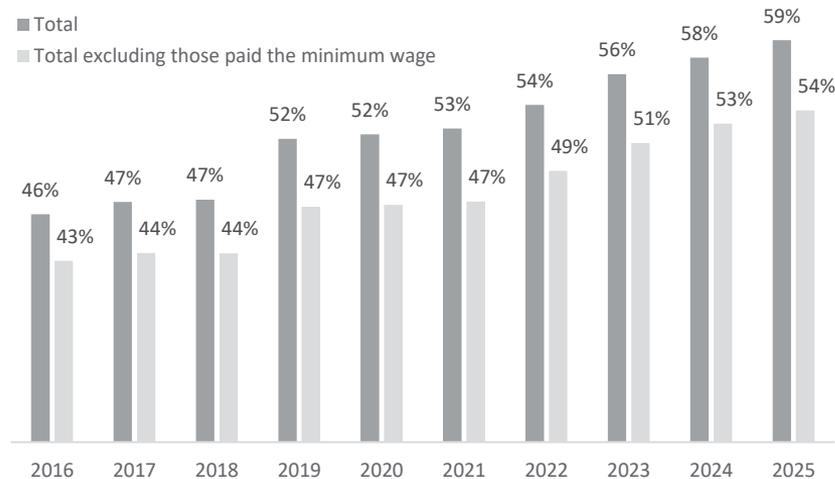
Source: ERGANI. Data processing: IOBE

High degree of wage compression in the country

Ratio of minimum wage (with seniority bonuses) over average wage for all full-time employees, 2016-2025



Ratio of minimum wage (without bonuses) over average wage for all full-time employees, 2016-2025

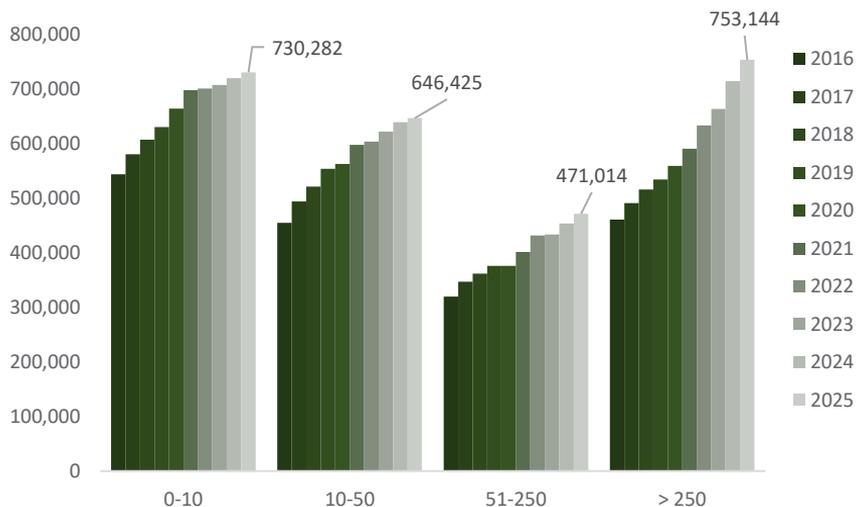


The ratio of minimum to average wages for full-time private-sector employees increased to 63% in 2025 when seniority bonuses are taken into account, and to 59% when they are excluded. This level highlights the particularly high degree of wage compression in the Greek labor market.

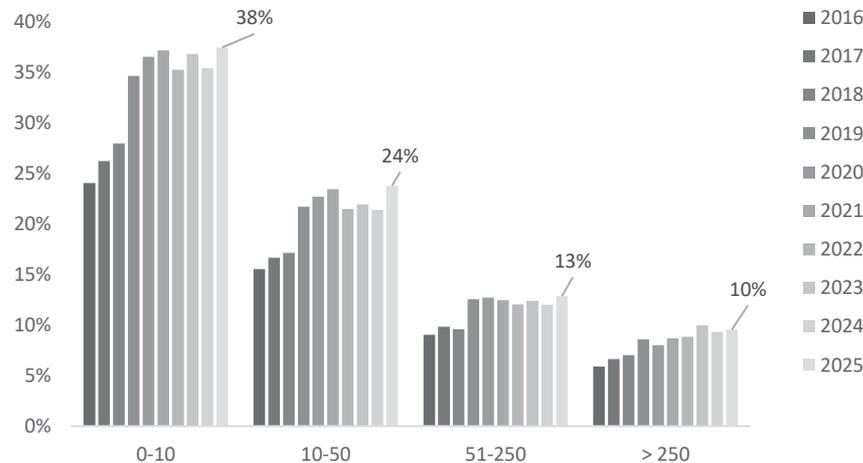
Source: ERGANI. Data processing: IOBE.

Small businesses are most affected by changes in the minimum wage

Employment distribution by enterprise size, 2016-2025



Percentage of employees paid the minimum wage for all full-time employees, by company size, 2016-2025

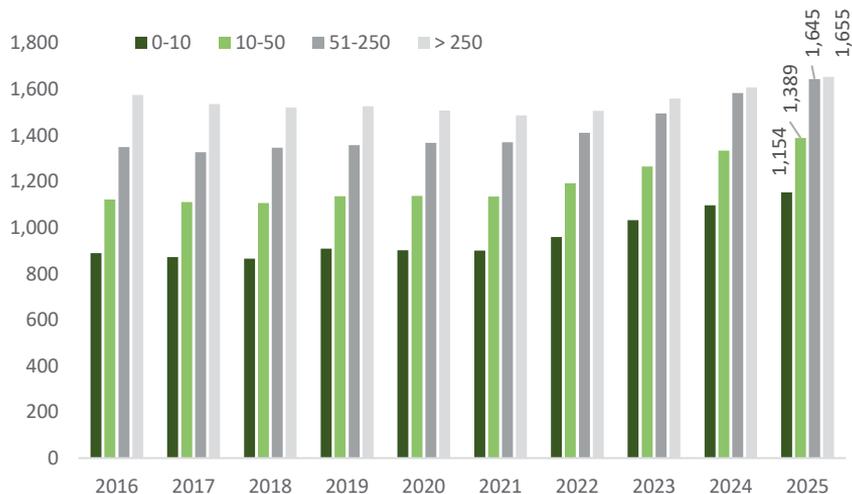


A large proportion of employed workers (around 730,000, or 28% of the total) were employed in small enterprises (<10 employees) in 2025. Among them, 38% were paid the minimum wage, a share that has remained persistently high since 2019.

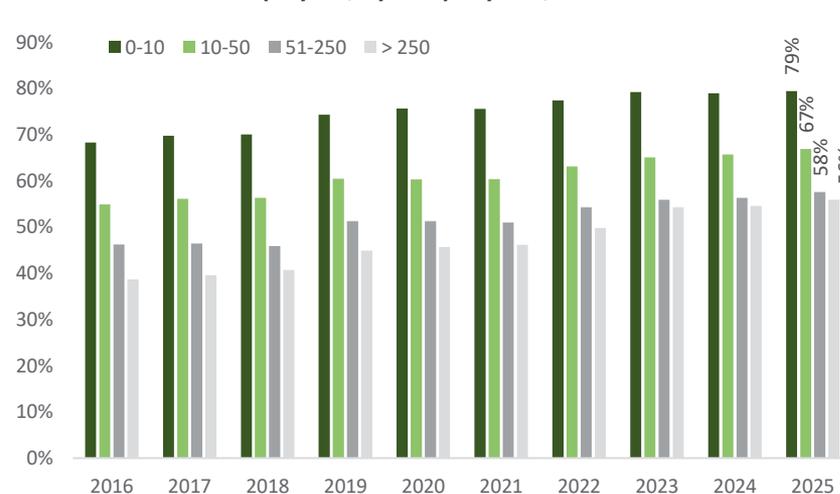
Source: ERGANI. Data processing: IOBE.

High and rising wage compression in small businesses

Average salary (€) for all full-time employees, by company size, 2016-2025



Ratio of minimum to average wages among full-time employees, by company size, 2016-2025

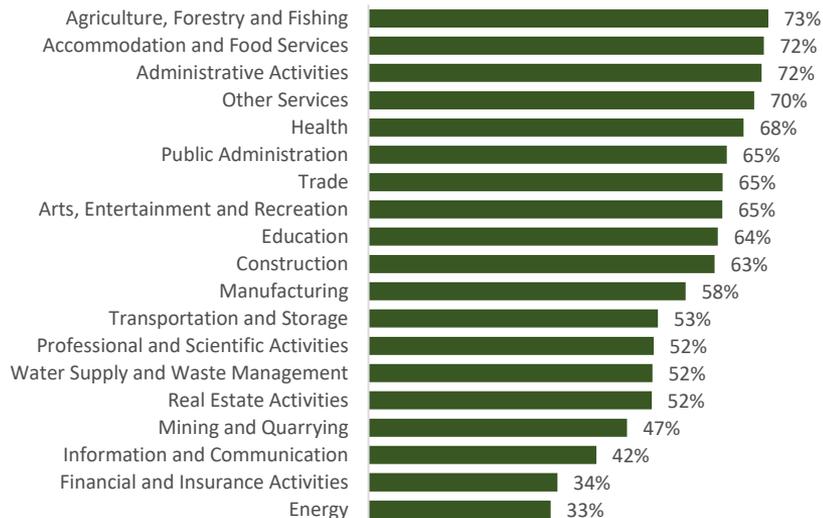


The average salary for full-time employees in small businesses (<10 employees) was €1,154 in 2025, while wage compression in these businesses is extremely high, with the ratio of the minimum to the average salary reaching 79%.

Source: ERGANI. Data processing: IOBE.

Sectors of the tertiary and primary industries are experiencing a higher degree of wage compression

Ratio of minimum to average wage among full-time employees, by economic activity, 2025



- The **Agriculture, Forestry, and Fishing** sectors have the **highest degree of compression (73%)**.
- They are followed by the **Tourism** sector and **Administrative and Support Activities (72%)**.
- The **lowest degree of compression** is found in the sectors of **Information and Communication (42%)**, **Financial and Insurance Activities (34%)** and **Energy (33%)**.

Source: ERGANI, IOBE calculations. Data processing: IOBE. Note: The data refer to the fourth quarter of 2025, and are therefore not fully representative of sectors with strong seasonality.

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