

The Greek Real Estate Market

5 Hospitality and Short-term rentals “The luxury pivot”





The luxury pivot: Greek hospitality is shifting from volume to value

Hospitality real estate is widely characterised in the literature as a hybrid asset class, where real estate value is closely linked to operational performance and demand intensity. In the Greek context, strong and highly concentrated tourism demand plays a central role in shaping asset outcomes, supporting pricing power and reinforcing a shift away from volume-driven growth towards quality-focused strategies.

Unlike traditional commercial properties, hotels operate under short-term demand patterns, dynamic pricing and high service intensity, which makes cash flows more volatile but also allows for faster adaptation to changing market conditions. As a result, achieving sustained value increasingly depends on aligning asset quality, brand positioning and management expertise with demand concentration in key destinations.

A key structural trend emerging across both academic and market-oriented studies is the growing divergence in performance between segments. Higher-end, lifestyle and experience-led hotels continue to outperform, supported by demand for differentiated travel experiences, while more standardised segments face increasing competitive pressure, including from alternative accommodation models.

This dynamic is reflected in investment patterns, with capital increasingly directed towards premium assets, particularly in core destinations, and a growing preference for smaller-scale luxury formats, such as boutique and city hotels, which offer stronger pricing power and more flexible operating models.

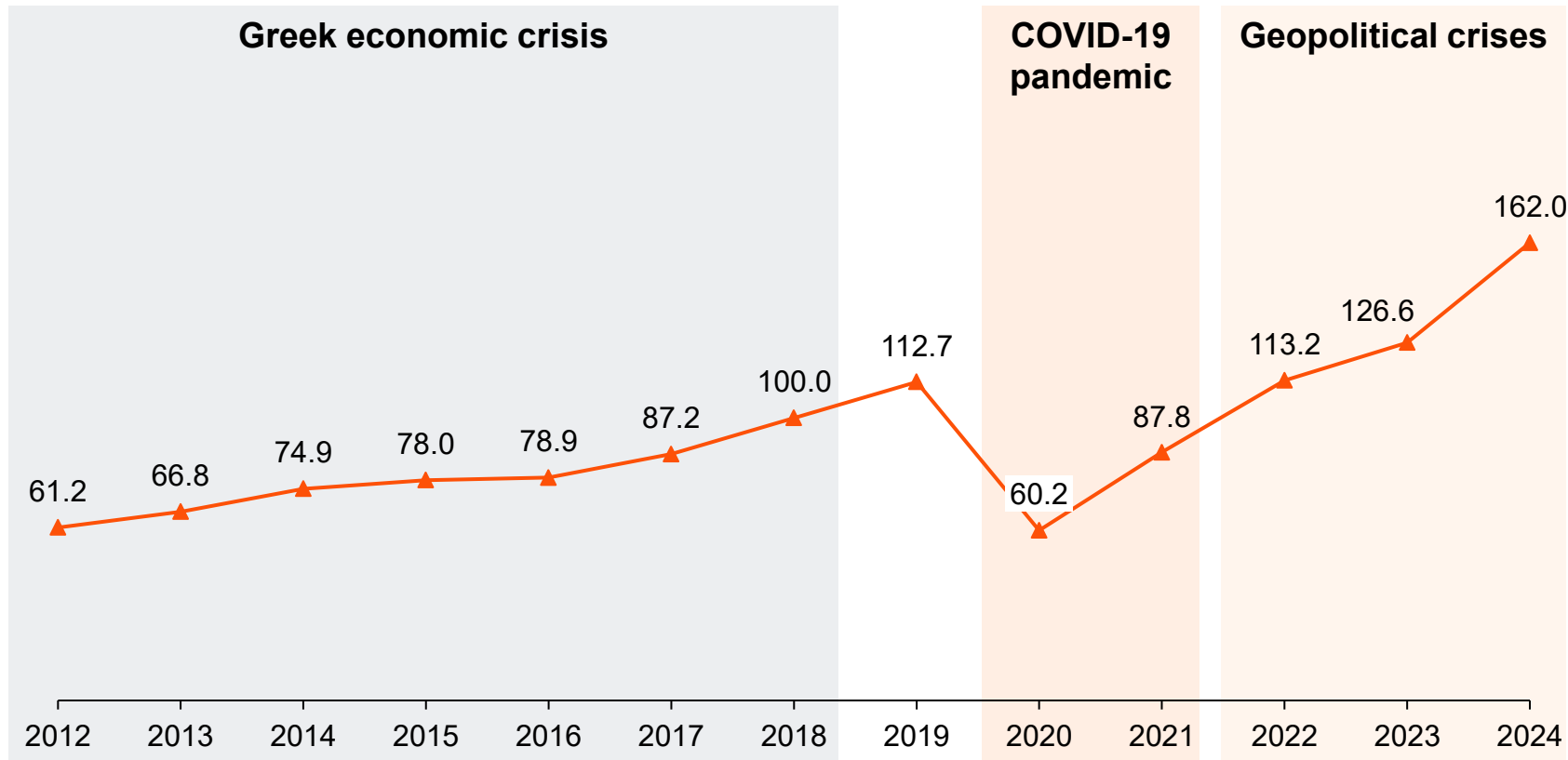
Technology is also shaping hospitality real estate, primarily through digital tools aimed at enhancing pricing strategies, improving operational efficiency and enabling greater personalisation of the guest experience.

The PwC Hospitality and Short-term rentals Performance Index

reflects strong recovery trajectory and moves towards luxury

Hospitality and Short-term rentals Performance Index

base year 2018



Source: PwC analysis



The Index is based on the below 4 key factors:

Demand

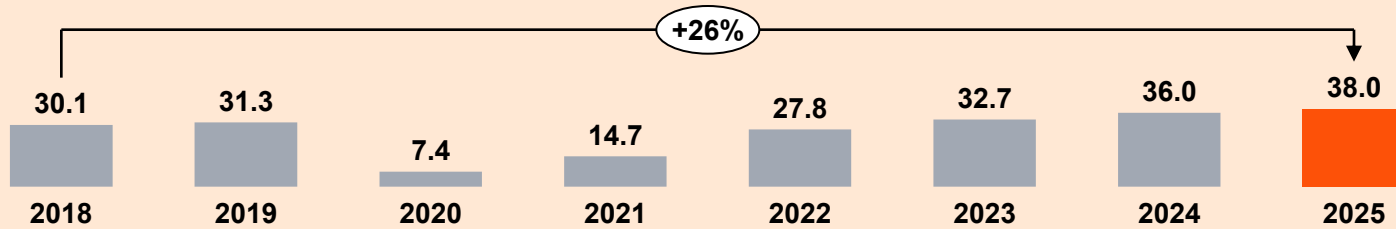
Supply

Pricing

Investment

Demand is strong and growing, but concentrated both geographically and seasonally during summer, and mainly in Greek islands

Inbound arrivals* (mn)

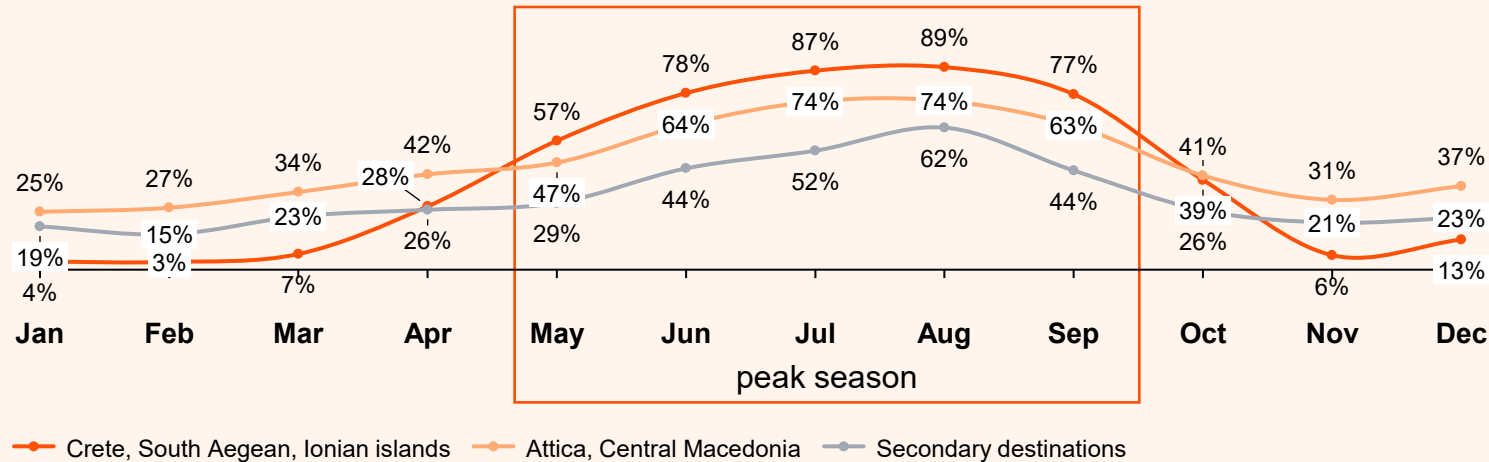


*excluding cruises
Source: Bank of Greece



Since 2023, Greece has recorded consecutive record-high arrivals, exceeding pre-Covid levels. However, Greek tourism is structurally seasonal, with activity skewed towards peak season.

Average hotel occupancy, per region (2024)



Source: Hellenic Statistical Authority (ELSTAT)

- **Crete, South Aegean and the Ionian Islands** operate at close to full occupancy during peak season, while experiencing very low occupancy levels in winter.
- **City destinations** (Attica and Central Macedonia) demonstrate more balanced, year-round demand, supported by city break tourism and business travel, which partially mitigates seasonality.
- **Secondary destinations** record lower peak-season occupancy, with limited ability to capture premium summer demand.

Emerging hospitality trends are reshaping the market towards higher-value hotel formats and short-term rentals



Resort hotels

As the Greek tourism product is highly seasonal, supporting a leisure-oriented model, resort hotels, **mainly concentrated in island destinations**, remain the leading hotel segment in Greece, reinforcing the country's position as a **summer destination**.



City hotels

Athens and Thessaloniki emerge as **city break destinations**, driven by year-round demand, supporting the growth of city hotels. City hotels help **mitigate seasonality** and, thus, provide a **more balanced demand profile throughout the year**, benefiting from the expansion of city break travelling.



Boutique hotels

Boutique hotels are emerging as a **high-value segment**, reflecting a broader shift towards **experience-led hospitality**, particularly in established island and urban destinations.

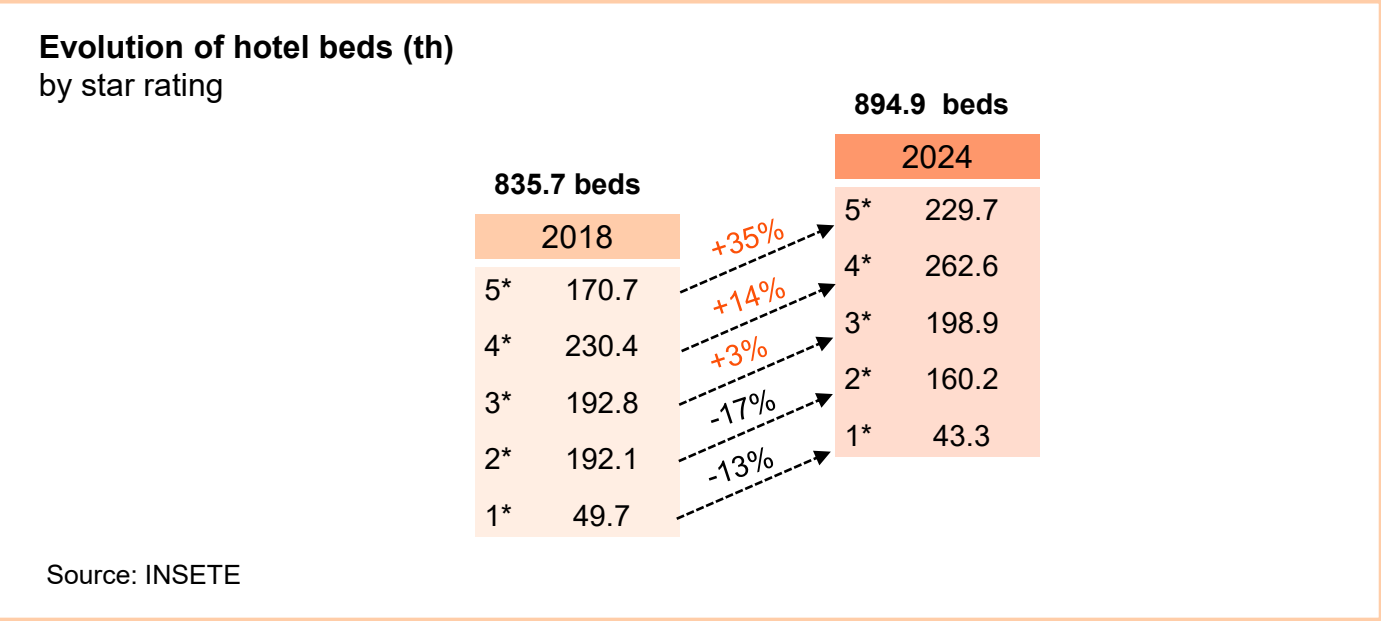


Short-term rentals

Offering **alternative accommodation experiences**, short-term rentals continue to expand and reshape the competitive landscape, broadening accommodation choice and intensifying **competition across major destinations**.

Source: United Nations World Tourism Organisation, Cushman & Wakefield, PwC analysis

This is also evident in the hotel stock which is being upgraded into luxury units...



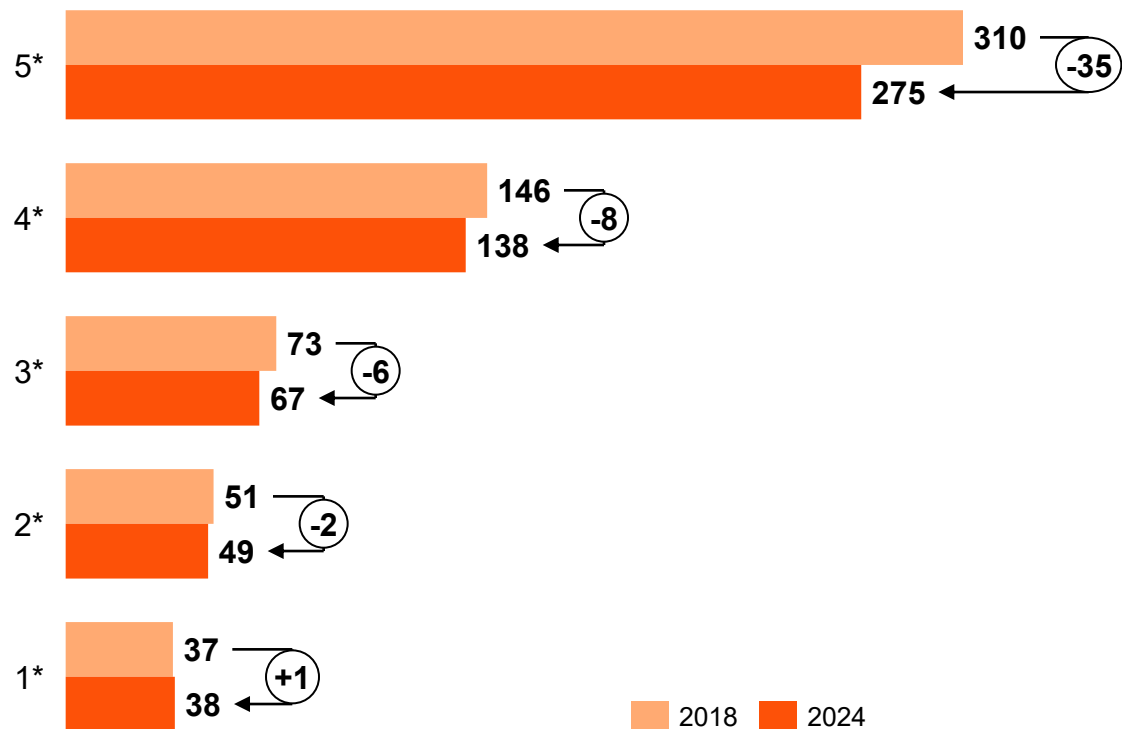
Existing hotel stock is being upgraded to luxury hotel units, further reinforced by new constructions

Greece’s hotel stock is expanding (+231 units in 6 years), alongside a clear shift in composition, driven by the upgrade of existing units into higher-end categories.

This internal rebalancing, supported by both the expansion of 4* and 5* hotels and declining representation of lower-rated segments, points to a gradual reallocation of supply towards higher-end segments.

...and transformed into smaller boutique hotels over the last 6 years

Average Greek hotel size per category
beds per hotel unit



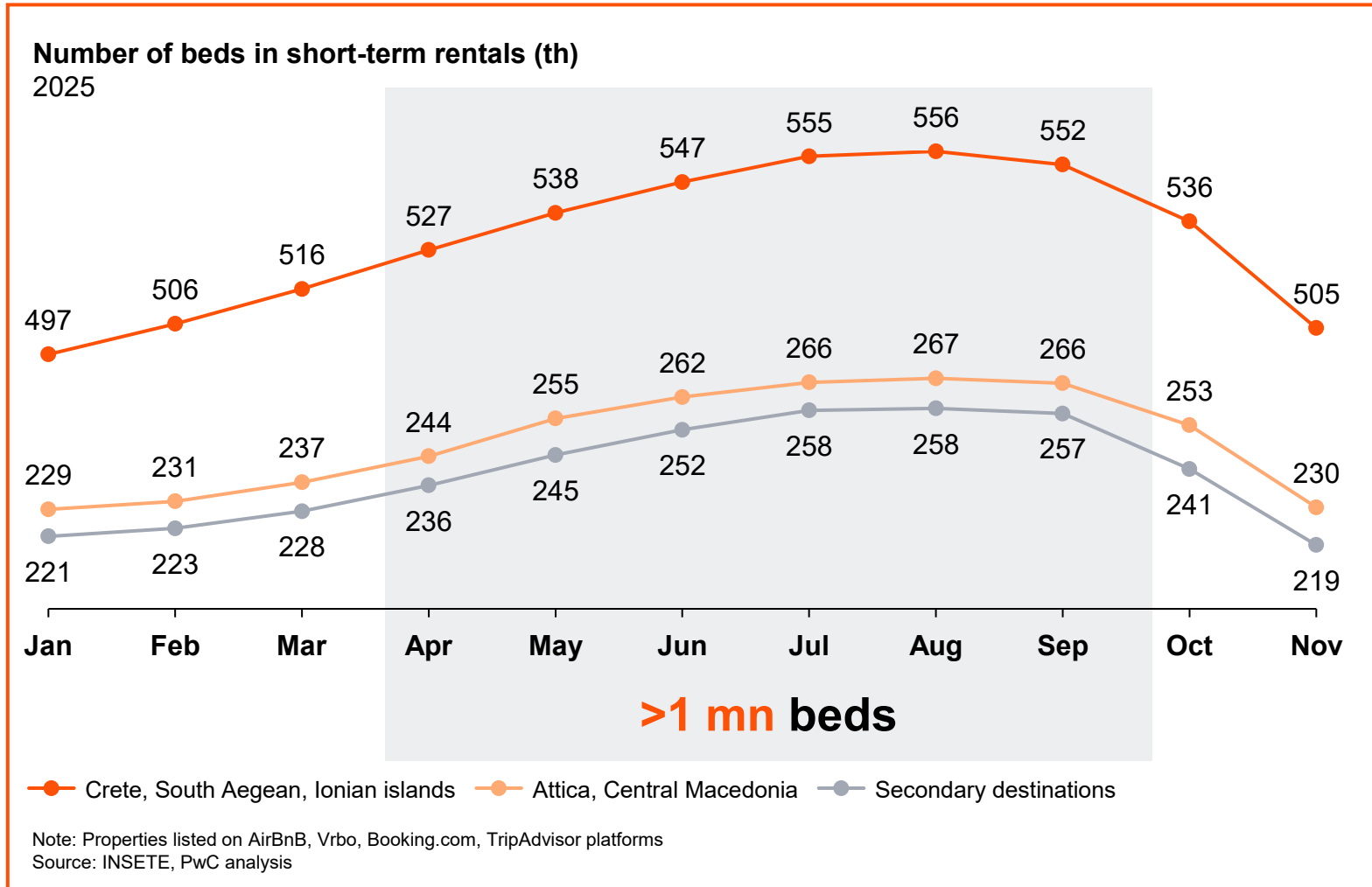
Source: INSETE



Overall, hotel units are getting smaller in size across almost all categories, with the shift being more evident in the 5* hotel segment.

While the number of 5* hotel units, as well as their total bed capacity, has increased in recent years, the average size per hotel unit has decreased, highlighting a shift towards **smaller-scale developments**, such as **boutique and city hotels**, rather than large integrated resorts.

Short-term rentals emerge as a complementary accommodation solution covering experience-led demand



Experience-led and lower budget stays

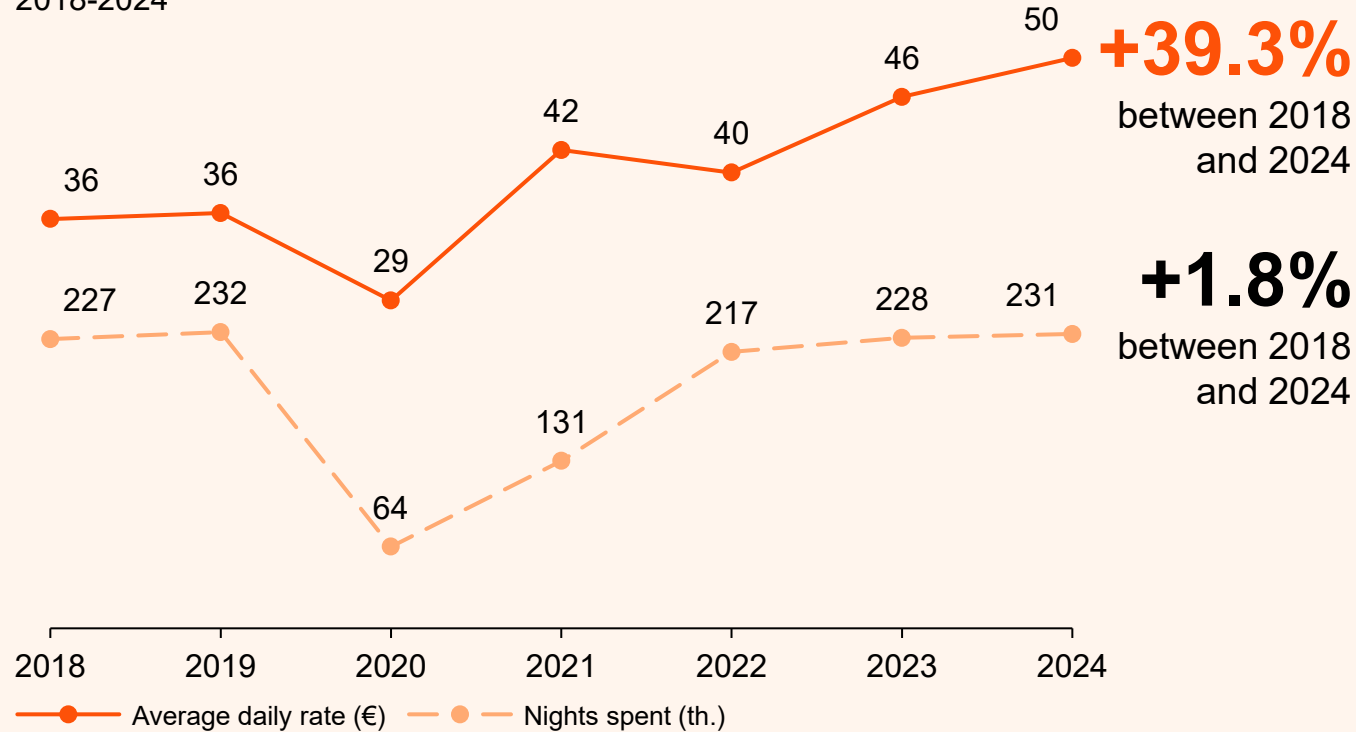
As hotels operate at or near-full occupancy during peak season in island destinations, short-term rentals act as a critical complementary solution. Their **supply** scales disproportionately during peak season, increasing **overall capacity** over

1 mn beds

responding to a **growing demand** for lower budget, experience-led stays, offering visitors greater **flexibility** and a more **localised, residential experience**.

Growth in hotel revenues is driven by pricing rather than volume

Nights spent (th) & Average daily rate* (€)
2018-2024



*Turnover of Hotels per night

Source: Bank of Greece, Research Institute for Tourism

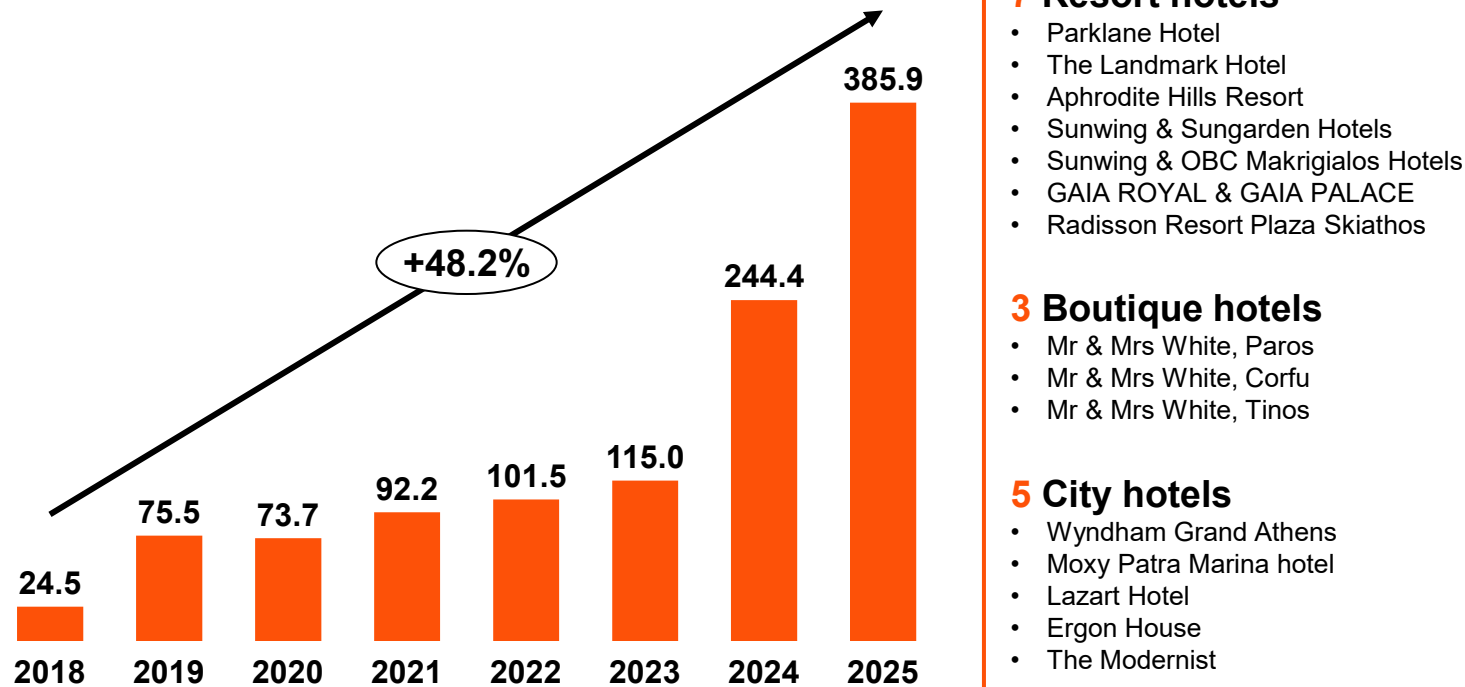


Hotel revenue is value driven rather than volume driven, with pricing becoming a key driver of profitability.

Although total nights spent have largely stabilised since the recovery from Covid pandemic, average daily rates (ADR) continued to rise, driving hotel revenue growth, supported by strong demand, capacity constraints during peak season, and rising inflation.

Limited exposure of REICs in the hospitality sector, mainly concentrated in luxury resort hotels

REICs' investments in the hotel sector
Gross Asset Value (in € mn)



Source: REICs' Financial Statements, PwC analysis



Although increasing, Greek REICs maintain **selective exposure to luxury hotel units**, such as resorts, boutique and city hotels, particularly in **main destinations**, reflecting the sector's performance and attractive yield potential.

In 2025, REIC exposure to the hotel sector amounted on average, for
~9%
of their total portfolios

PwC Hospitality and Short-term rentals Performance Index

The Greek hospitality market is increasingly shaped by strong demand and a shift towards smaller luxury units, with the investor appetite focused on premium assets, particularly in main destinations.

Demand

Tourism demand remains strong and highly concentrated in five main destinations, reinforcing peak season pressure and the need for sufficient accommodation supply to meet demand.

Supply

Hotel stock remains broadly stable, driving a shift towards the upgrade of existing hotels into smaller luxury units, primarily in main destinations.

Pricing

Hotels record increased revenue per night, primarily driven by inflation, despite stable volume of nights spent.

Investment

Investor activity is directed towards smaller luxury assets in main destinations, by acquiring existing hotels either luxury or lower category units aiming to upgrade them.



The Hospitality and Short-term rentals Performance Index signals strong demand but growth normalises in 2026 and 2027

Demand remains strong, with arrivals and overnight stays still growing in 2025 and 2026, though at a milder pace than in 2024, while peak-season performance continues to anchor market activity.

Growth is becoming more selective. Expenditure per night and ADR* continue to rise, hotel and accommodation turnover keeps expanding, and resort, city and boutique formats remain favored alongside smaller, higher-quality luxury assets with stronger return potential and flexible positioning.



Overall, the index points to continued but slower expansion in 2026, as arrivals, overnight stays, expenditures, ADR*, turnover and investment activity advance at a milder pace.

Continued but slower expansion in 2026, supported by resilient demand and more selective capital allocation.



*Average daily rate (€)

References

1. **John W. O'Neill , Joann Zhao, Peng Liu² ,and Michael D. Caligiuri, 2023.** Benchmarking Hotel Investment Risk: Differences Based on Types of Hotels. Available at: <https://journals.sagepub.com/doi/10.1177/19389655231164061>
2. **Carlos Sampaio, João Renato Sebastião and Luís Farinha, 2024.** Hospitality and Tourism Demand: Exploring Industry Shifts, Themes, and Trends. Available at: <https://www.mdpi.com/2075-4698/14/10/207/>
3. **Carles Mulet-Forteza, Berta Ferrer-Rosell, Onofre Martorell Cunill and Salvador Linares-Mustarós, 2024.** The Role Of Expansion Strategies And Operational Attributes On Hotel Performance: A Compositional Approach. Available at: <https://arxiv.org/pdf/2411.04640>
4. **Cushman & Wakefield, 2025.** Marketbeat Greece Hospitality 2025 outlook. Available at: https://cwproprius.com/wp-content/uploads/2026/03/2025_Greece_Marketbeat-Hospitality.pdf

The team

Kyriakos Andreou

Partner, Senior Advisor on
Strategy & Markets,
PwC Greece
kyriakos.andreou@pwc.com

Andreas Fousteris

Executive Advisor,
PwC Greece
andreas.fousteris@pwc.com

Olympia Liami

Manager,
Head of Research,
PwC Greece
olympia.liami@pwc.com

Antigoni Kouvidi

Senior Content Manager,
Thought Leadership & Academia,
PwC Greece
antigoni.kouvidi@pwc.com

Thanassis Panopoulos

Partner, Deals & Strategy Leader,
PwC Greece
thanassis.panopoulos@pwc.com

George Makripidis

Partner, Deals & Strategy,
Head of Deals,
PwC Greece
george.makripidis@pwc.com

Fredy Yatraco

Partner, Real Estate Platform
Leader,
PwC Greece
fredy.yatraco@pwc.com

Real Estate team

Lila Tsitsogiannopoulou

Director,
PwC Greece
lila.tsitsogiannopoulou@pwc.com

Yannis Lizas

Senior Manager,
PwC Greece
ioannis.lizas@pwc.com

Orestis Rachiotis

Senior Manager,
PwC Greece
orestis.rachiotis@pwc.com

Research team

Konstantinos Aloupis

Manager,
PwC Greece
konstantinos.a.aloupis@pwc.com

Sofia Stavraki

Senior Associate,
PwC Greece
sofia.stavraki@pwc.com

Kelly Pantou

Associate,
PwC Greece
kelly.pantou@pwc.com

Marketing

Penelope Kourkafa

Director, Marketing & Communications,
PwC Greece
penelope.kourkafa@pwc.com



© 2026 PwC Greece. All rights reserved.

PwC Greece refers to the Greek firms which are members of the PricewaterhouseCoopers International Ltd network of independent firms and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.