

# Mipim 2023 Official Italian Conference

## OVERVIEW OF THE ITALIAN REAL ESTATE MARKET



**ITALIAN TRADE AGENCY**

ICE - Agenzia per la promozione all'estero e  
l'internazionalizzazione delle imprese italiane



*Nomisma*

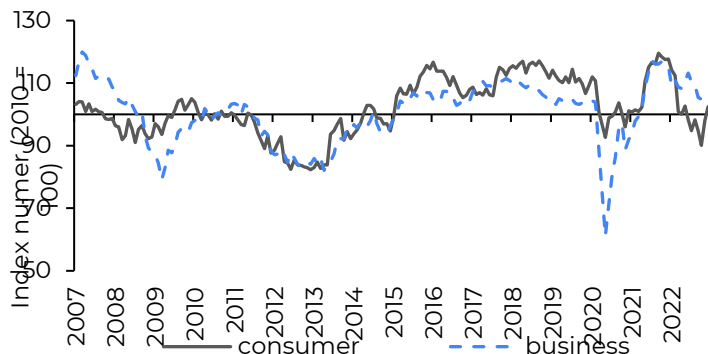
[www.nomisma.it](http://www.nomisma.it)

## GDP – TREND AND FORECASTS

	2019	2020	2021	Forecast 2022 (November)
USA	2.3	-2.8	5.9	1.8
China	6.0	2.2	8.1	3.3
Japan	-0.4	-4.6	1.6	1.6
<b>Italy</b>	<b>0.5</b>	<b>-9.1</b>	<b>6.7</b>	<b>3.7</b>
Germany	1.1	-4.1	2.6	1.8
France	1.9	-7.9	6.8	2.6
UK	1.6	-11.0	7.5	4.4






Source: Nomisma elaborations on OECD data

## CONSUMER AND BUSINESS SENTIMENT



Source: Nomisma elaborations on ISTAT data

## INFLATION – JANUARY 2023

ITALY	EURO AREA	GERMANY	UK	USA
10.1%	8.5%	8.7%	10.1%	6.4%
				

The progressive **deterioration of the macroeconomic scenario** has inevitably weakened the buoyant trend that had characterised the Italian real estate market for more than a year and a half. On the one hand, **soaring prices have reduced the spending and investment capacities of households and businesses** and, on the other hand, unleashed a drastic response by the European Central Bank in an attempt to douse **an inflationary flare-up that at the continental level is almost entirely exogenous in nature.**

The desire for self-gratification after a period of unprecedented duress has not only sustained overall economic growth, **with GDP in Italy increasing at a higher rate than that of its European competitors** and even similar that of the Chinese behemoth, but also has helped inflate the desire of many households for improved housing conditions. **The pro-cyclical orientation**, which is prevalent among the more mature segment of the population, **will inexorably tend to diminish, allowing negative signals to prevail on the horizon** which are mercilessly reflected in the views on the future confidence climate.

# THE IMPACT OF INCREASING ENERGY COSTS ON ITALIAN COMPANIES



## IMPACT OF ENERGY COSTS ON THE MAIN ECONOMIC INDICATORS

Companies reporting a very significant + fairly significant impact

IMPACT OF THE INCREASE IN THE ITALIAN ENERGY BILL

110 € bln

TOTAL OF SECTORS

71%

73%

48%

69%

SECTOR	REVENUE	PROFIT	EMPLOYMENT	LIQUIDITY
AGRI-FOOD	88%	89%	65%	87%
CONSTRUCTION INDUSTRY	70%	71%	52%	72%
LOGISTICS-TRANSPORT	67%	69%	44%	65%
MACHINERY AND TOOLS	67%	71%	48%	61%
MECHANICAL	61%	62%	36%	61%
HOUSING CHAIN	70%	72%	46%	70%
FASHION	72%	77%	47%	68%

Source: Nomisma on survey BUSINESS PANEL NOMISMA

HIGH ENERGY ON TERTIARY COMPANIES

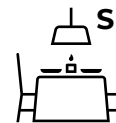
24 bln €

Energy bill

HOTELS



RESTAURANT

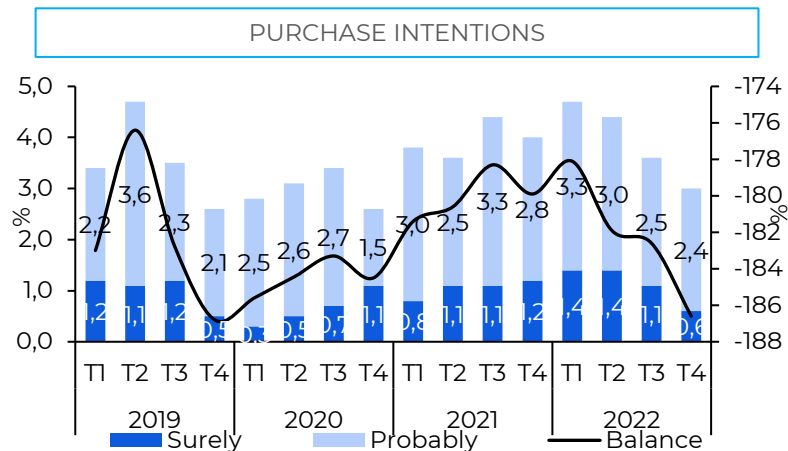


+6 thousand GAS

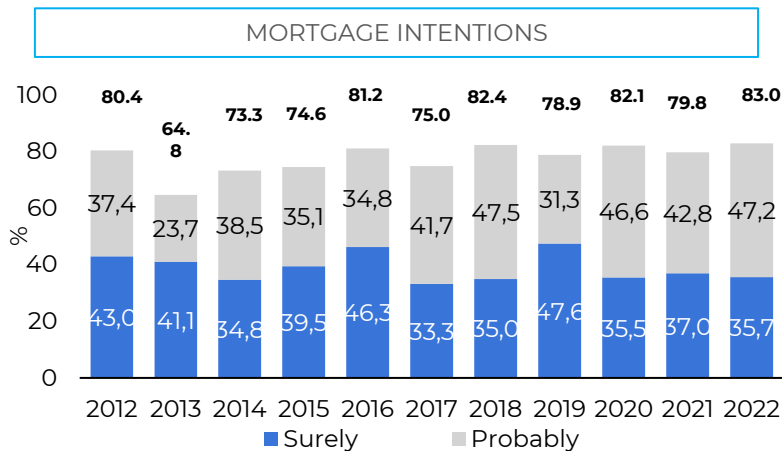
+43% VS PRE PANDEMIC

Source: Nomisma on Confcommercio and Nomisma Energia data

# INTENTIONS TO PURCHASE A HOME AND TAKE OFF A MORTGAGE IN THE NEXT 12 MONTHS



Source: Nomisma elaborations on ISTAT data



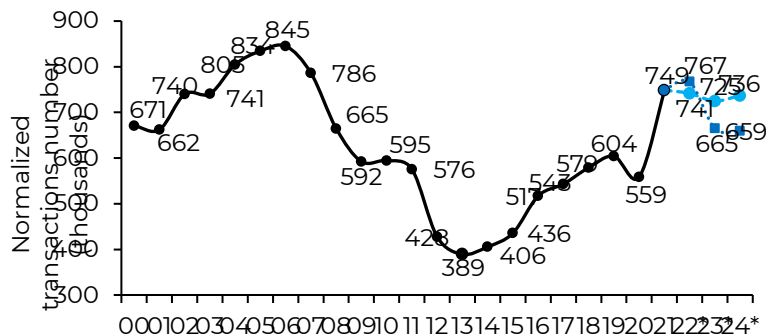
Source: Nomisma Survey on Italian families, various years

In the second half of the year 2022 the growth trend has been decidedly less intense and far from generalised. Underlying the slowdown are the changes in the context that have taken place in recent months, with access to the market suddenly becoming more problematic and with caution resurfacing among stakeholders, be they households or businesses. Thus, a transitional phase has started in which the amount of currently available economic resources only partly reflects the **decline in intentions, already evident on the credit side**.

The certain intentions of households to take out a mortgage also decrease. The increased cost of debt, coupled with the changing orientation of the banking system that is concerned about a new wave of defaults, **drastically reduces the availability of the credit channel**, which had become an inevitable path for a significant share of real estate demand.

# TREND OF RESIDENTIAL PRICES AND SALES

ITALY - RESIDENTIAL SALES - TREND AND FORECASTS



Source: Nomisma elaborations on Agenzia delle Entrate data

RESIDENTIAL PRICES (average 13 main Italian cities)

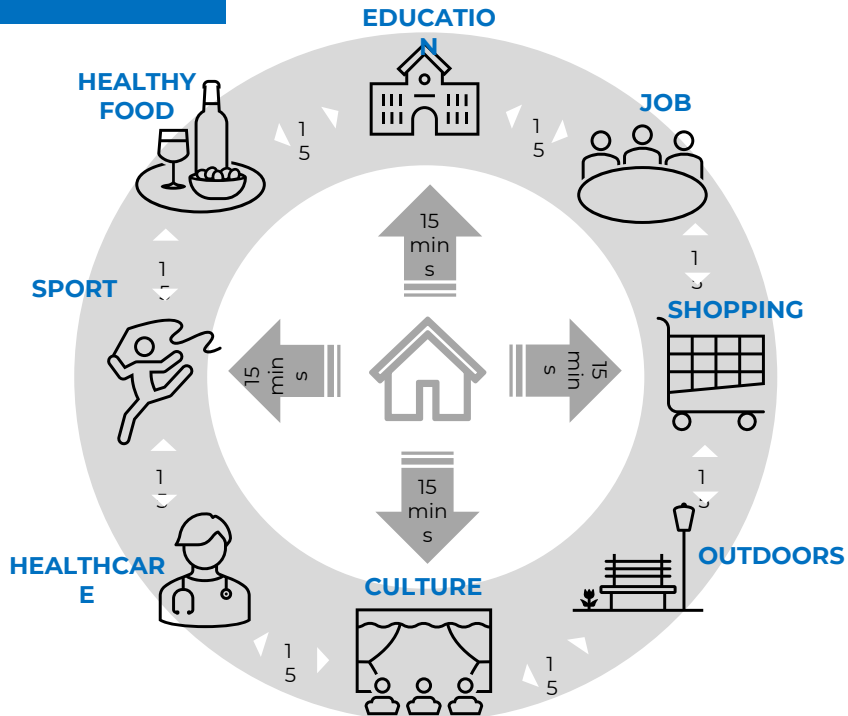
Semester	(semi-annual changes)
2022 H2/2021 H2	+0,6%
2022 H1/2021 H2	+2,1%
2021 H2/2021 H1	+0,8%
2021 H1/2020 H2	+0,8%
2020 H2/2020 H1	-1,0%
2020 H1/2019 H2	-0,9%
2019 H2/2019 H1	+0,0%

Source: Nomisma

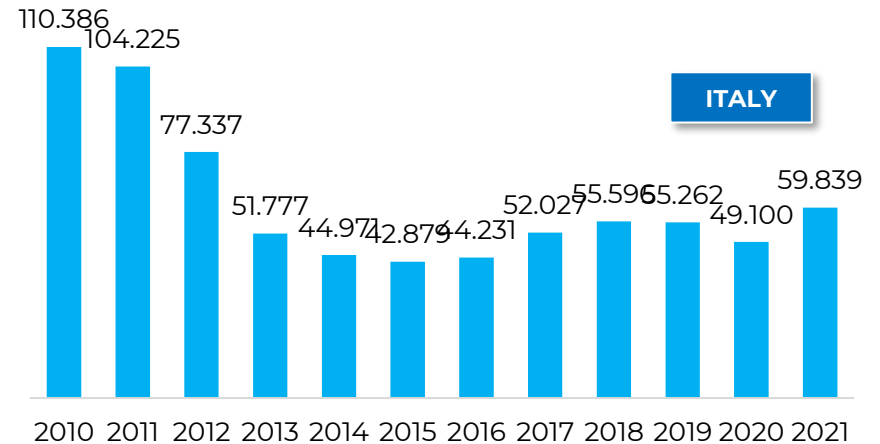
The real estate market will become **less accessible** than it was up to a few months ago, also due to increases in sales and rental prices that occurred in the meantime. The lower intensity of the effectively demonstrated demand (seen in the sharp decline of the certainty in intentions to purchase) will lead to a **reduction in sales activity** after the extraordinary achievement of the last year and a half.

The reaction of prices to the changed conditions is once again marked by rigidity, with a **slowing of growth**, which is already taking place, but with no risk of imminent downsizing.

# NEW NEEDS AND RESIDENTIAL OFFER



**BUILDING PERMITS | Number of dwellings in new residential buildings**



Source: ISTAT

# CHARACTERISTICS OF THE RESIDENTIAL PURCHASE DEMAND

## USE OF THE HOUSE

- + Purchase of primary home
- + Home replacement
- + Investment purchase

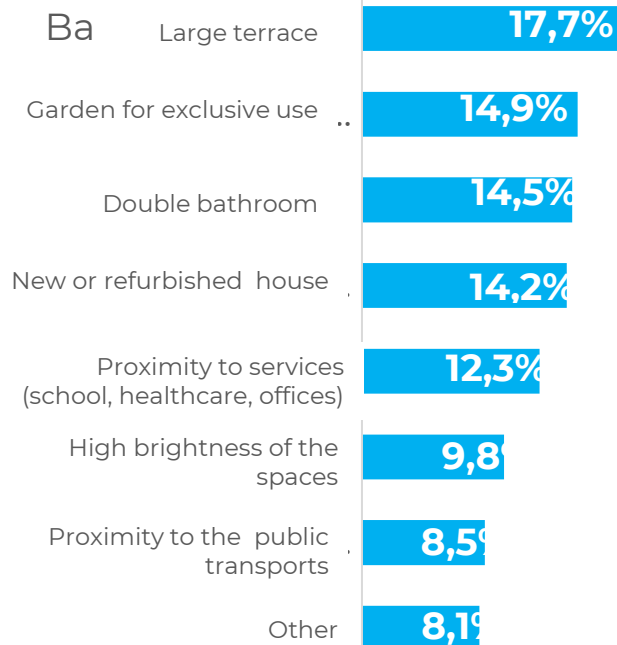
- Purchase holiday home

## MOBILITY OF HOUSING DEMAND

- + From the provincial municipality to the capital municipality
- + Moving within the capital municipality

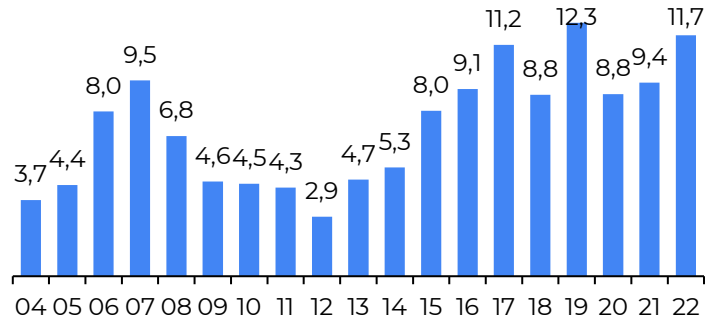
+ Moving towards provincial municipalities

## PREFERENCES

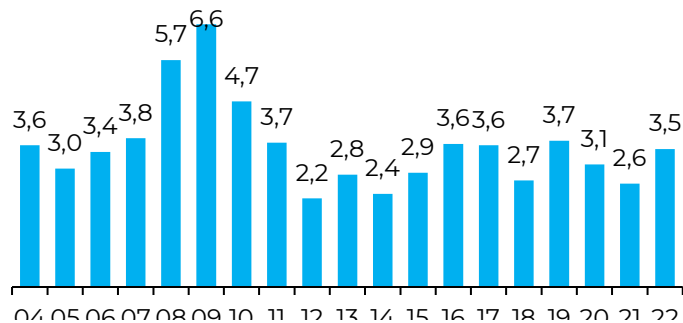


# REAL ESTATE CORPORATE INVESTMENTS

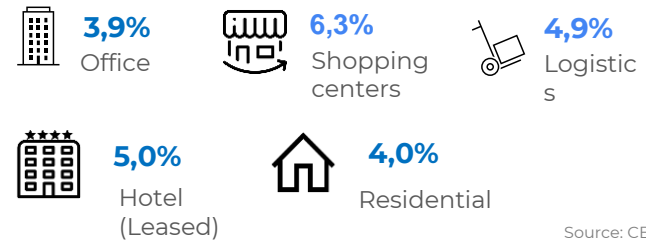
ITALY – TOTAL INVESTMENTS (bln €)



REAL ESTATE INVESTMENTS IN ITALY ON TOTAL EUROPEAN INVESTMENTS (%)



ITALY - PRIME YIELDS 2022



Source: CBRE

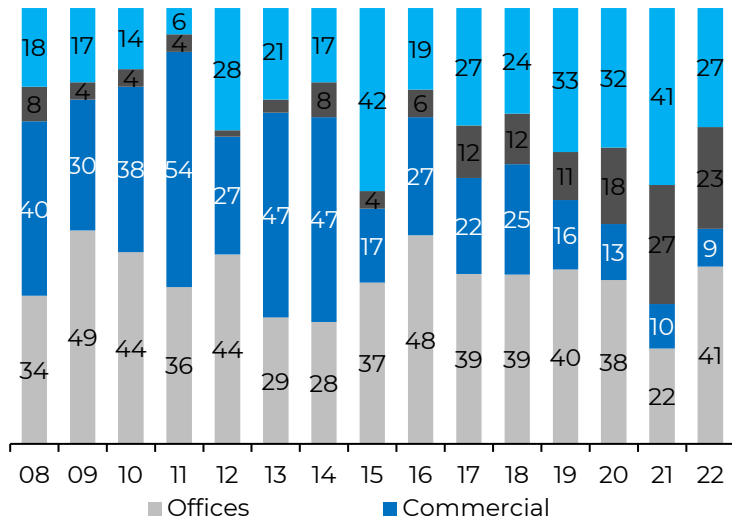
On the corporate side **the recovery was vigorous up to the entire third quarter 2022**, driven by the improved attractiveness of alternative sectors (logistics and hotels), as well as the return of interest in the office segment.

As for the typological and territorial asset allocation, the offices and Milan are once again the preferred combination by investors. More generally, **the office and logistics segments continue to drive the market, while the recovery of the hotel sector is confirmed**. Rome could express a more dynamic market but struggles to overcome product and context gaps. It is hoped that the investments of Recovery Plan or those linked to the 2025 Jubilee will have an effect.



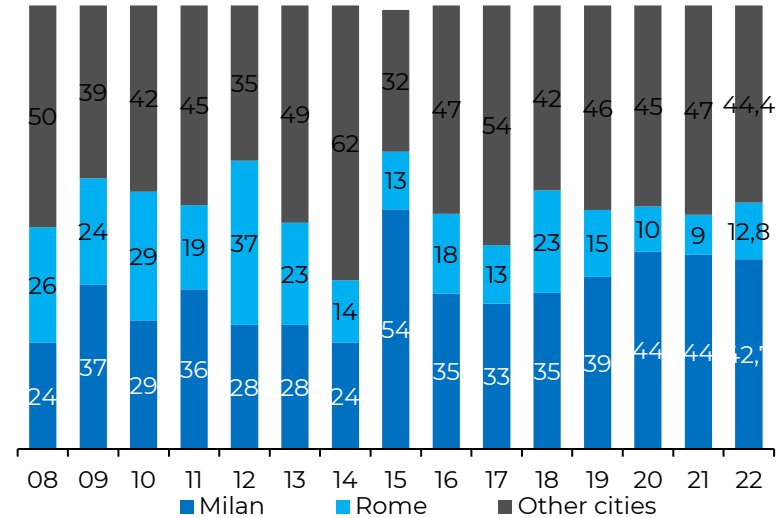
# REAL ESTATE CORPORATE INVESTMENTS

BY TYPE (% on total investments)



\* Hotel, mixed use and other types

BY LOCATION (% on total investments)

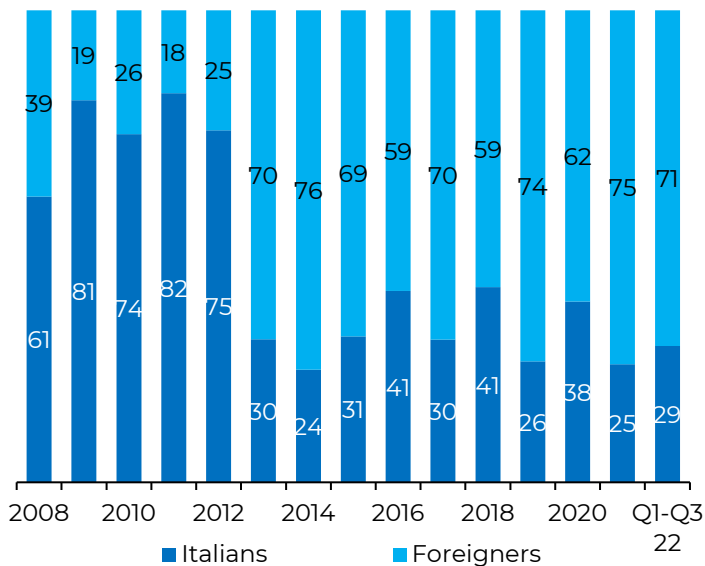


Source: Nomisma elaborations on BNP Paribas RE, CBRE and Colliers data

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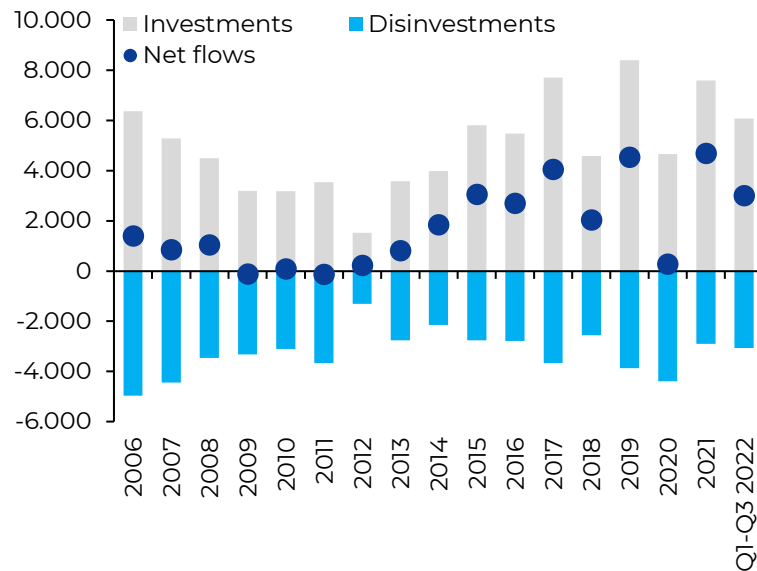
# REAL ESTATE CORPORATE INVESTMENTS

BY INVESTOR'S ORIGIN (%)



Source: Nomisma elaborations on BNP Paribas RE, CBRE and Colliers data

INVESTMENTS AND DISINVESTMENT OF FOREIGN OPERATORS IN ITALY (Mln €)

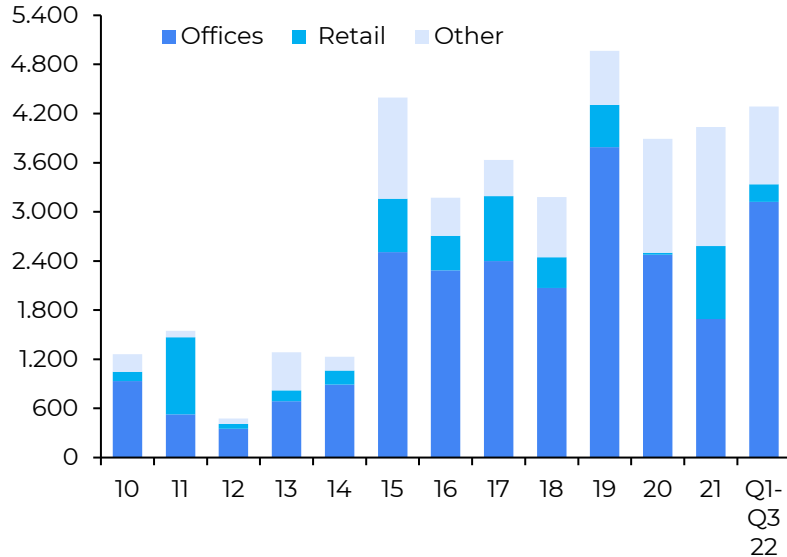


Source: Nomisma elaborations on BNP Paribas RE, CBRE and Colliers data

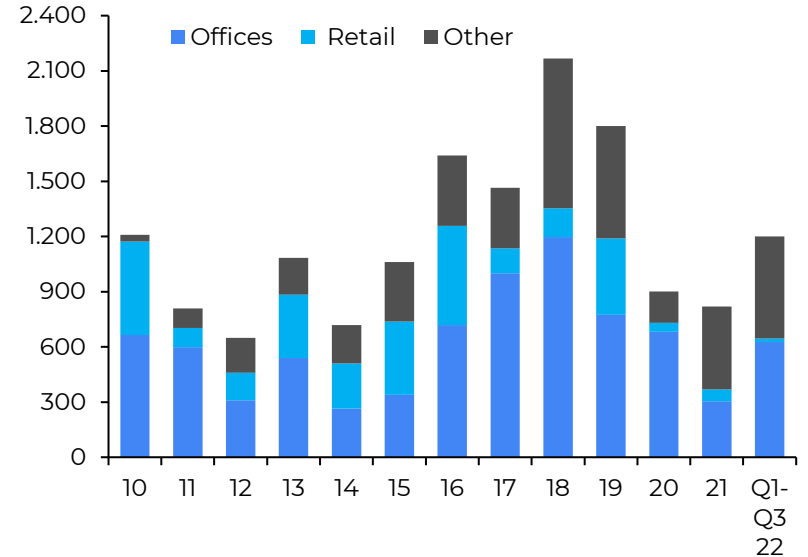
# REAL ESTATE CORPORATE INVESTMENTS



**MILAN** (MIn €)



**ROME** (MIn €)



Source: Nomisma elaborations on BNP Paribas RE, CBRE and Colliers data

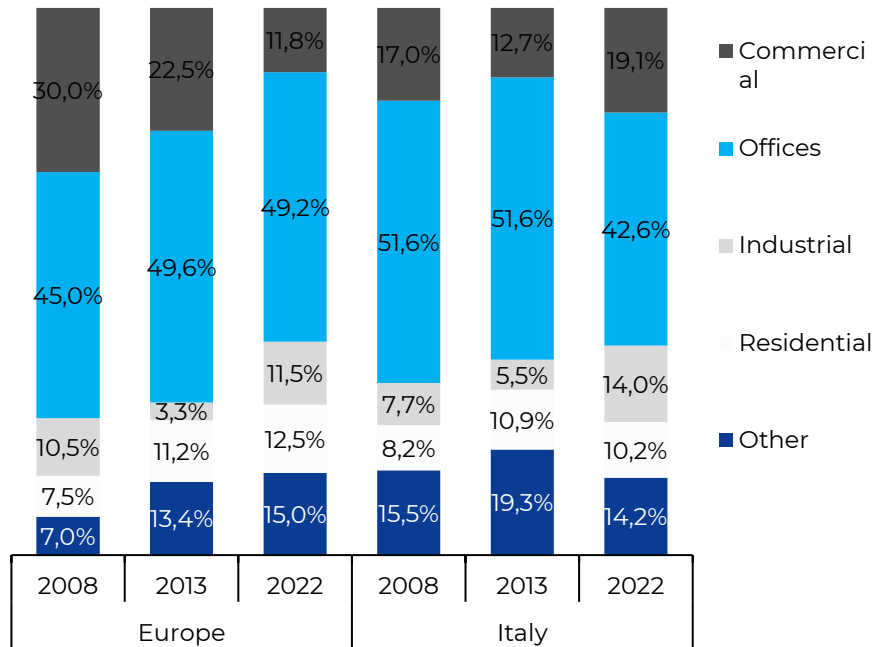
Source: Nomisma elaborations on BNP Paribas RE, CBRE and Colliers data

## ITALY – TOP DEALS 2022

PERIOD	AREA	TYPE	SIZE (SQM)	PRICE (MLN €)	BUYER	SELLER
Q3 2022	Milano (North)	Office	21.000	330,0	Generali RE / Generali Europe Income Holding Fund	JP Morgan / Sericon Investment Fund (Savills IM)
Q1 2022	Milano and Roma (North/Centre)	Office	75.000	300,0	Coima SGR / Fondo Porta Nuova Liberazione	Apollo Global Management (Enpam)
Q1 2022	Milano and Roma (North/Centre)	Residential	-	300,0	InvestiRE SGR / Fondo Basiglio, Hestia e Aiace	Apollo Global Management (Enpam)
Q2 2022	Como, Bergamo, Lodi, Pavia, Piacenza, Mantova and Belluno (North)	Building plot	300.000	300,0	Coima SGR / Fondo Coima Logistics Fund II	Logiman
Q2 2022	Oppeano (North)	Logistics	246.000	274,0	Patrizia / Fondo EuroLog	Starwood Capital Group
Q3 2022	Milano (North)	Office	30.000	243,0	Kryalos SGR / Fondo Milan Trophy RE Fund 4	Kryalos SGR / Fondo Arete (Blackstone)
Q1 2022	Milano (North)	Office	74.600	221,1	Henderson Park	A2A
Q2 2022	Milano (North)	Office	30.000	200,0	Hines	Bnp Paribas Reim / Fondo, Yard Reaas
Q3 2022	Noviglio	Building plot	-	200,0	Compass Datacenters e Hines	-
Q3 2022	Assago (North)	Office	42.000	188,0	Generali Real Estate SGR / Fondo Fleur (Enpaia, Generali e Brioschi)	-

# ITALIAN REAL ESTATE FUNDS

## COMPARISON BETWEEN THE ASSET ALLOCATION OF ITALIAN AND EUROPEAN REAL ESTATE FUNDS



During the first half of 2022, the real estate fund industry recorded **a reduction in the number of active** funds (from 714 to 708 funds) and a substantial stabilization of the value of managed assets (+0.4%).

The geographical asset allocation continues to be concentrated mainly in Lombardy and Lazio, first of all **in Milan and Rome**, while in the rest of the country **investments in logistics and hotels prevail**, due to the recovery of tourist flows.

The **national asset allocation** is in line with the market of European vehicles. The trend **seems to favor office core buildings with high energy performance or logistic and hotel assets**. The residential segment (multifamily) is not yet developed in Italy compared to the European context, except in Milan limited to some city areas affected by significant interventions on which the interest of investors is concentrated.



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**Professionalism of a wide network of experts**



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