

REAL ESTATE MARKET – 2018 – ITALY

Residential real Estate Market

The number of residential transaction, registered an increase in 2018.

This trend can be found in some of the main Italian metropolitan cities (Rome, Milan, Turin, Naples, Genoa, Florence, Bologna and Palermo).

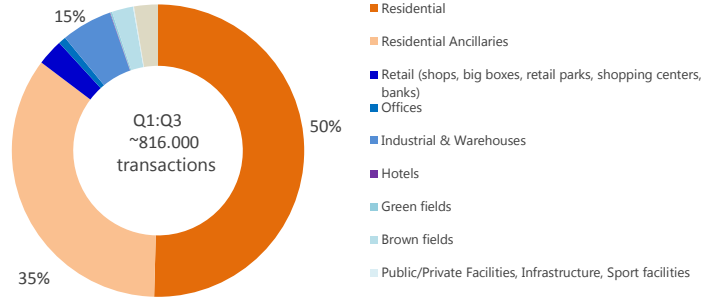
In the first three quarters of the year, the sales relating to the Italian housing market grew over 1%, compared to the same period of 2017. The increase, is driven by the sale of new residential buildings (+ 9.4%).

Commercial Real Estate

The purchase increase trend of commercial properties reflects the current economic scenario.

On the basis of the data published by the "Agenzia delle Entrate", the first three quarters of 2018 show a growth in total sales volumes (+ 4.8%), compared to the same period of the previous year, with reference to the sector analyzed (Shops, Laboratories, Deposits, Offices). The market is still positively oriented, but there are signs of a slowdown, recorded in the last months of 2018.

Photography of 2018 - number of Transaction per use Q1-Q3 2018



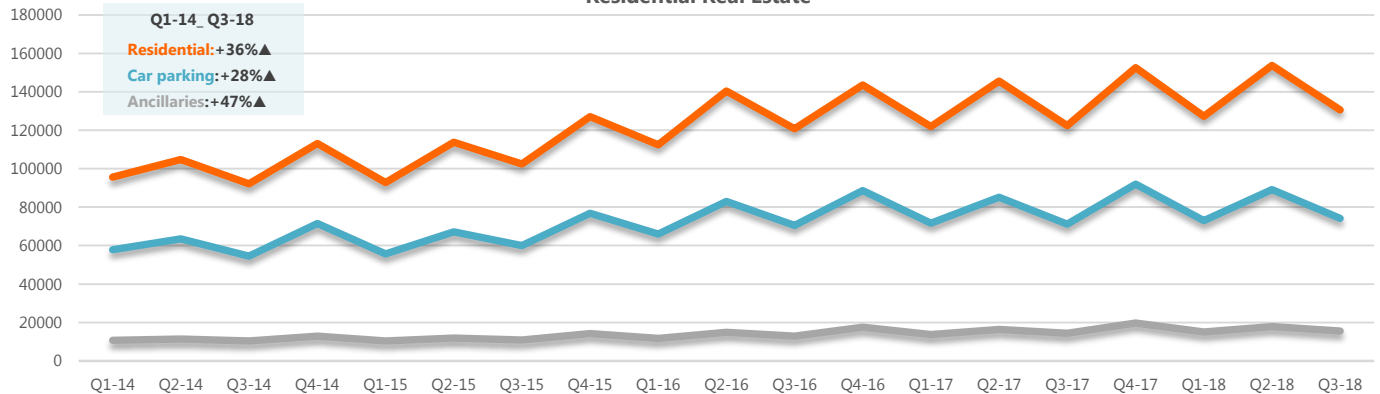
Source: Achademia Research Department

Residential Market represents ca. the 85% of the transactions occurred in the first three quarters of 2018.

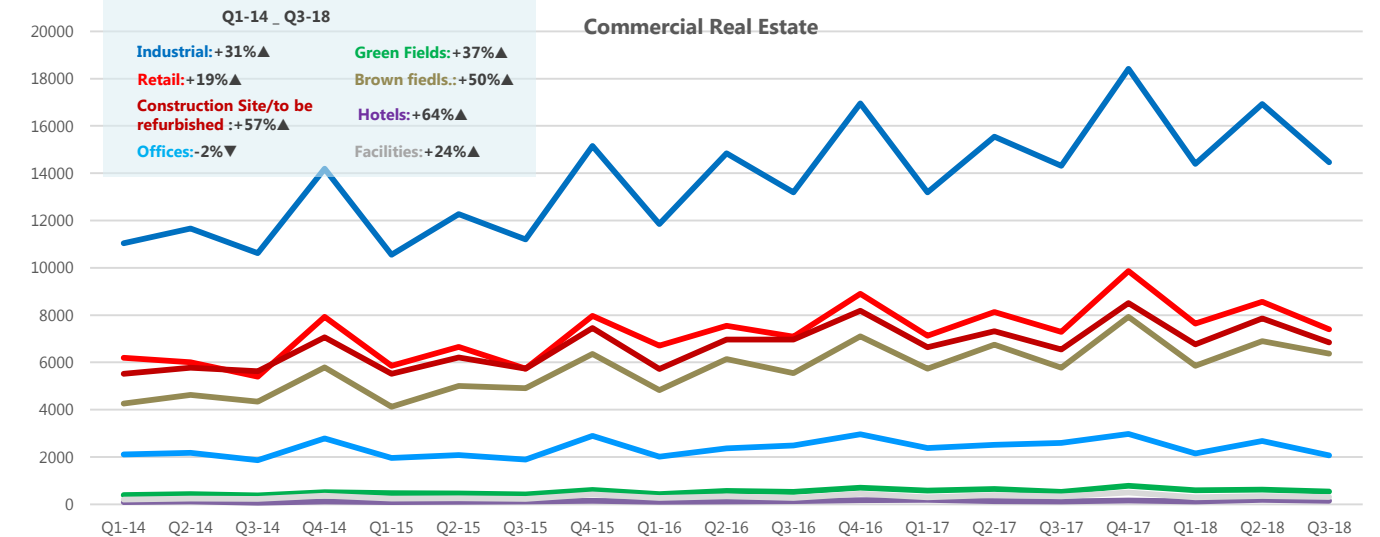
We highlight that the number of real estate auctions (full 2018) has been over 245.000, equal to a + 4.6% compared to 2017, where the auctions represented ca. the 20% of the total transaction amount.

Transaction trend : Q1_2014-Q3_2018

Residential Real Estate



Commercial Real Estate



REAL ESTATE INVESTMENT MARKET – 2018 – ITALY

Investment Outlook

The main players report how the 2018 registered a decrease of investment volumes: about 20-25% compared to 2017.

The contraction in volumes reflects the long period of political uncertainty, the simultaneous increase in the spread and the lack of product.

If 2017 could be considered, for investments, an anomalous year, characterized by the sale of exceptional prime assets, during 2018, there were almost 20 transactions of portfolios exceeding 100 million euro.

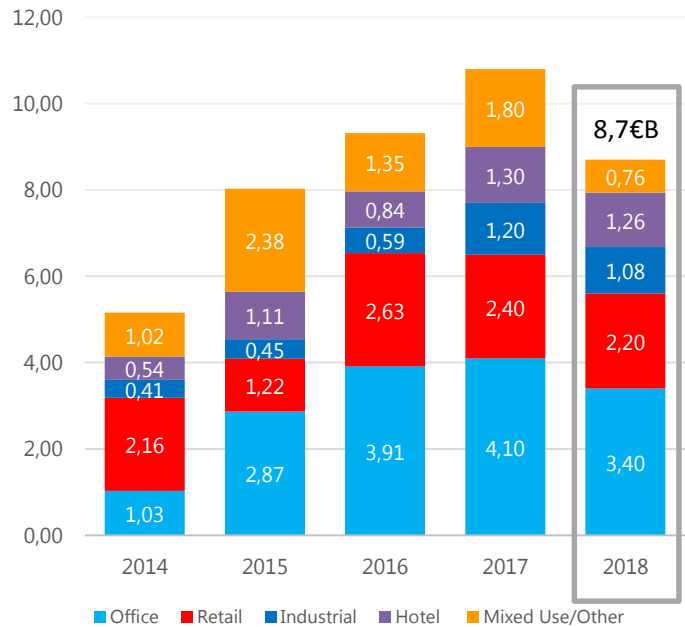
The Offices segment, with ca. 3,4 €B (about 1.6 €B in Q4), seems to be the most liquid segment for investments. Main players registered a further yield compression around 3.50% net for Milan and 4.00% net for Rome.

Retail continues to represent a fundamental asset for investments, with particular regard to shopping centers. Total volumes, amounting to 2,2 €B for 2018, are confirmed to be substantially in line with previous years.

The hotel market, which represents ca. the 10% of investment volumes, remains stable compared to the previous year with total investments of 1,26 €M concentrated for a large part (ca. 40%) in Rome.

Logistic market shows a renewed interest generated from e-commerce. The outlook for the next six months is stable even if there are no uncertainties linked to the assessment of the country risk by foreign investors.

Investment Volume 2014-2018 - Italy €B



NPLs Market Outlook

Within the Italian NPE market, during the second half of 2018, several important transactions took place.

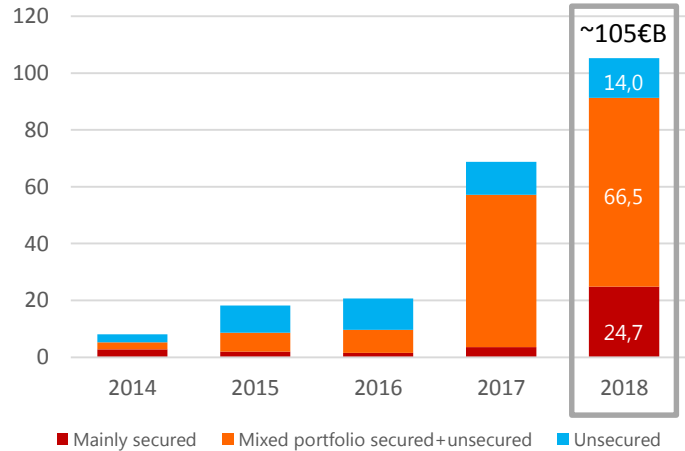
These deals are still part of the strategy adopted by most of the Italian banks, which envisages an intensive and proactive approach for NPE management and resolution.

These NPE portfolio disposals further contributed to the reduction of the NPE stock observed in the last semester and prove the willingness of the Italian banking system to drastically reduce the amount of deteriorated loans present in their balance sheet.

The most important operation in 2018 has regarded the securitization of 24,1 €B of Bad Loan completed by Monte dei Paschi (secured+unsecured) and the 10,8 €B-NPE sold to Intrum of an Intesa Sanpaolo's NPE portfolio (Mainly Secured).

The Trend is characterised by an increase of secured and mixed portfolios (secured+unsecured), with a strong impact on the real estate sector.

NPE transactions trend in the Italian market (€B 2014-2018)



N.B.: The available information in the site have been elaborate from Achademia Research Dept. basing on public sources, on internally developed data and on other sources held reliable. All the opinions and the evaluations are been published according to our judgment, and don't represent consultations to the investment, neither generic neither specifications.