

Italian Market Perspective



OVERVIEW H1 2020

Total volumes in Italy reached around €3.5 billion in H1 2020, down by 29% YoY and 18% compared with the last 5 year average.



In H1 2020, the commercial real estate recorded a slowdown in terms of investment volume mainly ascribable to the hotel sector downtrend; excluding the Belmond deal in Q2 2019, the variation drops at -8%.

ASSET TYPE

| | | | | |
|--------------------|-------------------------------------------------------------------------------------|------------------|---|-----------|
| Offices |  | € 1.50 bn | ↓ | -20% YoY |
| Retail |  | € 0.94 bn | ↑ | +45% YoY |
| Hotel |  | € 0.40 bn | ↓ | -80% YoY |
| Mixed/Other |  | € 0.36 bn | ↑ | +390% YoY |
| Logistics |  | € 0.32 bn | ↑ | +25% YoY |

Office product recorded the highest demand during the period, attracting about 42% of the total investment volume at € 1.5bn.

MILAN OFFICE
PRIME NET YIELD
3.40% ↓ YoY

ROME OFFICE
PRIME NET YIELD
3.75% ↓ YoY

A slowdown also occurred in relation to take-up, both for offices in Milan and Rome, and for logistics.

MILAN OFFICE
TAKE UP **-30%**

ROME OFFICE
TAKE UP **-71%**

LOGISTICS
TAKE UP **-16%**

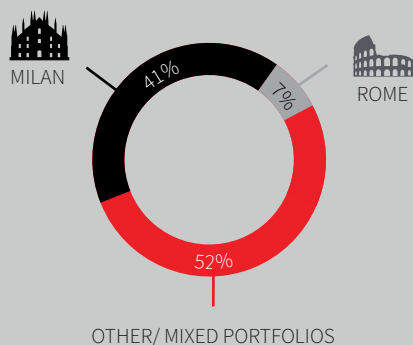
BUYERS NATIONALITY

International investors maintain a central role although domestic investment registered a significant increase in H1 2020 representing 54% of the total volume invested.

| | | | |
|-------------------------------------------------------------------------------------|----------------------|-----------------|--------|
|  | Italy | € 1.9 bn | (+96%) |
|  | Europe | € 0.8 bn | (-60%) |
|  | Global | € 0.5 bn | (-40%) |
|  | Asia & ME | € 0.2 bn | (-75%) |
|  | America | € 0.1 bn | (-75%) |

GEOGRAPHIES

Milan continues to be the leading Italian market for both leasing and investment.



OUTLOOK H2 2020

The first semester of 2020 looks only partially affected by Covid-19 as many deals were originated before the pandemic. A growing interest in residential PRS has been confirmed by the closing of deals related to land and development projects. The hotel sector, despite the registered slowdown, remains a key focus for investors.

The second part of the year will be crucial in a scenario characterized by great uncertainty, as the length of the crisis will determine the speed of the recovery. In the upcoming months, governments and central banks measures, companies' responses to the crisis and consumers behaviors will have a significant impact on the macroeconomic trends and therefore on the real estate sector. Capital available for deployment into real estate is still high and the Italian market confirms its attractiveness.



OFFICE

The office market still looks promising.

The global pandemic has a direct impact on the way we work, but increased homeworking does not necessarily lead to a lower demand for office space.

Remote working, technology, office design and commuting patterns will have a major role in shaping the future of office demand.



RETAIL

In the next months, overall investors will remain cautious in committing to retail transactions.

The pandemic had a modest impact on supermarkets and big boxes while, in the short term, the high street sector is the most affected due to the lack of tourists and workers in the city centers.

Trade sales are improving but still negative.



LOGISTICS

The sector continues to be highly dynamic with a strong interest for developments and last mile.

Demand will be focused on smart assets with consistent investments in technology in order to optimize performance and data flow. Building greater supply chain resilience to mitigate risks will become an increasing area of focus.

Main trends: innovation technologies, ESG factors, quality products and well-being.

Contacts

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