



ITALY INVESTMENT

QUARTER 3 | 2019





INVESTMENT IN ITALY

Over the third quarter, investment volume throughout Italy reached € 2.2 billion – the best outcome of the past decade. From the beginning of the year, the total amount is therefore € 7.2 billion, a strong increase compared with the same period of the previous year. Considering the deals under-negotiation, the € 10 billion threshold should be again surpassed. During the quarter, Italy has recorded a government change that has been well accepted by financial markets. This can be evidenced from the government bond yields at historical lows. As a consequence, despite experiencing a weak economic situation with very low

growth perspectives for the next two years, Italy is able to gain profits from the copious liquidity of Europe. This is also proven by the fact that, during the quarter, the foreign investors have represented 84% of the invested volume. In terms of products, there has been a renovated interest for retail thanks to the relevant transactions that have involved the shopping centres and outlets. However, the volume recorded over the past nine months remain lower than 31% compared with the same period of 2018. Many doubts still remain about this asset class, especially for the shopping centres.

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The strong activity by investors is pushing the market towards an annual volume above € 10 billion

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FIGURE 1: INVESTMENT VOLUME – ITALY (€ million)



FIGURE 2: INVESTMENT BY PRODUCT – ITALY (€ million)

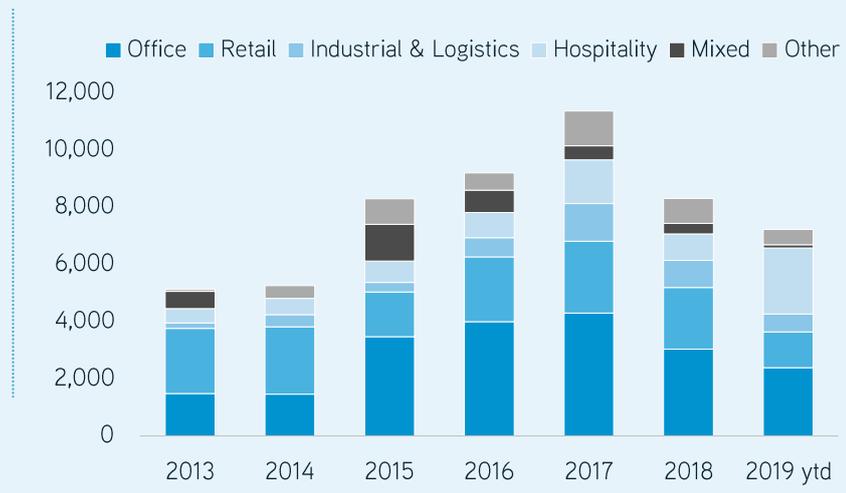
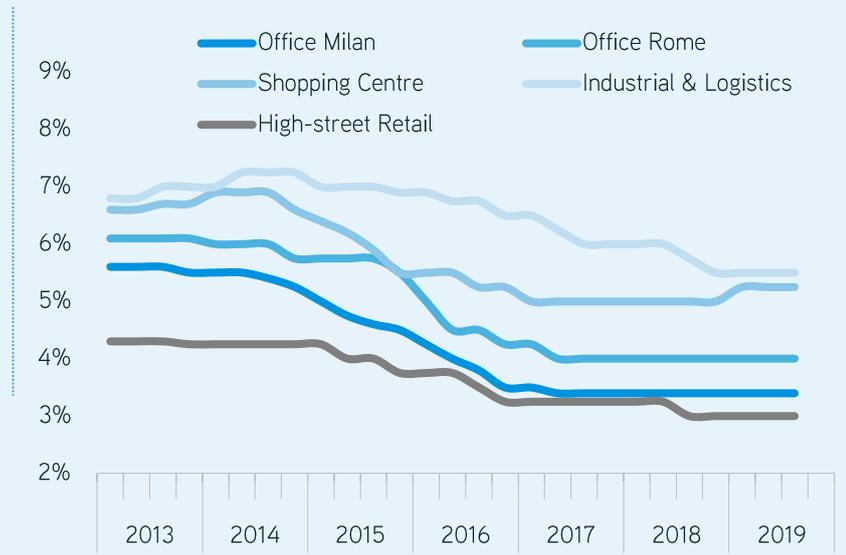


FIGURE 3: NET PRIME INITIAL YIELDS (%)



Sources: Colliers International

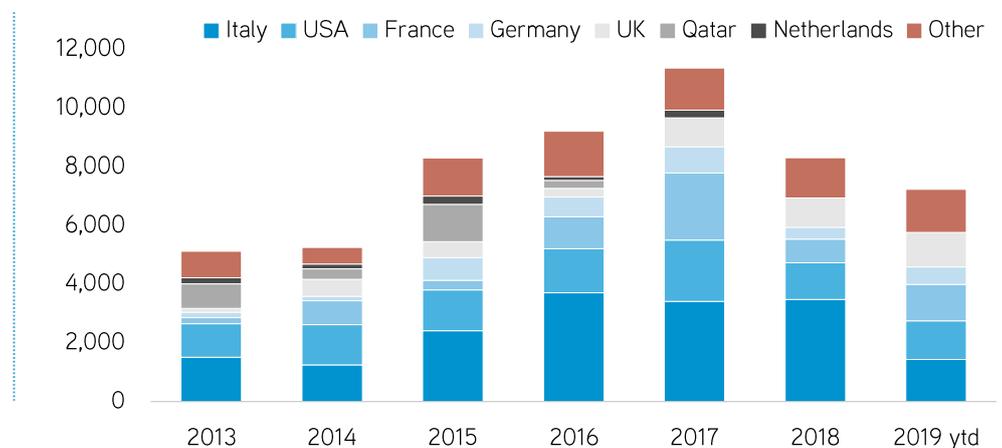
INVESTMENT IN ITALY

Among the five operations accounting for a value higher than € 100 million, three are related to retail properties whereas two are offices. In particular, a vacant property in the CBD of Rome that will be refurbished and a portfolio made up of three core properties – two in Rome and one in Milan. Investments are increasing in both cities, especially in the Capital. The value-added operations conducted in Milan in the past years are coming back into the market as core products, which allows to maintain the yields on very low levels.

Therefore, the investors who are trying to generate new value-added operations are starting to focus better on the city of Rome, which could be, under certain aspects, in

the same situation of Milan in 2015. The demand for offices is increasing whereas the stock quality is low. Consequently, there might be enhancement operations to carry out in order to benefit both the city and the national market. As for the investments in logistics, the interest remains high with a 62% increase in the invested volume compared with the volume recorded in the same period of 2018. The operators' repositioning on the market is interestingly followed by the investors who continue to spot interesting opportunities. Lastly, the hotel industry, though not achieving the record volumes of the first two quarters, is still attracting the investors' interest given the good outcomes in the tourist sector.

FIGURE 4: INVESTORS ORIGIN – ITALY (€ million)

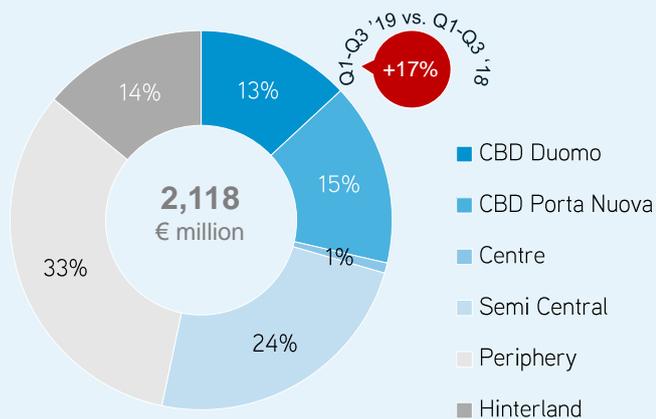


Source: Colliers International

FIGURE 5: INVESTMENT BY MACRO-REGION



FIGURE 6: INVESTMENT – MILAN



NET PRIME INITIAL YIELDS

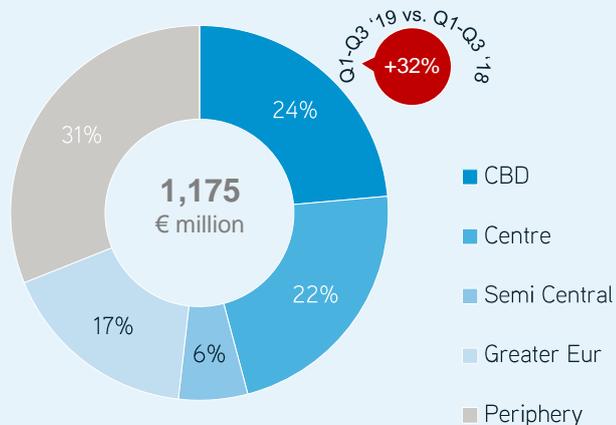
OFFICE

CBD + Centre	3.40%
Semi Central	4.50%
Periphery + Hinterland	5.75%

RETAIL

High Street	3.00%
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FIGURE 7: INVESTMENT – ROME



NET PRIME INITIAL YIELDS

OFFICE

CBD + Centre	4.00%
Greater EUR	5.00%
Periphery	7.00%

RETAIL

High Street	3.25%
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