



Office market in Italy 1h 2014



Office market in Italy - IH 2014

MACRO ECONOMIC INDICATORS

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population (2013)	60.782.668	↑
GDP growth rate QoQ** (II Q 2013-II Q 2014)	-0,10%	↓
GDP forecast (2014)	0,50%	↓
GDP per capita 2013* (\$)	33.094	↓
unemployment rate (2014)	12,60%	↑
disposable household income	-2,45	↓
inflation rate (June 2014)	0,28%	↑
*International monetary fund		
**Q-o-Q % : quarter on quarter % change		

INVESTMENTS

Investment volume registers a mild upturn in the first half of 2014. In Europe the UK and Germany show a good performance in terms real estate investments.

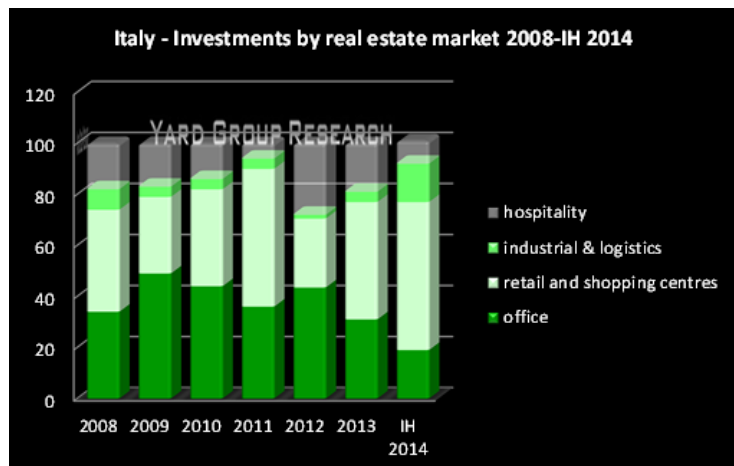
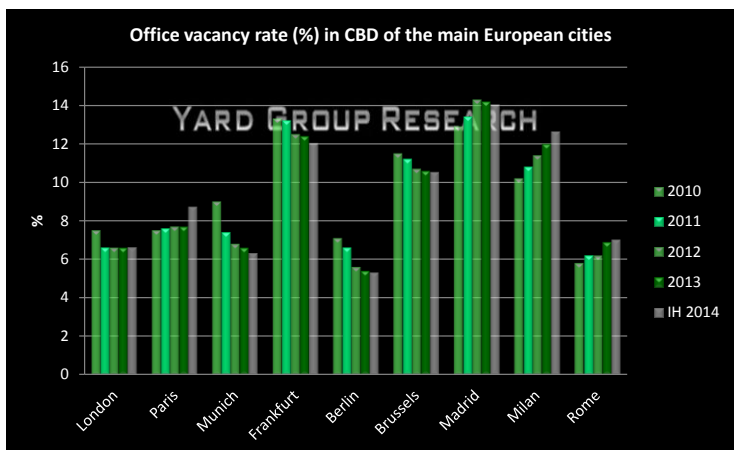
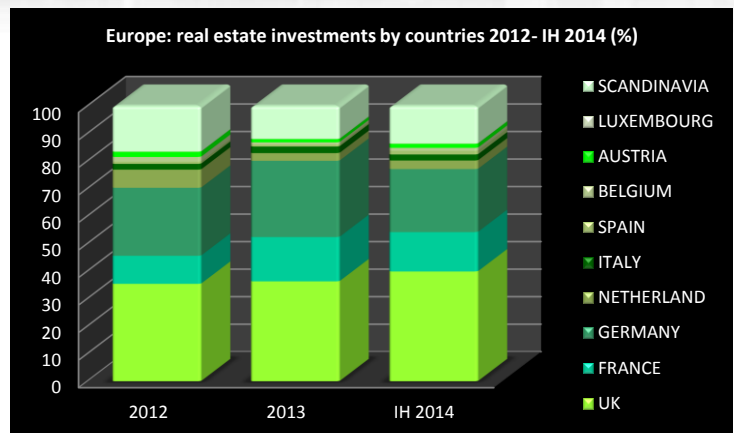
In Italy investments in the corporate market are supported by foreign investors, particularly opportunistic investors have shown interest mainly in the retail segment. The overall scenario is still weak and the level of investments is rather low. The main transactions are in the commercial segment, while the office segment still lags behind with a large stock of vacant space to let.

The investments normally concern entire portfolios of real estate funds which have become the target of opportunistic investors such as American funds (Blackstone), private investment firms (Cerberus Capital management) or sovereign wealth funds (Qatar). If the interest for investment properties is only opportunistic the market confirms its volatility.

OFFICE SPACES IN MILAN AND ROME

The amount of vacant spaces in Milan is increasing and the vacancy rate is about 12.6% but it reaches almost 13% if hinterland is included. Many firms have transferred their offices to out-of-town submarket where modern, more functional and less costly office premises are available but the supply of office space outnumbers the demand.

CBD does not offer any new construction development as there is no available area in the historical district and only refurbishment projects can take place. New office development are present in semi central o more peripheral locations.





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In the North West of Milan, in a semi central location an important mixed-use development project is CityLife (residential and office use). This is the former Milan Trade Fair district.

The office use comprises 150000 sqm. In addition to the existing public transportation network, the CityLife area will be served by a new extension of the metro line 5, currently under construction. Varesine Garibaldi-Porta Nuova districts feature new office spaces delivered in 2013 (North of Milan, semi central area) where primary tenants are Unicredit and Googles. In the South East of Milan the "Symbiosis-Ortles project" a mixed use complex is under construction (100.000 sqm for office use).

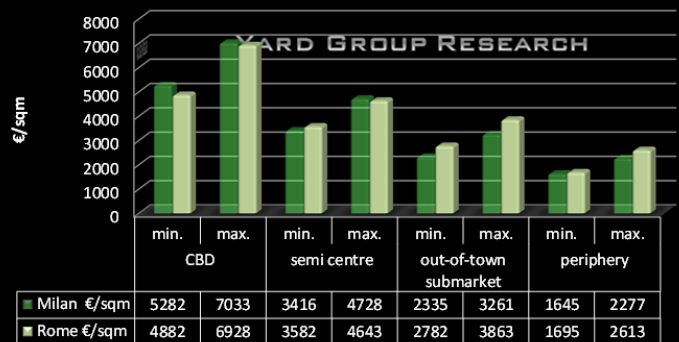
In the North East of Milan other development projects are Former Falk Area where 150000 sqm will be dedicated to office use and Adriano Marelli area which is a former industrial area of 306.724 sqm. In the South West of Milan the residential and office project Milano Fiori Sud comprises a gross area 300000 sqm .

In Rome demand for office space is weak and the number of office transactions registers a decline of 5% compared to 2013. Letting activity is also rather sluggish and a property for let has an average time on market of 7 months.

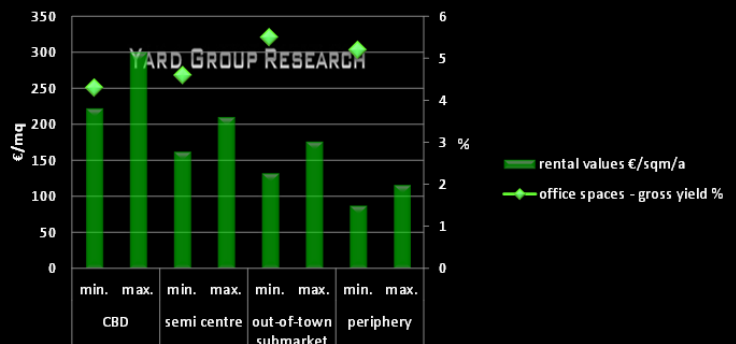
Italy - 2014 MARKET INDICATORS - OFFICE SPACES

Discount on asking price %	17,6
Property for sale - Average Time on Market (ToM) (months)	10,8
Property for rent - Average Time on Market (ToM) (months)	7

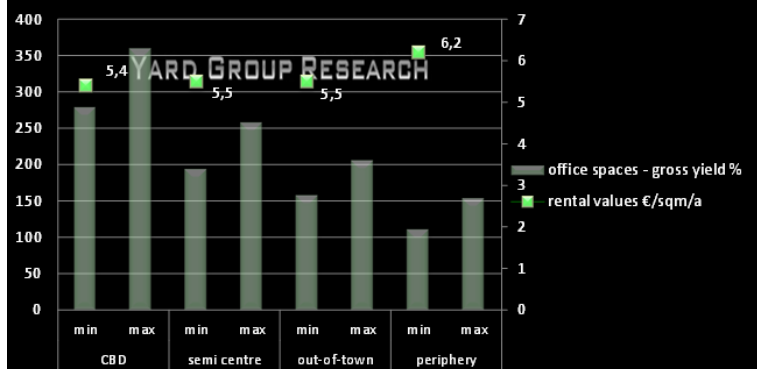
MILAN & ROME- new or fully refurbished office spaces - sale values €/sqm



MILAN office spaces - rental values €/sqm/a and gross yields



ROME office spaces - rental values €/sqm/a and gross yields





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RECENT TRANSACTIONS OF OFFICE SPACES

The main player is Cerberus Capital Management which acquired various office buildings in the major cities: Milan, Rome and Turin

ASSET	DATE	TOWN	SALE PRICE (ML €)	USE	VENDOR	BUYER
Newest	2014 August	Milano	38	Office	CBRE Global Investors Italy	Deka Immobilien Investment
Ico Nuova	2014 July	Ivrea	17,53	Office	IDeA Fimit	Cerberus Capital Management
Via Pianciani 26	2014 July	Roma	35,19	Office	IDeA Fimit	Cerberus Capital Management
Edificio 307	2014 July	Milano	18,85	Office	IDeA Fimit	Cerberus Capital Management
Via Paracelso 22, 24, 26	2014 July	Milano - A. Brianza	8,94	Office	IDeA Fimit	Cerberus Capital Management
Viale Milanofiori ed 1F	2014 July	Assago	35,66	Office	IDeA Fimit	Cerberus Capital Management
Via Tazzoli 6	2014 June	Milano	19,7	Office	IDeA Fimit	AXA Real Estate
Credit Suisse sede Milano	2014 June	Milano	106	Office	Tishman Speyer	Qatar
LightBuilding	2014 June	Milano	45	Office	Blackrock	Hines Italia SGR
Via Lagrange 24	2014 June	Torino	21,5	Office	IDeA Fimit	Lagrange 24 S.r.l.
U10 - Milanofiori Nord	2014 May	Milano - Assago	44,5	Office	Brioschi Sviluppo Immobiliare	AXA Real Estate
Immobili PSA Peugeot Citroën	2014 April	Milano	50	Office	PSA Peugeot Citroën	GWM Group, Pimco
Headquarter milanese Telecom	2014 March	Milano	75	Office	Telecom Italia S.p.A.	Fabrica Immobiliare Sgr SpA
Pirelli HQ2	2014 January	Milano	47,5	Office	Prelios SGR	BNP Paribas Real Estate

transactions over 35 ml € are highlighted in green

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