

Office market in Italy - H1 2017

MACRO ECONOMIC INDICATORS

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population (2016)	60.665.551	↑
GDP annual growth rate (Jan 2017)	0,20%	↑
GDP forecast (2017)	1,00%	↓
GDP per capita 2017* (\$)	30.891	↑
unemployment rate (2016)	11,50%	↓
disposable household income (OECD annual growth rate)	0,82%	↑
inflation rate (Dec 2016)	0,90%	↑
*International monetary fund		
**Q-o-Q % : quarter on quarter % change		

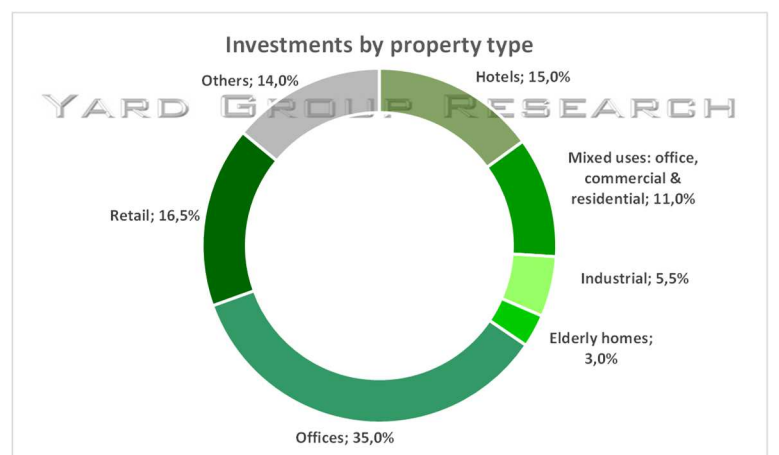
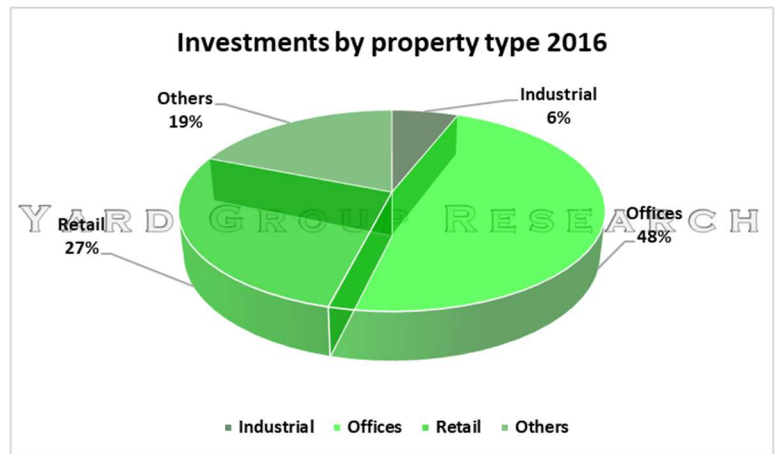
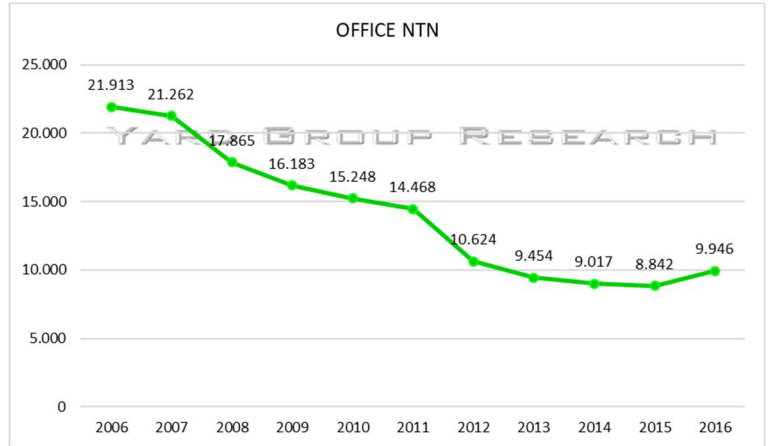
INVESTMENTS

The office property market registers a positive performance in terms of number of transactions. It appears to be more dynamic, especially in central areas of big cities like Milan and Rome. The line chart on the right shows the normalized number of transactions in the last decade. The transactions in 2016 exceeded forecast figures. This segment represents 48% of investment volumes as shown in the pie chart on the top right.

The office real estate investments show a dynamic trend, confirming that the Italian market is still appealing especially for international investors, despite the limited supply of grade A office spaces.

The office market indicators are reported in the table below:

OFFICE MARKET INDICATORS	
Discount on asking price % (new residential premises)	13,5%
Property for sale average time on market (ToM) months	8
Property for rent average time on market (ToM) months	6



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OFFICE SPACES IN MILAN AND ROME

The following table shows office asking prices broken down by area, in Milan and Rome (€/sqm):

Towns	CBD		semi centre		out-of-town submarket		periphery	
	min.	max.	min.	max.	min.	max.	min.	max.
Milan	5.015	6.629	3.208	4.547	2.228	3.121	1.513	2.143
Rome	4.647	6.571	3.389	4.389	2.557	3.540	1.578	2.398

In central areas asking prices register an upturn compared to last year.

Rental values in Rome and Milan are reported in the table below:

MILAN OFFICE RENTAL VALUES AND YIELDS	CBD		semi centre		out-of-town submarket		periphery	
	min.	max.	min.	max.	min.	max.	min.	max.
yields (%)	4,1	4,5	4,4	4,8	5,4	5,8	5	5,4
rental value	210	360	153	202	127	174	80	110

ROME - OFFICE RENTAL VALUES AND YIELDS	CBD		semi centre		out-of-town submarket		periphery	
	min.	max.	min.	max.	min.	max.	min.	max.
yields (%)	5,2	5,6	5,2	5,6	5,4	5,8	6,1	6,5
rental values (€/sqm)	262	344	184	243	149	196	103	###

Milan

Investment volume registered an upturn with important transactions closed, especially by international investors and property funds.

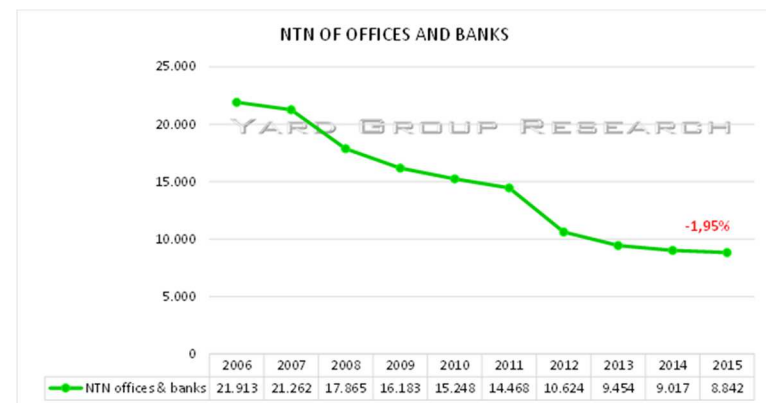
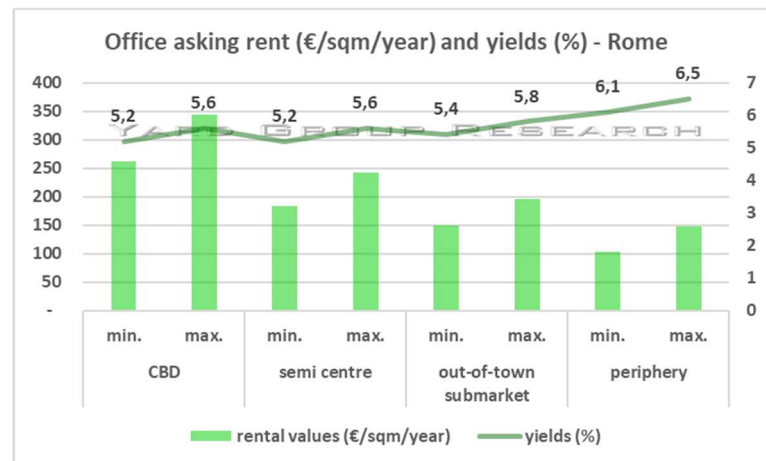
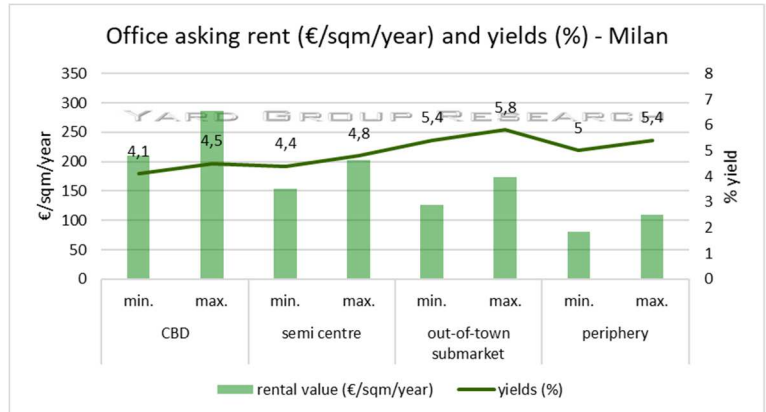
The office property market is more buoyant in 2016 and the market outlook is positive. **Prime rents are about 450-500 €/sqm/year (class A office spaces) with yields of 3,5-4%.**

Rome

The Rome office market is more sluggish compared to the Milan market showing very few transactions and reduced letting activity. Class A office spaces are very limited.

Prime rents are stable in the historical centre and Eur district at about 380-400 €/sqm/year with yields at 4%.

The most significant transactions in Milan and Rome are reported in the following table.



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YARD GROUP RESEARCH

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ASSET	DATE	PR	TOWN	VALUE (euro/mln)	USE	VENDOR	BUYER	SURFACE sqm
store in Via Alpino Roma	June 2017	RM	Roma	0,9	Commercial Retail	IDeA Fimit SGR, Fondo Beta		
Roma, "I Tolentini"	May 2017	RM	Roma	120	Office	BNL	Amundi RE Italia SGR	
Roma Europarco Business Park	May 2017	RM	Roma	n.a.	Office	Aberdeen Asset Management, Commerzbank	Amundi RE Italia SGR	20.500
Roma	May 2017	RM	Roma		Residential		Torre SGR SpA	
Via San Basilio 72	December 2016	RM	Roma	36,65	Office	Prelios SGR	Atlantica Properties	6.500
Trophy Asset Piazza Augusto Imperatore	December 2016	RM	Roma	95	Other	Investire SGR SpA	Atlantica Properties SpA	14.000
Via del Corso	October 2016	RM	Roma	20	Commercial Retail	-	Aew Europe	
via del Policlino 149b via Donizzetti	October 2016	RM	Roma	24	Office	Famiglia Gianni	Grimaldi Group (Caprim)	
via delle Quattro Fontane	October 2016	RM	Roma	50	Office	Grimaldi Group (Caprim)	Famiglia Gianni	
Market Central Da Vinci	September 2016	RM	Roma	208	Commercial Retail	-	M&G Real Estate, GWM Group	25.100

ASSET	DATE	PR	TOWN	VALUE (euro/mln)	USE	VENDOR	BUYER	SURFACE sqm
V Palazzo	June 2017	MI	San Donato Milanese	180,00	Office	UniCredit Leasing	Kryalos Asset Management, York Capital Management	66.000
Milano Fiori	June 2017	MI	Assago	5,9	Commercial/Retail	Brioschi Sviluppo Immobiliare SpA, Milano Fiori 2000	-	
San Nicola Milano	June 2017	MI	Milano	114,5	Office	Beni Stabili SpA SIIQ	Gruppo Luxottica	
PAM Milano Tostoj	June 2017	MI	Milano	3,17	Commercial/Retail	Torre SGR SpA	PAM Supermercati	
Portfolio of ALFs Milan	June 2017	MI	Milano	64	Elderly care home	Fidesimm	REAM SGR	18500
offices Credito Valtellinese	June 2017	MI	Milano	118	Office	Credito Valtellinese	Beni Stabili SpA SIIQ	21500
Hotel in Milan via Mecenate 89	May 2017	MI	Milano	8,3	Hotel		Torre SGR SpA	
Milan via Principe Amedeo 49	May 2017	MI	Milano	41,9	Office	-	Beni Stabili SpA SIIQ	7.000
Milan Via Marostica	May 2017	MI	Milano	24,7	Office	-	Beni Stabili SpA SIIQ	10.500
Building at Corso Sempione Milan	May 2017	MI	Milano	10	Office	-	Fondo pensioni italiano	4.800
Cassina Plaza Business Park	apr-17	MI	Milano	n.a.	Office	Cassina Plaza Milan	Investire SGR SpA, Fondo Pegasus	42.000
offices viale Pirelli Milan	apr-17	MI	Milano	n.a.	Office	BNP Paribas Real Estate, Neif	Savills Investment Management, A12 Italie	15.000
HQ2	April 2017	MI	Milano	52	Office	Next Estate Income Fund	Aviva Investors Real Estate France	
3 Allianz buildings Milan	April 2017	MI	Milano	120	Office	Allianz SpA	Kryalos Asset Management	31.600
ALFs Via Pastrengo Milano	March 2017	MI	-	23	Elderly care home	Fabrica Immobiliare SGR	-	11.000
Via Tolstoj 63/65 a	March 2017	MI	San Giuliano Milanese	13	Logistics	Castello SGR	Kryalos Asset Management	19.391
Corso XXII Marzo 22	March 2017	MI	Milano	13	Residential	Comune di Milano, Bnp Paribas REIM Sgr pA	Newco, COventidue	5.000
Ex sede Luxottica	March 2017	MI	Milano	100	Office	Luxottica	Hines Italy	12.000
Store Upim	February 2017	MI	Milano	55	Commercial Retail	Porta Rossa		3.750
Garage Traversi	February 2017	MI	Milano	70	Other	Banco Popolare Società Cooperativa	Bnp Paribas REIM Sgr pA, Hayrish Italia	
Galleria San Carlo 6	January 2017	MI	Milano	54	Office	IDeA Fimit SGR	-	
Milano via Privata Deruta	January 2017	MI	-	46	Office	Warburg-HIH Invest	COIMA RES	13.650
Via Borgogna 8	January 2017	MI	Milano	85	Office	-	Fabrica Immobiliare SGR	

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