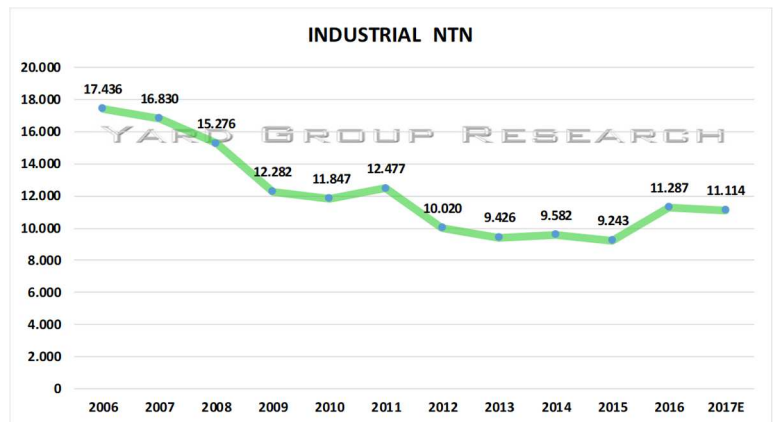


# Industrial & logistics real estate market in Italy H2 2017

## KEY ECONOMIC INDICATORS

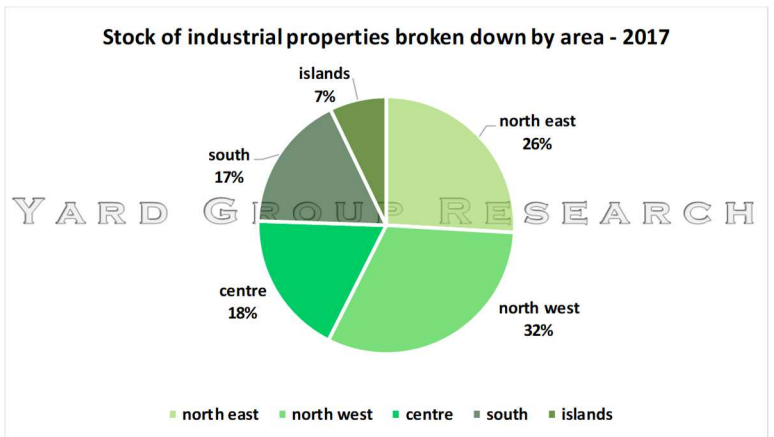
MACRO ECONOMIC INDICATORS		
population (2017)	60.589.445	
GDP annual growth rate (July 2017)	0,40%	↑
GDP forecast (2017)	1,20%	↑
GDP per capita 2017* (\$)	29.747	↓
unemployment rate (2017)	11,20%	↓
disposable household income (OECD annual growth rate)	1,31%	↑
inflation rate (Oct 2017)	1,10%	↑
<i>*International monetary fund</i>		
<i>**Q-o-Q % : quarter on quarter % change</i>		



## NORMALISED TRANSACTIONS

The number of transactions registered an upturn in 2016 with stable NTN in 2017, the growth is now positive following years of decline. We indicated an estimate of industrial transactions based on the first 9 months of the year.

Economic indicators still show a weak GDP growth in 2017, the unemployment rate is about 11%, whilst inflation rate is slowly increasing following the QE policy of the ECB who will start the tapering programme in 2018 and in Q3 2018 the Euro-area monetary policy reaches a turning point: QE ends, but with a pledge that proceeds from maturing debt will continue to be reinvested; the table below shows market indicators for the industrial/logistic sector:

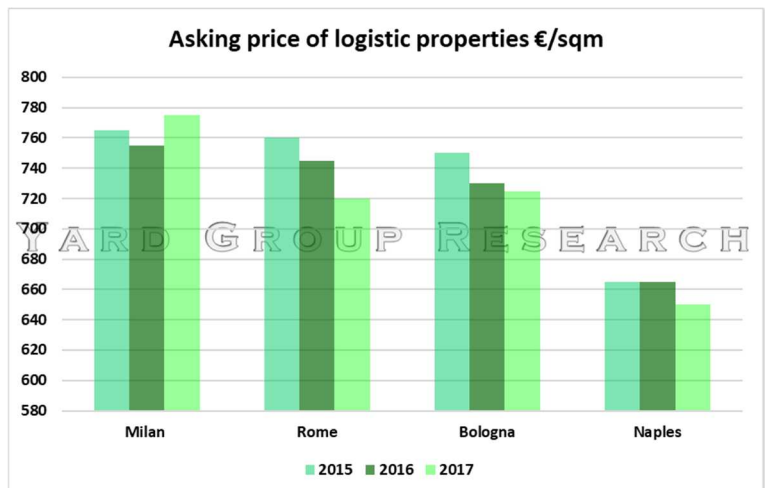


MARKET INDICATORS	
average discount on asking price	19%
average time on market for sale	13 months
average time on market for rent	9 months
gross yield	7%

## FOCUS ON LOGISTICS

With a turnover of around 80 billion euros and a positive trend that has been confirmed for 4 years, 3PLs remains a growing sector, driven by an increase in freight traffic and an increase in exports. Sale values register a slight downturn as indicated in the table below (new warehouses).

CITY	2015	2016	2017
Milan	765	755	775
Rome	760	745	720
Bologna	750	730	725
Naples	665	665	650



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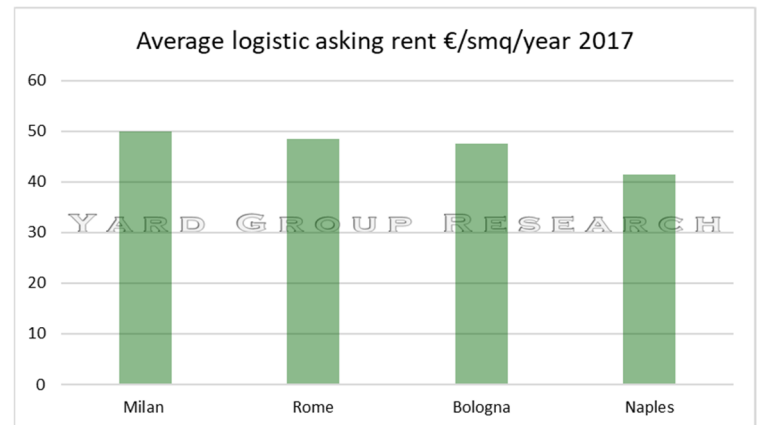
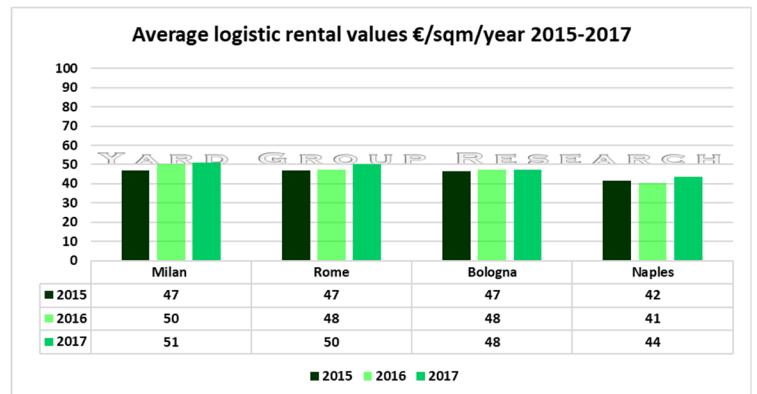
There is a boost towards innovation and the use of modern technology to support multi-channel strategies and the determination to improve the quality of home deliveries relating to the thriving expansion of online purchases. The turnover of the "food delivery" is growing, together with the pharmaceutical sector where logistic space for the timely supply of products is required. The number of e-commerce retailers is growing.

In addition to Amazon, ebay and Zalando a much bigger e-commerce company is expanding in Italy with offices opened in Milan in 2016: Alibaba Group Holding Limited is a Chinese multinational e-commerce retailer, Internet, and technology giant company. It has 500 million customers and it has beaten Amazon in terms of hefty operating margins and earnings growth.

The bar chart on the right shows asking rents in the main cities, in 2015-2017. Unlike sale prices, rental values register a mild upturn.

City	2015	2016	2017
Milan	47	50	50
Rome	47	48	49
Bologna	47	48	48
Naples	42	41	42

The table below shows the most relevant transactions referring to the II semester of 2017. One of the main investors is Kryalos SGR (formerly known as Henderson Global Investors SGR) confirming the appeal of the Italian market.



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ASSET	DATE	PR	TOWN	VALUE (euro/ mln)	USE	VENDOR	BUYER	Surface area sqm
Logistic assets in Lombardy	December 2017			66	Logistics	n.a	Kryalos Asset Management Fondo Camelot	100.000
Logistic portfolio in Emilia-Romagna	December 2017	-	-	n.a.	Logistics	n.a	Kryalos Asset Management	100.000
logistic assets - Carlyle	December 2017	-	-	n.a.	Logistics	Prologis	The Carlyle Group	n.a
Logistic centre Decathlon	October 2017	MB	Basiano	30	Logistics	FAP Investments Srl	Deutsche Asset Management, RREEF Spezial Invest GMBH	45.000
logistic portfolio (4 assets)	September 2017	-		80	Logistics	IDeA Fimit SGR (fondo Ippocrate)	Kryalos Asset Management (fondo Camelot)	160.000
Logistic complex STI Nogara	July 2017	VR	Verona	n.a.	Logistics	Techbau	CBRE Global Investors	66.000

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