

# Residential Property Market in Italy H1 2018

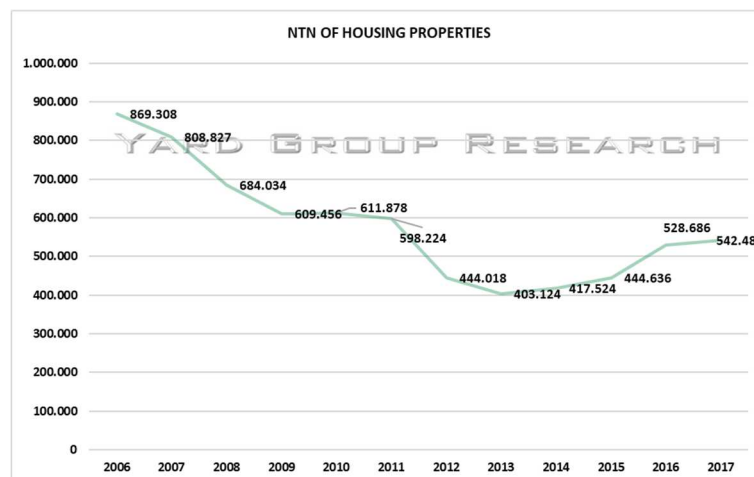
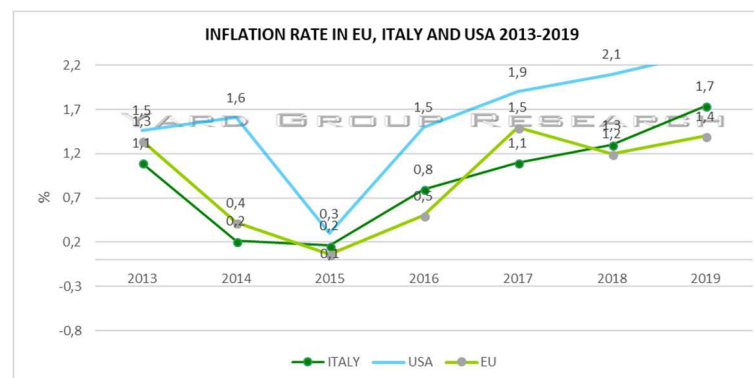
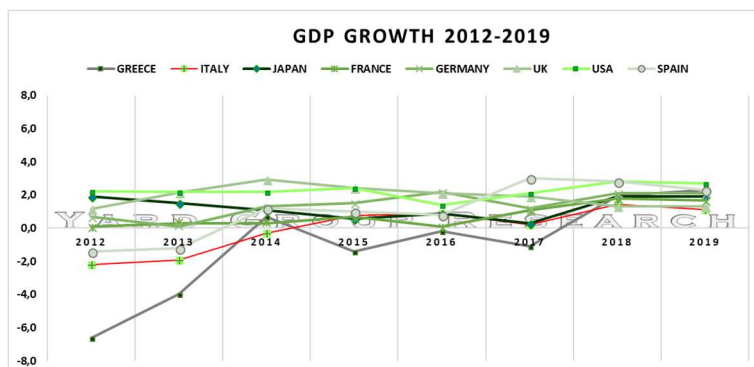
## MACRO ECONOMIC INDICATORS

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population (2017)	60.905.976	
GDP annual growth rate (March 2018)	0,30%	↓
GDP forecast (2018)	1,10%	↓
GDP per capita 2017* (\$)	33.725	↑
unemployment rate (2017)	11,20%	↓
household disposable income (OECD annual growth rate)	1,10%	↓
inflation rate (May 2018)	1,10%	↑
<i>*International monetary fund</i>		
<i>**Q-o-Q % : quarter on quarter % change</i>		
<i>a comma is used as decimal separator</i>		

## THE GROWTH OF RESIDENTIAL TRANSACTIONS LEADS THE PROPERTY MARKET

According to the data published by the Agenzia delle Entrate (Italian Revenue Authority) the residential sector registered 542.480 normalised transactions (NTN) in 2017 and an upturn in the first quarter of 2018 with 127.277 transactions (+4,3%) compared to the first quarter of 2017. This upward trend started in 2014 confirming an incremental improvement. Increased sales of residential properties also led to an upturn in the number of mortgage loans requested. Macro-economic indicators still show a weak GDP growth and an unemployment rate of 11,2%. Gross NPLs decreased and more NPL portfolios are expected to be traded 2018.

YEAR	RESIDENTIAL NTN
2006	869.308
2007	808.827
2008	684.034
2009	609.456
2010	611.878
2011	598.224
2012	444.018
2013	403.124
2014	417.524
2015	444.636
2016	528.686
2017	542.480



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HOUSING MARKET INDICATORS	
Discount on asking price % (new residential dwellings)	12%
Property for sale average time on market (ToM) months	75
Property for rent average time on market (ToM) months	3

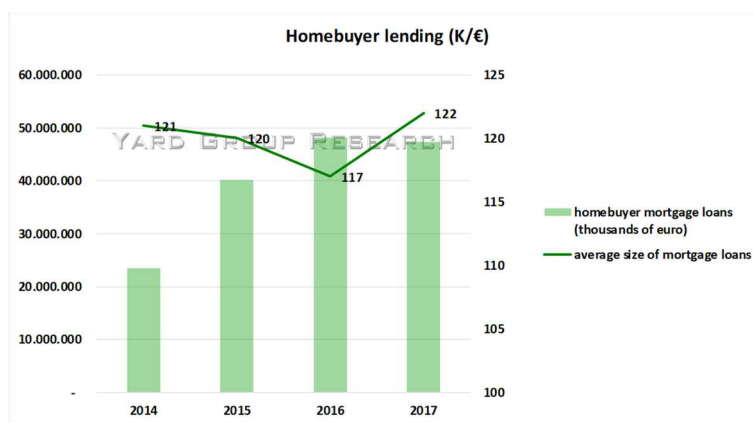
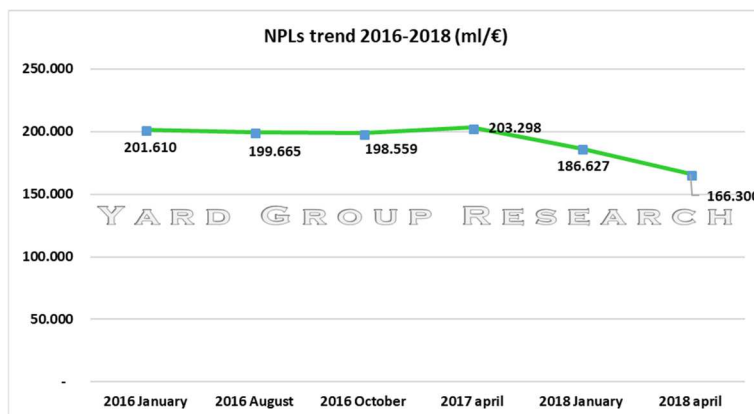
## MORTGAGE LOANS MARKET & NPLs

We report the growth of NPLs from 2016 to the present. The data are drawn from the Bank of Italy. The amount of gross NPLs registered a downturn due to the disposal of some NPL portfolios. With reference to the size of businesses SMEs continue to represent the greatest share of gross NPLs. Construction is the sector which shows the highest percentage of gross NPLs, followed by manufacturing products.

The Government has put in place various reforms and measures to encourage the creation of a market for non-performing loans, giving a clearer context for NPL market players: acting on improving procedures and shortening foreclosure timelines through legal and regulatory measures, using out-of-court procedures facilitating NPL portfolio funding (GACS) and improving the tax regime. The average duration of bankruptcy procedure is about 7,5 years, with very high recovery costs compared to other EU countries.

Significant NPL transactions:

Project Fino: €17,7 billion disposed by Unicredit, €16,8 billion disposed by Banca Popolare di Vicenza and Veneto Banca through their bailout, €24 billion of Bad loans sold by MPS through securitisation; the disposal of €10,8 billion of Bad Loans sold by Intesa Sanpaolo through their NPL platform to Lindorff-Intrum Justitia.



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