

# Office 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>		

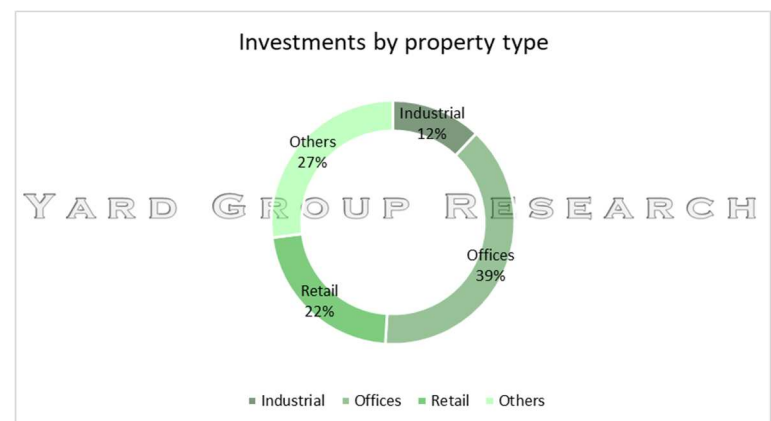
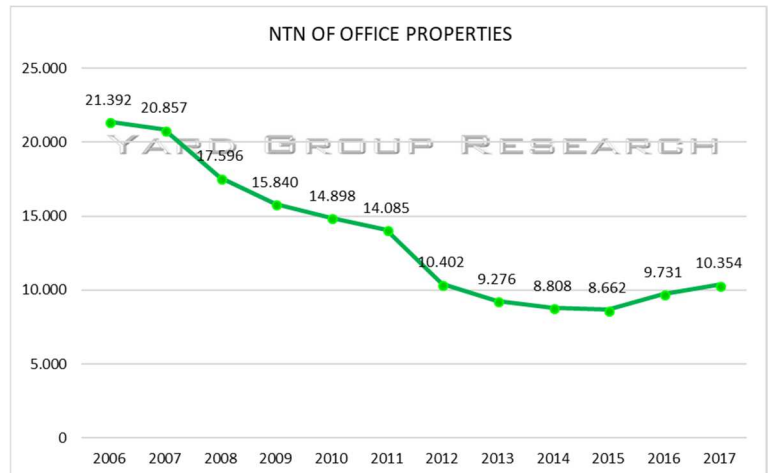
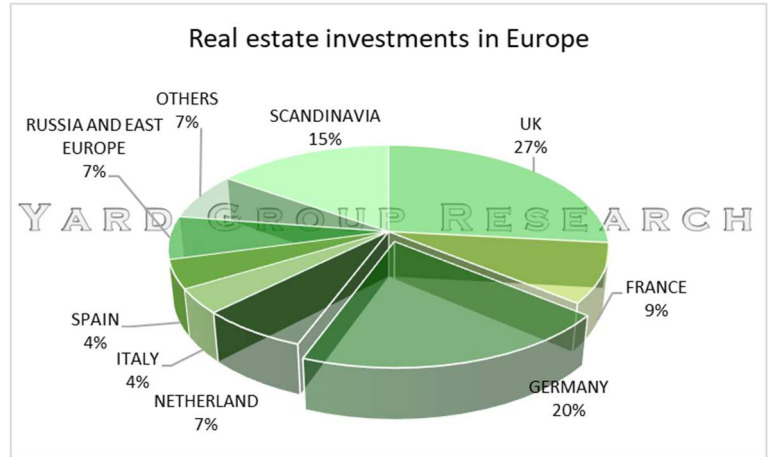
## INVESTMENTS

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, with 2017 confirming incremental growth (+6,4%). NTN of office properties register a downturn in the first quarter of 2018 probably due to the Italian political uncertainty and elections in March and relating difficulties in forming a government.

Investments show a dynamic trend, registering upturns for Germany, France and the Netherland. The Italian market is still appealing especially for international investors, despite the limited supply of class A office spaces.

The office market indicators are reported in the table below:

OFFICE MARKET INDICATORS	
Discount on asking price % (new premises)	12-14%
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 asking prices broken down by area, in Milan and Rome (€/sqm):

CITY	CBD		semi centre		out-of-town submarket		periphery	
	min.	max.	min.	max.	min.	max.	min.	max.
Milan	4.956	6.561	3.240	4.519	2.211	3.068	1.516	2.127
Rome	4.608	6.590	3.324	4.318	2.537	3.559	1.531	2.384

Asking prices register a slight increase compared to the previous year. Rental values in Rome and Milan are reported in the table below:

Milan office asking rent and yields	CBD		semi centre		out-of-town submarket		periphery	
	min.	max.	min.	max.	min.	max.	min.	max.
yields (%)	4,1	4,7	4,4	4,8	5,3	5,6	5,8	6,1
rental value (€/sqm/year)	212	291	155	203	126	172	80	110

Asking rent for class A offices register a slight upturn and it is stable for other office spaces.

Rome office asking rent and yields	CBD		semi centre		out-of-town submarket		periphery	
	min.	max.	min.	max.	min.	max.	min.	max.
yields (%)	5,2	5,6	5,3	5,6	5,5	5,8	6,1	6,4
rental values (€/sqm/year)	261	343	182	242	146	194	100	144

### Milan

In 2018 office properties are still the favourite asset class, even if investors now tend to diversify e.g. with hotels, high-street retail stores, ALFs and student housing. However, Milan is still the leading market with the largest supply of class A office spaces. Rental values are slightly on the rise and time on market is about 6 months for rent and over 9 months for sale. Demand is still very selective and **office vacancy rate is about 12%**. Porta Nuova and City Life are the brand-new business districts. Porta Nuova is a new business district where Unicredit, Amazon, Microsoft have their HQ and the most modern buildings are located here. City Life hosts the HQ of Generali and Allianz.

The office property market confirms its positive trend and the outlook is also promising. **Prime rents are about 520-550 €/sqm/year (class A office spaces) with yields of 3,5-4%.**

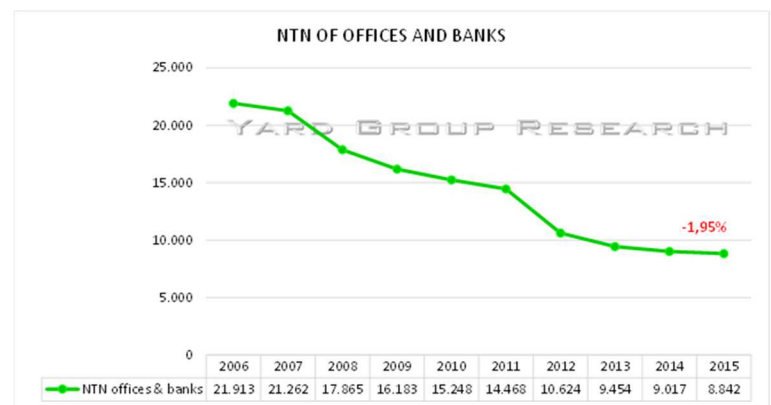
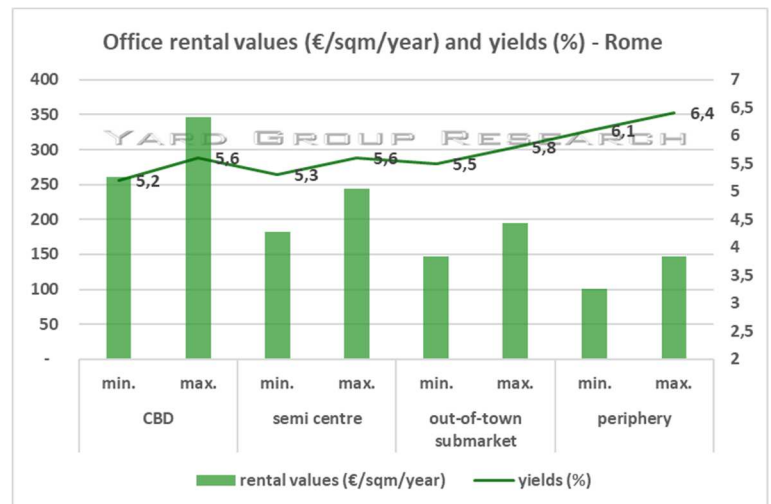
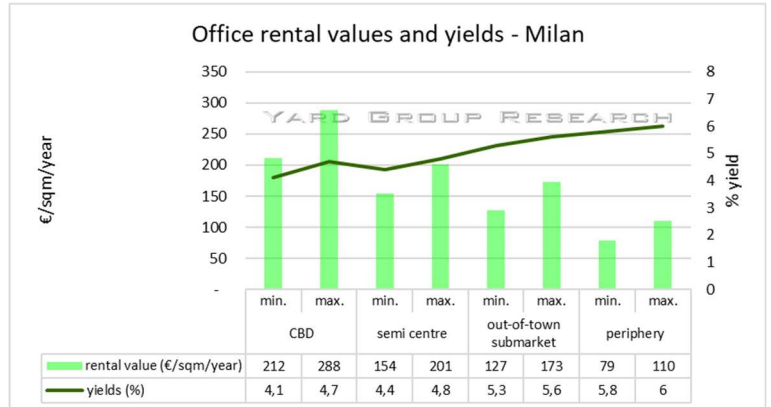
### Rome

The Rome office market is more sluggish compared to the Milan market showing fewer 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 400-430 €/sqm/year with yields at 4%.**

Occupiers prefer lease re-gears and re-negotiations rather than relocation strategies. **Office vacancy rate is about 9%.**

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



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## YARD GROUP RESEARCH

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ASSET	DATE	PR	TOWN	ADDRESS	VALUE (euro/mln)	USE	VENDOR	BUYER	Surface area sqm
Building at 32, viale Umbria	June 2018	MI	Milano	Viale Umbria 32	3,7	-	Aedes SIQ SpA, Sator	Abitare In	
Novotel Malpensa & Radisson Blu Milan	June 2018	MI	Milano	Malpensa e Zona Bovisa	n.a.	Hotels	BNP Paribas REIM SGR	Swiss Life Asset Managers Real Estate France	
Hotel Carlyle	June 2018	MI	Milano	Corso Giuseppe Garibaldi, 84	n.a.	Hotels	Brera Hotels SpA	Boisseè Finance	
Two Unicredit buildings	May 2019	MI	Milano	San Pietro in Gessate e Piazza Duca d'Aosta	25	Office	UniCredit Real Estate SpA	-	
HQ1 Pirelli	May 2019	MI	Milano	Q.re Bicocca	n.a.	Office	Torre SGR SpA	Kryalos Asset Management	
office building viale Stelvio Milano	May 2019	MI	Milano	Viale Stelvio	42	Office	-	BNP Paribas REIM SGR	
Building at Corso Italia Milano	apr-18	MI	Milano	Corso Italia	n.a.	Office	Serenissima SGR SpA	Savills Investment Management	
Building at San Donato Milanese	apr-18	MI	San Donato Milanese	Via Fabiani 1	46	Office	DeA Capital Real Estate SGR	-	
Building at 20 via Darwin, Milan	March 2018	MI	Milano	Via Darwin 20	102	Office	Brioschi Sviluppo Immobiliare SpA	Antirion SGR	29.000,00
Via carducci 29	March 2018	MI	Milano	Via Carducci 29	1,05	Residential	Investire SGR SpA	-	
Building at 2, via del Gesù Milan	March 2018	MI	Milano	Via del Gesù 2	n.a.	Retail	Kering Group	BMO RE Partners	
Milan: student accommodation, via Giovenale	February 2018	MI	Milano	via Giovenale angolo Col Moschin	85	Residential	-	Hines Italy	
Logistic Data Center Logistico Milan	January 2018	MI	Milano	-	14	Logistics	-	-	11.000,00
building at via Ceresio Milano	January 2018	MI	Milano	via Ceresio 7/9	11	Office	Immobiliare Porta Volta	Barings, Kryalos Asset Management	4.400,00

ASSET	DATE	PR	TOWN	ADDRESS	VALUE (euro/mln)	USE	VENDOR	BUYER	Surface area sqm
Office building	June 2018	RM	Roma	Via Tempio del Cielo	n.a.	office	institutional investor	LFPI Italia Reim SpA	5.300,00
Store LVMH in Via Condotti a Roma	March 2018	RM	Roma	Via Condotti	n.a.	Retail	-	BMO RE Partners	
Office building	March 2018	RM	Roma	Rione Sallustiano	n.a.	Office	-	Fabrica Immobiliare SGR	
six logistic assets	January 2018	RM	Roma	-	65	Logistics	-	Kryalos Asset Management	118.000,00
Office building	January 2018	RM	Roma	Via Nizza	30	Office	-	Kryalos Asset Management	5.000,00
telecommunication buildings Bagni di Tivoli	January 2018	RM	Tivoli	-	41,4	Other	DeA Capital Real Estate SGR	-	
Hotel La Lama	January 2018	RM	Roma	Viale Europa 242	50,6	Hotels	Eur SpA	Icarus SpA	
PdL former office	January 2018	RM	Roma	Via dell'Umiltà, 36	36	Other	-	Antirion SGR, Fondazione Enpam	6.500,00
Viale America 351	December 2017	RM	Roma	viale America 351	30,5	Office	Investire SGR SpA	Fabrica Immobiliare SGR	
Via del Tritone	December 2017	RM	Roma	Via del Tritone	n.a.	Retail	-	Sorgente SGR, ENPACL	1.000

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