

Residential Property Market in Italy H2 2018

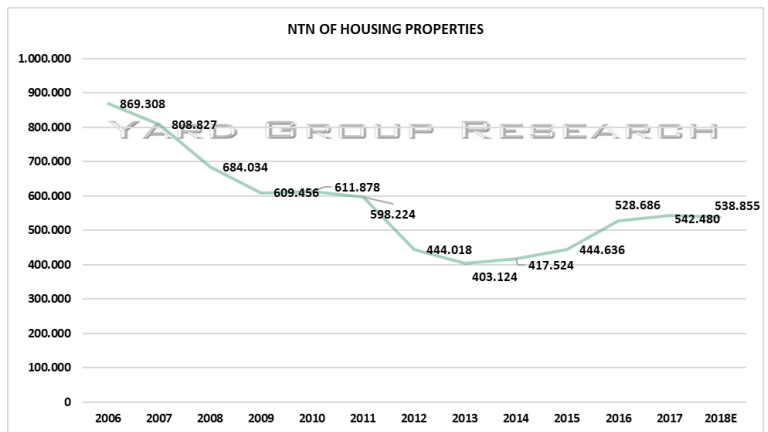
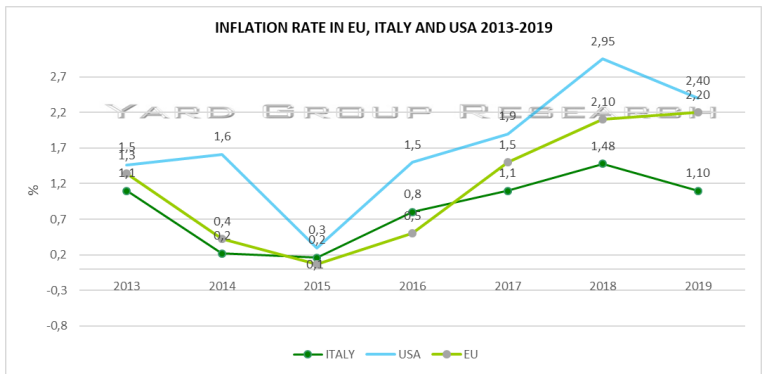
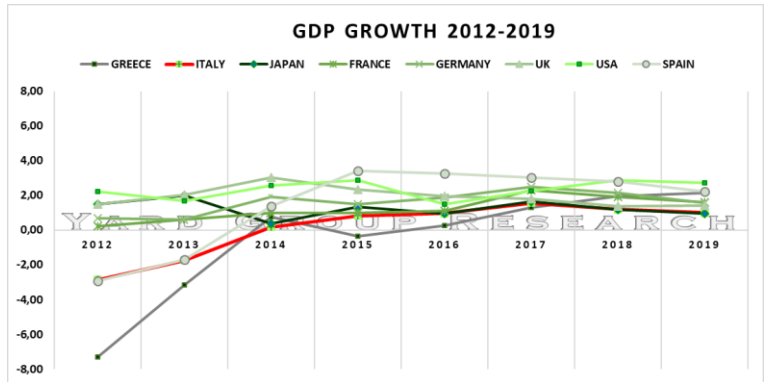
MACRO ECONOMIC INDICATORS

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population (2018)	60.483.973	
Q4 GDP growth (December 2018)	1,20%	↓
GDP forecast (2018)	1,00%	↓
GDP per capita 2018* (\$)	34.784	↓
unemployment rate (2018)	10,30%	↓
household disposable income (OECD annual growth rate)	0,90%	↓
inflation rate (December 2018)	1,10%	↓
<i>*International monetary fund</i>		
<i>**Q-o-Q % : quarter on quarter % change</i>		

RESIDENTIAL TRANSACTIONS ARE STABLE

According to the data published by the Agenzia delle Entrate (Italian Revenue Authority) the residential segment registered 542.480 normalised transactions (NTN) in 2017. This segment normally registers an increase in sales before the other market segments. In 2014 we noted the recovery of the residential market with an upturn in transactions albeit there was still a mild decline in prices. The third quarter of 2018 registers 130.609 transactions while the same quarter of the previous year registered 122.373 transactions (+6,7%). Anyhow we indicate a conservative forecast for the conclusion of 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
2018E	538.855



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HOUSING MARKET INDICATORS	
Discount on asking price (%)	12%
Property for sale average time on market (ToM) months	7
Property for rent average time on market (ToM) months	3

MORTGAGE LOANS MARKET & NPLs

The peak of NPLs was in 2015, then the stock gradually decreased over the last 3 years, reaching € 216 bn at the end of 2018. NPLs includes UTP, bad loans and non-performing exposures.

With reference to the size of businesses SMEs continue to represent the greatest share of gross NPLs (68%).

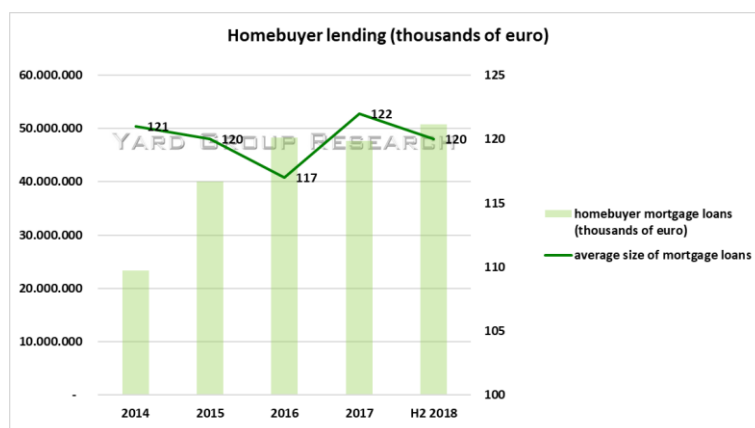
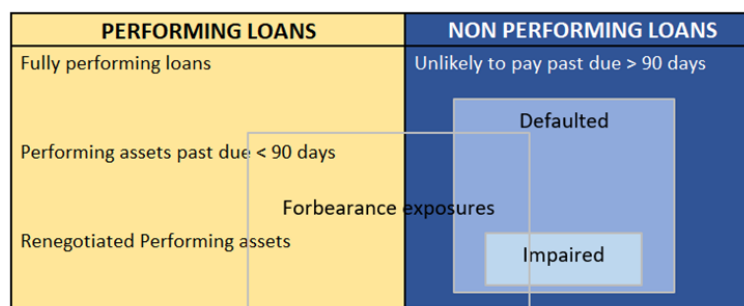
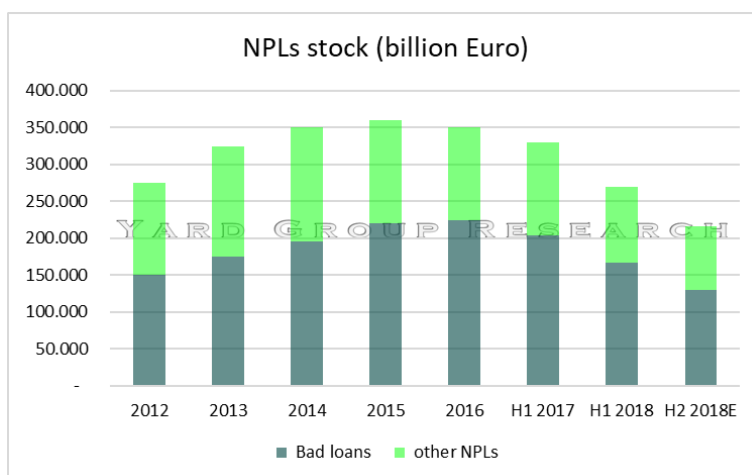
Construction is the sector which shows the highest percentage of gross bad loans (35%), followed by manufacturing products (31%).

Bankruptcies (-4,6%), compositions with creditors and restructuring plans registered a downturn compared to 2017.

With regards to homebuyer lending, households requesting a mortgage register an upturn of 11% compared to 2017.

Significant NPL transactions:

- SGCD (Società gestione crediti Delta) sold a portfolio of € 2.000 ml of NPE to Cerberus.
- BPER Banca sold a portfolio of € 1.900 ml of bad loans to Aqvi SPV.
- A pool of Italian banks sold a portfolio of € 1.579 ml of bad loans to POP NPLs.
- Unicredit sold a portfolio of € 675 ml to Fortress
- Unicredit sold a portfolio of € 590 ml to J-invest & Illimity
- Banca Popolare di Puglia e Basilicata sold a portfolio of € 350 ml to Illimity (the bank controlled by SPAXS S.p.A., now Banca Interprovinciale S.p.A.).



N.b. We use a period as thousand separator and a comma to indicate the decimal place.

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