

# Office 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%	↓
*International monetary fund		
**Q-o-Q : quarter on quarter % change		

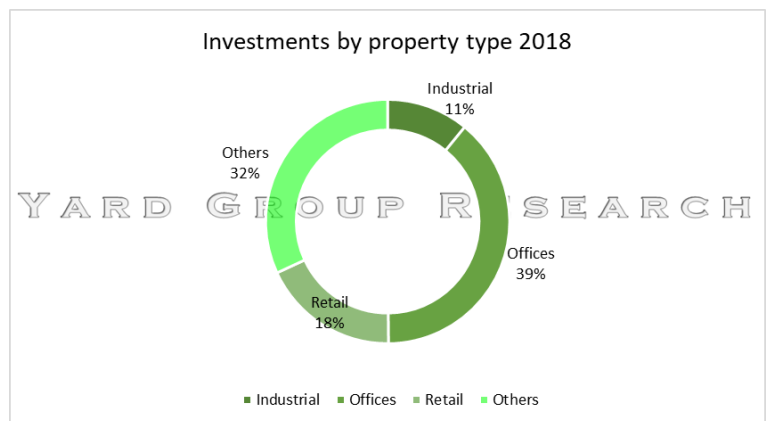
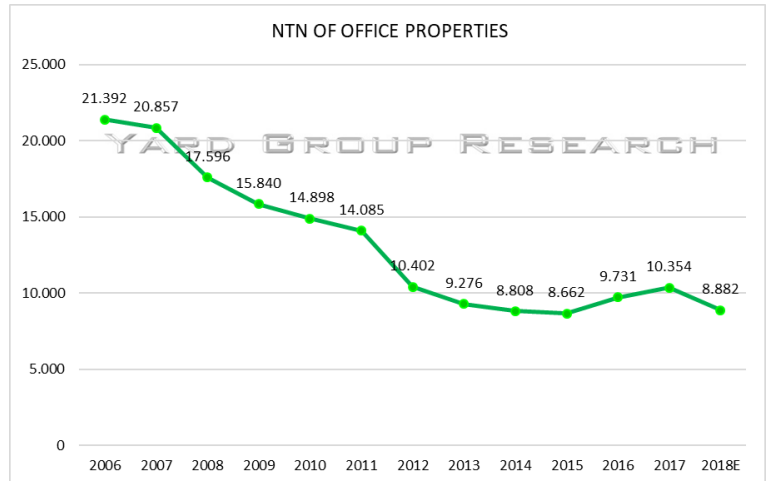
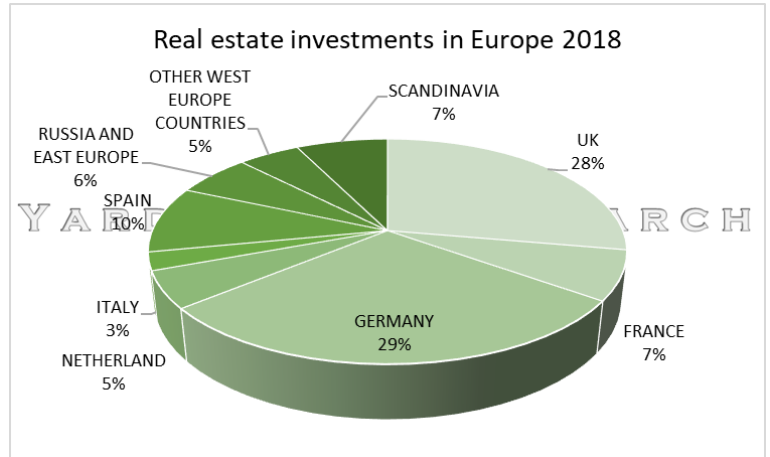
## INVESTMENTS

Milan continues to be an appealing market, collecting 39% of investments since the beginning of the year. Specifically, the office market represents the majority share of total investment volumes. Foreign investors predominate on the Milan market, namely the REITs, foreign funds while the Italian ones represent a minor component. In terms of number of transactions, we apply a conservative estimate for the conclusion of the year.

Investments show a dynamic trend (pie chart at the top right corner), registering upturns for Germany, France, the UK and the Netherland. The Italian market is still alluring especially for international investors, despite the limited supply of grade A office spaces.

The following table outlines office market indicators:

OFFICE MARKET INDICATORS	
Discount on asking price % (new premises)	11%
Property for sale average time on market (ToM) months	7
Property for rent average time on market (ToM) months	4



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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):

Towns	CBD		semi centre		out-of-town submarket		periphery	
	min.	max.	min.	max.	min.	max.	min.	max.
Milan	4.978	6.604	3.161	4.533	2.214	3.106	1.490	2.095
Rome	4.594	6.517	3.373	4.310	2.480	3.475	1.496	2.348

Asking prices register a slight increase in central areas. Rental values indicate a mild upward trend in central areas and out-of-town submarkets both in Rome and Milan:

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	4,7	4,4	4,8	5,3	5,6	5,8	6
rental value	214	297	154	207	125	172	81	110

Asking rent for grade 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	256,0	341,0	179,0	243,0	141,0	191,0	97,0	143,0

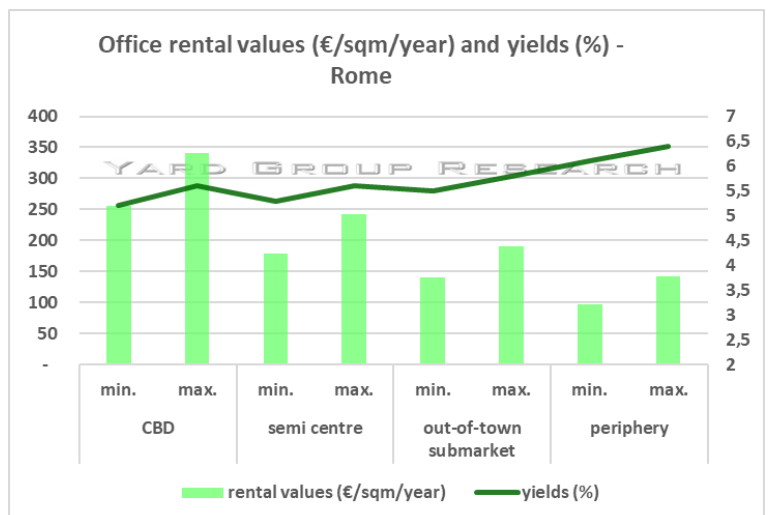
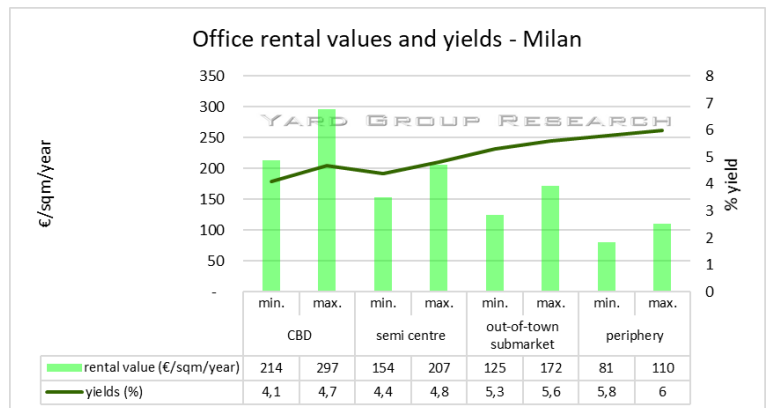
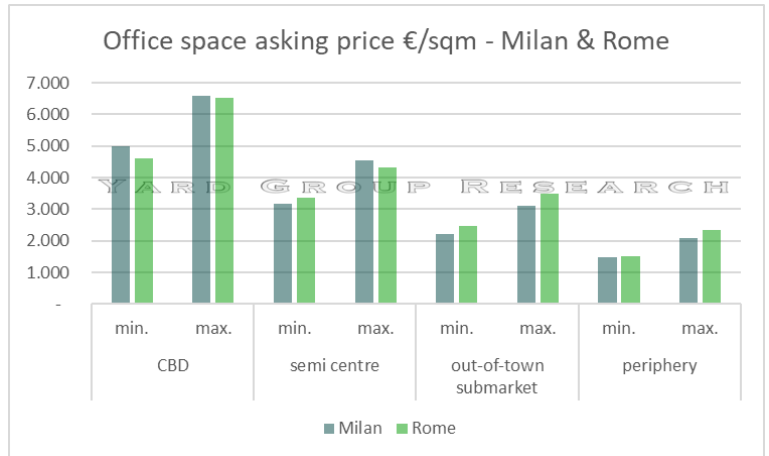
### Milan

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 grade A office spaces. Rental values are slightly on the rise and time on market is about 4 months for rent and over 7 months for sale. Demand is still very selective and **office vacancy rate is about 10%**. 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 480-530 €/sqm/year (grade A office spaces) with yields of 3,5-4%.**

### Rome

The Rome office market was not highly performant in 2018 and in the third quarter of the year real estate investments amounted to less than one billion euro, the office investment volume is about 300 million euro, while investment volume in alternative properties (hotels, student accommodation, ALFs) is about 500 million euros. The difficulty of finding properties that are aligned with the expectations of demand remains, especially for foreign investors. **Prime rents are stable in the historical centre and Eur district at about 400-420 €/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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ASSET	DATE	PR	TOWN	ADDRESS	VALUE (euro/mln)	USE	VENDOR	BUYER	Surface area sqm
Via Bagutta 20 Milano	December 2018	MI	Milano	Via Bagutta 20	34,00	office	Castello SGR	Torre SGR SpA	
Palazzo Montedoria	December 2018	MI	Milano	Via Giovanni Battista Pergolesi 25	36,70	office	BNP Paribas REIM SGR	Patrizia	5.960,00
Parallelo	December 2018	MI	Milano	via Santander 9 - Carlo Bo 11	50,00	office	DeA Capital Real Estate SGR	Amundi RE Italia SGR	14.000,00
Immobile viale Abruzzi 94 Milano	November 2018	MI	Milano	Viale Abruzzi 94	7,50	office	Polis Fondi SGR pA	-	4.000,00
Due immobili ad uso uffici a Milano	October 2018	MI	Milano	via Giorgio Washington 70 e Corso Italia 13	151,00	office	rdian Real Estate, Prelios SG	-	23.500,00
Palazzo Aliverti a Milano	October 2018	Mi	Milano	Via Broletto	80,00	office	vills Investment Managem	DeA Capital Real Estate SGR	
Viale Fulvio Testi 280	October 2018	Mi	Milano	Viale Fulvio Testi 280	50,00	office	Commerz Real	Kryalos SGR	
Immobile cielo-terra Milano viale Monza	August 2018	MI	Milano	Viale Monza	49,54	office	DeA Capital Real Estate SGR	-	
Immobile Corso Europa 22, Milano	August 2018	Mi	Milano	Corso Europa 22	34	office	Cinque diversi venditori privati e istituzionali	Prelios SGR	
Via Temolo 4, Milano	August 2018	MI	Milano	Via Temolo 4	20,35	retail	Amundi RE Italia SGR	-	
Via Gioia 8, Milano	July 2018	MI	Milano	Via Flavio Gioia 8	26	office	Dotto Srl	Kryalos Asset Management	
Via Vittor Pisani 19	July 2018	MI	Milano	Via Vittor Pisani, 19	32	office	Nova RE SpA, Sorgente SGR	DWS	
Complesso Tocqueville	July 2018	MI	Milano	Alessio di Tocqueville,	56	office	Mediolanum Gestione Fondi SGR pA	COIMA RES	
Viale Sarca	June 2018	MI	Milano	Viale Sarca	22	office	-	AXA IM - Real Assets	14.200,00
Aree zona Porta Nuova	June 2018	MI	Milano	via Melchiorre Gioia, Pirelli e Sassetti	78,9	land	Comune di Milano	COIMA SGR	32.208,00
Edificio uffici Via Pirelli 18 Milano	June 2018	MI	Milano	Giovanni Battista Pirelli	34	office	Amundi RE Italia SGR	Principal Global Investors	
Pacchetto di immobili a Milano e Cernusco Sul Naviglio	June 2018	MI	Milano	Via Romagnoli 6 (Milano) e Via Grandi 8 (Cernusco Sul Naviglio)	33,21	mix-use portfolio	Polis Fondi SGR pA	-	
Sede NCTM Studio Legale	June 2018	MI	Milano	Via Agnello 12	50,75	office	Aedes SIIQ SpA	BNP Paribas REIM SGR	
Immobile di viale Umbria 32	June 2018	MI	Milano	Viale Umbria 32	3,7	-	Aedes SIIQ SpA, Sator	Abitare In	

ASSET	DATE	PR	TOWN	ADDRESS	VALUE (euro/mln)	USE	VENDOR	BUYER	Surface area sqm
Portafoglio Banco Popolare di Milano a Roma	December 2018	RM	ROME	Via Luisa di Savoia, angolo Piazza Flaminio	40,00	office	Banco BPM	DeA Capital Real Estate SGR	
Portafoglio 5 immobili direzionali a Roma	December 2018	RM	ROME		170,00	office	Caceis Bank	DeA Capital Real Estate SGR	
Due immobili a destinazione uffici a Roma	December 2018	RM	ROME	piazza dell'Agricoltura 24 e via Lombardia 31	270,00	office	BNL Gruppo BNP Paribas	Antirion SGR	
Eurcenter	December 2018	RM	ROME		90,30	office	COIMA RES	Gruppo Zurich Ubs	15.000,00
Via Fornovo 8	October 2018	RM	ROME	Via Fornovo, 8	51	office	BNP Paribas REIM SGR	Primario investitore italiano	20.000,00
Ex-store H&M Roma - Via del Corso	October 2018	RM	ROME	Via del Corso	22	retail	AEW	-	875,00
Meininger Hostel Rome	June 2018	RM	ROME	Via S. Martino della Battaglia 16	25,8	hotel	-	AXA IM - Real Assets	
Immobile di via Parboni/via Nievo a Roma	June 2018	RM	ROME	via N. Parboni n. 6 – via I. Nievo nn. 25/38	17	office	DeA Capital Real Estate SGR	DeA Capital Real Estate SGR	
Sei immobili ad uso logistico	January 2018	RM	ROME	-	65	logistics	-	Kryalos Asset Management	118.000,00
Immobile ad uso uffici	January 2018	RM	ROME	Via Nizza	30	office	-	Kryalos Asset Management	5.000,00
Centrali telefoniche Bagni di Tivoli	January 2018	RM	Tivoli	-	41,4	other	DeA Capital Real Estate SGR	-	
Hotel La Lama	January 2018	RM	ROME	Viale Europa 242	50,6	hotel	Eur SpA	Icarus SpA	
Ex sede Pdl	January 2018	RM	ROME	Via dell'Umiltà, 36	36	other	-	Antirion SGR, Fondazione Enpam	6.500,00

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