



Q4 2018

INVESTMENT OVERVIEW



Gabetti
PROPERTY SOLUTIONS

INDEX

HIGHLIGHTS	4
REPORT SUMMARY	5
ECONOMIC INDICATORS	6
VOLUMES	8
INVESTMENT BY SECTOR	8
INVESTMENT BY AREA	9
FOCUS - RETAIL	10
FOCUS - OFFICES	11
FOCUS - INDUSTRIAL	12



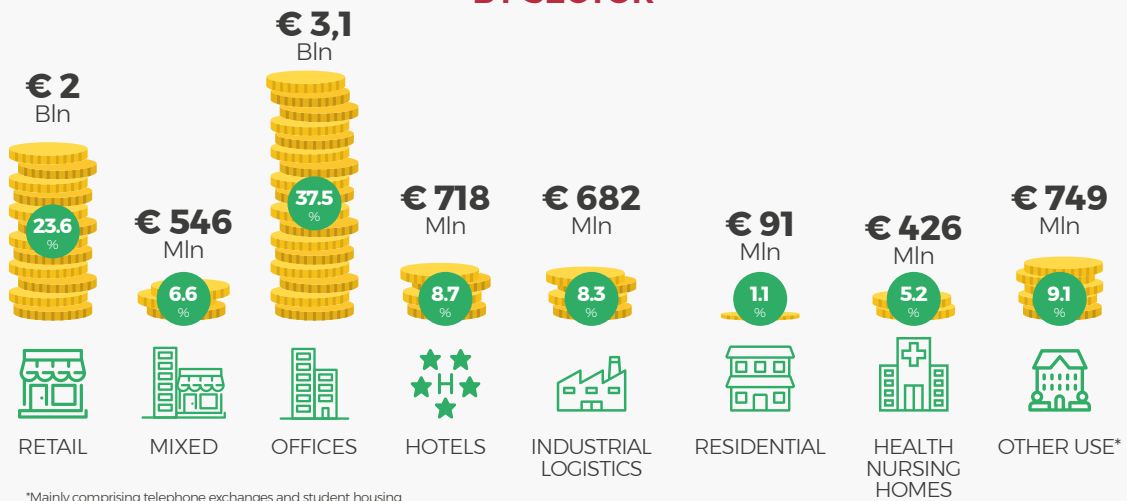
HIGHLIGHTS

The aim of the report is to return a picture on a quarterly basis of the main indicators and market trend of investments at national level, with a focus on office, retail and industrial/logistical sector.

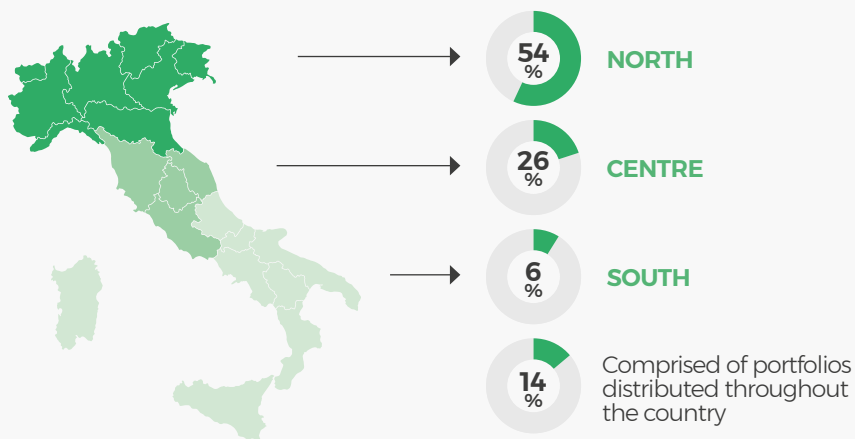
INVESTMENT VOLUMES 2018



Distribution of investment BY SECTOR



Distribution of investment BY GEOGRAPHICAL AREA



REPORT SUMMARY

A total investment volume of **€8.3 billion** was recorded in Italy in **2018**. Some **37.5%** of the volume invested focused on the office sector, **followed by the retail segment** with **23.6%**. Investments in office buildings were once again most concentrated in the two key markets of Milan and Rome, while investments in the retail segment, with shopping centres representing the predominant asset class in 2018, were more uniformly distributed throughout the country, following different logic than High Street retail and less restricted, at the national level, to the main shopping streets. Fourth quarter 2018 saw a significant increase in investments compared to the prior quarters, with an acceleration that resulted in the achievement and exceeding of the threshold of €8 billion, a figure that confirms the appeal of the Italian real estate portfolio for institutional investors. In terms of origin of capital, national investors are approaching European ones, which are still the most active operators on the Italian market.



Interest in the retail and office segments is confirmed in 2018, as well as in portfolios or mixed properties.

Milan remains the most attractive city overall for real estate investments and, in particular, investments in the office sector, while Rome heads the list for the tourism-hotel segment.

In the last quarter of 2018, the logistics and hotel sectors recorded a sharp increase in volumes invested, a trend that we believe will continue in 2019, particularly with regard to the hotel/accommodation asset class.

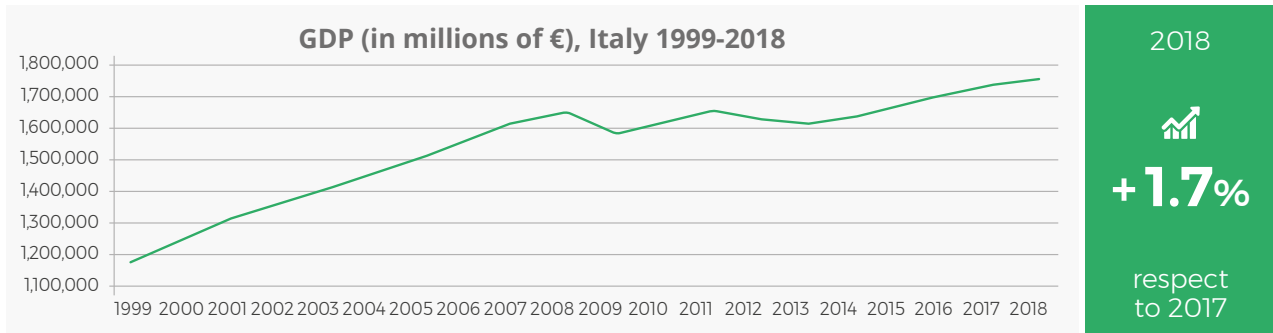


Claudio Santucci
Manager, Capital Market Italy
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ECONOMIC INDICATORS

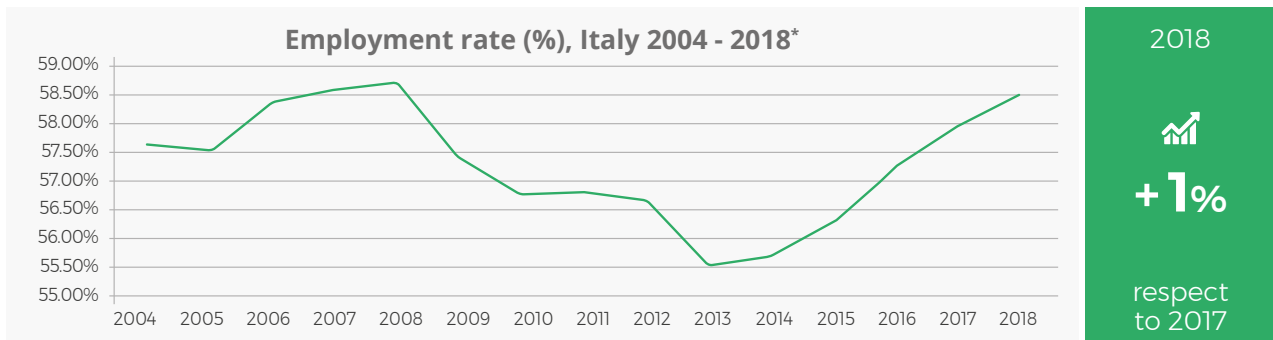
GDP

The graph shows the trend in GDP (measured in millions of €) during the period 1999- 2018. In 2018, GDP at market prices was **€1,753,949 million** at current values, **an increase of 1.7%** compared to the prior year.



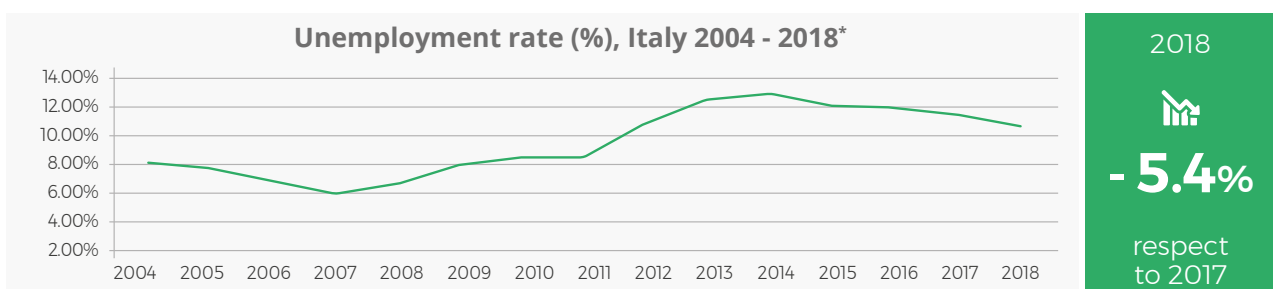
EMPLOYMENT RATE

The graph shows the trend in the employment rate in Italy from 2004 to 2018. Note that from 2013 to 2018, the rate showed continuous growth, at **58.5%** in 2018, with a **positive variation of 5 percentage points** compared to 2013.



UNEMPLOYMENT RATE

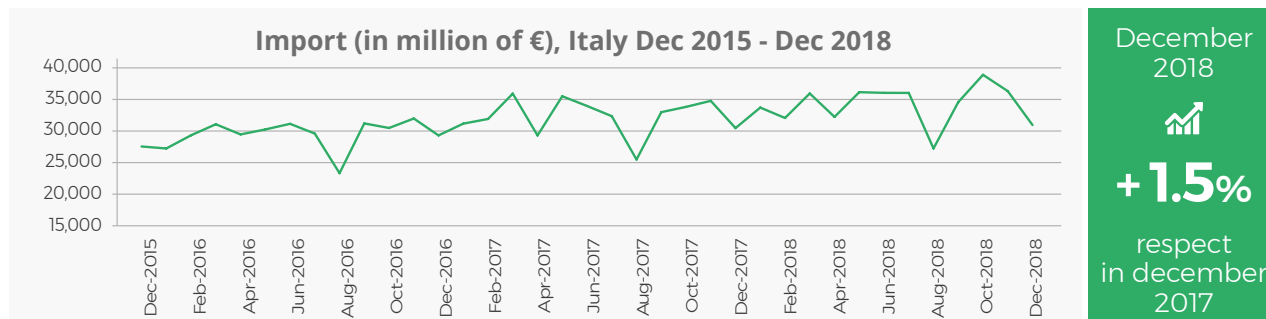
The graph shows the trend in the unemployment rate from 2004 to 2018. A rate of **10.6%** was recorded in 2018, for a decrease of 5.4% compared to the prior year. After the growth recorded between 2011 and 2014, there was an **inversion in trend** during the last three years **that resulted in a decrease in the unemployment rate**.



Gabetti Research Department analysis of Istat data
* total Italian population aged 15-64

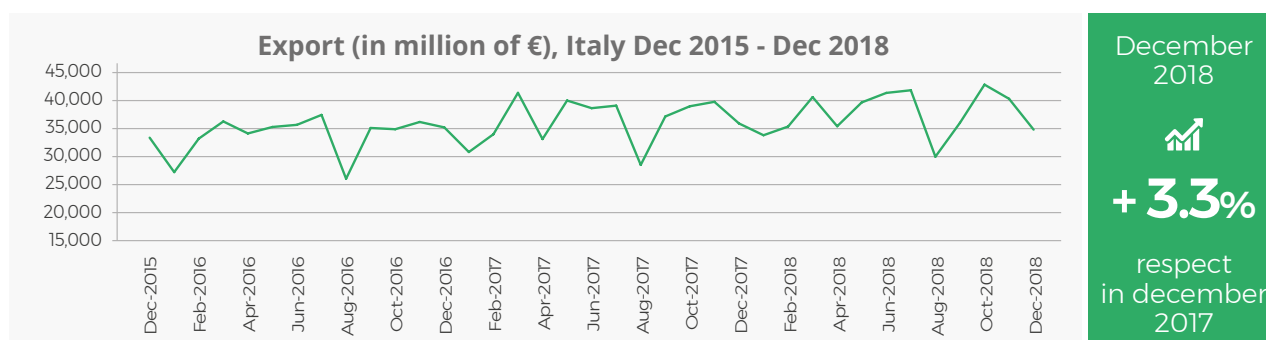
IMPORTS

The imports in millions of € from 2013 to 2018 show continuous **growth**, recording an increase of **+61,999 million €** compared to 2013. Looking at the monthly breakdown, imports in December 2018 amounted to €32,042 million, down by €5,331 million over the prior month; a variation of **+1.5%** was also recorded when comparing the December 2018 value to the same month of the prior year.



EXPORTS

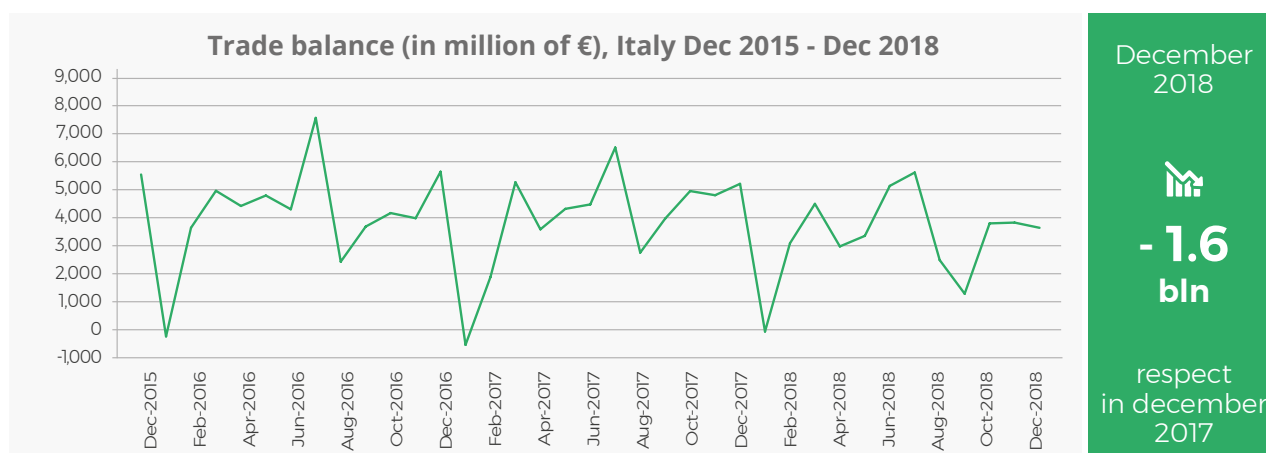
The exports in 2017 amounted to **€462,808 million, increasing** steadily over the last few years. An analysis of the monthly trend in exports shows that they amounted to €35,700 million in December 2018. There was a decline in flows of -13.4% compared to the prior month, while a slight decline of -3% was recorded compared to the same period of 2017.



TRADE BALANCE

The trade balance in 2018 was **€39,803 million**, down compared to the last four years but **higher than 2013**.

The graph shows the balance of imports and exports (in millions of €) between January 2013 and December 2018, during which a trade surplus of €3,658 million was recorded.



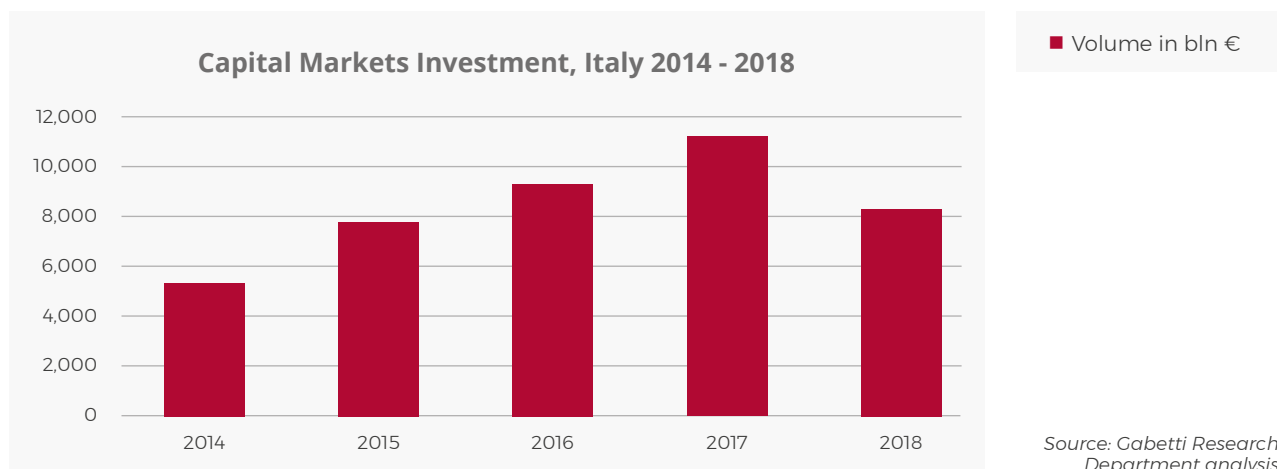
VOLUMES

Starting from 2015, there was a significant **increase in capital market investments** in Italy, reaching a record investment volume in 2017; consequently, the overall figure for 2018 shows a physiological decline compared to the prior year.

From a total volume of around €5 billion in 2014, the value grew to a total of €7.8 billion in 2015, +44% compared to 2014, while in 2016 it amounted to €9.3 billion, +19.4% compared to the prior year.

Growth in real estate investment in Italy continued in **2017**, reaching a total of approximately **€11.2 billion, up +20.4% over 2016**.

In 2018, €8.3 billion in investments were recorded. At the quarterly level, after recording a total investment volume of €1.6 billion in the first quarter, the second quarter recorded €1.5 billion in investments, the third quarter approximately €2 billion and the fourth quarter approximately €3.1 billion.

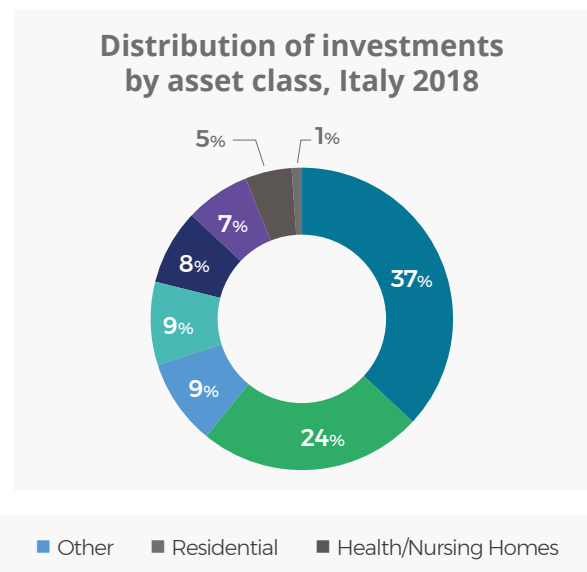


INVESTMENT BY SECTOR

A total investment volume of €8.3 billion was recorded in 2018. The majority of this volume comprised the **office sector (37.5%)**, which recorded approximately **€3.1 billion** in investments, and the **retail sector**, which accounted for **23.6%** of the total, for a volume of **€1.9 billion**.

These were followed by investments in properties for **other use** (mainly comprising telephone exchanges, land and student housing), which amounted to **€749 million**, accounting for 9.1% of the total, and the **hotel segment**, at **€718 million** and approximately **8.7%** of the total invested.

The industrial segment (industrial and logistics), at **€682 million**, accounted for **8.3%** of the volume invested, while properties for other use or mixed portfolios represented 6.6% of the total, with a volume of approximately €546 million, with mixed office/retail accounting for about 80% of this. Lastly, the **healthcare/nursing homes** segment accounted for **5.2%** or **€426 million**, and the **residential** segment for **1.1%** or **€91 million**.



INVESTMENT BY AREA

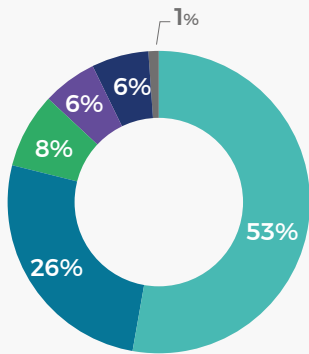
During 2018, the majority of investments (approximately 53.6%) attributable to a specific geographical area took place in Northern Italy, followed by the Centre with approximately 26.1% and the South with 6.1% of the total, while the remaining 14.3% comprised portfolios distributed throughout the country.

More specifically, the investment volume recorded in the province of Milan accounts for 28.4% of the national total, followed by the province of Rome with 19.3% of the total, while 2.6% comprises investments in mixed portfolios with properties situated in the two cities.

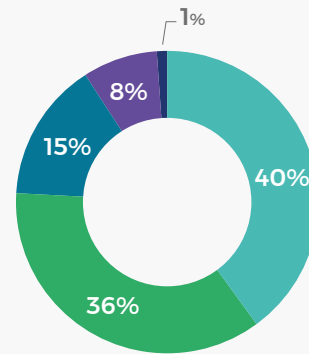
At the absolute level, the total investment volume in the province of Milan was approximately €2.3 billion, while in the province of Rome it was around €1.5 billion.

Northern Italy also ranks first in terms of number of transactions, at 40%, followed by the Centre (15%) and the South (8%), while 37% of the investment volume is not attributable to a single area.

Geographical distribution of investments
(in mil of €) Italy 2018



Geographical distribution of investments
by number of transactions - Italy 2018



Source: Gabetti Research
Department analysis

■ North ■ Centre ■ South ■ Spread: Italy ■ Spread: North, center

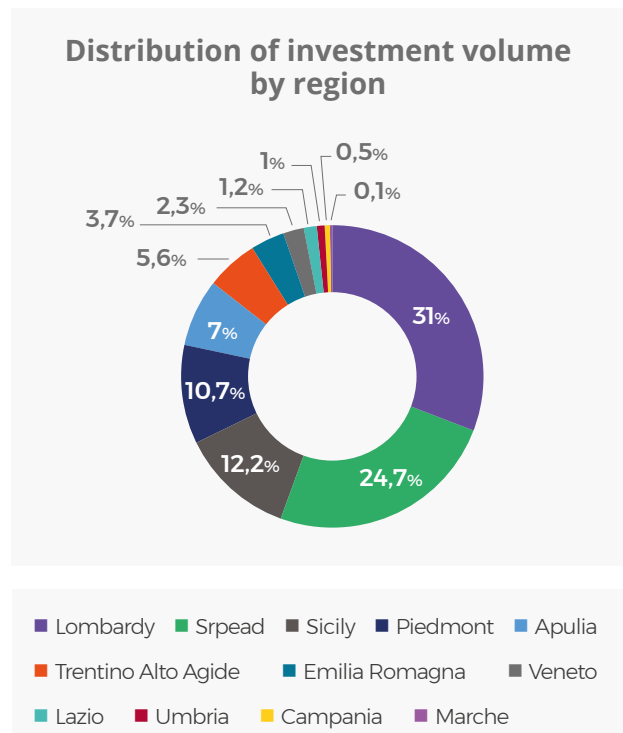
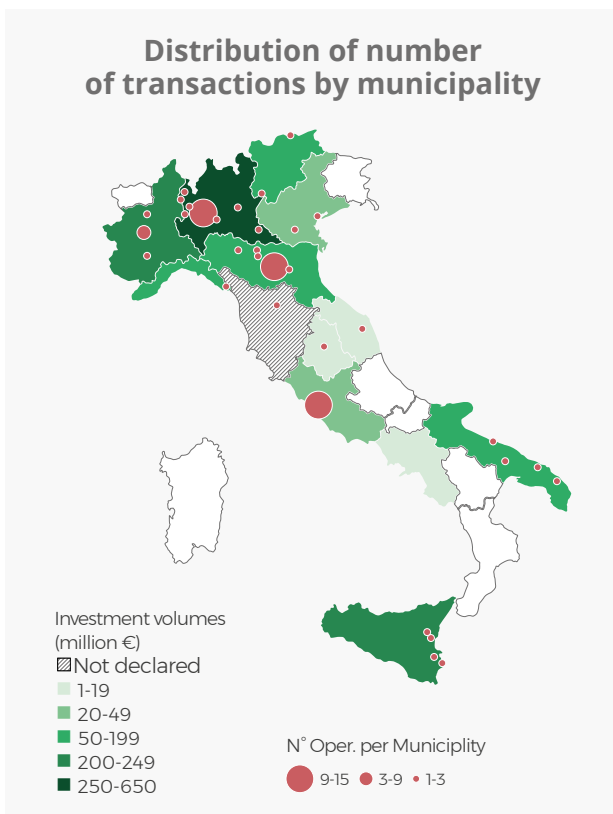
Some of the main transactions recorded in 2018 are listed below, based on volume:

NAME OF PROPERTY	PERIOD	CITY	PRICE (MIL €)	TYPE	BUYER	SELLER
Portfolio BNL	2018 Q4	Rome	270	Office	Antirion	BNL Fondi Immobiliari
Portfolio Covivio Beni Stabili	2018 Q4	Turin, Milan	220	Office/Retail	Fabrica Immobiliare Sgr	Beni Stabili SpA
retail properties in Milan and Rome	2018 Q1	Milan, Rome	210	Office/Retail	Amundi RE Italia SGR - Fondo Nexus 2	n.a.
6 shopping centre	2018 Q1	Spread	200	Shopping centre	Kryalos - Fondo Dante (Partners Group)	Kryalos - Fondo americano Blackstone
4 shopping centre and 1 retail park	2018 Q2	Imola, Bologna, Mantova, Sarzana	187	Shopping centre	IGD SIIQ	Eurocommercial Properties

FOCUS - RETAIL

Retail investments reported in 2018 amounted to **€2 billion**. The highest investment volume attributable to a specific region was recorded in **Lombardy (31% or €604 million)** and **Sicily (12.2% or €238 million)**, followed by Piedmont (10.7% or €210 million) and Puglia (7.1% or €138 million).

In detail, a total of 159 transactions were mapped: 61 from a portfolio of discount stores distributed across the country, 32 in Lombardy (of which 3 mixed office/retail), 21 referring to a portfolio of discount stores in the Campania region, 12 in Piedmont, 9 in Emilia Romagna (of which 1 mixed hotel/retail property and 1 mixed residential/retail), 8 in Lazio (of which 1 is part of a mixed portfolio), 4 in Puglia and Sicily, 2 in Veneto and Trentino, and individual transactions in Umbria, Liguria, Marche and Tuscany (mixed residential/retail). The **average value** of estimated retail investment per asset, excluding transactions involving mixed properties or portfolios, was approximately **€13.1 million** in 2018, rising to €28.2 million if we exclude the 2 supermarket portfolios.



Source: Gabetti Research Department analysis

Some of the major transactions recorded in 2018 are listed below:

PERIOD	NAME OF PROPERTY	PROVINCE	PRICE (MLN €)	BUYER	SELLER
2018 Q1	6 shopping centre	MO,PD, RM,BR,SR	200	Kryalos - Fondo Dante (Partners Group)	Kryalos - Fondo Blackstone
2018 Q2	4 shopping centre 1 retail park	BO,MN,SP	187	IGD SIIQ	Eurocommercial Properties
2018 Q2	Centro Sicilia	CT	145	GWM Group	Cualbu
2018 Q3	8 Gallery extension	TO	105	Pradera, AXA IM - Real Assets	GWM Group

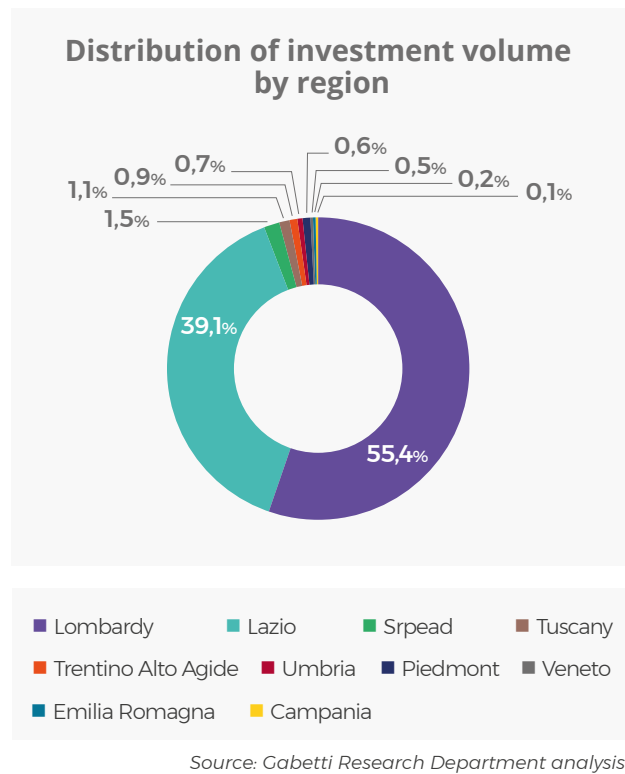
FOCUS - OFFICES

Total reported investment in the **office** market amounted to approximately **€3.1 billion**.

The highest investment volume attributable to a specific region was recorded in **Lombardy (55.4%** or €1.7 billion), followed by **Lazio** with €1.2 billion (**39.1%**).

In detail, a total of 118 transactions were mapped: 75 in Lombardy (of which one mixed office/retail property and 2 which are part of mixed office/retail portfolios), 23 in Lazio, 5 in Tuscany, 4 in Piedmont (of which 2 buildings for mixed office/retail use), 3 in Trentino, and 2 in Umbria and in Veneto (the latter with a mixed residential/office building) and individual transactions in Campania, Emilia Romagna, Apulia and Liguria.

The **average value** of estimated investment per individual asset in the office sector, excluding transactions involving mixed properties or parts of mixed portfolios, was approximately **€28.1 million** in 2018.



Some of the major transactions recorded in 2018 are listed below:

PERIOD	NAME OF PROPERTY	CITY	PRICE (MLN €)	BUYER	SELLER
2018 Q4	Portafolio BNL	Rome	270	Antirion	BNL Fondi Immobiliari
2018 Q4	2 properties for office use	Milan	150	Swiss Life AM	Prelios SGR SPA, Ardian
2018 Q1	Complesso via Darwin	Milan	103	Antirion Sgr - Fondo Megatrends Italia	Brioschi e Camabo (Bastogi)
2018 Q4	Eurcenter	Rome	90	UBS, Zurich Versicherung	Coima Res
2018 Q2	Property in Via del Giorgione 159	Rome	83	INAIL	Seneca Giorgione Srl

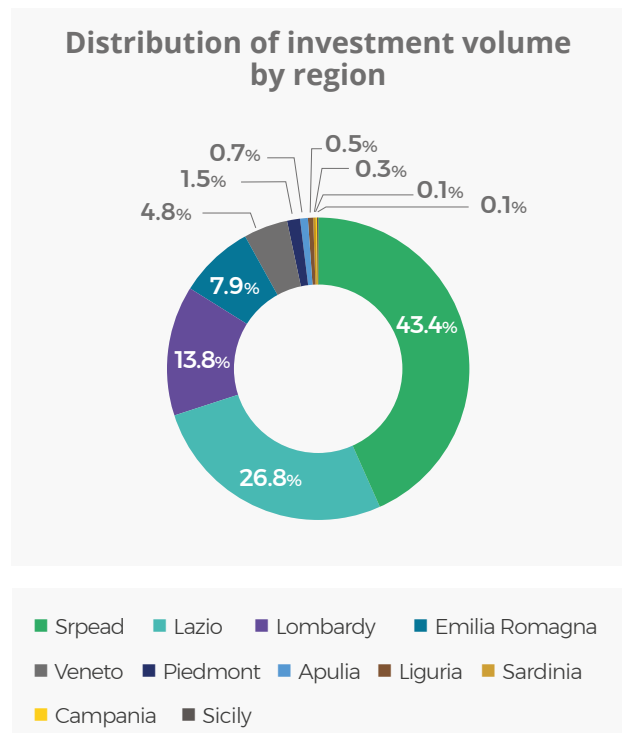
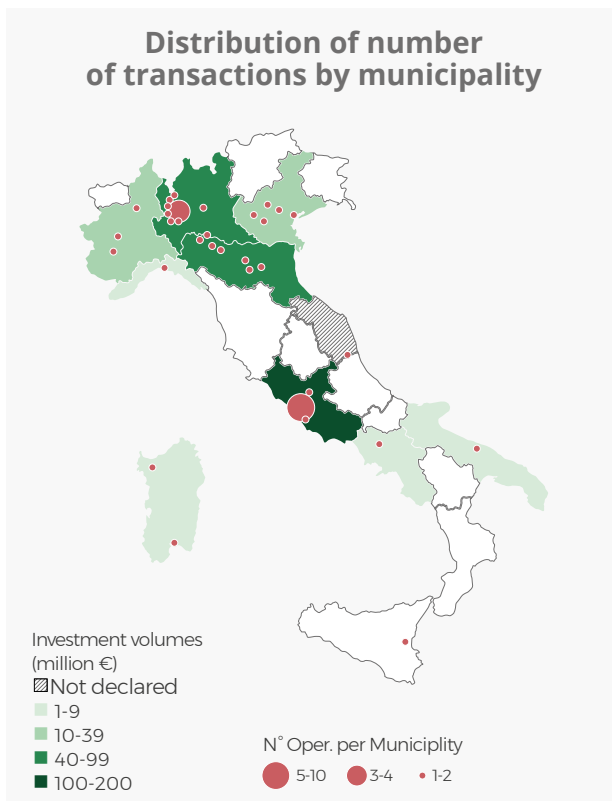
FOCUS - INDUSTRIAL

Reported investments in the **industrial** market (which includes both the industrial and logistics sectors) amounted to a total of **approximately €682 million**.

The highest investment volume attributable to a specific region was recorded in **Lazio (26.8%** or €183 million), followed by Lombardy, with €94 million (**13.8%**), and Emilia Romagna, with €54 million (**7.9%**).

More specifically, a total of 58 transactions were mapped, of which 37 involving logistics properties and areas: 13 in Lombardy, 9 distributed throughout northern Italy, 8 in Lazio and Emilia Romagna, 6 in Veneto, 4 in Piedmont, 3 as part of a portfolio in northern Italy, 2 in Sardinia and individual transactions in Puglia, Sicily, Campania, Liguria and Marche.

The **average value** of estimated investment per individual asset in the industrial/logistics sector in 2018 was approximately **€12.9 million**.



Source: Gabetti Research Department analysis

Some of the major transactions recorded in 2018 are listed below:

PERIOD	NAME OF PROPERTY	PROVINCE	PRICE (MLN €)	BUYER	SELLER
2018 Q4	Amazon Logistics Center	RI	118	Savills IM, Tritax	SEGRO
2018 Q4	Arcese Trasporti, Decathlon	MI,BO	100	DWS	Fap Investments
2018 Q2	3 properties for logistic use	MI, MO, LT	70	Kryalos SGR - Fondo Ermes	DSV S.p.A.
2018 Q1	6 properties for logistic use	RM	65	Kryalos SGR - Fondo Ceasar	n/a
2018 Q4	Portafolio DHL	VI, TO	50	PGIM Real Estate	DHL International

N.B.: The volume of quarterly investment may undergo fluctuations due to assignment of the transactions to the various periods.

OUR REPORTS:



Residential Overview



Leasehold Market



The Prestigious Homes Market



Investment Overview



Office Market Overview



Office Quality Focus



Hotels



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