



Q2 2019

# INVESTMENT OVERVIEW



**Gabetti**  
PROPERTY SOLUTIONS

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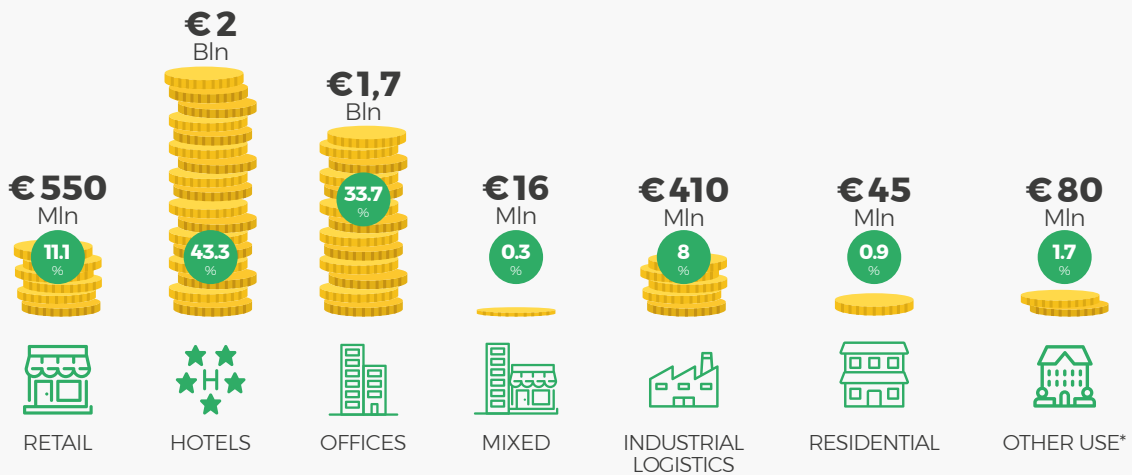
# HIGHLIGHTS

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 Q2 2019

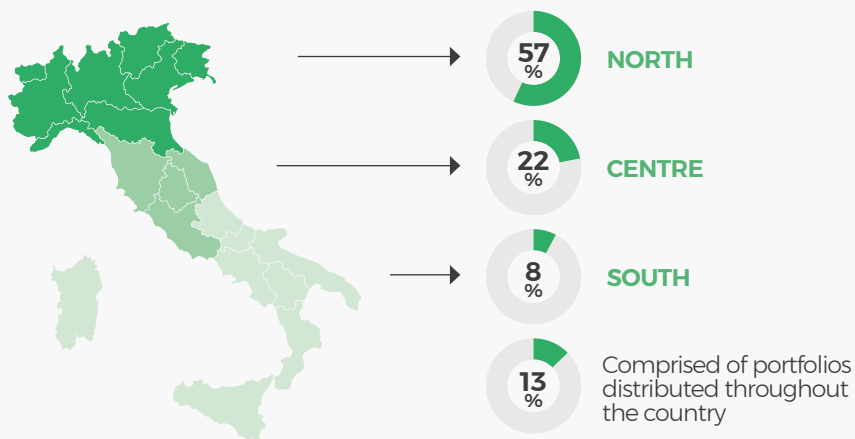


### Distribution of investment BY SECTOR



\*Mainly comprising University, Student Housing and land

### Distribution of investment BY GEOGRAPHICAL AREA



## REPORT SUMMARY

In the **first half of 2019**, the total investment volume in Italy stood at approximately **€5 billion**, up by around **60%** compared to the same period in 2018. Some 43% of the volume invested was taken up by the **hotel segment, followed by the office segment**, which accounted for 34%.

A concentration of investments in office properties in the two main markets of Milan and Rome was confirmed in the first six months of 2019, cities which once again proved to be the most attractive throughout the entire country. The first half of 2019 compared to the last 12 months saw clear growth in volumes invested in the hotel segment, reaching over €2 billion and thereby dominating the Italian real estate market. The retail segment went against the trend recorded in 2018, with declining investments in the first half of the year, although good recovery was observed in the second quarter of 2019. In terms of source of capital, foreign investors were again the most active on the Italian market (approximately 70% of capital), focusing on the hotel and office segments.



*The second quarter of 2019 is one of the best second quarters of recent years, recording an investment volume of €3.3 billion, up sharply compared to the same quarter of 2018.*

*As expected, there is considerable interest in the hotel segment in H1 2019, confirming its status as dominant asset class in the real estate market.*

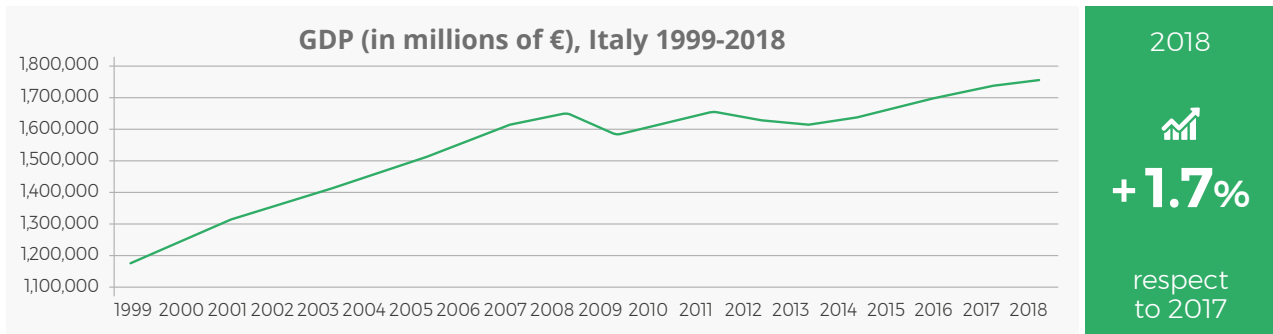


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# ECONOMIC INDICATORS

## GDP

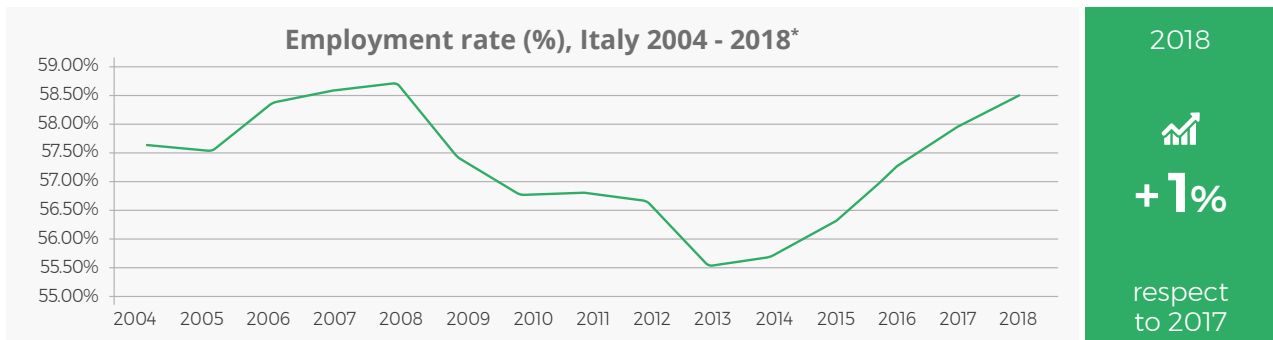
The graph shows the trend in GDP (measured in millions of €) during the period 1999-2018. In 2018, GDP at market prices was **€1,753,949 million** at current values, an increase of **1.7%** compared to the prior year. In the **first quarter of 2019** the GDP was **€427,999 thousand**, up of **0.6%** compared to the same quarter of 2018.



## 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.

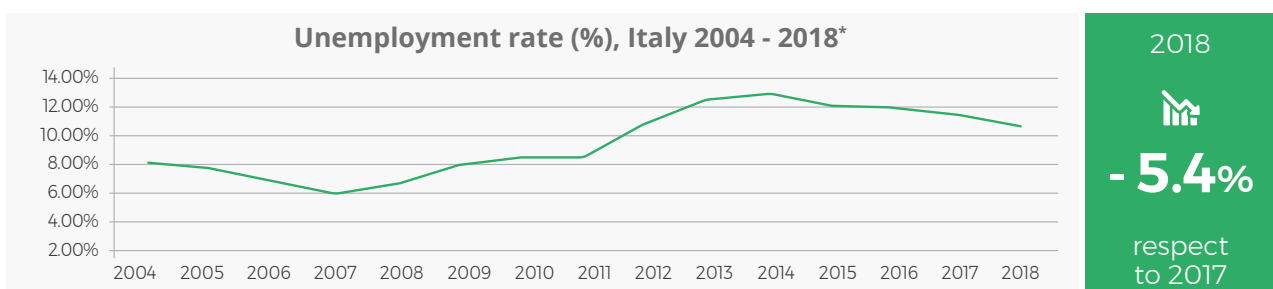
In the first quarter of 2019, was recorded an employment rate equal to **58.2%**.



## 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**.

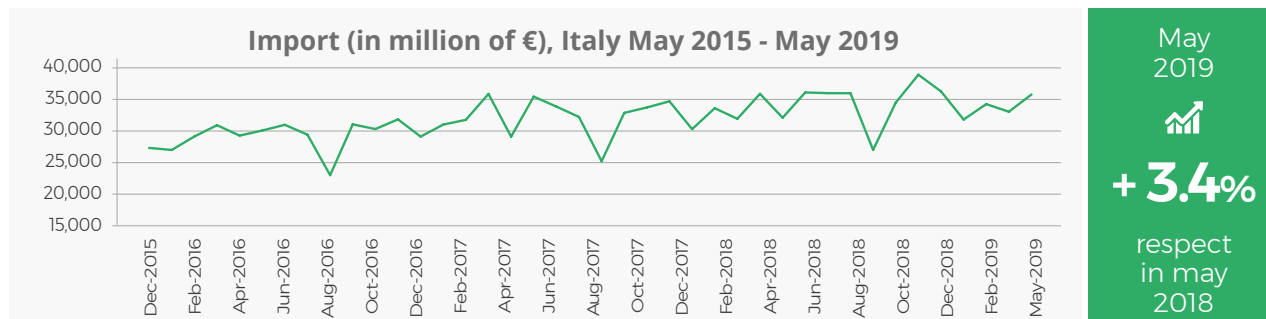
The first quarter of 2019 has recorded an unemployment rate equal to 11,1%.



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

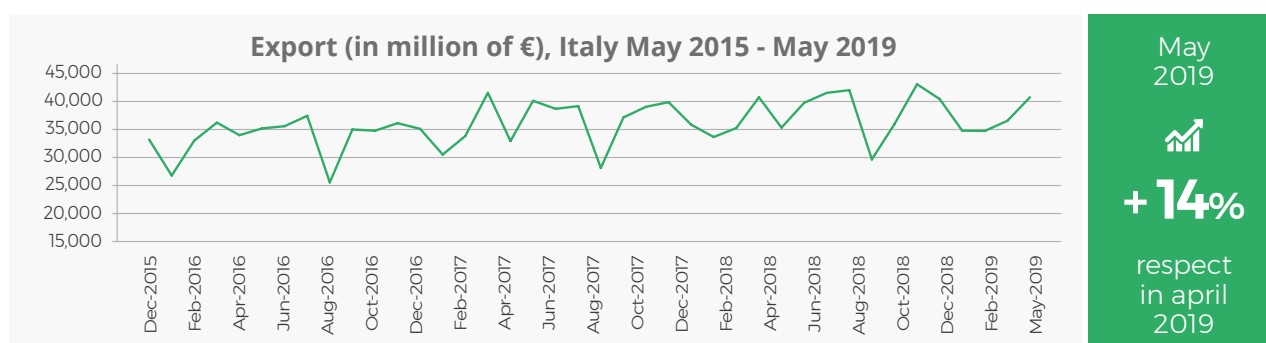
## IMPORTS

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 May 2019 amounted to €38,453 million, up to €2,883 million over the prior month; a variation of **+3.4%** was also recorded when comparing the May 2019 value to the same month of the prior year.



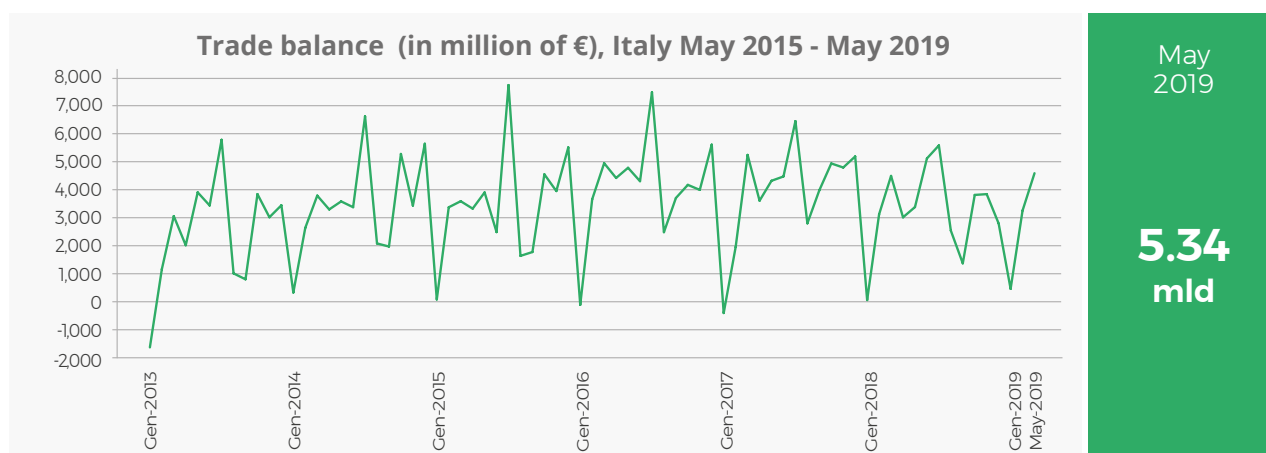
## EXPORTS

The exports in 2018 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 €43,800 million in May 2019. There was an increase in flows of 14% compared to the prior month, also an increase of 8% was recorded compared to the same period of 2018.



## TRADE BALANCE

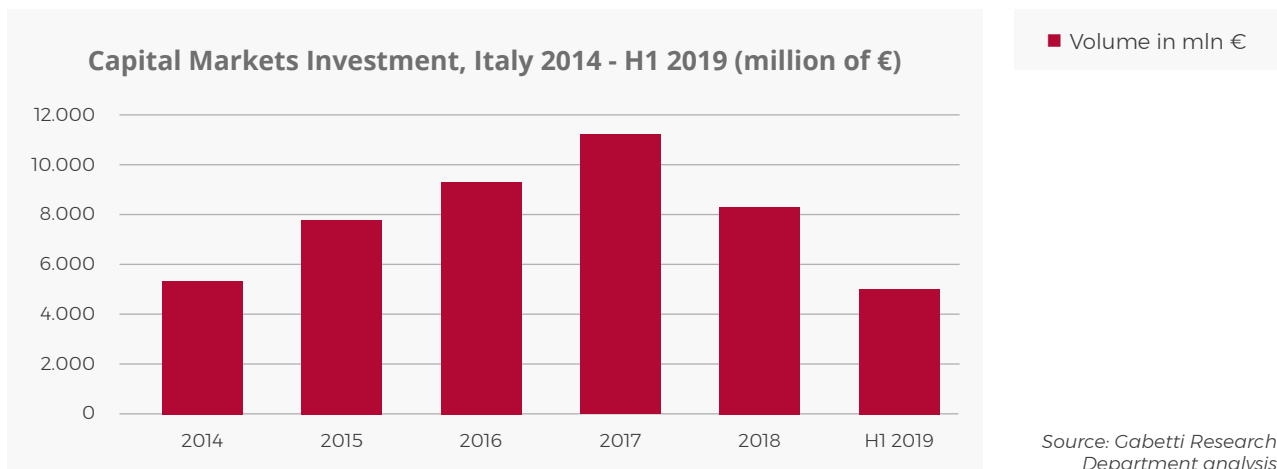
The trade balance in 2018 was **€38,900 million**, down compared to the last four years but **higher than 2013**. The graph shows the balance of imports and exports (in millions of €) between January 2013 and May 2019, during which a trade surplus of €5,347 million was recorded.



# 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**.

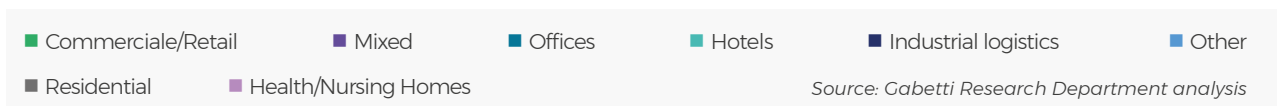
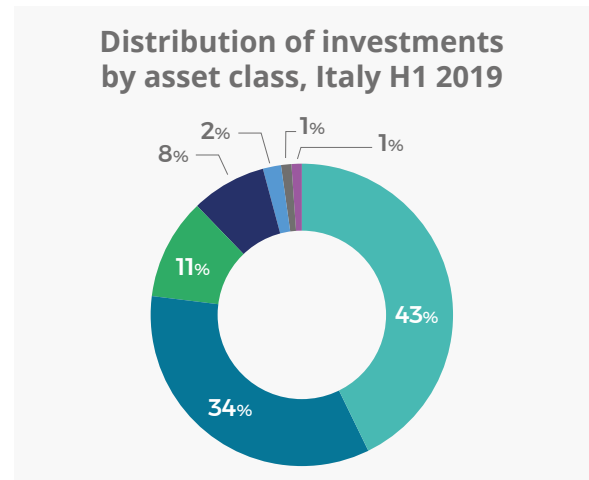
**In 2018, €8.3 billion** in investments were recorded. At the quarterly level, after recording a total investment volume of €1.6 billion in the first quarter, the second quarter recorded €1.5 billion in investments, the third quarter approximately €2 billion and the fourth quarter approximately €3.1 billion. In the first semester of 2019 a total volume of approximately €5 billion was recorded, a strong increase compared to the same period in 2018.



# INVESTMENTS BY SECTOR

A total investment volume of €5 billion was recorded in 2019. The majority of this volume comprised the **hotel sector (43.4%)**, which recorded more than **€2 billion** in investments, and the **office sector**, which accounted for **33.7%** of the total, for a volume of **€1.7 billion**.

These were followed by investments in properties in the **retail sector**, which amounted to **€550 million**, accounting for 11.1% of the total, and the **industrial segment** (industrial and logistic), at **€410 million** and approximately **8%** of the total invested. Investments for **other use** (mostly Universities, Student Housing and Land) at **€80 million**, accounted for **1.7%** of the volume invested, while properties for **residential use** represented **0.9%** of the total, with a volume of approximately **€45 million**. Lastly, the **healthcare/nursing** homes segment accounted for **0.6%** or **€30 million**, and the **mixed** segment for **0.3%** or **€16 million**.





## INVESTMENTS BY AREA

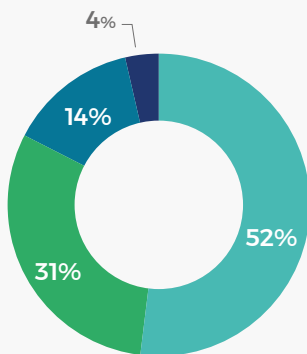
During 2019, **the majority of investments (approximately 52%) attributable to a specific geographical area took place in Northern Italy**, followed by the Centre with approximately 13.7% and the South with 3.6% of the total, while the remaining 30.7% comprised portfolios distributed throughout the country.

More specifically, **the investment volume recorded in the province of Milan accounts for 31.7% of the national total**, followed by the **province of Rome with 12.4% of the total**, while **0.8% comprises investments in mixed portfolios with properties situated in the two cities**.

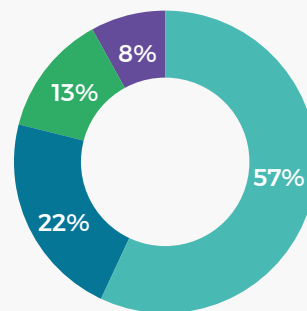
At the absolute level, the total investment volume in the province of Milan was approximately €1.6 billion, while in the province of Rome it was around €618 million.

Northern Italy also ranks first in terms of number of transactions, at 57%, followed by the Centre (22%) and the South (8%), while 13% of the investment volume is not attributable to a single area.

**Geographical distribution of investments (in mil of €) Italy H1 2019**



**Geographical distribution of investments by number of transactions - Italy H1 2019**



Source: Gabetti Research Department analysis

■ North ■ Centre ■ South ■ Spread: Italy

Some of the main transactions recorded in H1 2019 are listed below, based on volume:

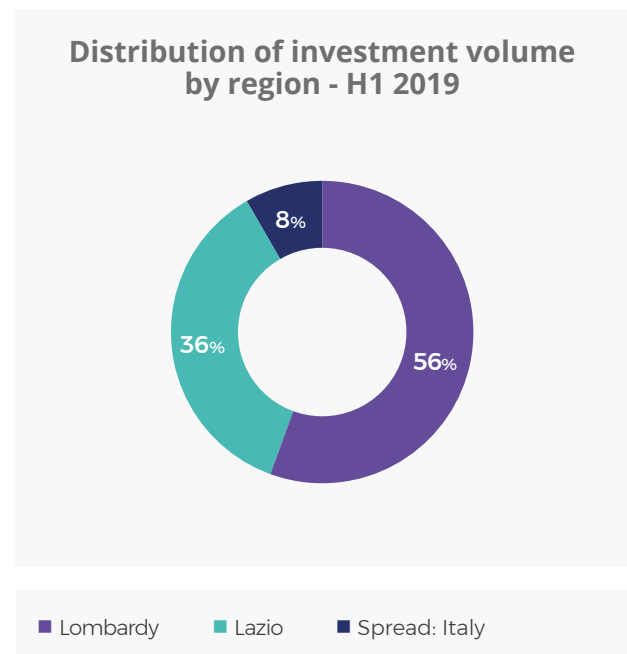
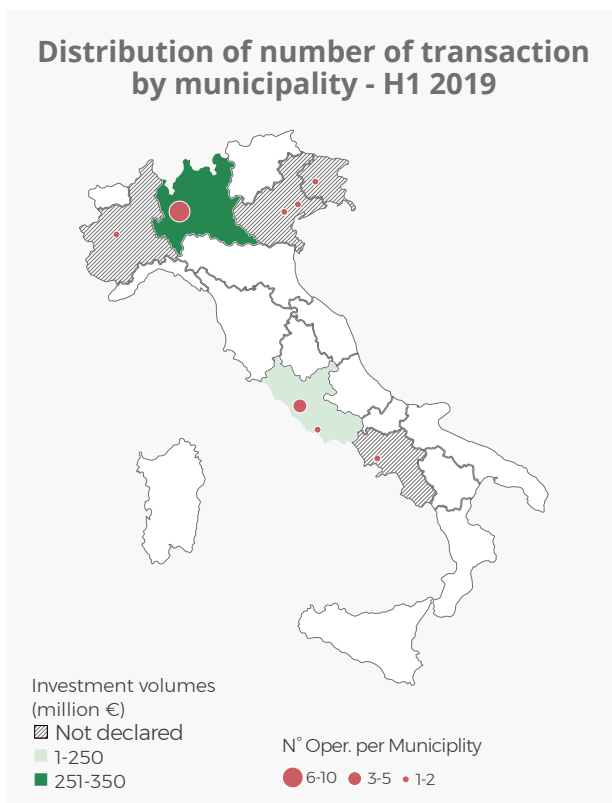
NAME OF PROPERTY	PERIOD	CITY	PRICE (MIL €)	TYPE	BUYER	SELLER
Portafoglio Castello SGR	2019 Q1	-	300	Hotels	Oaktree	Castello SGR
Telecom Ex-HQ via Pirelli 35	2019 Q1	Milan	130	Offices	Coima SGR	Deka Immobilien
Energy Park	2019 Q2	Vimercate	130	Offices	Starwood Capital	Coima SGR
La Forgiatura	2019 Q1	Milan	120	Offices	UPS Asset Management	RealStep
Vodafone Village	2019 Q2	Milan	106,5	Offices	Meritz Financial Group	COIMA RES
Uffici Sei Milano	2019 Q1	Milan	100	Offices	Orion Capital Managers	Proiezioni Future Borio Mangiarotti Verde Partners Inc.

## FOCUS - RETAIL

Retail investments reported during the first half of 2019 amounted to **€550 million**. The highest investment volume attributable to a specific region was recorded in **Lombardy (55,7%** or €310 million) and **Lazio (36,2%** or €200 million).

In detail, a total of 16 transactions were mapped: 61 from a portfolio of discount stores distributed across the country, 7 in Lombardy, 4 in Lazio, 2 in Veneto, and individual transactions in Piedmont, Campania and Friuli Venezia Giulia.

The **average value** of estimated retail investment per asset, excluding transactions involving mixed properties or portfolios, was approximately **€39.7 million** in H1 2019.



Source: Gabetti Research Department analysis

Some of the major transactions recorded in H1 2019 are listed below:

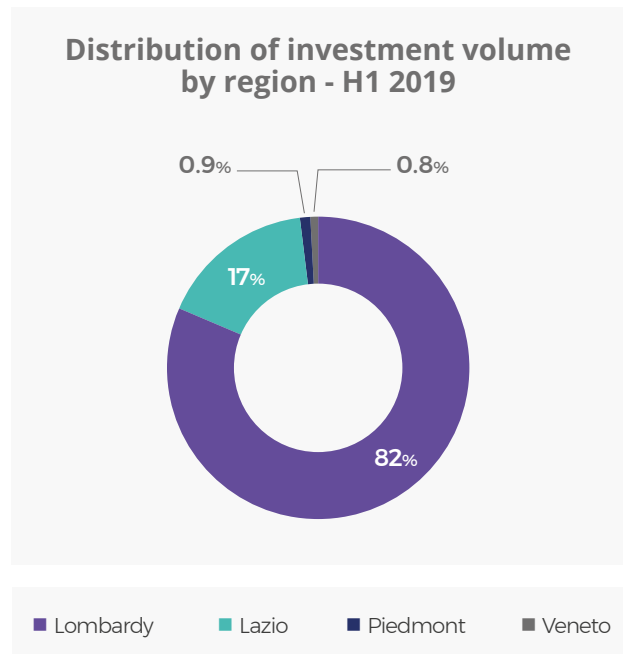
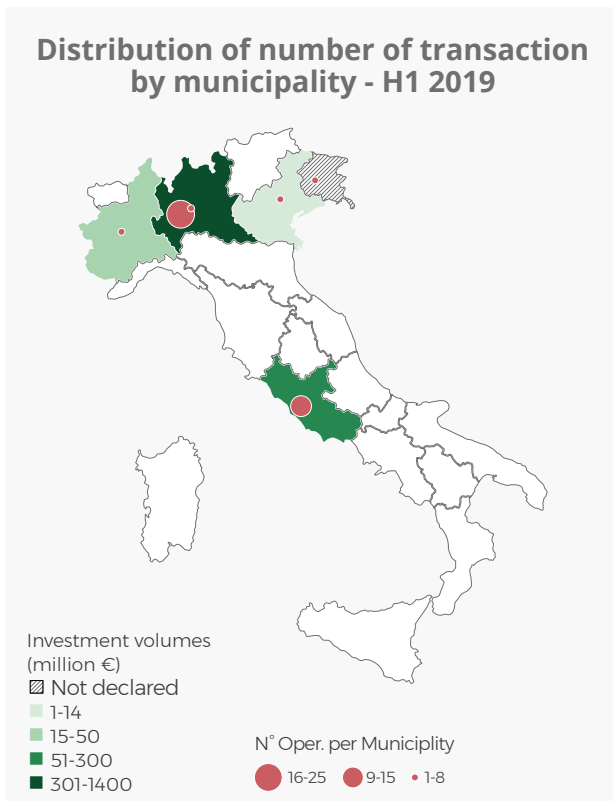
PERIOD	NAME OF PROPERTY	PROVINCE	PRICE (MIL €)	BUYER	SELLER
2019 Q2	Centostazioni portfolio	TO,NA,PD,-MI,RM	45	Altarea Cogedim	FS Italiane
2019 Q2	Property located in piazza Meda 1	MI	26,5	Privato	Dea Capital
2019 Q1	Trophaeum luxury retail	MI	15	Trophaeum	-
2019 Q2	Bruno B Calo	RM	15	Trophaeum AM	-

# FOCUS - OFFICE

Total reported investment in the **office** market amounted to approximately **€1.7 billion**. The highest investment volume attributable to a specific region was recorded in **Lombardy (81.6%** or €1.4 billion), followed by **Lazio** with €282 million (**16.7%**).

In detail, a total of 36 transactions were mapped: 24 in Lombardy (of which one mixed office/retail property), 9 in Lazio, 1 in Veneto, 1 in Piedmont, 1 in Friuli-Venezia Giulia, (the latter with a mixed residential/office building).

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 **€51 million** in 2018.



Source: Gabetti Research Department analysis

Some of the major transactions recorded in H1 2019 are listed below:

PERIOD	NAME OF PROPERTY	PROVINCE	PRICE (MIL €)	BUYER	SELLER
2019 Q1	Telecom ex-HQ via Pirelli 35	Milan	130	Coima SGR	Deka Immobilien
2019 Q2	Energy Park	Vimercate	130	Starwood Capital	Coima SGR
2019 Q1	La Forgiatura	Milan	120	UPS Asset Management	RealStep
2019 Q2	Vodafone Village	Milan	106,5	Meritz Financial Group	Coima RES
2019 Q1	Uffici Sei Milano	Milan	100	Orion Capital Managers	Proiezioni Future Borio Mangiarotti Verde Partners Inc.

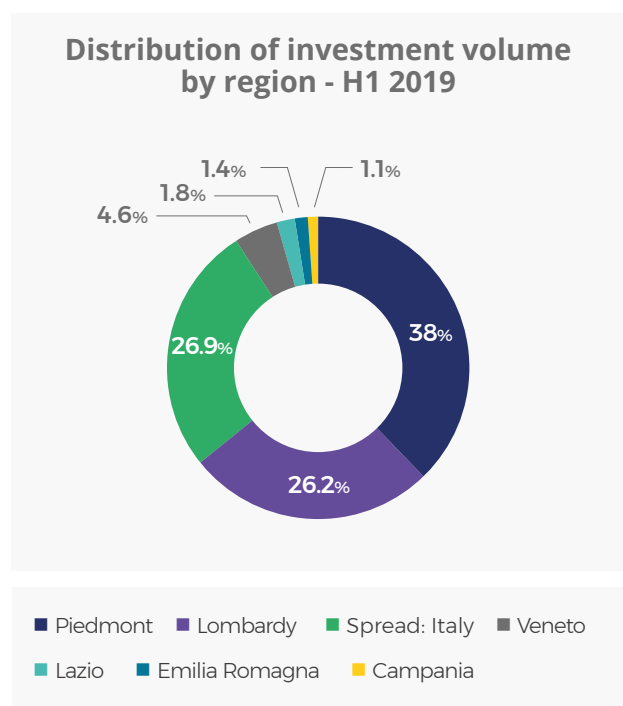
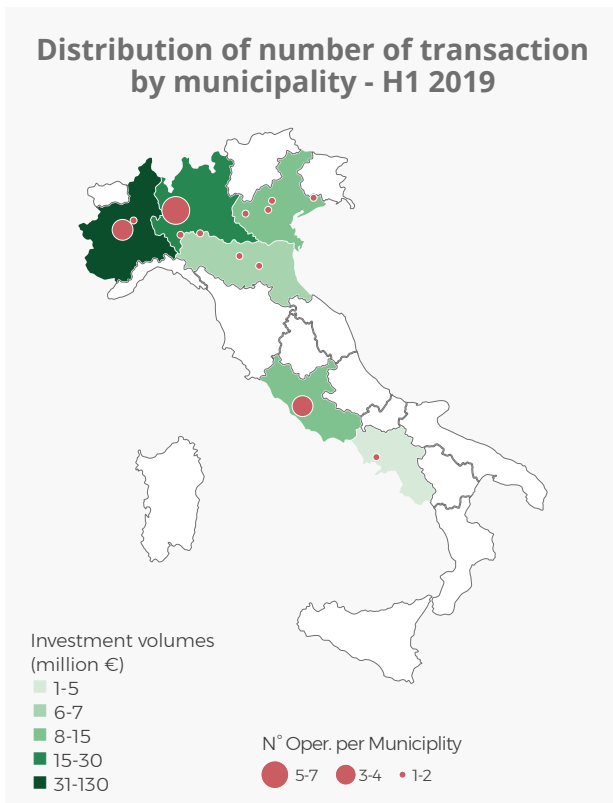
# FOCUS - INDUSTRIAL

Reported investments in the **industrial** market (which includes both the industrial and logistics sectors) amounted to a total of approximately **€410 million**.

The highest investment volume attributable to a specific region was recorded in **Piedmont (38%** or €156 million), followed by **Lombardy**, with €107 million (**26.2%**).

More specifically, a total of 23 transactions were mapped, involving logistics properties and areas: 7 in Lombardy, 4 in Piedmont, Veneto and Emilia Romagna, 3 in Lazio, 1 in Campania.

The **average value** of estimated investment per individual asset in the industrial/logistics sector in 2018 was approximately **€20.5 million**.



Source: Gabetti Research Department analysis

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

PERIOD	NAME OF PROPERTY	PROVINCE	PRICE (MIL €)	BUYER	SELLER
2019 Q2	SEGRO Logistic Property	BO,MI	70	SEGRO European Logistics Partnership (SELP)	-
2019 Q1	Eastgate Park Portogruaro Logistic Property	VE	10,6	-	Dea Capital Real Estate SGR
2019 Q1	Ceva Logistics	MI	8,3	-	Dea Capital Real Estate SGR

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

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