H1 2019 - ABSTRACT

PRESTIGIOUS HOMES MARKET

MILAN, ROME, TURIN, GENOA, FLORENCE AND NAPLES

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HIGHLIGHTS

The report analyses the main indicators of the **prestigious residential market**, with the objective of providing a snapshot from the **real estate**, **socio-demographic** and **qualitative** standpoint, in order to identify the *existing needs* of the *affluent* segment.

In particular, the macro-trends for the cities of **Milan, Rome, Turin, Genoa, Florence and Naples** are provided, in terms of **prices, rents, average sales times and average discounts**, trend in **demand and supply**; these indicators are also analysed at the **micro-zone** level, through mapping of the key prestigious areas of the cities.

Lastly, a **qualitative analysis** aims to identify the needs and requirements of demand for prestigious homes, following the collection of directly relevant data and information from the **actual market players**.

FREEHOLD TRANSACTIONS H1 2019

MILAN
increasing

+1.8%
Prices H1 2019/H2 2018

5-6 months
Average selling period

11%
Discounts percentage

HISTORIC CENTRE
BRERA
Most demanded areas

ROME
steady

- 0.4%
Prices H1 2019/H2 2018

8 months
Average selling period

13%
Discounts percentage

HISTORIC CENTRE
PARIOLI
Most demanded areas

TURIN
steady

0%
Prices H1 2019/H2 2018

5-6 months
Average selling period

7%
Discounts percentage

QUADRILATERO - VIA ROMA
P.ZZA GRAN MADRE
Most demanded areas

GENOA
incresing steadily

- 0.6%
Prices H1 2019/H2 2018

7-8 months
Average selling period

10%
Discounts percentage

ALBARO - CARIGNANO
QUARTO
Most demanded areas

FLORENCE
steady

+ 0.4%
Prices H1 2019/H2 2018

8-9 months
Average selling period

10%
Discounts percentage

HISTORIC CENTRE
LUNGARNI - PORTA ROMANA
Most demanded areas

NAPLES
incresing steadily

- 0.5%
Prices H1 2019/H2 2018

5-6 months
Average selling period

13%
Discounts percentage

VOMERO
CHIAIA
Most demanded areas

REPORT SUMMARY

The home is no longer just an **asset** or an **investment**, it represents an experience, and this is increasingly true with luxury homes. We do not merely purchase a home, we purchase the "**pleasure of living**", namely what we expect to be able to live within the home.

How do we translate this need into the search for a **prestigious home**?
It is a true journey, which starts with identification of the neighbourhood in which one wants to live (which must be well-served), looks at location (which should have its unique personality) and, lastly, focuses on the property,

During the second half of 2019, the prestigious properties market in the cities monitored by Santandrea Luxury Houses **confirmed the recovery** observed in 2018.

In particular, **Milan's freehold segment** showed the **greatest activity**, with a slight positive trend in prices and demand concentrated in Brera, Magenta and Pagano areas. and **Rome** recorded increased stability, although with differences based on zone and a slight decline in prices.
Turin recorded stability both in prices and transactions, with demand up in Quadrilatero, Via Roma and Piazza Gran Madre. In **Genoa**, transactions are confirmed as essentially stable compared to the prior half-year, with demand up in Albaro and Carignano, and a slight decline in prices. **Florence** recorded stability in transaction activity and a slight increase in prices, with a positive trend for the Historic Centre and the Lungarni Area. **Naples** recorded stability in prices with demand up in Vomero and Chiaia.
Average sales times in Milan, Turin and Naples are confirmed at **around 5-6 months**. The time necessary to complete negotiations in **Genoa** is at **around 6-8 months**, while in **Rome** and **Florence** it amounts to **7-8 months**.
The average discount was around 7% in Turin, 10% in Genoa and Florence, 11% in Milan, 13% in Rome and 10-15% in Naples.

In addition to analysing the key market indicators, the report examines Rome's luxury real estate market in detail, through a qualitative analysis that shows that the **prestigious home of the future**, in addition to providing a "lighter" living experience for its inhabitants, must interact and evolve with them, following the life cycle of the household and the changes that take place over time. Although the homes are smaller than in the past, they are more manageable, with interior layouts that favour the living area, light and outdoor openings, within consolidated surroundings rich in services and well-connected.

The prestigious home becomes the space in which the services of the home and building blend for simpler and more flexible living that changes based on the requirements of those who live there.
A smart and functional environment in a central location.

Fabio Guglielmi
Director
Gabetti Agency

KEY INDICATORS, H1 2019

FREEHOLD MARKET

ZONES IN MILAN	Demand to buy	Supply for sale	Number of transactions	Transaction prices
QUADRILATERO	↔	↑	↔	↔
HISTORIC CENTRE	↑	↑	↑	↑
BRERA	↑	↑	↑	↑
MAGENTA-PAGANO-CASTELLO	↑	↑	↑	↑
PALESTRO-DUSE	↔	↔	↓	↔

ZONES IN ROME	Demand to buy	Supply for sale	Number of transactions	Transaction prices
AVENTINO	↔	↔	↔	↔↓
HISTORIC CENTRE	↔	↔	↔	↔↓
FLAMINIO	↔	↔	↓	↔↓
PARIOLI	↔	↑	↔	↔↓
PINCIANO-VENETO	↔	↔	↔↓	↑
PRATI	↔↑	↔↑	↔	↓
SALARIO-TRIESTE	↔	↔↑	↔	↔
TRASTEVERE	↔↑	↔	↔	↓

ZONES IN TURIN	Demand to buy	Supply for sale	Number of transactions	Transaction prices
CROCETTA	↔	↑	↔	↔
CIT TURIN	↑	↑	↑	↑
QUADRILATERO (C.so Vittorio until Piazza Vittorio-Via Po and from C.so Cairoli to Via Roma)	↑	↓	↔	↔
VIA ROMA AND NEARBY STREETS	↑	↑	↑	↑
VIA PIETRO MICCA AND NEARBY STREETS	↔	↔	↔	↑
PIAZZA SOLFERINO AND NEARBY STREETS	↑	↓	↔	↔
C.SO MASSIMO D'AZEGLIO (FROM C.SO VITTORIO TO C.SO RAFFAELLO)	↓	↑	↓	↓
PIAZZA GRAN MADRE AND NEARBY STREETSA	↑	↓	↔	↔
PRE-COLLINA	↓	↑	↓	↓

FREEHOLD MARKET

ZONES IN GENOA	Demand to buy	Supply for sale	Number of transactions	Transaction prices
ALBARO	↑	↔	↑	↔
CARIGNANO	↑	↓	↑	↔
CENTRE	↔	↔	↔	↓
CASTELLETTO	↔	↑	↔	↔
NERVI	↔	↓	↔	↓↔
QUARTO - QUINTO	↑	↔	↔	↓

ZONES IN FLORENCE	Demand to buy	Supply for sale	Number of transactions	Transaction prices
HISTORIC CENTRE, OLTRARNO	↑	↔	↔	↑
LUNGARNI	↑	↓	↔	↑
PIAZZALE MICHELANGELO, BELLOSGUARDO, VOLTA, SALVIATINO	↔	↔	↔	↔
VIALI (Via Masaccio, Via Mazzini, Oberdan)	↔	↔	↔	↑
PRIMA COLLINA (Fiesole, B.Ripoli)	↓	↔	↔	↔

ZONES IN NAPLES	Demand to buy	Supply for sale	Number of transactions	Transaction prices
CHIAIA	↑	↑	↑	↔
POSILLIPO	↔	↔	↔	↔
VOMERO	↑	↔	↔	↔↓

Gabetti Research Department analysis of Santandrea Luxury Houses data

PRICE LIST FOR LUXURY HOMES

	FREEHOLD MARKET TRANSACTION PRICES €/SQM			
	H1 2019			
	NEW/REFURBISHED		TO BE REFURBISHED	
MILAN	Minimum	Maximum	Minimum	Maximum
QUADRILATERO	11,000	13,800	9,000	11,000
HISTORIC CENTRE	7,700	8,700	6,200	7,200
BRERA	9,000	11,000	6,700	7,700
MAGENTA-PAGANO-CASTELLO	7,700	9,000	5,700	6,700
PALESTRO-DUSE	9,000	10,500	7,500	8,500
ROME	Minimum	Maximum	Minimum	Maximum
AVENTINO	7,900	11,000	6,200	8,700
HISTORIC CENTRE	8,900	11,500	7,500	9,500
FLAMINIO	4,500	5,900	4,000	5,000
PARIOLI	5,700	6,700	4,200	5,000
PINCIANO-VENETO	6,000	7,000	4,500	5,500
PRATI	6,000	6,800	4,800	5,200
SALARIO-TRIESTE	5,500	6,500	4,000	5,000
TRASTEVERE	7,300	8,300	6,400	7,300
TURIN	Minimum	Maximum	Minimum	Maximum
CROCETTA	2,400	3,700	1,500	2,200
CIT TURIN	2,700	4,000	1,700	2,500
QUADRILATERO (C.so Vittorio until Piazza Vittorio-Via Po and from C.so Cairoli to Via Roma)	3,500	4,300	2,500	3,300
VIA ROMA AND NEARBY STREETS	3,700	5,500	3,000	3,700
VIA PIETRO MICCA AND NEARBY STREETS	3,000	4,000	2,800	3,200
PIAZZA SOLFERINO AND NEARBY STREETS	2,800	4,500	2,500	3,000
C.SO MASSIMO D'AZEGLIO (FROM C.SO VIT-TORIO TO C.SO RAFFAELLO)	2,000	3,000	1,500	2,200
PIAZZA GRAN MADRE AND NEARBY STREETS	3,000	5,000	2,500	2,800
PRE-COLLINA	2,000	3,000	1,500	1,700

	FREEHOLD MARKET TRANSACTION PRICES €/SQM			
	H1 2019			
	NEW/REFURBISHED		TO BE REFURBISHED	
GENOA	Minimum	Maximum	Minimum	Maximum
ALBARO	3,700	4,650	2,500	3,400
ALBARO - JENNER, CAMILLA, GAMBARO, MONTALLEGRO, CAUSA	4,500	5,100	3,400	4,400
NERVI - QUINTO	3,400	4,200	2,900	3,400
NERVI - PESCETTO, PALME, S. ILARIO	3,700	4,400	3,100	3,600
QUARTO - VIALE QUARTARA, GENEYS, PONTE DELL'AMMIRAGLIO	3,400	4,100	2,500	3,100
CARIGNANO	3,600	4,200	2,400	3,300
CENTRE	3,250	3,850	2,350	2,800
CASTELLETTO	2,500	2,900	1,900	2,200
FLORENCE	Minimum	Maximum	Minimum	Maximum
HISTORIC CENTRE, OLTRARNO	4,700	7,000	3,600	4,500
LUNGARNI	4,950	7,000	4,100	4,700
PIAZZALE MICHELANGELO, BELLOSGUARDO, FIESOLE	4,700	6,500	4,000	4,700
VIALI (Via Masaccio, Via Mazzini, Oberdan)	3,300	4,500	2,650	3,200
PRIMA COLLINA (Fascia Esterna Dalla Città)	3,300	4,600	2,500	3,300
NAPLES	Minimum	Maximum	Minimum	Maximum
CHIAIA - VIA DEI MILLE , VIA CARACCIOLO, VIA PARTENOPE	6,500	7,800	4,500	6,000
POSILLIPO	6,000	8,000	4,500	5,900
VOMERO - FALCONE E SCARLATTI-VANVITELLI-FUNICOLARE	4,500	6,100	4,000	5,000

**The summary index is obtained by weighting the rents of new and existing homes based on respective estimated market distribution.*
Gabetti Research Department analysis of Santandrea Luxury Houses data

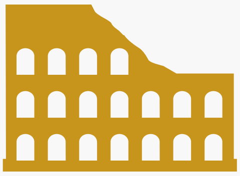
TYPES MOST IN DEMAND

FREEHOLD MARKET

MILAN - H1 2019

ZONES MOST IN DEMAND	PROPERTY TYPES MOST IN DEMAND
 • Historic Centre • Brera	180-230sqm 3 New - Refurbished Garage - Parking space - Terrace

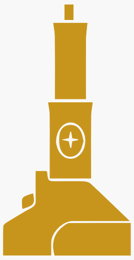
ROME - H1 2019

ZONES MOST IN DEMAND	PROPERTY TYPES MOST IN DEMAND
 • Historic Centre • Parioli	150sqm 3 To be refurbished Parking space - Terrace

TURIN - H1 2019

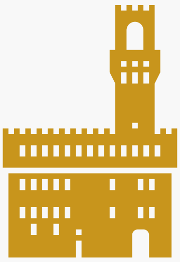
ZONES MOST IN DEMAND	PROPERTY TYPES MOST IN DEMAND
 • Quadrilatero • Via Roma and nearby streets • P.zza Gran Madre and nearby streets	180sqm 3 New - Refurbished car space - terrace

GENOA - H1 2019



ZONES MOST IN DEMAND	PROPERTY TYPES MOST IN DEMAND
• Albaro • Carignano • Quarto	150sqm 3 New - Refurbished car space - terrace - view on the seaside

FLORENCE - H1 2019



ZONES MOST IN DEMAND	PROPERTY TYPES MOST IN DEMAND
• Historic Centre • Lungarni • Porta Romana	150sqm 3 New - Refurbished, used car space - terrace - private lawn - view

NAPLES - H1 2019

ZONES MOST IN DEMAND	PROPERTY TYPES MOST IN DEMAND
• Vomero • Chiaia	130sqm 3 New - Refurbished Car space - terrace - boardrooms

Gabetti Research Department analysis of Santandrea Luxury Houses data

MARKET SENTIMENT

FORECASTS FOR H2 2019

FREEHOLD MARKET

MILAN -H2 2019	
Domand to buy	↑
Supply for sale	↑
Number of transactions	↑
Transactions prices	↑

ROME - H2 2019	
Domand to buy	↑
Supply for sale	↔
Number of transactions	↔
Transactions prices	↔ ↓

TURIN - H2 2019	
Domand to buy	↑
Supply for sale	↔
Number of transactions	↑
Transactions prices	↑

GENOA - H2 2019	
Domand to buy	↔
Supply for sale	↑
Number of transactions	↑
Transactions prices	↓ ↔

FLORENCE - H2 2019	
Domand to buy	↑
Supply for sale	↑
Number of transactions	↔
Transactions prices	↔

NAPLES - H2 2019	
Domand to buy	↑
Supply for sale	↑
Number of transactions	↑
Transactions prices	↔

SCENARIO ANALYSIS: PRESTIGIOUS PROPERTIES MARKET IN ROME

BVA DOXA SURVEY RESULTS

SCENARIO ANALYSIS: PRESTIGIOUS PROPERTIES MARKET IN ROME

KEY LIVING ISSUES IN THE ROMAN CONTEXT

Despite the city's rich cultural and architectural heritage, the story of Rome is marked by **regret** and **concerns** regarding the areas of degradation, a phenomenon that is more evident in the peripheral zones but present in the prestigious areas as well.

Waste collection and disposal, **infrastructure maintenance**, **road network** and public transport are all key issues that have a major impact on the perception of quality of life in the city and on the criteria driving the search for a home.

IN TERMS OF TRANSPORT, TO WHAT EXTENT WOULD YOU SAY YOUR HOME IS SERVED BY PUBLIC MEANS SUCH AS TRAIN, BUS, TRAM, METRO?

% of those who believe the house in which they live is well served

Base: people who live in an italian city with more than 250,000 inhabitants (Source: CasaDoxa 2019)

A CHANGING MARKET

As a result of these very **issues**, a transversal trend is underway across the sample: **a return to the more central zones**.
While in the **past** we observed a **migration** towards the more **peripheral zones**, **seeking** a **less chaotic** and less hectic **life at the human level**, this trend has reversed.

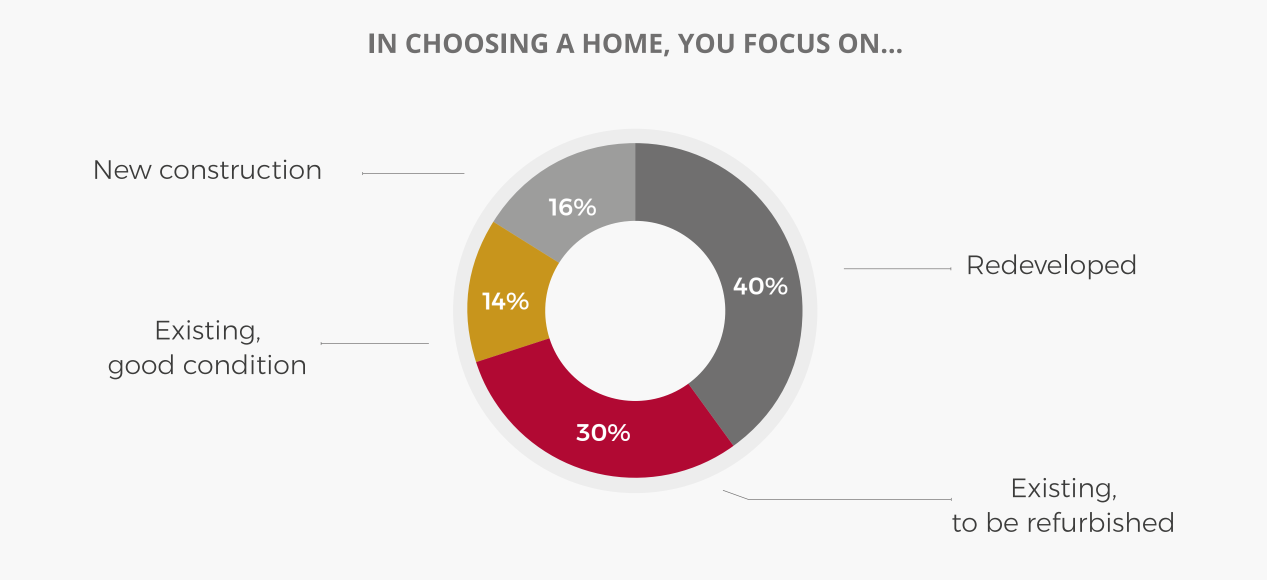
Today, there is a **centralising trend** leading back to the city centres (districts that are central, semi-central or within the ring road).

This phenomenon is supported by:
· **a decline in prices of the properties** situated in these areas compared to the past
· **dissatisfaction** with the **services available** outside of the central zones
· **search** for **improvement** in **quality** of **life** in terms of healthiness and safety of the surroundings in which one lives.

SEEKING REDEVELOPED OR MODERN AND FUNCTIONAL LIVING SOLUTIONS

Particular **attention** has emerged for **redeveloped properties**, namely refurbished homes that provide an acceptable **compromise** between adequate buildings from an architectural and systems standpoint and zones better served and cared for, ensuring a satisfactory quality of life.

New constructions are appealing when they are modern and functional homes that stand out within the historic nature of the neighbourhood, due to use of common areas, technology and brightness. This type of home is growing in popularity and focuses on energy efficiency, is green/ ecological and satisfies the new styles of living.



Base: people who live in an italian city with more than 250,000 inhabitants (Source: CasaDoxa 2019)

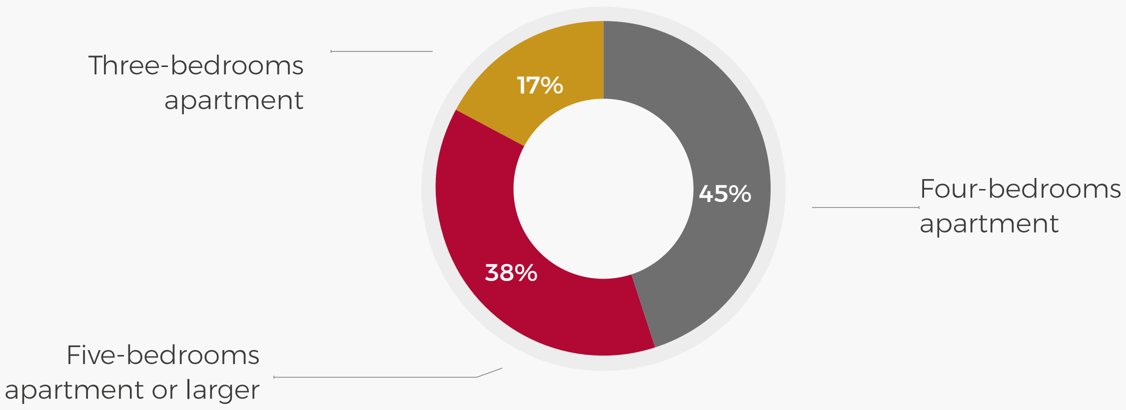
THE RESIDENTIAL SURROUNDINGS PLAY A SIGNIFICANT ROLE IN SELECTING ONE'S HOME

The **context** in which a building is situated takes on a very significant role, as it impacts quality of life.

There is a greater willingness to **give up certain aspects**, provided that a more serene and high-**quality lifestyle** can be obtained. Consideration of **smaller** yet **more functional homes** is growing, providing a central and well-served context.

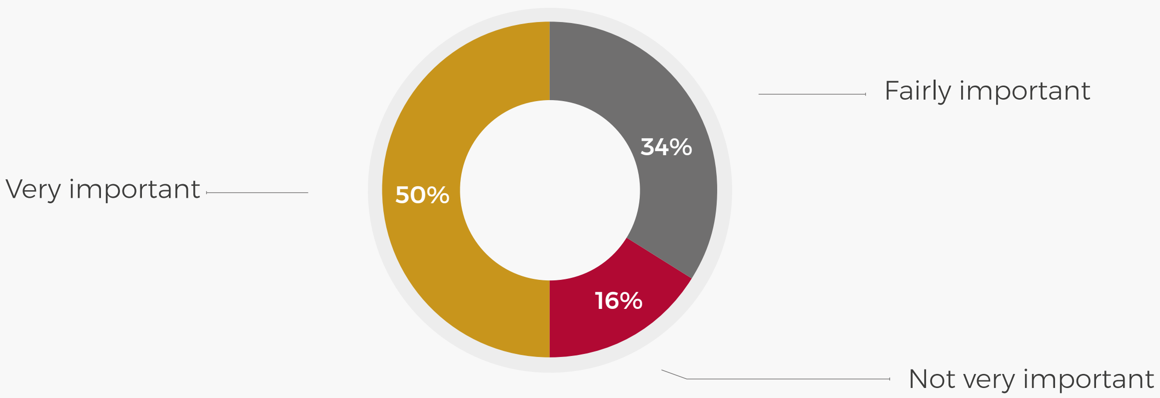
A **neighbourhood** equipped with all of the **necessary services** and commodities, a "small city within the big city". The presence of shops, schools, gyms, parking and mobility, facilitated thanks to underground lines connecting the entire city, is of key importance.

THE HOUSE YOU WANT TO BUY IS A ....



Base: people who intend to purchase a prestigious home in Milan (Source: CasaDoxa 2019)

IN CHOOSING A HOME, HOW IMPORTANT IS THE PRESTIGE FACTOR?



Base: people who intend to purchase a prestigious home in Milan (Source: CasaDoxa 2019)

THE LUXURY HOME IN ROME

THE LUXURY HOME AS A REPRESENTATION OF ONE'S STATUS

In the luxury market, the exclusivity of the home often represents status and economic well-being.

The **typical buyer** of luxury buildings is generally a **freelancer or manager** aged between 38 and 50 years, head of a household and engaged in various commitments.

Interest focuses on **homes** with **prestigious finishes** on both the exterior and interior, with very **large and bright rooms**, and **common areas characterised** by modern state-of-the-art systems. The context must be **central** or at the very least **semi-central**.

LUXURY HOMES FEATURE HIGH-QUALITY DETAILS

There are a number of characteristics that luxury properties must possess in order to be defined as such.

In the majority of cases, they are **characteristics of the buildings** themselves; in particular, the **zone**, **brightness**, **upper floor** and terrace appear to constitute the "**conditio sine qua non**" or minimum absolute requirements. However, other aspects place more focus on the style of the building, such as the **macro-distinction** of **period versus new building**.

The following are mentioned:

THE ZONE
The zone of the luxury building is the **central** and most **historic** zone of the **city**, with all services handy and with better maintenance of areas.

BRIGHTNESS OF AREAS
Very bright and airy space has a positive effect on the psychological and physical well-being of people. **Double exposure**, **large windows**, light colours and an intelligent design of the artificial lights are elements that create a pleasing environment, capable of instilling serenity and peace.

LOCATION ON UPPER FLOORS
The **upper floors** are **preferred**, having larger areas and providing the best panorama of the city. They also ensure greater acoustic comfort, particularly important in a chaotic and high-traffic city like Rome.

APERTURE TOWARDS THE OUTSIDE
Large terraces and balconies become the heart of the home itself, also thanks to the pleasant temperatures offered by the Roman climate for many months during the year. A **green oasis** that offers relaxation and **tranquillity** within a chaotic context.

PRESENCE OF GARAGE/PARKING SPACE

The presence or lack of a garage or parking space is a **salient** characteristic, both in practical and **concrete** terms as well as in terms of **social status**. It becomes an element with added value especially for those who acquire the property as an **investment**.

HISTORIC NATURE OF THE PROPERTY

A prestigious **home** must have its own **intrinsic personality**. It must be able to **tell** a **story**, such as that of ancient Rome, presenting particular architectural styles that are consistent with Rome's fame as an open-air museum.

There is a demand for homes whose exterior aspects recall the historic nature of the city, while combining the **functionality** and **practicality** of the more modern homes.

SIZE OF THE LIVING UNIT

The size of the home is **medium/large**, although there is growing interest in overall **smaller homes** that are **better organised** from a functional standpoint.

The increase in **single-member households** (single individuals, business stays, etc.) or small ones requires homes of specific **sizes**, while much larger homes were once preferred.

ORGANISATION OF AREAS

Optimisation of areas and their flexibility are key elements: a home must allow the **intimate household sphere** to **coexist** with **sharing time** with friends and with **individual pastimes** (relaxation and wellness area).

A home that **adapts** to the **needs of those living in it**, **changing over time** and under different **circumstances**.

QUALITY OF FINISHES AND MATERIALS

The luxury home shows particularly scrupulous **attention** in the **selection** of **details and finishes**. Nothing is left to chance, and everything is **designed** and realised in a **meticulous** manner.

Even the materials play a significant role. High-quality and prestigious materials are used, and traditional materials (wood and marble) are often combined with more modern ones (cement and resins).

ENERGY RATING

Those with a **higher budget** are **particularly attentive** to the energy rating. Focus on consumption and on waste leads to the search for modern systems and devices which, following an initial investment, allow for greater **control** and **savings** over the long **term**.

THE PROCESS OF HOME SELECTION AND ACQUISITION IN THE CITY OF ROME

PHASES CHARACTERISING THE PROPERTY PURCHASING PROCEDURE

Comprehension of the needs and requirements of the client purchasing and selling

Careful and detailed search of the building that best suits the client's wishes

Valuation of the technical and bureaucratic documentation linked to the building

Meeting for the sale and stipulation of the contract

THE REAL ESTATE AGENT INCREASINGLY TAKES ON A ROLE AS 360° ADVISOR

The prestigious properties market is characterised by **highly demanding clientele**.
In this scenario, the **agent** increasingly becomes a **360° advisor** able to take on the entire process, demonstrating **expertise** and **professionalism** in a number of areas, regarding both the property as well as the surroundings in which is it located (technical details, services and supply in the area, etc.).

THE PRESENCE OF A PHYSICAL INTERLOCUTER REASSURES CLIENTS

Despite clients being increasingly informed and having often already taken steps **independently** via **web** and/or **word of mouth**, the experiences have been negative overall, with very long times and often unsuccessful results. Therefore, in the mind of the client, the process of **purchasing and selling** a property is already seen as a **lengthy** and **difficult** journey from the start.

The presence of a competent and well-prepared real estate agent during this process, therefore, transmits positive feelings of **tranquillity**, **security** and **serenity**.

SANTANDREA ENJOYS A VERY POSITIVE IMAGE

Within the minds of its target, **Santandrea** is perceived as having known and **recognised expertise** and is most appreciated for its:

- **Efficiency**
- **Reliability**
- **Exhaustiveness** in providing information material
- **Internationality**, providing access to a wider showcase and supply

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luxury houses

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