



H1 2019

# RESIDENTIAL OVERVIEW



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## HIGHLIGHTS

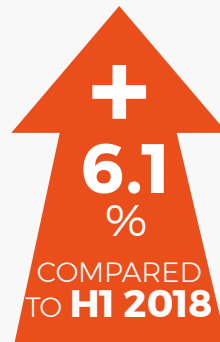
This report analyses **the key indicators in the residential market**: trend in **transactions**, **prices**, **average sales times** and **average discounts**, with the objective of providing a complete snapshot at the national level,

as well as for the major cities. A focus on the mortgage loans market is provided as well, covering the national trends in home purchase loans.

### NUMBER OF RESIDENTIAL TRANSACTIONS



**298,144**  
H1 2019



Capitals **+5.2%**  
Other cities **+6.6%**



NORTH  
**+6.8%**



CENTRE  
**+7.2%**



SOUTH  
**+3.9%**

H1 2019

### MORTGAGES - FIRST QUARTER 2019

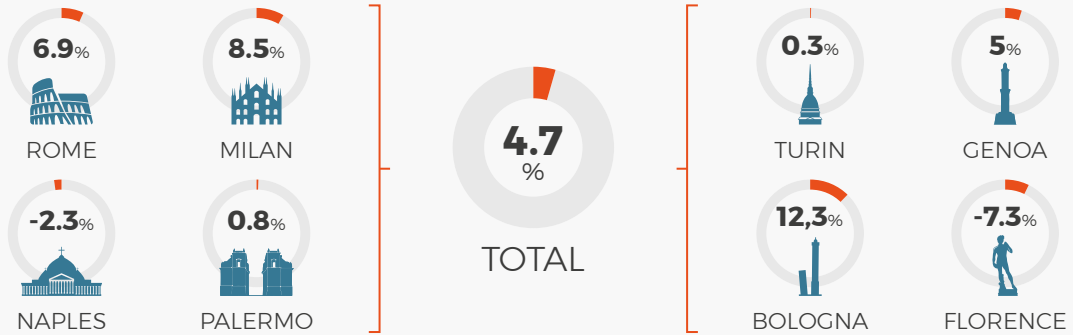


**11.2**

Billion EUR disbursed per household for the purchase of homes

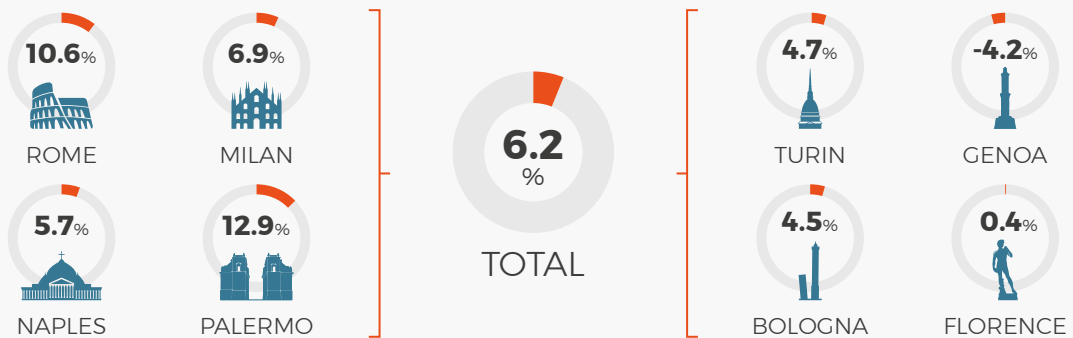
## CHANGE IN RESIDENTIAL NTN - MAJOR CITIES

REFERRING TO THE PERIOD H1 2019/H1 2018



## CHANGE IN RESIDENTIAL NTN - DATA ON REMAINING PROVINCES

REFERRING TO THE PERIOD H1 2019/H1 2018



## REPORT SUMMARY

According to Agenzia delle Entrate data, **298,144** residential transactions were completed in the first half of 2019, **+6.1%** compared to the same period of 2018.

In particular, 138,525 transactions were recorded in the first quarter and 159,619 in the second quarter, respectively **+8.8%** and **+3.9%** compared to the corresponding quarters in 2018.

Based on surveys by the agencies of the Gabetti, Professionecasa and Grimaldi networks, a change in **prices** of around **+0.2%** was recorded in H1 2019 compared to H2 2018. This figure, which follows that of 2018, during which prices stabilised (-0.3%), shows an inversion in trend compared to prior years, when there was one negative change after another, although declining.

In terms of **sales times** the average in the large cities considered remained stable compared to the prior half-year, at **4.5 months** for H1 2019.

Also with regard to average discounts on the initial asking price and the price at which negotiations are concluded, the H1 2019 average remained at around **12%** in the large cities.

Disbursements of home **purchase loans to households** in Q1 2019 amounted to €11.2 billion in Q1 2019, **+1.2%** compared to the same quarter of 2018 (Bank of Italy data).



*After 5 years of positive changes,  
the residential sector has entered a new cycle.*

*The data for H1 2019 confirm this trend,  
with year-end transactions expected to once again  
reach the threshold of 600 thousand units.*



**Marco Speretta**  
Managing Director  
Gabetti Group

## ECONOMIC SCENARIO

In 2019, the overall macroeconomic scenario confirmed some signs of recovery already highlighted in 2018, reflected in the total increase in residential transactions.

According to ISTAT figures, indicators on the labour market showed improvement in second quarter 2019, with an increase in employment over the prior quarter (+0.6%), in a scenario of declining unemployment and inactivity. In particular, the **employment rate** rose to 59.1%, while the **unemployment rate** dropped to 9.9%.

In the first quarter of 2019, ISTAT figures indicate that the **disposable income** of households **increased by 0.9%** over the prior quarter, while consumption was up by 0.2% in nominal terms.

With regard to the indicators linked to performance of the residential property sector, **disbursements of loans to households for the purchase of homes** amounted to a total of €11.2 billion in Q1 2019, +1.2% compared to the same quarter of 2018 (Bank of Italy data). The negative trend declined in 2018, amounting to -0.6%, while **in the first half of 2019** the change was **-9.4%** compared to the period January-June 2018.

According to surveys by agencies of the Gabetti, Professionecasa and Grimaldi networks, a **change in prices** of around **+0.2%** was recorded in the first half of 2019 in the major cities compared to the prior half-year. This figure, which follows that of 2018, during which prices stabilised (-0.3%), shows an inversion in trend compared to prior years, when there was one negative change after another, although declining. Secondary capitals showed higher volatility, with cases in which prices were essentially stable and others in which slight declines were recorded.

In terms of supply, there is growing polarisation between good quality solutions (in terms of construction characteristics, energy efficiency, location and context) and those situated in peripheral locations with limited appeal, the particular intrinsic characteristics of which do not meet the requirements of demand.

As we have seen, the recovery in transactions is not uniform for all areas, with different **sales times** depending on the specific offer: the average in the large cities considered declined compared to the prior half-year, amounting to **4.5** months in the first half of 2019.

However, properties with a good quality/price ratio are taken up even more quickly than this average. Conversely, supply that is listed at excessively high prices or which has characteristics that do not meet demand has much longer take-up times.

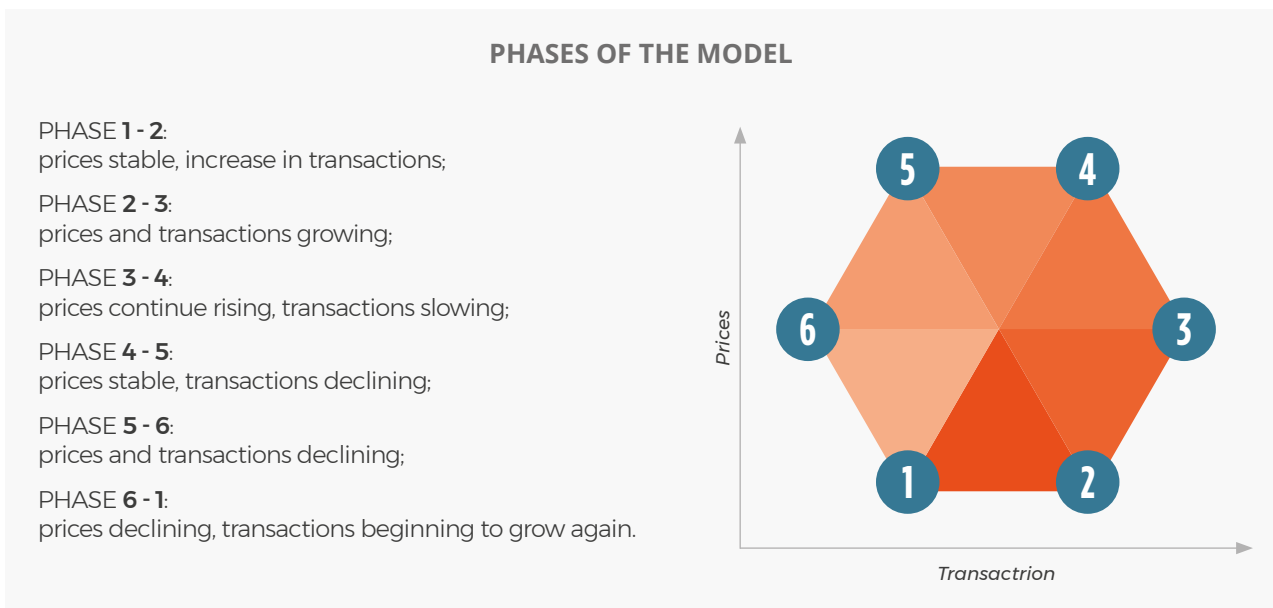
Also with regard to average **discounts** between initial asking price and the price at which negotiations are concluded, the H1 2019 average remained at around **12%** in the large cities, but there are significant differences in this case as well, depending on the specific building.

# MARKET TRENDS

For the second half of 2019, we envisage gradual growth in prices, with an increase in transactions of **around +6 to +8%**.

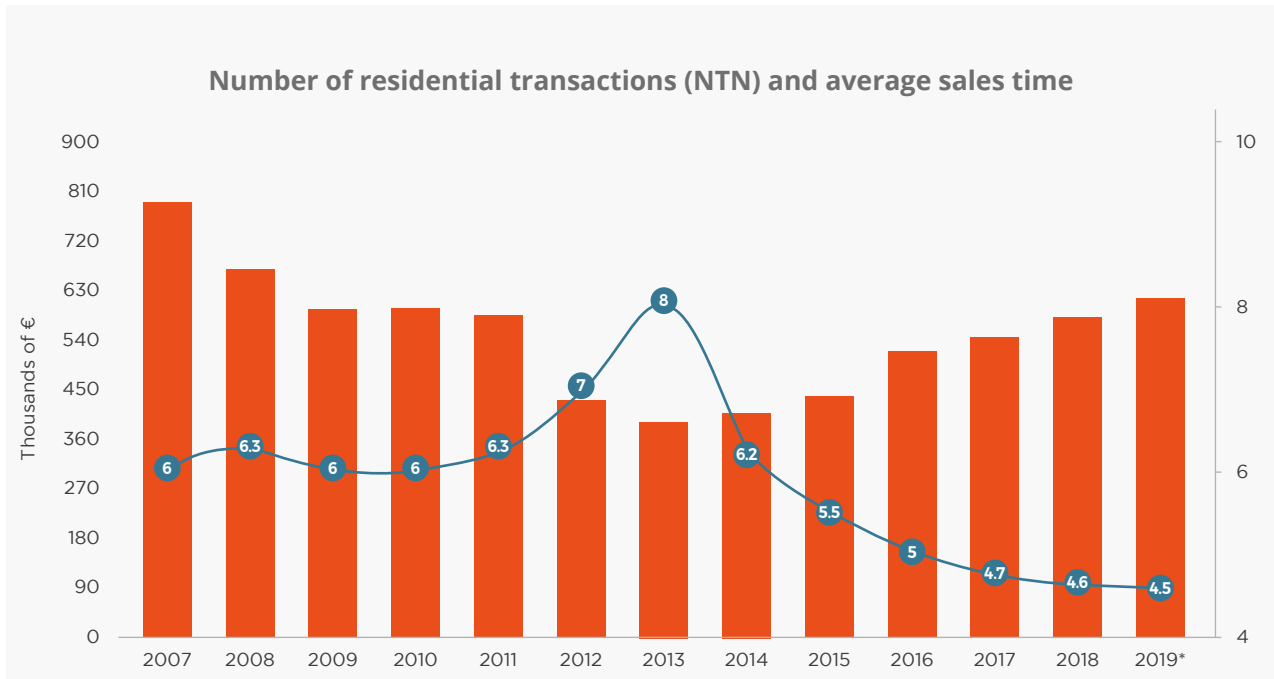
We will see the positive impact of incentives introduced by the Budget in 2019 as well. In fact, the 2019 Budget confirms the extension of the 50% IRPEF deduction for refurbishments and the bonus for furniture, along with the 65% deduction for energy savings works. The IRPEF deduction for anti-seismic measures is also confirmed.

The current market phase may be represented in the “**Hexagon model**”, which subdivides the property cycle into six phases, one following the other, indicating the trends in prices and transactions. Generally speaking, we are moving from phase 6-1, in which, due to the reduction in prices, transactions are gradually starting to grow again, into **phase 1-2**, where prices tend to stabilise. However, it should be noted that some cities, including Milan and Bologna, have already undergone phase 1-2 and are moving towards subsequent phase 2-3, in which prices begin growing, although to a limited extent.





# TREND IN RESIDENTIAL TRANSACTIONS, H1 2019



Source of NTN: Gabetti Research Department analysis of Agenzia delle Entrate data  
 \*estimated 2019 data - Source: Average times in large cities: Gabetti

■ Transaction (NTN) ● Average sales time (months)

According to Agenzia delle Entrate data, **298,144** residential **transactions** were completed in the first half of 2019, +6.1% compared to the same period of 2018. This positive variation consolidates the growth in volumes that began in 2014 and peaked in 2016, during which the residential market recorded a total of **517,184 transactions**, +18.6% compared to 2015.

In this scenario, the greater activity in terms of transactions goes hand in hand with the gradual decline in **average sales times** which, from the negative peak in 2013 even in terms of transactions, are falling to **below 5 months** for the large cities.

# TRANSACTIONS BY MACRO-AREA - H1 2019

In the first half of 2019, **all macro areas** recorded a **positive change**: +6.8% in the North, +7.2% in the Centre and +3.9% in the South. Overall, the provincial capitals showed a variation of +5.2%, while the other cities recorded +6.6%. The highest positive change was recorded in the other cities of the Centre (+8.6%), followed by the other cities of the North (+6.8%).

RESIDENTIAL MARKET - QUARTERLY NTN MACRO AREAS (Q1 2018 - Q2 2019)									
	AREA	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Tot 2018	Q1 2019	Q2 2019	H1 2019
<b>NORTH</b>	Provincial Capitals	21,768	26,874	21,829	28,741	99,211	24,102	27,808	51,910
	Other cities	45,571	57,172	48,358	62,611	213,712	50,242	59,466	109,708
	<b>TOTAL</b>	<b>67,339</b>	<b>84,046</b>	<b>70,187</b>	<b>91,351</b>	<b>312,922</b>	<b>74,345</b>	<b>87,274</b>	<b>161,619</b>
<b>CENTRE</b>	Provincial Capitals	12,232	14,867	12,582	15,888	55,569	13,454	15,196	28,650
	Other cities	13,809	16,552	14,566	18,586	63,513	15,372	17,591	32,963
	<b>TOTAL</b>	<b>26,041</b>	<b>31,419</b>	<b>27,148</b>	<b>34,473</b>	<b>119,082</b>	<b>28,826</b>	<b>32,788</b>	<b>61,613</b>
<b>SOUTH</b>	Provincial Capitals	10,105	11,547	9,418	11,657	42,727	10,406	11,502	21,908
	Other cities	23,792	26,682	23,855	29,587	103,916	24,948	28,056	53,004
	<b>TOTAL</b>	<b>33,897</b>	<b>38,229</b>	<b>33,274</b>	<b>41,244</b>	<b>146,642</b>	<b>35,355</b>	<b>39,557</b>	<b>74,912</b>
<b>ITALY</b>	Provincial Capitals	44,105	53,288	43,829	56,285	197,506	47,963	54,506	102,469
	Other cities	83,172	100,406	86,780	110,783	381,141	90,562	105,113	195,676
	<b>TOTAL</b>	<b>127,277</b>	<b>153,693</b>	<b>130,609</b>	<b>167,068</b>	<b>578,647</b>	<b>138,525</b>	<b>159,619</b>	<b>298,144</b>

RESIDENTIAL MARKET - ANNUAL VARIATION RATE MACRO AREAS (Q1 2018 - Q2 2019)									
	AREA	Δ Q1 18/17	Δ Q2 18/17	Δ Q3 18/17	Δ Q4 18/17	Δ 18/17	Δ Q1 19/18	Δ Q2 19/18	Δ H1 19/18
<b>NORTH</b>	Provincial Capitals	2.0%	6.4%	5.3%	11.3%	6.5%	10.7%	3.5%	6.7%
	Other cities	5.5%	7.2%	8.6%	8.9%	7.7%	10.3%	4.0%	6.8%
	<b>TOTAL</b>	<b>4.3%</b>	<b>7.0%</b>	<b>7.6%</b>	<b>9.7%</b>	<b>7.3%</b>	<b>10.4%</b>	<b>3.8%</b>	<b>6.8%</b>
<b>CENTRE</b>	Provincial Capitals	-0.9%	1.4%	6.2%	11.6%	4.7%	10.0%	2.2%	5.7%
	Other cities	5.2%	5.0%	7.5%	12.7%	7.8%	11.3%	6.3%	8.6%
	<b>TOTAL</b>	<b>2.3%</b>	<b>3.2%</b>	<b>6.9%</b>	<b>12.2%</b>	<b>6.3%</b>	<b>10.7%</b>	<b>4.4%</b>	<b>7.2%</b>
<b>SOUTH</b>	Provincial Capitals	6.6%	6.6%	4.3%	4.9%	5.6%	3.0%	-0.4%	1.2%
	Other cities	5.1%	3.2%	4.4%	6.9%	4.9%	4.9%	5.1%	5.0%
	<b>TOTAL</b>	<b>5.5%</b>	<b>4.2%</b>	<b>4.4%</b>	<b>6.3%</b>	<b>5.1%</b>	<b>4.3%</b>	<b>3.5%</b>	<b>3.9%</b>
<b>ITALY</b>	Provincial Capitals	2.2%	5.0%	5.4%	10.0%	5.8%	8.7%	2.3%	5.2%
	Other cities	5.3%	5.7%	7.3%	9.0%	6.9%	8.9%	4.7%	6.6%
	<b>TOTAL</b>	<b>4.2%</b>	<b>5.5%</b>	<b>6.6%</b>	<b>9.3%</b>	<b>6.5%</b>	<b>8.8%</b>	<b>3.9%</b>	<b>6.1%</b>

Annual variation rate: represents the percentage variation between a quarter and the same quarter of the previous year.  
Cabetti Research Department analysis of Agenzia delle Entrate data

# SCENARIO IN LARGE CITIES

## TRANSACTIONS

Looking at the top **eight Italian cities** by population, a total of **52,841 transactions** were recorded in the first half of 2019, **+4.7%** compared to the same period of 2018. The remaining provinces simultaneously recorded a +6.2% change. At the half-yearly level, the highest positive changes were recorded in Bologna (+12.3%) and Milan (+8.5%), followed by Rome (+6.9%) and Genoa (+5%). More limited growth was observed for Palermo (+0.8%) and Turin (+0.3%). Decreases were recorded for Naples (-2.3%) and Florence (-7.3%).

RESIDENTIAL MARKET - QUARTERLY NTN MAIN PROVINCIAL CAPITALS (Q1 2018 - Q2 2019)				RESIDENTIAL MARKET - ANNUAL VARIATION RATE MAIN PROVINCIAL CAPITALS		
CITY	Q1 2019	Q2 2019	H1 2019	Δ Q1 19/18	Δ Q2 19/18	Δ H1 19/18
ROME	7,921	8,769	16,690	11.9%	2.7%	6.9%
MILAN	6,119	7,080	13,199	11.3%	6.1%	8.5%
TURIN	3,156	3,698	6,853	2.0%	-1.1%	0.3%
GENOA	1,882	1,857	3,739	15.2%	-3.7%	5.0%
NAPLES	1,831	2,069	3,900	-1.3%	-3.2%	-2.3%
PALERMO	1,354	1,477	2,832	2.0%	-0.2%	0.8%
BOLOGNA	1,390	1,750	3,140	12.9%	11.9%	12.3%
FLORENCE	1,160	1,329	2,488	-5.2%	-9.1%	-7.3%
<b>TOTAL</b>	<b>24,812</b>	<b>28,029</b>	<b>52,841</b>	<b>8.2%</b>	<b>1.8%</b>	<b>4.7%</b>

RESIDENTIAL MARKET - QUARTERLY NTN MAIN PROVINCES EXCL. THE PROVINCIAL CAPITALS (Q1 2018 - Q2 2019)				RESIDENTIAL MARKET - ANNUAL VARIATION RATE MAIN PROVINCES		
CITY	Q1 2019	Q2 2019	H1 2019	Δ Q1 19/18	Δ Q2 19/18	Δ H1 19/18
ROME	3,847	4,346	8,193	12.6%	8.8%	10.6%
MILAN	8,414	10,033	18,447	12.7%	2.5%	6.9%
TURIN	3,678	4,706	8,385	4.4%	5.0%	4.7%
GENOA	825	881	1,706	5.2%	-11.7%	-4.2%
NAPLES	2,993	3,193	6,186	5.6%	5.9%	5.7%
PALERMO	998	1,151	2,149	5.2%	20.6%	12.9%
BOLOGNA	1,764	2,057	3,821	9.1%	0.8%	4.5%
FLORENCE	1,421	1,738	3,158	4.3%	-2.6%	0.4%
<b>TOTAL</b>	<b>23,940</b>	<b>28,104</b>	<b>52,044</b>	<b>9.0%</b>	<b>3.9%</b>	<b>6.2%</b>

Annual variation rate: represents the percentage variation between a quarter and the same quarter of the previous year.  
Cabetti Research Department analysis of Agenzia delle Entrate data

## PRICES

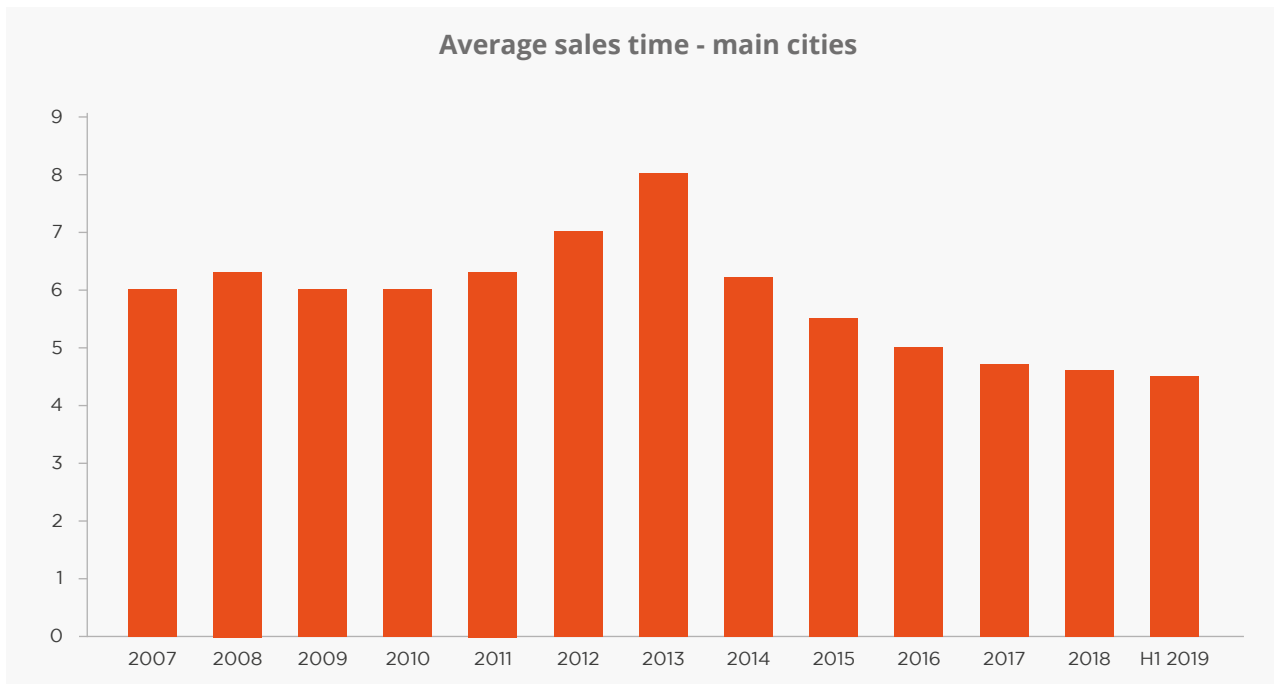
In terms of prices, an **average change** of about **+0.2%** was recorded in H1 2019, with differences from city to city: Milan (+2%) and Bologna (+1.4%) were positive; Florence (+0.6%), Genoa (-0.1%) and Naples (-0.3%) were essentially stable, while Rome (-0.7%), Turin (-0.8%) and Palermo (-0.9%) showed similar negative changes.

*Gabetti Research Department analysis of Gabetti, Professionecasa and Grimaldi data*

CITY	HALF-YEARLY VARIATION IN RESIDENTIAL PRICES	
	H1 2019/H2 2018	H2 2018/H1 2018
ROME	-0.7%	-0.3%
MILAN	2.0%	0.5%
TURIN	-0.8%	-1.3%
GENOA	-0.1%	-0.6%
NAPLES	-0.3%	0.1%
PALERMO	-0.9%	0.3%
BOLOGNA	1.4%	0.3%
FLORENCE	0.6%	0.4%

## SALES TIMES AND AVERAGE DISCOUNTS

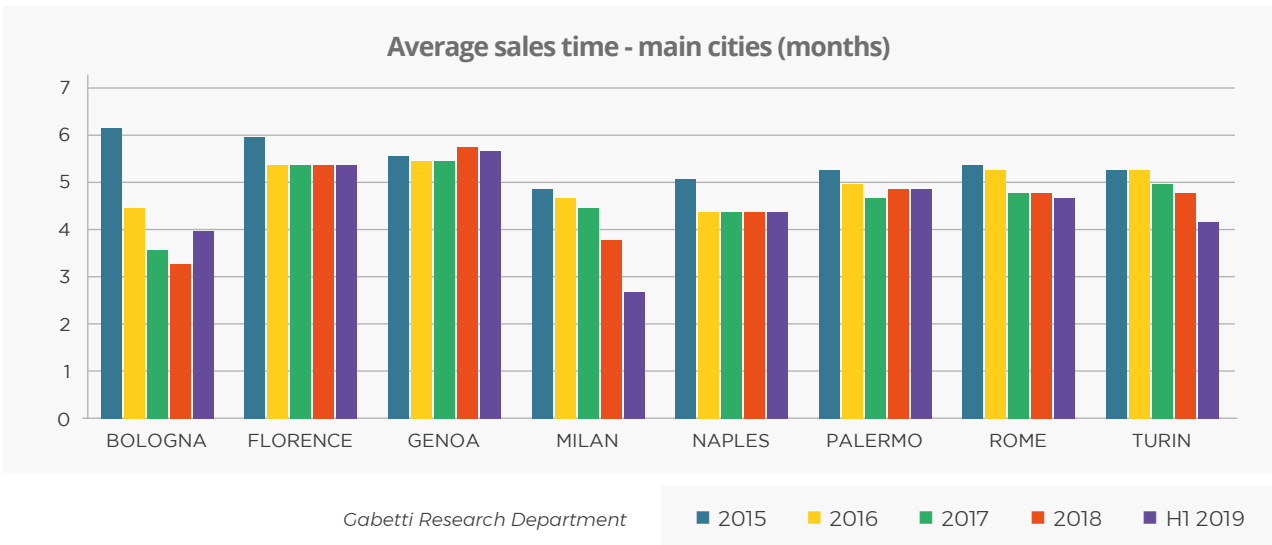
Average sales **times** in large cities are declining, going from an average of 6 months in 2014 to approximately **5.5 months in 2015 and 5 months in 2016**. During the **first half of 2017**, the average was **4.8 months**, dropping to **4.7 months** during the second half of 2017, **4.6 in 2018** and **4.5 months** in the **first half of 2019**. However, the situation is highly differentiated, based on the specific characteristics of the property and, above all, the price at which real estate is put onto the market.



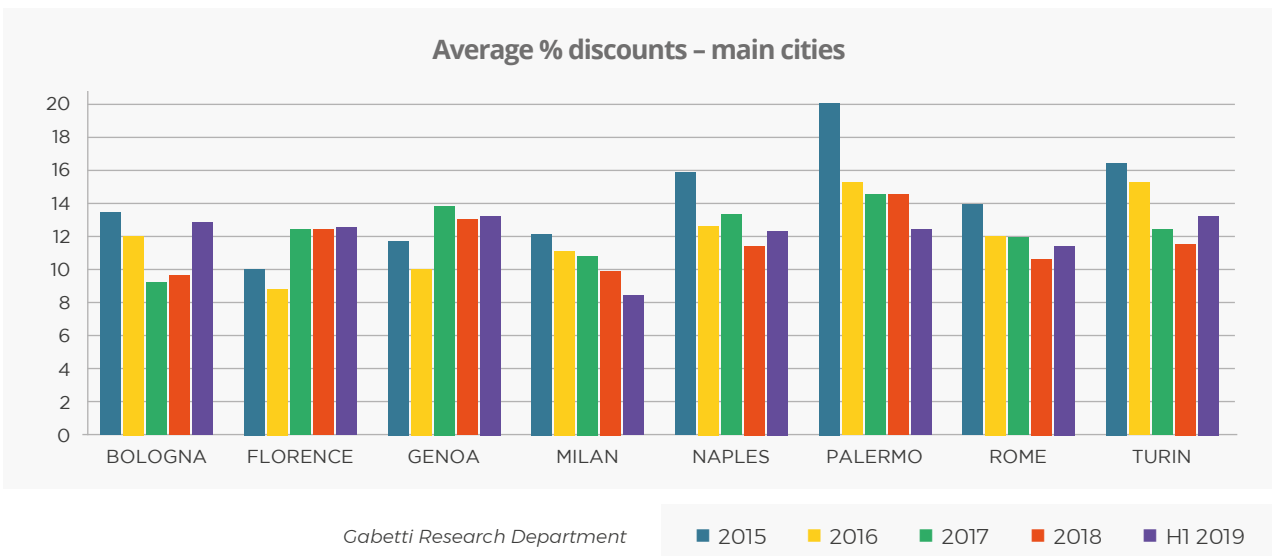
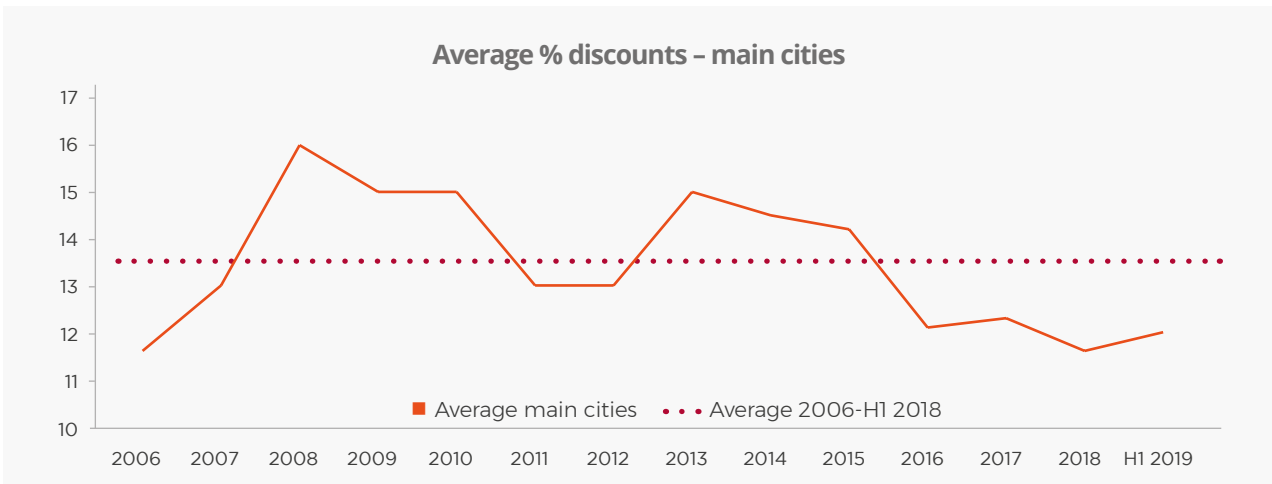
*Gabetti Research Department*

■ Average main cities

More specifically, **the sales times for interesting properties whose prices have been realigned** are back to **between 3 and 4 months**. Conversely, times have lengthened for properties placed on the market at excessively high prices, which are subsequently reduced, and for those whose intrinsic characteristics do not appeal to demand.



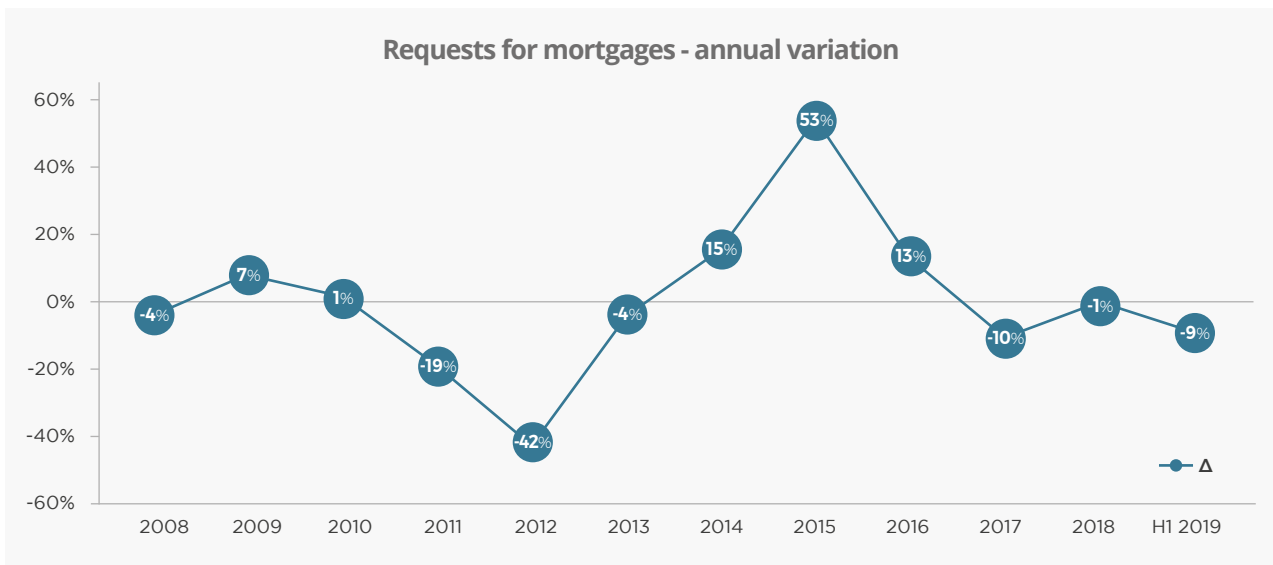
During the first half of 2019, the **average discount** between the asking price of sellers and the final transaction price for large cities remained at an average of **12%** for existing properties. However, even this average contains a significant difference between properties listed at “adjusted price”, with the above percentage falling even under 10%, and those that are introduced onto the market at non-current prices, with subsequent decreases.



# MORTGAGES

## DEMAND FOR MORTGAGES

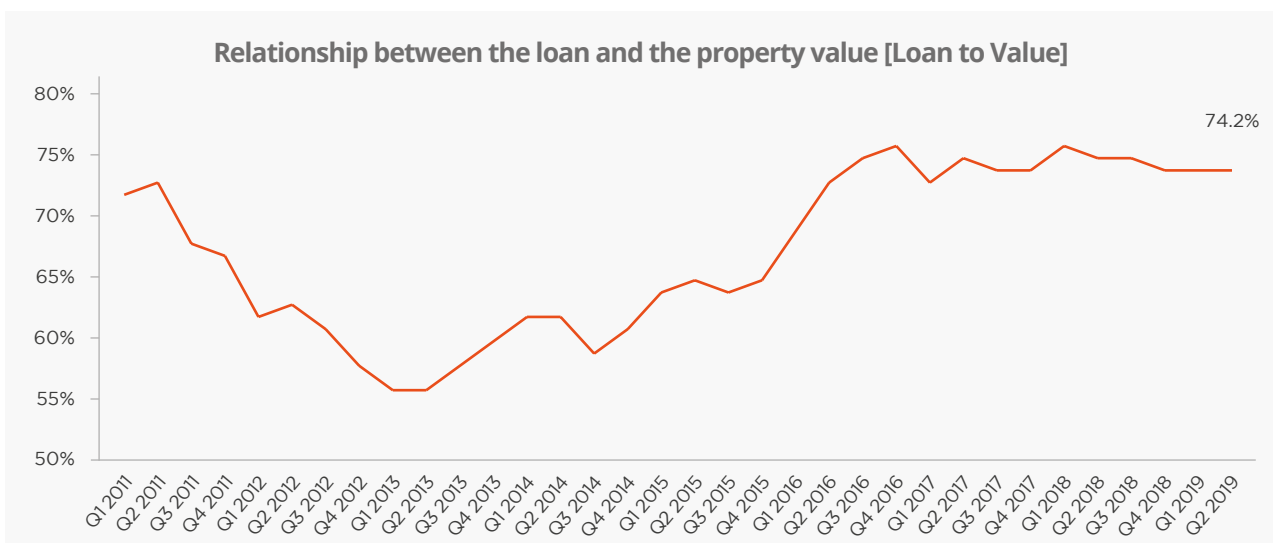
Based on Crif data, the aggregate 2016 value with regard to the number of mortgages and similar loans increased by 13.3%. This growth follows the significant increase recorded in 2015, equal to +53.3%, compared 2014, subsequent to the positive trend in 2014 (+15%), with a clear inversion of trend compared to 2013 (-3.6%) and 2012 (-42%). The trend in demand was negative in 2017, down 10.3% compared to 2016. The trend declined in 2018, amounting to -0.6%, while **in the first half of 2019** the change was **-9.4%** compared to the period January-June 2018.



*Gabetti Research Department analysis of Crif data*

## LOAN-TO-VALUE RATIO

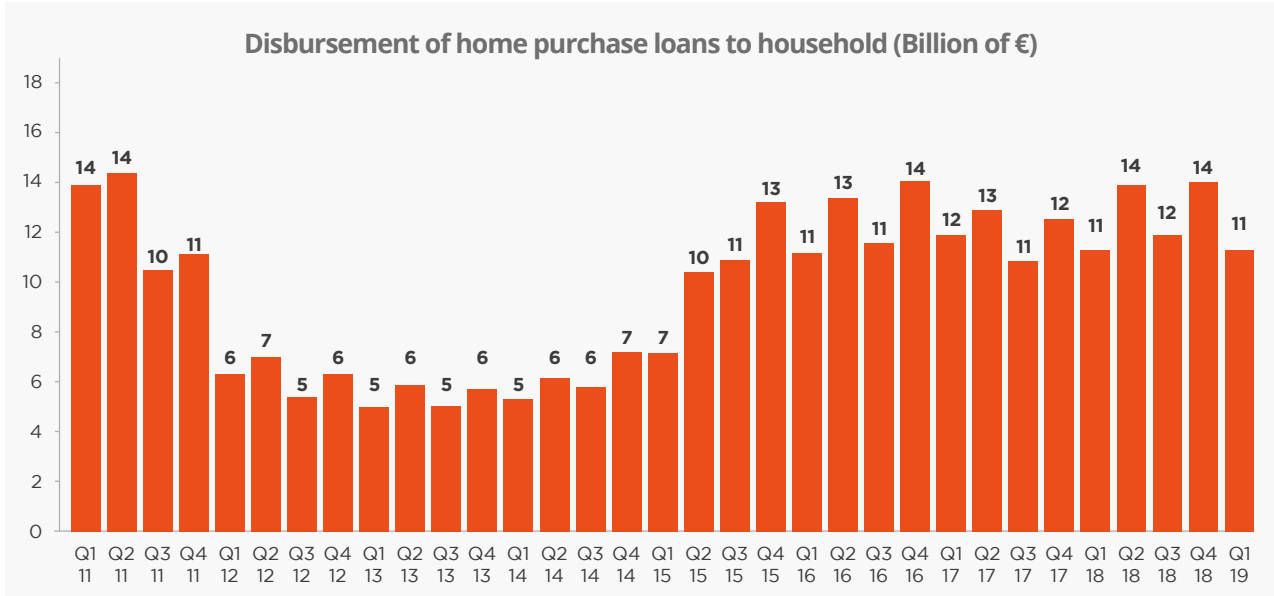
Based on the Bank of Italy's economic survey of the residential market, the loan-to-value ratio of property (LTV) in **second quarter 2019** was **74.2%**, up slightly compared to the prior quarter's figure (74.1%) and down compared to the corresponding quarter in 2018 (75%).



*Gabetti Research Department analysis of Bank of Italy data*

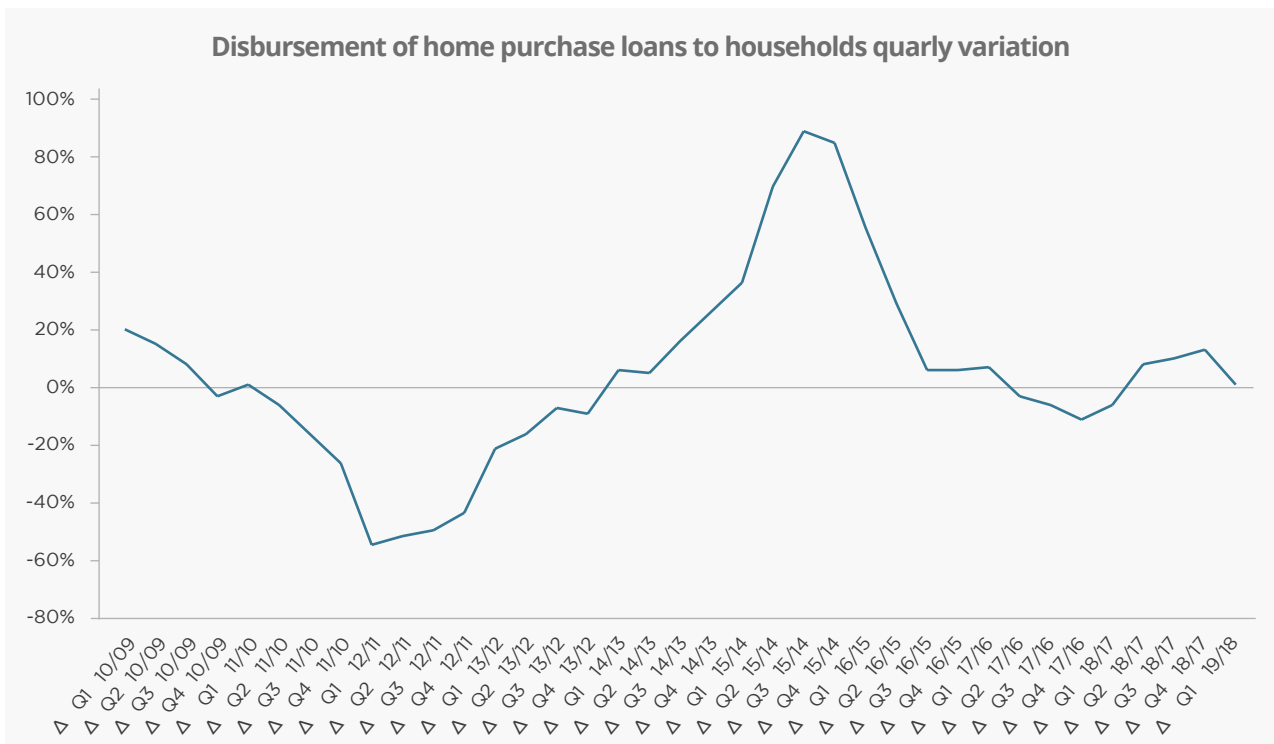
### DISBURSEMENT OF HOME PURCHASE LOANS

Bank of Italy data on loans to **households to purchase homes** recorded a **total of €11.2 billion in first quarter 2019, +1.2%** compared to the same period in 2018. Looking at the previous quarters, Q4 2018 recorded €14 billion in disbursements, while Q3 2018 recorded €11.8 billion.



Cabetti Research Department analysis of data from the Bank of Italy database

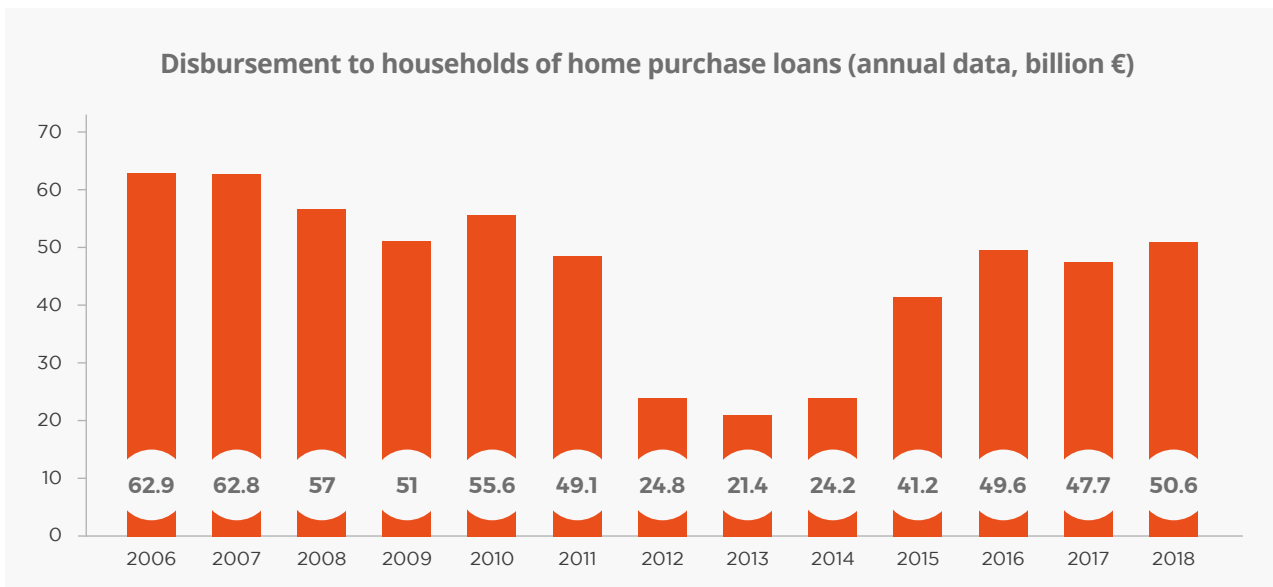
An analysis of the annual trends recorded in the various quarters shows how, starting from **Q1 2014**, **positive variations** were recorded for all quarters considered, inverting the prior negative trend until **Q1 2017**, when the **trend shifted** with the return of **negative changes**, to then go back to positive from Q2 2018.



Cabetti Research Department analysis of data from the Bank of Italy database

## DISBURSEMENT OF HOME PURCHASE LOANS - ANNUAL FIGURES

Bank of Italy data on loans for the purchase of homes by **households indicate total disbursements of €24.2 billion** in 2014, **+13%** compared to 2013. Steady growth was recorded in 2015, for a total of €41.2 billion, **+70.6%** compared to 2014. In 2016, the volume disbursed reached €49.7 billion, **+20.5%** compared to 2015. In 2017, the total amount disbursed amounted to €47.7 billion, **-4%** compared to the same period in 2016.



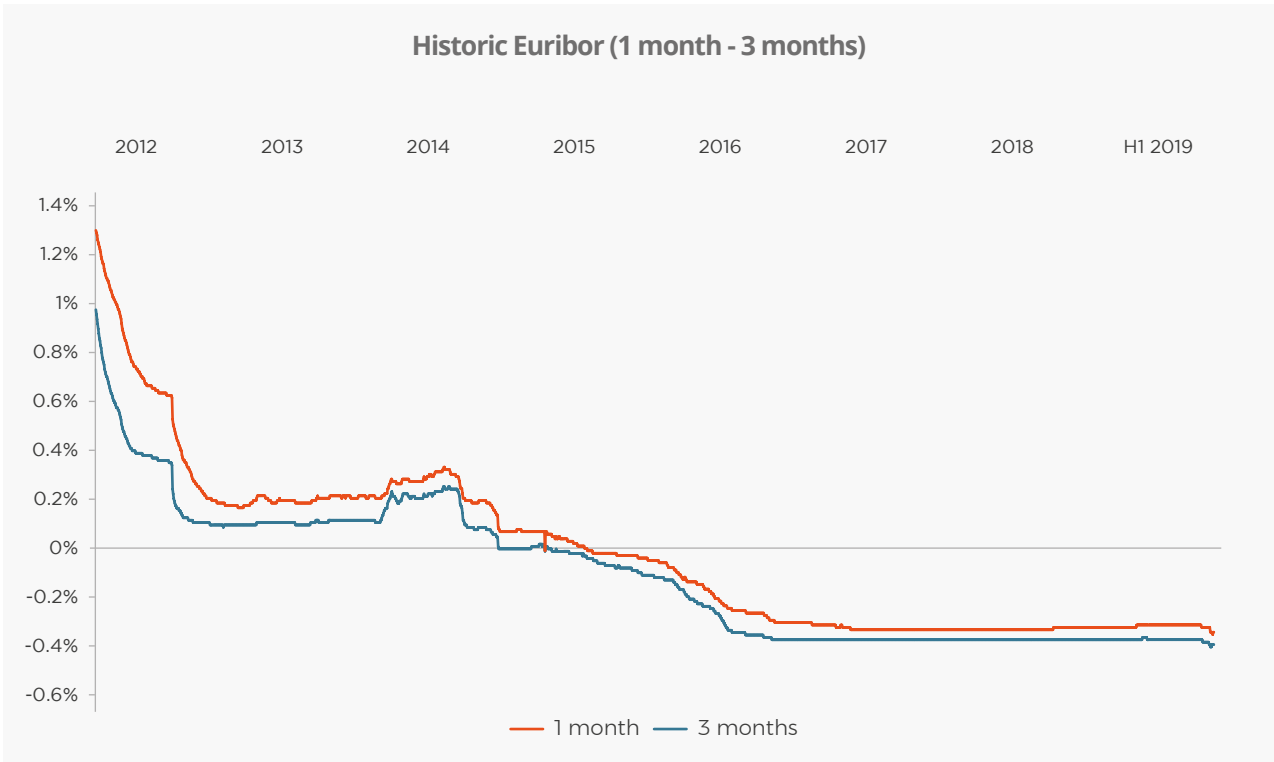
*Gabetti Research Department analysis of data from the Bank of Italy database*

## TREND IN EURIBOR

Since the first wave of liquidity in December 2011 by the ECB, the Euribor rates governing variable loans have diminished considerably. Looking at the subsequent phases, after the ECB's decision on 5 July 2012 to lower **interest rates** by a quarter of a point, bringing the benchmark rate to 0.75%, the Euribor declined further: at the beginning of May 2013, the ECB cut interest rates to 0.50%, followed by another cut in November, down to 0.25%, and a further cut on 5 June 2014, bringing them down to 0.15%. The cut in September 2014 brought rates down to 0.05%, while in March 2016 the rate was set at 0.00%.

In 2014, the trend in the Euribor was influenced by the cut in rates: the 3-month expiry went from 0.29% in February to 0.31% in May, dropping to around 0.2% between June and August, 0.1% in September and 0.07% in December. The 1-month rate went from 0.22% in February to 0.25% in May, to then drop to 0.15% in June, 0.09% in August and 0.02% in September, closing the month of December at this value as well. In 2015, after being steady at zero during the month of February, the 1-month rate began a negative trend that ended at -0.21% in December. The 3-month rate, on the other hand, began a negative trend in April, closing at -0.13% in December. The negative trend continued in 2016: the 1-month rate went from -0.22% in January to -0.37% from July to December; the 3-month rate went from -0.14% in January to -0.3% in August and -0.32% in December. In 2017, the 1-month and 3-month rates were respectively stable at -0.37% and -0.33%, while in 2018 the one-month rate was stable at -0.37% and the 3-month rate varied from -0.33% to -0.31%. In the first half of 2019, the one-month rate went from -0.37% to -0.39% in June; the 3-month rate went from 0.31% in January to -0.33% in June.





Elaborazione Ufficio studi Gabetti su dati Euribor.it

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Residential Overview



Leasehold Market



The Prestigious Homes Market



Investment Overview



Office Market Overview



Office Quality Focus



Hotels



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