H2 2019 - ABSTRACT

PRESTIGIOUS HOMES MARKET

MILAN, ROME, TURIN, GENOA, FLORENCE AND NAPLES

SANTANDREA
luxury houses


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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**.

WILLING TO PAY OVER 20% OF THE VALUE FOR THE SPECIFIC CHARACTERISTIC:

UPPER FLOOR-LOFT → 7 PPL OUT OF 10

DOUBLE/TRIPLE EXPOSURE BRIGHTNESS → 6 PPL OUT OF 10

SAFE AREA → 6 PPL OUT OF 10

ELEMENTS CONNECTED TO ENERGY EFFICIENCY

THERMAL INSULATION → 7 PPL OUT OF 10

ACOUSTIC INSULATION → 6 PPL OUT OF 10

Base: 72 interviews to people who intend to purchase a prestigious home in Milan

FREEHOLD TRANSACTIONS H2 2019

MILAN
increasing

+1.2%
Price H2 2019/H1 2019

5 months
Average selling period

11%
Discounts percentage

HISTORIC CENTRE
BRERA
Most demanded areas

ROME
steady

-1.4%
Price H2 2019/H1 2019

9 months
Average selling period

12%
Discounts percentage

HISTORIC CENTRE
PARIOLI
Most demanded areas

TURIN
steady

0%
Price H2 2019/H1 2019

5-6 months
Average selling period

7%
Discounts percentage

QUADRILATERO
VIA ROMA
P.ZZA GRAN MADRE
Most demanded areas

GENOA
incresing steadily

-1.2%
Price H2 2019/H1 2019

6-8 months
Average selling period

11%
Discounts percentage

ALBARO
CARIGNANO
QUARTO
Most demanded areas

FLORENCE
incresing steadily

+0.5%
Price H2 2019/H1 2019

8-9 months
Average selling period

9-10%
Discounts percentage

HISTORIC CENTRE
LUNGARNI
PORTA ROMANA
Most demanded areas

NAPLES
incresing steadily

0.1%
Price H2 2019/H1 2019

5-6 months
Average selling period

13%
Discounts percentage

VOMERO
CHIAIA
Most demanded areas

Souce: Gabetti Research Department analysis of Santandrea data

REPORT SUMMARY

Homes are no longer just an **asset** or an **investment**, but must represent an experience, all the more so in the luxury segment. One purchases not only a home but the "**pleasure of living**", namely what one expects to live within the home.

How do we translate this need into the search for a **prestigious home**? It is a true journey, starting from identification of the neighbourhood in which one wants to live (which must be well-served), considering the location (which must have its own distinct personality) and, lastly, focusing on the building.

During the second half of 2019, the prestigious properties market in the cities monitored by Santandrea **confirmed the recovery** observed in the first part of the year.

In particular, **Milan's freehold segment** showed the **greatest activity**, in a scenario of rising prices, with demand predominantly in the zones of Brera and the historic centre; **Rome** maintains greater stability, although with differences according to zone and declining prices; **Turin** was instead characterised by essentially stable transactions and prices and a predominant demand for the Quadrilatero, Via Roma, Piazza Gran Madre and surrounding areas. **Genoa** has recorded an increase in transactions, particularly in the zones of Albaro, Carignano and Quarto-Quinto. **Florence** has observed stable transactions and a slight rise in prices, with the Historic Centre and the Lungarni zone particularly active. **Naples** has been characterised by stable prices and growing demand for the Vomero and Chiaia zones.

Average sales times in Milan, **Turin** and **Naples** are **around 5-6 months**; **Genoa** is at between 6 and 8 months, while around 8 months are needed to close a deal in **Rome** and **Florence**. With regard to average discounts upon closure of the deals, the average is 7% in Turin, 11% in Genoa, 10% in Florence, 11% in Milan, 12% in Rome and 13% in Naples.

In addition to analysing the key market indicators, the report examines Milan's real estate market, through a qualitative analysis highlighting the most significant characteristics of prestigious homes and their impact in terms of value for the potential purchaser.

The dynamic market creates synergy and has positive effects on the process of enhancement of prestigious properties as well.

There is a growing merging of the world of savings and luxury real estate, with a view to optimising yields for customers.

Fabio Guglielmi
Director
Gabetti Agency

KEY INDICATORS, H2 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 fino a Piazza Vittorio-Via Po e da C.so Cairoli fino Via Roma)	↑	↓	↔	↔
VIA ROMA AND NEARBY STREETS	↑	↑	↑	↔
VIA PIETRO MICCA AND NEARBY STREETS	↔	↔	↔	↔
PIAZZA SOLFERINO AND NEARBY STREETS	↑	↓	↔	↔
C.SO MASSIMO D'AZEGLIO (da C.so Vittorio fino a C.so Raffaello)	↓	↑	↓	↔
PIAZZA GRAN MADRE AND NEARBY STREETS	↑	↓	↔	↔
PRE-COLLINA	↓	↑	↓	↔

FREEHOLD MARKET

ZONE 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			
	H2 2019			
	NEW/REFURBISHED		TO BE REFURBISHED	
MILAN	Minimum	Maximum	Minimum	Maximum
QUADRILATERO	11 000	14,000	9,000	11,000
HISTORIC CENTRE	7,800	8,850	6,300	7,400
BRERA	9,150	11,200	6,800	7,850
MAGENTA-PAGANO-CASTELLO	7,800	9,350	5,800	6,800
PALESTRO-DUSE	9,000	10,500	7,500	8,500
ROME	Minimum	Maximum	Minimum	Maximum
AVENTINO	7,750	10,850	6,050	8,550
HISTORIC CENTRE	8,750	11,350	7,350	9,350
FLAMINIO	4,400	5,800	3,950	4,950
PARIOLI	5,650	6,650	4,150	4,950
PINCIANO-VENETO	5,900	6,900	4,400	5,400
PRATI	6,000	6,800	4,800	5,200
SALARIO-TRIESTE	5,450	6,450	3,900	4,900
TRASTEVERE	7,150	8,150	6,250	7,150
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 to 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 Vittorio 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			
	H2 2019			
	NEW/REFURBISHED		TO BE REFURBISHED	
GENOA	**Minimum**	**Maximum**	**Minimum**	**Maximum**
ALBARO	3,700	4,600	2,450	3,400
ALBARO - JENNER, CAMILLA, GAMBARO, MONTALLEGRO, CAUSA	4,500	5,100	3,400	4,400
NERVI - QUINTO	3,300	4,200	2,800	3,300
NERVI - PESCETTO, PALME, S. ILARIO	3,700	4,400	3,000	3,500
QUARTO - VIALE QUARTARA, GENEYS, PONTE DELL'AMMIRAGLIO	3,400	4,000	2,500	3,000
CARIGNANO	3,600	4,200	2,400	3,300
CENTRE	3,200	3,800	2,300	2,750
CASTELLETTO	2,450	2,850	1,850	2,150
FLORENCE	**Minimum**	**Maximum**	**Minimum**	**Maximum**
HISTORIC CENTRE, OLTRARNO	4,700	7,200	3,600	4,500
LUNGARNI	4,950	7,200	4,100	4,700
PIAZZALE MICHELANGELO, BELLOSGUARDO, FIESOLE	4,700	6,500	4,000	4,700
VIALI (Via Masaccio, Via Mazzini, Oberdan)	3,400	4,500	2,650	3,300
PRIMA COLLINA (Fascia Esterna Dalla Città)	3,300	4,600	2,500	3,200
NAPLES	**Minimum**	**Maximum**	**Minimum**	**Maximum**
CHIAIA - VIA DEI MILLE , VIA CARACCIOLO, VIA PARTENOPE	6,500	8,000	4,500	6,000
POSILLIPO	6,000	8,000	4,500	5,900
VOMERO - FALCONE AND SCARLATTI-VANVITELLI-FUNICOLARE	4,500	6,000	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

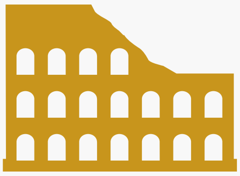
TYPES MOST IN DEMAND

FREEHOLD MARKET

MILAN - H2 2019

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

ROME - H2 2019



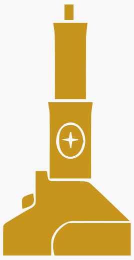
ZONES MOST IN DEMAND	PROPERTY TYPES MOST IN DEMAND
• Historic Centre • Parioli	150sqm 3 To be refurbished Parking space - Terrace

TURIN - H2 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 - H2 2019

ZONES MOST IN DEMAND	PROPERTY TYPES MOST IN DEMAND



- Albaro
- Carignano
- Quarto

150sqm

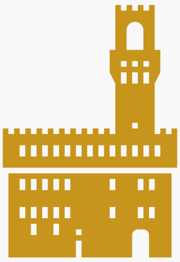
3

New - Refurbished

car space - terrace
view on the seaside

FLORENCE - H2 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 - H2 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 H1 2020

FREEHOLD MARKET	
MILAN -H1 2020	
Domand to buy	↑
Supply for sale	↔
Number of transactions	↑
Transactions prices	↑
ROME - H1 2020	
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 - H1 2020	
Domand to buy	↔
Supply for sale	↑
Number of transactions	↑
Transactions prices	↓↔
FLORENCE - H1 2020	
Domand to buy	↑
Supply for sale	↔
Number of transactions	↑
Transactions prices	↔
NAPLES - H1 2020	
Domand to buy	↑
Supply for sale	↑
Number of transactions	↑
Transactions prices	↔

PRESTIGIOUS PROPERTIES MARKET IN MILAN

BVA DOXA SURVEY RESULTS

THE PROCESS OF PURCHASING A LUXURY HOME

FOREWORD

Despite the social changes and transformations of the market, the home maintains a traditional and **emotional** value in the lives of Italians.

In an increasingly **hectic** world in which a lot of time is spent away from home, **our homes** continue to be where we return to **reconnect** with ourselves and our families, as well as a functional space.

In this scenario, the search for a home is a process that requires time, accuracy and patience, all the more so if one is seeking a high-end property, namely a home that is able to convey and offer the "full" pleasure of living (e.g., large island kitchen, ample living areas, outdoor spaces, high-quality finishes, etc.).

The **drivers** that stimulate the **process of choosing** and purchasing a prestigious property are generally twofold:

- **Social** → the home is perceived as a space in which to live at 360°, with guests, friends and relatives; it is a **safe and intimate environment** in which to spend time with loved ones. "Now that we have this home with a double-sized living room and terrace, we always have guests over."

- **Symbolic** → the prestigious home is synonymous with social status: the selection of the prestigious zone provides a sense of belonging, membership in an elite group, an element of exclusivity and uniqueness.

THE PROCESS SET IN MOTION

The **search** for **luxury properties** is generally a medium to long-term process which from the buyer's standpoint appears difficult right from the start. While there is no lack of supply, the best apartments are often sold quickly, making the process even more difficult.
The selection and purchase process comprises a number of phases:

INFO SEARCH

COMPARISON WITH "INFLUENCERS"

CONTACT WITH THE REAL ESTATE AGENCY

PROPERTY VISIT

PURCHASE OF THE PROPERTY AND STIPULATION OF THE CONTRACT

OBJECTIVES FOR THE FUTURE

The ideal customer journey should **integrate and optimise** on **every channel**, creating continuous synergy:

- **Online channel** ➔ to allow a faster and more practical initial approach to the reference market (selecting and filtering requests), updated and transparent; for example, a dedicated search engine that also provides a tour of the neighbourhood and its services and permits one to receive opinions from its residents, such as on the quality of life, along with small tips (i.e., public transport, schools, gyms, recreational activities, supermarkets, parking, etc.).
- **Offline channel** (e.g., ads) ➔ to obtain more targeted information on the property and on its potential, integrating modern technologies; for example:
  - use of a QR code on property advertisements, for immediate access to photographs of the apartment; - a system for identification/recording of buildings with "for sale" signs;
  - supports for further examination and "training" of potential purchasers, on paper or to be downloaded in pdf format, which analyse the various zones, type of apartments and supply based on requirements, along with illustrating and explaining all of the steps necessary to complete the deal and the individuals involved.
- **Real estate agency** ➔ The **role** of the real estate agent must be **all-inclusive**, acting as an **ideal partner** for the achievement of a **"turn key" dream**. **The advisor** must demonstrate an attitude aimed at understanding the needs of the purchaser through listening: providing a service that takes responsibility for all phases of the selection and purchase, including mortgage, choice of notary public and any refurbishment, choosing from a broad range of qualified and select partners, with full transparency and describing all steps of the process.

  In cases where real estate advisors are involved, **three key characteristics** confirm their **added value** during the customer's journey:

  - **Expertise**
  - **Advisory role**
  - **Emotional component**

DRIVERS IMPACTING THE CHOICE OF A PRESTIGIOUS HOME

A house must be liked, it must **"transmit a feeling"**, while simultaneously representing a part of oneself. When one purchases a prestigious home, it must have certain **macro-characteristics** that are fundamental in the selection phase:

UPPER FLOOR → The home must be situated on the middle to top floors, providing a sense of safety, absence of noise and view of the city.

AMPLE INTERNAL AREAS, EXPOSURE AND TERRACES →The living areas must be large, bright and open, particularly the daytime areas (as well as the terraces, bathrooms and kitchen). Such daytime areas are larger (living room/kitchen as united but individual areas, "inside/outside" areas, living terraces), to the detriment of the bedrooms, generally smaller. Double/triple exposure, balcony/terrace and light colours are all features that give a healthy feel to the areas and make them pleasant to be in.

PRESTIGIOUS MATERIALS FOR THE FINISHES (QUALITY AND AESTHETIC BEAUTY) → Particularly scrupulous attention is paid to the choice of details and finishes; nothing is left to chance, and everything is designed and realised in a meticulous manner. Preference is given to innovative materials and prestigious finishes.

PRESENCE OF GARAGE → Having a garage in the building is a very important feature for those in central locations in particular.

THERMAL/ACOUSTIC INSULATION, 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.

RECEPTION SERVICE → The presence of a reception service is useful in terms of security as well as from a logistics standpoint, to accept packages, mail, notices and delivery services. In many cases, the days/times covered are also evaluated carefully (and should be as long as possible or even 24-hour).

The importance of these elements has been measured, as part of the interviews conducted, also in terms of greater spending capacity by potential purchasers. What emerges is that the specific floor is certainly the most significant element, with 7 out of 10 people willing to spend over 20% more compared to an average apartment.

FEATURES AND CHARACTERISTICS OF PRESTIGIOUS PROPERTIES

With respect to a "standard" apartment with characteristics in line with your requirements, how much more would you be willing to pay (in %) for an apartment with the following characteristics

WILLING TO PAY OVER 20% OF THE VALUE FOR THE SPECIFIC CHARACTERISTIC:

UPPER FLOOR-LOFT	7 PPL OUT OF 10
DOUBLE/TRIPLE EXPOSURE BRIGHTNESS	6 PPL OUT OF 10
TERRACE	5 PPL OUT OF 10
RECEPTION SERVICE/SECURITY	5 PPL OUT OF 10
GARAGE IN THE BUILDING	5 PPL OUT OF 10

Base: 72 interviews to people who intend to purchase a prestigious home in Milan

Features linked to energy efficiency and to comfort within the home are also very significant, with the top spots held by thermal/acoustic insulation (i.e. the desire to be protected from outside or neighbour noise, the ease of obtaining a comfortable temperature in the home, etc.), quality construction materials and internal finishes and external appearance of the building, particularly the façade.

PRESTIGIOUS PROPERTIES: ENERGY EFFICIENCY, AESTHETICS AND MATERIALS

THERMAL INSULATION	7 PPL OUT OF 10
NOISE INSULATION	6 PPL OUT OF 10
QUALITY CONSTRUCTION MATERIALS AND INTERNAL FINISHES	6 PPL OUT OF 10
EXCELLENT APPEARANCE OF THE BUILDING	5 PPL OUT OF 10
ENERGY CLASS “A”	4 PPL OUT OF 10

Base: 72 interviews to people who intend to purchase a prestigious home in Milan

While these elements have considerable importance even for prestigious properties, there are certain characteristics that could be overlooked in the case of strong interest in a property:

- **State of repair of the apartment**
- **Presence of a garage in the building**
- **Square metres of the outdoor areas**

In this scenario, a number of new concepts are increasingly entering the mindset of individuals who aim to live their home to its fullest, and such aspects may play a part in the choice of property to purchase.

These include:

- **Wellness**
- **Position of the property**
- **Safety**

Even in this case, these elements have been measured in terms of greater willingness to spend by potential purchasers. The analysis indicates that 6 people out of 10 would be willing to spend over 20% more in order to live in a safe area.

THE PRESTIGIOUS PROPERTIES MARKET

With respect to a “standard” apartment with characteristics in line with your requirements, how much more would you be willing to pay (in %) for an apartment with the following characteristics

WILLING TO PAY OVER 20% OF THE VALUE FOR THE SPECIFIC CHARACTERISTIC:

- NEIGHBOURHOOD SAFETY → 6 PPL OUT OF 10
- WELL-KEPT URBAN SURROUNDINGS → 5 PPL OUT OF 10
- PROXIMITY TO UNDERGROUND → 4 PPL OUT OF 10
- PRESENCE OF SERVICES (supermarkets, neighbourhood shops, schools, bars, etc.) → 4 PPL OUT OF 10
- PROXIMITY TO OTHER PUBLIC MEANS (bus and tram) → 4 PPL OUT OF 10

Base: 72 interviews to people who intend to purchase a prestigious home in Milan

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PROJECT SUPERVISORS

Fabio Guglielmi
Director Gabetti Agency

Claudio Casali
Head of Operations

Marco Rognini
Area Manager Rome

Valentina Cellamaro *Director Santandrea Luxury Houses, Turin*

Cristiano Tommasini *Relationship Manager GPS, Liguria*

Andrea Poggianti *Relationship Manager GPS, Tuscany*

Ferdinando Elefante *Relationship Manager, GPS Campania*

GABETTI RESEARCH DEPARTMENT

Francesca Fantuzzi
Supervisor
Chiara Grandino
Analyst

BVA Doxa

PROJECT TEAM

Paola Caniglia *Home & Retail Director*
Linda Corbetta *Qualitative BU Director*
Andrea Tozzi *Senior Researcher*
Silvia Tentarelli *Executive Researcher*
Cristina Calvi *Qualitative Researcher*

Santandrea Luxury Houses
Via Sant'Andrea, 10/A – 20121 Milan
Tel. +39 02 775 5215
www.immobilisantandrea.it

SANTANDREA
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