



Q4 2020

INVESTMENT OVERVIEW



Gabetti
PROPERTY SOLUTIONS

TABLE OF CONTENTS

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 AND LOGISTICS	12
FOCUS - HOTELS	13

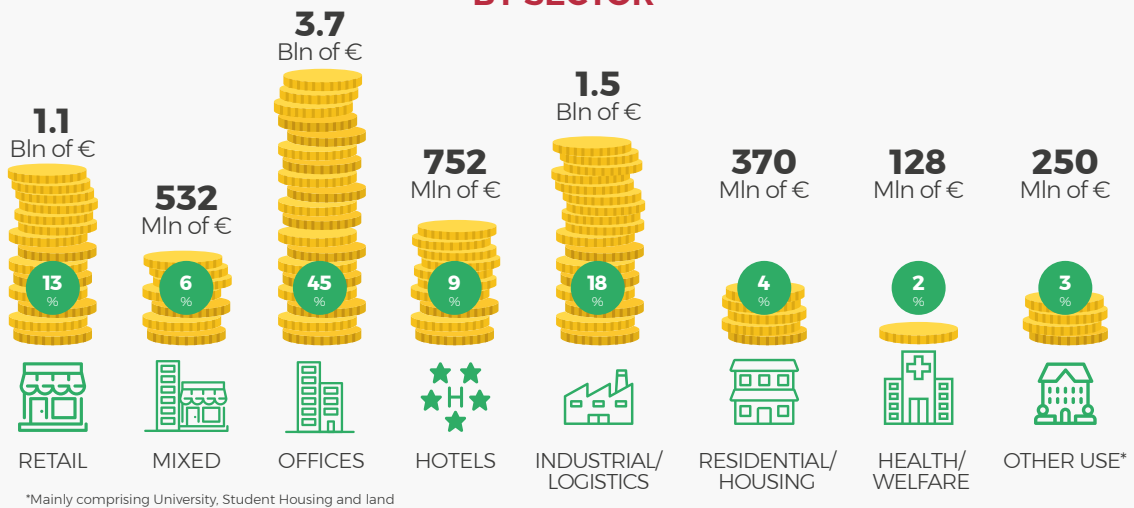
HIGHLIGHTS

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 retail, office, industrial/logistics and hotel sector.

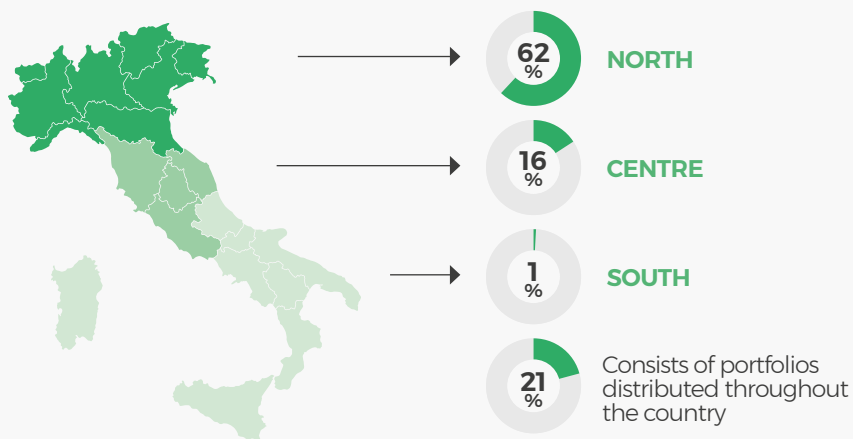
INVESTMENT VOLUME Q1-Q4 2020



Distribution of investments BY SECTOR



Distribution of investments BY GEOGRAPHICAL AREA



SUMMARY REPORT

The volume of real estate investments in **Q1-Q4 2020** amounted to **€ 8.3 billion**. This result is down compared to 2019 (€ 12 bn), which was a record year for capital market investments, but in line with 2018.

In 2020, the **office sector** accounted for the highest portion of investments with **45%** of the total, amounting to around **€ 3.7 billion**. It was followed by the **logistics segment** with 18% of the total at **€ 1.5 billion**, and the retail sector with approximately € 1.1 billion (13% of the total invested). The hotel sector accounted for 9% of the total at approximately € 752 million. Among the other sectors, growth was observed in residential/housing, with an increase in the investment volume in 2020 of about € 370 million, representing 4% of the total volume; the residential development initiatives let mainly in the metropolitan city of Milan made a substantial contribution to this volume. In line with new consumer and living trends, growth in interest by investors in the residential segment is expected, linked to the new forms of multi-family living, such as co-living, service apartments and senior living.

In terms of source of capital, foreign investors, mainly European, were the most active investors on the market (57%), principally focusing on the office segment. Domestic capital accounts for 38% of the total, in line with the European amount (39%).



Despite 2020 being impacted by the epidemiological emergency linked to Covid-19, the overall volume invested was highly impressive if compared to the average of the last 5 years.

The asset class that most contributed to the overall result was again the office segment, but two segments that showed very positive signs compared to the prior year were the logistics sector, thanks to the acceleration of e-commerce linked to the pandemic, and the residential sector, which recorded new forms of living that will increasingly characterise this market in the future.

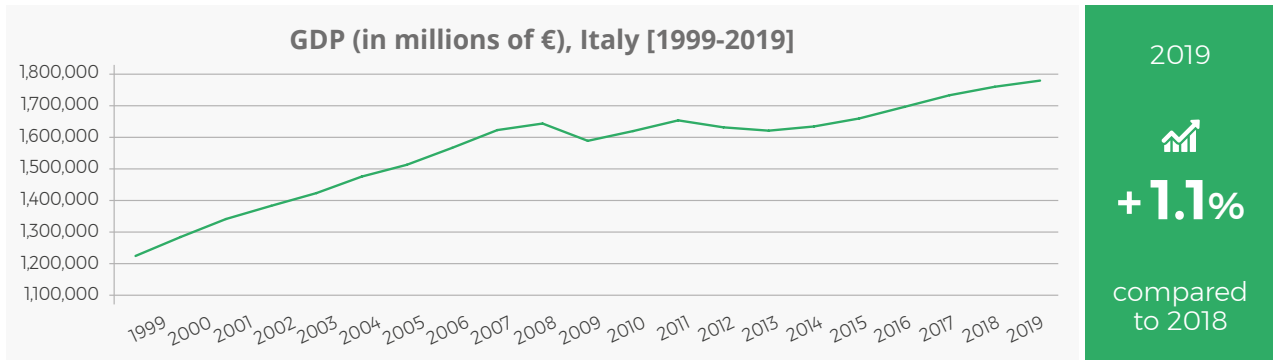


Claudio Santucci
 Director, Capital Market Italia
 Gabetti Agency

ECONOMIC INDICATORS

GDP

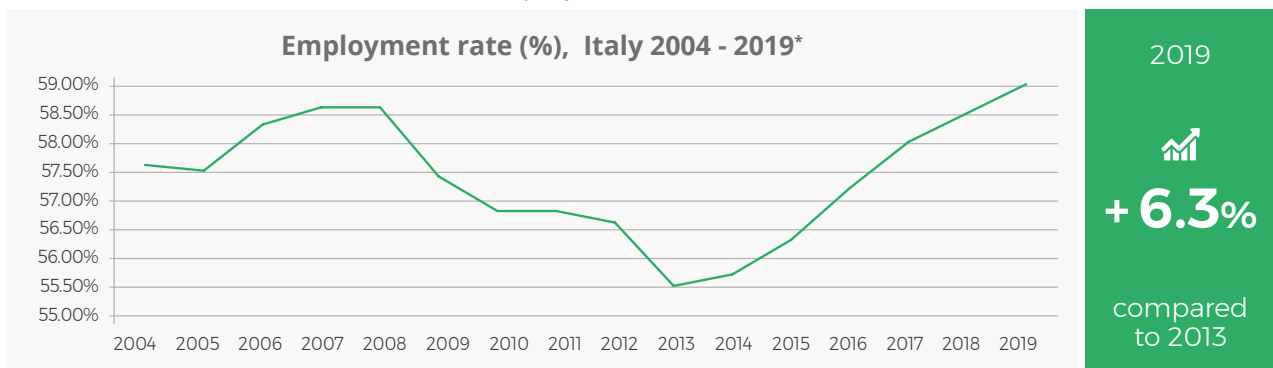
The graph shows the trend in GDP (measured in millions of €) for the period 1999-2019. In 2019, GDP at market prices was **€ 1,789,747 million** at current values, for an increase of 1.1% over the prior year. In the **first nine months of 2020**, GDP was **€ 1,201,485 million**, down 8.7% compared to the same period of 2019.



EMPLOYMENT RATE

The graph shows the trend in the employment rate in Italy from 2004 to 2019. From 2013 to 2018, the rate showed constant growth, recording a value of **59%** in 2019, a **positive variation of 6 percentage points** against 2013.

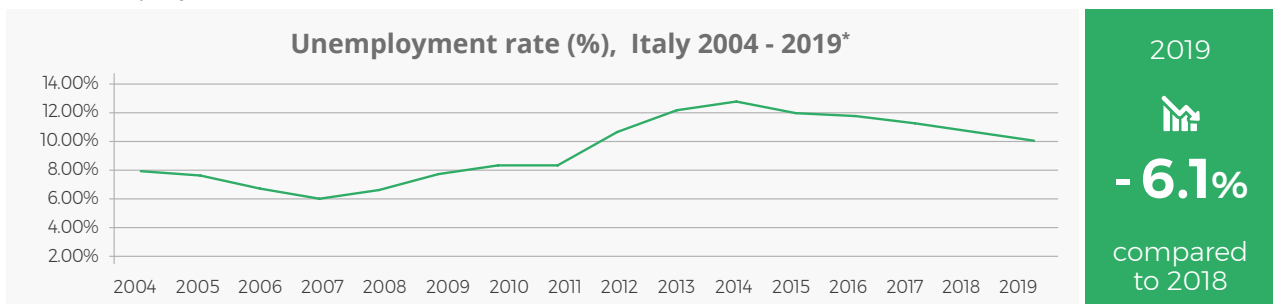
In the **first nine months** of 2020 an employment rate of **58%** was recorded.



UNEMPLOYMENT RATE

The graph shows the trend in the unemployment rate from 2004 to 2019. A rate of **10.2%** was recorded in 2019, down 6.1% against the prior year. After the growth recorded between 2011 and 2014, an **inversion of the trend** was observed in the last three years, **with a drop in the unemployment rate**.

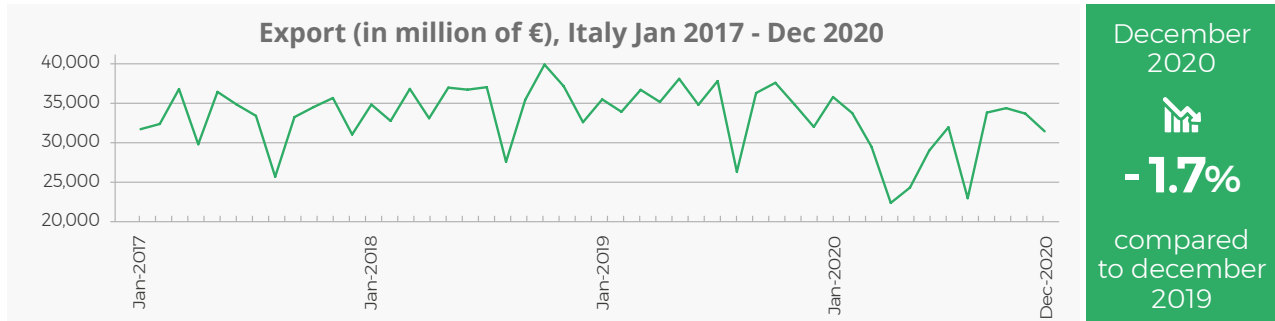
The unemployment rate in the **first nine months of 2020** was **9.3%**.



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

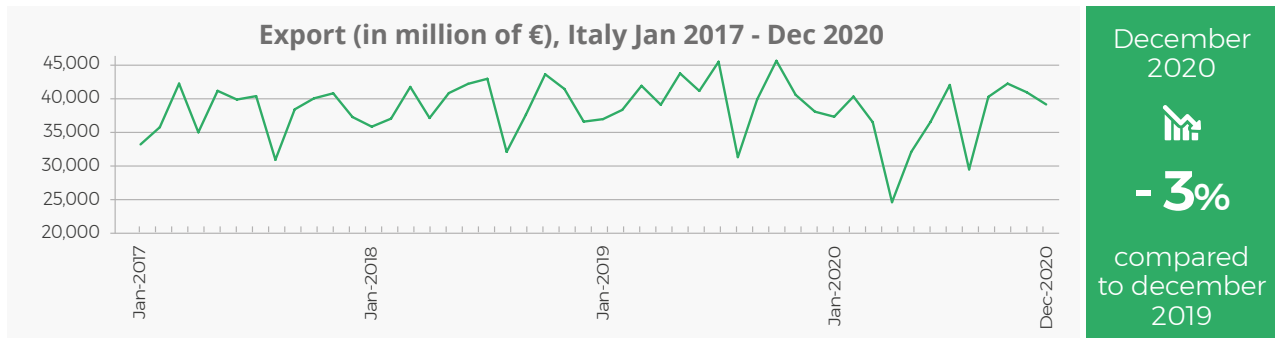
IMPORTS

As illustrated in the graph, **imports in millions of euro from 2013 to 2020** recorded **growth up until 2019**. In 2020, they amounted to **+ € 8,970 million** compared to 2013. Looking at the figure on a disaggregate monthly basis, in **December 2020 imports** amounted to **€ 31,989 million**. Moreover, a change of **-1.7%** was recorded in comparing the value of December 2020 with that of December 2019.



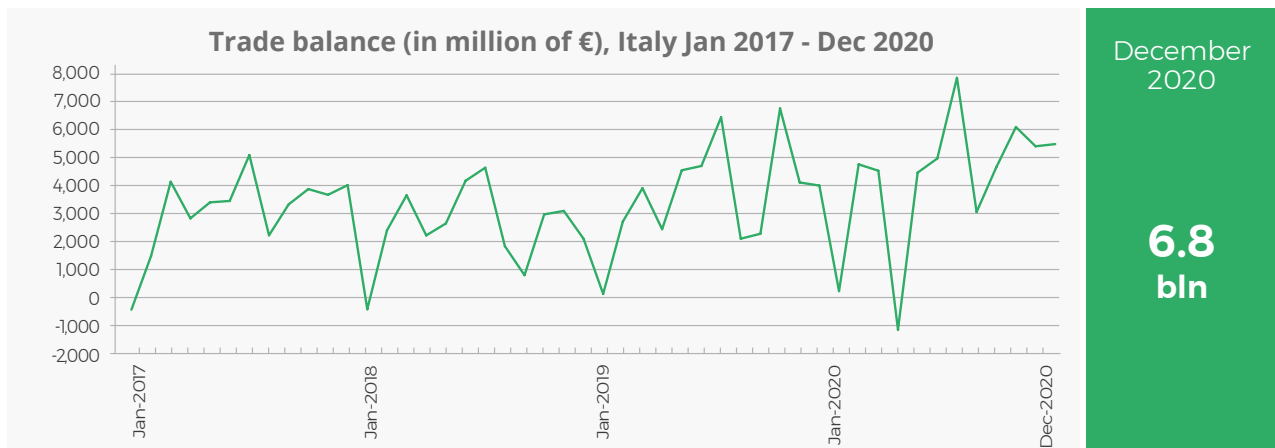
EXPORTS

As shown in the graph, exports in 2020 amounted to **€ 433,550 million**, down against the last three years but up compared to 2013. Looking at the monthly trend in **exports**, in **December 2020** they amounted to **€ 38,833 million**. Compared to the prior month, a 5% downturn in flows as recorded, while the decrease compared to the same period in 2019 was 3%.



TRADE BALANCE

As observed in the graph, the trade balance for 2020 was **€ 63,576 million**, the highest value for the last few years analysed. The graph shows the balance of imports and exports (in millions of €) between January 2017 and December 2020, when a trade surplus of € 6,844 was recorded.



Gabetti Research Department analysis of Istat data

VOLUMES

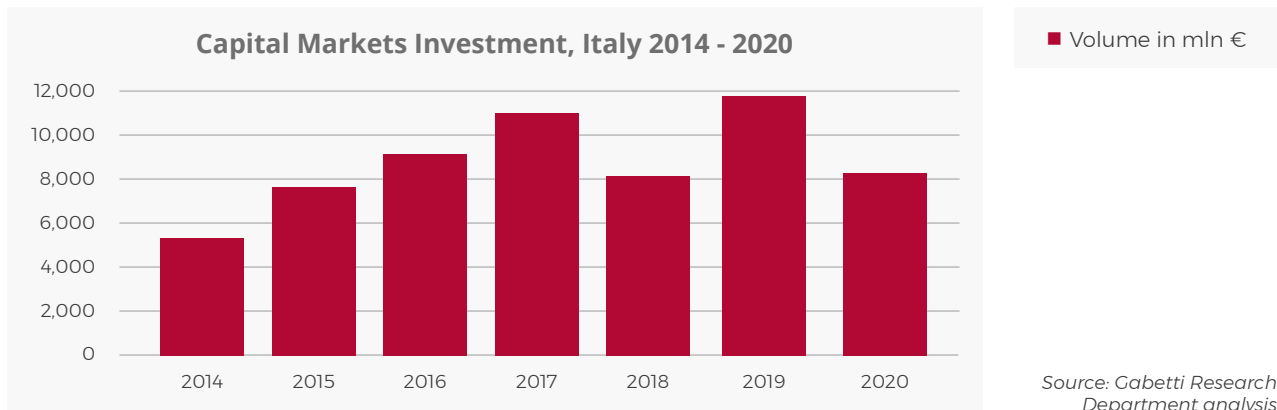
Starting in 2015, a significant **increase** in capital market **investments** was recorded in Italy, with a record investment volume in 2017, reason for which the year 2018 recorded an overall slowdown compared to the prior year.

From a total volume of around € 5 billion in 2014, the value grew to € 7.8 billion in 2015, +44% over 2014, and € 9.3 billion in 2016, +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, total investment was **€ 8.3 billion**, down overall compared to the prior year, which was a particularly positive one.

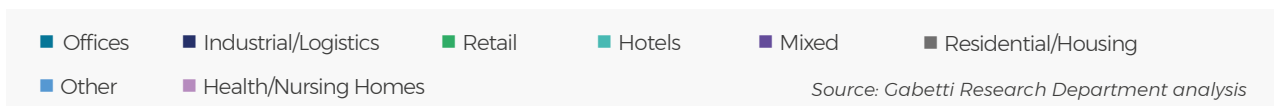
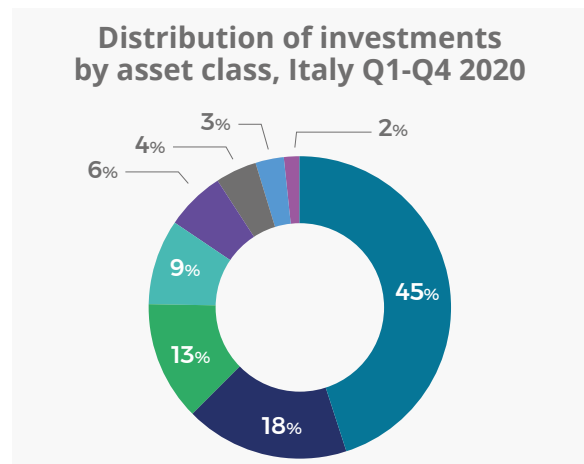
The year **2019** marked a record for capital market investments, for a total volume of nearly **€ 12 billion**, up 44.6% against 2018. The 2020 results, amounting to **€ 8.3 billion**, were impacted by the Covid-19 emergency, with volumes down compared to the prior year but essentially in line with 2018.



INVESTMENTS BY SECTOR

A total investment volume of **€ 8.3 billion** was recorded in **2020**. The biggest portion was attributable to investments in the **office sector (45%)**, which recorded around **€ 3.7 billion** in investments, and the **logistics sector**, with **€ 1.5 billion** or approximately **18%** of the total.

These were followed by the **retail sector** at around **€ 1.1 billion (13% of the total)** and the **hotel segment at 9%** of the total, for **€ 752 million**. Investments in **mixed-use properties or mixed portfolios** accounted for 6% of the total for a volume of **€ 532 million**, while investments in **residential/housing** properties accounted for **4%** of the total at **approximately € 370 million**. Properties designated for other uses accounted for 3% of the volume invested, at approximately **€ 250 million**. Lastly, the **health/welfare segment** accounted for **2%**, with **€ 128 million**.



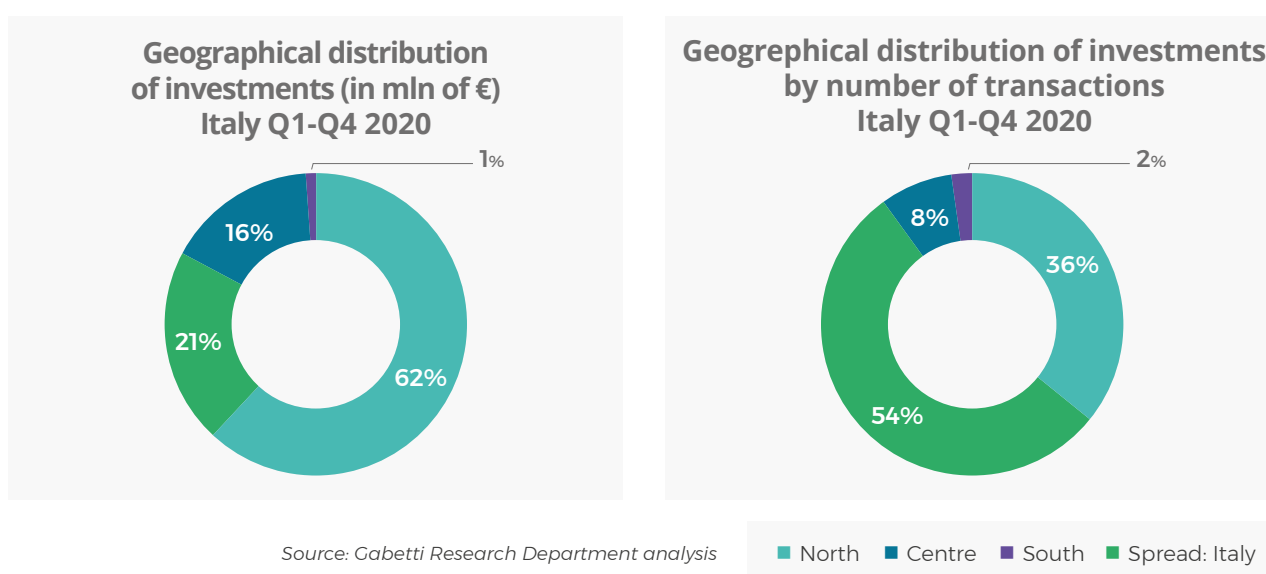
INVESTMENT BY AREA

In 2020, the majority of investments (62%) attributable to a specific geographical area took place in Northern Italy, followed by the Centre with approximately 16% and the South with 1% of the total, while the remaining 21% comprised portfolios distributed throughout the country.

More specifically, the investment volume in the province of Milan accounted for 34% of the national total, followed by the province of Rome, with 13%.

In absolute terms, the total volume in the province of Milan was approximately € 2.8 billion, while the province of Rome recorded an investment volume of around € 1.1 billion.

Northern Italy also ranks first for number of assets transacted, at 36%, followed by the Centre (8%) and the South (2%), while approximately 54% of the investment volume is not attributable to a single area.



Some of the main transactions recorded in 2020 are listed below, based on volume:

PERIOD	NAME OF PROPERTY	CITY	PRICE (MLN €)	TIPOLOGY	BUYER	SELLER
Q1 2020	32,5% of La Villata S.p.A.	n.a.	435	Retail	Unicredit	Esselunga S.p.A.
Q2 2020	Bauer Hotel	Venice	250	Hotels	Signa Holding	Blue Sky Investment - Gruppo Elliot
Q4 2020	Ex Palazzo delle Poste - Piazza Cordusio	Milan	246.7	Offices	Mediobanca	Blackstone, Kryalos
Q3 2020	Bodio Center	Milan	220	Offices	BNP Paribas REIM SGR	AXA IM - Real Assets
Q1 2020	Mixed use building in Via Orefici	Milan	210	Office/retail	Deka Immobilien	Hines
Q3 2020	Arte 25	Rome	200	Offices	Allianz RE Holdings	DeA Capital Real Estate
Q2 2020	Building Crédit Agricole	Milan	140	Offices	Kryalos/Allianz RE Holdings	Crédit Agricole

FOCUS - RETAIL

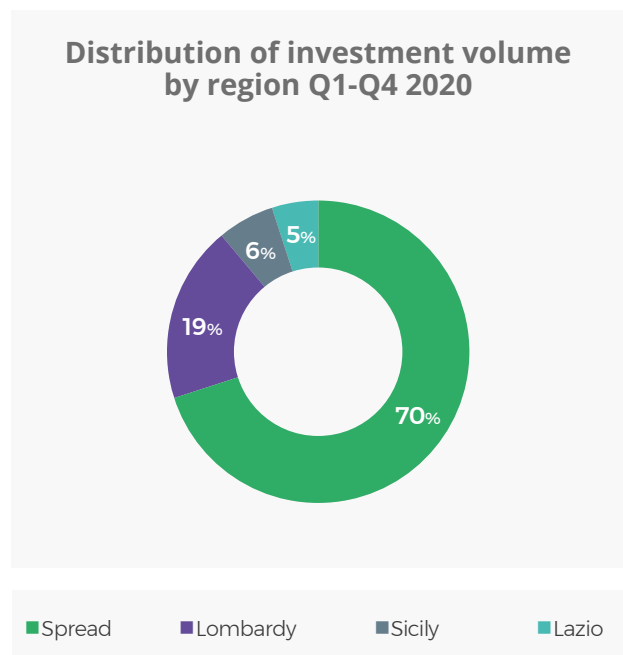
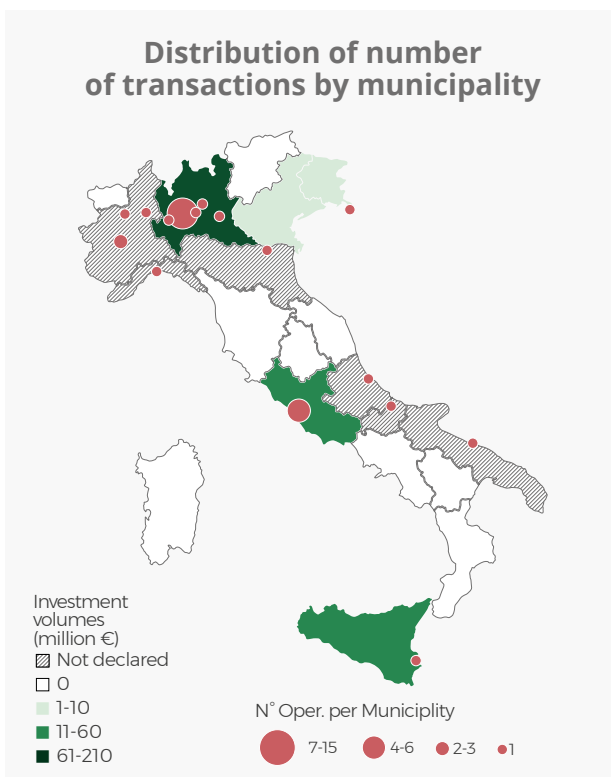
Retail investments reported in Q1-Q4 2020 amounted to about **€ 1.1 billion**.

The highest investment volume attributable to a specific region was recorded in **Lombardy, with € 203 million or 19% of the total amount invested**.

In detail, a total of 61 transactions were mapped: 17 in Lombardy, of which a mixed office/retail building, 15 distributed throughout the country, 13 in Veneto and belonging to a single portfolio, 5 in Piedmont (of which one mixed office/retail building), 4 in Lazio and one transaction in each of Emilia Romagna, Abruzzo, Apulia, Liguria, Friuli Venezia Giulia, Sicily and Molise.

Note that the tally of transactions does not include the Esselunga S.p.A. deal, as the number of transactions cannot be quantified.

The estimated **average value** of retail investments per asset, excluding transactions involving mixed properties and the Esselunga deal, was approximately **€ 10.9 million** in 2020.



Source: Gabetti Research Department analysis

Some of the major transactions recorded in 2020 are listed below:

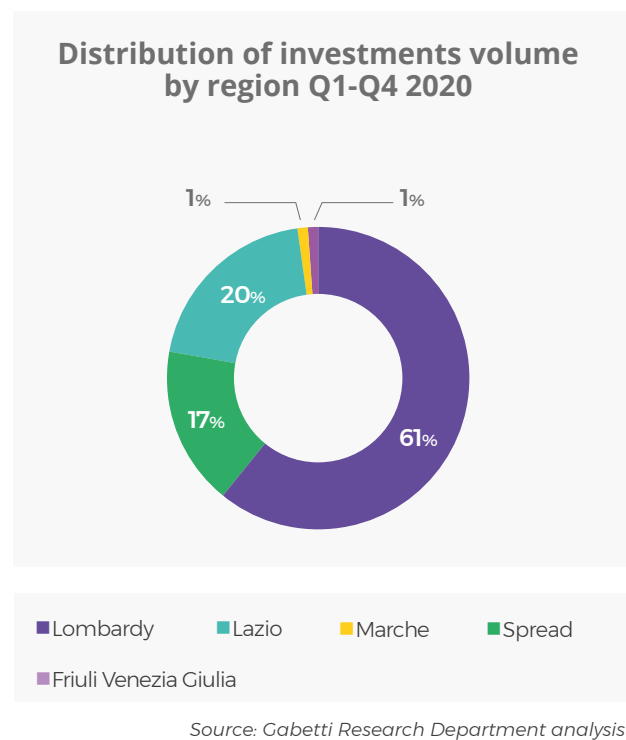
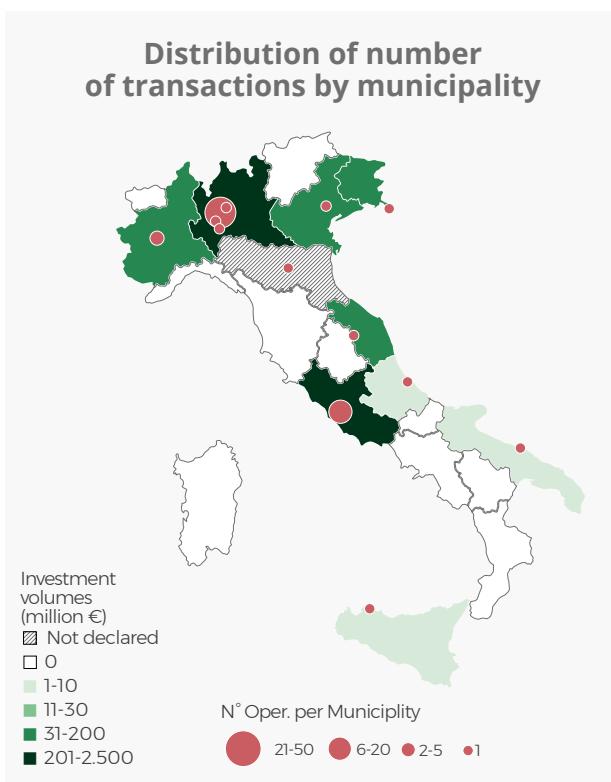
PERIOD	NAME OF PROPERTY	PROVINCE	PRICE (MLN €)	BUYER	SELLER
Q1 2020	32,5% of La Villata S.p.A.	n.a.	435	Unicredit	Esselunga S.p.A. - La Villata S.p.A.
Q2 2020	5 Cash&Carry - Polvanera fund	NO, SV, TO	43.9	Kryalos SGR, Hayfin	BNP Paribas REIM SGR
Q2 2020	3 high street	MI	7.2	n.a.	n.a.
Q1 2020	Le Torri d'Europa	TS	1.5	n.a.	Amundi RE Italia SGR
Q3 2020	Portfolio Leroy Merlin - Bricoman	Spread	n.a.	Blue SGR (JV Batipart e Covéa)	Gruppo Adeo
Q3 2020	Retail building in Via del Babuino 36	RM	n.a.	Tander Inversiones Premier Alliance	Private

FOCUS - OFFICE

Total reported investment in the **office** market during the period Q1-Q4 2020 amounted to approximately **€ 3.7 billion**.

The highest investment volume attributable to a specific region was recorded in **Lombardy (61%** or € 2.3 billion), followed by **Lazio** with approximately € 760 million (20%). In detail, a total of 117 transactions were mapped: 48 in Lombardy, of which 1 mixed office/retail building, 34 not attributable to a specific geographical area, 21 in Lazio, 5 in Piedmont (of which one mixed office/retail use building and two mixed office/residential use buildings), 2 transactions in both Friuli Venezia Giulia and Veneto and, lastly, one transaction in each of Apulia, Sicily, Emilia Romagna, Marche and Abruzzo.

The estimated **average value** of investments per individual asset in the office sector, excluding transactions involving mixed-use properties, was approximately **€ 33.2 million** in 2020.



Some of the major transactions recorded in 2020 are listed below:

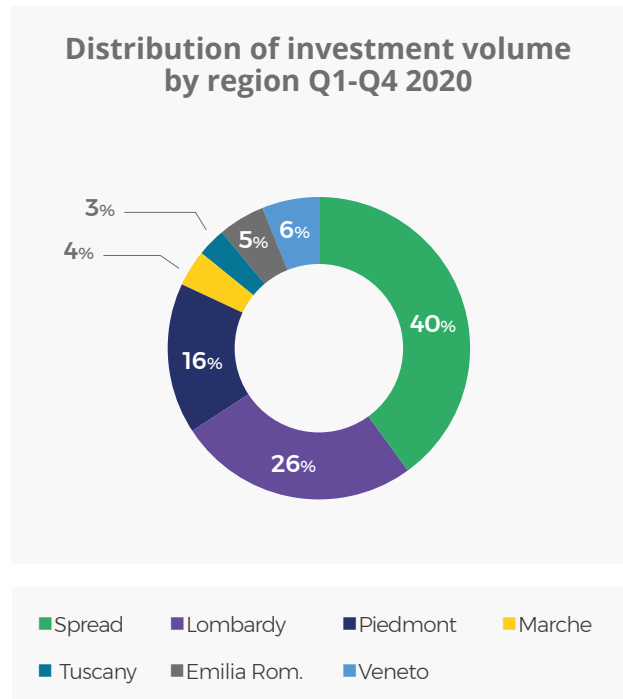
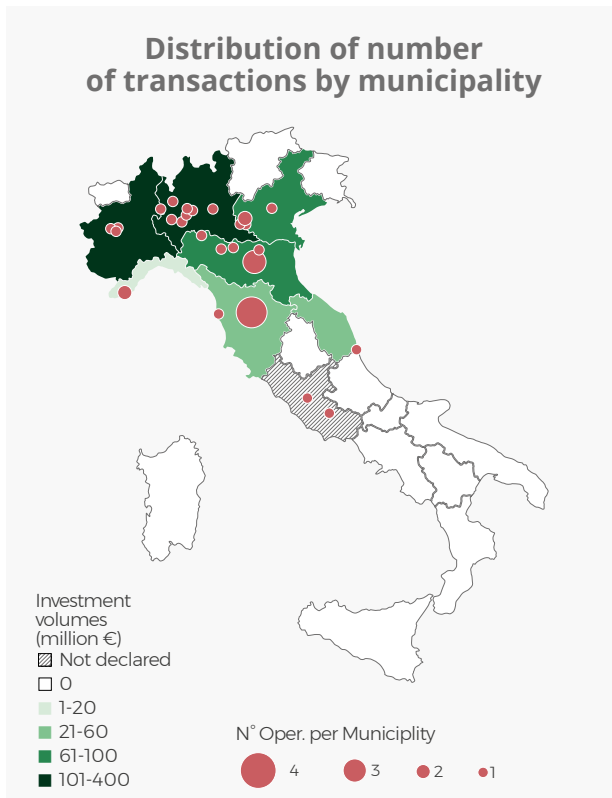
PERIOD	PROPERTY NAME	CITY	PRICE (MLN €)	BUYER	SELLER
2020 Q4	Ex Palazzo delle Poste - Piazza Cordusio	Milan	246.7	Mediobanca	Blackstone, Kryalos
2020 Q3	Bodio Center	Milan	220	BNP Paribas REIM SGR	AXA IM - Real Assets
2020 Q3	Arte 25	Rome	200	Allianz RE Holdings	DeA Capital Real Estate
2020 Q2	Building Crédit Agricole	Milan	140	Allianz RE Holdings	Crédit Agricole
2020 Q2	Portfolio Core Multiutilities fund	Turin, Genoa, Parma, Reggio Emilia	97	Iren S.p.A	REAM SGR
2020 Q2	Portfolio Amundi 5 assets	Casalecchio di Reno, Milan, Rome, Cinisello Balsamo	94	Bain Capital Credit	Amundi
2020 Q1	Office portfolio Kryalos (MEVE)	Milan	87	Dea Capital Real Estate	Blackstone, Kryalos

FOCUS - INDUSTRIAL AND LOGISTICS

Reported investments in the **logistics** market amounted to a total of approximately **€ 1.5 billion**. The highest investment volume attributable to a specific region was recorded in **Lombardy (26%** or € 378 million).

In detail, a total of 74 assets transacted were mapped: 15 in Lombardy, 31 buildings distributed throughout Italy, 9 in Emilia Romagna, 6 in Veneto, 5 in Tuscany, 3 in Piedmont, 2 in Liguria and Lazio and single transactions in Marche.

The estimated **average value** of investments per individual asset in the industrial/logistics sector was approximately **€ 20.7 million** in 2020.



Source: Gabetti Research Department analysis

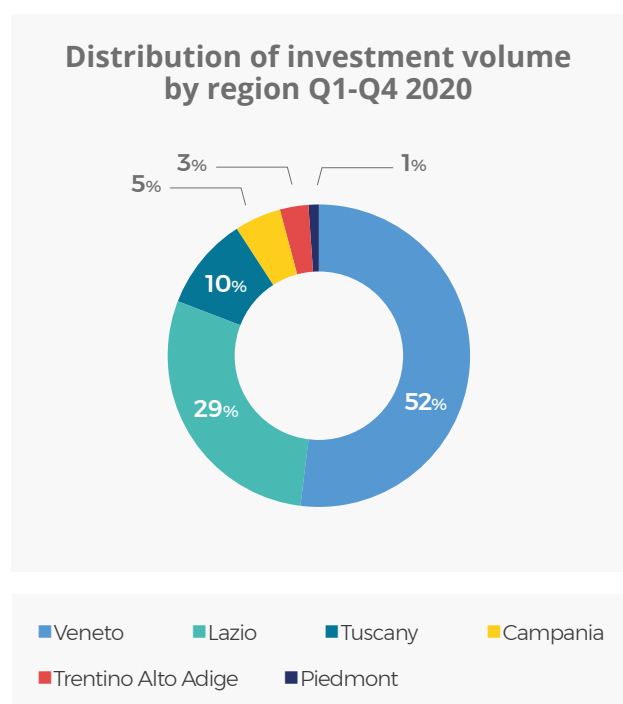
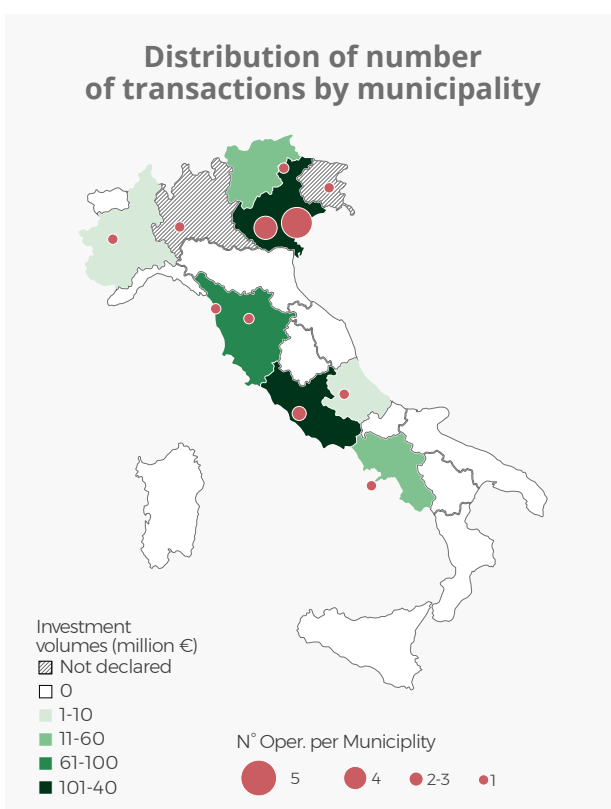
Some of the major transactions recorded in 2020 are listed below:

PERIOD	PROPERTY NAME	PROVINCE	PRICE (MLN €)	BUYER	SELLER
Q1 2020	Logistics portfolio	BS,VR	80	Nuveen	n.a.
Q1 2020	Portfolio PEL (PanEuropean Logistics): Industrial area South of Milan	MI	n.a.	Investec Property Fund REIT	Ares Management
Q4 2020	Logistics centre "Orlando Marconi"	AP	52.6	Cromwell EREIT	Private
Q4 2020	DHL portfolio - 7 assets	TO, MI, VR, VI, BO, MO, RE	52	Cromwell Property Group	DHL
Q4 2020	Prologis - Logistics portfolio	FR, BG	50	BNP Paribas REIM	Prologis Italy
Q1 2020	Italian logistics portfolio - Techabau	CO	n.a.	CBRE Global Investors	Techbau
Q3 2020	Kering - logistics portfolio	NO	n.a.	DWS Group	Logistics Capital Partners

FOCUS - HOTELS

Reported investments in the **hotel** market amounted to a total of approximately **€ 752 million**. The highest investment volume attributable to a specific region was recorded in **Veneto (52%** or € 393 million).

In detail, a total of 21 assets transacted were mapped: 9 properties in Veneto, 3 in both Tuscany and Lazio and one transaction in each of Friuli Venezia Giulia, Trentino Alto Adige, Piedmont, Campania, Abruzzo and Lombardy. The estimated **average value** of investments per individual asset in the hotel sector was **€ 40 million** in 2020. Although limited in number, transactions in 2020 confirm investor preference for high-end hotels, predominantly 5 stars, which are often purchased to be refurbished, repositioned and possibly let to specialised international operators and subsequently sold again in 4/5 years.



Source: Gabetti Research Department analysis

Some of the major transactions recorded in 2020 are listed below:

PERIOD	PROPERTY NAME	CITY	ROOMS	STAR	PRICE IN MLN €	BUYER	SELLER	CAPITAL
Q2 2020	Bauer Hotel	Venice	191	5 luxury	250	Signa	Blue Sky Investment, Gruppo Elliot	EU
Q4 2020	The Pantheon Iconic Rome - Autograph Collection	Rome	79	5	62	Investire SGR	DeA Capital Real Estate SGR	Domestic
Q2 2020	Hotel Ancora	Cortina d'Ampezzo	49	4	20	Renzo Rosso Holding	Famiglia Cusinato	Domestic
Q1 2020	Hotel La Palma	Capri	72	4	35	Reuben Brothers	RBD Armatori	EU
Q1 2020	Galzignano Terme golf e Resort	Galzignano Terme	284	4	13	York Capital	n.a.	NON EU
Q3 2020	Varde Hotel Portfolio "The Dedic Anthology"	Rome,Venice, Florence	n.a.	4-5	n.a.	Covivio	Varde Partners	EU

N.B.: Quarterly investment volumes may undergo fluctuations due to assignment of the transactions to the various quarters.

OUR REPORT:



Residential Overview



Leaseholds



Prestigious Homes Market



Investment Overview



Office Market Overview



Office Quality Focus



Hotels



All our reports are available at gabettigroup.com in the Research Department section



Stay tuned for our upcoming reports by following us on LinkedIn

This report must not constitute the basis for negotiations or transactions without specific and qualified professional assistance. Although we have examined the facts and data contained in this report, Gabetti Property Solutions S.p.A. does not in any way guarantee their accuracy and truthfulness and declines any and all responsibility with regard to any damage, direct or indirect, of any nature, suffered by third parties in relation to this report and to its contents. The information and data contained in this report may be reproduced, wholly or partially, and reference may be made to them in publications other than this report, provided that the source is duly stated: Gabetti Property Solutions S.p.A. - © Gabetti Property Solutions S.p.A.



Research Department

Francesca Fantuzzi

Manager

ffantuzzi@gabetti.it

Roberta Giusto

Analyst

rgiusto@gabetti.it



Capital Market

Claudio Santucci

Director

Capital Market Italia

csantucci@gabetti.it

T. +39 02 775 5286

