



H2 2020

# 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



**557,926**  
2020



Capitals **-11.4%**  
Other cities **-5.7%**



NORTH  
**-7.1%**



CENTRE  
**-7.5%**



SOUTH  
**-9%**

2020

### MORTGAGES Q1-Q3 2020



**35**  
**billion €**  
disbursed per household  
for the purchase of homes

## CHANGE IN RESIDENTIAL NTN - MAJOR CITIES

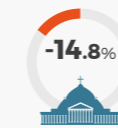
REFERRING TO THE PERIOD 2020/2019



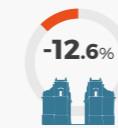
ROME



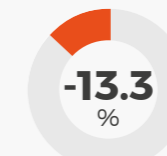
MILAN



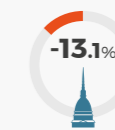
NAPLES



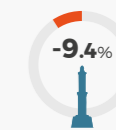
PALERMO



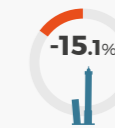
TOTAL



TURIN



GENOA



BOLOGNA



FLORENCE



**-2%**

Change in prices  
2020/2019



**4.5**  
months

Average  
sales times

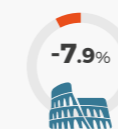


**12%**

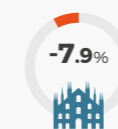
Percent  
discounts

## CHANGE IN RESIDENTIAL NTN - DATA ON REMAINING PROVINCES

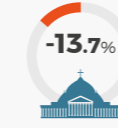
REFERRING TO THE PERIOD 2020/2019



ROME



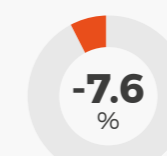
MILAN



NAPLES



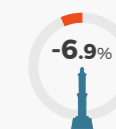
PALERMO



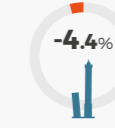
TOTAL



TURIN



GENOA



BOLOGNA



FLORENCE

## REPORT SUMMARY

In 2020, the residential market proved to be the sector most resilient to the impact of the health emergency, closing with a 7.7% decline in transactions compared to 2019, for a total of **557,926 transactions** (Agenzia delle Entrate data). An inevitable decline, following the lockdown of March-April 2020, with a clear recovery during the second half of the year.

In particular, 117,047 transactions were recorded in the first quarter and 116,174 in the second quarter, respectively -15.6% and -27.3% against the corresponding quarters in 2019.

While the first part of the year was significantly impacted by the lockdown in March and April, the second half of the year recorded positive changes, with a total of 141,324 transactions in Q3 and 183,381 in Q4, respectively +3% and +8.8% in terms of annual growth rate.

According to surveys by the agencies of the **Gabetti, Professionecasa and Grimaldi** networks, a change in prices of around **-2%** was recorded in the major cities in 2020 compared to 2019. Sales times were stable at an average of **4.5** months, as were discounts granted upon closing of negotiations, at 12%.

With regard to mortgages to purchase a home, the favourable rates sustained demand, leading to a total disbursement to households during the first nine months of the year of €35 billion, +4.2% against the same period of 2019 (Bank of Italy data).

“

*The residential market showed a clear recovery during the second part of 2020, proving to be the most resilient sector. The biggest drive was in non-capital cities, but we expect a gradual recovery in the major cities as well during 2021.*

”

**Marco Speretta**

General Manager Gabetti Group

“

*The economic recovery and the slowdown of the health emergency could result in significant growth during the second half of the year. Rates will continue to remain particularly low for the remainder of 2021, which would clearly encourage home purchases.*

”

**Antonio Ferrara**

CEO, Monety

## MACROECONOMIC SCENARIO

As indicated by the Istat data, the Italian economy recorded a sharp decline in 2020, due to the economic effects of the containment measures related to the health emergency, with a drop in **GDP** of 8.9%.

The biggest impact was on **domestic demand** which, in terms of volume, saw a 9.1% drop in gross fixed investments and a 7.8% decline in national consumption. With regard to global trade, exports of goods and services fell by 13.8% and imports by 12.6%.

In terms of **employment**, a decline was recorded in December 2020, with an increase in unemployed individuals and those not seeking employment. The number of people seeking employment has resumed growth overall (+1.5%, +34 thousand units), with a decline only for the category of 15 to 24-year-olds. The **unemployment rate** rose to 9.0% (+0.2 points) in general, and to 29.7% among the younger category (+0.3 points).

Moreover, the increase in **private savings** should also be noted: according to ABI (Italian Banking Association) figures, in January 2021, deposits by resident customers increased by €181 billion, +11.6% compared to one year earlier, bringing total deposits to €1,744 billion.



**-8.9%**

**GDP**



**-7.8%**

**DOMESTIC DEMAND**



**9%**

**UNEMPLOYMENT RATE**

## RESIDENTIAL AND CREDIT MARKET IN 2020

In 2020, the **residential market** suffered significantly as a result of the Covid-19 health emergency. While forecasts in January and February indicated growth in transaction and a slight recovery in prices, the lockdown in March and April put an immediate stop to transactions activity. Starting in May, the activities of real estate agencies Gabetti, Professionecasa and Grimaldi resumed, using new formats and integrated tools with an innovative **4.0 operating method**: from virtual offices and virtual tours to the platform that allows digital purchases, as well as remote acquisition of the valuation form for a property through a customised web page. Thanks to these tools, the agencies interviewed stated that during the subsequent months of June to September, **feedback was positive** in terms of demand and **transactions**. The last quarter of the year, plagued by the second epidemic wave and by the consequent light local lockdowns, still showed positive performance in terms of transactions.

In terms of real estate transactions, the residential sector showed good resilience in 2020 compared to the other sectors, with a physiological drop in transactions of -7.7%, mainly due to the suspension of activity in March and April.

Even in terms of **prices**, the average decrease considering the entire year 2020 was limited to around -2% in the major cities compared to 2019. **Sales times** were stable at an average of 4.5 months, as were **discounts** granted upon closing of negotiations, at around 12%.

It is no coincidence that in the real estate **investment** sector, this asset class has also seen growth in terms of volumes invested, weighing in at around 4% of total capital market investments, for a total of €370 million. The residential development initiatives led mainly in the metropolitan city of Milan made a substantial contribution to this volume, confirming it as one of the most attractive cities, with prices continuing to grow.

Even the **mortgages** sector, monitored by the Gabetti Research Department through **Monety**, credit brokerage company of the Gabetti Group, was impacted by the pandemic, as taking out a mortgage requires a bank to issue a guarantee on the economic stability of the applicant, which can sometimes be called into question by the contingent situation. Indeed, the negative effects of the pandemic include uncertainty of economic stability, which is reflected on the needs of individuals and, in this specific case, on the need to take out a mortgage to purchase a home.

This has resulted in credit institutes revising their structural economic analyses which, at least during this period of time, call for some tightening in terms of analysis of **credit rating** in applications for loans by employees of private companies, freelancers and the self-employed, categories that have paid the highest price for the health emergency.

According to the January 2021 Bank Lending Survey, as reported by ABI (Italian Banking Association), while there were no significant changes in the criteria for disbursing home purchase loans in fourth quarter 2020, intermediaries expect policies to undergo a moderate tightening for mortgages in first quarter 2021.

Conversely, specifically as a result of the decline that our economic system is undergoing, there is growing **demand for mortgages** which, at least for 2020, involved an **increase in the amount requested** as compared to the value of the home (LTV), symptom of less available liquidity and a greater propensity for borrowing, thanks to the lower rates.

The **low interest rates** provide credit institutes with the possibility to offer home purchase loans to households at lower costs, contributing to encouraging the market of residential real estate transactions. Based on the latest monthly report by ABI (February 2021), the **average rate** on new purchases of homes is at 1.27% (1.25% in December 2020, 5.72% at the end of 2007).

In addition to keeping the market of new mortgages alive, the low interest rates have weighed heavily on the **re-mortgaging** market which, based on Bank of Italy data, more than doubled in the first three quarters of 2020, going from €2.6 billion in the first nine months of 2019 to €6.3 billion during the period January-September 2020. This has allowed those who obtained mortgages in past years to renegotiate them with the same bank or re-mortgage them with a different one, at a more convenient rate. Furthermore, this trend appears to be driving many mortgage applicants to seek larger loans spread over a period of thirty years, with a view to re-mortgaging them at better rates in the future.

## MARKET TRENDS

A slight decline in **prices** is expected for the first half of 2021, with an increase in **transactions**, should the health situation improve following dissemination of the vaccine.

With the Euro zone committed to reaching at least pre-pandemic growth levels, it is likely to assume that the ECB policy will be favourable in 2021 as well, continuing to inject liquidity at very low **interest rates**, which will also be reflected on bank loans to households for the purchase of homes. Moreover, starting from 1 January 2021, the legal interest rate on which calculation of the value of legal title of ownership is based went to 0.01%, in accordance with the MEF Decree of 11 December 2020.

Another factor to take into consideration on the performance of the residential and credit market in 2021 is the tax advantage of the **110% Superbonus** (envisaged with the Relaunch Decree of 19 May 2020 and confirmed with the relative extensions following issuance of the 2021 Budget), which supports energy retrofitting works in residential buildings. This acts as a stimulus on the demand for existing housing to be refurbished, including with recourse to credit, as the energy redevelopment projects of buildings may envisage an overlap of the various incentives currently present on the Italian market which, contrary to the Superbonus, do not fully cover the resources invested.

In this scenario, the combination of interest rates at historic lows and extraordinary tax incentives promoting energy efficiency leads to a belief that 2021 will be a positive year, with expected growth in **mortgage loans for both purchases and refurbishments**, which may increase on the wave of this favourable moment.

Also worthy of note is the positive impact of the incentives introduced by the Budget in relation to the increase to 50% of the IRPEF deduction for **refurbishments** and the **furniture bonus**, and the deduction for energy retrofitting works, plus the **facade bonus** of 90% and the **green bonus**.

Lastly, the residential sector is expected to be increasingly attractive to **investors** and, in line with the new consumption and living trends, characterised by growing interest in the new forms of multi-family living, such as co-living, service apartments and senior living.

### LEGAL AND TAX NEWS

#### 2021 BUDGET



Extension of the 110% **SuperEcobonus** and **SuperSismabonus** until 30/06/2022 (subject to final approval by the EU) for energy retrofitting works on residential buildings, single-family dwellings or dwellings with independent access.



**Facades Bonus** of 90% up to 31/12/2021



**Ecobonus** from 50 to 65% for energy retrofitting works on the building up to 31/12/2021



**Bonus Casa** (Home Bonus) of 50% for building renovations on residential properties until 31/12/2021



**Furniture Bonus** of 50% until 31/12/2021 and up to €16,000



**Green bonus** of 36% for landscaping of green areas in residential buildings (€5,000 per unit) until 31/12/2021

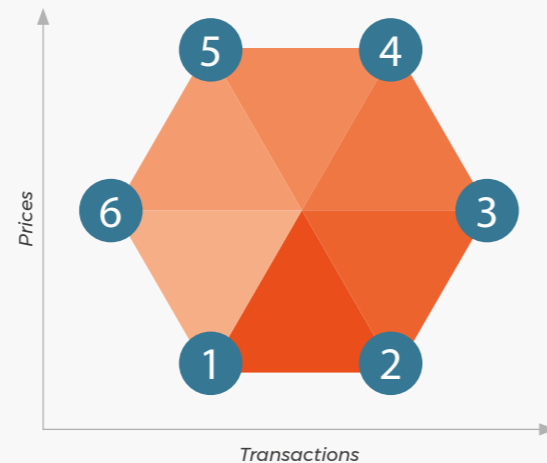
**DECRETO MILLE-PROROGHE 2021** confirmed extension of the following to 30 June 2021:

- suspension of real estate enforcement proceedings involving the debtor's principal residence;
- suspension of enforcement of property evictions due to arrears;

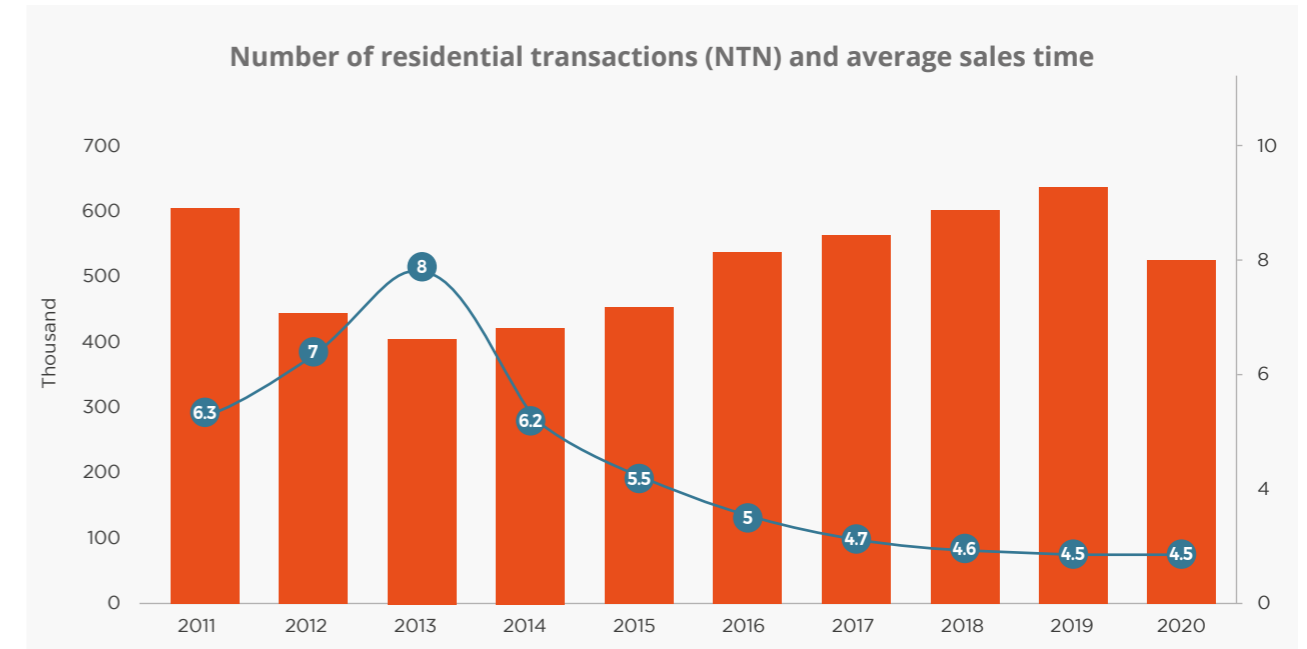
The current market phase may be represented in the "Hexagon model", which subdivides the property cycle into six phases, one following the other, indicating the trends in prices and transactions. In particular, following the Covid-19 emergency and generally speaking, taking into consideration the **entire year 2020**, we quickly moved from **phase 1-2**, in which prices tend to stabilise and transactions grow, to **phase 5-6**, where we have declining prices and transactions. The **second half** of the year, during which transactions increased, saw a move to **phase 6-1**, with prices declining and transactions beginning to grow again.

**PHASES OF THE MODEL**

- PHASE 1 - 2: prices stable, increase in transactions;
- PHASE 2 - 3: prices and transactions growing;
- PHASE 3 - 4: prices continue rising, transactions slowing;
- PHASE 4 - 5: prices stable, transactions declining;
- PHASE 5 - 6: prices stable, transactions declining;
- PHASE 6 - 1: prices declining, transactions beginning to grow again.



## TREND IN RESIDENTIAL TRANSACTIONS IN 2020



Source of NTN: Gabetti Research Department analysis of Agenzia delle Entrate  
Source: Average times in large cities: Gabetti

According to Agenzia delle Entrate data, **557,926 residential transactions** were completed in 2020, **-7.7%** compared to 2019. This change was impacted by the lockdown period, which froze transactions starting from the month of March up until the recovery of activities in May 2020. After an initial month of adjustment, transactions resumed in the months of June-September, according to reports by the agencies Gabetti, Professionecasa and Grimaldi, followed by further growth in the fourth quarter of the year.

**Residential transactions**



**557,926**  
**2020**



COMPARED TO 2019

**-7.7%**

Capitals **-11.4%**  
Other cities **-5.7%**

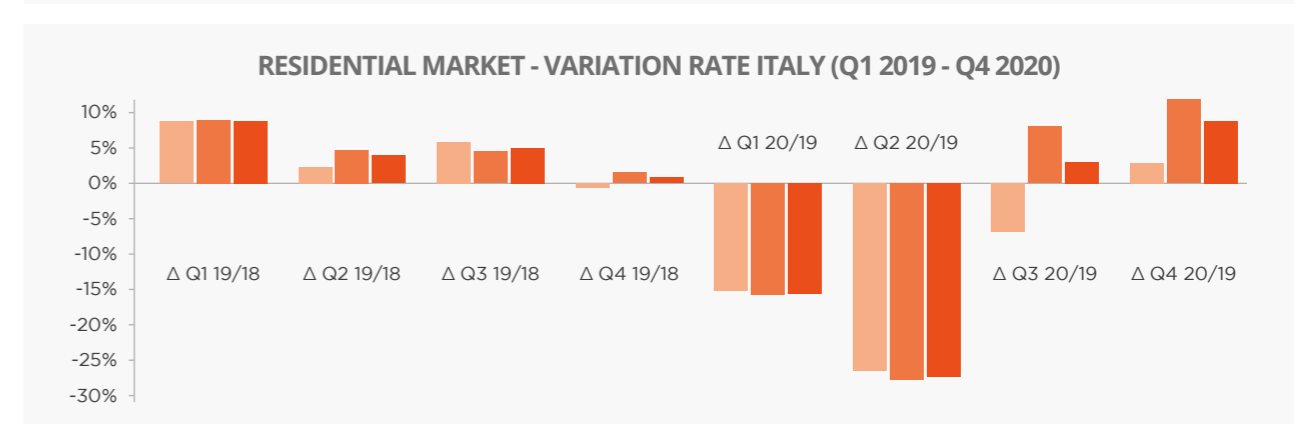
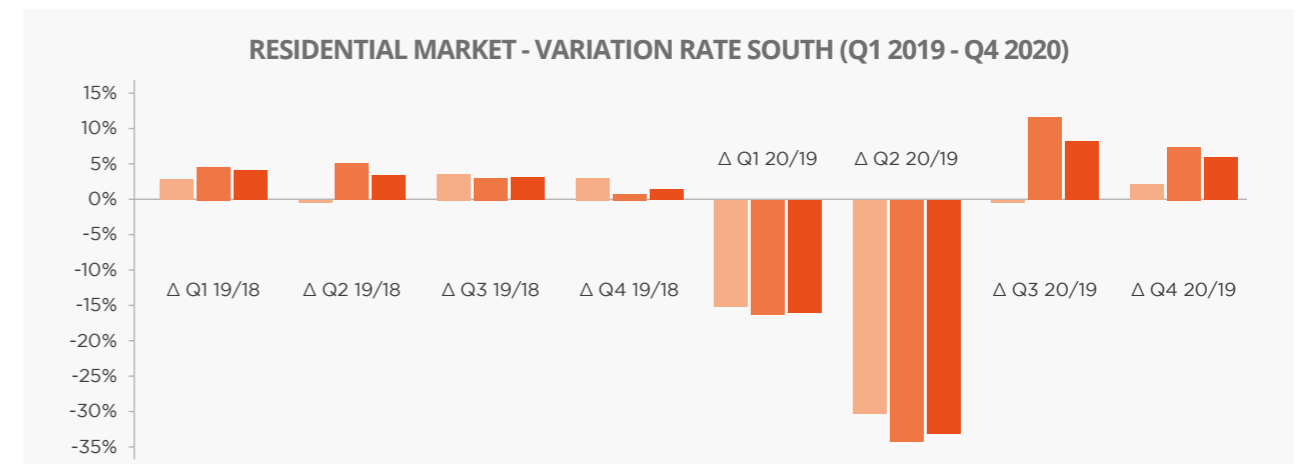
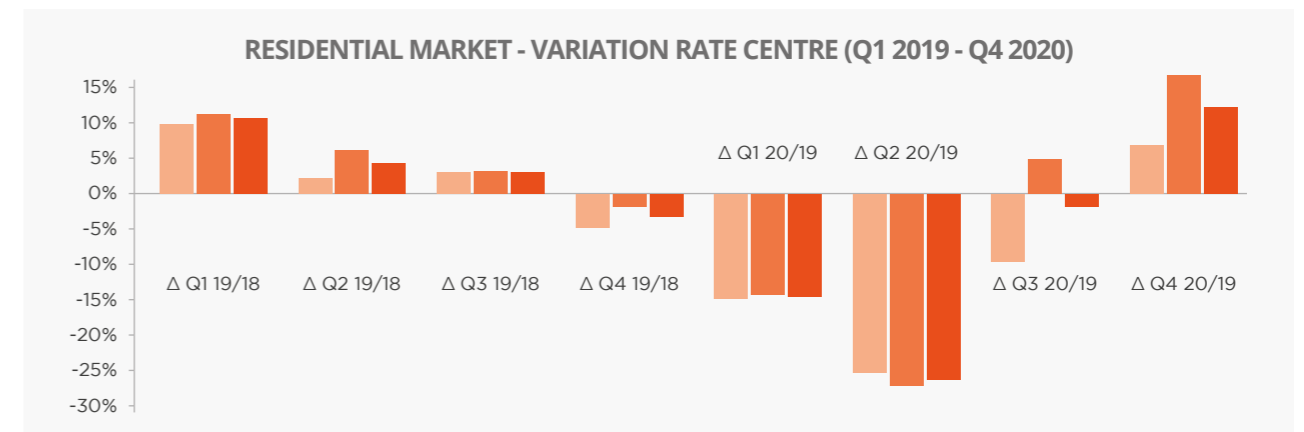
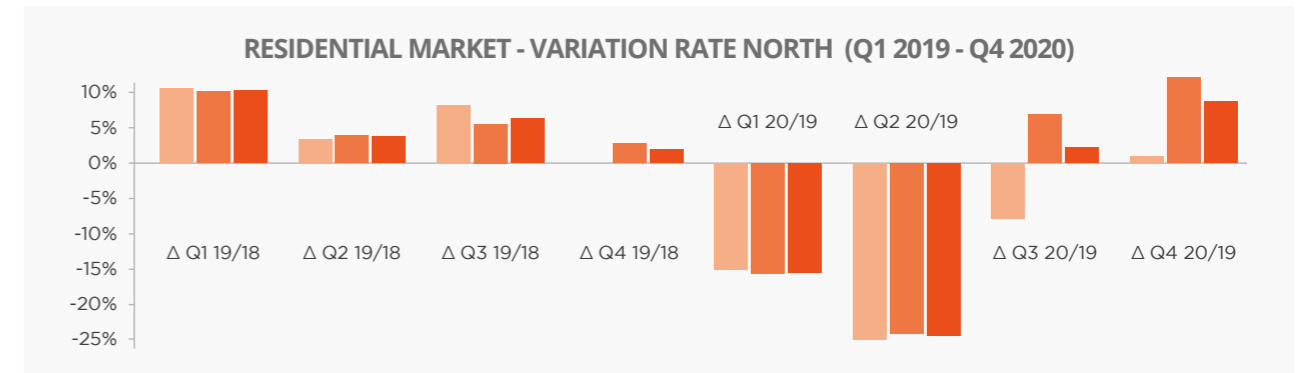
# TRANSACTIONS BY MACRO-AREA 2020

In 2020, all macro areas recorded a negative change: -7.1% in the North, -7.5% in the Centre and -7.7% in the South. Overall, the capitals showed a variation of -11.4%, while the other cities recorded -5.7%.

RESIDENTIAL MARKET - QUARTERLY NTN MACRO AREAS (Q1 2019 - Q4 2020)											
AREA		Q1 2019	Q2 2019	Q3 2019	Q4 2019	Tot 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Tot 2020
NORTH	Provincial Capitals	24,120	27,818	23,650	28,738	104,326	20,437	20,776	21,786	29,014	92,013
	Other cities	50,270	59,505	51,116	64,401	225,292	42,308	44,978	54,663	72,307	214,255
	<b>TOTAL</b>	<b>74,390</b>	<b>87,323</b>	<b>74,767</b>	<b>93,138</b>	<b>329,618</b>	<b>62,745</b>	<b>65,754</b>	<b>76,448</b>	<b>101,321</b>	<b>306,268</b>
CENTRE	Provincial Capitals	13,461	15,204	12,986	15,144	56,794	11,472	11,363	11,741	16,187	50,763
	Other cities	15,387	17,604	15,043	18,273	66,306	13,195	12,816	15,776	21,348	63,134
	<b>TOTAL</b>	<b>28,848</b>	<b>32,808</b>	<b>28,028</b>	<b>33,417</b>	<b>123,101</b>	<b>24,666</b>	<b>24,179</b>	<b>27,517</b>	<b>37,535</b>	<b>113,897</b>
SOUTH	Provincial Capitals	10,418	11,512	9,792	12,032	43,754	8,799	7,956	9,750	12,308	38,813
	Other cities	24,984	28,148	24,657	29,905	107,694	20,837	18,285	27,609	32,217	98,948
	<b>TOTAL</b>	<b>35,403</b>	<b>39,661</b>	<b>34,448</b>	<b>41,937</b>	<b>151,449</b>	<b>29,636</b>	<b>26,241</b>	<b>37,359</b>	<b>44,526</b>	<b>137,761</b>
ITALY	Provincial Capitals	47,999	54,535	46,427	55,914	204,875	40,708	40,095	43,277	57,510	181,589
	Other cities	90,641	105,257	90,816	112,578	399,293	76,339	76,079	98,047	125,872	376,337
	<b>TOTAL</b>	<b>138,641</b>	<b>159,792</b>	<b>137,243</b>	<b>168,492</b>	<b>604,168</b>	<b>117,047</b>	<b>116,174</b>	<b>141,324</b>	<b>183,381</b>	<b>557,926</b>

RESIDENTIAL MARKET - VARIATION RATE MACRO AREAS (Q1 2019 - Q4 2020)											
AREA		Δ Q2 19/18	Δ Q3 19/18	Δ Q4 19/18	Δ 19/18	Δ Q1 20/19	Δ Q2 20/19	Δ Q3 20/19	Δ Q4 20/19	Δ 20/19	
NORTH	Provincial Capitals	10.7%	3.4%	8.2%	-0.1%	5.1%	-15.3%	-25.3%	-7.9%	1.0%	-11.8%
	Other cities	10.3%	4.0%	5.6%	2.8%	5.4%	-15.8%	-24.4%	6.9%	12.3%	-4.9%
	<b>TOTAL</b>	<b>10.4%</b>	<b>3.8%</b>	<b>6.4%</b>	<b>1.9%</b>	<b>5.3%</b>	<b>-15.7%</b>	<b>-24.7%</b>	<b>2.2%</b>	<b>8.8%</b>	<b>-7.1%</b>
CENTRE	Provincial Capitals	9.9%	2.2%	3.1%	-4.7%	2.1%	-14.8%	-25.3%	-9.6%	6.9%	-10.6%
	Other cities	11.3%	6.2%	3.2%	-1.8%	4.3%	-14.2%	-27.2%	4.9%	16.8%	-4.8%
	<b>TOTAL</b>	<b>10.7%</b>	<b>4.3%</b>	<b>3.1%</b>	<b>-3.2%</b>	<b>3.3%</b>	<b>-14.5%</b>	<b>-26.3%</b>	<b>-1.8%</b>	<b>12.3%</b>	<b>-7.5%</b>
SOUTH	Provincial Capitals	3.0%	-0.4%	3.8%	3.2%	2.3%	-15.5%	-30.9%	-0.4%	2.3%	-11.3%
	Other cities	4.8%	5.3%	3.2%	0.9%	3.4%	-16.6%	-35.0%	12.0%	7.7%	-8.1%
	<b>TOTAL</b>	<b>4.3%</b>	<b>3.6%</b>	<b>3.3%</b>	<b>1.5%</b>	<b>3.1%</b>	<b>-16.3%</b>	<b>-33.8%</b>	<b>8.5%</b>	<b>6.2%</b>	<b>-9.0%</b>
ITALY	Provincial Capitals	8.7%	2.3%	5.8%	-0.7%	3.6%	-15.2%	-26.5%	-6.8%	2.9%	-11.4%
	Other cities	8.9%	4.7%	4.5%	1.5%	4.7%	-15.8%	-27.7%	8.0%	11.8%	-5.7%
	<b>TOTAL</b>	<b>8.8%</b>	<b>3.9%</b>	<b>5.0%</b>	<b>0.8%</b>	<b>4.3%</b>	<b>-15.6%</b>	<b>-27.3%</b>	<b>3.0%</b>	<b>8.8%</b>	<b>-7.7%</b>

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



Gabetti Research Department analysis of Agenzia delle Entrate data

■ Provincial Capitals ■ Other cities ■ Total

## SCENARIO IN LARGE CITIES

### TRANSACTIONS

Looking at the top eight Italian cities by population, a total of **90,590** transactions were recorded in 2020, -13.3% compared to 2019. The remaining provinces simultaneously recorded a -7.6% change. The biggest negative changes were in Milan (-17.6%), Bologna and Florence (-15.1%), Naples (-14.8%), Turin (-13.1%) and Palermo (-12.6%). Rome and Genoa closed at -10% and -9.4%, respectively. Considering only the fourth quarter, the change in the major cities was positive (0.2%), with transactions up in Genoa (+8.4%) and Rome (+7.9%), and stable in Turin, Palermo and Naples. Figures still down in Milan, Bologna and Florence.

RESIDENTIAL MARKET - QUARTERLY NTN MAIN PROVINCIAL CAPITALS (Q1 2020 - Q4 2020)						RESIDENTIAL MARKET - VARIATION RATE MAIN PROVINCIAL CAPITALS				
CITY	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Tot 2020	Δ Q1 20/19	Δ Q2 20/19	Δ Q3 20/19	Δ Q4 20/19	Δ 2020/2019
ROME	6,746	6,715	6,767	9,276	29,505	-14.9%	-23.5%	-9.6%	7.9%	-10.0%
MILAN	4,936	5,202	4,965	6,522	21,625	-19.3%	-26.5%	-15.5%	-8.9%	-17.6%
TURIN	2,671	2,680	2,735	3,782	11,868	-15.4%	-27.5%	-9.2%	0.0%	-13.1%
GENOA	1,520	1,488	1,619	2,080	6,706	-19.3%	-19.9%	-7.1%	8.4%	-9.4%
NAPLES	1,474	1,328	1,589	1,944	6,335	-19.5%	-35.9%	0.1%	-0.2%	-14.8%
PALERMO	1,214	972	1,238	1,564	4,988	-10.6%	-34.2%	-5.6%	0.1%	-12.6%
BOLOGNA	1,301	1,259	1,172	1,617	5,348	-6.8%	-28.2%	-18.7%	-5.4%	-15.1%
FLORENCE	1,031	1,020	903	1,261	4,214	-11.1%	-23.3%	-22.6%	-3.9%	-15.1%
<b>TOTAL</b>	<b>20,894</b>	<b>20,664</b>	<b>20,988</b>	<b>28,044</b>	<b>90,590</b>	<b>-15.8%</b>	<b>-26.3%</b>	<b>-11.2%</b>	<b>0.2%</b>	<b>-13.3%</b>

RESIDENTIAL MARKET - QUARTERLY NTN MAIN PROVINCES EXCL. THE PROVINCIAL CAPITALS (Q1 2020 - Q4 2020)						RESIDENTIAL MARKET - VARIATION RATE MAIN PROVINCES				
PROVINCE	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Tot 2020	Δ Q1 20/19	Δ Q2 20/19	Δ Q3 20/19	Δ Q4 20/19	Δ 2020/2019
ROME	3,292	2,959	3,602	4,944	14,797	-14.6%	-31.9%	3.5%	12.6%	-7.9%
MILAN	6,891	7,909	8,080	11,022	33,902	-18.1%	-21.2%	0.5%	6.8%	-7.9%
TURIN	3,371	3,366	3,980	5,443	16,159	-8.5%	-28.5%	3.8%	13.9%	-5.0%
GENOA	650	653	812	1,195	3,310	-21.5%	-26.2%	-3.5%	19.6%	-6.9%
NAPLES	2,398	2,101	2,659	3,138	10,295	-19.9%	-35.1%	5.8%	-1.5%	-13.7%
PALERMO	789	633	1,098	1,209	3,729	-21.2%	-45.1%	17.4%	9.9%	-11.0%
BOLOGNA	1,462	1,718	1,856	2,472	7,508	-17.3%	-16.5%	2.1%	11.6%	-4.4%
FLORENCE	1,390	1,428	1,469	2,025	6,311	-2.2%	-17.9%	-4.5%	14.2%	-2.4%
<b>TOTAL</b>	<b>20,242</b>	<b>20,766</b>	<b>23,556</b>	<b>31,447</b>	<b>96,011</b>	<b>-15.5%</b>	<b>-26.3%</b>	<b>2.4%</b>	<b>9.3%</b>	<b>-7.6%</b>

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

### PRICES

In terms of prices, an average change of around **-0.9%** was recorded in **H2 2020**, similar to that of the prior half-year (-1.1%), bringing the **total change** in 2020 compared to 2019 to -2%.

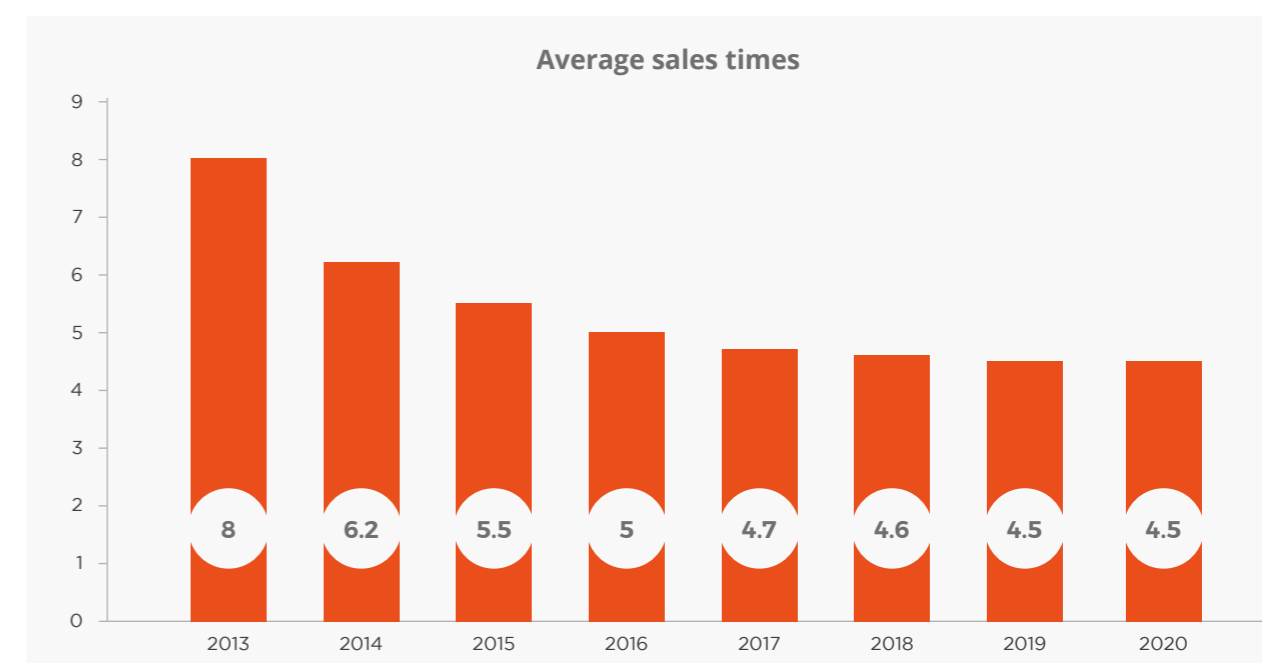
Looking at the annual change, **Milan** (+1.8%) showed positive results, with +0.2% in the first half of the year and +1.6% in the second half. Slightly positive figure for **Bologna** as well (+0.3%), which during the second half of the year recovered the loss of the first. **Naples** (-0.8%) and **Florence** (-1.1%) showed only slight variations at the annual level, followed by **Rome** (-2.2%). **Palermo** recorded an annual change of -3.2%, with a reduction in the negative change during the second half of the year. More significant changes were observed in **Turin** and **Genoa** (-5.3%).

CITY	HALF-YEARLY VARIATION IN RESIDENTIAL PRICES		
	H1 2020/ H2 2019	H2 2020/ H1 2020	2020/2019
ROME	-0.7%	-1.5%	-2.2%
MILAN	0.2%	1.6%	1.8%
TURIN	-2.7%	-2.6%	-5.3%
GENOA	-1.7%	-3.6%	-5.3%
NAPLES	-0.3%	-0.5%	-0.8%
PALERMO	-2.5%	-0.7%	-3.2%
BOLOGNA	-0.3%	0.6%	0.3%
FLORENCE	-1.0%	-0.1%	-1.1%
<b>AVERAGE</b>	<b>-1.1%</b>	<b>-0.9%</b>	<b>-2.0%</b>

Gabetti Research Department analysis of Gabetti, Professionecasa and Grimaldi data

### SALES TIMES AND AVERAGE DISCOUNTS

Average sales **times** in the large cities have remained stable overall, at an average of 4.5 months. With regard to the specific cities, Rome was stable, Florence, Turin and Bologna were down slightly and Milan, Genoa, Naples and Palermo were up slightly.

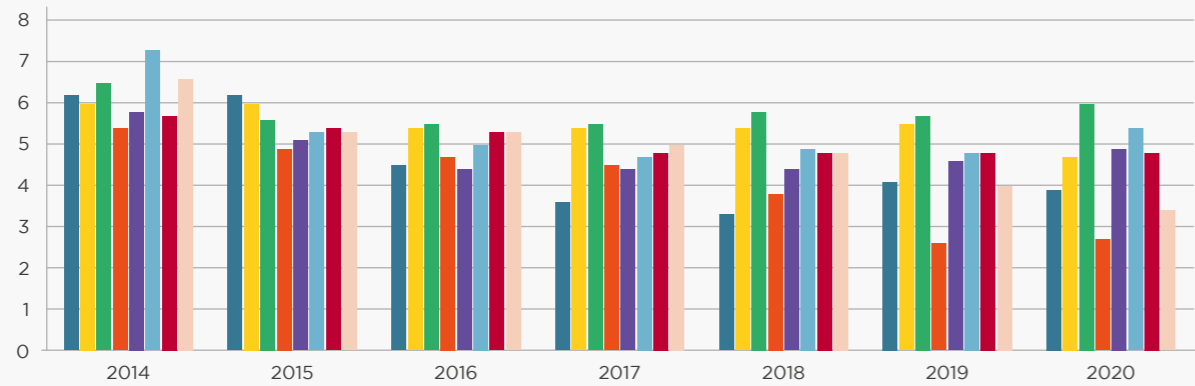


Gabetti Research Department analysis of Gabetti, Professionecasa and Grimaldi data

■ Average main cities



Average sales times - Main cities (months)

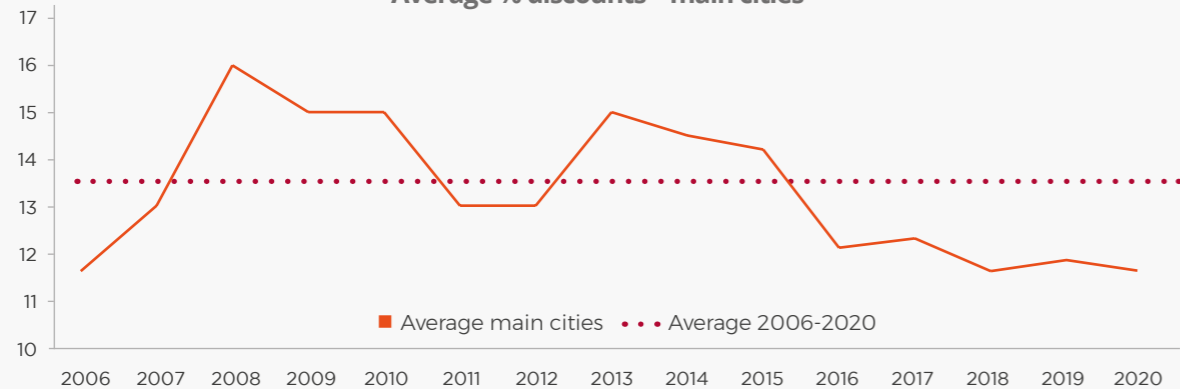


Gabetti Research Department analysis

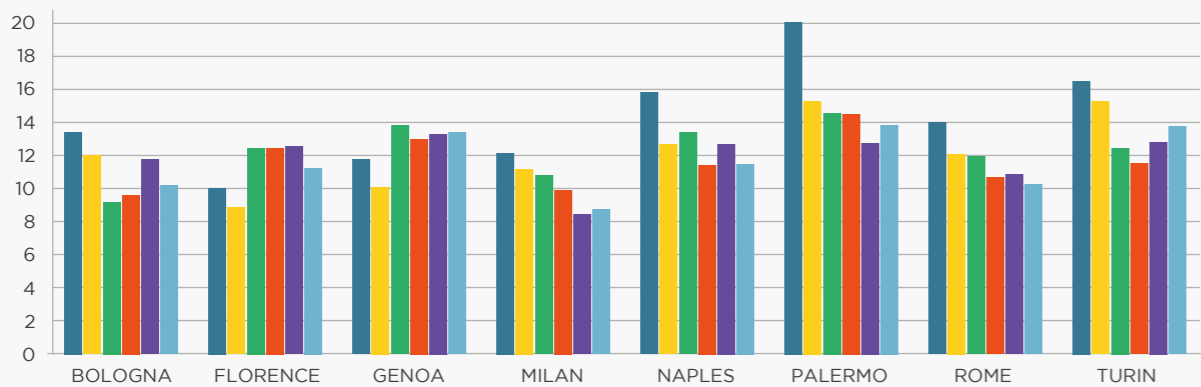
BOLOGNA FLORENCE GENOA MILAN NAPLES PALERMO ROME TURIN

In 2020, the **discount** between the asking price of sellers and the final transaction price in 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.

Average % discounts - main cities



Average % discounts - main cities



Gabetti Research Department analysis of Gabetti, Professionecasa and Grimaldi data

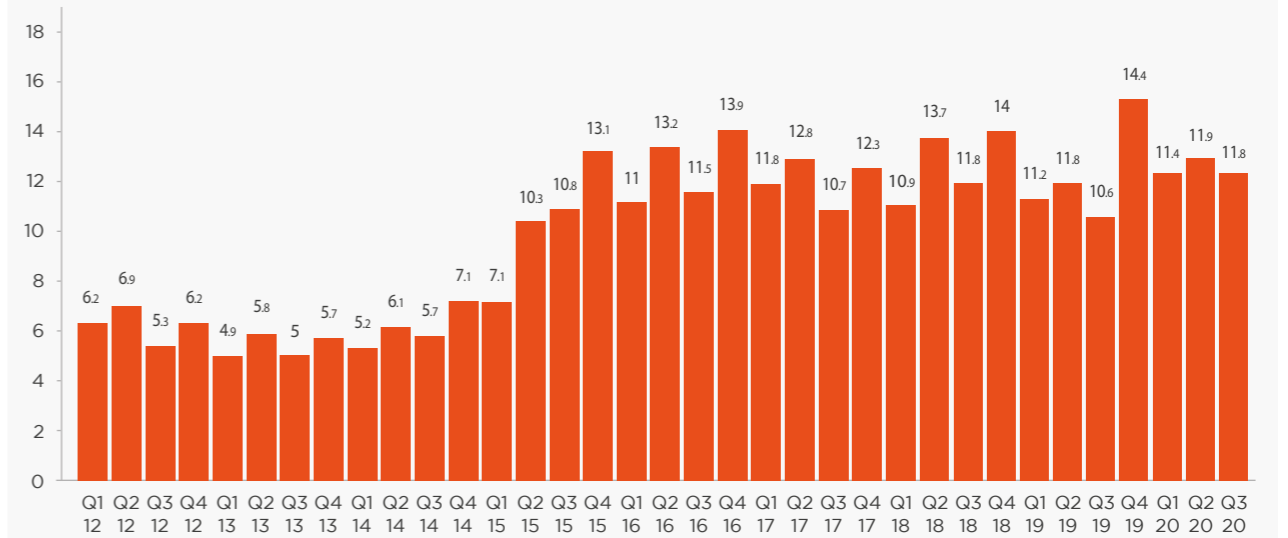
2015 2016 2017 2018 2019 2020

# LOANS

## DISBURSEMENT OF HOME PURCHASE LOANS

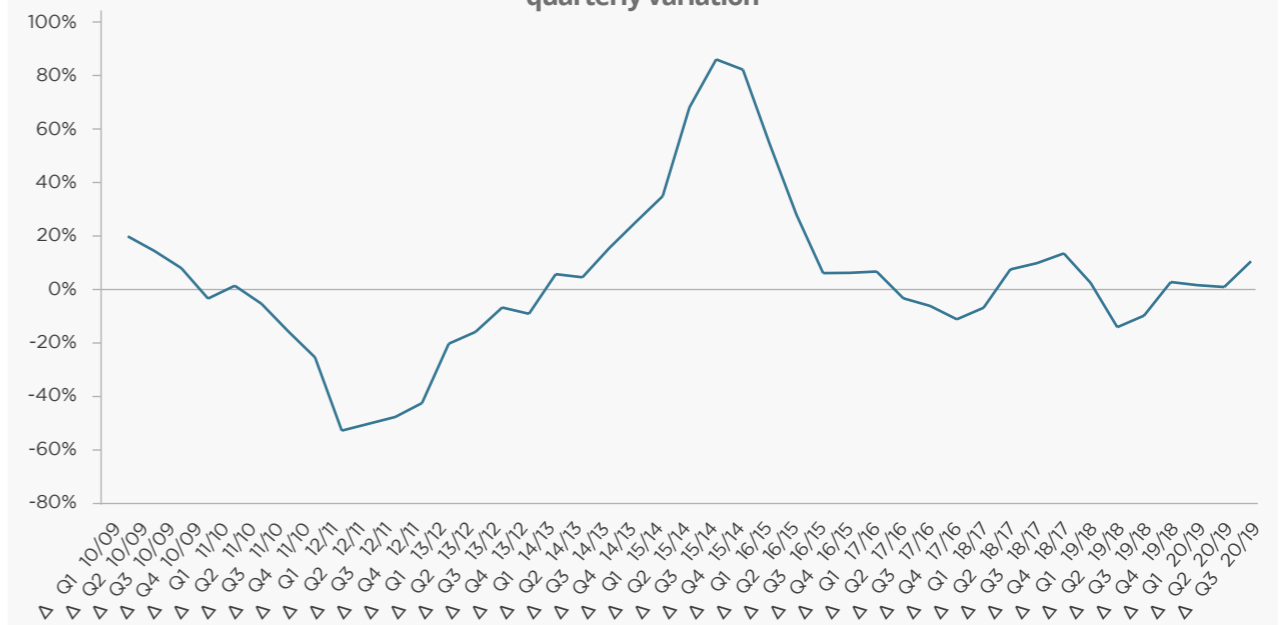
Loans to households for the purchase of homes amounted to a total of **€35 billion** in the first nine months of 2020, **+4.2%** compared to the same period in 2019 (Bank of Italy data). In detail, €11.4 billion was disbursed in the first quarter, €11.9 billion in the second and €11.8 billion in the third.

Disbursement of home purchase loans to households (billion €)



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

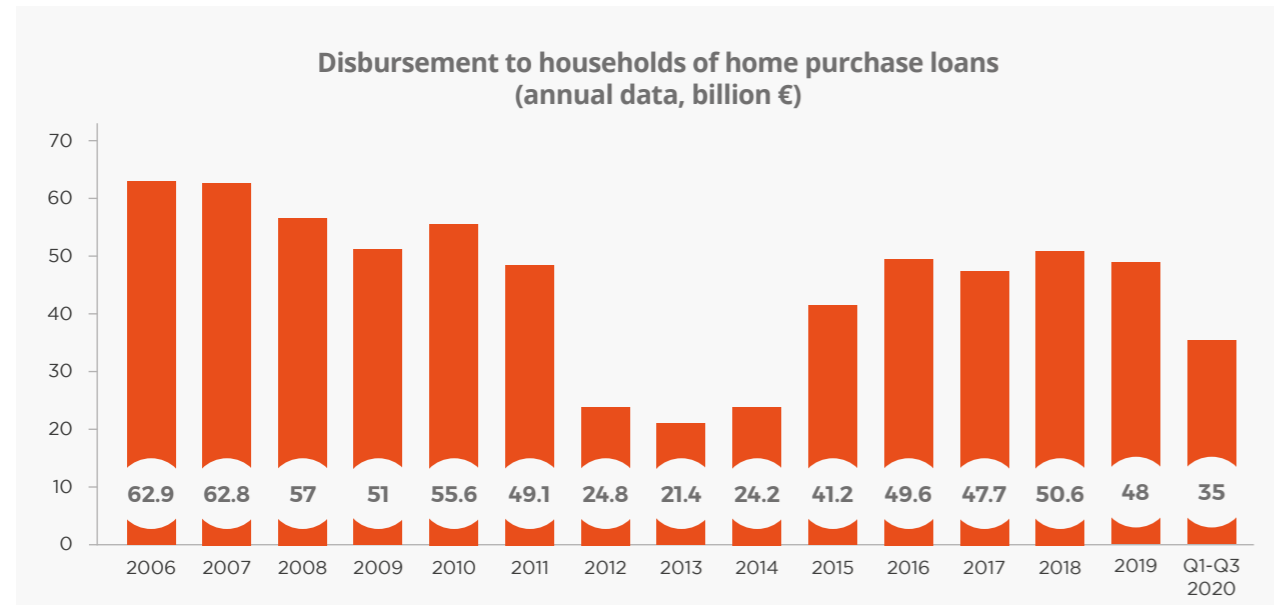
Disbursement of home purchase loans to households quarterly variation



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

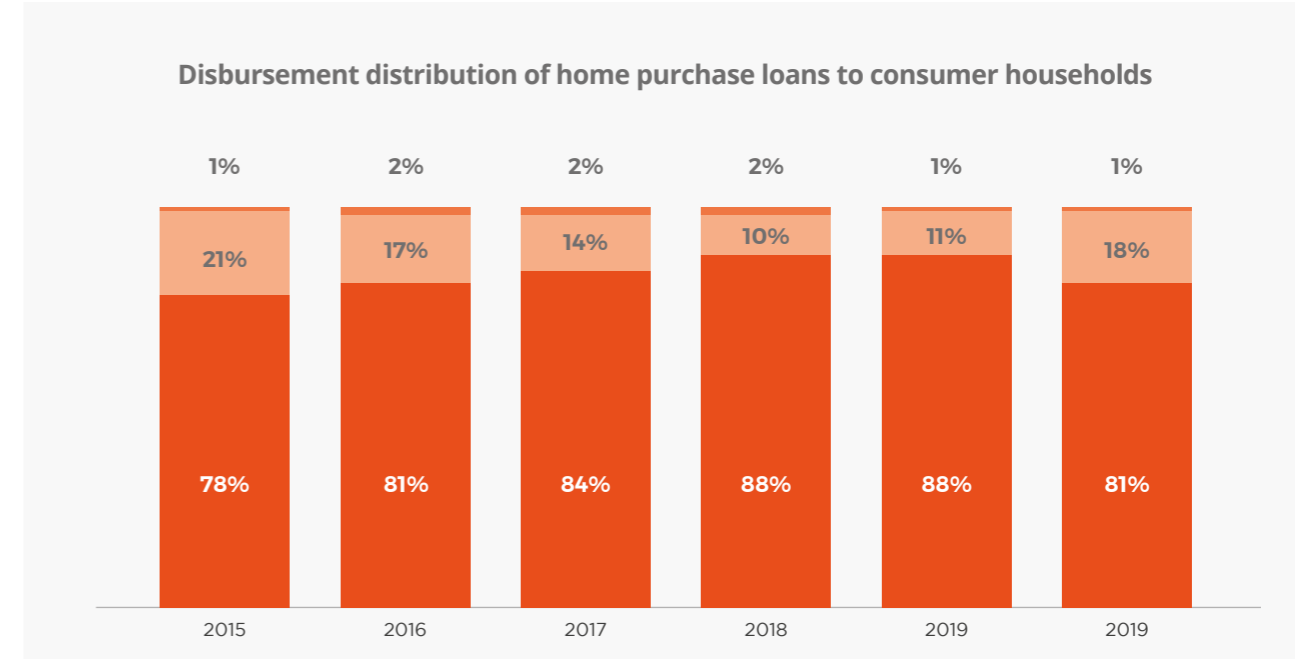
Looking at the historic annual trend, total disbursements in 2014 amounted to €24.2 billion, +13% over 2013. Steady growth was recorded in 2015, for a total of €41.2 billion, +70.6% compared to 2014. In 2016, the volume disbursed reached €49.7 billion, +20.5% compared to 2015. In 2017, the total amount disbursed was **€47.7 billion**, -4% compared to the same period in 2016. The 2018 total was €50.6 billion, +6.3%, while a slight decrease was recorded in 2019 (-3.4%), for a total of €48.9 billion. 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**.

Overall, the graph shows the sharp decrease in disbursements that characterised the financial crisis of 2008, which in Italy was felt several years later and, as shown in the above graph, between third quarter 2011 to third quarter 2015.



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

Despite the Covid emergency, a positive annual variation was recorded during **the first three quarters of 2020** as well, respectively **+1.6%, +0.9% and +10.7%**, mainly due to the higher weight of the re-mortgaging component (18% compared to 11% of the prior year). This sharp jump of seven percentage points is predominantly attributable to the favourable trend in interest rates, which is driving many to review their plans.

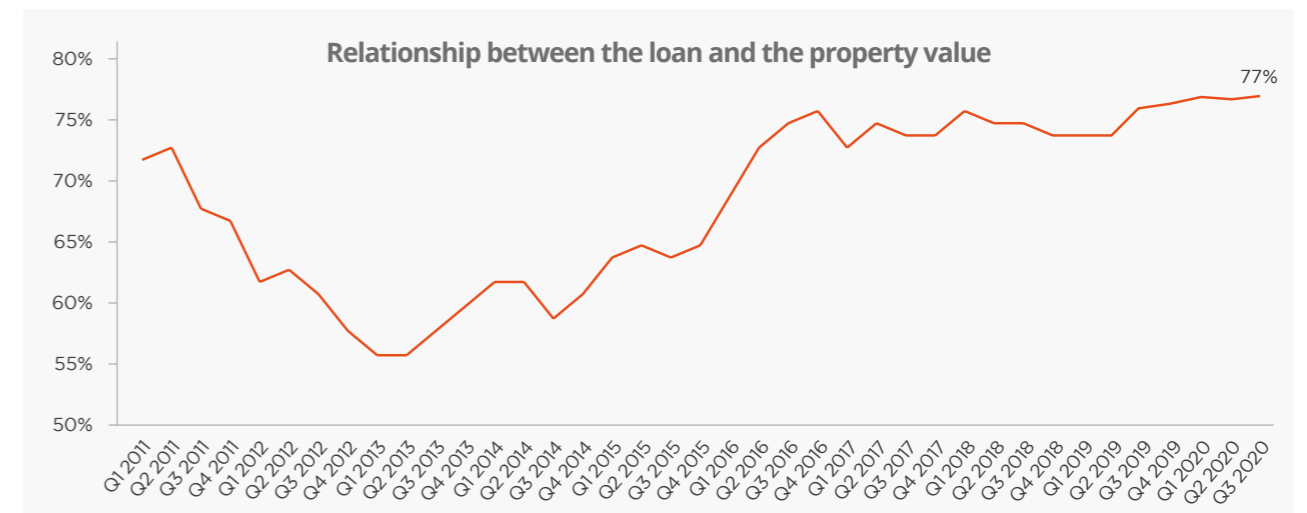


Cabetti Research Department analysis of data from the Bank of Italy database

■ New contracts ■ Re-mortgaging ■ Substitution

### LOAN-TO-VALUE RATIO

Based on the Bank of Italy's economic survey of the residential market, the loan-to-value (LTV) ratio of property in **third quarter 2020** was **77%**, stable compared to the prior quarter's figure and up compared to the corresponding quarter in 2019 (76.2%).



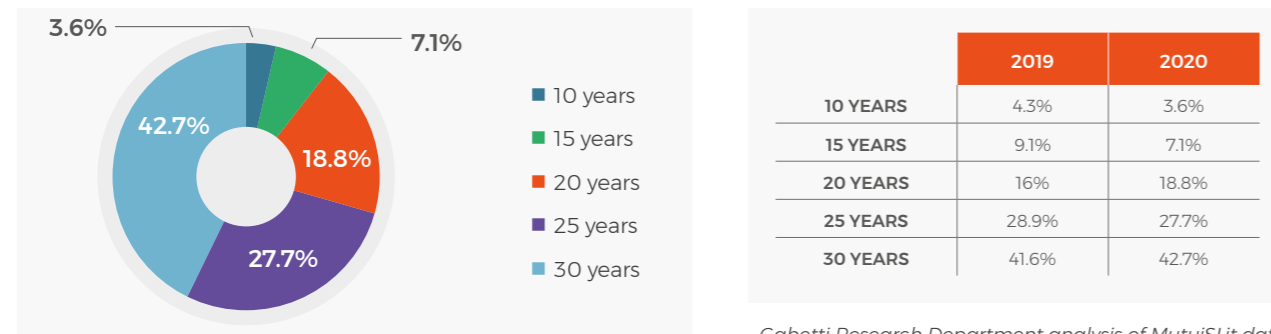
Cabetti Research Department analysis of data from the Bank of Italy database

## DEMAND FOR MORTGAGES

According to the requests for home purchase mortgages recorded by **MutuSI.it**, in 2020 the average amount requested was **€146,331**, up 3% compared to 2019, when it was €141,761. In addition to the required increase in liquidity, the average amount exceeds that of 2019 also due to the lower interest rates, encouraging households to borrow a higher amount.

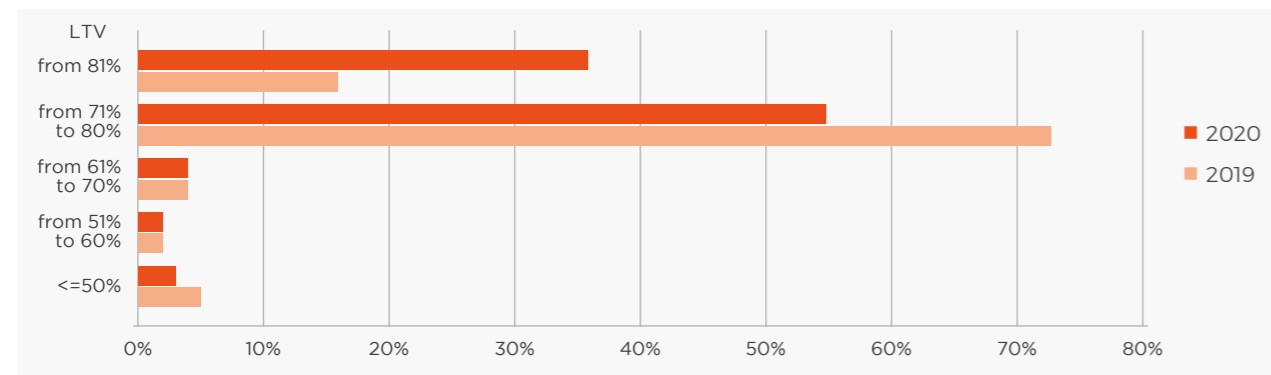
With regard to term, **25-30 years** prevails, accounting for approximately 70% of requests. This follows the same reasoning that was outlined for the average amount: interest rates at historic lows allow one to ask for a higher amount, spreading it out over a time frame of 25 to 30 years and weighing less on the household's monthly budget.

### % APPLICATIONS BY MORTGAGE TERM



In line with the other institutional sources, **fixed rate prevails at 94%** of requests. Fixed rate is also preferred over floating rate given the turbulence of the financial markets, which could impact the financial stability of the credit system in a country like Italy due to its high public debt and oscillation of the spread.

### 2020 REQUESTS BY LTV



The ratio of loan amount granted and value of the property, known as the Loan To Value (LTV), indicates the amount most requested for 2020 (55% of requests), as well as for 2019, was between 71% and 80% of the value of the property. This figure is down slightly compared to 2019, where the percentage requesting said amount was 73%. Worthy of note, particularly due to the pandemic which heavily impacted the economic scenario, is the request for mortgages in an amount higher than 81% of the value of the property, which rose significantly in 2020, from 16% of applicants in 2019 to 36% in 2020.

## AMOUNT CATEGORIES

Significant differences were also observed in the **amount categories** compared to 2019. Requests for mortgages below €100,000 grew in terms of weight over the total, from 14% in 2019 to 21% in 2020, while those from €101,000 to €150,000 declined from 76% to 65%. Applications for loan amounts of between **€151,000 and €200,000** increased from 10% in 2019 to 14% in 2020.

AMOUNT CATEGORIES	2019	2020
<= 100.000	14%	21%
da 101.000 a 150.000	76%	65%
da 151.000 a 200.000	10%	14%
Total amount	100%	100%

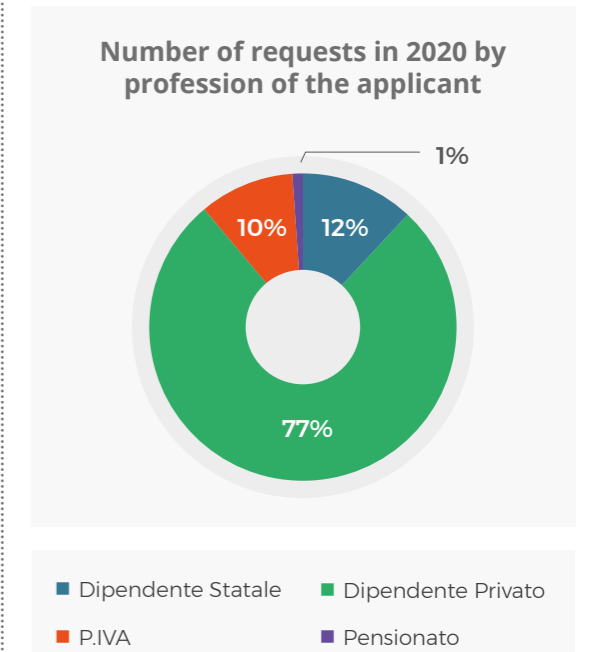
*Gabetti Research Department analysis of MutuSI.it data*

In terms of origin, the highest number of applications originated from the province of **Rome** (12%), followed by **Milan** (11%) and **Turin** (6%).

PROVINCE	%	AVERAGE AMOUNT REQUESTED
Rome	12%	165,284
Milan	11%	162,460
Turin	6%	135,569
Bologna	3%	161,509
Bergamo	2%	138,527
Naples	2%	147,895
Monza e Brianza	2%	147,061
Verona	2%	148,150
Brescia	2%	134,563
Varese	2%	150,179
Venice	2%	134,324
Florence	2%	157,397
Treviso	2%	138,473
Padua	2%	145,599

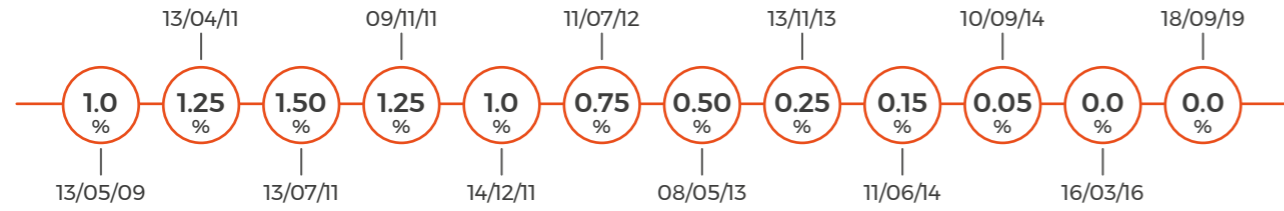
*Gabetti Research Department analysis of MutuSI.it data*

With regard to applicant profile, a predominance of **private employees** was recorded, at **77%**.



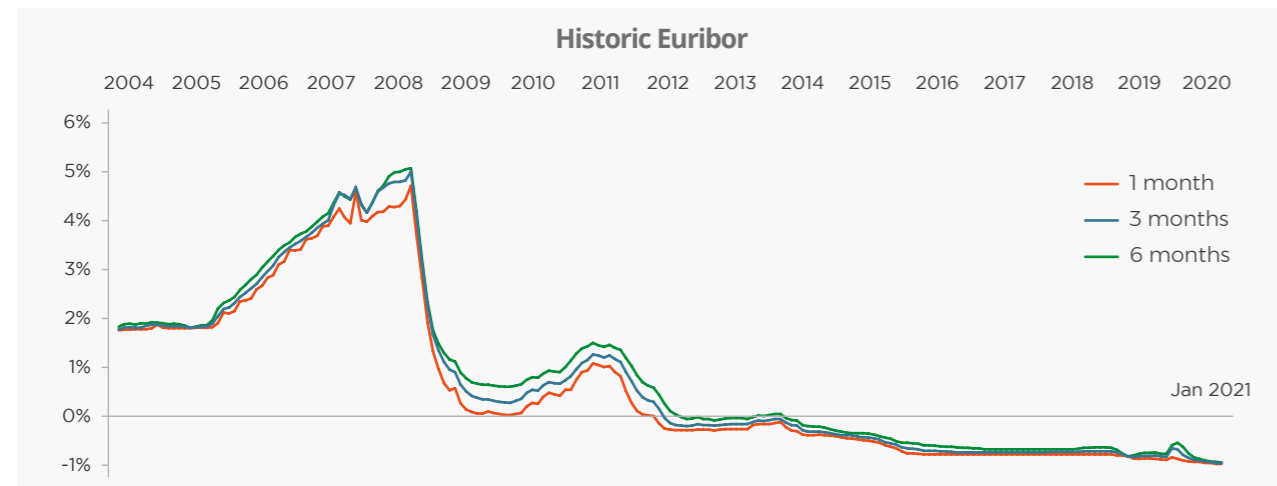
**TREND IN RATES**

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 in July 2012 to cut **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 in 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%.



Source: Bank of Italy

Reports by the SI-ABI indicate that in January 2021, **the rate of euro loans to households** for the purchase of homes - which summarises the trend in fixed and floating rates and is also impacted by the change in breakdown among disbursements based on mortgage type - was **1.27%** (1.25% the previous month; 5.72% at the end of 2007). Of the total new mortgage disbursements, 89.0% were fixed rate (89.1% the previous month) (Abi, Economia e Mercati Finanziari-Creditizi February 2021). A specific analysis of the Euribor trend shows that it has been negative since 2015, standing at -0.55% in February 2021 for the one-month maturity and 0.54% for the three-month



Cabetti Research Department analysis

As regards the **Eurirs**, the reference interbank rate used as a parameter for indexing **fixed-rate** mortgages, the 10-year rate stands at 0.03%, while the 15-year rate is 0.28% as at 9/03/2021.

FIXED RATE	EURIRS
5 YEARS	-0.31%
10 YEARS	0.03%
15 YEARS	0.28%
20 YEARS	0.40%
25 YEARS	0.41%
30 YEARS	0.41%

9/03/2021

**NOTES**

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## OUR REPORT:



Residential Overview



Leaseholds



Prestigious Homes Market



Investment Overview



Office Market Overview



Office Quality Focus



Hotels



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