



2020

LETTINGS

TABLE OF CONTENTS

HIGHLIGHTS	4
REPORT SUMMARY	5
TRENDS IN THE LEASEHOLD MARKET	6
TYPES OF CONTRACTS	6
DISTRIBUTION OF LETTINGS IN 2020	7
MAJOR CITIES - DISTRIBUTION OF LETTINGS IN 2020	9
INDICATOR OF LEASEHOLD MARKET INTENSITY	10
MAJOR CITIES - SIZES 2020	11
MAJOR CITIES - COMPARISON OF RENTS 2020-2019	12
MAJOR CITIES - RENTS 2020	13
FOCUS ON RESIDENTIAL INVESTMENTS TO LET	14
TRENDS AND OUTLOOK IN THE ITALIAN RESIDENTIAL TO LET SEGMENT	17



HIGHLIGHTS

In **2020**, the residential leasehold market recorded a total of **1,289,339 homes fully let**. Of these, based on data from Agenzia delle Entrate, it was possible to provide statistics on **855,565 contracts**, giving us a snapshot

of the market in terms of sqm taken up and total rent revenue. The year 2020 was also the year of **investments in residential** buildings to let, which recorded a record volume of **€ 370 million**.

HOMES LET



1,289,339



In 2020

CONTRACTS ANALYSED



17%

**REGULAR
TEMPORARY RENT**

4%

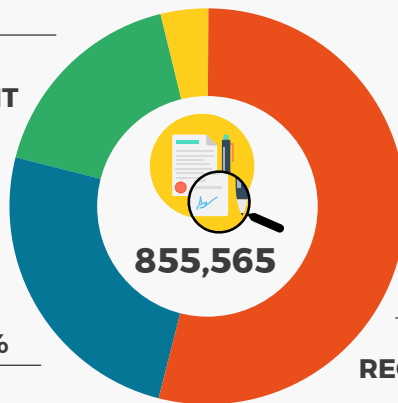


**SUBSIDISED
STUDENT**

**SUBSIDISED
REGULATED**



27%



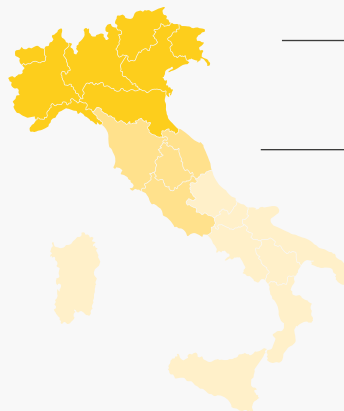
52%

REGULAR LONG-TERM



2020 REVENUES

4.8
billion €



55%

NORTH

26%

CENTRE

19%

**SOUTH
AND ISLANDS**

REPORT SUMMARY

In **2020**, the leasehold market was impacted by the health emergency and by the consequent lockdown. Overall, nearly **1.3 million let homes** were recorded, -8.8% compared to the prior year.

The predominant contractual type continues to be the **regular long-term contract**, although some cities such as **Rome see a predominance of contracts with regulated rent**.

In this scenario, even rents, which are on average higher for the first type, appear to balance off in certain cities, such as Palermo and Rome.

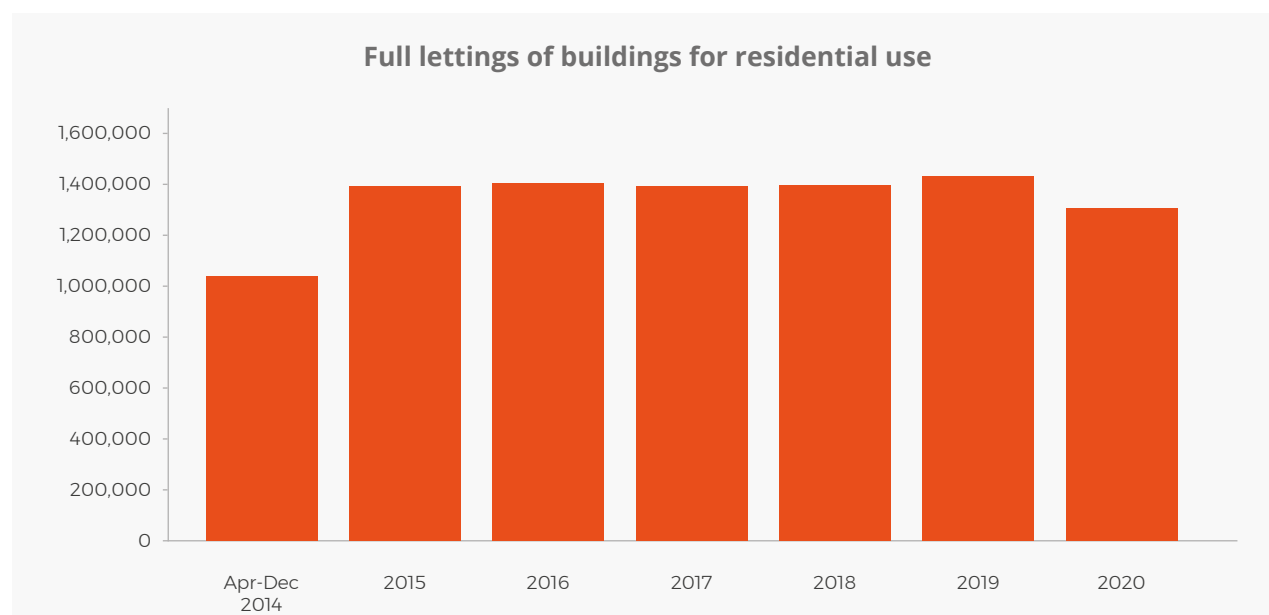
While the contribution to total revenues deriving from leases is mainly attributable to Northern Italy, Rome remains the city with the greatest impact at the national level, followed by Milan. As far as average areas let are concerned, there are significant differences among the various cities, with Palermo at the top of the list in terms of average square metres let per unit, followed by Florence and Naples.

Contextually, the **residential leasehold market** in 2020 appealed to investors, with a total investment volume of **€ 370 million**, up sharply compared to 2019, during which it amounted to just under € 60 million. This phenomenon is 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, serviced apartments and senior living.

TRENDS IN THE LEASEHOLD MARKET

In the years between 2015 and 2019, the residential leasehold market recorded a significant number of contracts stipulated, for an annual average of just under 1.4 million new leases.

In 2019, total contracts amounted to **1,414,350**, +2.7% compared to 2018, while 2020 inevitably suffered the consequences of the lockdown, following the health emergency, closing with **1,289,339 new lettings**, -8.8% compared to 2019.



Source: Gabetti Research Department analysis of Agenzia delle Entrate data

Number of units fully subject to new leasehold agreement

NEW LETTINGS	2016	2017	2018	2019	2020
RESIDENTIAL USE	1,384,328	1,373,091	1,377,364	1,414,350	1,289,339
NON-RESIDENTIAL USE	368,892	369,782	363,509	377,002	298,528
TOTAL	1,753,220	1,742,873	1,740,873	1,791,352	1,587,867

TOT. HOMES FULLY LET
1,289,339

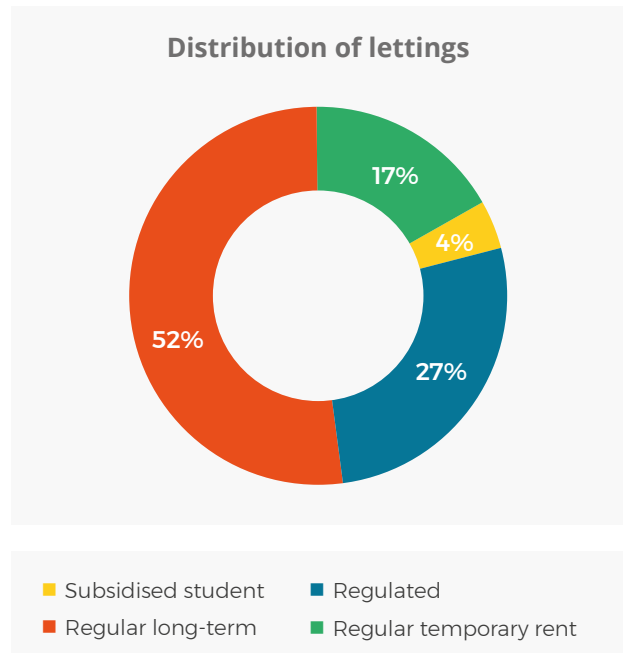
LET HOMES CROSS-CHECKED IN REGISTRY
855,565

DISTRIBUTION OF LETTINGS IN 2020

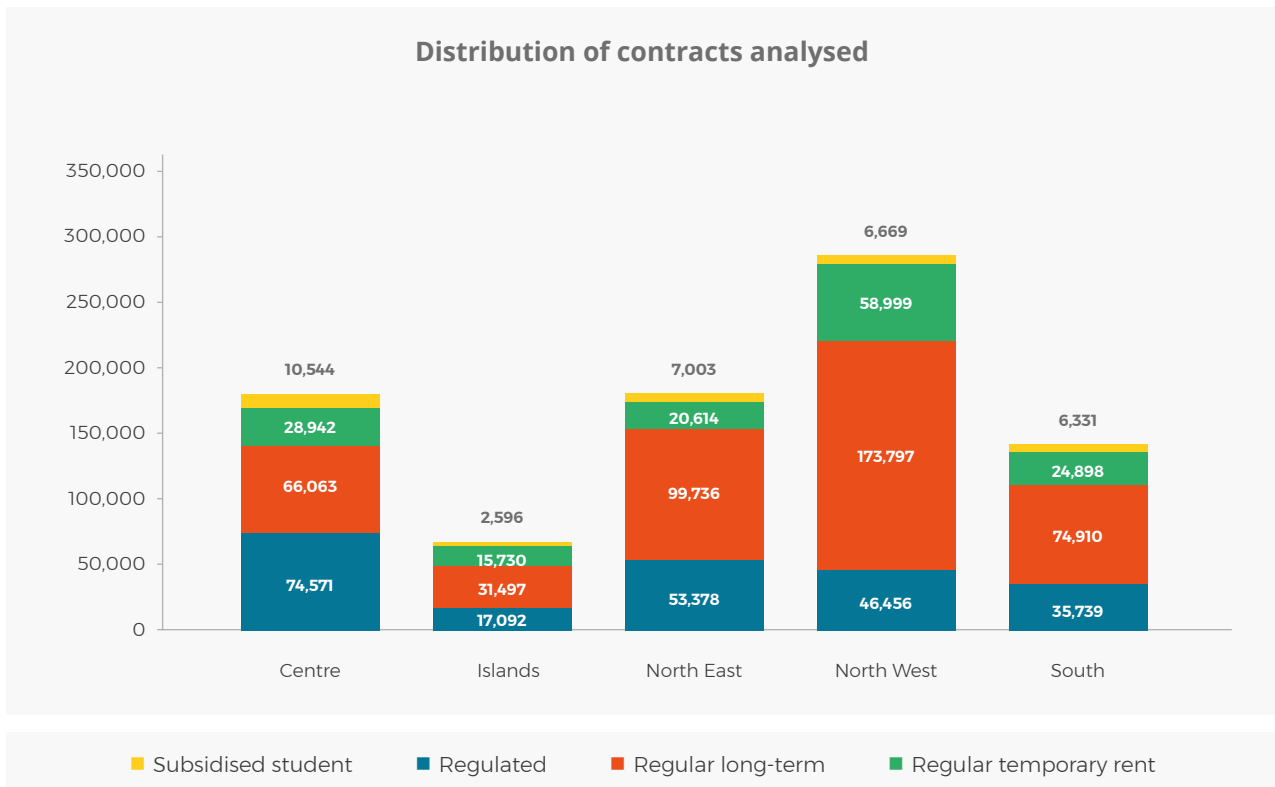
The analysis takes into consideration a sample of **855,565 lease agreements** involving entire residential properties for **2020**, distributed by contract type (the remainder are buildings with anomalous rent values or not cross-checked with registry data).

As shown in the figure, in **52%** of cases they are regular **long-term contracts**, followed by 27% at regulated rent and 17% temporary tenancies, with only 4% comprising rentals to students.

Differences are observed at the territorial level, with regular long-term contracts accounting for 37% of the total in the Centre, and regulated rent accounting for 41%. Looking at the North overall, the weight of regular long-term contracts rises to 59%, while in the South and Islands they amount to 51%.



Source: Gabetti Research Department analysis of Agenzia delle Entrate data



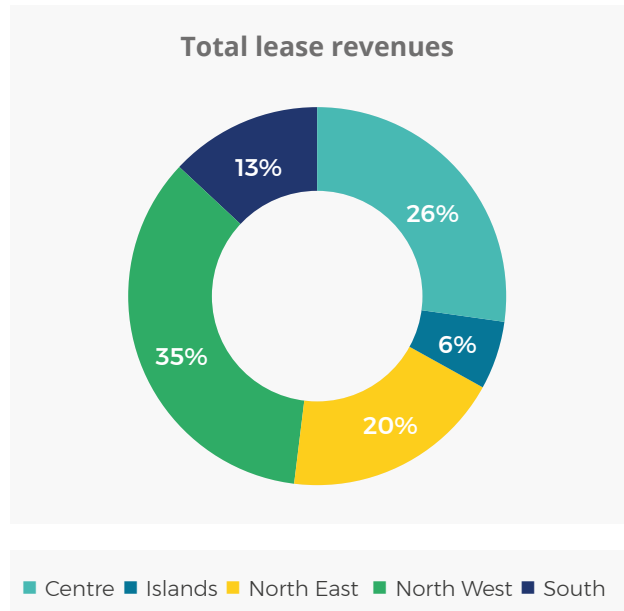
Source: Gabetti Research Department analysis of Agenzia delle Entrate data

DISTRIBUTION OF LEASEHOLD REVENUES 2020

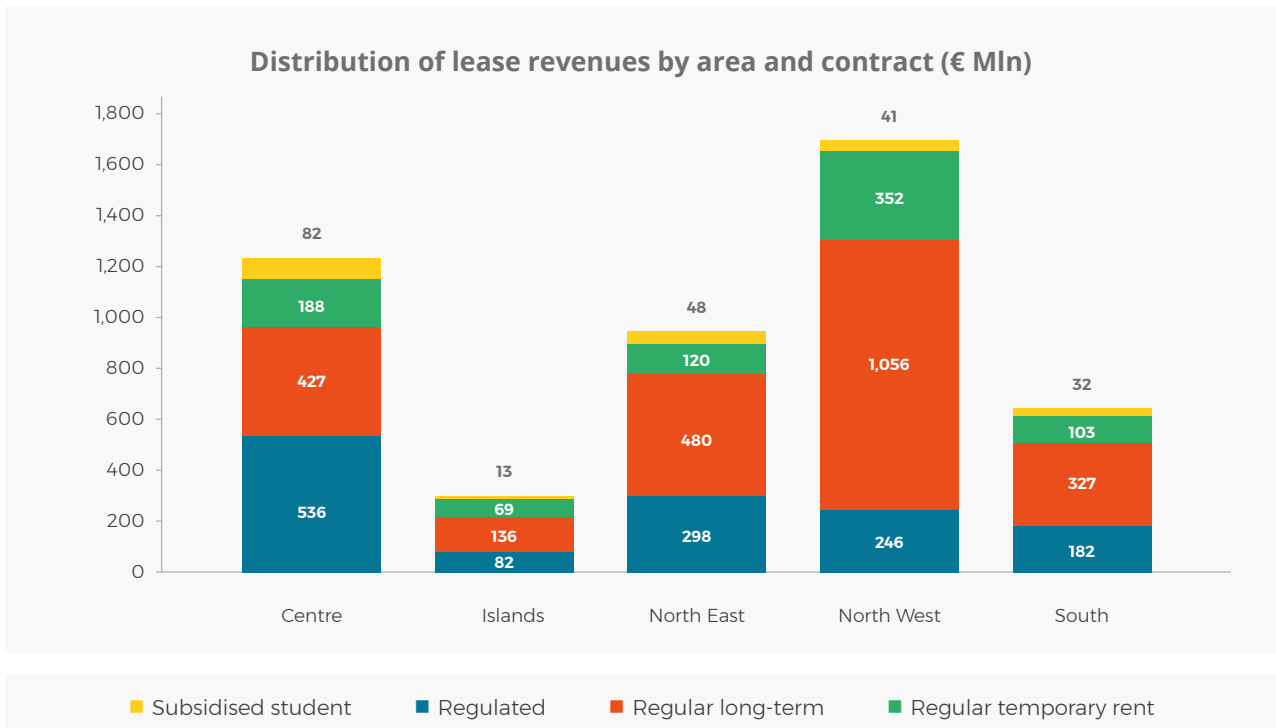
Total revenue in 2020 from the leaseholds analysed was **€ 4.8 billion**, compared to **€ 5.4 billion** in 2019.

At the distribution level, the North East and North West together accounted for 54.8% of the total, followed by the Centre, at 25.6%, while the South and Islands accounted for approximately 19.6%.

Looking at the different contractual types, the most significant in terms of revenues is the regular long-term contract in the North West, equal to € 1,056 million, followed by contracts with regulated rent in the Centre (€ 536 million) and regular long-term in the North East (€ 480 million).



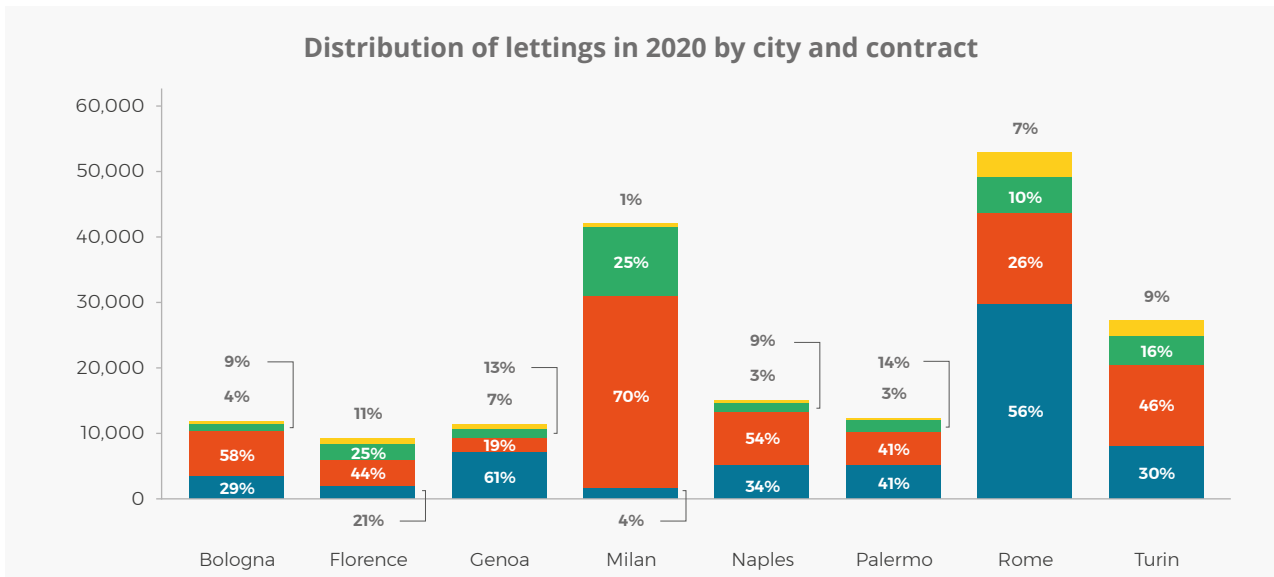
Source: Gabetti Research Department analysis of Agenzia delle Entrate data



Source: Gabetti Research Department analysis of Agenzia delle Entrate data

MAJOR CITIES DISTRIBUTION OF LETTINGS IN 2020

In the major cities, **178,361** lease agreements were analysed. The graph shows that Milan has the greatest portion of regular, **long-term agreements (28,635)**, followed by **Rome (13,653)**. However, the Capital heads the ranking for number of **contracts at regulated rent (29,069)** and **student contracts (3,727)**, followed by **Turin (2,271)**.

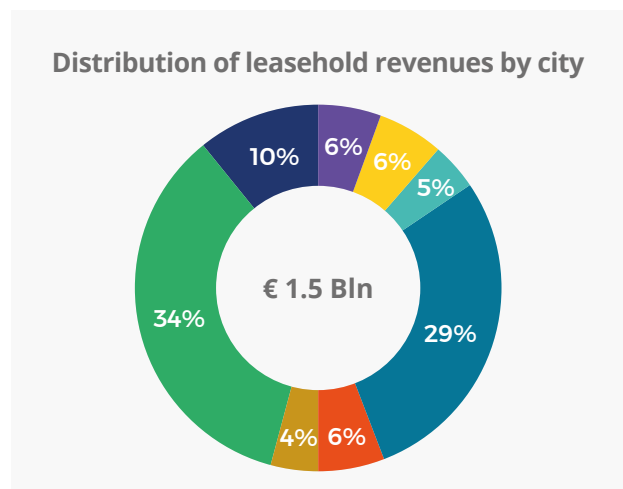
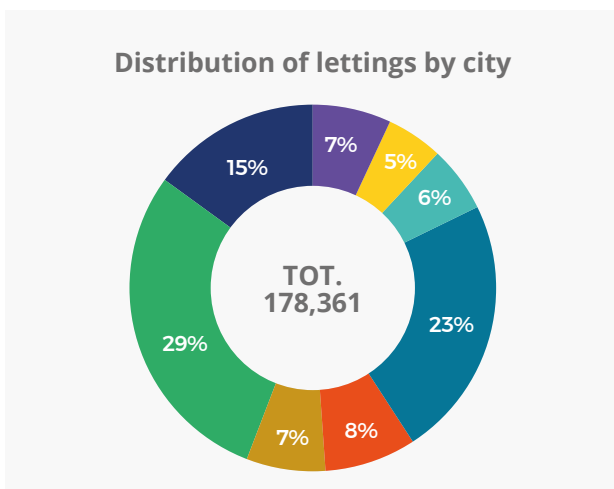


Source: Gabetti Research Department analysis of Agenzia delle Entrate data

■ Regulated ■ Regular long-term ■ Student ■ Regular temporary

Total revenue in 2020 from the leaseholds analysed for the major cities was **€ 1,482.5 million**. In terms of distribution, approximately **34%** of this amount is attributable to **Rome**, followed by **Milan** with **29%**.

In terms of number of contracts, 29% of the 178,361 contracts stipulated are attributable to **Rome** (51,758), while 23% involve **Milan** (41,149), followed by **Turin** in third place with 26,611 contracts.



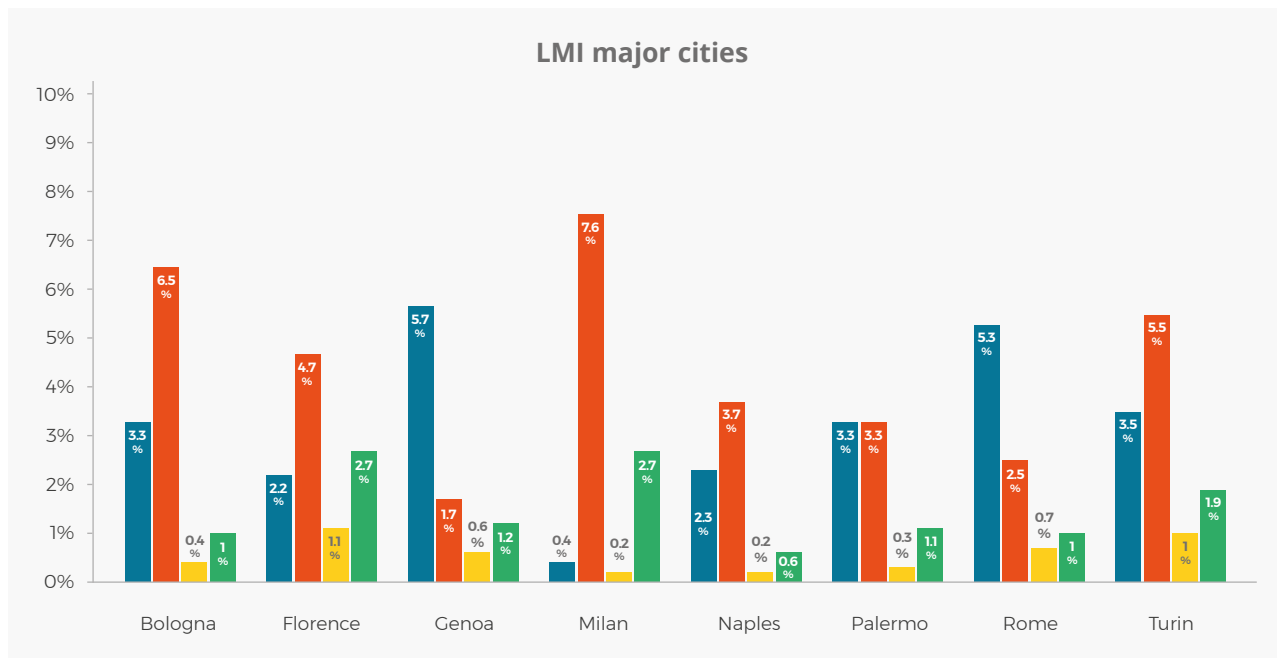
Source: Gabetti Research Department analysis of Agenzia delle Entrate data

■ Rome ■ Milan ■ Turin ■ Naples ■ Bologna ■ Palermo ■ Genoa ■ Florence

INDICATOR OF LEASEHOLD MARKET INTENSITY

An analysis of the leasehold market intensity indicator, which is the percent ratio of the number of new leases and the amount of real estate units not designated as principal residence (stock), reveals significant differences between the various cities. In first place, as unweighted average across the various types of contracts, we have Turin (3.6%), followed by Bologna (2.8%), Milan and Florence (2.7%).

On the other hand, looking at the indicator for each city by type of contract, we see that the highest LMI can be attributed to the regular, long-term contract in Milan (7.6%), followed by the regular contract in Bologna (6.5%) and the regulated rent agreement in Genoa (5.7%).

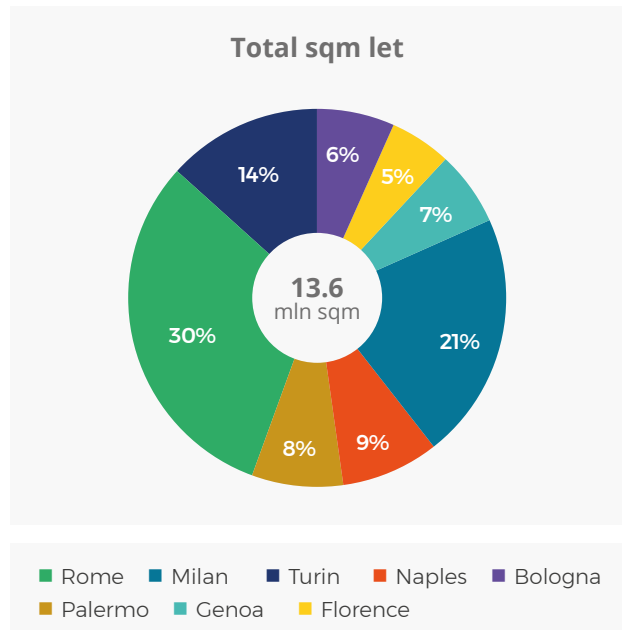


Source: Gabetti Research Department analysis of Agenzia delle Entrate data

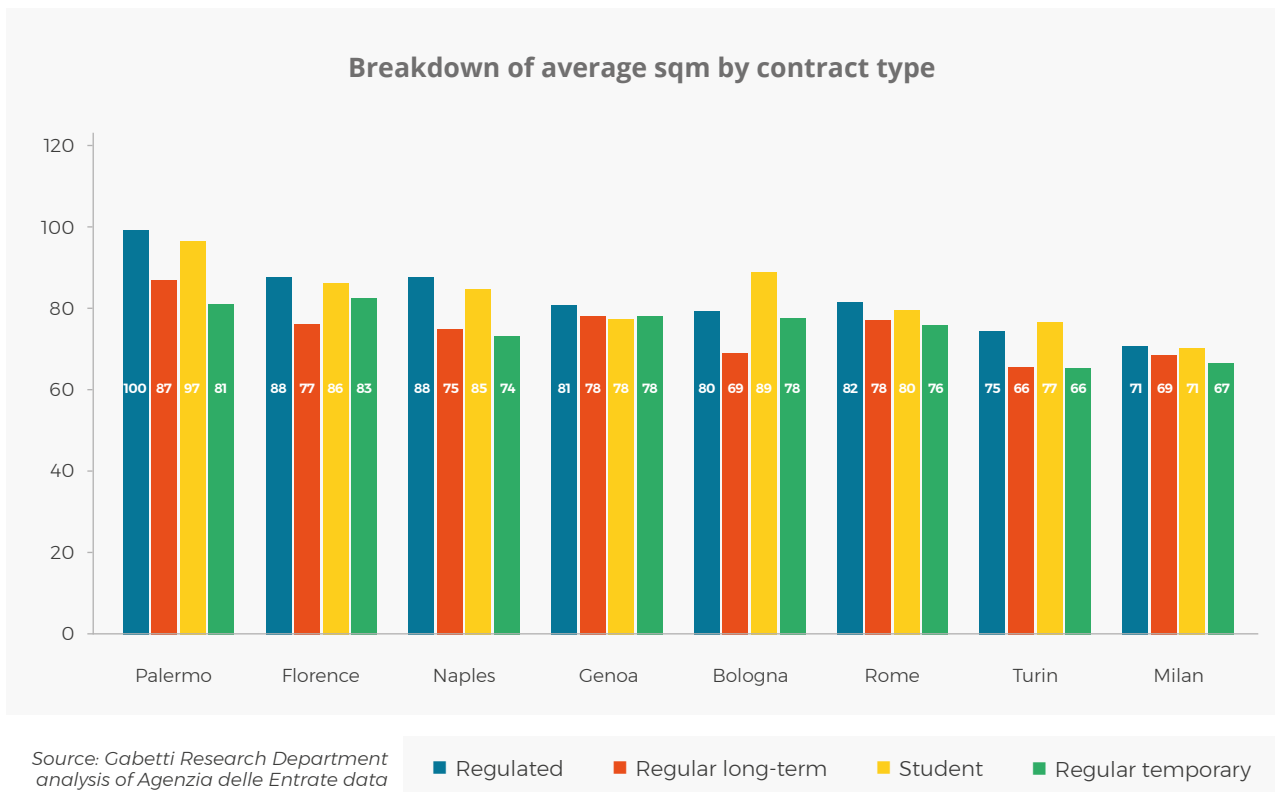
■ Regulated ■ Regular long-term ■ Student ■ Regular temporary

MAJOR CITIES - SIZES 2020

Of the total sqm let in major cities, equal to **13,601,618 sqm**, Rome accounts for approximately 30% (4,145,887 sqm), followed by Milan with 2,817,099 sqm (21%). Looking at the average areas let, Palermo has the highest values, followed by Florence and Naples.



Source: Gabetti Research Department analysis of Agenzia delle Entrate data

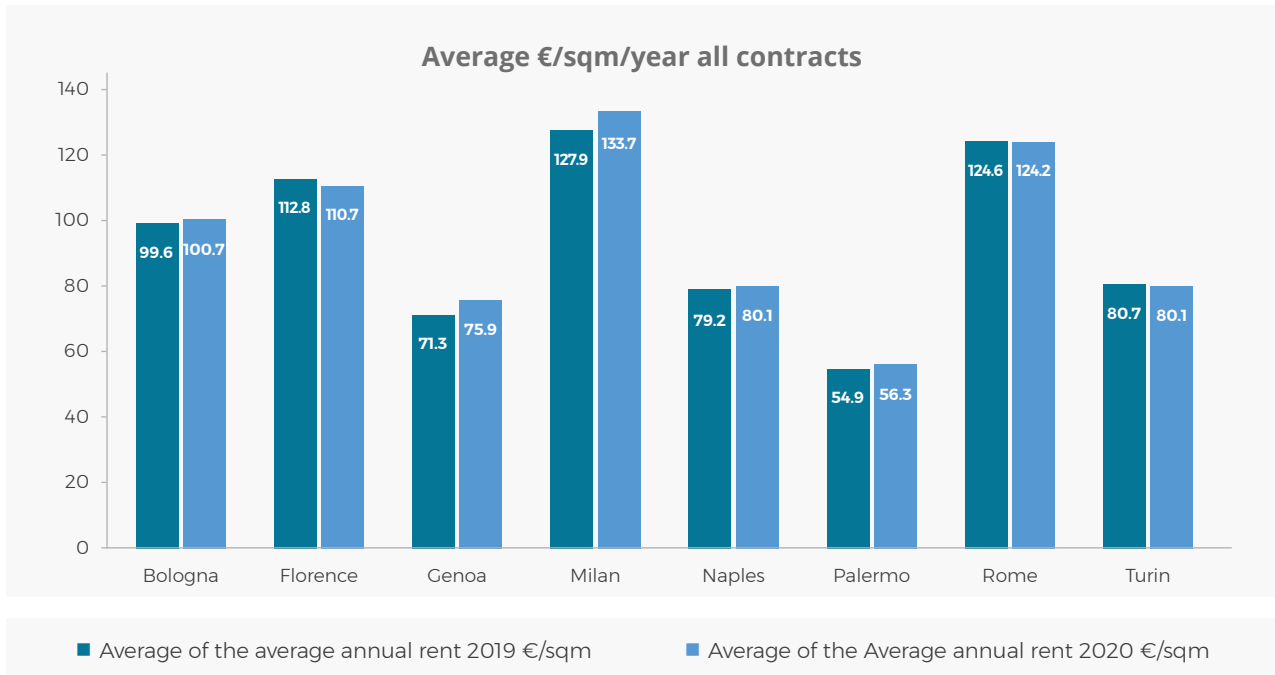


Source: Gabetti Research Department analysis of Agenzia delle Entrate data

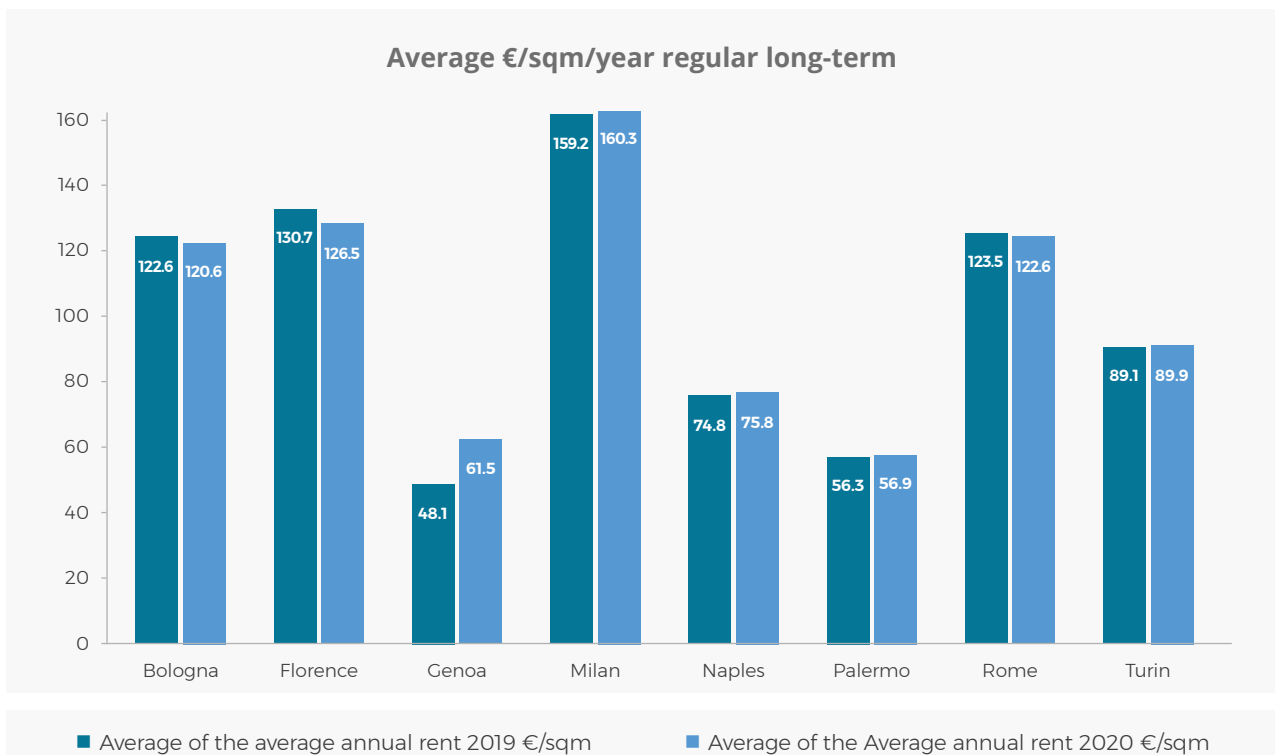
MAJOR CITIES COMPARISON OF RENTS 2019-2020

The graph shows how average rents (unweighted for the various contract types) showed different trends in the various cities.

The highest growth was recorded in **Genoa and Milan, followed by Palermo, Bologna and Naples. Florence, Rome and Turin were down slightly.**



Source: Gabetti Research Department analysis of Agenzia delle Entrate data

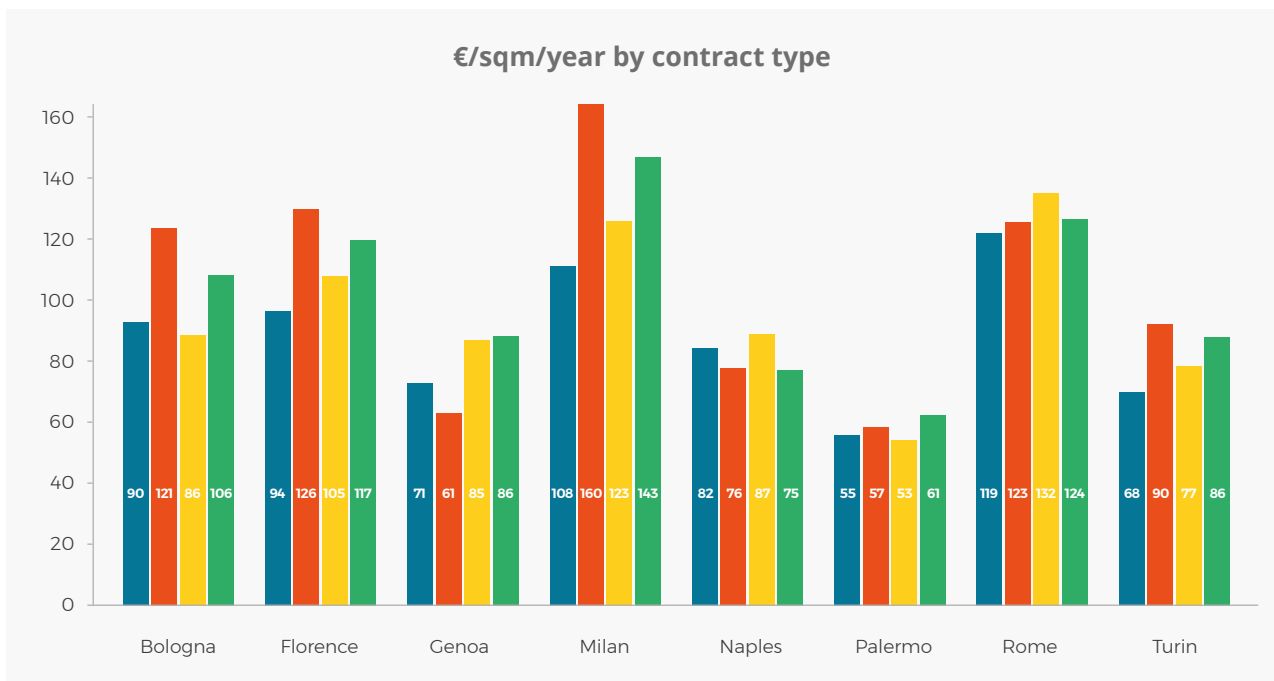


Source: Gabetti Research Department analysis of Agenzia delle Entrate data

MAJOR CITIES - RENTS 2020

The figure shows how **Rome** has the **highest average rents** (as unweighted average among the various contractual types), but **Milan** has the **highest average for the regular long-term contract type**.

The comparison between the various cities also shows significant differences between regular long-term and regulated rent: in some cases (Rome and Palermo), the two types are close, while in others, first and foremost Milan, there are major differences.



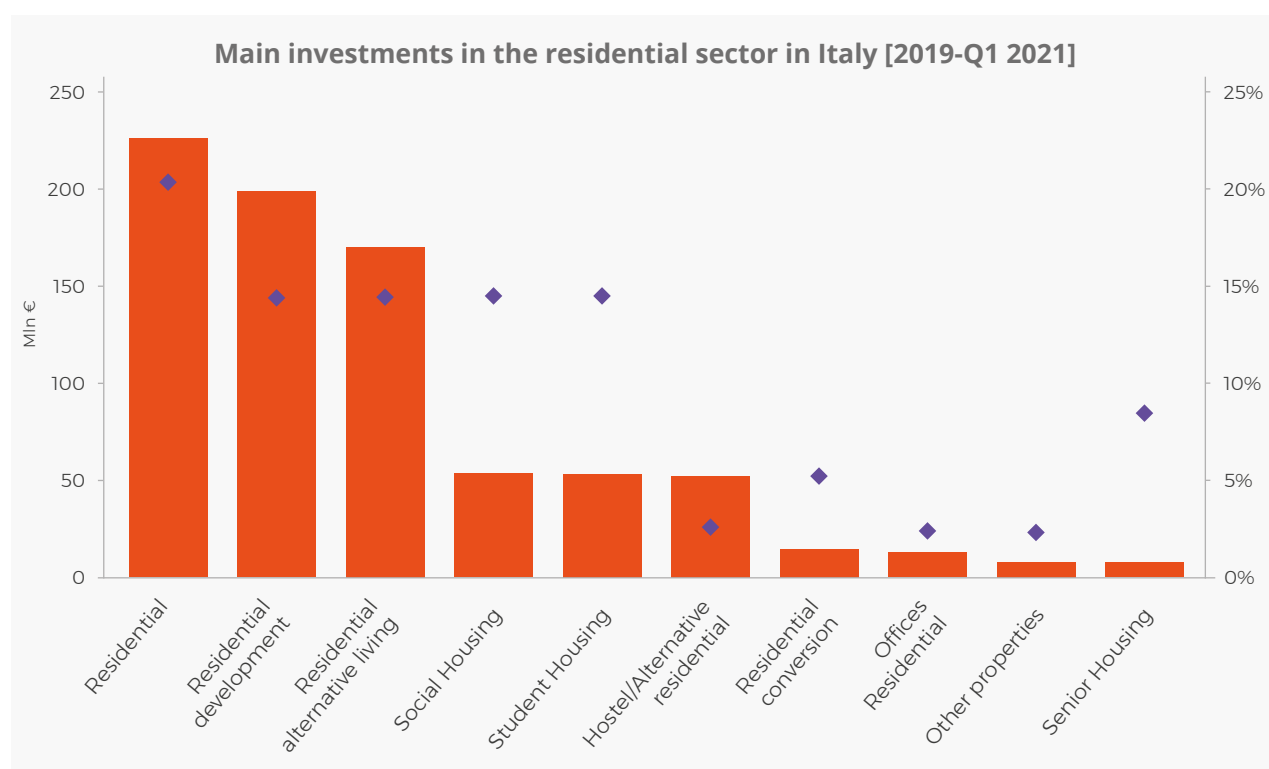
Source: Gabetti Research Department analysis of Agenzia delle Entrate data

■ Regulated ■ Regular long-term ■ Student ■ Regular temporary

FOCUS ON RESIDENTIAL INVESTMENTS TO LET

In the real estate investment sector, the residential asset class recorded growth in volumes invested in 2020, weighing in at around **4% of total capital market investments**, for a total of **€ 370 million**. **The residential development initiatives let** 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.

If we also consider initiatives for the conversion of buildings from offices to residential and, in the broader context of residential to let, student housing, senior housing and portions of residential within hospitality projects, the portion would exceed € 500 million.



Cabetti Research Department analysis of capital market investments DB
 * Volume refers to cases where it was possible to determine the value of the transactions

■ Value (€ Min) ◆ Number of transactions

TOP 3 INVESTMENTS

SECTOR	CATEGORY	PERIOD	NAME	CITY	BUYER(S)
HOSPITALITY	Residential alternative living	2019 Q4	Portopiccolo	Trieste	H.I.G. Capital - Investire
RESIDENTIAL LIVING	Residential	2020 Q4	Fund of rental homes	Milan, Rome, Turin	Partners Group
RESIDENTIAL LIVING	residential development	2020 Q2	Real estate developments	Rome, Peschiera Borromeo, Parma	York Capital Management e Stoneweg

The key investments recorded in the last three years in the various areas are indicated below:



MILAN

CATEGORY	PERIOD	NAME	ADDRESS	CITY	PRICE IN MLN €	BUYER(S)
RESIDENTIAL DEVELOPMENT	2020 Q2	Former Trotto	Via degli Aldobrandini	Milan	n.a.	Hines Italy
STUDENT HOUSING	2020 Q4	Former Manifatture Milano	Viale Giovanni Suzzani 96	Milan	n.a.	DEVE.MM SpA
RESIDENTIAL	2020 Q2	90% of the residential units, Palazzo Naviglio project	n.a.	Milan	28.1	-
RESIDENTIAL DEVELOPMENT	2019 Q4	Area for residential use	Via Rovello 14	Milan	n.a.	Polis Fondi SGR
RESIDENTIAL DEVELOPMENT	2020 Q2	Olimpia Garden residential complex	Via Pecori Giraldi	Milan	15.6	AbitareIn
RESIDENTIAL CONVERSION	2020 Q2	Residential building	Via Calvino	Milan	10.5	Castello SGR
RESIDENTIAL DEVELOPMENT	2019 Q2	Area for Student Housing project	Via Frigia	Milan	n.a.	Castello SGR
OTHER BUILDINGS	2020 Q4	Building Naviglio Grande zone	Zona Naviglio Grande	Milan	7.9	Abitare In
RESIDENTIAL	2020 Q4	Via Recanati, Bicocca zone	Via Privata Recanati 8	Milan	4.1	Borgosesia Gestioni SPA
RESIDENTIAL	2020 Q1	Building in Milan's historic centre	n.a.	Milan	1.7	Borgosesia Spa
RESIDENTIAL/ ALTERNATIVE LIVING	2020 Q4	Elle Building	Via Lattanzio	Milan	1.7	Borgosesia SpA
SENIOR HOUSING	2019 Q4	Casa Famiglia di Milano Affori	Via Franco Faccio 15	Milan	n.a.	Foncherie Siscare



ROME

CATEGORY	PERIOD	NAME	ADDRESS	CITY	PRICE IN MLN €	BUYER(S)
RESIDENTIAL	2020 Q4	Fund of rental homes	n.a.	Milan, Rome, Turin	n.a.	Partners Group
RESIDENTIAL	2019 Q3	Villa Via Vittorio Veneto	Via Vittorio Veneto	Rome	11.0	Imprenditrice di origine cinese
RESIDENTIAL CONVERSION	2020 Q1	Building Rome EUR zone	n.a.	Rome	4.0	Borgosesia Spa



TURIN

CATEGORY	PERIOD	NAME	ADDRESS	CITY	PRICE IN MLN €	BUYER(S)
OFFICE/RESIDENTIAL	2020 Q4	2 mixed buildings, Turin	Via Andrea Doria, Via Lagrange	Turin	n.a.	Primola Costruzioni
STUDENT HOUSING	2019 Q2	Student Residence, Via Belfiore	Via Belfiore 23	Turin	8.8	REAM SGR
SOCIAL HOUSING	2020 Q3	Social Housing ex Olympic village	Via Giordano Bruno	Turin	n.a.	Fondo Abitare Sostenibile Piemonte (Fasp)



PIEDMONT

CATEGORY	PERIOD	NAME	ADDRESS	CITY	PRICE IN MLN €	BUYER(S)
SENIOR HOUSING	2019 Q2	RSA I Glicini	Via San Giovanni Lontano 31	Bra	7.6	REAM SGR
SOCIAL HOUSING	2020 Q3	Portfolio Investire	Via Gustavo Fara 10	Asti	4.1	Investire SGR
SOCIAL HOUSING	2020 Q3	Portfolio Investire	Via Paietta 22	Biella	2.5	Investire SGR



BOLOGNA

CATEGORY	PERIOD	NAME	ADDRESS	CITY	PRICE IN MLN €	BUYER(S)
STUDENT HOUSING	2020 Q4	Student Housing Serlio	Via Sebastiano Serlio 26	Bologna	n.a.	M&G Real Estate



FLORENCE

CATEGORY	PERIOD	NAME	ADDRESS	CITY	PRICE IN MLN €	BUYER(S)
RESIDENTIAL/ALTERNATIVE LIVING	2020 Q1	Former municipal theatre Florence	Corso Italia	Florence	n.a.	Hines-Blue Noble
RESIDENTIAL/ALTERNATIVE LIVING	2020 Q1	Palazzo Serristori	Via Serristori	Florence	16.0	LDC

Source: Gabetti Research Department investment DB

TRENDS AND OUTLOOK IN THE ITALIAN RESIDENTIAL TO LET SEGMENT


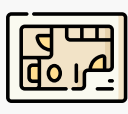
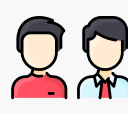

IN COLLABORATION WITH GABETTI HOME VALUE

The trends underway suggest that the areas of greatest interest, in addition to the PRS (Private Rented Sector), will be **Co-Living**, **Short renting**, **Micro living**, **Senior housing** and **student housing**. With regard to the potential of residential letting, cities that may fall under the radar of investors include: Milan, Rome, Turin, Genoa, Bologna, Florence and Verona, each with its own specific characteristics.

MILAN

In Milan, regular long-term lease agreements account for about 70% of the total, followed by temporary contracts at 25%, while the use of other types, such as regulated rent and student contracts, is limited.





By cross-checking these data with the demographic analysis, which shows that the growth trends of the Milanese population in the 20-40 bracket are increasing compared to the rest of the country and, given the social energy of the city, which attracts a large number of workers and out-of-town students, the residential development models that could generate more opportunities for investors are expected to be:

			
PRS	MICROLIVING	CO-LIVING	STUDENT HOUSING

ROME



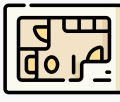

Rome is the city with the highest number of students in Italy, and is among the leading art cities in the world, as well as the top employment hub in Central and Southern Italy.

The residential supply is more traditional with respect to the Milanese one and to the elements characterising the various development types. The residential models that could generate more opportunities for investors might be:

			
PRS	SHORT RENT	CO-LIVING	STUDENT HOUSING

 **TURIN**


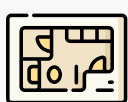


The significant increase in the number of university students, ageing of the population and the data on transactions indicate that Turin would be a suitable city for the development of these solutions:

			
PRS	SENIOR LIVING	MICROLIVING	STUDENT HOUSING

The more dynamic solutions such as micro-living are dictated by the living requirements of the future ex-university students, already having moved to the city for study purposes.

 **BOLOGNA**


The transaction values inherent in small size categories and the city's strong youth vocation, combined with an essentially stable number of university students, make it a suitable place to develop solutions involving:

			
PRS	MICROLIVING	CO-LIVING	STUDENT HOUSING

The combination of these solutions, ideal for a youth-intensive public, is also confirmed by the fact that the city's youth segment is growing sharply, as well as having the highest residential attractiveness index.

 **FLORENCE**

The stock of dated buildings, the large proportion of households consisting of 1 or 2 members and the city's tourism inclination suggest a metropolitan area suitable for development of the following solutions:



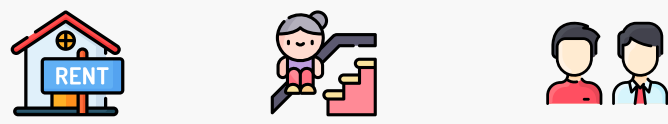
PRS **SHORT RENT** **STUDENT HOUSING**

The dynamic solution of short rent was taken into consideration due to the high number of temporary contracts.

The Student Housing solution was also taken into consideration since the Tuscan capital contains 7 AFAM Institutes (Alta Formazione Artistica, Musicale e Coreutica - Advanced Arts and Music Training).

 **GENOA**

The socio-demographic data and the medium to large-sized transactions suggest that Genoa would be suitable for development of the following solutions:

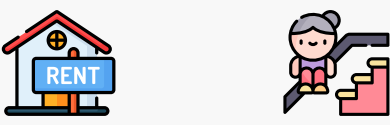


PRS **SENIOR LIVING** **CO-LIVING**

However, the infrastructural development plan impacting the city, such as opening of the third pass to link the Liguria capital to Turin and Milan, would suggest Co-Living solutions as well.

 **VERONA**

Given the transactions of larger real estate units than in other cities, and the proportion of the resident population over 60, Verona, along with Genoa, lends itself to being suitable for the development of:



PRS **SENIOR LIVING**

Such considerations take into account the low values of the various mobility indexes of the city, not suitable for a younger population.

OUR REPORTS:



Residential Overview



Leaseholds



Prestigious Homes Market



Investment Overview



Office Market Overview



Office Quality Focus



Hotels



Building Renovation



Smart Working e Nuove Esigenze Abitative



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. 2021



Research Department

Francesca Fantuzzi

Manager

ffantuzzi@gabetti.it

Analysts:

Chiara Grandino

Roberta Giusto



Enrico Cestari

Head of Gabetti Home Value

ecestari@gabetti.it

