



EXPERTS ON THE FUTURE OF REAL ESTATE

INVESTMENT MARKET IN ITALY

H1 2020

ITALY | ECONOMIC OVERVIEW

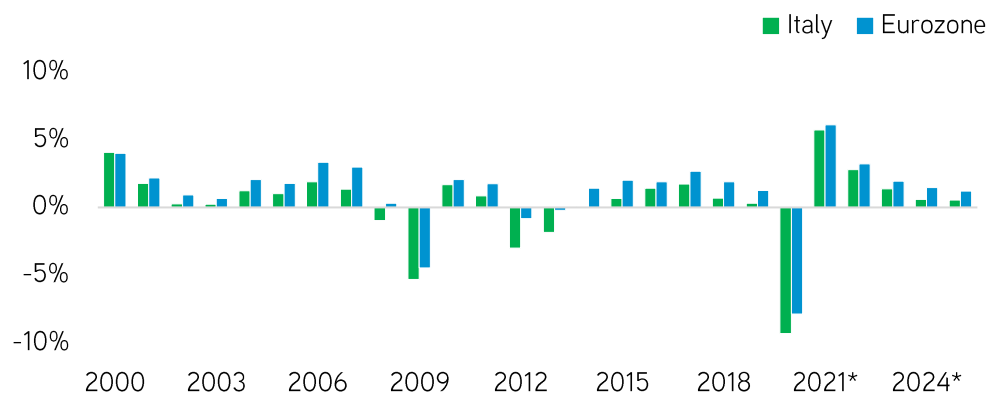
As forecasted, the Italian GDP decreased by -12.4% compared to the previous quarter. During the third quarter, the economy is expected to rebound by around 11% with a more gradual and prolonged recovery in the following quarters. Overall, the drop in GDP in 2020 should be the worst since the end of the World War II, equal to -9.3%. The effects of the crisis will last for the next years as Q4 2019 GDP levels will be recovered only in 2023. However, uncertainty on the forecasts remains extremely high. Some indicators are returning to pre-crisis levels, while others are struggling to recover, such as business confidence which remains very low.

Employment cuts continued in May, but at a slower pace than in March and April. Since February, more than 500,000 jobs have been lost, bringing the unemployment rate to 8.3%. The drop in this indicator (from 9.4% in December 2019) is due to the temporary decrease in the participation rate, which is likely to unwind as the economy re-opens. A real unemployment rate for the months of April and May is estimated to be above 20%.

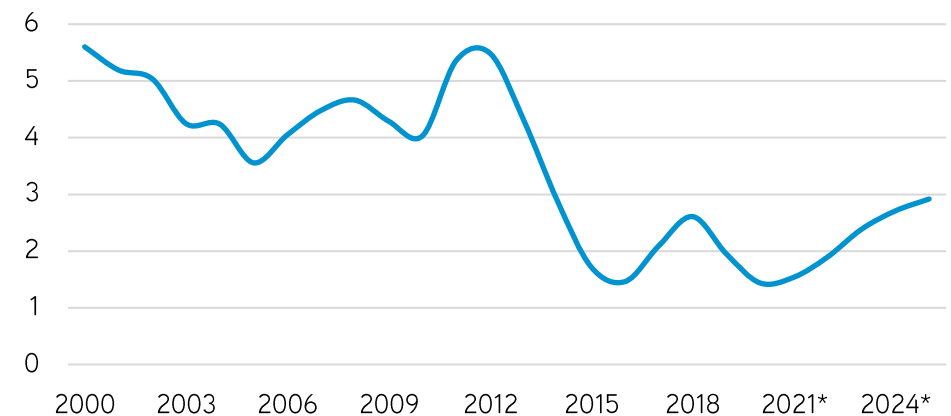
The lockdown also limited the activity of Italian consumers and reduced the disposable incomes, prompting consumption in Italy to drop by 20% in the first half of the year. In the second quarter, instead, households increased their saving ratio and their precautionary approach could lead to a slower recovery of consumption in the rest of the year.

Therefore, this economic crisis will have repercussions on public finances and the government will have to keep under control the primary surplus in order to be able to keep interest rates at the low levels reached thanks to the liquidity engaged by the European Central Bank.

GDP growth



10-year Italian treasury bonds (%)



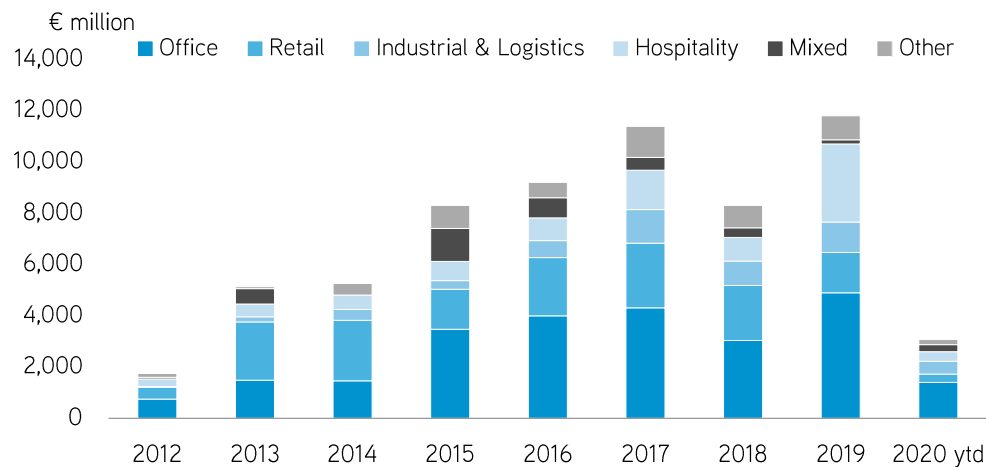
ITALY | INVESTMENT MARKET OVERVIEW

During the first half of the year, transactions in commercial real estate decreased by 39% compared to the same period of 2019. The market trend was strongly affected by the pandemic and the lockdown: the closure of transactions started last year were delayed and scouting activity was reduced. Many questions remain about the long-term impacts, thus increasing uncertainty in the short term and therefore reducing the conclusion of new deals during 2020. The reopening in May led to a recovery of activities but it is still too early to see the results in terms of new transactions.

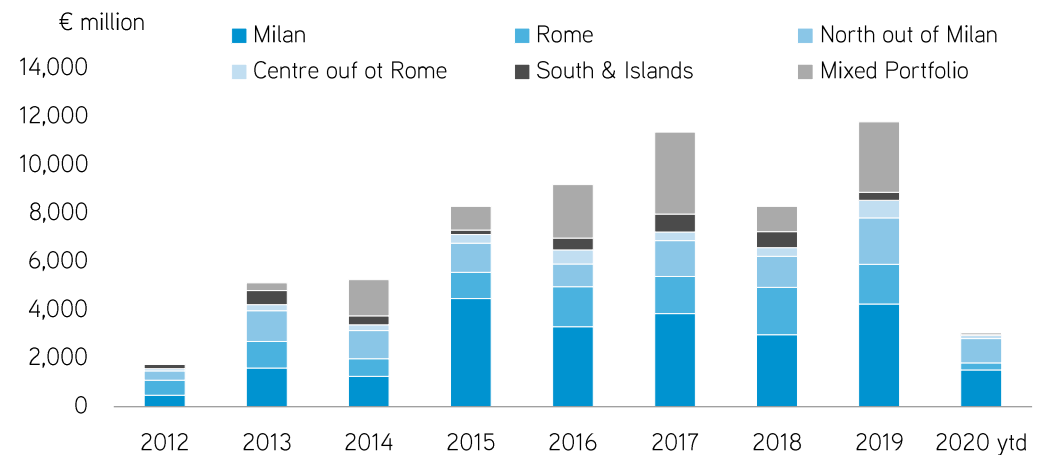
The crisis (health and economic) has led to some processes that have started in the past years and are expected to accelerate. In 2020, the two asset classes that were most resilient, due to the tenant's tenure, were logistics (especially that related to e-commerce) and supermarkets (more generally food sales). Some investors had already directed their interest in logistics in the past years and the crisis has shown all the importance of this asset class for the functioning of the country's economy, in particular for the supply of cities.



Investment volume by product



Investment volume by macro-region



Source: Colliers International

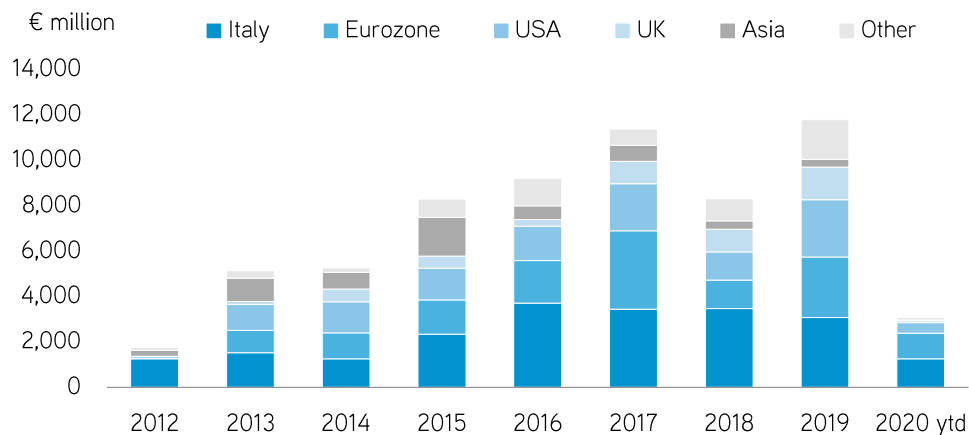
ITALY | INVESTMENT MARKET

Concerning the main asset class of the Italian market, i.e. offices, the invested volume represented almost half of the total invested volume (46%). However, during the first half of the year, investments in this asset class concerned core products, i.e. new / renovated properties that have been worked on in recent years, with new lease contracts. The only value-added product concerns the seven properties that UBI has sold as part of the reorganization of its new headquarters in Via Melchiorre Gioia. These properties will secure almost two years of contract to the investors before being released and entering into renovation works. This will allow these new products to arrive on the market when the crisis will be overcome, having already integrated the new needs of the tenants that will emerge after the crisis.

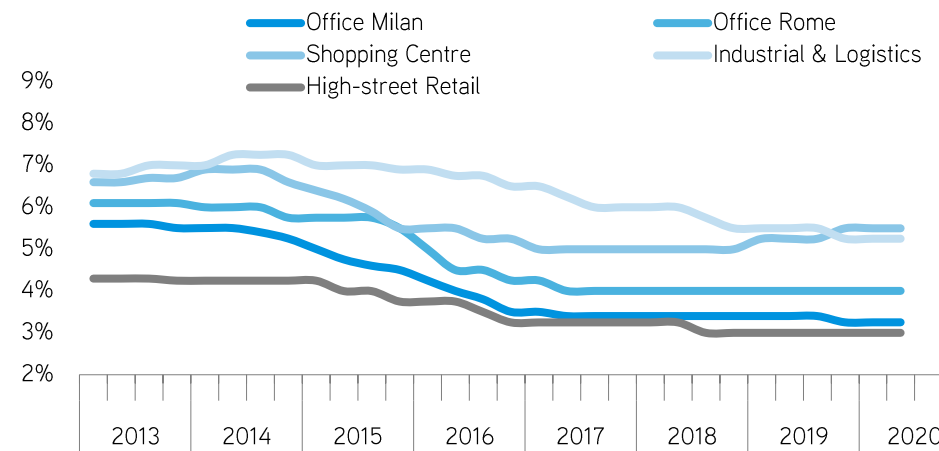
In terms of yields, it is still too early to understand how the situation will evolve. At the moment, what can be observed is a holding of the prime ones (in offices and logistics), while an increase can be expected for offices in secondary sub-markets and shopping centers. Therefore, the gap between yields will increase again.



Investment volume by nationality



Prime net yields

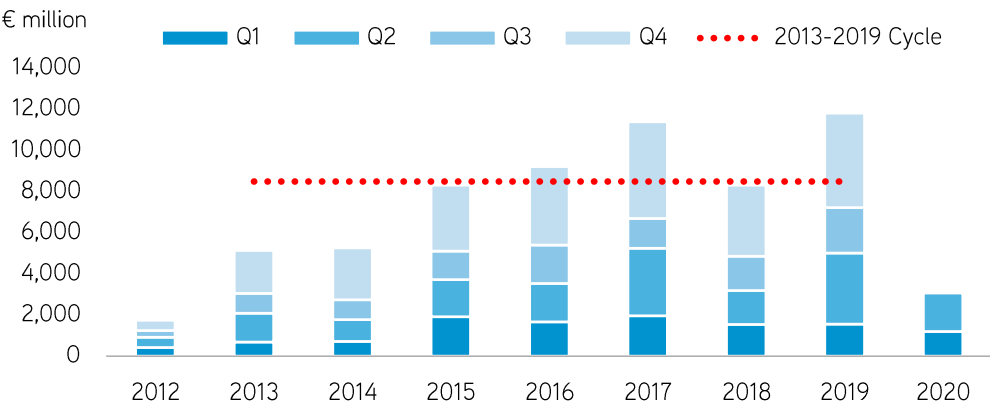


Source: Colliers International

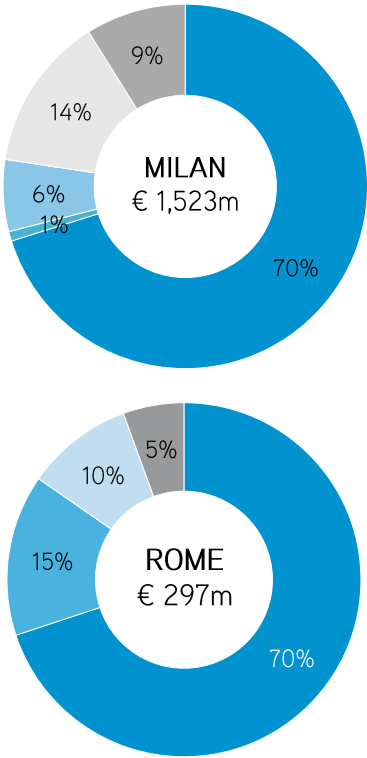
ITALY | INVESTMENT VOLUME – KEY INDICATORS



Investment volume by quarters



- Office
- Retail
- Industrial & Logistics
- Hospitality
- Mixed
- Other



17,000

EMPLOYEES

68

COUNTRIES

€108

BILLION
TRANSACTION
VALUE

69,000

TRANSACTIONS

€ 2.8

BILLION TURNOVER

175

MILLION SQM
UNDER MANAGEMENT

OUR SERVICES INCLUDE



CAPITAL
MARKETS



AGENCY



ADVISORY



PROJECT
MANAGER



VALUATION





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