ITALIAN REAL ESTATE OVERVIEW

H1 2022

CUSHMAN & WAKEFIELD


INDEX

INTRODUCTION

The first half of the year has been quite an eventful period for the world, with some countries ending up in domestic political turmoil, such as UK and Italy. Indeed, in July Italy experienced the collapse of Prime Minister Mario Draghi's national unity government leading the President Mattarella to dissolve the chambers and call new elections for September 25th. Combined with that, the war in Ukraine, the geopolitical turmoil, the energy crises, rising inflation and tightening policy from central banks have all resulted in warns of recession for the global economy. For real estate it means that the low-rate environment is a memory of the past and investors and banks are preparing to face a not-negative interest rate scenario for the upcoming months.

But it will be a story for the next part of the year, while first half ended posting positive outcomes, both for the economy and the property sectors.

Country's economy grew in the first semester 2022: GDP slightly rose in the first quarter and accelerated in the second one, standing at +4.6% on yearly base, according to recent Bank of Italy data. The gradual recovery of tourism backed this result and is driving confidence in the hospitality property sector which recorded almost 1 Bn Euro of investments in the first half 2022, +68% compared to the same period last year and +5% on the past 6 years average (including the record half year 2019). Hotel operators' as well as investors', confirm Italy as one of their top targets.

Overall, real estate sectors continued its race in the first half 2022 with both occupier and investment markets posting positive results. Investment volumes stood at circa 6.1 €Bn, more than double same period last year and +17% compared to 2019. It's the highest first half ever confirming the high interest in the market. Capital flows for real estate are still robust but the new "higher rate" environment will add more cautiousness in the second part of the year.

The office market posted strong absorption figures in both Milan and Rome, well above pre-pandemic levels. Specifically, Milan reflected an increase of 48% on the same period last year, while in Rome, figures were roughly 5% above last year volumes. Quality, for people and environment, combined with efficiency are the major driver for Corporates looking for space.

Consumers are gradually back to a new normality, co-living with the virus and adapting their behaviors to the new headwinds of the rising cost of living. Turnover sales improved in April and May while footfall continue to be below 2019 level.

The fast increase in the interest rate has offset the improvement of fundamentals and investors continued to be selective on retail with roughly 400 million invested in the first half 22: better than last year. Despite that, the current high-level yield for shopping centre sector present a relative premium versus other property sectors and bonds. With fund raising up for opportunistic and value add strategies it could create some opportunities in the next months.

On the other side of consumer behavior's changes lies the transformation of the logistic space and distribution supply chain which is driving the strong growth of the property sector: a new record for investment volume in the first half at 1.8 €Bn, the highest ever. Demand for space follows with 1.5 Mn sqm absorbed, +21% on the same period last year.

The bet on the development of the *bed industry* continue to drive institutional investors in their positioning in the Living sector. It is catching great interest from both domestic and foreign investors. Volume invested stood at around 580 €Mn, more than double the level of the same period last year.

Overall, we are entering second half 2022 with robust fundamentals for the property sector and with still robust dry powder for the industry.

Interest rate hikes would pose some threats to the property market in the future making more difficult for investors to access to financing. Banks have already increased cost for debt (+20-50 bps margin compared to six months ago). Despite that, the growing path of the industry in Italy toward maturity will not end.

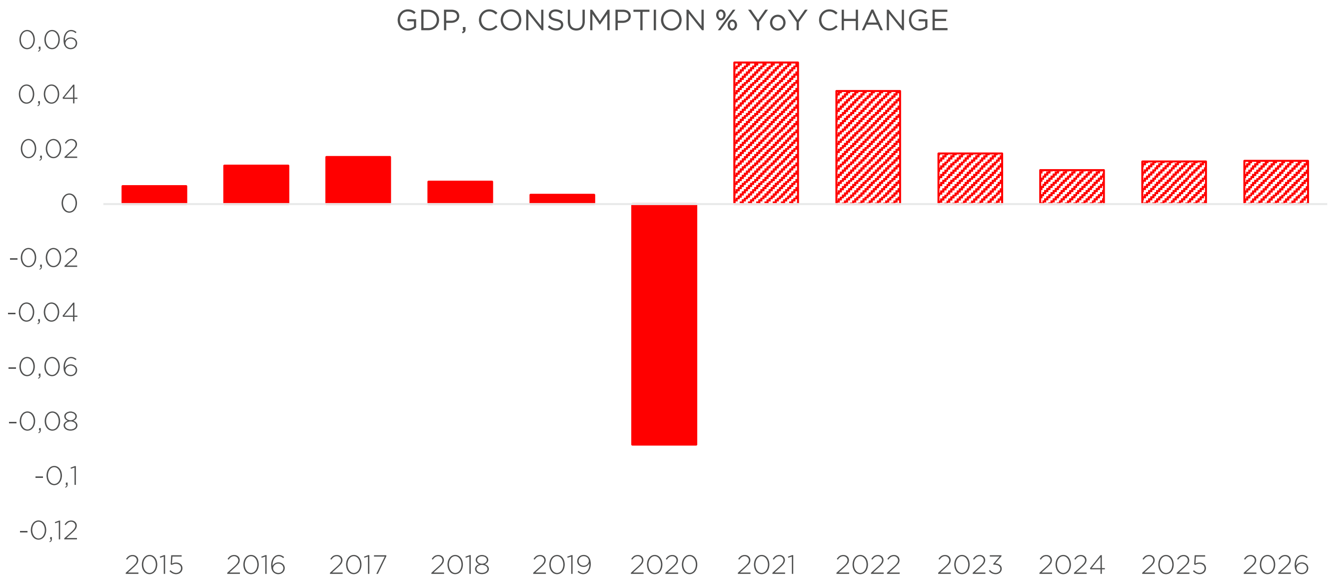
Milan is still one of the most sought-after cities for investors, posting a 75% increase in investments in the first half 22 compared to the same period last year at €1.8 Bn; Rome follows setting a first half at €1 Bn of investment, huge increase on the €143 Million last year. It is confirmed as the target of an increasingly, and selectively, number of global investors.

Investors, both core and opportunistic, are still active. They speed up the closing of their ongoing deals before taking a break to think about new strategies to be aligned with a higher rate environment and the new market's needs.

Their approach will be more cautious, underwriting more conservative and business plans will be updated with contingent data. The second half of the year will be different from what we have been used to, but the market will continue to move on.

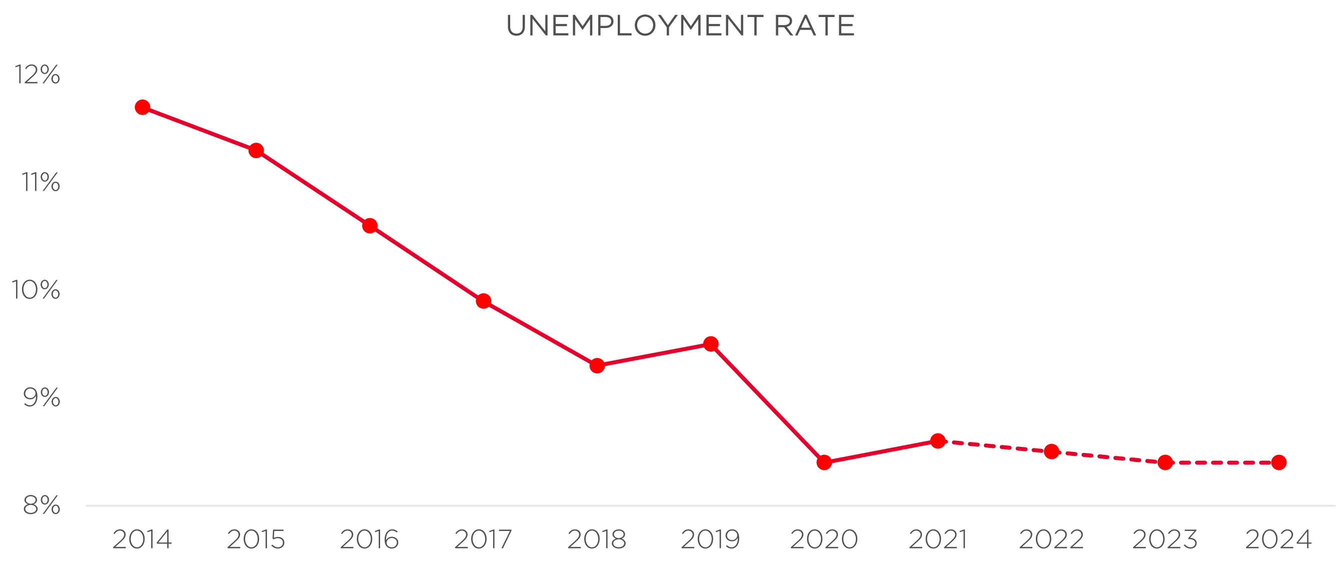
ECONOMIC OVERVIEW

GDP. Italian economy, which slightly rose in the first quarter, accelerated its growth in the second quarter, standing at +4.6% on Q2 21 (Bank of Italy). Households' consumption benefitted from the easing of pandemic restrictions and overall fixed investment and government consumption supported domestic demand. The recovery of tourism and transportation services drove the GDP growth. The deteriorating of the global economic outlook has led to a sharp change in the outlook and GDP is now expected to grow by 3.2% in 2022. This forecast is based on the scenario that Russia will not interrupt their furniture of energy and gas to Italy (Source Banca d'Italia, July 2022). Of course, a different scenario will pose some risks to GDP growth due to our reliance to gas imported from Russia (40%).



Source: Moody's, Cushman & Wakefiled

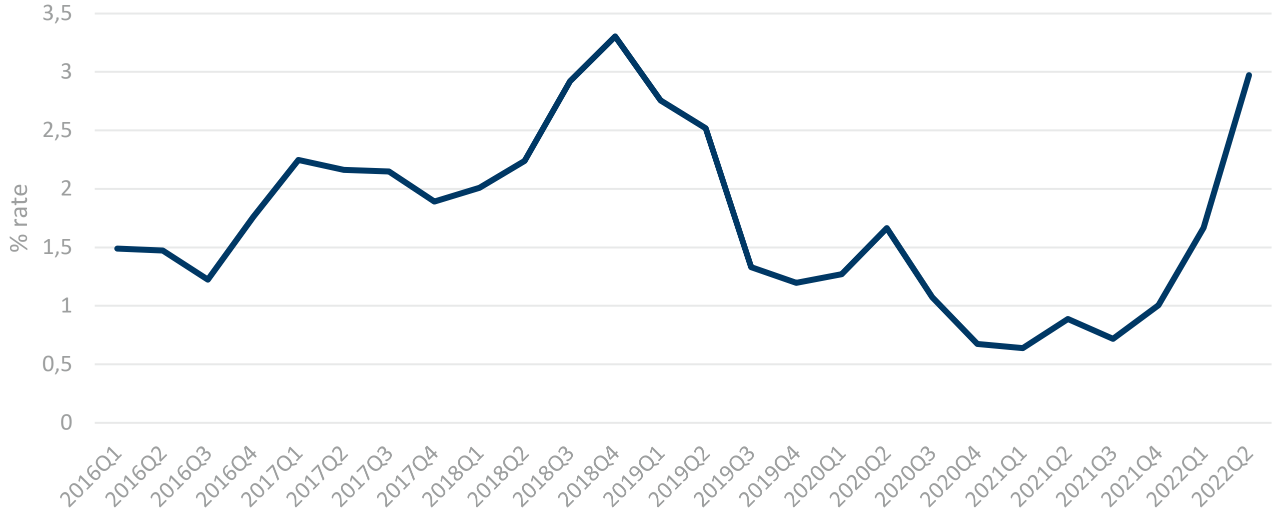
LABOUR MARKET. Labor market has strengthened, reflected in a significant increase in the number of employed persons which led to a reduction in the unemployment rate which is still below pre-pandemic level. However, there are signs of a slowdown in the growth of job positions in the second quarter. Contractual wages rose moderately - as in the euro area - reflecting the multi-year duration of the agreements and the limited impact of automatic indexation mechanisms. Rising inflation and the sharp increase in the cost of life, as well as the more cautious approach to hiring from corporate will pose some risk to the future of the labor market.



Source: Moody's, Cushman & Wakefiled

INTEREST RATE. The ECB effort to keep inflation under control resulted in July in the highest increase in interest rate since years: + 50Bps. Bond markets reacted unfavorably, risk-free rates and spreads soared and heavily indebted countries like Italy are the most exposed to this shift. The Italy-Germany 10-year spread will also increase through the end of the year, before converging to a longer-term equilibrium just above 1% by 2024. Higher sovereign spreads will raise borrowing costs for financial institutions, which are still exposed to the risk of mounting nonperforming loans.

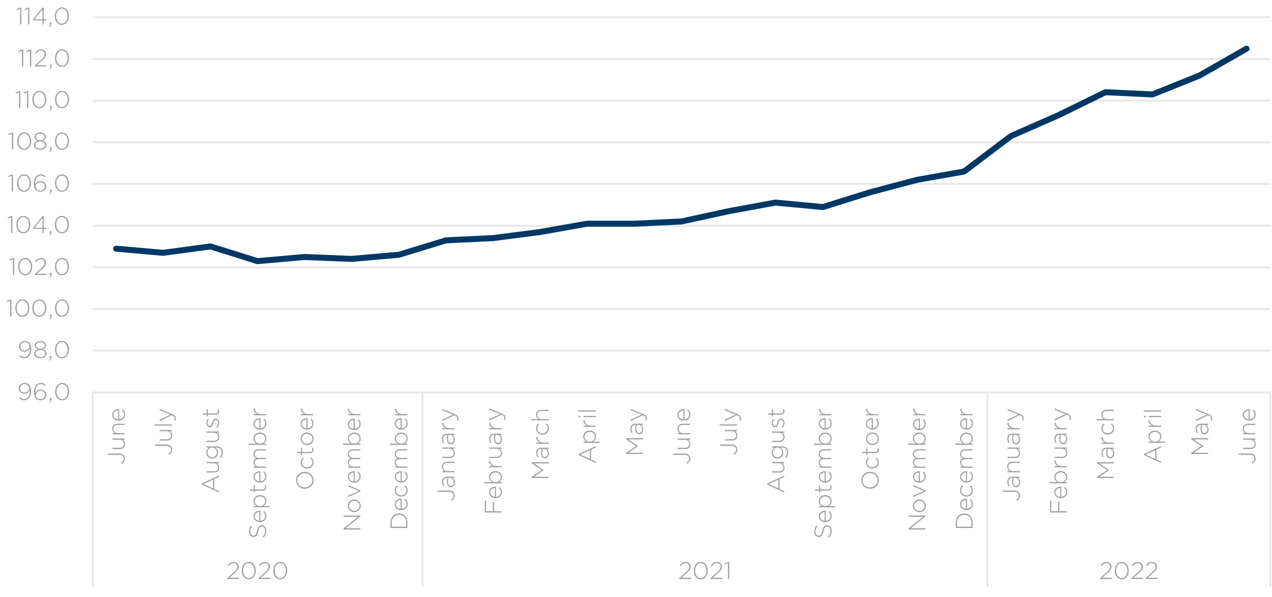
10 YEAR GOV. BOND RATE



Source: Moody's, Cushman & Wakefiled

INFLATION. Inflation reached new highs (8.5% in June, according to preliminary data), driven by the exceptional increases in the prices of energy goods, which have gradually also been transmitted to food and services. The latter would also have been affected by the recovery in demand associated with the easing of restrictions due to the pandemic. The erosion of purchasing power, which affects mainly lower-income families, has been mitigated by government measures aimed at alleviating the burden of energy price increases; overall, these measures nearly halve the impact of the inflationary shock on lower-income households.

CPI NATIONAL INDEX



Source: ISTAT, Cushman & Wakefiled

CAPITAL MARKETS

“POSITIVE INVESTMENT TREND CONTINUES, WITH A RECORD 13 €Bn INVESTED OVER THE LAST 12 MONTHS PERIOD”

CAPITAL MARKETS ITALY

The positive trend initiated during the second part of last year was confirmed in H1 2022 with investments reaching a record volume of **6.1 €Bn**. It's the highest first half of the year ever, more than double 2021 level and +17% in 2019. If we consider the annual rolling year to June 2022, total investment volume stands at 13 €Bn, a record ever. Overall, the market was characterized by large transactions both for single asset and portfolios, with Office and Industrial & Logistics leading the Italian real estate arena, accounting together for 63% of the volume invested. The main transaction recorded to date was a mixed-use portfolio acquired by Apollo Management from the Italian Pension fund ENPAM for circa 840 €Mn - almost 60% allocated to the Office and 40 % to the Living sectors.

Office investments returned as the best performing asset class supported also by strong fundamentals in the Milan and Rome markets. Foreign capital accounted for 70% of the total volume characterized by Core/Core+ deals, while value add opportunities have been the main investors focus in Q1 2022.

With 1.8 €Bn invested **Industrial & Logistics** more than doubled compared to the first half of last year. Single asset transactions represented 61% of volumes with the biggest single asset transaction ever registered in Q2: when a prime logistic hub in Oppeano (Verona) sold for 274 €Mn.

Figures for the **Hospitality** sector reached 820 €Mn, circa 40% above the 10-year average for the period. These results were sustained by two large transactions: a leisure resort in Tuscany sold for an estimated 300€Mn and a redevelopment project in the Centre of Rome for over 100 €Mn.

High interest is confirmed for the **Living** sector as volumes increased over the twelve-month period. Due to the new nature of this asset class the majority of activity remains centered on new developments, for residential projects in Milan and Rome as well as for student housing.

The **Retail** is still under pressure with volumes far below the long-term trend. The out-of-town market continues to attract investors attention mainly with an opportunistic and value-add risk profile.

The rapidly changing macroeconomic and geopolitical context could cause a potential market slowdown in the second half of the year, with some re-pricings already occurring.

INVESTMENT VOLUMES

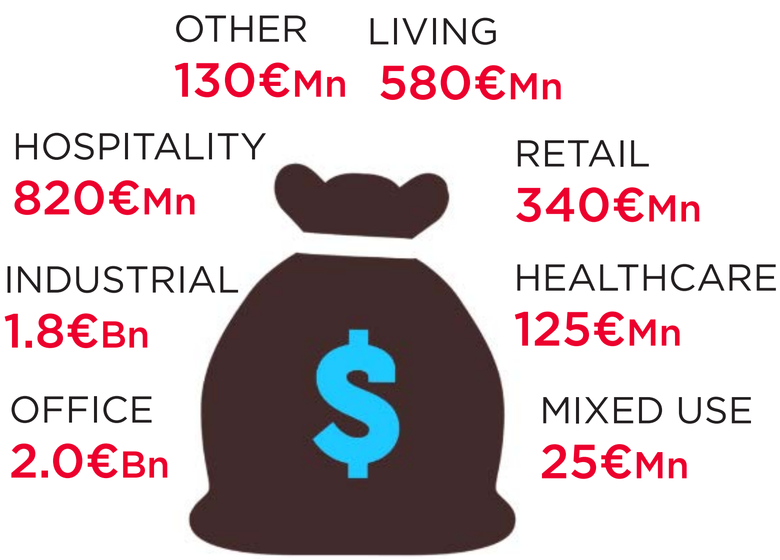
ITALY
6.1€Bn

DOMESTIC CAPITAL

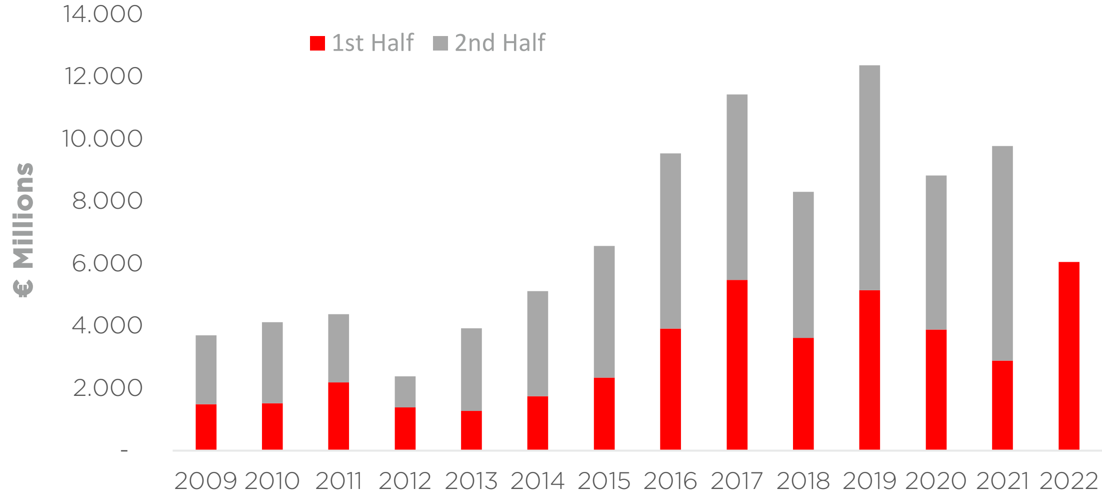
15%

CROSS BORDER CAPITAL

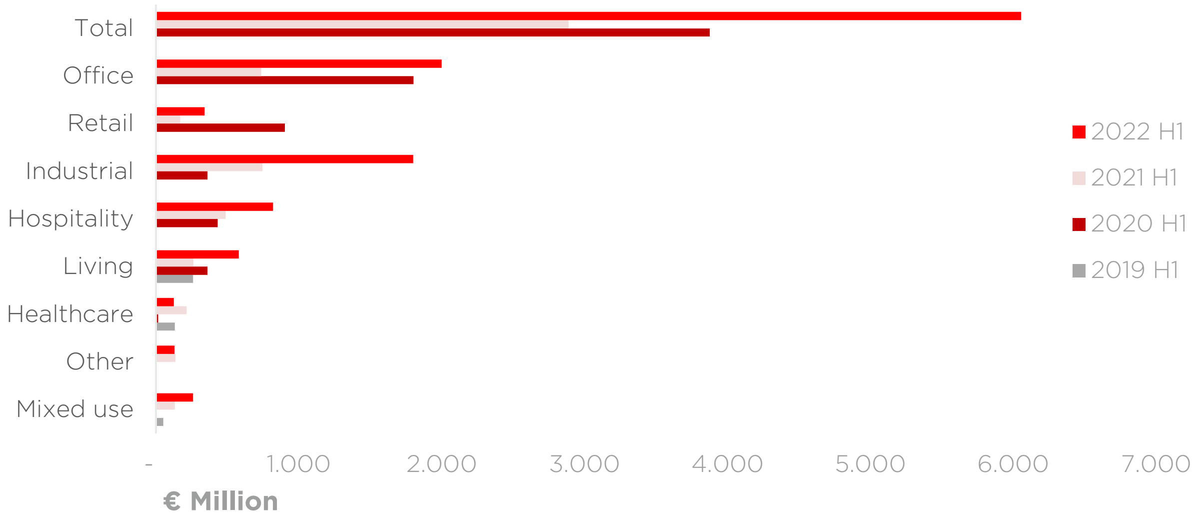
85%



CRE INVESTMENT VOLUMES EVOLUTION

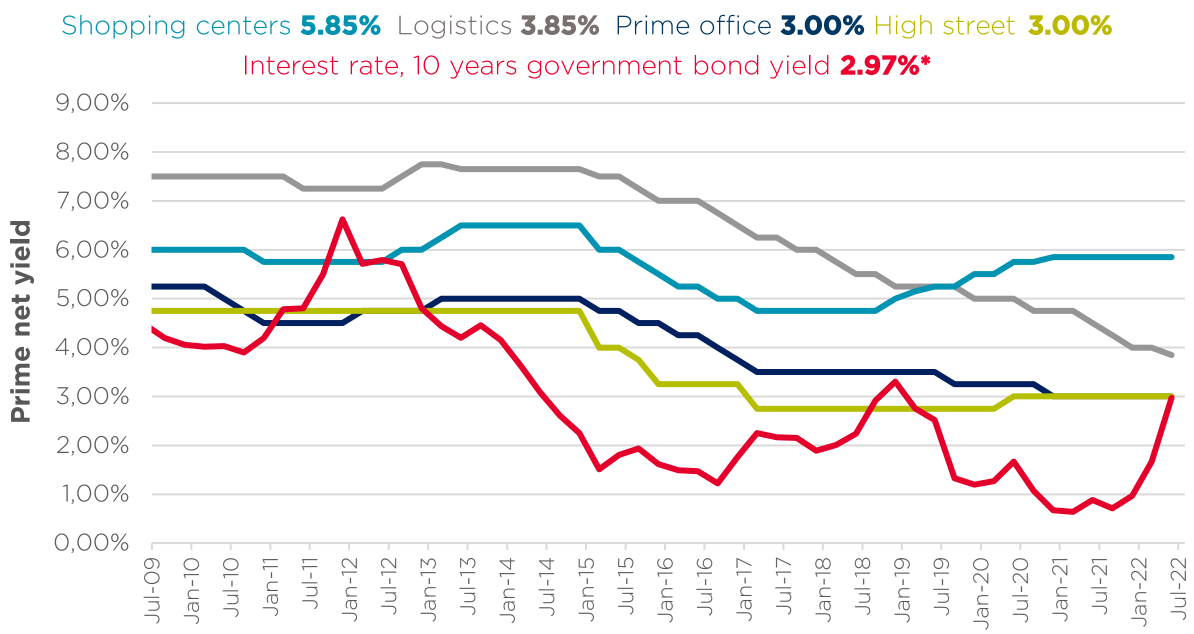


YEARLY COMPARISON BY SECTOR



Source: Cushman & Wakefield, RCA

PRIME YIELD EVOLUTION

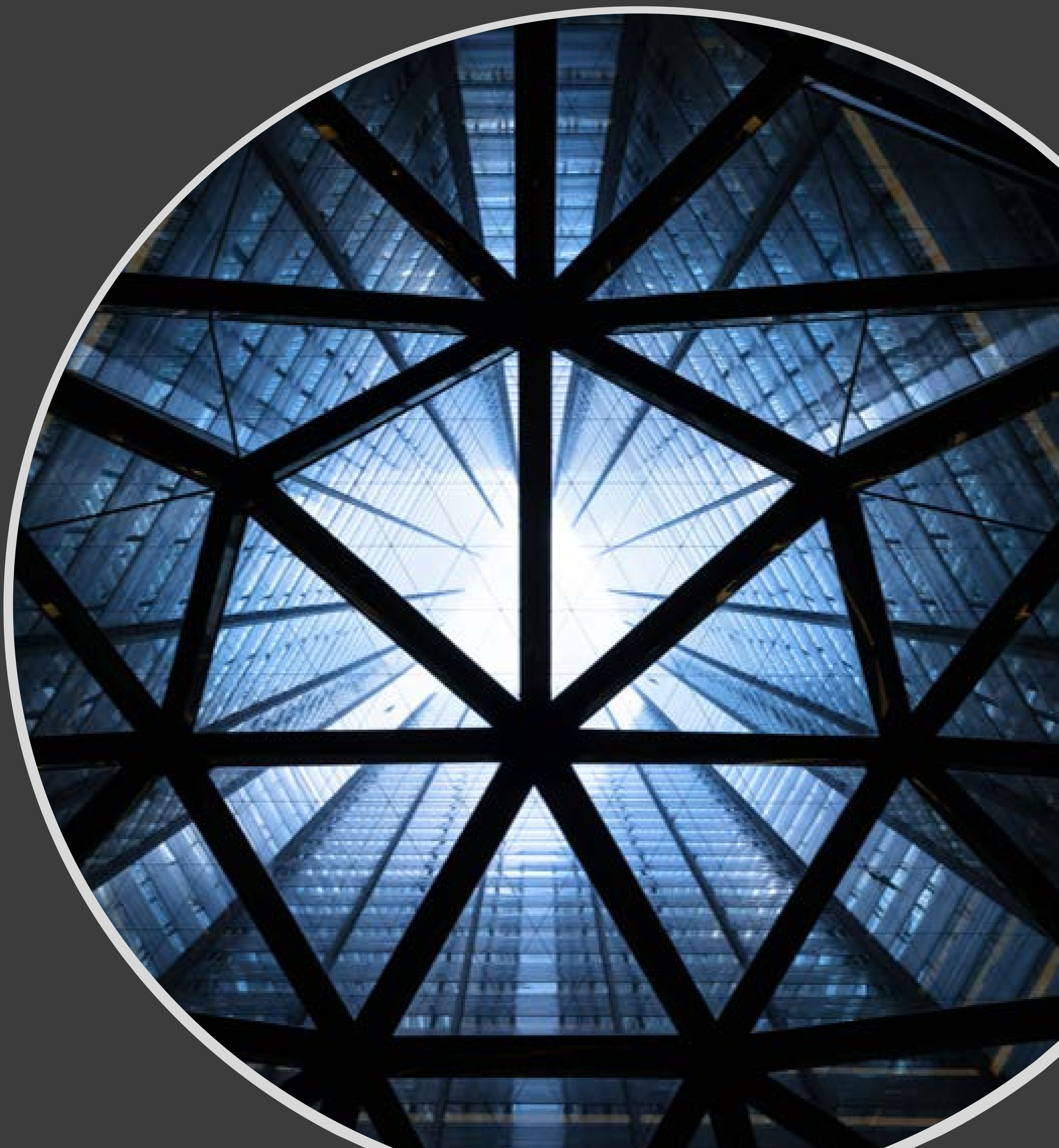


* BTP 10 yr Gov.Bond 2021, sourced Moody's

NOTES: (*) Property Yields are calculated on a net basis as reported: Net Yield = NOI (1) / PP (2)
1. Net Operating Income - after deducting all non-recoverable expenditure
2. Purchasing Price – excluding transfer costs, tax and legal fees. With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.


OFFICE
MARKET

“THE PHYSICAL OFFICE SPACE CONTINUES TO BE CENTRAL, BUT WITH A NEW APPROACH TO EMPLOYEE WELLBEING AND SUSTAINABILITY”



OFFICE SECTOR

The fundamentals of the office sector are robust with record first-half absorption for Milan at 260,000 sqm (+ 60% on H1 2021) and above the 10-year average for Rome 81,000 sqm (+ 5% on H1 2021).

Prime rental levels increased in both markets, reaching a 660 €/sqm/yr in Milan and 525 €/sqm/yr in Rome.

The physical office space still plays a central role in corporate's organization and their business, but the new space planning philosophy is oriented towards flexibility and has a new approach to the work environment, employees' wellbeing and sustainability are the new drivers of the demand.

Overall, Milan recorded 156 transactions (+54 on H1 2021) with an average size of 1,700 sqm. The market has been characterized by small to medium sized spaces (< 6,000 sqm) which represented 94% of deals; only 4 transactions above 10,000 sqm were recorded since the beginning of the year. The CBD was the most active sub-market covering 33% of the total H1 absorption, however there is a clusterization of the market in business districts with good transport connections, services and a context already established by other tenants.

After the slow down due to the pandemic, the demand for flex offices has now recovered: many centres are fully booked, and operators have resumed projects previously on hold.

Despite the current geo-political and macro-economic situation, tenant demand continues and take up in Rome reached 81,000 sqm thanks to an increase in medium and medium small transactions as well as a large transaction for over 10,000 sqm. Overall Rome recorded 78 transactions with an average transaction size of 1,000 sqm.

The CBD submarket is undergoing a flurry of reconversion as well as renewal of stock, while the area around Termini Central station in the Centre is gathering steadily rising interest.

The most active tenant sector since the beginning of the year was Consultancy with 35% of take up (16 transactions) followed by IT/Communications with 15% (9 transactions). The use of serviced offices – even for short periods while waiting for the right opportunity - has now become a consolidated strategy for occupiers. For the second half of the year attention should remain focused on opportunities in core locations; prime rents are expected to rise due to the scarcity of top-quality space.

TAKE UP

MILAN
260,000 sqm

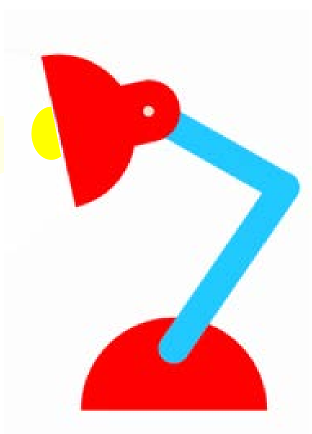
PRIME RENT
€660 sqm/yr

PRIME YIELD
3.00%

ROME
81,000sqm

PRIME RENT
€525 sqm/yr

PRIME YIELD
3.25%



Office investment reinstated as the top performing sector in 2022, reaching, in the first six months of the year, the entire volume transacted in 2021.

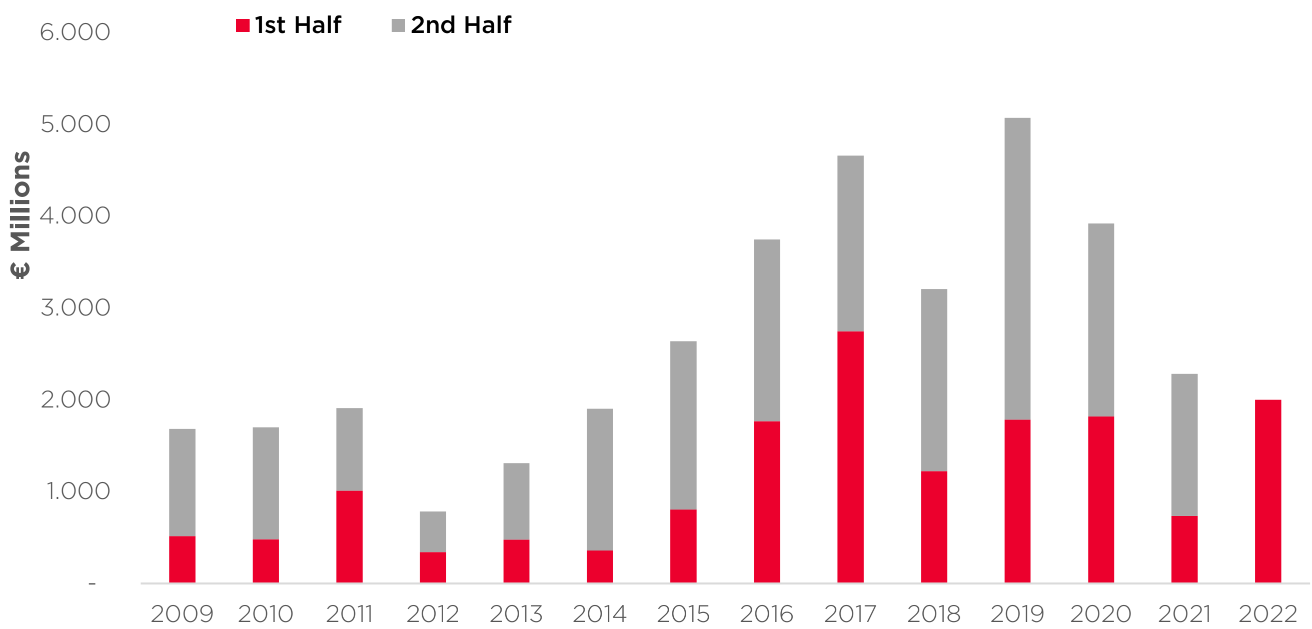
These results were backed by two portfolio transactions over 200 €Mn: the office share of the ENPAM portfolio and a three-building portfolio bought by the private equity firm Henderson Park.

Investor risk profile was varied: while Value Add and Opportunistic deals characterized the first quarter of the year, with investors looking to reposition properties taking advantage of the increasing demand for new, prime, amenity-led office spaces. The impact of macro-economic conditions, on the other side brought Core/Core+ opportunities to dominate the second quarter.

Growing absorption and rental rates sustained investor confidence in Milan which accounted for 60% (1.2 €Bn) of capital invested in the office sector. The CBD continued to gather interest regardless of the risk profile, while in secondary locations, investments focused on stabilized assets.

In Rome investor interest is firmly rooted in Core/Core+ opportunities, with three of the country's top five single asset transactions occurring in this market. Overall investment reached just above 650 €Mn; the largest transaction recorded was the sale of the KPMG HQ in the Centre for 175 €Mn, while the sale of Palazzo Mancini in the CBD set the new prime yield to 3.25%. Concern around rising interest rates could impact during the second part of the year.

OFFICE INVESTMENT VOLUMES

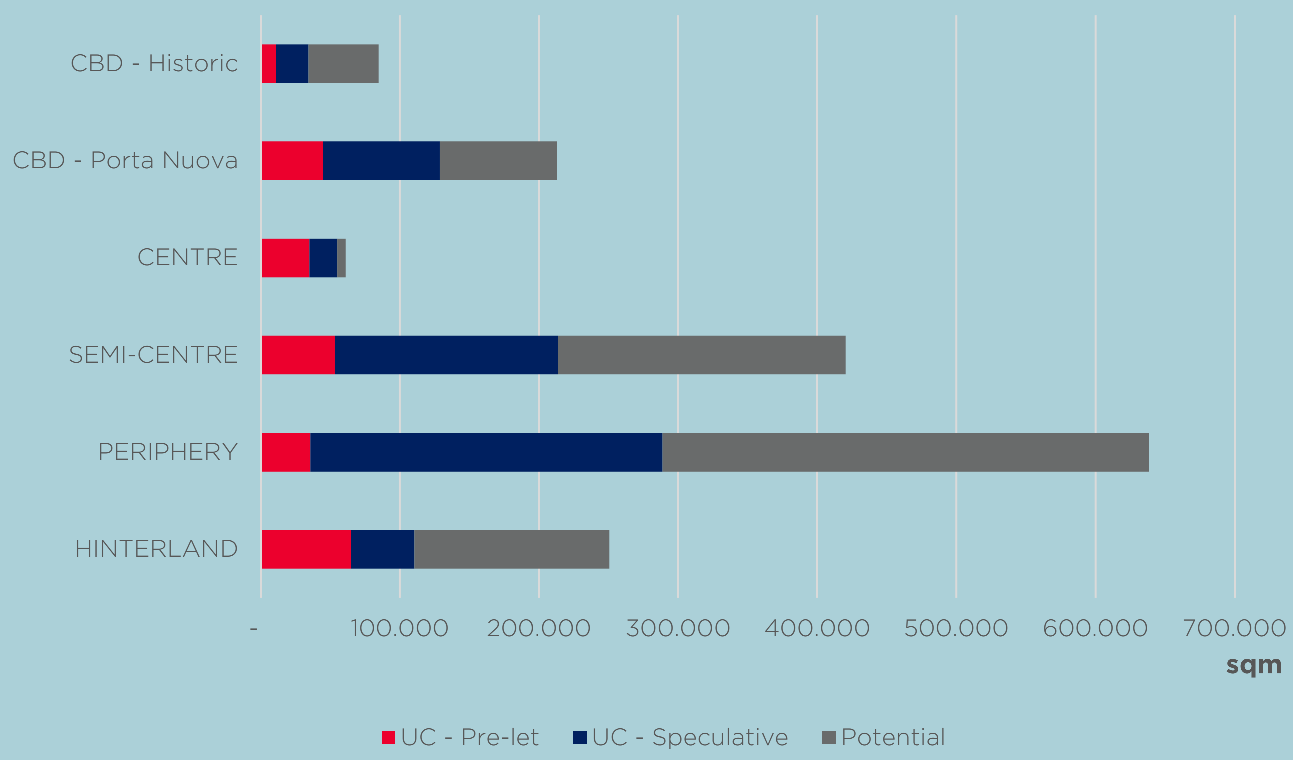


OFFICE SNAPSHOT MILAN

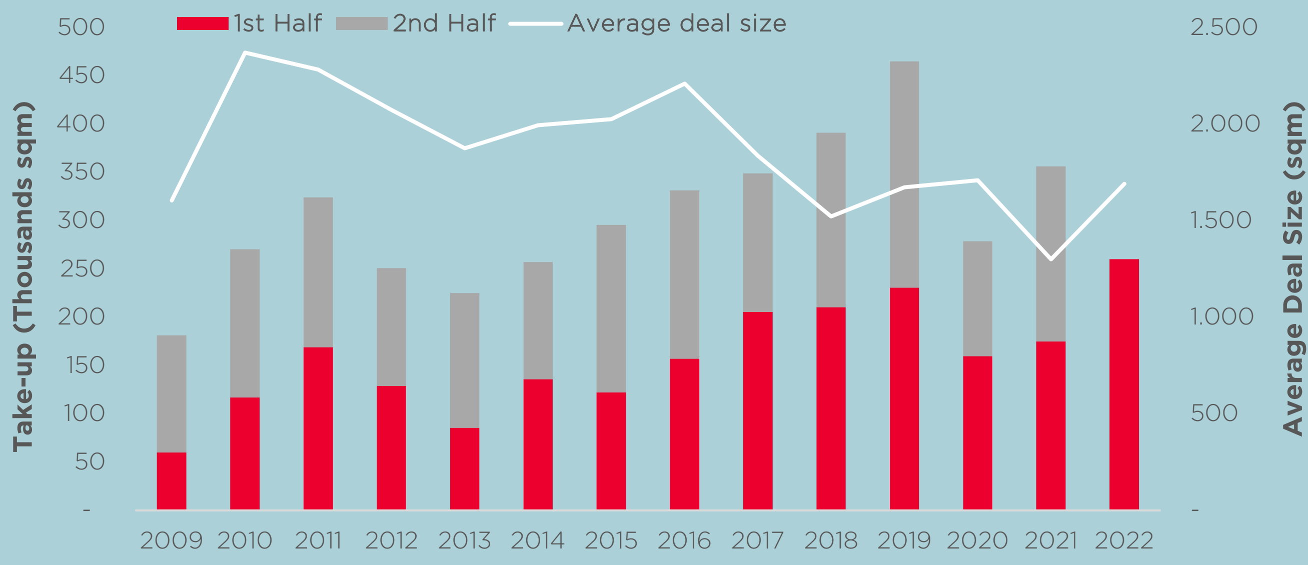
“THE OFFICE PIPELINE EXPECTS 1.7 MILLION SQM OF NEW OFFICE SPACE BY 2026. TODAY THERE ARE APPROXIMATELY 830,000 SQM UNDER CONSTRUCTION (OF WHICH 29% PRE-LET) AND 850,000 SQM OF POTENTIAL DEVELOPMENT”

“DURING H1 2022 CIRCA 180,000 SQM OF COMPLETIONS HAVE BEEN RECORDED IN MILAN, OF WHICH 57% REFURBISHMENT AND 43% NEW. LESS THAN 37% IS AVAILABLE ON THE MARKET, THIS HIGHLIGHTS THE IMPORTANCE OF QUALITY IN TODAY'S MARKET”

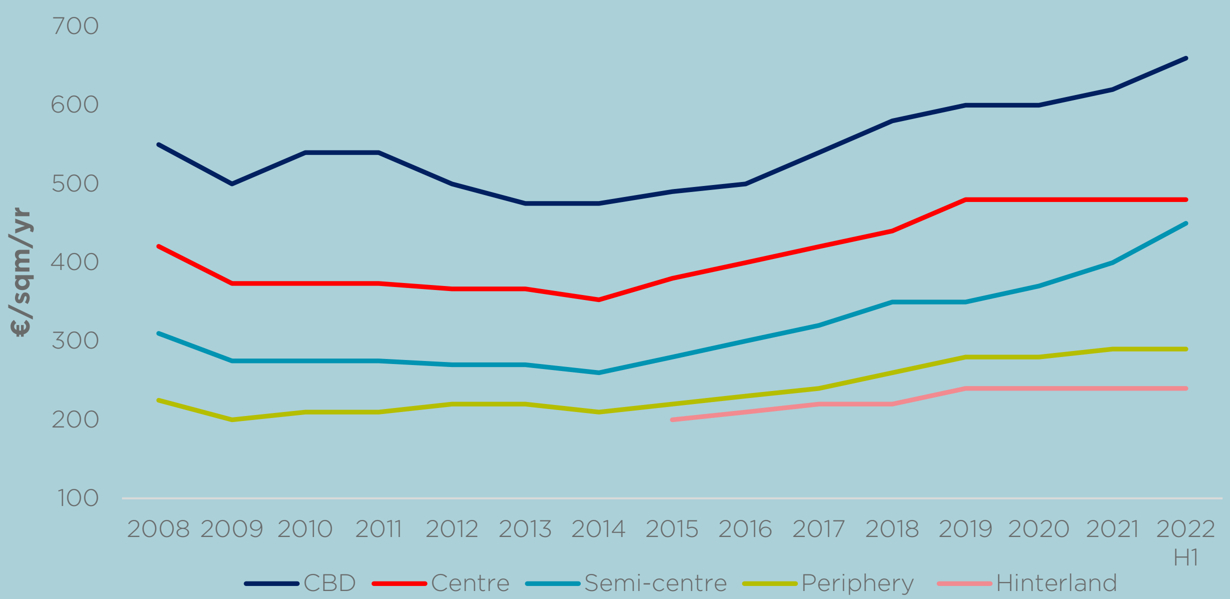
DEVELOPMENT PIPELINE, SQM



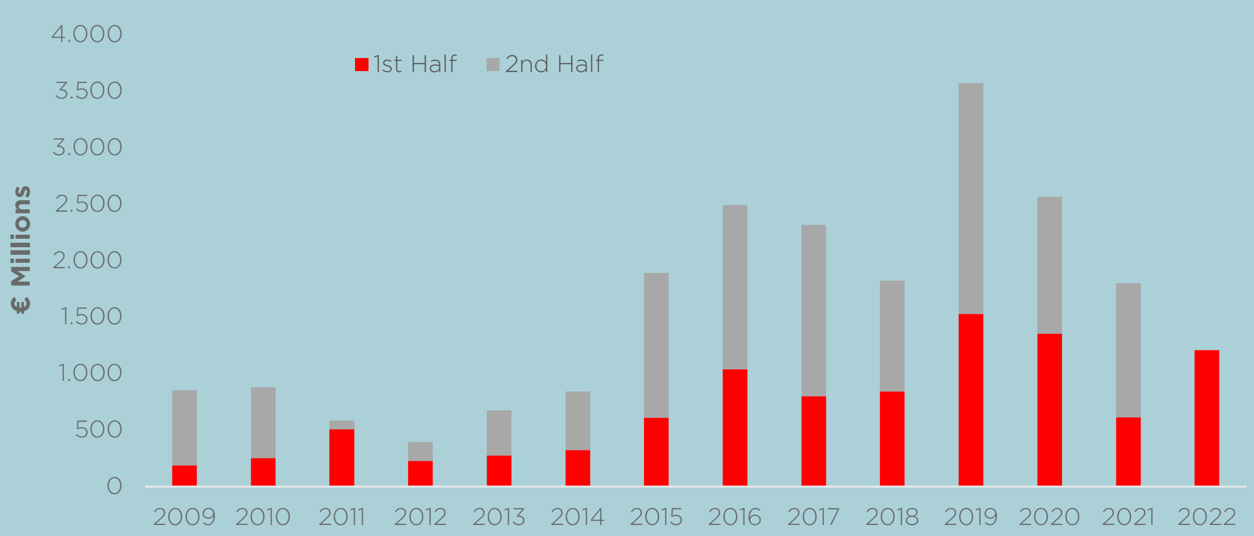
OFFICE TAKE-UP EVOLUTION AND AVERAGE DEAL SIZE



PRIME RENT EVOLUTION



OFFICE INVESTMENT EVOLUTION



MILAN CITY TRENDS

CBD
Take-Up H1 22: 87,000 sqm
Prime Rent: 660 €/sqm/year
Prime Yield: 3.00%
Pipeline UC 2022/2026:163,000 sqm
- pre-let: 34%

CENTRE
Take-Up H1 22: 19,000 sqm
Prime Rent: 480 €/sqm/year
Prime Yield: 3.50%
Pipeline UC 2022/2026:55,000 sqm
- pre-let: 64%

SEMICENTRE
Take Up H1 22: 40,000 sqm
Prime Rent: 450 €/sqm/year
Prime Yield: 4.00%
Pipeline UC 2022/2026:210,000 sqm
- pre-let: 24%

PERIPHERY
Take-Up H1 22: 46,000 sqm
Prime Rent: 290 €/sqm/year
Prime Yield: 4.50%
Pipeline UC 2022/2026:289,000 sqm
- pre-let: 12%

HINTERLAND
Take-Up H1 22: 68,000 sqm
Prime Rent: 240 €/sqm/year
Prime Yield: 5.25%
Pipeline UC 2022/2026:111,000 sqm
- pre-let: 59%

NEW CLUSTERS

MIND
Pipeline UC+Potential 2022-2026:
155,000 sqm

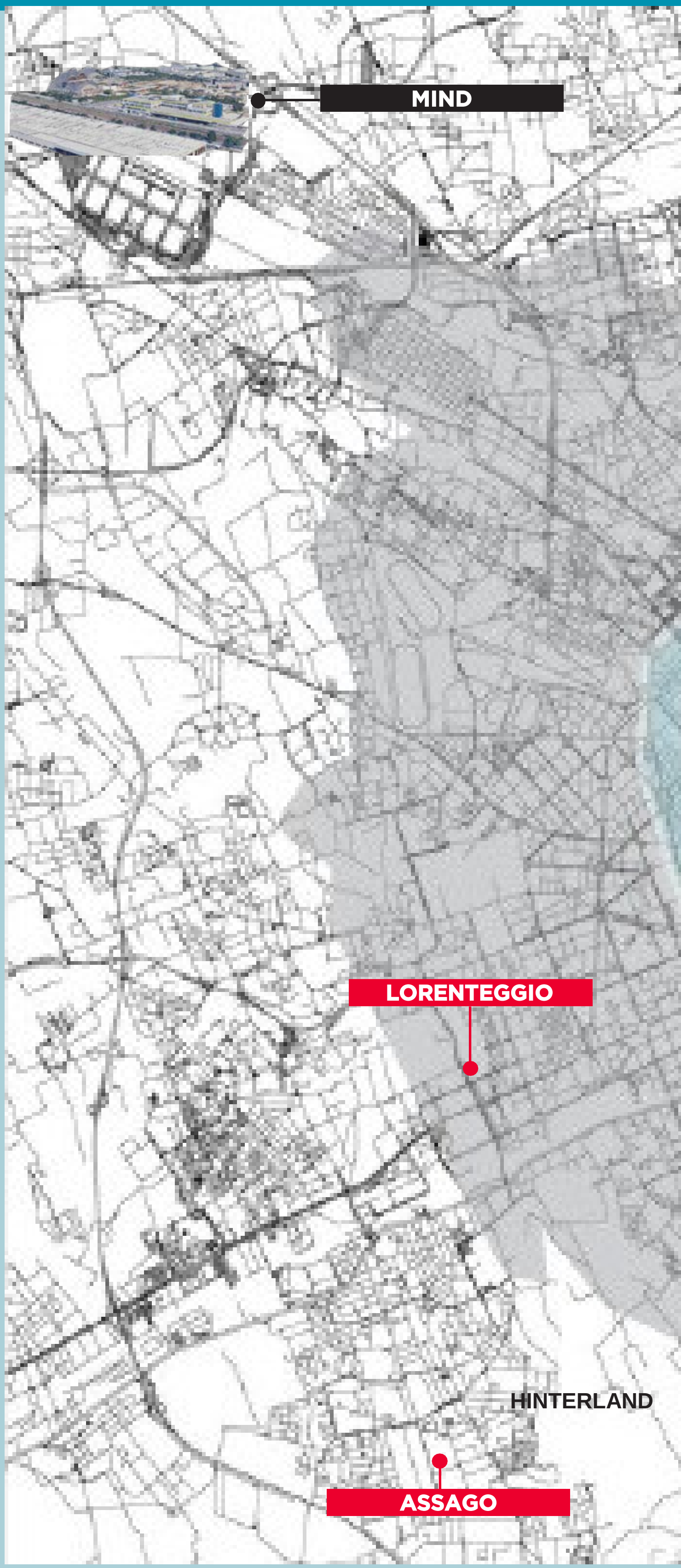
SCALO FARINI
Pipeline UC+Potential 2022-2026:
85,000 sqm

CITY LIFE DISTRICT
Pipeline UC+Potential 2022-2026:
144,000 sqm

PORTA NUOVA
Pipeline UC+Potential 2022-2026:
202,000 sqm

SANTA GIULIA
Pipeline UC+Potential 2022-2026:
60,000 sqm

SCALO DI PORTA ROMANA
Pipeline UC+Potential 2022-2026:
219,000 sqm



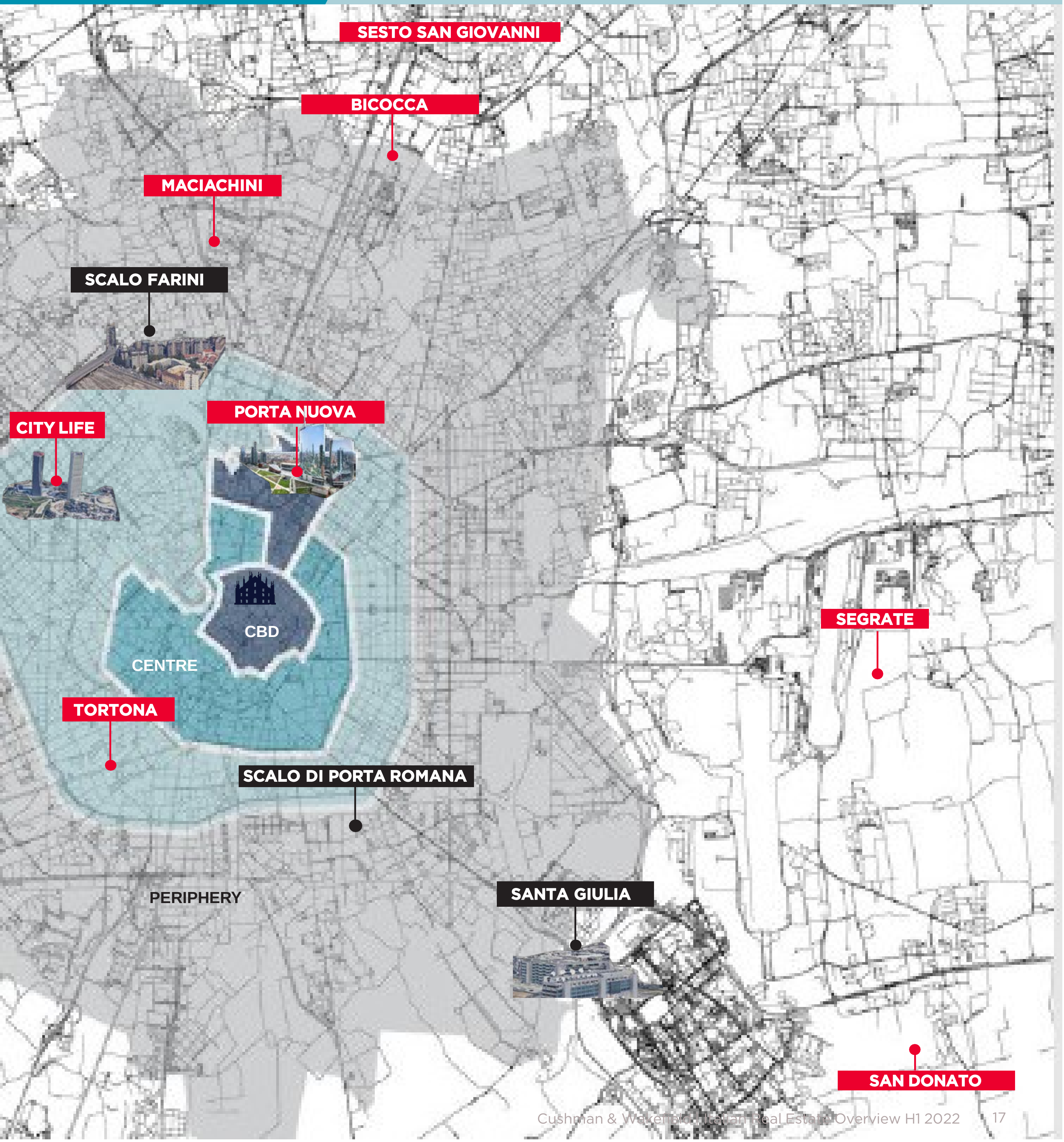
MILAN CITY

12.4 Mn sqm
STOCK

10.3%
VACANCY RATE

29%
SPACE UC PRE-LET

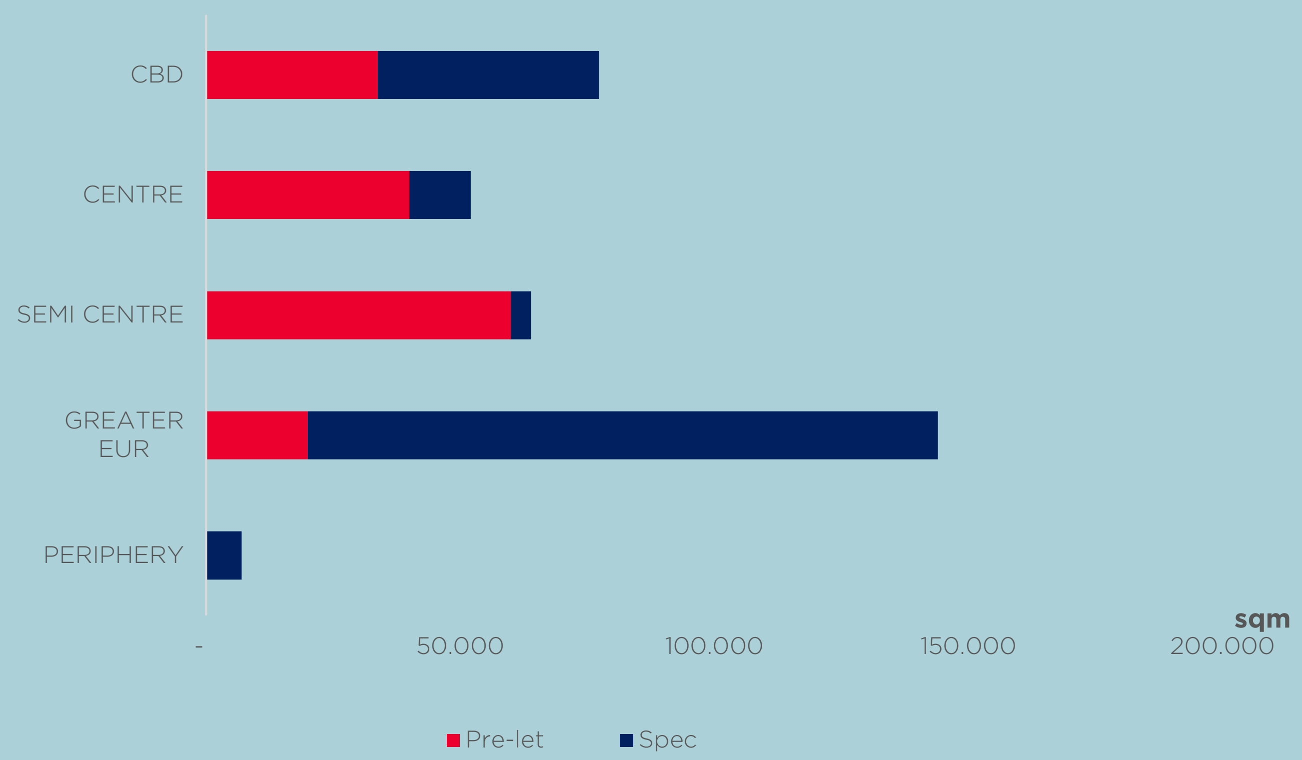
830,000 sqm
TOTAL SPACE UC



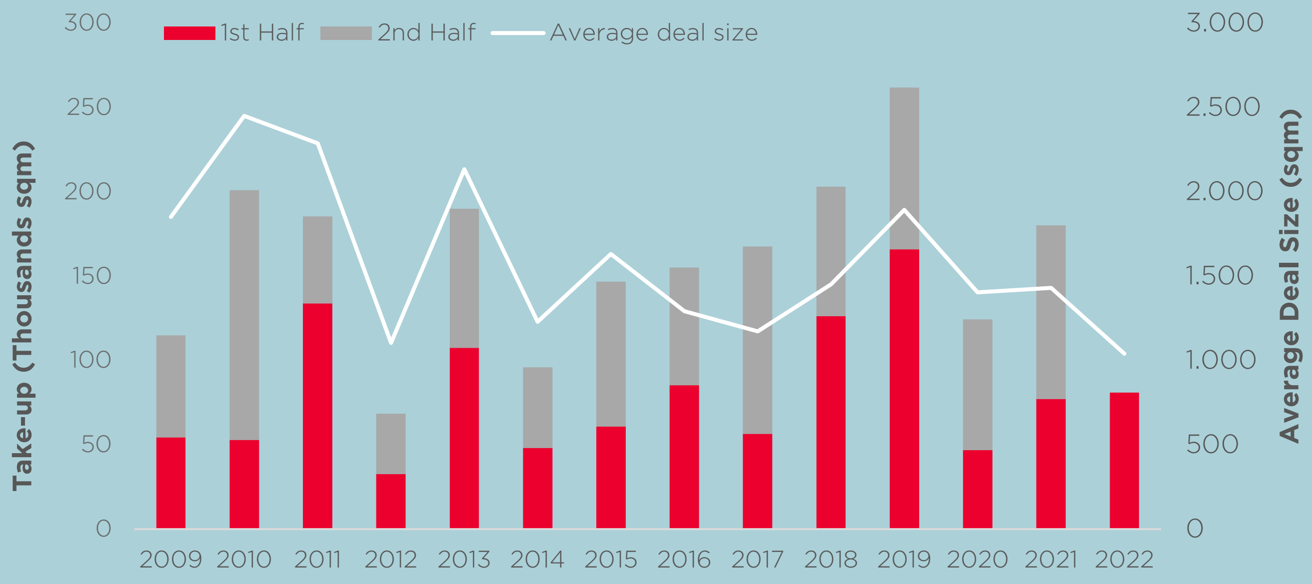
OFFICE SNAPSHOT ROME

"IN ROME NEW STOCK COMES FROM REFURBISHMENTS: CIRCA 19 PROJECTS, FOR A TOTAL OF 364,000 SQM ARE UNDER DEVELOPMENT. SPECULATIVE PROJECTS INCREASED TO 57% OF THE SPACES UNDER REDEVELOPMENT. NEW PIPELINE COMPRISES OF A SINGLE NEW BUILD IN THE GREATER EUR SUBMARKET".

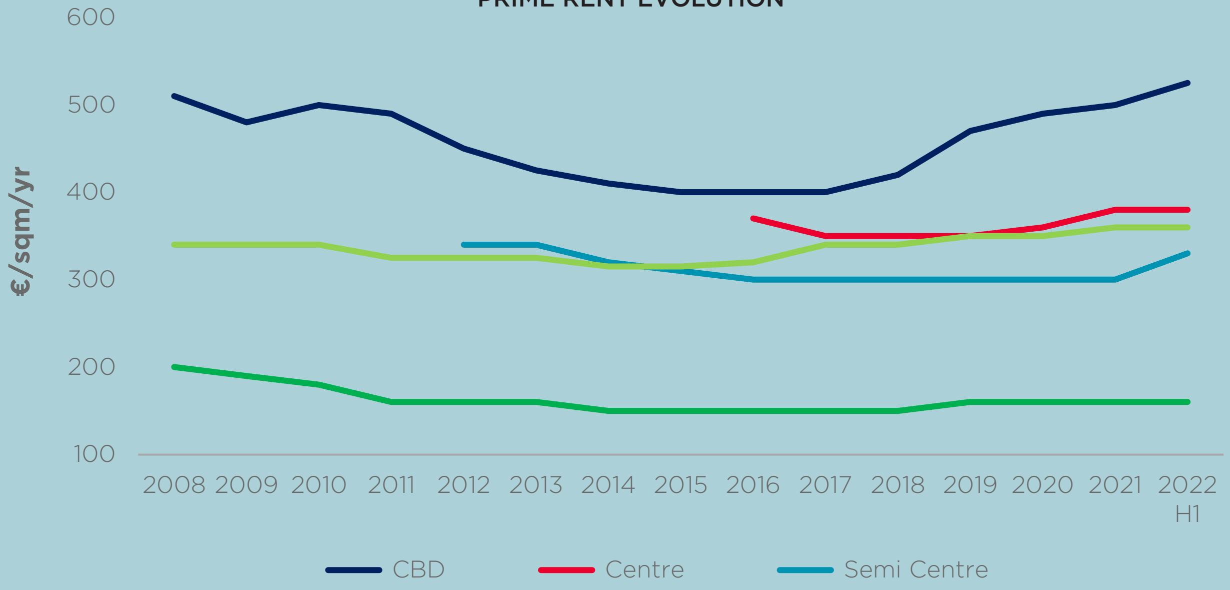
DEVELOPMENT PIPELINE, SQ M



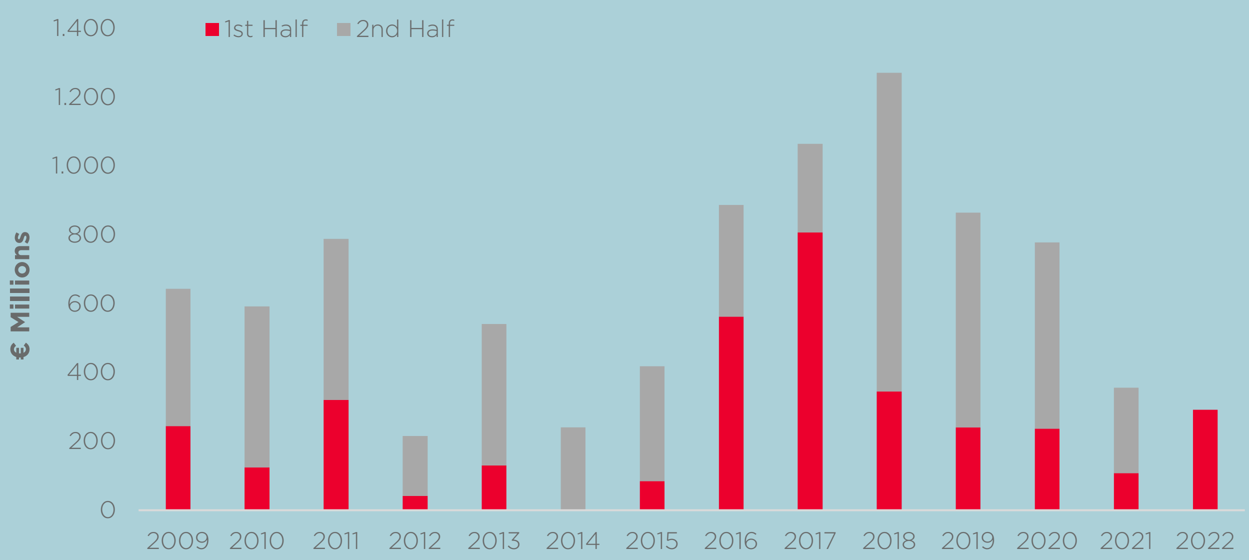
OFFICE TAKE-UP EVOLUTION AND AVERAGE DEAL SIZE



PRIME RENT EVOLUTION



OFFICE INVESTMENT EVOLUTION



ROME CITY TRENDS

CBD
Take-Up H1 22: 25,800 sqm
Prime Rent: 525 €/sqm/year
Prime Yield: 3.25%
Pipeline UC 2022/2025: 77,300 sqm
- pre-let: 44%

CENTRE
Take-Up H1 22: 8,600 sqm
Prime Rent: 380 €/sqm/year
Prime Yield: 3.75%
Pipeline UC 2022/2025: 76,200 sqm
- pre-let: 52%

SEMICENTRE
Take Up H1 22: 11,900 sqm
Prime Rent: 330 €/sqm/year
Prime Yield: 5.50%
Pipeline UC 2022/2025: 63,900 sqm
- pre-let: 94%

GREATER EUR
Take-Up H1 22: 21,500 sqm
Prime Rent: 360 €/sqm/year
Prime Yield: 4.00%
Pipeline UC 2022/2025:152,000 sqm
- pre-let: 13%

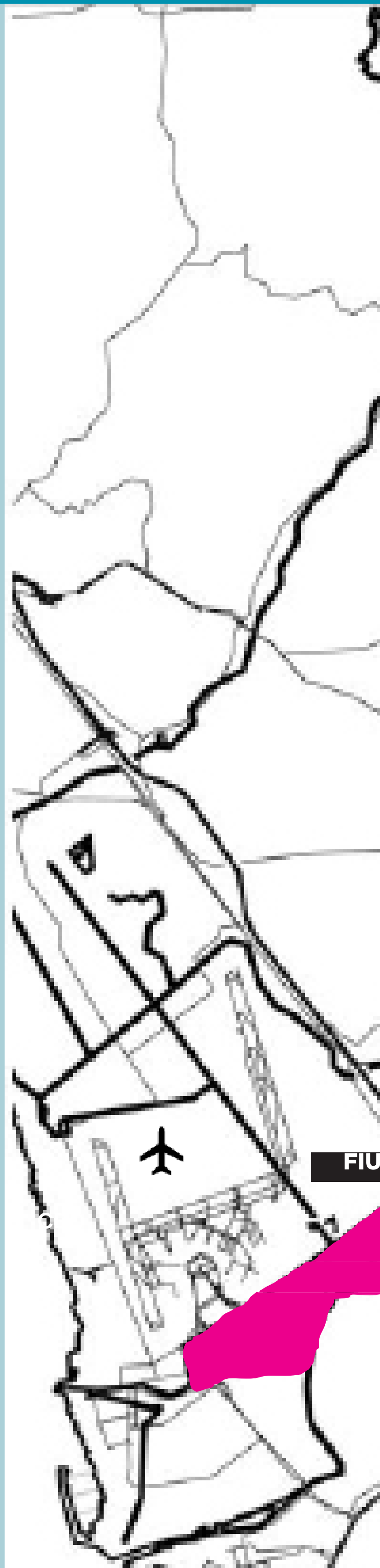
PERIPHERY
Take-Up H1 22: 13,300 sqm
Prime Rent: 160 €/sqm/year
Prime Yield: 8.00%
Pipeline UC 2022/2025:7,000 sqm
- pre-let: 100%

OTHER CLUSTERS

FIUMICINO CORRIDOR
Prime Rent: 210 €/sqm/year
Prime Yield: 7.00%

TIBURTINA
Prime Rent: 140 €/sqm/year
Prime Yield: 7.50%

TUSCOLANA
Prime Rent: 180 €/sqm/year
Prime Yield: 7.00%



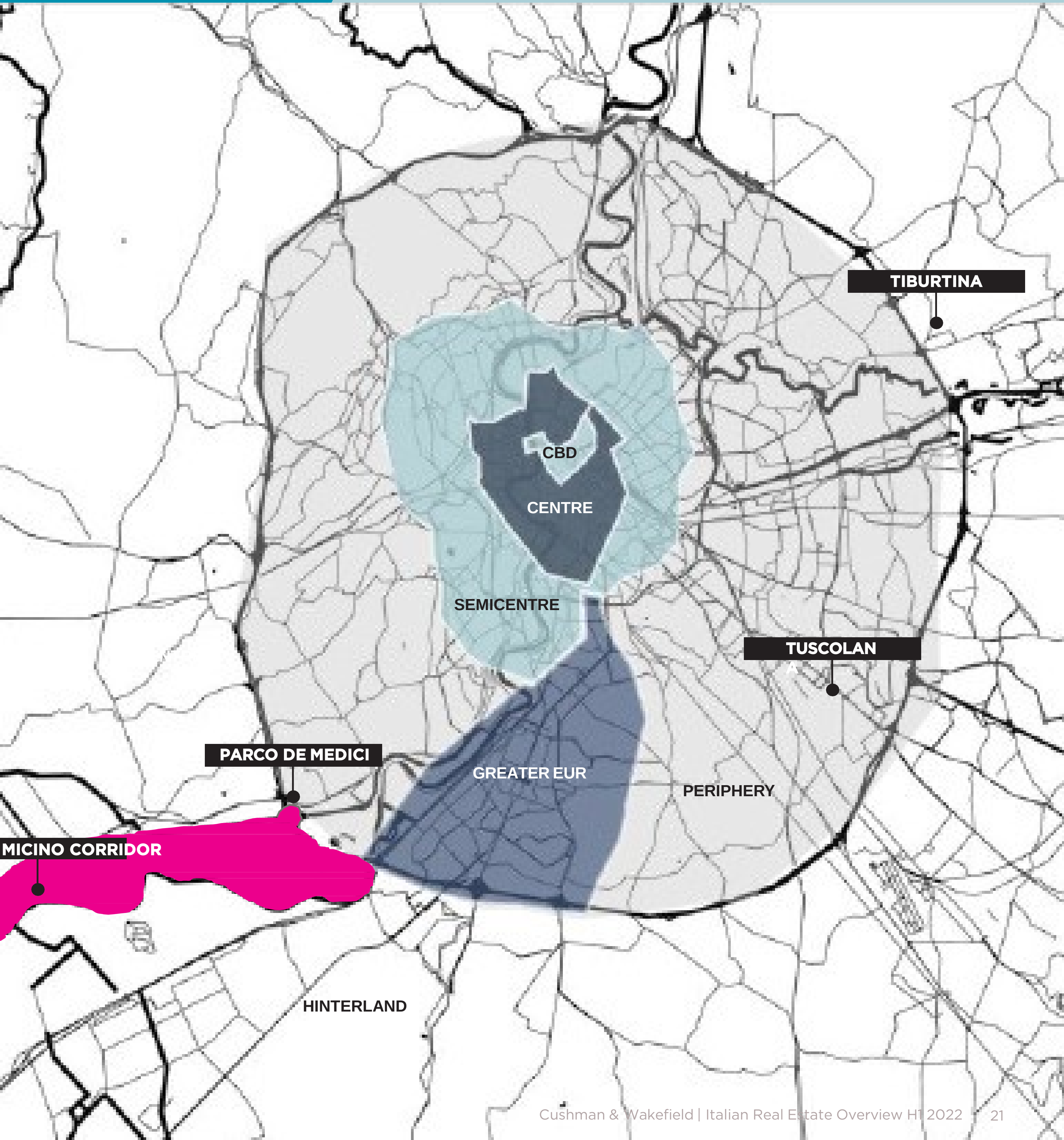
ROME CITY

10.06 Mn sqm
STOCK

10.6%
VACANCY RATE

43%
SPACE UC PRE-LET

364,000 sqm
TOTAL SPACE U/REF



RETAIL MARKET

“POLARIZATION OF THE MARKET WITH PRIME RETAIL VS SECONDARY GAP SET TO INCREASE. IT IS TIME TO REPOSITION RETAIL SCHEMES TO BE PREPARED FOR THE NEXT CYCLE”

RETAIL SECTOR

Retail is confirmed as the laggard sector compared to the others, at least in terms of investments which are still well below the long-term trend.

The total volume of retail investments recorded in H1 2022 of almost €400 millions is still below the half yearly average but doubled the volume of the same period last year.

On the other side, real market trends in the first half continued to be mildly positive, in line with the previous semester, thanks to the come back to "normality" from people, despite the worsening of the economic outlook and the new spread of Covid pandemic since the spring.

People are confirming their willing to shop physically if they are free to do it, as pointed out also from our third survey on shopping centers' clients (from a sample of schemes under management by C&W).

Restrictions are a memory from the past and we are now co-living with the virus which has highly spread over the population over the past months.

Ecommerce growth is slowing but it is increasingly considered a part of the customers' seamless shopping experience. Online penetration on total sales expected to slightly increase by the year end at 11% from 10% in 2021.

Retailers will continue to improve their online sales capabilities finding the right balance to enhance shopping consumer's experience. On a general note, the biggest stress test for retailers – the pandemic – has not led to several bankruptcies, which are still rare, but has strengthened the ones that survived.

The increase in footfall driven by the return of tourists in the cities is supporting the improvement of retailer's performance. Google mobility data for retail and recreation in Italy reflects this trend, recording just a 2% contraction in July 22 compared to pre covid level.

This trend is backing rental values that were stable for the majority of the markets, with the exception of Milan high street retail. Infact, the Quadrilatero della Moda luxury area confirmed its resilience with the strengthening of prime rental values, up almost 4% on the past semester (via Montenapoleone).

PRIME RENTS & YIELDS HIGH STREET

MILAN

€14,500 sqm/yr

ROME

€12,800 sqm/yr

VENICE

€7,000 sqm/yr

FLORENCE

€6,000 sqm/yr

PRIME YIELDS

MILAN	ROME	VENICE	FLORENCE
3%	**3%**	**4%**	**3.75%**

Since the end of restrictions shopping center performance data improved month by month. According to the CNCC sample, cumulative data Jan-May pointed out a decline in footfall by 19.3% while turnover declined "only" 5.6%, improving its performance compared to last year*.

Since April 2022, turnover trend is encouraging, suggesting a new recovery towards pre-pandemic levels. May figure benefited from the positive trend in clothing, partly due to a recovery of missed purchases of the previous months.

Turnover trend is diversified depending on the product category. Electronics and household goods still confirm their resilience with respect to the pandemic in 2022 as pointed out in 2021: +4.3% cumulative figure almost in line with May level.

F&B is slowly recovering from pre-pandemic level but still 16% below 2019 (cumulative data Jan-May) while May figure stood at -7% on 2019.

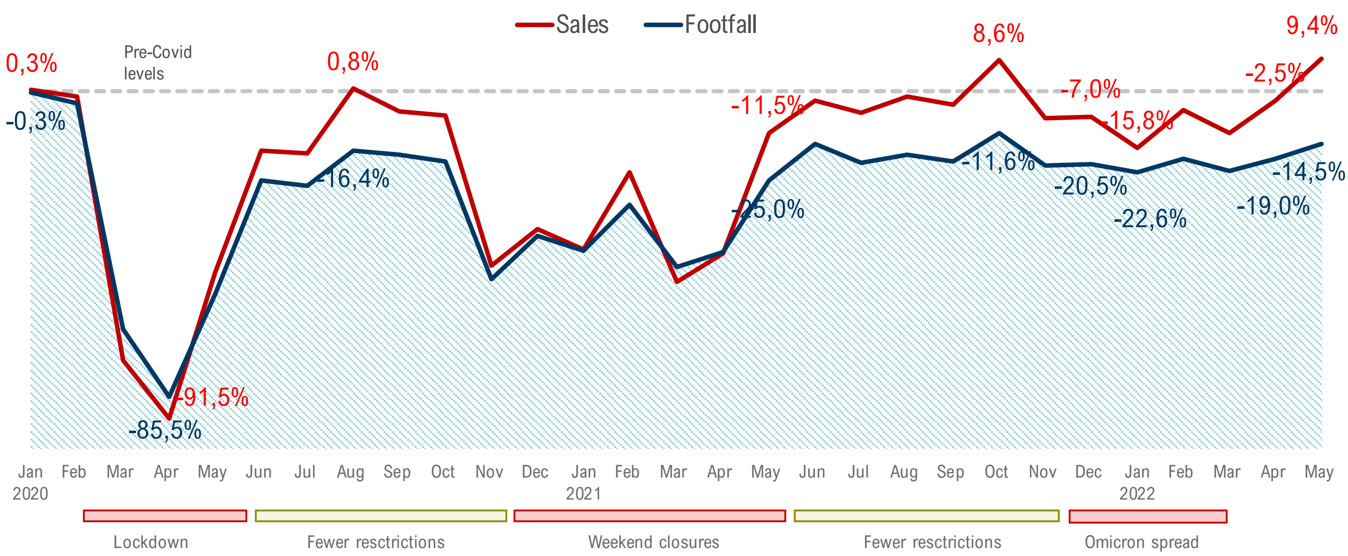
Fashion turnover continued on the recovery path from H2 21 and in May, the sector recorded unprecedented growth,+20%, partly due to an effect of postponed purchases and partly to an early summer season.

Overall, the expected positive outlook on the market fundamentals has postponed from 2022 due to the general uncertainty which will affect the cost of living and the general sentiment of consumers from next autumn.

The investment sector will be negatively affected by this weaker outlook for consumer spending in the short term and it is likely that rental growth potential will be downsized.

Nonetheless, for prime units in shopping centres and high streets, supply and demand dynamics are improving, and this will support better medium-term growth, at least for the best locations.

FOOTFALL MONTHLY DATA, INDEX NUMBER



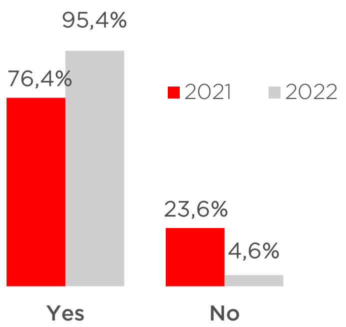
The performance analysis of shopping centres in Italy is strongly affected by the pandemic that has hit the country since March 2020 and in particular by the restrictions imposed in order to contain the infections, resulting in a succession of: total closures, limitations on travel between municipalities, partial closures and closures on weekends and public holidays (and days before).
For these reasons, 2021 and 2022 data are difficult to compare with the same months of 2020 thus we have introduced the comparison with a "normal" year like 2019.
Source: Cushman & Wakefield analisys on CNCC data. Sample of over 300 Shopping Centers for a total GLA around 7,000,000 sq m, equal to 40% of the SC Stock in Italy.

CONSUMERS' SURVEY: BACK TO SHOPPING!

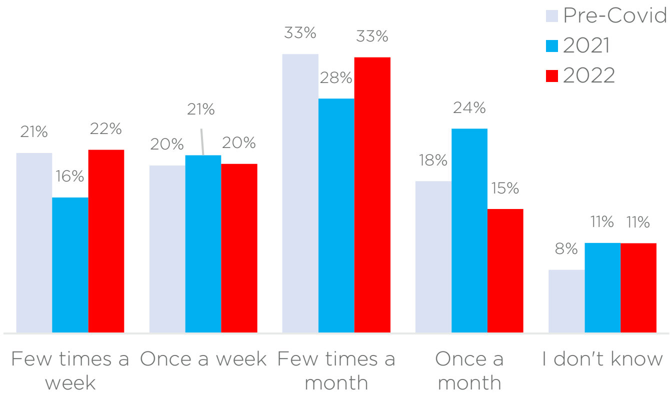
The third edition of Cushman & Wakefield's consumer survey took place between May 9^{th} and June 5^{th}, a period marked by the concerns about higher cost of living and the surge in a new C-19 variant. The Retail Asset Services Italy Team conducted a web-based consumer survey, to investigate consumers' sentiment during the first half of 2022. Results confirm that, despite the changes taking place in the consumer habits – with the increasing use of the online shopping – customer sentiment is still improving, heralding a new phase of confidence, regardless the ongoing concerns. Below the key findings from the survey.

VISITS TO THE SHOPPING MALL

Have you visited the centre, since the beginning of this year?

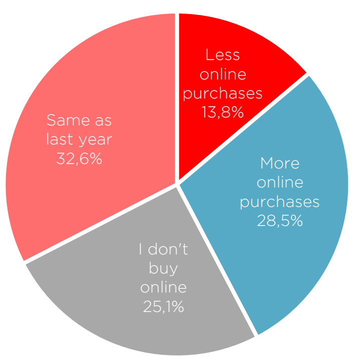


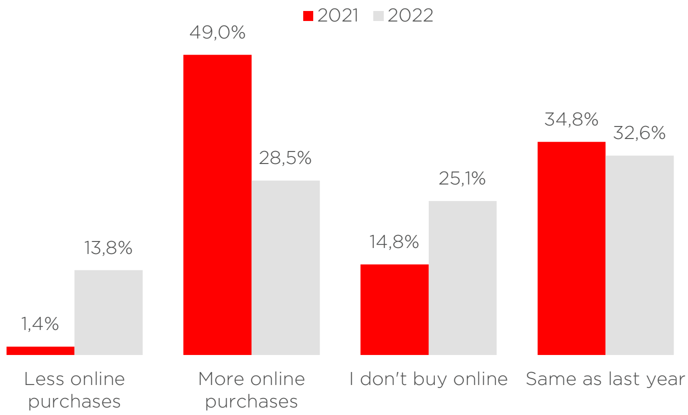
Frequency of visit



ONLINE VS OFFLINE

Evolution of online purchases as compared to the previous year



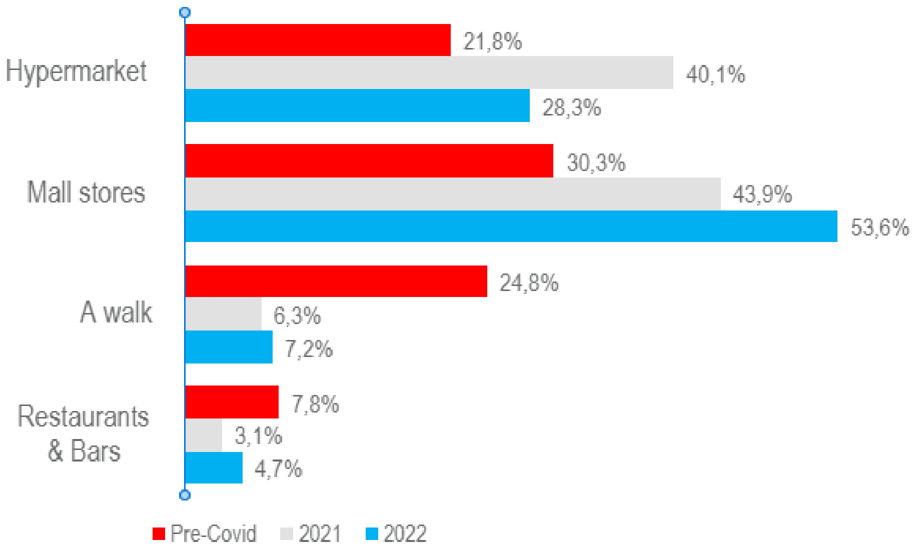


Key Takeaways:

- Customers visiting shopping centers greatly increased compared to 2021: from 76.4% to more than 95%.
- The frequency of visit has greatly improved, reaching pre-Covid levels. Willingness to "start again" and back to normal is offsetting the worsening outlook on the future (higher cost of living).
- Stores are the main driver to visit the Centers, for one out of every two customers. Grocery shopping exceeds pre-Covid levels. Online growth has stabilized after the 2021 boom.
- The number of people that have purchased more online than offline has almost halved. One in four customers doesn't purchase online at all.

REASON WHY PEOPLE STILL VISITS SHOPS

- The stores represent the main reason to visit the Centers, for one out of every two customers.
- Grocery shopping exceeds pre-Covid levels.
- Food consumption grows but remains under pre-Covid levels.
- Taking a stroll remains barely relevant as a motive, being still far from pre-Covid performace.



WHAT'S NEXT FOR THE SHOPPING CENTERS

- With the new normal, co-living with the virus, customers seem to have recovered their confidence, a sense of safety and willingness to visit the shopping malls: their propensity to visiting approaches pre Covid levels.

- However, we are still facing social and economic issues, a decrease in spending power and concern on international events that might impact sales and footfall. We also record less satisfaction towards the specific commercial offer, that is probably perceived as being too standardized when shopping centres are concerned.

- As a positive note, although ecommerce is acknowledged and used by customers of all ages, also as consequence of the lockdown, the online channel doesn't seam to threat shopping centres provided they will succeed in renewing and diversifying their offer.

8,199 Interviews

23 ShoppIng Centres

764 Ths GLA (sqm)

221,900 Daily visItors

1,913 stores

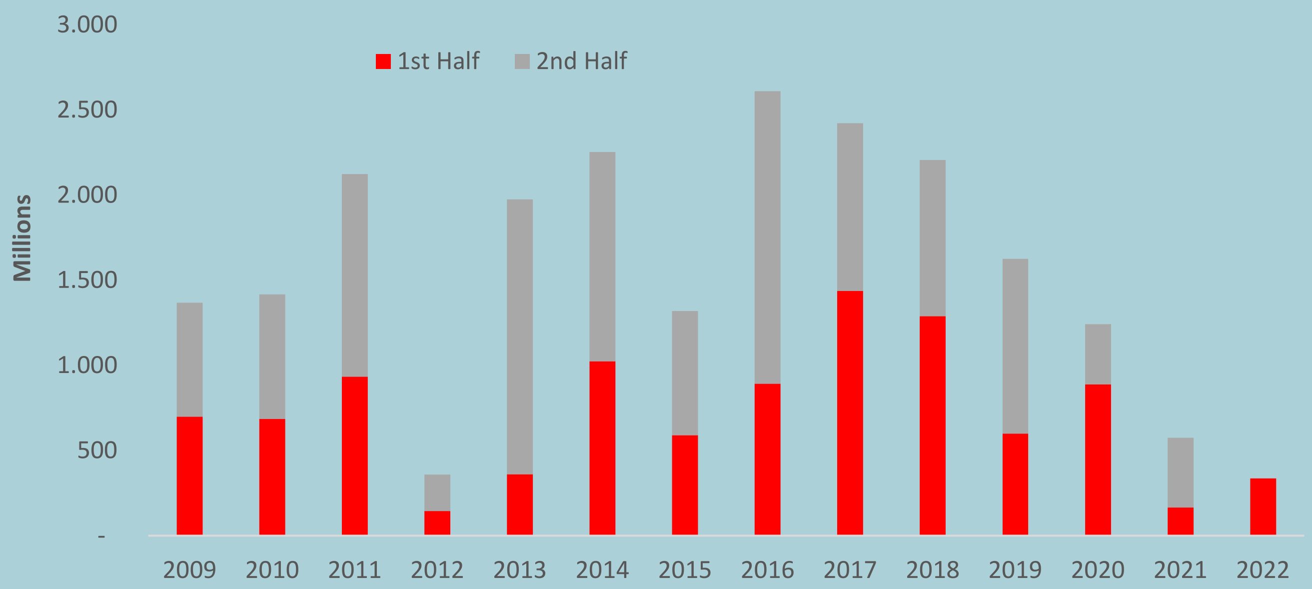
RETAIL SNAPSHOT

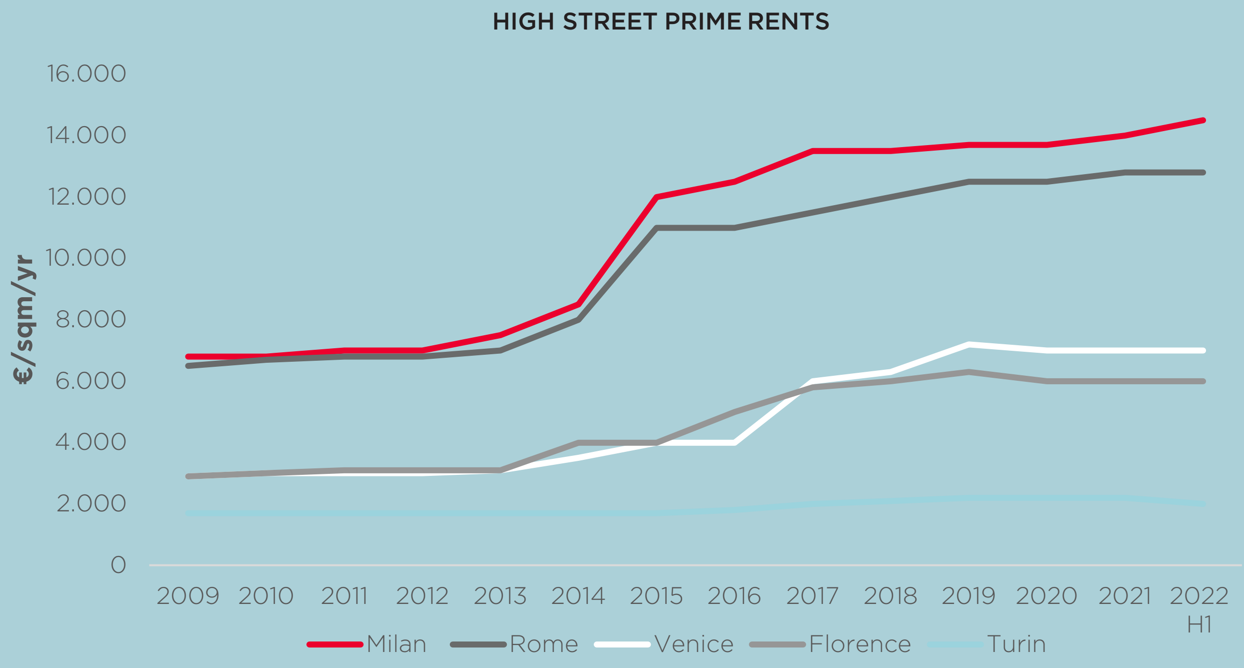
"VOLUMES UP COMPARED TO THE FIRST HALF LAST YEAR BUT STILL DISAPPOINTING COMPARED TO THE HYSTORIC TREND: 7 SINGLE ASSET DEALS, 3 SUPER/HYPER/BIG BOXES PORTFOLIOS AND FEW OTHER RETAIL DEALS RECORDED IN THE FIRST HALF MAINLY OPPORTUNISTIC AND VALUE ADD TRANSACTIONS.

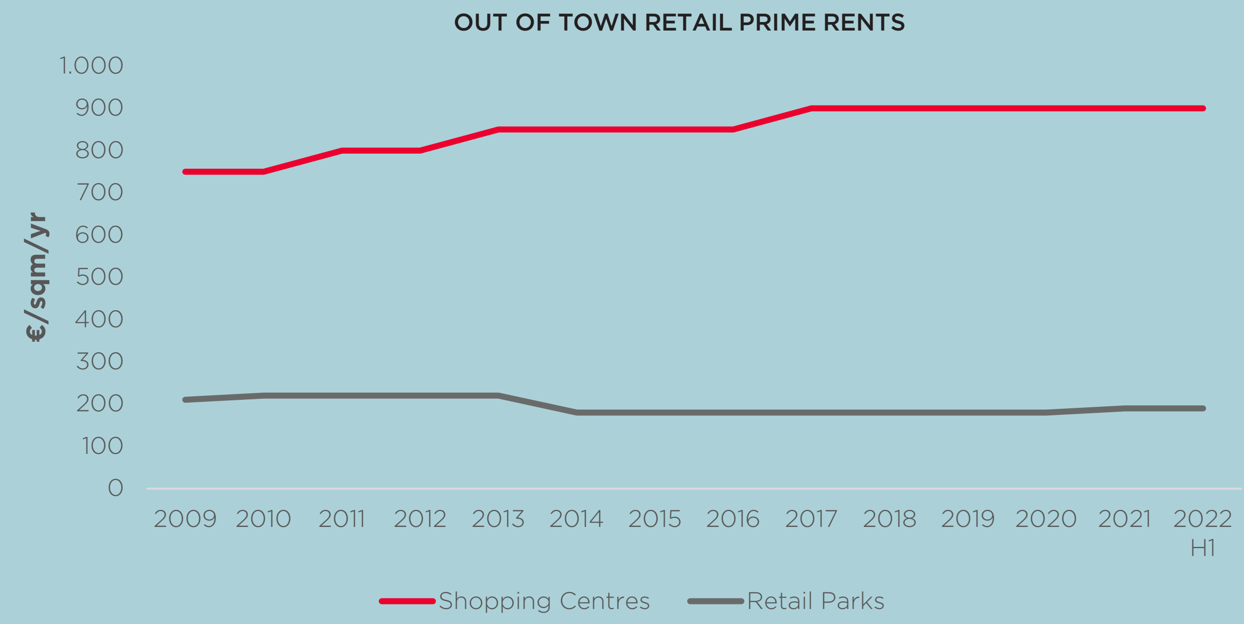
INVESTOR CONFIDENCE IS STILL MILD/COLD AND THE FASTER THAN EXPECTED INCREASE OF INTEREST RATES HAS NEGATIVELY AFFECTED THEIR SENTIMENT ON RETAIL. DESPITE THIS SHOPPING CENTRES MAY BE IN A BETTER POSITION COMPARED TO OTHER ASSET CLASSES REGARDING YIELDS, GIVEN THE RELATIVE PREMIUM IN CENTRE YIELDS VERSUS OTHER SECTORS, BONDS AND INDEED THEIR OWN HISTORY.

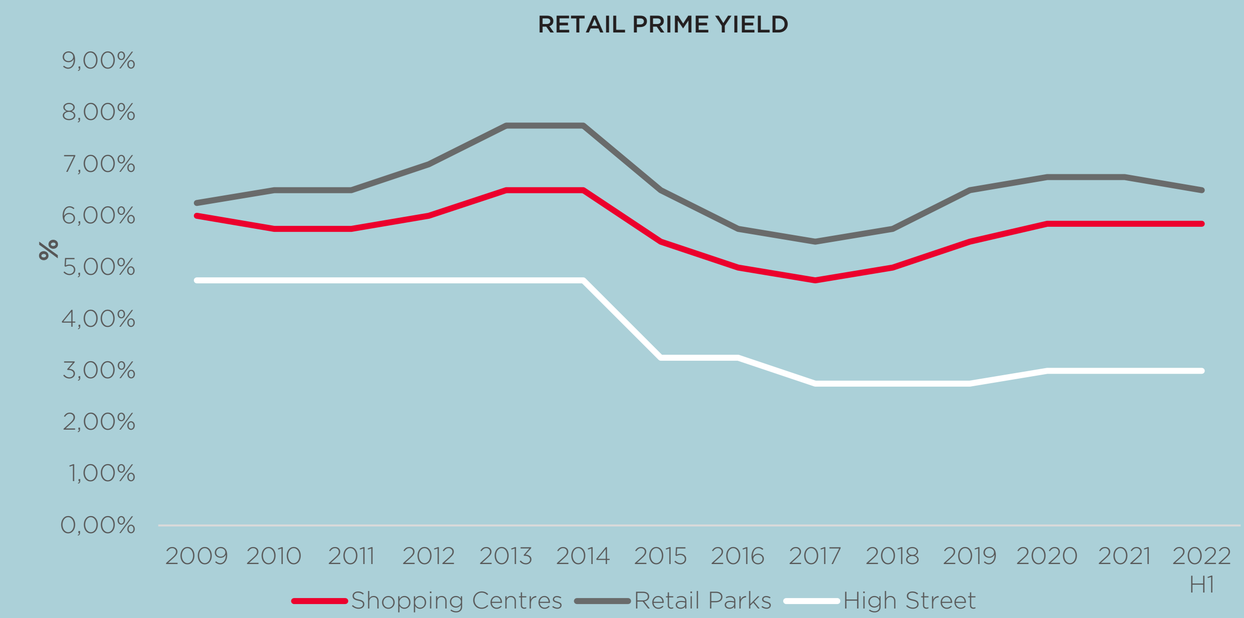
OVERALL, THE MARKET WILL CONTINUE TO BE POLARIZED: BEST PRIME CENTER PERFORMING WELL WHILE SECONDARY ASSETS WILL SUFFER MORE UNLESS OFFERING SOME SCOPE FOR VALUE-ADD OR OPPORTUNISTIC RETURNS.

RETAIL INVESTMENT VOLUME




HIGH STREET PRIME RENTS
16.000
14.000
12.000
10.000
8.000
6.000
4.000
2.000
0
€/sqm/yr
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022 H1
Milan
Rome
Venice
Florence
Turin


OUT OF TOWN RETAIL PRIME RENTS
1.000
900
800
700
600
500
400
300
200
100
0
€/sqm/yr
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022 H1
Shopping Centres
Retail Parks


RETAIL PRIME YIELD
9,00%
8,00%
7,00%
6,00%
5,00%
4,00%
3,00%
2,00%
1,00%
0,00%
%
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022 H1
Shopping Centres
Retail Parks
High Street

LOGISTICS MARKET

“INDUSTRIAL & LOGISTIC SECTOR IS ONE OF THE BEST PERFORMING AND ATTRACTIVE ASSET CLASS: STEADILY GROWING ABSORPTION AND A DEMAND THAT REWARDS DEVELOPMENTS IN STRATEGIC LOCATIONS WITH HIGH RENTS ARE DRIVING INVESTORS’ CONFIDENCE”

LOGISTICS SECTOR

The logistic sector maintained a **strong performance** and in the first half of the year registered record levels both from an occupational and an investment perspective.

Take-up reached 1,5 Mn sqm (+21% increase on H1 2021), of which 47% consisted of buildings under-construction or **built-to-suit** and **built-to-own** projects which can achieve higher rents and reconfirm quality as a main driver for demand. Environmental, Social and Governance (ESG) criteria have become a distinctive element of most transactions.

Most **speculative projects** were confirmed, reaching approx. **2 Mn sqm**, representing 64% of the pipeline, and are often leased before being delivered on the market. All new developments are designed to achieve a **green certification**, mainly BREEAM and LEED.

Piacenza and Milan are the most active cities, registering 30% of H1 take-up, but the biggest transactions (>50,000sqm) have been closed around Rome and Pavia.

3PL, e-commerce operators and distribution retailers are confirmed as the most active players; the first accounted for 60% of the square meters leased in the first semester.

In the last few years, logistic of the supply chain has become more important bringing rental valuer to higher levels and generating competition on timings for delivery. The demand for warehouses between 5,000sqm and 15,000sqm close to big cities has continued to grow; strategical locations, i.e. those closer to consumers, allow to reduce transport cost.

On the investment side, the **first semester** of the year registered **the highest volume ever**: **1.8 €Bn**, more than twice the same period of last year and representing 30% of the overall investment market.

Steadily growing absorption and a demand that rewards developments in strategic locations with high rents, are driving investors' confidence and the majority of the locations have registered a compression in prime yields.

TAKE UP

	ITALY	LOMBARDY	LAZIO
	1.5 Mn sqm	**554,000 sqm**	**218,000 sqm**
PRIME RENT	**€58sqm/yr**	**€58sqm/yr**	**€58 sqm/yr**
PRIME YIELD*	**3.85%**	**3.85%**	**4.25%**

NOTES: (*) Yields are calculated on a net basis as reported: Net Yield = NOI (1) / PP (2)
1. Net Operating Income - after deducting all non-recoverable expenditure
2. Purchasing Price – excluding transfer costs, tax and legal fees
With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

Of the volume recorded in H1, 61% is represented by Single Assets deals. Moreover, the biggest single-asset transaction ever was registered during the second quarter: the acquisition of a prime logistic hub in Oppeano (Verona) for 274 €Mn.

The effects of the current macro-economic and geopolitical situation will likely be visible during the second half of the year. The main drivers of the sector are strong, e.g. e-commerce, last mile and BTS, but logistics is affected by increasing inflation rates on construction costs, energy and transports; this will inevitably lead to a necessary increase in rents for new products and will generate new market dynamics. Moreover, on the investment side the uncertainty deriving from the economic situation (inflation, growing interest rates, difficulty to access credit) could cause a slow-down in the market activity and a shift in market values.

DATA CENTER: A GROWING MARKET

In recent years there has been a dramatic growth in the use of data, accelerated by the pandemic that has impacted the business continuity of entire economies. No matter the business, the importance of data continues to grow. The sheer volume, accessibility and requirements for its storage and transport, are ballooning. The digital universe is expanding and the need to support and deliver time critical information to end users, places huge pressure on infrastructure and resources.

The Italian market, still quite young but in strong expansion, is at present characterized mainly by land sales to large operators. In addition, an increasing number of specialist Data Center occupiers are undertaking their own developments, removing traditional real estate players in the process.

These end users are using Data Centers to store their own data or to act as "co-location operators", offering a data storage service to customers with a wide range of requirements.

Within the broader co-location model, there are a diverse range of operational types varying between network dense connectivity led 'retail' sites to wholesale facilities, housing a small number of very large, usually hyperscale led customers, with a wide spectrum of pricing and contract terms.

Due to the complexity and the detailed technical knowledge required to complete the development process, it is the occupiers' IT teams which are the driving force behind Data Center developments or acquisitions rather than the traditional real estate decision makers.

There are four main parameters that should be considered in choosing a location for a data center:

- Power,
- Connectivity,
- Natural Hazards and
- Cooling Systems

Main sectors behind the growth in demand of Data Center are :

- Gaming online,
- online business transactions (banking, financial, insurance transactions) and eCommerce,
- Internet of Things (IoT),
- Video Streaming online,
- Big Data,
- Cloud Computing,
- Smart working,
- eLearning and
- Telehealth.

DATA CENTER: THREE BIG CHALLENGES

1. ENVIRONMENTAL AWARENESS AND DATA CENTERS: CLIMATE NEUTRAL DATA CENTER PACT

The digital sector is one of the most energy-intensive and is among the world's largest emitters of CO_2.

Data Center operators and trade associations are committed to the European Green Deal, achieving the ambitious greenhouse gas reductions of the climate law, and leveraging technology and digitalization to achieve the goal of making Europe climate neutral by 2050.

One year after the adoption of the European Green Deal, leading cloud infrastructure providers and Data Center operators have created the Climate Neutral Data Center Pact. Twenty-five companies and 17 associations have agreed to a Self Regulatory Initiative to make Data Centers in Europe climate neutral by 2030.
The Pact commits signatories to ensuring their Data Centers are climate neutral by setting ambitious measurable targets for 2025 and 2030 in the following areas:

- Prove energy efficiency with measurable targets
- Purchase 100% carbon-free energy
- Priorities water conservation
- Reuse and repair servers

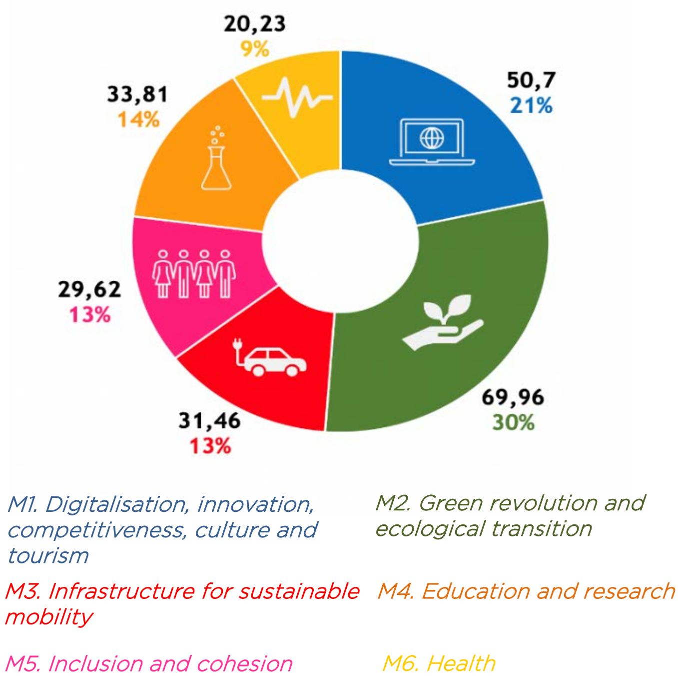
2. DATA CENTER AND DIGITALIZATION WITHIN THE NRRP

In Italy, the importance of the Data Center is also reflected within the NRRP: the plan for relaunching the economy focuses on the country's technological transition, which transversally affects all six missions of the plan, the first of which concerns 'Digitalization, innovation, competitiveness, culture and tourism', to which 21% of the resources are allocated - with about €40.32 billion out of a total of €191.5 billion.

In particular, the aim is to promote innovation and competitiveness in the production system; accelerate the digital transformation of the Public Administration and bring 75% of Italian administrations to use cloud services by 2026 as well as the digitalization of tourism and culture.

In the face of a National Recovery and Resilience Plan that focuses on digitalization and sustainability, it seems essential to have infrastructures that can support the acceleration needed for the renewal of the public and private sectors.

SIX MISSIONS OF NRRP



Note: amounts in millions of euro

3. SUBMARINE CABLE: GENOA, THE NEW DIGITAL GATEWAY TO EUROPE

The cabling system is the spine of the worldwide internet, essential for trade and communications. It is managed by different organizations such as governments, academic or trade entities which allow data to move across the different countries through Internet Exchange Points. Cables are mainly placed underwater, and the major system is on the bottom of the Atlantic Ocean and connects North America with Europe, but other networks are being developed in different parts of the world.

In Italy, in 2019 Telecom Italia Sparkle announced its investment in BlueMed, a multi-fibre submarine cable that will connect Palermo with Genoa. Genoa, known for the central role it played in maritime trade for many centuries, will now be a strategic point on the global submarine cable map.

The new cable will cross the Tyrrhenian Sea connecting Sparkle's Sicily Hub in Palermo - connected by 18 international cables - with the new landing station in Genoa, directly connected to Milan's rich digital ecosystem. BlueMed will also include several branches in the Tyrrhenian Sea and is designed to support further extensions south of Sicily.

With a capacity of up to 240 Tbps and approximately 1,000 km in length, BlueMed will provide advanced connectivity between the Middle East, Africa, Asia and Europe's continental hubs with a latency reduced by 50 per cent compared to the terrestrial cables connecting Sicily with Milan. BlueMed will strengthen Italy's role as the main digital gateway between Africa, the Middle East, Asia and Europe by providing an alternative access on the western European coast.

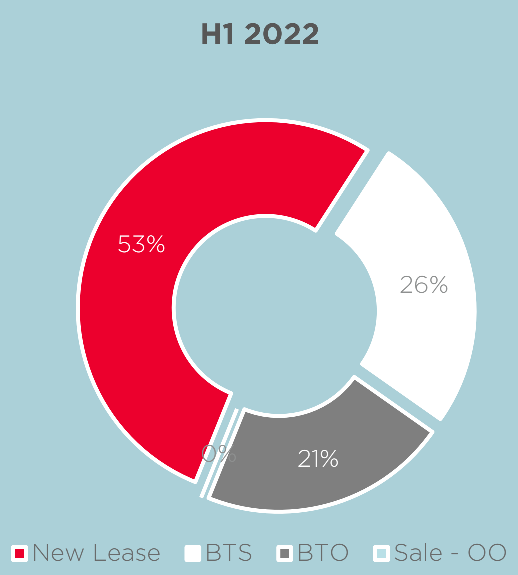
BLUEMED (CONNECTION PALERMO-GENOVA)

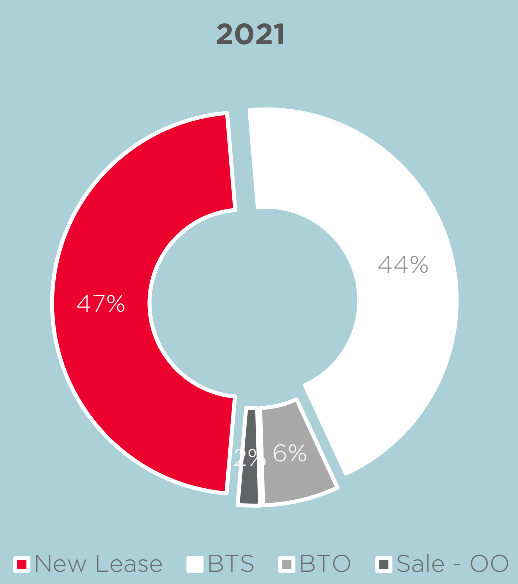
LOGISTICS SNAPSHOT

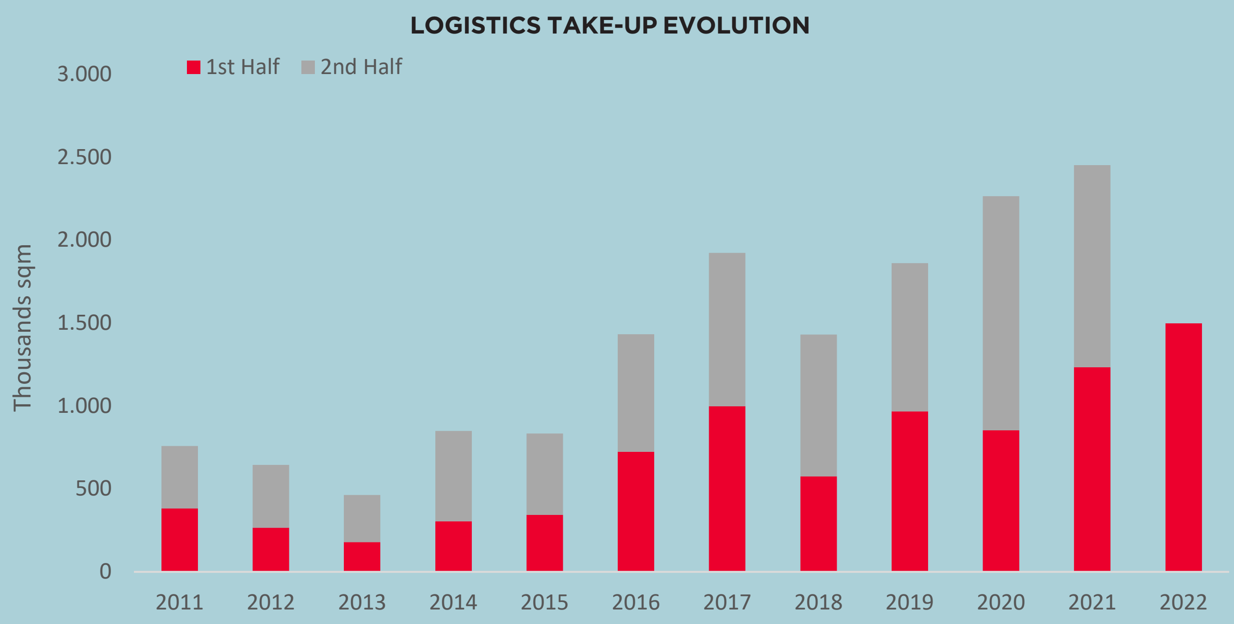
"BUILT-TO-SUIT/BUILT-TO-OWN TRANSACTIONS REPRESENT 47% OF ABSORPTION FOR THE H1 2022, IN LINE WITH VOLUME RECORDED IN 2021 ".

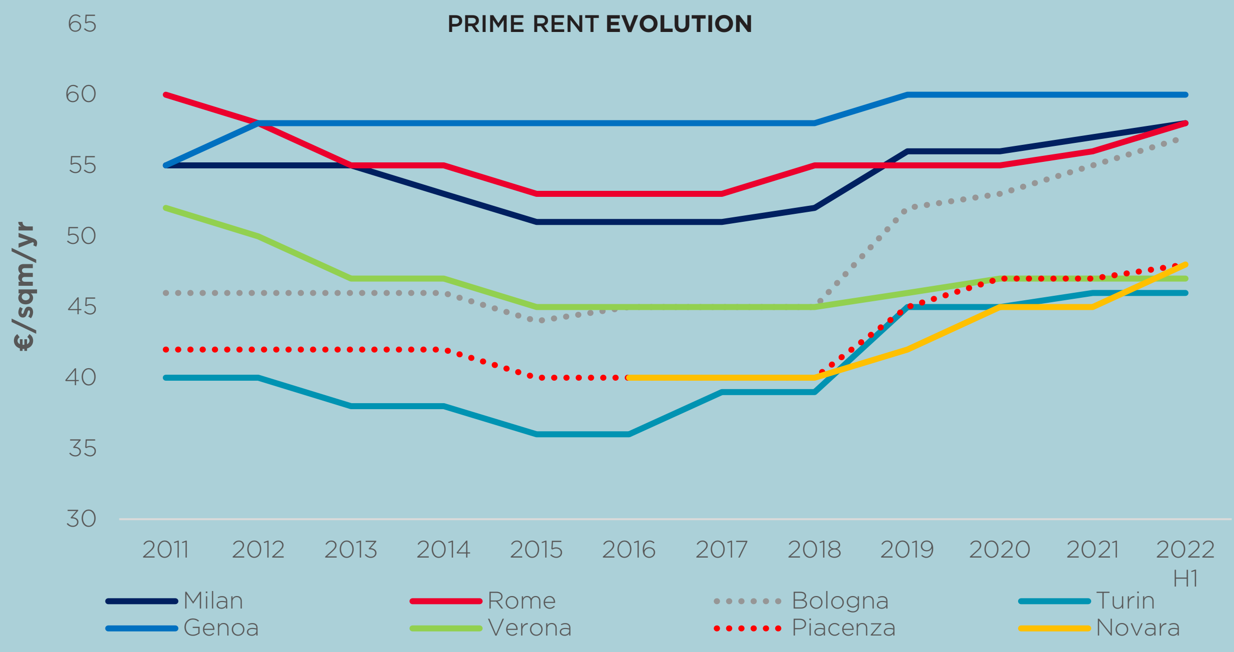
"SPECULATIVE PROJECTS AND BUILT TO SUIT UNDER CONSTRUCTION ARE INCREASING AND TODAY ARE AT 3.1 Mln sqm".

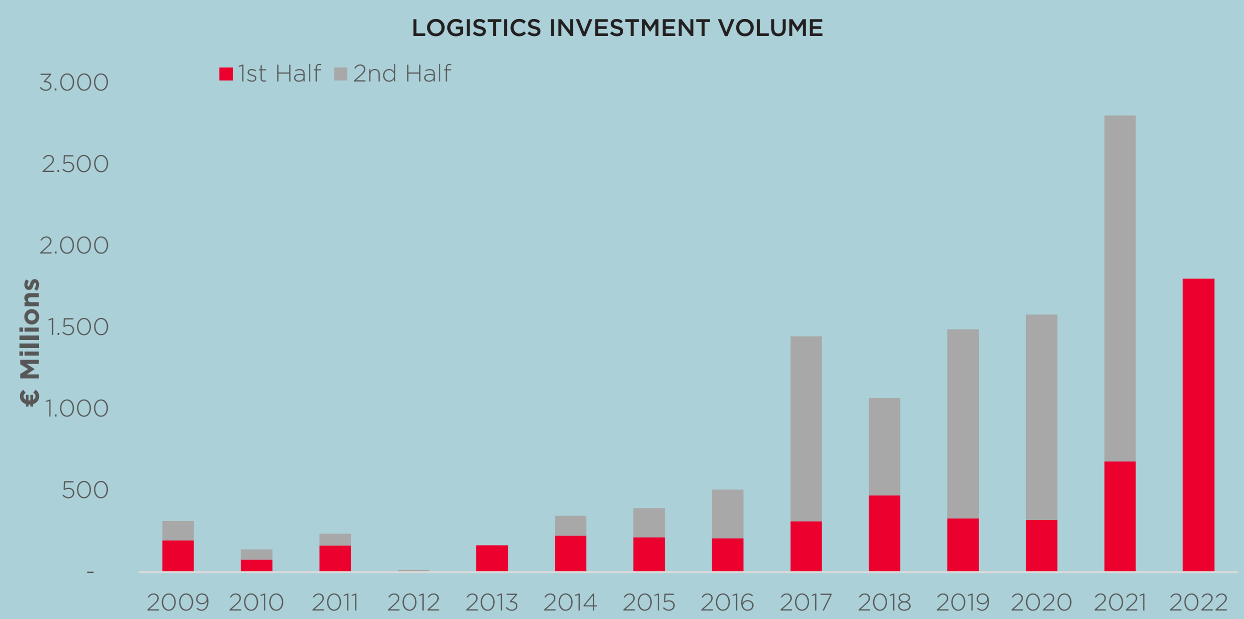
TAKE UP - COMPARISON BETWEEN TYPE OF TRANSACTIONS






LOGISTICS TAKE-UP EVOLUTION
1st Half
2nd Half
Thousands sqm
3.000
2.500
2.000
1.500
1.000
500
0
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022


PRIME RENT EVOLUTION
€/sqm/yr
65
60
55
50
45
40
35
30
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022 H1
Milan
Rome
Bologna
Turin
Genoa
Verona
Piacenza
Novara


LOGISTICS INVESTMENT VOLUME
1st Half
2nd Half
€ Millions
3.000
2.500
2.000
1.500
1.000
500
-
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022

LOGISTICS TRENDS

"THE LOGISTIC SECTOR MAINTAINED A STRONG PERFORMANCE AND IN THE FIRST HALF OF THE YEAR REGISTERED RECORD LEVELS BOTH FROM AN OCCUPATIONAL AND AN INVESTMENT PERSPECTIVE".

"THE MAIN CONSOLIDATED LOGISTIC HUBS, MILAN, ROME, BOLOGNA, PIACENZA AND NOVARA RECORDED A RENTAL INCREASE AS WELL AS THE EMERGING MARKET OF BARI."

"PRIME YIELDS IN TOP LOCATIONS SAW A COMPRESSION OF 25 BPS RESPECT TO THE END OF 2021. MILAN RECORDED AN ALL TIME LOW WITH 3.85%."

MAIN AND EMERGING MARKETS

	PRIME RENT (€/sqm/yr) (*)		PRIME NET YIELD (**)
SUB-MARKET	LOGISTICS WAREHOUSE	CROSS DOCK	LOGISTICS WAREHOUSE / CROSS DOCK
Rome	58	90	4.25%
Milan	58	95	3.85%
Bologna	57	85	4.25%
Turin	46	70	4.85%
Genoa	60	95	5.25%
Verona	47	85	4.50%
Piacenza	48	70	4.50%
Novara	48	75	4.50%
Florence	73	75	5.00%
Naples	50	100	6.00%
Bari	52	75	6.25%

NOTES: (*) Prime Rent and Yield figures illustrated in the table above refer to: Logistics properties (for space >10,000sqm) and Cross Dock (for space between 5,000-20,000sqm).
(**) Yields are calculated on a net basis as reported: Net Yield = NOI (1) / PP (2)
1. Net Operating Income - after deducting all non-recoverable expenditure
2. Purchasing Price – excluding transfer costs, tax and legal fees
With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

ITALY MARKET

22.9 Mn sqm
STOCK

4.9%
VACANCY RATE

3.1 Mln sqm
DEVELOPMENT PIPELINE

36%
PRE-LET PIPELINE


HOSPITALITY
MARKET

“INVESTORS’ INTEREST REMAINS STRONG, ESPECIALLY FOR VALUE-ADD AND OPPORTUNISTIC DEALS”

HOSPITALITY SECTOR

The solid growth in the second half of 2021 has continued in 2022 with strong tourist demand driven by leisure. Full-year 2021 data for Italy recorded ca. 290 Mn bed-nights, representing a 40% increase compared to 2020. While it is still 34% below 2019 levels, the trend is positive and the inflow of tourists is gradually approaching pre-pandemic levels, with some specific destinations recording full occupancy for the summer holidays. According to ISTAT, preliminary Q1 2022 estimates for arrivals and bed-nights are more than double the level of the same period last year: almost 11 Mn arrivals vs 4 Mn; 41 Mn bed-nights vs 12 Mn.

While domestic visitors still account for most of the demand, the share of foreign tourists (37% of bed-nights in 2021) is increasing, especially thanks to the higher inflow of US visitors, supported by the favorable exchange rate.

Furthermore, international tourism spending in 2021 has increased by 23% relative to 2020 (compared to the 61% drop from 2019 to 2020)[1].

Hotel operators confirmed their strong interest for the Italian market, with Rome in the top 10 first tier favoured markets (Cushman & Wakefield, Hotel Operator Beat Survey).

From a real estate perspective, H1 2022 recorded 820 €Mn in transaction volumes, 68% above the same period last year. In addition, this is 5% higher than the H1 average of the preceding 6 years (which includes a record €2.2bn in H1 2019).

The top sales transactions in the first half 2022 included the Rosewood Castiglion del Bosco, a leisure resort sold for an estimated 300 €Mn and the Palazzo Marini 3 & 4, a redevelopment project in the centre of Rome, priced at over 100 €Mn that will become the first Four Season hotel in Rome.

Transactions primarily originated from cross border investors, following the trend over the past years.

Overall, according to Cushman & Wakefield's 2022 Hotel Investor Beat Survey, Italy is still considered among the top 5 most attractive European markets for investors.

Despite the increasing political uncertainty, the war in Ukraine, and the financial tightening, Italy is witnessing a robust trend in the hospitality sector in 2022, leading specialist to foresee a positive H2 outlook.

HOTEL KPIs*

HOTELS
32,109

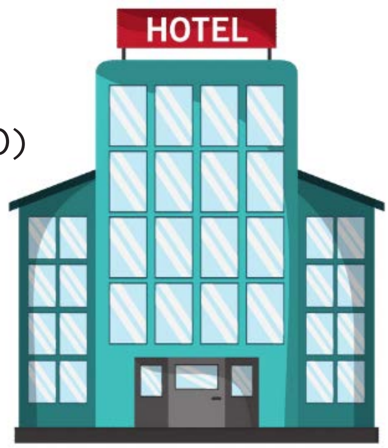
ROOMS
1,073,592

ARRIVALS (+41% vs '20)
78.7 Mn

BED-NIGHTS (+39% vs '20)
289.2 Mn

INTERNATIONALS ARRIVALS
34%

INTERNATIONAL
37% bed-nights



**Source: ISTAT, 2021*
1 Source Banca d'Italia, Survey on International Tourism, June 2022

Almost all capital invested in the first half 2022 in the hospitality sector was cross border (95%) mainly from European Countries (UK, Spain and Germany). Resorts, which came into fashion after the pandemic, are confirmed to be a highly sought-after investment, accounting for 35% of the first half 2022 volume transacted.

HOSPITALITY PERFORMANCE

- With the higher season coming and the lifting of COVID-19 restrictions, Italian hotel performance* experienced a steady recovery in first half 2022. Both Occupancy and ADR significantly increased compared to 2021, boosting the RevPAR to nearly EUR 95, in line with 2019 levels.

- The market performance index (vs 2019 levels) strongly improved, mainly driven in Q1 by the rise in occupancy index, and in Q2 by the ADR index. This led to a monthly RevPAR in June outperforming 2019 levels for the same month, reaching nearly 15% above pre-pandemic times (on a monthly basis).

- The average daily rates in Italy strengthened since the beginning of the year, outperforming 2019 levels over the entire period. Overall, H1 2022 ADR reached nearly EUR 169, +21% above pre-pandemic times.

- The average occupancy level of Italian hotels during the H1 2022 reached just over 56%. This is more than double compared to same period last year but still about 18% below 2019 levels. Nevertheless, the occupancy has started to improve with summer season, reaching over 76% already in June, just 4 percentage points below 2019 levels.

- When compared to hotel RevPAR levels in other countries across Europe, Italian hotels confirmed the 3rd highest revenue per available room (RevPAR) in first half 2022 in Europe, just behind Switzerland and Ireland.

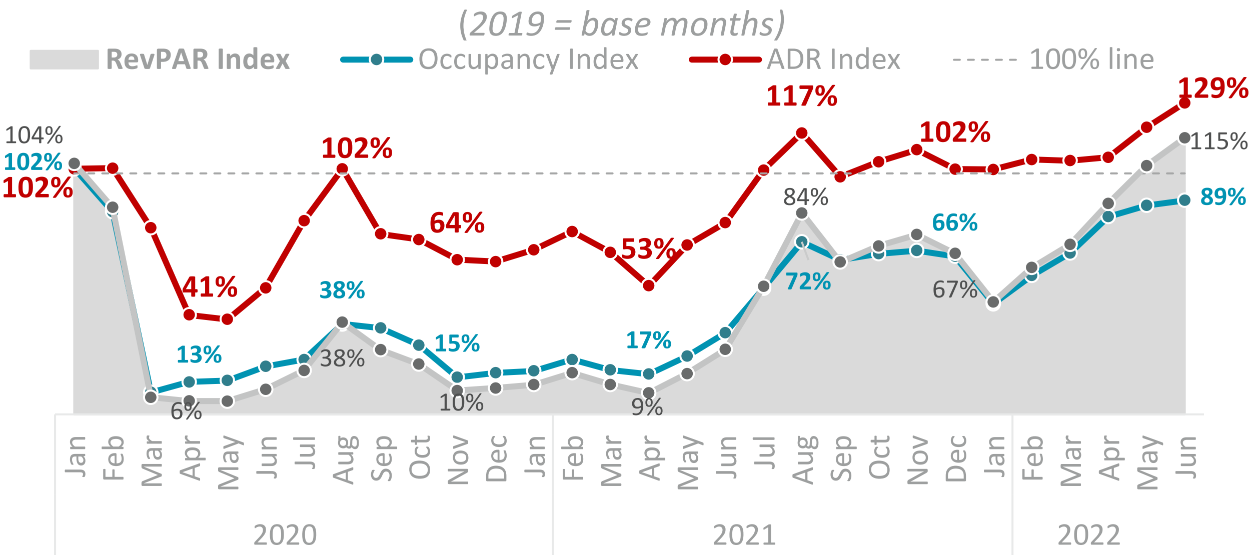
- Major cities are also experiencing a positive trend in their performance (RevPAR). While Milan is still 16% below 2019 levels in first half 22, Rome already recorded a positive performance against pre-pandemic times, +2% (assuming occupancy based on open hotels). This is due to the nature of tourism in Milan, closely linked to the business and the trade fair sectors, which have not fully recovered yet. Nonetheless, both cities outperformed 2019 levels by the end of the first semester (June).

*Commentary in this section are based on STR data , June 2022

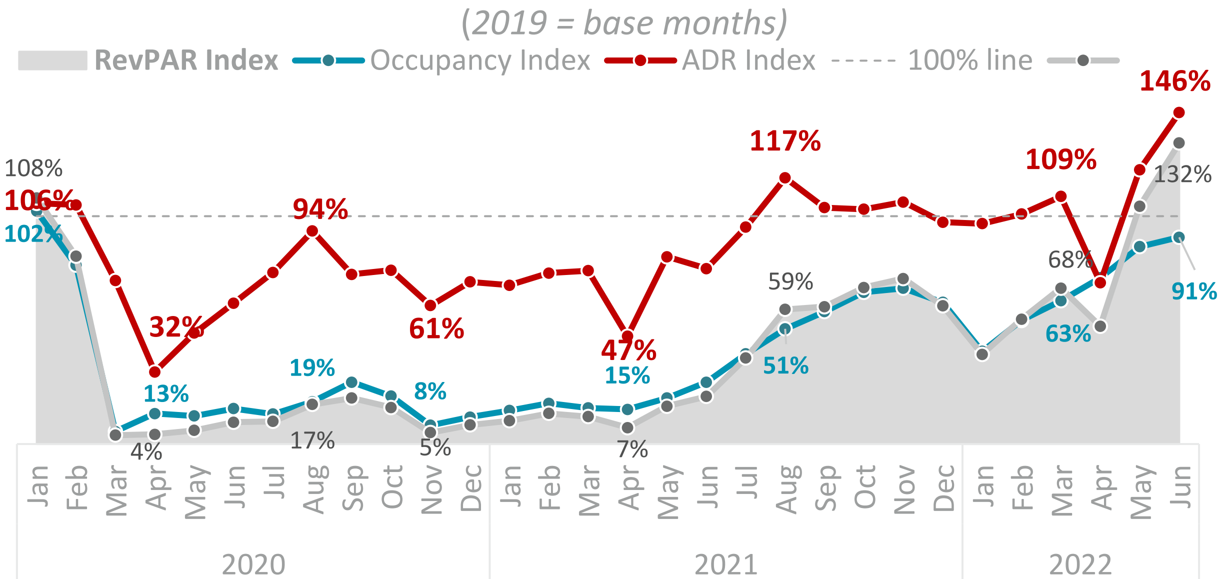
Overall, Italian hotels achieved the 3rd highest revenue per available room (RevPAR) in Europe, just after Switzerland and Ireland, recovering 2019 level (half yearly base).

The country's recovery is exceeding expectations, with RevPAR outperforming 2019 levels in May and June. Furthermore, major cities experienced record RevPAR increases, with Rome and Milan surpassing pre-pandemic levels at the end of H1 2022 (June).

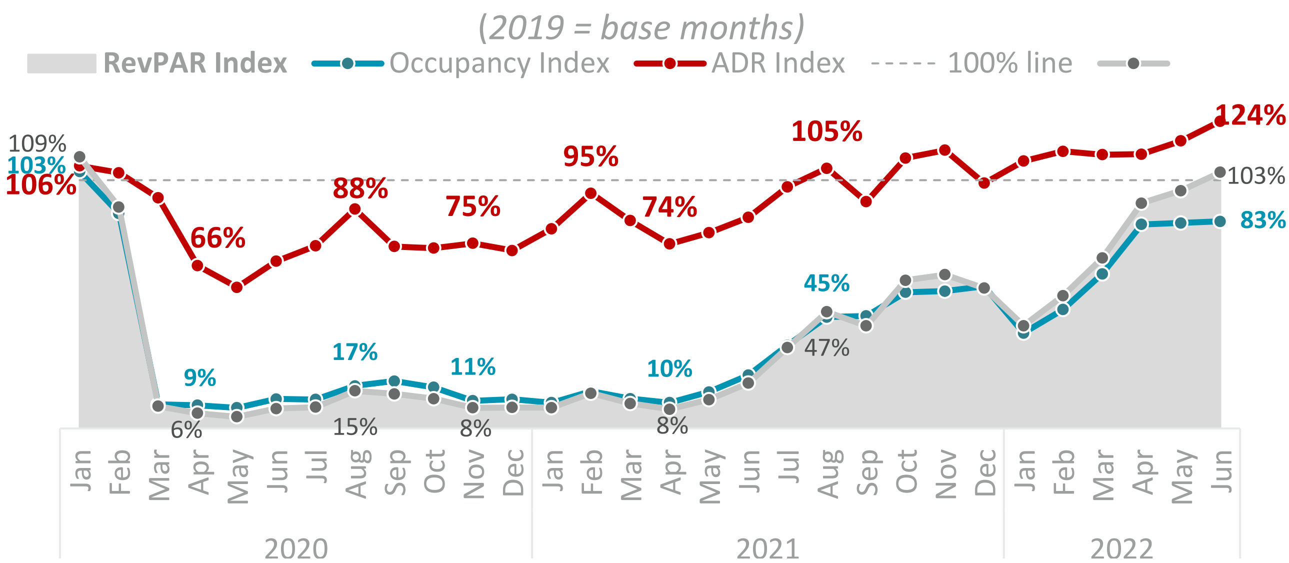
HOSPITALITY PERFORMANCE INDEX, ITALY



HOSPITALITY PERFORMANCE INDEX, MILAN



HOSPITALITY PERFORMANCE INDEX, ROME



Source: STR (based on total inventory – including closed hotels) / C&W. Based on values in EUR, June 2022


LIVING
MARKET

“ H1 2022, A RECORD SEMESTER FOR INVESTMENT IN THE LIVING SECTOR CONFIRMING THE HIGH INTEREST IN THE ASSET CLASS ESPECIALLY FROM INSTITUTIONAL FOREIGN INVESTORS”

LIVING SECTOR - RESIDENTIAL

The first half of the year registered a record volume for residential investment in Italy, 580€ Mn, confirming the high interest of investors in the asset class.

Demand from institutional investors is still robust but it clashes with the lack of product that meets their requirements. Almost 70% of the transactions recorded in he first half 2022 was made by deals for PRS development projects, including social and affordable housing.

Developments and asset repositioning are still the main type of deals in the living sector, involving value add and opportunistic investors. Less opportunistic investors are also approaching this sector through forward funding or forward purchasing strategies (with a preference for the second one).

The data available for the first quarter 2022 on the occupier sector (Source: *Agenzia delle Entrate*) still shows a positive trend, with residential transactions standing at around 182,000 units, which represents +12% compared to the same period of last year.

This trend follows the positive trend in 2021, highlighting the vitality of the market.

Amongst the main Italian cities, Milan is the one with the strongest performance, recording circa 7,700 transactions (+36% vs Q1 2021).

Quality, energy efficiency, services, sustainability and social interaction are the main drivers when choosing a house, both for rental and sale.

The current headwinds, such as the rise of interest rates, inflation and the associated increase in construction costs, as well as the international geopolitical situation could affect the future development of the living sector. Of course, the negative impact on households from the increasing cost of living as well as on investors with the higher cost of capital will pose some threats but we also envisage some opportunities.

Indeed, increasing cost for mortgages could drive households toward the rental sector thus furthering supporting the PRS demand from investors. This, combined with the increasing trend among young people looking for flexibility as a lifestyle choice more than a necessity, especially in dynamic cities such as Milan and Rome, will continue to back strong investors' demand.

Milan, Rome, Turin, Bologna & Florence

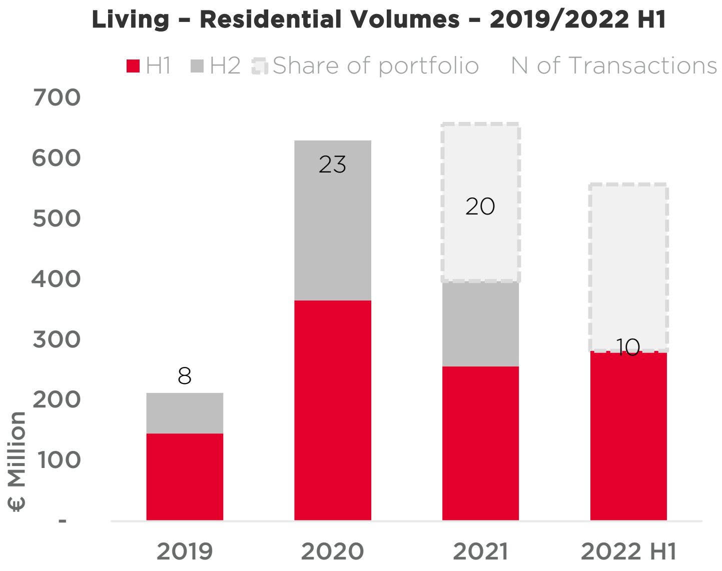
The most active residential markets for< institutional investors, characterized by high levels of demand and by dynamic demographic and job market trends.

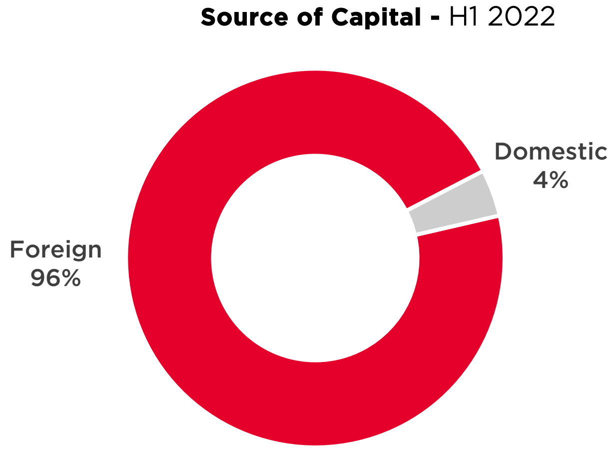
In the first half of 2022, the residential sector was confirmed as a constantly growing asset class, recording heavy interest especially from foreign investors with a total volume of ca. 580€ Mn, almost the figure of the same period of 2021.

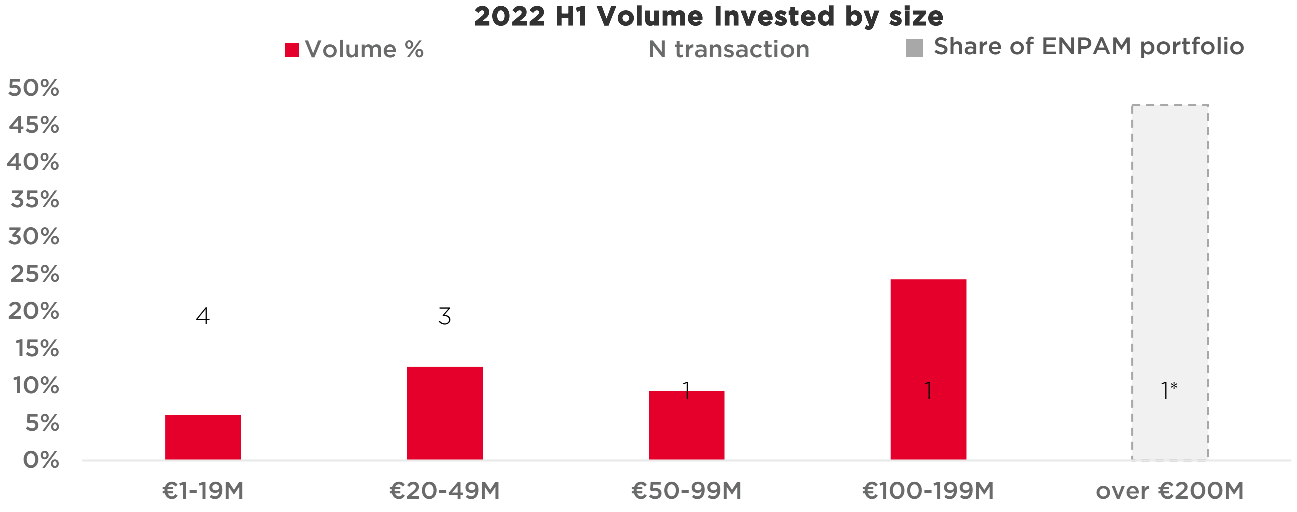
Domestic capital accounted for 4% of the volume invested while the remaining 96% was made up of foreign capital, a sign that international investors consider Italy an interesting market, with considerable growth potential. In addition, many foreign investors are increasingly looking for a local partner (developer and/or operator) to enter the market.

The analysis of the number of transactions shows that the majority, 70%, was medium-small (p to 50€ Ml) but represents less then 20% of the total in terms of volumes. Transactions up to 50€ Mln represent 30% of the total number of transactions.

The leading city is Milan, where more than 75% of the transactions were registered, followed by Rome and Turin.







* Total volume include the residential split of former ENPAM portfolio.

LIVING SECTOR - PBSA

Although, the purpose-built student accommodation (PBSA) sector in Italy, remains still largely under-developed and with great unexpressed potential, characterized by the lack of fit for purpose and modern purpose-built accommodation, it has to be highlighted how in 2021 interest from investors has continued to grow with several deals registered (ca. 40 €Mn transacted in 2021 and c.20 €Mn in H1 2022, even if the volume is largely underestimated since do not consider preliminary agreements and forward purchase/fundings initiatives) and many ongoing initiatives.

Indeed, the Italian student market has many strong fundamentals, such as:

- ca. 1.84m students, constantly increasing since 2015 (c.+9%)
- ca. 102k international students, constantly increasing (>40% compared to 2015)
- diverse educational offer across some of the oldest universities in the world that recorded in the last years an improvement in the university rankings

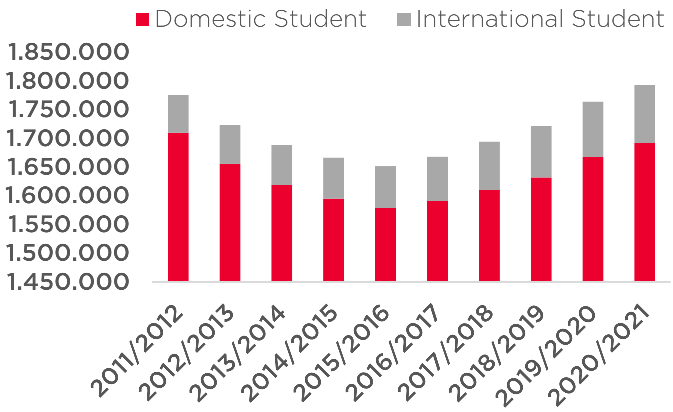
In Italy, there are currently approximately 65,000 operational PBSA beds of varying size and quality, with the majority owned and operated by public entities linked to the regions and the universities; and just ca. 20% of them managed by private operators (the majority of these domestic and not aligned to international practices and standards).

Overall, less than 10% of the demand for accommodation of out-of-home students in Italy is covered by the current supply of public and private PBSA, one of the lowest coverage ratios in Europe.

The limited existing stock of PBSA and its quality often not fit for purpose, under-scaled or inferior to what is currently demanded by students in terms of quality of accommodation and basic services/amenities, has increased investor interest. At Italian level, a pipeline of more than 16,000 beds is expected in the next three years, which will change the landscape over the medium term, by establishing new concepts in key markets. The trend is clear especially in Milan, where the pipeline is of more than 6,000 beds, closely followed by Turin and then by Florence, Rome, Bologna and Padova. Milan remains the main attraction also for institutional investors and the city with the highest levels of rent, ca. 1,000 €/month for a single room - followed by Rome.

Milan and Rome host 26% of total students, reporting the highest number of international students (ca. 33%) as well. These new PBSAs will provide modern amenities and high service levels in a market which often provides basic accommodation run by non-profit organizations.
These operators will also cater for international students that choose Italy for their studies.

TOTAL N. OF STUDENTS PER YEAR (2011-2021)



MAIN UNIVERSITIES' HOTSPOTS

CITY	TOTAL ST.	OVERSE AS ST.	%OVERSE AS ST.
Rome	224,788	13,584	6%
Milan	209,574	19,984	10%
Turin	110,911	9,930	9%
Bologna	81,931	7,746	10%
Padova	63,031	3,942	6%
Florence	54,393	4,034	7%

“

2022 continued along the same trend of 2021 with several preliminary agreements closed for the development of new PBSA schemes in major Italian cities and forward purchases or JV carried out by less opportunistic investors . The high interest for this asset class is confirmed by investors who look at a population of young foreign and out of town students, who are looking for a better accommodation, services and a comfortable and youthful environment. This interest is widening. Infact, If at the beginning Milan, Rome and Turin were the most targeted cities, now investors are more then willing to consider and evaluate also second tier markets .”

c. 1.84 M
full time students

c.102,000
International students

26%
of students study in Milan and Rome

33%
of all international students study in Milan and in Rome

> 500
English-taught programmes (ETPs)

International students mainly from Albania, Romania and China

Source: MIUR

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