Adaptive Spaces

Voices from Italy: How will people live, work and shop in the future?

LOCAL RESPONSE

Italy
Live-Work-Shop
Report 2022

CBRE RESEARCH
MARCH 2023

Survey Overview

In the first survey of its kind, CBRE polled more than 20,000 people worldwide — from baby boomers to Gen Z'ers— from June to July of 2022, to determine how they will live, work and shop in the future, and how this will impact the real estate they use.

This report summarises the findings from the 1,100 Italy-based respondents included in the poll. Cross-generational behaviours were also studied in the survey.

Survey period
June 21st, 2022, to July 26th, 2022

Number of valid responses
21,096 (1,098 in Italy)

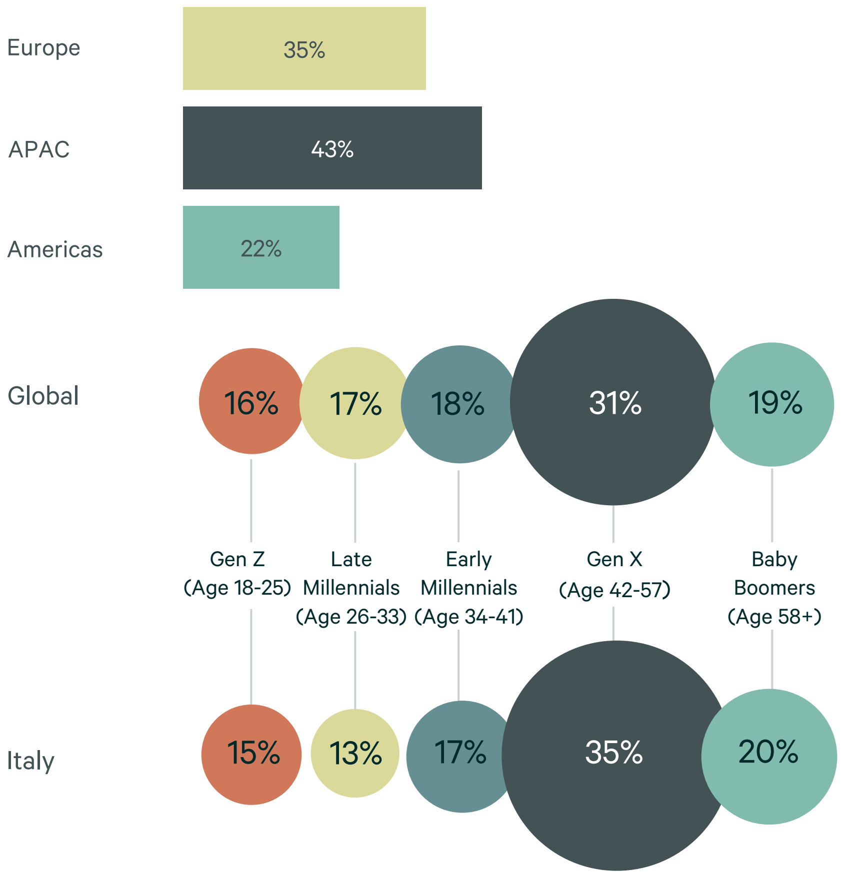
Market Coverage

Europe
United Kingdom, France, Germany
Denmark, Italy, Sweden
Netherlands, Finland, Spain
Norway

APAC
Mainland China, Korea, India
Singapore, Japan, Hong Kong SAR
Australia

Americas
United States, Canada, Mexico
Brazil

Respondent Characteristics



Executive summary

The Work Live Shop 2022 survey provided an opportunity to analyze Italian consumers and compare them to those in other countries. While globalization has tended to smoothen differences across countries, evolving lifestyles can create increasingly significant disparities across generations in an ever-changing world.

This trend is confirmed by the survey, which indicates that Italians are not far behind their European counterparts in their alignment on major trends (from e-commerce to hybrid working), but cultural differences still persist. More significantly, differences across generations within Italy appear to be greater than those across different countries.

To provide investors with advice for building resilient cities in an investment-friendly environment, we focused on features that characterize younger generations and highlight significant differences between Italy and other countries.

Live	Work	Shop
The desire to move is strong **37%** of respondents intend to shift accommodation in the next two years.	Most people appreciate a hybrid office-centered work environment **68%** of respondents would like to spend at least three days a week in their office.	In-store purchase is still preferred by consumers **61%** of respondents buy mainly offline, a trend consistent across generations.
The intention to rent is robust among younger generations **53%** of those under 33 years old planning to move in the next two years expect to rent.	The social component is the driving force behind the return to the office **30%** respondents said that face-to-face interactions are a crucial factor in choosing the office as their preferred workplace.	Omnichannel is omnipresent **91%** Share of Italians using e-commerce. Despite the preference for physical retail, almost all Italians also turn to e-commerce when necessary or convenient.
The pandemic has prompted a shift in home selection criteria **60%** of respondents consider that outdoor space within the property has become more important when choosing a property since the covid-19 pandemic.	The quality of workplace is important **76%** of workers consider the quality of their office environment very important.	Consumers are taking actions to help the planet **76%** of respondents have tried to consume less over the past six months, in an effort to reduce their environmental impact.

01

Live

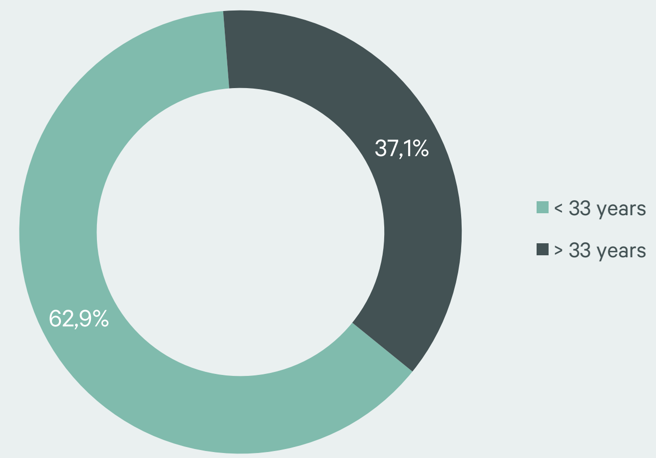
01
LIVE

More than one-third of respondents want to move

- Among the Italian respondents, 37% intend to move within the next two years. 63% of them are below the age of 33, often in the early stages of their careers or planning to start a family.
- People under 33-year-old are also most likely to move into rented accommodations, according to 53% of those interviewed. Conversely, for those over the age of 33, 63% intend to purchase their house.
- Housing affordability, financial stability, and career paths likely play a significant role in shaping this trend, as younger individuals with fewer resources may not be willing or able to undertake long-term commitments such as mortgages.

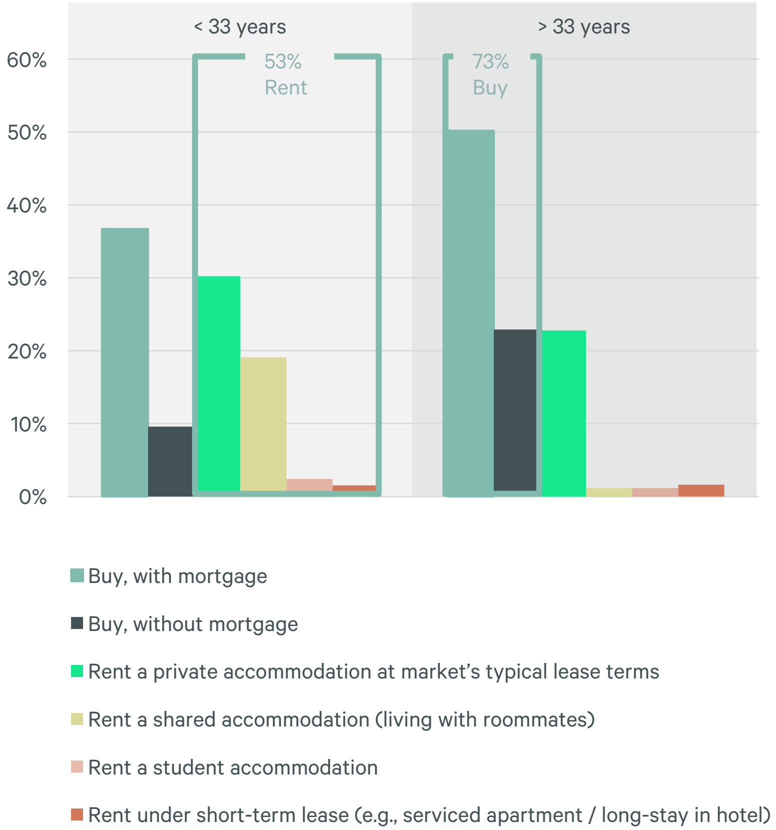
Figure 1: Do you have plans to move/shift accommodation in the coming two years?

Figure 2: Those who are planning to relocate:



Source: CBRE Research

Figure 3: When you move, do you expect to buy or rent the property?



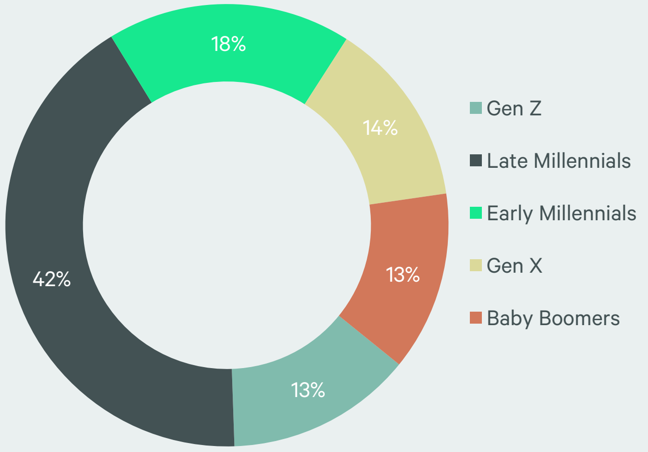
Source: CBRE Research

01
LIVE

Most Italians are homeowner, but demand for rental accommodations is strong among millennials

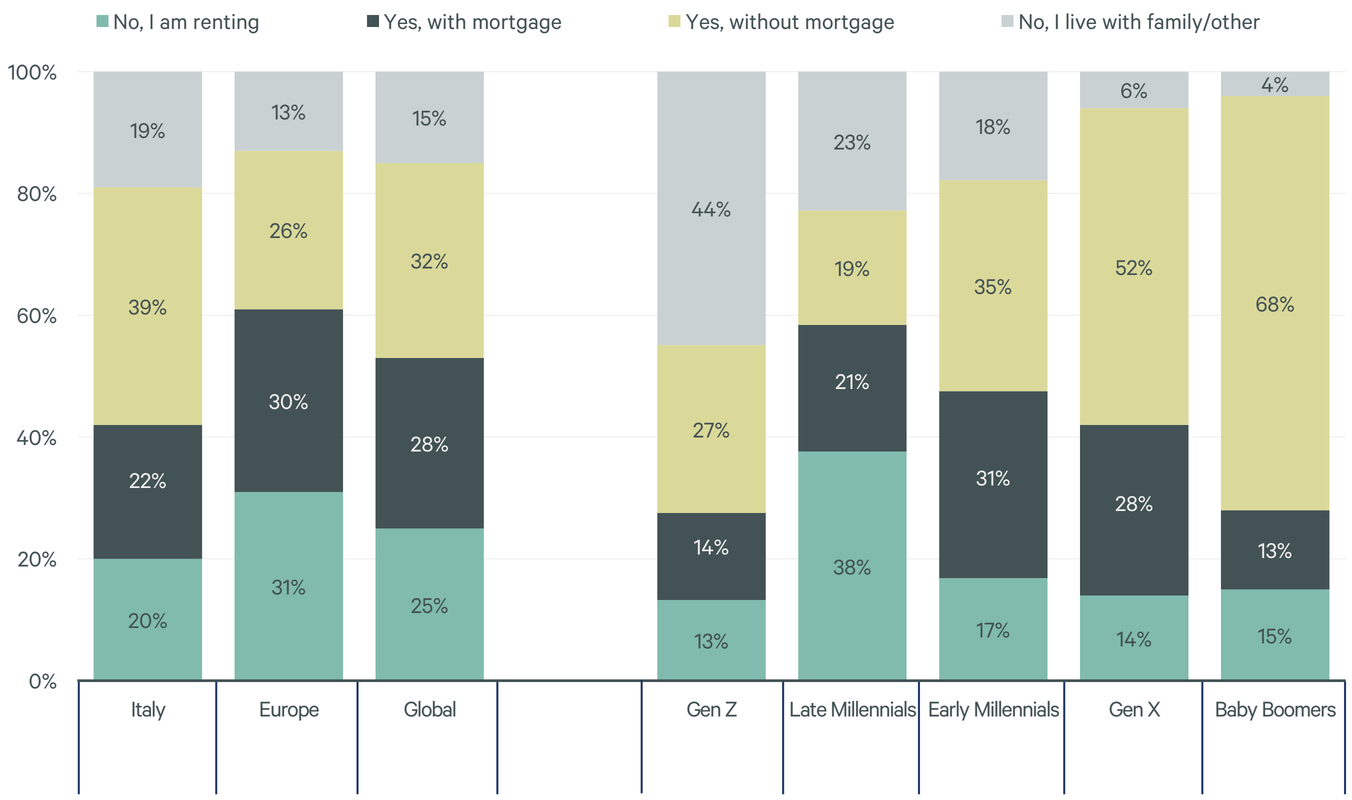
- The percentage of homeowners in Italy (61%) is marginally higher than in the rest of Europe (56%) and the other surveyed countries (60%).
- Nevertheless, this trend is not uniformly distributed across all generations, ranging from 41% among Gen Z to 81% for Baby Boomers. Among the youngest group, Gen Z, the majority still live with their family (44%). Conversely, Millennials exhibit a higher percentage of renters, especially the late Millennials (38%), and represent 60% of total people living in rented accommodations.

Figure 5: Those who are renting:



Source: CBRE Research

Figure 4: Do you own the home you are currently living in?



Source: CBRE Research

01
LIVE

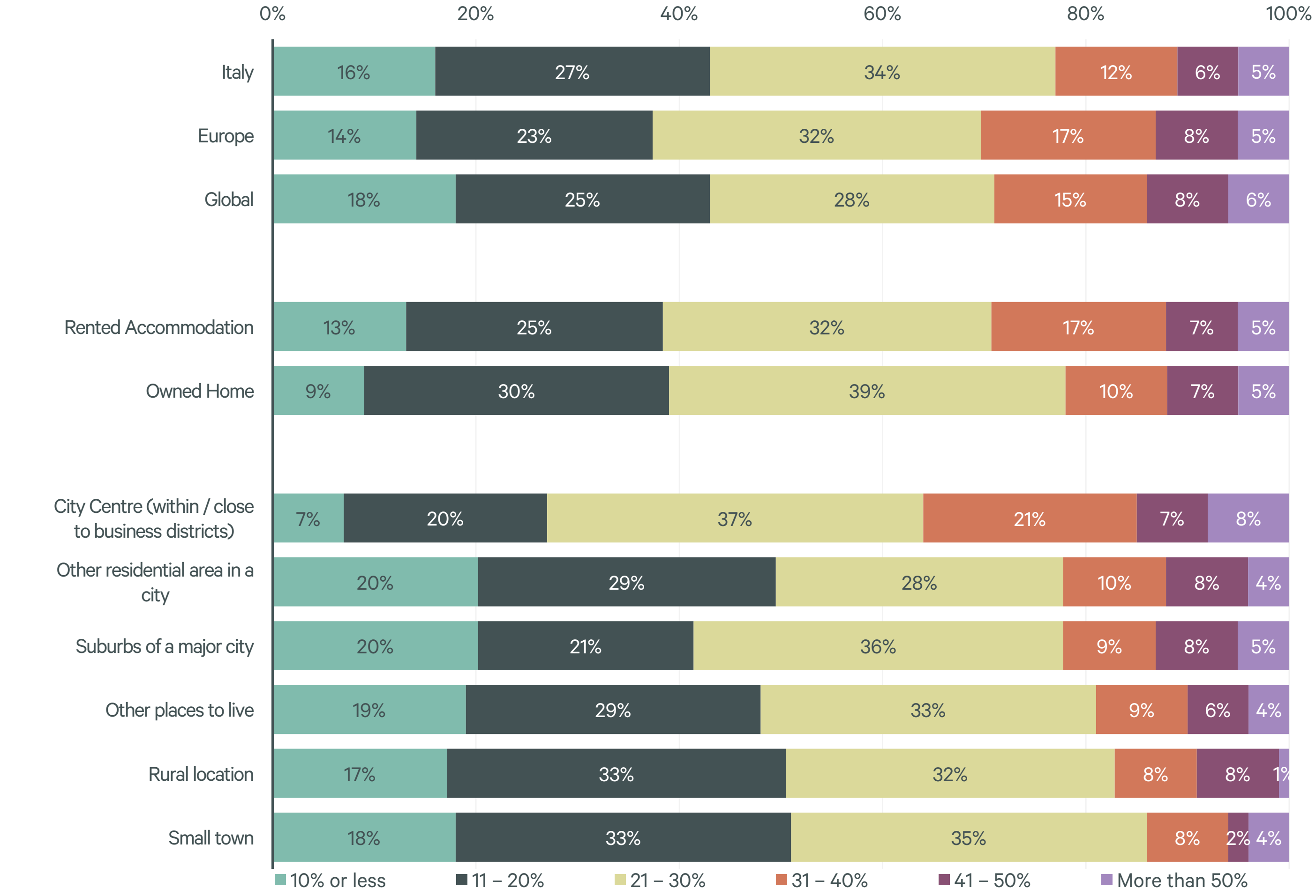
Housing affordability remains healthy overall…

- Italy has a higher percentage of individuals paying less than 30% of their income on housing (77%) compared to the rest of Europe (69%) and other surveyed countries (71%). Homeowners are more likely to pay less than 30% of their income (78%) compared to those living in rented accommodations (70%).

..but affordability levels change depending on age and location

- Good affordability overall can be attributed to the notably high percentage of individuals who have already paid off their mortgages, which accounts for 39% of the total (chart nr. 4). This percentage is significantly higher compared to other countries in Europe and the rest of the world, and is largely dependent on one's age. Specifically, the majority of Gen X (52%) and Baby Boomers (68%) are currently living without any outstanding mortgage payment (chart nr. 4).
- The location of a property has a significant impact on affordability rates. The central areas of major cities show the highest percentage of individuals spending more than 30% of their income on housing (35%). While affordability tends to improve as one moves away from the city center, the percentage of people who spend more than 30% of their income on housing in suburban areas of a city is still higher than in other parts of the country.

Figure 5: What percentage of your gross household income do you pay in rent/mortgage payments?



Source: CBRE Research

01
LIVE

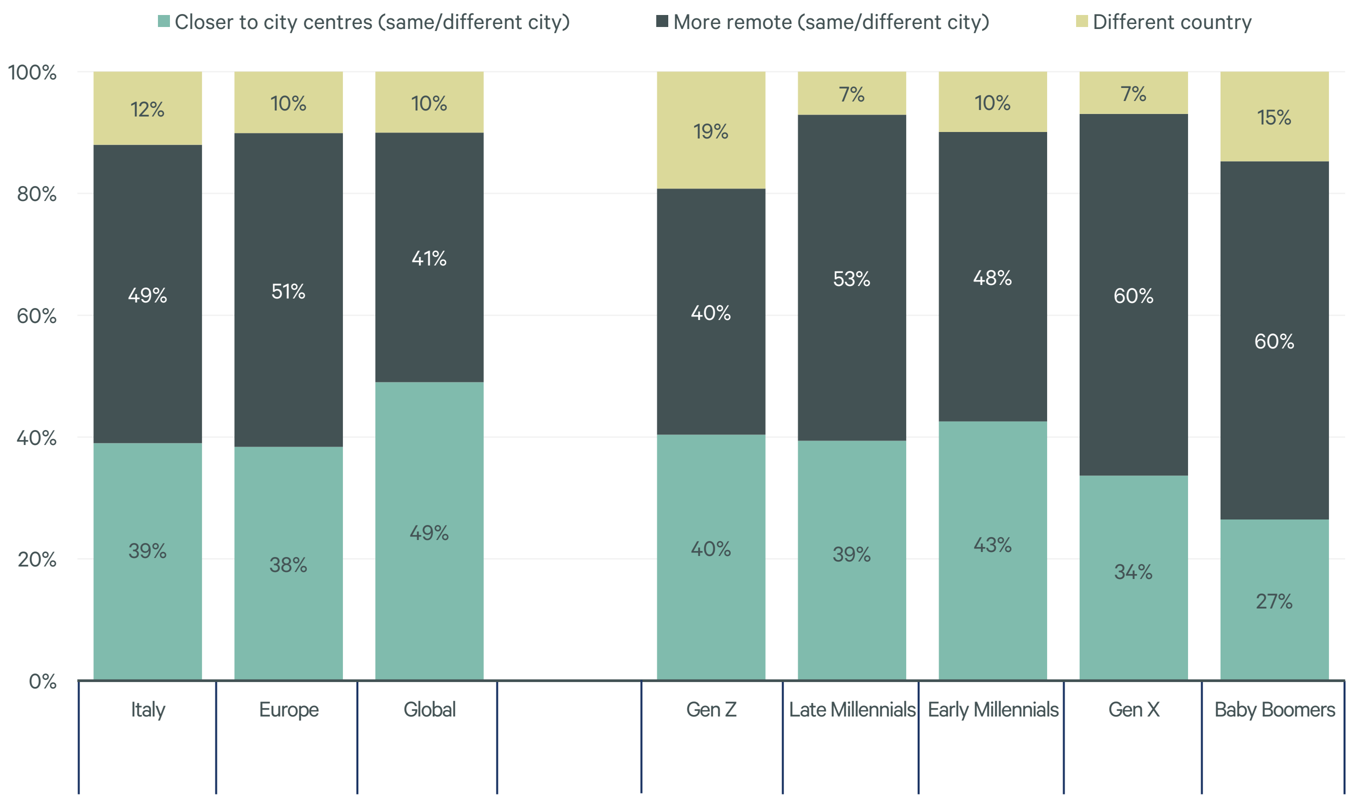
Italians prefer to move to more decentralised areas

- Italians prefer to move away from major population hubs, as indicated by the survey, with 49% of respondents expressing their interest in rural or decentralised location, compared to 39% for those willing to move closer to city centers. This trend aligns with the European results but differs from the global situation, where there is a tendency to prefer central locations.

But younger generations show a greater inclination to live in more central locations compared to older cohorts

- Notwithstanding having to pay higher rents and being more likely to have a mortgage, a greater portion of people in younger generations prefer to live in central urban locations compared to the rest of the sample.
- Despite being the least likely generation to consider moving to more remote areas within the same country, Generation Z is the most open to moving abroad.

Figure 6: Where will you move in the future?



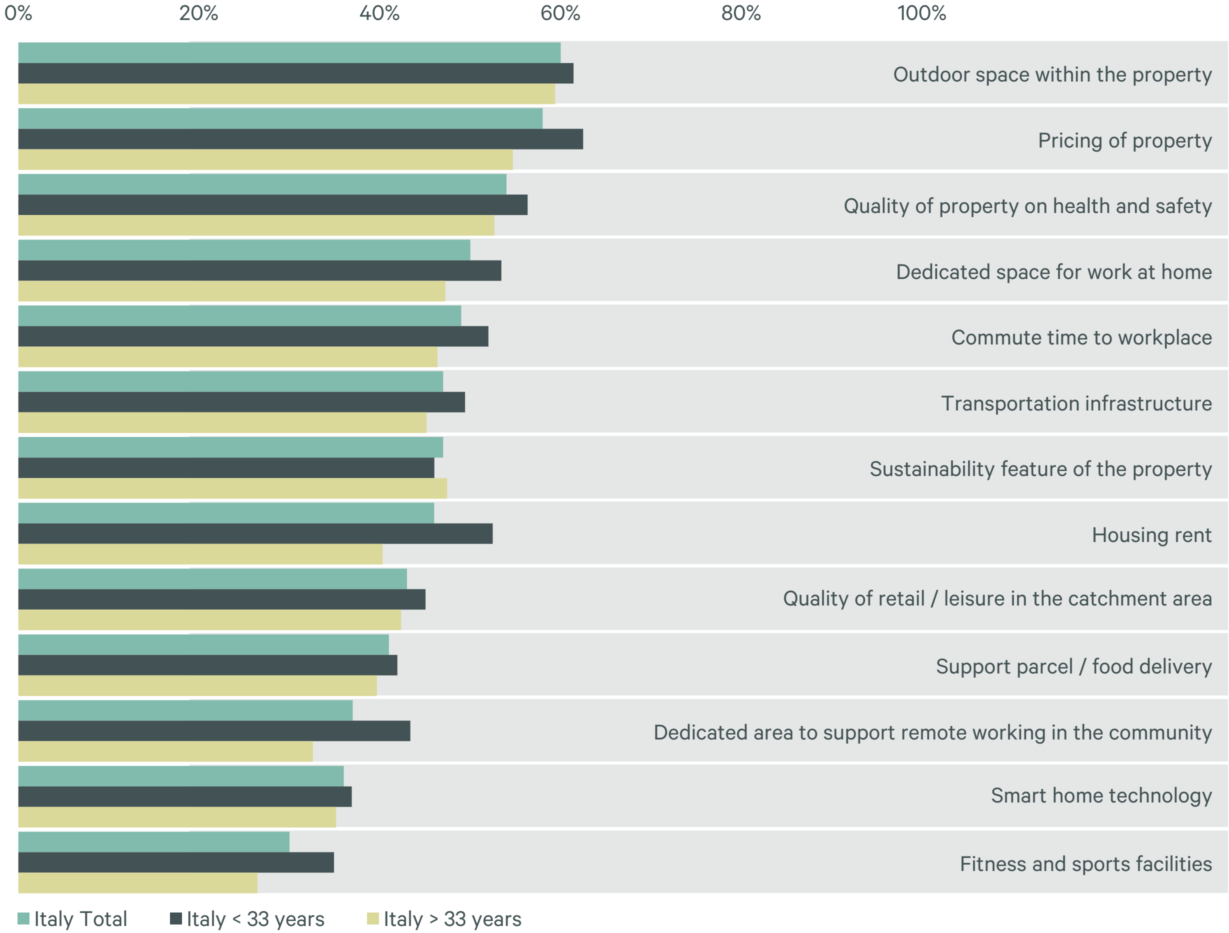
Source: CBRE Research

01
LIVE

The pandemic changed home selection criteria, with people prioritizing quality over affordability, dedicated working spaces and shorter commutes

- The pandemic has strengthened the importance of a good quality of life and property, with 60% of Italian respondents considering outdoor space as the most crucial factor in home selection after prolonged periods spent at home during the pandemic. However, differences can be observed between generations, with younger people still prioritizing pricing.
- After the pandemic, work also became central in defining individual preferences when choosing a new home. The rise of remote working has led to Italian employees spending more time at home, making dedicated workspaces at home one of the most critical factors in home selection for 50% of Italian respondents.
- Despite the possibility of working from home, having a short and comfortable commute time to the workplace with good transportation infrastructure available close to home is also important for respondents.

Figure 7: Have any of the below factors become more important when choosing a property and or/where to live since the covid-10 pandemic?



Note: multiple selection allowed
Source: CBRE Research

01
LIVE

Actions for landlords and investors

Capture rental demand

The general increase in house prices over the past year and rising mortgage rates will lead people, especially the youngest generations and individuals and households with limited own-funds, to seek more affordable alternatives, shifting rental demand to more peripheral areas. Affordability will become increasingly important, especially for large urban regeneration projects, which will allow the sizable portion of younger generations seeking housing in more central locations to find more economical alternatives closer to city centers.

Understand new home selection criteria

Outdoor space within the property and the quality of property on health and safety are ranked as one of the most important factor in home selection. Residential developments that meet high ESG standards will increasingly attract investment due to their ability to gather financing and to adapt to the ever-changing needs of workers, families and communities. Sustainability – both environmental and social – will be central to Multifamily developments.

02

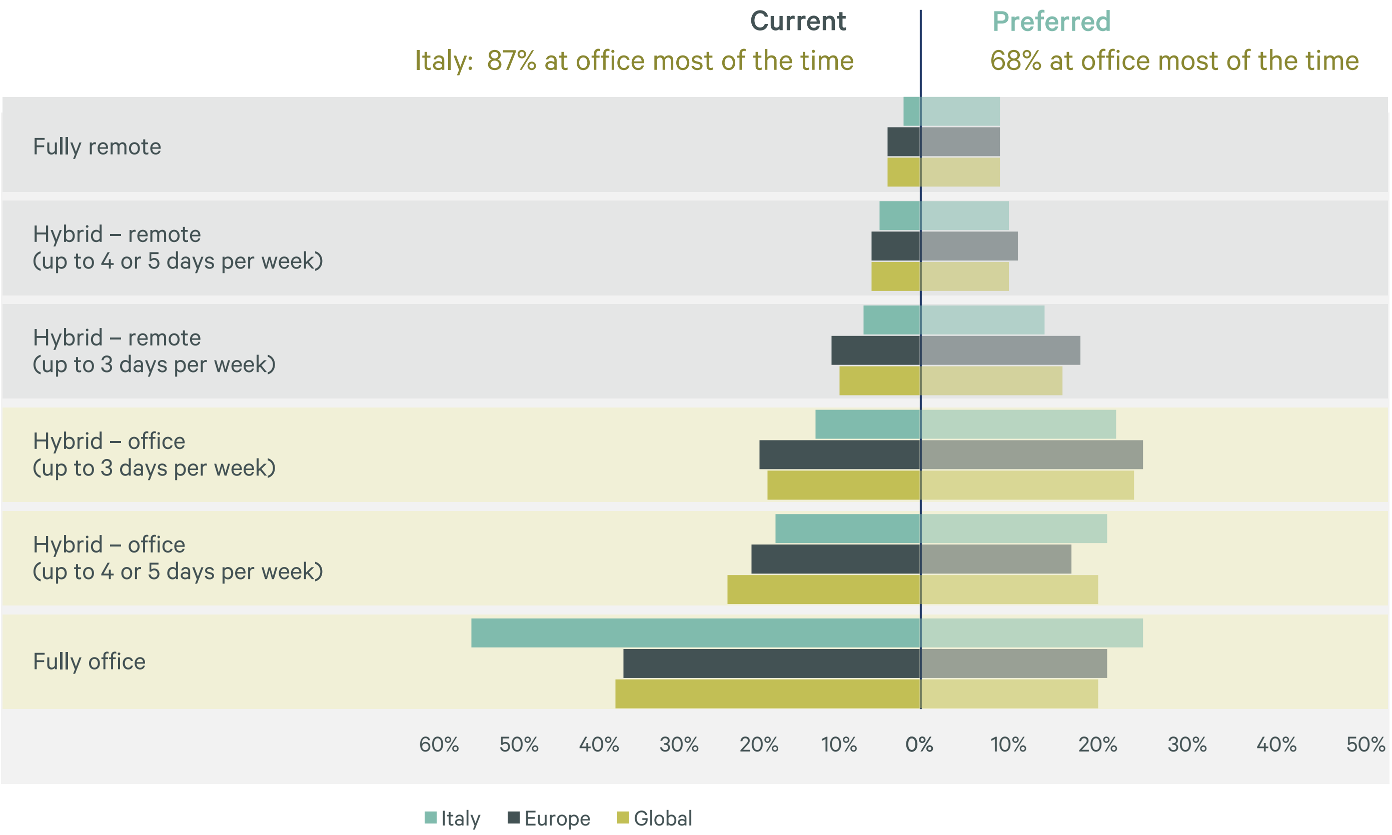
Work

02
WORK

Strong preference for hybrid working, but physical offices still play a key role

- Italian workers currently spend a significant amount of time in an office environment. 56% of respondents work in the office on a full-time basis, a higher rate than Europe (37%) and the Global (38%) average. However, only one-fourth of Italian respondents say they prefer to work full time at the office, similarly to their European and Global peers.
- Most Italian workers already shifted to a hybrid working model (43%), a smaller proportion than in Europe and Globally (58%). There is a strong desire to continue the shift toward flexible arrangements, preferred by 67% of Italian respondents, especially office dominant hybrid models, with only 43% of respondents willing to spend most of their working week in the office.
- The proportion of workers currently working mostly remotely or that expressed a preference for remote working remains low: only 19% of local respondents is keen to work fully or mostly remote (up to 4 or 5 days per week), on par with Europe and the Global average of 20%.

Figure 8: Current and preferred time spent between working at the office and at home



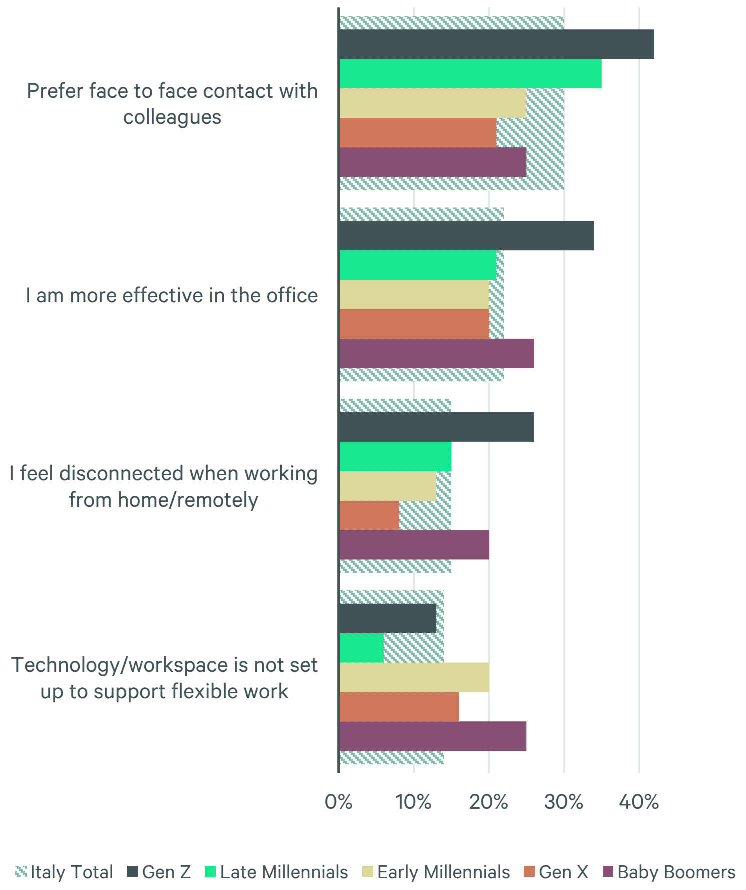
Source: CBRE Research

02
WORK

The desire for social connections with co-workers and the perception of increased productivity are the main drivers behind the return to the office

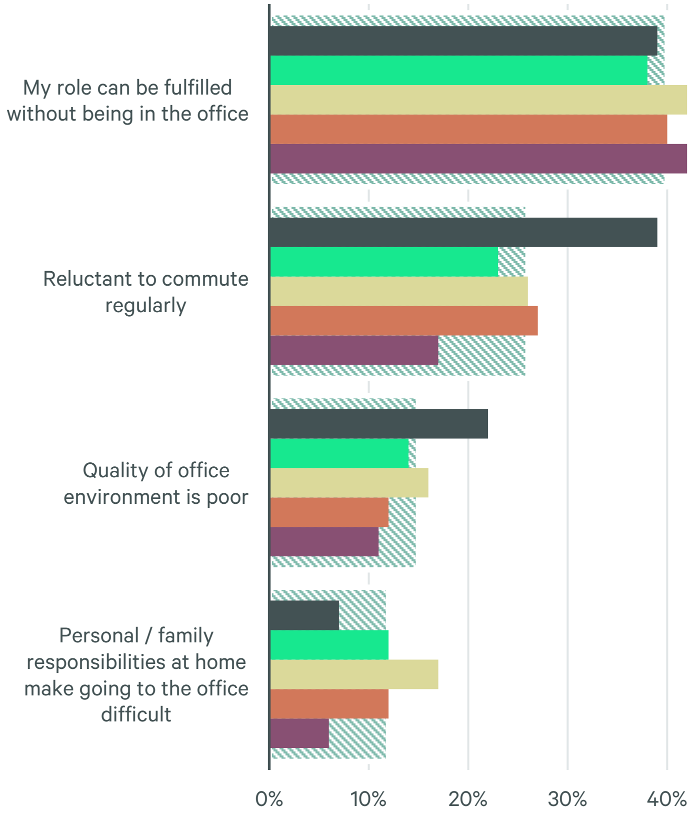
- One of the main reasons why office work is preferred by Italian respondents is the importance of the social component: about one third of respondents said that being able to maintain face-to-face relationships with colleagues is a crucial factor in selecting the office as the favorite working location. In addition, working from home can lead to a sense of disconnection for 15% of total respondents.
- However, finding the right balance between office work and remote work remains very important, as remote working is seen much more convenient. For instance, reluctancy to commute regularly to work represents the second most important factor for preferring a remote work option (26%), especially among younger people.
- Another reason for preferring remote working is the search for greater efficiency: 40% of overall respondents believe that their role can be fulfilled without being at the office and 12% of workers find useful to work from home to be closer to family. This percentage is higher for Millennials workers, which are more likely to have significant family responsibilities.
- The poor quality of office environments negatively affects the willingness to go to the office, especially among younger generations, as highlighted by 22% of Gen-Z compared to an overall 12%.

Figure 9: Top four reasons for more office-based working



Note: multiple selection allowed
Source: CBRE Research

Figure 10: Top four reasons for more remote working



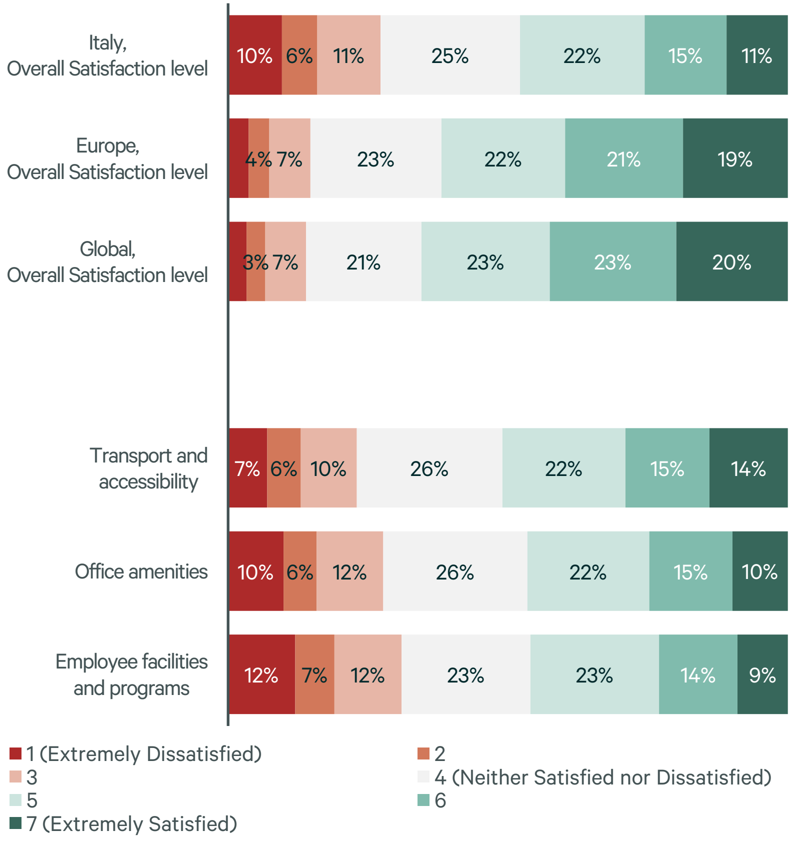
Note: multiple selection allowed
Source: CBRE Research

02
WORK

High-quality services and facilities are key to increasing worker satisfaction and making the workplace more attractive

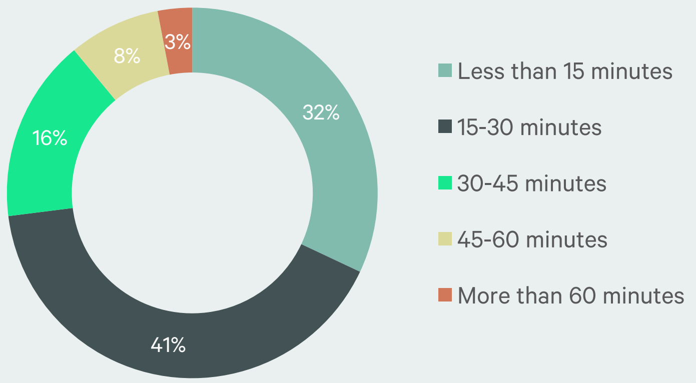
- Less than half of Italian respondents (48%) feel satisfied with the overall quality of their current office workplace, a lower rate compared to their European and Global peers, where overall satisfaction reaches 62% and 66% respectively. The highest level of dissatisfaction in Italy concerns employee facilities and programs (31%), followed by office amenities (28%).
- The highest level of satisfaction is instead recorded for transport and accessibility. This can be linked to Italians spending less time commuting compared to other nationalities: about 73% of respondents take less than 30 minutes to travel to work.
- After salary and compensation, commuting time or proximity to the office are ranked among the top 5 factors in job selection for the majority of workers (52%), alongside company's commitment to a healthy work-life balance (53%).

Figure 11: How satisfied are you with respect to the following aspects of your current office working environment?



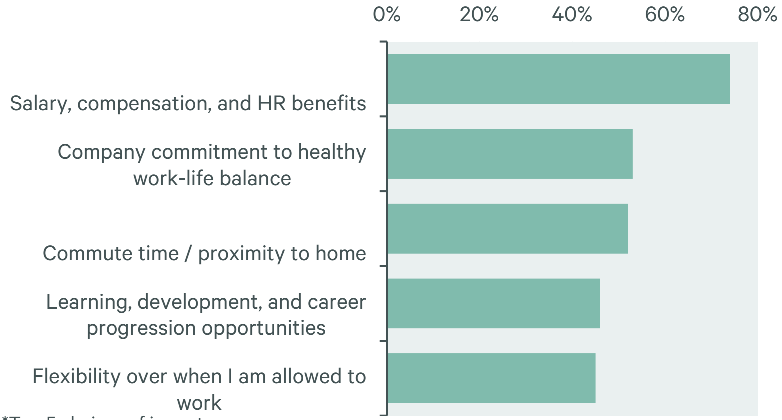
Source: CBRE Research

Figure 12: Current time taken to travel to work:



Source: CBRE Research

Figure 13: Primary factors in accessing future jobs opportunities*:



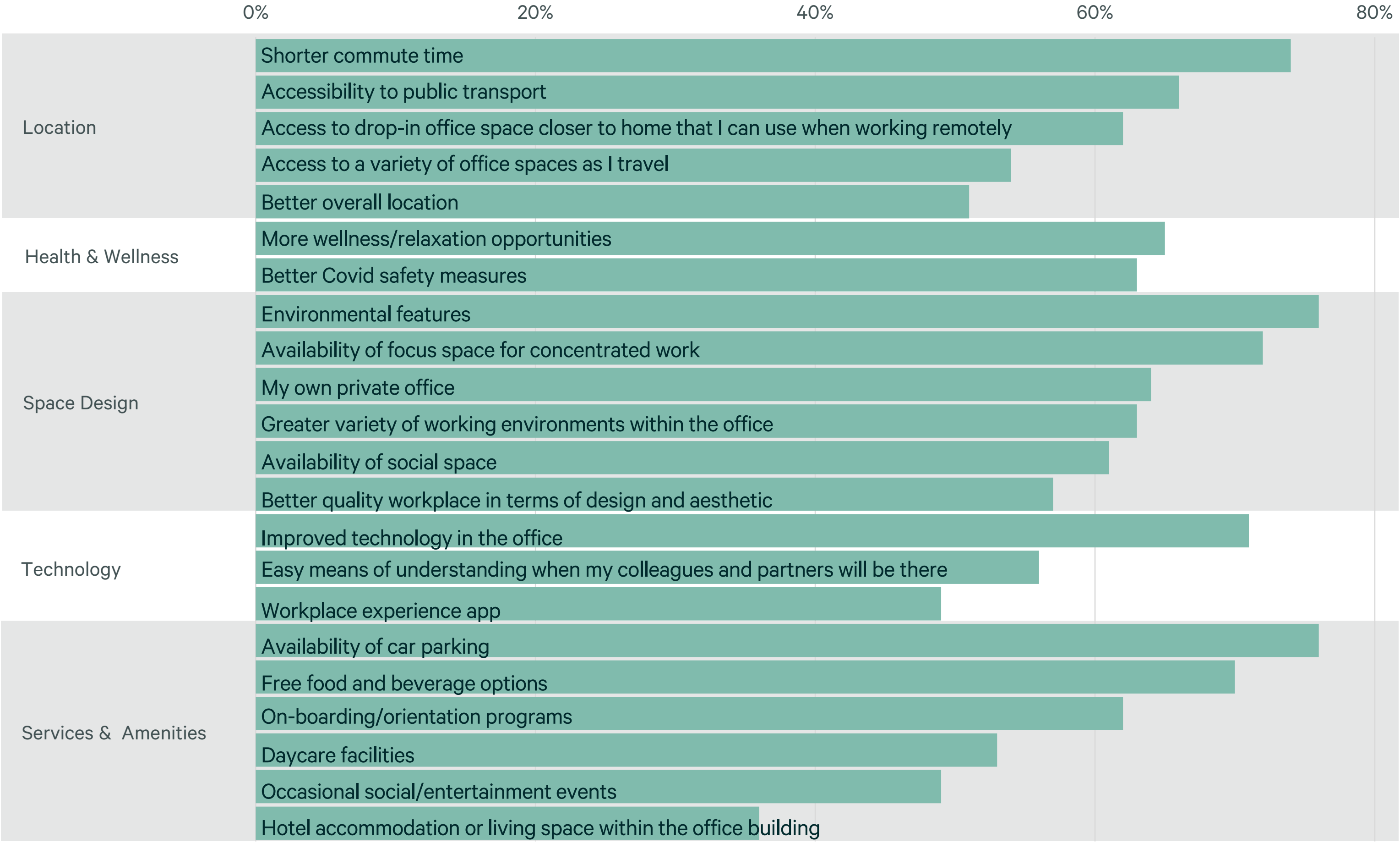
*Top 5 choices of importance
Note: multiple selection allowed
Source: CBRE Research

02
WORK

Greater emphasis on accessibility and comprehensive wellness options are viewed as essential factors in promoting office visits

- For Italian workers it is important to have an office in a good location, which allows them to easily and comfortably reach their workplace and benefit from good services and amenities. The most desirable factors for more frequent office visits include availability of car parking (76%), shorter commute time (74%), and accessibility to public transport (66%).
- Employees also emphasize elements that can improve their well-being in the office. Factors such as environmental features (natural daylight, better air quality, acoustics, etc.), availability of focus space for concentrated work, wellness/relaxation opportunities, and free food and beverage options are ranked as the top desirable factors by most respondents.
- Advanced office technologies, chosen by 71% of respondents, can also help to achieve a better workplace experience by enabling productivity, collaboration, and boosting employee's well-being.

Figure 14: Italy, Desirable factors for more frequent office visits



Note: multiple selection allowed
Source: CBRE Research

02
WORK

Actions for landlords and occupiers

Acknowledge hybrid working as a key trend

Hybrid working will continue to gain momentum and will become a permanent workplace strategy amongst multinational companies. As hybrid office-dominant forms of working continue to gain popularity and trust, it's important to reinforce this approach by offering employees attractive real estate options and flexible work arrangements. These factors will increase engagement and enhance competitiveness.

Prioritise well connected locations and workplace models which reinforce social interaction

The need to reflect lower commuting time is crucial for occupiers. Spending less time travelling to work will improve employees work-life balance. Office located in highly accessible locations with services and amenities in the area, can help attract and retain talents, especially from younger generations. Technology and workplace design can also help employees feeling more connected with each other and encourage more office visits.

Strengthen health and wellness in the workplace

In addition to the importance of a good location, good services & amenities, a strong health and wellness services and good quality of work can attract Italian employees to the office. Occupiers are advised to accommodate employees' requests regarding a safe and healthy working environment, such as good natural daylight, better air quality, and good acoustics.

03

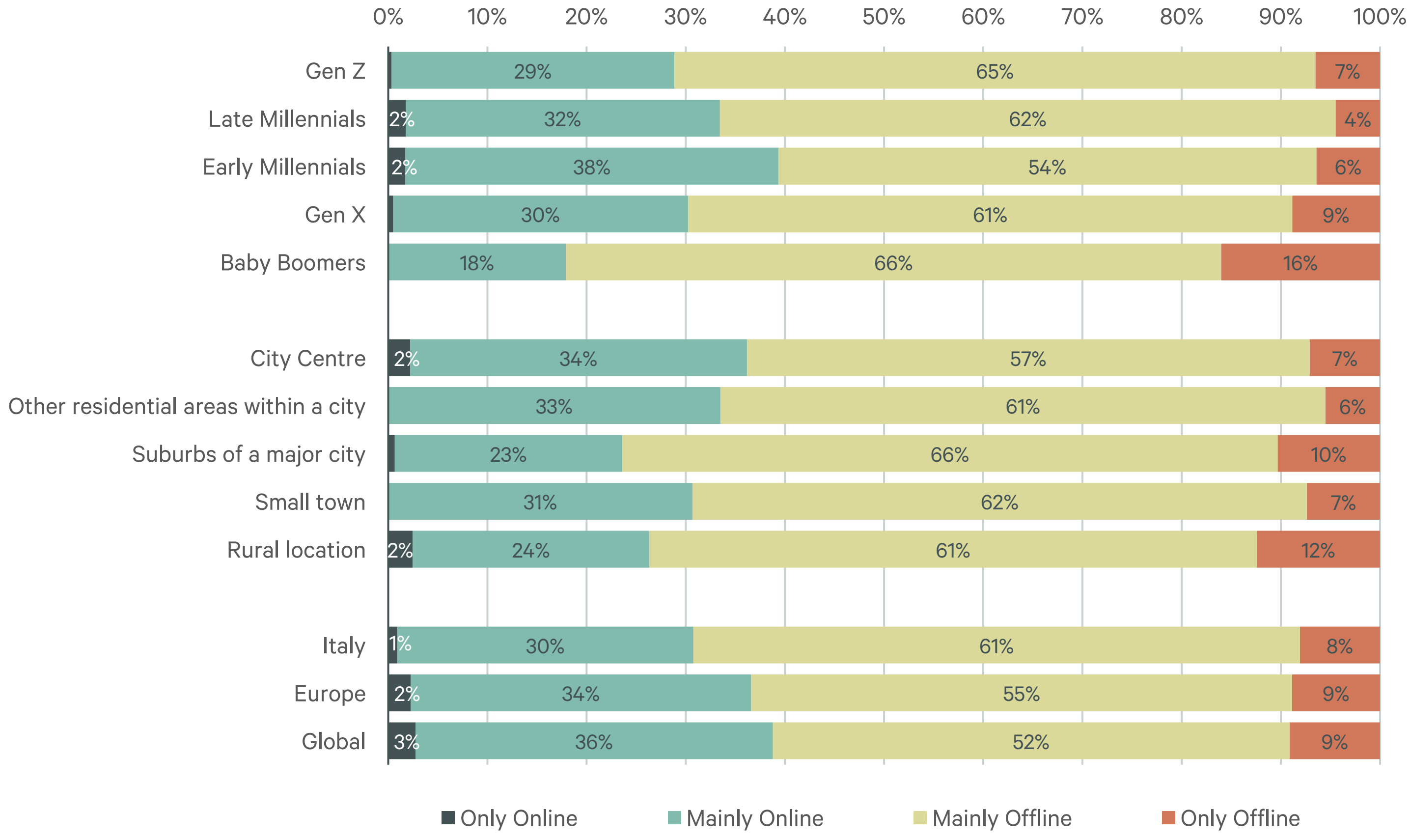
Shop

03
SHOP

Most consumers still prefer to buy items in-store

- As the survey shows, physical retail is undeniably the consumer's choice for most product categories, but Italians overall are already omnichannel shoppers.
- Although only one in three people buys predominantly online, if we consider mainly physical retail consumers who also shop online, Italian omnichannel population adds up to 91%.
- Italian consumers are less likely to buy either exclusively or predominantly online when compared to Europe and the rest of the World, but they are not more likely to buy solely from brick & mortar stores.
- Digital natives are not necessarily the main e-commerce consumers, as shown by Gen Z, which is as likely to purchase mainly or exclusively online as Gen X.
- Locations also play a role in the attitude toward e-commerce: in general, people further from towns or city centers are less likely to be heavy e-commerce consumers.

Figure 15: Shopping pattern of Italian consumers



Source: CBRE Research

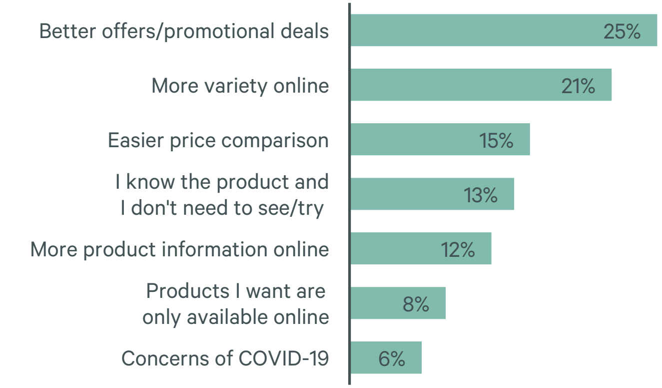
03
SHOP

Help from salesperson and experience drive in-store shopping, but online is preferred for the greater variety and better offers

- Across all generations, the ability to see and try products, as well as their immediate availability and the support of the salesperson, continue to support in-store shopping. In fact, 61% of respondents have a preference for mostly offline shopping, and as a result, Italian consumers prefer in-store shopping for 7 out of 10 product categories.
- In contrast, products such as electronics, gifts and hobbies are predominantly purchased through online channels. This trend is probably related to a wider variety of choices and better offers or promotions available to consumers online than the options they might find in a store for the same categories.

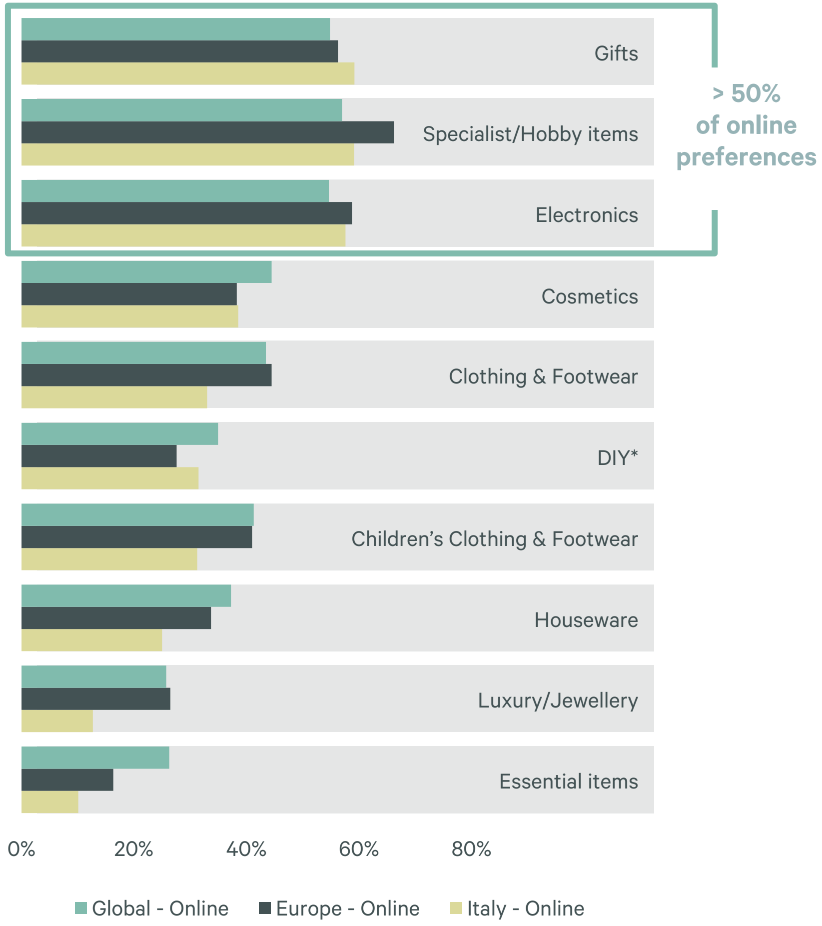
Figure 16: Reasons for preferring shopping in-store

Figure 17: Reasons for preferring shopping online



Note: multiple selection allowed
Source: CBRE Research

Figure 18: Share of preference for online shopping by types of products



*Do-It-Yourself (tools, paint, and other equipment needed for home improvements)
Source: CBRE Research

03
SHOP

Weaker confidence on personal finances will change consumer behavior

- When Italians feel positive about their finances, they are likely to spend in food, dining out, family and leisure activities.
- A further analysis on the responses to the survey shows that changes in consumer habits on leisure and personal services related to improved confidence are likely to be stronger in younger cohorts, whereas Gen X and Baby Boomers will mostly focus their increased spending capacity on essential goods, such as groceries, and their families.
- Millennials and Gen Z are also more likely to cut back on spending in an economic downturn reducing the frequency of meals out, spending less on personal care, vacations and leisure, although this trend can be found across all generations.
- Early Millennials and Gen X will tend to choose cheaper alternatives for grocery and holidays, probably because of the greater difficulty of reducing expenses for those with children. Instead, Baby Boomers, late Millennials, and Gen Z are more likely to reduce the frequency of their expenses.

Figure 19: Change in spending habits when people feel positive about their finances

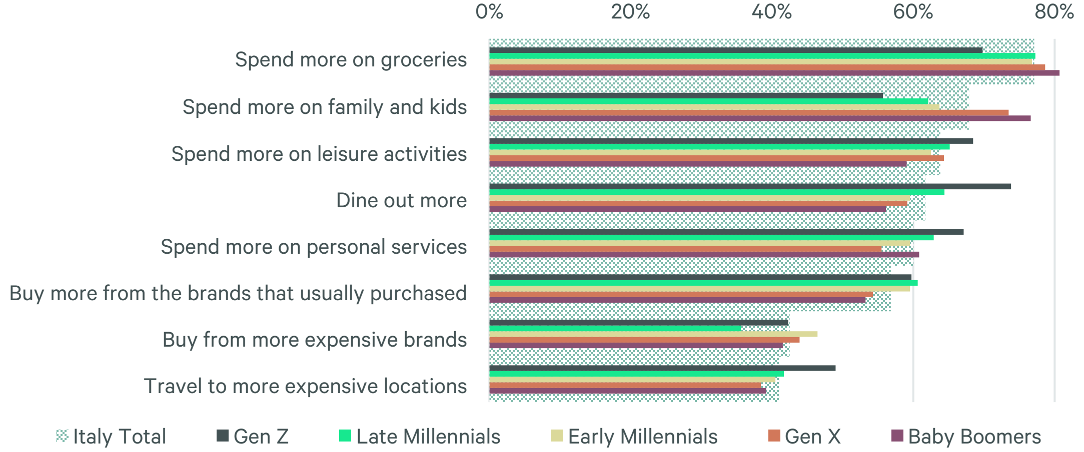
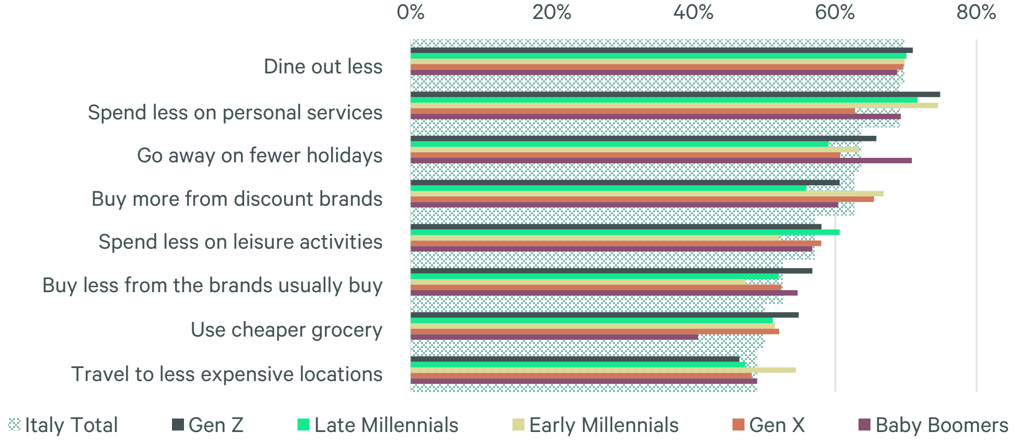


Figure 20: Change in spending habits when people feel negative about their finances



Note: multiple selection allowed
Source: CBRE Research

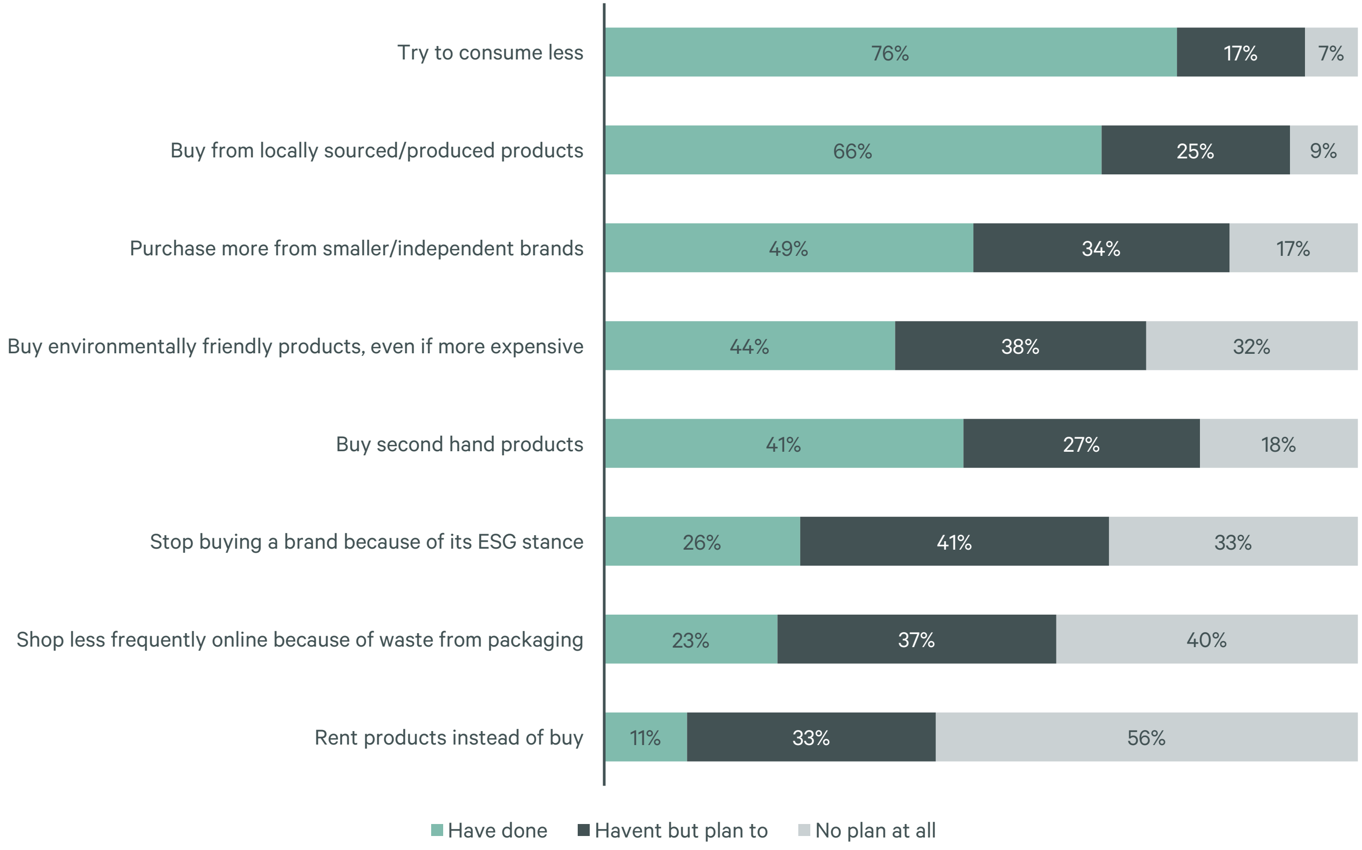
03
SHOP

Consumers are taking action to help the planet

Italian consumers rationalize their consumption habits and choose more local and independent brands to improve their environmental footprint

- Most Italian consumers have integrated environmental concerns into their consumption habits.
- 76% of consumers have tried to consume less over the past six months, they are also being more selective, preferring locally produced products (66%) and smaller/independent brands (49%).
- Half of Italian respondents have supported shopping at independent retailers. The logistics involved in transporting goods locally will result in a lower carbon footprint than purchasing goods from overseas.
- Italian consumers are buying more pre-loved products, facilitated by the emergence of mobile apps and platforms, which are making purchases of second-hand goods more accessible.

Figure 21: Which of the following actions (if any) have you taken over the past 6 months?



Note: multiple selection allowed
Source: CBRE Global Consumer Survey 2022, CBRE Research

03
SHOP

Actions for landlords and occupiers

Drive the transformation of physical retail

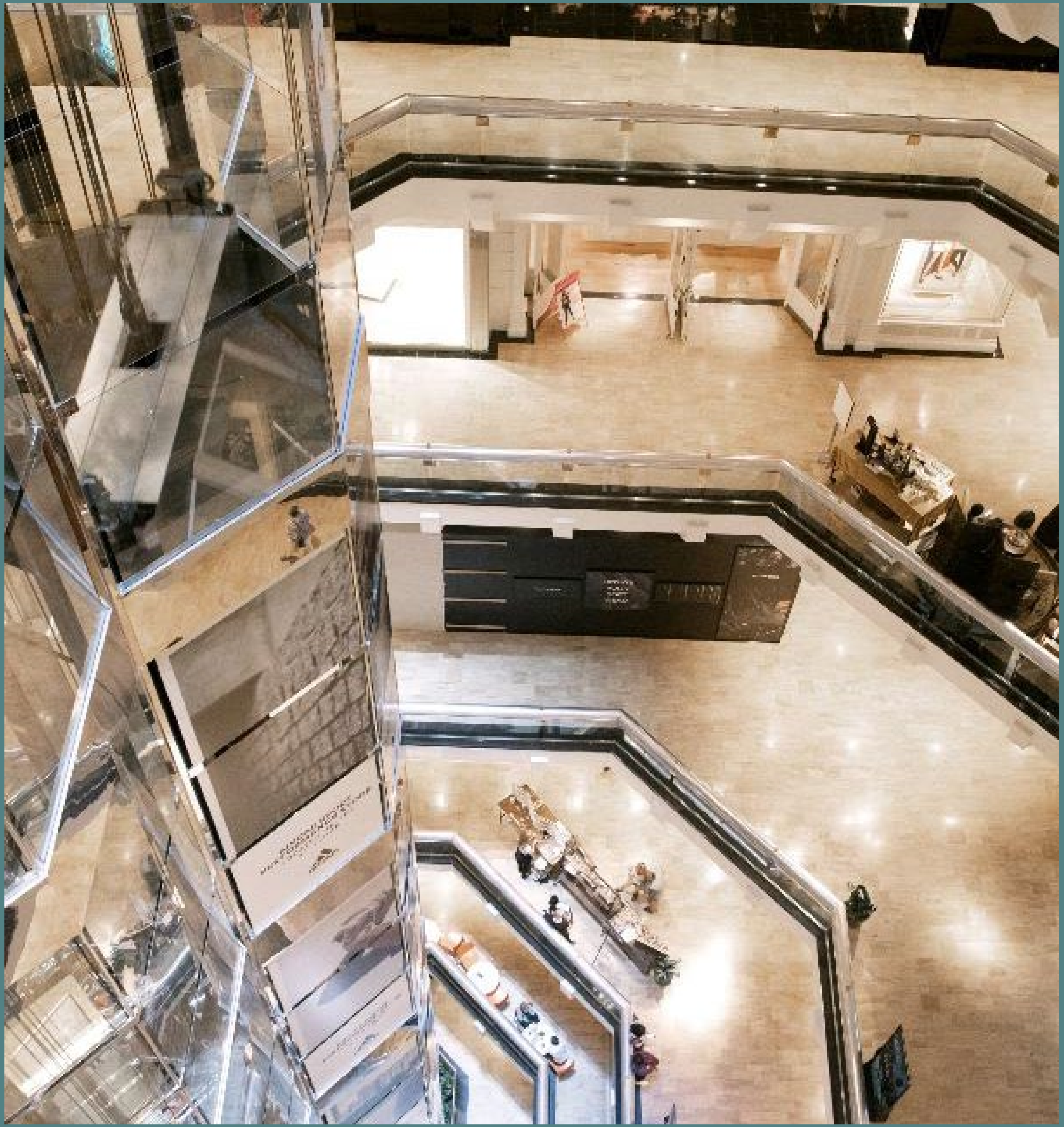
Most Italian consumers are now omnichannel consumers, but e-commerce sales can be costly for occupiers, both in terms of customer acquisition and product delivery. Retailers should therefore optimize their physical stores to enhance the omnichannel experience for consumers, by offering services like click-and-collect, showrooming, and in-store returns. Investors should take into account how store and mall design can support these innovative uses.

Strengthen occupier-landlord dialogue

Given the ongoing economic challenges, landlords should regularly engage with retailers as part of their customer relationship management efforts to better track and manage asset performance. While the experience sector is still a crucial component of asset managers' long-term leasing plans, consumers tend to reduce spending in this area during times of economic uncertainty. To increase asset resilience in the short term, asset managers should consider offering flexible leases to occupiers that are less susceptible to economic downturns.

Focus on upcoming ESG trends in consumer habits

As consumers and retailers increasingly focus on environmental and societal issues, ESG considerations are becoming more important in the value chain. When defining tenant mix, landlords should consider the benefits of a more diverse shopping experience, including concepts like second-hand shopping, independent brands, and local businesses.



Contacts

CBRE Research Italy

Giulia Ghiani
Head of Research & Data Intelligence
giulia.ghiani@cbre.com

Tommaso Romagnoli
Research Associate Director
tommaso.romagnoli@cbre.com

Chiara Toscano
Senior Research Analyst
chiara.toscano@cbre.com

Francesca Ferro
Research Analyst
francesca.ferro@cbre.com

Benedetta Radzik
Research Data Support
Benedetta.radzik@cbre.com

CBRE