

# Preface

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The eleventh edition of the volume “Investing in Real Estate” is published with the objective of updating the overview of the characteristics of real estate investment vehicles and the tools available within the Italian regulatory framework. This volume has been made possible by the dedication of professionals and industry experts who contribute valuable insights into regulatory and market dynamics. I sincerely thank them for making this publication a valuable and widely recognized resource for professionals in the real estate sector.

2024 has marked a period of recovery for our sector, once again demonstrating its resilience in the face of recent challenges. In a context characterized by the impact of inflation, rising interest rates, and significant geopolitical uncertainties, the real estate industry has had to confront new challenges over the past four years, including the growth of e-commerce, the complex management of the pandemic, evolving demographic dynamics, and the digital transition. Despite these hurdles, the real estate market has shown signs of consolidation, thanks to the industry’s ability to adapt to a changing environment.

Institutional investors have continued to focus on high-quality buildings, favoring asset classes that meet the evolving needs of society and the market. The real estate assets managed by professional investors in Italy have exceeded 150 billion euros, spanning traditional sectors such as offices and retail, alongside emerging segments such as logistics, hospitality, student housing, multifamily, and data centers. Despite this growth, these assets represent only 17% of the total value of the Italian real estate market (including public properties), compared to the European average of approximately 40%, highlighting the potential for further expansion in asset management.

Among the investment sectors gaining prominence, the residential market is undergoing a profound transformation. In recent years, housing demand has shifted significantly, driven by increased labor mobility, a growing

number of out-of-town students, and changing attitudes towards home living among younger generations. These factors are fostering the expansion of the rental market and the development of residential solutions designed to meet new market needs.

In this context, Italy still lags behind other European markets in terms of residential sector investment, leading to a gap between housing demand and supply. In major European Union countries, the sector is supported by long-term capital—such as pension funds and insurance companies—that finance the development of new residential complexes built to high standards community services.

A stronger presence of institutional investors in the Italian residential market could help expand its geographical scope, fostering real estate initiatives in cities beyond Milan and Rome, which have traditionally been the main hubs of investment. Consider, for example, the student housing sector, where Italy offers promising opportunities in cities such as Florence, Bologna, Turin, and Padua, where leading developers have been active for years. These regional markets present significant potential for investors due to the shortage of student accommodations and the limited availability of modern facilities.

Similarly, the hospitality sector is experiencing significant momentum. Tourist demand is increasingly prioritizing quality over quantity, with growing attention to the level of experiences offered. In this phase of expansion, it is crucial to continue fostering the presence of major international brands—showing increasing interest in Italy—while supporting local operators who can preserve the traditions and authenticity of Italian hospitality.

Tourism services are evolving rapidly through digitalization, which provides new opportunities to enhance the efficiency and accessibility of facilities. In this context, investments in infrastructure, technology, and space redevelopment can help enhance Italy's historical heritage, improve the quality of hospitality, and make the tourism offering more competitive on a global scale.

Technological innovation is not only transforming existing asset classes but is also contributing to the emergence of new investment segments. One notable example is the data center sector, which is expected to see significant growth in the coming years, driven by the expansion of digitalization, the adoption of artificial intelligence in various processes, and the increasing demand for digital infrastructure. Italy is already emerging as a key destination for these investments, with development projections suggesting a threefold increase in volumes compared to the previous four-year period.

Digitalization is a primary driver of transformation in the real estate sector, with tangible effects on building quality and occupant well-being. There is a growing recognition that the real estate industry does not merely shape the “physical containers” where people live, work, study, and spend their leisure time, but also plays a crucial role in shaping the overall quality of life for individuals of all ages.

For this reason, urban regeneration remains a key element for the growth of the real estate sector. Many Italian cities are undergoing transformation, with an increasing demand for the redevelopment of existing spaces to meet new residential, workplace, and social needs, equipping neighborhoods with the personal services required by society. Regulatory simplification, legal certainty, and targeted incentives can accelerate these interventions, helping to reduce land consumption and improve the quality of the real estate offering.

The redevelopment of large disused areas or entire neighborhoods into new urban hubs requires a forward-looking approach supported by investments from “patient” capital, capable of generating a positive impact on the territory. Urban regeneration, in fact, is based on a particularly close collaboration between the public and private sectors, where both parties play an active role in governance processes and ensure a partnership focused on tangible results and aligned objectives.

This is even more relevant when regeneration and enhancement initiatives involve public real estate assets. This year, Confindustria Assoimmobiliare has initiated a collaboration with the Agenzia del Demanio (State Property Agency) to explore innovative public-private partnership models that, through the repurposing of state-owned properties and areas, can generate significant economic and social impacts on local communities. Italy’s public real estate assets are vast and spread across all municipalities, yet they are often underutilized. Unlocking their potential can serve as a catalyst for profound territorial transformation, creating both social and economic value for communities.

To realize these transformations, it is essential to have a regulatory and fiscal framework capable of attracting capital and facilitating the entry of new players into the market. The ability to mobilize large-scale resources depends on the availability of efficient investment instruments and a regulatory environment that supports their application, ensuring stability and competitiveness for the entire sector.

One of the key developments introduced in 2024 concerns the asset segregation regime applicable to Alternative Investment Funds (AIF) and real

estate SICAFs. Recently, the new issued Capital Law has introduced significant reform in this area, strengthening investor protection and providing greater legal certainty in the management of segregated assets. This legislative measure consolidates a fundamental principle, offering a clearer and more reliable framework for structuring investments.

In this context, the listed real estate sector deserves particular attention, as it can play a strategic role in attracting new capital and ensuring a more efficient allocation of private savings. The SIIQs (Listed Real Estate Investment Companies), introduced in 2006 to attract foreign Real Estate Investment Trusts (REITs), still show untapped potential due to a tax regime that is not fully aligned with international standards. Strengthening the SIIQ segment would not only enhance the attractiveness of the Italian market but would also allow for a more efficient mobilization of private savings, offering new regulated and transparent investment opportunities.

Alongside the potential growth of the listed market, another increasingly relevant investment tool is securitization. Real estate securitization is experiencing expansion and consolidation, establishing itself as an effective mechanism for attracting capital and optimizing investment management. Thanks to their structural flexibility, these instruments enable capital modulation based on investor needs and the nature of the underlying assets, making them suitable for a wide range of operators, from investment funds to asset managers, developers, and institutional investors.

Targeted reforms in investment instruments and the regulatory framework can further strengthen Italy's positioning, enhancing its competitiveness. This is a crucial factor in supporting the necessary investments for upgrading the built environment, including residential buildings, offices, schools, hospitals, and senior living facilities. Modernizing these assets is a strategic challenge that can only be met through a balanced mix of private capital and regulatory tools designed to incentivize their deployment.

Leveraging the practical experience and expertise of its members, Confindustria Assoimmobiliare looks forward to a new phase of investment and urban development capable of generating positive impacts across the entire country. The Italian real estate industry is ready to meet the challenges of the future, fully aware of its central role in fostering sustainable economic growth, inclusivity, and an improved quality of life for all citizens.