

Premise

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2024 has substantially confirmed the importance of the themes already identified in the previous edition and their evolution at different speeds. 2025 looks like the year in which some of these will play a role of great importance for the global geopolitical and economic balance with important consequences for the European economy and real estate.

1. **Globalization:** with the election of Trump as president of the USA and the implementation of his protectionistic policies, global trade is undergoing a radical change compared to the past. The imposition of mutual duties and sanctions and the search for alternative trade routes are leading to the creation of multiple economic spheres of influence and bilateral agreements, which are becoming increasingly relevant.
2. **Geopolitics:** geopolitical tensions intensified in recent years, in particular among the various superpowers, highlighting the fragility of current trade routes and the uncertainty related to the stability of supply chains, further incentivizing onshoring, stimulated by the new tariff policies. The various wars in Europe, the Middle East and Africa and the growing diplomatic tensions are pushing countries towards an arms race where the obsolescence of conventional weapons is now so obvious as to lead to a drastic revision of military budgets and their allocation.
3. **Economic performance:** There are strong differences from country to country. The United States continue to find strength from internal economic stimulus policies, while China seems unable to emerge from the stalemate situation in which it fell in recent years. India, as well as other Asian countries, seem to be succeeding in the implementation of their policy of sustained economic growth. Europe, on the other hand, still seems to be stuck at a standstill with its main economies practically experiencing zero growth and with many sectors where the technological gap appears to be difficult to fill in the short term.

4. **Inflation and interest rates:** Here too we note a divergence in the approach of the various central banks which, to protect their economies, are forced to adopt different monetary policies. The policies of sharp increase in interest rates, desired by the main central banks to contain the inflation phenomenon, seem to have had the desired effect in Europe, where the growth estimates of the economy and inflation are very limited, leaving room for further cuts. This could help businesses reduce financial costs, containing debt sustainability issues. The situation is different in the United States where the FED has basically suspended its policy of rates reduction while dealing with an American economy that is still growing.
5. **Climate change:** Europe has adopted a very stringent legislation to protect the environment asking sector operators for important analyses to identify climate risks and their consequences and to satisfy the new reporting requirements foreseen by the ESG criteria (i.e. CSRD reporting). Other countries, instead, seem to have adopted less demanding policies and the Trump administration is pursuing an ecological policy that seems to be diametrically opposed to that of Europe.
6. **Demography:** The continuous increase in the world population in certain geographical areas to the detriment of others is leading to the exacerbation of issues on immigration and the role of demography in general, with important repercussions on the choices of voters and the formation of governments. In many countries, like those in Europe, low demographic growth and the fight against immigration are further promoting the progressive aging of the population.
7. **New social realities:** The vast use of new methods of socialisation (i.e. Social Media) and the ever-increasing role of artificial intelligence in our daily lives are leading to much larger, quicker and more complex relational developments among generations and among groups of individuals (communities).
8. **Cybersecurity, digitalisation, artificial intelligence and supercomputers:** Having now become an integral part of our daily lives, artificial intelligence continues to make giant strides thanks to the double combination of exponential developments in software and hardware. In a world where technology is no longer an option, we can glimpse enormous advantages for humanity, but also multiple risks, with consequences that are increasingly difficult to fully evaluate.
9. **Space technology and biorobotics:** Commercial space technology, still in a very embryonic stage, could see exponential developments in the short-

term thanks not only to the giant strides in computational capabilities, but also to the scientific revolutions brought by new discoveries in the fields of physics and mathematics . Even biorobotics, still not well known to the larger public, is destined to play a fundamental role in the coming years both thanks to the increasing capabilities and decreasing dimensions of nano-bots and the bio-machine connections of cyber- robotics.

10. **Information:** The evolution of the level of information and/or disinformation of these past years has been nothing short of astonishing. Obtaining information and processing it a few hundredths of a second before others has today significant repercussions. We have gone from a situation of scarcity of information to one of overabundance, often managed by sophisticated algorithms. Topics such as polarization, disinformation, but also practically infinite and immediate dissemination of knowledge are the subject of daily debates. It is important to understand what (new) values are spreading and how vulnerable we all are to potential manipulation attempts.

The impacts on Real Estate: Each of these issues has a very different and significant impact on real estate, some more in the short term, while others decidedly more in the medium/long term.

Current geopolitical tensions could be leading to drastic changes for the real estate industry. Among the most obvious measures we see the reconversion of real estate and industrial structures towards new functions and important investments in the infrastructure of the various countries. The nationalistic policies of the Trump government with their system of duties and sanctions are increasing doubts over investment decisions of many companies. Onshoring and logistical uncertainties are inducing many companies to make significant strategic choices on their production and supply chains.

The global macroeconomic trend, with a forecast of growth, albeit limited, bodes anyway well for the investment potential in the real estate sector and the spending capacity of the population. However, this trend varies significantly from region to region, with Europe lagging behind other geographical areas.

Inflation and the interest rate, whose sudden and significant fluctuation caught many operators off guard in 2023 leading to strong doubts about the sustainability of the debt for many companies, now seem to have returned to levels more in line with “historic” ones, at least in the projections from 2025 onwards. This should help companies operating in very capital intensive sectors, such as real estate.

The rigorous policies adopted by the European Union regarding ESG are having very significant impacts on European industries, especially those operating in the infrastructure and real estate sectors. These policies, not followed globally by other nations, in particular by the United States after the election of Trump, could constitute very important barriers to the development of the real estate sector in Europe.

The progressive demographic changes, both in numerical terms and in terms of composition, and the strong socio-demographic changes (with the related evolutions in social relationships) are at the heart of the changes in the real estate industry, as they answer fundamental questions such as “who we are building for” and “with what objectives”. The needs of our customers are, in fact, constantly evolving and, given the timescales with which real estate is able to move, it is essential to be able to anticipate them as much as possible.

Looking at digitalisation, we can say that it began for real estate in the 1980s with the automatised collection and elaboration of data on rentals and vacancies. Already today, the amount of data available on real estate investments allows, in addition to their continuous and immediate monitoring (think for example of consumption data), for the use of probabilistic models for the optimization of management and to assess the need for further future investments. The amount of variables which could be used in the analysis is enormous and varies from climate forecasts in the medium/long term, to the demographic change expected in certain areas, to the consumer’s spending capacity. The constant improvements in the granularity, immediacy and accuracy of data and the developments of increasingly sophisticated but easy to manage software have led to the flourishing of many specialized Prop-Techs and to the creation, within already established investment and real estate management companies, of dedicated teams. All this technology (AI) brings with it many innovations, from research, creation and use of (new) materials, to use of innovative construction techniques, from the realisation of eco-sustainable spaces to building structures and infrastructures capable of efficiently supporting the growth of the industry. Digitalisation, though, also brings with it numerous risks, both for the safety of the properties themselves and those inside them, and for the operations of less prepared companies in the field of cybersecurity.

Italy’s choices: The points reported above provide us with many ideas on how the Italian political system and the real estate industry could operate to best position themselves in the different scenarios.

The current geopolitical instability naturally offers interesting insights into the opportunity/need for relevant infrastructure investments, enabling us, for example, to ask ourselves questions about the role the logistics sector could play or which types of customers will, prospectively, be more “compatible” for the hospitality sector.

Making predictions on the performance of the economy helps us to get an idea of what strategies could be adopted in the office segment. An estimate, for example, of the evolution of spending power of individuals could provide useful indications for the valuation of investments in the residential and retail sectors.

Prospects on inflation levels and interest rates are pivotal to make correct investment decisions and select which investments to carry forward and which to postpone or dismiss and/or which types of financing sources to resort to, when and to what extent.

Climate changes can lead us to seek new uses or new locations for some investments or lead us to implement new infrastructural works, like for example the construction of water reservoirs, to partially mitigate the effects, or even to exploit them, like, for example, the creation of photovoltaic parks or the stimulus to create energy storage areas so as not to overload the existing electricity grid - in strong need of an upgrade - and enable its most efficient use over time.

The studies related to demographic developments, such as the progressive aging and depopulation already underway in Italy for a long time, could provide useful immediate stimuli (i.e. promoting for example investment in the senior living sector, restructuring of the Italian residential portfolio) and calls for concrete actions and policies favouring, also through specific investments in infrastructures, a demographic rebalancing in the short/medium term. The evolution of sociality and our ways of living is leading to an increasingly smaller family unit with very different needs for accommodation, entertainment, shopping and nutrition compared to the services currently offered by the Italian real estate.

Digitalisation and artificial intelligence are and will increasingly be, therefore, very important allies for the development of the real estate sector. Analysis and synthesis skills are in fact increasingly necessary: from innovations in the production of materials to the development of construction techniques, from predicting climate change to understanding the present and future needs that real estate must satisfy.

But perhaps what emerges most clearly is the need for a fresh and innovative approach with a medium-long term perspective that can lead the country to seek new tools to face very different challenges compared to those faced until yesterday. This approach cannot be proposed only by visionary politicians, but must be understood and supported by all of us, who are active in the real estate sector. The information, tools and means of dissemination are already largely at our disposal and the role of stimulating innovations and supporting investment policies typical of institutions such as Assoimmobiliare, must not be underestimated nor, most importantly, underused.

In this context of strong transformation and evolution, the primary objective of this publication remains to help the (foreign and not) investors to navigate more easily in the “regulatory sea” that norms the world of Italian real estate, trying to illustrate in a clear, detailed and comparative manner the possibilities available to them.

In this sense, therefore, our publication is proposed as one of the points of reference for those who intend to operate actively in the Italian market (such as investors, financiers, legislators, intermediaries, tenants, consultants etc.) with the aim of providing operators with all the essential information to manage the main phases of the investment process in our country, clarifying and providing indications on the most important issues in the sector.

As for the previous ones, this eleventh edition intends to bring to the attention of the Italian legislator the areas where it can operate with legislative interventions aimed at improving the legislation, simplifying and standardising the bureaucratic processes, clarifying grey areas, interpretative doubts and contradictions currently present in the legislation, with the aim of increasing the transparency, competition, professionalism and efficiency of the national real estate world and thus ultimately contributing to the increase in the overall competitiveness of the country system.

It is clear how sustainability and innovation need huge investments and capital which cannot be provided only by national and transnational institutions, but which inevitably require the intervention of the private sector. It is therefore becoming increasingly crucial to provide potential investors with clear and understandable tools to facilitate their activity, within a stable regulatory framework, comparable with that of the main European countries.

This year too, therefore, the best wishes for a profitable use of this book!