



English version

QUARTERLY NOTE

Trends in Italian real estate market - Q4 2015 and annual summary

QUARTERLY NOTE

4th quarter 2015 and annual summary

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Direzione Centrale Osservatorio Mercato Immobiliare e Servizi Estimativi



Publication date: 3 march 2016

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Foreword

Data on Sales published by the Real Estate Market Observatory refer to the number of real estate units sold each quarter and are extracted from the transfers of title database managed by the local branches of Agenzia delle Entrate (Italian Revenue Agency). Sales figures are computed on the basis of real estate units that have been transferred for valuable consideration and take into account the share of property transferred (see the methodological appendix).

Real estate units are grouped by use (housing, appurtenances, office, retail and industrial) according to the cadastral categories provided in the deeds of transfer.

Data on real estate sales cover the whole national territory except the provinces of Bolzano, Trento, Gorizia, and Trieste, where the cadaster and/or the land registry are managed by local administration.

The data on this report have been extracted on the 8th of February 2016. They refer to the deeds signed in the fourth quarter of 2015 and do not include deeds recorded after legal deadlines. However, those data are residual at statistical level.

For further details and data refer to the Italian version of the Quarterly note available on the website of Agenzia delle Entrate:

<http://www.agenziaentrate.gov.it/wps/content/Nsilib/Nsi/Documentazione/omi/Pubblicazioni>Note+trimestrali/>

<http://www.agenziaentrate.gov.it/wps/content/nsilib/nsi/documentazione/omi/banche+dati/volumi+di+compravendita>



Trends in Italian real estate market

Italian real estate market - Overview

The Italian real estate market shows a growth in the number of units sold for the third quarter in a row. The change rate in the last three months of 2015 is +6,2% compared to the same period of the previous year. Sales reach 963.903 NTN¹ in 2015, +4,7% over 2014.

As shown in Table 1, the residential sector grows by 9,4% in the IV quarter of 2015, almost three points above annual rate (+6,5% in 2015 over 2014). Sales of appurtenances (mostly consisting in units serving the main property such as basements, garages or parking spots) are up too by 5,6% on quarterly basis and 4,3% on annual basis.

Non-residential market, indeed, reports losses. Results are positive only for offices in the IV quarter (+0,9%) and, looking at the whole year, for retail (+1,4%).

Time series of quarterly changes and indices by sector (Figure 1 and Figure 2) show a succession of boom and bust cycles starting in 2004. At first, sales strongly increased then, from 2006 to 2011, there was a continuous decline briefly interrupted by a weak recovery on some sectors. This was followed by severe and generalized falls in 2012 and 2013. A new upturn took place in 2014, strengthening with higher rates in 2015.

Italian housing market - Sales

Table 2 and Table 3 show that residential market is stronger in chief towns than in other towns (except in central regions) and that, looking at annual housing sales, the north area is outpacing the rest of the country.

As already seen at national level, all major cities show signs of recovery (Table 4). Among them, in the fourth quarter Milano stands out by further improving its growth rate to 23,6%. Worth mentioning are also Genova and Palermo performances, both rising up to nearly 15%. Below 5% are Roma and Napoli. On annual basis, the distance between the two most populous cities is instantly clear: Roma features more or less the same number of transactions of 2014 (+0,8%) and Milano closes 2015 with a +13,4% increase, due to a strong second half of the year.

Italian housing market – Bare ownership sales

In 2015 bare ownership² transfers record 21.485 NTNnp³ (Table 5). This means an increase of 1,8% over 2014, compared to +6,5% of full ownership. Annual growth is higher in chief towns (+3,7%), other towns stand below 1%.

Italian housing market – Mortgages

House purchases made by households and financed through a mortgage on the same transferred property (NTN IP⁴) show an annual growth rate of +19,5% over 2014 (Table 6) totalizing around 190.000 units (45,5% on total households sales). Overall mortgage loans amount nearly to 23 billion euro in 2015, shifting up to 20% over the previous year. Average loan amount per housing unit (119.000 €) remains almost unchanged. Average loan length is steady at around 22 years, in line with previous year. Finally, national average interest rate referred to the first instalment of the mortgage, drops by more than half a percentage point, falling to 2,75% and, as a consequence, the average monthly instalment payment (592 €) is down by 6%.

¹ NTN is the number of “standardized” real estate units sold, taking into account the share of property transferred.

² Bare ownership transaction is when property is sold, but without the right to use and derive profit from it.

³ As seen for full ownership transaction, NTNnp is the number of “standardized” real estate units sold, taking into account the share of property transferred.

⁴ Number of “standardized” transactions made by individuals and financed through mortgage, taking into account the share of property transferred.



Italian housing market – Prices

Price and NTN index series (Figure 12) show a price growth since 2004 and until 2008, despite weak trading at the same time. This was followed by extended period of steady prices, while trading rates got worse. Since 2012 prices suffered continuous falls that seem to have reached an end in the last period.

Italian real estate market – Offices, retail and industrial sales

Offices market, down by -1,9% in 2015, faces high variability in the center and north areas, while South steadily remains in the negative range (Table 7)

Retail market is positive for all geographical areas in 2015, in spite of the negative nationwide results in the fourth quarter (Table 8).

Finally, for industrial sector, the poor performance of the North, by far the main market, influences both quarterly and annual data (Table 9).

Tables and figures

Table 1: Quarterly NTN and year over year percentage change

NTN	I Q 2015	II Q 2015	III Q 2015	IV Q 2015	Year 2015
Residential	95.455	116.523	105.105	127.553	444.636
Office	1.997	2.101	1.913	2.831	8.842
Retail	5.918	6.725	5.826	7.765	26.234
Industrial	1.979	2.250	2.059	2.954	9.243
Appurtenances	74.621	89.238	80.164	100.825	344.849
Others	28.411	33.322	30.179	38.188	130.100
Total	208.382	250.158	225.246	280.117	963.903
% Change	I Q 14-15	II Q 14-15	III Q 14-15	IV Q 14-15	Year 14-15
Residential	-3,0%	8,2%	10,8%	9,4%	6,5%
Office	-6,4%	-3,7%	0,9%	0,9%	-1,9%
Retail	-5,2%	10,4%	7,3%	-2,8%	1,9%
Industrial	-7,1%	-8,0%	2,2%	-1,3%	-3,5%
Appurtenances	-3,7%	6,1%	9,0%	5,6%	4,3%
Others	-3,2%	4,9%	3,2%	0,5%	1,4%
Total	-3,4%	6,8%	8,8%	6,2%	4,7%

Figure 1: 2004 Q1 - 2015 Q4, indices by real estate sector (base year 2004 = 100)

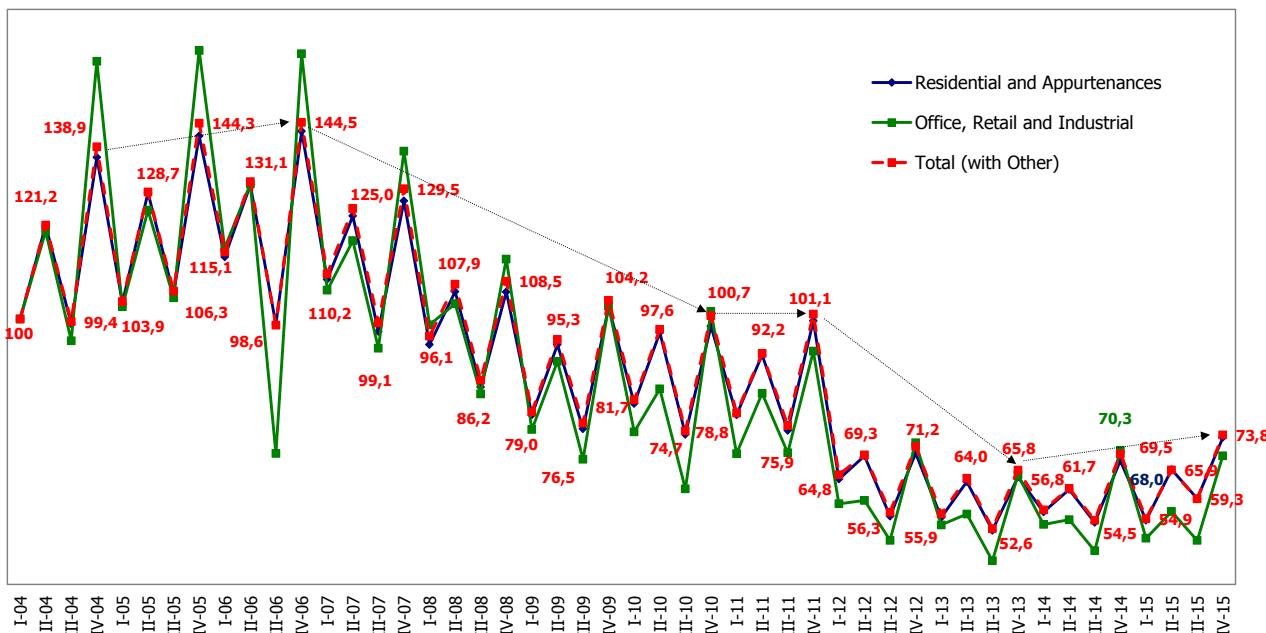




Figure 2: 2004 Q1 - 2015 Q4, year over year percentage changes by real estate sector

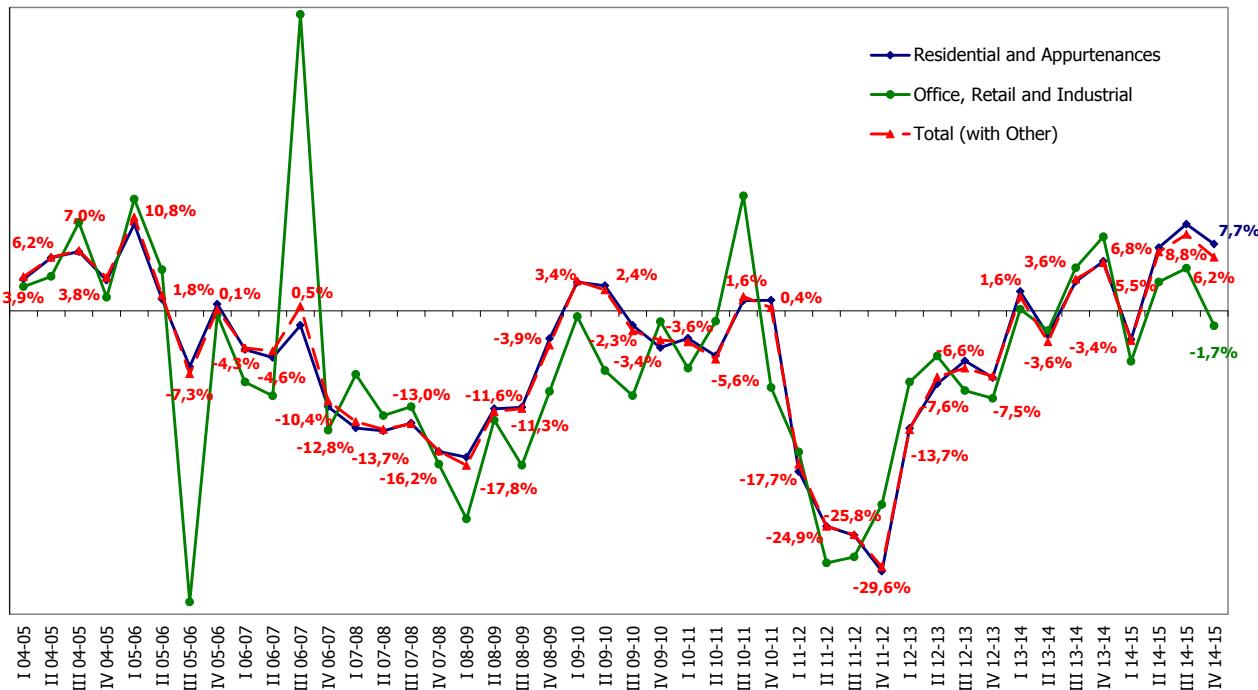


Figure 3: 2013 Q1 - 2015 Q4, quarterly residential NTN and year over year percentage changes by geographical areas

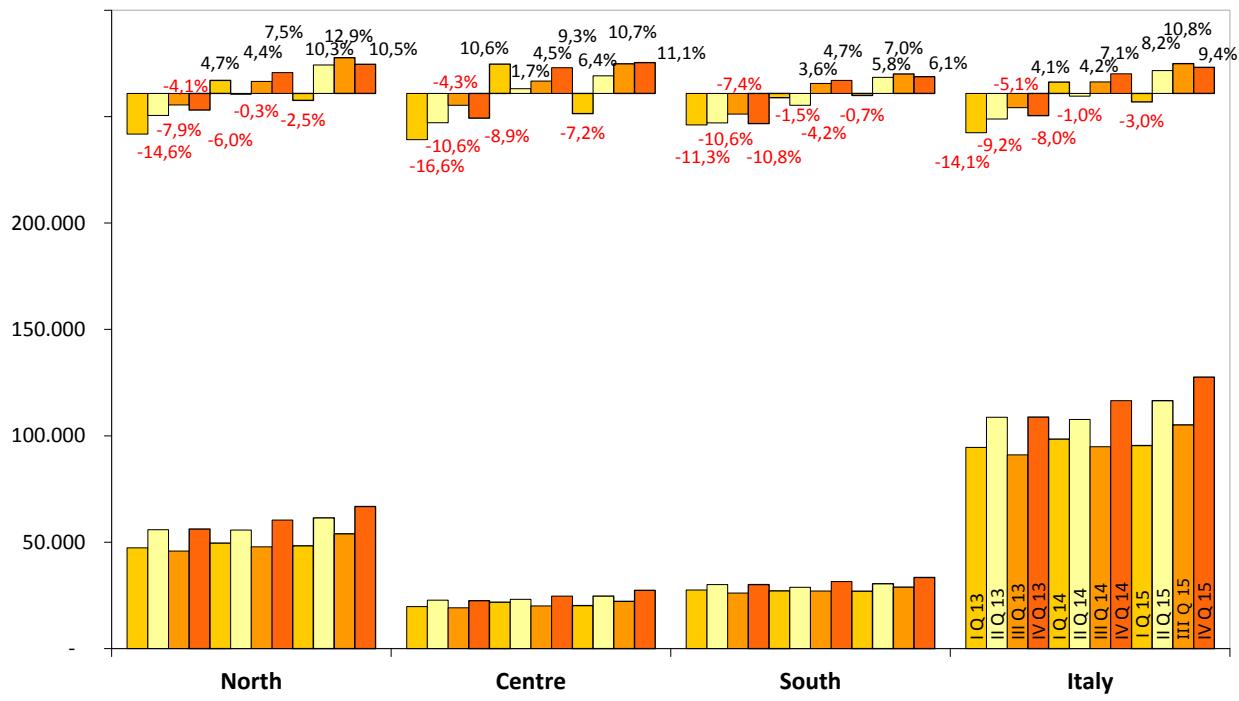




Figure 4: 2004 Q1 - 2015 Q4, indices for residential sector by geographical areas, (base year 2004 = 100)

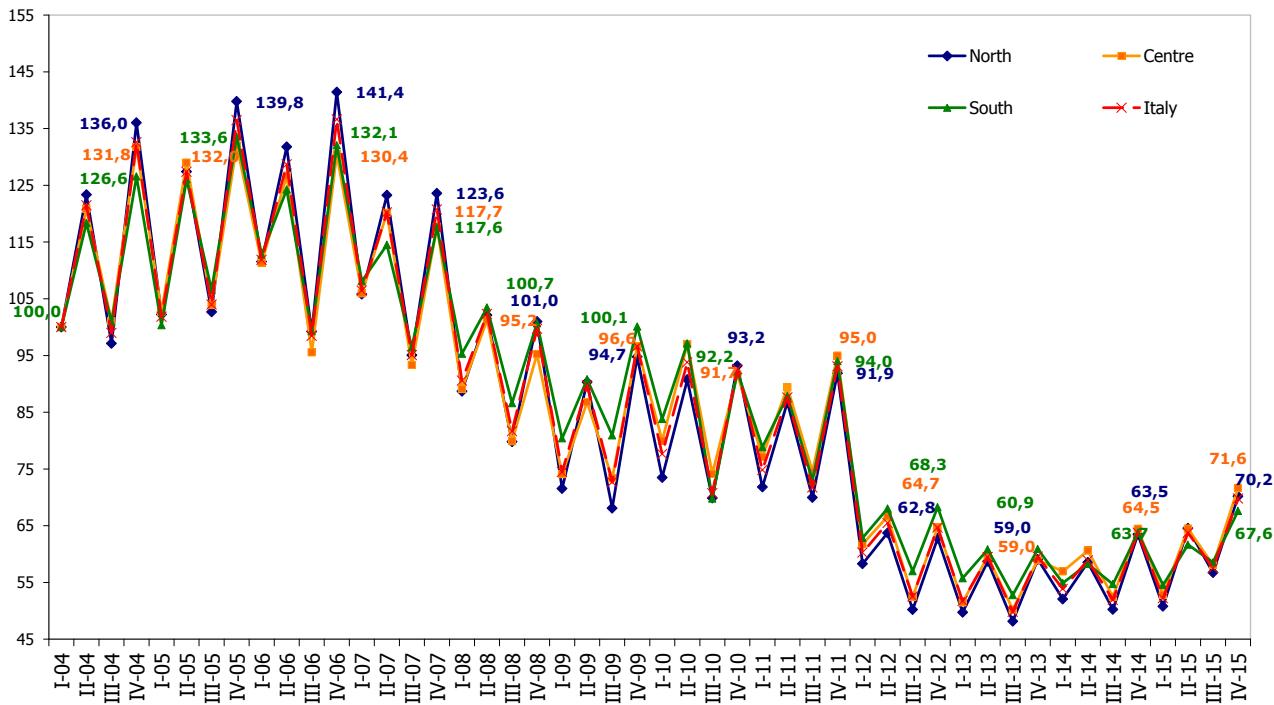


Figure 5: 2004 Q1 - 2015 Q4, year over year percentage changes for residential sector by geographical areas

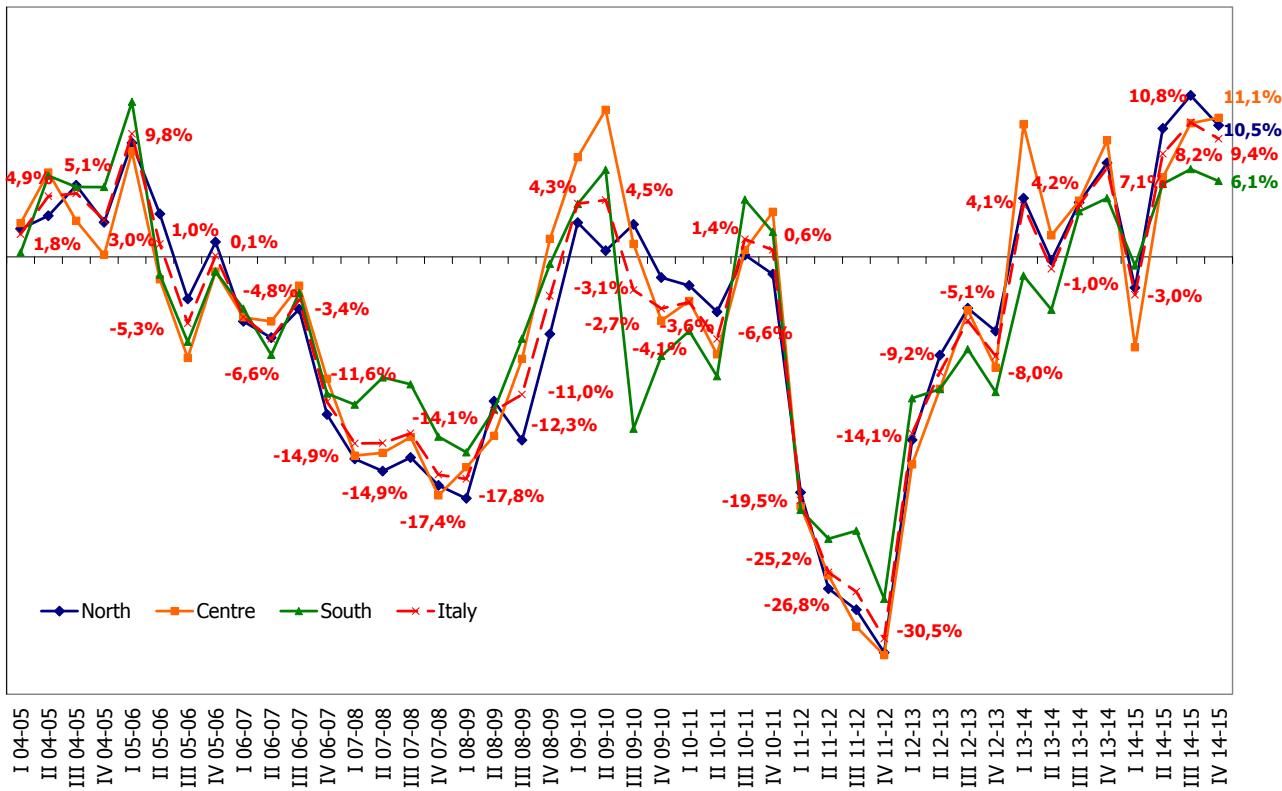




Table 2: Quarterly NTN and year over year percentage change by geographical areas and by chief towns and other towns

NTN Residential		III Q 2015	IV Q 2015	Year 2015	% change III Q 14-15	% change IV Q 14-15	% change year 14-15
North	Chief towns	17.003	20.617	72.648	15,5%	11,5%	8,4%
	Other towns	36.972	46.146	157.819	11,8%	10,1%	7,8%
	Total	53.974	66.763	230.467	12,9%	10,5%	8,0%
Centre	Chief towns	10.584	13.245	45.425	8,8%	10,7%	4,5%
	Other towns	11.634	14.148	49.041	12,5%	11,5%	6,1%
	Total	22.218	27.393	94.466	10,7%	11,1%	5,3%
South	Chief towns	8.139	9.332	33.931	10,4%	9,6%	8,1%
	Other towns	20.774	24.066	85.771	5,8%	4,7%	3,3%
	Total	28.912	33.398	119.703	7,0%	6,1%	4,6%
Italy	Chief towns	35.725	43.193	152.004	12,2%	10,9%	7,1%
	Other towns	69.380	84.360	292.632	10,0%	8,7%	6,2%
	Total	105.105	127.553	444.636	10,8%	9,4%	6,5%

Table 3: 2013 Q1 - 2015 Q4, year over year percentage changes by chief towns and other town

	% change I Q 13-14	% change II Q 13-14	% change III Q 13-14	% change IV Q 13-14	% change I Q 14-15	% change II Q 14-15	% change III Q 14-15	% change IV Q 14-15
Chief towns	-10,7%	-6,3%	0,4%	-8,4%	8,8%	1,9%	6,9%	12,2%
Other towns	-15,7%	-10,6%	-7,6%	-7,7%	1,8%	-2,4%	2,8%	4,7%
Total	-14,1%	-9,2%	-5,1%	-8,0%	4,1%	-1,0%	4,2%	7,1%

Table 4: Quarterly residential NTN and year over year percentage changes for major cities

Chief towns	III Q 2015	IV Q 2015	Year 2015	% change III Q 14-15	% change IV Q 14-15	% change year 14-15
ROMA	6.340	7.839	27.356	4,6%	4,5%	0,8%
MILANO	4.108	5.373	18.035	18,2%	23,6%	13,4%
TORINO	2.268	2.679	9.762	15,7%	9,6%	7,9%
GENOVA	1.264	1.557	5.398	5,6%	14,7%	1,1%
NAPOLI	1.370	1.596	5.733	21,2%	3,9%	6,6%
PALERMO	991	1.184	4.392	9,2%	14,8%	13,0%
BOLOGNA	1.039	1.250	4.502	6,1%	7,3%	4,2%
FIRENZE	975	1.157	4.127	14,1%	10,3%	8,9%
Total	18.355	22.636	79.305	10,8%	10,8%	6,0%
Other towns	III Q 2015	IV Q 2015	Year 2015	% change III Q 14-15	% change IV Q 14-15	% change year 14-15
ROMA	2.690	3.353	11.727	6,7%	9,2%	3,5%
MILANO	5.833	7.349	25.507	11,6%	12,1%	9,6%
TORINO	2.860	3.621	12.352	13,1%	8,7%	4,5%
GENOVA	626	794	2.590	14,0%	18,6%	8,7%
NAPOLI	1.866	2.490	8.584	7,8%	10,7%	7,2%
PALERMO	831	978	3.502	12,3%	11,2%	5,0%
BOLOGNA	1.344	1.688	5.717	14,4%	8,8%	11,0%
FIRENZE	1.057	1.367	4.667	7,2%	11,7%	8,3%
Total	17.107	21.641	74.644	10,7%	10,8%	7,3%

Figure 6 a: 2004 Q1 - 2015 Q4, indices and year over year percentage changes for residential sector, major cities (base year 2004 = 100)

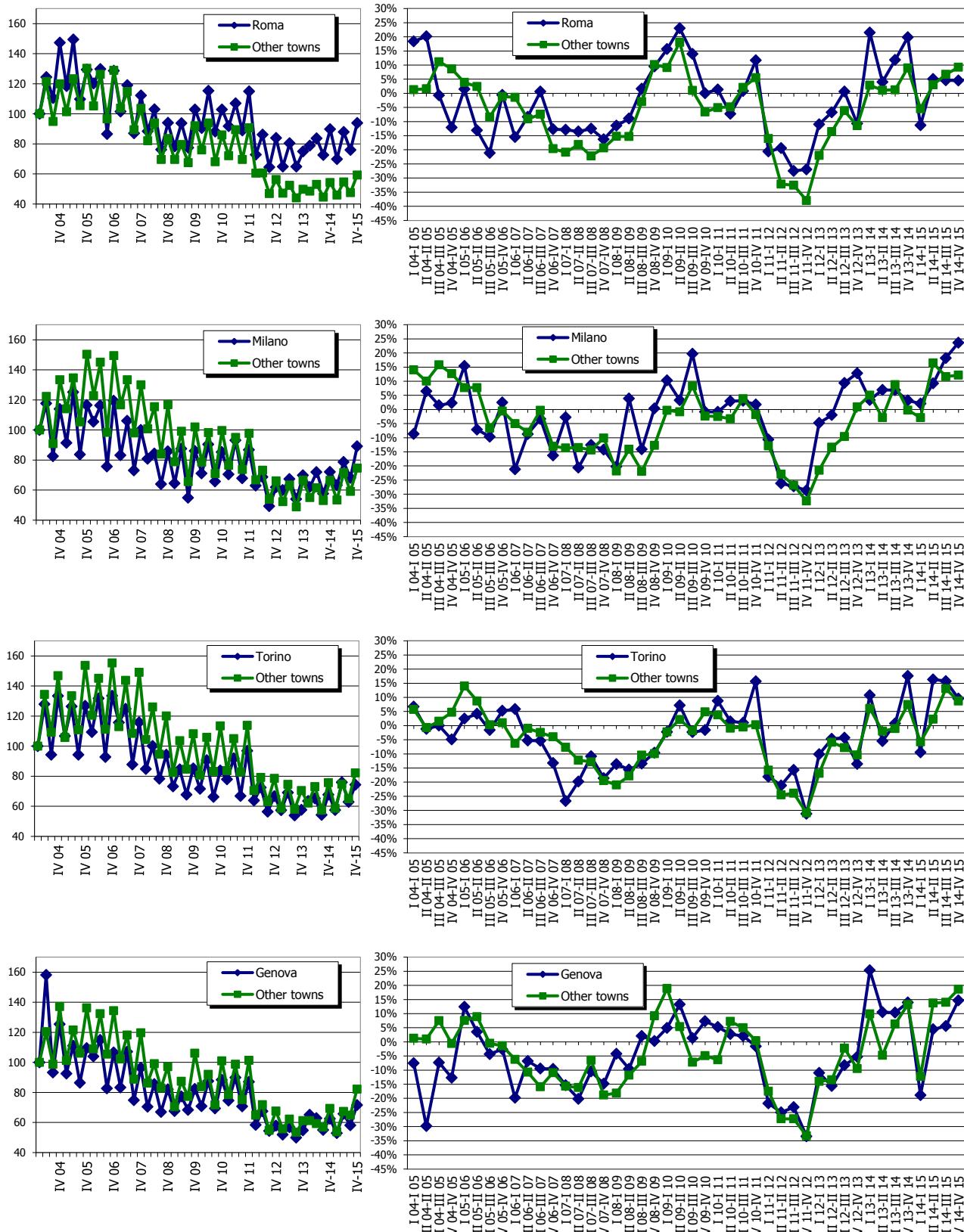




Figure 6 b: 2004 Q1 - 2015 Q4, indices and year over year percentage changes for residential sector, major cities (base year 2004 = 100)

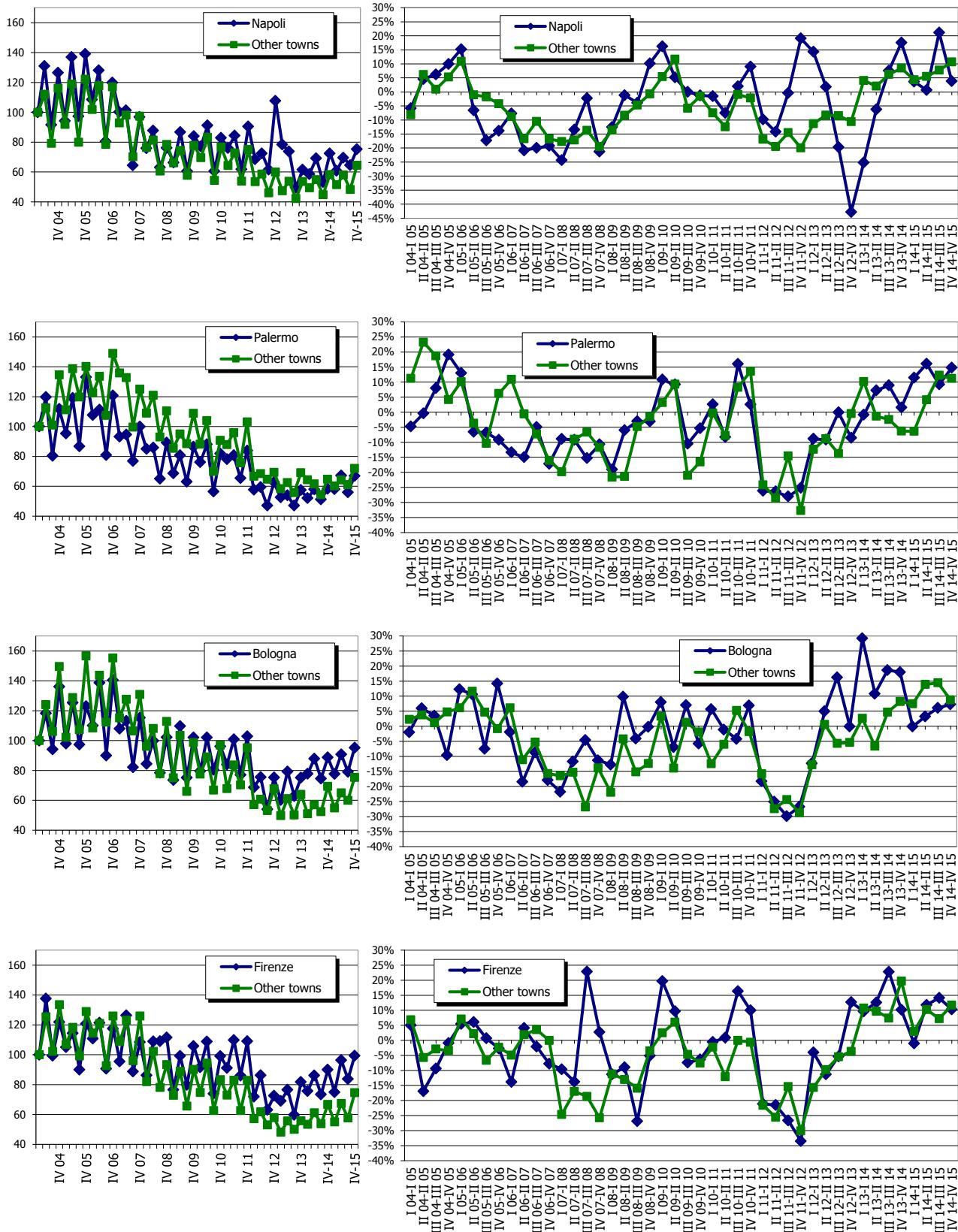


Table 5: Quarterly residential NTN and year over year percentage changes bare and full ownership

Residential NTN Bare Ownership		III Q 2015	IV Q 2015	Year 2015	% change III Q 14-15	% change IV Q 14-15	% change Year 14-15
Italy	Chief towns	1.631	2.105	7.432	5,1%	4,4%	3,7%
	Other towns	3.101	4.002	14.053	0,6%	-0,1%	0,8%
	Total	4.732	6.107	21.485	2,1%	1,4%	1,8%

Figure 7: 2004 Q1 - 2015 Q4, indices for residential sector bare and full ownership, (base year 2004 = 100)

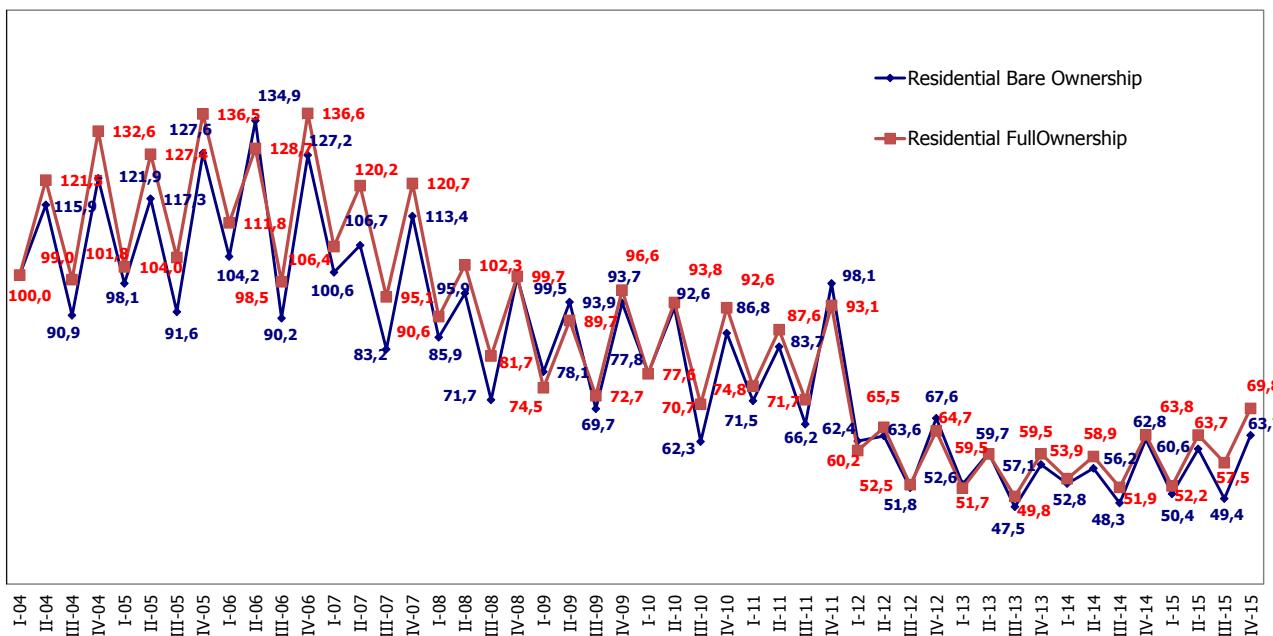


Figure 8: 2004 Q1 - 2015 Q4, year over year percentage change for residential sector bare and full ownership

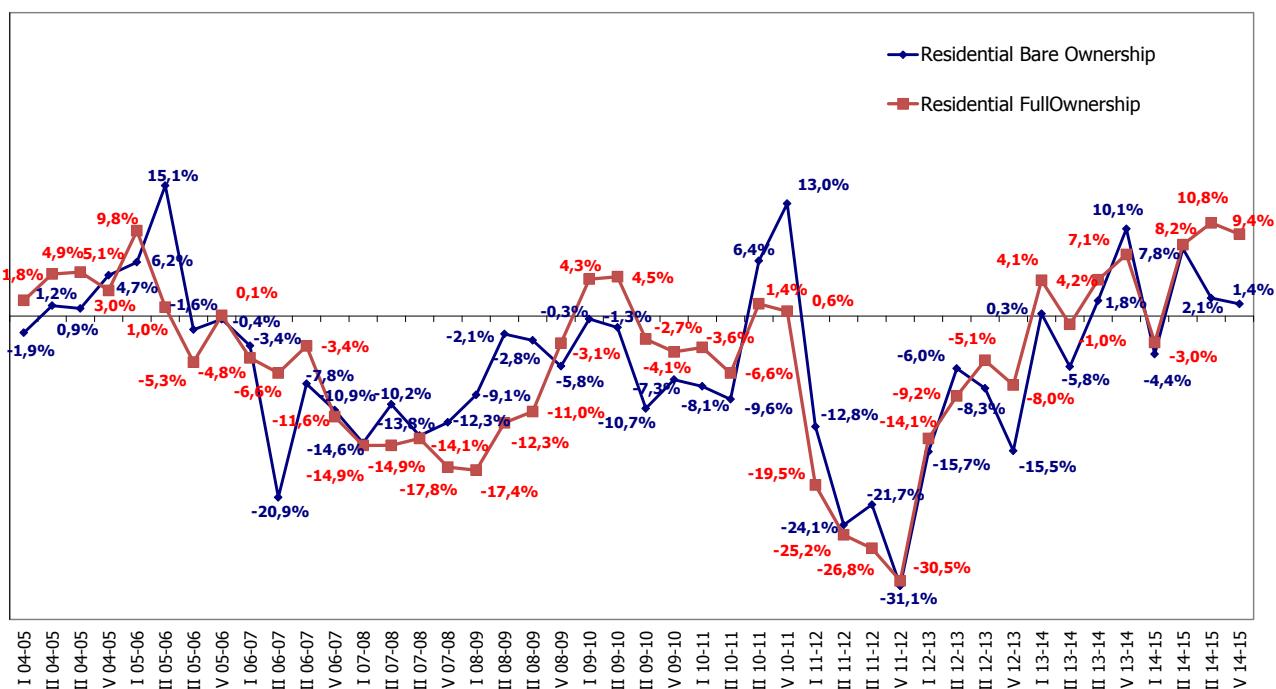


Table 6: NTN IP, loan amount, average interest rate, mortgage length and NTN IP share on NTN PF

ITALY	2014	2015	2014-2015
NTN IP	161.842	193.350	19,5%
Total loan amount (millions €)	19.306	23.050	19,4%
Average loan amount per housing unit (thousand €)	119,3	119,2	-0,1%
First instalment average interest rate	3,40%	2,75%	-0,65
Average mortgage length (years)	22,6	22,5	-0,1
First instalment average amount (€)	631	592	-6,1%
Share % on NTN PF	40,6%	45,5%	4,9
North	2014	2015	2014-2015
NTN IP	91.990	110.479	20,1%
Total loan amount (millions €)	10.830	13.063	20,6%
Average loan amount per housing unit (thousand €)	117,7	118,2	0,4%
First instalment average interest rate	3,20%	2,59%	-0,61
Average mortgage length (years)	22,5	22,4	-0,1
First instalment average amount (€)	612	579	-5,3%
Share % on NTN PF	45,4%	50,2%	4,8
Centre	2014	2015	2014-2015
NTN IP	36.464	42.622	16,9%
Total loan amount (millions €)	4.932	5.744	16,5%
Average loan amount per housing unit (thousand €)	135,3	134,8	-0,4%
First instalment average interest rate	3,65%	2,93%	-0,72
Average mortgage length (years)	23,3	23,3	0
First instalment average amount (€)	719	666	-7,4%
Share % on NTN PF	42,5%	47,2%	4,7
South	2014	2015	2014-2015
NTN IP	33.389	40.250	20,5%
Total loan amount (millions €)	3.544	4.242	19,7%
Average loan amount per housing unit (thousand €)	106,2	105,4	-0,7%
First instalment average interest rate	3,67%	2,98%	-0,69
Average mortgage length (years)	22,1	21,9	-0,2
First instalment average amount (€)	584	546	-6,6%
Share % on NTN PF	30,4%	35,0%	4,6

Figure 9: 2004 – 2015, year over year percentage change for NTN IP and annual loan amount by geographical areas, (base year 2004 = 100)

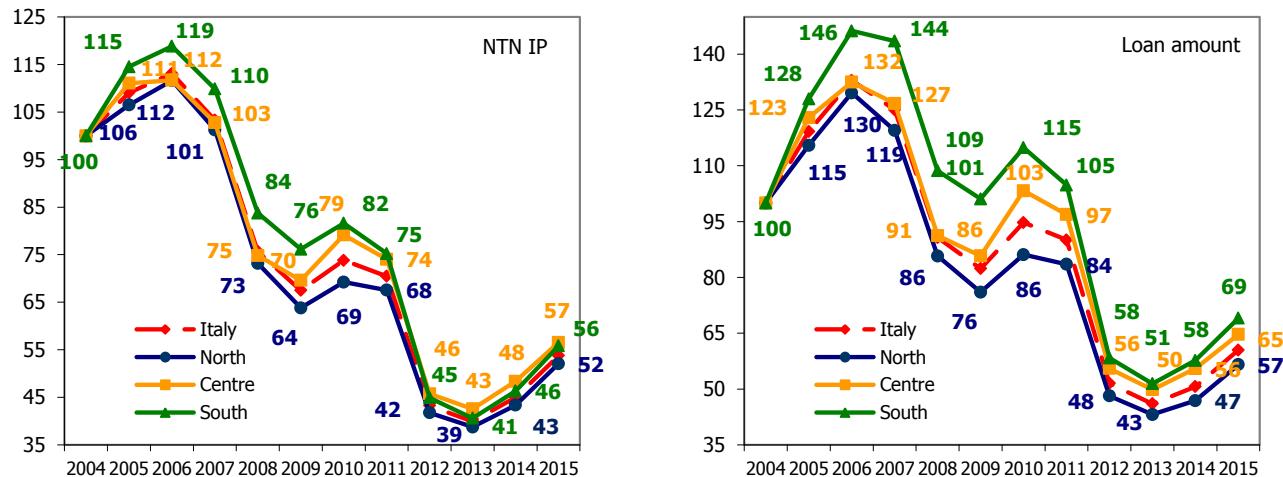


Figure 10: 2004 – 2015, Interest rate and first instalment average amount by geographical areas

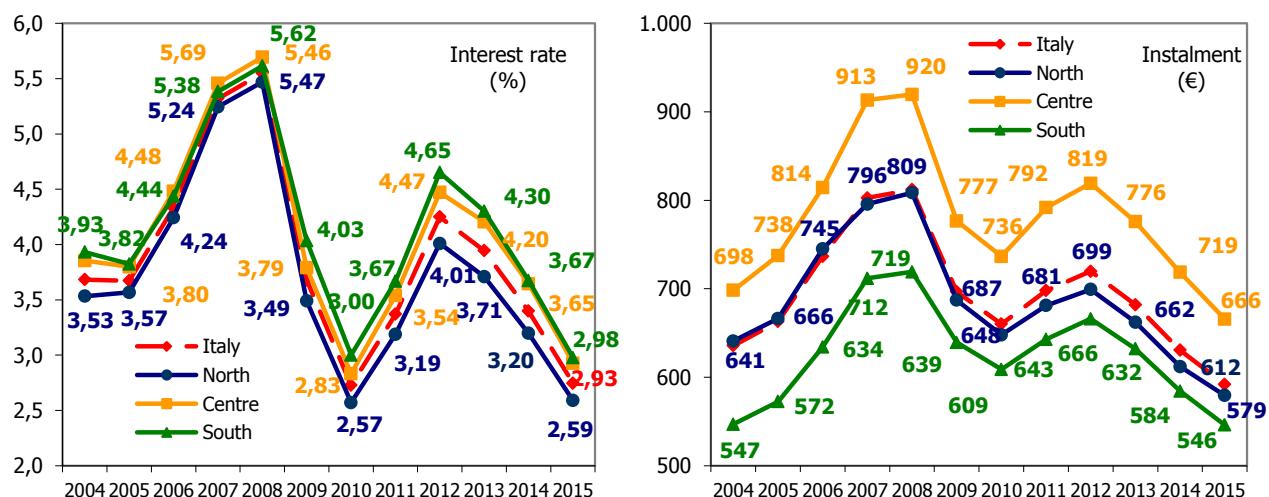


Figure 11: 2004 – 2015, Average loan amount per housing unit

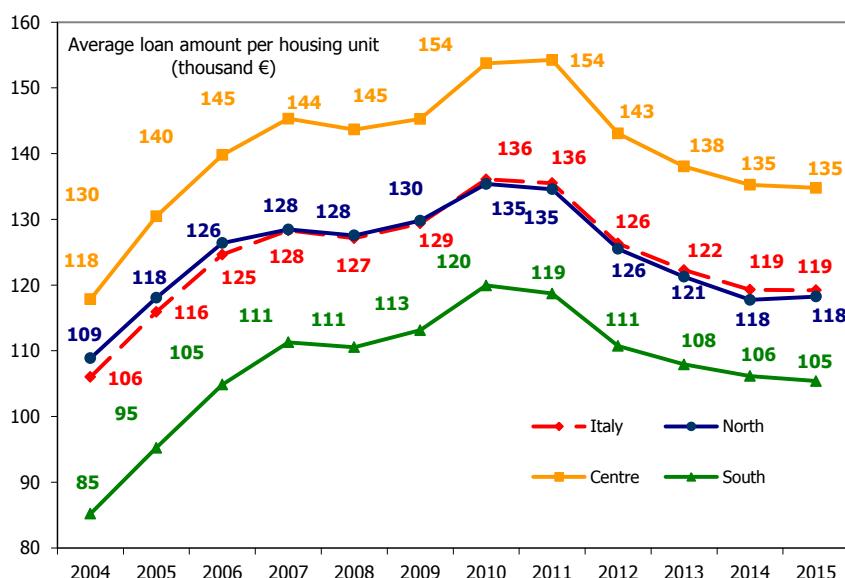
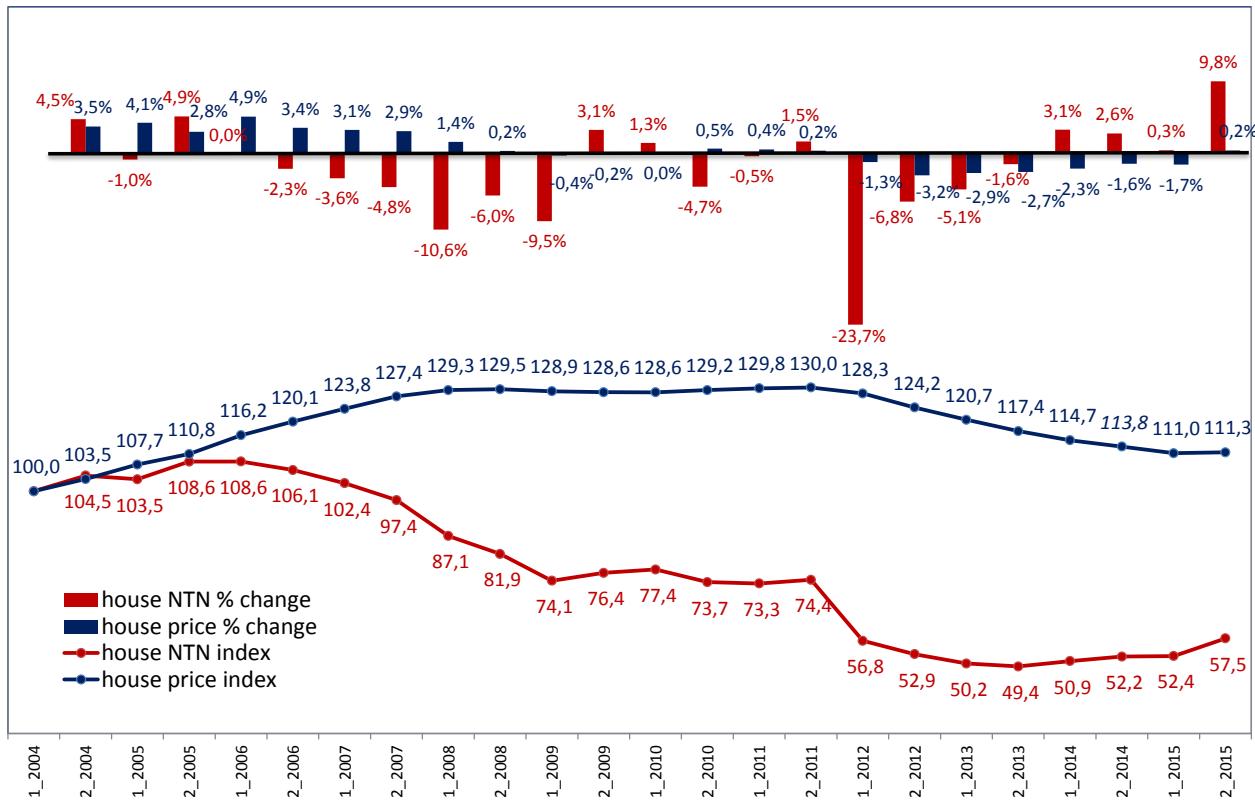


Figure 12: I semester 2004 – II semester 2015, housing price and housing NTN indices, (base semester 1_2004 = 100)



Source: our processing based on OMI and ISTAT data

Figure 13: 2004 Q1 - 2015 Q4, indices by non residential sector, (base year 2004 = 100)

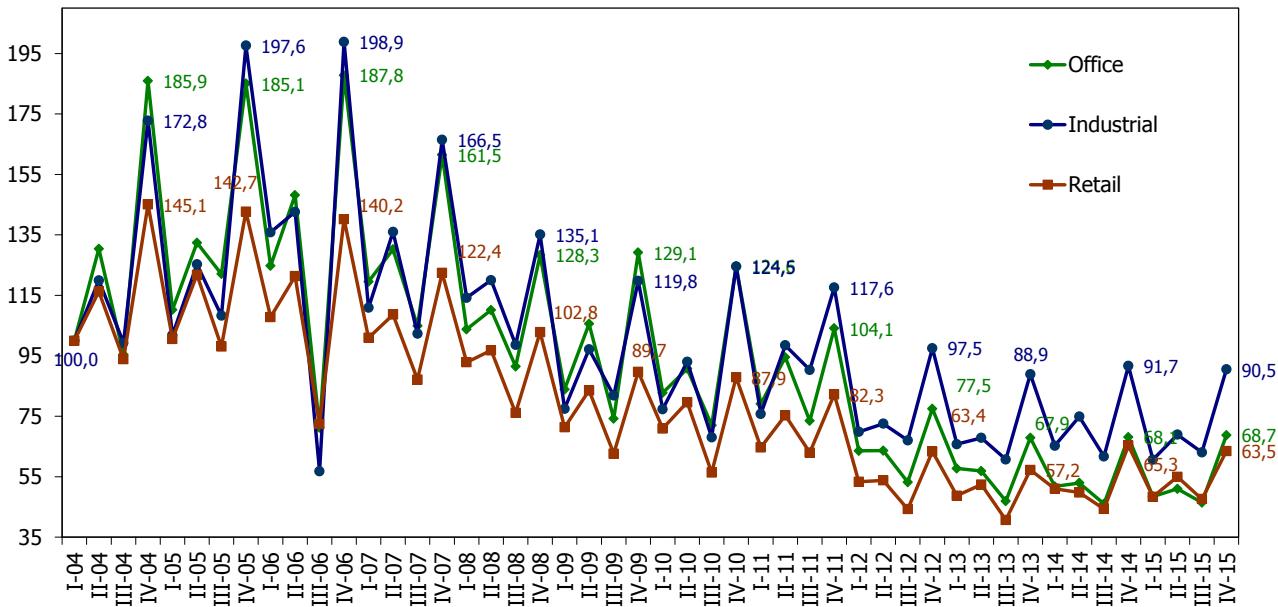


Figure 14: 2004 Q1 - 2015 Q4, year over year percentage changes for Office, Retail and Industrial sector

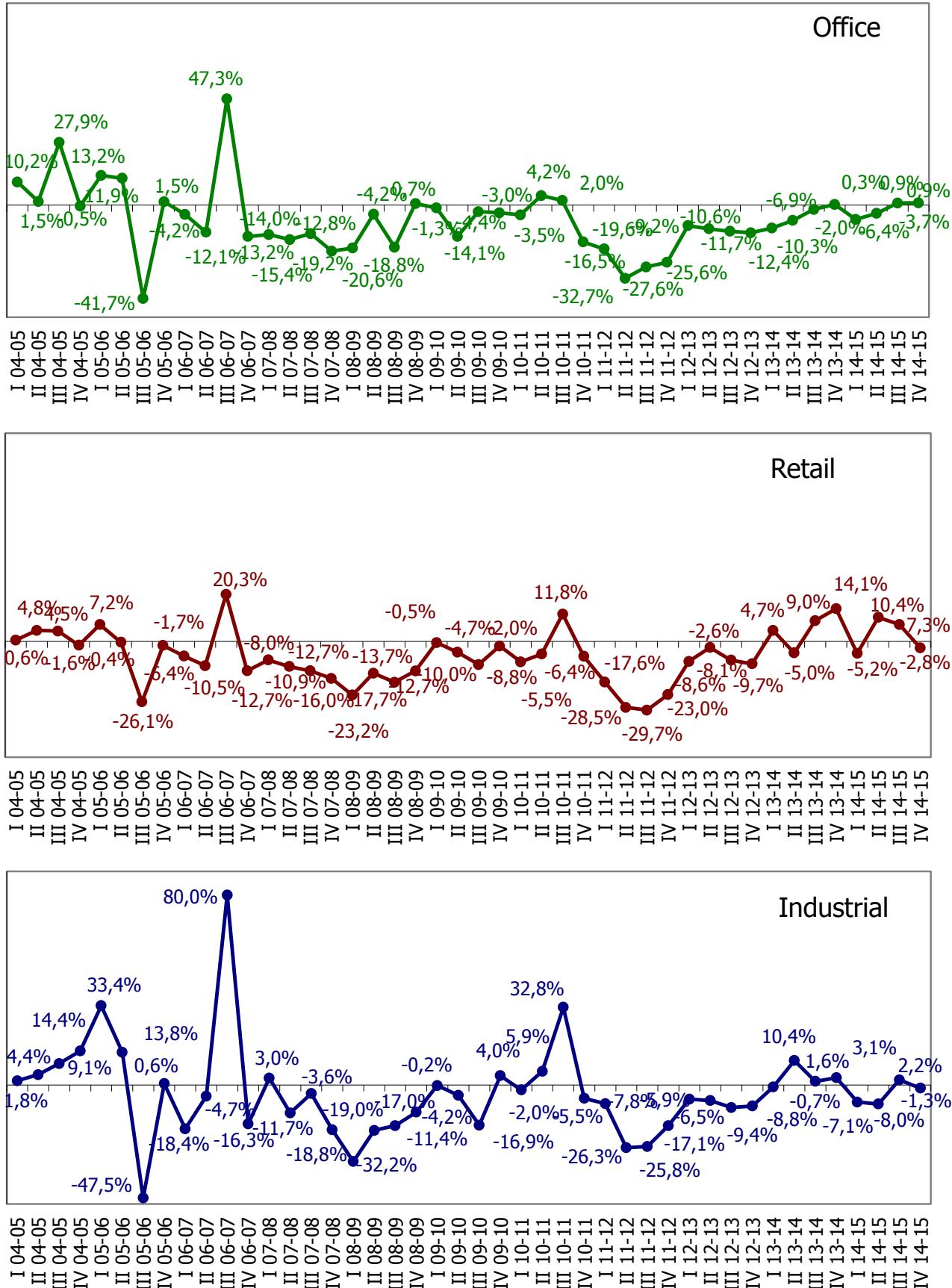




Table 7: Quarterly NTN for office sector and year over year percentage changes by geographical areas

Area	I Q 2015	II Q 2015	III Q 2015	IV Q 2015	Year 2015	% change III Q 14-15	% change IV Q 14-15	% change Year 14-15
North	1.134	1.242	1.172	1.676	5.224	11,5%	-3,0%	-3,4%
Centre	422	452	359	654	1.886	-18,0%	27,5%	8,1%
South	442	406	383	502	1.732	-6,4%	-11,3%	-7,0%
Italy	1.997	2.101	1.913	2.831	8.842	0,9%	0,9%	-1,9%

Table 8: Quarterly NTN for retail sector and year over year percentage changes by geographical areas

Area	I Q 2015	II Q 2015	III Q 2015	IV Q 2015	Year 2015	% change III Q 14-15	% change IV Q 14-15	% change Year 14-15
North	2.859	3.245	2.822	3.824	12.749	8,0%	-5,6%	0,6%
Centre	1.300	1.565	1.310	1.824	5.999	7,8%	4,4%	4,5%
South	1.759	1.915	1.694	2.117	7.486	5,9%	-3,4%	1,9%
Italy	5.918	6.725	5.826	7.765	26.234	7,3%	-2,8%	1,9%

Table 9: Quarterly NTN for industrial sector and year over year percentage changes by geographical areas

Area	I Q 2015	II Q 2015	III Q 2015	IV Q 2015	Year 2015	% change III Q 14-15	% change IV Q 14-15	% change Year 14-15
North	1.320	1.506	1.401	2.029	6.256	3,4%	-4,9%	-5,9%
Centre	316	421	330	496	1.563	8,5%	13,2%	6,6%
South	343	323	327	430	1.424	-7,7%	2,1%	-2,8%
Italy	1.979	2.250	2.059	2.954	9.243	2,2%	-1,3%	-3,5%



Methodological notes

Sources

Data used in this report are retrieved from the cadastral database, the land registry and the real estate market observatory (OMI), all managed by the Italian Revenue Agency. The cadastral database provides the information on cadastral typologies, while the land registry gives the number of real estate unit sold.

Data on this report have been extracted in February, 8 2016. They refer to the deeds signed in the fourth quarter of 2015 except those that have been recorded after legal deadlines. However, those data are residual at statistical level. Quarterly data are subject to revision and the final data are available after two quarters.

Data coverage

Data on real estate sales cover the whole national territory excluding four provinces (Bolzano, Trento, Gorizia, and Trieste) where the cadaster and/or the land registry are managed by local administrations.

Methodological criteria

Conventionally, property transfers are grouped by cadastral categories. While the cadastral category is reliable for the residential segment, in the other sectors there are many mismatches between the reported and the actual use of the units. Among the appurtenances, some units are used for business. However, in this report, all units in categories C2, C6 and C7 are considered as units serving housing. In the rest of the methodological section a glossary is provided with a list of cadastral typologies, divided by sector.

Glossary

NTN	Number of "standardized" real estate units sold (sales of property rights are "counted" taking into account the share of property transferred, which means that if an unit is sold only for a portion, for example 50%, this would not be counted as one, but as 0,5).
Geographical areas	North: Liguria, Lombardia, Piemonte, Valle D'Aosta, Emilia Romagna, Friuli Venezia Giulia, Veneto; Centre: Lazio, Marche, Toscana, Umbria; South: Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardegna, Sicilia.
NTN np	Number of "standardized" transactions of bare ownership rights. It refers only to deeds in which the seller transfers the ownership of the property, but not the real right of use and/or enjoyment of the property (usufruct), i.e. allowing the holder to maintain possession and full use throughout life or for a specified period.
NTN IP	Number of "standardized" transactions made by individuals and financed through mortgage, taking into account the share of property transferred. The data on mortgage loans used in this report include only loans with mortgage on the same property being transferred. Furthermore, they do not include renewals and loans with other kinds of mortgage.

Loan amount	Amount of capital granted by the loaner (bank or other financial institution) in order to purchase a house
Interest rate	Interest on loan amount as defined at the beginning of the contract (initial interest). It is used to calculate the first loan instalment
Average mortgage loan length	Length (in years) of a mortgage loan as defined at the beginning of the contract
Average instalment amount	The instalment is computed assuming interest rate equal to first interest rate, loan amount equal to average loan amount per housing unit and finally the mortgage term equal to average term.



Comprehensive list of cadastral typologies

	(Cadastral category)	(Description)
RESIDENTIAL SECTOR	A/1	Luxury dwelling-houses
	A/2	Well-finished dwelling-houses
	A/3	Economic dwelling-houses
	A/4	Cheap dwelling-houses
	A/5	Ultra-cheap dwelling-houses
	A/6	Rural dwelling-houses
	A/7	Detached houses
	A/8	Villas
	A/9	Castles, palaces of great historical and artistic value
	A/11	Traditional local dwelling-houses
	WAREHOUSES / STORAGE FACILITIES	
APPURTEANCES	C/2	Warehouses and storage facilities
	BOX / PARKING SPOTS	
	C/6 e C/7	Stables, sheds, storehouses and garages Closed and open canopies
NON RESIDENTIAL SECTOR	OFFICE	
	A10	Private offices and practices
	D5	Credit, exchange and insurance premises
	RETAIL	
	C1 e C3	Shops and workshops
	D8	Buildings constructed for, or adjusted to meet special commercial needs and not suitable for different use without radical transformation
	D2	Hotels
INDUSTRIAL	INDUSTRIAL	
	D1 e D7	Factories and Buildings constructed for, or adjusted to meet special industrial needs and not suitable for different use without radical transformation
OTHERS	GROUP B	
	Real estate units grouped in categories from B1 to B8 such as schools, hospitals, prisons, libraries, public offices, museums etc.	
	GROUP C	
	Real estate units grouped in categories C4 and C5: sports facilities (no profit making), beach facilities and spas.	
	GROUP D	
	Real estate units grouped in categories D3, D4, D6, D9 e D10 used as theatres, cinemas theatres, concert and performance halls, nursing homes and hospitals, sports facilities, etc.	
GROUP E		
	Real estate units grouped in categories from E1 to E9 such as land, sea and air transport service stations, buildings used as public place of cult etc.	
	UNCLASSIFIED UNITS	
	Real estate units whose category is not available in the deed.	



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