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OMI QUARTERLY REPORT

Trends in Italian real estate market – Q1 2016

Publication date: **7th June 2016**
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OMI QUARTERLY REPORT

1st quarter 2016

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Index

Foreword

Data on sales published by the Real Estate Market Observatory (OMI) 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 11th of May 2016. They refer to the deeds signed in the first quarter of 2016 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 report available on the website of Agenzia delle Entrate:

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

Trends in Italian real estate market

Italian real estate market - overview

The Italian real estate market keeps growing for the fourth quarter in a row. Compared to the same period of the previous year, change rate in the first three months of 2016 is +17,3% with total sales reaching 244.393 NTN[1].

As shown in Table 1, the residential sector sharply rises to a remarkable +20,6% in the I quarter of 2016, almost three times the 2015 annual rate. Sales of appurtenances (mostly consisting in units serving the main property such as basements, garages or parking spots) follow closely with a 17,3% increase, in line with overall real estate performance.

Non-residential market results are positive too. Retail sector, declining in the last quarter of 2015, strongly recovers thanks to a +14 % change rate, its highest since the third quarter of 2007.

Industrial sector, coming from three negative quarters out of four in 2015, shows clear signs of improvement (+7%) as well.

Finally offices market, with over 2.000 NTN, steadily remains on a slow path of growth (+1.3 %) for the third consecutive quarter after the heavy losses of early 2015.

Residential sector

Once again in the housing sector, North area (+24,1%) outpaces the rest of the Country with chief towns markets (+22,9%) proving slightly stronger than other towns (+19,4%), except in Centre regions (Tables 2 and 3).

All major cities residential sales are up (Table 4). Torino reach an all-time record of +37,2% while Milano further improves its growth rate to 26%. Genova rises above 25% too. Roma trails behind with +12,5% while Palermo province has the lowest rate both inside (+5,5%) and outside (+2,7%) the chief town.

Non residential sector

As in the III and IV quarter of 2015, performances of the main geographical areas for the office sector (Table 5) are very different. In the South sales drop again (-4,5%). Centre cools down (-1,1%) after the spike of the previous quarter. On the opposite, trades in the North (-1,1%), by far the main market, are back on a growth track (+4,5%) pushing the whole sector ahead.

The strong rise of the retail market (Table 6) seems to involve all areas. Overturning previous trends, in the first quarter of 2016 North (+15,7%) and South (+14,6%) sales results are better than Centre ones (+11,5%).

As for industrial sector (Table 7), sales in Centre regions continue to grow (+ 15.3%) for the fifth consecutive quarter stepping up to more than twice the national average rate. In the North, which accounts for about two-thirds of the entire market, volumes are rising (+5.7%) too after the losses of the previous quarter. The South with 359 sales registers a + 4.5%.

[1] NTN is the number of "standardized" real estate units sold, taking into account the share of property transferred.

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	I Q 2016
Residential	95.455	116.523	105.105	127.553	115.135
Office	1.997	2.101	1.913	2.831	2.024
Retail	5.918	6.725	5.826	7.765	6.774
Industrial	1.979	2.250	2.059	2.954	2.118
Appurtenances	74.621	89.238	80.164	100.825	87.525
Others	28.411	33.322	30.179	38.188	30.818
Total	**208.382**	**250.158**	**225.246**	**280.117**	**244.393**

% Change	I Q 14-15	II Q 14-15	III Q 14-15	IV Q 14-15	I Q 15-16
Residential	-3,0%	8,2%	10,8%	9,4%	20,6%
Office	-6,4%	-3,7%	0,9%	0,9%	1,3%
Retail	-5,2%	10,4%	7,3%	-2,8%	14,5%
Industrial	-7,1%	-8,0%	2,2%	-1,3%	7,0%
Appurtenances	-3,7%	6,1%	9,0%	5,6%	17,3%
Others	-3,2%	4,9%	3,2%	0,5%	8,5%
Total	**-3,4%**	**6,8%**	**8,8%**	**6,2%**	**17,3%**

Figure 1: 2004 Q1 - 2016 Q1, indices by real estate sector (base year 2004 = 100)

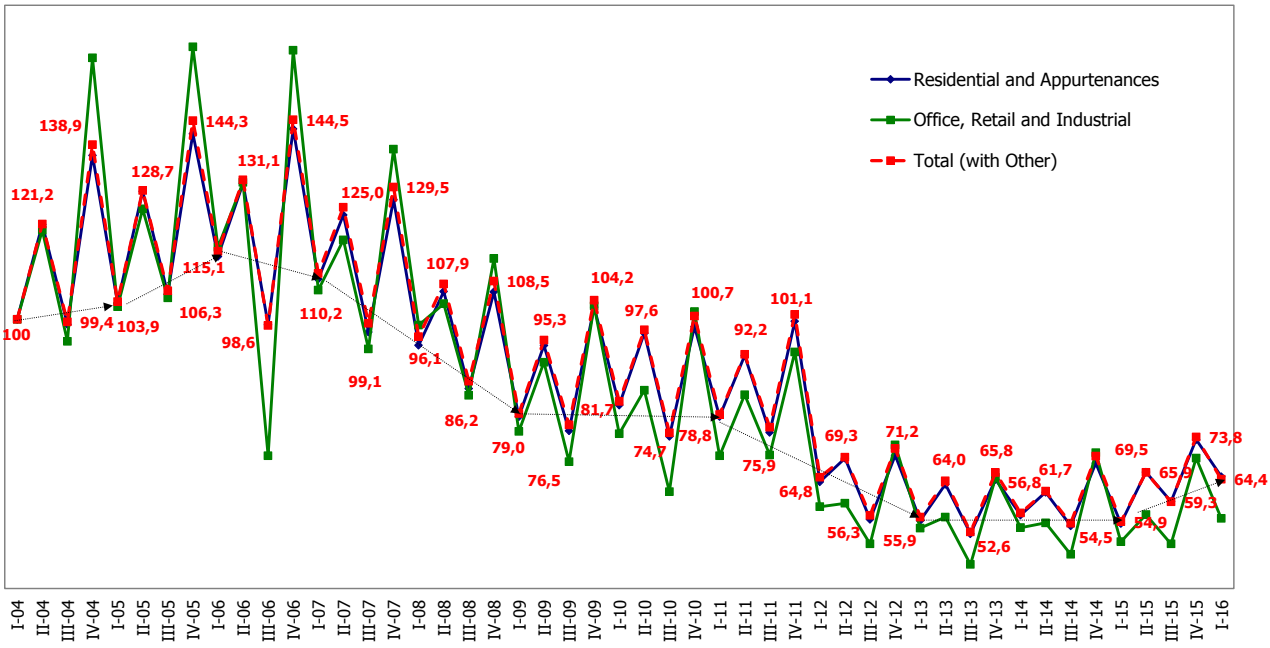

Figure 2: 2004 Q1 - 2016 Q1, year over year percentage changes by real estate sector

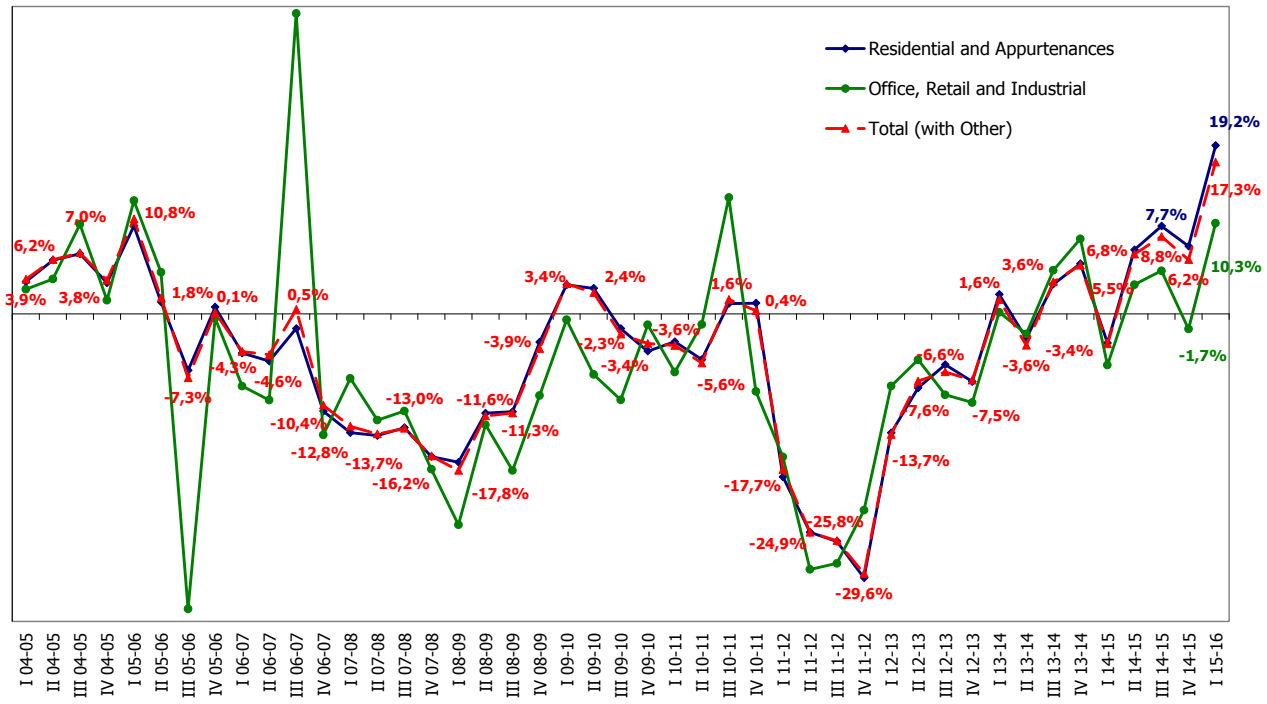

Figure 3: 2013 Q1 - 2016 Q1, quarterly residential NTN and year over year percentage changes by geographical areas

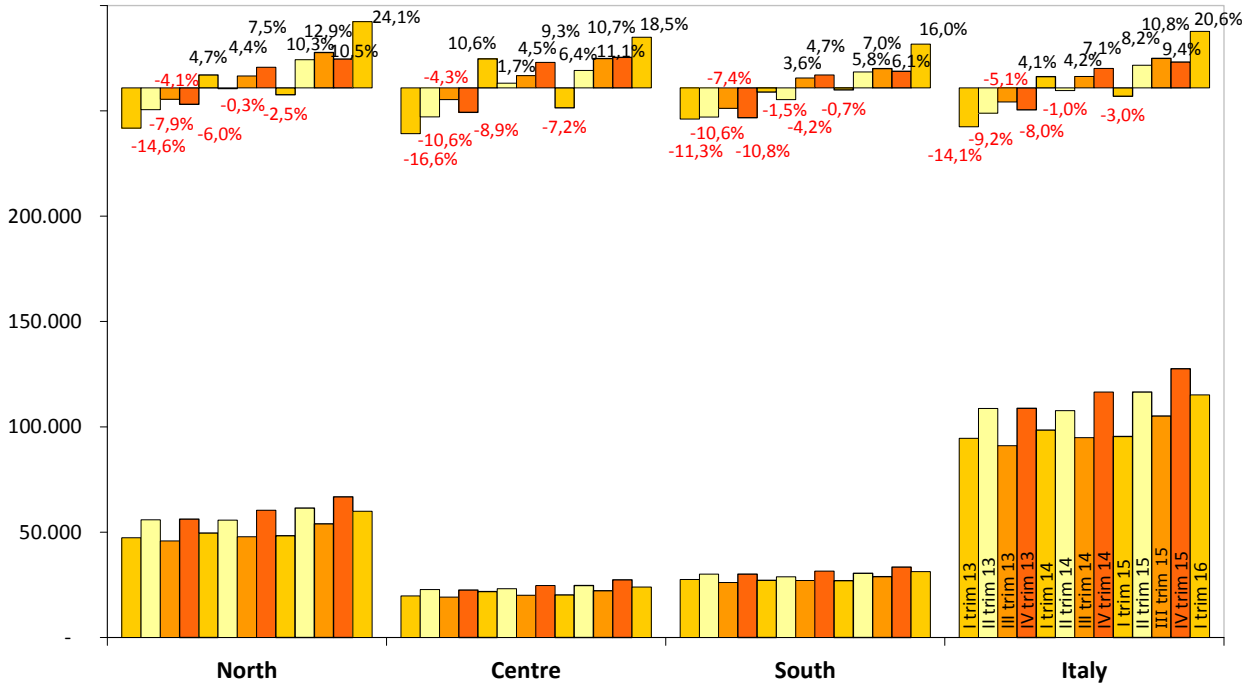

Figure 4: 2004 Q1 - 2016 Q1, indices for residential sector by geographical areas, (base year 2004 = 100)

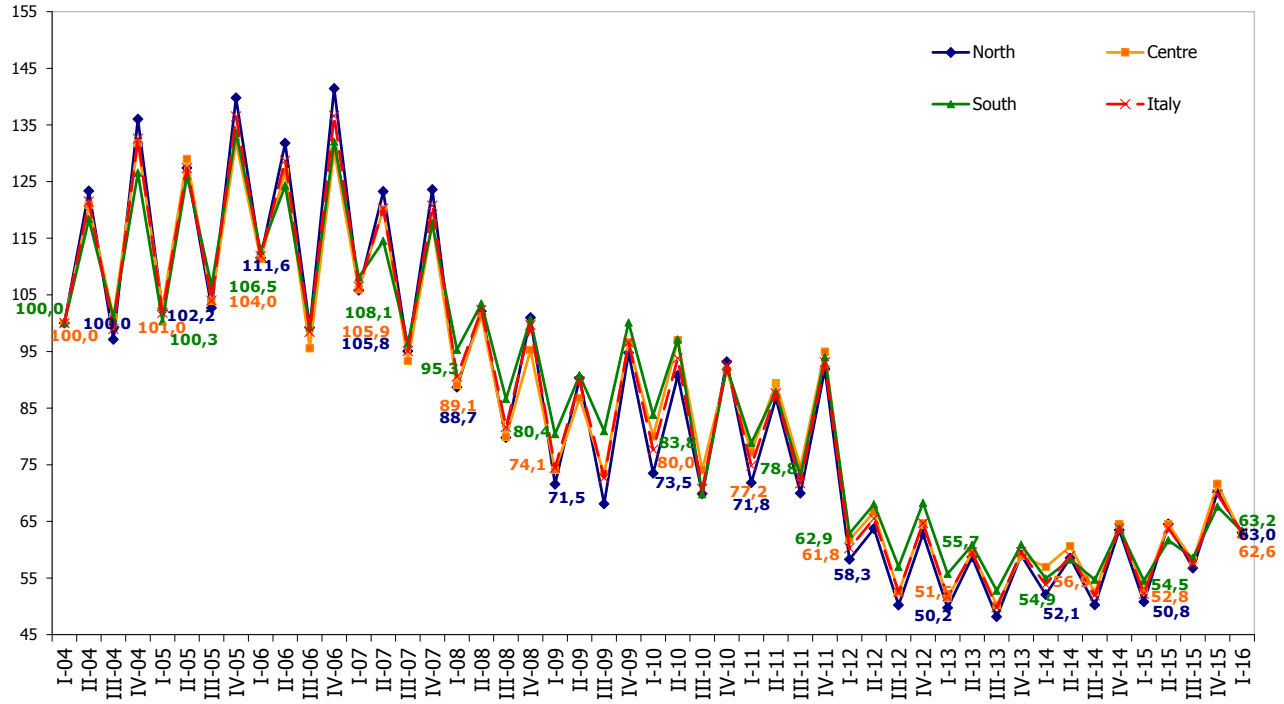

Figure 5: 2004 Q1 - 2016 Q1, year over year percentage changes for residential sector by geographical areas

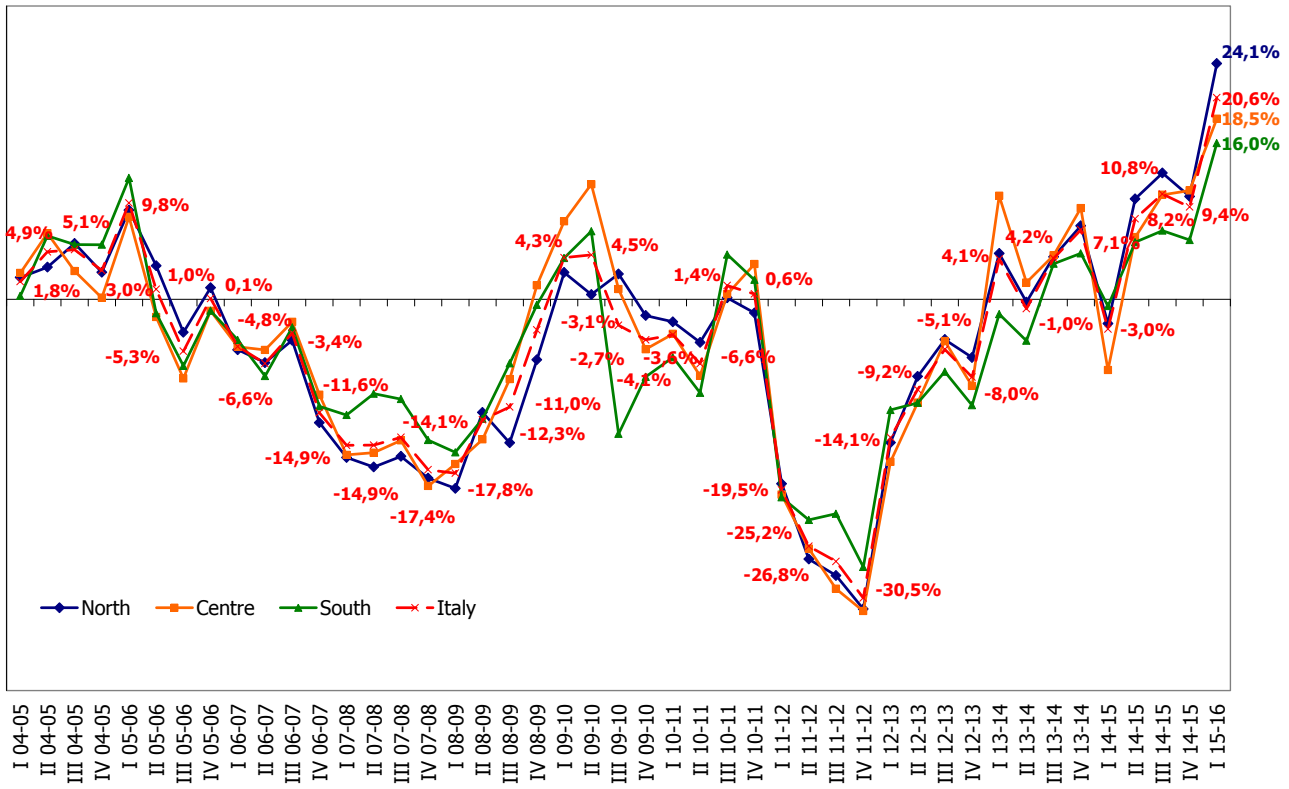

Table 2: Quarterly NTN and year over year percentage change by geographical areas and by chief towns and other towns

NTN Residential		III Q 2015	IV Q 2015	I Q 2016	% change III Q 14-15	% change IV Q 14-15	% change I Q 15-16
North	Chief towns	17.003	20.617	19.813	15,5%	11,5%	29,0%
	Other towns	36.972	46.146	40.151	11,8%	10,1%	21,8%
	Total	53.974	66.763	59.963	12,9%	10,5%	24,1%
Centre	Chief towns	10.584	13.245	11.253	8,8%	10,7%	17,0%
	Other towns	11.634	14.148	12.680	12,5%	11,5%	19,8%
	Total	22.218	27.393	23.933	10,7%	11,1%	18,5%
South	Chief towns	8.139	9.332	9.037	10,4%	9,6%	18,0%
	Other towns	20.774	24.066	22.201	5,8%	4,7%	15,2%
	Total	28.912	33.398	31.238	7,0%	6,1%	16,0%
Italy	**Chief towns**	**35.725**	**43.193**	**40.102**	**12,2%**	**10,9%**	**22,9%**
	Other towns	**69.380**	**84.360**	**75.032**	**10,0%**	**8,7%**	**19,4%**
	Total	**105.105**	**127.553**	**115.135**	**10,8%**	**9,4%**	**20,6%**

Table 3: 2014 Q2 - 2016 Q1, year over year percentage changes by chief towns and other town

	% 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	% change I Q 15-16
Chief towns	1,9%	6,9%	12,2%	-4,5%	9,6%	12,2%	10,9%	22,9%
Other towns	-2,4%	2,8%	4,7%	-2,2%	7,5%	10,0%	8,7%	19,4%
Total	**-1,0%**	**4,2%**	**7,1%**	**-3,0%**	**8,2%**	**10,8%**	**9,4%**	**20,6%**

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

Chief towns	III Q 2015	IV Q 2015	I Q2016	% change III Q 14-15	% change IV Q 14-15	% change I Q 15-16
ROMA	6.340	7.839	6.564	4,6%	4,5%	12,5%
MILANO	4.108	5.373	4.804	18,2%	23,6%	26,0%
TORINO	2.268	2.679	2.847	15,7%	9,6%	37,2%
GENOVA	1.264	1.557	1.468	5,6%	14,7%	27,8%
NAPOLI	1.370	1.596	1.584	21,2%	3,9%	22,8%
PALERMO	991	1.184	1.084	9,2%	14,8%	5,5%
BOLOGNA	1.039	1.250	1.218	6,1%	7,3%	19,3%
FIRENZE	975	1.157	1.063	14,1%	10,3%	21,7%
Total	**18.355**	**22.636**	**20.632**	**10,8%**	**10,8%**	**20,7%**
Other towns	**III Q 2015**	**IV Q 2015**	**I Q2016**	**% change III Q 14-15**	**% change IV Q 14-15**	**% change I Q 15-16**
ROMA	2.690	3.353	3.191	6,7%	9,2%	23,0%
MILANO	5.833	7.349	6.528	11,6%	12,1%	24,0%
TORINO	2.860	3.621	3.117	13,1%	8,7%	20,8%
GENOVA	626	794	652	14,0%	18,6%	25,6%
NAPOLI	1.866	2.490	2.334	7,8%	10,7%	17,3%
PALERMO	831	978	842	12,3%	11,2%	2,7%
BOLOGNA	1.344	1.688	1.414	14,4%	8,8%	15,1%
FIRENZE	1.057	1.367	1.240	7,2%	11,7%	23,0%
Total	**17.107**	**21.641**	**19.319**	**10,7%**	**10,8%**	**20,7%**

Figure 6 a: 2004 Q1 - 2016 Q1, indices and year over year percentage changes for residential sector, major cities (base year 2004 = 100)

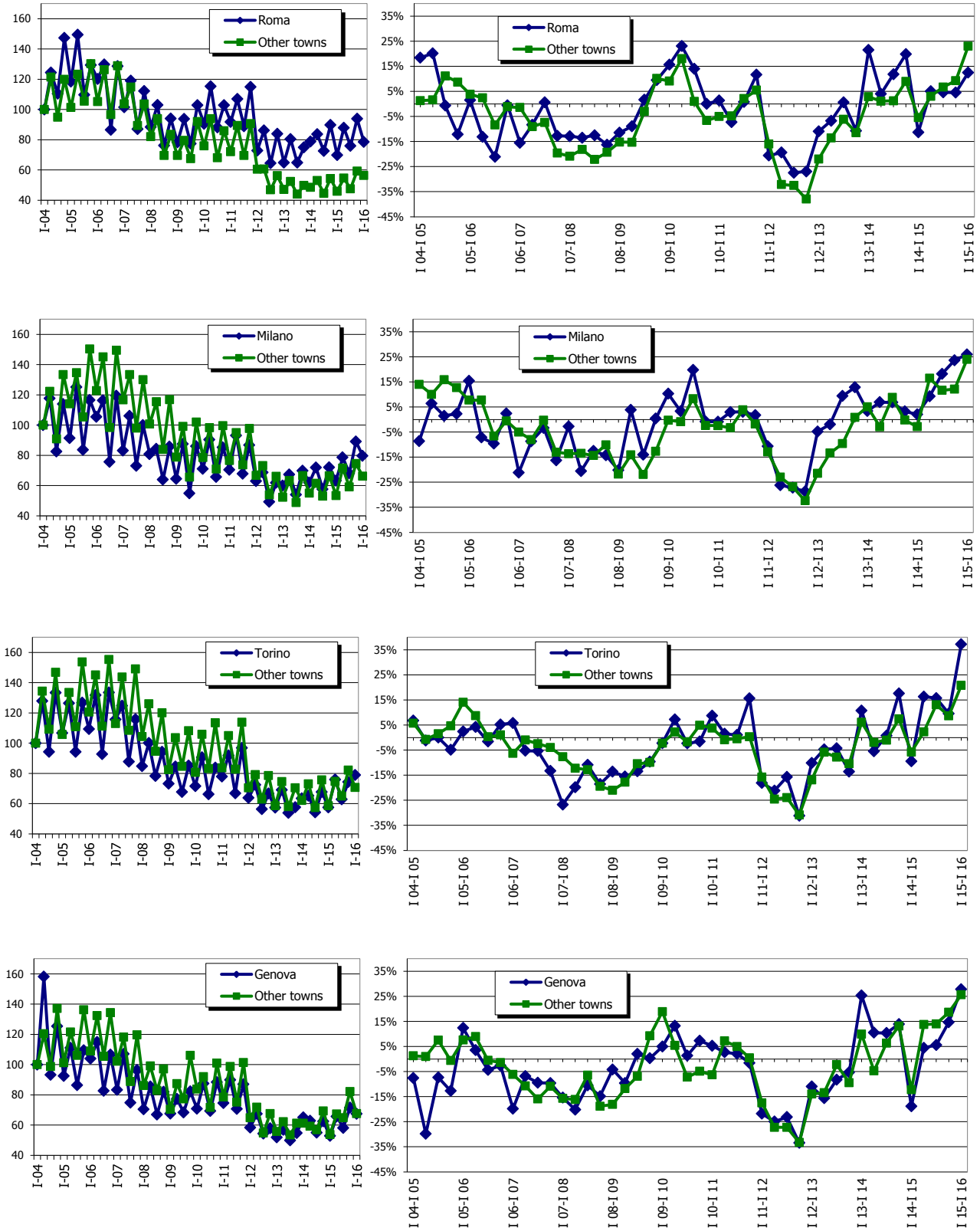

Figure 6 b: 2004 Q1 - 2016 Q1, indices and year over year percentage changes for residential sector, major cities (base year 2004 = 100)

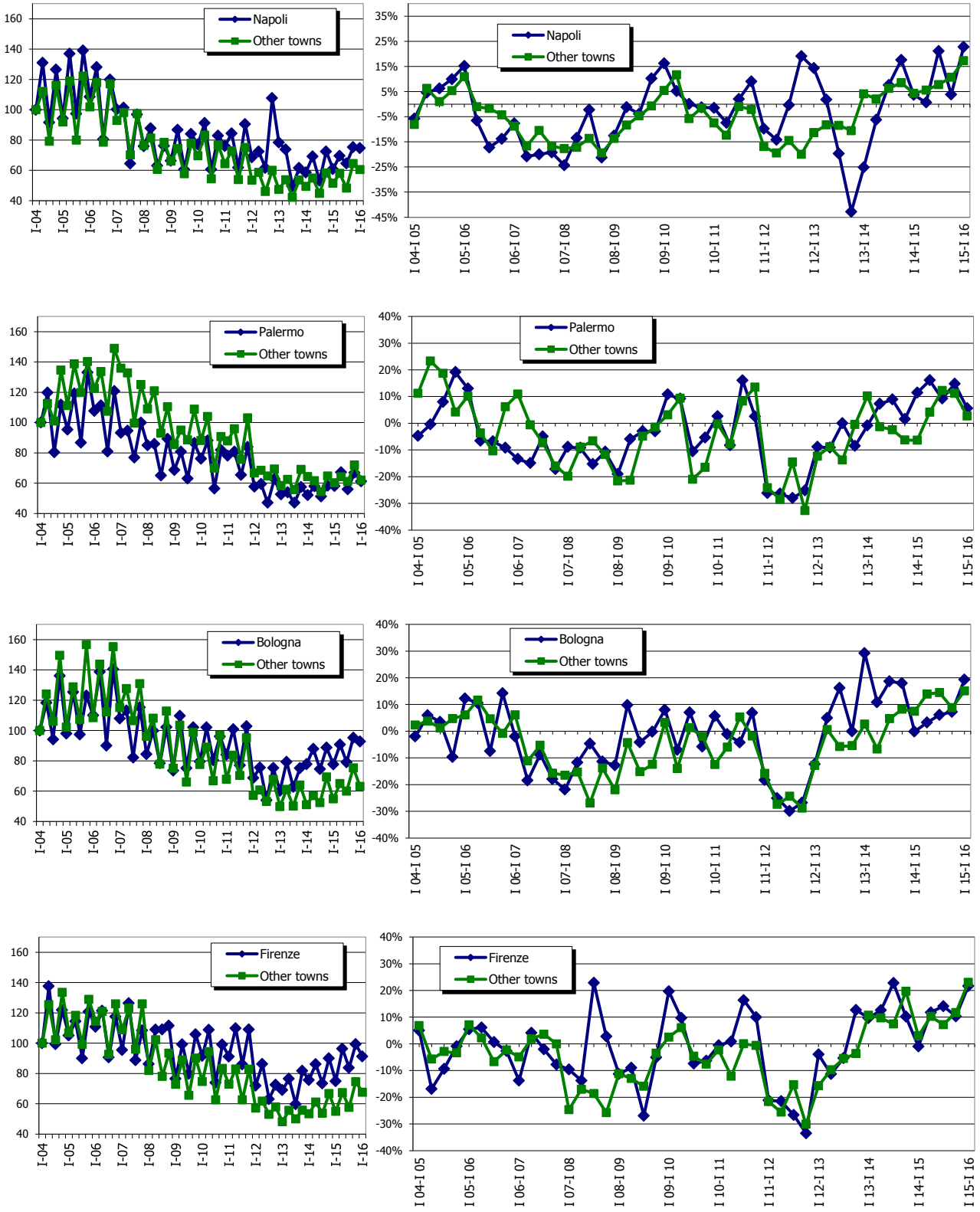

Figure 7: 2004 Q1 - 2016 Q1, indices by non residential sector, (base year 2004 = 100)

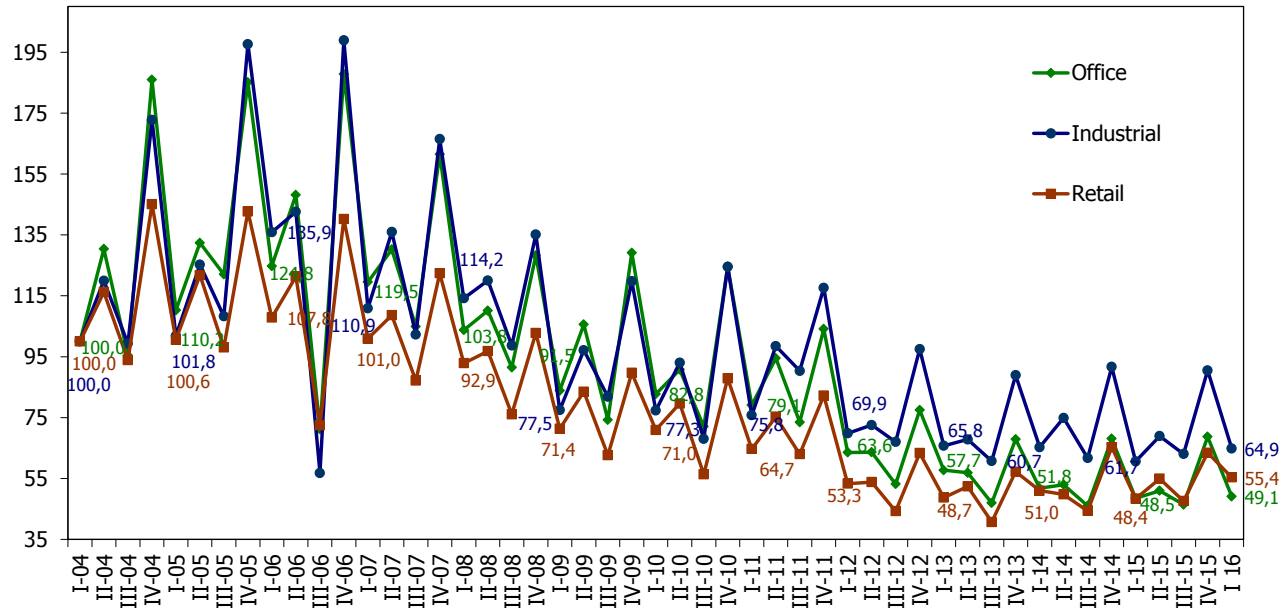

Figure 8: 2004 Q1 - 2016 Q1, year over year percentage changes for Office, Retail and Industrial sector

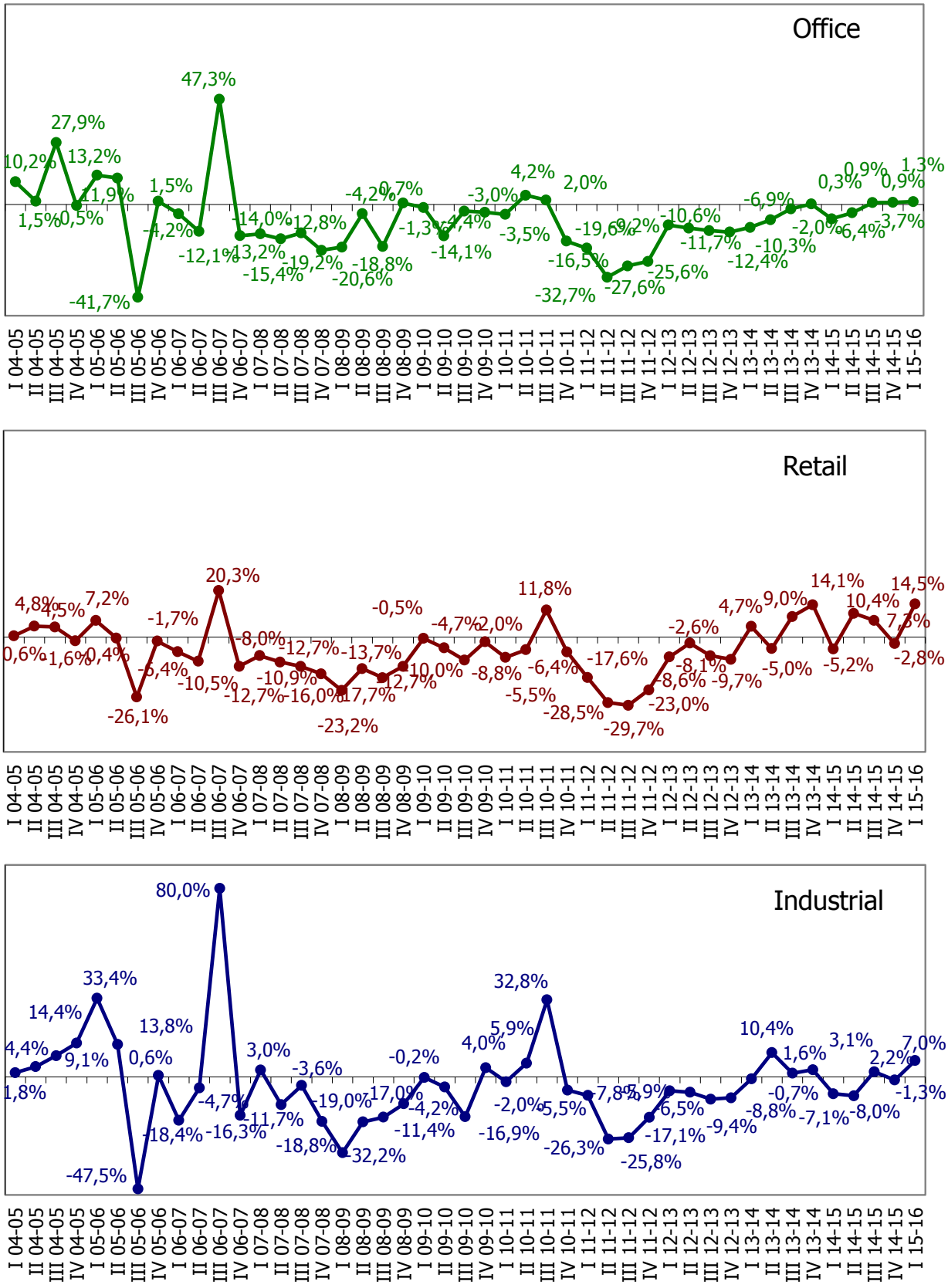

Table 5: Quarterly NTN for office sector and year over year percentage changes by geographical areas

Area	I Q 2015	II Q 2015	III Q 2015	IV Q 2015	I Q 2016	% change III Q 14-15	% change IV Q 14-15	% change I Q 15-16
North	1.134	1.242	1.172	1.676	1.185	11,5%	-3,0%	4,5%
Centre	422	452	359	654	417	-18,0%	27,5%	-1,1%
South	442	406	383	502	422	-6,4%	-11,3%	-4,5%
Italy	**1.997**	**2.101**	**1.913**	**2.831**	**2.024**	**0,9%**	**0,9%**	**1,3%**

Table 6: 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	I Q 2016	% change III Q 14-15	% change IV Q 14-15	% change I Q 15-16
North	2.859	3.245	2.822	3.824	3.308	8,0%	-5,6%	15,7%
Centre	1.300	1.565	1.310	1.824	1.450	7,8%	4,4%	11,5%
South	1.759	1.915	1.694	2.117	2.016	5,9%	-3,4%	14,6%
Italy	**5.918**	**6.725**	**5.826**	**7.765**	**6.774**	**7,3%**	**-2,8%**	**14,5%**

Table 7: 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	I Q 2016	% change III Q 14-15	% change IV Q 14-15	% change I Q 15-16
North	1.320	1.506	1.401	2.029	1.395	3,4%	-4,9%	5,7%
Centre	316	421	330	496	364	8,5%	13,2%	15,3%
South	343	323	327	430	359	-7,7%	2,1%	4,5%
Italy	**1.979**	**2.250**	**2.059**	**2.954**	**2.118**	2,2%	-1,3%	**7,0%**

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 on the 11th of May 2016. They refer to the deeds signed in the first quarter of 2016 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.

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
APPURTENANCES	**WAREHOUSES/ STORAGE FACILITIES**	
	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	
	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.	

List of figures

List of tables