

PRESS RELEASE

Corporate real estate investments in Italy +54,5% in the first 6 months of 2019

- **From the Prelios Group Market Research report: Milan confirms the expansion phase with investments in the first quarter of 2019 of 1.6 billion euros, +38.9% compared to January-June 2018**
- **Rome saw more than 700 million euro of investments in the trimester, +17.8%**
- **In Italy, the management sector (offices) saw 1.8 billion in investments, +85.3%**
- **In the second quarter of 2019, the hotel sector saw 1.5 billion euros overall in terms of transactions. From January to June 2019, the value of purchases totaled 2 billion**
- **From January to June 2019, total investments from abroad reached 3.8 billion euros, equal to 77.9% of the overall amount**

Milan, 23 August 2019 – In the **first six months of 2019, corporate real estate investments (non-residential) saw transactions in Italy of 4.9 billion euros, up 54.5%** compared to the first half of 2018 of 3.1 billion euros.

As seen in the latest **Prelios Group Market Research report** on corporate real estate investments, the **Milan market** confirmed the expansion phase with an investment volume of **1.6 billion euros**, an **increase of 38.9%** compared to the final amount in the first six months of 2018. The main driver of real estate growth in the Lombard capital was the **management sector (offices)** which totaled transactions for 1.2 billion euros, +75% compared to one year ago.

The corporate real estate market in **Rome** totaled over **700 million euros** in investments in the first half of 2019, **up 17.8%** compared to January-June 2018. Once again, the management market was the most performing sector with investments of 420 million euros, followed by the retail market (commercial areas).

At a national level, **non-residential real estate investment sectors** ended the first half of the year with the management sector, which totaled **1.8 billion euros of investments, +85.3%** compared to a year ago, led by the cities of Milan and Rome.

The **retail market** instead continued to show signs of weakness: commercial areas reported investments of 500 million euros, down 59.9% compared to the first half of 2018, while the **logistics** market recorded transactions for approximately 325 million euros, down from 400 million one year ago.

Significant signs of growth came from the **hotel sector**, which reported strong growth in the second quarter of 2019 with 1.5 billion euro in transactions. From January to June 2019, the value of sales was more than 2 billion euros, also considering the acquisition of properties with other intended uses and their subsequent conversion. The remaining real estate asset classes saw investments of 320 million euros.

At a territorial level, the **North West of Italy** was the macro area with the largest number of deals for a total of nearly 2 billion euros, followed by **Central Italy** with over 900 million euros, while the **North-East** and **Southern** areas and the **Italian islands** saw total investments for 600 million euros. The value of the properties sold "in portfolio" was 1.4 billion euros, equal to 29.5% of the national value.

From January to June 2019, **total foreign investments amounted to 3.8 billion euros**, equal to 77.9% of total transacted value (up from 75.8% in the first half of 2018). The weight of foreign investors increased further in the second quarter of 2019, reaching 80.2% compared to 72.5% in the first quarter of the year.

US investors once again confirmed their weight in the Italian real estate economy, followed by investors from Asia and the Middle East. National investment flows amounted to € 1.1 billion, up 21.7% compared to the end of

June 2018.

The **real estate market in Milan recorded investments of € 1.6 billion** in the first half of 2019, **+38.9%** compared to the first half of 2018. The main driver of real estate growth in the Lombard capital was the management sector, which totaled 1.2 billion euros (+ 75% compared to last year). In addition to the increase in transaction volumes was a change in the investment strategy by institutional operators, which saw greater interest in properties at higher risk and higher return. In the first half of 2018 the sales of office buildings in Milan were concentrated in the historic center and in the city center, at the end of June 2019, 82.4% of investments went to suburban areas (580 million euros) and the Central Business District of Porta Nuova (420 million euros).

At the end of June 2019, the amount of **foreign investments in Milan** was over 1.3 billion euros, equal to 82.4% of the total volume invested, with capital mainly deriving from the United States, Germany and Asia. The national capital invested amounted to approximately 300 million euros, and involved corporate investors and real estate funds.

The **corporate real estate market in Rome** totaled over **700 million euros in investments** in the first half of the year, **+17.8%** compared to the end of June 2018. Once again, the management market was the best performing sector, with investments of 420 millions of euros, followed by the retail market which saw a slight increase in transaction volumes in Rome compared to the first half of 2018. No significant changes were seen in other sectors, apart from the logistics market, which saw a modest volume of sales.

As regards the provenance of capital, **investment flows in Rome were predominantly national**, unlike that of Milan, and represented 81% of the total invested, amounting to 580 million euros. The remaining 19% of capital came from foreign investors, namely from the USA, followed by France, Germany, the United Kingdom and Switzerland.

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For more information:

Prelios Group Press Office
+39 02 6281.4176/4826 - pressoffice@prelios.com

Community Strategic Communications Advisers
+39 02 89404231 - prelios@communitygroup.it