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OMI QUARTERLY REPORT

Trends in Italian real estate market – Q3 2016

Publication date: **5th december 2016**
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OMI QUARTERLY REPORT

3th 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 7th of November 2016. They refer to the deeds signed in the third 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 third quarter results confirm, with a new mark-up, a positive trend for the Italian real estate market sales. In Q3 2016 the property sales are up by 17,8%, compared to the same period of the previous year, with about 265.000 properties sold in terms of NTN[1]. Among main economic factors moving this increase there are low interest rate on mortgages and house prices decline.

As shown in Table 1, in the Q3 2016, the increase concern all sectors. In the residential market the housing sales increase by 17,4% (in the Q2 2016, the year-over-year change was +22,9%) with about 123.400 property sold. Sales of appurtenances (mostly consisting in units serving the main property such as basements, garages or parking spots) follow closely with a 18,3% increase, in line with overall real estate performance.

Non-residential market show the best performance. The office unit sold shows a strong increase with a +31,1% change rate. The sales in industrial sector increase by 24,5% and the retail market shows an increase of 23,3%.

Residential sector

Unlike the previous quarters, as shown in Table 2 and Table 3,in the Q3 2016, the number of residential sales show a greater increase in the other towns (17,9%) rather than in the chief towns (16,4%).

Once again in the housing sector, North area outpaces the rest of the Country (+22,3%) while in the Centre and in the south regions the housing sales are up by 15,2% and 10% respectively (Tables 2 and 3).

In all major cities the sales rise again, to 17,4% from 22,9% of the previous quarter (Table 4). Genova, Milano, Torino and Bologna show the highest increases in house sales, with rate greater than 20% in Q3 2016 compared to the same period of 2015. Other cities with high sales include: Firenze (13,3%) and Roma (8,9%). Finally, in Napoli and Palermo housing sales rise by 2,4% and 5,8% respectively.

Non-residential sector

In the Q3 2016, sales in non-residential market again rise, continuing a trend under way since the first quarter of 2016.

As shown in Table 5, in the Q3 2016, the unit sold in office sector jump to 31,1% and stronger sales concern all main geographical areas (+36,1% in the Centre, +34,6% in the North and +15,6% in the South).

In retail market sales continue to rise in all areas (Table 6). In the North regions sales results are the highest with an increase of 28,6%, stronger sales is in Centre regions also with +23,7%, and finally in the South the change rate is +14,2%.

In line with the other non-residential sectors, in the Q3 2016 the industrial sales increase by 24,5%, compared to the same period of 2015 (Table 7). The improvement reflects the increase observed in all geographical areas with the Centre that rise up to 36,0% and the North and South that recover with a change rate greater than 20%.

[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	III Q 2015	IV Q 2015	I Q 2016	II Q 2016	III Q 2016
Residential	105.105	127.553	115.135	143.245	123.410
Office	1.913	2.831	2.024	2.409	2.508
Retail	5.826	7.765	6.774	7.593	7.185
Industrial	2.059	2.954	2.118	2.895	2.564
Appurtenances	80.164	100.825	87.525	109.973	93.965
Others	30.179	38.188	30.818	38.671	35.693
Total	**225.246**	**280.117**	**244.393**	**304.786**	**265.323**

% Change	III Q 14-15	IV Q 14-15	I Q 15-16	II Q 15-16	III Q 15-16
Residential	10,8%	9,4%	20,6%	22,9%	17,4%
Office	0,9%	0,9%	1,3%	14,7%	31,1%
Retail	7,3%	-2,8%	14,5%	12,9%	23,3%
Industrial	2,2%	-1,3%	7,0%	28,7%	24,5%
Appurtenances	9,0%	5,6%	17,3%	23,2%	17,2%
Others	3,2%	0,5%	8,5%	16,1%	18,3%
Total	**8,8%**	**6,2%**	**17,3%**	**21,8%**	**17,8%**

Figure 1: 2004 Q1 - 2016 Q3, indices by real estate sector (base year 2004 = 100)

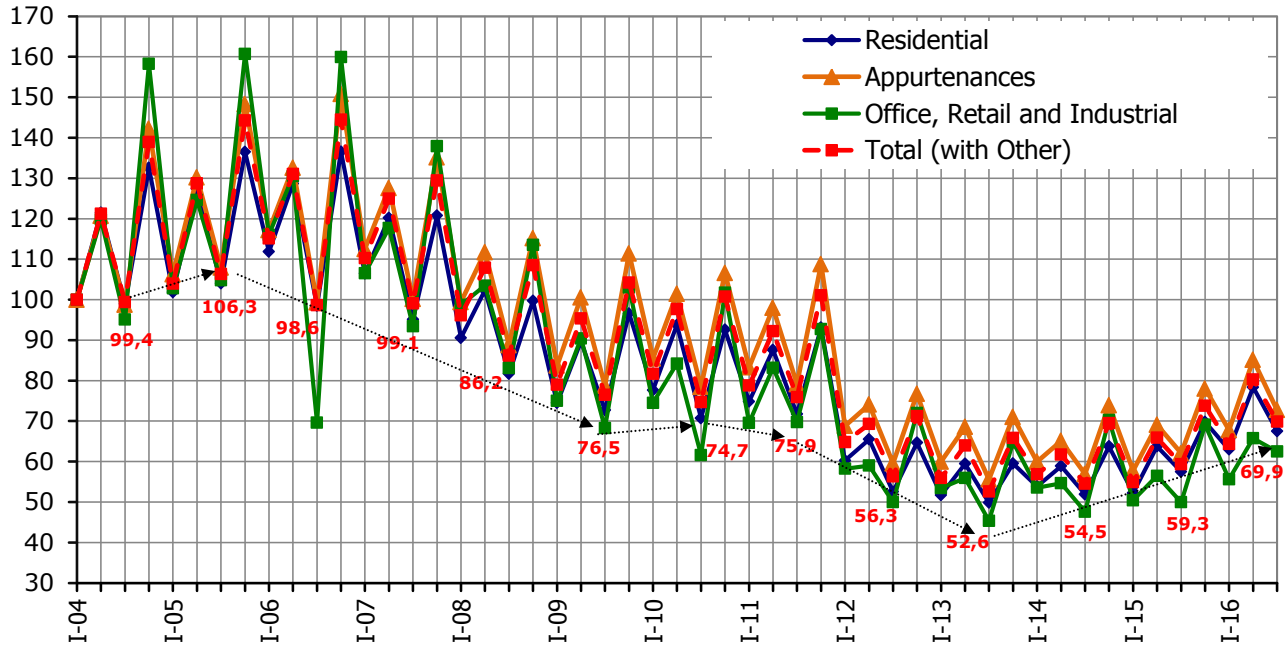

Figure 2: 2004 Q1 - 2016 Q3, year over year percentage changes by real estate sector

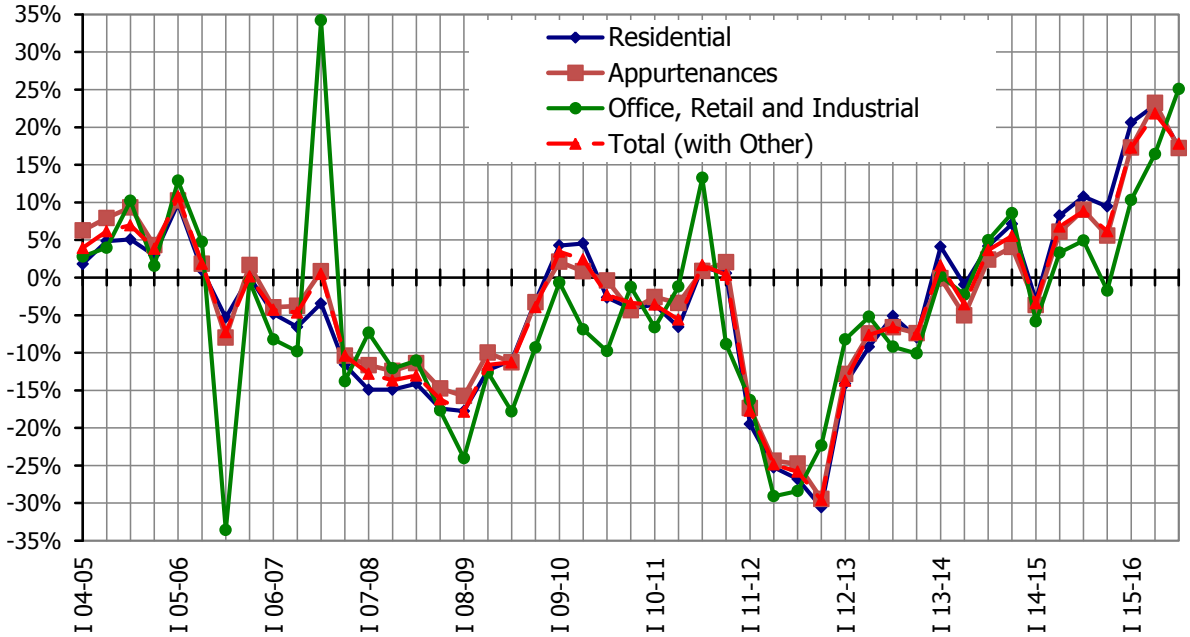

Figure 3: 2014 Q1 - 2016 Q3, quarterly residential NTN and year over year percentage changes by geographical areas

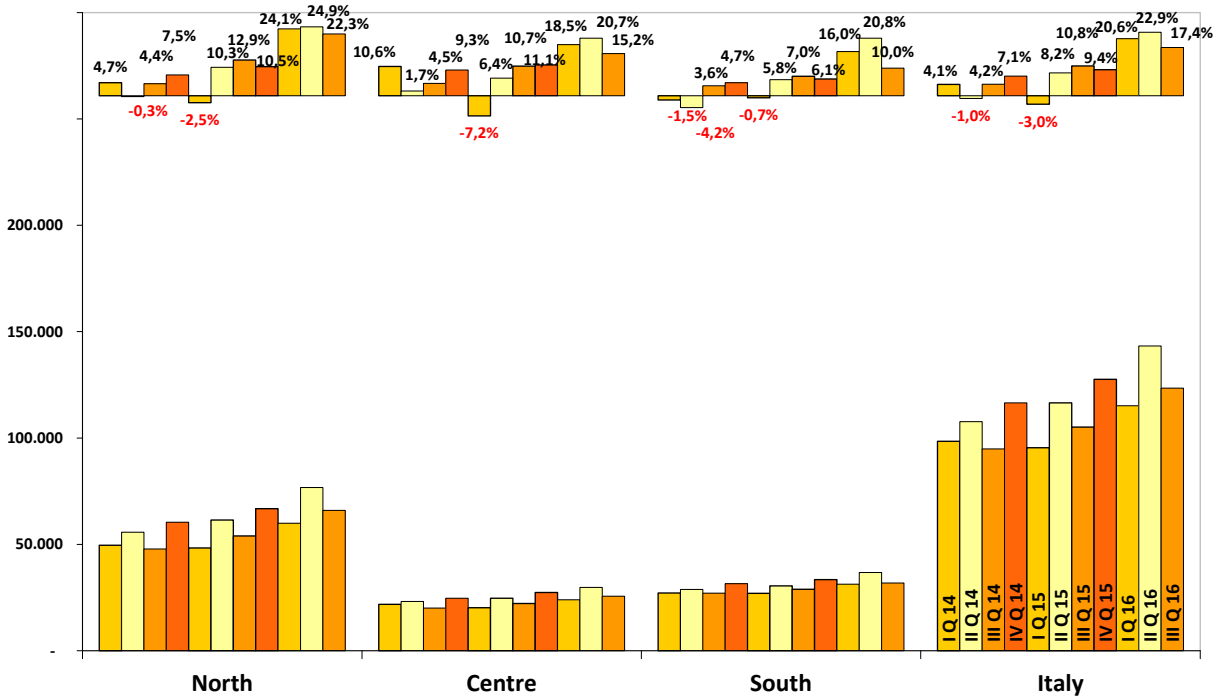

Figure 4: 2004 Q1 - 2016 Q3, indices for residential sector by geographical areas, (base year 2004 = 100)

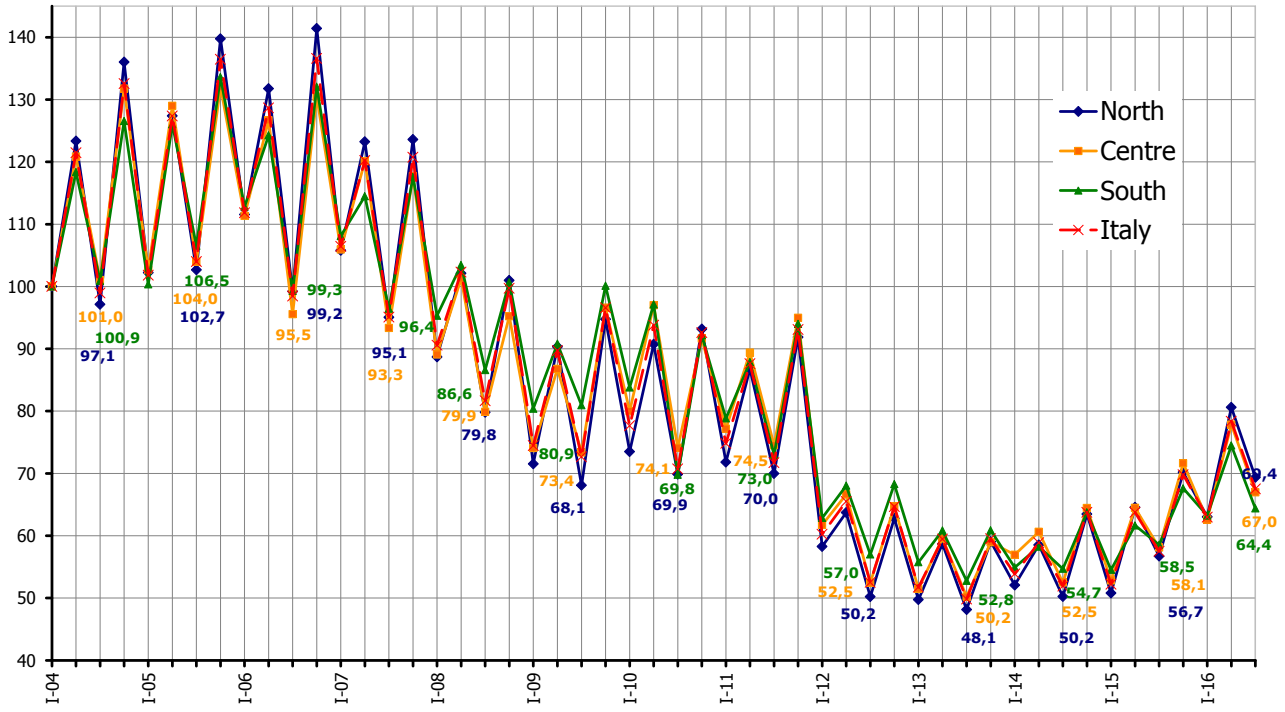

Figure 5: 2004 Q1 - 2016 Q3, year over year percentage changes for residential sector by geographical areas

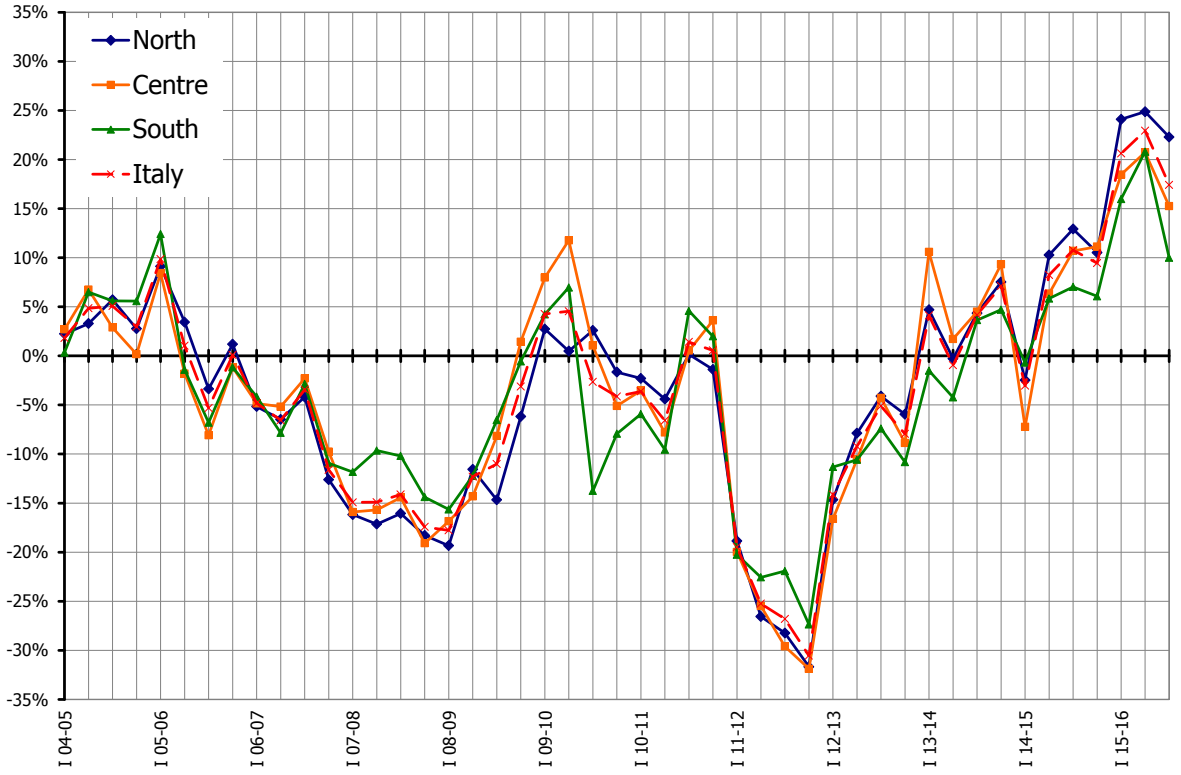

Table 2: Quarterly NTN and year over year percentage change by geographical areas and by chief towns and other towns

NTN Residential		I Q 2016	II Q 2016	III Q 2016	% change I Q 15-16	% change II Q 15-16	% change III Q 15-16
North	Chief towns	19.813	24.949	20.912	29,0%	26,9%	23,0%
	Other towns	40.151	51.737	45.093	21,8%	23,9%	22,0%
	Total	59.963	76.686	66.005	24,1%	24,9%	22,3%
Centre	Chief towns	11.253	14.161	11.911	17,0%	18,2%	12,5%
	Other towns	12.680	15.606	13.695	19,8%	23,1%	17,7%
	Total	23.933	29.767	25.606	18,5%	20,7%	15,2%
South	Chief towns	9.037	10.676	8.760	18,0%	21,3%	7,6%
	Other towns	22.201	26.116	23.040	15,2%	20,6%	10,9%
	Total	31.238	36.792	31.799	16,0%	20,8%	10,0%
Italy	**Chief towns**	**40.102**	**49.786**	**41.582**	**22,9%**	**23,1%**	**16,4%**
	Other towns	**75.032**	**93.459**	**81.828**	**19,4%**	**22,9%**	**17,9%**
	Total	**115.135**	**143.245**	**123.410**	**20,6%**	**22,9%**	**17,4%**

Table 3: 2014 Q4 - 2016 Q3, year over year percentage changes by chief towns and other town

	% 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	% change II Q 15-16	% change III Q 15-16
Chief towns	12,2%	-4,5%	9,6%	12,2%	10,9%	22,9%	23,1%	16,4%
Other towns	4,7%	-2,2%	7,5%	10,0%	8,7%	19,4%	22,9%	17,9%
Total	**7,1%**	**-3,0%**	**8,2%**	**10,8%**	**9,4%**	**20,6%**	**22,9%**	**17,4%**

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

Chief towns	I Q2016	II Q2016	III Q2016	% change I Q 15-16	% change II Q 15-16	% change III Q 15-16
ROMA	6.564	8.250	6.904	12,5%	12,4%	8,9%
MILANO	4.804	6.150	5.090	26,0%	29,7%	23,9%
TORINO	2.847	3.406	2.732	37,2%	24,3%	20,4%
GENOVA	1.468	1.823	1.579	27,8%	27,6%	25,0%
NAPOLI	1.584	1.851	1.403	22,8%	25,3%	2,4%
PALERMO	1.084	1.332	1.049	5,5%	12,0%	5,8%
BOLOGNA	1.218	1.591	1.262	19,3%	33,5%	21,5%
FIRENZE	1.063	1.384	1.105	21,7%	23,3%	13,3%
Total	**20.632**	**25.787**	**21.124**	**20,7%**	**21,5%**	**15,1%**

Other towns	I Q2016	II Q2016	III Q2016	% change I Q 15-16	% change II Q 15-16	% change III Q 15-16
ROMA	3.191	3.782	3.210	23,0%	22,4%	19,3%
MILANO	6.528	8.665	6.943	24,0%	22,7%	19,0%
TORINO	3.117	4.155	3.531	20,8%	26,2%	23,5%
GENOVA	652	845	745	25,6%	29,8%	19,0%
NAPOLI	2.334	2.795	2.328	17,3%	24,9%	24,7%
PALERMO	842	919	941	2,7%	5,3%	13,3%
BOLOGNA	1.414	1.881	1.549	15,1%	29,3%	15,2%
FIRENZE	1.240	1.574	1.389	23,0%	27,4%	31,4%
Total	**19.319**	**24.607**	**20.637**	**20,7%**	**23,7%**	**20,6%**

Figure 6 a: 2004 Q1 - 2016 Q3, indices and year over year percentage changes for residential sector, major cities (base year 2004 = 100)

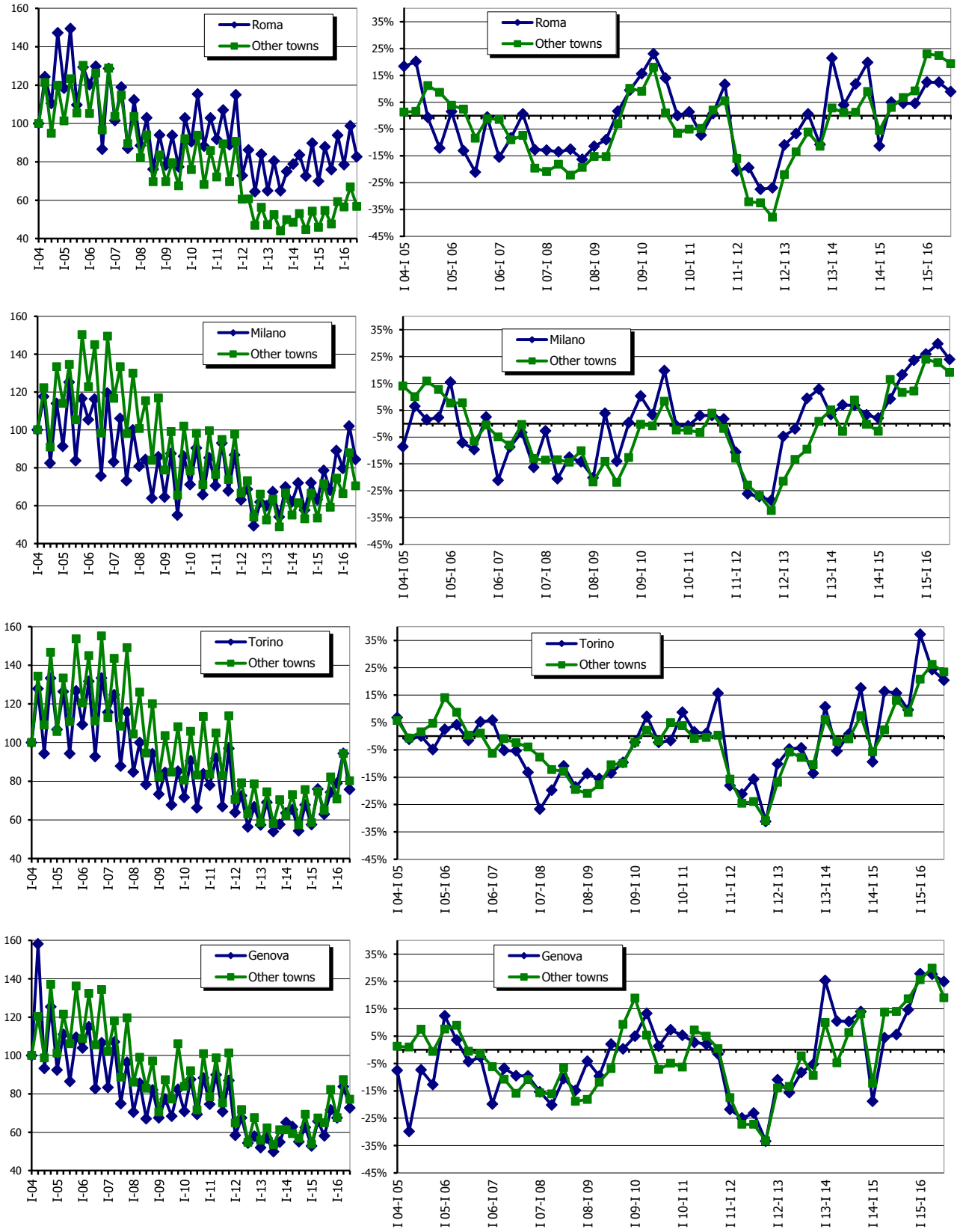

Figure 6 b: 2004 Q1 - 2016 Q3, indices and year over year percentage changes for residential sector, major cities (base year 2004 = 100)

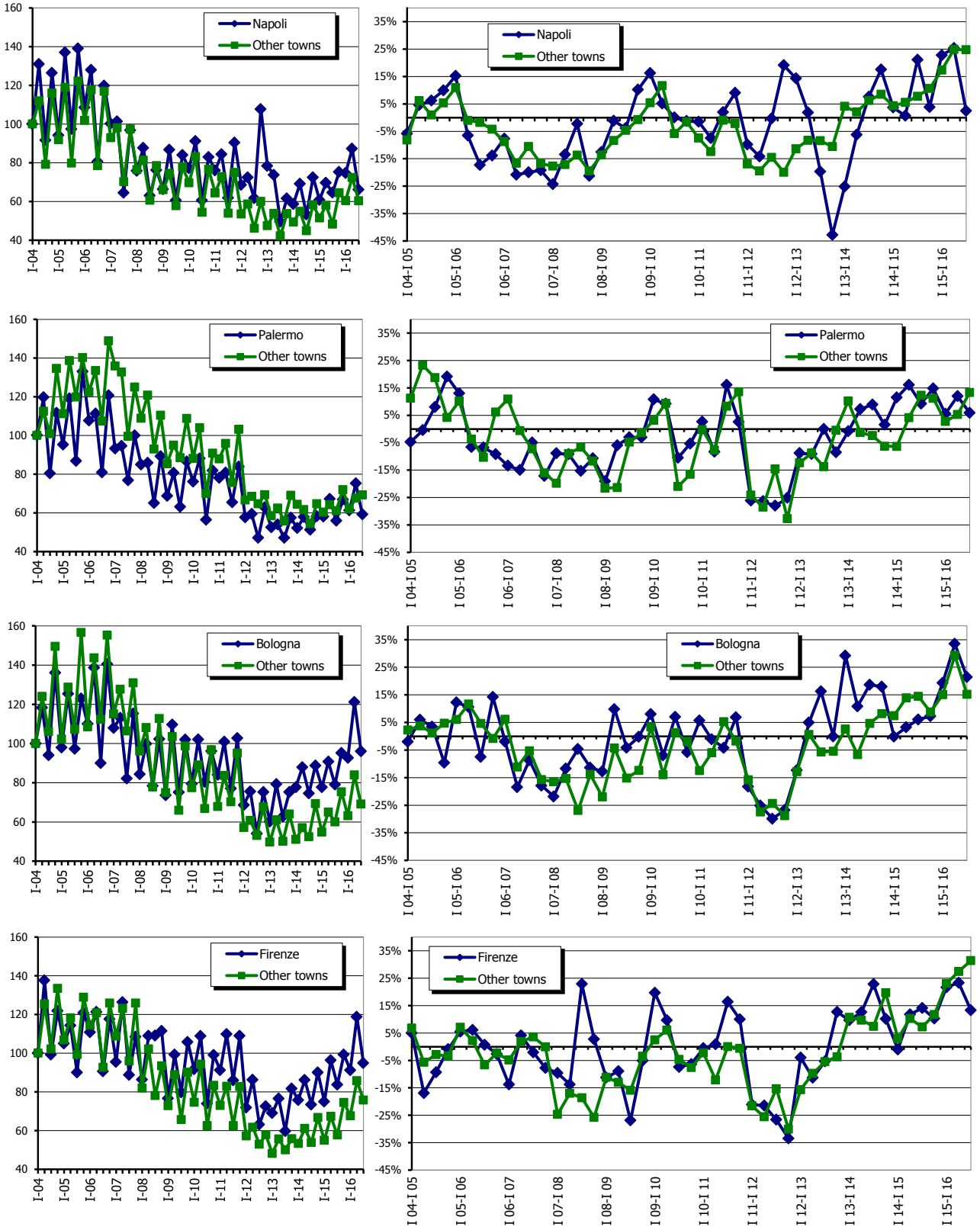

Figure 7: 2004 Q1 - 2016 Q3, indices by non residential sectors, (base year 2004 = 100)

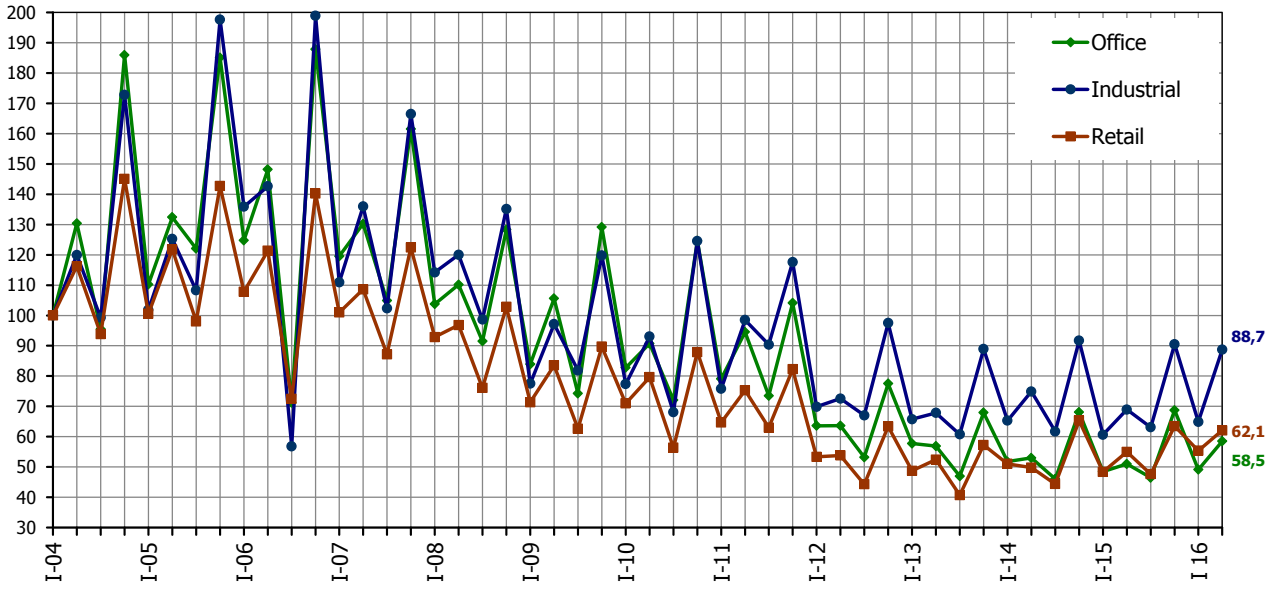

Figure 8: 2004 Q1 - 2016 Q3, year over year percentage changes for Office, Retail and Industrial sector

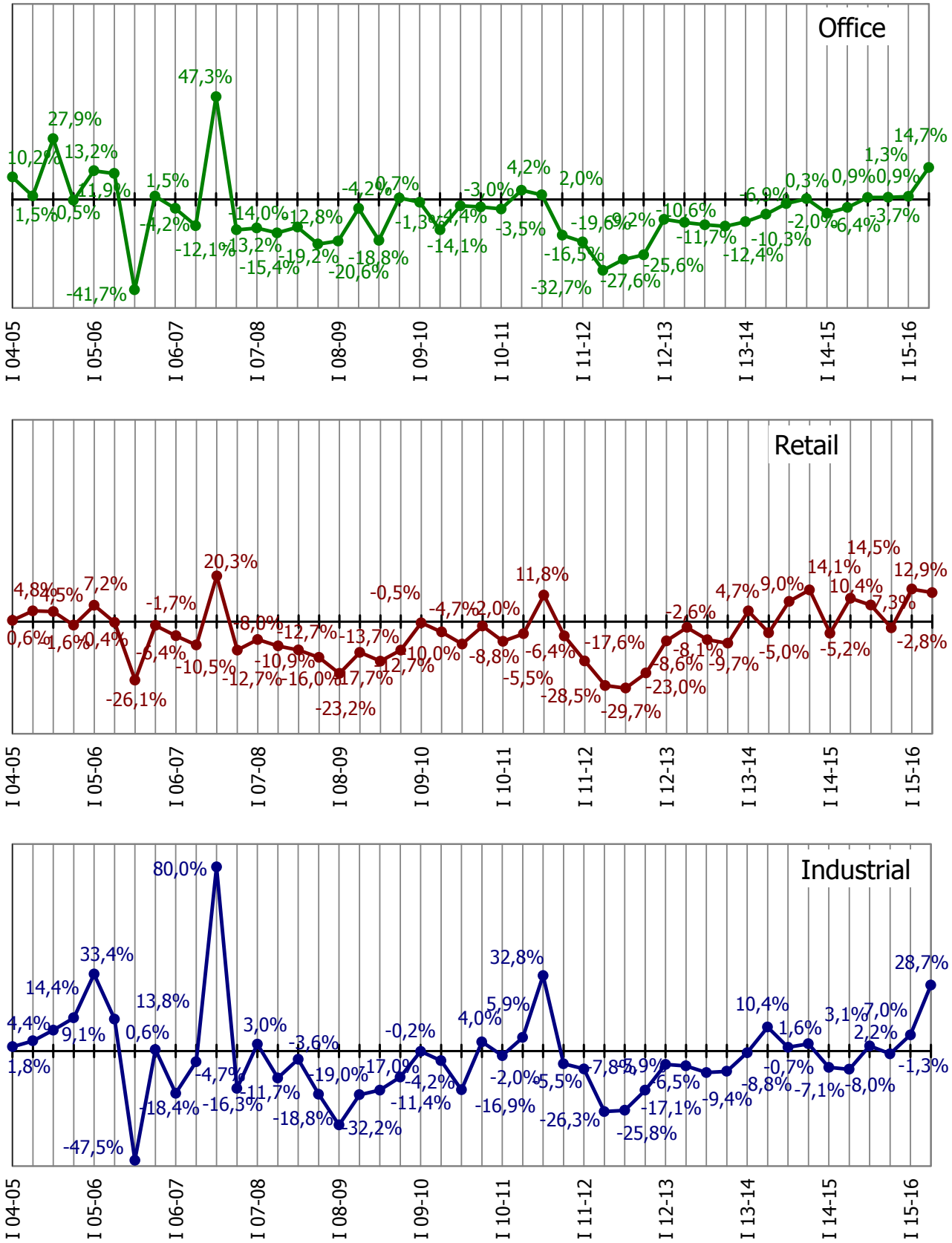

Table 5: Quarterly NTN for office sector and year over year percentage changes by geographical areas

Area	III Q 2015	IV Q 2015	I Q 2016	II Q 2016	III Q 2016	% change IV Q 14-15	% change I Q 15-16	% change II Q 15-16
North	1.172	1.676	1.185	1.413	1.577	4,5%	13,7%	34,6%
Centre	359	654	417	504	488	-1,1%	11,6%	36,1%
South	383	502	422	491	442	-4,5%	20,9%	15,6%
Italy	**1.913**	**2.831**	**2.024**	**2.409**	**2.508**	**1,3%**	**14,7%**	**31,1%**

Table 6: Quarterly NTN for retail sector and year over year percentage changes by geographical areas

Area	III Q 2015	IV Q 2015	I Q 2016	II Q 2016	III Q 2016	% change I Q 15-16	% change II Q 15-16	% change III Q 15-16
North	2.822	3.824	3.308	3.617	3.630	15,7%	11,5%	28,6%
Centre	1.310	1.824	1.450	1.698	1.620	11,5%	8,5%	23,7%
South	1.694	2.117	2.016	2.278	1.935	14,6%	18,9%	14,2%
Italy	**5.826**	**7.765**	**6.774**	**7.593**	**7.185**	**14,5%**	**12,9%**	**23,3%**

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

Area	III Q 2015	IV Q 2015	I Q 2016	II Q 2016	III Q 2016	% change I Q 15-16	% change II Q 15-16	% change III Q 15-16
North	1.401	2.029	1.395	1.866	1.710	5,7%	23,9%	22,0%
Centre	330	496	364	429	449	15,3%	1,8%	36,0%
South	327	430	359	600	405	4,5%	85,9%	23,6%
Italy	**2.059**	**2.954**	**2.118**	**2.895**	**2.564**	**7,0%**	**28,7%**	**24,5%**

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 on the 7th of November 2016. They refer to the deeds signed in the second third 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
	GARAGES / PARKING SPOTS	
	C/6 e C/7	Stables, sheds, storehouses and garages Closed and open canopies
NON RESIDENTIAL SECTORS	**OFFICE**	
	A/10	Private offices and practices
	D/5	Credit, exchange and insurance premises
	RETAIL	
	C/1 e C/3	Shops and workshops
	D/8	Buildings constructed for, or adjusted to meet special commercial needs and not suitable for different use without radical transformation
	D/2	Hotels
	INDUSTRIAL	
	D/1 e D/7	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 B/1 to B/8 such as schools, hospitals, prisons, libraries, public offices, museums etc.	
	GROUP C	
	Real estate units grouped in categories C/4 and C/5: sports facilities (no profit making), beach facilities and spas.	
	GROUP D	
	Real estate units grouped in categories D/3, D/4, D/6, D/9 e D/10 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 E/1 to E/9 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