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OMI QUARTERLY REPORT

Trends in Italian real estate market – Q2 2016

Publication date: **15th september 2016**
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OMI QUARTERLY REPORT

2nd quarter 2016

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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 29th of August 2016. They refer to the deeds signed in the second 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

In Italian real estate market sales continue to rise for the fifth consecutive quarter. In Q2 2016 property sales are up by 21,8%, compared to the same period of the previous year, with about 305.000 properties sold in terms of NTN[1].

In Q2 2016 the Italian real estate market delivers its fastest expansion since Q2 2015, following growth rates of 6,2% in Q4 2015 and 17,3% in Q1 2016.

As shown in Table 1, the residential sector continues its run and in the Q2 2016 the housing sales increase by 22,9% (in the Q1 2016, the year-over-year change was +20,6%). Sales of appurtenances (mostly consisting in units serving the main property such as basements, garages or parking spots) follow closely with a 23,2% increase, in line with overall real estate performance.

In non-residential market there is a significant rise too. The industrial unit sold shows a strong increase with a +28,7% change rate. The sales in office sector increase by 14,7% and the retail market shows an increase of 12,9%.

Residential sector

As shown in Table 2 and Table 3 the number of residential sales increase in a similar way in chief towns and in other towns both near 23%.

Once again in the housing sector, North area outpaces the rest of the Country (+24,9%) while in the Centre and in the south regions the housing sales are up by about 21% (Tables 2 and 3).

All major cities show double digit sales increase (Table 4). Bologna has the highest increase in house sales, with a 33,5% rise in Q2 2016. Other cities with stronger sales include: Milano (29,7%),Genova (27,6%), Napoli (25,3%), Torino (24,3%), and Firenze (23,3%). In Rome, in the Q2 2016, residential property sales also rise, but at a slower pace, by 12,4%.

Non-residential sector

After many quarters of declines or stability, in the Q2 2016, sales in office sector rise in all main geographical areas (Table 5). The South has the highest increase in office sales, with a 20,9% rise. The office sales increase by 13,7% in North area and by 11,6% in the Centre regions.

As in Q1 2016, in retail market sales continue to rise in all areas (Table 6). In the South regions sales results are the highest with an increase of 18,9%, while trades in North recover thanks to +11,5% and finally in the Centre the positive change rate is 8,5%.

Among non-residential sectors, in the Q2 2016 the industrial category shows the biggest change rate, +28,7%, compared to the same period of 2015 (Table 7). This jump in sales is due to strong rise observed in the South regions where the change rate is about 86%. In the North sales rise too (+23,9%) and in the Centre regions there is a weak growth +1,8%.

[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	II Q 2015	III Q 2015	IV Q 2015	I Q 2016	II Q 2016
Residential	116.523	105.105	127.553	115.135	143.245
Office	2.101	1.913	2.831	2.024	2.409
Retail	6.725	5.826	7.765	6.774	7.593
Industrial	2.250	2.059	2.954	2.118	2.895
Appurtenances	89.238	80.164	100.825	87.525	109.973
Others	33.322	30.179	38.188	30.818	38.671
Total	**250.158**	**225.246**	**280.117**	**244.393**	**304.786**

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

Figure 1: 2004 Q1 - 2016 Q2, indices by real estate sector (base year 2004 = 100)

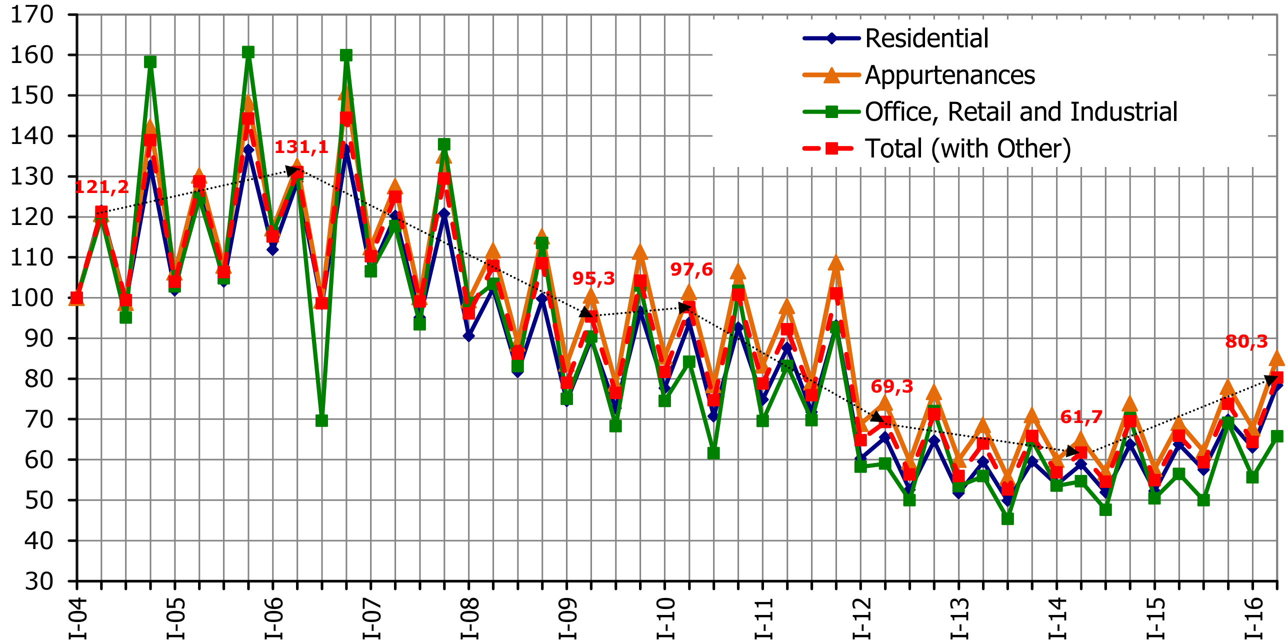

Figure 2: 2004 Q1 - 2016 Q2, year over year percentage changes by real estate sector

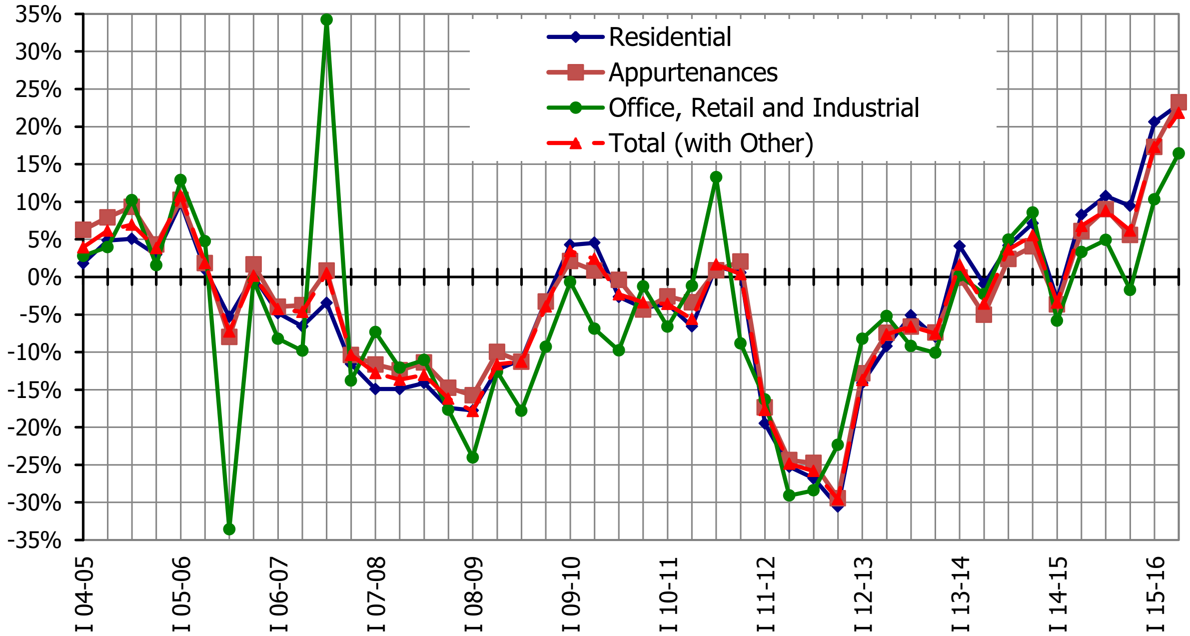

Figure 3: 2014 Q1 - 2016 Q2, quarterly residential NTN and year over year percentage changes by geographical areas

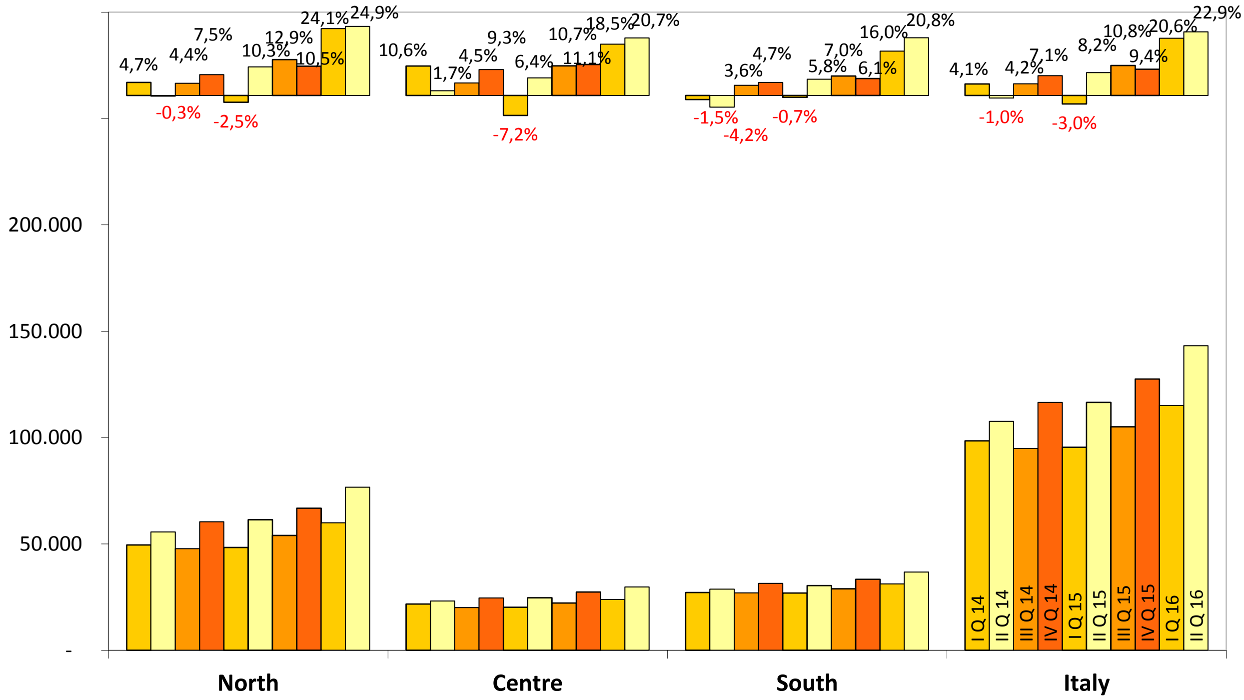

Figure 4: 2004 Q1 - 2016 Q2, indices for residential sector by geographical areas, (base year 2004 = 100)

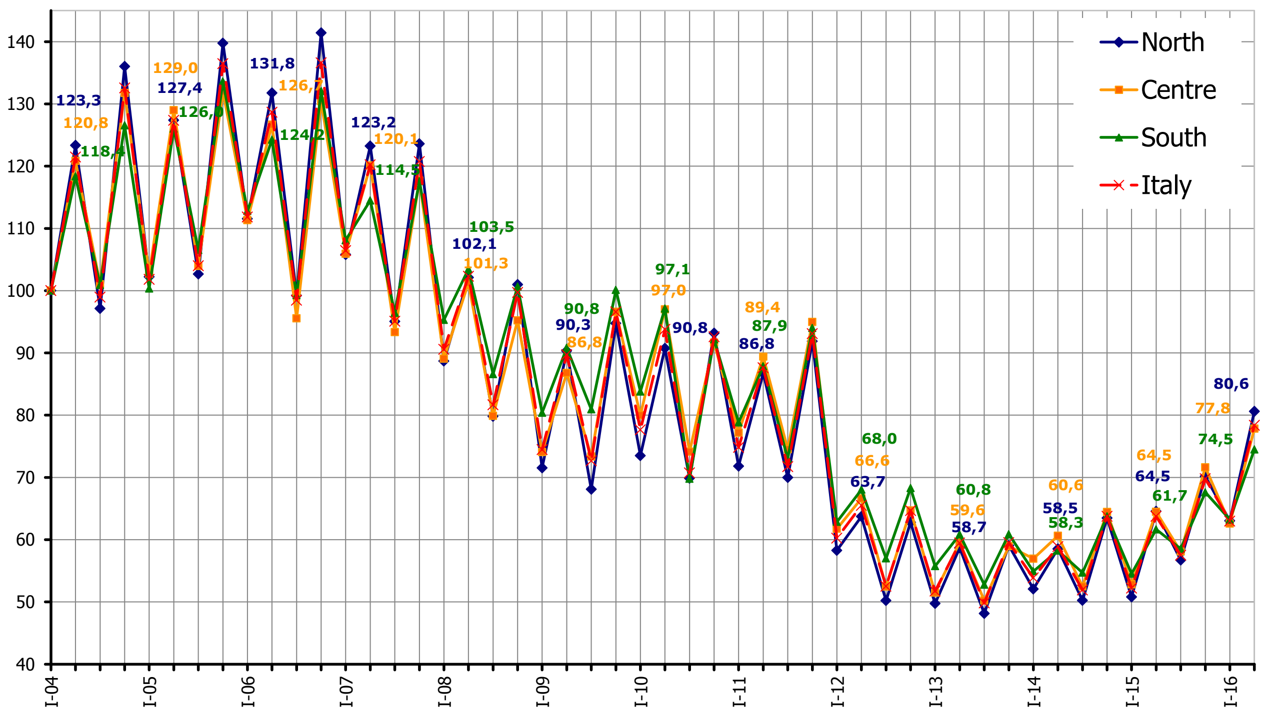

Figure 5: 2004 Q1 - 2016 Q1, year over year percentage changes for residential sector by geographical areas

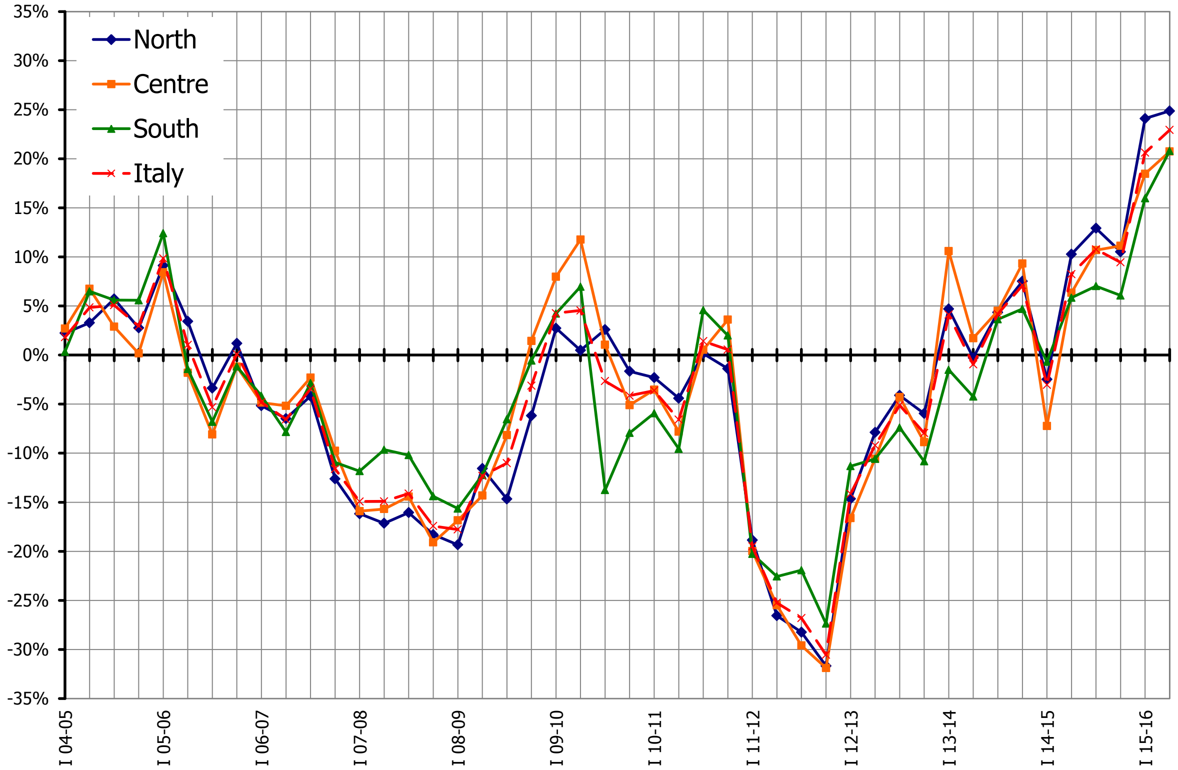

Table 2: Quarterly NTN and year over year percentage change by geographical areas and by chief towns and other towns

NTN Residential		IV Q 2015	I Q 2016	II Q 2016	% change IV Q 14-15	% change I Q 15-16	% change II Q 15-16
North	Chief towns	20.617	19.813	24.949	11,5%	29,0%	26,9%
	Other towns	46.146	40.151	51.737	10,1%	21,8%	23,9%
	Total	66.763	59.963	76.686	10,5%	24,1%	24,9%
Centre	Chief towns	13.245	11.253	14.161	10,7%	17,0%	18,2%
	Other towns	14.148	12.680	15.606	11,5%	19,8%	23,1%
	Total	27.393	23.933	29.767	11,1%	18,5%	20,7%
South	Chief towns	9.332	9.037	10.676	9,6%	18,0%	21,3%
	Other towns	24.066	22.201	26.116	4,7%	15,2%	20,6%
	Total	33.398	31.238	36.792	6,1%	16,0%	20,8%
Italy	**Chief towns**	**43.193**	**40.102**	**49.786**	**10,9%**	**22,9%**	**23,1%**
	Other towns	**84.360**	**75.032**	**93.459**	**8,7%**	**19,4%**	**22,9%**
	Total	**127.553**	**115.135**	**143.245**	**9,4%**	**20,6%**	**22,9%**

Table 3: 2014 Q3 - 2016 Q2, year over year percentage changes by chief towns and other town

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

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

Chief towns	**IV Q 2015**	**I Q2016**	**II Q2016**	**% change IV Q 14-15**	**% change I Q 15-16**	**% change II Q 15-16**
ROMA	7.839	6.564	8.250	4,5%	12,5%	12,4%
MILANO	5.373	4.804	6.150	23,6%	26,0%	29,7%
TORINO	2.679	2.847	3.406	9,6%	37,2%	24,3%
GENOVA	1.557	1.468	1.823	14,7%	27,8%	27,6%
NAPOLI	1.596	1.584	1.851	3,9%	22,8%	25,3%
PALERMO	1.184	1.084	1.332	14,8%	5,5%	12,0%
BOLOGNA	1.250	1.218	1.591	7,3%	19,3%	33,5%
FIRENZE	1.157	1.063	1.384	10,3%	21,7%	23,3%
Total	**22.636**	**20.632**	**25.787**	**10,8%**	**20,7%**	**21,5%**

Other towns	**IV Q 2015**	**I Q2016**	**II Q2016**	**% change IV Q 14-15**	**% change I Q 15-16**	**% change II Q 15-16**
ROMA	3.353	3.191	3.782	9,2%	23,0%	22,4%
MILANO	7.349	6.528	8.665	12,1%	24,0%	22,7%
TORINO	3.621	3.117	4.155	8,7%	20,8%	26,2%
GENOVA	794	652	845	18,6%	25,6%	29,8%
NAPOLI	2.490	2.334	2.795	10,7%	17,3%	24,9%
PALERMO	978	842	919	11,2%	2,7%	5,3%
BOLOGNA	1.688	1.414	1.881	8,8%	15,1%	29,3%
FIRENZE	1.367	1.240	1.574	11,7%	23,0%	27,4%
Total	**21.641**	**19.319**	**24.607**	**10,8%**	**20,7%**	**23,7%**

Figure 6 a: 2004 Q1 - 2016 Q2, indices and year over year percentage changes for residential sector, major cities (base year 2004 = 100)

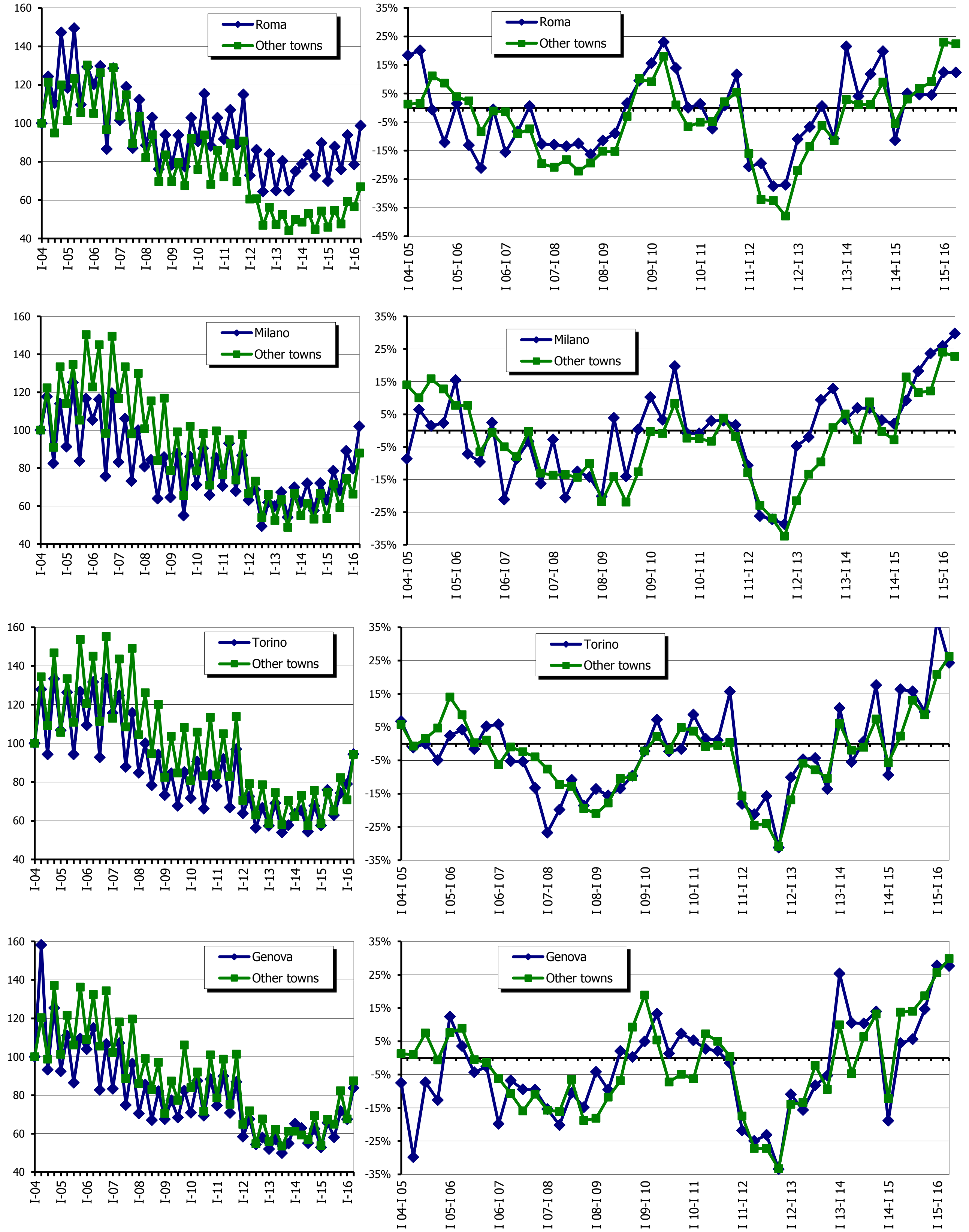

Figure 6 b: 2004 Q1 - 2016 Q2, indices and year over year percentage changes for residential sector, major cities (base year 2004 = 100)

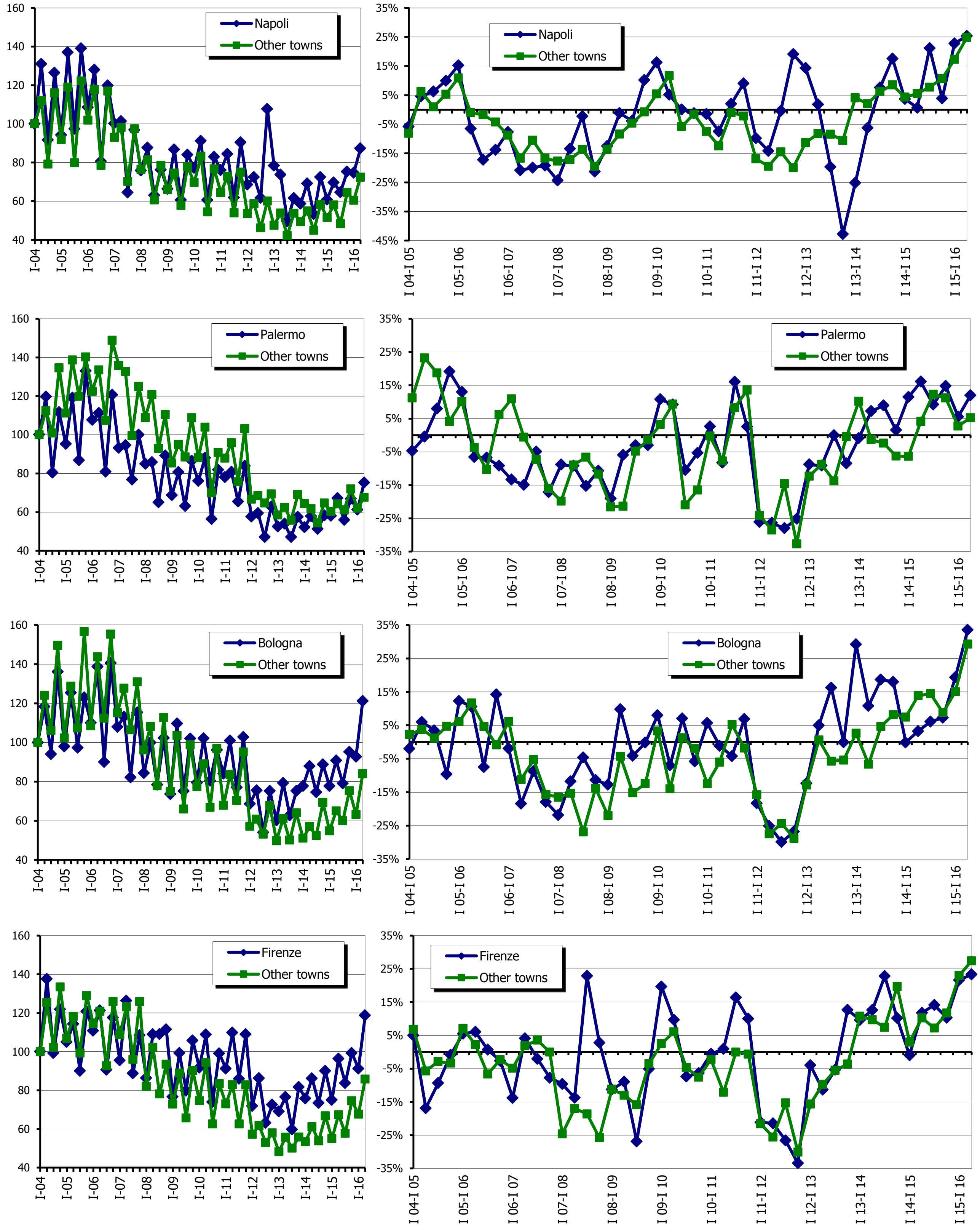

Figure 7: 2004 Q1 - 2016 Q2, indices by non residential sectors, (base year 2004 = 100)

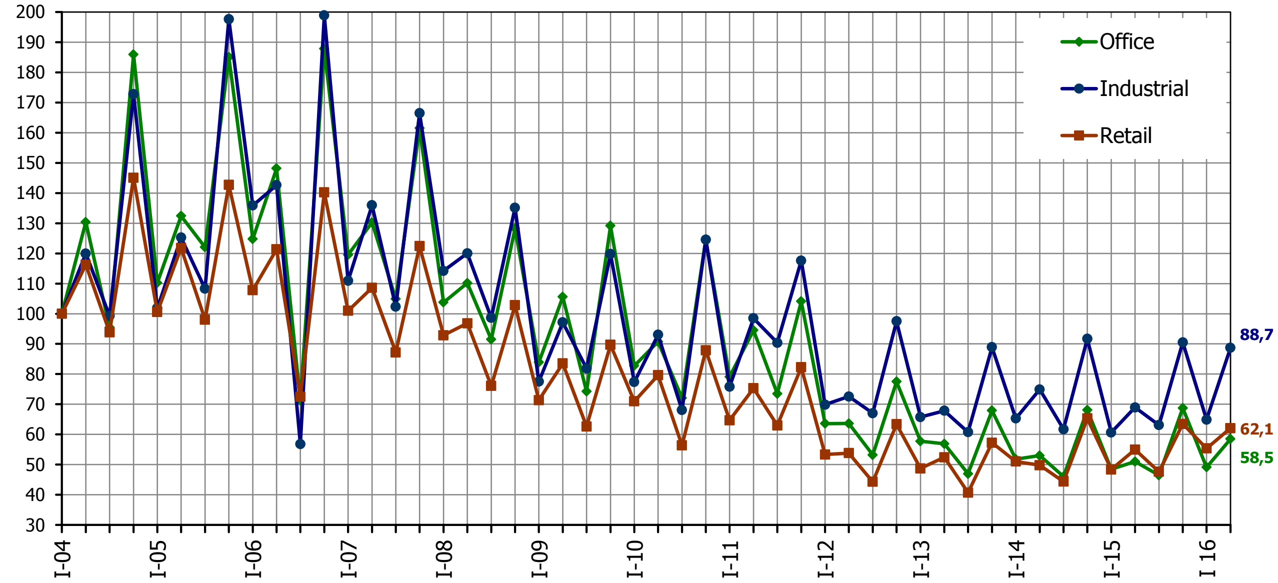

Figure 8: 2004 Q1 - 2016 Q2, year over year percentage changes for Office, Retail and Industrial sector

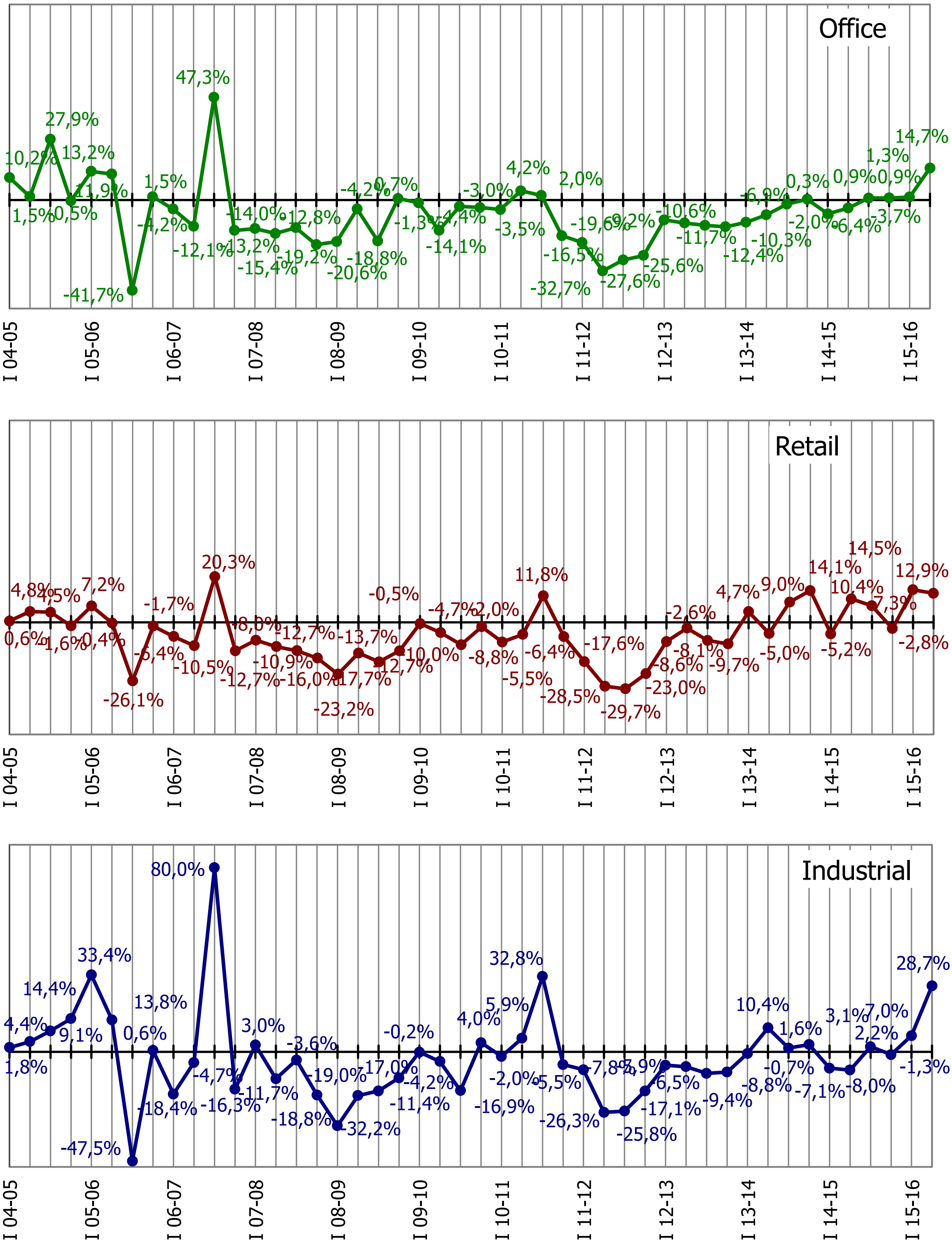

Table 5: Quarterly NTN for office sector and year over year percentage changes by geographical areas

Area	II Q 2015	III Q 2015	IV Q 2015	I Q 2016	II Q 2016	% change IV Q 14-15	% change I Q 15-16	% change II Q 15-16
North	1.242	1.172	1.676	1.185	1.413	-3,0%	4,5%	13,7%
Centre	452	359	654	417	504	27,5%	-1,1%	11,6%
South	406	383	502	422	491	-11,3%	-4,5%	20,9%
Italy	**2.101**	**1.913**	**2.831**	**2.024**	**2.409**	**0,9%**	**1,3%**	**14,7%**

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

Area	II Q 2015	III Q 2015	IV Q 2015	I Q 2016	II Q 2016	% change IV Q 14-15	% change I Q 15-16	% change II Q 15-16
North	3.245	2.822	3.824	3.308	3.617	-5,6%	15,7%	11,5%
Centre	1.565	1.310	1.824	1.450	1.698	4,4%	11,5%	8,5%
South	1.915	1.694	2.117	2.016	2.278	-3,4%	14,6%	18,9%
Italy	**6.725**	**5.826**	**7.765**	**6.774**	**7.593**	**-2,8%**	**14,5%**	**12,9%**

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

Area	II Q 2015	III Q 2015	IV Q 2015	I Q 2016	II Q 2016	% change IV Q 14-15	% change I Q 15-16	% change II Q 15-16
North	1.506	1.401	2.029	1.395	1.866	-4,9%	5,7%	23,9%
Centre	421	330	496	364	429	13,2%	15,3%	1,8%
South	323	327	430	359	600	2,1%	4,5%	85,9%
Italy	**2.250**	**2.059**	**2.954**	**2.118**	**2.895**	**-1,3%**	**7,0%**	**28,7%**

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 29th of August 2016. They refer to the deeds signed in the second 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

Sector	(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.	

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