

ITALY TOWARDS EUROPE: REAL ESTATE MARKET, URBAN REGENERATION AND PUBLIC WORKS

This issue of Territorio Italia includes themes related to the real estate market, it deals with financial tools directed to the urban redevelopment and, at last, it examines the new code of public contracts.

The article by Gianni Guerrieri focuses on the cycles of real estate market and, particularly, reconsiders all the impacts that credit policies can have on a crisis, such as the current one, leading to a surplus of supply that could have negative long-term effects, as happened during the crisis begun in 2006 and still in place. It is worth reminding as in Italy, already during the '50s-'70s, the credit policy based on the low cost of money and supported by mortgage bonds issued by the banks, had supported the development of construction activity, enabling even social classes with low and medium incomes to gain access to property.

The Italian building policy, compared to the other European countries, stands out for the access to property by all social classes and for the high percentage of property owners. This is what created the concept of the "social blockade", which recently occurred towards the IMU, which links small and large owners regardless of the amount and the worth of property. Building policies of home ownership stimulation, implemented during the '50s-'70s accomplished their goal of connecting the interests of some social classes different for profit capabilities and for amount and worth of property asset.

Contrary to the current situation, during the "quantitative growth" phase there used to be a huge house demand and the trading market, along with the construction of new houses, have been effective to satisfy the demand, thanks to the low cost of money. Property market was predominantly made up of new houses, whose production has positive impacts on the entire economy; on the one hand, it supported the aggregate domestic demand due to the higher employment and, on the other hand, it played a positive role in the construction industry becoming a real Keynesian multiplier.

The article by Guerrieri underlines that a credit policy based on the low cost of money, as the one of the '70s, caused serious distortions of the real estate market and it was one of the causes of the current crisis. From a demand perspective, it is crucial to remind the well-known aftermath generated by the sub-prime mortgages; on the contrary, from a supply perspective, the low cost of money available in large quantities would have supported the territorial transformations during the last decades, enabling property investors to cover the costs of large interventions with capitals owned by third parties (up to 90%), basing all the profitability of the investments on the financial leverage and burdening the underwriters of the so called "toxic" securities with the risk. Gianni Guerrieri analyses in his article the macro-prudential policies designed both to avoid fueling the crisis during the phases of market "overheating" and to curb the imbalances between demand and supply, in order to foster more physiological market trends able to avoid housing bubbles and the following market collapses in terms of transactions and prices.

Alice Barreca, Rocco Curto and Diana Rolando deal with topics regarding the real estate market. They analyse particularly issues related to the territorial sub-segmentation. Real estate market, indeed, is subject to the mechanisms of the monopolistic competition, as it shows a supply made up of many products, differently characterized for their location and features of housing units and buildings. Real estate market sub-segmentation turns out to be a current topic, since the Agenzia delle Entrate is working to redefine the boundaries of the OMI areas, on which price surveys of real estate market on a national level are based and on which the long-awaited review of the Cadaster should be based. The obsolescence of the latter from an income and tax value point of view is widely known, so much that the EU itself has requested Italy to achieve it, in order to implement efficient property taxation policies.

The analysis on Turin has been carried out thanks to a ten-year collaboration between the Turin Municipality and the Politecnico di Torino, which in 1999 defined the cadastral Microzones by implementing the Presidential Decree 138/98 and, from the following years until today, conducted the monitoring of the city's real estate market, through the activities carried out by the Turin Real Estate Market Observatory (www.oict.polito.it). By using hedonic models, the article focuses on the "location" variable which keeps playing a key role in determining property values of the residential units, even in times of crisis such as the current one.

It is well known that the territorial sub-segments and their hierarchical relationships regarding property values may change over time, due to local transformations, construction of infrastructures and the change of housing and lifestyle models. On these basis, the authors control the 40 Microzones (MZ) identified in 1999 and compare them with 93 Historical Territorial Portions (HTP), later identified by the Politecnico di Torino on the basis of a specific historical-urban investigation. The HTPs are more circumscribed compared to the MZs.

The two hedonic models employed in the two hypothesis of territorial sub-segmentation, with analytical purposes, have both showed positive and "equivalent" outcomes on the basis of statistical tests, marginal coefficients and adjusted R^2 , taking into account that the dependent variable was represented by the property prices. The models, if employed into the revision of cadastral values, can use, besides the positional variable, a limited number of explanatory variables concerning the features of buildings (architectural and typological) and the variables "floor/presence of lift", "state of conservation" and "date of supply", related to property units. It is undoubted that with same outcomes, the maintenance of 40 instead of 93 territorial sub-segments allow to optimize the activities concerning the analysis and monitoring of property values, given that wider territorial components allow the arrangement of a larger number of data and, therefore, of samples always more significant on a statistical level even for the determination of marginal prices. Moreover, the outcomes of the analysis suggest to experiment those models which take into account a number of territorial sub-segments lower than 40 MZ, obtainable by their union, except for the MZ 24, MZ 38 and MZ 29 which need to be more articulated, due to their features and size.

The article by Agostina Lodde comes after the review she published on *Territorio Italia* regarding different property registration systems in force throughout the European countries (N.1/2016). This second contribution becomes crucial as it focuses on the attention that the EU council paid towards the "interconnection of property registers", in the field of the strategy pertinent to the "European e-Justice" attainable through an action plan to be implemented between 2014 and 2018. This article is useful to solicit the contributions focused on policies, the studies and the European measures in order that they can have a direct and indirect impacts on real estate markets, cadaster, property tax and land administration.

The information contained within the property registers of the diverse member states can freely move thanks to the technologies developed in the field of IT, if the problems related to the possibility to link before even modifying the diverse systems are solved. The European commission has already implemented a European portal that, besides the insolvency registers and the business ones, also includes the property registers, in order to permit access to official and reliable documents and information. As of today, the portal can be used only with information records drawn up by individual countries, containing a brief description of each national register and a link to the related institution's website for more information about property register instructions. However, in the field of "progetto Imola", a model for the organization of information and their interconnection has already been realized.

The potentials concerning the interconnection of member states' registers should not be underestimated, despite the EU Council allows single countries to keep the current laws and current property registers. It is understood that the aftermath related to the project will be different from country to country, depending on the info within property registers and their access possibilities. This is an important opportunity for Italy to make its real estate market more transparent, even considering that transparency is an essential precondition to ensure a fair competition defined by the market theories themselves also in times of crisis.

Through the essays of Luca Caneparo and Davide Rolfo, *Territorio Italia* wants to reaffirm its interest for sustainability, which should be analysed in all its aspects, not only on a building scale level, but also on an urban scale to respond to the current real estate market crisis and to lead towards possible recovery perspectives. The contraction of the number of transactions and the property values from 2006 up today has been determined by the circumstances and structural factors. These are the consequences of the Italian weak economy and the greater supply compared to the demand, due to population ageing and an extra offer caused by an uncontrolled building development, which led to a massive waste of soil between the end of '90s and 2006.

The excess of supply compared to the current demand has to be considered also compared with the quality of property assets and with the new way of living typical of youth population. The supply is overblown but it is predominantly composed by poor architectural quality buildings that are outdated on a functional and energy level. Policies of making sums reinvested linked to the energy retrofit of the single property units and/or single buildings, did not impinge as they could have done on the existing assets' quality. However, the effects caused by the subsidies offered on a national level neither went beyond the simple saving of costs due to energy consumption nor were able to trigger regeneration processes of the urban scale and/or redevelopment of public areas.

The implemented policies were not able to take advantages from the potentials they could have produced in the form of social benefits and territorial externalities (also monetary), if they had been conceived in accordance with a less reductive vision and if they were supported by policies and urban tools on a local level (building regulations and regulatory plans) designed for environmental sustainability, understood in a broad sense. Actually, policies based on tax incentives created the condition to enable owners to recover their invested capitals through savings on energy consumptions. The energy retrofit interventions have not shown remarkable effects yet when it comes to the value of property. According to the experiments conducted by using hedonic models, it becomes known that in Italy energy improvement is not appreciated by the real estate market, or not explicitly. In Italy the energy retrofit is not yet conceived according to the principles affirmed by the Whole Building Design, under which the energy improvement should be linked to other interventions, including those aimed at improving the "aesthetic/architectural" qualities, responsible to define the increasing in their market value.

The authors, starting from the criticalities of Italy, analyze all the elements, which need to be considered to act in synergy on public and private areas, in order to pursue regeneration processes able to perform on a district scale. Therefore, they analyze emerging financial instruments, considering them in comparison with types of properties, types of predominant intervention, and possible public-private partnership. Moreover, they make a difference among interventions on facilities, on buildings and on open, public and private space, paying specific attention even considering the role they could play in triggering urban redevelopment processes.

In other words, it is considered that the authors can induce a change of scale summarized in the transition from Whole Building Design to Whole Urban Design.

Franco Prizzon and Emanuela Rebaudengo focus their attention on potentialities and criticalities of the "new code of public contracts". The fact that the code has been adapted to the community directives, highlights how the EU is exerting a positive influence on the member states, confirming what has already been said for the "interconnection of property registers" in the field of "e-Justice" (Lodde). In particular, the authors dealt with the fact that the new code is incomplete and it can be only partially judged.

Indeed, it is considered as a soft law tool but, since relevant ministerial decrees able to establish obligations have not been published yet, an overall evaluation is still impossible. By way of mere example, it should be noted the introduction of the "débat public" as the beginning of the planning successfully experimented in other European countries, which probably could have mitigated social conflicts and delayed the implementation of the TAV. The authors noticed even other positive elements such as the qualification system for contracting

authorities, the corporate rating and anti-disturbance methods or, furthermore, the “passing of the integrated tender” and the introduction of the project of technical and economic feasibility as the first step of the planning deepening.

The main goal of the new code represents the attempt to overcome the distortions caused by the past legislations and by a country with a weak and less transparent system, which involves many bodies and categories from the public administration to the companies. In Italy, it has been experienced a waste of public resources due to many interwoven factors, such as the backwardness of the building sector and the lack of an entrepreneurial culture based on the principles of the project construction management, which pursues the goal of optimizing “times and implementation and managing costs” and the quality of works and services (architectural qualities, engineering/technological and functioning/management ones). In Italy, the role that construction industry played during the years '50s-'70s, when its work was in compliance with the principles of the Keynesian economy, has failed also because, contrary to what happened during the first decades of the middle of '90s, the new public works have not been able to mark the Italian history and the critics of architecture.

Rocco Curto
Politecnico di Torino

