SPOTLIGHT

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Italian Residential Overview

2022





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Why invest in Multifamily in Italy

Residential assets are on the rise amidst economic turmoil

2021 will be remembered as the year of the consolidation of the interest of institutional investors in emerging sectors such as the living one, with all its subsectors including student housing, build-to-rent and senior living.

Despite still being at a starting point in the Italian market, the living sector recorded in 2021 a volume of around € 900 mln through 23 deals, including mega deal portfolios (> € 100 mln). The current year confirmed the establishment of this segment, driven by its solid and positive fundamentals. The rising star of the investment arena is now at the top of investors' agenda and in the next months we will assist to the first transactions related to properties nearing completion and to already up-and-running products.

Demographics will continue to drive and support tenants' demand in urban cities despite the increase in construction cost prices could affect the viability of some schemes. In fact, with urban population forecasted to grow, we expect that new residential solutions will drive the demand of future households. Investors will continue to be focused on the sector, pushed by high demand and positive rental growth prospects.

Strong rental growth is forecasted for residential accommodations in cities like Milan and Rome, where the supply is significantly lower than the demand and tenants are willing to pay a premium to live in apartments institutionally managed offering convenience, amenities and a high-quality customer experience, unmatched by the wider private rented residential market.

> In the recent years, investments in residential alternatives have continued to rise. Many fund managers are looking to increase allocation to counter-cyclical assets, such as BTR and PBSA, deploying institutional capital for a strategic and defensive diversification, driven by the new *generation rent* and strong demographic fundamentals.
>
> **GIACOMO DE FEO**
> **Director, Investment**



CHAPTER 1

Demographic and economic context

With urban population expected to grow, new residential solutions will drive the demand of future households

By 2030, in Italy urban population* is expected to grow with people moving to urban areas, increasing from 71% to 74% of total population.

This means that cities will host in addition approximately 555,000 people. Over the next ten years, Milan and Rome will record a population increase also for the 20-35 age group, in the order respectively of 6% and 4%.

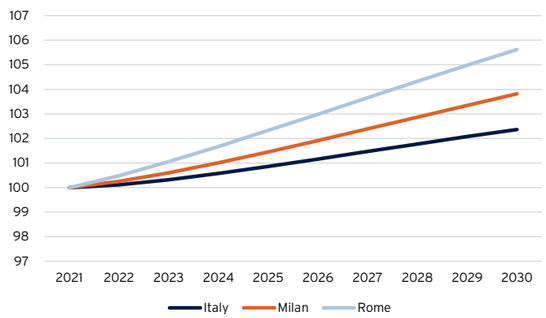
In addition, main cities attract commuters every day: Milan and Rome count today respectively 570,000 and 410,000 commuters. This figure should raise particularly in Milan, where 58,000 additional commuters are estimated for 2030.

The number of households** will also raise all over the Country: an increase of 620 thousand units is likely over the next 10 years. Households will be more but characterized by a smaller average size: this will be especially visible in the main cities. In Milan and Rome, for instance, the average number of household members will fall below 2 respectively by 2030 and by 2040.

	Population	No. of households	Average household size	Foreigners
	58.9 mln -1% in 2030	26,100,000 +2% in 2030	2.3	9%
	4.2 mln +2% in 2030	1,981,000 +6% in 2030	2.1	12%
	3.2 mln +1% in 2030	1,584,000 +4% in 2030	2.1	15%

Source: ISTAT, Oxford Economics

Households' number index, 2021-2030 (2021 = 100)



Source: Oxford Economics

By 2030, more than 500,000 people will move to live in cities

An increase of more than 600,000 households is expected by 2030

** Urban population: people living in urban areas, inhabitants of towns and cities; classification is based on population density, number of household working in agriculture, and public service access such as schools, markets, hospitals, asphalt road and electricity*

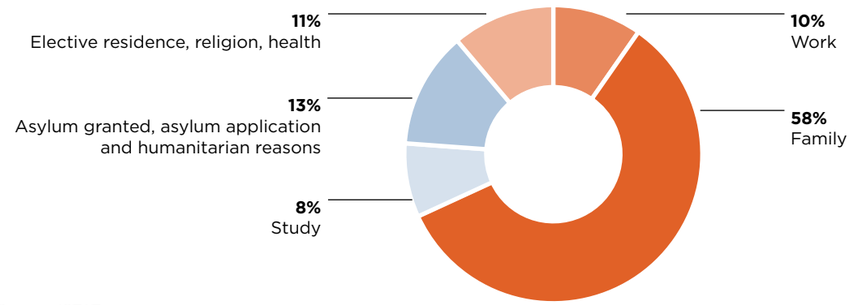
*** Households: a group of people who may or may not maintain kinship with each other while living in the same dwelling*



In recent years, the total number of foreign residents in Italy has grown and, as of today, exceeds 5 million people with the majority of new permits of non-EU citizens released for family reasons (58%).

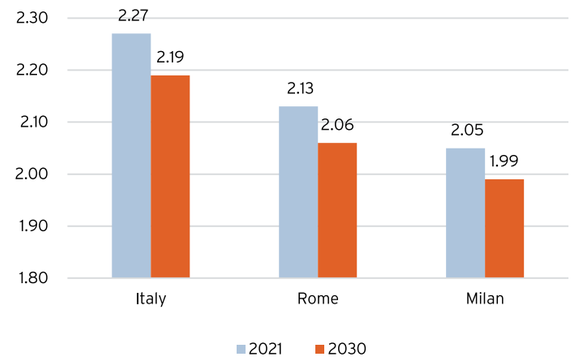
This increase is more evident in capital cities with Milan registering 15% of the total population of foreign origin, 9% above the Italian average. The amount of foreign residents increased by 7% over the last 12 months.

Entries of non-EU citizens by reason (2020)



Source: ISTAT

Average household size (2021 vs 2030)



Source: Oxford Economics



DEMOGRAPHICS

- Inhabitants 58.9 mln (May 2022)
- Inhabitants/sq.km 195
- Foreigners 5.2 mln (Jan. 2022)
- Households 26.1 mln



INFRASTRUCTURES

- 41 Airports
- Airport passengers: 175 mln/year (average 2015-2019); 8 mln/year (2021)
- Rail transport passengers: 877 mln/year (average 2015-2019); 390 mln/year (2020)



EDUCATION

- Universities and Academies of Art&Music 257
- No. Students 1.8 mln (a.y. 2020/2021)
- % university foreign students 6%
- % mobile students 39%



ECONOMIC ENVIRONMENT

- Active companies 5,177,184
- Public limited companies 1,344,863
- Real GDP € 1,728 bln



ECONOMIC WELLBEING

- Disposable income per household € 45,560
- Households by income < € 20,000 19%
- Consumption pro-capita € 17,050
- Unemployment rate 8.0%



TOURISM

- Tourists 122 mln (average 2015-2019)
- % international tourists 49%
- No. of beds 5.120 mln
- No. visitors to museums 130 mln (2019)

Source: Oxford Economics, ISTAT, Movimprese Infocamere



> In the next years, people will continue to move to the main cities to study, work and access the best services. New households will drive the demand for modern and sustainable residential solutions.

CHAPTER 2

Debt market

Despite the increased cost of borrowing, Italian households are well placed

In Q2 2022, the financing criteria for corporate loans tightened due to an higher risk perception. Terms and conditions increased, mainly through an upward revision in margins.

The granting criteria of loans to households - for house purchases, for consumption and other purposes - were slightly tightened; terms and conditions were instead revised markedly, reflecting the increase in interest rates.

For H2, intermediaries expect that financing conditions for corporate loans will worsen, while those for household loans will remain stable.

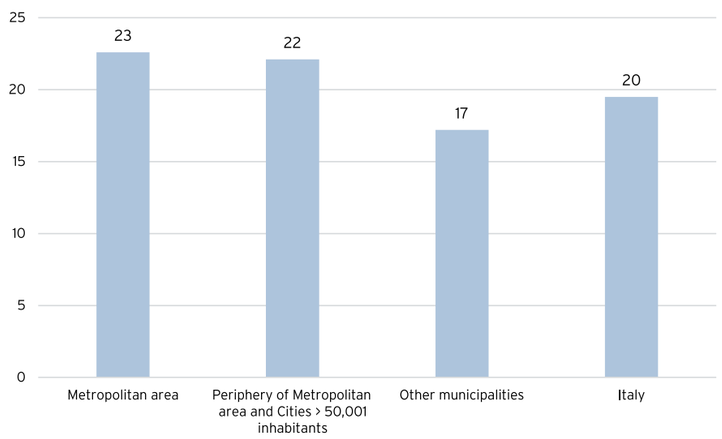
In July 2022, the average interest rate on loans to households for house purchase was 2.15%, +75 bps vs December 2021, but still low considering the last 10 years' trend (maximum value: 4.33% February 2012). Average Italian interest rates have historically been higher than the European average, but in July 2022 the two values aligned.

Despite this, Italian families are well placed as households remain low in debt: only 20% pay a mortgage and the majority of mortgages issued in recent years have fixed-rate. In H1 2022, 51% of houses was purchased through a mortgage with more than 90% related to fixed-rate mortgages. Further tightening in financing conditions is expected in the coming months, but we do not expect an increase in non-performing loans. Instead, a slowdown in transactions is likely, as well as an increased in variable-rate loans, already increased from just over 7% in 2021 to 18% in Q2 2022.

Average interest rate on loans to households (July 2022): 2.15%

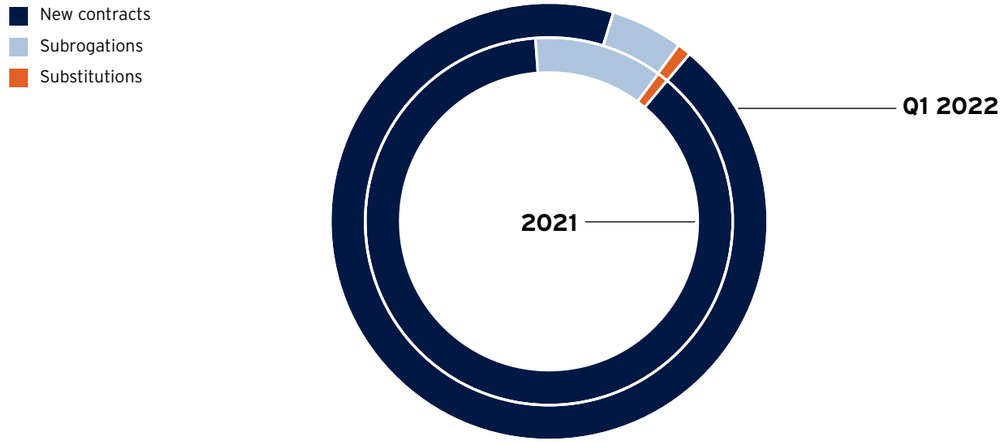
Households paying a mortgage (2021): 20%

Households paying mortgage (% households in owned houses)

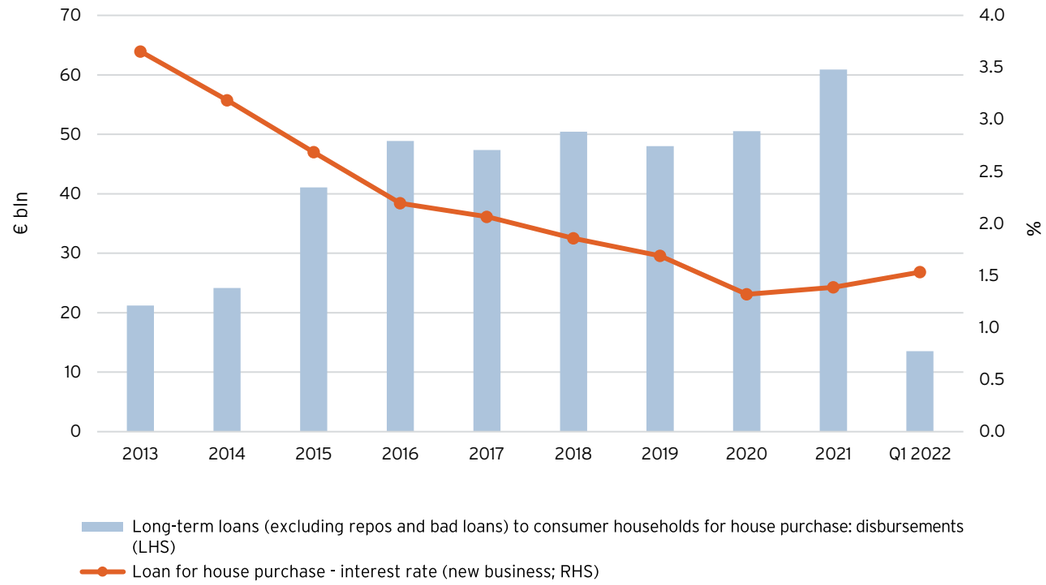


Source: ISTAT

Purchases of buildings-dwellings of consumer households: disbursements by type



Purchases of buildings-dwellings of consumer households: loans for house purchase



Source: Banca d'Italia

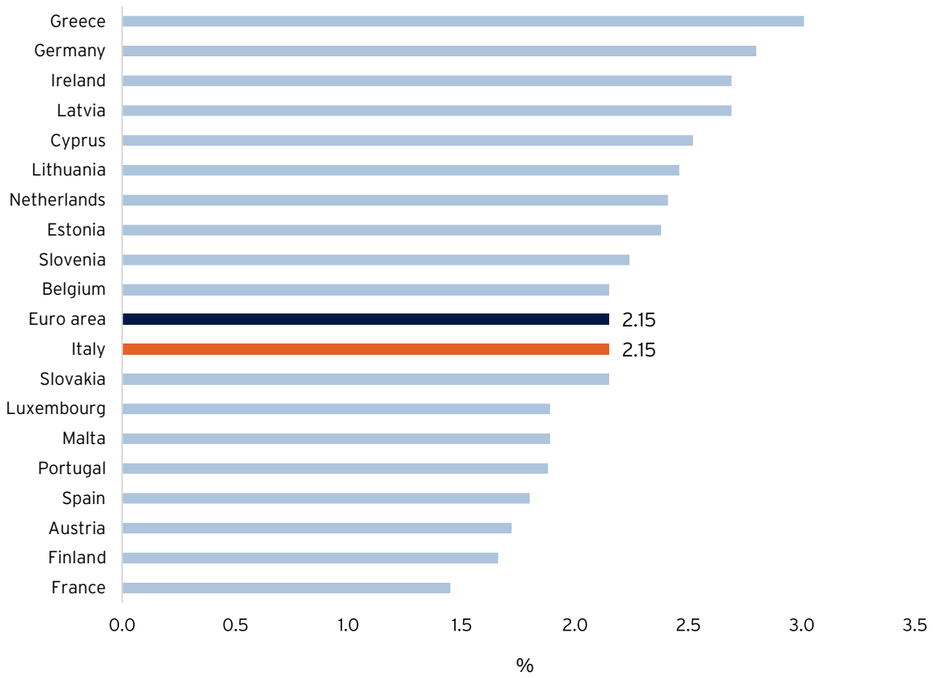
With € 60.9 bln, 2021 registered a record high in mortgage disbursements to households for home purchase, thanks to rates close to record lows and positive buying and selling trends. Following revisions of the conditions, Q1 2022 registered a slowdown (-8,2% YoY) in disbursed capital despite the positive market performance (number of normalized transactions: +12% YoY).

In Q1 2022, disbursements for new contracts represented 94% of total loans (88% in 2021), followed by subrogation (5% vs 11% in 2021).

In July 2022, non-performing loans related to Italian consumer households amounted to € 11.1 bln, up by € 0.1 bln (+1%) compared to the previous month and down by about € 0.2 bln (-2%) YoY. The registered reduction was € 23.2 bln (-68%) compared to the highest level reached in the last five years (October 2017 - € 34.2 bln).

> The low level in debt of Italian households will cover against potential downturns in financial conditions maintaining a low level of insolvencies.

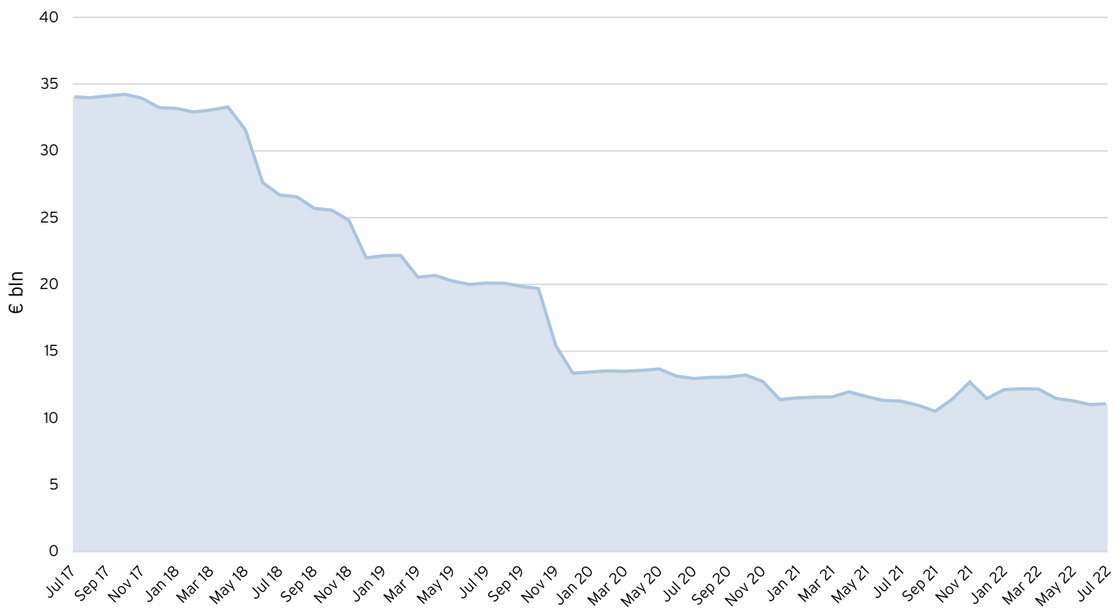
Loans for house purchase: interest rate* (July 2022)



Source: ECB
** Cost of borrowing for households for house purchase*



Non-performing loans: consumer households**



Source: Banca d'Italia
*** Non-performing loans include bad debts, unpaid and protested bills related to all economic purposes of investment*



CHAPTER 3

Affordability in the European context

In the next few years, the gap between Italy and the European average income could widen, increasing the need for affordable housing

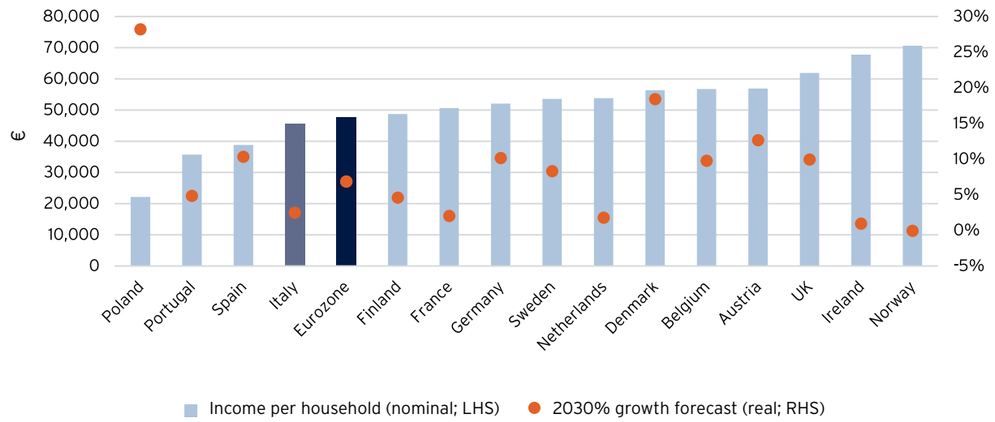
EU's gross household adjusted disposable income* was valued at € 10,270 bln in 2020. Germany accounted for the highest share (25.7%), followed by France (18.8%) and Italy (13.2%). As a result of the Covid-19 pandemic, 2020 saw a slowdown in gross household adjusted disposable income per inhabitant: the rates of change remained positive, although lower than in recent years (+2.0% in 2019 to +0.4% in 2020).

In terms of disposable income per households, figures varied substantially among European countries: Italy disposable income is equal to € 45,560, 4% lower than the Euro area average. For 2030, households' disposable income will grow by 7% in real terms in the Eurozone while Italian forecasts predict a 2% increase, widening the gap with the European average.

Net financial wealth to income ratio (Italy 2020): 330.6%

Debt to income ratio (Italy 2020): 64.2%

Average disposable income per households**



Source: Oxford Economics

** Gross household adjusted disposable income: the combined gross income of all members of a household, adjusted for changes in population numbers, before taxes or other deductions. This includes income from all sources, not just employment, and is not limited to income received in cash; it also includes property or services received*

*** Average disposable income available per household within a region (household disposable income / total households). Household disposable income: private income from all sources (wages & salaries, interest receipts, property, government benefits, dividends and all other) less taxes (income tax, local taxes, taxes on benefits, property and all other direct taxes) and less social security contributions*



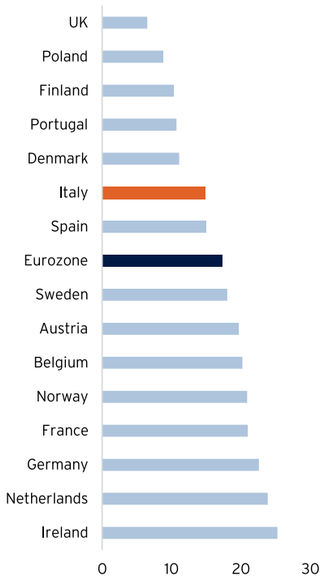
> Over the next ten years, real disposable income of households in Milan will grow more than the Italian average and will remain higher by circa 20%, confirming the central role of the Milan market.

In the Euro area, during 2021 household saving rate was 17.4%, 2 pps lower than 2020. Among the 15 countries sample, the gap between UK, having the lowest rate (6.5%), and Ireland, with the highest (25.2%), is relatively wide. Italy ranked just below the Eurozone level at 14.9% (-3 pps vs 2020 but +5 pps vs 2019). For 2020, the increase in savings reflects the reduction in consumer spending caused by the restrictions that limited the purchase of goods and services during the COVID-19 crisis, such as hospitality, entertainment and travel services. In 2021, data showed signs of a return to normal although the level remains higher than before the pandemic (2019: 10%) while provisional figures for 2022 show a further expansion.

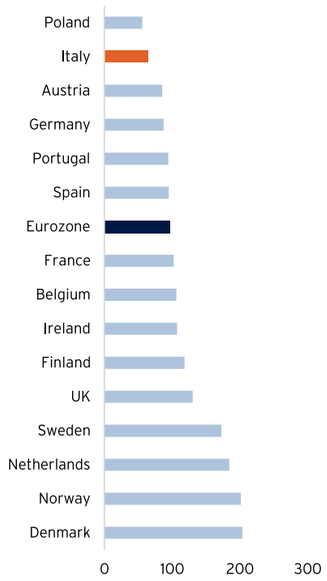
In 2021, the household debt-to-income ratio in the Euro area was 96.5%. This ratio varied considerably across Europe. While it was below 80% only in Italy and Poland, it was over 150% in Sweden, Netherlands and Norway and peaked at 203.4 % in Denmark; a rate of 200% indicates that it would take two years of disposable income for households to repay their debts. It should be considered that high household indebtedness may to some extent reflect high levels of financial assets, as for Denmark, Sweden and the Netherlands. It may also reflect ownership of non-financial assets, such as housing, or be influenced by national regulations that favour indebtedness (e.g. deduction of interest payments from taxable income). In Italy, although the high percentage of housing ownership from households, debt to income ratio remains well below (64.2%) the Eurozone level.

In 2021, net financial wealth was equivalent to 274.1% of household income in the Euro area. The household net financial wealth-to-income ratio differed substantially between EU Member States. The highest ratio was recorded in Denmark, followed by Sweden and the Netherlands. Italy registered a relatively high value, exceeding 300%.

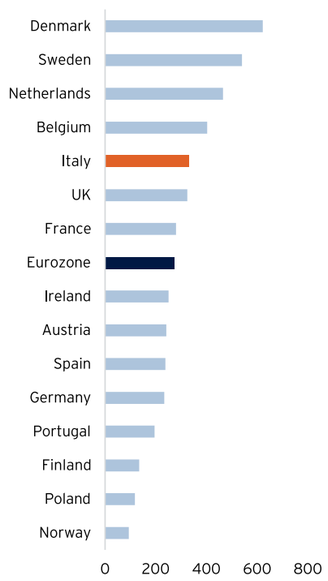
Saving rate to income ratio – households*



Debt to income ratio – households**



Net financial wealth to income ratio – households***



Source: Eurostat, Trading economics, Statista – latest available data (2021 or 2020)

**Gross household saving divided by gross disposable income. Gross saving is the part of the gross disposable income which is not spent as final consumption expenditure*

***The ratio of households' debt arising from loans, recorded at the end of a calendar year, to the gross disposable income earned by households in the course of that year*

****All financial assets minus all financial liabilities – at the end of a calendar year, to the gross disposable income earned by households in the course of that year. It therefore represents the accumulation of financial assets, after deduction of liabilities, of households as a proportion of their annual income. However, this ratio does not account for non-financial assets such as dwellings*

Prices and rents affordability

Residential market in Milan and Rome is still competitive compared to major European cities

Considering a sample of 17 main European cities, the average price for purchasing a 65 sqm one-bedroom apartment, located outside the city centre, is equal to € 340,000, ranging from € 170,000 in Warsaw to € 610,000 in Munich. The ratio of house price to household disposable income required for the purchase of an apartment registers the highest level in Paris and Munich (9 years); Dublin, London, Barcelona, Madrid, Brussels and Lisbon see the lowest figure (4 years) whilst Italy figures look affordable, ranging from 4.6 years in Rome to 5.2 years in Milan.

Rent affordability (i.e. the average monthly rent for a 65 sqm apartment in the city centre in a major European city compared to the households' disposable income) varies from a low of 22% in Rome and Brussels to 33% in Amsterdam. Despite the significant increase in rents, also Milan confirms the affordability of its housing market compared to competing cities.

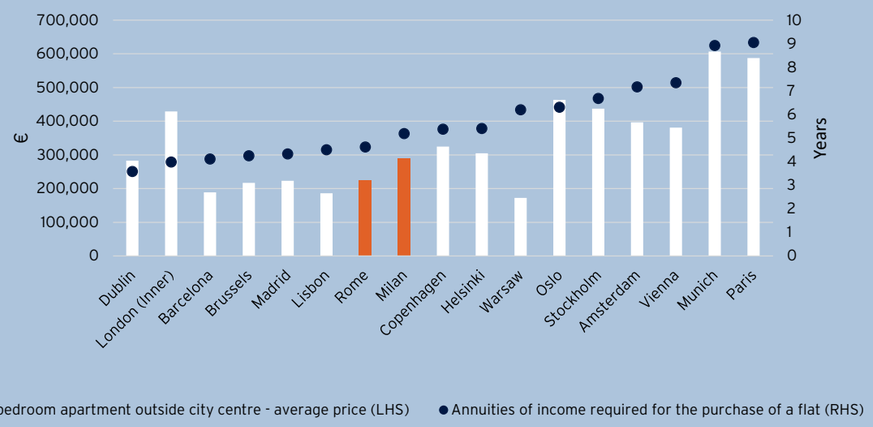
> Compared to major European cities and despite the positive trend in rents and prices, the residential market in Milan and even more so in Rome are competitive.

Annuities of income required to purchase an apartment:
Milan **5.2**
Rome **4.6**

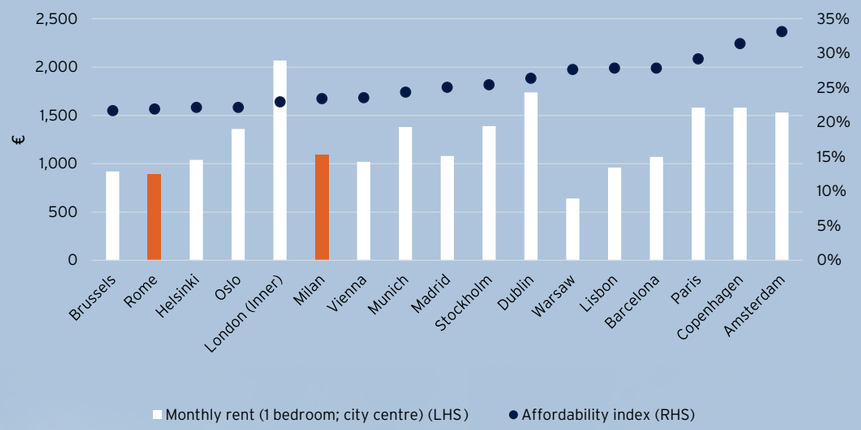
Affordability index:
Milan **23%**
Rome **22%**



The number of years income required to purchase an apartment (65 sqm; outside city centre)



Affordability index: monthly apartment rent (65 sqm; city centre) to income ratio





CHAPTER 4

The Italian residential market

The segment drives the real estate volumes

Italy real estate turnover is mainly represented by the residential market, which moves on average around € 98 billion per year (91%) in terms of volumes (€ 118.7 bln in 2021). The commercial real estate represents instead only 9% of the overall real estate market.

In Italy, there are around 32.2 million of dwellings which are mostly held by private individuals (93%); this figure decreases both in Milan and Rome counting respectively 83% and 87%.

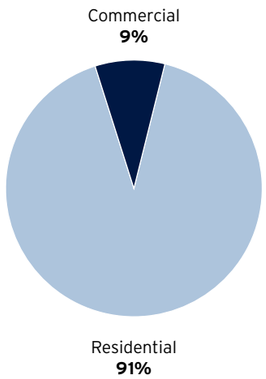
The major usage of dwellings is connected to main residence (61%), followed by second houses (17%). In Rome and Milan, a higher percentage compared to the Italian average is destined to main residence.

It is worth noting that in Milan there is a greater presence of leased houses (19%) destined to the rental market.

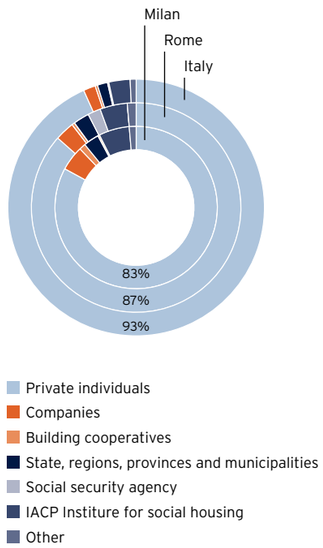
Dwellings owned by private individuals: 93%

Rented houses: 11%

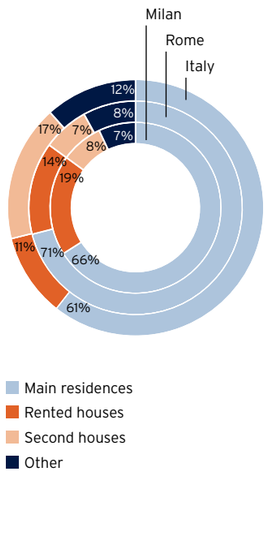
Italy real estate turnover* (average 2016-2021)



Dwellings by tenure status



Use of dwellings owned by private individuals



Source: ISTAT, MEF, Savills Research

** Real estate turnover includes: commercial: total investment volume of income producing assets transacted by institutional investors (source: Savills Research); residential: estimate of total value of transacted dwellings by private individuals and non institutional investors (source: Agenzia delle Entrate)*

CHAPTER 5

Build to sell market

The positive trend in both transactions and prices continues

The number of sold houses in Italy constantly increased over the last years, despite a downward trend observed in 2020 due to the pandemic. In 2021, a record has been hit with more than 748,000 transactions closed, representing a 44% increase on the last 10 years average. The first semester of 2022 recorded more than 400,000 transactions, a figure 10% higher on the same semester of the previous year. Rome has historically been the main market in Italy. It accounted for 5% of overall transactions in H1 2022 with 20,800 NTN (+9% YoY) and was followed by Milan which grew the most in H1 2022 in percentage terms (+18% YoY).

It is not surprising that most Italian households live in their own house (72%). Rome shows a similar figure (70%), while in Milan just 64% of residents live in their own house.

The majority of demand is related to dwellings having 50-85 sqm in both Milan and Rome. Differently from Milan, in Rome there is also a good demand for apartments having more than 145 sqm, which cover 10% of the demand. Worth noting is also the different demand for houses below 50 sqm: in Rome the latter covers the 9%, whereas in Milan it represents a substantial 21% (Italian average: 13%).

Average time to sell is also different between the two cities: in Milan, it is 3.8 months (-2.2 months compared to 2011), while in Rome is 57% higher (6 months; +0.5 months compared to 10 years before).

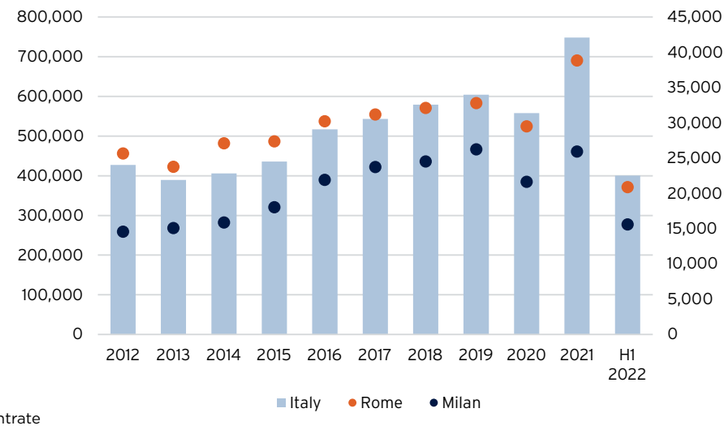
Over the last ten years and in the first semester of 2022, prices in Milan increased exponentially. Today Milan has an average price of 4,400 €/sqm, a figure significantly higher than what achieved in Rome (3,100 €/sqm).

Average size (sqm) of sold dwellings:
Italy **107**
Rome **94**
Milan **80**

Average prices (€/sqm):
Rome **3,100**
Milan **4,400**

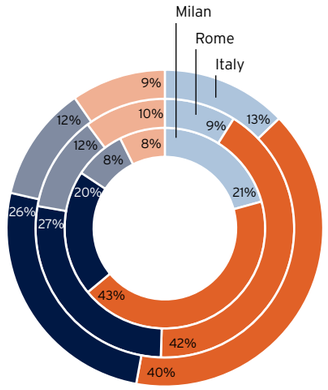
NTN, Top 10 cities (2021)
1. Rome
2. Milan
3. Torino
4. Genova
5. Napoli
6. Palermo
7. Bologna
8. Firenze
9. Bari
10. Padova

NTN (Number of Normalised Transactions) in Italy (LHS), Milan and Rome (RHS)



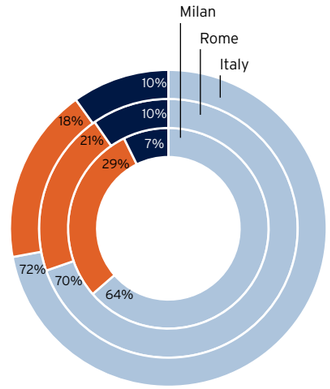
Source: Agenzia delle Entrate

NTN by size band, 2021

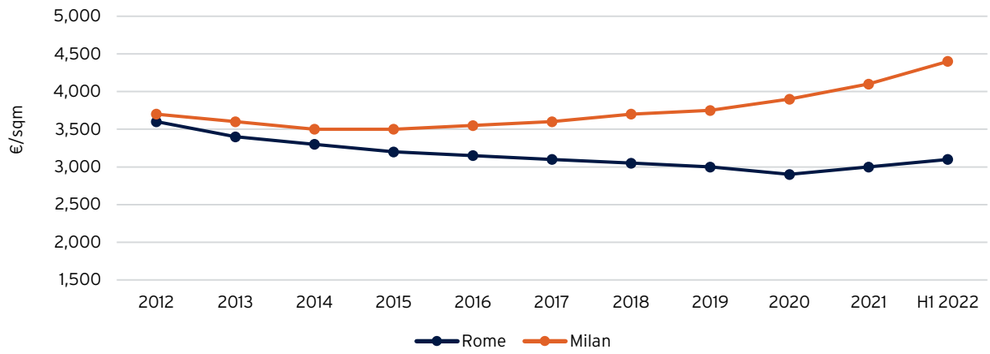


Source: Agenzia delle Entrate, ISTAT

Households by tenure status



Average price trend



> After the slowdown of 2020, pent-up demand and new living requirements following the pandemic, sustained the market that was really dynamic in 2021 and in the first half of 2022.



CHAPTER 6

Rental market

Lower supply than demand is supporting the market

Rental market performed well during the last 12 months with the number of rented houses reaching circa 932,500 units. The figure is higher both compared to the previous year (+9%) than to the last 5 years' average (+4%).

Rome and Milan represent the main markets, registering more than 50,000 leases in 2021. Milan experienced a significant increase over the last 12 months: the number of new leases was the highest ever recorded, almost in line with Rome.

Moreover, in 2021 total turnover (overall annual fee generated by rental accommodations) in Milan has been the highest among Italian cities, recording around € 600 mln (+38% YoY) whilst Rome stood at € 514 mln.

In 2021, Italian residential take-up reached circa 78.5 million sqm with Rome accounting for 6% of the total, circa 4.5 million sqm; it is followed by Milan (3.8), Torino (2.3) and Napoli (1.3).

In Italy, half of the contracts in 2021 was related to standard long period leases while 18% to short term rentals; subsidized contracts represented 32% mainly dedicated to social rents. Over the last 12 months, Milan subsidized contracts were only 5% of the overall market with the majority represented by standard long leases (70%). In Rome, the scenario is different: subsidized contracts are the most common (58%) while long period leases account for 24%.

Lower supply than demand has supported the rental market in Milan, which continues to record a steady increase in rents. In Rome market, on the other hand, the poor quality of the offer and the predominance of subsidised contracts has slowed the growth of rents. Moreover, in Milan time to rent has been decreasing since 2015, except for 2020 due to the Covid-19 pandemic. In 2021, average time to rent in the city was 2.2 months, whereas in Rome was 4 months.

The average size of rented apartments in metropolitan cities is smaller than the Italian average, with Milan standing at circa 70 sqm, one of lowest levels registered in Italy.

In metropolitan cities, 28% of overall people decided to live in a rented apartment, while the Italian average is significantly lower (18%).

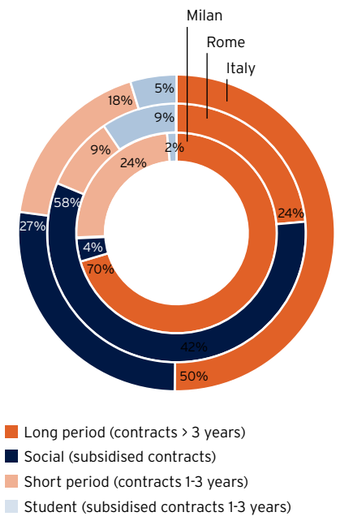
Average size (sqm) of rented dwellings:
Italy **89**
Rome **79**
Milan **70**

Average rent (€/sqm/y):
Rome **135**
Milan **180**

Rented houses, Top 8 cities (2021)

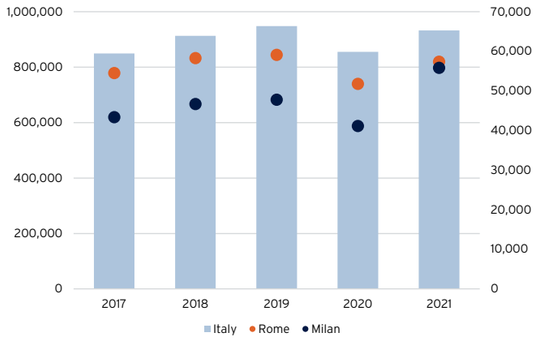
1. Rome
2. Milan
3. Torino
4. Napoli
5. Bologna
6. Genova
7. Palermo
8. Firenze

Rented houses by type of contract (2021)

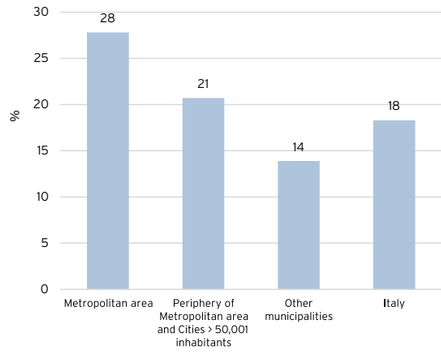


Source: Agenzia delle Entrate

Number of rented houses in Italy (LHS), Milan and Rome (RHS)

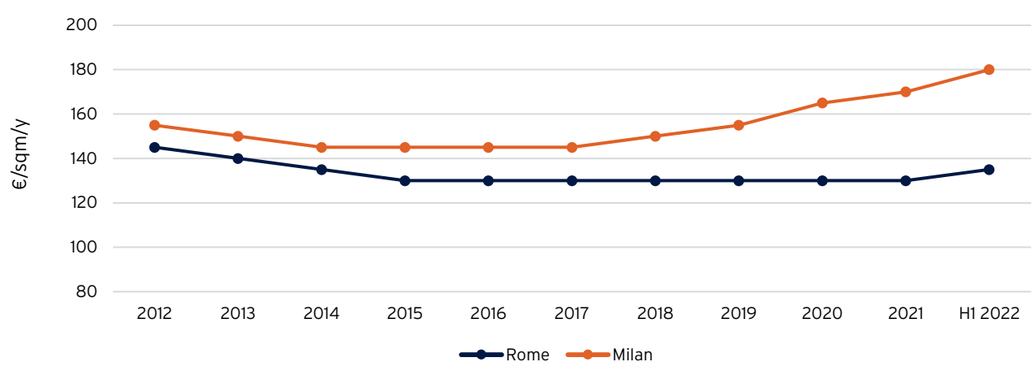


Households in rented dwellings (2020)



Source: Agenzia delle Entrate, ISTAT

Average rental trend



> In Milan, supply and demand imbalance has positively impacted rental growth over recent years. A similar trend is expected in Rome in the medium term.

Multifamily sector

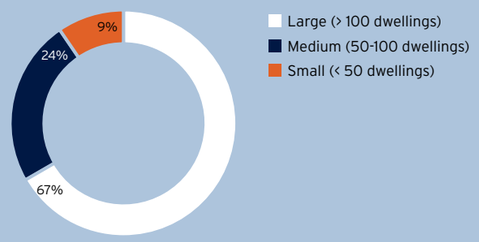
A modern type of product is emerging sustained by new demand trends

Even if the Multifamily sector started to appear in the Italian scenario just few years ago, it has generated a booming interest: various players are looking at buildings to be reconverted as build-to-rent projects in order to offer new housing solutions and respond to tenants' needs. The focus of investors is mainly concentrated in the city of Milan, but the Capital's dated stock offers great potential for future conversion into Multifamily products.

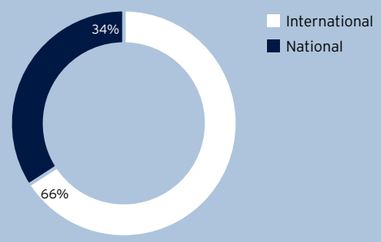
In Italy, for the next 4 and half years, 35 main developments related to more than 6,800 apartments are expected to be completed and are especially forecasted for 2025. Most of the projects are of large dimension (> 100 dwellings) and will be built in strategical areas of the city, being part of larger urban regeneration schemes such as Cascina Merlata, MIND Innovation District and Santa Giulia in Milan and Europarco in Rome.

The Multifamily offer includes also a component of dwellings available under the social housing model (23%) and in several cases is not just limited to Multifamily products, but is combined with senior living, student housing, build to sell and hotel accommodations. Several operators, both domestic and international, have been already selected to manage the structures and contribute offering services in the future schemes. The most frequent amenities provided will be private gardens, coworking and meeting spaces, gym, concierge, laundry, delivery box station. Moreover, several projects will be certified to meet the highest ESG sustainability levels.

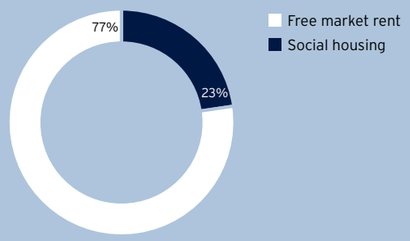
Number of projects by size



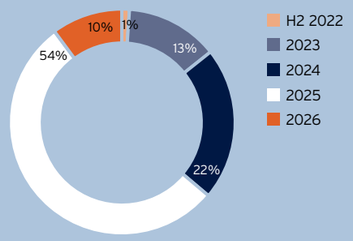
Number of projects by source of investors' capital



Number of dwellings by rent typology

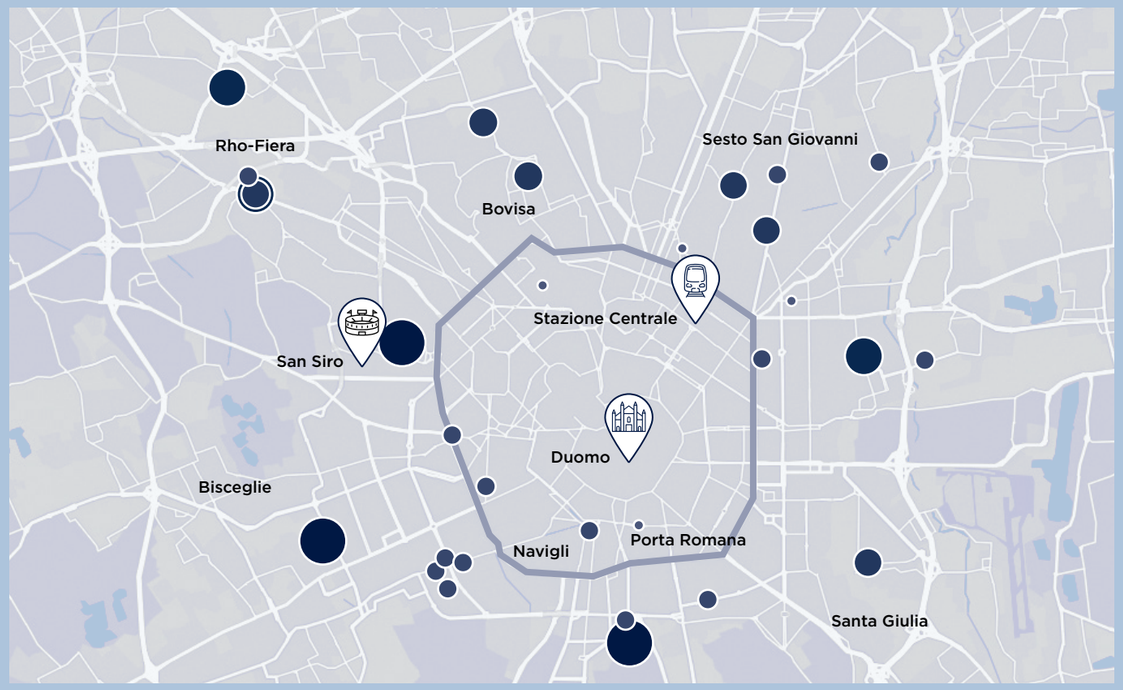


Number of dwellings in pipeline by year of completion

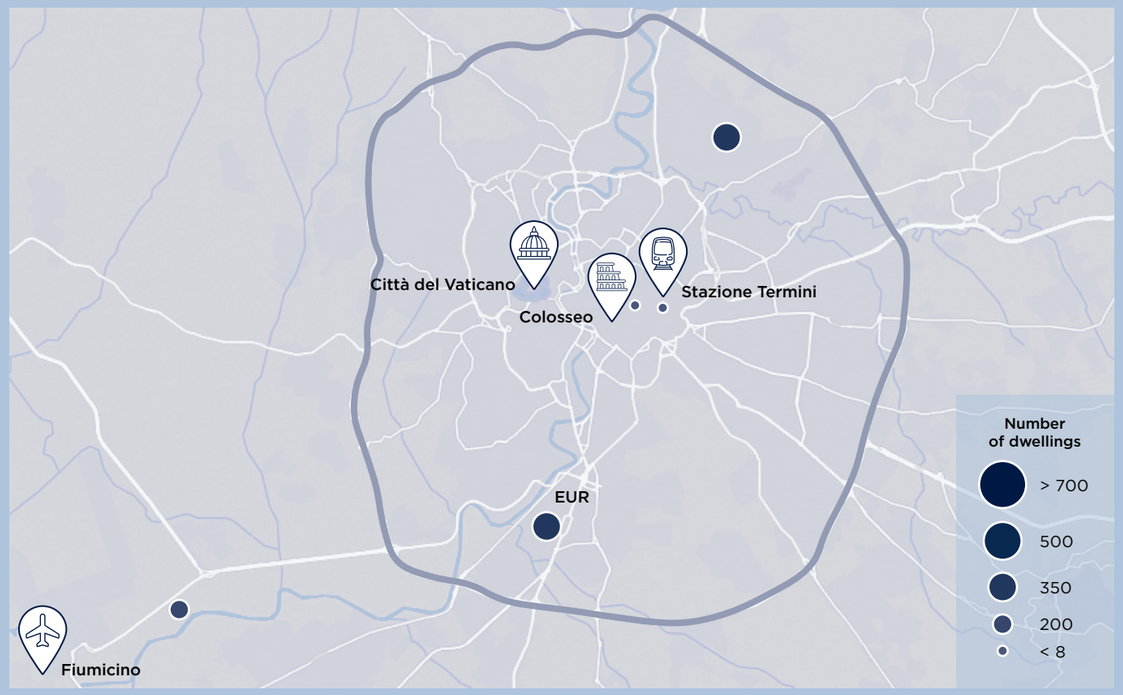


Main Multifamily projects (existing and ongoing)

MILAN Projects **33** | Dwellings **6,300**



ROME Projects **5** | Dwellings **730**





> Prime rent for new products both in Milan and Rome is sensibly higher than average rents. Moreover, a market premium between 10-15% (which reflects the willingness to pay higher monthly rents to live in a block institutionally provided with amenities and services) is expected for those build-to-rent schemes currently under construction.

CHAPTER 7

Multifamily investment market

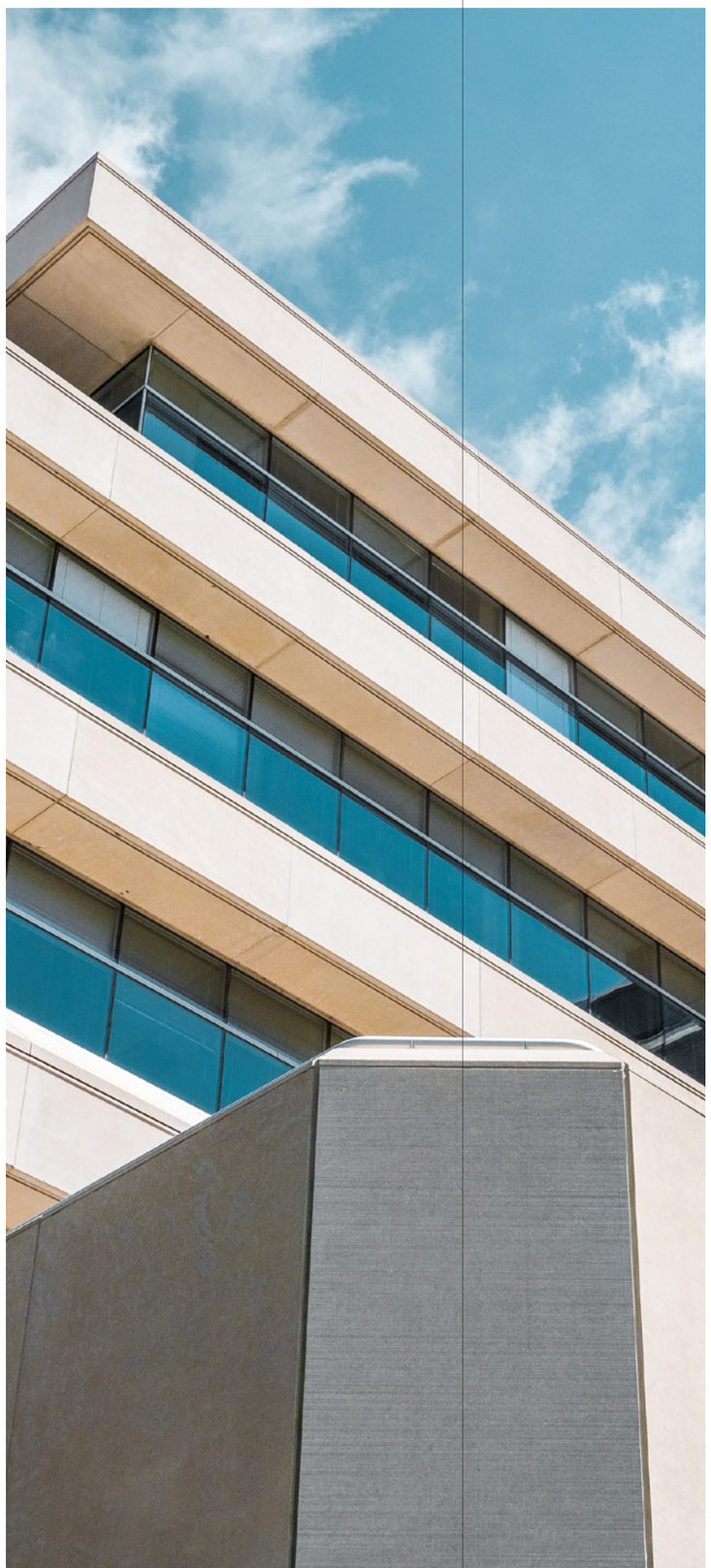
Thanks to strong fundamentals, investments are on the rise

In Europe, Multifamily investment volumes (13 countries) reached approximately € 95 billion in 2021, marking a significant increase on the previous year (+79%). Global capital allocation in European real estate is rising, due to strong fundamentals and low interest rate environment. In 2022, investment in Multifamily recorded the strongest H1 investment on record, with over € 27 bln deployed across the continent. Germany remains the largest investment market, accounting for just over a quarter of all capital deployed so far this year. However, this was down from 40% of investments attracted during the same period of 2021. In contrast, the UK saw its proportion of investments rise from 8% in H1 2021 to 11% this year. Italy, Denmark, France, and Sweden also attracted a higher proportion of capital compared to last year.

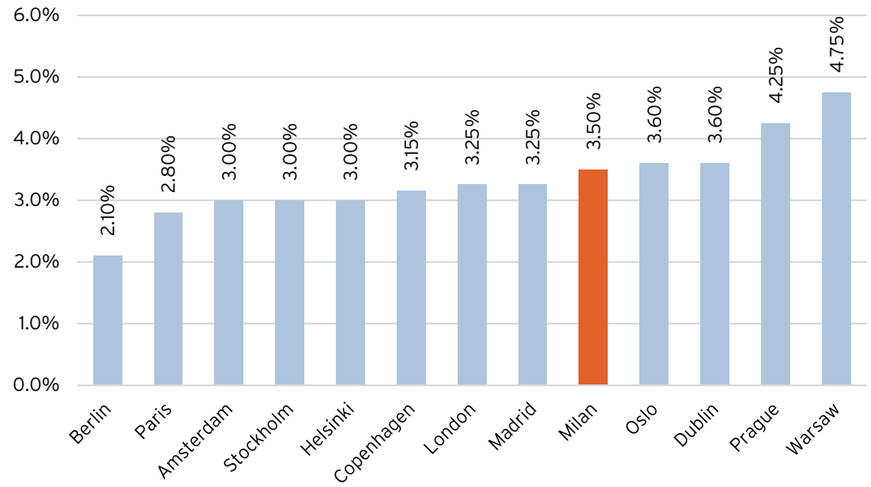
In our Country, in fact, a booming interest has been noted for the Multifamily products, in particular over the last two years with more than € 300 mln recorded. The focus of investors is mainly concentrated in Milan, where around 90% of volumes were transacted in H1 2022. Anyway, an increasing appeal has been noted also for other Italian cities such as Rome, Firenze, Torino and Bergamo. The investment deals mostly refer to schemes bought in order to be redeveloped under build-to-rent model. In the first six months of the year, 11 buildings (one of which located in Rome) were acquired by international investors and will add more than 2,000 dwellings in the market.

There is a supply and demand imbalance across many European cities, which has impacted rental growth over recent years. Affordability, as a result, has worsened. In Spain, over a fifth of renters now spend more than 40% of their income on rent. In response, rent control regulation moved up the agenda. The current economic uncertainty, paired with changing regulations, may act as a barrier to investors impacting activity in these markets.

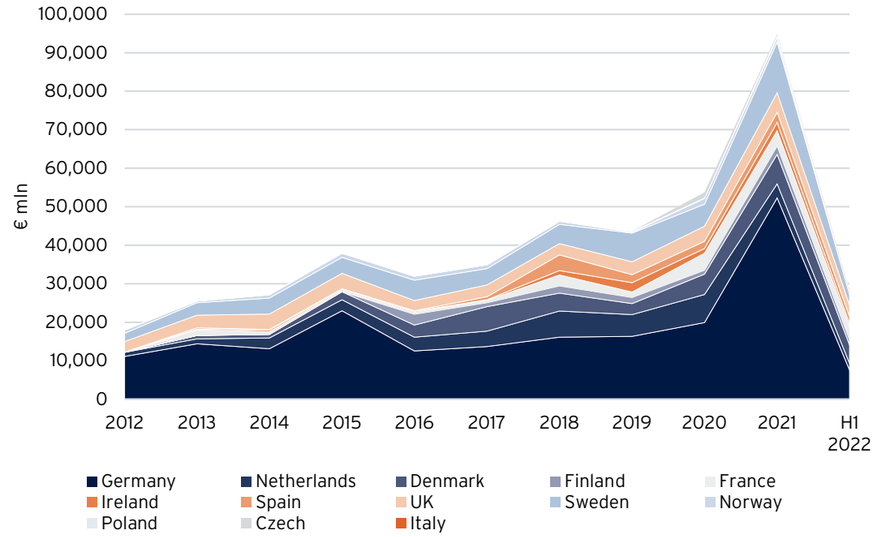
There has been a mixed picture for Multifamily yields across Europe during H1 2022. In some markets, such as Italy, France, Ireland, Germany and Sweden, yields have remained stable. In other markets, such as Amsterdam, Madrid and Oslo, yields have moved out slightly and we expect some other markets could see yields soften as we move through the year. For buyers employing debt, the rising borrowing costs will lead to an effective negative leverage effect across markets such as Germany and the Netherlands in view of the very low initial level of residential yields. In this scenario, Italy could represent an interesting destination, offering higher yields compared to other European locations.



European prime net Multifamily yields (Q2 2022)



European Multifamily investment volumes



Main Outcomes

1

Ongoing demographic trends (increasing urbanisation, ageing, smaller households, growing tendency to move for work and study) highlight new housing needs in a context where expectations are changing much faster than in the past and are constantly developing. The desire for improved living space goes hand in hand with the need for houses with amenities, sustainable and safe homes, connected spaces for multiple uses and well-connected cities.

2

In the first half of 2022, worsening financing conditions caused a slowdown in loans disbursement, but not in the market, where transactions continued to grow. Historically, around 50% of residential transactions are supported by a mortgage. For the coming months, a slowdown in transactions is likely, but the level of insolvencies will remain low, with no oversupply effects and no impact on prices.

3

Despite the steady growth in prices and rents recorded in recent months and the forecasted increase in the coming months for new, quality products located in major urban areas, the Italian residential market is still competitive compared to major European cities. The financial situation of Italian households remains positive with high levels of savings and low indebtedness.

4

The residential sector accounts for more than 90% of the total investments' volume in real esate, both private and commercial. As a result, 93% of homes are owned by private individuals. Large cities such as Milan and Rome anticipate the changes taking place in the market with a higher level of rented homes than the national average.

5

Thanks to pent-up demand, 2021 registered a record number of sold dwellings. The positive trend continued in the first half of 2022. Rome and Milan confirmed to be the main markets. The price trend was also positive, with Milan experiencing exponential increases sustained by strong demand. Milan and Rome show lower level of households in owned dwellings with respect to the Italian average.

6

The rental market performed well during the last 12 months, reaching a take-up around 78 mln sqm. Rome and Milan represent the main markets. Lower supply than demand has supported the rental market in Milan, while in the Roman market, the poor quality of the offer slowed the trend. Build-to-rent has generated a booming interest in the Italian market. Investors are mainly concentrated in the city of Milan, but the Capital's dated stock offers great potential.

7

In Europe, Multifamily investment volumes marked a strong increase in 2021, thanks to strong fundamentals and low interest rate environment. In 2022, investments in Multifamily recorded the strongest H1 investment on record. In Italy, this sector is still at a starting point, but it is rapidly establishing. Rising borrowing costs could represent a boost for the Italian market offering higher yields compared to other European locations.

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Data as at 15 September 2022



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