



H2 2018

PRESTIGIOUS HOMES MARKET

MILAN AND ROME

SANTANDREA
luxury houses



SANTANDREA
luxury houses

δ Doxa

TABLE OF CONTENTS

INTRODUCTION AND METHODOLOGY		4
HIGHLIGHTS		6
REPORT SUMMARY		9
THE PRESTIGIOUS PROPERTIES MARKET IN MILAN AND ROME	SANTANDREA luxury houses	10
FIRST-CLASS REAL ESTATE: COMPARING MILAN AND ROME		12
THE PRESTIGIOUS PROPERTIES MARKET		14
KEY MARKET INDICATORS		15
MOST REQUESTED TYPES		22
MARKET SENTIMENT		24
CURRENT AND FUTURE SCENARIOS IN LUXURY HOMES - ABSTRACT	Doxa	25
SCENARIO ANALYSIS: PRESTIGIOUS PROPERTIES MARKET IN THE MILANESE CONTEXT		26
• 1) A market with no signs of crisis		26
• 2) The luxury home		26
• 3) The purchasing process		28
CONCLUSIONS		29

INTRODUCTION AND METHODOLOGY

The “**Prestigious Properties Market in Milan and Rome - Residential Sector H2 2018 Report**” is the result of consolidated experience by the Gabetti Research Department in real estate market analysis, and of the key position of Santandrea Luxury Houses in the prestigious properties brokerage market within the major Italian cities. Compared to the previous edition (H1 2018), this edition also includes a qualitative analysis section, thanks to the collaboration of Doxa and its experience in the market research sector.

The objective of the Report is to provide an information tool on the prestigious residential market, for operators as well as buyers/tenants and sellers/landlords.

The Report has been subdivided into three sections:

1. Definition of the **macro-trends in the prestigious residential market** in the cities of Milan and Rome, in terms of prices, rents, average sales times and average discounts (indicators subdivided by zone)
2. **Qualitative analysis** aimed at identifying the needs and requirements of the demand for prestigious homes
3. Mapping of the prestigious zones in the two cities - **socio-demographic and real estate analysis**

The analysis focuses on specific zones for each city;

The city of Rome has been subdivided into eight prestigious zones: Aventino, Historic Centre, Flaminio, Parioli, Pinciano Veneto, Prati, Salario Trieste and Trastevere.

In defining the market trends in the two cities, questionnaires were given to agents of Santandrea Luxury Houses, supplemented by an analysis of the property portfolios currently managed by them, along with information on other properties present on the market and on sales transactions and lease agreements completed by Santandrea Luxury Houses during the second half of 2018.

The **location** of the properties and the **quality** of the units were the only characteristics considered in differentiating prestigious houses from the others.

Prices and rents were collected based on **maintenance condition**: new or refurbished, existing or to be refurbished.

The qualitative study conducted by Doxa for Santandrea continues the process that began in 2018, aimed at identifying the needs and requirements of demand, following the collection of directly relevant data and information from the actual market players. To best identify the existing needs of the affluent segment, with particular reference to Milan, work was carried out on two fronts: on the one hand, that of clients, to identify the unique characteristics and needs of the segment; on the other, a group of preferred players/stakeholders in the residential world, to determine how the various participants are preparing to deal with the changes underway.

To conduct the analysis, a series of in-depth interviews were carried out in Milan and Rome, involving privileged participants (clients and stakeholders) able to provide a qualified opinion on the subject issues of the analysis, with the appropriate level of professionalism and viewpoints within the sample for a richer collection of material.

The quantitative data included within the analysis refer to those who intend to purchase a prestigious home in Milan over the short-term and are taken from the 2019 CasaDoxa National Home Observatory, prepared annually through 6,000 online interviews of a representative sample of the relevant Italian adult population.

The third section of the Report illustrates a series of **summary schedules** regarding the socio-**demographic aspects** and characteristics of the residential properties in the prestigious zones of Milan and Rome (through an aggregation of the census zones as defined by ISTAT and of the relative statistical information). This information is supplemented with specific figures on **trends in residential demand** by zone, supply, transactions and prices, and by specific indication of prices and rents, in addition to average sales times and average negotiation discounts.

Overlapping of the homogeneous zones of Milan and Rome and the census zones enabled us to combine the census data and describe the zones of the prestigious market based on the key demographic and real estate variables.

The analysis also allowed us to observe the trend in population in the various zones, as well as the quality of residential supply and its age.

A section comparing the zones based only on a selection of the most relevant indicators was also added, providing an immediate summary scenario, particularly in light of a possible purchaser or tenant seeking a better context within which to orient their acquisition.

HIGHLIGHTS

The report analyses the main indicators of the prestigious **residential market**, with the objective of providing a snapshot from the **real estate, socio-demographic** and qualitative standpoint, in order to identify the *existing needs of the affluent segment*.

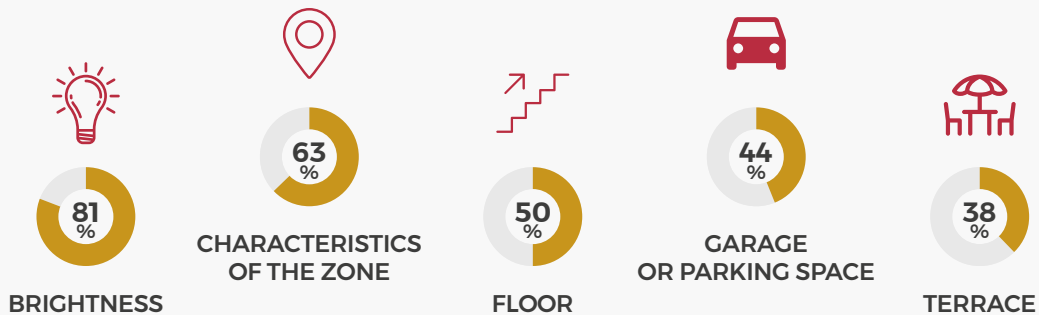
In particular, the macro-trends for the cities of **Milan and Rome** are provided, in terms of **prices, rents, average sales times and average discounts**, trend in demand and

supply; these indicators are also analysed at the **micro-zone** level, through mapping of the key prestigious areas of the two cities, supplemented by a **socio-demographic** as well as real estate **analysis**.

Lastly, a **qualitative analysis** aims to identify the needs and requirements of demand for prestigious homes, following the collection of directly relevant data and information from the **actual market players**.

WHAT ARE THE KEY FACTORS IN CHOOSING A HOME TO PURCHASE?

Rankings on a scale of 10 to 0, where 10 = essential and 0 = not important at all
% SCORES from 10 to 8



Base: people who intend to purchase a prestigious home in Milan (Source: CasaDoxa 2019)

APPROACHES TO PRESTIGIOUS PROPERTIES IN THE MILANESE AREA

PERIOD HOME	NEW CONSTRUCTIONS
IN GENERAL, PREFERRED BY THE TARGET OVER 40 YEARS OF AGE	GENERALLY PREFERRED BY THE 30/40-YEAR OLD TARGET
REPRESENTS A CONNECTION TO HISTORIC/TRADITIONAL VALUES	REPRESENTS THE MODERN CHARM, THE APPEAL OF THE ARCHITECT'S "SIGNATURE", THE NEW CONCEPTION OF AREAS
THE SEARCH IS FOCUSED ON EARLY TWENTIETH-CENTURY BUILDINGS	SEARCH FOCUSED ON DESIGN BUILDINGS, WITH SMART TECHNOLOGIES

FREEHOLD TRANSACTIONS 2018



MILANO
up

+0.6%

Prices H2 2018/H1 2018



6 months

Average sales times



11%

Percent discounts

**HISTORIC CENTRE - BRERA
INDIPENDENZA**

Zones most in demand



ROME
stable

0%

Prices H2 2018/H1 2018



8 months

Average sales times



14-15%

Percent discounts

PARIOLI

Zones most in demand

LEASEHOLD TRANSACTIONS 2018



MILANO
stable/up

0%

Rents H2 2018/H1 2018



3 months

Average lease times



8-9%

Percent discounts

**HISTORIC CENTRE
MAGENTA - BRERA**

Zones most in demand



ROMA
stable/down

-0.9%

Rents H2 2018/H1 2018



3 months

Average lease times



8%

Percent discounts

**SALARIO TRIESTE
AVENTINO - HISTORIC CENTRE**

Zones most in demand

REPORT SUMMARY

The home is no longer just an **asset** or an **investment**, it represents an experience, and this is increasingly true with luxury homes. We do not merely purchase a home, we purchase the “**pleasure of living**”, namely what we expect to be able to live within the home.

How do we translate this need into the search for a **prestigious home**?

It is a true journey, which starts with identification of the neighbourhood in which one wants to live (which must be well-served), looks at location (which should have its unique personality) and, lastly, focuses on the property,

During the second half of 2018, the prestigious **properties market** in Milan and Rome **confirmed the recovery** observed in 2017. In particular, **Milan’s** freehold segment showed the **greatest activity**, while **Rome** recorded increased stability, although with differences based on zone. Prices are confirmed as essentially stable compared to the prior half-year in both cities, albeit with a slight positive trend in Milan and a slight decline in Rome.

Average sales times in Milan are confirmed at around **5-7 months**, while the time necessary to complete negotiations in **Rome** amounts to **7-8 months**.

The report examines the prestigious real estate market in Milan, which reveals that the **prestigious Milanese home of the future** will increasingly focus on newly constructed properties, where the essential and trendy characteristics will be **design** and **distribution of internal areas**. A home where indoor/outdoor hybrid spaces become central.



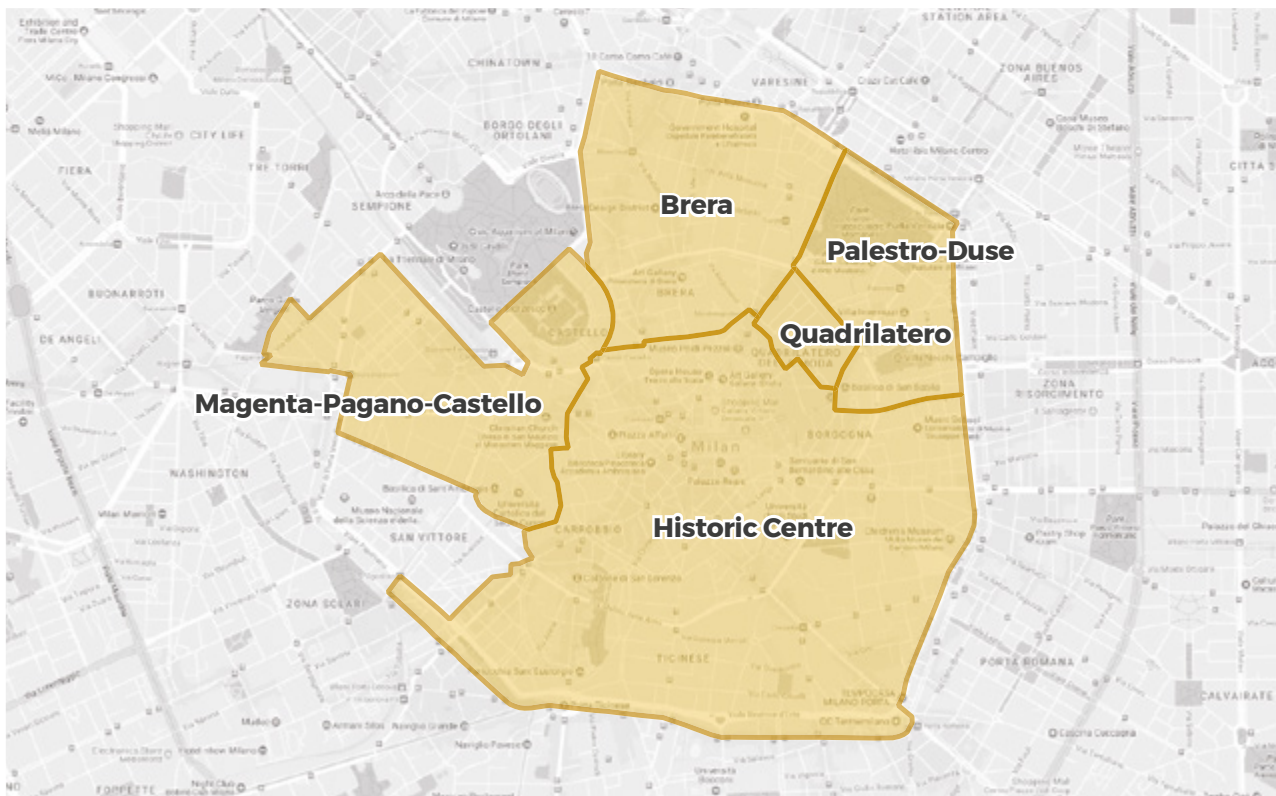
*Real estate consulting with regard to
the new first-class real estate
is a combination of product and service
that unites style and capability, guaranteeing
a customised final result for top clientele.*



Fabio Guglielmi
Managing Director
Santandrea Luxury Houses

THE PRESTIGIOUS PROPERTIES MARKET IN MILAN AND ROME

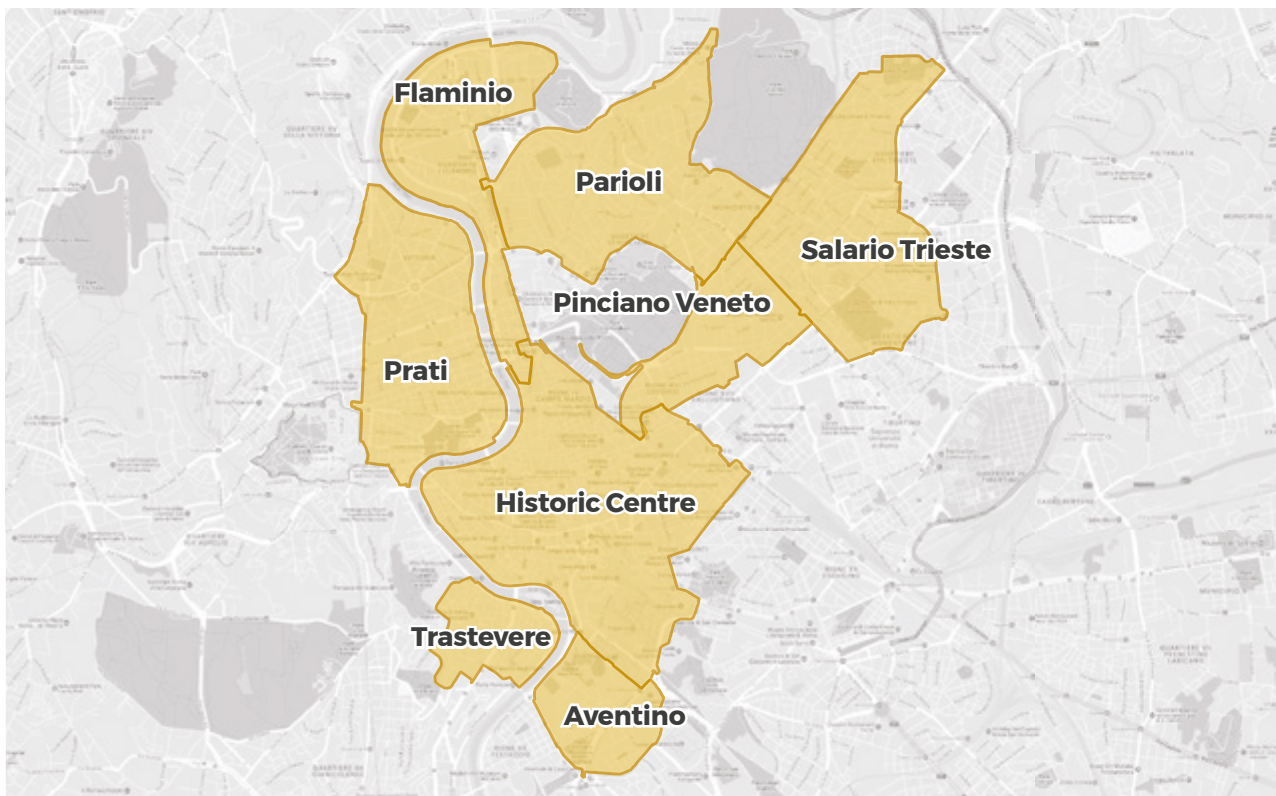
KEY MARKET INDICATORS



The city of Milan has been subdivided into five prestigious zones, with different demographic characteristics and real estate supply.

These zones are:

- 1) Historic Centre
- 2) Quadrilatero
- 3) Palestro-Duse
- 4) Brera
- 5) Magenta-Pagano-Castello



The city of Rome has been subdivided into eight prestigious zones, with different demographic characteristics and real estate supply.

These zones are:

- | | | |
|---------------------------|---------------------------|---------------------------|
| 1) Aventino | 4) Parioli | 7) Salario Trieste |
| 2) Historic Centre | 5) Pinciano Veneto | 8) Trastevere |
| 3) Flaminio | 6) Prati | |

FIRST-CLASS REAL ESTATE: COMPARING MILAN AND ROME

In the context of a real estate market that is gradually recovering, following the crisis that hit the construction and real estate sector in 2008, a fundamental role is played by the cities that in the future will be divided between “those who win and those who lose”. Regardless of their size, the key prerequisite to be included in the first category will be “quality” as an objective of the development and urban regeneration policies, enabling Italian cities to become more attractive.

Among the major Italian cities, Milan has undoubtedly taken on this challenge, recently proposing an innovative Territorial Governance Plan that demonstrates its willingness to change the city's identity from one focused on manufacturing and finance to a centre of excellence in terms of smartness, innovation, training and research.

It is precisely due to this progressive transformation that Milan has played a central role in Italy as a pole of attraction for various types of investors, both national and international, thanks to a single common denominator. The major real estate transactions that have characterised the city's panorama in recent years and those that will do so in the future are identified by high architectural quality and by a domino effect on the neighbourhoods that host them. It is no coincidence, therefore, that as of 2018 there were fifty construction sites or new developments in Milan, for a total of nearly three thousand new prestigious units*.

A fundamental role in this process is played by the city itself, in which cultural supply and areas dedicated to entertainment are increasingly taking shape in Milan, also thanks to a careful marketing policy that has enabled Milan to become a tourist destination as well, in just a few years.

It is in this context that new forms of housing take shape, such as university campuses, student and senior housing and rental properties even for short periods, as demonstrated by the escalation of the short-term rent phenomenon.

But what are the effects of construction of luxury homes on the surrounding real estate portfolio?

The concept of “beauty” that also pervades the external areas of our cities is relatively new, as is the concept of home: a home that must reflect one's own being and that must also be used for functions other than the traditional ones. A place in which to welcome, entertain - like the front parlour of homes in the previous century - and work.

Conversely, a city like Rome, potentially more attractive than Milan from the architectural and cultural standpoint, has slowly and partially lost its charm as the eternal city. And this loss of charm has translated in real estate terms into a gradual slowing of investments, counting only a thousand new prestigious properties in 2018*. The scenario in Rome is that maintenance condition and context often fail to meet the requirements of demand, with the result that refurbished stock only accounts for a very small percentage. In fact, while detailed attention is paid to homes, the same cannot be said for the common areas (facades, halls, courtyards, etc.), which often highlight a level of neglect that repels possible investors.

But how can we contribute to slowing the loss of appeal in the Capital?

Rome remains, albeit with increasing difficulty, a wonderful and extraordinary city with a wealth of

**Source of data: Gabetti Research Department analysis of DB Progetti Nomisma data*

valuable real estate which, if properly redeveloped and adapted to the demand requirements, can and will be one of the drivers of appeal.

The decision to purchase a home in Rome also satisfies the need to live alongside history, just metres from eternity.

Making things more difficult in Rome's real estate market with respect to Milan are predominantly the problems linked to a complex and complicated road system, accompanied by a state of repair of infrastructures that often creates serious difficulty for the city's traffic situation. In addition, over the years, public administration has not implemented measures to rationalise traffic, such as closure of the historic centre and entrance fees, which would have made the real estate market in the capital more attractive to investors. In other areas, such measures, although unpopular, have had positive effects on many aspects.

Complicating an already complex system due to the vastness of the area is also the fact that Rome is so large that when we speak about the capital, we refer to a multitude of districts within the broader urban context: a "city of cities".

If "cities, like dreams, are built on desires and fears" (Italo Calvino, "Le città invisibili"), Milan succeeded in taking advantage of the challenge of competing with other world capitals during Expo and used the event to reveal itself as a tourism-friendly city, working on its image and attractiveness. Rome is a city that has refused new initiatives that could have relaunched it, such as the Olympics. A return of appeal of the Capital for investors and not only for tourists can be achieved solely through the acknowledgement that major changes are required.

But what style should the new first-class real estate adopt? A combination of product and service that unites style and capability in the construction and real estate supply chain, ensuring a customised final result for top clientele.

Fabio Guglielmi
Managing Director
Santandrea Luxury Houses

THE PRESTIGIOUS PROPERTIES MARKET

During the second half of 2018, the prestigious properties market in Milan confirmed the signs of recovery observed in 2017, while Rome showed an overall stability.

FREEHOLD

In particular, Milan's freehold market showed the greatest activity, with growing demand especially in the zones of the **Historic Centre, Brera and Magenta-Pagano-Castello**, as well as supply and transactions.

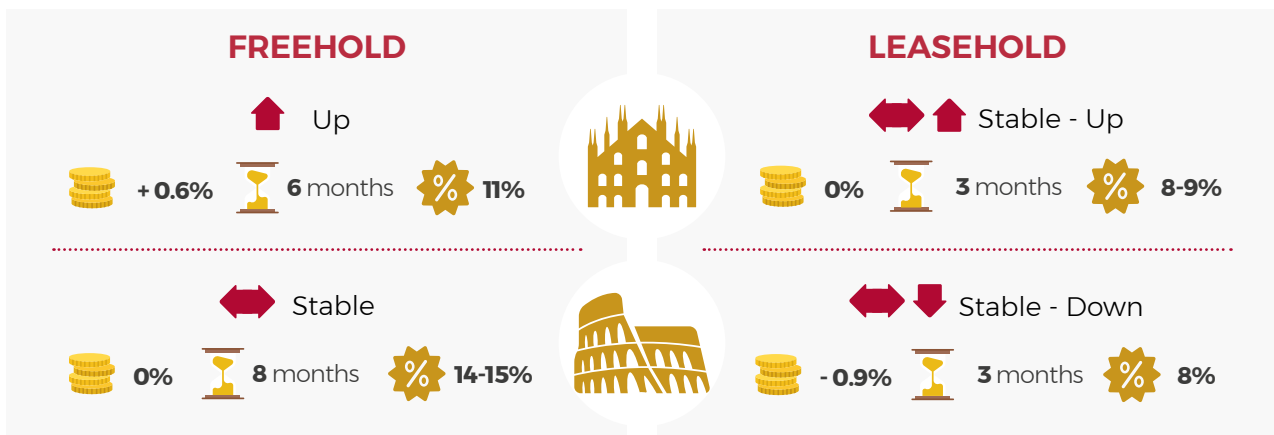
Freehold demand is up in Rome, with the exception of the Flaminio and Salaria-Trieste zones, which were stable. Despite renewed interest by potential purchasers, the supply of properties is limited and generally stable, with the exception of the Prati, Salaria-Trieste and Trastevere zones; the number of transactions was stable as well.

Average sales times in Milan are confirmed at around **5-7 months**, while the time necessary to complete negotiations in **Rome** amounted to eight months, up compared to the first half of 2018 (seven months). In regard to the discount applied upon closure of negotiations, the **average discount in Milan** was around **11%**, while in **Rome** it was **14-15%**. Prices are confirmed as essentially **stable** compared to the prior half-year in both cities: in particular, slight growth was again recorded in Milan (+0.6%), with recovery in the Brera and Quadrilatero zones. Prices in Rome were essentially stable, up slightly in Pinciano-Veneto and down slightly in Prati.

LEASEHOLD

The **leasehold market** for prestigious properties in **Milan** and Rome showed diverging trends. Demand has increased in Milan, particularly in the **Historic Centre, Brera and Magenta-Pagano-Castello zones**, where there is ample supply of homes and, consequently, the number of contracts stipulated is up. The situation in Rome is essentially unchanged compared to the first half of 2018, with generally stable demand, except for a decline in interest for the Salaria-Trieste zone and an increase for the Pinciano-Veneto zone. The number of contracts is stable in the majority of zones, with a decline in the Historic Centre and Salaria-Trieste. **Average lease times** confirmed the market trend of the last few years, with a partial decline in both Milan and Rome compared to 2017, to **less than three months**. In Milan, the average discount between asking and actual rent was around 9%, while in Rome it declined by one percentage point compared to the prior year (8%).

Average rent stabilised in Milan, while it continued to decrease in **Rome**, with a variation of **-0.9%** compared to the first six months of 2018.



The number of sales transactions and lease agreements is expected to grow in Milan during the **first half of 2019**, while it will be essentially stable in Rome.



KEY MARKET INDICATORS

During the second half of 2018, the **freehold market in Milan** showed varying trends depending on the zone in question. The **Brera, Historic Centre and Magenta-Pagano-Castello** zones were again the most dynamic, with steadily growing demand. **The Palestro-Duse and Quadrilatero zones were stable.** With regard to supply, the availability of homes is up, except for Palestro-Duse, although the quality of the buildings and of the interiors is not always aligned to the expectations of possible purchasers.

The number of transactions is up in the Historic Centre, Brera and Magenta-Pagano-Castello, while the **Palestro-Duse zone recorded a decrease in transactions compared to the first half of 2018.** The **Quadrilatero zone** recorded **stability** in purchasing interest, mainly due to the difference between what sellers and buyers perceive to be the value of the properties. Transaction prices showed a **slight increase** compared to the prior period.

In Rome, demand was up in the last six months of 2018, with the exception of Flaminio and Salario-Trieste, where the scenario was unchanged. **Supply for sale, on the other hand, was stable,** with a further decline in the Trastevere zone and, conversely, growth in Prati and Salario-Trieste. Following the increase in transactions recorded in the first six months of 2018, the Historic Centre showed essential stability. **Prices were unchanged in all zones, with initial signs of a decline in prices in Prati and a rise in Pinciano-Veneto.**

KEY INDICATORS IN MILAN AND ROME, H2 2018



FREEHOLD MARKET				
 ZONES IN MILAN	Demand to buy	Supply for sale	Number of transactions	Transaction prices
QUADRILATERO	↔	↑	↔	↑
HISTORIC CENTRE	↑	↑	↑	↔
BRERA	↑	↑	↑	↑
MAGENTA-PAGANO-CASTELLO	↑	↑	↑	↔↑
PALESTRO-DUSE	↔	↔	↓	↔
 ZONES IN ROME	Demand to buy	Supply for sale	Number of transactions	Transaction prices
AVENTINO	↑	↔	↔	↔
HISTORIC CENTRE	↑	↔	↔	↔
FLAMINIO	↔	↔	↓	↔
PARIOLI	↑	↔	↔	↔
PINCIANO-VENETO	↑	↔	↔	↔↑
PRATI	↑	↑	↓	↔↑
SALARIO-TRIESTE	↔	↑	↔	↔
TRASTEVERE	↑	↓	↔	↔

Cabetti Research Department analysis of Santandrea Luxury Houses data

Leasehold demand in Milan was stable in the Quadrilatero and Palestro-Duse zones, and **up in Magenta-Pagano-Castello, Brera** and the **Historic Centre**. Leasehold supply continued its growth trend in the Historic Centre, Quadrilatero and Brera zones, while supply was stable in the remaining zones. Areas in which demand was greater recorded an **increase in the number of contracts**, while contractual activity was stable in the remaining zones. Rents were essentially stable, showing the initial signs of an increase in zones where demand was more dynamic. In general, the phenomenon of short rent managed directly by landlords or services companies, which in recent years has significantly reshaped the supply of properties to let on a medium/long-term basis, continues to grow.

In **Rome**, the segment recorded essential stability in demand in the Historic Centre, Flaminio, Prati, Trastevere and Parioli, and in **increase in Pinciano-Veneto**, while the Salaria-Trieste zone declined further. **Leasehold** supply was stable in nearly all zones, with the exception of **Parioli (up)** and the Historic Centre (down). **Contractual activity was unchanged** across all zones except the Historic Centre and Salaria-Trieste, which recorded a decline in the previous six-month period. **Rents are down overall, while the Pinciano-Veneto zones recorded an increase in rents of +1.2%.**

KEY INDICATORS IN MILAN AND ROME, H2 2018

LEASEHOLD MARKET				
 ZONES IN MILAN	Leasehold demand	Leasehold	Number of contracts	Rents
QUADRILATERO	↔	↑	↔	↔
HISTORIC CENTRE	↑	↑	↑	↔↑
BRERA	↑	↑	↑	↔↑
MAGENTA-PAGANO-CASTELLO	↑	↔	↑	↔↑
PALESTRO-DUSE	↔	↔	↔	↔
 ZONES IN ROME	Leasehold demand	Leasehold	Number of contracts	Rents
AVENTINO	↔	↔	↔	↓
HISTORIC CENTRE	↔	↓	↓	↔
FLAMINIO	↔	↔	↔	↔
PARIOLI	↔	↑	↔	↓
PINCIANO-VENETO	↑	↔	↔	↑
PRATI	↔	↔	↔	↔↓
SALARIO-TRIESTE	↓	↔	↓	↓
TRASTEVERE	↔	↔	↔	↓

Gabetti Research Department analysis of Santandrea Luxury Houses data



AVERAGE PRICES AND RENTS

In **Milan**, prices for new or refurbished homes fluctuated from a minimum of 7,500 €/sqm in the **Historic Centre** and **Magenta-Pagano-Castello** to a maximum of 13,500 €/sqm in the Quadrilatero zone, which again confirmed the **highest values on the market, with regard to both prices and rent.**

In the case of existing homes or homes to be refurbished, prices were within a range of between 5,500 €/sqm in Magenta-Pagano-Castello and 11,000 €/sqm in the Quadrilatero zone.



Prices are lower in the city of **Rome**: from 4,500 €/sqm to 11,000 €/sqm for new or refurbished properties; from 4,000 €/sqm in **Flaminio, Parioli** and **Salario-Trieste** to 10,000 €/sqm in the **Historic Centre** for existing solutions or properties to be refurbished. The Historic Centre tops the list for both types of properties.

PRICE LIST FOR LUXURY HOMES

		FREEHOLD MARKET - TRANSACTION PRICES €/SQM								
		H2 2018								
		New or refurbished homes			Existing or to-be-refurbished			Summary residential index		
 MILAN		Min	Avg	Max	Min	Avg	Max	Min	Avg	Max
	QUADRILATERO	11,000	12,250	13,500	9,000	10,000	11,000	9,800	10,900	12,000
	HISTORIC CENTRE	7,500	8,000	8,500	6,000	6,500	7,000	6,600	7,100	7,600
	BRERA	8,500	9,500	10,500	6,700	7,200	7,700	7,400	8,100	8,800
	MAGENTA-PAGANO-CASTELLO	7,500	8,100	8,700	5,500	6,000	6,500	6,300	6,800	7,400
	PALESTRO-DUSE	9,000	9,750	10,500	7,500	8,000	8,500	8,100	8,700	9,300
 ROME		Min	Avg	Max	Min	Avg	Max	Min	Avg	Max
	AVENTINO	8,000	9,500	11,000	6,000	7,500	9,000	7,600	9,100	10,600
	HISTORIC CENTRE	9,000	10,500	12,000	7,000	8,500	10,000	8,600	10,100	11,600
	FLAMINIO	4,500	5,050	5,600	4,000	4,700	5,400	4,400	5,000	5,600
	PARIOLI	6,000	6,500	7,000	4,000	4,500	5,000	5,600	6,100	6,600
	PINCIANO-VENETO	6,000	6,500	7,000	4,250	4,800	5,350	5,650	6,200	6,700
	PRATI	6,250	6,750	7,250	4,400	4,900	5,450	5,900	6,400	6,900
	SALARIO-TRIESTE	5,500	6,000	6,500	4,000	4,500	5,000	5,200	5,700	6,200
	TRASTEVERE	7,000	8,000	9,000	6,000	7,000	8,000	6,800	7,800	8,800

**The summary index is obtained by weighting the rents of new and existing homes based on respective estimated market distribution. Cabetti Research Department analysis of Santandrea Luxury Houses data*

RENTS ON LUXURY HOMES

LEASEHOLD MARKET - RENTS €/SQM/YEAR										
H2 2018										
		New or refurbished			Existing or to be refurbished			Homes summary index		
 MILAN		Min	Avg	Max	Min	Avg	Max	Min	Avg	Max
QUADRILATERO		280	340	400	200	240	280	230	270	320
HISTORIC CENTRE		220	250	280	180	210	240	200	230	260
BRERA		240	290	340	190	210	230	210	240	270
MAGENTA-PAGANO-CASTELLO		170	210	250	150	165	180	160	180	210
PALESTRO-DUSE		280	315	350	200	225	250	230	260	280
 ROME		Min	Avg	Max	Min	Avg	Max	Min	Avg	Max
AVENTINO		190	220	250	140	165	190	180	210	240
HISTORIC CENTRE		220	240	260	190	215	240	220	240	260
FLAMINIO		160	190	220	130	155	180	160	180	210
PARIOLI		160	180	200	120	135	150	150	170	190
PINCIANO-VENETO		170	205	240	140	180	220	170	200	240
PRATI		190	220	250	170	200	230	190	220	250
SALARIO-TRIESTE		140	180	220	150	165	180	150	180	210
TRASTEVERE		180	220	260	160	185	210	180	210	250



**The summary index is obtained by weighting the rents of new and existing homes based on respective estimated market distribution. Gabetti Research Department analysis of Santandrea Luxury Houses data*

The second half of 2018 confirmed the increase in prices for the luxury residential market in **Milan**. This growth, which amounted to around +0.6%, was essentially attributable to the rise in prices for new or to-be-refurbished solutions in the **Quadrilatero** and **Magenta-Pagano-Castello** zones, and for existing or to-be-refurbished solutions in **Brera**. Prices in the **Historic Centre** and **Paestrol-Duse** were unchanged. The average gap between asking and actual price at the city level was around 11%, in line with the prior half-year, with slight differences among the various zones. With regard to average sales times, the zones in the Historic Centre and Brera were more dynamic, with buildings remaining on the market for approximately 4-5 months. The times for the other zones were relatively longer, up to a maximum of seven months.

In the **leasehold segment**, average rents at the city level were stable, with a slight increase of +0.2% in the Historic Centre.

Average discounts between asking and actual rent amounted to between **8%** and **10%** and, with regard to average lease times, properties remained on the market for a minimum of two to a maximum of four months.

PRICES, DISCOUNTS AND SALES TIMES

	FREEHOLD MARKET			
	MILAN			
	Change in transaction prices (H2 2018 / H1 2018)	Average gap between asking and actual price (%)	Average sales times	
Minimum			Maximum	
QUADRILATERO	1.0%	15.0%	6.0	8.0
HISTORIC CENTRE	0.0%	10.0%	4.0	6.0
BRERA	1.4%	8.0%	4.0	5.0
MAGENTA-PAGANO-CASTELLO	0.4%	12.0%	5.0	7.0
PALESTRO-DUSE	0.0%	12.0%	6.0	8.0
CITY AVERAGE*	0.6%	11.4%	5.0	6.8
	ROME			
	Change in transaction prices (H2 2018 / H1 2018)	Average gap between asking and actual price (%)	Average sales times	
			Minimum	Maximum
AVENTINO	0.0%	10.0%	6.0	8.0
HISTORIC CENTRE	0.0%	17.0%	8.0	10.0
FLAMINIO	0.0%	15.0%	8.0	10.0
PARIOLI	0.0%	15.0%	8.0	12.0
PINCIANO-VENETO	0.5%	15.0%	6.0	8.0
PRATI	-0.6%	15.0%	8.0	10.0
SALARIO-TRIESTE	0.0%	15.0%	8.0	10.0
TRASTEVERE	0.0%	15.0%	6.0	8.0
CITY AVERAGE*	0.0%	14.6%	7.3	9.5

*The average gap between asking price and actual price and the sales times in the city was calculated based on sales that actually took place during the second half of 2018. Gabetti Research Department analysis of Santandrea Luxury Houses data


Rome did not show any significant variations in prices compared to the first half of 2018 either. In the prestigious zones considered, prices were stable in almost all zones, while Pinciano-Veneto recorded an increase of +0.5% and Prati recorded a decrease of -0.6%.


The average gap between asking and actual price was 14%, up compared to the figure recorded in the first half of 2018. Average sales times are up as well compared to the first six months of the year, going from seven to eight months. In the zones of Aventino, Pinciano-Veneto and Trastevere, negotiations were concluded within a period of 6-8 months, while the average sales times in the other zones were between eight and ten months.

In the **leasehold segment**, rents for new or refurbished properties recorded a stable trend, while existing properties or those to be refurbished recorded the biggest changes (down in the majority of zones, stable in the Historic

Centre and Flaminio; up in Pinciano-Veneto). The discount upon closure of negotiations amounted to 8% on average, within a range of between 5% in the zones with most appeal and 10%. **Average lease times were confirmed as stable, amounting to 2-3 months.**

RENTS, DISCOUNTS AND LEASE TIMES

	LEASEHOLD MARKET			
	MILAN			
	Change in rents (H2 2018 / H1 2018)	Average gap between asking and actual rent (%)	Average lease times	
Minimum			Maximum	
QUADRILATERO	0.0%	10.0%	3.0	4.0
HISTORIC CENTRE	0.2%	8.0%	2.0	3.0
BRERA	0.0%	8.0%	2.0	3.0
MAGENTA-PAGANO-CASTELLO	0.0%	8.0%	2.0	3.0
PALESTRO-DUSE	0.0%	10.0%	3.0	4.0
CITY AVERAGE*	0.0%	8.8%	2.4	3.4

	ROME			
	Change in rents (H2 2018 / H1 2018)	Average gap between asking and actual rent (%)	Average lease times	
			Minimum	Maximum
AVENTINO	-1.7%	5.0%	1.5	2.5
HISTORIC CENTRE	0.0%	5.0%	1.5	2.5
FLAMINIO	0.0%	10.0%	2.0	3.5
PARIOLI	-3.5%	10.0%	2.5	5.0
PINCIANO-VENETO	1.2%	10.0%	2.5	5.0
PRATI	-0.5%	5.0%	1.5	2.5
SALARIO-TRIESTE	-1.3%	10.0%	2.0	3.0
TRASTEVERE	-1.1%	8.0%	2.0	3.5
CITY AVERAGE*	-0.9%	7.9%	1.9	3.4

**The average gap between asking rent and actual rent and the lease times in the city was calculated based on lettings that actually took place during the second half of 2018. Gabetti Research Department analysis of Santandrea Luxury Houses data*

During the second half of 2018, the demand components of freehold and leasehold followed different trends. In **Milan**, the majority of demand (70%) continues to involve purchases, while the demand for leasehold space is residual (30%). As in the prior half-years, approximately 60% of demand in **Rome** was oriented towards purchases and the remaining 40% towards lettings.

In terms of preferences of freehold demand with respect to maintenance condition of the properties, purchasers confirm a preference for existing buildings (approx. 70% in Milan and 60% in Rome). However, on the leasehold market, demand in **Milan** is equally distributed among new and existing homes, while in **Rome**, the demand for new or refurbished homes prevailed.

In general, these differences are also due to the necessity to align supply and demand, and to the speed at which new developments are taken up by the market.

In **Milan**, the majority of transactions involved **replacement of one's home**, with only 10% of cases referring to the purchase of one's first home, while the investment component was residual (5%). In **Rome**, on the other hand, the **investment component** was confirmed at **25%**. The highest portion of transactions, however, continues to involve the replacement market (50%) and only partly regards a first-home purchase (25%).

The percentage of foreigners choosing Milan as the city in which to buy or rent a home was 4-5%, similarly to what was recorded in Rome in the freehold segment, generally the preferred destination of **US purchasers**. Also in Rome, approximately 40% of cases involve lessees originally from northern Europe and South America.

TYPES MOST IN DEMAND

SENTIMENT - SANTANDREA AGENCIES

An analysis of the requests of clients in Santandrea agencies in Milan and Rome has identified a number of **typical characteristics for each city**. These results reflect the specific real estate supply of each metropolitan area and - albeit at the general level - are fairly stable.

OUTLINE OF THE MOST REQUESTED TYPES AND ZONES

FREEHOLD





ROME - H2 2018

ZONES MOST IN DEMAND



- Parioli

PROPERTY TYPES MOST IN DEMAND

-  **150-200sqm**
-  **3**
-  **to be refurbished**
-  **Parking space - Terrace**





MILAN - H2 2018

ZONES MOST IN DEMAND



- Historic Centre
- Brera
- Indipendenza

PROPERTY TYPES MOST IN DEMAND

-  **180-230sqm**
-  **3**
-  **New - Refurbished**
-  **Garage - Parking space - Terrace**

Gabetti Research Department analysis of Santandrea Luxury Houses data

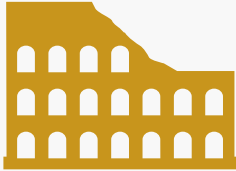
According to surveys by the Santandrea agencies, the most sought after zones in **Milan's freehold segment** are the **Historic Centre, Brera and Indipendenza**: the sizes most in demand are those between **180** and **230 sqm**, in line with the first half of the year, and with at least three bedrooms. Clientele predominantly **seek new or refurbished solutions**, with open liveable areas, such as **terraces or large balconies**, and including a **garage/parking space**.

The **Brera** zone is confirmed as being **high in demand** also within the leasehold segment, as are the Historic Centre and Magenta-Pagano-Castello. In this case, the areas in demand are smaller compared to the freehold market (between **80** and **180 sqm**), with at least two bedrooms. **New or refurbished solutions** are generally preferred, complete with quality furnishings.

LEASEHOLD

ROME - H2 2018

ZONES MOST IN DEMAND



- Salario-Trieste
- Aventino
- Historic Centre

PROPERTY TYPES MOST IN DEMAND



90-140sqm



3



Existing in good condition



Box - Posto auto - Terrazzo

MILAN - H2 2018

ZONES MOST IN DEMAND



- Historic Centre
- Magenta
- Brera

PROPERTY TYPES MOST IN DEMAND



80-180sqm



2 or 3



New - Refurbished



Parking space

Cabetti Research Department analysis of Santandrea Luxury Houses data

In **Rome's freehold market**, the Parioli zone is confirmed as the preferred one. The most sought-after units are those between **150** and **200 sqm**, with at least three bedrooms. There is a preference for solutions to be refurbished, which allow customisation of the areas and finishes based on one's requirements. The characteristics with the greatest appeal are a parking spot and terrace.

For the **leasehold segment**, the preferred zones were **Salario-Trieste, Aventino and the Historic Centre**. The highest demand is for areas of between **90** and **140 sqm**, with three bedrooms, for existing solutions in good condition and including **parking space** and **terrace**. Also popular are units that are partly refurbished (such as the kitchen zone).

MARKET SENTIMENT

HI 2019

An increase in demand is envisaged for **Milan** in the first half of 2019, accompanied by an **increase in the number of transactions**, within a scenario of generally stable prices. **Generalised growth** is envisaged for the **leasehold segment** as well: demand, supply, number of contracts and rents.

In **Rome**, stability is expected in both supply as well as number of transactions. Prices, which will undergo slight declines, will create - together with the other drivers - favourable conditions for an **increase in demand**.

With regard to the **leasehold market**, **growth** in demand is envisaged, along with stable supply, with contractual activity essentially unchanged and **rents destined to decline**.

FORECASTS FOR HI 2019 IN MILAN AND ROME

FREEHOLD MARKET	
MILAN - HI 2019	
Demand to buy	↑
Supply for sale	↑
Number of transactions	↑
Transaction prices	↔
ROME - HI 2019	
Demand to buy	↑
Supply for sale	↔
Number of transactions	↔
Transaction prices	↔↓

LEASEHOLD MARKET	
MILAN - HI 2019	
Leasehold demand	↑
Leasehold supply	↑
Number of contracts	↑
Rents	↑
ROME - HI 2019	
Leasehold demand	↑
Leasehold supply	↔
Number of contracts	↔↓
Rents	↓

Gabetti Research Department analysis of Santandrea Luxury Houses data

CURRENT AND FUTURE SCENARIOS IN LUXURY HOMES

DOXA INQUIRY: ISSUES COVERED

ABSTRACT



SCENARIO ANALYSIS: PRESTIGIOUS PROPERTIES MARKET IN THE MILANESE CONTEXT

The scenario analysis presented here is based on the qualitative survey conducted by Doxa for Santandrea at the beginning of 2019 and focuses on prestigious buildings in the market of Milan.

1

A MARKET WITH NO SIGNS OF CRISIS

- Milan is confirmed as an expanding city, showing sharp growth and considered to be “in” and “cool” even from the international standpoint: “buying in Milan today is a safe investment for the future
- Properties in the heart of Milan are high in demand, for investment as well as residential use
- Some zones are of particular interest: Brera, Garibaldi, Porta Venezia/Corso Indipendenza, Porta Nuova and City Life, to name a few
- With prestigious properties, rapid decisions are necessary: the best deals on the market are often sold quickly.
- In general, there is also strong demand for prestigious properties by international clientele.

Emergono in modo netto due diversi approcci all’immobile di pregio nel milanese:



PERIOD HOME



NEW CONSTRUCTIONS

2

THE LUXURY HOME

The home must be loved, it must “transmit something”, simultaneously representing a part of oneself; in the Milanese scenario **there are two macro elements**:



The **social aspect** of the home



The home as **status symbol**

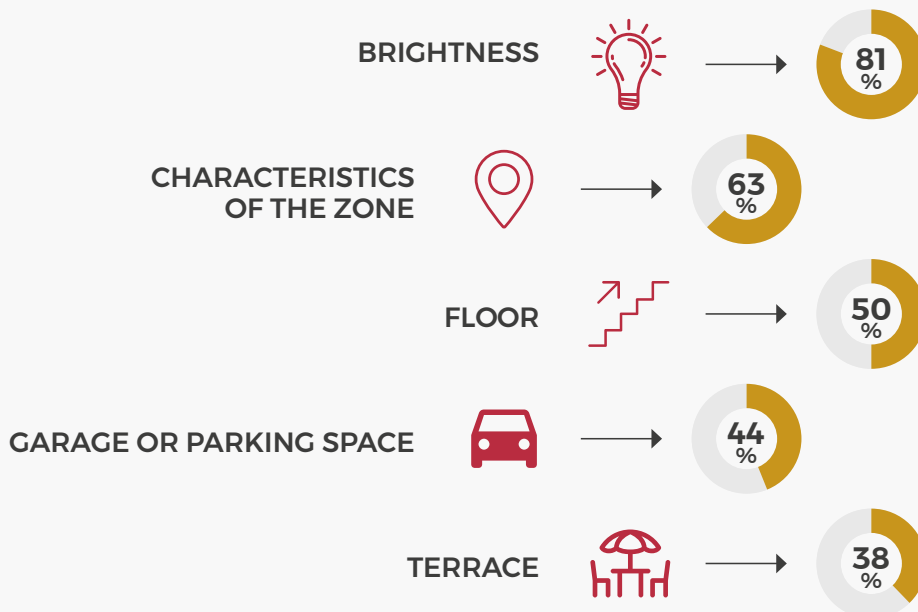
FUNDAMENTAL CHARACTERISTICS OF A LUXURY PROPERTY

A number of characteristics that luxury properties must have in order to be defined as such emerge transversally across the targets:



WHAT THE KEY FACTORS IN CHOOSING A HOME TO PURCHASE?

Rankings on a scale of 10 to 0, where 10 = essential and 0 = not important at all
% SCORES from 10 to 8



Base: people who intend to purchase a prestigious home in Milan (Source: CasaDoxa 2019)

3

THE PURCHASING PROCESS

The search for a prestigious property is generally a medium/**long-term process**: there is ample supply, but the best apartments are often sold quickly.

The sites of major Real Estate companies and the various real estate portals are the main references, since:

- **They allow you to choose your zone**, outlining the area of your search
- They offer a **large number of ads**, including many prestigious properties
- They include **many search filters**, in line with one's requirements

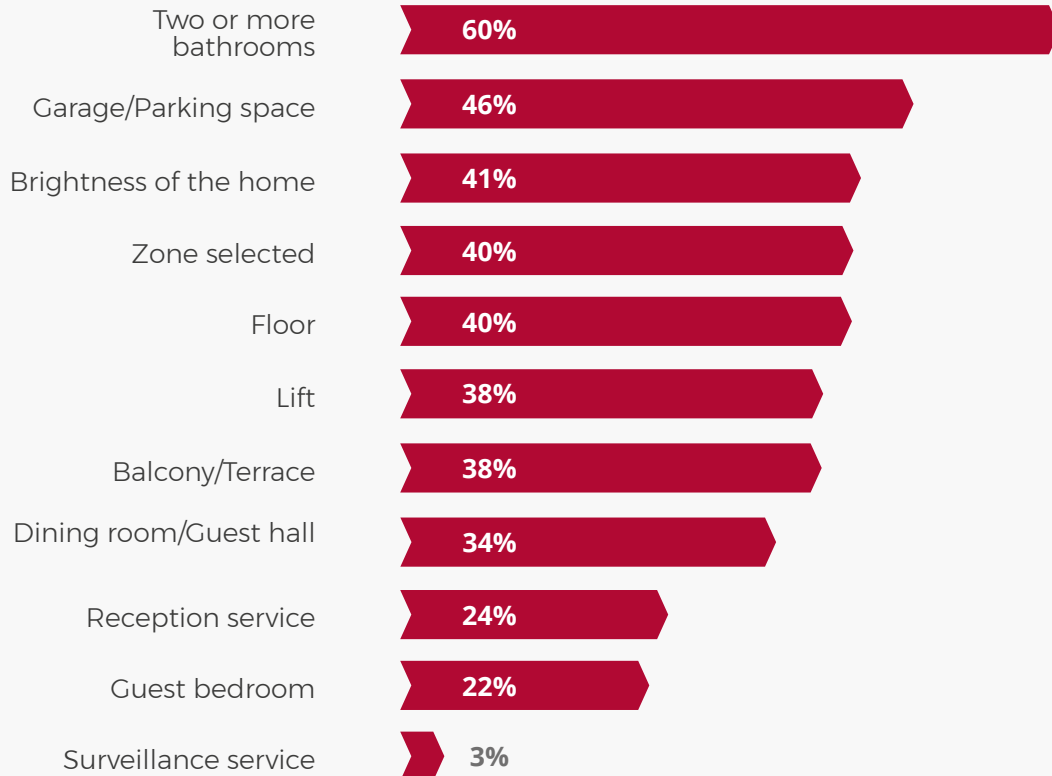
The "For Sale" sign remains one of the major vehicles in establishing contact with clients

THE AGENCY IS ASKED TO TAKE ON AN ADVISORY ROLE

FOR PRESTIGIOUS HOMES, THERE ARE A NUMBER OF ESSENTIAL ELEMENTS

The selection process is long in many cases (even over one year): at times, one must reconsider some of the preferred characteristics, but a number of elements remain.

WHICH OF THESE ASPECTS WOULD BE THE HARDEST TO GIVE UP?



Base: people who intend to purchase a prestigious home in Milan (Source: CasaDoxa 2019)

CONCLUSIONS

THE PRESTIGIOUS MILANESE HOME OF THE FUTURE

- **“NEW” REPRESENTS A DRIVING TREND**
- **USER-FRIENDLY HOME AUTOMATION AND SMART HOME ARE THE CHARACTERISTICS OF THE HOME OF THE FUTURE**
- **THE HOME OF TOMORROW AND THE “NEW POSSIBLE LUXURIES”**



OUR REPORTS:



Residential Overview



Leasehold Market



The Prestigious Homes Market



Investment Overview



Office Market Overview



Office Quality Focus



Hotels



You can find all of our reports at gabettigroup.com in the Research Department section



Stay updated on our upcoming reports by following our [page on LinkedIn](#)

This report must not constitute the basis for negotiations or transactions without specific and qualified professional assistance. Although we have examined the facts and data contained in this report, Gabetti Property Solutions S.p.A. does not in any way guarantee their accuracy and truthfulness and declines any and all responsibility with regard to any damage, direct or indirect, of any nature, suffered by third parties in relation to the contents of this report. The information and data contained in the report may be published, provided that the source is stated.

Apart from the above, they may not be reproduced, wholly or partially, nor may any reference be made to them without prior authorisation by Gabetti Property Solutions S.p.A. - © Gabetti Property Solutions S.p.A. 2019

SANTANDREA

luxury houses

RESPONSABILI DEL PROGETTO

Fabio Guglielmi
Managing Director

Marco Rognini
Director, Rome

Claudio Casali
Head of Operations

Francesca Fantuzzi
Head of Gabetti Research Department

TEAM DI PROGETTO

Chiara Grandino *Gabetti Research Department*

Roberta Giusto *Gabetti Research Department*

Valentina Piuma *Gabetti Research Department*

Mariagrazia Cascio *Back-office Milan*

Manuela Massa *Back-office Rome*

Laila Carro *RE Private Advisor*

Laura Barbato *RE Private Advisor*



PROJECT TEAM

Paola Caniglia *Home & Retail Director*

Linda Corbetta *Qualitative BU Director*

Andrea Tozzi *Senior Researcher*

Silvia Tentarelli *Executive Researcher*

Cristina Calvi *Qualitative Researcher*

Santandrea Luxury Houses

Via Sant'Andrea, 10/A - 20121 Milano

Tel. +39 02 775 5215

www.immobilisantandrea.it