



ITALY

ROME OFFICE

QUARTER 3 | 2018



TAKE UP

With a take-up volume stopping below 28,000 sqm (-51% compared to the Q3 2017), the result of this third quarter of 2018 brings the annual total to 113,000 sqm since the beginning of the year, a decline of 13% compared to the same period of the past year.

Earlier this year, the Roman occupier market experienced a certain slowdown compared to 2017, a year that is increasingly considered as an «exception to the rule».

Besides E&Y transaction, the year 2018 was not characterised by large deals. During the third quarter, in fact, the largest transacted area amounted to 5,800 sqm leased by Gamenet in Via degli Aldobrandeschi.

Analysing the trend by sub-markets, the recorded quarterly volumes are

among the lowest over the last five years especially, to a greater extent, in the two leading sectors of the Roman market: the CBD and the EUR. Especially in the latter, the activity did not record transactions exceeding 2,000 sqm.

The absence of large deals related to the limited activity of the public sector is still strongly felt in the market, which leads to quarters characterised by fluctuating activity levels.

Large transactions require very long negotiation times, both when the tenant is public but also private. This is due to the slowness and bureaucracy of the public administration, as well as to the need for the large properties to be often refurbished, and these aspects must be negotiated and formalised in the lease.

FIGURE 1: TAKE UP (K sqm)

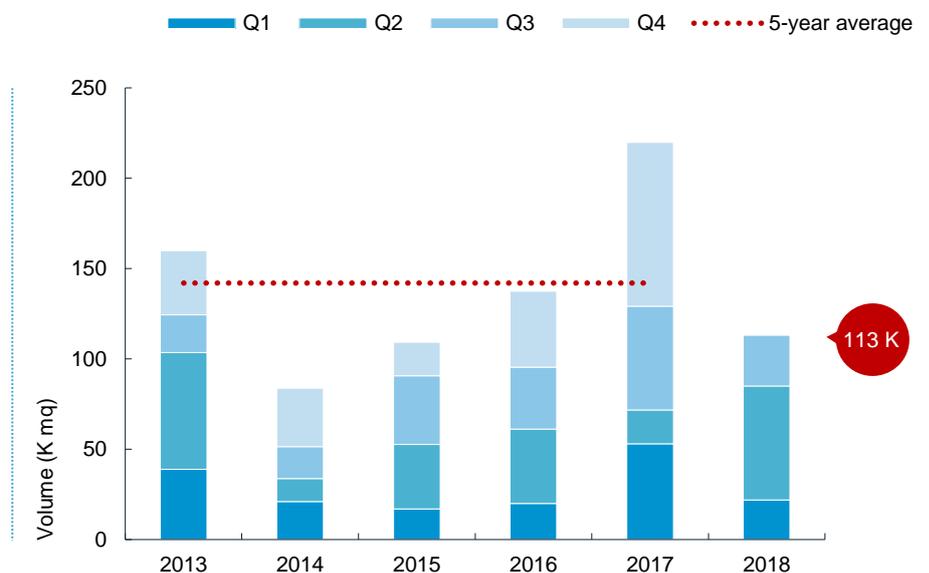


FIGURA 2: STOCK & VACANCY RATE



FIGURA 3: RENT €/sqm/y

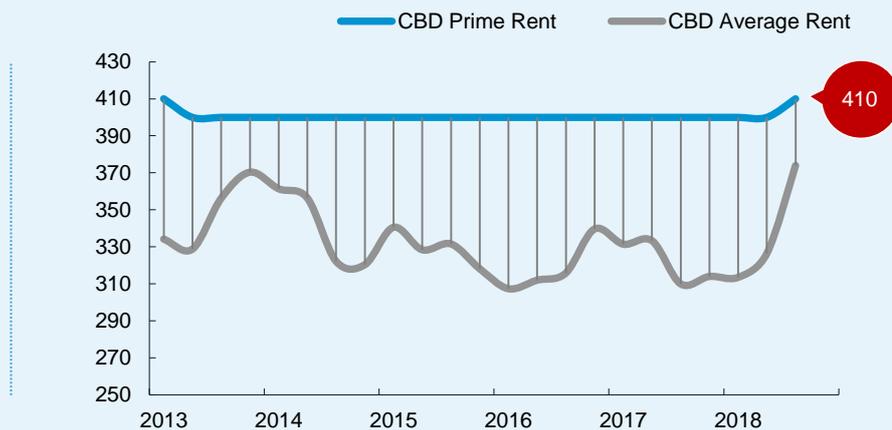


FIGURE 4: TAKE UP

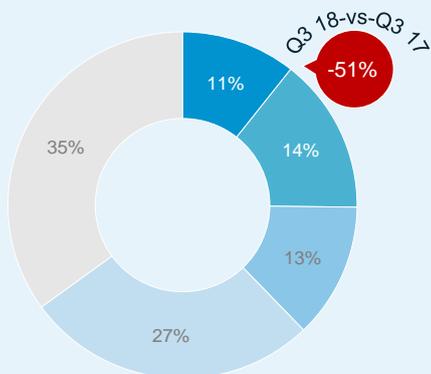


FIGURE 5: VACANCY

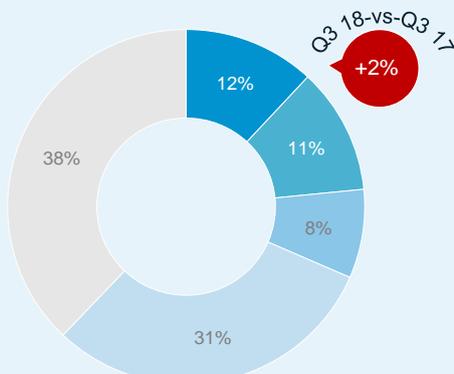
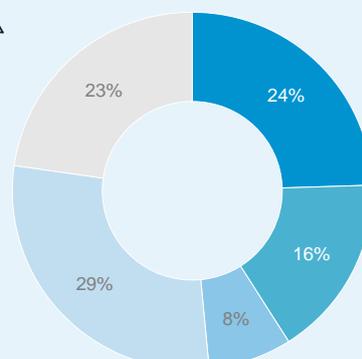


FIGURE 6: STOCK





SUPPLY & RENT

Even in the last quarter, the available stock of office premises in Rome has remained fairly constant. In fact, significant refurbishment projects of the existing building stock or completion of development projects are not to be reported. Consequently, the Roman market has still a low growth rate in terms of supply renewal. Albeit slightly, the vacancy rate increased to 7.9% during this quarter. The highest vacancy rate is recorded in the Periphery where, although there has been a downward trend, the office supply is still higher than 13%. In this area of Rome, the properties located near the

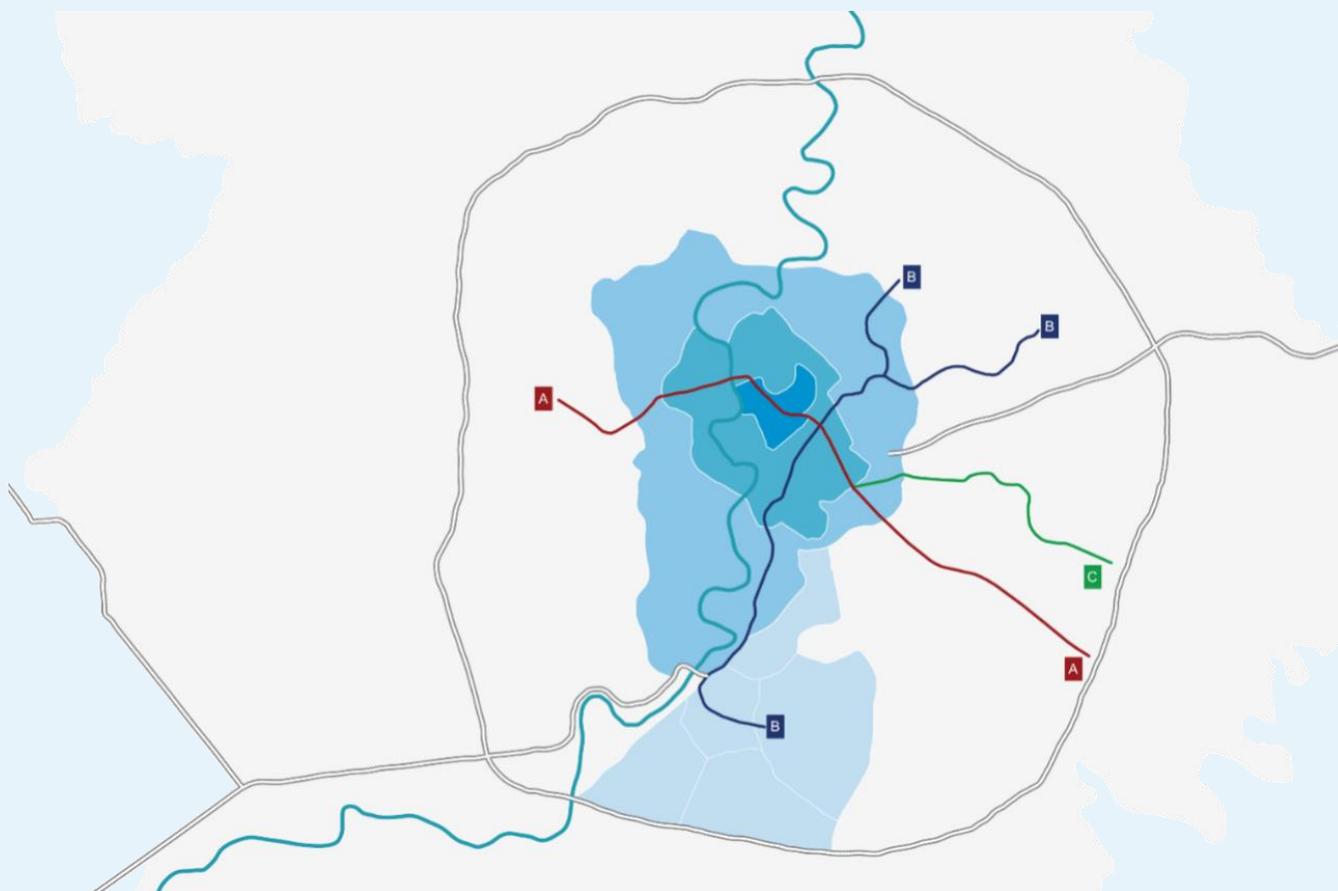
underground lines awaken the tenants' interest, while those more distant from the underground, near the GRA and of lesser quality are still far from being rented.

The lowest vacancy rate is recorded in the CBD, but this is probably due to the fact that the office stock has remained unchanged in recent years and the lack of product is already being felt.

Consequently, this little pressure on a stalled supply makes the rents, especially the prime ones, remaining stable both in the Greater EUR and the CBD area.

FIGURE 7: KEY INDICATORS Q3 2018 - Trend vs Q3 2017

| AREA | PRIME RENT €/sqm/y | TAKE UP K sqm | VACANCY RATE % | STOCK K sqm |
|--|---|---|--|---|
|  | 410  | 27.9  | 7.9  | 10,000  |
|  CBD | 410  | 2.9  | 3.8  | 2,450  |
|  Centre | 380  | 4.0  | 5.5  | 1,650  |
|  Semicentre | 300  | 3.5  | 8.5  | 750  |
|  Greater Eur | 330  | 7.6  | 8.4  | 2,876  |
|  Periphery | 180  | 9.7  | 14.8  | 2,274  |



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