

ITALY CONSTRUCTION INDUSTRY and REAL ESTATE OUTLOOK

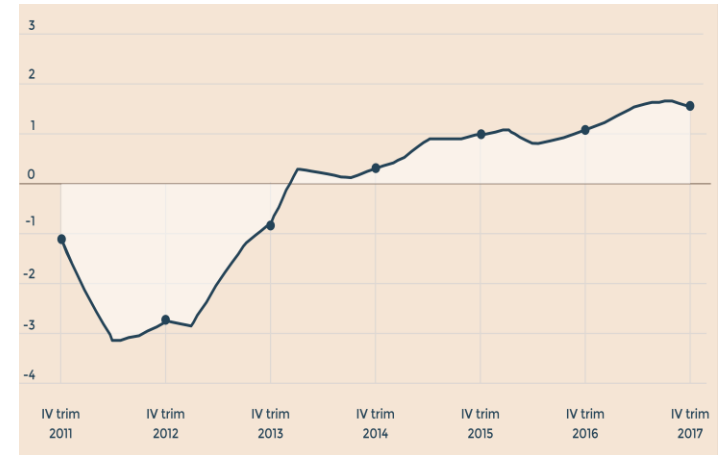
Construction and architectural development
in **Milan**



Italy is growing again

GDP growth was

- **+ 1.5% in 2017**
- **forecast for 2018 is 1.6%**



Lombardy Region

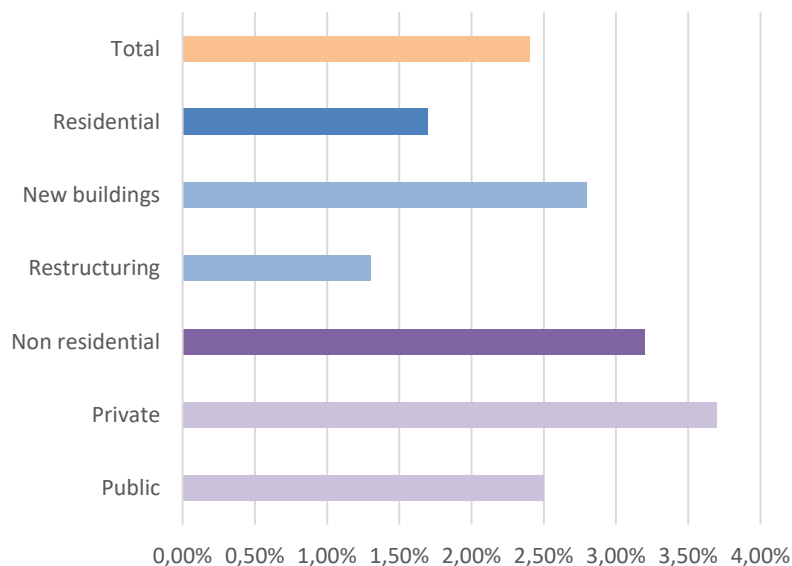
where the MADE expo venue is based and from where the show draws an important part of its professional visitors, **ranks 7th in the top 10 of EU's 28 richest nations**, with a per-capita GDP of 36,700 Euros, just after Germany's richest regions



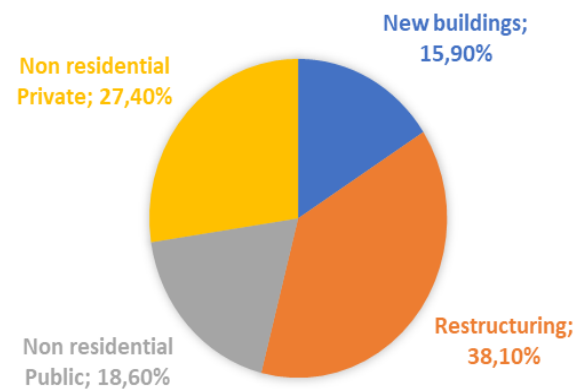
Construction market is back

After years in which demand has been sustained by residential renovations, we are now seeing a growth in new residential and commercial buildings

Building Market growth forecast 2018



2018 CONSTRUCTION MARKET VALUES
122.6 EU BIO



Real estate market is regaining momentum

+ 5.1% growth in transactions, with 543,000 transactions for private housing.

Top Cities in terms of growth: Milan (+8.2%), Naples (+7.4%), Turin (+4.9%), Rome (+4.1%)

Government structural financial measures
are always in place in order to push consumers to invest in renovations
in two main directions



energy efficiency (ECOBONUS), with a
positive impact mostly on building envelope
works and window replacements

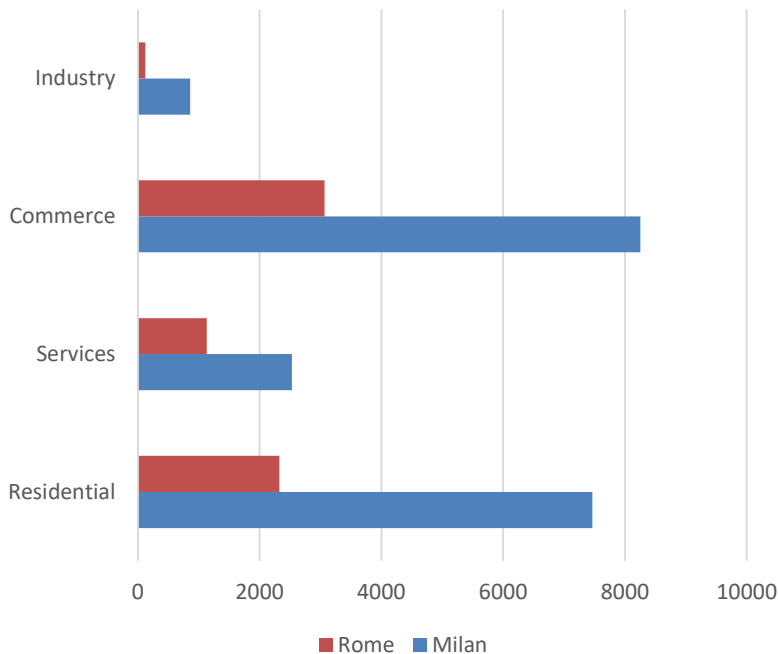


anti-seismic
(SISMABONUS)

Impacting not only households but also offices, schools and other public buildings

The Milan area is currently the center of the new construction activity
6 mio sqm will be built in the next 15 years.

Planned real estate activities (mio Euros)



Some relevant planned developments

- Life Science Park on former Expo Area (1 mio sqm)
Land Lease - (Carlo Ratti)
- Citylife 4° and 5° tower - 70.000 sqm
- Scalo Farini - 30.000 sqm (Politechnic + Accademia di Brera) (2020)
- Commerce project at Segrate (Westfield), Cascina Merlata and Sesto San Giovanni (former Falk Area)

Building	Area	Architect	Status
Coima HQ	Porta Nuova	Mario Cucinella Architects	just completed
Unipol Sai	Porta Nuova	Mario Cucinella Architects	under construction
Porta Nuova Park	Porta Nuova	Inside Outside	almost completed
Gioia 22 (former Inps)	Porta Nuova	Pelli Architects	under construction
Bocconi University HQ	Viale Liguria	Sanaa Arch	under construction
Symbiosis	Milan South	Citterio Viel	under construction
Fondazione Prada Tower	Milan South	Rem Koolhaas	just completed
Liebeskind Skyscraper	Citylife	Daniel Libeskind	completed 2020

REAL ESTATE and HOSPITALITY OUTLOOK

Focus on **Hospitality**



Hospitality represents one of the biggest opportunities for Italian architecture and the construction industry

Hospitality is Europe **25's largest construction market** with more than 1,090 mio rooms, **the world's second largest** after China's

Italy's Hospitality market is the world's second largest for number of international arrivals after Spain's with 31 mio yearly arrivals and **it is growing at a 5% ca.pa.** also thanks to its stability within the Mediterranean region (including Turkey, North Africa and other countries)

Upscale (4-star hotels) stays represent the **most dynamic segment** having **more than doubled** since 2000, up to 42 mio stays

Chain hotels **have a smaller but growing share**; they represent **14% of total rooms**. US, France, Spain together represent 90% of hotel ownerships from outside Italy

Independent hotels need **to renovate to compete with the rest**



Excelsior Hotel Gallia, Studio Marco Piva
Milano, 2015



Viu Hotel, Arassociati Architects
Milano, 2017

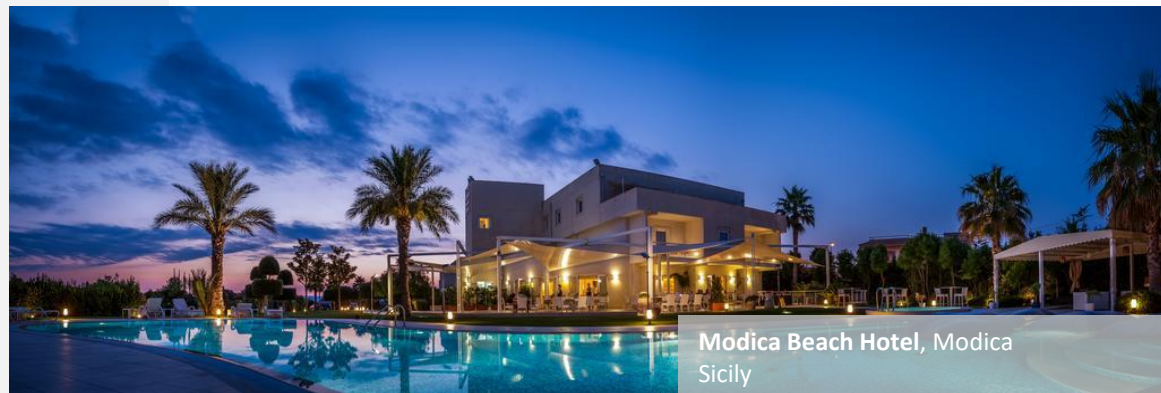
Hospitality | a real opportunity for building companies

40% of hotels are **owned**, **33%** leased, **23%** franchised, the rest being in the upper level management lease

Fast growth of short rentals (Airbnb) concentrated in **big cities** such as Milan, Rome, Florence and Venice

Government measures introduced in 2017 to push hotel renovation

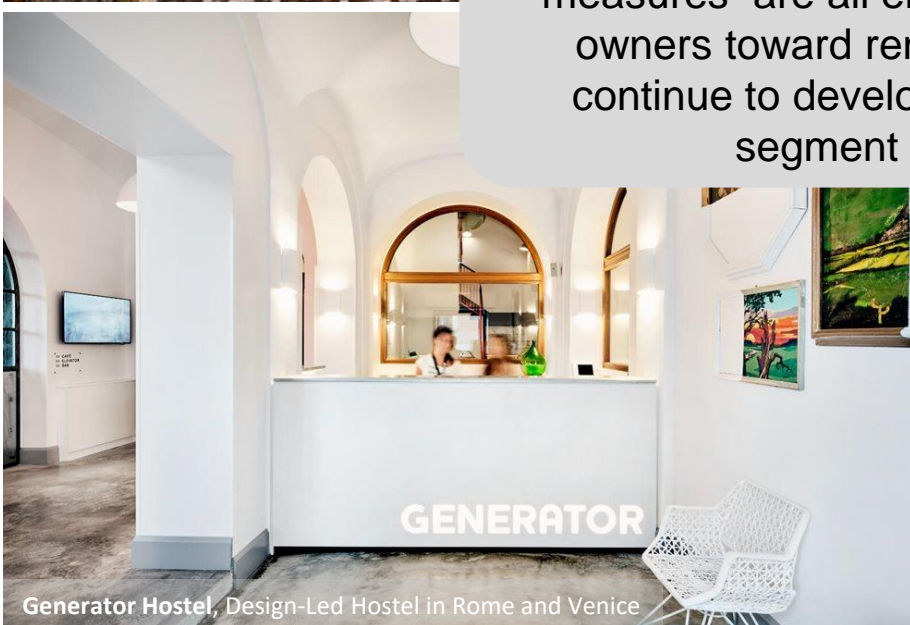
2017 new development pipeline: 47 new trackable projects in place just from hotel chains, for approximately **7,200 rooms**, mostly concentrated in big cities and in Sicily; **18 upscale** projects, **13 Luxury** projects





Thotel Cagliari, Studio Planarch
e Marco Piva

Strong demand, high share of ownership, competition from short rentals, governmental measures are all elements that push Hotel owners toward renovation, while chains continue to develop mostly in the higher segment of the market

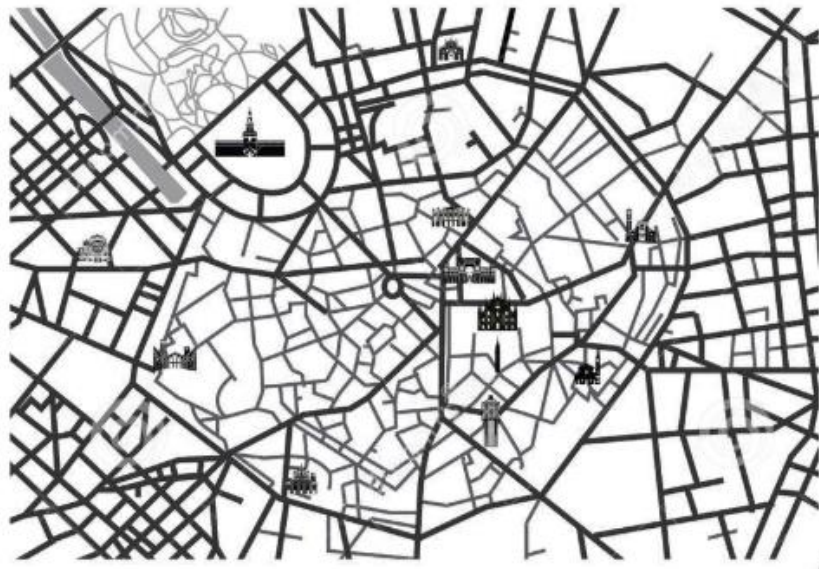


Generator Hostel, Design-Led Hostel in Rome and Venice



Una Hotel Bologna, Studio Marco Piva

THANK YOU FOR YOUR ATTENTION and
SEE YOU IN MILAN



MILANO ARCHITETTURA DESIGN EDILIZIA