

The Italian Real Estate Market

Why and How Investing in Italy

New Orleans November 13, 2006

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Italy: General Information



Located in Southern Europe, extending into the center of the Mediterranean Sea.

Close to the Balkans and Africa



The power of the Italian real estate market

- Reliability of our Country
- Italy's gorgeous attractions **unique worldwide**
- Constant growing trend
- Low interest rates
- Guarantee of disinvestment
- Open and safe investments for foreigners



ITALY: A RELIABLE COUNTRY

- **Political stability:** majority system
- **Economic stability:** come into force in the Euro system
- **Security:**
 - Mafia repression
 - control of clandestine immigration
 - repression of internal terrorism
 - privileged relationships with Middle East Countries





Italy: a reliable country thanks to *political stability*

- Since 1994, with the introduction of the majority system, the government has succeeded in retaining power for the entire five-year mandate.
- The problem of political fragmentation into dozens of small and large parties has been solved by coalitions in the two Left and Right Wing fronts (Republican and Democratic, Conservative and Labour).

Italy: a reliable country thanks to *economic stability*

The Euro was introduced in January 2002, the single European currency (1 €= 1.27 US\$).

The old Italian Lira (Lit) was retired, as were most of the European currencies.



The Maastricht Treaty introduced regulations for a common policy, aimed particularly at containing public debt, regulations that led to a clear-cut improvement of the Italian economy and a reduction in unemployment, and put inflation under control.

The Schengen Treaty introduced the concrete demolition of internal European borders, making possible the free circulation of people, goods and capitals.



Italy: a reliable country thanks to *economic stability*

UNEMPLOYMENT:

The Italian economy trend is particularly positive among European standards, leading also into the decrease of unemployment dropped to 7.8%, under European average of 8.0%, and much more under the countries: Spain (9.9%), France (9.0%) and Germany (10.5%).

*(U.S.A. 4,6%)

Italy: a reliable country thanks to *security*

The struggle against the Mafia and organized crime, carried out in recent years, gave satisfactory results. The heads of organized crime were imprisoned and there is maximum attention and repression towards new outbreaks.

Recent laws aimed at containing clandestine immigration are giving good results. Requests for collaboration by the Italian Government towards European partners for better guarding of the thousands of miles of Italian coastline will achieve better control in guaranteeing the Schengen Treaty.

Internal **Terrorism** actually no longer exists, as it has been permanently wiped out for the past twenty years.

Drastic measures have also been adopted towards **international terrorism**, with the recent capture of important Al Queda exponents in Italy.


Important forefront diplomatic action in Middle East matters leaves hope for relative calm, even though the potential of the terroristic aim posed by the presence of the Pope in Rome hasn't been neglected.





Why Italy

What makes Italy *very special*? *The Made in Italy!!!*

- ✿ Natural beauty: thousands of miles of coastlines, splendid islands, mountains chains, rolling hills, and temperate climate
 - ✿ Cultural wealth: 80% of the world's wealth of art and monuments
 - ✿ Cuisine: a millenary tradition with unique specialties worldwide, from wines to Mediterranean diet specialties
 - ✿ Fashions: from clothing, to high class shoes, to sports cars
 - ✿ Creativity and tradition in classical music and opera
 - ✿ The Vatican City, with the Pope present in Roma
 - ✿ Sports: world leader in soccer, and first-ranking in Formula 1, sailing, volleyball, swimming, etc.
 - ✿ A high standard of living; social guarantees (health and pension care for everyone); highest expectancies of lifetime worldwide
 - ✿ A tradition on saving (second worldwide after Japan)
 - ✿ A tradition in real estate investment (over 80% of families own their own homes)
- 

The real estate market



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OSSERVATORIO IMMOBILIARE URBANO - 1° SEMESTRE 2006



Frosinone
Latina e provincia
Rieti e provincia
Roma e provincia



Clic Roma

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ROMA

Lazio

Primo municipio	Nuovo	Ristrutt.		Abitabile		da Ristrutt.		Locali commerciali		Uffici		Box
		Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	
Quartiere		Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	
Monti	\	6.450	7.450	5.500	6.400	4.350	5.350	4.500	7.450	5.050	5.650	3.500
Trevi	\	7.450	10.450	7.050	7.900	6.300	7.250	6.800	14.250	6.450	6.950	4.400
Colonna	\	7.350	9.800	7.100	8.250	6.250	7.450	6.650	14.000	6.250	7.150	4.400
Campo Marzio	\	7.400	9.200	6.900	8.050	5.850	7.000	6.750	15.650	5.700	6.800	4.400
Ponte	\	6.400	7.450	6.350	6.850	5.150	6.350	4.850	8.000	4.950	6.000	4.100
Parione	\	7.700	10.000	7.500	8.100	6.300	7.600	4.450	11.400	5.550	6.650	4.100
Regola	\	7.000	8.600	6.700	7.500	5.650	6.650	4.000	8.600	5.600	6.650	4.000
Sant'Eustachio	\	7.750	9.050	7.650	8.250	6.250	7.500	5.850	12.500	5.350	5.950	4.400
Campitelli	\	7.200	9.150	6.950	8.050	5.800	7.450	3.850	7.650	5.050	6.950	4.250
Sant'Angelo	\	6.650	8.300	5.750	7.750	5.350	6.400	4.700	5.900	4.700	5.750	4.300
Ripa	\	6.050	6.900	5.750	6.850	4.400	5.500	3.650	4.800	4.300	5.000	3.850
Trastevere	\	6.300	7.350	5.750	6.450	4.450	5.150	4.100	8.450	3.850	4.850	3.750
Esquilino	\	4.600	5.800	4.050	4.750	3.400	4.400	3.150	4.400	3.750	3.950	2.900
Ludovisi	\	6.700	8.250	6.200	7.250	5.100	6.400	4.300	10.650	5.100	7.550	4.400
Sallustiano	\	6.600	7.900	6.200	7.150	4.700	5.750	4.250	6.200	4.950	6.450	4.400
Castropretorio	\	4.300	5.300	4.050	5.200	3.350	4.000	3.150	3.950	3.300	4.000	3.350
Celio	\	4.650	5.700	4.000	4.600	3.200	4.500	2.750	3.850	3.350	4.100	2.850
Testaccio	\	5.050	5.950	4.350	5.300	3.700	4.400	2.250	4.350	3.050	4.300	2.850
San Saba	\	5.800	7.000	5.250	5.900	4.150	5.600	2.150	3.700	4.150	4.350	2.900
Pigna	\	7.000	8.250	6.600	7.400	5.800	6.850	4.600	8.400	5.300	6.000	4.250

Valori in Euro al metro quadrato - Rilevazioni 1° semestre 2006 - Osservatorio Immobiliare Fiaip

Market & Prices Trend

Andamento del Mercato

Tabella 9

Case	Periodo Intercorso tra Incarico e Atto	Divario tra prezzo richiesto e prezzo di vendita	Acquisto tramite mutuo	% Importo mutuo	Durata	Tasso
Nord						
Lombardia	5	9	69%	77%	26	Variabile
Piemonte	5	10	77%	84%	21	Variabile
Liguria	6	13	65%	75%	21	Variabile
Friuli	5	12	71%	83%	22	Variabile
Trentino	4	5	90%	80%	16	Variabile
Veneto	6	13	80%	70%	26	Variabile
Emilia	5	13	72%	77%	22	Variabile
Centro						
Umbria	6	10	90%	85%	22	Misto
Abruzzo	5	10	62%	81%	20	Misto
Marche	5	12	76%	80%	26	Variabile
Toscana	5	10	72%	75%	22	Variabile
Lazio	5	16	64%	78%	21	Variabile
Sud						
Basilicata	3	10	77%	75%	20	Misto
Molise	4	15	77%	70%	17	Misto
Campania	5	16	63%	83%	21	Misto
Puglia	5	15	80%	86%	25	Variabile
Calabria	4	11	67%	68%	18	Misto
Isole						
Sardegna	5	10	71%	80%	21	Variabile
Sicilia	5	19	76%	73%	22	Variabile

Rilevazioni 1° semestre 2006 - Osservatorio Immobiliare FIAIP

Compravendite/Locazioni - Case - Andamento dei prezzi

Tabella 3

Nord Italia	Compravendite		Locazioni	
	Andamento	Previsioni	Andamento	Previsioni
TORINO	=	=	=	- 3%
MILANO	=	=	- 10%	=
GENOVA	+ 2%	=	- 10%	- 5%
BOLOGNA	+ 3%	=	- 5%	=
BOLZANO	+ 5%	- 5%	=	=
TRIESTE	=	=	=	=
VENEZIA	+ 1%	+ 1%	- 2%	- 3%
Centro Italia	Compravendite		Locazioni	
	Andamento	Previsioni	Andamento	Previsioni
FIRENZE	=	=	=	=
PERUGIA	- 5%	- 5%	- 10%	- 5%
ROMA	=	- 3%	- 5%	=
ANCONA	=	=	=	=
CHIETI	- 5%	- 12%	- 5%	- 10%
Sud e Isole	Compravendite		Locazioni	
	Andamento	Previsioni	Andamento	Previsioni
NAPOLI	=	=	=	=
BARI	- 10%	- 5%	+ 35%	- 10%
REGGIO C.	=	=	=	- 4%
CAGLIARI	=	- 5%	- 5%	- 5%
PALERMO	=	=	+ 20%	=

Rilevazioni 1° semestre 2006 - Osservatorio Immobiliare FIAIP

Vengono riprodotti i dati inerenti l'andamento dei prezzi di compravendita e locazione delle case nel 1° semestre 2006.

Compravendite:
Nord: incremento per Genova, Bologna, Bolzano e Venezia con previsione negativa per Bolzano.
Centro: negatività per Perugia e Chieti con previsione negativa per le stesse città oltre che per Roma.
Sud - Isole: negatività per Bari e previsione negativa per Bari e Cagliari.

Locazioni:
Nord: negatività generalizzata e previsione negativa per Torino, Genova e Venezia.
Centro: situazione negativa, anche in prospettiva futura, per Perugia e Chieti.
Sud - Isole: forte positività per Bari e Palermo, è prevista negatività per Bari, Reggio Calabria e Cagliari.



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Raffronto tra l'investimento azionario e immobiliare

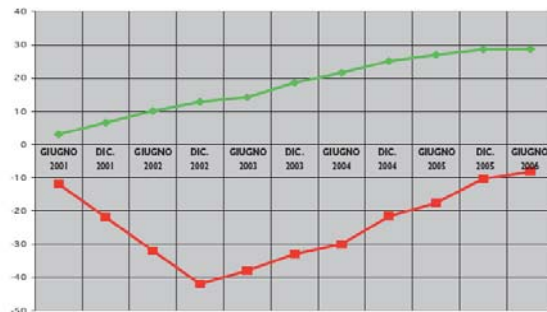
Tabella 12

Gennaio 2001 - Giugno 2006

Gennaio 2001	Mibtel	30.054
Giugno 2001	Mibtel	26.137
Dicembre 2001	Mibtel	22.855
Giugno 2002	Mibtel	20.402
Dicembre 2002	Mibtel	17.404
Giugno 2003	Mibtel	18.360
Dicembre 2003	Mibtel	19.922
Giugno 2004	Mibtel	21.113
Dicembre 2004	Mibtel	23.534
Giugno 2005	Mibtel	24.736
Dicembre 2005	Mibtel	26.929
Giugno 2006	Mibtel	27.575

Percentuale di incremento medio dei valori delle case, Gennaio 2001 - Giugno 2006

+28,60



VALORI IMMOBILIARI

+28,60%

MIBTEL

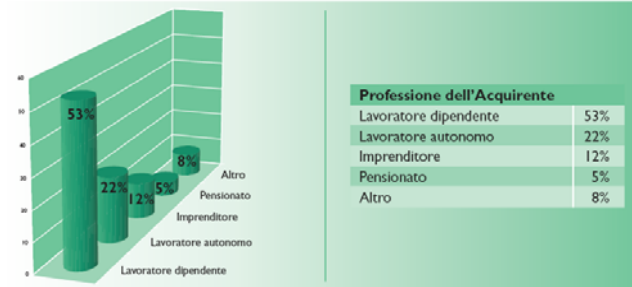
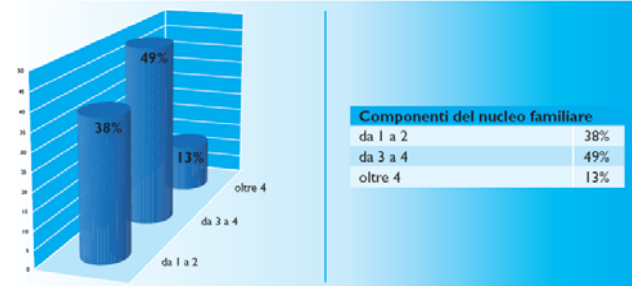
-8,24%

Rilevazioni 1° semestre 2006 - Osservatorio Immobiliare FIAIP



Caratteristiche dell'Acquirente

Tabella 4



The second homes market



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The second homes market



TOSCANA

Compravendite Appartamenti in località turistiche

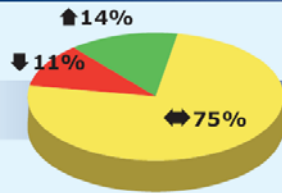
Località	1° semestre 2006		Abitazioni di pregio - nuove		Abitazioni centrali		Abitazioni semicentrali	
	Minimo	Massimo	Minimo	Massimo	Minimo	Massimo	Minimo	Massimo
Provincia di Arezzo								
1 Anghiari	1.000	1.600	800	1.100	700	1.100		
2 Bibbiena	1.200	2.000	1.000	1.600	1.000	1.600		
3 Chiusi della Verna	800	1.100	600	950	850	1.300		
4 Monterchi	1.400	1.200	1.100	1.700	1.000	1.500		
5 Poppi	1.350	2.050	900	1.850	1.000	1.850		
6 Pratovecchio	900	1.400	800	1.200	-	-		
7 Sansepolcro	1.350	1.650	1.100	1.300	700	1.000		
Provincia di Firenze								
8 Greve in Chianti	3500	5000	2500	4000	-	-		
9 Firenze	4500	9000	3000	6000	-	-		
10 Fiesole	3500	5000	2500	4000	-	-		
11 Artimino	2500	3500	1900	2800	-	-		
12 Impruneta	3000	5000	2300	3500	-	-		
13 Malmantile	2900	4200	2000	3000	-	-		
14 Lastra a Signa	3500	5000	2500	4000	-	-		
15 Tavernelle	3000	4900	2300	3500	-	-		
16 San Casciano	3500	5000	2500	4000	-	-		
17 Vallombrosa	2500	3500	1900	2800	-	-		
Provincia di Grosseto								
18 Follonica	2.500	5.700	2.200	3.200	1.900	2.400		
19 Bagno di Gavorrano	2.200	2.600	1.600	1.800	-	-		
20 Massa Marittima	1.800	2.400	1.800	2.600	1.500	2.200		
21 Castiglione della Pescaia	3.500	6.000	3.100	4.500	2.600	3.200		
22 Marina di Grosseto	3.350	5.000	2.500	3.100	2.000	2.500		
23 Orbetello	2.580	4.650	2.580	3.615	2.320	3.100		
24 Principina a Mare	3.200	3.900	3.000	3.600	2.500	3.200		
25 Puntone di Scarlino	2.400	3.700	-	-	-	-		
26 Scarlino (paese)	2.000	2.600	1.600	1.800	-	-		

Valori riferiti alle quotazioni di compravendite al metro quadrato espressi in Euro/00
Rilevazioni effettuate nel mese di giugno 2006

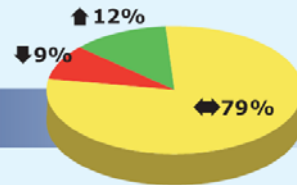
The second homes market

Dati Riassuntivi Case - Compravendite

Andamento prezzi 1° sem. 2006

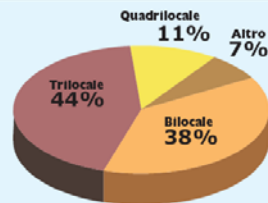


Previsione prezzi 2° sem. 2006



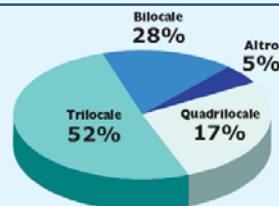
Tipologia di Immobile richiesta in località turistica

NORD	
Bilocale	28 %
Trilocale	44 %
Quadrilocale	11 %
Altro	7 %



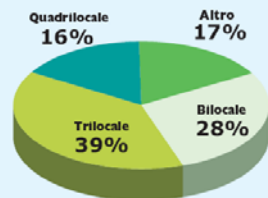
Tipologia di Immobile richiesta in località turistica

CENTRO	
Bilocale	28 %
Trilocale	52 %
Quadrilocale	17 %
Altro	3 %

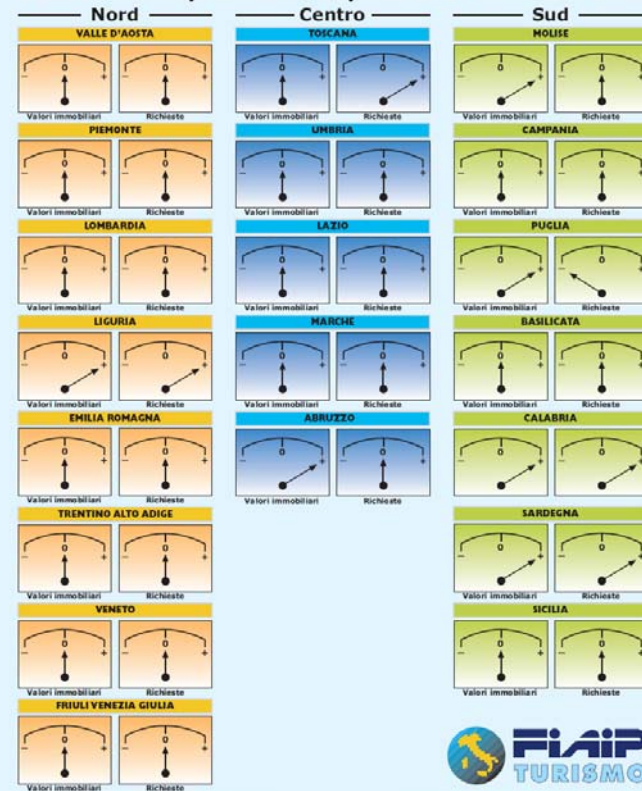


Tipologia di Immobile richiesta in località turistica

SUD	
Bilocale	28 %
Trilocale	39 %
Quadrilocale	16 %
Altro	17 %



Variazioni compravendite rispetto al 2° semestre 2005



CASE	Periodo intercorso tra incarico e atto	Acquisto tramite mutuo	% importo mutuo	Durata	Tasso
NORD	3/7	22%	65%	15/20	variabile
CENTRO	3/7	17%	75%	15/20	variabile
SUD	3/7	16%	75%	15/20	variabile



Italy: the real estate market

•HOME FINANCING

With the clear improvement in the Italian economic trend, the cost of money has also dropped to very low levels; the interest rate is the same, and often lower, than that in most of the more industrialized countries.

•LOANS

Getting a loan in Italy today is very easy and the procedures are brief, contained on an average to 15/20 days, as long as the applicant is an Italian or E.E.C. citizen, or a non E.E.C. citizen residing in Italy, and has a suitable proven income (equal to 3 times that of the loan installment).

•AMOUNTS FINANCED

For the first home, the loan can cover 100% of the purchase price, even though the banks are normally willing to finance only up to 75% of the value of the property.

For purchasing a second home, the amount that can be financed is on an average 50/60% of the purchase value.

•INTEREST RATES AND DURATION

The duration of a loan can vary, depending on the applicant's choice, from 10 to 40 years, and the interest rate, depending on the duration or type (variable or fixed) is from 3.5% to 6.0% per annum.



The real estate investment in Italy

A good deal!!!

The positive trend of the real estate market

The reliability of the Country

A growing economy

The low percentage of unemployment

High expectancy of lifetime

The low interest rates

A tradition in real estate investment

The unreliability of Stock Markets

contribute to reassure both domestic and international investors on the safety of a good investment as well as a fast disinvestment, with returns over an annual 5%, sometimes touching 6 - 7% net.



Italy: the real estate market

TAXES ON PURCHASE

Purchase of a habitation non luxury features	Regime	Registration Tax	Mortgage Tax	Cadastral Tax	V.A.T.
From a private person	Ordinary	7%	2%	1%	===
From a private person	First house facility	3%	€130.00	€130.00	===
From a building contractor or real estate company	Ordinary	€130.00	€130.00	€130.00	10%
From a building contractor or real estate company	First house facility	€130.00	€130.00	€130.00	4%



Italy: the real estate market

TAXES ON OWNERSHIP OF PROPERTIES

Other taxes are requested of persons owning property in Italy :

- IRPEF (income tax for individuals)
- IRES (income tax for companies)
- ICI (Council tax on properties)

IRPEF or IRES, being an income tax, depends on the total annual income of the taxpayer; the return on the property is calculated on the cadastral yield (fiscal value). It is paid annually.

ICI, also calculated on the cadastral yield (fiscal value), varies from municipality to municipality, and is between 4 and 7 per thousand, and must be paid in two installments, one in June and one in December.



The Italian Real Estate Market: Rules in brief

The Real Estate Broker:

According to the Law 39/1989, the real estate agent only (agente immobiliare) is allowed to perform real estate transactions.

The update Law 57/2001 imposed these further qualifications:

- high school diploma
- a course of 3 - 4 months
- final exam to be taken by the local Chamber of Commerce.



The Italian Real Estate Market: The Rules in Brief

The Real estate Broker:

To work in Italy the Real Estate Agent **must**:

- ✚ Be put on the List of the local Chamber of Commerce;
- ✚ Constitute an individual firm or a Company;
- ✚ To be covered by an insurance;
- ✚ Deposit all contract forms adopted, at the local Chamber of Commerce.
- ✚ *The Real Estate Profession is **not suitable** with any other profession, job, or any money-making business.*

*Updating courses are not required yet.



The Italian Real Estate Market: The Rules in Brief

The Listing to sell

The listing to sell (mandato a vendere) is rarely used in Italy. In that case the agent looks to seller's interests only (mandatary), and must be put in the different List named *mandatari a titolo oneroso*.

More frequent is *the agreement to sell* (or purchase) because the Real Estate Agent (or Broker or salesman) looks to interests both of seller and buyer.

Agreement can be exclusive or not.

An agreement in writing is not essential (just suggested).

The Italian Real Estate Market: The Rules in Brief

The Brokerage

- Either seller or buyer pay the brokerage in Italy.
- The average brokerage is 3% for each part (seller and buyer), but can be negotiated.
- **Professional fees fixed in advance are forbidden** (provision of the law of Autorità Garante del Mercato e della Concorrenza - Antitrust).
- The seller only pays the brokerage in case the agent is a mandatary.
- The Agent is entitled to brokerage when business is concluded.



The Italian Real Estate Market: The Rules in Brief

The Sale

The bill of sale **must be issued in writing**.

Because of it most bills of sales occur by a Notary who draws up a deed (*rogito notarile*).

The Notary provides for the registration (*trascrizione*) to the Registrar's Office (*Conservatoria dei Registri Immobiliari*), the only bureau of Revenue Office (*Ministero delle Finanze*) qualified to guarantee the right of ownership, mortgages, bonds.

Nevertheless it is customary to underwrite a preliminary private agreement (*contratto preliminare di compravendita*) in the same matter of the notarial deed.



For more information visit www.fiaip.it

Thank you for your attention

See you in Italy!!