

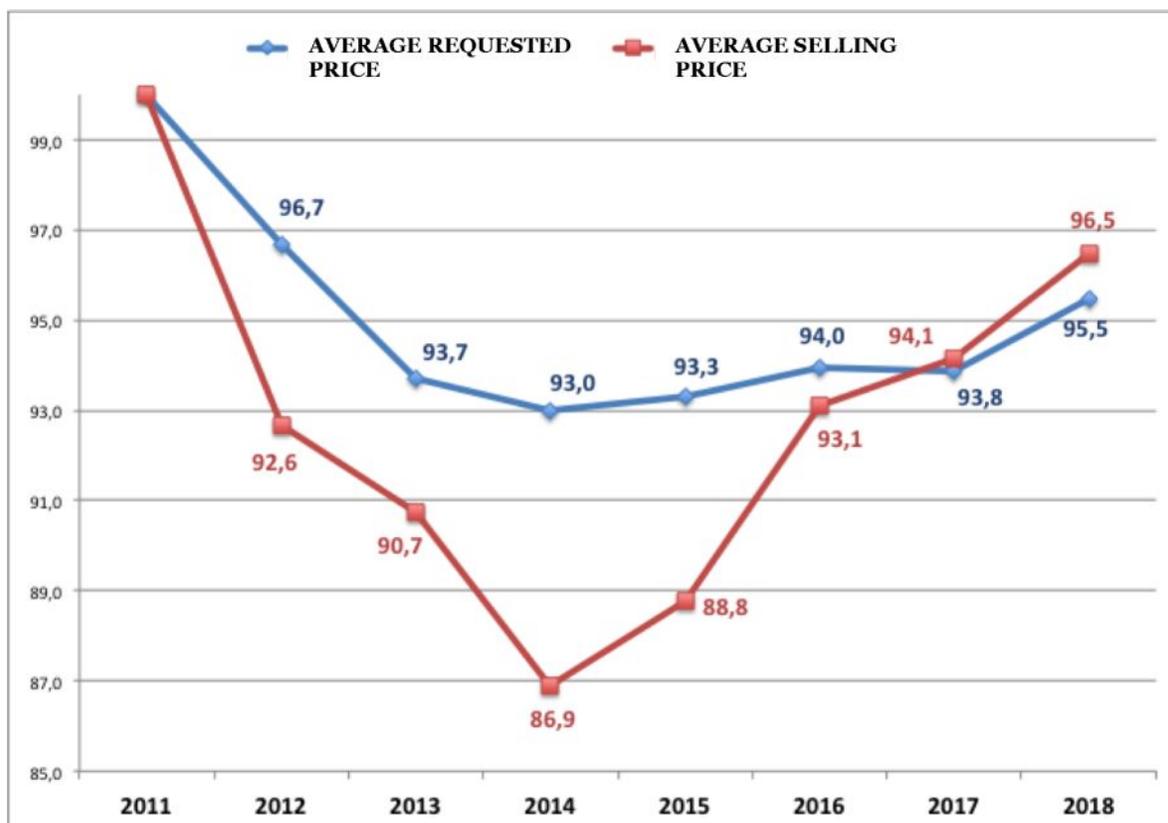
PRESS RELEASE

Luxury residences in Milan: demand thrives but the supply can't keep up!

Milan, 25 February 2019

The **Luxury Residence Report** was published today for the second half of 2018, an analysis of the highest segment of the real estate market in the city of Milan, now in its 15th year.

With an index of 100 set at 2011, **average selling prices** returned to 96.5, having recovered almost 10 points from the 2014 inflection point.

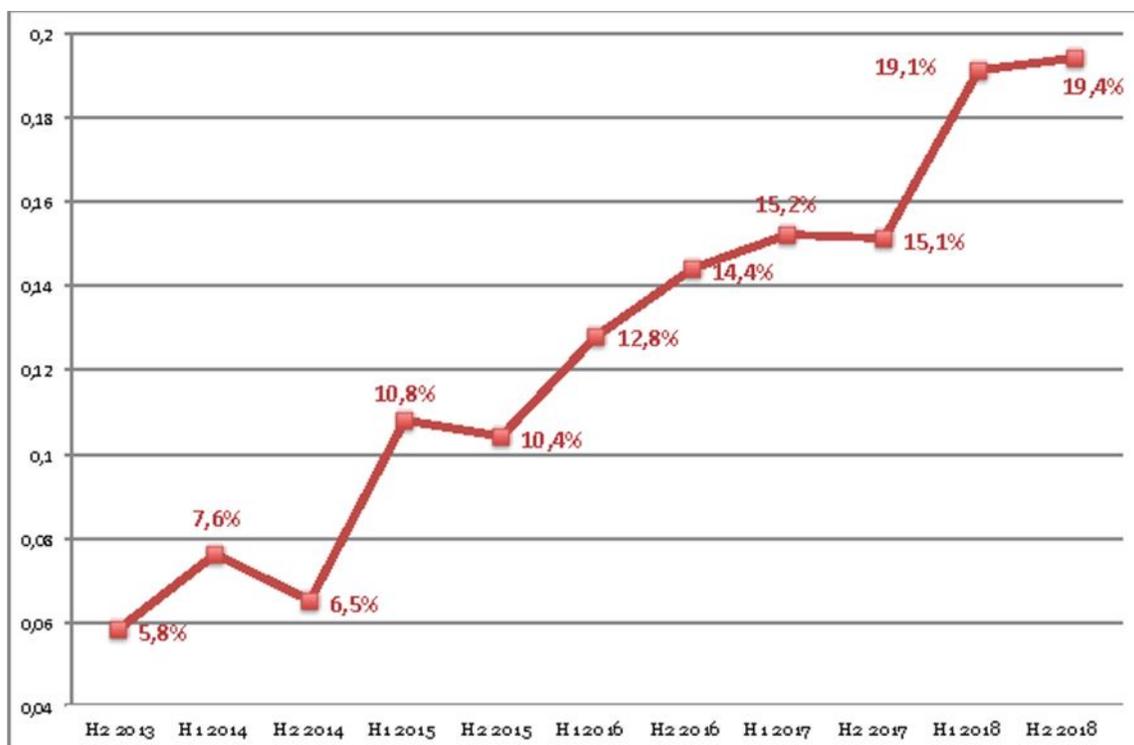


Compared to the first part of the year, the prices requested have increased by 1.4% on average, by 1.7% at the upper end (properties in the first quartile for total price, therefore the most

exclusive and expensive). The top prices per square meter actually increased by 2.1%. Both the maximum price asked for a residence – €20 million – and the highest value transaction – a house paid €8.6 million – occurred in the Quadrilatero.

Urban area	Average price New ⁽²⁾ (€/sq m)	Average price Pre-owned ⁽³⁾ (€/sq m)	Average price ⁽⁴⁾ (€/sq m)	Minimum average price ⁽⁵⁾ (€/sq m)	Maximum average price ⁽⁶⁾ (€/sq m)
Quadrilatero	14,357	11,568	12,488	8,548	18,506
City center	10,972	8,210	8,647	6,585	12,837
Brera-Garibaldi	10,372	8,628	9,252	7,098	12,396
Magenta	10,645	7,703	9,225	6,590	13,176
Venezia-Duse	10,455	9,470	10,104	7,364	13,312
Residual Zone	8,038	5,915	6,688	4,924	10,089
Weighted average	9,852	7,908	8,662	6,696	11,017
<i>Semi-annual % change</i>	1.5%	1.4%	1.4%	0.9%	1.7%

The market **absorption index** reached 19.4%, the highest value in six years, but with a slowdown in growth due to greater caution in purchasing decisions by buyers and the chronic lack of a quality supply.



Average **discounts** obtained by negotiating the asking price decreased slightly (to 7.7% from 7.8%). In any case the variance around the average is very high. In fact, many transactions are concluded at the asking price or with simple rounding, while discounts of more than 20% have also been seen in the market. **Average selling time** is still very good, now close to 9 months. Here again the value is highly variable, as the most sought-after houses survive no more than 2 or 3 months on the market, but the average still reflects a number of homes that find a buyer only after many years have passed. This while the **average time on the market of unsold properties remains very high**, almost two years.

The excellent momentum for **leases** has shown no sign of slowing, with an improvement in the absorption index for the fifth consecutive year, returning for the first time in four-and-a-half years above the 25% threshold. The **average lease time** has dropped slightly (apartments up to 90-100 square meters and ready for use are usually rented in a maximum of two weeks), as has the **average time on the market of unleased properties**. The **average discount** was slightly higher than the previous six-month period (7.2%).

Again in the second part of the year the **requested rents** recorded widespread increases in all areas of the city, driven by a very sustained demand and a supply in continuous qualitative growth.

It is very difficult to predict the evolution of the segment in 2019 in terms of number of sales due to the combination of very positive factors – the **attractiveness of Milan**, the **fair level of prices** compared to the larger international market – and others that are decidedly less favorable – an **inadequate supply**, especially in the high end, and a domestic demand that may be negatively affected by the **uncertain economic and political climate**. It is likely that the prices requested will increase further, especially in high quality homes, a segment where it will be increasingly difficult to find available properties. The hope is that, unlike what happened during the last period of great expansion in 2005-2007, the price trend for medium houses will remain consistent with their intrinsic quality so that they do not further expand the stock of unsold properties, but rather stimulate investment in order to create income.

Tirelli & Partners Press Office
Federica Midili +39 02 8051673
info@tirelliandpartners.pro