



# **Luxury Residences Report**

## ***2nd Half 2017***

**YEAR XIV – n. 2**  
***March 2018***

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**Luxury Residences Report – 2nd Half 2017**  
*Introduction*

## **Introduction and methodology**

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**Luxury Residences Report – 2nd Half 2017**

*Introduction*

The Luxury Residences Report (hereafter LRR) originated from an idea by Tirelli & Partners, a company specializing in property brokerage and consultancy in the most prestigious segment of the market.

Considering that the most exclusive segment of the housing market has very different characteristic and trends to the general residential property market, the end purpose of the LRR is to provide six-monthly information about quantities, values and trends derived from Tirelli & Partners' day to day experience as specialists in the luxury property niche.

Over the six-month period under economic analysis, qualitative and quantitative information on the market is gathered, based on transactions carried out and other internal sources. All information is statistically processed and organized to summarize the data and underlying trends.

A number of criteria (different for each city) were established to help define what the LRR considers a "luxury residence":

1. Price per sq.m. or total price above a given threshold;
2. Annual rent per sq.m. or total annual rent above a given threshold;
3. Location The denomination Residual Area has been included amongst the different urban areas classified as luxury to indicate those market situations that while not being situated in the areas identified, still possess value requirements 1 or 2.

The areas subjected to monitoring are the following:

**Milan**

1. Quadrilatero
2. Centro storico
3. Brera – Garibaldi
4. Magenta
5. Venezia – Duse - Giardini - Manin
6. Zona residuale

It should be pointed out that at least two different categories can be identified under the description "luxury residence", each with potentially different markets and trends.

On one hand are big or very big (from 250 sq.m. upwards), very high profile

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**Luxury Residences Report – 2nd Half 2017**  
*Introduction*

properties sought after by an extremely limited segment of buyers. On the other, are properties which, while coming under the denomination “luxury” because of their size and price, are accessible to a wider range of buyers.

For ease of exposition, we will refer to the first segment with the adjective “top” and to the second with “medium”. From a statistical point of view, the weight of the second segment is much more significant than the first.

This sub-division will be explicitly referred to whenever required for a correct analysis of an observed phenomenon. If not explicitly mentioned, every consideration is to be deemed valid for the segment as a whole.

**Milan – 2nd Half 2017 and Forecast  
1st Half 2018**

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**Luxury Homes Report – 2nd Half 2017**  
*Milan – 2<sup>nd</sup> Half 2017 and forecast 1<sup>st</sup> Half 2018*

## **The luxury homes market**

The luxury homes market comprises:

- Residences with a value per m<sup>2</sup> of over **7,000** euro or with an overall value of over **1,000,000** euro;
- Residences comprising a surface area of at least 50m<sup>2</sup> with a rental value higher than **200** euro per m<sup>2</sup> per year or with an overall rental value greater than **40,000** euro per year;
- Residences located in the areas listed below:
  - o Quadrilatero
  - o Centro Storico (Historic Centre)
  - o Brera-Garibaldi
  - o Magenta
  - o Venezia – Manin - Giardini - Duse
  - o Other areas (a virtual zone comprising all the residences complying with the parameters indicated above but which are not located in the above areas).

## **Sales**

**Supply and demand** – In the second half of 2017 the luxury homes market in Milan has consolidated positive trends in many of the key indicators.

There continues to be a sustained demand in all segments of the sector but the gap in quality between the expectations of the potential purchasers and the reality of what is available limits the market response.

Of all the indicators, only the **absorption index** is showing a pause, having stabilised at around 15% as in the first half of the year.

The reason is principally due to the stagnation of what is on offer. On one hand there exists a stock of unsold properties which is numerically consistent but in terms of quality unsuitable for the demands of the purchasers. This stock, although its time to sale has for the first time decreased to under two years is nevertheless around 22 months. On the other hand there is a chronic lack of new build properties for sale, which, moreover, usually find a purchaser within a short or extremely short period of time, with discounts usually just a matter of rounding of the figures.

In order to return to adequate levels of stock absorption – levels of around 25% - there will need to be substantial renewal of stock and an increase in the quality of the properties that are brought to market in future years.

**Luxury Homes Report – 2nd Half 2017**  
*Milan – 2<sup>nd</sup> Half 2017 and forecast 1<sup>st</sup> Half 2018*

Table 1

**Sales of luxury homes in Milan**  
*(2nd half 2017)*

Urban zone	Asking price	Selling price	Number of sales
Quadrilatero	↔/↑	↔	↔/↑
Historic centre	↔/↑	↔/↑	↔
Brera-Garibaldi	↑	↔	↔/↓
Magenta	↔/↑	↔/↓	↔
Venezia-Duse	↔	↔/↓	↔
Other areas	↑	↑	↔/↑
<b>Average</b>	↑	↔	↔

Source: Tirelli & Partners

Table 2

**Absorption index of sales market**  
*(percentage of properties sold versus total properties for sale)*

Urban zone	2H 2017	1H 2017	2H 2016	1H 2016	2H 2015	1H 2015	2H 2014	1H 2014	2H 2013	1H 2013	2H 2012
Quadrilatero	12.5%	6.8%	7.0%	15.6%	8.8%	6.3%	6.1%	11.1%	0.0%	10.3%	14.3%
Historic centre	14.6%	16.2%	17.3%	6.7%	5.1%	9.0%	3.4%	5.3%	0.7%	0.7%	8.6%
Brera-Garibaldi	20.8%	29.7%	26.4%	18.6%	15.6%	13.9%	5.1%	3.6%	9.2%	2.2%	8.5%
Magenta	16.4%	18.3%	16.1%	24.2%	5.5%	15.9%	6.1%	9.2%	7.6%	3.8%	6.5%
Venezia-Duse	6.2%	6.1%	5.7%	9.3%	17.6%	2.6%	5.0%	3.0%	6.9%	3.3%	9.4%
Other areas	17.9%	13.3%	12.0%	6.3%	12.5%	9.1%	9.2%	9.5%	7.2%	2.7%	6.7%
<b>Average</b>	<b>15.1%</b>	<b>15.2%</b>	<b>14.4%</b>	<b>12.8%</b>	<b>10.4%</b>	<b>10.8%</b>	<b>6.5%</b>	<b>7.6%</b>	<b>5.8%</b>	<b>2.8%</b>	<b>7.8%</b>

Source: analysis of data gathered by Tirelli & Partners

**Time to sell, and discounts – Average discounts** with respect to the asking price for completed transactions continue to decrease, and are now on average 8.1%. The highest discounts were close to 25% for those homes which were ‘disposed of’ by owners after being on the market for a long time, or because the asking price was not in line with the quality of the property, but ever more frequent are transactions completed simply by rounding the figures, often by less than 3%, and in some cases favoured by the existence of competing bids at the same time.”

An average discount that has almost halved in only three years bears witness to the presence of very active demand and it is reasonable to expect in the medium term further falls following the progressive exit from the market of properties that have been on sale for some time.

**Luxury Homes Report – 2nd Half 2017**  
*Milan – 2<sup>nd</sup> Half 2017 and forecast 1<sup>st</sup> Half 2018*

The most positive data is certainly that relating to **average times to sell**, which have now fallen to below 16 months, half the time taken in 2015! This trend is proof that the market is gradually ‘being emptied’ of homes that for reasons of quality and / or price still require more than two years to be absorbed, while the number of homes that are sold within six months or even less is increasing. It is easy to imagine that it will not be long before we have a situation in the city whereby the supply of properties is not sufficient to meet the demand.

**Average inventory times of unsold properties**, now under two years (21.9 months) show a significant improvement.

Despite the fact that the quality of the properties on the market does not meet the expectations of potential purchasers, the average inventory time has reduced significantly in the past two years. This is due to sales, even though taking a long time, or else the withdrawal of properties from the market by their owners after many fruitless attempts to find a purchaser.

Table 3

**Time to sell and discounts in the luxury homes market in Milan**

Period	Average time to sell (months)	Average inventory time for unsold properties (months)	Gap between asking price and selling price (in %)
2H 2017	15.8	21.9	8.1
1H 2017	18.1	24.2	8.8
2H 2016	20.4	24.8	9.4
1H 2016	32.2	30.3	9.8
2H 2015	32.6	30.9	11.5
1H 2015	29.5	30.3	14.9
2H 2014	23.7	28.3	15.2
1H 2014	19.3	25.5	14.4
2H 2013	18.8	22.5	11.4
1H 2013	15.4	18.1	11.9
2H 2012	16.5	14.0	12.8
1H 2012	13.9	10.6	12.4

Source: Tirelli & Partners

The very encouraging trends relating to average times to sell and to discounts testify to the strong increase in demand, with purchasers ready to complete transactions within a short time period and with ‘minimum’ negotiations when they are dealing with firms that they consider to be reputable.

Accurate price valuation of the specific property is thus increasingly the decisive factor in the success and speed of the sales process. Quality is rewarded by the market (also due to the presence of foreign buyers) with sales prices considerably higher than in previous years and much shorter times to sell. Owners once again have bargaining power after years of a buyer’s market.

On the other hand, the choice of a price that is not in line with the quality of the property will generate in buyers an initial scepticism leading to the interpretation of foreseeable decreases in prices (bearing in mind also the increasing



**Luxury Homes Report – 2nd Half 2017**  
Milan – 2<sup>nd</sup> Half 2017 and forecast 1<sup>st</sup> Half 2018

transparency of the market brought about by property websites) as signs of potential further lowering of prices, thus creating indecision and delays on the part of potential purchasers.

**Prices** – The dynamics of **average asking prices**, show a small reduction over the six month period (-1%) bringing the overall annual percentage to the level of 2016 (-0.1%).

Table 4

**Asking prices<sup>(1)</sup> for luxury homes in Milan**  
(2nd Half 2017)

Urban zone	Average price New <sup>(2)</sup> (€/m <sup>2</sup> )	Average price Used <sup>(3)</sup> (€/m <sup>2</sup> )	Average price <sup>(4)</sup> (€/m <sup>2</sup> )	Average minimum price <sup>(5)</sup> (€/m <sup>2</sup> )	Average maximum price <sup>(6)</sup> (€/mq)	Top prices <sup>(7)</sup> (€/m <sup>2</sup> )	Overall average price <sup>(8)</sup> (€)	Overall maximum price <sup>(9)</sup> (€)
Quadrilatero	13,970	11,260	12,163	8,327	17,720	27,546	2,631,714	10,000,000
Historic centre	10,686	8,072	8,467	6,655	12,572	15,111	1,942,761	7,500,000
Brera-Garibaldi	9,987	8,320	8,923	7,031	11,689	14,545	1,828,322	7,500,000
Magenta	10,411	7,536	9,030	6,498	12,802	20,000	1,793,208	11,000,000
Venezia-Duse	10,090	9,255	9,833	7,250	12,884	20,840	2,724,694	10,500,000
Other areas	7,711	5,662	6,419	4,694	9,473	16,842	1,490,668	6,500,000
<b>Weighted average</b>	<b>9,544</b>	<b>7,699</b>	<b>8,414</b>	<b>6,588</b>	<b>10,580</b>	<b>16,611</b>	<b>1,814,255</b>	<b>7,989,000</b>
<i>Var. % six months</i>	<i>1.3%</i>	<i>-2.3%</i>	<i>-1.0%</i>	<i>-2.5%</i>	<i>1.4%</i>	<i>-0.4%</i>	<i>-0.8%</i>	<i>-4.2%</i>

<sup>(1)</sup> The values shown in the table are calculated on the basis of the asking prices for both sold and unsold properties.

<sup>(2)</sup> Average price per m<sup>2</sup> for new or renovated luxury homes

<sup>(3)</sup> Average price per m<sup>2</sup> for luxury homes in average state of repair or in need of renovation.

<sup>(4)</sup> Average price per m<sup>2</sup> for luxury homes calculated by weighted average of the average price per m<sup>2</sup> for new build properties and the average price per m<sup>2</sup> for used properties.

<sup>(5)</sup> Average price per m<sup>2</sup> for luxury homes which have a price lower than the first quartile of the distribution of prices per m<sup>2</sup> of properties.

<sup>(6)</sup> Average price per m<sup>2</sup> for luxury homes which have a price higher than the third quartile of the distribution of prices per m<sup>2</sup> of properties

<sup>(7)</sup> Maximum value per m<sup>2</sup> registered during the 6 month period.

<sup>(8)</sup> Total average value, calculated by weighted average of the total average price of new build properties and the total average price of used properties.

<sup>(9)</sup> Overall maximum value registered during the six month period.

Source: analysis of data gathered by Tirelli & Partners

The data is mainly influenced by the distribution per price of the new build properties placed on the market. On one hand there is a chronic scarcity of properties in the top price band of the market (above 3 million euros); on the other hand there is an increase in the sector priced at between 1 million to 2 million euros. Proof of this is the large number of requests that remain unsatisfied, coming from potential purchasers who require properties in the price band above 3 million euros. Characteristics of such prestige properties are the location, the quality of the building and the upper floors, a terrace, a garage, and panoramic views, preferably over greenery.

**Luxury Homes Report – 2nd Half 2017**  
Milan – 2<sup>nd</sup> Half 2017 and forecast 1<sup>st</sup> Half 2018

Confirmation can be found in the fact that price dynamics have distinctly polarized: prices of new build or renovated properties have increased by 1.3% while prices of older properties requiring substantial work have decreased by 2.3%. In the same way, average maximum prices have risen (+1.4%) while average minimum prices have fallen significantly (-2.5%). In just six months the gap between average maximum prices (prices of properties that are in the top quartile of overall prices, thus the most exclusive and expensive homes) and those of the average minimum (prices of properties that are in the bottom quartile of overall prices) has increased by 8.6%, while the gap between prices of new builds and other properties has risen to 19.7%.

The decrease in discounts has however generated for the third consecutive year an increase in average actual sold prices (+1.1%).

Table 5

**Analysis of asking price, actual sold price and gap between asking and sold prices**

Year	Asking price		Gap	Actual sold price	
	€/ m <sup>2</sup>	var. %	values %	€/ m <sup>2</sup>	var. %
2017	8,455	-0.1%	8.5%	7,735	1.1%
2016	8,465	1.6%	9.6%	7,651	5.7%
2015	8,335	-0.5%	13.2%	7,235	1.3%
2014	8,378	-0.8%	14.8%	7,140	-4.2%
2013	8,442	-3.1%	11.7%	7,456	-2.0%
2012	8,709	-3.3%	12.6%	7,609	-7.4%
2011	9,009	-1.6%	8.8%	8,219	-5.3%
2010	9,157		5.2%	8,680	

Source: Analysis of data gathered by Tirelli & Partners

In the context of an ample stock which is, however, rather low in quality, quality becomes more and more the decisive factor for purchasers who are highly selective and sophisticated.

With the exception of the top segment, in fact, quality seems to have become the principal driver in the choice of homes, gradually replacing location as the main driver. During 2017 the number of luxury homes sold at a price of under 3 million euros in the 'other areas' compared with the total has further increased, reaching almost 50% in the second half of the year.

In the second half of 2017 the most significant sales were in the Quadrilatero zone with an overall value of 8.8 million euros.

Table 6

**Characteristics of overall higher value properties for sale in Milan**

(2nd half 2017)

Urban zone	Overall price (€)	Area (m <sup>2</sup> )	Price per m <sup>2</sup>	State of repair	Property type	Description & features
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**Luxury Homes Report – 2nd Half 2017**  
*Milan – 2<sup>nd</sup> Half 2017 and forecast 1<sup>st</sup> Half 2018*

			(€) (not including garage)			
Quadrilatero	8,700,000	520	16,730	Excellent	Penthouse	Duplex with terrace and double garage
Magenta	5,900,000	545	10,825	Excellent	Apartment	Apartment on 2nd floor
Venezia Duse	4,700,000	600	7,833	Needs renovation	Apartment	Apartment on 4th floor with terrace

Source: Tirelli & Partners

**Reasons for purchase** – Reasons remained stable during the second half of 2017 with replacement of previous property (45.6%), purchase of first property (41.8%), and purchase for investment (12.7%).

**Foreign investors** – There continues to be strong interest in the Milan property market from foreign investors, also due to the ‘flat tax’ of 100,000 eur implemented by the government. Although the percentage of potential purchasers from abroad is no higher than 5%, those purchasing in the top price band (over 3 million euros) is close to 50%, confirmation that this is indeed a tangible demand. Just under one transaction out of two in the highest price band is from a foreigner or an Italian returning from abroad. These numbers would have been inconceivable in the past.

Most purchasers are from European countries. The locations most in demand are Quadrilatero, Brera and Magenta. Purchasers from abroad are looking for prestigious apartments with a surface area of 250m<sup>2</sup> or more, situated on upper floors of prestigious buildings.

**Luxury Homes Report – 2nd Half 2017**  
Milan – 2<sup>nd</sup> Half 2017 and forecast 1<sup>st</sup> Half 2018

**Rental market**

Table 7

**The rental market for luxury homes in Milan**  
(2nd Half 2017)

Urban zone	Demand	Supply	Number of rentals
Quadrilatero	↑	↔/↓	↔
Historic centre	↔/↑	↔	↔
Brera-Garibaldi	↑	↔/↑	↔/↑
Magenta	↔/↑	↔/↓	↔
Venezia-Duse	↔	↔/↓	↔/↓
Other areas	↔/↑	↔/↑	↑
<b>Average</b>	↑	↔	↔/↑

Source: Tirelli & Partners

**Supply and demand** – The rental sector continues to show a very positive trend, also because of the fact that in some instances it substitutes for the lack of quality properties for sale and also due to foreign interest which has boosted the market.

In the face of consistent demand, we can finally record an initial slight improvement in the average quality of prestige properties for rent. Owners are beginning to perceive the need to update apartments so as to make them suitable for immediate occupation, renovating them and providing some furniture. This has certainly led to the opportunity, in certain locations, to enter successfully the sector of short lets.

Table 8

**Absorption index of rental market**  
(percentage of properties rented versus total rental properties on the market)

Urban zone	2H 2017	1H 2017	2H 2016	1H 2016	2H 2015	1H 2015	2H 2014	1H 2014	2H 2013	1H 2013	2H 2012
Quadrilatero	34.9%	34.0%	35.6%	40.0%	33.3%	15.8%	25.0%	45.7%	12.9%	16.0%	8.7%
Historic centre	13.4%	13.2%	14.2%	15.6%	17.4%	17.8%	20.6%	33.3%	13.0%	10.2%	11.1%
Brera-Garibaldi	26.7%	27.1%	24.4%	20.0%	30.3%	44.1%	12.5%	25.0%	16.7%	25.0%	19.4%
Magenta	27.3%	26.9%	28.8%	37.0%	21.7%	24.2%	20.4%	31.0%	15.6%	20.3%	22.2%
Venezia-Duse	10.8%	11.3%	10.6%	5.1%	13.8%	14.3%	4.5%	19.0%	13.0%	18.2%	11.1%
Other areas	23.0%	20.4%	16.7%	12.7%	22.0%	16.3%	12.2%	14.0%	8.6%	17.9%	13.2%
<b>Average</b>	<b>23.9%</b>	<b>23.3%</b>	<b>22.4%</b>	<b>21.8%</b>	<b>22.2%</b>	<b>22.6%</b>	<b>16.3%</b>	<b>28.6%</b>	<b>13.6%</b>	<b>17.9%</b>	<b>15.1%</b>

Source: analysis of data gathered by Tirelli & Partners

The stock of properties available for immediate occupation is increasing although not at a sufficient rate to be able to direct some of these properties to the sector for short and very short lets. Overall the absorption index for this six

**Luxury Homes Report – 2nd Half 2017**  
*Milan – 2<sup>nd</sup> Half 2017 and forecast 1<sup>st</sup> Half 2018*

month period is still increasing thus confirming the fact that properties available for immediate occupation will always find a tenant.

**Time to rent and gaps** – Average time to rent and average times on inventory for properties not rented are decreasing slightly. These reductions are however close to annual rates, which are very high compared to more modern, dynamic markets. The average discount has decreased by an additional 0.3% compared to the previous six month period.

Table 9

**Times to rent and discounts on the luxury homes rental market in Milan**

Period	Average time to rent (months)	Average time on inventory of properties not rented (months)	Gap between asked and actual rent (in %)
2H 2017	9.7	12.5	7.2
1H 2017	10.9	13.3	7.5
2H 2016	11.2	13.6	8.0
1H 2016	11.4	13.0	7.7
2H 2015	13.1	16.3	9.1
1H 2015	12.6	18.4	9.9
2H 2014	18.9	18.6	13.0
1H 2014	14.4	17.7	11.5
2H 2013	12.7	15.0	9.9
1H 2013	9.7	12.7	9.9
2H 2012	11.1	10.2	13.5
1H 2012	7.5	10.6	6.3

Source: analysis of data gathered by Tirelli & Partners

**Rents** – During the second half of 2017 rents have increased significantly, further proof of active demand and a supply that is increasing in quality. There is once again a marked variation for average maximum rents, which increased by more than 5% during the year.

**Luxury Homes Report – 2nd Half 2017**  
Milan – 2<sup>nd</sup> Half 2017 and forecast 1<sup>st</sup> Half 2018

Table 10

**Rents requested<sup>(1)</sup> for luxury homes in Milan**  
(2nd Half 2017)  
(€/m<sup>2</sup>/year)

Urban zone	Average minimum rent <sup>(2)</sup>	Average maximum rent <sup>(3)</sup>	Average rent <sup>(4)</sup>	Top rents <sup>(5)</sup>
Quadrilatero	258	451	339	500
Historic centre	222	310	264	360
Brera-Garibaldi	225	330	276	380
Magenta	220	306	261	375
Venezia-Duse	218	339	273	445
Other areas	211	277	251	415
<b>Weighted average</b>	<b>230</b>	<b>331</b>	<b>276</b>	<b>413</b>
<i>Var. 6 month period (in %)</i>	<i>0.9%</i>	<i>2.2%</i>	<i>1.5%</i>	
<i>Var. annual (in %)</i>	<i>1.8%</i>	<i>5.1%</i>	<i>2.6%</i>	

<sup>(1)</sup> The values in the table are calculated on the basis of the requested rent for both rented properties and those on the inventory.

<sup>(2)</sup> Average rent for luxury homes with a rent lower than the first quartile of the distribution of property rents.

<sup>(3)</sup> Average rent for luxury homes with a rent higher than the third quartile of the distribution of property rents.

<sup>(4)</sup> Average rent for luxury homes.

<sup>(5)</sup> Highest rent registered during the 6 month period.

Source: analysis of data gathered by Tirelli & Partners

**Foreign tenants** – The rental sector is also benefiting from the favourable effect of the ‘flat tax’ implemented by the Government. The relative weight of demand coming from abroad remains at about 5% but, as for the sales sector, it is a very tangible demand with decision times that are significantly lower than those of the Italian home market because it is often linked to external factors such as the family’s work or school commitments. Overall about 1 tenant in 7 in the six month period under review was a foreigner or an Italian returning from abroad.

Most clients, as for the sales sector, are from European countries, while the most sought-after areas are Magenta, Quadrilatero, Brera and Historic Centre. Requests from foreign tenants focus on prestige properties in a perfect state of repair and with fixtures and fittings included.

### Return on investment

The potential level of return on investment in luxury homes in Milan has risen significantly over the past 5 years, being recorded at 3.23% due to the slowing down in sales prices and above all the increase in rents that can be obtained due to the investments made in renovating and upgrading properties placed on the market by far-sighted owners.

**Luxury Homes Report – 2nd Half 2017**  
Milan – 2<sup>nd</sup> Half 2017 and forecast 1<sup>st</sup> Half 2018

Table 11

**Average potential rental return on investment**  
(values %)

Urban zone	2H 2017	1H 2017	2H 2016	1H 2016	2H 2015	1H 2015	2H 2014	1H 2014	2H 2013	1H 2013	2H 2012
Quadrilatero	2.67	2.58	2.62	2.56	2.43	2.30	2.33	2.32	2.43	2.48	2.38
Historic centre	3.14	3.09	3.10	3.11	3.07	3.09	2.96	3.08	3.10	3.03	3.01
Brera-Garibaldi	3.08	3.04	3.06	2.93	3.04	3.15	3.04	2.96	2.88	3.03	3.11
Magenta	2.98	2.89	2.71	2.83	2.73	2.79	2.86	2.99	2.95	2.97	3.00
Venezia-Duse	2.85	2.71	2.54	2.49	2.57	2.58	2.56	2.66	2.74	2.74	2.60
Other areas	3.60	3.57	3.50	3.49	3.60	3.57	3.48	3.40	3.48	3.46	3.39
<b>Average</b>	<b>3.23</b>	<b>3.16</b>	<b>3.15</b>	<b>3.13</b>	<b>3.12</b>	<b>3.15</b>	<b>3.11</b>	<b>3.16</b>	<b>3.19</b>	<b>3.21</b>	<b>3.19</b>

Source: analysis of data gathered by Tirelli & Partners

### Forecast

For 2018 we predict on the demand side the continuation of the encouraging trend noted during the past three six month periods, running across all price bands and all sectors.

Regarding the number of transactions, which is the key indicator over the medium to long term, much will depend on the quality of the offering. Good availability of new builds is foreseen, with usability and functionality characteristics that are far above what is offered by older buildings. However, historically there is in Milan an insufficient supply of new builds destined for the residential sector because of alternative uses for such properties (offices, showrooms, hotels).

It is probable that asking prices will experience small increases but there will be an ongoing dichotomy between average minimum prices and average maximum prices and between prices for new builds and older properties. Based on the hypothesis that there will be a slight rise in prices, a further reduction in average discounts can also be predicted.

Table 12

**Market forecast for sales for 1st half 2018**

Urban zone	Demand	Supply	Number of sales	Prices of sales
Quadrilatero	↑	↔	↔	↔/↑
Historic centre	↔/↓	↔/↑	↔	↔
Brera-Garibaldi	↑	↔	↔/↑	↔/↑
Magenta	↑	↔	↔/↑	↔/↑
Venezia-Duse	↔/↓	↔	↔/↓	↔
Other areas	↑	↔/↑	↔/↑	↔
<b>Average</b>	<b>↑</b>	<b>↔</b>	<b>↑</b>	<b>↔/↑</b>

Source: Tirelli & Partners

**Luxury Homes Report – 2nd Half 2017**  
*Milan – 2<sup>nd</sup> Half 2017 and forecast 1<sup>st</sup> Half 2018*

Demand will remain strong in almost the entire urban zone, with the Historic Centre and Venezia-Duse being less favoured, for very different reasons. The Historic Centre offers a lower quality of life than other areas due to lack of green spaces and traffic congestion, while Venezia-Duse is the smallest prestige area in the city and it is therefore natural that there is lower demand.

As has already been said, however, the key for market success will reside in the dynamics of what is on offer. The numerous urban renovation projects already underway or about to be launched, together with the implementation of the new subway line, could increase mobility in the area, accelerating, for all sectors except the top, the existing trend to discard location as the principal factor in searches for property and fostering a further increase in acquisitions for investment purposes.

Table 13

**Market forecasts for rentals for 1st half  
2018**

Demand	Supply	Number of rentals	Rent charged
↑	↔/↑	↔/↑	↔/↑

Source: Tirelli & Partners

During the first part of the coming year the rental sector should continue the trend that has already begun: renewed growth linked mainly to the renovation of properties available for rent.