

Market Trends

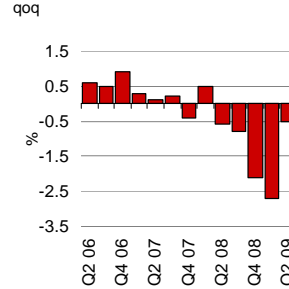
Italy Q2 2009

Economy

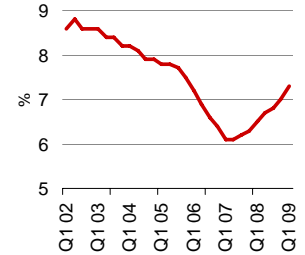
12-Months-Outlook ↘

Italy's economy still faces a recession, but the downturn of the GDP lost significantly momentum during Q2 2009. Business confidence showed some signs of recovery lately but remains at a very low level. Nevertheless, the bottom of the downswing of the weak Italian economy should be reached anyway. Negative impacts to the real estate markets are expected from the continuously increasing unemployment showing no signs of abating.

GDP



Unemployment Rate

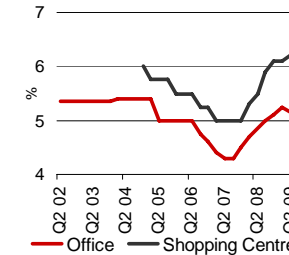


Investment

12-Months-Outlook →

Especially international buyers retreated from the Italian real estate market during the first quarter of 2009. However, coming from a very low base investor sentiment started to pick up during the last quarter. Prime yields seem to stop rising and stabilization in the upcoming quarters is expected. Nevertheless, market values are expected to decline further due to the ongoing weakening of the letting markets.

Prime Yields Milan



Market Value Changes

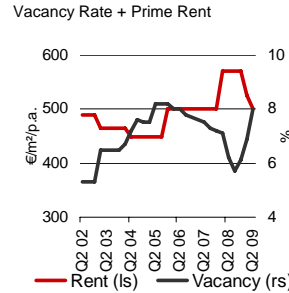
Real Estate	Previous 12 Months	Outlook 12 Months
Office	-5%	-5%
Retail	-5%	-5%
Logistics	-5%	-5%

Office

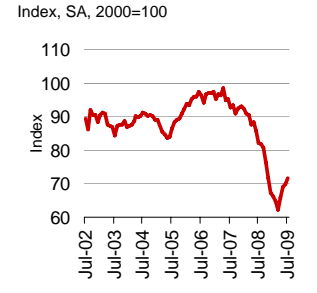
12-Months-Outlook ↘

Due to the difficult economic environment the demand for office space will be damped further, also against the background of companies reducing costs. This can already be seen in a significant decline of prime rents in Milan during the last quarters. On the supply side, building activity is still very high due to the World EXPO 2015. This will put further pressure on both vacancy and rents, whereby especially secondary properties will be burdened.

Office Milan



Business Confidence

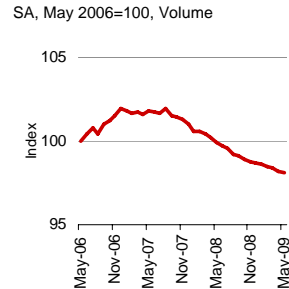


Retail

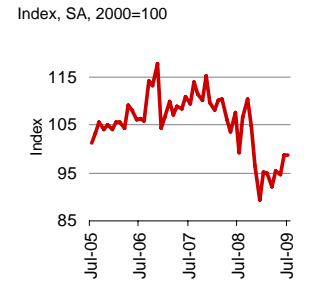
12-Months-Outlook ↘

Although retail confidence seems to recover, retail sales as well as private consumption still declined significantly. Due to several retailers facing indebtedness, rents are generally under pressure and availability of space will increase especially in secondary shopping centres and weaker retail parks. By contrast, rents for prime high street locations and good quality shopping centres with high frequency seem to be almost unaffected due to the tenants' focus on grade A locations where supply remains tight.

Retail Sales



Retail Confidence

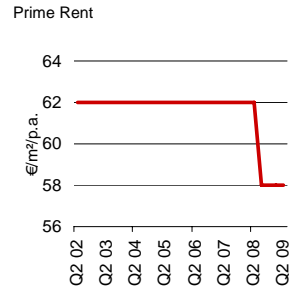


Logistics

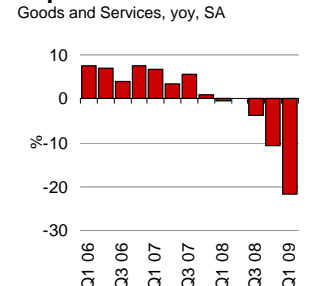
12-Months-Outlook ↘

Demand for additional logistic space is very low except for smaller units, reflecting cost cuttings of companies and significantly decreasing exports. Therefore rents decreased at the end of 2008 and remained at this low level during the last quarters. With new constructions being postponed, relief on rents are possible.

Industrial Milan



Exports



ZRS RAC Research

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