

Market Trends

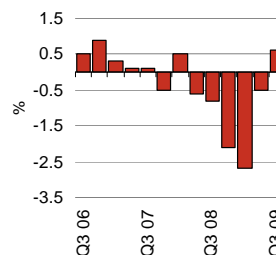
Italy Q4 2009

Economy

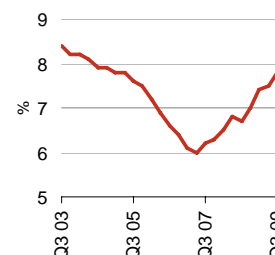
Supported by the governments stimulus packages and catch up effects Italy left the recession in Q3 2009 with GDP growing strongly on a qoq basis. However, following 5 quarters of economic contraction the companies have to adjust their staff to the reduced capacity utilisation. The labour market continues to deteriorate. In the quarters to come the economy will recover only slowly as the effects of the latest stimulus packages will fade.

GDP

Change qoq



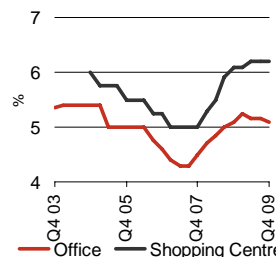
Unemployment Rate



Investment

The investment market already reached the bottom and shows first sign of relief. Driven by domestic demand the investment volume in Q4 2009 was one of the highest recorded in recent years, whereas the 2009 total remained below the volume of 2008. Burdened by weak letting markets and still restricted availability of credit prices are expected to shrink further in 2010.

Prime Yields Milan



Market Value Changes

Real Estate

	Previous 12 Months	Outlook 12 Months
Office	-10%	-5%
Retail	-10%	-5%
Logistics	-10%	-5%

Office

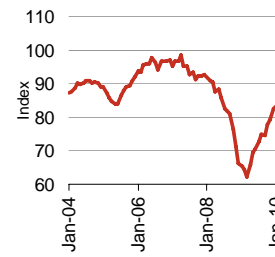
Economic fundamentals for the Milan office market are still weak despite significant improvement of business confidence. Hence the Milan office market remains on the downswing. As potential occupiers still act cautiously and new properties coming to the market putting pressure on supply vacancy rises and has already reached a level not seen in last cycle. Demand for office space will remain restricted and will be driven by a high cost-sensitivity keeping pressure on rental levels.

Office Milan



Business Confidence

Index, SA, 2000 = 100

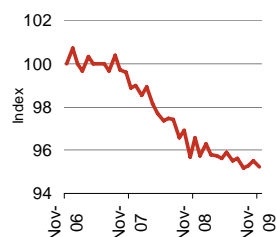


Retail

Decline in retail sales continues although with reduced momentum. Reacting on the weak economy retailers reassessed and often rescaled their expansion strategies. As a result they increasingly focus on prime locations and prime qualities. Hence prime rents remained stable, whereas secondary locations and premises suffered weaker demand and higher vacancy. The still deteriorating labour market burdens the further outlook, although retailers meanwhile look more positive into the future.

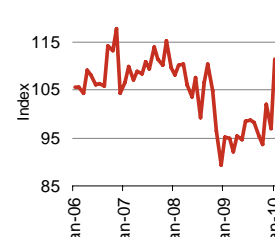
Retail Sales

Volume, SA, Nov 2006 = 100



Retail Confidence

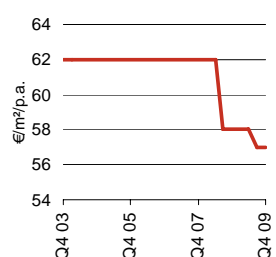
SA, 2000 = 100



Logistics

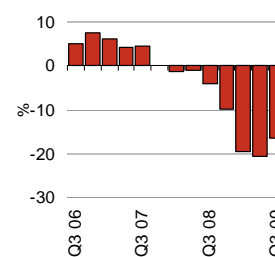
The overall negative economic situation in line with strongly negative foreign trade fed through to the logistics market, whereas the impact has not been very distinctive. Take-up of logistics space eased somewhat. Together with companies vacating areas available space increased putting pressure on rental values. New supply is currently limited as a sufficient pre-letting ratio is required by investors. All in all we expect the market activity remaining below last years' level.

Industrial Milan



Exports+Imports

Goods and Services, yoy, SA



GRM-CR-ABF-RAC Research

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