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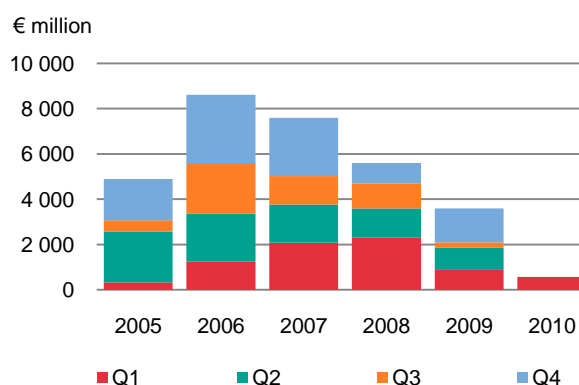
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- At the end of the first quarter investment volumes in Italy reached approx. € 570 million, registering a decrease of about 35% compared with the same period of 2009 – Figure 1.
- The main concentration was registered in Lombardy. Good performances were also achieved by Sardinia that gained second place with two big transactions.
- Italian investors remain the top players in terms of market activity, investing about 68% of the total volume in Italy.
- The office sector, which accounts for about 35% of total value, remains the leading sector, followed by mixed investments and the hotel sector.

Figure 1

Investment volume by quarter



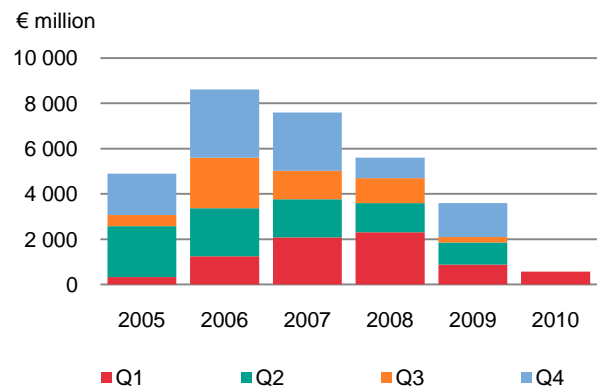
Source: DTZ Research

Investment market update

- During the first quarter of the year, investment activity was relatively limited. The total volume invested reached € 570 million, decreasing by about 35% compared with the same period of 2009, and also compared with the previous quarter (-62%), (Figure 2?).
- Most transactions recorded during the quarter (approximately 40%) were closed in Lombardy. During the quarter, transactions amounting to approximately €190 million were recorded in Milan. In Rome, the total volume invested during the first quarter was limited and reached about €60 million, even though a major negotiation is underway which could improve the capital's score in the next quarter.
- The office sector, which accounts for roughly 50% of the total value, remains the leading sector, followed by the retail sector scoring 29% of total annual values. Hotel investments record 11% on the total, improving by 2% compared with the previous year. During the last quarter of the year, a slight improvement was registered in industrial/logistics investment activity, even though on the total volume this typology continues to represent a limited percentage, only 3% (Figure 3).
- Analyzing the regional distribution of investments, we can observe that northern Italy registered the best performance over the quarter with 46% of the total volume, followed by southern Italy with about 41%, concentrated in the two islands: Sardinia and Sicily. Central Italy with investments concentrated in Latium and Molise registered the remaining 13% (Figure 4).
- Lombardy (with 41%) and Sardinia (with 27%) excel among the regions. Sicily and Latium follow with 14% and 12% respectively. The other regions split the remaining 6%
- During the quarter, investors targeted their preferences on well located core office buildings. Average investment volumes for single transactions remains between 10 and 20million Euro. Demand for shopping centres is mainly focused on new centres with consolidated turnovers, while demand for logistics buildings is targeted at class A buildings, with single or multi-tenancy, in prime locations and with long and guaranteed contracts.

Figure 2

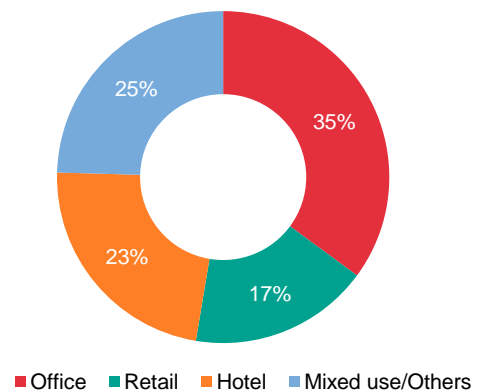
Investment volume by quarter



Source: DTZ Research

Figure 3

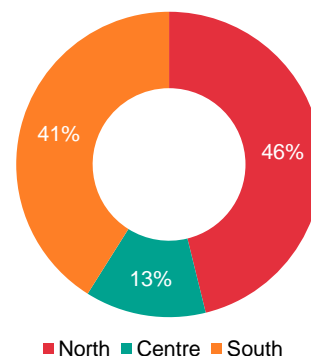
Investment volume by building type (Q1-Q4 2009)



Source: DTZ Research

Figure 4

Investment volume by geographic area (Q1-Q4 2009)



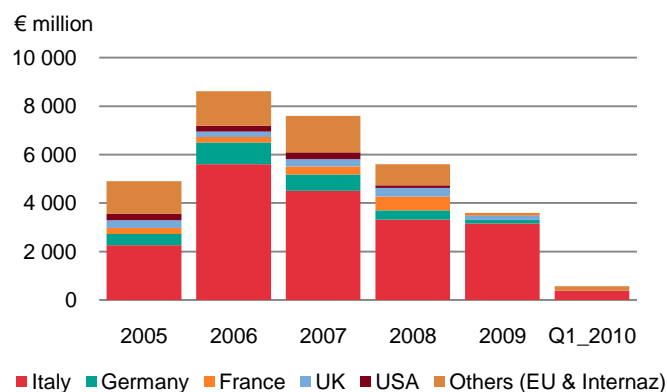
Source: DTZ Research

Investment market update

- Domestic investors remain the leading players in investment activity accounting for 68% of transactions (Figure 5). The number of transactions concluded by foreign investors remained limited.
- During the first quarter, prime yields remained stable in all sectors. For prime offices in Milan, yields are between 6 and 6.25%, while in Rome they lie between 6.25 and 6.50%.
- According to our forecasts, it will be difficult to return to the top investment volumes registered 3-4 years ago, however, within the end of the year an increase is expected compared with 2009. As regards investor nationality, we maintain that private Italian investors will continue to dominate the market even during 2010.

Figure 5

Investment volume by investor nationality



Source: DTZ Research

Table 1

Significant deals Q1_2010

Property address	Location	Purchaser	Price (€ million)
Le Vele Gallery and Millennium Entertainment centre	Cagliari	Corio	103,3
Grand Hotel Timeo and Hotel Villa Sant'Andrea	Taormina	Orient Express Hotels	81 circa
Piazza Cadorna	Milan	Edison	60
Corso Marconi, 10	Turin	Beni Stabili	30
Via Cristoforo Colombo, 70	Rome	Andromeda	25,5

Source: DTZ Research

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