SCENARI IMMOBILIARI
ISTITUTO INDIPENDENTE DI STUDI E RICERCHE

THE REAL ESTATE MARKET IN PIEDMONT

Industrial properties and the tertiary/offices sector

September 2011

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This report on business properties in Piedmont presents the final figures for 2010 as regards volumes changing hands, whereas prices and rents have been updated to July 2011.

Industrial properties

The business property sector in Piedmont has been hit by the economic crisis, but less so than many other Regions of Italy. Compared to the final figures for 2008, square metres changing hands in 2010 have fallen by about 14%, against a national average of over 20%. In the course of the early years of this century the industrial sector of the Region has undergone profound changes. While old factories have been abandoned or converted for other commercial or small manufacturing activities, new plants have been built both for traditional industries and for logistics. The quality of the products on the market is high and the Region has become more attractive in comparison with the area of Milan or the Emilia Region.
The expectations engendered by the Turin-Lyons railway line and the benefits that the high-speed trains will bring are encouraging many firms in the fields of logistics and light engineering to move to Piedmont.
Consequently, although the background is difficult as a result of the overall economic situation, the Region will become ever more competitive and valued in the near future.

Total for the Region	
Square metres on the market	2,342,000
Square metres changing hands	1,298,000
Take-up overall(%)	55.4
Turnover (millions of euro)	628.5

Tertiary/offices

The economic crisis that has assailed the world has not spared the offices sector in Piedmont, characterised as it was already by an ongoing weakness as a result of the closure or downsizing of important local companies, in both the industrial and the service sectors.
Small companies and professional practices display a certain amount of vitality, whereas the public sector in general is stable.
Compared to 2008 the market has shrunk by a third in the number of transactions and in turnover, in part as a result of a severe drop in the supply, where there is a shortage of new products.

Total for the Region (Provincial capitals only)	
Square metres on the market	231,000
Square metres changing hands	131,000
Take-up overall(%)	56.7
Turnover (millions of euro)	314

PROVINCE OF TURIN

INDUSTRIAL PROPERTIES

The market of the Province of Turin has contracted by slightly over 10%, but it is still one of the major markets of Italy by size.
When firms leave the Regional capital, they move to the hinterland and invest in new structures. The fall in prices is more marked in low-quality products, while new properties have shown, over the last two years, drops of only around 5-7%.

VOLUMES

Total for the Province	
Square metres on the market	960,000
Square metres changing hands	453,000
Take-up overall (%)	47.2
Turnover (millions of euro)	254

PRICES

	AVERAGE SALES PRICES euro/sq m			***RENTS*** euro/sq m/year		
Outskirts of Turin	540	-	900	40	-	70
Immediate hinterland and primarily industrial municipalities*	460	-	700	34	-	56
Rest of the Province**	380	-	530	28	-	46

(*) Baldissero Torinese, Beinasco, Borgaro Torinese, Collegno, Grugliasco, Moncalieri, Nichelino, Orbassano, Pecetto Torinese, Rivoli, San Mauro Torinese, Settimo Torinese, Venaria.
(**) excluding municipalities in the immediate hinterland and those that are primarily industrial

TERTIARY/OFFICES

The number of square metres that changed hands fell below 100,000 in 2010 and it was only in the first part of the current year that a number of projects that had been dragging on for years reached completion.
In the city the progressive reduction of "historic" private tertiary companies has continued, and it has not been offset by a small increase of activity on the part of public bodies and the most innovative elements of the tertiary sector.
Sales prices and rents have fallen by 5-8% since 2008 and turnover by 23%.

VOLUMES

City of Turin	
Square metres on the market	138,000
Square metres changing hands	80,000
Take-up overall (%)	58
Turnover (millions of euro)	220

PRICES

	AVERAGE SALES PRICES euro/sq m			***RENTS*** euro/sq m/year		
Prime areas	2,400	-	4,500	135	-	260
Intermediate areas	1,800	-	3,400	105	-	200
Areas on the outskirts	1,550	-	2,850	90	-	170

PROVINCE OF ALESSANDRIA

INDUSTRIAL PROPERTIES

The positive phase of the market in this Province, which had lasted for a number of years, has come to an end. Transactions are down by 15%, but there has been a fall also in the supply. There have been few new initiatives. It is worth noting that prices have dropped only modestly and, in the case of the best products, they have remained stable.

VOLUMES

Total for the Province	
Square metres on the market	280,000
Square metres changing hands	187,000
Take-up overall (%)	66.8
Turnover (millions of euro)	78

PRICES

	AVERAGE SALES PRICES euro/sq m			***RENTS*** euro/sq m/year		
Outskirts of Alessandria	400	-	740	32	-	65
Immediate hinterland and primarily industrial municipalities*	360	-	630	28	-	55
Rest of the Province**	300	-	500	26	-	42

(*) Bosco Marengo, Castellazzo Bormida, Castelletto Monferrato, Frugarolo, Montecastello, Oviglio, Pecetto di Valenza, Pietra Marazzi, Piovera, Quargnento, San Salvatore Monferrato, Solero, Tortona, Valenza.
(**) excluding municipalities in the immediate hinterland and those that are primarily industrial.

TERTIARY/OFFICES

The fact that the market in the city has contracted by only 10% since 2008 is an indication of the resilience of both the public and private tertiary sectors. The central areas have done better because the refurbished properties there have met with approval. Average prices have fallen by around 15% in three years.

VOLUMES

City of Alessandria	
Square metres on the market	10,500
Square metres changing hands	6,500
Take-up overall (%)	56.5
Turnover (millions of euro)	9

PRICES

	AVERAGE SALES PRICES euro/sq m	***RENTS*** euro/sq m/year
Prime areas	1,450 - 2,700	85 - 145
Intermediate areas	1,050 - 1,900	65 - 110
Areas on the outskirts	950 - 1,350	55 - 80

PROVINCE OF ASTI

INDUSTRIAL PROPERTIES

The market of the Province has gone against the trend in that over two years there has been an increase of supply (up 14%) and of transactions (up 8%). Many firms, even from outside the Region, have set up business in this Province, taking advantages of its excellent means of communication and competitive prices. Older products are little in demand, whereas new products are attracting a reasonable amount of attention. Despite this, average prices have fallen slightly over two years.

VOLUMES

Total for the Province	
Square metres on the market	132,000
Square metres changing hands	81,000
Take-up overall (%)	61.4
Turnover (millions of euro)	25

PRICES

	AVERAGE SALES PRICES euro/sq m			***RENTS*** euro/sq m/year		
Outskirts of Asti	370	-	700	30	-	62
Immediate hinterland and primarily industrial municipalities*	310	-	510	24	-	45
Rest of the Province**	290	-	460	22	-	40

(*) Baldichieri d'Asti, Calliano, Castagnole Monferrato, Castell'Alfero, Castello di Annone, Celle Enomondo, Chiusano d'Asti, Cinaglio, Cossombrato, Isola d'Asti, Monale, Mongardino, Portacomaro, Refrancore, Revigliasco d'Asti, Rocca d'Arazzo, San Damiano d'Asti, Settime, Tigliole, Vigliano d'Asti.
(**) excluding municipalities in the immediate hinterland and those that are primarily industrial.

TERTIARY/OFFICES

After holding out against the first phase of the crisis, in the last two years the offices market has fallen by a third as far as volumes are concerned and by more than 10% as regards sales prices and rents.
Supply has more than halved in the city and several firms have moved to adjoining municipalities.

VOLUMES

City of Asti	
Square metres on the market	14,000
Square metres changing hands	8,500
Take-up overall (%)	60.7
Turnover (millions of euro)	16

PRICES

	AVERAGE SALES PRICES euro/sq m			***RENTS*** euro/sq m/year		
Prime areas	1,800	-	3,150	100	-	180
Intermediate areas	1,250	-	2,050	70	-	115
Areas on the outskirts	950	-	1,450	55	-	70

PROVINCE OF BIELLA

INDUSTRIAL PROPERTIES

There has been a severe crisis in the company properties sector, with a fall of over a quarter in transactions. Supply also has contracted and the only products been sought are new warehouses for an intermediate use between retail and light industrial. The crisis of the large local firms has had an effect on the market, with an increase in the supply of older properties and a severe decline in average prices.

VOLUMES

Total for the Province	
Square metres on the market	150,000
Square metres changing hands	87,000
Take-up overall (%)	58
Turnover (millions of euro)	40

PRICES

	AVERAGE SALES PRICES euro/sq m	***RENTS*** euro/sq m/year
Outskirts of Biella	380 - 700	30 - 60
Immediate hinterland and primarily industrial municipalities*	320 - 470	26 - 40
Rest of the Province**	260 - 410	22 - 36

(*) Adorno Micca, Candelo, Gaglianico, Occhieppo Inferiore, Occhieppo Superiore, Pettinengo, Pollone, Ponderano, Pralungo, Ronco Biellese, Sagliano Micca, San Paolo Cervo, Sordevolo, Tollegno, Vigliano Biellese, Zumaglia.
(**) excluding municipalities in the immediate hinterland and those that are primarily industrial.

TERTIARY/OFFICES

In three years the offices market in the city has halved, in part because of the short supply of new products. The fact that prices have fallen on average by only about 6% points to a constant demand.

VOLUMES

City of Biella	
Square metres on the market	12,000
Square metres changing hands	5,000
Take-up overall (%)	41.7
Turnover (millions of euro)	7.5

PRICES

	AVERAGE SALES PRICES euro/sq m	***RENTS*** euro/sq m/year
Prime areas	1,650 - 3,100	95 - 175
Intermediate areas	1,400 - 1,900	80 - 105
Areas on the outskirts	950 - 1,450	50 - 85

PROVINCE OF CUNEO

INDUSTRIAL PROPERTIES

In this Province, after a positive trend over a long period, the market in the Province is contracting. In two years it has dropped by 28%, with falls in prices of more than 10%.
The restructuring of local firms has apparently come to end and, for the moment, the attractiveness of this Province has waned. Moreover the supply of new products is limited.

VOLUMES

Total for the Province	
Square metres on the market	138,000
Square metres changing hands	72,000
Take-up overall (%)	52.2
Turnover (millions of euro)	31

PRICES

	AVERAGE SALES PRICES euro/sq m			***RENTS*** euro/sq m/year		
Outskirts of Cuneo	430	-	710	34	-	62
Immediate hinterland and primarily industrial municipalities*	300	-	480	24	-	40
Rest of the Province**	230	-	460	20	-	38

(*) Beinette, Borgo San Dalmazzo, Boves, Caraglio, Castelletto Stura, Centallo, Cervasca, Morozzo, Peveragno, Tarantasca, Vignolo.
(**) excluding municipalities in the immediate hinterland and those that are primarily industrial.

TERTIARY/OFFICES

In the Provincial capital the offices market has fallen by more than 50% in the last two years, after a period of excellent growth. The shortage of new, high-quality products is limiting the demand, which is made up of both the public sector and small private companies. Average figures have fallen by around 10%. Medium-term prospects are good.

VOLUMES

City of Cuneo	
Square metres on the market	20,000
Square metres changing hands	10,000
Take-up overall (%)	50
Turnover (millions of euro)	18.5

PRICES

	AVERAGE SALES PRICES euro/sq m			***RENTS*** euro/sq m/year		
Prime areas	1,800	-	3,150	100	-	185
Intermediate areas	1,400	-	1,950	85	-	115
Areas on the outskirts	950	-	1,500	55	-	90

PROVINCE OF NOVARA

INDUSTRIAL PROPERTIES

The high-speed rail link is beneficial to the industrial market, which in 2010 recorded a slight growth over the preceding year, maintaining a positive trend that has lasted about five years.
There has been a strong increase in total take-up, even if the products are fairly standard and the costs modest. Despite the success in sales, average prices have fallen in line with the national average: between 5% and 10%.

VOLUMES

Total for the Province	
Square metres on the market	370,000
Square metres changing hands	278,000
Take-up overall (%)	75.1
Turnover (millions of euro)	122

PRICES

	AVERAGE SALES PRICES euro/sq m			***RENTS*** euro/sq m/year		
Outskirts of Novara	610	-	850	46	-	66
Immediate hinterland and primarily industrial municipalities*	450	-	690	36	-	58
Rest of the Province**	320	-	580	23	-	45

(*) Caltignana, Cameri, Casalino, Galliate, Garbagna Novarese, Granozzo con Monticello, Nibbiola, Romentino, San Pietro Mosezzo, Trecate.
(**) excluding municipalities in the immediate hinterland and those that are primarily industrial.

TERTIARY/OFFICES

The offices market of the city has gone against the trend, with an increase of almost 8% in 2010: the first part of the current year has confirmed this satisfactory progress. There are transactions both for small floor-spaces for professional practices and larger areas for companies. Demand is rising with firms moving from Milan. Rents and prices are largely stable.

VOLUMES

City of Novara	
Square metres on the market	22,000
Square metres changing hands	14,000
Take-up overall (%)	63.6
Turnover (millions of euro)	30

PRICES

	AVERAGE SALES PRICES euro/sq m	***RENTS*** euro/sq m/year
Prime areas	1,700 - 2,600	100 - 155
Intermediate areas	1,150 - 1,650	70 - 100
Areas on the outskirts	1,000 - 1,400	55 - 85

PROVINCE OF VERBANIA

INDUSTRIAL PROPERTIES

In this Province there has been a contraction of the market, which is historically limited, relying as it does on small warehouses used for a mixture of retail and light manufacturing. There has been some increase in size for traditional activities. Prices on average have fallen.

VOLUMES

Total for the Province	
Square metres on the market	210,000
Square metres changing hands	87,000
Take-up overall (%)	41.4
Turnover (millions of euro)	51

PRICES

	AVERAGE SALES PRICES euro/sq m	***RENTS*** euro/sq m/year
Outskirts of Verbania	450 - 780	36 - 68
Immediate hinterland and primarily industrial municipalities*	430 - 660	35 - 55
Rest of the Province**	320 - 570	24 - 45

(*) Arizzano, Cambiasca, Cossogno, Ghiffa, Miazzina, San Bernardino Verbano, Vignone.
(**) excluding municipalities in the immediate hinterland and those that are primarily industrial.

TERTIARY/OFFICES

The market has been stable, with an increase of over 10% in turnover in the course of 2010, as a result of a slight rise in prices in prime areas and those with a view of the lake.
The demand comes from local companies, but it is looking for properties that have been refurbished and are of good quality. There are good prospects also for the rest of 2011, after a positive trend in the first six months.

VOLUMES

City of Verbania	
Square metres on the market	9,500
Square metres changing hands	5,000
Take-up overall (%)	52.6
Turnover (millions of euro)	10.3

PRICES

	AVERAGE SALES PRICES euro/sq m			***RENTS*** euro/sq m/year		
Prime areas	1,650	-	2,650	90	-	150
Intermediate areas	1,000	-	1,950	60	-	110
Areas on the outskirts	950	-	1,450	55	-	95

PROVINCE OF VERCELLI

INDUSTRIAL PROPERTIES

The positive trend of the market in the Province of Vercelli has continued, with an increase of 5% in transactions and 10% of volumes on offer. Companies dealing with agricultural and commercial logistics are found in the area. There are prospects for further growth in the course of 2011. Prices have fallen by between 4% and 9%, and average yields have shown slight increases.

VOLUMES

Total for the Province	
Square metres on the market	220,000
Square metres changing hands	115,000
Take-up overall (%)	52.3
Turnover (millions of euro)	40

PRICES

	AVERAGE SALES PRICES euro/sq m	***RENTS*** euro/sq m/year
Outskirts of Provincial capital	310 - 630	24 - 50
Immediate hinterland and primarily industrial municipalities*	230 - 430	18 - 36
Rest of the Province**	200 - 410	16 - 33

(*) Asigliano Vercellese, Borgo Vercelli, Caresanablot, Desana, Lignana, Olcenengo, Prarolo, Salasco, Sali Vercellese, Villata.
(**) excluding municipalities in the immediate hinterland and those that are primarily industrial.

TERTIARY/OFFICES

The offices market is suffering a severe crisis, with transactions at a historical low. There are few negotiations and they are for small floor-spaces and almost always involving rental and not sale. Since 2008 prices and rents have fallen by between 10% and 14%. Even in the medium term prospects are poor.

VOLUMES

City of Vercelli	
Square metres on the market	5,000
Square metres changing hands	2,000
Take-up overall (%)	40
Turnover (millions of euro)	3.1

PRICES

	AVERAGE SALES PRICES euro/sq m			***RENTS*** euro/sq m/year		
Prime areas	1,100	-	2,150	60	-	110
Intermediate areas	950	-	1,600	55	-	90
Areas on the outskirts	750	-	1,300	40	-	65