

Torino Urban Profile 2019

Torino real estate market overview



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Torino Urban Profile would never have existed without the irreplaceable, passionate and experienced support of Francesco Fossati, who passed away prematurely, shortly before the finalization of the document. Francesco, colleague and friend, this TUP, as you liked to call it, is dedicated to you.

This research project is sponsored by the City of Torino



CITTA' DI TORINO



CENTRO ESTERO INTERNAZIONALIZZAZIONE
PIEMONTE Agency for Investments, Export and Tourism
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Why Torino Urban Profile 2019. Ceipiemonte and JLL

Torino Urban Profile 2019 (TUP) was drawn up to provide an overview of Torino real estate market to a growing number of players interested in operating and deepening the knowledge of this market, not exclusively referring to traditional sectors but also to emerging ones.

TUP was prepared by JLL in collaboration with Ceipiemonte (Centro Estero per l'Internazionalizzazione del Piemonte), on behalf of the City of Torino, aiming at providing a useful tool for investors, developers, property owners and strategic market players. All data contained in the report have been developed by JLL and Ceipiemonte and have been integrated through research activities, ad-hoc analyses and direct discussions with national and international operators. TUP also contributes to deepen Open for Business, a City strategical project which was created with the aim of attracting investments and presenting Torino and its territory as business oriented, representing a rebirth vision of the chief town after its crisis, making immediately clear to all investors, both Italian and foreign, what Torino wants and has to achieve.

Ceipiemonte guarantees complete assistance to companies willing to invest and run a business in Piemonte, advising on each aspect of a potential investment, by providing information on the wide range of opportunities offered by the region. It also supports foreign companies and multinational groups already operating in Piemonte to promote their growth and development on the territory. All services are free, tailor-made and totally confidential.

1. Torino Urban Profile 2019 – Executive summary

TUP 2019 has been drawn up by JLL in collaboration with Ceipiemonte to offer a useful tool to investors, developers, owners and strategic market players.

Torino at a glance

Torino is the fourth largest Italian city in terms of population and the third biggest economic and industrial hub after Milano and Roma. It has changed and evolved in recent years and is no longer merely industrial-oriented: it has become a renowned centre of excellence in research, technology and innovation, as well as internationally recognised at an academic level.

The city has successfully moved towards a services-oriented economy and it also hosts many companies listed in the Italian stock exchange. The corporate environment is also enhanced by several multinational companies that have decided to consolidate their presence in Italy. Torino, for instance, has a wide array of publishing houses making the city one of the top publishing capitals in Italy.

The International Airport Sandro Pertini of Torino is the main airport of the region, located only 16 km away from the city centre. Porta Susa and Porta Nuova are the two railway stations serving high-speed trains. Calls for tenders for Torino-Lyon high-speed line have been published. Line 1 of the underground was inaugurated for the 2006 Olympic Games and was the first automated line in Italy.

Italian real estate investment market

With a total volume of €5.1 billion in the first semester of 2019, Italy ranks 13th among the leading markets for investment in commercial real estate.



Office

The Real Estate world is undergoing radical changes, driven by developments in technology and new ways of working.

Over the last 5 years, the average annual take-up of office spaces in Torino has been of approximately 60,000 to 80,000 sqm per year, with a supply equal to about 240,000 sqm and a vacancy rate of 13%. The most demanded areas are confirmed to be the central and semi-central ones.

In the first half of this year, offices accounted for 37% of total investments, for a value of €1.9 billion, equal to a 41% increase over the same period in 2018. Since 2016, approximately €160 million have been invested in Torino office market, showing Italian investors as main players once again.



Logistics market

The stock of logistics properties in Italy amounts to approximately 26 million sqm, of which 3.8 located in Piemonte. Despite a recent development activity and the inauguration of innovative assets, the current stock appears obsolete.

Last-mile logistics and a renewed interest in light industrial assets currently aim at refurbishment and regeneration of vacant warehouses and abandoned industrial areas.

The Italian logistics investment market was dynamic in 2017 and 2018. The market activity was bolstered by international investors. Foreign capitals have played a major role in Piemonte as well, attracted by the presence of innovative properties let to the main logistics operators.



Retail market

Piemonte region shows a particularly high number of out-of-town centres, with a density of 464 sqm / 1,000 inhabitants (higher than the national average of 322 sqm / 1,000 inhabitants) and a total of 2 million sqm.

The Italian high-street market is experiencing a particularly favourable period, thanks to the willingness of both domestic and international brands to expand into markets other than Milano and Roma. Torino boasts a long and consolidated tradition of retailers that dominates both the city and the metropolitan area.

The metropolitan area of Torino recorded approximately €470 million in investments over the last 5 years, including 12 single assets, without considering a substantial number of mixed portfolios (6 for a total of approximately €900 million) that includes buildings located in the area.



Hotel

Torino has become an increasingly popular destination for tourists: after hosting 2006 Winter Olympics, the entire metropolitan area has been rediscovered and reinvented in terms of culture and tourism, boasting a steady increase in the number of visitors, particularly international ones.

Last year, overnight stays in accommodation establishments in the metropolitan area of Torino exceeded 7 million. The presence of foreigners has more than doubled over the last ten years.



Alternatives

The last few years have seen a growing interest in the sector of alternative investments: RSA, healthcare sector, student housing and innovative residential formats are increasingly attractive among institutional investors seeking for an asset class that explores new areas other than Milano and Roma, maintaining limited risk levels and constant returns.

In Italy, since 2014 to date, the alternative sector (including health and student housing sectors only) has reached approximately €1 billion in investments.



2. Italy today

A solid economic environment sustained by SMEs

Italy is one of the founding members of the European Union (EU) and of G7; it was admitted to the United Nations in 1955 and is a member of: NATO, the Organisation for Economic Co-operation and Development (OECD), the World Trade Organisation (WTO), the Organisation for Security and Co-operation in Europe (OSCE) and the Council of Europe.

Italy is the 8th largest economy globally and 4th in Europe. In the European Union, Italian manufacturing is second only to Germany in terms of value added, while it ranks 1st in agriculture. Italy is a major exporter, 3rd in Europe and 11th worldwide, thanks to sectors such as mechanical and automation, clothing and fashion, food, wine and furniture, as well as chemicals and pharmaceuticals. Italian companies invest in research and development in these sectors, ranking at the high-end of the market and at the top in terms of innovation and technology: according to a study by Fondazione Edison, 1 in 5 of the 5,000 products of excellence in the world is Italian.

In 2018, Italy was confirmed as the 5th most visited country in the world, thanks to its immense artistic, cultural and naturalistic heritage. Italy is the country with the highest number of UNESCO world heritage sites globally, including 55 sites and 40 candidates. The “Vineyard Landscape of Piemonte: Langhe-Roero and Monferrato” has been included in the UNESCO World Heritage List since June 2014.

Total real wealth of Italian households amounted to around €10,000 billion, eight times higher than disposable income. According to the Bank of Italy, this ratio is higher than French, Canadian, German, English, Japanese and U.S. households.

All these aspects generate a solid economic environment which sustains the Country and makes even small and medium-sized companies competitive in the global economy.

Italy: key macro-economic indicators

	2017	2018	2019 forecast	2020 forecast	2021 forecast
Population (% change on previous year)	-0.1%	0.0%	0.0%	0.0%	0.0%
GDP (% change on previous year)	1.8%	0.7%	0.1%	0.4%	0.5%
Unemployment rate (%)	11.3%	10.6%	10.2%	10.3%	10.2%
Industrial production (% change on previous year)	3.7%	0.5%	-0.4%	0.3%	1.7%
Companies profits (% change on previous year)	3.4%	-0.7%	2.7%	7.4%	1.4%
Imports (% change on previous year)	5.8%	1.8%	0.9%	2.0%	2.3%
Exports (% change on previous year)	6.4%	1.4%	2.5%	1.6%	2.2%
N° of universities in QS Ranking	28	30	30*	34*	n.a.
N° of international tourists (mln)	60.5	63.2	n.a.	n.a.	n.a.

*Final figures

Source: Oxford Economics, ISTAT and QS Ranking

3. Torino at a glance

An international city looking towards the future

The Metropolitan City of Torino expands outwards to the foothills and mountains to finally reach the French boundaries. This area is characterised by the presence of top-level training and research centres, a recognised capacity for innovation and transformation, multiple local and cultural traditions, a variety of landscapes and metropolitan, rural and mountain areas.








Torino is the fourth largest Italian city in terms of population and the third biggest economic and industrial hub after Milano and Roma. Economically speaking, Torino has historically been known as an industrial manufacturing city and as a driving force for the Italian automotive production sector. However, it has changed and evolved in recent years and is no longer merely industrial-oriented: it has become a renowned centre of excellence in research, technology and innovation, as well as internationally recognised at an academic level. Both Politecnico di Torino and Università degli Studi di Torino are included in the QS Ranking classification, which ranks top universities at global level, while the prestigious business school ESCP Europe has established one of its branches in the city since 2004.

Thanks to the manufacturing excellence of the territory, the metropolitan area of Torino ranks 2nd in terms of exports, consolidating its position on the international markets: automotive, mechanical, aerospace, Information and

Communication Technologies (ICT) and renewable energy are among its leading sectors. In order to support its economic environment and employment, Regione Piemonte has established Innovation Hubs: groups of SMEs, large companies, innovative start-ups and research entities active within a specific technological or application field. The innovation hubs in Piemonte count over one thousand participants, comprising 858 SMEs, 133 large companies, 60 research centres and 43 other entity typologies. The city of Torino has 3 Innovation Hubs, including the ICT Hub and the green / cleantech one.

The tourism sector, which has enjoyed significant growth thanks to 2006 Winter Olympics and to public investments to relaunch Torino as a city of art, is a driving force for the economy. Torino is the 8th most visited city in Italy, with over 1.2 million visitors per year, while the metropolitan area ranks 11th. The renovation of the Museo Egizio contributed to significantly strengthen the city cultural offer and, in fact, it's the most visited attraction in Torino (850,000 visitors annually and 8th most visited museum in Italy), along with Museo Nazionale del Cinema and Residenze Sabaude. Bardonecchia, Sestriere and Sauze d'Oulx, major centres in the Via Lattea ski area are among the top skiing destinations in Europe.

Key figures for the metropolitan area of Torino

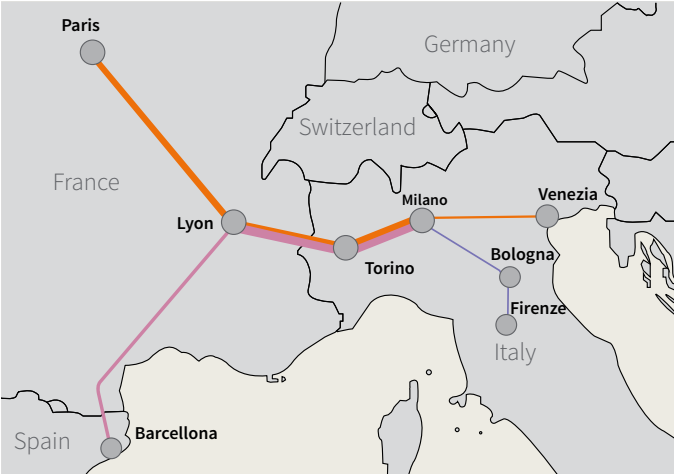
	2,259,523 (2019) Inhabitants	331 (2019) Inhabitants / sq.km	221,842 (2019) Foreigners	€ 23,266 (2017) Average disposable income per capita in Torino
	1 Airport	3,050 km Roads	8 lines, 93 stations served Public transport: 16 tramway lines, 83 bus lines and 1 underground line, metropolitan railway service	17 million / year Public transport passengers
	193,423 (2018) Active companies	658 Multinational companies	€67 bn (2016) GDP	4.3% (2016) National GDP
	13 University and AFAM locations	102,769 (2017 / 2018) No. students	9% (2017 / 2018) Foreign students	1,500 (2016 / 2017) ERASMUS students
	312 Municipalities	6,827 kmq Territorial area	52% Mountainous area	4,700 km Bicycle paths
	7 Parks in the region	8 Regional natural reserves	5 Parks in the metropolitan area	4 UNESCO sites
	2,506,000 (2018) Tourists	25.5% Foreign tourists	70,024 (2018) Beds	3,550,000 (2017) Museums visitors

Source: ISTAT, Provincia di Torino, Infocamere, Oxford Economics, MIUR

Infrastructure

Modern infrastructure designed and conceived for the future

The International Airport Sandro Pertini of Torino is the main airport of the region, located only 16 km away from the city centre. Renovated and expanded in occasion of 2006 Winter Olympics, it recorded around 4.1 million passengers¹ in 2018, the 2nd highest result ever. The new arrivals area was inaugurated in July 2019 for a total of 4,500 sqm. The SFM Torino-Aeroporto-Ceres railway line, operated by GTT, connects the city to Caselle International Airport in just 19 minutes. Once Torino Passante Ferroviario is completed (a cross-city railway that will connect the city centre to the north-west area, Juventus Stadium, Venaria Reale and Lanzo Valleys), along with Corso Grosseto tunnel, this line will provide travellers with direct service to the city from the airport.



High-speed trains have progressively replaced air travel on some national routes: Porta Susa and Porta Nuova are the two railway stations serving high-speed trains, both with frequent connections to the major Italian cities (North-South route to Salerno and East-West to Venice), as well as direct trains reaching French cities, including Paris. In particular, Porta Nuova is the third largest Italian railway hub for passenger traffic, with flows of approximately 190,000 passengers per day and 70 million per year.

Calls for tenders for Torino-Lyon high-speed line have been published and will be approved by the end of 2019, envisaging approximately 8 years of works until completion. Travel times between Italy and France will consequently undergo a drastic reduction: Paris will be only 3 hours away from Torino, compared to the current 5 and a half hours. A continuation of the railway links to London has been envisaged thanks to the existing Eurotunnel, accessible in just 5 hours from Torino, a scenario which would therefore be competitive with air links. Torino is currently accessible from Milano in just 50 minutes, via 45 high-speed trains per day, in addition to the Intercity and regional trains that run along the historical route. There are a total of over 450 trains to and from Torino each day.

Line 1 of the underground was inaugurated for 2006 Winter Olympic Games and was the first automatic line in Italy. Recently extended, it currently counts 21 stations, transporting an average of over 130,000 passengers on weekdays. Two additional extensions are currently under construction: one heading to the South, towards Piazza Bengasi, expected to begin operating by 2021, and one heading to the North, towards Cascine Vica, which will be completed in 2022. Moreover, Line 2 is at a planning stage: this new urban transport link will include 23 stations and will pass through highly strategic points such as Fiat Mirafiori, the Olympic Stadium, Politecnico and the historical centre. Works are expected to begin within 2022 and to be completed and operating by 2029.

The public transport offer is completed by the abovementioned Passante Ferroviario, which began operating in 2016, covering 13 km predominantly below ground and serving neighbourhoods previously not reached by the underground. Together with Roma and Napoli, Torino is the first city to be served by 5G: initial testing has already been launched, at a speed of about 10 times 4G, revolutionising the telecommunication sector.

Key urban regeneration projects



Asset / Area: Former RAI Building

Location: Via Cernaia 33, 200 mt from Metro Line 1 and from Porta Susa high-speed station

Description: Headquarters of Rai Direzione Generale of Torino until 2014, the building was built in the 1960s based on a design by Domenico Morelli and Aldo Morbelli, and it is one of the highest and most visible in Torino. The use is office, with exhibition and conference activities permitted, as well as hospitality.

Asset / Area: Torino Nuova Economia (TNE)

Location: Corso Luigi Settembrini 164, 1 km from the city ring road and 8 km from Porta Susa high-speed station

Description: Approximately 300,000 sqm of former industrial area to be redeveloped, enhancing its strategic role with the creation of a new multi-purpose innovation, research and development centre. The area is split into three sections (A, B, C). The Design Center (2011) and new Tecnocad Progetti headquarters have already been built; Nova Coop will develop a multifunctional centre within 2021. Politecnico di Torino and Unione Industriale di Torino are currently evaluating the creation of a “Manufacturing Technology Competence Center”; production activities and services are also envisaged.

Timing: Immediate availability

Asset / Area: Former Westinghouse – New Congress Center

Location: Via Paolo Borsellino 20, 1 km from Metro Line 1 and from Porta Susa high-speed station

Description: The project for a new Congress Center is foreseen in one of the most interesting areas of Torino, in terms of accessibility and quality of new urban projects, including Intesa Sanpaolo headquarters in Torino, doubling of Politecnico di Torino, Energy Center and OGR Cultural Hub.

Timing: Congress Centre management to be selected

Asset / Area: Porta Susa Spina 2

Location: Corso Inghilterra, directly linked to Porta Susa Station

Description: A 7,400 sqm lot situated in front of Intesa San Paolo tower designed by Renzo Piano; opportunity to achieve a higher volume by adding various uses (office, hotel, retail and residential).

¹Assoaeroporti 2018

Asset / Area: Urban development, railway areas

Location: Porta Susa Spina 2, Oddone Spina 3, Rebaudengo Spina 4, Lingotto Parco della Salute, Lingotto FS, San Paolo, Brunelleschi

Description: Development of seven railway areas covering approximately 500,000 sqm. The project envisages urban regeneration projects, the enhancement of the territory in terms of environmental sustainability, infrastructural integrations and changes of asset use.

Asset / Area: Masterplan, Politecnico di Torino

Location: Campus centrale ingegneria (Corso Duca degli Abruzzi, 24), Campus Valentino (Viale Mattioli, 39)

Description: Expansion project of the current locations and redevelopment of the existing buildings for an additional area of over 100,000 sqm. Expansion of Cittadella Politecnica is envisaged, along with the Energy Park area and Campus Valentino, through the creation of new lecture halls, a cultural centre, areas for events, study and recreational activities, an auditorium and services.

Asset / Area: Parco della Salute, della Ricerca e dell’Innovazione

Location: Ex area Avio-Oval

Description: Creation of a new innovative district which will host structures and activities actually carried out by the city main hospitals. The project involves an health and clinical training center, a research center, a didactic center and a residential component for a total of over 170,000 sqm.

Corporate scenario

From industrial city to capital of services, information technology and innovation

Torino has always been characterised by a dense industrial environment: FIAT (now FCA) contributed to the growth of the satellite activities linked to automotive, particularly in the 60s. However, with the recent deindustrialisation, the city has successfully moved towards a services-oriented economy. In this respect, the presence of 3 United Nations agencies is significant: United Nations Interregional Crime and Justice Research Institute (UNICRI), International Training Centre of International Labour Organisation (ITC-ILO) and United Nations System Staff College (UNSSC), providing training to United Nations officers.

OGR Tech, the new innovation hub, was inaugurated in June 2019: approximately 12,000 sqm of space available for startups, mentors and investors, to establish and grow business and new companies. OGR Tech is the beginning of a three years collaboration with several Torino-based foundations such as Compagnia di San Paolo e Crt, Intesa Sanpaolo Innovation Center and Techstars, an American business accelerator.

Torino has a wide array of publishing houses making the city one of the top publishing capitals in Italy, as demonstrated by hosting the 32nd edition of the Salone Internazionale del Libro, one of the key European events of the sector. Einaudi, EDT, SEI, Istituto Geografico Centrale and Effatà are based in the city, just to name a few.

The city also hosts various companies listed in the Italian stock exchange, such as BasicNet (multinational company that comprises many internationally recognised brands, such as Superga, K-Way, Robe di Kappa, etc.), Prima Industrie, Reply and Juventus. In addition, we find more industrially-oriented companies: apart from the aforementioned FCA, the area hosts numerous groups, such as GM Global Propulsion System (mechanical engineering), GE-Avio (aerospace), Denso (thermal systems), Mahindra (automotive, owner of the Pininfarina group), Kimberly-Clark (paper products) and Comau (robotics).

Mention also goes to major companies like Lavazza (Italian multinational company present in over 90 countries), Reale Mutua (operating in the insurance sector, with turnover of over €4 billion in 2017), Intesa San Paolo (top banking group in terms of capitalisation and market share) and RAI (which has one of its 4 Italian production centres in Torino).

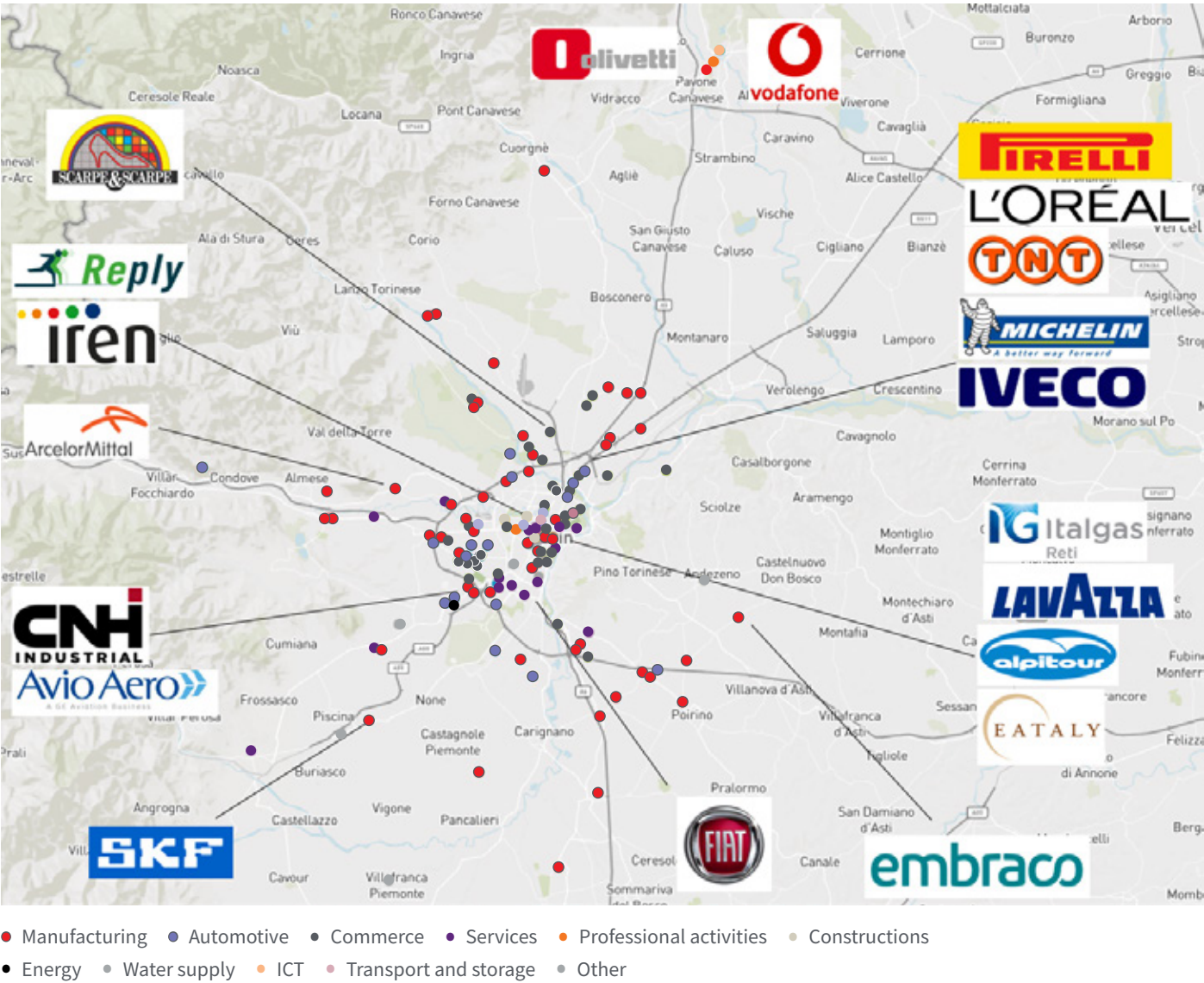
The corporate environment is also enhanced by several multinational companies that have decided to consolidate their presence in Italy: IBM, Accenture, Altran, Allianz Subalpina and the “Big Four” in business consulting, namely PWC, E&Y, Deloitte and KPMG, all well-represented in the capital.

An analysis of the key corporates in the metropolitan area of Torino with turnover of over €75 million shows a highly varied economic environment, which is however still very focused on the manufacturing and automotive sectors: these two categories account for 76 of the top 160 companies in Torino by turnover. The automotive sector alone generates 54% of the turnover produced by

the 160 companies considered. The commercial, services and information technology sectors are accounting for an increasingly higher economic weight: 62 companies for a total turnover of just under €16 billion.

At the local level, there are no specialised districts, although a predominance of manufacturing and automotive companies are situated in the peripheral areas of the city, near motorway junctions or along the city ring road. Many companies in the trade, services and ITC sectors are located along Torino North-South axis.

Top 160 corporates by turnover, metropolitan area of Torino



4. Italian real estate investment market

With volumes clearly up, the Italian commercial real estate market trend remains positive, benefiting from the inflow of international capital

With a total volume of €5.1 billion in the first semester of 2019, Italy ranks 13th among the leading markets for investment in commercial real estate, confirming the growing interest in our Country. Despite the slowdown in 2018, the trend is positive. The foreign role is once again decisive for the growth of the national market. Volumes during the first half of 2019 were up significantly compared to the same period of 2018 (+36%), as well as with respect to the average of the same period for the last 5 years (+19%). Investments at the end of June 2019 were also higher than the 2017 levels, record year for the Italian market.

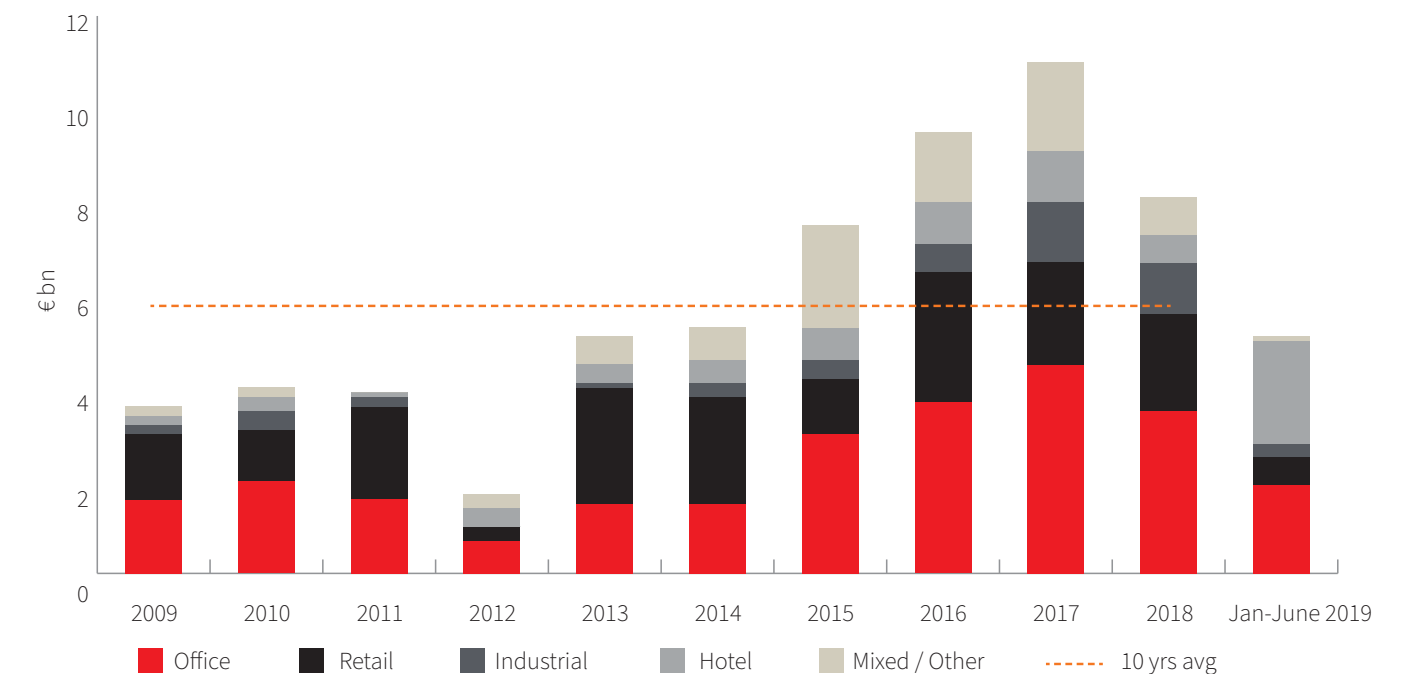
The office sector recorded strong demand during the half-year, confirming investors' interest in the sector, while Milano continues to lead the market in terms of both leasing and investments. The hotel sector drove volumes during the half-year, with a record value (€2.2 billion), partly thanks to the purchase of the Belmond Portfolio² by LVMH³.

The market is seeing a steady increase of foreign capital, which in the last 18 months accounted for 70% of the total volume. Key players in the market include capital from France, USA, UK, Germany and South Korea.

Milano is still the most liquid market even in 2019, accounting for 34% of investments; the total volume recorded in Roma was €0.7 billion, stable in annual terms. The weight of secondary locations has been essentially steady over the last 2 years at around 18-19%, thanks to the retail sector in 2018 and the hotel sector in 2019.

Over the next few months, we expect investors to keep focusing on the office sector, the most renowned fashion streets and the logistics sector, increasing the allocation of capital to real estate and following a more defensive approach. Demand for alternative assets such as student housing, houses that are professionally managed and purpose-built for rent and senior living is expected to increase as well, although hindered by a lack of supply and by the necessary timescale to create new product.

Italy, investment volume in CRE (€ bn), 2009 – 1st semester 2019



² Belmond Portfolio: 46 luxury hotels throughout the world, of which 7 in Italy

³ LVMH: Moët Hennessy Louis Vuitton SE is a French multinational and conglomerate with headquarters in Paris. It owns over 70 brands of major companies in the world of fashion (like Christian Dior, Bulgari, DKNY, Fendi, Céline, Guerlain, Givenchy, Kenzo, Loro Piana and Louis Vuitton), watches (TAG Heuer), wines and liqueurs (Moët & Chandon, Veuve Clicquot and Hennessy), publishing (Les Échos and Le Parisien), retail distribution (Sephora and Le Bon Marché), and luxury hotels

5. Office market

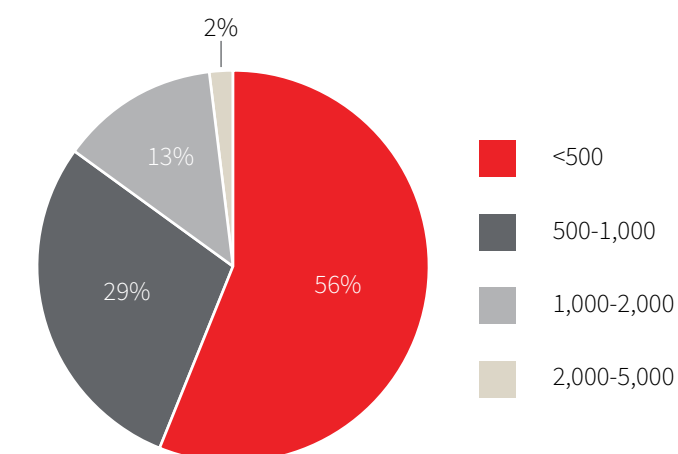
An evolving demand in a market that tries to build its own identity

Stock and supply

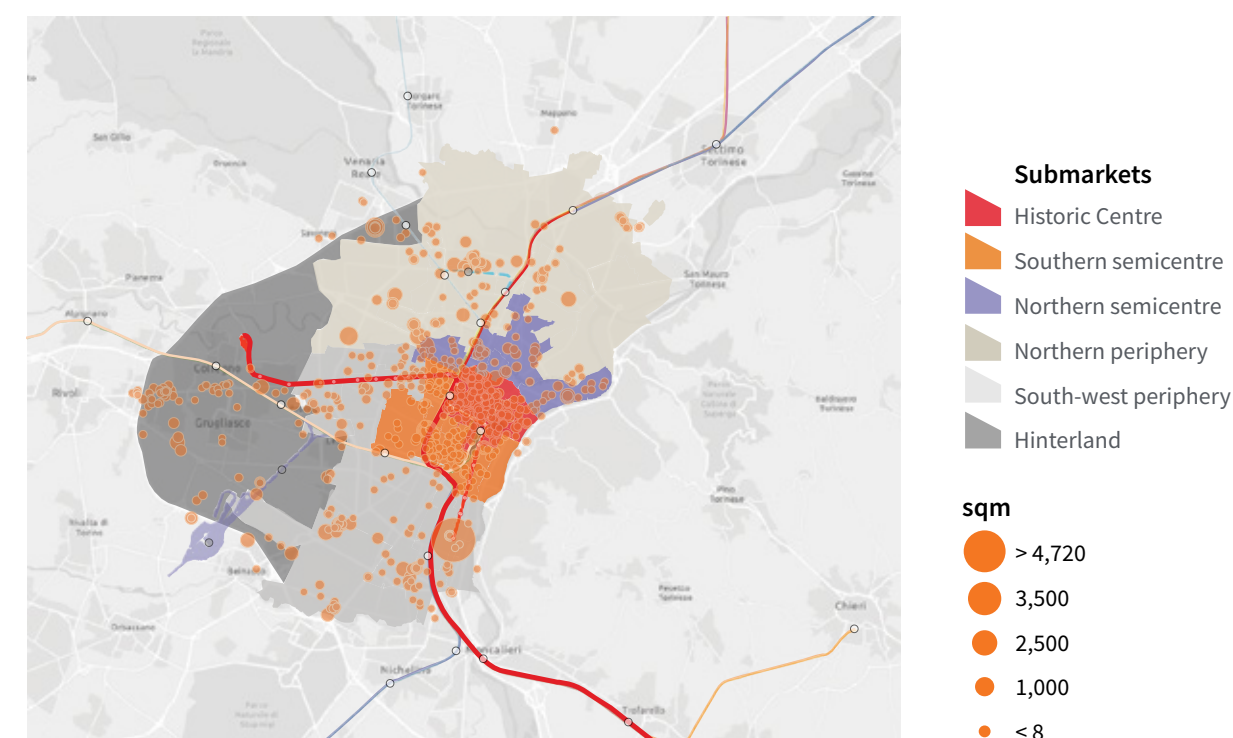
Office sector in Torino has historically developed as a support to the many industrial and manufacturing activities that predominantly characterised the city. Today, this is reflected in the quality and location of the stock which appears to be obsolete, mainly located in mixed-use buildings and the well-known absence of a real business district. Torino economy is increasingly transforming into a services-based economy, without losing its strong roots in the manufacturing and automotive industry. Corporates have new requirements: they are subject to growing pressure to achieve their profit and growth objectives and they operate within an increasingly unstable economic context. Companies are constantly called to reinvent their strategies in response to a continuously evolving market and to support the personal and professional growth of their resources, providing them with innovative and efficient space and creating an inclusive work environment to attract and retain new talents. The Real Estate world is undergoing radical changes, driven by developments in technology and new ways of working. The lack of space in line with demand requirements represents an opportunity to create a new-generation of real estate product able to meet the current market needs.

The stock of office properties in Torino amounts to over 1.8 million sqm, with supply equal to about 240,000 sqm and a vacancy rate of 13%. Over half of the available supply includes areas of less than 500 sqm, while 29% of the supply consists of areas between 500 and 1,000 sqm. A large part of supply is concentrated in the historical centre and in the semi-central areas; supply in the peripheral areas and hinterland is mainly situated near the major roadways and underground line.

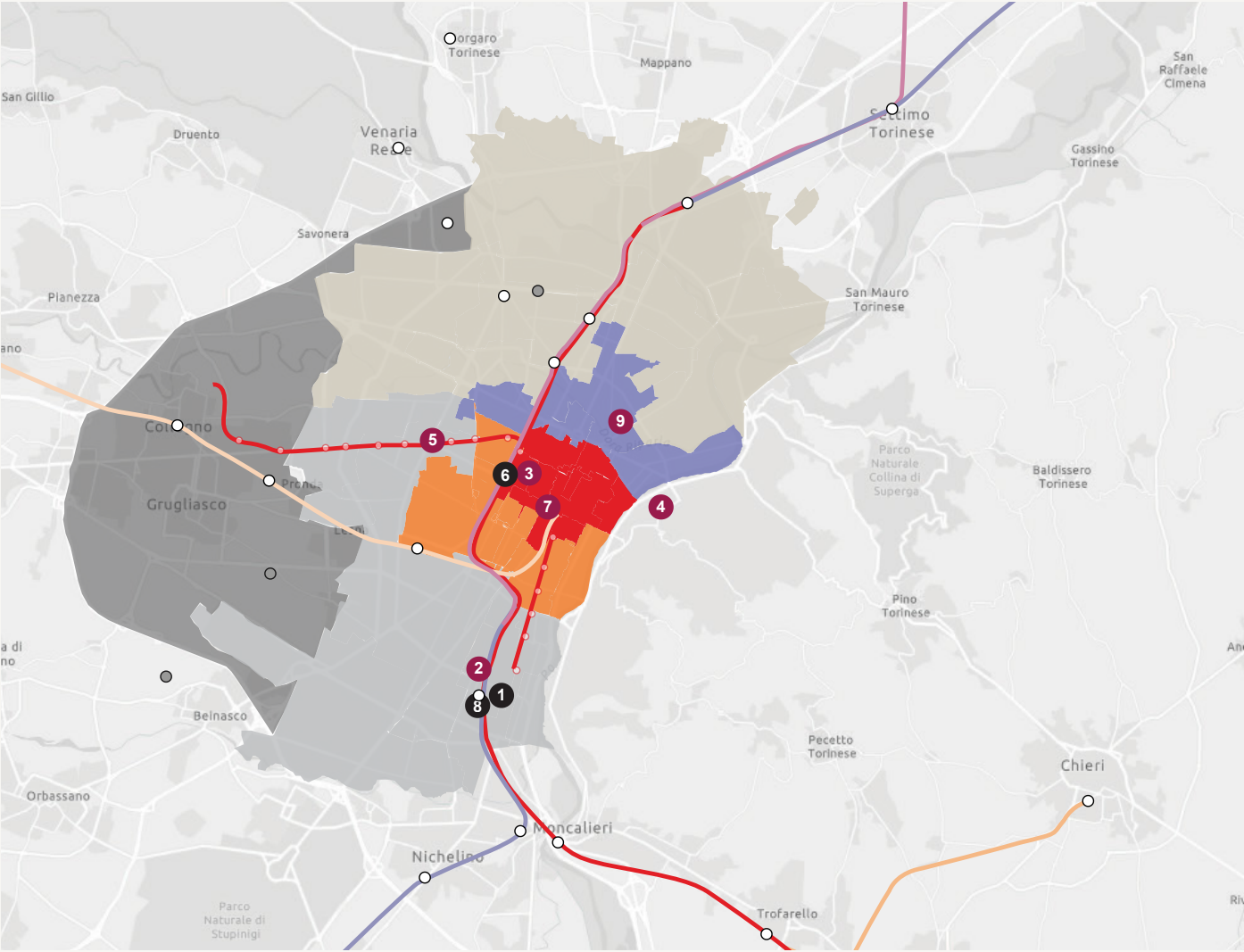
Supply by size class (sqm)



Torino, supply of office space, June 2019



Key projects in pipeline



Typology

● Refurbishment ● New

1. Regione Piemonte Headquarters
2. Arcate ex MOI
3. Campus Reply – Ex Ettore de Sonnaz Barracks
4. Ex Lamarmora Barracks
5. Amione Barracks – Nuova cittadella della pubblica amministrazione (Public administration Headquarters)
6. Spina 2 Porta Susa – Lotto Torre
7. InfraTo Headquarters
8. Direzione Territoriale Produzione di Torino - new headquarters
9. Ballada Foundry

Among the main office projects in pipeline, over 200,000 sqm refer to areas linked to the major redevelopment project of Spina Centrale which, still underway, crosses the city from north to south, planning the construction of new buildings and the regeneration of entire urban areas. New projects for approximately 20,000 sqm refer to the redevelopment of former barracks (Lamarmora and Ettore de Sonnaz) or former industrial areas, such as the old Ballada Foundry or the ex FIAT Avio site, where the new headquarters of Regione Piemonte and Parco della Salute will be located.

Leasing market

Torino office market demand is driven by four main categories of tenants:

- Local and international professional firms and service sector;
- Financial, industrial and other sectors companies based in Torino;
- Start-ups in robotics and digital sectors, mainly connected to automotive;
- National and multinational companies.

Over the last 5 years, the average annual take-up of office spaces in Torino has been of approximately 60,000 to

80,000 sqm per year, with a supply equal to about 240,000 sqm and a vacancy rate of 13%. The most demanded areas are confirmed to be the central and semi-central ones.

Over the last few months, particular mention goes to the inauguration in the Aurora district of the building “Nuvola”, the new headquarters of Lavazza, designed by Cino Zucchi. Also Eaton moved to its new headquarters at Corso Francesco Ferrucci, 112. CDP has announced the opening of a new location in Torino, while Politecnico di Torino will transfer some of its activities to the asset located in Corso Francesco Ferrucci 112, recently redeveloped by Covivio⁴. Even cutting-edge and start-up firms in the digital and robotics sectors like Azzurro Digitale and Universal Robot have opened branches in Torino, confirming the appeal of the local economic environment.

Main leasing transactions, 2018 – 1st semester 2019

Year	Corporate	Address	Sub-market
2018	Lavazza	Via Bologna, 32	Northern semicentre
2018	Tyvak International	Via Orvieto, 19	Northern periphery
2018	Icona Design	Piazza Maria Teresa, 3	Historic Centre
2018	Santander Consumer Bank	Corso Massimo D’Azeglio, 33	Southern semicentre
2018	Novus Solutions	Via Nizza, 262	Southern periphery
2018	RCS	Galleria San Federico	Historic Centre
2018	Azzurro Digitale	Via Giuseppe Giacosa, 36 / 38	Southern semicentre
2018	Pininfarina Engineering	Via Nizza, 262	Southern periphery
2018	Universal Robot	Via Lessolo, 3	Northern semicentre
2019	Radar Consulting	Via San Francesco d’Assisi, 22	Historic Centre
2019	CDP	n.a.	Historic Centre
2019	Gi Group	Corso Francesco Ferrucci, 112	Southern semicentre
2019	Politecnico	Corso Francesco Ferrucci, 112	Southern semicentre
2019	Reply	Via Nizza, 262	Southern periphery
2019	Société Générale	Via Nizza, 262	Southern periphery
2019	Eaton	Corso Francesco Ferrucci, 112	Southern semicentre

⁴ Covivio: Real estate operator formed by the merger between Fonciere des Regions and Beni Stabili. Listed in Paris and Milano since 2 January 2019, Covivio is the fourth biggest real estate company in Europe, active in the office, hotel and residential sectors



Investments

The Italian office investment market confirms its relevance in the Italian commercial real estate market also for 2019. In the first half of this year, offices accounted for 37% of total investments, for a value of €1.9 bn, equal to a 41% increase over the same period of 2018. On average, over the last 5 years, the segment collected €3.2 bn per year, mainly sustained by international capital, which contributed for the 66%.

Since 2016, approximately €160 m have been invested in Torino office market, showing Italian investors as main players once again. The biggest deals of the last 2 years include the acquisition by Fabrica SGR⁵ of the former FIAT headquarters at Corso Guglielmo Marconi 10 and the headquarters of La Stampa at Via Ernesto Lugaro 15, along with the purchase of the asset occupied by Vodafone Italia in Ivrea (TO) by Cromwell⁶.

Torino, key office market indicators

	June 2019	12-month outlook
Prime net yield ⁷	5.50%	→
Prime rent ⁸	200 € / sqm / year	→

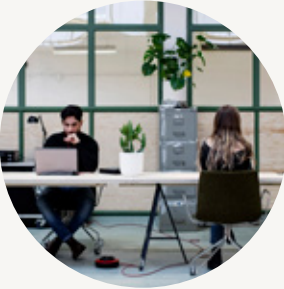
⁵ Fabrica SGR: Asset management company active since 2005 and specialised in real estate funds reserved for institutional investors. Today, it manages 14 real estate funds for a total assets under management of approximately €3.8 billion

⁶ Cromwell Property Group: One of the leading real estate operators and investors worldwide, established at the end of the 1990s in Australia. At the global level, the group has over €7.3 billion in assets under management, a portfolio of over 312 assets on three continents for a total of 4 million square metres and 13 headquarters throughout the world

⁷ Prime net yield: Represents the best yield estimated to be achievable for a notional office property of the highest quality and specification in the best location in a market. The property should be let at the prevailing market rent to a first class tenant with an occupational lease that is standard for the local market. It includes acquisition costs and transfer taxes

⁸ Prime rent: Represents the top open-market rent that could be expected for a notional office unit of the highest quality and specification in the best location in a market. The rent quoted normally reflects prime units of over 500 m² of lettable floorspace

Trends



Flex

Agile and flexible workspaces. Both large and small companies have begun to experiment with new concepts of space and flexible models, redefining the existing environment to create a more flexible and dynamic one



Inclusive workplace

An inclusive workplace culture drives innovation, creativity and results. Create an environment where people can grow from a personal and professional point of view improves the employees performance



Future Fit enterprise

Forward-thinking companies consider real estate as a leverage to enhance their business goals. Indeed, companies that have invested in outsourcing strategies and innovation and which have a high level of collaboration have seen their profits grow



Digital imperative

Over the next 3 years, corporate investments will focus on technology, with priority given to IoT and Smart technologies. An increasing number of companies will prefer integrated workplace management and data warehousing systems

6. Logistics market

A dynamic sector in terms of both tenants and investors, with new sales trends, broad supply and good accessibility



Stock and supply

The stock of logistics assets in Italy amounts to approximately 26 million sqm, of which 3.8 are located in Piemonte. Institutional investors account for the majority of sqm in this region (40%) with a total of 43 assets; they are followed by interports in terms of sqm (25%), although they only count 3 locations (Rivalta Scrivia, Orbassano and Novara). It is also worth noting the presence of end users, which with approximately 800,000 sqm and 39 properties, predominantly comprise retailers and 3PL⁹ and, to a lesser extent, manufacturing companies and couriers. Private individuals own only 12% of the areas, represented by buildings with smaller average size (18,000 sqm). Despite the recent development

activity and the inauguration of innovative assets, the current stock appears obsolete: out of a sample of 45 assets, over 50% were built prior to 2006.

Torino northern area is the most relevant for operators, particularly the Torino-Milano axis. The limited amount of recently built product impacts the trends in rent, supporting the launch of new development sites.

Development projects planned for the end of 2020 in Torino amount to approximately 350,000 sqm (of which 50,000 speculative), equal to the 17% of the total envisaged throughout the entire country. Novara is the province with the most fervent activity, particularly in view of the new logistics hub of XPO Logistics¹⁰ currently under construction in Trecate.

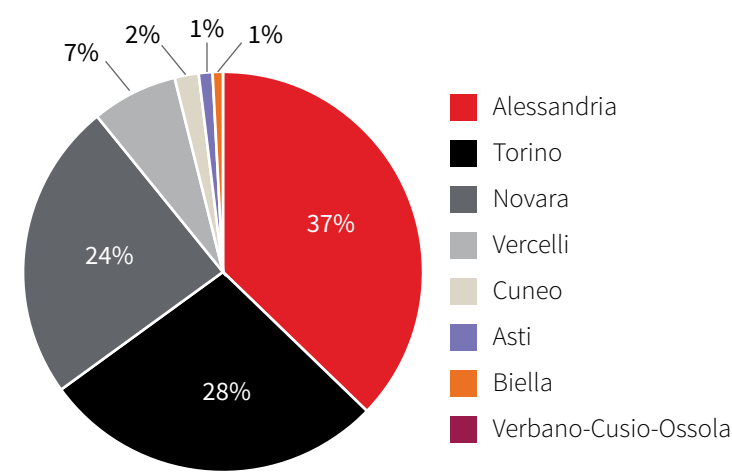
Piemonte: stock and key projects in pipeline (July 2019-2020)



⁹3PL – Third Party Logistics: Provider of integrated logistics services

¹⁰ XPO Logistics: Global provider of transport and logistics solutions

Piemonte, stock by province



Piemonte, key projects in pipeline

Location	Tenant	sqm	Completion date	Type
Trecate (NO) – LCP Trecate XXL	Kering	160,000	2020	Pre-let
Novara – New DSV HUB	DSV	40,000	2019	Owner occupied
Novara – New DSV HUB	Bertola	25,000	2019	Owner occupied
Orbassano (TO)	Susa Trasporti	16,000	2020	Pre-let
Novara	XPO Logistics	15,000	2019	Pre-let
Santa Vittoria D'Alba (CN)	Sandri Trasporti	12,000	2019	Owner occupied

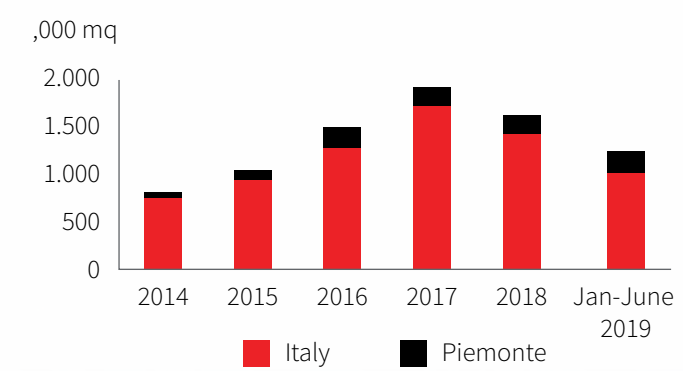
Demand

The logistics leasing market has registered a significant growth in Italy over the last two years, reaching the record level of 1,700,000 sqm in 2017 and demonstrating ongoing interest by operators also during the first half of 2019. In this scenario, Piemonte has accounted for 12% of the national market from 2009 to present, also recording high take-up levels in the last six months (240,000 sqm). In Piemonte, average take-up deal has an average size of 17,800 sqm and it has historically been dominated by 3PL (35%), despite their presence in the last 5 years has been decreasing in favour of manufacturing companies (from 15% to 19%) and e-commerce (from 13% to 17%). The latter phenomenon in particular has contributed to

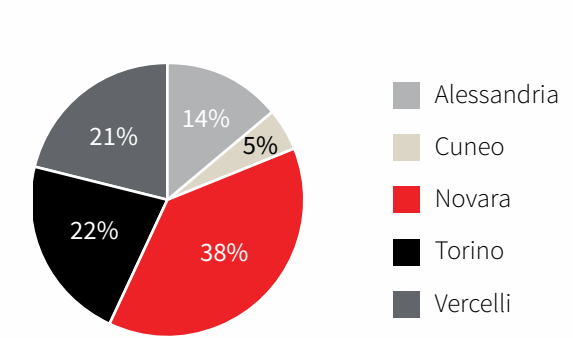
foster the demand for space in the last few years, encouraging key operators to seek for newly designed, multiple floors and equipped with advanced technologies warehouses.

In July 2019, FCA announced that the electric 500 vehicle will be manufactured in Mirafiori plant, where the production capacity will be of 80,000 cars / year and 1,200 workers will be employed. Torino plant is therefore confirmed as the Group’s leading production hub with positive effects on the manufacturing and logistics production and a growing specialization on the electric vehicle market and the luxury sector.

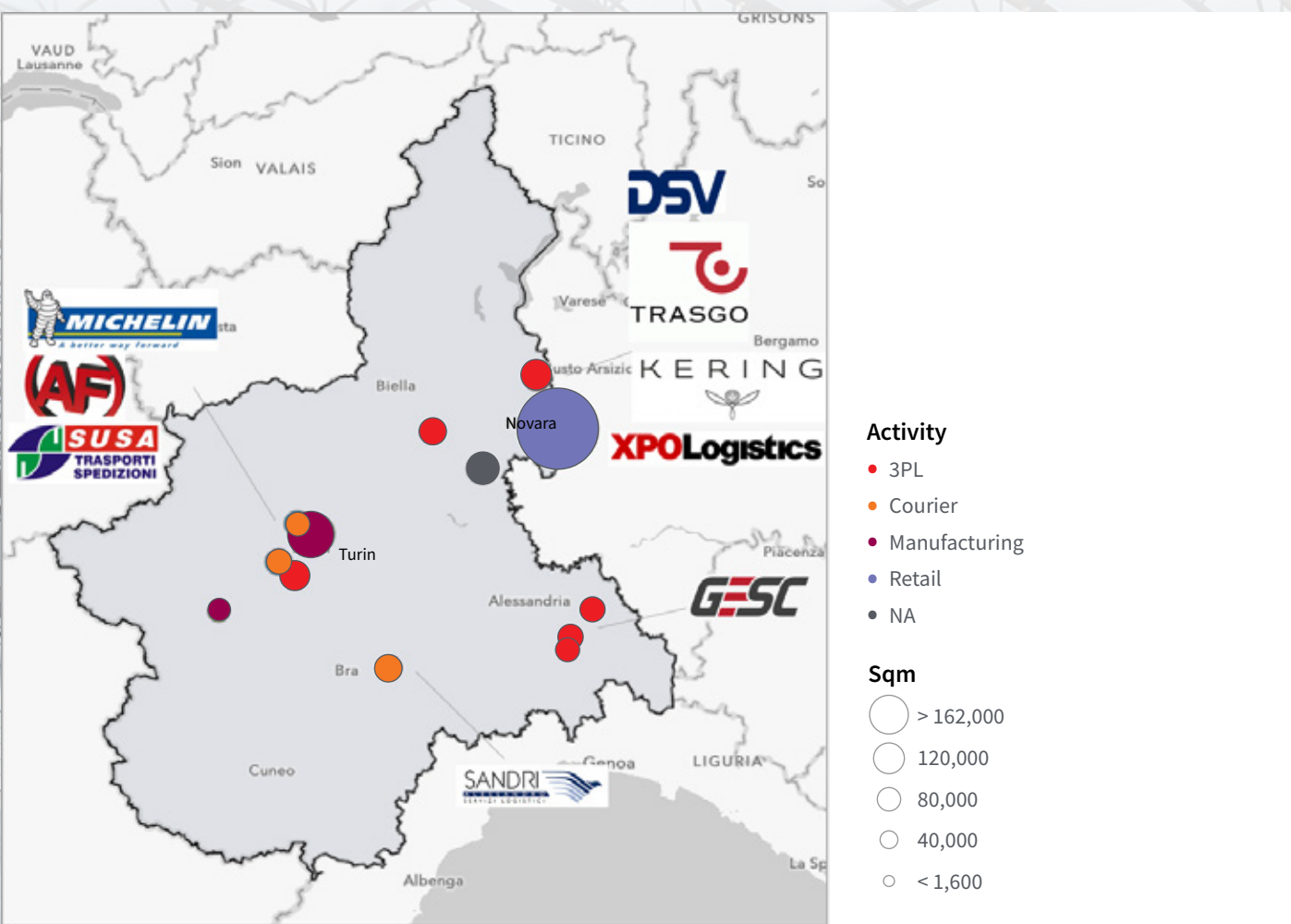
Logistics take-up, 2014 – 1st semester 2019



Piemonte: take-up by province



Piemonte: logistics take-up, 2018 – 1st semester 2019





Last-mile logistics and light industrial assets

Last-mile is a relevant segment that has led to the creation of numerous distribution centres close to urban agglomerations. Last-mile logistics and a renewed interest in light industrial assets currently aim at refurbishment and regeneration of vacant warehouses and abandoned industrial areas. The issue in redeveloping existing assets is also linked to local regulations aimed at limiting soil consumption and developments on greenfields, as in Lombardia.

The concept of last-mile logistics applies to trade, including e-commerce, couriers and postal services, hotels and restaurants, construction and waste-related activities and their recycling. The volume of deliveries has significantly increased following the advent of e-commerce, with a consequent exponential growth in the number of delivery points, while increasingly congested cities have led local governments to regulate the circulation and the access to large urban centres. An efficient last-mile logistics system is essential for companies in order to maintain high competitiveness in terms of costs, customer satisfaction and reduction of environmental impact, increasingly significant topics for companies, as well as for consumers and local administrators.

With this in mind, there is a high demand in the cities for small properties located near the major motorways. As evidence of the good level of demand, 69% of total transactions in Piemonte during the last 5 years concerned assets with an area of less than 20,000 sqm.

Investors with a value added or opportunistic profile are increasingly focusing on speculative developments and properties to be redeveloped, even in markets once considered secondary, as Piemonte. Even the light industrial segment is once again interesting for some specialised players, but only if the locations are excellent and lease contracts long.

Regarding the recovery of brownfields, the sale of an area of 38,000 sqm in the municipality of Beinasco was recorded in 2019: the area owned by Comau Spa, a subsidiary company of FCA Group, was sold to dott. Gallina Srl, a local multinational company active in the production of plastic material for the industrial, construction and automotive sectors. Given the manufacturing nature of Torino, we expect an high interest for the territory.

Last mile and light industrial assets have seen a strong and active demand contributing to rental growth and yield compression in the main markets.

Investments

The Italian logistics investment market was dynamic in 2017 and 2018: volumes grew exponentially reaching a record level of approximately €1.1 billion in 2018 (net of Logikor deal¹³ in 2017). Market activity was bolstered by international investors interested in a wide range of logistics products, from last mile to light industrial assets, driven by the return of speculative developments on the market.

Foreign capital (particularly from Asia) has played a major role in Piemonte, attracted by the presence of innovative properties let to primary tenants: major transactions include Amazon in Torrazza Piemonte and the sale of properties in strategic locations such as Torino-Venezia corridor. It is also worth mentioning the activity of national operators standing out for *owner-occupation*¹⁴ transactions and redevelopment projects of areas such as the former OGM (Officine Grandi Motori).

Torino, key logistics market indicators

	June 2019	12-month outlook
Prime net yield ¹¹	6.50%	↓
Prime rent ¹²	42 € / sqm / year	→
Prime net yield light industrial	9.50%	↓
Prime rent light industrial	45 € / sqm / year	→
Prime net yield last mile	6.00%	↓
Prime rent last mile	55 €/sqm/year	↑

Top Buyer Piemonte

Vestas Investment Management | PGIM | KKR & Co. | Esselunga | Zust Ambrosetti | Arab Bank

Trends

E-Commerce
Driving continued growth in logistics

Data and automation
Optimizing supply chain and warehousing

Flex
On-demand warehouses to meet a changing demand

Last mile
Challenges and opportunities to find solutions next to urban centres

¹¹ Prime net yield: Represents the best yield estimated to be achievable for a notional distribution warehousing unit of the highest quality and specification in the best location in a market. The property should be let at the prevailing market rent to a first class tenant with an occupational lease that is standard for the local market. It includes acquisition costs and transfer taxes

¹² Prime rent: Represents the top open market rent that could be expected for a notional distribution warehousing unit of the highest quality and specification in the prime location within a market (i.e., logistics hub)

¹³ Logikor Deal: Involved the sale of Blackstone's pan-European company Logikor to China Investment Corporation (Chinese sovereign fund). Logikor is a company established by Blackstone in 2012, managing logistics assets across Europe

¹⁴ Owner occupation: Acquisition of a property for direct use by the purchaser

7. Retail market

An historic and prestigious high-street scenario combined with the most modern and innovative shopping

Out-of-town market

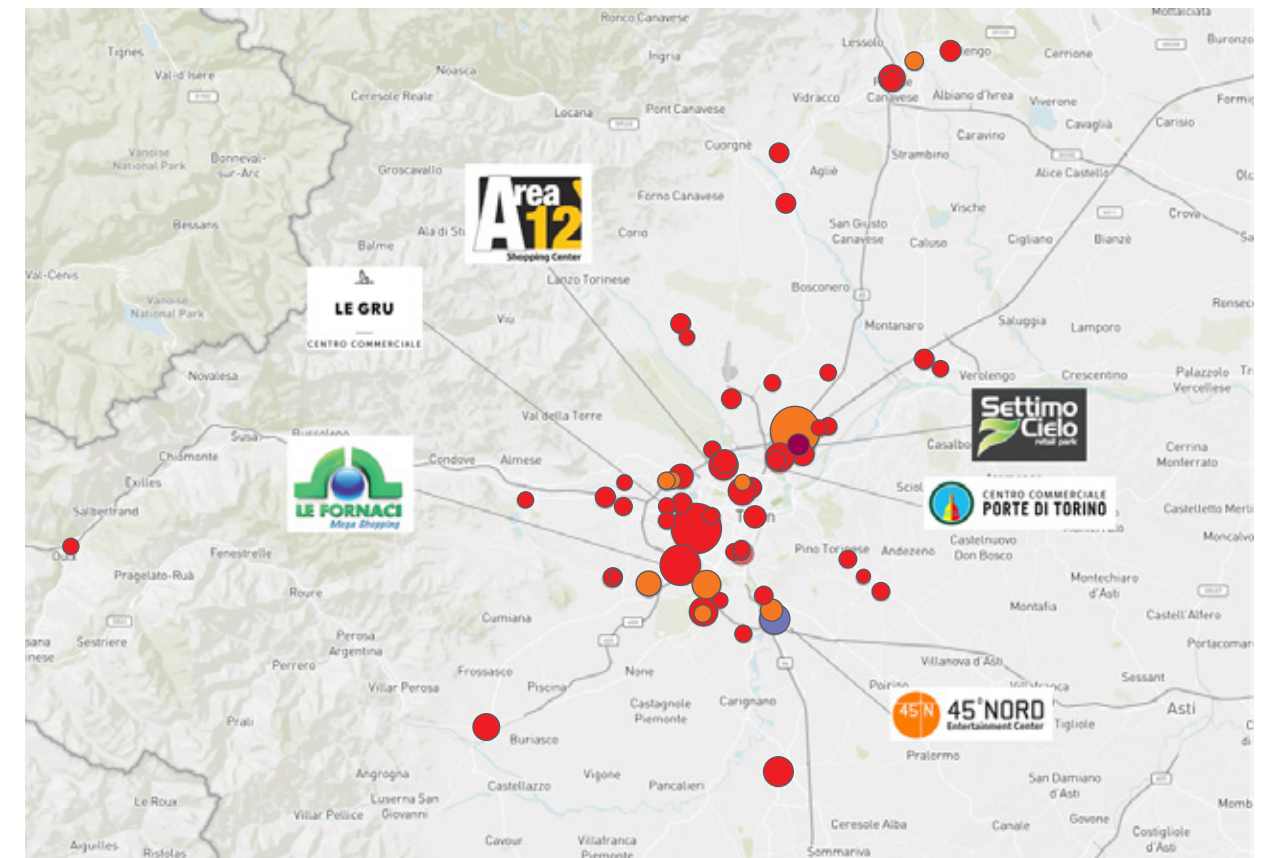
National modern retail stock (which includes shopping centres, retail parks, factory outlets and leisure, entertainment and lifestyle centres) amounted to approximately 19,500,000 sqm in mid-2019, for a total of over 1,000 centres. Piemonte has a particularly high number of out of town centres, with a density of 464 sqm / 1,000 inhabitants (higher than the national average of 322 sqm / 1,000 inhabitants) and a total of 2 million sqm: half of these are located in the metropolitan area of Torino, which currently has 56 centres.

The majority are shopping centres (45); there are also a fair number of retail parks, which have significantly increased over the last ten years, from 5 to current 9.

Existing centres are obsolete: over half of them were constructed prior to 2000, but 4 new centres have been inaugurated in the last two years and 2 of the existing ones have further expanded. Among the most remarkable

developments on the local market, mention goes to Mondo Juve shopping centre and Mondo Juve retail park; additional projects linked to the famous soccer team are also expected in the upcoming years. The stock of large-scale retail facilities in Torino indicates an average size of approximately 16,000 sqm, with only 3 large centres (>40,000 sqm): Settimo Cielo, Le Gru and Le Fornaci. However, the major projects envisaged for the upcoming three years include Caselle Open Mall which with its over 100,000 sqm of GLA is set to be the biggest centre in Torino in a prospect of urban regeneration of the airport area. Mention also goes to Palazzo del Lavoro, which project currently foresees a retail gallery, a food court and other retail activities typologies. The third floor should accommodate "Space Tech", an exhibit of Torino technological achievements. ASPI use (services activities to individual and companies) allows the inclusion of different functions / activities.

Stock of out of town assets in the metropolitan area of Torino



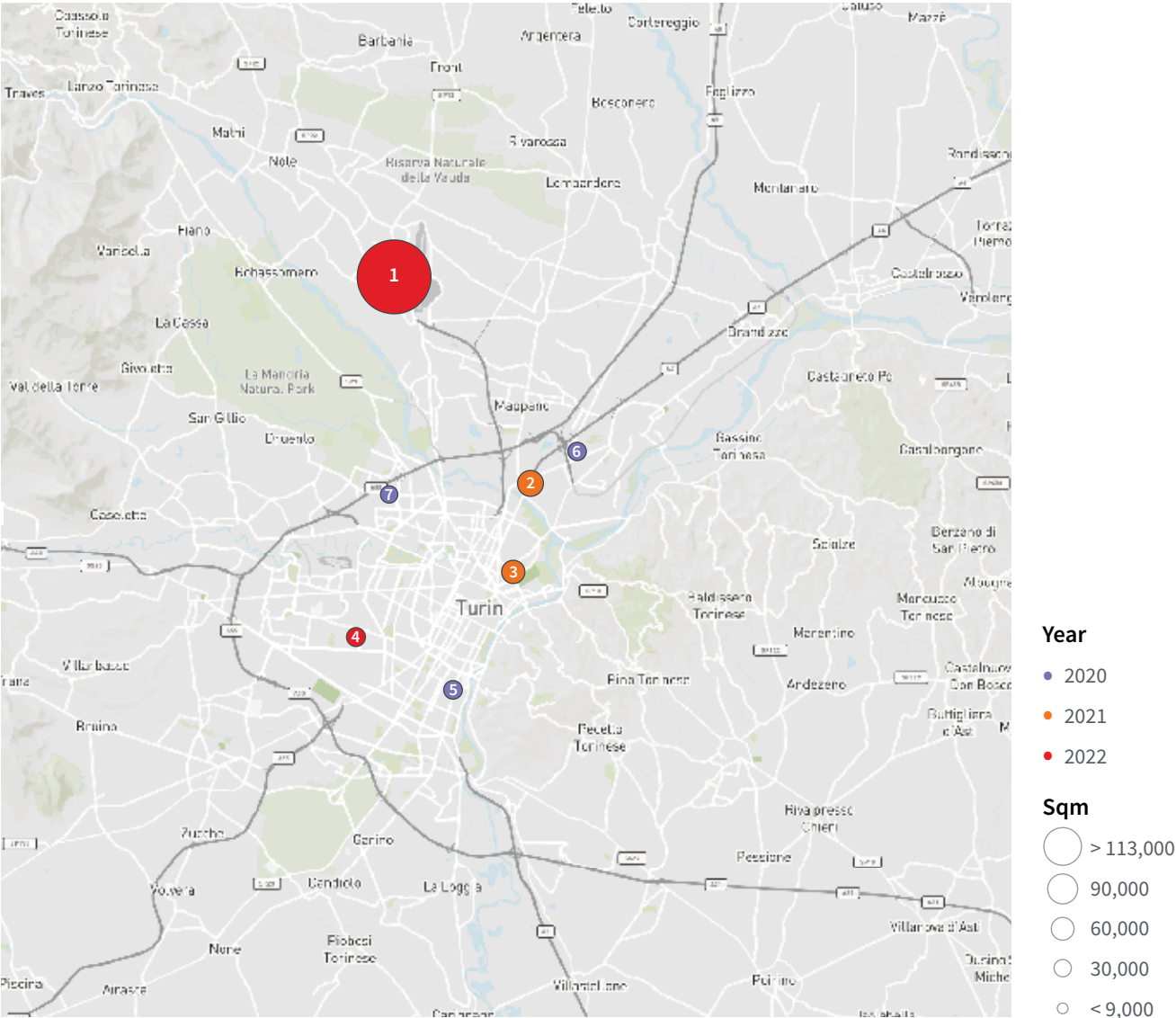
Typology:

- Shopping centre
- Retail park
- Factory outlet
- Leisure centre

Sqm

- > 113,000
- 90,000
- 60,000
- 30,000
- < 2,720

Key projects in pipeline in the metropolitan area of Torino



ID	Name	Type	Location	GLA (sqm)	Opening
1	COM – Caselle Open Mall	Lifestyle Centre	Caselle	113,000	2022
2	Giulio Cesare Retail Park	Retail Park	Torino	24,860	2021
3	Go! Torino Vanchiglia	Shopping centre	Torino	20,000	2021
4	Shopville Le Gru – extension	Shopping centre	Grugliasco	12,000	2022
5	Green Pea	Shopping centre	Torino	11,500	2020
6	Torino Outlet Village – Phase II	Factory Outlet	Settimo Torinese	11,000	2020
7	J Village - Concept Store	Leisure centre	Vinovo	9,000	2020

Prime rents in the metropolitan area of Torino are in line with those in Milano. Shopping centre rents have slightly increased over the last few years, reaching the current value of 900 € / sqm / year, while retail parks are at 210 € / sqm / year.

In town market

The Italian high street market is experiencing a particularly favourable period thanks to the willingness of both domestic and international brands to expand into markets other than Milano and Roma.

Torino boasts a long and consolidated tradition of retailers that dominates both the city and the metropolitan area, benefiting not only from the large number of residents but also from the daily flow of tourists and workers. Supply is diversified thanks to the presence of both luxury brands and mass market options. Currently, one of the major high-street districts is

located between Via Lagrange and Piazza San Carlo, with over 50 shops; Piazza San Carlo stands out as a stage of major entertainment and sports events and is the ideal spot to stroll among historic cafés and fashionable shops. This area hosts top national and international luxury brands such as Prada, Chanel and Hermes which, thanks to their presence, have contributed to improve the appeal of the area and to give a consequent positive impact on rents.

Via Roma, with its archways along both sides for 800 sqm from Piazza Castello to Piazza Carlo Felice, is one of the main retail streets in Italy, featuring about 200 shops and boasting several consolidated brands such as Mango, Apple and upcoming openings such as Nike.



Main brands, Torino High Street



Investments

The trend in the Italian retail investment market has fluctuated over the last few years, with an average annual investment volume of approximately €2 billion. The first half of 2019 showed a slowdown of activities and recorded volumes for a total of €600 million: the lack of core out-of-town product resulted in an increase in shopping centres net yields (shopping centre prime yield moved from 4.90% in Q2 2018 to 5.25% in Q2 2019).

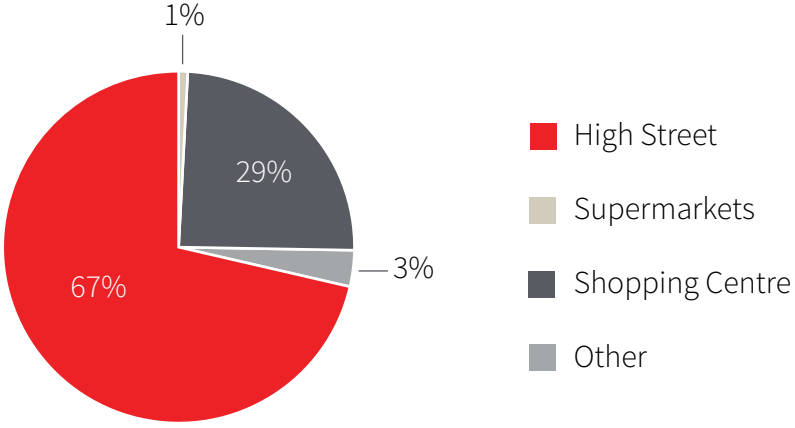
The metropolitan area of Torino recorded approximately €470 million in investments over the last 5 years related to 12 single assets, without considering a substantial number of mixed portfolios (6 for a total of approximately €900 million) that include buildings located in the area. Since 2014 till today, the majority of the transactions registered in the metropolitan area of Torino involved shopping centres, for over €300 million and a total of 6 transactions by international investors, mostly European.

With regard to the high-street market, 4 transactions were recorded in Torino high streets, for a value of approximately €140 million. In line with historic trends, this product registered a significant amount of domestic capital.

Main deals in the metropolitan area of Torino

Year	Name	Type	Volume (€m)
2018	8 Gallery	Shopping centre	105
2018	Area 12	Shopping centre	65
2017	La Rinascente Via Lagrange	High Street	33
2017	Decathlon Via Lagrange	High Street	23

Investment by type in the metropolitan area of Torino, 2014 – 1st Semester 2019



Top Buyer Torino
Pradera | Tikehau capital | GWM | AXA | Klepierre | Lavazza

Prime rents, Torino High Street¹⁵

	Prime rent (€ / sqm / year)
Via Lagrange	2,200
Via Roma	2,000
Via Garibaldi	1,200

Note: The above values do not include key money (money paid to an existing tenant who assigns a lease to a new tenant). Rents may vary based on storefront, area and layout

Prime net yield¹⁶

	June 2019	12 - month outlook
High-street Milano	3.30%	→
High-street Roma	3.40%	→
High-street Torino	4.50%	→
Shopping centre	5.25%	↑
Retail park	6.50%	↑

¹⁵ Prime rent high street: Represents the top open market net rent that could be expected for a notional prime position shop situated in the prime retail location in a market, excluding luxury specific streets / districts. Prime rents are representative of a standard unit of 100 sqm.

¹⁶ Prime net yield: Represents the best rack-rented yield estimated to be achievable for a notional prime unit retail asset situated in the best possible location. For shops, prime yields are representative of a standard unit of 100 sqm.

Trends

Click and Collect
Opportunity to drive footfall, encourage additional retail spend and increase dwell time, whilst reducing fulfilment costs and carbon footprint

Technology
Augmented reality and digital interaction give new life to retail space and new experiences for consumers

Multichannel
Increased interaction among various purchase channels in order to adapt to consumer requirements

E-tailers
Online sales operators open physical shops, recognising the advantages for their business model

8. Hotel market

An increasingly consolidated destination in the international scenario



Torino has become an increasingly popular destination for tourists: after hosting 2006 Winter Olympics, the entire metropolitan area has been rediscovered and reinvented in terms of culture and tourism, boasting a steady increase in the number of visitors, particularly international ones. The city benefits from a strategic position in northern Italy, easily accessible from Milano and close to the major skiing and seaside destinations.

Hotel supply has adjusted to demand growth: the metropolitan area of Torino has over 2,000 accommodation structures, 26% higher compared to 2010, with an increase in non-hotel accommodations, particularly agritourism, hostels, mountain resorts and bed-and-breakfasts. Conversely, the hotel component has decreased due to the reduction in lower-category hotels (1 and 2-star). Torino shows the same trend: total supply has increased compared to 2010 with regard to both number of hotels (+39%) and beds (+22%). Higher-level hotels have increased (4-star hotels: +17% in the last 10 years), while luxury hotels are stable.

Last year, overnight stays in accommodation establishments in the metropolitan area of Torino exceeded 7 million (+26% compared to 2010), of which over 2 million were international: foreigners have more than doubled over the last ten years. Moreover, the occupation rate has also increased in 2018 compared to the prior year, reaching 68% (+2%), as well as revenues (+3%; source: Osservatorio alberghiero della Camera di Commercio e di Turismo di Torino).

Among the most recent accommodation establishments, mention goes to the arrival of Hilton chain in Torino, starting from the opening of DoubleTree by Hilton Turin Lingotto to the inauguration of J Hotel and the refurbishment of Hotel Principi di Piemonte. Combo, Torino new hostel located in the

former fire station along Corso Regina Margherita, will open to the public by the end of the year: 260 beds, multifunctional areas, bar, restaurant and coffee shop covering an area of approximately 5,500 sqm. Various redevelopment projects are also envisaged, as the historical Palazzo Durando situated in the central Via Garibaldi and the former Porta Susa Station (purchased by Vastint Hospitality Italy, Ikea Group, in February 2019), which will become a branded Marriott hotel by Courtyard. From autumn 2019, the area situated in Corso Romania will host the new Michelin logistics hub and perhaps a hotel and 3 retail facilities, while the 45,000 sqm area of Spina 2 Porta Susa may be designated to hospitality, retail and restaurant. Palazzo della Regione, placed in Piazza Castello, may also be converted into a hotel, once the public entity moves into the new skyscraper in Lingotto area. Even Dutch owners of The Student Hotel are currently investing in Torino, planning to develop an innovative format which combines student housing with co-living and co-working solutions within the area of Ponte Mosca. The Student Hotel boasts already 9 hotels throughout Europe, of which 1 in Firenze, 8 under construction and 41 to be inaugurated by 2021.

The hotel real estate investment market in Italy has been quite lively in the last five years (2014-2018), recording an annual average of €700 million; in the first six months of 2019, volumes increased significantly (€2.2 billion) thanks in particular to Belmond portfolio deal. With regard to Torino market, the key transactions included the sale of two NH Hotels by Internos Global Investors (now Principal Global Investors¹⁷).

Hotel supply: Torino, 2018

	No. establishments	Beds	Rooms
Hotels	142	13,299	6,831
5-star and 5-star luxury hotels	3	633	311
4-star hotels	27	5,560	2,870
3-star hotels	64	4,533	2,461
2-star hotels	10	359	218
1-star hotels	27	604	354
Hotel-tourism residences	11	1,610	617

Source: Istat 2019

¹⁷ Principal Global Investors: International asset management company

9. Emerging sectors market

Great attractiveness for the alternative segment, including urban regeneration and reconversion of existing buildings

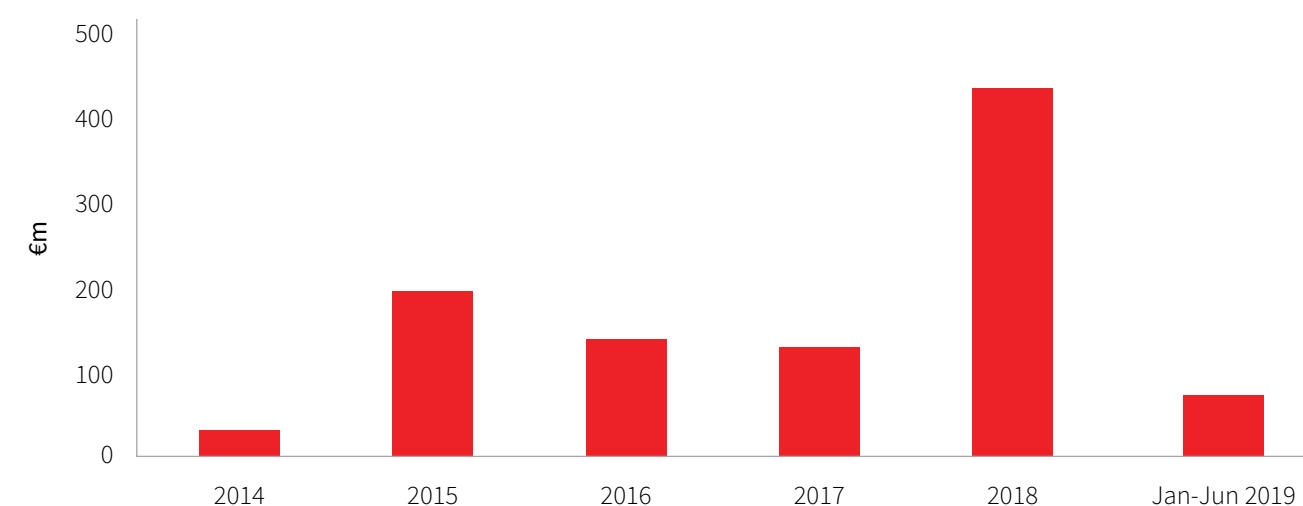
Investments

The last few years have seen growing interest in the sector of alternative investments: RSA (*Residenze Sanitarie Assistenziali* – Care homes), healthcare, student housing and alternative residential formats are increasingly attractive among institutional investors seeking for an asset class that explores new geographies other than Milano and Roma, maintaining limited risk levels and constant returns. The greater interest is generated by student residences' developments as well as senior living, where international operators are aware of the huge potential offered by the Italian market. The sector is undergoing a very interesting

phase, hindered by a lack of supply and by the necessary timescale to create new product.

In Italy, since 2014 to date, the alternative sector (including health and student housing sectors only) has reached approximately €1 billion in investments, generated by 26 transactions. Volumes have increased over the last few years, although a slowdown was recorded in the first half of 2019. One of the key operators in the metropolitan area of Torino is REAM Sgr¹⁸, active with the acquisition - through Geras fund - of both student residences in the city centre (Via Belfiore) and care homes in Rivoli and in the province of Cuneo.

Italy, real estate alternatives investment volume (healthcare and student housing)



¹⁸ REAM SGR: Asset management company operating in real estate investment funds, with headquarters in Torino

Flexible workspace

In the real estate world, the term coworking has become a trendy topic thanks to the spread of new working models and to an increasingly higher number of operators. The phenomenon has grown in Italy during the last 10 years and is linked to both a steady decline in space availability, particularly in historic centres, and the rental increase recorded in many markets. Coworking allows rapid lettings of fitted-out and flexible spaces, open to customisation and located in city centres. These spaces also offer a number of essential services such as a reception area, meeting and conference rooms, events areas, secretarial and administration services and also catering.

Currently, there are 3 major operators in Italy: IWG (the group including Regus, Spaces, Signature, N.18, Openoffice and Basepoint), Talent Garden and Copernico. New major players will also soon inaugurate their centres (WeWork, Wellio).

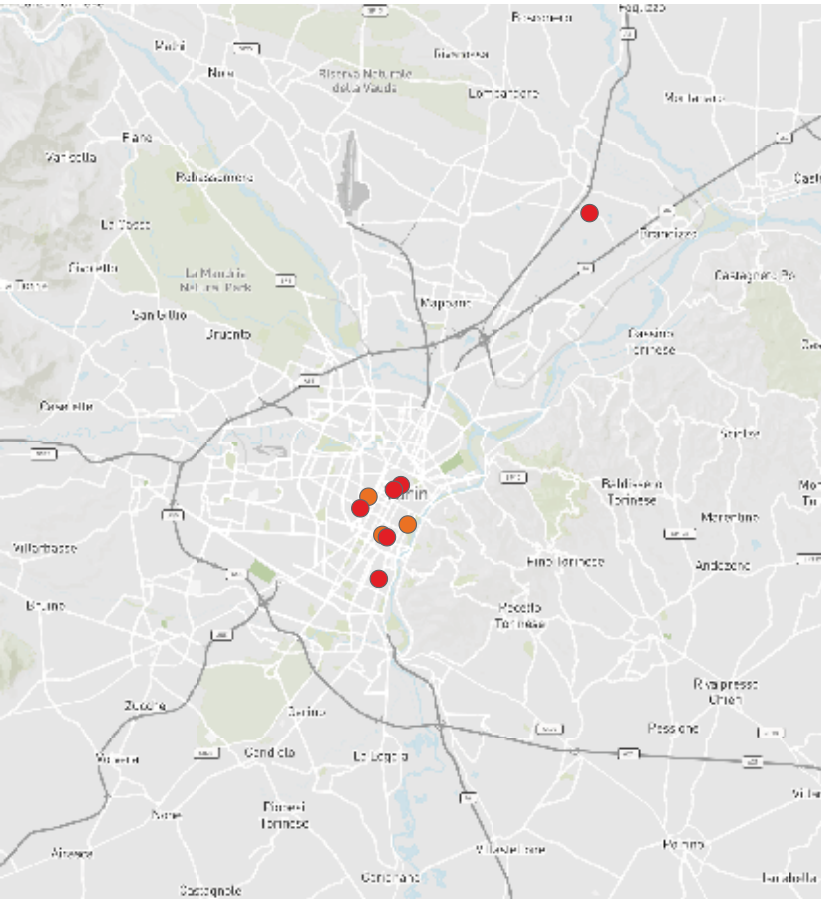
Torino witnessed the birth of this phenomenon just over 10 years ago with the inauguration of the first Regus space situated in the city centre, but the expansion has occurred in more recent years and boasts a broad supply. If we exclude small centres and coworking spaces in strict sense, currently there are 9 main centres in the city: 5 classic business centres and 4 hybrids. While former ones provide a formal environment with private offices and meeting rooms satisfying the requirements of companies seeking for a temporary location, hybrid centres provide a mix of private offices and open spaces where

common areas are fundamental in creating a sense of community, not only within start-ups and professionals, but also within large companies. Hybrid centres are firmly establishing themselves in Torino boasting large areas (approximately 9,000 sqm), while standard business centres occupy smaller areas (1,500 sqm on average).

Characteristics of flexible workspaces

Business centres	Hybrid centres	Coworking
Formal environment	Innovative environment	Informal environment
Focus on private offices and “business” environment	Presence of both open space areas and private offices	Communication and networking among members
High level services	30-40% of areas designated for meeting rooms and events	Focus on open space

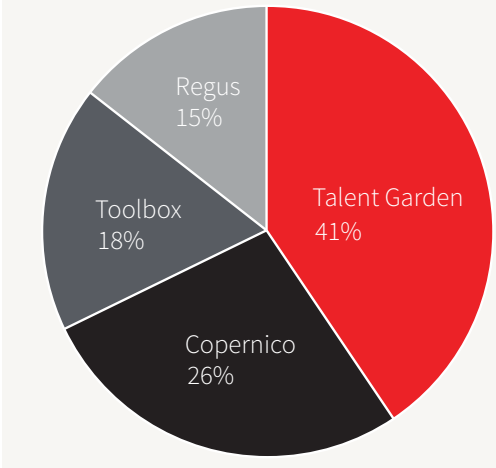
Torino, main flexible workspace



Typology

- Business centre
- Hybrid

Torino, % of flexible workspace by key operators



Student housing

Student housing sector has recorded a rapid increase over the last two decades, making university education a business at global level. In more recent years, this phenomenon has also grown in Italy, an internationally renowned destination: it boasts excellent universities, a lower cost of living and lower tuition fees than other destinations and a growing number of tourists, as well as an excellent quality of life. Supply, which is mainly composed by student housing and private apartments, is insufficient compared to the constantly growing demand and has led investors to create new products to expand the existing supply.

Torino is currently one of the top university centres in the Country. In 2017 / 2018 academic year, it welcomed over 100,000 university students (up by 4% over the prior year) and was 4th in the national ranking by university population. The city is an increasingly trendy destination for Erasmus students as well, counting some 1,500 students hosted last year.

Torino university offering comprises traditional institutions and AFAM academies (Alta Formazione Artistica Musicale – Academies of Artistic and Musical Education), which issue degrees with an equivalent legal value as universities. Politecnico is the most renewed academic institution.

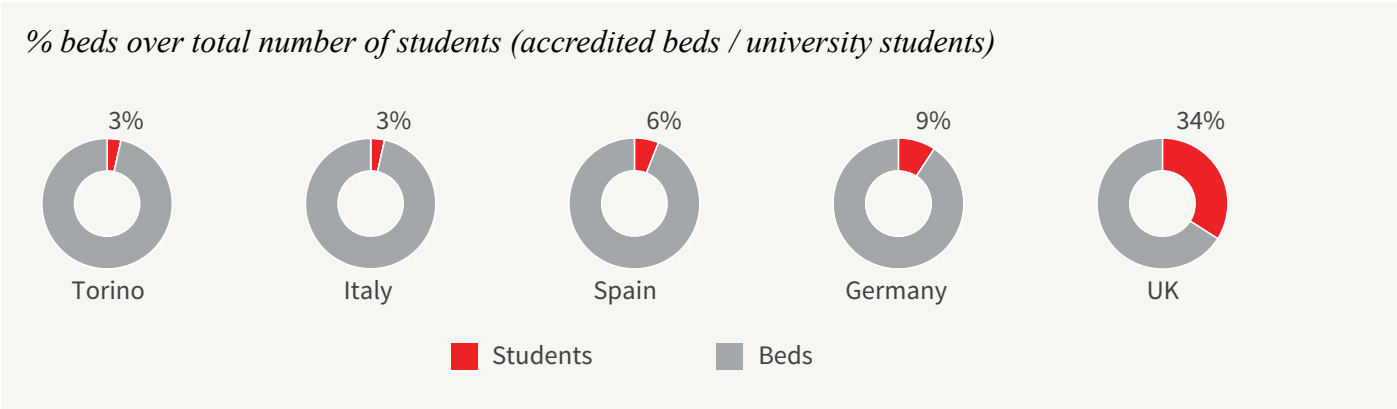
Students – 2017 / 2018 academic year, metropolitan area of Torino

	Students	Foreigners
University	99,185	8.5%
AFAM	3,584	22.4%

Source: MIUR

The supply of student housing in Torino consists of structure managed by specialised operators such as Camplus (Lingotto, Carlo Mollino, Cesare Codegone) and Sharing (Campus San Paolo), private student housing (Fondazione Einaudi) and residences run by public regional entities (EDISU Piemonte) and religious institutions.

Considering out-of-town Italian students, foreigners registered in the universities of Torino and those studying abroad, there is an estimated potential demand for beds of approximately 40,000, notably higher than the current supply of 5,000 units (beds accredited by MIUR, Ministero dell'Istruzione dell'Università della Ricerca).



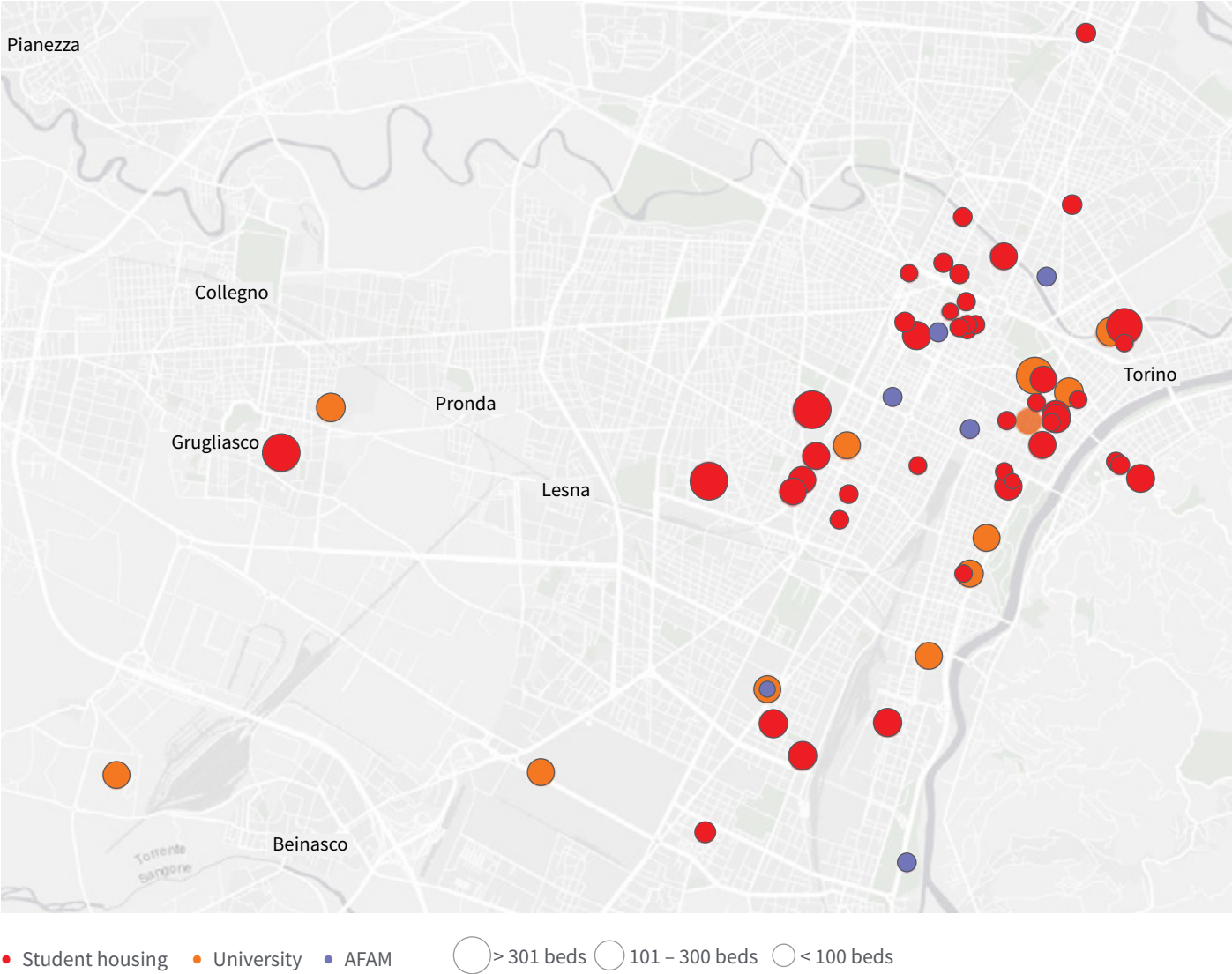
The availability of student housing in Italy is significantly lower than in other main European countries; in Germany, for example, bed supply amounts to 9% over total number of students, in Spain amounts to 6% while in Italy is just 3%. This scenario represents a good opportunity for investors interested in approaching a new emerging market.

In the Italian context, Torino is an increasingly sought-after destination where players are not just exclusively local: major

international operators have begun approaching the city, such as The Student Hotel and Stonehill, which has recently shown interest to the former Diatto Area. Among the Italian operators, Camplus, after the recent inauguration of Cesare Codegone campus, aims at expanding furtherly reaching 2,000 beds within 2020, while Campus X plans to enter Torino market with two openings.



Student housing supply, Torino



Key development projects

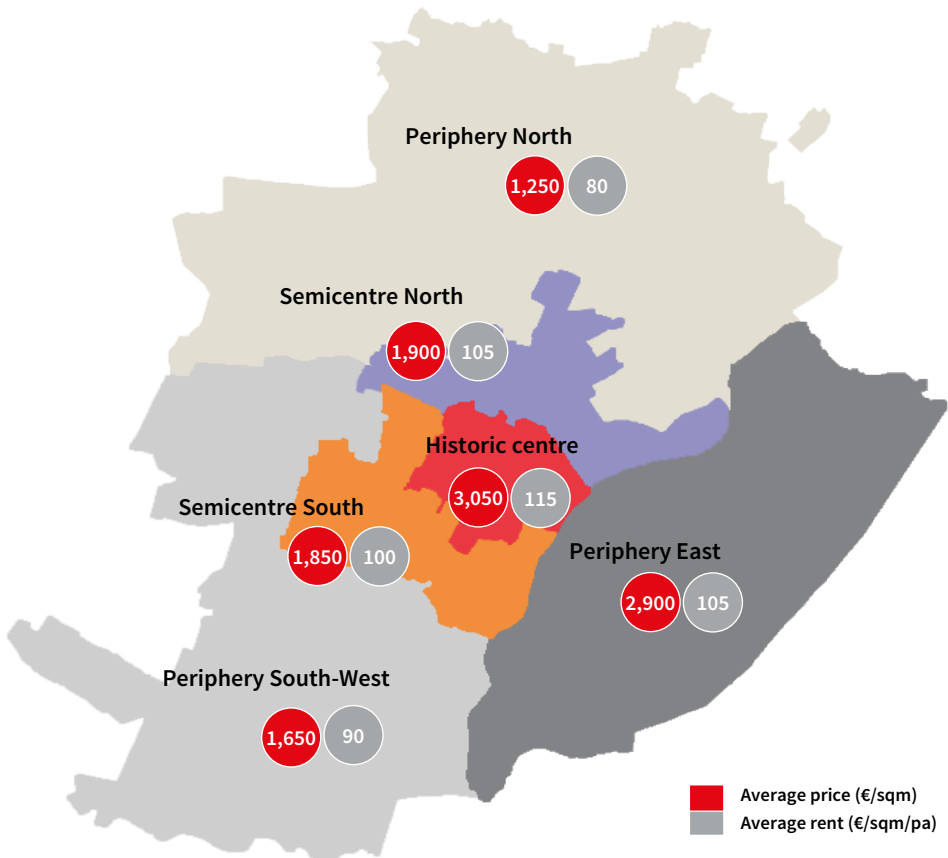
Operator	Address	Beds	Opening date
Campus X	Corso Regina Margherita 2	250	n.a.
Campus X	Via Belfiore 23	350	n.a.
Camplus	Corso Ferrucci 14	220	2020
Camplus	Corso Novara	300	2020
Camplus	Corso Peschiera	n.a.	2020
Camplus	Piazza Nizza	220	2021
The Student Hotel	Ponte Mosca	n.a.	n.a.

Residential market

Demographic, social and economic changes are impacting the residential market; the standard sale agreement is evolving towards alternative forms of investment and new sectors are emerging: micro-living, co-living, senior living and multi-family and, in the broader sense, student housing and RSA (care homes).

In Italy, the living sector intended as an institutional market that is professionally managed and purpose-built for rent is still at an embryonic stage. Nevertheless, we are seeing an evolution within the sector. New generations prefer to live in cities which provide more job opportunities, services and entertainment. Ownership is no longer a priority and people are willing to pay rent and take advantage of several services that they would not otherwise be able to access. It should also be kept in mind that today new generations are poorer than those who preceded them while the elderly generation holds much of the wealth: this, in conjunction with the longer average life expectancy, implies an ever greater need for dedicated services.

Residential market, average prices and rents



House purchase and rental market

The city of Torino has a stock of 411,300 dwellings, of which 90% are owned by individuals, 6% by public entities and 4% by companies. The average age of residential stock is 71 years.

Houses purchased in 2018 amounted to 13,500 units, the highest value recorded in the last 10 years and 4% higher than the prior year. Over half of the deals were carried out in the peripheral areas, while only 9% involved the historical centre.

In Torino, 27% of households pay rent, a figure which is 17% higher than the national average. The rental market is undergoing a positive phase: in 2018, the number of rentals reached 26,800 units, marking a 16% increase compared to the prior twelve months. These dwellings have an average size of 72 sqm and rent of 100 € / sqm, up by 6% compared to 2017.

Emerging living sector

- 1. Micro-living:** consists of a small rented living solution with shared amenities and facilities. In Italy, the population density in large cities is significantly higher than the national average (201 people per sq km), at 7,520 inhabitants per sq km in Milano, 6,788 in Torino, 3,723 in Firenze and 2,232 in Roma. Micro-living is a solution that offers a higher number of homes at affordable rents and in primary locations.
- 2. Co-living:** a form of micro-living where the kitchen, laundry room, parking, dedicated work areas and Wi-Fi may be shared. In Italy, we are still in the experimentation phase, while this phenomenon is already transforming into a business model abroad, characterised by areas suitable to stimulate creativity and affordable rents. Demand is sustained by out-of-town students and by young professionals who currently generate a potential demand in Italy for short and medium-term rental properties of approximately 1 million people.
- 3. Multifamily:** a series of apartments that are part of a single complex and designated exclusively for rental use. This solution is selected above all by households with children and envisages that various common

- areas, such as laundry rooms, kitchens, gyms, play areas, pool, library and services such as babysitting, be provided alongside the individual living units. The model encourages socialisation and environmental sustainability, resulting in a solution that is getting more popular in the major cities.
- 4. Senior living:** residences dedicated to seniors (usually over 65 years of age) that offer assistance and common services but no medical support. The model is a valid compromise between nursing homes and traditional residential, ensuring tenants their independence within a community.
 - 5. Short-term letting:** a temporary contract that envisages a lease agreement of shorter duration compared to a traditional one. This residential format has two main subcategories: tourism rent, which goes up to a maximum of 30 days, and temporary rent, which generally does not exceed 18 months. Short-term rentals have become trendy over recent years and are the most popular solution for travellers who want to feel at home even out of their own cities, as well as for out-of-town workers and students, patients undergoing treatment at hospitals and other types of users.



The RSA (Residenze Sanitarie Assistenziali - Nursing Homes) market

The social-health sector is destined to growth significantly, especially in Italy, one of the “oldest” countries in the world: Italians aged over 65 currently account for 23% of the total population and are expected to reach 30% over the next ten years.

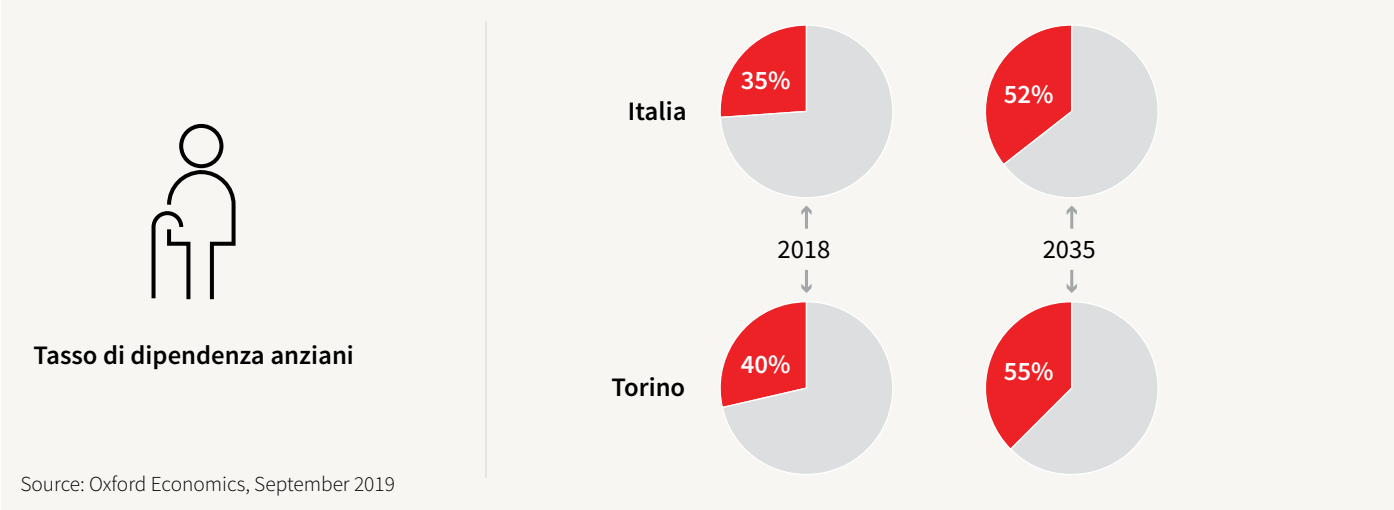
This aging of the population is accompanied by an increase in cases of dementia and Alzheimer’s disease and growth in single-member households.

The old-age dependency ratio (which measures the ratio of people aged over 65 to those aged between 14 and 64) is set to increase steadily over the next few years, thereby making the presence of an adequate care structure essential.

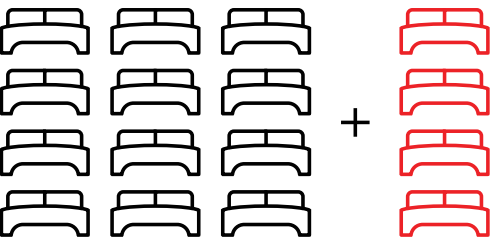
Inhabitants aged over 65 and % over the total population

	2018	2025	2035
Italy	13,711,000 (23%)	15,022,000 (25%)	18,062,000 (30%)
Piemonte	1,107,979 (25%)	1,170,335 (27%)	1,343,560 (31%)
Torino	568,090 (25%)	603,218 (27%)	696,096 (32%)

Source: Oxford Economics, September 2019



Demand for beds in 2035



Italy 399,200 = +29%

Torino 20,200 = +20%

In Italy, the number of public and private nursing homes slightly exceeds 10,500 units; these are predominantly located in the northern part of the country and contain approximately 309,500 beds (5.12 beds per 1,000 residents). Piemonte contains 15% of these homes, with a total supply of 41,300 beds; the metropolitan area of Torino counts 270 such facilities, of which 215 are accredited. There are 16,900 beds in Torino or approximately 7.5 per 1,000 residents.

It is not surprising that the residential sector for seniors is highly active in Italy and in the metropolitan area of Torino, where two new care homes operated by the Gruppo Gheron¹⁹ have recently been inaugurated (Corso Massimo D’Azeglio and Via Chiabrera). Numerous projects underway often involve the conversion of existing assets into nursing homes or the redevelopment of large areas. Among these, mention goes to the former Manifattura Tabacchi, expected to house a healthcare centre.

Main RSA development projects, metropolitan area of Torino

Municipality	Address	Beds	Opening
Torino	Strada San Mauro – Strada Comunale di Bertolla	n.a.	2019
Torino	Via Gradisca	140	2019
Torino	Via Santa Maria Mazzarello 102	200	2020
Torrazza Piemonte	Via Luigi Einaudi	120	2020
Nichelino	Via Debouchè	60	2020
Druento	Strada Trognana	144	2020
Collegno	Via Venaria	240	2021
La Loggia	Via Saba	90	2021
Torino	Strada del Cascinotto	120	2021
Fogizzo	(Istituto Salesiano)	120	2022

¹⁹ Gruppo Gheron Srl: The Group builds and operates nursing home complexes and is also active in the management of specialised medical and occupational medicine clinics

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