

Italian real estate sales increased again in the first quarter of the year (+20.6%), however mortgage demand performed negatively in June 2016 (-4.6%).

Based on the analysis of CRIF Property Valuation data, EURISC information (the CRIF credit reporting system), and data from the Italian Revenue Agency, we have an up-to-date picture of the key trends in the Italian real estate credit market.

Quarterly variation compared with the previous year

	II QUARTER 2015	III QUARTER 2015	IV QUARTER 2015	I QUARTER 2016	II QUARTER 2016
Residential Sales	8,2%	10,8%	9,4%	20,6%	
Mortgage Contracts Granted	73%	103,6%	103,6%	66,4%	
Average Mortgage Amount Granted	112.230	111.762	112.488	111.121	
Property price/sq m	-2,5%	-1,9%	-3,2%	-3,6%	-4,2%

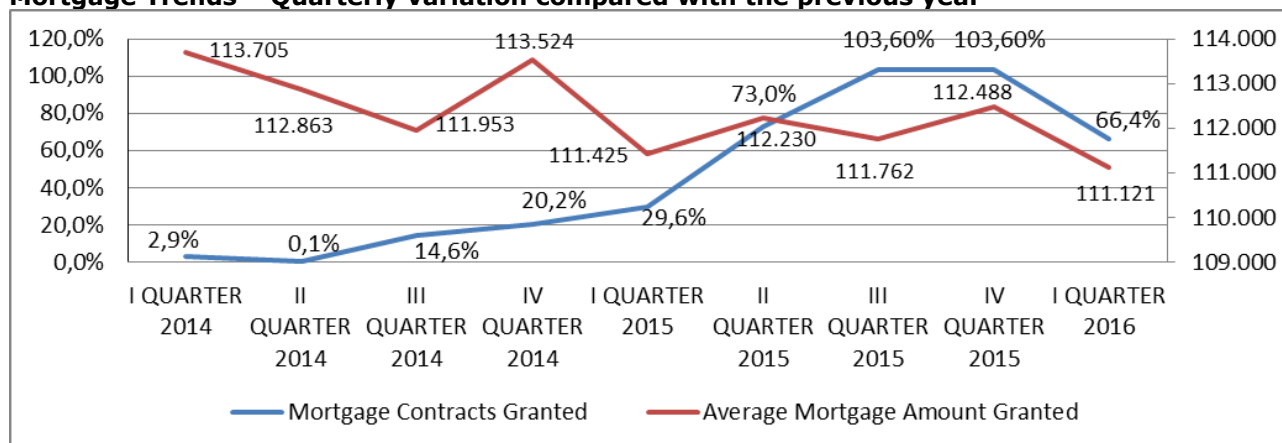
CRIF data analysis: CRIF Property Valuation, EURISC, Italian Revenue Agency data

In the **first quarter of 2016**, residential sales increased by **+20.6%** compared with the previous year, with a total of 115,135 units sold, compared with 95.455 in the corresponding quarter in 2015.

The trend in property sales in Italy was very positive compared with the first quarter of 2016 across all areas: in the **North**, with 59,963 units sold, there was a **growth of +24.1%**; in the **Center** (23,933 units), the increase in residential sales was around **+18,5%**; while in the **South** (31,238) there was a growth of **+16%**.

Mortgages granted to natural persons are continuing to grow: in fact the **first quarter of 2016** saw a **+66.4%** rise compared to the previous year, while **mortgage demand**, in terms of the number of applications made, performed negatively in June 2016 (**-4.6%**) for the first time after 35 months of positive performances in a row.

Mortgage Trends – Quarterly variation compared with the previous year



CRIF analysis of EURISC data

In the first quarter of 2016, **the average mortgage amount granted** was **111,121 euro**, slightly down (-1.2%) on the 112,488 euro of the fourth quarter of 2015.

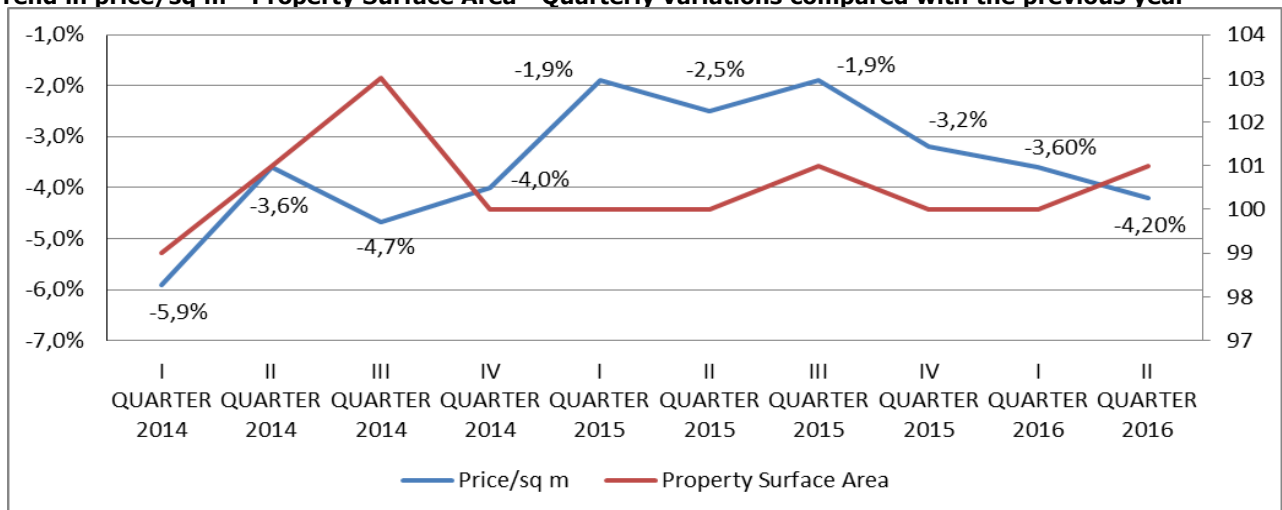
The pool of potential mortgage holders interested in mortgage subrogation also reduced following quarters when many households had already opted to transfer their mortgages.

On the other hand, referring to **trends in prices for new mortgages** offered by banks **at the end of 2015**, in the second quarter of 2016, the quarterly average of the **best online spreads** for **variable rate mortgages** reduced slightly to a value around **1.2%**. At the same time, the quarterly average of the best online spreads for **fixed rate mortgages** decreased from 1.2% to **1.1%**.

The increase in spreads relating to fixed rate mortgages should be seen in conjunction with the reduction in IRS indexes registered in the second quarter of 2016 and the relative inflexibility of the total rates offered by the main credit institutions.

Analyzing, on the other hand, **property used as collateral** for mortgages, the **price per square meter** is still going down, with drop of **-4,2% in the second quarter of 2016** compared with the previous year, while the average area sold is stable at around 101 square meters.

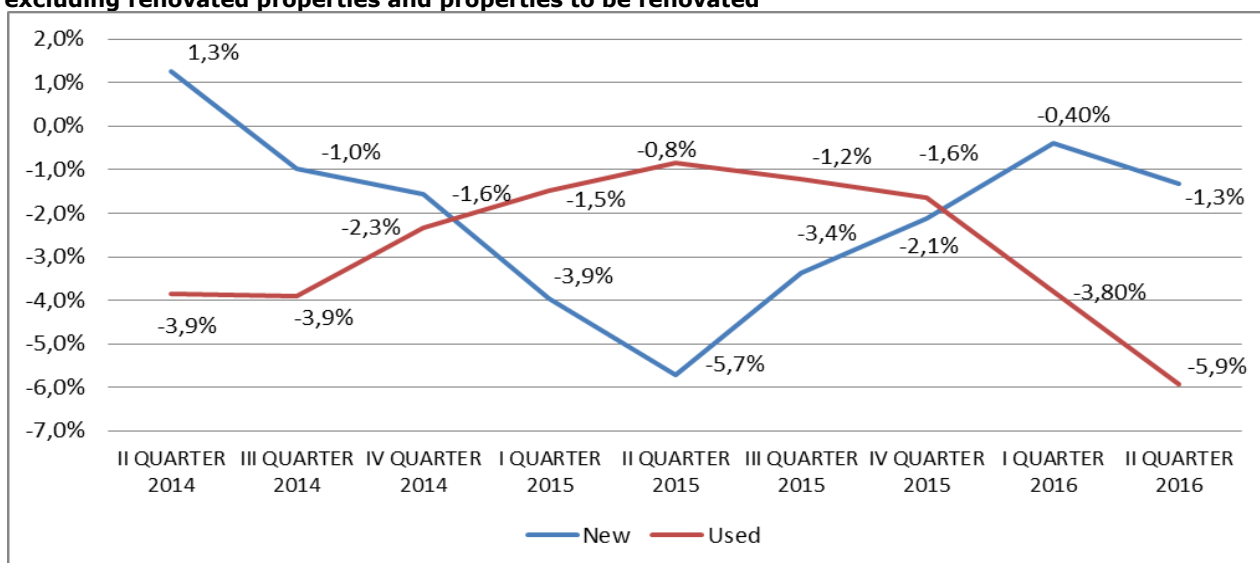
Trend in price/sq m - Property Surface Area - Quarterly variations compared with the previous year



CRIF analysis of CRIF Property Valuation data

In particular, in the **second quarter of 2016** there was a **-5.9%**, reduction in the price/sq m for **used properties**, while the price/sq m for **new properties** underwent a more contained reduction (**-1.3%**).

Trend in price/sq m - New and Used Properties - Quarterly variations compared with the previous year excluding renovated properties and properties to be renovated



CRIF analysis of CRIF Property Valuation data

This declining trend in the price/sq m is also evidenced by the trend in the **average value of property** used as collateral, which has continued to fall from over 200,000 euro in 2010 to **around 170,000 euro in the second quarter of 2016**.

The sample of properties analyzed by CRIF Property Valuation contains the different types of properties subject to CRIF valuations (apartments, lofts, studios, detached and semi-detached houses, and terraced houses), where the most common type is the apartment.

The negative trend in prices involves **all areas in Italy** although with different intensities: data from the second quarter of 2016 compared with the same quarter in 2015 show a greater contraction in the **North East** with **-10.9%**. In the **Center** the contraction was slighter with **-2.7%**, in the **North West** there was a **-4,1%**, while the **South and Islands**, on the other hand, showed a **decrease** of **-3.1%**.

Looking at the trend in price/sq m compared to the previous quarter there is a substantial decrease of -4.6% in the Center, while the prices increased in the North East with a +2.2%.

Trend in price/sq m - Quarterly Variations

Nielsen Area	II QUARTER 2016/ II QUARTER 2015	II QUARTER 2016/ I QUARTER 2016
Center	-10,9%	-4,6%
North East	-2,7%	2,2%
North West	-4,1%	-1,4%
South and Islands	-3,1%	-1,0%
Total Italy	-4,2%	-1,0%

CRIF analysis of CRIF Property Valuation data

Notes:

- With reference to the data provided by CRIF Property Valuation, since February 2013 the sample has undergone normalization, removing any outliers for a more consistent reading of the analytical results.
- The data relating to Properties and Mortgages refer only to natural persons.

Please visit [our website](#) and fill the form to receive the complete issue of "Bussola Mutui CRIF" only available in Italian.