



GREAT HOMES AND DESTINATIONS

For Evidence of a Rebound in Milan, Just Look Up

By ERIC SYLVERS MARCH 13, 2014

MILAN — From the top floor of one of the Bosco Verticale apartment towers, the sweeping view includes several new glass skyscrapers along with the hundreds of traditional red-tiled roofs on buildings nearby — visual proof of the changes created by the massive Porta Nuova construction project.

Porta Nuova — seven years in construction and comprising more than 30 buildings, including the two almost-finished apartment towers — is being completed just in time for Milan, which is trying to transform itself for Expo 2015, the world's fair event scheduled to open May 1 next year.

Also nearing completion is CityLife, a mixed-use development with about 500 apartments and three skyscrapers of offices designed by the architectural heavyweights Daniel Libeskind, Zaha Hadid and Arata Isozaki.

For many, the most surprising factor is that construction continued as Italy was suffering its longest recession since World War II and banks were tightening their loan regulations, making mortgages hard to obtain.

Property prices in Milan have fallen every year since 2008, for a combined drop of about 20 percent, according to the local real estate agency Tecnocasa.

But, with the recession ending late last year, industry observers now believe the worst may have passed. In the city, prices appear to have stabilized and the number of transactions is increasing slowly.

“We expect prices to start climbing by the end of the year,” said Mario Breglia, chairman of the Italian market research company Scenari Immobiliari. “International investors have begun to return to Italy in general but especially to Milan. The speculative investors arrive first, and they're generally followed by European funds that have a more long-term outlook.”

Chief among the international investors is Qatar Holding, the sovereign wealth fund of Qatar, which last year bought a 40 percent stake in Porta Nuova.

While the value of the transaction has not been made public, the developer, Hines Italia, has said the entire project is worth more than 2 billion euros, or \$2.8 billion.

The project has completely changed the area on the edge of Milan's city center. Even though the site is near the Porta Garibaldi train station, one of the city's main public transportation hubs, it initially included the untouched ruins of structures bombed during World War II, the foundations of a train station demolished in the 1960s and abandoned lots.

Today, the development has 360,000 square meters, or 3.9 million square feet, of residential, office, retail and cultural space. Among them are the two towers of Bosco Verticale, or Vertical Forest, named for the hundreds of full-size trees to be planted on the buildings' balconies; a new park encompassing several city blocks; a new subway line; and the UniCredit Tower, Italy's tallest building at 231 meters.

Porta Nuova will have a total of 380 apartments. So far 285 apartments, including the 111 at Bosco Verticale, have been put on the market — and two-thirds have already sold for a total of €270 million. The remaining 95 apartments are to be put on the block soon, according to the developers.

Apartment sales in Porta Nuova as a whole have averaged €9,500 per square meter, or slightly more than \$1,230 per square foot. That pricing is in line with some of Milan's more expensive neighborhoods but is more than twice the average in areas near the development.

Despite all the apartments offered for sale recently, Mr. Breglia says there has not been a glut because Milan had so few new units in recent years and the city is northern Italy's most active market. (Milan has almost the same number of residential transactions a year as Rome, even though Rome has twice as many inhabitants.)

At Porta Nuova, "interestingly, almost 70 percent of buyers so far have been Milanese living in the heart of the city who have traditionally been reluctant to leave a few high-priced streets in the center of town," said Manfredi Catella, chief executive of Hines Italia. "Some families have bought more than one unit so they can give one to their kids or mother."

While Porta Nuova and CityLife are dominating Milan's transformation, they are not the only residential projects. Halfway down Via Torino, one of Milan's busiest shopping streets, a new building is slowly rising on a block of

prime real estate that has remained undeveloped since Allied troops rolled through the city 70 years ago.

While the mixed-use building of apartments and shops will be relatively small compared with the other projects, it is noteworthy that a central location all but abandoned for decades is finally being put to use. But like the other projects, the building, Torino-Palla-Lupetta, also is slated to be ready by year's end.

No one expects Expo 2015 to influence residential prices, but there is a general belief that the event will be a fitting celebration of recent city improvements.

At ceremonies for the UniCredit Tower in Porta Nuova last month, Enrico Letta, Italy's prime minister at the time, said: "This gives the picture of a city getting ready for next year, which will be the most important year in recent times for the city and Italy."

A version of this article appears in print on March 14, 2014, in The International New York Times.