

SCENARI DEL TURISMO

TOURISM SCENARIOS

# Hotel, the construction industry engine

Hotel trade drives restorations and new buildings in Italy, betting on technological and digital innovation **by Barbara Ainis**



**A**fter the years of crisis and decrease numbers, it looks like the recovery time for the construction industry has come. The latest facts induce cautious optimism and, after all, this is exactly the industry trend, that historically reacts slowly to more complex periods. The forecasts for 2019 show a growth prospect of 122.6 billion euros, that's still mainly led by residential (38,10%), but it is increasing the number of new buildings (15,90%) and of commercial buildings (46% in total, public/private sector).

The MADE Expo, the main fair of architecture and construction, will open the doors of the 9th edition in march 2019, and it has recently submitted the outcome of its observatory, based on ANCE data. Hotel trade leads this recovery, it shows to be, in the recent CRIF Real Estate Services data, the real engine for restorations and new constructions in our country. This trade is able to convey

investments with strength and resilience much more than other real estate sectors and, especially, it's highly focused on technological and digital innovation and news.

## The Real Estate relaunch

The demand is taking back, especially in some cities and regions. According to ISTAT data, in the first three months of 2018 there was a growth of real estate buying and selling rate of 4,2%, compared with the same period of last year. As MADE Expo report states, the fastest growing stock exchanges are Milan (+8,2%), Naples (+7,4%), Turin (+4,9%) and Rome (+4,1%).

Most of all Milan is in the core of this relaunch, whose reflections involve virtuously the construction industry: 6 million square metres of new developments are planned for the next 15 years in Lombardy capital (such as the Life Science Park, the additional two towers of

*Gli alberghi trainano la ripresa degli investimenti in Real Estate.  
Hotels lead the recovery of Real Estate investments*

## SCENARI DEL TURISMO

Il settore alberghiero interessa l'80% delle transazioni effettuate dagli investitori del Real Estate.  
*The hospitality industry accounts for the 80% of the transactions carried out by the Real Estate investors*

Citylife, Scalo Farini, the projects of Segrate, Cascina Merlata and the ex Area Falk). Here, the top hotellerie is able to make the difference.

Indeed, in our country, the crisis produced a positive effect, in a manner of speaking, on the Italian hospitality offer. It recreated the offer, by proportionally reducing the number of lower quality structures (one and two stars) and promoting, instead, the growth of four and five stars hotel. This orientation to excellence embraces tourism demand qualitative evolution and the tourist quantitative growth in Italy. This trend hasn't stopped since 2014.

### **Private equity, private companies and qualified major investors: the most interested to high end hotels**

Similarly, according to CRIF Real Estate Services data, the hotel real estate in-

vestments increased from 600 million euros to 1.2 billion euros between 2014 and 2017 in Italy, representing about 10-12% in all real estate investments. Although, in the first half of 2018 it has been registered a decrease compared with the same period of 2017, this decrease was significantly lower than that of the total market. It's a proof that this segment continues to be interesting against other ones. Private equity, private companies and qualified major investors, with a more focused interest in high range hotel facilities, are investors who turn to the hospitality industry, a segment which alone accounts for about 80% of the transactions carried out. CRIF Real Estate Services proposes benchmarks for hotel markets by identifying the average of market value for facilities and, most importantly, for individual rooms. The evaluations are based on





## SCENARI DEL TURISMO

the value per square meter and on other socio-economic data. They show the supremacy of Florence among the big cities, with a hotel average value of 13.2 million euros and a mean value of 240 thousand euros per room; followed by Milan, with an average value of 15 million euros per facility and a mean value of 205 thousand euros per room, next there is Rome, which has an average value of 12.3 million euros per facility and an average of 174 thousands euros per room.

Among the tourist destinations, Lake Como stands out on both side, with 8.8 million euros of average value per facility and 169 thousands euros per room.

### Subsidies for construction industry

The recovery of the construction industry, especially, the one related to the hospitality sector, is also promoted by the fiscal instruments deployed and re-confirmed for 2019. First of all, let's start with the so called "Bonus Alberghi e Agriturismi". It's a tax break that was re-confirmed and extended by the last 2017-2018 Budget Law. This law, that has been prolonged until 2020, provides for the chance to access a tax credit of 65% on restructuring costs for hotels, agritourisms and, generally, to buildings for tourist use.

This law includes: construction redevelopment (extraordinary maintenance interventions, restoration and preservative recovery activities, processing measures); architectural boundaries removal (physical barriers removal, planning/realisation of areas open to all the people, the removal of sensory barriers and communication); increasing energy efficiency (energy reclassification, interventions to the building; partial/full replacement of air conditioning systems); the purchase of furniture that are exclusively intended to hotel facilities (the remake or substitution of kitchens, indoor and outdoor furnishings, fixed furnitures, safer flooring, the building of new spas). This tool has become more efficient since the deduction rose from 30 to 65%, since it can be

available in two tranches along the year rather than three, and since it can be applied up to 220 thousand euros.

This tax break can be applied to facilities performing agritourism activities according to the Law 96/2006; hotel facilities, or rather, pending of implementing decrees enactment, hotels and alberghi diffusi, hotel-type tourist residences, hotel-villages, the facilities which are intended as "hotel" by specific regional laws, thermal facilities (only from 2018).

The approved tax credit is 65% of the total amount of the allowable costs incurred from January 1<sup>st</sup>, 2017 to December 31<sup>st</sup>, 2018. As exposed before, up to the maximum value of 200 thousand euros may be granted to each company within two-year reference. For costs incurred during 2018, it will be possible to submit facility request from February 18<sup>th</sup>, 2019.

Milano è al centro del rilancio del Real Estate.  
Milan is in the core of this Real Estate relaunch

