

## Sales of real estate units and loans

I quarter 2018

### Notarial deeds – Transfers of properties of real estate units

In the first quarter of 2018, seasonally adjusted sales or any other kind of exchange in return for payment of real estate units dedicated to all kinds of use rose (176,687) by 0.6% compared to the previous quarter (Figure 1 and Figure 2). Both homes and appurtenances and properties for business purposes registered a growth (respectively +0.5% and +1.3%) (Figure 4).

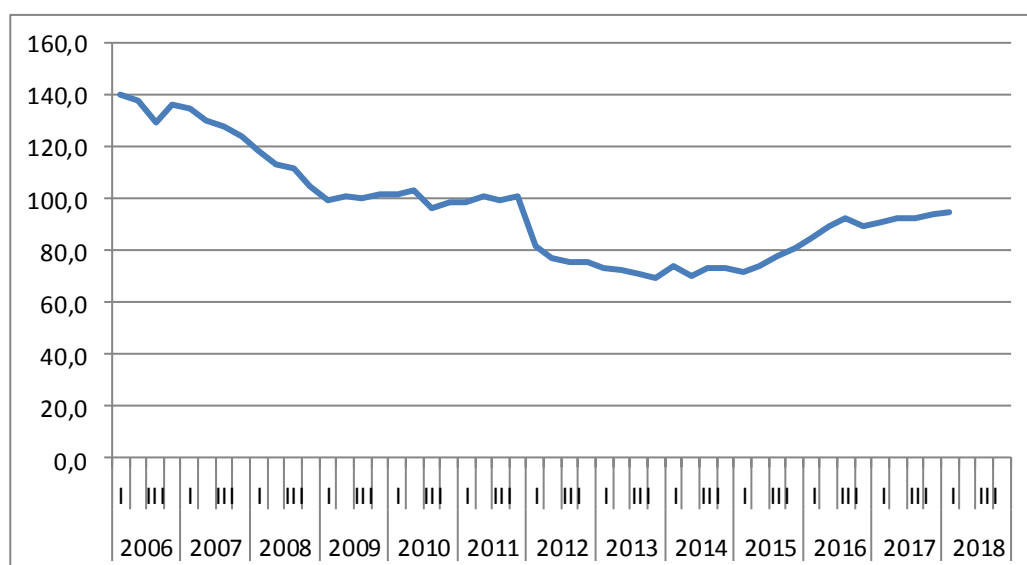
Compared to the previous quarter, the growth concerned Islands (+8.4%) and more lightly South and Centre (+0.9 both%) for transfers of properties dedicated to all kinds of use; on the contrary North-West decreased (-1.0%). For homes and appurtenances the trend was substantially the same. Real estate units for business purposes marked positive values in Islands (+4.0%), Centre (+2.5%) and North-West (+1.9%). The trend remained substantially stable for North-East and South (-0.1% both).

Nationwide real estate unit exchange agreements<sup>1</sup> increased by 4.2% over the same period of the previous year (Figure 3). The transfers of residential properties rose in all geographical areas: Islands (+10.9%), South (+6.9%), Centre (+4.2%), North-East (+3.9%) and North-West (+2.1%). Real estate units for business purposes grew in the Centre (+5.9%), South (+3.4%), Islands (+2.9%) and North-East (+0.8%); North-West decreased slightly (-0.2%).

Compared to the same period of the previous year the growth concerned metropolitan cities and small municipalities: transfers of residential properties increased respectively by +3.5% and by +5.2% and transfers of properties of real estate units for business purposes increased respectively by +3.4% and by +1.2%. In relation to the type of use, the transfers of residential properties rose by +4.4%, those for business use by +2.1% (Figure 5).

166.055 (94%) transfers of properties concerned homes and appurtenances, 9.733 (5.5%) real estate units for business purposes and 899 (0.5%) estates for special uses and multi-owned properties.

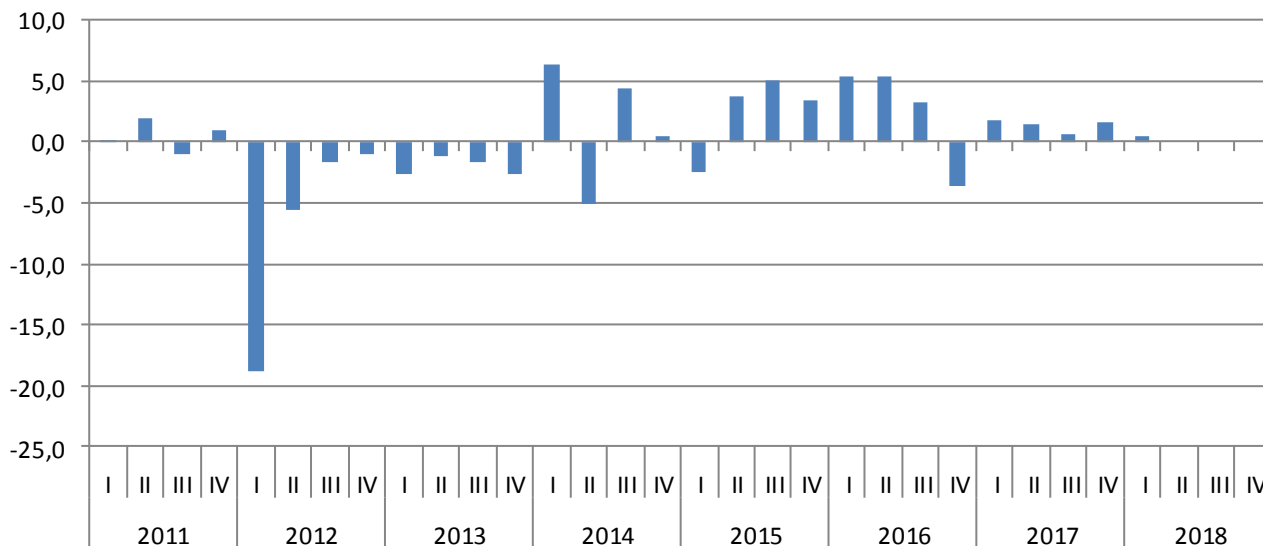
FIGURE 1. SALES OF REAL ESTATE UNITS (a) - Seasonally-adjusted index (base year 2010=100), I quarter 2006 - I quarter 2018



(a) Agreements stipulated by notaries for sales or any other kind of exchange in return for payment of real estate units.

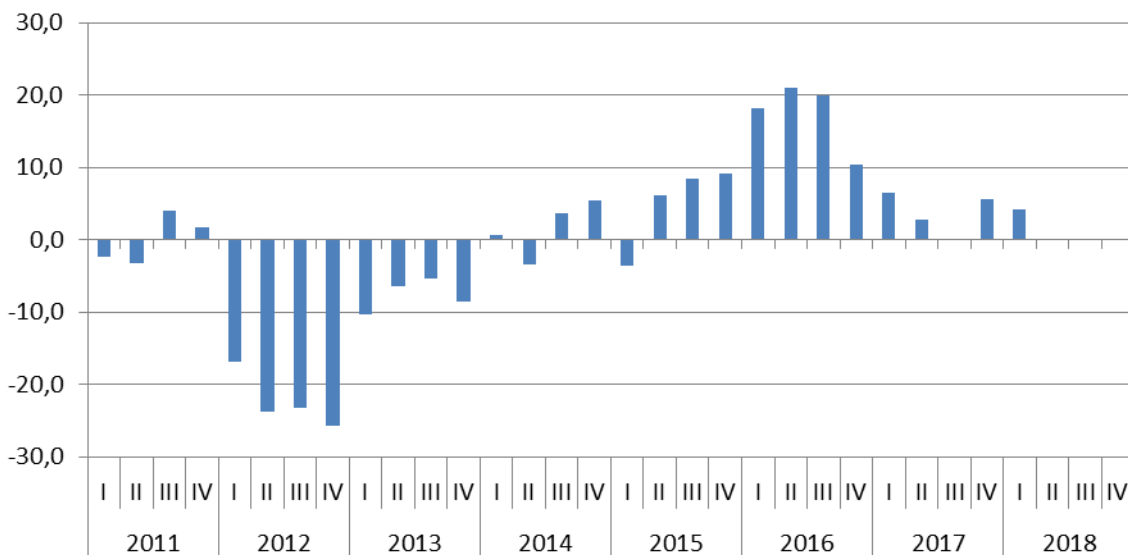
<sup>1</sup> Including sales or any other kind of exchange of properties and appurtenances in return for payment for residential use, business use, special use (excluding boat moorings) and time-share properties.

**FIGURE 2. SALES OF REAL ESTATE UNITS (a) - Percentage changes on the previous period, seasonally-adjusted data, I quarter 2011 – I quarter 2018**



(a) Agreements stipulated by notaries for sales or any other kind of exchange in return for payment of real estate units.

**FIGURE 3. SALES OF REAL ESTATE UNITS (a) - Percentage changes on the same period of the previous year, rough data, I quarter 2010I – I quarter 2018**



(a) Agreements stipulated by notaries for sales or any other kind of exchange in return for payment of real estate units.

FIGURE 4. SALES OF REAL ESTATE UNITS (A) BY TYPE OF USE – Seasonally-adjusted index (base year 2010=100), I quarter 2006 – I quarter 2018

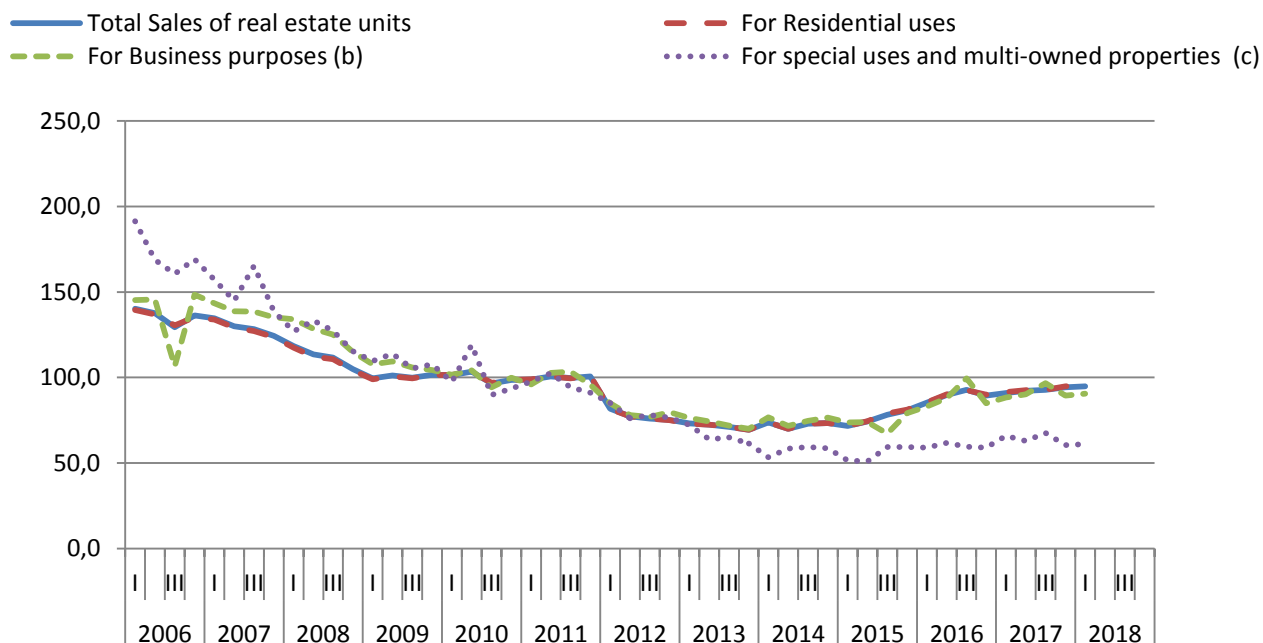
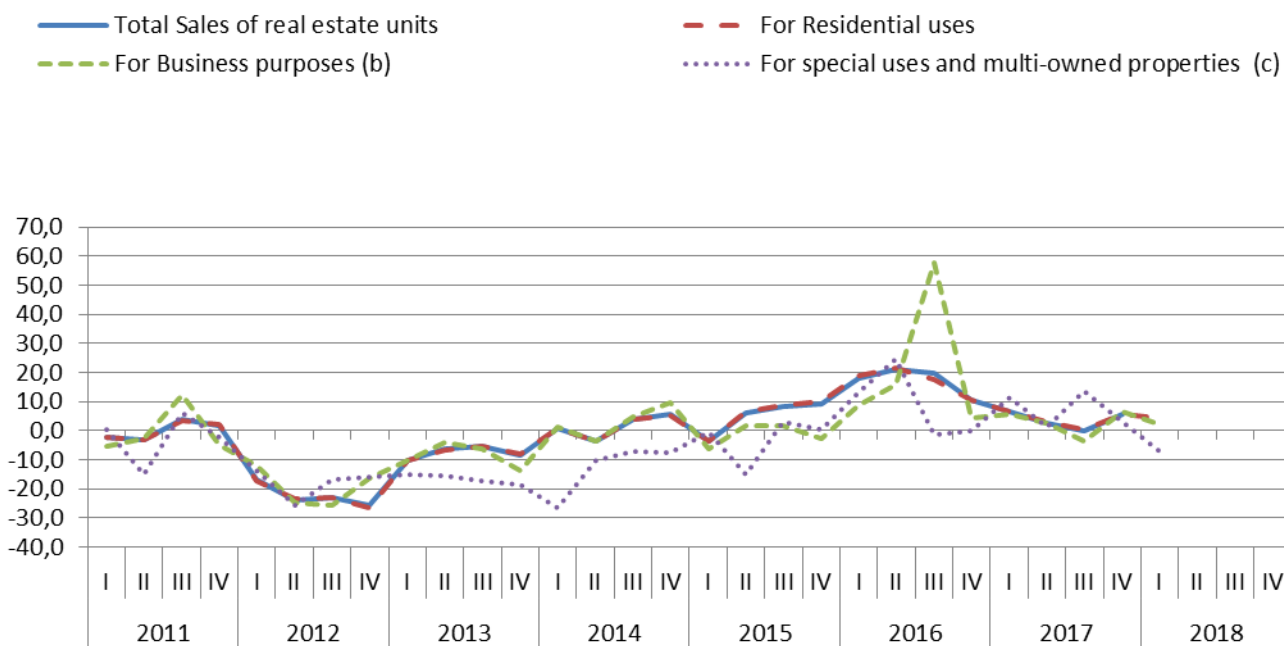


FIGURE 5. SALES OF REAL ESTATE UNITS (A) BY TYPE OF USE - Percentage changes on the same period of the previous year, I quarter 2011 – I quarter 2018



- (a) Agreements stipulated by notaries for sales or any other kind of exchange in return for payment of real estate units.
- (b) Artisan, commercial, industrial use; office use; rural use (rural buildings not appurtenant to agricultural land).
- (c) Excluding boat berths.

## Notarial deeds – Stipulation of mortgage-secured loans

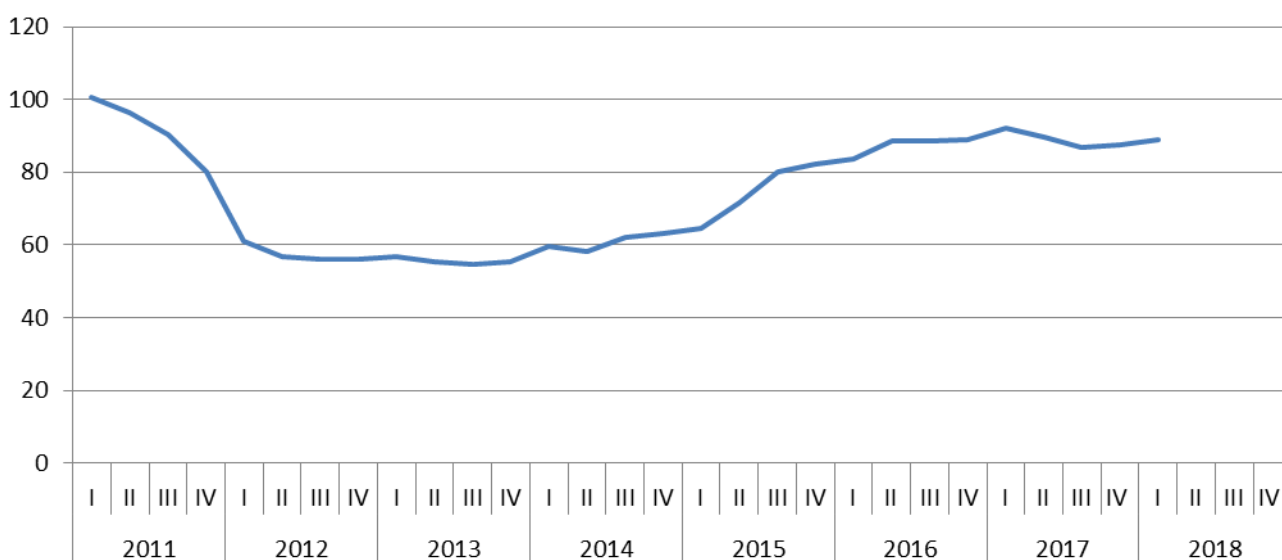
The mortgage-secured loans stipulated in the first quarter of 2018 were +1.5% higher than the ones in the fourth quarter of 2017 (Figure 6). The growth was driven by Islands (+10.5%) and it was more contained in the Centre (+2.9%). Instead it remained substantially stable in the remaining geographical areas.

The comparison with the same period of the previous year showed a decrease. Nationwide, the mortgage-secured loans stipulated in the first quarter of 2018 were 94,015, that is a 3.3% reduction over the first quarter of 2017 (Figure 7).

Mortgage-secured loans reported negative trends in the Centre (-5.4%), North-West (-4.8%) and North-East (-3.0%) and South (-1.6%), on the contrary they showed positive results in the Islands (+6.7%).

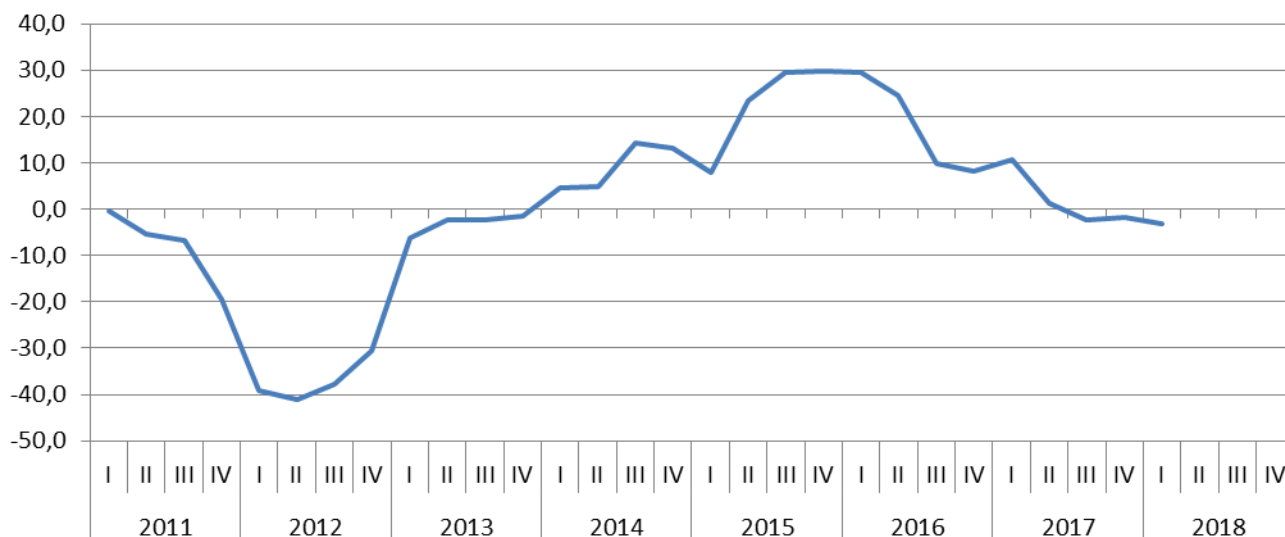
Mortgage-secured loans stipulated in the first quarter of 2018 showed a decline both in metropolitan cities (-2.1%) and small municipalities (-4.2%) compared with the same quarter of 2017.

FIGURE 6. MORTGAGE-SECURED LOANS (A) - Seasonally-adjusted index (base year 2006=100), I quarter 2011 - I quarter 2018



(a) Agreements stipulated by notaries for mortgage secured-loans

FIGURE 7. MORTGAGE-SECURED LOANS (A) - Percentage changes on the same period of the previous year, I quarter 2011 – I quarter 2018



(a) Agreements stipulated by notaries for mortgage secured-loans.

## Glossary

**District notarial archive:** under the administration of the Ministry of Justice, its task is to preserve past notarial deeds, monitor the exercise of notarial functions, regularise deposited notarial deeds, publish testaments and manage the general registry of testaments, and issue copies of the preserved deeds. At present there are 94 District Notarial Archives in Italy<sup>2</sup>.

**Notarial deed:** formal expression of the will of an individual or group of associates made before a notary.

**Rural buildings, that are not appurtenant to agricultural land:** instrumental asset for the exercise of agricultural activity (art. 9 of Legislative Decree 557/93 and subsequent amendments and integrations). Land registry category D/10.

**Real estate units and appurtenances for residential use:** land registry category A (excluding A/10) and C (excluding C/1 and C/3).

**Real estate units for office use:** land registry category A/10.

**Real estate units for artisan, commercial and industrial use:** land registry categories C/1, C/3 and D (excluding D/10).

**Real estate units for special use (excluding boat moorings):** land registry category B.

**Time-share properties:** purchase of a share of a property, occupancy of which is limited to a given rotating time period.

**Agreement:** understanding or contract contained in a notarial deed.

**Mortgage-secured loan:** agreement by which a loan, finance or other bonds issued by a bank is secured by a real estate mortgage; agreement by which a loan, finance or other bonds issued by an entity other than a bank is secured by a real estate mortgage.

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<sup>2</sup> Ministry of Justice: Decree of 30 July 1997 (published in ordinary supplement n. 199 of the Official Journal of 1 October 1997 – general series – n. 229); Decree of 23 December 2009 (published in the Official Journal of 28 December 2009 – general series – n. 300).

## Methodological notes

A survey is conducted each year on notarial activity by collecting data directly from the approximately 5,000 notaries in operation. Notaries submit quarterly statistical data to the relevant District Notarial Archive which first checks that the data are complete and compliant with quality requirements then transmits them to the Central Notarial Archives Office. The latter, after performing further verification, sends the data to Istat.

The survey model used<sup>3</sup> provides a comprehensive overview of notarial activity and a set of socio-economic information that is significant for the collectivity as a whole. The agreements stipulated by notaries are organized into groups to highlight the most significant phenomena. Among the main agreements contained under the category “Deeds of transfer for valuable consideration” is the sale or any other kind of exchange in return for payment of real estate units distinguished in terms of their intended use: residential; business (rural buildings, offices, artisan, commercial and industrial use); special use; time-share. Among the agreements contained under the category “Warranty deeds” are mortgage-secured property loans, finance and other bonds distinguished according to whether they are granted by a bank or entity other than a bank. Lastly, in the category “Mandatory deeds” are included agreements for the stipulation of loans, finance and credit facilities that are not secured by real estate mortgage.

From the IV quarter 2016, together with raw data, seasonal adjusted data have been provided as well.

Taking into account the Eurostat Guidelines on Seasonal Adjustment, seasonal adjusted data are obtained through the Arima-model-based methodology provided by the software TRAMO-SEATS (TS). More precisely, to generate the seasonal adjusted series the 2010 Linux version of TS has been used.

All the seasonal adjustment methods are founded on the assumption that each series can be decomposed in three different unobserved components: the trend-cycle component, which represents the long-run movement of the series (like those associated to the business cycle); the irregular component, which defines short term fluctuations that are not systematic and in some instances not predictable; the seasonal component, representing the intra-year fluctuations caused by various factors (e.g. weather changes, calendar, vacation or holidays) and that usually consists in periodic, repetitive and generally regular and predictable patterns.

Although the series may be decomposed in different ways, to seasonally adjust those related to both *sales* or any other kind of exchange of *real estate units* and *mortgage-secured loans* in return for payment, a multiplicative model has been used (the observed data are modeled by the product of all the unobserved components). In particular, the direct approach is used for the series disaggregated by both use<sup>4</sup> and geographic breakdown<sup>5</sup>, while for the aggregate series the indirect approach has been adopted. More in details: *the national totals of the series related to each use* come from the sum of the seasonal adjusted data of each geographic breakdown; the *Total transfers of properties of real estate units* is defined by an indirect two stage approach. First, data related to each use are summed by geographic breakdown, afterwards the national total is obtained by summing the partial totals coming from the first stage.

Considering that the inclusion of a new quarter in the series allows a better evaluation of the different components of the series, each quarter previously published data for the past few years are revised. The statistical models used for direct seasonal adjustment are revised at the beginning of each year to ensure their ability to properly represent the characteristics of every time series. In order to allow the users to reproduce the seasonally adjustment process under TS, the specifications used are made available upon request.

**For more detailed information please refer to the Italian version**

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<sup>3</sup> Cf. Appendix to Information Volume n. 43 of 2001 “Notarial activity. Years 1998-1999. A regional analysis.”

<sup>4</sup> Transfers of properties of real estate units for residential uses, sales for business purposes, sales for special uses and multi-owned properties, mortgage-secured loans.

<sup>5</sup> North-West, North-East, Center, South, Islands.