

Falling dollar attracts Italians to properties in US

REAL ESTATE

By Guy Dinmore in Rome

Falling property prices in the US and a weaker dollar are attracting investors from Italy, which has largely escaped the housing bubble collapses other parts of Europe have experienced. Sorgente Group, which operates property investment funds, says it is trying to persuade Aegon, the

Dutch insurer, to sell San Francisco's Transamerica Pyramid, Valter Mainetti, chief executive of Sorgente, said.

Sorgente, based in Rome, this year bought a 53 per cent stake in New York's Flatiron building.

Mr Mainetti said: "There are good opportunities in the US. Prices are falling".

But he said he was happy to wait, predicting that the dollar would fall further to

\$1.45 to the euro by the end of the year.

Sorgente, which traces its origins to the 19th century, last month beat a Libyan sovereign wealth fund to buy the Galleria Sordi shopping mall in central Rome for €180m (\$256m).

But opportunities to buy historic and "trophy" properties in Rome or even new developments are limited.

So while the Libyans are looking to invest some of

their \$80bn sovereign wealth fund in their former colonial ruler, Sorgente, with a portfolio valued at €1.8bn, is increasingly focusing abroad.

Mr Mainetti said: "You can build on 5th Avenue but not on Piazza Spagna. New York and London are expanding along its rivers, but we [Italy] are not building along the Tiber."

Sorgente, he said, bought for the long term and was

not highly leveraged. "We are looking for stable returns on rent," he said, noting that pension funds were major shareholders in his property funds.

Its Caravaggio fund, the only one open to retail investors and quoted on the Milan stock exchange, has reported a 35.2 per cent increase in net asset value since its launch in 2004.

Italians bought 14,500 residential properties in the

US in the first six months of this year, an increase of 15 per cent over the first half of 2008, according to a study by the Scenari property group.

New York and Miami are favourites, with prices in the latter falling by an average of 35 per cent.

Since 2007, the US has become the prime property market overseas for Italians, after years of dominance by France and then

Spain in 2006. The US accounted for 26 per cent of overseas purchases so far this year.

Falls in London property prices, especially in the Notting Hill area, are also attracting investors.

Italians carry far less personal debt than their average US and European equivalents, and have historically viewed property as their most important investment.