

An urban renaissance is transforming Milan

Yielding to a service economy, city remakes itself as the largest construction site in Europe

By Robert Galbraith

MILAN

Italy's second largest city may still look and feel like an industrial center, but it no longer is one.

"Most of the heavy industry moved away some time ago, and a services economy has replaced it," Roberto Talotta, country manager at EC Harris, the international property consultants, said in Milan. "The challenge now is to provide residential property, high quality office space and infrastructure that the new economic circumstances demand."

Fortunately, the departure of manufacturing produced an abundance of what the city needs most: large urban spaces, available for redevelopment. And just the beginning of that work has turned Milan into the largest construction site in Europe.

In a report last year, Scenari Immobiliari, an independent research institute, identified around 6 million square meters, or 2.4 square miles, of industrial land in Milan. Much of that

industrial space is covered by reminders of a bygone era — defunct steel foundries, sprawling chemical plants and shuttered factories like those that churned out Alfa Romeo and Maserati automobiles.

Transforming such places has become a big business worldwide; the city actually is following the example set by rivals like London, Paris, Barcelona and Frankfurt, all of whom have faced similar situations over the decades.

The Scenari Immobiliari report estimated that there are 150 urban redevelopment projects either at the design stage or in construction now throughout Milan and that €15 billion to €20 billion, or \$20.2 billion to \$27 billion, is committed to the projects.

One of the most prestigious, Porta Nuova or “new gate,” was unveiled in May. The title spans three projects, financed and designed separately, that will cover about 290,000 square meters of land in and around the Garibaldi train station. The area, at the doorstep of Milan’s artistic and cultural

district, Brera, now is a mix of overgrown wasteland, unused railroad tracks and even bombed-out buildings left behind from World War II.

“What to do with the Garibaldi area has been a subject of debate for 50 years or more,” said Manfredi Catella, chief executive of Hines Italia, the U.S. company that is managing the construction and has invested in all three projects. Catella is carrying on work of his

father, Riccardo, who had the idea for Porta Nuova but died in 2005 before work began.

And when it is completed in 2012, Porta Nuova will contain 360,000 square meters of offices, residential and commercial spaces; it will be crisscrossed by bicycle paths, have a large park at its center and be dotted with cultural and community centers. At least 25 leading architects from 8 countries are involved.

Construction work on the first buildings is expected to start soon.

Carlo Masseroli, the public assessor of urban development in Milan, believes that Porta Nuova will be a catalyst for all the city regeneration projects. “Because it is at the heart of the city, it will be a very visible example of what can be achieved,” he said.

He hopes that the expansion of existing parks and development of new ones will make it possible to cross Milan without ever leaving a green area. He also wants development to continue to the northwest, beyond Porta Nuova, to the area where Milan hopes to hold the 2012 Universal Exposition, an event that the city is seeking to host.

Milan’s urban development plans are, above

all, an opportunity for investors.

Luigi Marchesini is vice chairman of Galotti, the Bologna-based property development firm that owns a significant stake in one of the three Porta Nuova projects. “It is an excellent investment opportunity. There is no doubt about it,” he said. “That is why quality Italian and international investors queued up to be part of it.”

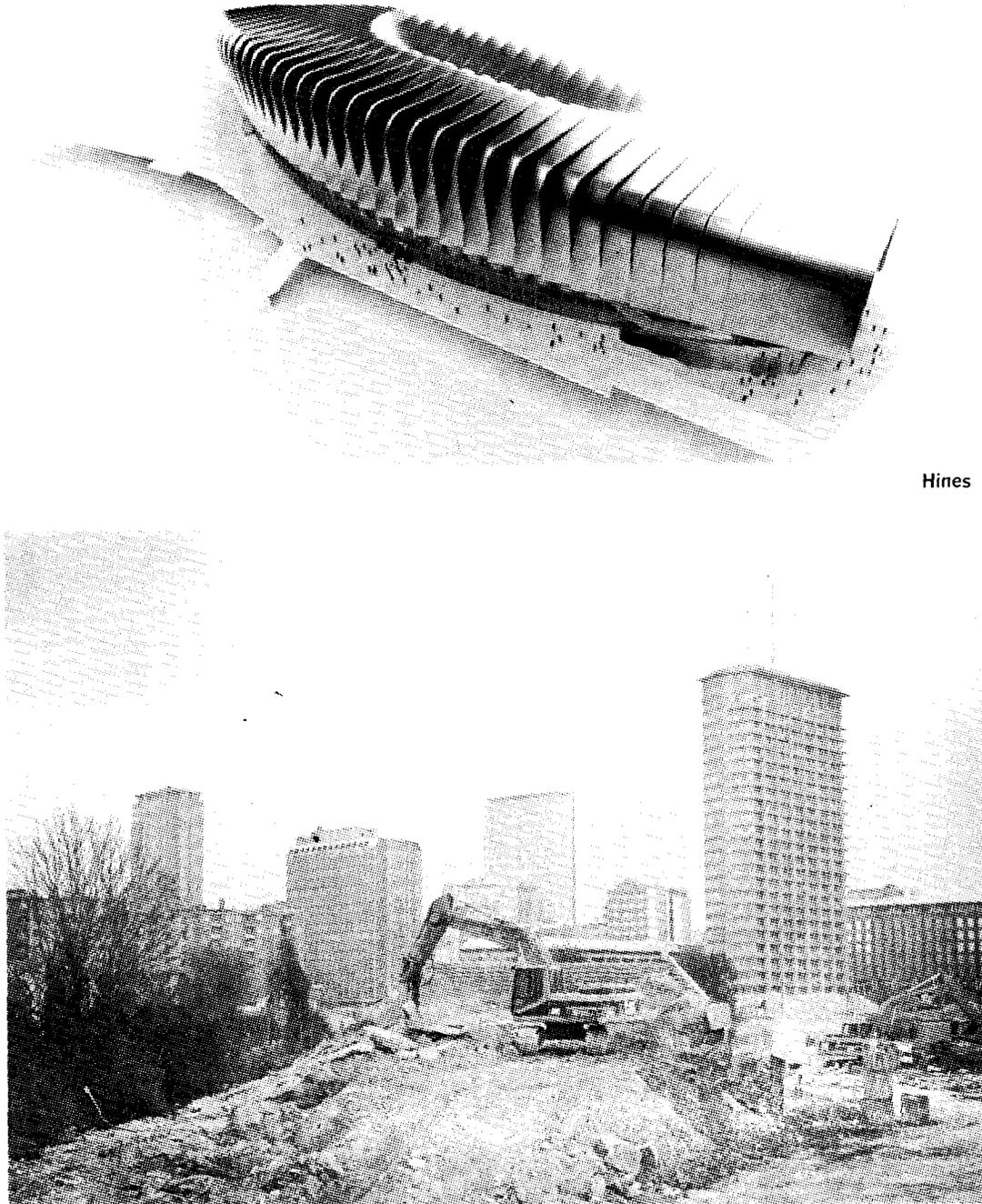
Public finance in the €2.5 billion project will be minimal, just enough to build new regional and municipal administration offices. More than €2 billion will come from private sources, including nine Italian and international investors and seven banks. “It is rare to have a project of this size funded so much by private investment,” said César Pelli, a senior principal in the Connecticut-based

architectural firm of Pelli Clarke Pelli, one of three companies involved in preparing Porta Nuova’s master plan.

A report in May by CERTeT, a regional economic center at Bocconi University in Milan, has crystallized just how good the returns can be. It calculated that renovation of former industrial areas in Italy generates €2.90 for each euro that is invested.

Important as Porta Nuova is, it is not the largest project planned for the city. That distinction goes to Santa Giulia, an area in southeast Milan, where 1.1 million square meters of land where several factories stand. Norman Foster, the London-based architect, is changing it into a residential property and a

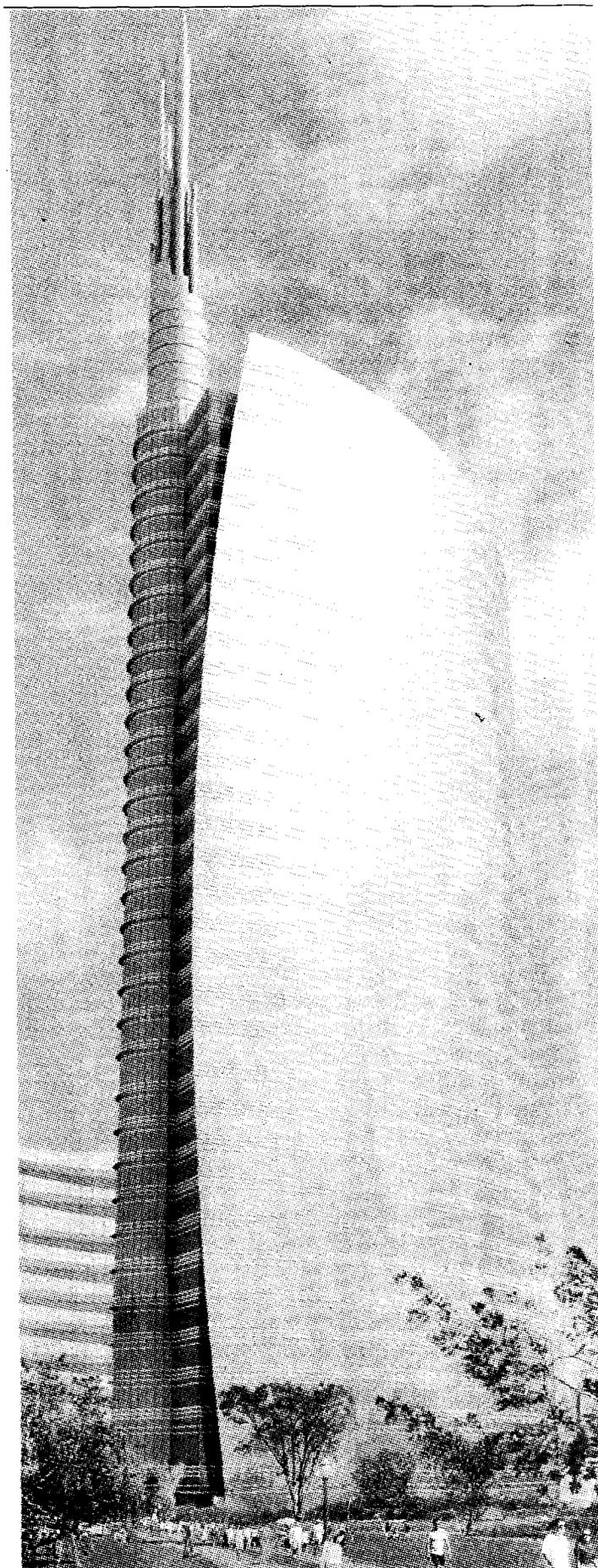
large convention center with a 33-hectare, or
81-acre, park.



Hines



Photos(below left, above) Marco Garofalo/Hines



Hines

Top left, a rendering of one of three projects for Porta Nuova, or New Gate, whose construction, on the site above and left, is scheduled to be completed by Hines in 2012. Right, one of four towers that will rise to more than 100 meters on the site, which will cover about 290,000 square meters around the Garibaldi train station.