

## ABILIO AND NEPRIX PRESENT THEIR FIRST EDITION OF THE REAL ESTATE OBSERVATORY OF JUDICIAL SALES THAT PROVIDES A SNAPSHOT OF THE EVOLUTION OF THE SECTOR SINCE 2019

- **Judicial sales in the first half of 2022 amount to 107 thousand, returning to 2019 levels**
- **The digitalisation of sales is accelerating with a peak of 74% in June 2022 (33% at 31.03.2019)**
- **The support of third parties specialised in commercial sales management is rising but unevenly (27% at 31.12.2019 vs 39% at 30.06.22)**
- **Potential further growth in the sector held back by:**
  - **uncertainty in the timing of auction publication**
  - **difficulty in obtaining constant access to information on real estate to be auctioned**
  - **lack of widespread industrialisation of judicial sale processes**

Milan, 11 July 2022 – In the first half of 2022 judicial real estate sales finally returned to growth, reaching a cumulative total of 107 thousand, not far from around 113 thousand in the same period of 2019.

Uncertainty in the timing of the announcement of auctions still hangs over the sector, as well as a difficulty in obtaining access to information on the assets being sold and a lack of a widespread industrialisation of the connected processes that would lead to further growth in the industry.

This is just some of the information that emerges from the first edition of the **Real Estate Observatory of Judicial Sales** prepared by neprix, the illimity Group's servicer working in distressed corporate credit, and Abilio S.p.A., the illimity Group's company and player of reference in the purchase and sale of real estate and operating assets deriving from insolvency and enforcement procedures, lease companies and voluntary sales. Abilio operates via a broad network of specialised portals such as Quimmo, an innovative proptech with a unique model on the real estate market that covers the entire value chain and simplifies purchasing and selling processes in a judicial environment and on the open market.

The Observatory analyses the dynamics of real estate judicial sales in Italy over the period from 1 January 2019 to 30 June 2022, looking at both enforcement procedures and those in an insolvency environment. The aim is to provide evidence of the specifics of the industry, its critical areas and the current opportunities for growth in the sector as well as details of its evolution in light of the pandemic.

The reported figures represent an internal analysis of data from two different sources: the Public Sales Portal (*Portale delle Vendite Pubbliche - PVP*) and the portals of Abilio, including **Quimmo**, launched in April with the aim of covering the entire value chain of real estate purchases and sales, both on the judicial and open real estate markets.

## **TIMING OF JUDICIAL SALE PROCEDURES**

After each sale attempt, the property involved in the procedure is invisible for a potential purchaser until the publication of the announcement of the subsequent sale, which on average occurs after 54 days. This is an especially critical factor in the judicial sale procedure and considerably restricts the possibility of success, given that in the majority of cases a potential purchaser does not even have access to the results of the outcome of the auction. The study additionally notes that publication times can vary from one Court to another<sup>1</sup>. The most virtuous from an enforcement standpoint is Rome, which takes only 12 days to publish the information required for the next attempt at sale, followed by Turin (28). From an insolvency standpoint, Rome is once again top of the league (37 days), followed by Catania (44).

## **CURRENT SITUATION IN JUDICIAL SALES**

After two years of significant contraction in Italian Court activities arising mainly from the repercussions of the Covid-19 health emergency, judicial sales of real estate started rising again in the first half of 2022 to arrive at a cumulative total of 107 thousand attempts (for a basic auction volume or “bav” of approximately €18 billion euro), not far from the figure of 113 thousand (and for the same bav volume of approximately €18 billion euro) for the same period in 2019 and representing an increase over the ca. 64 thousand for the first half of 2020 and 94 thousand for the same period in 2021.

More specifically, the rise in the first half of 2022 regards sales underlying enforcement procedures (81 thousand in 1H2022 in line with the 83 thousand in 1H2019), which picked up as a result of the ending of the restriction measures introduced as a result of the pandemic crisis.

Sales underlying insolvency procedures are, however, finding it hard to return to pre-pandemic levels, due to uncertainty in the legislative situation – with the deferral of the entry into force of the Crisis Code to 15 July 2022 – and a decrease in the procedures declared in 2020-2021. In this respect attempts at sale are expected to close at 26,495 compared to the figure of 30,696 in the first half of 2019.

The slowdown in sales in 2020 and 2021 is reflected in a gradual ageing of the “inventory” of properties underlying judicial liquidations. In the insolvency field, in the first half of 2022 around a third (34%) of sales relate to procedures declared before 2015, meaning those open for at least 7 years. A better performance can be seen in the enforcement field, though, with a quarter of sales relating to procedures at least 7 years old. Considering procedures declared at least 4 years ago, the figure rises to 69% for insolvency procedures and 65% for enforcement procedures. Lastly, only 31% of insolvency sales (35% of enforcement sales) relate to recent procedures initiated from 2019 onwards.

## **COMMERCIAL MANAGEMENT OF JUDICIAL SALES EXPECTED TO GROW**

In the present environment the awareness is growing in many Italian Courts as to the importance of accompanying a purely legal approach with a commercial approach. The aim is to achieve a higher level of judicial sale process announcements, reach a wider target and accordingly increase the probability of success of the operation, to the benefit of all the players involved. Starting from a detailed analysis of the assets under liquidation, it is possible to “industrialise” and speed up the sales process in order to achieve more efficient results in management terms. The possibility of

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<sup>1</sup> The figures refer to the Courts of Italy’s 12 largest cities by population.

using the services of specialist third parties capable of providing commercial support is, however, only currently envisaged in the insolvency field, where though a growing trend can be seen in the use of specialists by Courts, with the proportion rising from 27% of the total number of sales attempts in 2019 to 39% in June 2022. In particular, the study notes that it is Courts in Northern and Central Italy that make the greatest use of specialised operators (50% on average) while the South and the Islands are unable to go beyond 14%.

This growth trend is expected to continue in the future, in light of the increased efficiency in the processes deriving from the dissemination of this model. The study notes that **the announcement time** – meaning the time between the ending of one attempt and the ending of the next one – is lower in those Courts that avail themselves more of assistance provided by specialists. In this respect, analysing the data for 1H 2022 a reduction in time of 35 days can be seen, representing a fall from an average of 140 days to 105 days in cases involving specialists.

In addition, the study points out that there is inconsistency from one Court to another in the management of real estate **custodial** services, which do not only include accompanying potential purchasers but also performing additional requirements such as technical, legal, procedural and commercial verifications. In the enforcement field, the Florence Court uses the services of operators external to the procedure to the greatest extent, with this occurring in 98% of cases, while the Bari Court only does this only 5% of the time. Everything changes if the insolvency field is considered: in this case Florence reaches 15%, like Bari, and is followed by Catania (11%), while the Rome Court makes the greatest use of external operators (38%).

## **DIGITALISATION OF JUDICIAL SALE PROCESSES**

From 2019 to the first half of 2022 an increasing use of online sales by the Courts can be seen, especially in the enforcement field, with these rising from 33% of the total in March 2019 to 74% in June 2022. Central and North-West Italy stand out as the areas with the greatest use of online sales, both of these reaching 80% (these representing a respective 37% and 50% of the total in 1H2019), and even the area currently having the lowest percentage – the Islands with 61% - shows the extent to which digitalisation is advancing very quickly, given that in just 3 years there has been a rise of 200% in this area.

This trend does not only depend on the legal requirements for the digitalisation of auctions, a practice effective since 2018, but also on the changes made by the Courts which, with the start of the pandemic, have been accelerating the introduction of legislation in order to speed up the sales process. In addition, according to the study the extension of the requirement for online tenders to the insolvency field imposed by the Italian civil code will facilitate and further speed up the extension of the online model to the enforcement field.

**Renato Ciccarelli**, Chief Executive Officer of **Abilio**, emphasised that: *“After the acute phase of the pandemic we are now seeing the auction industry gradually returning to normal. There are still a number of critical matters, however, that have always held back the growth of an efficient model in judicial sale processes. Standing out among these are the uncertainty in the timing of sales procedures and the difficulty in obtaining access both to information about the properties and to the properties themselves. The effect of these issues could be reduced by an increased dissemination of industrialised models for the sale of assets in procedure, which would be to the benefit of all the stakeholders involved.”*

Click [here](#) to download the complete Observatory.

The research will be presented tomorrow at 11.00 a.m. CET in the webinar “Osservatorio Immobiliare: evoluzione delle vendite giudiziarie post pandemia”, about the evolution of judicial sales post pandemic. Click [here](#) to follow the live streaming.

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#### **illimity Bank S.p.A.**

**illimity** is the high-tech banking group founded and headed by Corrado Passera that was created with the aim of responding to specific market needs by way of an innovative and specialist business model. More specifically, illimity extends financing to high-potential SMEs, purchases distressed corporate loans and services these through its platform neprix, and provides digital direct banking services through [illimitybank.com](http://illimitybank.com). illimity SGR, which sets up and manages alternative investment funds, the first of which dedicated to UTP loans, is also a member of the Group. The story of the illimity Group began in January 2018 with the launch of the special purpose acquisition company SPAXS S.p.A., which ended with a record 600 million euro being raised on the market. SPAXS subsequently acquired Banca Interprovinciale S.p.A., with the resulting merger between the two giving rise to “illimity Bank S.p.A.” which has been listed on the Italian Stock Exchange since 5 March 2019 (ticker “ILTY”), first on the MTA exchange and since September 2020 on the Star segment (now Euronext Star Milan). The banking group, headquartered in Milan, can already count on over 760 employees and ended the first quarter of 2022 with assets of around 4.9 billion euro.

#### **Abilio S.p.A.**

Abilio is the illimity Group company specialising in the purchase and sale of real estate and operating assets deriving from insolvency and enforcement procedures, lease companies and voluntary sales. Innovation, transparency and simplicity are the distinguishing features of Abilio, which can boast more than ten years’ experience in insolvency and enforcement liquidations and activities carried out at over 100 courts in Italy in the capacity of: Specialised Party, Online Sales Manager, Legal Disclosure Manager and Custodian. Abilio assists its clients at all stages of the purchasing and sales process for every asset and market through the use of local professionals and a network of portals that can count on over 26.4 million visitors a year and consists of Quimmo, Industrial Discount, Fallimenti.it, Annunci industriali and Vendite Giudiziarie Italia.

#### **neprix S.r.l.**

neprix is the illimity Group company specialising in the management of distressed corporate credit through the use of an innovative, multi-disciplinary and technological servicing model. On the one hand, through the neprixDCManagement division, it supports investors along the whole of the value chain from loan valuation, loan data tape management, legal analyses and the valuation of real estate through to the optimising the way of managing corporate secured and unsecured asset classes. On the other, thanks to neprixrealestate, it provides a complete range of services: from the analysis and valuation of real estate and big data analytics, data enrichment and location intelligence through to property management and real estate asset management. The illimity Group has also announced the acquisition of AREC – a company specialising in the management of Unlikely to Pay (UTP) loans with an emphasis on the corporate real estate segment – which will be integrated into neprix. The resulting merger will create a market leader with loans of over 9 billion euro under management and a significant focus on UTPs, which will represent over a third of the portfolio.