

# Project: "Urban Transformation - Redevelopment for Rental Business (Italy)"

## 1. Project concept

The project aims to acquire underutilized commercial space (offices, warehouses, former utility rooms) and transform it into modern residential apartments for short- and medium-term rental. The project is primarily planned for Italy. The revitalization of abandoned or inefficient commercial space (categories C/1 - shops, C/2 - warehouses, B/4 - offices) and its transformation into Case Vacanze (vacation homes) or Affittacamere (guest rooms) is planned.

**Key advantage in Italy:** Commercial real estate in city centers (Rome, Florence, Milan, Naples) is often 30-40% cheaper than residential real estate, but after a change of use (Cambio di destinazione d'uso), its value increases sharply. This offers the opportunity to generate profit from two sources:

- rental income;
- increase in property value

### Target audience:

- Tourists (short-term rentals).
- Business travelers and digital nomads (medium-term rentals).

## 2. Implementation Stages and Timelines

The implementation of one project (roughly 100–150 m<sup>2</sup>) takes an average of 13–16 months.

Stage	Description	Time
<b>Selection and audit</b>	Property search, legal clearance, and technical feasibility check for redevelopment. Conformità Urbanistica (compliance with city plans) check.	1 month
<b>Purchase and registration</b>	Registration of the transaction, approval of redevelopment.	1-2 month
<b>Design, architect's work</b>	Creation of a design project and utility plans (wet areas, ventilation). Change of use (e.g., from office to residential). Requires the work of an architect (Geometra). Submission of a notice of commencement of work to the municipality (Comune).	5 month

Stage	Description	Time
<b>Construction and repair work</b>	Dismantling, rough and final finishing, zoning in the studio.	3-4 month
<b>Habitability and CIR</b>	Obtaining a certificate of suitability and a tourist site identification code (CIR).	1-2 month
<b>Equipment</b>	Purchase of furniture, equipment, textiles and installation of remote access systems.	1 month
<b>Start</b>	Photo session, listing on aggregators, marketing.	1 month

### 3. Cost Calculation (Investment Budget in %)

- 1. Property Purchase (60–70% of the budget):** The bulk of the expenses.
- 2. Legal Support and Taxes (3–5%):** Transaction Processing, Legal Services, and Architectural Services.
- 3. Construction and repair work (20–25%)**
- 4. Furniture and Appliances (5–7%):** Refrigerators, Air Conditioners, Smart Locks.
- 5. Reserve Fund (3%):** Unforeseen Expenses.

#### 3.1 Cost calculation (using a 100 m2 facility as an example)

Expense item	Approximate amount (€)	Note
<b>Purchase of an object</b>	150,000 – 250,000	Depends on the city and region.
<b>Taxes and Notary</b>	10,000 – 15,000	The registration tax (Imposta di Registro) is higher for commercial purposes.
<b>Technical fees</b>	5,000 – 12,000	Payment to the architect and municipal fees ( <i>Oneri di urbanizzazione</i> ).
<b>Construction and repair work (Ristrutturazione)</b>	60,000 – 90,000	Around 600–900 € per m2 (including plumbing and electrical installations according to EU GOST standards).
<b>Furnishings (Arredamento)</b>	15,000 – 25,000	The "Made in Italy" style is an important factor for high checks on Booking.
<b>Total investment</b>	<b>~240,000 – 390,000</b>	

#### 4. Tax Incentives (Bonus Edilizi)

Use of government subsidies:

- **Bonus Ristrutturazioni:** Possibility to recoup up to 50% of renovation costs as tax deductions over 10 years.
- **Ecobonus:** Discounts for window replacement and installation of heat pump air conditioners (energy efficiency class A).

#### 5. Financial Indicators and Payback

With the right location (proximity to the city center, transport hubs):

- **ROI: 15-25% per annum (significantly higher than the 4-6% for standard apartment rentals).** Average nightly rate: €120-180 (depending on season and city). Occupancy: 70-80% (for tourist centers in Italy).
- **Payback period: 4-6 years.**
- **LTV (Livestock Value Increase):** Immediately after conversion into residential apartments, the market value of a property increases by 30-50%.

#### 6. Risks

- **Changing legislation:** Strict adherence to insulation (lighting) and fire safety regulations is required.
- **Technical challenges:** Insufficient allocated electrical power (five studios require more kW than one warehouse).
- **Soprintendenza (Cultural Heritage):** If the building is historic, any changes to the windows or façade may be prohibited.