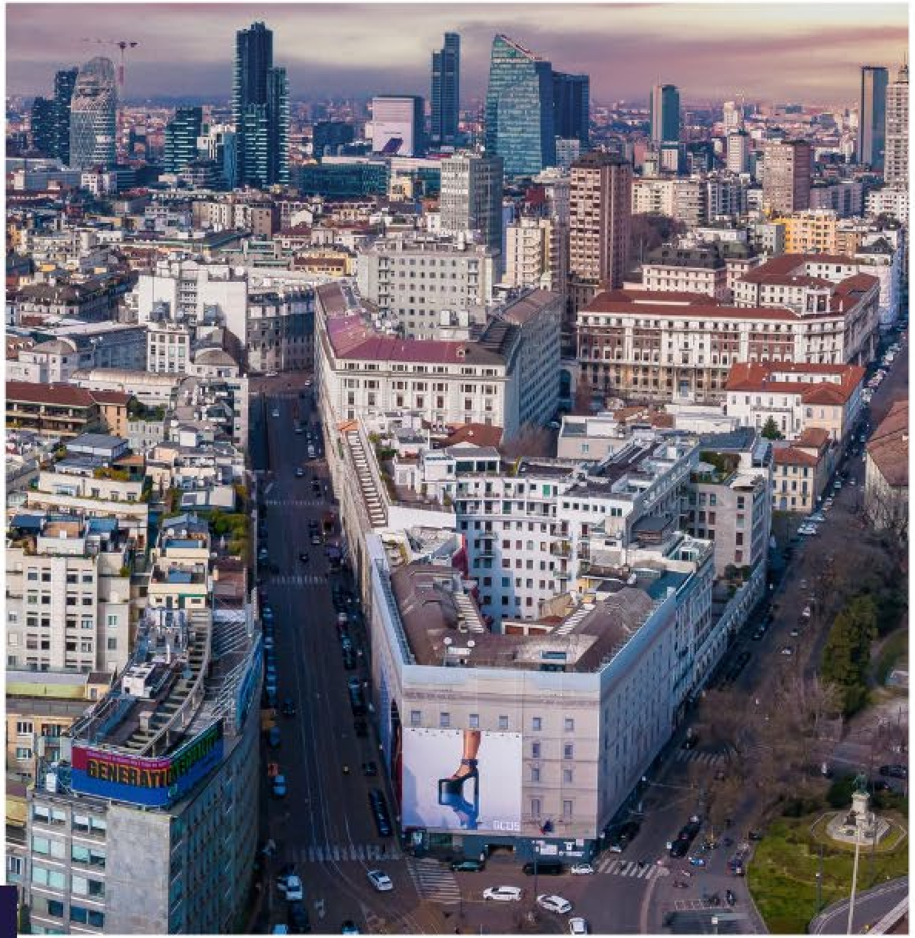
CUSHMAN & WAKEFIELD

Better never settles

VANTAGE POINT



A Cushman & Wakefield publication

ITALIAN REAL ESTATE MARKET TRENDS & OUTLOOK

H1 2025

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01 ECONOMY

ECONOMY

Economic Indicators H1 2025

Trend 2025

Italy's economy showed moderate resilience in the first half of 2025, navigating a complex global environment marked by trade tensions and geopolitical uncertainty.

Despite external headwinds, including the impact of new U.S. tariff policies and subdued consumer sentiment, Italy managed to post positive GDP growth in Q1, +0.3% with industrial production remaining relatively stable.

The period was marked by some encouraging signs of investor confidence in Italy's macroeconomic and political stability. Most notably, the spread between Italian 10-year BTP and the German Bund has remained consistently below 100 basis point, pointing out a reduced perceived risk and a renewed trust in Italy's fiscal trajectory and institutional reliability.

Labour market remains a pillar of strength with unemployment rate fallen to historic lows, contributing to consumer confidence and supporting domestic demand fundamentals. At the same time, inflation has continued to ease, stabilizing below 2% in the first half offering welcome relief to both households and investors.

The European Central Bank's decision to lower interest rates in April and June—cumulatively cutting 200 basis points since mid-2024—continues to support a more accommodative monetary environment. With the benchmark rate now at 2%, this shift significantly enhances the attractiveness of real estate as an investment class, particularly in a low-yield context.

GDP
+0.3%
Q1 2025

UNEMPLOYMENT RATE
5.9%
April 2025

INFLATION
1.7%
June 2025
(preliminary)

10YRS GOVERNMENT BOND YIELD
3.5%
June 2025

PRIVATE CONSUMPITON
+0.2
Q1 2025

INDUSTRIAL PRODUCTION
+0.4%
Q1 2025

Source: L'Economia Italiana in Breve, July 2025 by Bank of Italy; ISTAT

ECONOMY

Economic Indicators H1 2025

Outlook 2025

The outlook for Italy’s real estate market in the second half of 2025 remains cautiously optimistic, underpinned by stable economic fundamentals and a supportive monetary policy.

The expected GDP growth of +0.6% for the year, with a projected average of +0.8% over the following two years, points to a modest but steady expansion. Importantly, the resilience of the labor market—marked by historically low unemployment and stable participation—continues to sustain both consumer spending and demand for residential and commercial space.

With inflation projected at 1.5% by the year end, the pricing environment remains favorable for investors, helping to anchor yields and support capital market stability.

On the downside, some risks remain. Macroeconomic uncertainty persists, and external pressures—such as the potential impact of new U.S. trade tariffs—could weigh on growth in the second half. The Bank of Italy warns that these measures alone could subtract up to 0.5 percentage points from GDP, underscoring the need for vigilance.

For real estate investors, the alignment of macroeconomic stability, controlled inflation, and a more supportive monetary policy signals a more favorable risk environment in which to allocate capital. While external headwinds remain a factor, Italy's real estate sector enters the second half of 2025 on solid footing, attracting growing interest—especially from long-term investors focused on stable, income-generating opportunities.

GDP	UNEMPLOYMENT RATE	INFLATION
+0.6%	6.2%	1.5%
2025	2025	2025

Source: Bank of Italy, forecast in July 2025

02 OFFICES


MILAN

OFFICES

Italy Milan

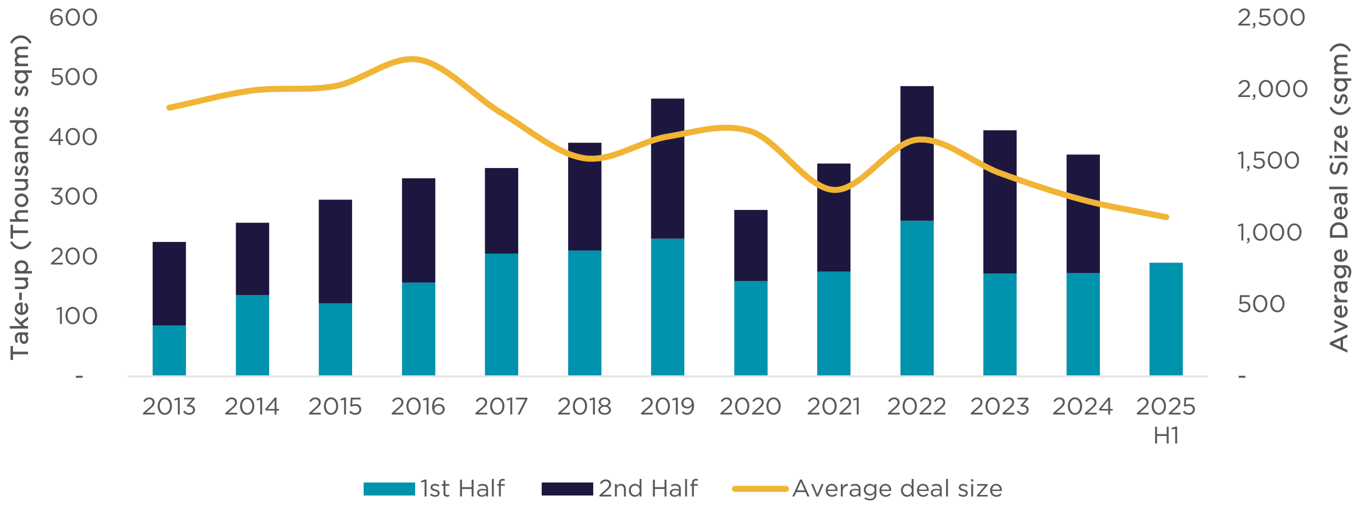
TAKE-UP	AVERAGE DEAL SIZE	VACANCY RATE	NEW COMPLETIONS	UNDER CONSTRUCTION
190,000 sqm (+9%)	1,125 sqm (+1%)	9.4%	93,000 sqm (New/Refurbishment)	426,000 sqm (Speculative and Pre-let)

Note: Figures show the variation between H1 2025 and H1 2024.

OFFICES

Italy Milan

Take-up by semester and average deal size



ADDRESS	SUBMARKET	TENANT SECTOR	AREA (SQM)	TYPE
Corso di Porta Nuova 19	CBD	Legal services	14,500	Pre-lease
Via Amerigo Vespucci 2	CBD	E-commerce	10,000	Pre-lease
Gioia20 Ovest - Via Melchiorre Gioia 20	CBD	IT\Communications	8,500	Pre-lease
Via Borromei 5	CBD	Legal services	5,300	Lease
Via Carlo de Angeli 2	SEMI CENTRE	Fashion	5,275	Pre-lease
DB1 - Piazza Del Calendario 1	PERIPHERY	Education	4,940	Lease
Via Giovanni Battista Pirelli 35	CBD	Pharmaceuticals\Chimicals	4,786	Lease
Via Costanza Arconati 1	PERIPHERY	Insurance Agents, Brokers & Service	4,300	Lease

In the first half of the year, the market recorded a solid performance, reflecting a period of positive demand, with a total take-up of 190,000 sqm—exceeding both H1 2024 (175,000 sqm) and the five-year H1 average (185,000 sqm).

Additionally, since the beginning of the year, 11,000 sqm of sub-leased space have been added to the market. These spaces—high-quality, recently leased, and offering "plug & play" solutions—represent a competitive alternative to prime assets, bringing the total semester absorption to 201,000 sqm.

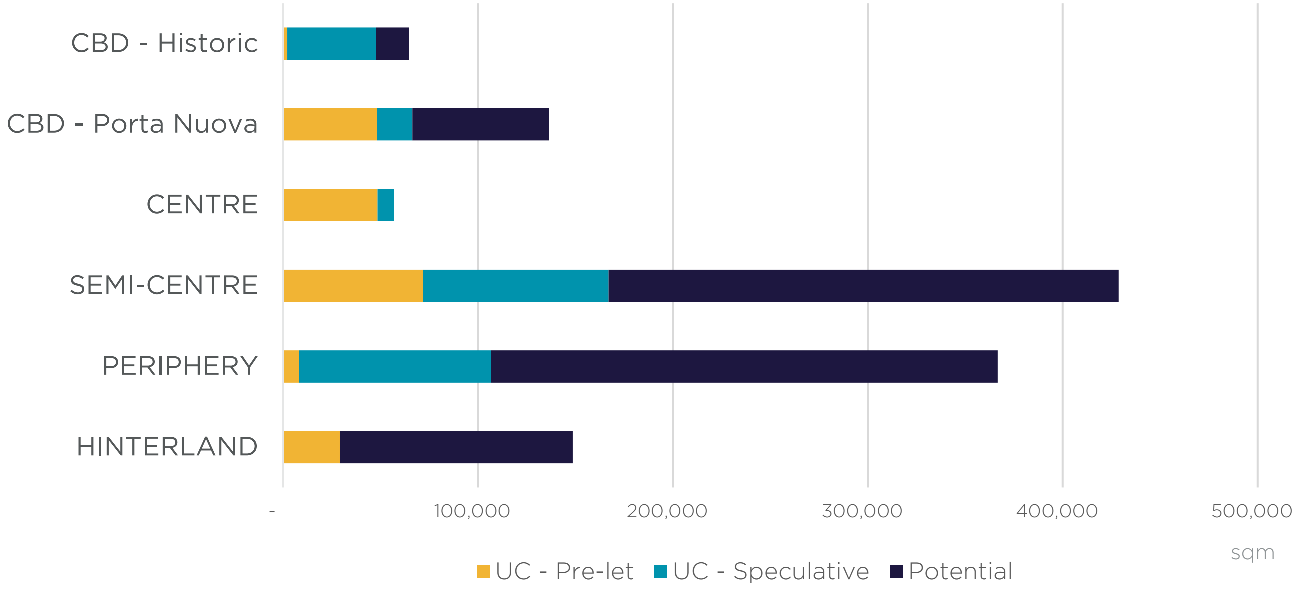
In the first half of 2025, the market saw a clear decrease in the average size of transactions, with a drop from 1,440 sqm in Q1 to 1,110 sqm in Q2 — a decline of approximately 23%. Over the semester, 91% of all numbers of transactions involved spaces up to 3,000 sqm, accounting for nearly 60% of total take-up volume. This pattern mirrors the trend observed throughout last year and clearly reflects companies' ongoing efforts to optimise occupancy costs — prioritising flexibility and efficient use of space without compromising on quality. As a result, the average transaction size continues to shrink, reinforcing the structural transformation in workplace strategies.

Demand remains strongly focused on the CBD and central areas, where companies look for high-quality office spaces in well-connected locations offering a full range of services, excellent public transport links, and a dynamic business environment. In peripheral and hinterland areas, demand is limited and concentrated only in specific clusters that are well-served and capable of providing comparable standards in terms of accessibility, services, workplace quality, and a strong focus on sustainability.

OFFICES

Italy Milan

Main projects under construction and potential pipeline



Milan's office development pipeline is expected to deliver approximately 1.07 million sqm of new and refurbished space by 2028, including both projects under construction and potential developments.

As of mid-2025, the volume currently under construction stands at around 426,000 sqm, a 20% decline compared to year-end 2024. Of this, 51% is pre-let, while the remaining 49% is expected to be delivered vacant. An additional 647,000 sqm is in the pipeline as potential future supply.

During the first half of 2025, around 93,000 sqm were completed, comprising both new developments and refurbishments, with a 53% pre-let.

OFFICES

Itay Milan

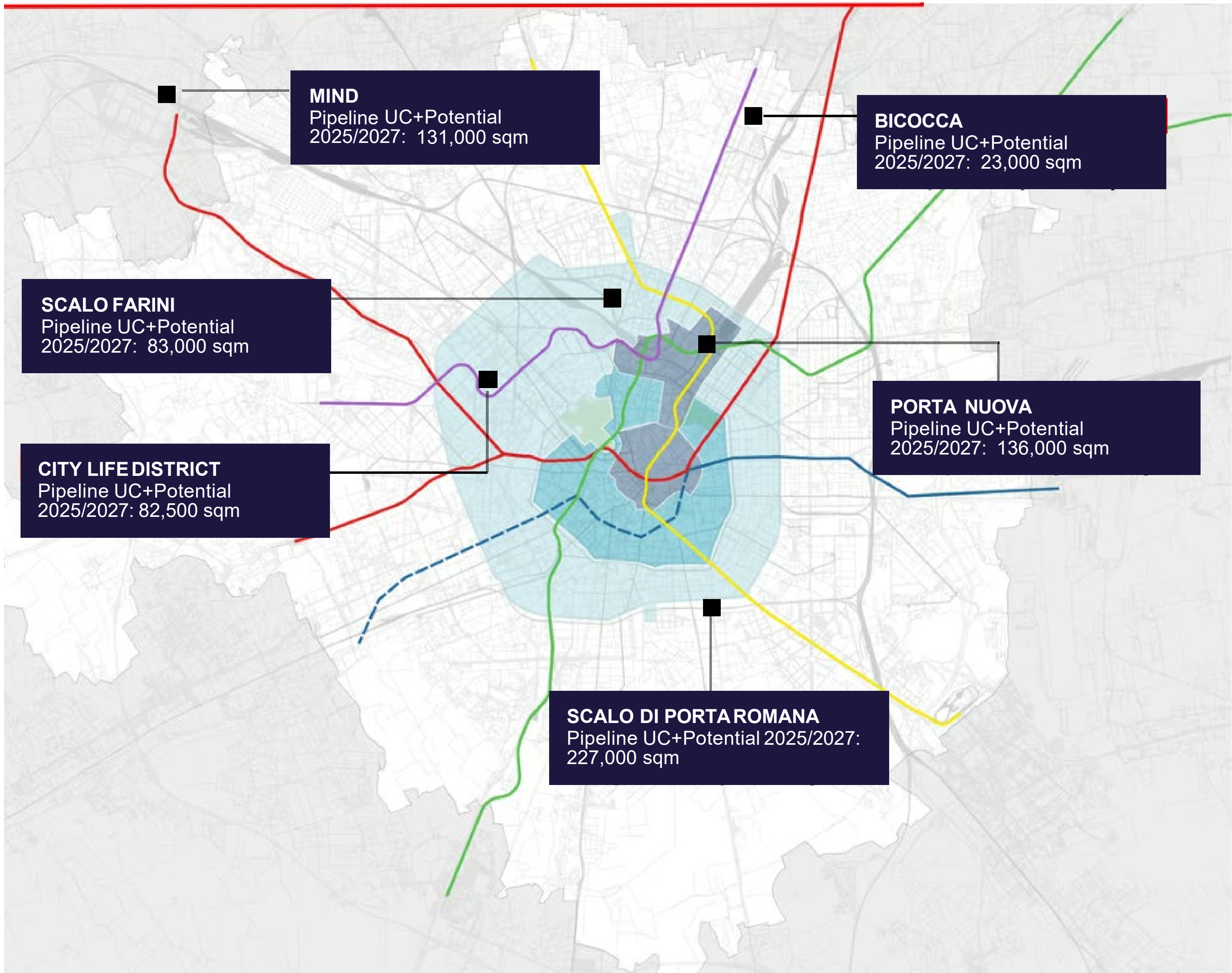
CBD
Take up 2025
H1:
90,000 sqm
Prime Rent:
€ 770/sqm/yr
Prime Yield:
4.25%
Pipeline UC 2025/2028:
107,000 sqm (pre-let: 47%)

CENTRE
Take up 2025
H1 :
10,000 sqm
Prime Rent:
€ 560/sqm/yr
Prime Yield:
5.00%
Pipeline UC 2025/2028:
9,000 sqm (pre-let: 60%)

SEMICENTRE
Take up 2025
H1 :
24,000 sqm
Prime Rent:
500 €/sqm/year
Prime Yield:
5.50%
Pipeline UC 2025/2028: 179,000 sqm (pre-let: 44%)

PERIPHERY
Take up 2025
H1 :
50,000 sqm
Prime Rent:
340 €/sqm/year
Prime Yield:
7.00%
PipelineUC 2025/2028:
77,000 sqm (pre-let: 10%)

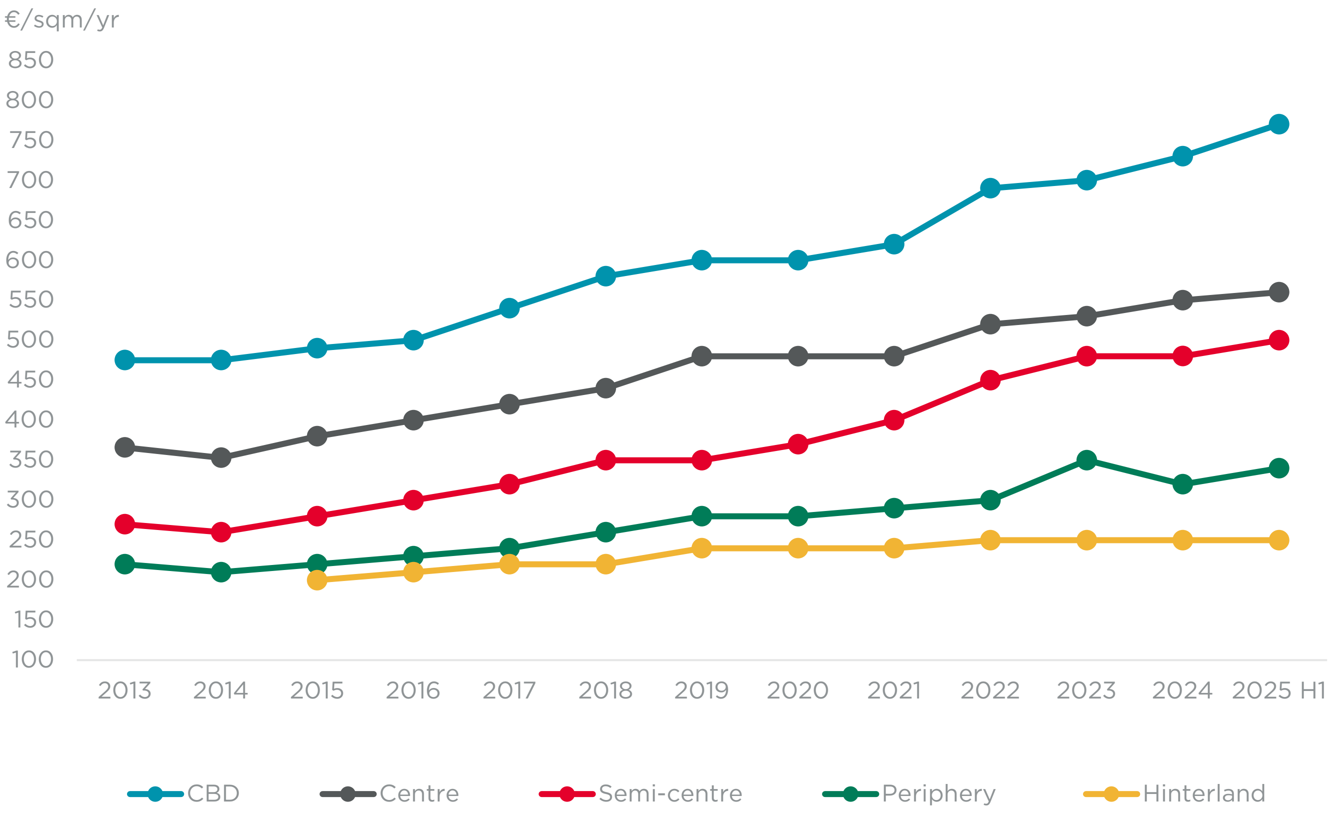
HINTERLAND
Take up 2025
H1 :
16,000 sqm
Prime Rent:
250 €/sqm/year
Prime Yield:
7.50%
Pipeline UC 2025/2028:
54,000 sqm (pre-let: 54%)



OFFICES

Italy Milan

Prime rents



(*) Prime Rent for the peripheral office market in Milan has been revised following a redefinition of the southern boundaries between the semi-central and peripheral areas. This adjustment reflects a major urban redevelopment project which is taking place on the site of a former railway yard that previously separated the district from the semi-central area.

A persistent shortage of quality office space in central areas continues to drive upward pressure on prime rents. In the CBD, prime rents rose by more than 5% in H1 2025, reaching 770€/sqm/year. This increase is mainly driven by the scarcity of top-grade spaces and the limited pipeline of new developments and refurbishments, largely affected by delays in planning approvals.

Overall, all market segments recorded average rental growth of around 4% in the first half of 2025, confirming continued pressure on rents due to low availability and stable demand. The only exception was the hinterland, where rental levels remained stable, reflecting weaker demand and the limited appeal of this area compared to better-served urban locations.

At the same time, the premium for green-certified spaces remains a significant market indicator. In semi-central areas, green-certified offices recorded the highest premium on the weighted average rent — around 43% more than high-quality, non-certified properties. The central area followed with a 19% premium. In the CBD, the premium was more modest, at around 6%, as many occupiers appear willing to compromise on certification in exchange for a prime location.


ROME

OFFICES

Italy Milan

TAKE-UP

48,000 sqm

(-33%)

AVERAGE DEAL SIZE

814 sqm

(-14%)

VACANCY RATE

6.8%

NEW COMPLETIONS

none

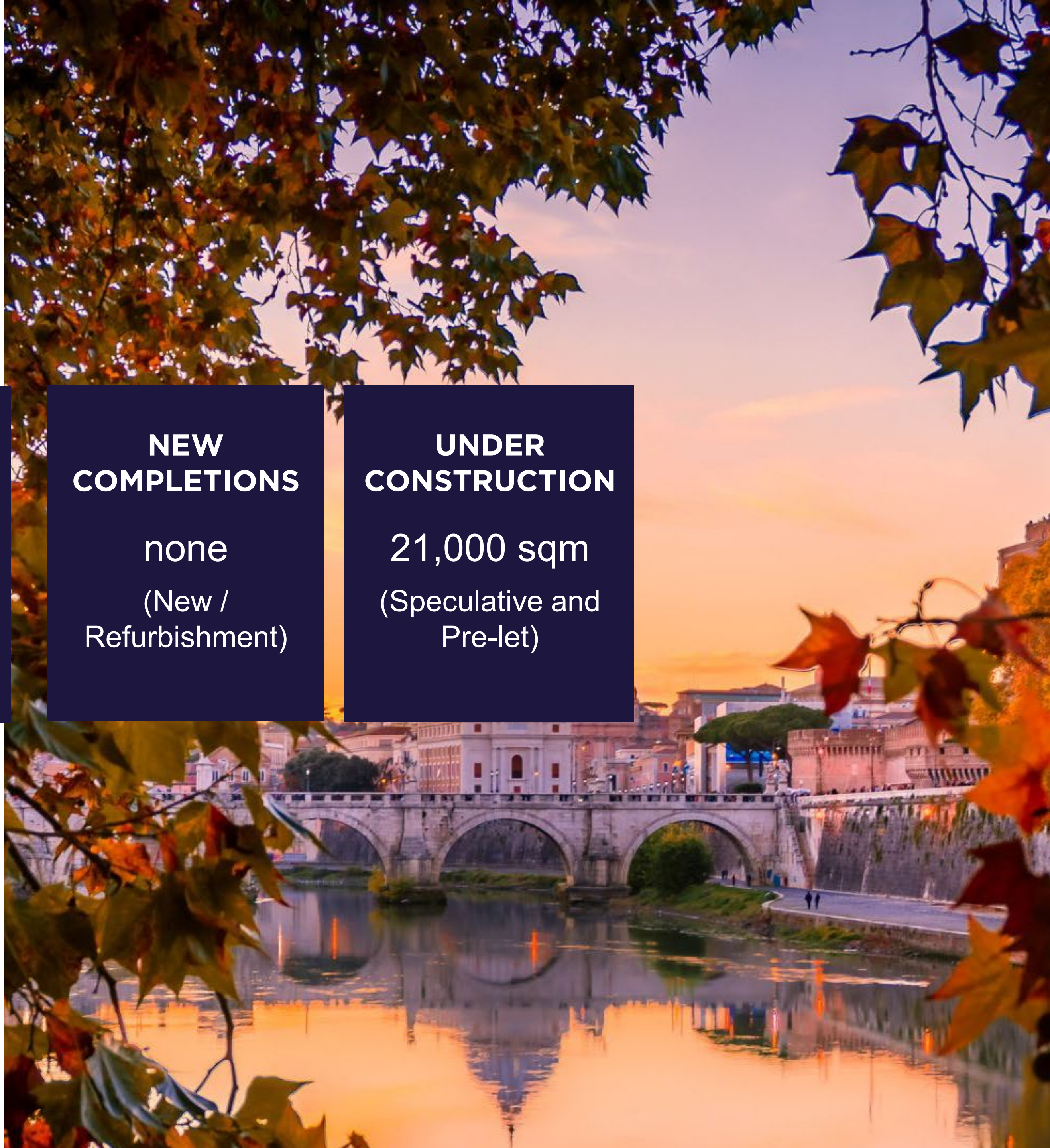
(New / Refurbishment)

UNDER CONSTRUCTION

21,000 sqm

(Speculative and Pre-let)

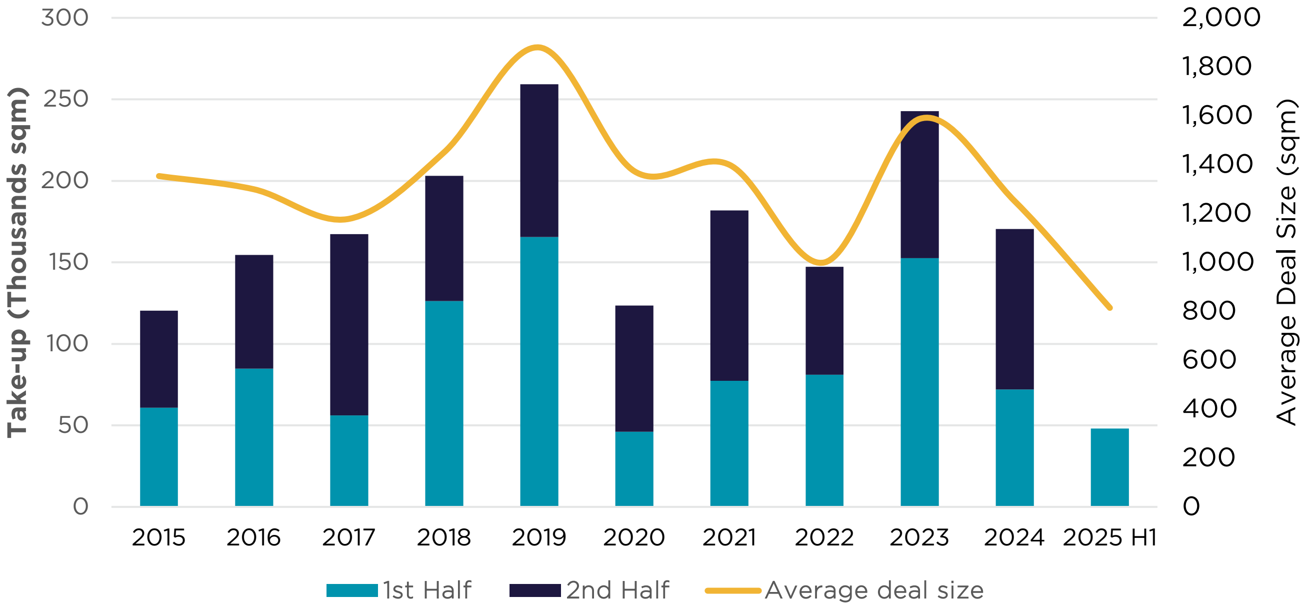
Note: Figures show the variation between H1 2025 and H1 2024.



OFFICES

Italy Rome

Take-up by semester and average deal size



ADDRESS	SUBMARKET	TENANT SECTOR	AREA (SQM)
Via della Maglianella 65 E/H	Periphery	Education	5,000
Via Amsterdam 147	Greater Eur	Healthcare	2,400
Via dei Due Macelli 66	CBD	Fashion	2,200
Via Casilina 110b	Semi Centre	Education	1,800

Office take-up in the first half of 2025 totaled 48,000 sqm, marking a decline from 72,100 sqm in H1 2024 and falling well below the ten-year H1 average (92,500 sqm). Rather than indicating a lack of demand, this slowdown reflects a more selective and strategic market approach, shaped by evolving occupier preferences and a focus on quality over quantity in leasing decisions.

The education sector continued to play a leading role in driving demand, maintaining the steady momentum seen over the past two years. Accounting for 20% of total take-up since the beginning of the year, demand from this sector has been concentrated on flexible properties located in diverse urban areas—particularly those offering easy access to metro lines and efficient transport links. The IT sector followed, contributing 12% to total leased space.

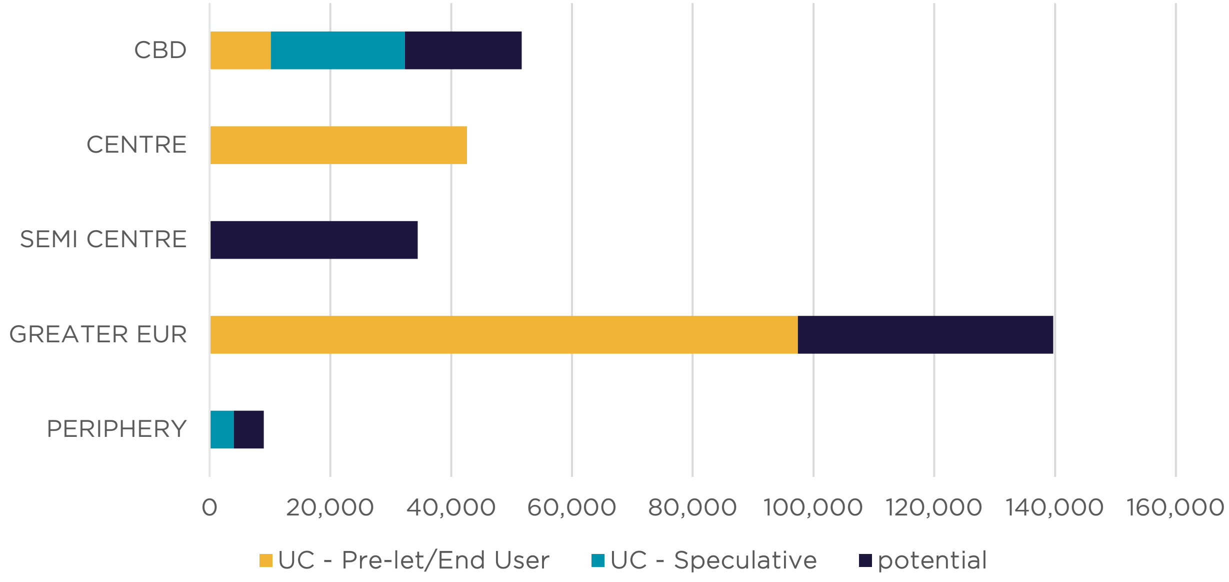
While occupier interest remains primarily focused on central submarkets, activity has been particularly concentrated in the Greater Eur and Periphery areas, which accounted for 45% and 26% of total space taken up, respectively.

In terms of transaction size, the Rome market continues to reflect its characteristic profile, with average deal sizes remaining modest. The majority of transactions in the first half of the year involved spaces below 1,000 sqm.

OFFICES

Italy Rome

Main projects under construction and potential pipeline



Circa 300.400 sqm of new and refurbished office space (under construction, refurbishment and potential) expected by 2028.

As the city's office stock gradually undergoes renewal, there is an ongoing trend of converting office buildings into hospitality spaces which continues to limit availability in central areas, further tightening the supply of quality office stock. In this context, tenants increasingly seek properties that are for immediate occupancy.

With no new completions recorded since the beginning of the year, space currently under construction/ refurbishment amounts to nearly 180,000 sqm.

OFFICES

Itay Rome

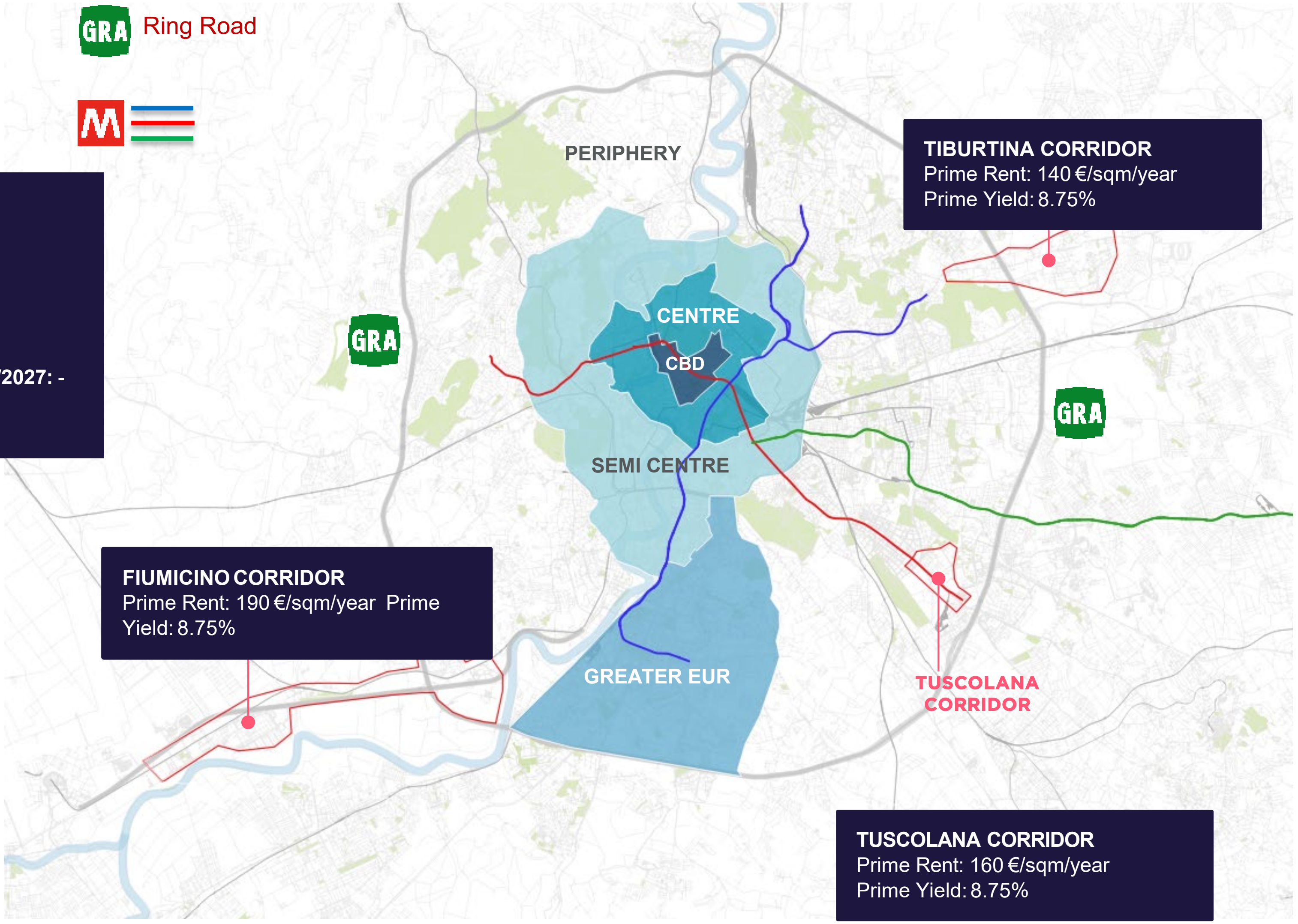
CBD
Take-Up H1 2025:
5,500 sqm
Prime Rent:
600 €/sqm/year
Prime Yield:
4.75%
Pipeline UC 2025/2027:
32,400 sqm (pre-let: 13%)

CENTRE
Take-Up H1 2025:
3,800 sqm
Prime Rent:
400 €/sqm/year
Prime Yield:
5.00%
Pipeline UC 2025/2027:
42,600 sqm (pre-let/EU: 100 %)

SEMICENTRE
Take-Up H1 2025:
5,000 sqm
Prime Rent:
300 €/sqm/year
Prime Yield:
6.75%
Pipeline UC 2025/2027: - sqm (spec: -%)

GREATER EUR
Take-Up 2024:
21,500 sqm
Prime Rent:
400 €/sqm/year
Prime Yield:
6.00%
Pipeline UC 2025/2027:
97,400 sqm (pre-let: 91%)

PERIPHERY
Take-Up H1 2025:
12,200 sqm
Prime Rent:
150 €/sqm/year
Prime Yield:
9.50%
Pipeline UC 2025/2027: -
4,000 sqm (spec: 100%)



TIBURTINA CORRIDOR
Prime Rent: 140 €/sqm/year
Prime Yield: 8.75%

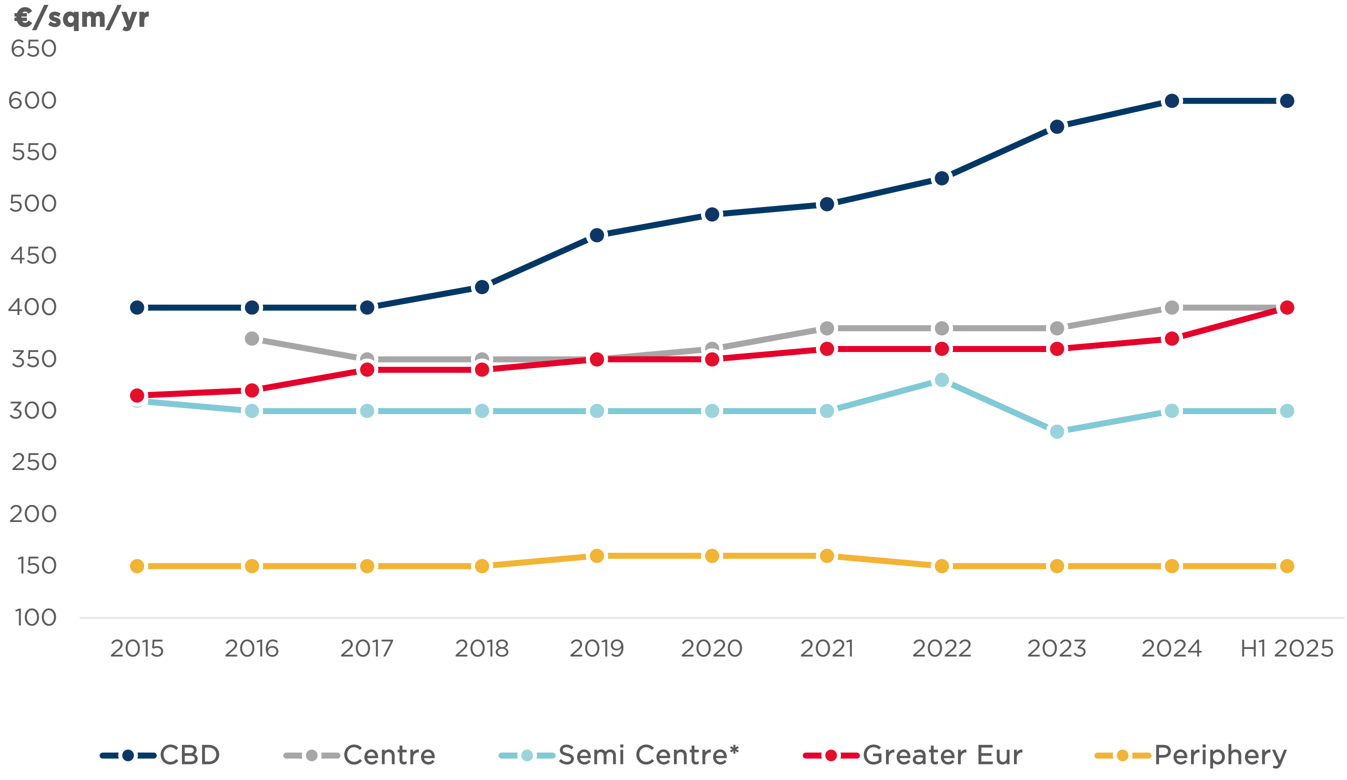
FIUMICINO CORRIDOR
Prime Rent: 190 €/sqm/year Prime Yield: 8.75%

TUSCOLANA CORRIDOR
Prime Rent: 160 €/sqm/year
Prime Yield: 8.75%

OFFICES

Italy Rome

Prime rents



*Change in values is due to adjustment of the borders between the Centre and Semi Centre

Since the beginning of the year, prime rents have remained largely stable across most submarkets, with CBD maintaining a record high of 600 €/sqm/year. This stability masks a growing upward pressure on rents, largely driven by the continued scarcity of high-quality office space. As a result, the gap between prime and secondary rental values has narrowed, and demand that cannot be accommodated in central submarkets is gradually shifting toward alternative areas.

The Greater Eur submarket has emerged as a key beneficiary of this trend. Over the past six months, it has recorded an 8% increase in prime rents—marking the most significant rise among all submarkets. This growth is fueled by strong and increasing tenant demand, much of which is being redirected from oversaturated central areas.

OFFICES
Outlook 2025

01. Milan

- Occupier demand remains focused on the CBD and core areas, where limited high-quality space drives competition and prime rental growth.
- This is also gradually lifting rents for secondary assets. As Grade A supply tightens, some tenants may seek lease renegotiations in exchange for landlord-led refurbishments.
- With supply set to fall further post-2025, rent pressure is expected to persist, while leasing volumes should remain stable.

02. Rome

- Further rental growth is anticipated throughout the year, particularly in central areas where office space is increasingly competing with the hospitality sector for prime locations.
- There is notable activity within the public sector; however, this demand remains challenging to capture due to the use of direct procurement channels that limit market visibility.
- The ongoing repositioning of existing office stock is expected to continue, as landlords adapt assets to meet evolving market expectations.

03. What Occupiers Want

- Global trends from C&W's latest report reveal that while cost remains key, new performance metrics are gaining ground. Office occupancy is stabilizing, but workplace expectations are evolving. ESG priorities are shifting, with regional variation.
- Landlords must move beyond space to offer services, while flexible location strategies are critical for attracting and retaining talent.


RETAIL
03
RETAIL

RETAIL

Italy

The Italian retail sector is experiencing a dynamic transformation, as retailers increasingly focus on delivering immersive, experience-led environments that go far beyond traditional transactions.

Rather than competing, e-commerce and physical retail are more and more operating in synergy, with omnichannel strategies forming the backbone of modern retail models. Brick-and-mortar stores continue to play a crucial role—not only as points of sale but as powerful touchpoints for brand engagement and customer connection.

However, this renewed market momentum remains tempered by lingering economic headwinds. Although consumer confidence has strengthened over the past year, supported by more accommodative monetary policy and easing inflation, households continue to feel the effects of earlier price pressures, which have eroded purchasing power and are still weighing on discretionary spending, despite the sector's overall positive momentum.

In 2025, online purchases by Italian consumers are projected to grow by 6%, surpassing 62€Bn in total value but marking a slow-down in the trend.

Services are seeing the strongest momentum, with an 8% increase over 2024, reaching 22€Bn. Product e-commerce is also on the rise, growing by 6% year-over-year to exceed 40€Bn. Food & Grocery and Beauty & Pharma outpaced the average, each growing by approximately 7%. Clothing, IT & Consumer Electronics, and Furniture & Home Living grew steadily, in line with the overall product sector, with increases between 5% and 6%. Auto and Spare Parts experienced a slowdown in growth.

E-commerce accounted for 11.2% of total retail purchases (online + offline) for products—up 0.5 percentage points from 2024.

CONSUMER CONFIDENCE INDEX

97.3
June 2025
(+0.6% on Q4 2024)

E-COMMERCE

+6%
Online shopping growth

11.2%
Online purchases penetration on total (online + offline) retail spending

RETAIL SCHEMES

114,000 sqm
Pipeline 2025

Sources:
Istat, Consumer and Business Confidence, June 2025
Osservatorio eCommerce B2c Netcomm – School of Management del Politecnico di Milano (April 2025)

RETAIL

Out of town schemes

Retail evolution: physical formats regain momentum

As online sales growth slows, retailers are doubling down on their physical presence, embracing innovative store formats designed to elevate the shopping experience and respond to evolving consumer expectations. This strategic shift is contributing to improved vacancy rates—particularly in prime locations—by reinvigorating foot traffic and enhancing destination appeal.

These new formats aim to seamlessly integrate the convenience of e-commerce with the sensory and experiential advantages of brick-and-mortar retail, resulting in more dynamic, engaging environments that foster brand loyalty and discovery.

Retail parks on the rise

Retail parks are emerging as a particularly attractive option for both retailers and shoppers, offering a range of benefits:

- Lower operational costs compared to high-street or mall locations.
- Larger, more adaptable spaces that support flexible store layouts and experiential concepts.
- Ample parking and easy access, enhancing convenience and drawing consistent footfall.

These advantages position retail parks as key players in the evolving retail landscape, bridging the gap between efficiency and experience.

Retail stock evolution | pipeline

Looking ahead to 2025, several high-profile projects are set to debut in the second half of the year, further enriching the Italian retail landscape:

- Waterfront in Genoa
- Waltherpark in Bolzano
- Torino Outlet Village in Turin
- Fass Shopping Centre in Cagliari

SCHEME	LOCATION	PROJECT	GLA (SQM)
Waterfront Mall	Genoa	New development	28,000
Waltherpark	Bolzano	New development	35,000
Torino Outlet Village	Turin	Extension	11,000
Fass Shopping Centre	Cagliari	New development	40,000

RETAIL

Demand Luxury market

- Despite ongoing challenges in the Chinese market, luxury brands remain undeterred. The sector continues to face a difficult trend—particularly in China—leading luxury groups persist in actively scouting and securing prime locations, signaling long-term confidence and strategic commitment.
- Luxury retailers place a strong emphasis on building meaningful connections with their clients, making physical locations a critical part of their strategy. As a result, demand for prime luxury streets remains exceptionally resilient. These prestigious retail corridors are experiencing near-zero vacancy rates due to sustained demand, leading to significant rent increases over the past year. This trend reflects brands' commitment to establishing and maintaining a prominent presence in key locations.
- In addition, high-end brands are increasingly shaping the hospitality and residential sectors. They are drawing affluent tourists and clients to five-star hotels and resorts, while also fueling interest in luxury residential properties across top-tier global cities.

Main luxury transactions

BRAND	ADDRESS	TYPE OF TRANSACTION
Moncler	Naples, Via Filangieri	New lease
Golden Goose	Venice, Calle Vallaresso	New lease
Zimmermann	Taormina, Corso Umberto	New lease
Golden Goose	Florence, Piazza degli Antinori	New lease




RETAIL

Demand High street market

Main high street transactions

BRAND	ADDRESS	TYPE OF TRANSACTION
Alo Yoga	Rome, Via del Babuino	New lease
Autry	Milan, Via Durini	New lease
Oakley	Milan, Piazza San Babila	New lease
Salomon	Milan, Piazza Gae Aulenti	New lease
Mango	Milan, Corso Buenos Aires	New lease
Omega	Cortina d'Ampezzo, Corso Italia	Lease sale
Pop Mart	Mian, Via Dante	New lease

CUSHMAN & WAKEFIELD

- The first half of 2025 is pulsing with energy across the Italian retail landscape. The *leisurewear* sector is booming, fueled by the arrival of global powerhouses like Lululemon and AloYoga, both making their debut in the Italian market. Meanwhile, sneakers continue to dominate as a retail statement piece — Autry is leading the charge with the launch of its first Italian flagship store in Milan, signaling the enduring strength of the trainer trend.
- Retailers aligned with the sports and active lifestyle sector are actively securing prime high-street and regional locations, anticipating a surge in foot traffic and brand visibility in the lead-up to the 2026 Milano-Cortina Winter Olympics. This global event is poised to deliver a major boost to tourism and retail activity across northern Italy, turning the spotlight on key urban and alpine destinations.

RETAIL

Demand Food & Beverage market

Main F&B transactions

BRAND	ADDRESS	TYPE OF TRANSACTION
Gelateria La Romana	Milan, Corso Buenos Aires	New lease
Maritz	Milan, Corso di Porta Ticinese	New lease
Popeyes	Milan, Piazza Principessa Clotilde	New lease
Popeyes	Milan, Scalo Milano Outlet	New lease
Popeyes	Turin, Mondojuve Shopping Village	New lease
Popeyes	Rome, Maximo Shopping Centre	New lease
Popeyes	Rome, Laurentino Shopping Centre	New lease
Venchi	Turin, Piazza Carignano	New lease
Al Mercato	Porto Cervo	New lease
Da Vittorio Café Louis Vuitton	Milan, Via Montenapoleone	New lease
Salmon Guru	Mlan, Via Ezio Biondi	New lease
Godurie Soresina	Milan, Symbiosis	New lease
By It	Milan, Corso Garibaldi	New lease

- In 2025, new restaurant openings focus on sustainability, with eco-friendly packaging and locally sourced ingredients. There's a rise in plant-based and health-conscious menus, catering to wellness trends. Experiential dining is growing, offering immersive and personalized food experiences. Casual fine dining and fusion cuisines blending global flavors with local traditions are also popular. Lastly, fast-casual concepts emphasizing convenience without sacrificing quality are expanding rapidly.
- In city centers/high street, the restaurant industry is focusing on prime, high-footfall locations with flexible, smaller spaces that support innovative and personalized dining experiences. Outdoor seating and unique atmospheres are increasingly important to attract customers. There is also a trend toward integrating F&B concepts within mixed-use urban regeneration projects.
- Several luxury or fashion brands are also entering the world of luxury cafés.
- In shopping malls, the focus is shifting to enhancing the overall experience with high-quality fast-casual formats and hybrid concepts that combine dining with retail. Locations near entrances and entertainment zones are preferred, and partnerships with mall operators are common to boost foot traffic and customer loyalty.

RETAIL
Prime rents

FORMAT	LOCATION	PRIME RENT (€/sqm/year)
High streets*	Milan	20,000
	Rome	16,000
	Venice	8,000
	Florence	6,000
	Turin	2,100
Shopping centres	Italy	1,200
Retail parks	Italy	220

*for units of 100-200 sqm. Rental values may change depending on positioning along the street and number of shopping windows

- Retailers continued to show strong interest in prime locations during the first half of 2025, reaffirming the strategic importance of brick-and-mortar stores in their expansion plans. Several new international entrants debuted in the Italian market, while other established brands further strengthened their presence.
- Prime rental values remained stable across most major high streets, with the notable exception of Via Condotti in Rome, where rents rose by 7% year-over-year.
- In the out-of-town segment, prime shopping center rental values recorded a 9% increase compared to 2024, reflecting retailers' growing preference for high-quality spaces with strong fundamentals that support brand performance.

RETAIL

Outlook 2025

CUSHMAN & WAKEFIELD

01. Key drivers shaping the Italian retail landscape

- Sportswear brands are in expansion mode, racing to open flagship stores in high-visibility locations to capitalize on growing demand for athleisure and performance wear.
- Beauty continues its retail takeover, with fast-growing players aggressively targeting prime spots in both shopping centers and high streets.
- Trend-driven brands accelerate their Italian expansion trend-forward brands are making bold strategic moves across Italy. Pop Mart, fueled by the cult success of its Labubu collectible toys, the Miniso IP Collection Store with its character-driven appeal, and lifestyle favorite Legami are all actively scouting high-impact locations to amplify brand visibility and expand their retail footprint nationwide.

02. Physical stores evolution

- Physical stores are evolving from transactional spaces into multi-functional brand platforms—blending commerce, community, and content.
- Retailers are investing in high-impact flagship locations to create immersive brand experiences. These stores serve as physical expression of brand identity, offering storytelling, exclusives, and events that can't be replicated online.
- Physical stores are no longer just points of sale – they are key nodes in omnichannel strategies. They support Click-and-collect and same-day delivery, In-store returns for online purchases, product discovery and tactile engagement.

03. Stronger retail fundamentals, revive investor interest

- As institutional capital re-enters the market, prime and dominant shopping centers are regaining investor interest, driven by solid fundamentals. While value-add and opportunistic investors remain active, core-plus investors are watching closely, waiting for the optimal moment to enter.
- Investor confidence is on the rise, with institutional players and sector specialists increasingly drawn to the higher returns offered by shopping centers—both in Italy and across other EMEA markets—compared to alternative asset classes.
- H1 showed renewed investment activity in the retail sector. Financing conditions are improving, with increased lending availability expected for shopping centers in the coming months.

04 INDUSTRIAL & LOGISTICS

INDUSTRIAL & LOGISTICS

Italy

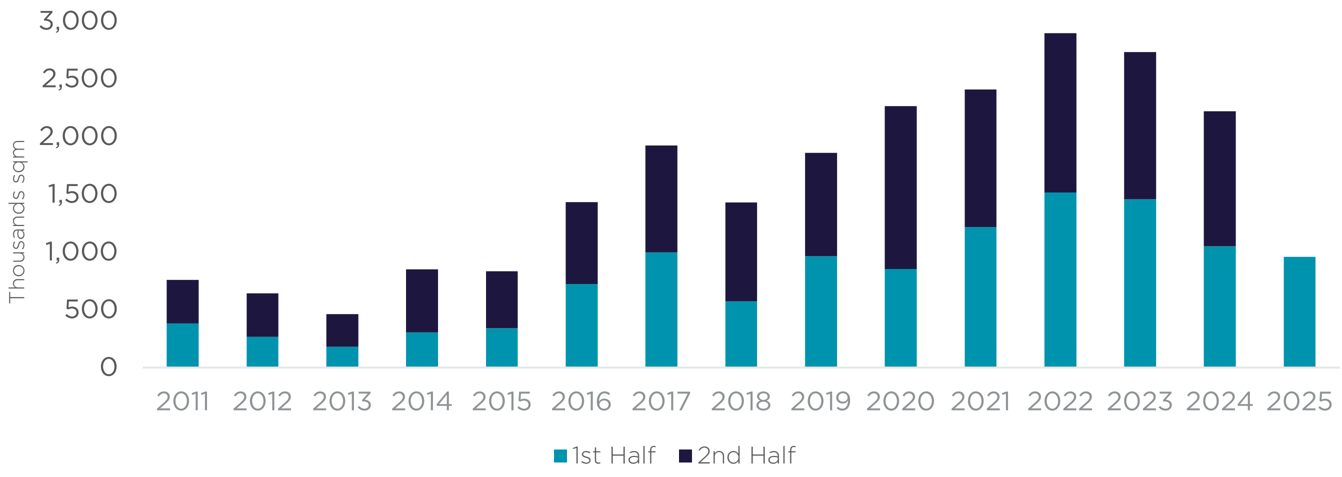
TAKE-UP	AVERAGE DEAL SIZE	NEW COMPLETIONS	PIPELINE UNDER CONSTRUCTION	PRIME RENT MILAN & ROME
960,000 sqm (-9%)	17,800 sqm (-10%)	445,000 sqm (-12%)	0.7M sqm (speculative) (decreasing)	70 €/sqm/yr (stable)

Note: Figures show the variation between H1 2025 and H1 2024.

INDUSTRIAL & LOGISTICS

CUSHMAN & WAKEFIELD

Take up by semester



Main transactions

REGION	LOCATION	TENANT SECTOR	AREA SQM	TYPE
Emilia-Romagna	Imola (BO)	Retailer - GDO	60,000	OO
Piedmont	Trecate (NO)	Manufacturing	49,200	Pre-lease (Speculative)
Lazio	Ferentino (RM)	3PL	43,000	Pre-lease
Lazio	Fiumicino (RM)	Food & Beverage	41,000	Lease
Veneto	San Pietro in Cariano (VR)	3PL	40,000	Pre-lease (BTS)
Emilia-Romagna	Castel San Pietro Terme (BO)	Retailer	38,000	Lease
Lombardy	San Giorgio Bigarello (MN)	3PL	37,510	Lease

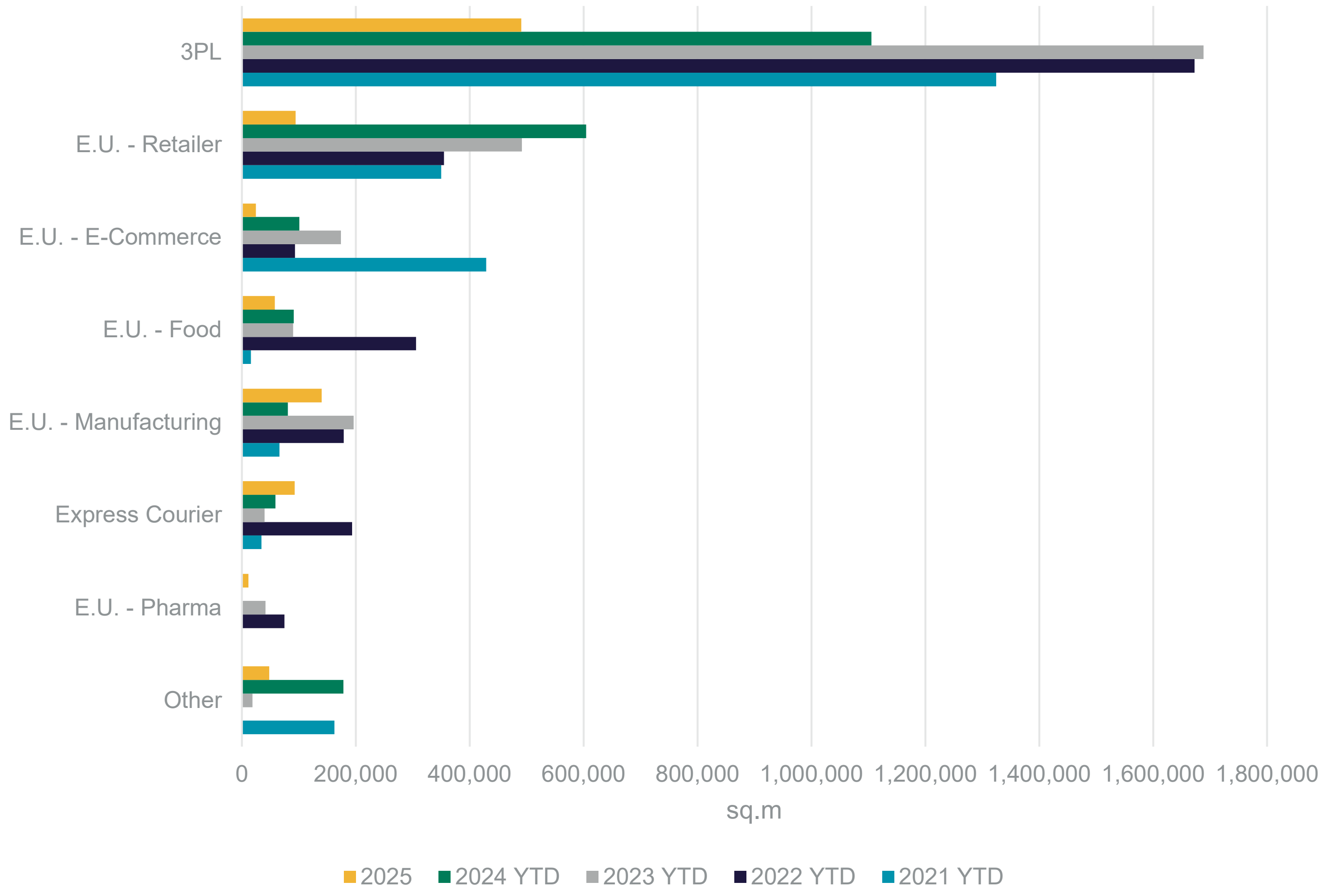
Total take-up for the first half of the year reached 960,000 sqm, signing a mild contraction compared to the first semester, suggesting a more cautious sentiment, with occupiers prioritising flexibility and cost control.

During the semester, take-up was largely concentrated in new lease agreements, which accounted for 66% of total volumes—highlighting a continued preference for immediately available space. Meanwhile, demand for tailor-made solutions remained significant, with 19% of take-up attributed to Build-to-Own (BTO) projects and 15% to pre-let Build-to-Suit (BTS) schemes.

This distribution reflects a more selective and demand-driven approach by occupiers, who are increasingly focused on operational efficiency, location, and ESG compliance. The market in fact continues to show a strong focus on Grade A spaces, which represented over 90% of total take-up.

INDUSTRIAL & LOGISTICS

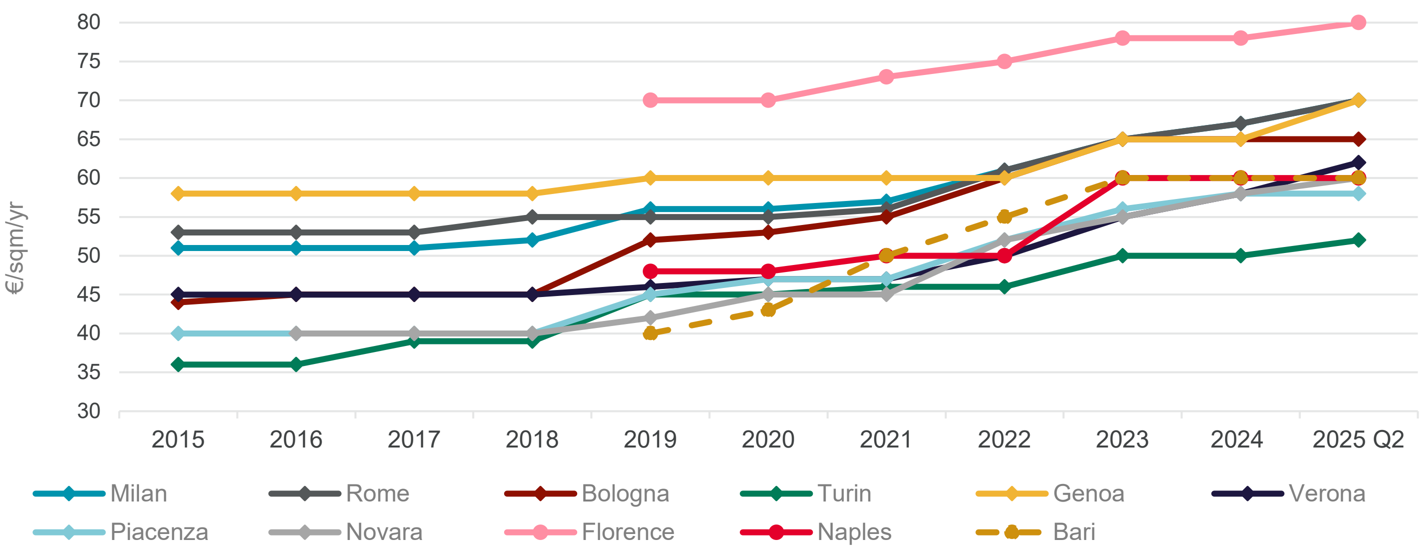
Take up by tenant sector



In the first half of 2025, 3PLs reaffirmed their position as the most active occupiers, accounting for 51% of total take-up. However, their dominance—while still strong—has slightly declined compared to previous years due to a more cautious expansion strategy. This slowdown is largely tied to challenges in passing on higher rental costs to clients, making it harder for 3PLs to win new tenders, as end-users preferred to stay with their current providers and invest directly in long-term projects. As 3PL growth moderates, end users have gained traction, now representing 34% of total take-up. Within this group, the Manufacturing, E-commerce, and Retail sectors have all played a significant role in supporting market activity.

INDUSTRIAL & LOGISTICS

Prime rents



	CONSOLIDATED MARKETS								SECONDARY MARKETS		
	MILAN	ROME	BOLOGNA	TURIN	GENOA	VERONA	PIACENZA	NOVARA	FLORENCE	NAPLES	BARI
€/sqm/yr	70	70	65	52	70	62	58	60	80	60	60
Q/Q	→	→	→	→	→	→	→	→	→	→	→
Y/Y	↑	↑	→	↑	↑	↑	↑	↑	↑	→	→

Source:

CUSHMAN & WAKEFIELD

Logistics warehouse

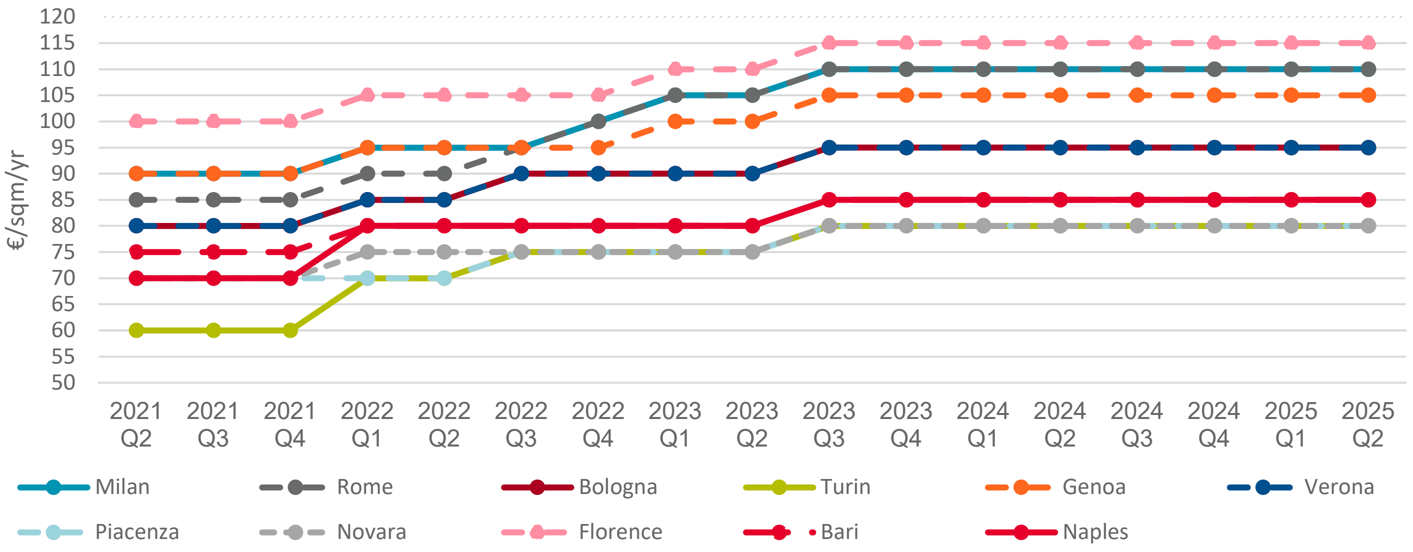
(>10,000 sqm)

€70/sqm/yr

Big Box Distribution Centers are logistics facilities exceeding 10,000 sqm, primarily used for the storage and distribution of goods. These centers are typically situated on the outer edge of the city, in the proximity of major road junctions, and often close to other transportation hubs (such as road, rail, air, or water networks). Approximately 3-5% of the space is allocated for office use. In some regions, units of this size may not be available; therefore, rents and yields should be adjusted to reflect the characteristics of major logistics facilities in those markets. The typical building coverage ratio is 50%.

INDUSTRIAL & LOGISTICS

Prime rents



	CONSOLIDATED MARKETS								EMERGING MARKETS		
	MILAN	ROME	BOLOGNA	TURIN	GENOA	VERONA	PIACENZA	NOVARA	FLORENCE	NAPLES	BARI
€/sqm/yr	110	110	95	80	105	95	80	80	115	85	85
Q/Q	➔	➔	➔	➔	➔	➔	➔	➔	➔	➔	➔
Y/Y	➔	➔	➔	➔	➔	➔	➔	➔	➔	➔	➔

Source:

CUSHMAN & WAKEFIELD

Last mile/Courier logistics

(5,000 – 15,000 sqm)

€110/sqm/yr

Last Mile/for Courier – units will typically be in the region of 5,000-15,000 sqm. Ideally located in the city hinterland or in proximity of motorway junctions in the vicinity of major metropolises – within about 20 minutes from the city center. The unit could be used for courier activities and/or for urban distribution of goods. Units may provide cross-docking for transfer of goods between truck and vans; in this case the width of the warehouse should be in the range of 40/50 meters. Units are likely to have ca. 5%-10% office content. The characteristics of this type of assets are: high number of loading bays, floor to ceiling height not necessarily over 7 meters, good maneuvering areas and quantity of parking lots. Typically, the building coverage ratio is 30%.

INDUSTRIAL & LOGISTICS

Outlook 2025

01.
Decreasing Pipeline and Absorption Activity

- The previously robust pipeline of new developments is beginning to ease as several projects reach completion. At the same time, developers are adjusting their strategies in response to a natural softening in take-up demand and increased uncertainty, moderating their activity and aligning more closely with evolving market conditions.

02.
Steady Rental Growth and Demand for Quality Assets

- New completions are expected to decrease, with a reduced supply of industrial space expected throughout the rest of 2025.
- Properties offering high construction standards, strong sustainability credentials, and strategic locations near key logistics hubs are expected to remain resilient and outperform the market. These prime assets continue to attract strong demand from End Users increasingly focused on operational efficiency and ESG performance.
- As a result, prime rents are expected to hold firm and continue growing — albeit at a slower pace, more in line with pre-2019 trends.

03.
Resilience, Growth and New Opportunities

- The logistics market is undergoing a profound transformation, as shown in our latest ***Waypoint 2025*** report, covering over 120 global markets. The slowdown in globalization is driving companies to build more resilient supply chains through nearshoring and supplier diversification, making real estate decisions strategic for operational continuity and sustainability.
- Italy maintains competitive rental levels despite global cost pressures, while land scarcity in EMEA is shifting dynamics in favor of landlords.
- Key sectors such as e-commerce, retail, automotive, and cold storage continue to drive demand, with rents expected to grow over the next three years.
- Now is the time for occupiers to secure favorable conditions and for investors to focus on asset repositioning and active portfolio management.

HOSPITALITY

HOSPITALITY

Tourism indicators

After a strong 2024, Italy's tourism sector began 2025 with signs of stabilization. In the Q1 2025 there was a slight year-over-year dip[1] in arrivals (-1.1%) and overnight stays (0.4%): this was largely influenced by the calendar shift of the Easter holiday to April.

International tourism remained stable at the beginning of this year, with modest growth in January and February, reflecting sustained global interest in Italy as a destination.

In the first five months of 2025 over 7.7 m Americans traveled to Europe, a 6% increase year-over-year[2], defying early-year concerns of a potential slowdown. Italy has remained one of their top destinations, continuing to attract strong interest from US travelers.

Hospitality performance in the first half of 2025 pointed out a trend of moderate growth. Average Daily Rates (ADR) remained on a positive trajectory, though growth has begun to moderate following the strong post-COVID rebound. Revenue per Available Room (RevPAR) slightly increase, while occupancy levels held stable.

These indicators suggest a maturing market dynamic, with sustained demand supporting income stability, an encouraging sign for investors seeking long-term value in the hospitality asset class.

AVERAGE ADR

+2%

H1 2025 on H1 2024

REVPAR

+3%

H1 2025 on H1 2024

OCCUPANCY RATE

Stable

ARRIVALS AIRPORT (JAN-MAY 25)

84.4M passengers

(+6.9% on Jan-May 2025)

FOREIGN PASSENGERS SHARE (JAN-MAY 25)

67%

(+9% on Jan-May 2025)

DOMESTIC BEDNIGHTS ON Q1 '25

21.7M

(-2.8% on Q1 2024)

INTERNATIONAL BEDNIGHTS ON Q1 '25

22.9M

(-0.9% on Q1 2024)

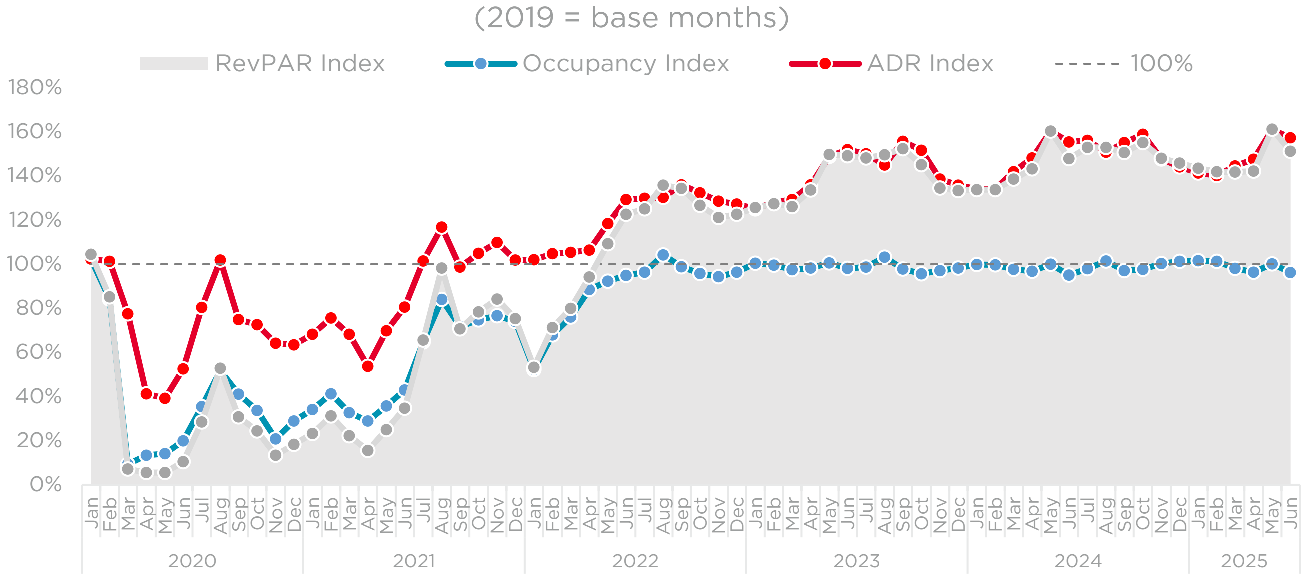
(1) *ISTAT, June 2025 release.*

(2) *US National Travel and Tourism Office. From the article "US holidaymakers descend on Europe as overtourism fears mount" released June 29 in the FT*

Sources: ISTAT, June 2025, Assaeroporti Jan-May 25, STR, C&W

HOSPITALITY

Performance index Italy

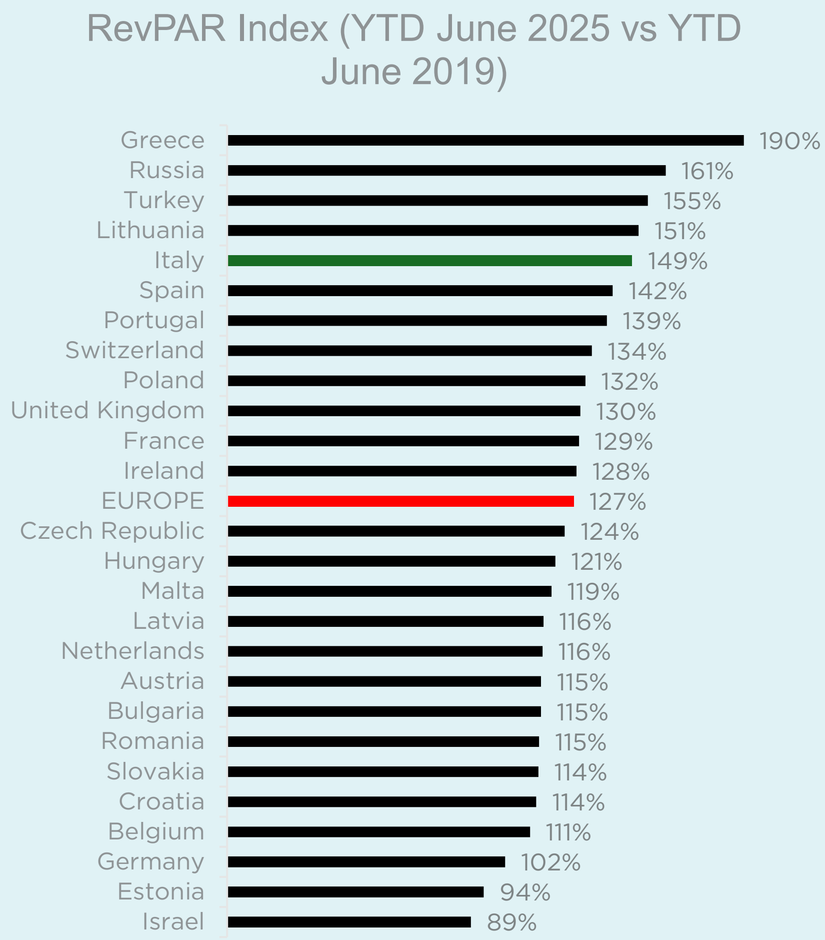


Source: STR, C&W

Italy's hospitality sector sustained its positive momentum in H1 2025. From January to June, RevPAR across all hotel categories rose by nearly +2% year-over year, and by 50% compared to 2019. This growth was primarily driven by a proportional increase in ADR, which, while still rising, appears to be stabilizing after several years of sharp acceleration.

In Rome, RevPAR grew by just over +3%, entirely attributable to a similar increase in ADR, as occupancy levels remained flat, mirroring the broader national trend. In contrast, Milan outperformed, with RevPAR up over +5%, supported by a +3% increase in occupancy and approximately +2% rise in ADR.

RevPAR index (2025 H1 vs 2019)

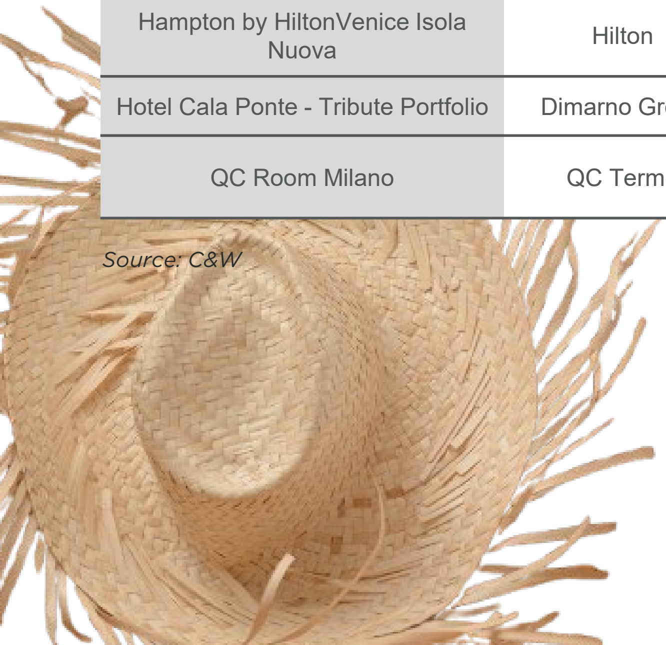


HOSPITALITY

Top 10 openings H1 2025

HOTEL	OPERATOR	CITY	CATEGORY	KEYS	OPERATION TYPE
The Social Hub Rome	The Social Hub	Rome	4*	392	Conversion
Grand Hotel de la Minerve - Orient Express Roma	Orient Express	Rome	5*L	93	Rebranding
Romeo Roma	Romeo Collection	Rome	5*L	74	Conversion
Spring House Hotel Rome Vatican - Tapestry Collection	Hilton	Rome	4*	72	Rebranding
Cloud 7 Hotel Roma	Kerten	Rome	4*	31	Rebranding
The Hoxton Florence	Ennismore	Florence	4*	161	Conversion
Auberge Collegio Alle Querce	Auberge	Florence	5*L	83	Conversion
Hampton by HiltonVenice Isola Nuova	Hilton	Venice	3*	324	Development
Hotel Cala Ponte - Tribute Portfolio	Dimarno Group	Polignano a mare	5*	58	Rebranding
QC Room Milano	QC Terme	Milan	4*	80	Conversion

Source: C&W



The first half of 2025 saw over 100 hotel openings, driven primarily by conversions and re-brandings, particularly in primary and secondary cities as well as coastal destinations.

Around 50% of these new properties are in the 4-star category, followed by 5-star and luxury segments. The average size is approximately 75 keys—an increase compared to H1 2024.

Notable openings include Orient Express La Minerva (93 rooms), Auberge Collection Alle Querce Florence (83 rooms), The Hoxton Florence (161 rooms), Romeo Roma (74 rooms), and The Social Hub Rome (392 rooms).

HOSPITALITY

Outlook 2025

CUSHMAN & WAKEFIELD

01.
Sustained Growth Driven by International Demand

- The Italian hospitality sector is expected to maintain a positive trajectory through the second half of 2025 and the outlook remains optimistic. The peak summer season is expected to further boost performance, particularly in Southern and coastal regions, which continue to attract both domestic and international demand.
- Preliminary available data indicates hotel bookings for the summer season are ahead of last year with tourism bed nights expected to increase above 8% in 2025 on 2024 as a country total as well as for the major urban destinations.
- International demand is expected to remain strong, supported by resilient US visitation and a growing influx of travelers from Asia.

02.
Expanding Horizons Beyond Traditional Tourism Hubs

- Alongside the growth in major cities, there is a parallel trend of travelers seeking more authentic and immersive experiences in lesser-known regions.
- This shift is creating new opportunities for rural accommodations, boutique stays, and experiential tourism providers. As the year progresses, this diversification is expected to contribute to a broader and more balanced distribution of tourist flows across the country.
- Businesses that embrace local culture, sustainability, and digital innovation will be well-positioned to attract new segments and extend the tourism season beyond traditional peaks.

03.
Unlocking Value Through Innovation and Local Identity

- In the second half of the year, we'll continue to experience a growing demand for high-quality, experience-driven stays.

Major trends undergoing are:

- Conversion of historic and underutilized buildings into boutique hotels and lifestyle accommodations, blending architectural heritage with modern hospitality concepts.
- Emergence of hybrid formats that combine leisure, business, and wellness—such as co-living spaces, branded residences, and wellness retreats—catering to evolving traveler expectations.
- Sustainability and personalization are central to new supply strategies, with operators prioritizing eco-friendly design and tech-enabled guest experiences

06 LIVING

LIVING

Freehold Milan & Rome

ITALY

In 2024, Italy's residential market returned to growth with around 720,000 transactions (+1.3% YoY), recovering from a 10% drop in 2023. Falling mortgage rates boosted loan-financed purchases, a trend that continued into early 2025. Q1 saw an 11.5% YoY rise in sales, driven by a 32.7% surge in mortgage-backed deals (Source: NOMISMA). However, cautious bank lending still limits full market recovery. Milan and Rome remain the country's top residential markets by transaction volume.

MILAN MARKET

n 2024, Milan's freehold residential market saw a 2.7% rise in average prices, while transactions declined by 3.5% to around 24,000. Sale times lengthened slightly, offset by a marginal rise in the discounts applied relative to asking prices. In Q1 2025, prices rose 7% year-on-year. Milan continues to lead in new home purchases, though the share dipped slightly below 10% this quarter.

ROME MARKET

Rome remains Italy's leading residential market by transaction volume, with a 2% annual increase in 2024 and a 1.6% rise in average home prices. In Q1 2025, transactions grew by 10% year-on-year. Despite a slight uptick in price discounts and shorter selling times, demand remains strong—reflected in the city's 85% share of purchases using the "first home" benefit.

TRANSACTIONS

VOLUME 2024

Milan €9.9B

+4.7% vs 2023

Rome €9.1B

+4.6% vs 2023

NUMBER 2024

Milan 23,986

-3.4% vs 2023

Rome 35,073

2.1% vs 2023

NUMBER Q1 2025

Milan 5,505

+7.1% vs Q1 2024

Rome 8,528

+10.5% vs Q1 2024

AVERAGE UNIT VALUE 2024

Milan €413,000

+8.4% vs 2023

Rome €261,300

+2.4% vs 2023

AVERAGE PRICE 2024

Milan €4,675/sqm

+2.7% vs 2023

Rome €2,949/sqm

+1.6% vs 2023

SIZE CLASS 2024

Milan sqm 50-85 (43%)

Rome sqm 50-85 (41%)

LOAN 2024

Milan €255,500

-7% vs 2022

Rome €176,000

-8.2% vs 2022

Source : OMI (Agenzia delle Entrate), Rapporto Imobiliare Agenzia delle Entrate, Nomisma

SALE TIME 2024 (Months)

Milan 4 vs 3.8 (2023)

Rome 5.2 vs 5.7 (2023)

DISCOUNT 2024 (Months)

Milan 4.2% vs 3.6% (2023)

Rome 7.2% vs 7% (2023)

LIVING

Leasehold Milan & Rome

ITALY

In 2024, the Italian residential rental market recorder a slight decrease of 0.6% compared to 2023. However, demand is growing, especially in urban centers and university cities. Despite the overall decline, rental prices have gone up in major cities like Milan and Rome, driven by persistent demand and limited supply.

MILAN MARKET

In 2024, the rental market in Milan grew significantly: the number of rented homes increased by 18% compared to 2023. The average annual rent per square meter also rose by 7%, reaching €200/m²/year. The average time to rent a property stayed the same at around two months, as did the most requested size, which remained about 67 square meters. This positive trend continued in the first quarter of 2025, with a growth of around 9% compared to the same period the year before with total annual rents reaching 197 million euros — a 7.9% year-on-year rise.

ROME MARKET

In 2024, the residential rental market in Rome grew by 1.13% in the number of new rental contracts compared to the same period the previous year. The average rent increased by 9.4%, reaching 140 euros per square meter per year, driven by strong demand and limited supply in central and well-connected areas. The average time to rent a property became faster, now just over two months. The most requested size stayed about the same, around 81 square meters. However, in the first quarter of 2025, the total number of new contracts dropped by 4.2%. In particular, long-term ordinary contracts decreased by 12%, and agreed-rent contracts fell by 5.1%. Agreed-rent contracts still make up over 50% of all new contracts in Rome. On the other hand, there was an increase in whole-apartment rentals with short-term ordinary contracts and special contracts for students.

TRANSACTIONS

VOLUME 2024

Milan €805Mln

+26% vs 2023

Rome €640Mln

+11% vs 2023

NUMBER 2024

Milan 58,914

-17.9% vs 2023

Rome 58,810

+1.13% vs 2023

NUMBER Q1 2025

Milan 14,842

+8.9% vs Q1 2024

Rome 13,000

-4.2% vs Q1 2024

AVERAGE RENT 2024

Milan €200 sqm/yr

+7% vs 2023

Rome €140 sqm/yr

+9.4% vs 2023

AVERAGE SIZE 2024

Milan sqm 67.7 vs 67.8 in 2023

Rome sqm 80.8 vs 80.1 in 2023

TIME TO LET 2024 (Months)

Milan 2 vs 1.9 (2023)

Rome 2.1 vs 2.4 (2023)

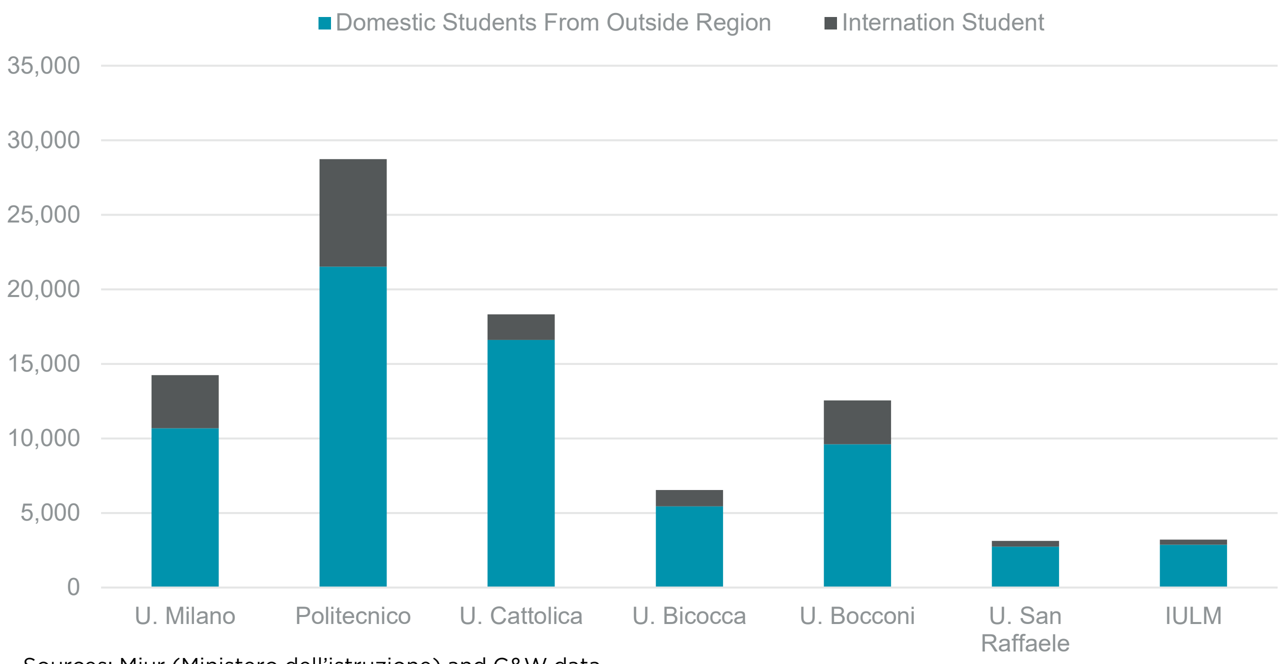
Source : OMI (Agenzia delle Entrate), Rapporto Imobiliare Agenzia delle Entrate, Nomisma

STUDENT ACCOMODATION

Milan

Milan is the leading student market in Italy and represents the most attractive market for Purpose-Built Student Accommodation (PBSA), due to the highest number of both domestic students studying away from their home region and international students. However, Milan's provision rate remains low by continental standards, despite it being the preferred destination in Italy for international students.

Potential demand



Sources: Miur (Ministero dell'istruzione) and C&W data

Pipeline 2025 - 2030

c.12,400
NEW BEDS

Milan university demand

210,822(*)
TOTAL STUDENTS

69,474
DOMESTIC STUDENTS FROM OUTSIDE REGION

17,238
INTERNATIONAL STUDENTS

Operating beds

c.12,900

Potential demand of beds

c.61,450

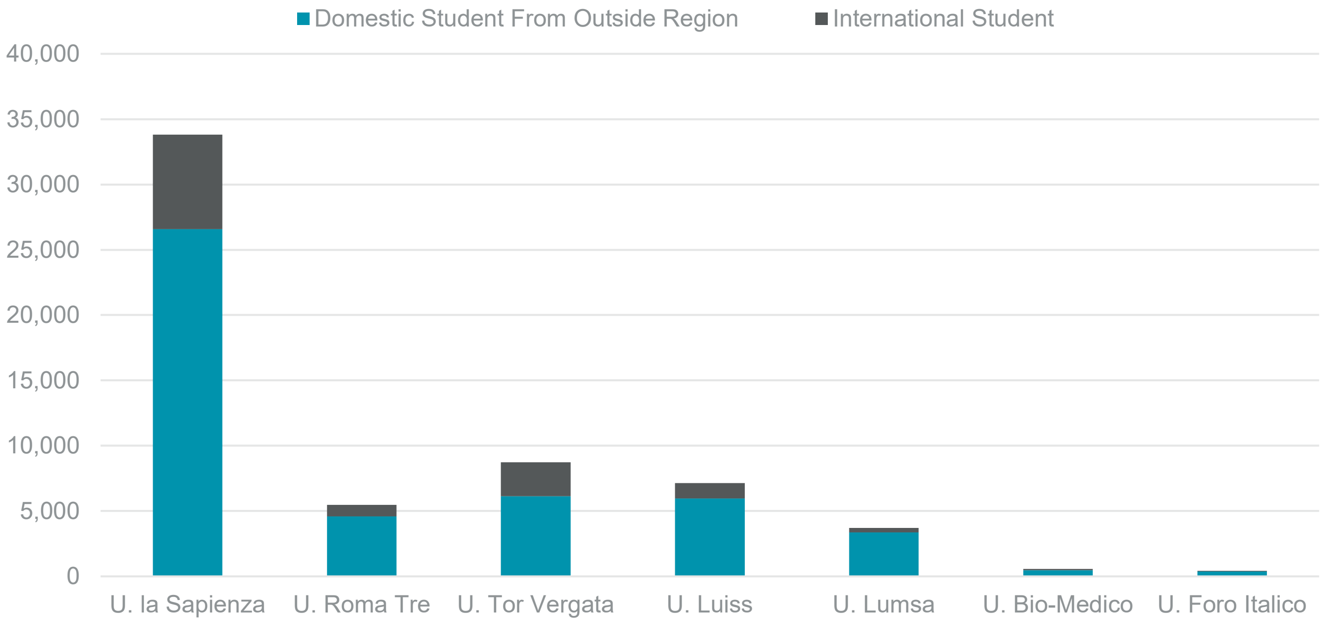
(*) not considering students of online universities

STUDENT ACCOMODATION

Rome

Rome is Italy's second-largest market in terms of both students studying away from their home regions and international students. It is an exceptionally promising market, as even compared to Milan, the supply of beds in PBSA (Purpose-Built Student Accommodation) is more limited, and the current development pipeline is insufficient to meet the growing demand. The Eternal City has one of the lowest provision rates for student housing, creating a clear need for a significant increase in the number of available beds.

Potential demand **



Sources: Miur (Ministero dell'istruzione) and C&W data

(**) Potential Demand not included 4 universities with less then 2,000 students

Pipeline 2025 - 2030

c.1,220
NEW BEDS

Rome university demand

209,079(*)
TOTAL STUDENTS

50,986
DOMESTIC STUDENTS FROM OUTSIDE REGION

13,184
INTERNATIONAL STUDENTS

Operating beds

c.7,200

Potential demand of beds

c.55,700

(*) not considering students of online universities

LIVING

Outlook 2025

01. Supply-Demand Gaps Will Drive Rental Growth

- Supply-demand imbalances remain a defining characteristic for the Italian market. New housing delivery continues to fall short of demand, constrained by a range of structural and cyclical factors such as restrictive planning frameworks, rising construction costs, and delays tied to labour and material shortages.
- Meanwhile, demand remains robust—particularly among younger renters seeking flexibility in major urban centers—a dynamic expected to persist through the year. This is leading to an upward pressure on rental values.
- Sales prices—and especially rental rates—are expected to continue rising in Milan and Rome during the second half of the year, with demand particularly concentrated on new and modern properties.

02. PBSA Gains Ground

- The Italian PBSA market continues to expand, with approximately 85,000 dedicated student beds currently available across the country.
- Demand is rising steadily, driven by growing domestic and international student populations—particularly in major university cities.
- Despite this upward trend, the sector remains structurally undersupplied. Looking ahead, the market is projected to surpass 100,000 beds by 2027, supported by a robust development pipeline.
- The strategic goal is to raise the coverage rate to 15% by 2027, aligning Italy more closely with European standards and underscoring the sector's long-term investment appeal.

07 INVESTMENT

INVESTMENT

Commercial Real Estate Investment

The first half of 2025 saw an encouraging recovery in the commercial real estate (CRE) investment market, with total volumes reaching 5.15€Bn. This reflects a 47% increase compared to the same period in 2024 and places results 28% above the 10-year average and 37% above the 5-year average for the first half of the year.

Foreign capital played a pivotal role, contributing to 68% of total investment volumes, and was especially prominent in larger transactions. From a sector perspective, Hospitality and Retail emerged as the top performers, collectively attracting 53% of total investment volume. Hospitality led with 30%, followed by Retail at 24%. In contrast, the Office sector continued to lag, with limited activity and fewer large-scale deals, reflecting ongoing caution among investors.

The market was largely driven by single-asset transactions, most of which involved smaller ticket sizes. Of these, 53 transactions fell into the lower price range, dominating in terms of number but contributing only modestly to overall volumes.

On the upper end, four major transactions exceeding 200€Mn were recorded, primarily in the Retail and Industrial & Logistics (I&L) sectors, together representing 22% of total volumes. Meanwhile, the 100–200€Mn bracket was the most active in terms of volume, accounting for 29% of total investments.

TOTAL VOLUME

€ 5.15Bn

(+47%YY)

H1 2024

TOTAL VOLUME

FOREIGN INVESTMENT

68%

BEST PERFORMING SECTOR

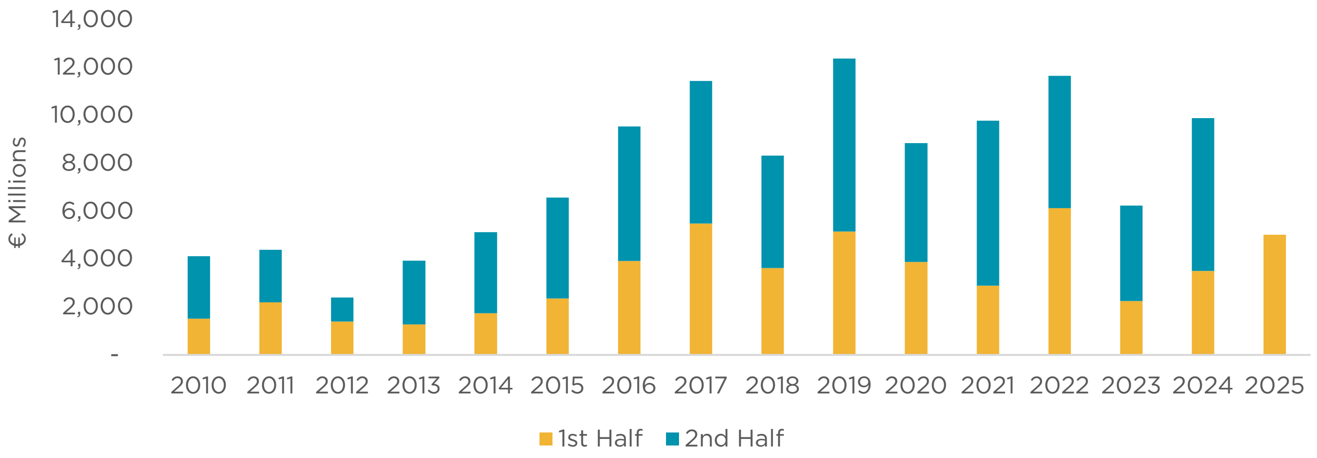
30%

HOSPITALITY

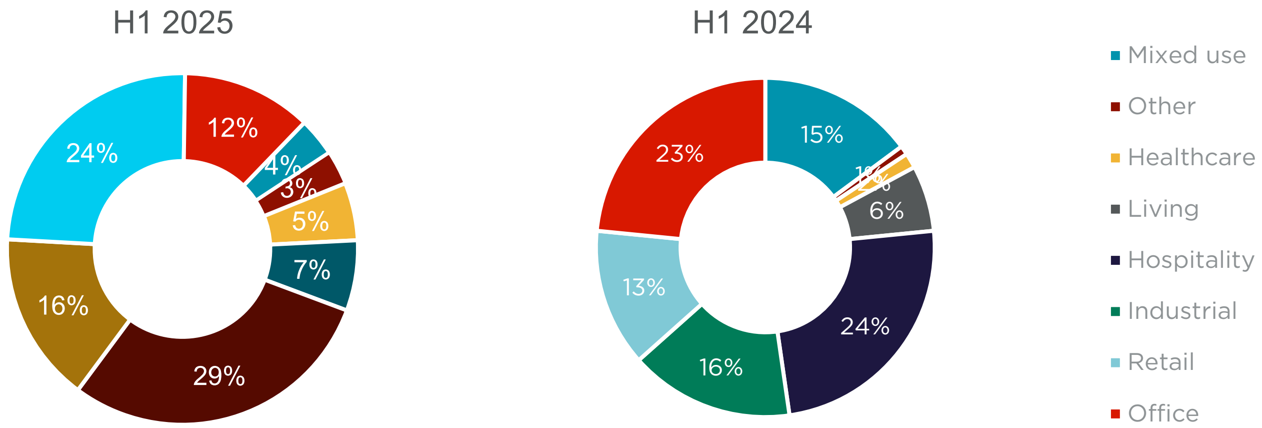
Note: variations refer to 2024 on 2023.

INVESTMENT

Investment by semester



Investment by sector



For the third consecutive quarter **Hospitality** recorded a solid performance, remaining the best-performing asset class with volumes reaching **1.5€Bn** in H1, +77% YoY and more than double the five-year average of 670€Mn. Rome and Venice led activity, together accounting for nearly 45% of volume, further confirming their position as strategic hubs for hospitality investors. International capital continued to play a key role, accounting for circa 55% of total investments, driven by strong appetite from buyers based in Europe, North America, and the Middle East.

Retail, the second-best performing asset class, had a strong start to the year, registering a quarter-on-quarter increase of 16% and reaching a total investment volume of **1.24€Bn** in the first half of 2025. This performance was significantly driven by the year's largest transaction—the 350€Mn sale of The Mall Luxury Outlets. The renewed interest in the retail sector is largely focused on prime and dominant assets, supported by solid market fundamentals. At the same time, financing conditions are showing signs of improvement, with increased lending availability and more favorable terms anticipated in the near future. These developments are contributing to a more supportive environment for both new acquisitions and repositioning strategies.

INVESTMENT

Main Investment Deals

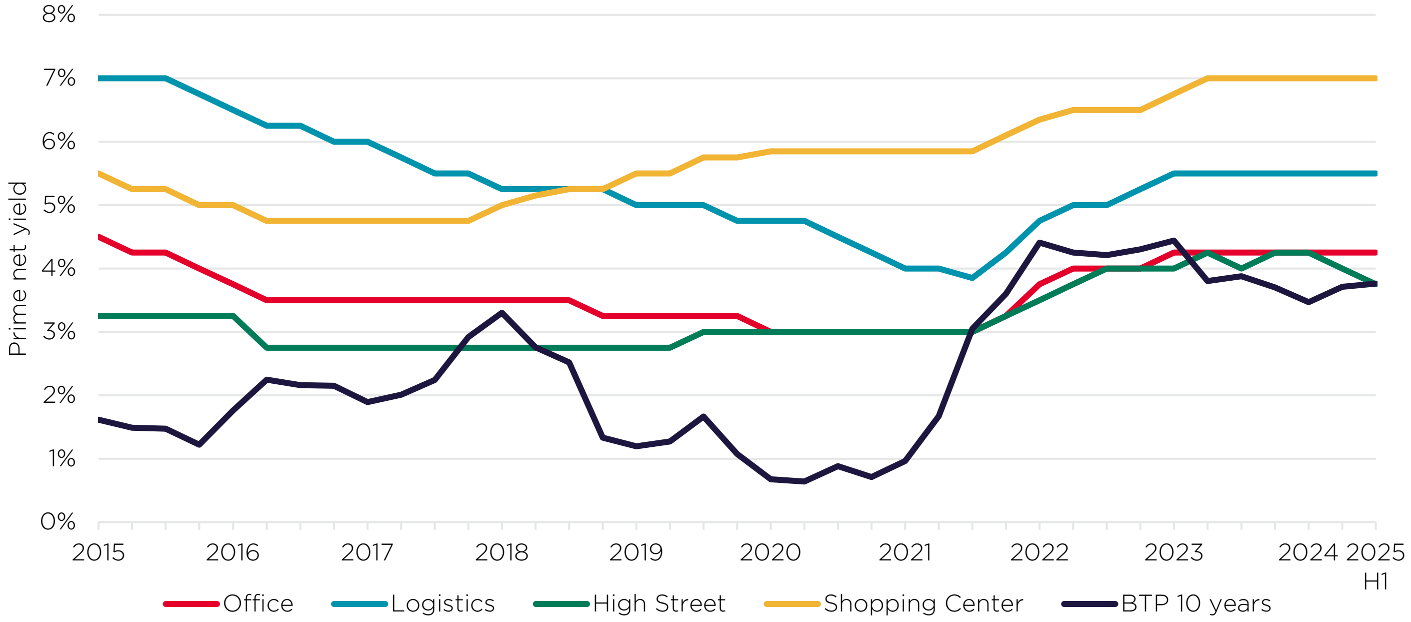
ASSET	SECTOR	PROVINCE	BUYER	SELLER	PURCHASE PRICE
The Mall Luxury Outlets	Retail	Multi-Province	Simon Premium Outlets	Kering	350 €Mn
Techbau Portfolio	Industrial & Logistics	Multi-Province	Castello Sgr	Techbau	257 €Mn
Project Zephyr	Industrial & Logistics	Multi-Province	Kryalos Sgr	Blackstone	202 €Mn
Fondo IASO – Clinics and RSA	Healthcare	Multi-Province	ENPAM	TRILANTIC EUROPE	180 €Mn
Mandarin Oriental – I Villini	Hospitality	Rome	Private Investor	MEROPE	170 €Mn
Centro Sicilia Shopping Centre	Retail	Catania	Farallon Capital Management	GWM	Confidential
Hotel Cesaer Augustus	Hospitality	Capri	Gruppo Statuto	Società Amministrazione Gestione Alberghi S.p.A.	150 €Mn
JW Marriott Venice Resort & SPA	Hospitality	Venice	KSL Capital Partners	Aareal Bank AG	140 €Mn
NABA – Via Darwin 20	Education	Milan	Kervis	COLLIERS GI	110 €Mn
Via delle Vergini 16-18	Hospitality	Rome	The Place Company	BAIN CAPITAL	Over 100 €Mn

With total volumes reaching **800€Mn**, the **Industrial & Logistics** (I&L) sector recorded a solid performance in H1 2025, a 30% increase compared to H1 2024 and broadly in line with the five-year average for the same period. This growth was primarily driven by a strong first quarter.
While the second quarter saw a slowdown, this is largely seen as a temporary and cyclical dip, rather than an indication of any structural challenges. Market sentiment remains optimistic going into the second half of the year, supported by a healthy pipeline of potential transactions expected to materialize in the coming months.
Despite a slowdown in activity, reflecting continued investor caution toward the asset class, the **Office** sector still recorded approximately **670€Mn** in investment during H1 2025. Activity remained concentrated in Milan and Rome, with Rome increasingly capturing investor interest. Institutional investors largely stayed on the sidelines, particularly when it came to larger-ticket assets, while private investors were more active, showing a preference for core assets at lower price points.

In the **Alternative** segment, the **Living** sector delivered a strong performance, rising 29% quarter-on-quarter totaling 330€Mn for H1 2025, while the **Healthcare** sector attracted 270€Mn entirely from three portfolio transactions.

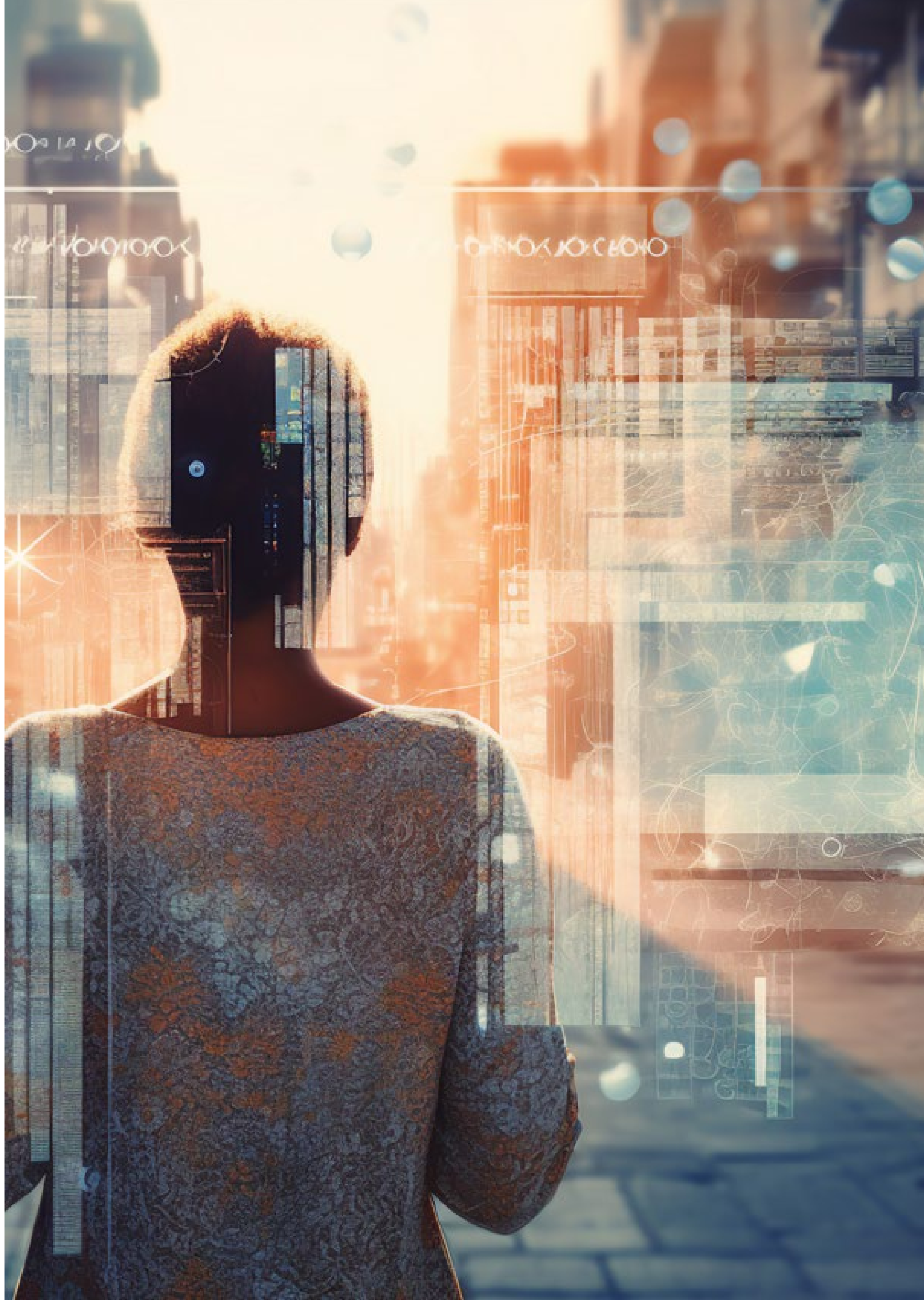
INVESTMENT

Prime Yields



In the first half of 2025, prime yields remained **stable** across all asset classes, with the sole exception of **High Street Retail**, which experienced a **compression** of 25 basis points. Values are recorded as follows:

- Office Milan 4.25% and Rome 4.75%
- Retail High streets 3.75%
- Shopping Centres 7.00%
- Retail Parks 7.25%;
- Logistics 5.50%



INVESTMENT

Outlook 2025

CUSHMAN & WAKEFIELD

01.
Italy among top markets for recovery

- Italy is among Europe's top real estate recovery markets, with repricing, refinancing, and easing rates expected to drive new core and value-add opportunities.
- Repricing and refinancing needs are unlocking value-add plays, particularly in urban areas. However, investor caution remains high for assets lacking strong fundamentals or ESG alignment.

02.
Investor appetite is returning:

- Institutional investors, including pension funds from across Europe, are re-entering the market.
- The Italian market is benefiting from this trend, with increased interest in diversified sectors such as logistics and hospitality.

03.
Sector rotation favors operational assets:

- Investors are increasingly exploring sectors like student housing, healthcare, and data centers.
- These offer both income stability and long-term growth, aligning with broader European trends toward operationally linked real estate.
- Investors are increasingly forming strategic partnerships with experienced operators to develop emerging asset classes. These allow investors to leverage the operational expertise of local or specialized partners while providing the capital needed to scale projects.

INVESTMENT

Sector outlook 2025

OFFICE

Investors sentiment will continue to be cautious for the remainder of the year.

Private investors will remain active, primarily targeting centrally located assets.

Institutional investors are also returning, with a focus on prime locations and assets offering reversionary potential.

LOGISTICS

The outlook for the second half of 2025 remains positive, underpinned by a number of potential transactions currently under negotiation.

The market continues to be driven by core+ capital, while the anticipated re-entry of core capital is expected to further enhance the segment's appeal.

RETAIL

Investor confidence in the retail sector is expected to grow, particularly among institutional and specialist investors attracted to the strong returns of well-performing shopping centers in Italy and across the EMEA region.

INVESTMENT

Sector outlook 2025

CUSHMAN & WAKEFIELD

HOSPITALITY

Driven by sustained interest from international investors and a well-established pipeline of premium assets, the Italian hotel investment market has demonstrated considerable resilience.

These positive dynamics are expected to sustain momentum through the second half of the year.

LIVING

Investor interest will continue, supported by lower rates and a strong demand. Growing interest for student housing, regulated multifamily, and senior living.

In Milan urban planning issues require selectivity, while in Rome investor focus will continue to be on regeneration

Emerging markets show promise with solid local backing.

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