

Q4 MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
3.43 €B Total Volume	▲	▲
671 €M Office	▲	▬
668 €M Retail	▲	▬
595 €M Industrial & Logistics	▲	▲
720 €M Hospitality	▲	▲
470 €M Living	▲	▬
33 €M Healthcare	▼	▲
154 €M Mixed Use	▲	▲
125 €M Other	▲	▬

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
+0.5% GDP Growth	▲	▲
3.72% 10-Yr Treasury Yield	▼	▼

Source: Moody's Italy, January 10th update (GDP Growth estimate 2024 on 2023; Unemployment Rate Q4 2024).

ECONOMY

Italy's GDP will grow modestly in the coming quarters, with strong services performance offsetting weaknesses in manufacturing and exports, while growth accelerates by 2026. Household consumption will recover as inflation eases, supporting domestic demand, though fixed investment remains subdued due to expiring fiscal incentives. Inflation is set to converge to the ECB's 2% target by mid-2025, while a resilient labor market continues to drive job gains in key industries. The ECB has already cut interest rates four times, with more cuts likely over the coming months. The debate is focused on the size of cuts. Rate cuts will likely stop after the June meeting, leaving the deposit rate at 2.25%. Despite these positive trends, the international economic environment remained uncertain, influenced by ongoing geopolitical tensions.

INVESTMENT OVERVIEW

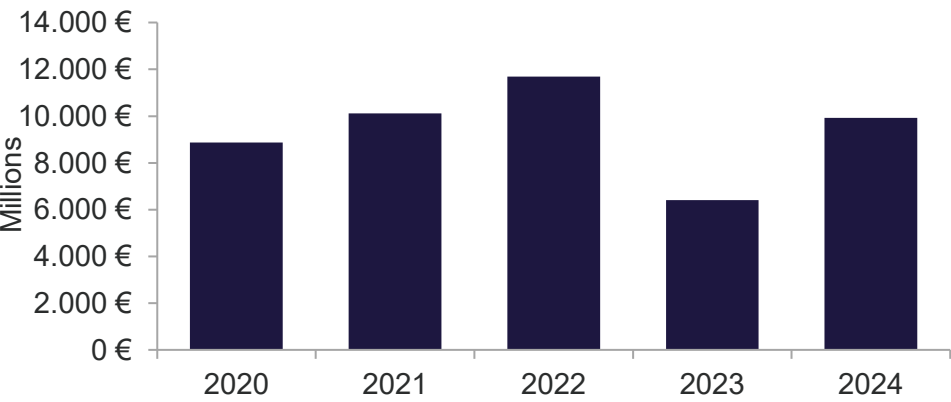
The fourth quarter witnessed an increase in investment volumes, with a 14% rise compared to the third quarter. This growth is in line with typical trends observed during the final months of the year, as investors push to finalize deals before year-end. Total investment figures for 2024 were just below 10€B, marking a 56% increase compared to 2023 and surpassing the 10-year average (9,6€B), thanks to several transactions above 200€M. Overall, owner occupation deals were a defining feature throughout the year, present across all asset classes.

Hospitality emerged as the top-performing asset class this quarter accounting for 21% of total volume invested, largely driven by the acquisition in Venice of the Bauer hotel. Close behind were the Office and Retail sectors, each accounting for 20% of investments.

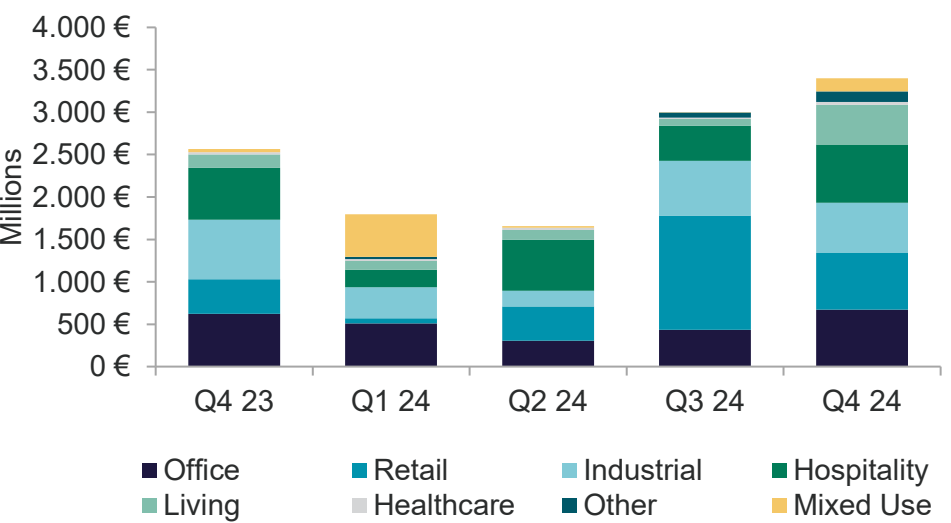
Following on from the Q3 results, foreign capital maintained its market share reaching 72% in the fourth quarter. This growth brought foreign capital's overall share to 65% for the entire year.

With 671€M invested in Q4, interest in the **Office** sector remained strong, bringing end of year totals to 1.9€B. Investment activity continued to focus on Milan and Rome, with Rome surpassing Milan for the first time

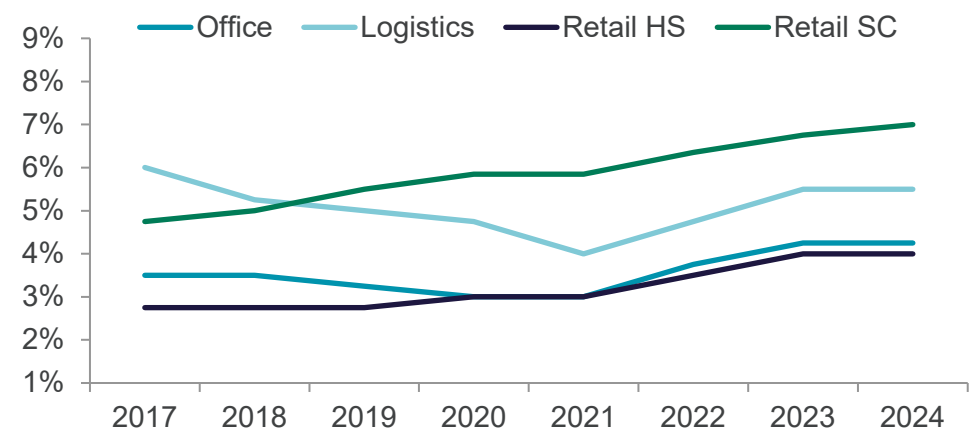
INVESTMENT SALES VOLUME



INVESTMENT SALES VOLUME BY SECTOR

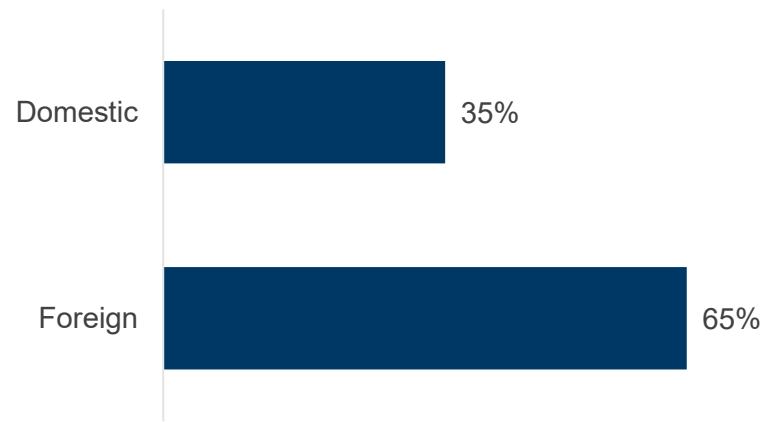


PRIME YIELD (NET)



(*) Yields are calculated on a net basis as: $\text{Net Yield} = \text{NOI (1)} / \text{PP (2)}$; 1. Net Operating Income - after deducting all non-recoverable expenditure; 2. Purchasing Price - excluding transfer costs, tax and legal fees. With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

SOURCE OF CAPITAL INVESTED YTD



since 2011, capturing 43% of the year-end volume compared to Milan’s 41%.

Investor capital remains highly selective, targeting centrally located Core and Core Plus assets. At the same time, value-add opportunities with potential for future upside or repositioning remain in strong demand.

In the final quarter of the year, **Retail** investments reached 668€M, driven by the sale of a Supermarket portfolio and a Shopping Centre, which together accounted for 61% of quarterly volumes. Year-to-date investments totaled 2.48€B, nearly tripling the total volume recorded in the previous year.

In Q4, **Industrial & Logistics** transaction volumes reached 560€M, consistent with the previous quarter and reflecting signs of a renewed momentum for this sector. This performance was largely driven by a significant Share Deal transaction, accounting for 30% of the quarterly volume at 157€M, as part of a Pan-European Portfolio. On an annual basis, volumes rose by 4% YoY, reaching 1,79€B in 2024.

With regards to **Alternative** asset classes, the **Hospitality** sector confirmed its strong appeal with a Q4 transaction volume of 720€M. While this reflects a 6% decline compared to Q4 2023, the sector recorded a 35% growth over the full year. Value-add investments dominated, accounting for 59% of the total transacted volume, driven by redevelopment opportunities and luxury brand expansions. A prime example of this trend is the 300€M sale of the Hotel Bauer in Venice, the largest transaction of the year, highlighting the market’s focus on iconic value-add assets. Rome further cemented its position as a key market, attracting 85% of foreign capital invested in the last quarter. Among the top rankings in Europe for RevPAR (Revenue Per Available Room), the city continues to be a key driver of performance in the hospitality sector.

The **Living** sector experienced a significant growth, driven by residential assets and student housing; these segments accounted for approximately 60% of total transaction volume during the last quarter—more than three times the volume recorded in Q4 2023. A standout deal was the Cariplo portfolio transaction, valued at approximately 210€M, showcasing strong investor interest in the sector. Despite this momentum, challenges persist, including a limited supply that aligns with institutional standards and ongoing mismatches between buyer and vendor expectations. Additionally, urban planning and administrative uncertainties, particularly in Milan, continue to present hurdles.

OUTLOOK

- Overall, supportive ECB monetary policies, are expected to further boost real estate returns leading to dynamism in 2025.
- Renewed confidence in the Retail sector’s resilience may lead to yield compression in prime locations.
- Sustainability and climate risk management will be key for the office sector.
- Meanwhile, the logistics sector will benefit from the return of core capital, consolidating its growth and solidifying its appeal.

SIGNIFICANT SALES YTD

QUARTER	PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQM	PURCHASE PRICE	MARKET
3	Via Monte Napoleone 8	Retail	Kering	Blackstone	11,800	1.3 €Bn	North
3	Portfolio Segro	Industrial & Logistics	Pontegadea	Segro	339,000	327 €Mn	North/Centre
4	Hotel Bauer	Hospitality	Mohari Hospitality; Omnam Investment Group	Signa	-	300 €Mn	North
1	Via Vittorio Veneto 89	Office	Deka Immobilien Investment GmbH	Prelios	23,000	269 €Mn	Centre
2	Shopping Center RomaEst	Retail	Klépierre	Government of Singapore Investment Corporation (GIC)	100,000	220 €Mn	Centre
4	Supermarket Portfolio - Garbe 63% Shares	Retail	Garbe	BNP Paribas REIM SGR	-	220 €Mn	Various
4	Cariplo Residential Portfolio	Living	Partners Group	Fondo Pensione Per il Personale Cariplo	67,706	210 €Mn	North
4	Forum Palermo Shopping Center	Retail	HAYFIN Capital Management; Multi Corporation	Blackstone	49,000	190 €Mn	Various
4	Tritax - Eurobox	Industrial & Logistics	Brookfield	Tritax	234,000	157 €Mn	Various
2	IGD Portfolio	Retail	Starwood Capital;Sixth Street	IGD SIIQ	-	155 €Mn	Various
4	Palazzo Marini 1-2	Office	INAIL	Dea Capital SGR	-	143 €Mn	Centre
1	Portfolio Fedrigoni (S&LB) - Phase 2	Industrial & Logistics	WP Carey	Fedrigoni	-	133 €Mn	Various
3	Corso Italia 41	Office	National Agency for Cybersecurity	Colliers GI	30,000	125 €Mn	Centre
3	Logistics Castel San Giovanni	Industrial & Logistics	Savills IM	DIE Italy	164,000	114 €Mn	North
3	PGIM Open Air Hospitality Portfolio	Hospitality	SAS Sandaya	PGIM	-	110 €Mn	Various
2	Corso Europa 2 (Campari Headquarter)	Office	Campari Group	BNP Paribas REIM SGR	10,000	110 €Mn	North

GWENDOLYN FAIS

Research Consultant
Tel: +39 06 42007925
Gwendolyn.fais@cushwake.com

CARLO VANINI

MRICS International Partner, Head of
Capital Markets Italy
Tel: +39 02 63799302
carlo.vanini@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of \$9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

©2025 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable, including reports commissioned by Cushman & Wakefield (“CWK”). This report is for informational purposes only and may contain errors or omissions; the report is presented without any warranty or representations as to its accuracy.

Nothing in this report should be construed as an indicator of the future performance of CWK’s securities. You should not purchase or sell securities—of CWK or any other company—based on the views herein. CWK disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CWK as well as against CWK’s affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.