

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
9.8% Vacancy Rate	▼	▼
102,000 Q Absorption, SQM	▲	—
€750 Prime Rent, SQM/YR <i>(Overall, All Property Classes)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
+0.1% Milan GDP Growth	▲	▲
3.66% Milan Unemployment Rate	▼	▼
3.68% 10-Yr Treasury Yield	▼	▲

Source: Moody's Italy, Aprile 8th update (GDP Growth estimate 2025 Q1 on 2024 Q1; Unemployment Rate Q1 2025; 10-Yr Gov Bond at Q1 2025).

ECONOMY

Milan's GDP remained nearly flat in Q1 2025, also due to a prolonged slowdown in construction, impacting the city's broader economic performance. Consequently, Milan is positioned for modest growth in 2025, driven by its dynamic financial and professional services sectors, which continue to support office property demand, a skilled labor force, and infrastructure investments related to Winter Olympics preparations. These factors will favor tourism and retail activity. The labor market remains robust, with unemployment at 3.66%, and consumer prices are expected to stabilize as wage growth partially offsets cost-of-living pressures. However, Milan faces challenges linked to global uncertainty and market volatility.

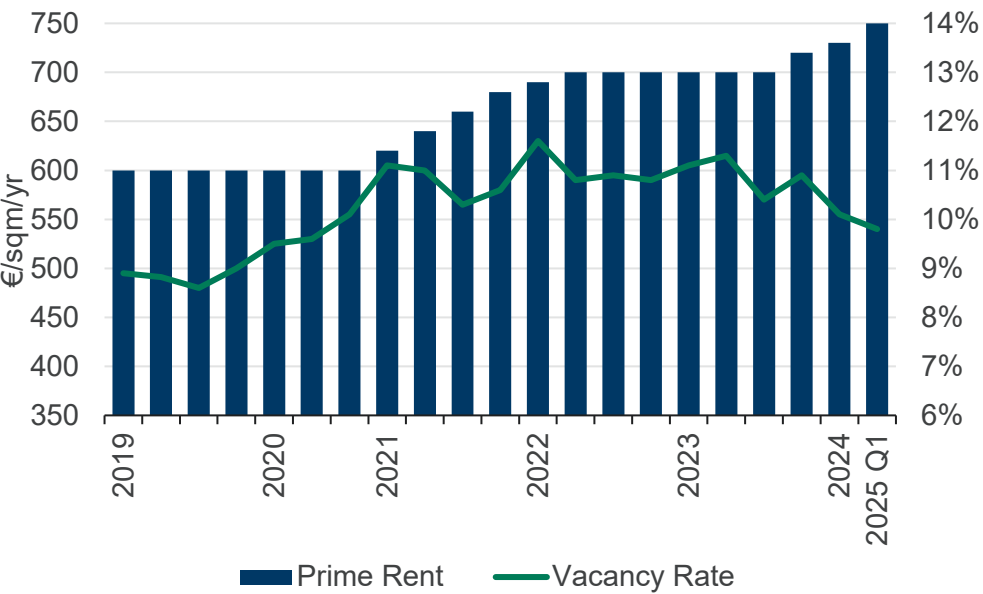
OCCUPIER

In the last quarter, the Milan office market recorded an absorption of 102,000 sqm, 10% above the average quarterly volume for 2024. In addition to direct leases, a further 4,000 sqm of sub-leased space was recorded in Q1, bringing the total absorption to 106,000 sqm.

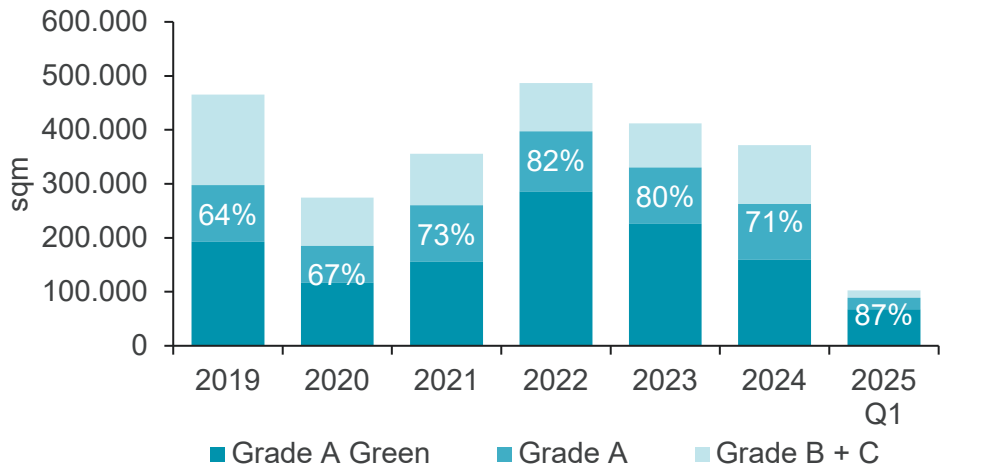
Market activity continues to be characterized by a reduction in the average size of transactions, with a predominance of small to medium-sized deals. Over the year, 60% of the total volume was represented by transactions involving spaces of up to 3,000 sqm, representing 92% of the total number of deals.

The dominant theme in the office market remained quality, with Grade A take-up maintaining the strong performance seen over the past five years, representing the 87% of the quarterly volume, reflecting this sustained momentum. The Legal and IT sectors emerged as the most active drivers in the Milan office market this quarter. Notably, the largest transaction of the period was concluded by a legal firm, securing a Grade A, sustainable office space currently under development. The Legal sector, in particular, is gaining momentum.

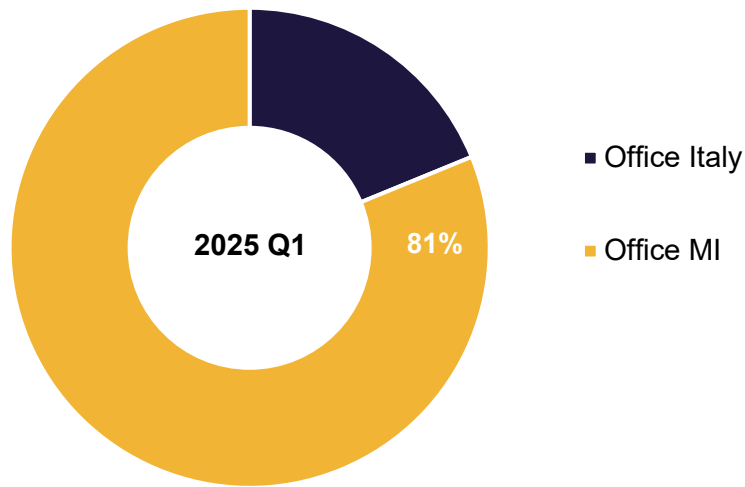
OVERALL VACANCY & PRIME RENT



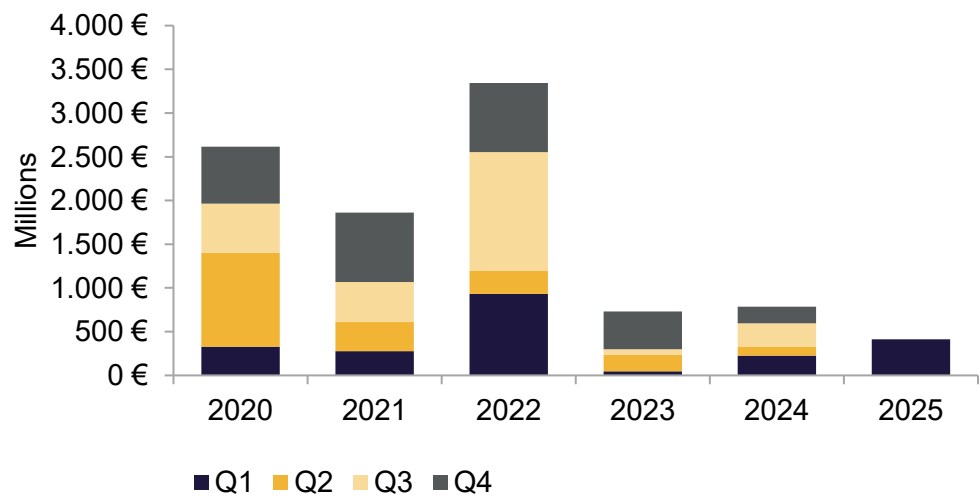
TAKE UP BY GRADE



MILAN vs. ITALY OFFICE INVESTMENT VOLUME



MILAN OFFICE INVESTMENT VOLUME



While traditionally based in Milan’s historic center—known for its prestige but often limited in terms of building efficiency and sustainability—many firms are now relocating to modern, ESG-compliant offices that better meet current operational and environmental standards. This shift extends beyond the traditional legal district and reflects a broader market trend focused on workplace quality, sustainability, and future-readiness. This evolution underscores the ongoing flight to quality, with occupiers increasingly prioritizing high-specification, centrally located spaces that offer both strong sustainability credentials and long-term value.

INVESTMENT

In the first quarter of 2025, the Milan investment market registered a volume of 410€M, representing the 81% of the total sector’s volume, signaling a positive start of the year. Foreign capital accounted for almost 40% of the total volume, confirming the continued appeal of the Milan market to international investors, despite ongoing global uncertainties. The quarter was primarily driven by Core transactions, with a marked focus on central locations, where investor interest remains strong and occupier demand is sustained. In these prime locations, yields continue to reflect prime levels, supported by upside potential on rental values. This dynamic is reflected by the two largest transactions of the quarter—both Core assets located in the CBD —which together accounted for 43% of the total volume, further underlining the market’s strong preference for high-quality, centrally located product. By contrast, stabilized assets in secondary sub-markets must be underpinned by solid fundamentals to attract investors’ interest, generally at high returns. Long lease terms and reliable, performing income streams are essential to ensure the attractiveness and resilience of these investments.

PRICING

The limited availability of office spaces continues to drive upward pressure on prime rental rates in central areas. In the CBD, Prime Rents have risen by 3% in the last quarter, now standing at 750€/sqm/year. This increase is driven by the scarcity of high-quality spaces and the limited number of developments and refurbishments in progress due to the slowdown in approval processes for new projects. On the investment side, the continued focus on rental performance and capital values has kept prime yields compressed in central locations for assets with future upside potential, with prime yield in the CBD holding steady at 4.25%.

OUTLOOK

- Location remains central to occupier demand, with limited supply in core areas continuing to support rental growth across both prime and secondary assets.
- The limited high quality availability and rising rental values are also encouraging tenants to adopt a “stay” strategy, where they choose to stay in their current premises after landlords refurbish and upgrade the spaces, instead of moving to new locations.
- The expected reduction in interest rates may support a selective recovery in investment activity, with central urban areas likely to retain their position as key targets. Investor interest in these prime locations remains focused on core+ assets and properties with repositioning potential.
- Sustainability considerations, including carbon reduction and climate risk management, remain key strategic drivers, as evolving European regulations increasingly shape asset values, rental dynamics, and occupier preferences.

MARKET STATISTICS

SUBMARKET	OVERALL VACANCY RATE	CURRENT QTR OVERALL ABSORPTION (SQM)	UNDER CNSTR (SQM)	PRIME RENT (€/SQM/YR)	PRIME YIELD (NET**)
CBD	3.8%	53,000	125,000	750	4.25 %
Centre	6.4%	3,000	8,500	560	5.00 %
Semi Centre	3.6%	18,000	167,000	500	5.50 %
Periphery	15.5%	21,000	116,000	340	7.00 %
Hinterland	14.0%	7,000	29,000	250	7.50 %
TOTALS	9.8%	102,000	445,000	750	4.25 %

(*) 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.

(**) Yields are calculated on a net basis as: Net Yield = NOI (1) / 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.

KEY LEASE TRANSACTIONS YTD

QUARTER	PROPERTY	SUBMARKET	TENANT SECTOR	SQM	TYPE
1	Corso di Porta Nuova 19	CBD	Legal services	14,500	Lease
1	Gioia20 West	CBD	IT\Communications	8,500	Pre-Lease
1	Via Carlo de Angeli 2	Semi-centre	Fashion	5,280	Pre-Lease
1	Pirelli 35	CBD	Pharmaceuticals\Chimicals	4,790	Lease
1	Via Bassano Porrone 6	CBD	Finance	3,900	Lease
1	Palazzo Ricordi - Via Berchet 2	CBD	Consulting\Business Services	3,000	Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS YTD

QUARTER	PROPERTY	SUBMARKET	SELLER/BUYER	SQM	PRICE / € MN
1	Via Principe Amedeo 5	CBD	Blackstone / Cassa Forense	10,000	Over 100
1	Via Durini 16-18	CBD	CDC / Investire	5,700	68
1	Lybra Building - Via Confalonieri 29	CBD	TPG / Patrizia	8,400	54
1	Mediaset Cologno Monzese	Hinterland	Generali RE Sgr / Anav Investment	46,000	52
1	Via Rizzoli 2-4-6	Periphery	Prelios Sgr / SCPI	31,000	48

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MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
6.8% Vacancy Rate	▼	▼
30,000 Q Absorption, SQM	▼	—
€600 Prime Rent, SQM/YR <i>(Overall, All Property Classes)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
+0.9% Rome GDP Growth	▲	▲
5.1% Rome Unemployment Rate	▼	—
3.68% 10-Yr Treasury Yield	▼	▲

Source: Moody's Italy, April 8th update (GDP Growth estimate Q1 25 on Q1 24; Unemployment Rate Q1 2025; 10-Yr Gov Bond at Q1 2025).

ECONOMY

Rome's economy is forecasted to grow by almost 1.0% in 2025, driven by increased tourism and infrastructure investments for the 2025 Jubilee. The unemployment rate is still around 5.0%, reflecting stability in both public and private sectors. Inflation pressures persist, but real wage gains support recovery. Rome's globally connected economy thrives on industries like tourism, government activities, and its expanding IT sector. The 2025 Jubilee celebrations, backed by significant government investments, are expected to boost tourism and related infrastructure projects. Strong domestic and foreign consumer spending supports growth and employment.

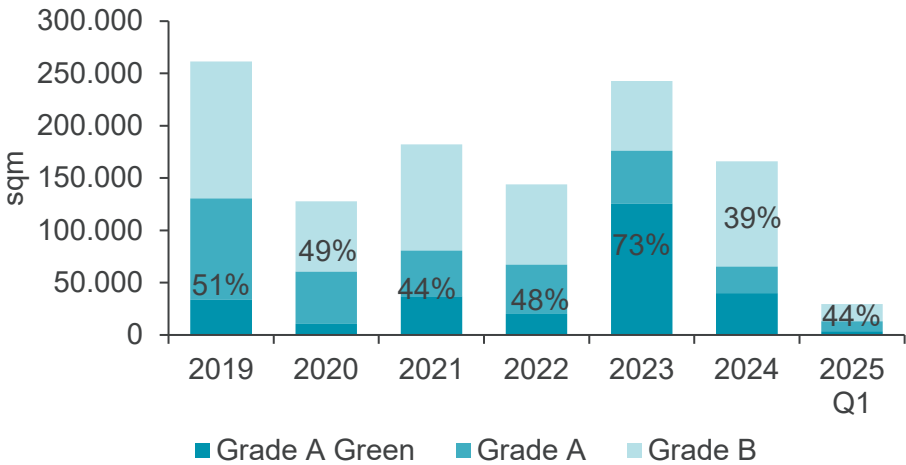
OCCUPIER

Activity in the Rome office market for the first quarter of 2025 was subdued with take up figures reaching 30,000 sqm, below both the 10-year average (44,300 sqm) and the same period in 2024 (34,300 sqm). The largest transaction took place in the Periphery, where the Università Europea di Roma leased approximately 5,000 sqm.

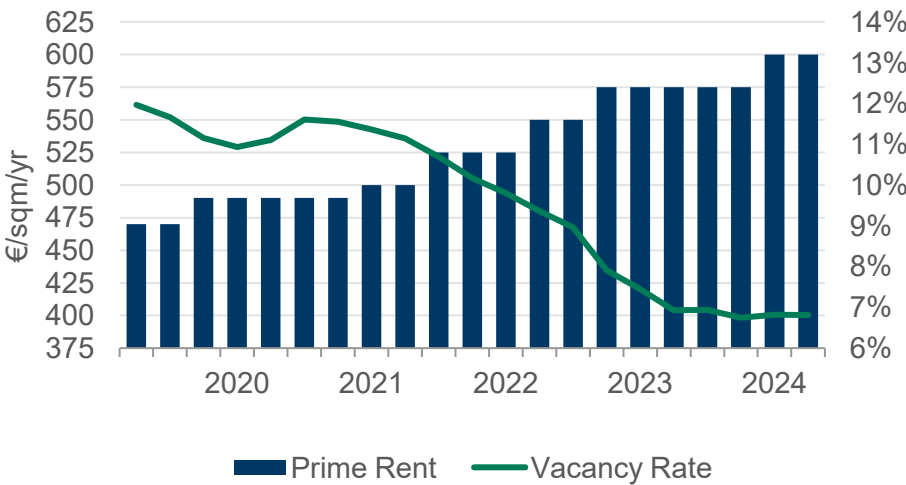
Overall, average transaction sizes remained modest, with most deals below 1,000 sqm. Tenant activity was primarily concentrated in the Greater Eur and Periphery areas, both in terms of number of transaction closed and total space leased.

Analysing tenant sectors, the education sector has remained notably active over the past 24 months, driven by sustained demand for flexible properties in diverse city locations, particularly those near metro stations or efficient transport connections. The co-working sector also is continuing to expand at a rapid pace, with new centers being established across the city, including in out-of-town areas and secondary assets.

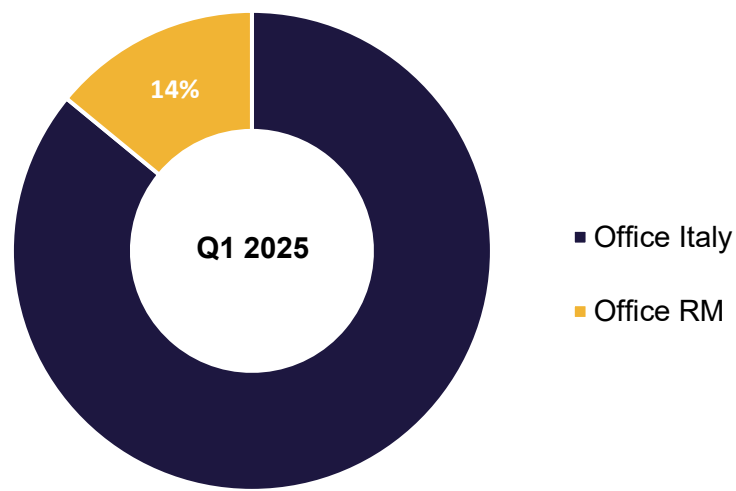
TAKE UP BY GRADE



OVERALL VACANCY & PRIME RENT



ROME vs. ITALY OFFICE INVESTMENT VOLUME



The trend of converting office assets into hospitality spaces, particularly in areas with high tourist footfall, has become firmly established. This transformation is largely driven by the growing demand for accommodation in key tourist locations.

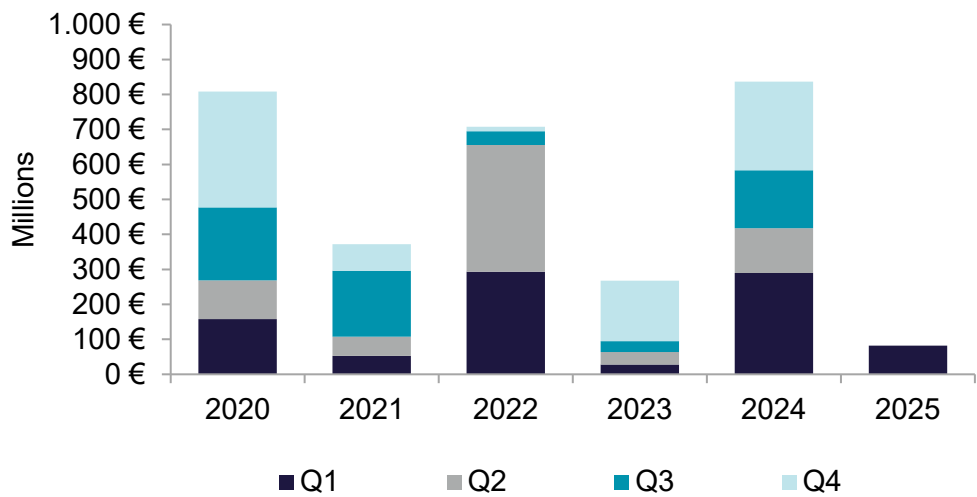
INVESTMENT

Investment activity in the first quarter of 2025 was also subdued, totaling approximately 82€M across four transactions. This marks a decline compared to the same period in 2024, which was notably boosted by a single large asset transaction. Overall, investors are showing renewed interest in office assets, although this interest remains selective—favoring prime locations and high-quality products. A growing trend is observed among occupiers valuing assets for purchase as end users. Investors’ sentiment continues to be supported by strong rental trends and robust take-up levels. Activity remains concentrated in prime areas such as the CBD and city center, with a preference for properties offering value-add potential.

OUTLOOK

- Rental growth expected throughout the year in areas with tight availability.
- Growing demand from the public sector, predominantly for large requirements. However, this demand remains difficult to intercept due to mostly direct procurement channels.
- Investor interest in office buildings to be repositioned.
- Conversion projects expected in areas with higher residential stock

ROME OFFICE INVESTMENT VOLUME



PRICING

Prime rents remained stable across most markets during the first quarter, with a 3% growth observed in Greater Eur, although some transactions are closing at higher levels than those currently quoted as prime in the CBD, driven by a shortage of quality stock.

On the Investment side, prime yields remained stable in all submarkets throughout the quarter though a further compression is expected by year end in core locations.

MARKET STATISTICS

SUBMARKET	OVERALL VACANCY RATE	CURRENT QTR ABSORPTION (SQM)	UNDER CNSTR (SQM)	PRIME RENT (€/SQM/YR)	PRIME YIELD (NET*)
CBD	2.6%	3,900	7,900	600	4.75 %
Centre		1,000	42,600	400	5.00 %
Semi Centre	6.8%	1,500	0	300	6.75 %
Great Eur	5.9%	12,700	88,000	380	5.75 %
Periphery	14.1%	10,500	0	150	9.50 %
TOTALS	6.8%	29,600	138,500	600	4.75 %

(Overall, All Property Classes)
(*) Yields are calculated on a net basis as: Net Yield = NOI (1) / 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.

KEY LEASE TRANSACTIONS YTD

QUARTER	PROPERTY	SUBMARKET	TENANT SECTOR	SQM	TYPE
1	Via della Maglianella 65	Periphery	Education	5,000	Lease
1	Via Amsterdam 147	Greater Eur	Other	2,500	Lease
1	Via dei Due Macelli 66	CBD	Fashion	2,200	Expansion
1	Centro Direzionale Piccolo Mondo	Greater Eur	Consulting\Business Services	1,600	Lease
1	23-31 Eur Center	Greater Eur	Manufacturing	1,300	Lease
1	Via Mosca 32	Greater Eur	Co-working	1,300	Lease
1	Via Cesare Pavese 305	Greater Eur	Education	1,200	Lease
1	Via Cesare Pavese 305	Greater Eur	IT	1,200	Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS YTD

QUARTER	PROPERTY	SUBMARKET	SELLER/BUYER	SQM	PRICE / € MN
1	Via Cavour 5	CBD	Castello Sgr/ Castello Sgr	16,600	45
1	Via di Torre Rossa 94	Semi-Centre	Abalone Asset Management/E-Campus	23,900	21,5
1	Via Capitan Bavastro 92-94	Semi-Centre	DeA Capital Sgr/ Private Club Deal	12,500	9,22
1	Viale Egeo 102-104	Greater Eur	CGI/Istituto Seraphicum	6,600	6

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