



MARKET FUNDAMENTALS

| | YOY Chg | 12-Month Forecast |
|---|------------|----------------------|
| 6.0% Vacancy Rate (Immediate) | ▲ | ▲ |
| 483,000 Q Absorption, SQM | ▼ | — |
| €70 Prime Rent, SQM/YR <i>(Overall, All Property Classes)</i> | ▲ | ▲ |

ECONOMIC INDICATORS

| | YOY Chg | 12-Month Forecast |
|-------------------------------|------------|----------------------|
| +0.6% GDP Growth | ▲ | ▲ |
| 6.05% 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

In the first quarter of 2025, Italy's economy managed to stay on a fragile path of growth, offering a glimmer of resilience in an otherwise uncertain global landscape. With a modest uptick in GDP, the country appeared to be holding its ground, even as revised projections by the Bank of Italy signaled tempered optimism for the year ahead, revising down its GDP growth projections to 0.6% for 2025, followed by 0.8% and 0.7% for the next two years respectively, reflecting a broader slowdown in the Eurozone. Beneath the surface, the macroeconomic picture remained complex: unemployment edged down to 6.05%, suggesting a still robust labor market, while inflation ticked up slightly to 1.6%, still well within manageable levels. However, storm clouds lingered on the horizon. The yield on 10-year BTP bonds crept up to 3.68%, a sign that investors remained wary amid rising protectionism, fragile EU fiscal unity, and renewed geopolitical tensions.

OCCUPIER - LARGE SCALE DISTRIBUTION

In the first quarter of the year, the market recorded an absorption of 483,000 sqm, a 13% decrease compared to the quarterly average of the previous year (552,000 sqm).

The market continues to show a strong focus on Grade A spaces, which represented over 90% of total take-up. Demand is increasingly driven by higher specifications and ESG-compliant buildings, which are gaining traction and capturing a growing share of the market.

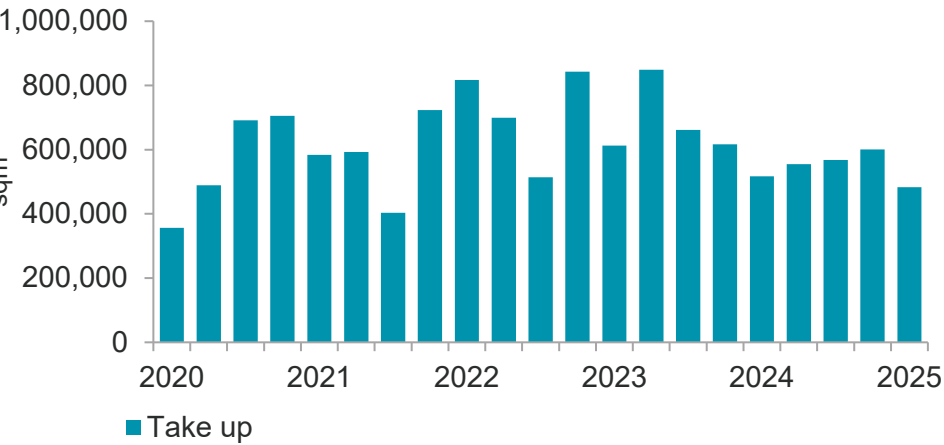
End User and 3PL operators confirmed their roles as the most active occupiers, accounting for 45% and 41% of the volume respectively. Notably, among end users, the Manufacturing, Large Scale Distribution, and Pharmaceutical sectors played a prominent role, each expanding their market share

Lombardy and Lazio recorded similar levels of absorption, each with around 120,000 sqm. However, Lazio reported a higher average deal

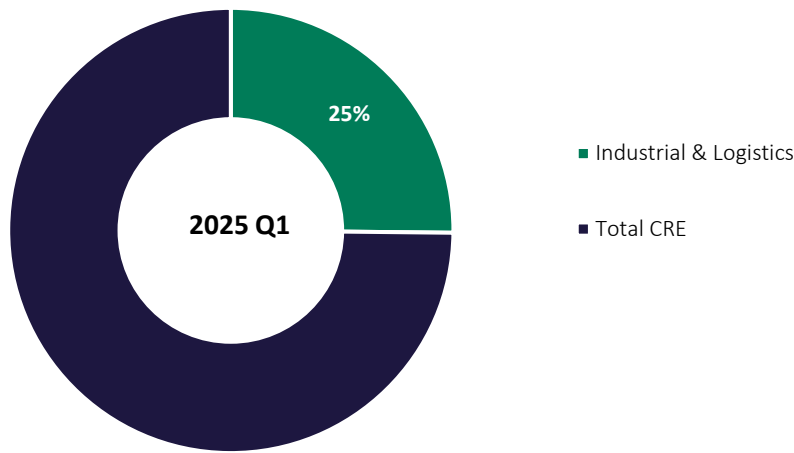
OVERALL VACANCY (IMMEDIATE)



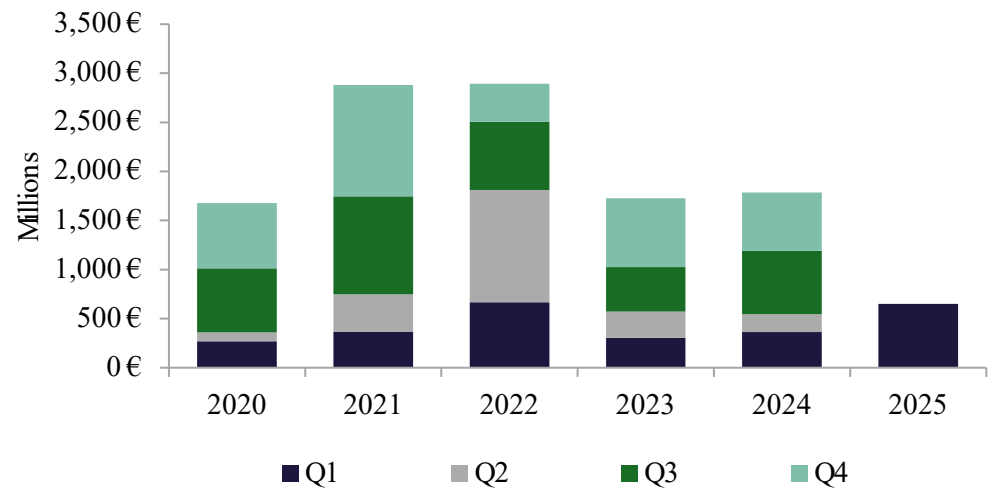
TAKE UP (SQM)



I&L vs. ALL SECTORS - YTD INVESTMENT VOLUME ITALY



I&L INVESTMENT VOLUME



size (13,000 sqm) compared to Lombardy (8,000 sqm). Looking at large-scale transactions (above 40,000 sqm), Piedmont and Lazio stood out with the two largest deals of the quarter, involving a pre-lease and a new lease, both for speculative developments. Transactions in the 10,000–25,000 sqm range remained the most frequent, representing nearly 50% of the total number of deals.

INVESTMENT

The logistics sector emerged as one of the top-performing asset classes of the quarter, with 650€M invested, representing 25% of the total CRE investment volume. This performance was largely driven by the two largest transactions of the quarter — both portfolio deals — which together accounted for 70% of the sector’s total investment volume. The market continues to shift decisively towards ESG-compliant logistics hubs, XXL warehouses designed for global supply chains, and brownfield sites targeted for urban regeneration. ESG integration is becoming increasingly central to investment strategies, with strong demand for energy-efficient buildings, smart warehouses leveraging IoT, AI, and automation, and sustainable logistics solutions — including EV-ready facilities and intermodal transport hubs. However, regulatory and construction-related challenges are making green developments more complex and time-consuming to implement. Meanwhile, competition for logistics-zoned land is intensifying, particularly for conversions into Data Centers to support the rapid expansion of digital infrastructure. Although capital availability remains robust, executing transactions — especially in brownfield contexts — is increasingly hindered by regulatory constraints.

PRICING

In the quarter, rental rates in key cities increased by an average of almost 5%, standing at 70€/sqm/yr in Milan and Rome. These levels have been underpinned by robust demand in high-demand locations where supply remains constrained. Prime yields kept stable over the quarter, currently standing at 5.50% for both Milan and Rome.

OUTLOOK

- Projections for the occupier market in 2025 suggest trends consistent with those observed this year.
- Geopolitical shifts are reshaping global supply chains, prompting investors to reconsider maritime and land logistics and explore reshoring and onshoring opportunities, also in emerging markets.
- Logistics providers are expected to invest in technology and infrastructure that supports sustainable supply chains, such as renewable energy, electric fleets, and eco-friendly warehousing solutions.
- On the investment side, the outlook for 2025 is positive, driven by core+ capital and the expected return of core capital, which is expected to enhance the segment’s attractiveness.

MARKET STATISTICS

| SUBMARKET | PRIME RENT (€/SQM/YR) | | | | PRIME YIELD (NET) | |
|---------------------|-----------------------|---------------|----------------------|---------------|--|---------------|
| | LOGISTICS WAREHOUSE | QoQ VARIATION | LAST MILE/CROSS DOCK | QoQ VARIATION | LOGISTICS WAREHOUSE & LAST MILE/CROSS DOCK | 1 YEAR GROWTH |
| CONSOLIDATED MARKET | | | | | | |
| Milan | 70 | ↑ | 110 | → | 5.50% | → |
| Rome | 70 | ↑ | 110 | → | 5.50% | → |
| Bologna | 65 | → | 95 | → | 5.50% | → |
| Turin | 52 | ↑ | 80 | → | 6.50% | → |
| Genoa | 70 | ↑ | 105 | → | 6.25% | → |
| Verona | 62 | ↑ | 95 | → | 5.75% | → |
| Piacenza | 58 | ↑ | 80 | → | 5.75% | → |
| Novara | 60 | ↑ | 80 | → | 5.75% | → |
| EMERGING MARKET | | | | | | |
| Florence | 80 | ↑ | 115 | → | 5.75% | → |
| Naples | 60 | → | 85 | → | 7.00% | → |
| Bari | 60 | → | 85 | → | 7.00% | → |

(**) 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 | REGION | CITY (PROVINCE) | TENANT SECTOR | SQM | TYPE |
|---------|----------------|----------------------------|-----------------|--------|-------------------------|
| 1 | Piedmont | Trecale (NO) | Manufacturing | 49,200 | Pre-lease (Speculative) |
| 1 | Lazio | Fiumicino (RM) | Food & Beverage | 41,000 | Lease |
| 1 | Lombardy | San Giorgio Bigarello (MN) | 3PL | 37,510 | Lease |
| 1 | Veneto | Lavagno (VR) | 3PL | 35,000 | Lease |
| 1 | Campania | Marcianise (CE) | 3PL | 30,000 | Lease |
| 1 | Piedmont | Tortona (AL) | 3PL | 26,700 | Pre-lease (BTS) |
| 1 | Emilia-Romagna | Forlì (FC) | 3PL | 25,330 | Lease |

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS YTD

| QUARTER | PROPERTY-REGION | CITY (PROVINCE) | SELLER/BUYER | SQM | PRICE / € MN |
|---------|----------------------------------|-----------------|-------------------------------------|---------|--------------|
| 1 | Techbau portfolio | Multi-City | Techbau / Castello Sgr | 313,000 | 257 |
| 1 | Project Zephyr | Multi-City | Blackstone / Kryalos Sgr | 242,000 | 202 |
| 1 | Fase 2 Vigasio - C1 e C2 | Vigasio | Prelios Sgr / BNP Paribas | 60,000 | 43 |
| 1 | Portfolio - Inveruno & Albairate | Pavia | DeA Capital Sgr/ Mileway | 49,000 | 31 |
| 1 | Project Tuscany | Multi-City | Confidential / Patrizia | 24,300 | 30 |
| 1 | Caorso Logistics | Caorso | Savills Investment Sgr / Namira SGR | 31,000 | 28 |
| 1 | Project Cablog | Landriano | Cablog / Bentall Green Oak | 33,000 | 20 |

ANNA STRAZZA

Associate Director, Research & Insight

Tel: +39 02 63799278

anna.strazza@cushwake.com

MARZIO GRANATA

Partner, Head of Industrial & Logistics Italy

Tel: +39 02 63799258

marzio.granata@cushwake.com

CARLO VANINI

MRICS International Partner, Head of Capital Markets Italy

Tel: +39 02 63799302

carlo.vanini@cushwake.com

©2024 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.