

Q2 MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
<b>2.50 €Bn</b> Total Volume	▲	▲
<b>160 €Mn</b> Office	▼	▲
<b>670 €Mn</b> Retail	▲	▲
<b>150 €Mn</b> Industrial & Logistics	▼	▲
<b>870 €Mn</b> Hospitality	▲	▲
<b>190 €Mn</b> Living	▲	▲
<b>270 €Mn</b> Healthcare	▲	—
<b>27 €Mn</b> Mixed Use	▼	—
<b>160 €Mn</b> Other	▲	—

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
<b>+0.5%</b> GDP Growth	▲	▼
<b>3.76%</b> 10-Yr Treasury Yield	▼	▼

Source: Moody's Italy, June 9<sup>th</sup> update (GDP Growth estimate Q2 25 on Q2 24; 10-Yr Gov Bond at Q2 2025).

ECONOMY

As of mid-2025, Italy's macroeconomic landscape reflects measured resilience and growing stability. Despite persistent global uncertainties, the country has sustained moderate economic momentum. GDP grew by 0.3% in Q1, supported by robust domestic demand and a resilient labor market. Preliminary estimates from Moody's suggest year-on-year growth of 0.5% in Q2, aligning closely with the full-year forecast of 0.6%. Inflation remains contained at 1.7%, with declining energy prices and manageable increases in food and services. The labor market continues to perform well, with the unemployment rate holding below 6%. Meanwhile, the European Central Bank's shift toward a more accommodative monetary stance signals improved financing conditions, likely to continuing to support investment activity in the second half of the year. While consumer sentiment has softened slightly, inflation expectations have eased, and most firms anticipate price stability. Against this backdrop, Italy enters the second half of 2025 with cautious optimism—an encouraging context for real estate investment.

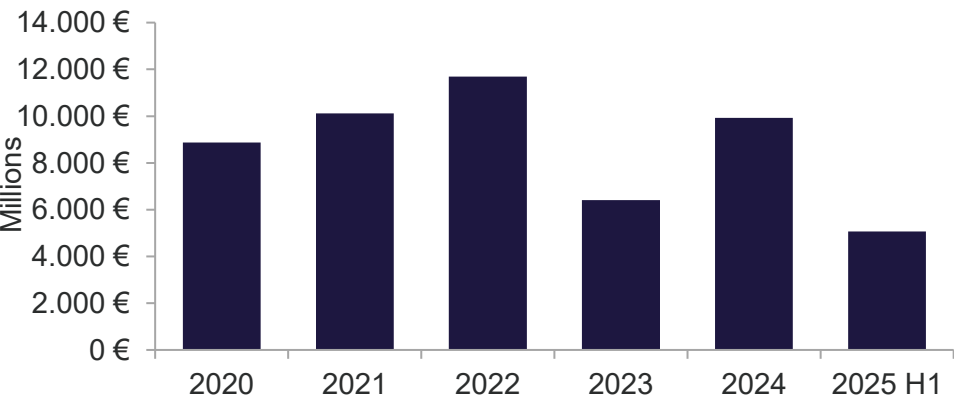
INVESTMENT OVERVIEW

In Q2 2025, total investment volume reached 2.45€Bn, representing a 45% increase compared to the same period in 2024. This strong performance also exceeded the five-year quarterly average of 1.9 €Bn, reflecting sustained growth and investor confidence.

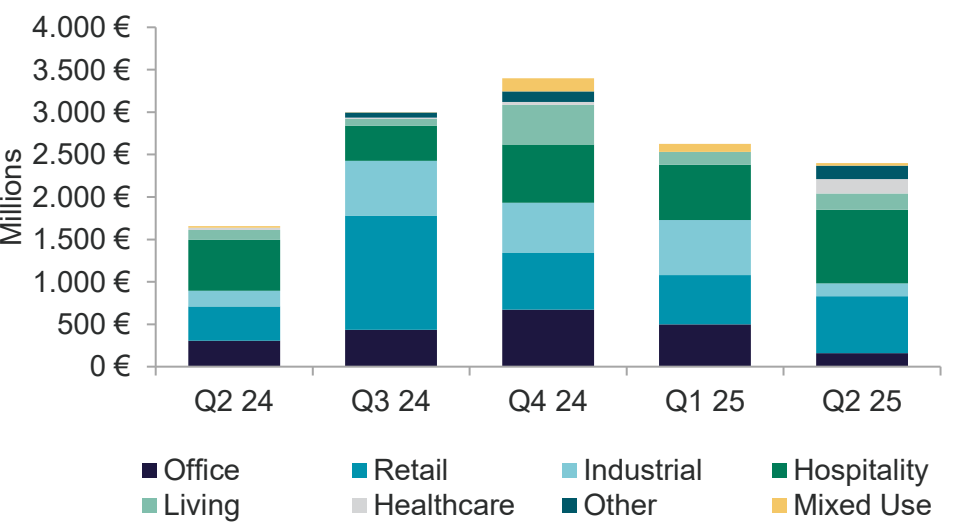
The Hospitality and Retail sectors led capital flows, accounting for 36% and 27% of the total volume, respectively. The Healthcare sector also showed solid performance, attracting 11% of investments. Several large-scale transactions helped drive these figures, including multiple deals above 100 €Mn, with one major retail transaction exceeding 300€Mn. By the half-year mark, total investments reached 5.15 €Bn — also a 47% year-on-year increase.

Single asset transactions played a central role, comprising 83% Q2 activity and 72% of the H1 total. Foreign capital remained a key market driver, particularly in the Retail, Hospitality, and Industrial sectors. However, domestic investors showed growing momentum, helping to close the gap with international players.

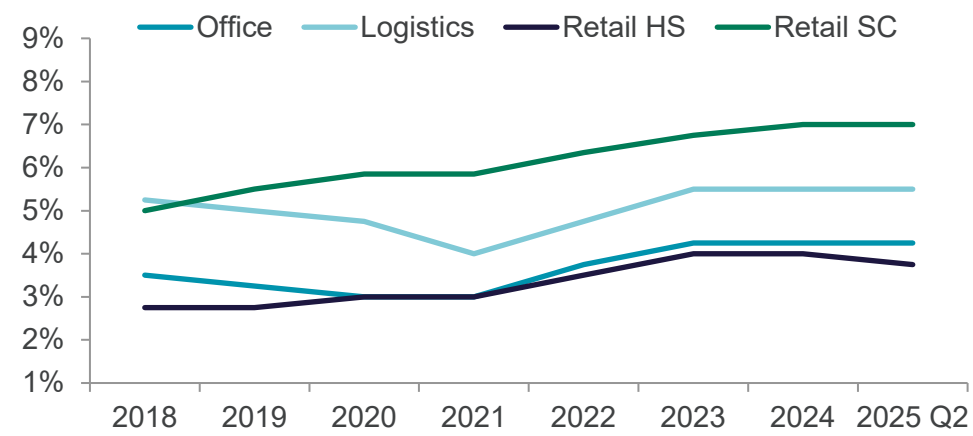
INVESTMENT SALES VOLUME



INVESTMENT SALES VOLUME BY SECTOR

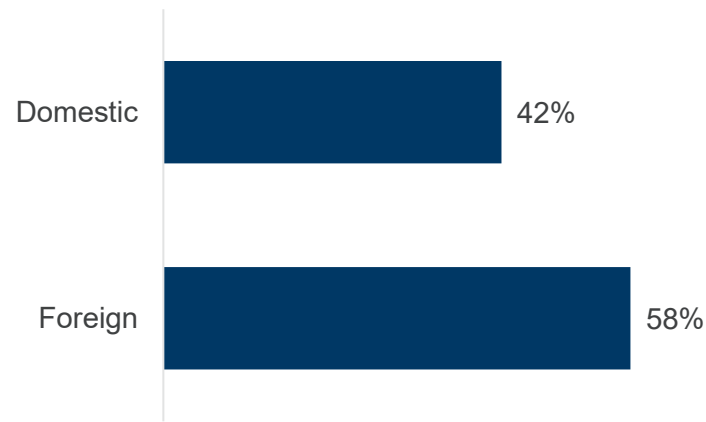


PRIME YIELD (NET)



(\*) 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.

SOURCE OF CAPITAL INVESTED YTD



**Hospitality** remained the best-performing asset class for the third consecutive quarter, with volumes reaching 870€Mn in Q2 2025—up 40% compared to the same period in 2024 (620€Mn) and already surpassing the H1 2024 total of 850€Mn. This robust performance was largely driven by two standout transactions: the sale of the JW Marriott on Venice’s Isola delle Rose to U.S.-based KLS Capital Partners, and the acquisition of Via delle Vergini in Rome by The Place, luxury hospitality specialists. Altogether, H1 2025 investments in the sector totaled 1.5€Bn, more than double the five-year average of 670€Mn.

**Retail** also saw solid momentum, with Q2 volumes climbing to 670€Mn - an increase of 16% over Q1. This brought half-year totals to 1.24€Bn, more than twice the volume recorded in H1 2024. The quarter’s largest deal, both within the Retail sector and across the entire investment market, was the sale of a prime asset in Milan’s Piazza Cordusio—home to UNIQLO’s flagship store—for over 300€Mn. The transaction reflects renewed investor interest in prime retail assets backed by strong fundamentals.

In contrast, the **Industrial & Logistics** sector experienced a temporary slowdown, with Q2 investment volumes around 150€Mn. Despite this short-term dip, the outlook remains optimistic, with many potential deals currently in the pipeline for the second half of the year. H1 2025 closed at 800€Mn —up 30% year-on-year and in line with the five-year average—thanks to a strong Q1 performance.

The **Office** sector continued to face subdued activity in Q2, though investor sentiment toward Italy remained cautiously optimistic. Transactions were primarily concentrated in Milan and Rome, with volumes reaching 160€Mn, bringing the H1 total to 670€Mn —a 18% decline from H1 2024. Institutional investors remained largely on the sidelines, particularly for larger-ticket assets, while private investors were more active, focusing on core properties at smaller price points.

In the Alternative segment, the **Healthcare** sector attracted 270€Mn in Q2, entirely from three portfolio transactions. The most notable was ENPAM’s acquisition of 10 clinics and one RSA facility for just under 200€Mn. Meanwhile, the **Living** sector delivered a strong performance, rising 29% quarter-on-quarter to reach 190€Mn in Q2, and totaling 330€Mn for H1 2025.

OUTLOOK

- Investor confidence in the Retail sector set to grow, especially among institutional and specialist investors attracted to shopping centers for their strong returns in Italy and across EMEA
- Office sector pipeline transactions expected to drive yield compression in H2
- In the I&L sector core capital is expected to boost activity in the second half of the year

SIGNIFICANT SALES YTD

QUARTER	PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQM	PURCHASE PRICE	MARKET
1	The Mall Luxury Outlets	Retail	Simon Premium Outlets	Kering	-	350 €Mn	Various
1	Techbau Portfolio	Industrial & Logistics	Castello Sgr	Techbau	315,000	257 €Mn	Various
1	Project Zephyr	Industrial & Logistics	Kryalos Sgr	Blackstone	265,000	202 €Mn	North
2	Fondo IASO – Clinics and RSA	Healthcare	ENPAM	TRILANTIC EUROPE	-	180 €Mn	Various
1	Mandarin Oriental	Hospitality	Private Investor	MEROPE	-	170 €Mn	Centre
2	Centro Sicilia Shopping Centre	Retail	Farallon Capital Management	GWM	57,000	Confidential	South
1	Hotel Cesaer Augustus	Hospitality	Gruppo Statuto	Società Amministrazione Gestione Alberghi S.p.A.	-	150 €Mn	Centre
2	JW Marriott Venice Resort & SPA	Hospitality	KSL Capital Partners	Aareal Bank AG		140 €Mn	North
2	NABA – Via Darwin 20	Education	Kervis	COLLIERS GI	32,000	110 €Mn	North
2	Via delle Vergini 16-18	Hospitality	The Place Company	BAIN CAPITAL	-	Over 100 €Mn	Centre
1	Garage Traversi	Retail	Private Investor	Invesco	6,850	Over 100 €Mn	North

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