



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
6.3% Vacancy Rate (Immediate)	▲	▲
477,000 Q Absorption, SQM	▼	—
€70 Prime Rent, SQM/YR <i>(Overall, All Property Classes)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
+0.5% GDP Growth	▲	▼
5.90% Unemployment Rate	▼	▲
3.76% 10-Yr Treasury Yield	▼	▲

Source: Moody's Italy, June 9th update (GDP Growth estimate 2025 Q2 on 2024 Q2; Unemployment Rate Q2 2025; 10-Yr Gov Bond at Q2 2025).

ECONOMY

In early 2025, Italy's economy continued to show resilience and steady progress. Italy's GDP expanded by 0.3% in the first quarter of 2025, driven by strong domestic demand and a resilient labor market. According to Moody's preliminary estimates, year-on-year growth in Q2 is expected to reach 0.5%, bringing the economy close to the full-year growth forecast of 0.6%. Unemployment rate stands below 6%, and employment stands north of 24 million, with gains among permanent and self-employed workers. Export performance was encouraging, particularly in pharmaceuticals and transport equipment, despite global uncertainties. Business confidence improved across most sectors, and expectations for employment remained positive. Overall, Italy is navigating global challenges with cautious optimism, benefiting from a balanced recovery, robust fundamentals, and growing momentum in key sectors.

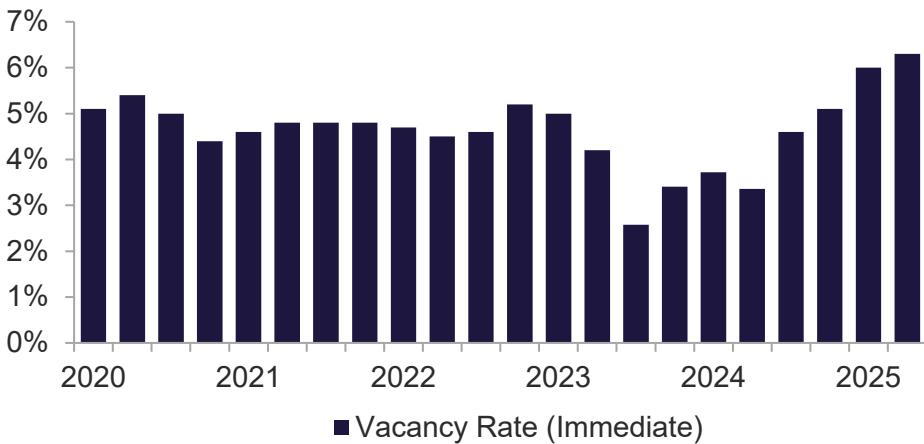
OCCUPIER - LARGE SCALE DISTRIBUTION

In the second quarter of the year, the market recorded an absorption of 477,000 sqm, a 9% decrease compared to the quarterly average of the previous year (552,000 sqm). This trend continues the slight contraction observed at the beginning of the year, which we consider to be a physiological adjustment, in line with patterns seen across most European countries.

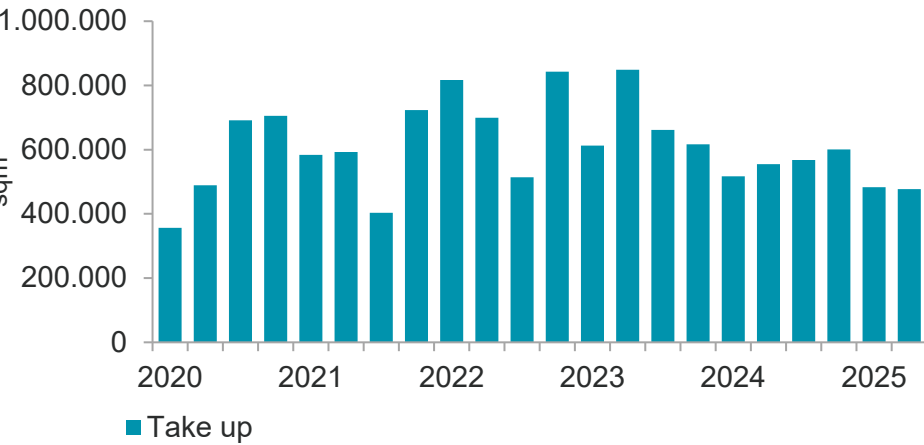
3PL operators confirmed their position as the most active occupiers during the quarter, accounting for 62% of total take-up, followed by End Users with 23%. Among end users, the Manufacturing, E-commerce, and Retail sectors showed a solid presence, each contributing to an expansion in market activity.

Emilia-Romagna recorded the highest level of take-up in the quarter, primarily driven by the largest transaction—a 60,000 sqm owner-occupation deal by a leading GDO operator. The result marked a positive signal for the region, which had experienced limited absorption over several consecutive quarters, and underscores a renewed momentum in occupier activity.

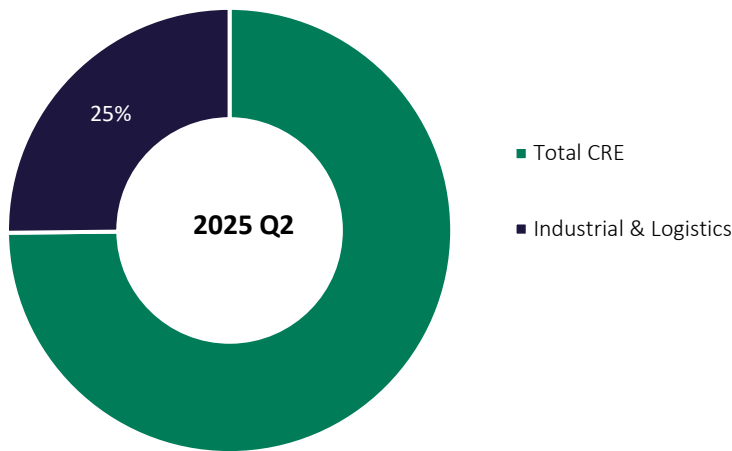
OVERALL VACANCY (IMMEDIATE)



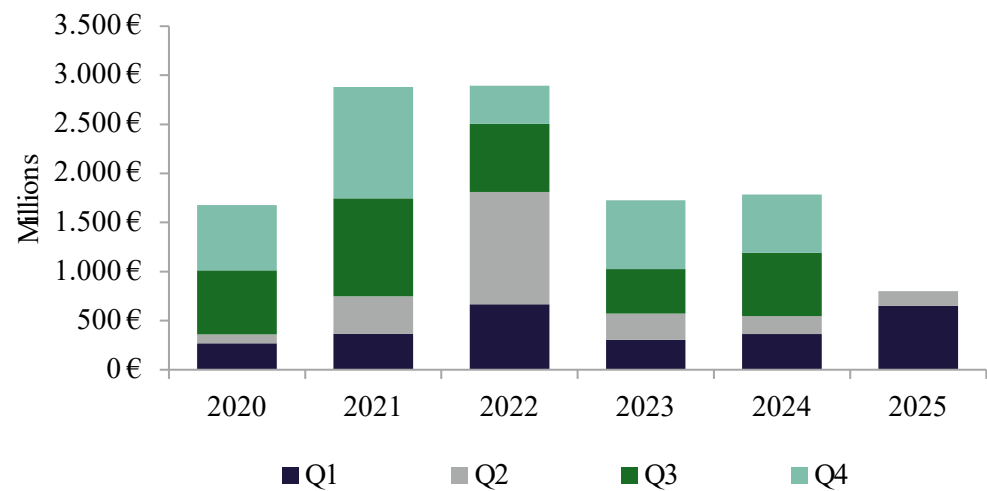
TAKE UP (SQM)



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



I&L INVESTMENT VOLUME



Lombardy and Veneto recorded similar levels of absorption, with around 130,000 sqm and 115,000 sqm respectively. However, the dynamics differed: Veneto saw only a few medium-to-large transactions, while Lombardy registered the highest number of deals during the quarter, primarily involving small to mid-sized spaces.

Transactions in the 10,000–25,000 sqm range remained the most frequent, representing nearly 40% of the total number of deals, consistent with market trends over the past year. However, Q2 2025 stood out for an increase in the size of large-scale transactions.

INVESTMENT

For the Industrial & Logistics sector, H1 2025 closed at around €800 million in total investment volume, up 30% compared to H1 2024 and broadly in line with the five-year average for the same period—thanks largely to a strong first quarter.

The second quarter recorded a slowdown, with investment volume reaching approximately 150€Mn. However, this deceleration is viewed as temporary and cyclical rather than a sign of structural weakness. Market sentiment remains positive heading into the second half of the year, with many potential deals currently in the pipeline for the second half of the year.

So far, value-add and core+ capital has been the most active, targeting assets with strong reversionary potential. That said, the availability of true value-add opportunities with significant reversion potential remains limited. Core investors remain limited, but their entrance is expected to be significant in the second half of the year. Speculative profiles also remain weak and await an improvement in the leasing landscape and the absorption of the pipeline available on the ground to date.

PRICING

In the quarter, rental rates kept stable in almost all key cities, standing at 70€/sqm/yr in Milan and Rome. These levels are supported by demand focused on high-quality spaces and strategic 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 last year.
- As highlighted in our latest report, [Waypoint 2025](#), rising real estate costs are expected in the near term, including higher rents and increased fit-out and construction expenses driven by fluctuating material prices. In this context, existing assets may present more favorable risk-return profiles in the short term, as construction cost volatility increases. As a result, refurbishment projects could prove more viable than new developments in the current market environment.
- On the investment side, the outlook for the second half of 2025 is positive, supported by several potential transactions currently under negotiation. The market remains driven by core+ capital, with the anticipated return of core capital expected to further boost 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
2	Emilia-Romagna	Imola (BO)	Retailer - GDO	60,000	OO
1	Piedmont	Trecale (NO)	Manufacturing	49,200	Pre-lease (Speculative)
2	Lazio	Ferentino (RM)	3PL	43,000	Pre-lease
1	Lazio	Fiumicino (RM)	Food & Beverage	41,000	Lease
2	Veneto	San Pietro in Cariano (VR)	3PL	40,000	Pre-lease (BTS)
2	Emilia-Romagna	Castel San Pietro Terme (BO)	Retailer	38,000	Lease
1	Lombardy	San Giorgio Bigarello (MN)	3PL	37,510	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
2	Action Novara	Novara	Italtrans /Palm Capital	63,000	60
2	Portafoglio Tonon	Multy-City	Tonon / Investire Sgr	37,000	35
1	Portfolio - Inveruno & Albairate	Pavia	DeA Capital Sgr/ Mileway	49,000	31
1	Project Tuscany	Multi-City	Confidential / Patrizia	24,300	30

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