

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
€20,000 Milan Prime Rent/sqm/yr	—	—
€16,000 Rome Prime Rent/sqm/yr	▲	—
€1,200 Prime Shopping Center Rent/sqm/yr	▲	—

ITALIAN 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 Q2 2025 on Q2 2024; Unemployment Rate Q2 2025; 10-Yr Gov Bond at Q2 2025).

ECONOMY

As of mid-2025, Italy's macroeconomic outlook shows cautious resilience. GDP grew by 0.3% in Q1, driven by improved domestic demand and a solid labor market, with Q2 yearly growth expected at 0.5%, nearing the annual forecast of 0.6%. Unemployment is below 6%, and household income, consumption, and savings all rose, reflecting growing financial confidence. Inflation remains moderate at 1.7%, aided by falling energy prices. Easing ECB policy supports a more favorable monetary environment, likely boosting household spending and retail investment in H2. While consumer confidence softened slightly, economic sentiment improved, indicating optimism about broader conditions. In retail, future expectations weakened, but current sales strengthened, and inventories fell, signaling stable demand. Overall, the retail market is in a transitional phase—backed by steady fundamentals and public investment but still exposed to consumer sentiment and global uncertainty.

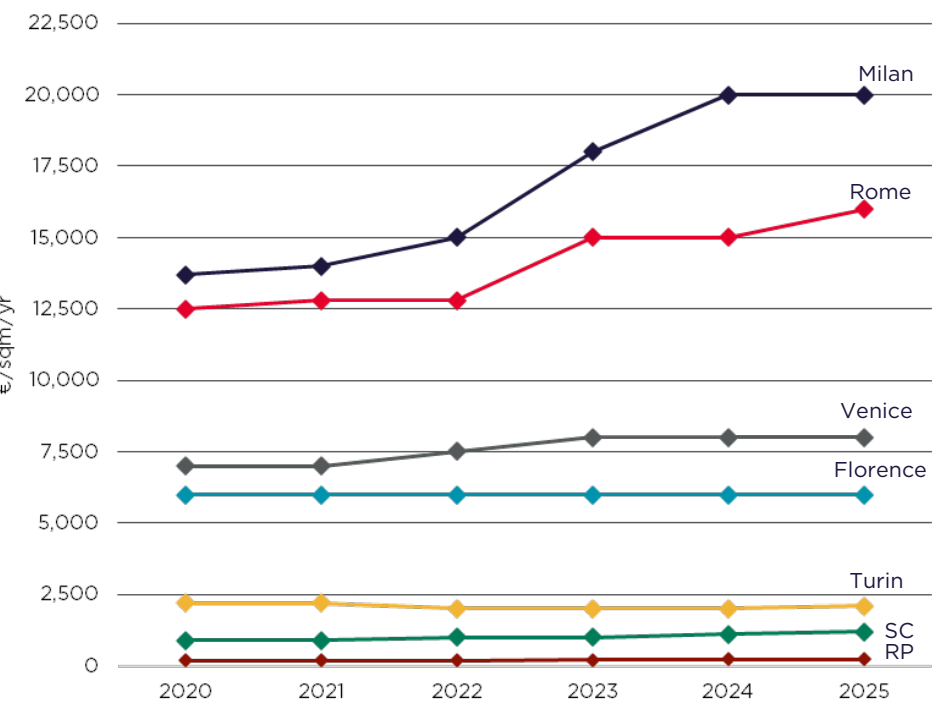
OCCUPIER

Growing interest in Italy's prime retail locations. The Italian retail landscape is seeing a dynamic shift, with Milan and Rome welcoming new entries from high-performance and lifestyle brands such as Lululemon, Alo Yoga, and Autry. These additions underscore the growing dominance of sportswear and sneakers, which—alongside watches—are currently the most active retail segments.

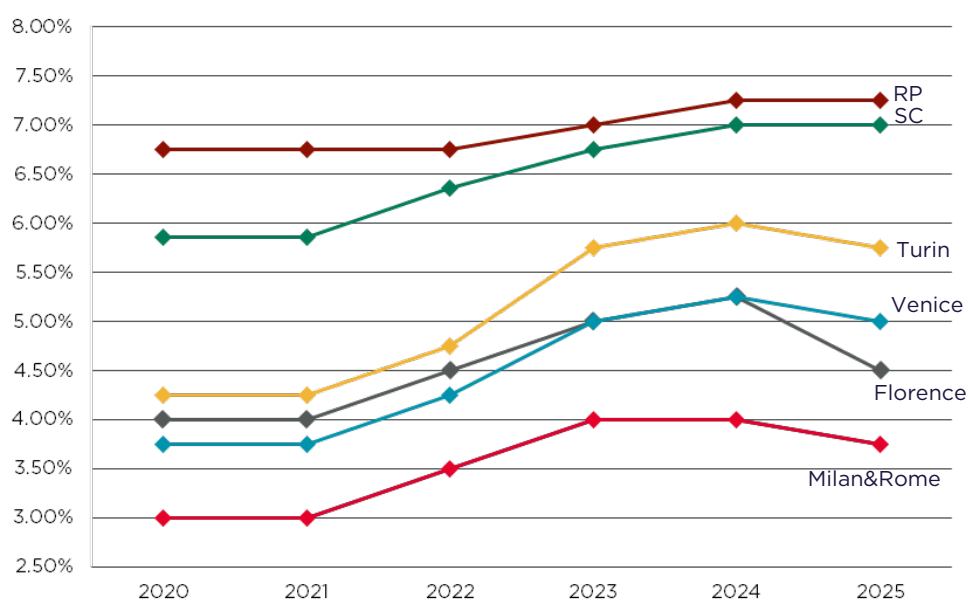
Retailers are actively scouting prime high-street and regional locations, anticipating increased foot traffic and visibility ahead of the 2026 Milano-Cortina Winter Olympics. This international event is expected to significantly boost tourism and retail activity across northern Italy.

There is strong demand for 150–200 sqm retail units in top-tier shopping centers, reflecting a strategic focus on experiential, brand-driven retail formats that align with evolving consumer preferences.

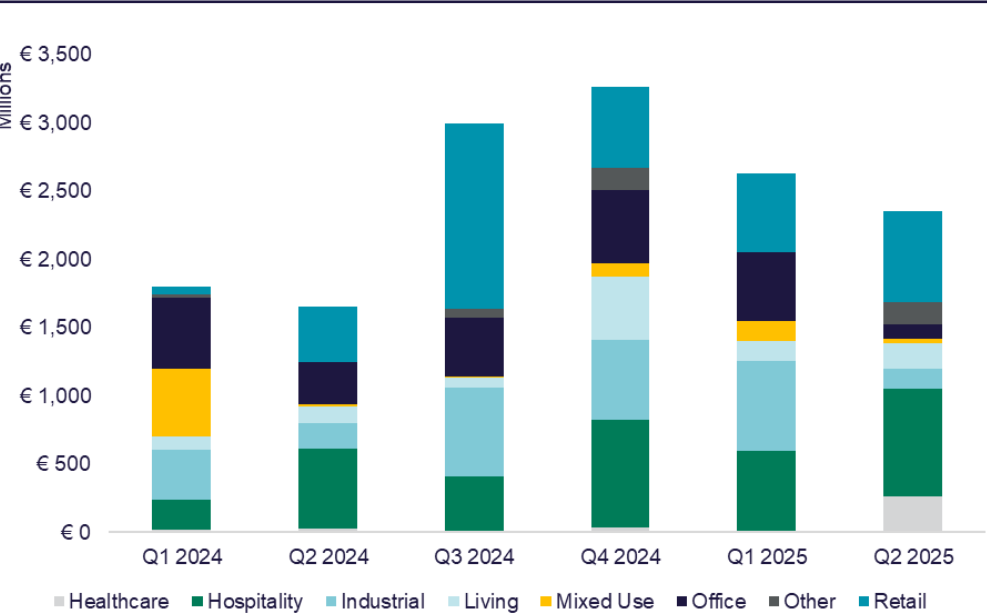
PRIME RENTS



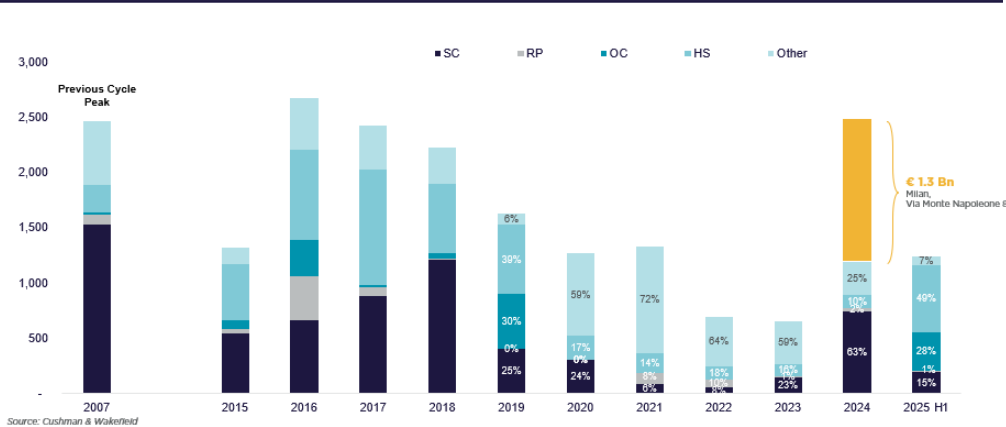
PRIME YIELDS



ITALY INVESTMENT VOLUME BY SECTOR



RETAIL INVESTMENT VOLUME BY TYPOLOGY



INVESTMENT

Retail investment activity increased by 16% on Q1 results (670 €Mn Q2 vs 410 €Mn Q1). This brought the H1 total to 1.240 €Bn, more than doubling the 460 €Mn recorded in H1 2024, and accounting for 24% of total commercial real estate investment—a clear sign of the sector’s growing relevance in the broader market recovery.

The largest transactions of the quarter included the sale of the Centro Sicilia shopping center in Sicily and a prime retail asset in Milan’s Piazza Cordusio, home to Uniqlo’s flagship store. Investor confidence is strengthening, particularly among institutional and specialist players, who are increasingly drawn to shopping centers for their attractive returns relative to other asset classes in Italy and across EMEA. This renewed interest is especially focused on prime and dominant assets, underpinned by solid fundamentals. At the same time, financing conditions are improving, with greater lending availability and more favorable terms expected in the near term. This is creating a more supportive environment for both acquisitions and repositioning strategies.

PRICING

In the first half of 2025, Italy’s prime retail property market showed clear signs of **stabilization in rents and yields**, reflecting a cautiously improving investment climate.

Recent transactions and ongoing negotiations contributed to rising rental values in key high streets across Florence, Milan, and Rome, while retailer demand for prime assets remained steady—though leasing processes are taking longer to close. In contrast, prime rents in cities like Bari, Bologna, and Catania held firm, indicating a plateau after previous adjustments.

Prime yields are expected to compress in the next quarters, driven by the European Central Bank’s rate cuts and supported by a rebound in transactional activity—both completed and ongoing—in key cities such as Rome, Milan, Florence, and Venice. This trend suggests growing investor appetite and lower perceived risk in core retail assets.

Overall, the combination of stable occupier demand, selective rental growth, and expected yield compression points to a market where **capital values are rising, supported by improved sentiment and stronger fundamentals**.

OUTLOOK

WHILE VALUE-ADD AND OPPORTUNISTIC INVESTORS REMAIN ACTIVE, CORE-PLUS CAPITAL IS ALSO RE-ENTERING THE MARKET, CAREFULLY MONITORING FOR THE RIGHT ENTRY POINTS. THE RETURN OF INSTITUTIONAL CAPITAL IS REINFORCING CONFIDENCE AND CONTRIBUTING TO A BROADER RECOVERY IN THE RETAIL INVESTMENT LANDSCAPE.

MARKET STATISTICS

SUBMARKET	PRIME RENT	1 YEAR GROWTH	5 YEARS CAGR	PRIME YIELD (NET*)	1 YEAR GROWTH	5 YEARS CAGR
Milan	€20,000	0.00%	7.90%	3.75%	-6.30%	4.60%
Rome	€16,000	6.70%	5.10%	3.75%	-6.30%	4.60%
Venice	€8,000	0.00%	2.10%	4.50%	-14.30%	2.40%
Florence	€6,300	16.70%	5.00%	4.50%	-14.30%	3.70%
Turin	€2,100	5.00%	-0.90%	5.75%	-4.20%	6.20%
Shopping Centres	€1,200	9.10%	5.90%	7.00%	0.00%	4.00%
Retail Parks	€220	10.00%	4.10%	7.25%	0.00%	1.40%

NOTES:
Renewals not included in leasing statistics
*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.
Yields may be based either on estimations or market sentiment, depending on the number of transactions occurred in the selected submarkets.

KEY LEASE TRANSACTIONS YTD

QUARTER	PROPERTY	SUBMARKET	TENANT	TYPE
2	Corso Buenos Aires	Milan	Mango	New lease
2	Via Durini	Milan	Autry	New lease
2	Piazza San Babila	Milan	Oakley	New lease
2	Via del Babuino	Rome	Alo Yoga	New lease
2	Via del Corso	Rome	Lululemon	New lease
1	Calle Vallaresso	Venice	Golden Goose	New lease
1	Via Filangieri	Naples	Moncler	New lease
1	Corso Italia	Cortina d’Ampezzo	Swatch	New lease

KEY SALES TRANSACTIONS YTD

QUARTER	PROPERTY	SUBMARKET	PROPERTY TYPE	SELLER / BUYER	PRICE
2	Via Tornabuoni 17	Florence	High Street	Private / Private	c. 55€Mn
2	Via del Corso 232	Rome	High Street	DeA Capital / Private	60€Mn
2	Piazza Cordusio	Milan	High Street	Hines / Private	325€Mn
2	Centro Sicilia	Catania	Shopping Centre	GWM/Farallon-Reve	Conf.
2	Via Grosio 9	Milan	Other retail	Risanamento / Autotorino	26.1€Mn
1	The Mall Luxury Outlet	Multi-city	Factory Outlet	Kering/Simon Premium Outlets	350€Mn
1	Garage Traversi	Milan	High Street	Invesco / Private	109€Mn
1	Piazza della Repubblica	Florence	High Street	Patrizia / Private	40€Mn
1	9 cinema portfolio	Rome	Entertainment	Private / WRM Capital Asset	38.5€Mn

NEW OPENING AND KEY PIPELINES 2025

PROPERTY	SUBMARKET	OWNER/DEVELOPER	OPENING
Waterfront Mall	Genoa	Orion / CDS	Q3 2025
Waltherpark	Bolzano	Schöller Group	Q3 2025
Torino Outlet Village (extension)	Turin	Arcus	Q4 2025
Fass Shopping Center	Cagliari	Villa del Mas	Q4 2025

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