CUSHMAN & WAKEFIELD

Q3 MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
2.41 €Bn Total Volume	▼	▲
280 €Mn Office	▼	▲
1.09 €Bn Retail	▼	▲
400 €Mn Industrial & Logistics	▼	▲
250 €Mn Hospitality	▼	▲
230 €Mn Living	▲	▲
10 €Mn Healthcare	▼	–
30 €Mn Mixed Use	–	–
120 €Mn Other	▲	–

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
+0.45% GDP Growth	▲	▲
3.69% 10-Yr Treasury Yield	–	▼

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

ECONOMY

By the end of the third quarter of 2025, Italy's economy showed cautious stability, with modest growth, controlled inflation, and a solid labor market. GDP grew slightly, about 0.4% year-on-year, driven by investment in non-residential construction and steady domestic demand. Unemployment remained near 6%, and inflation stabilized around 2%, supported by lower energy costs and easing wage pressures. Interest rates eased slightly after ECB cuts, and credit conditions began to normalize—factors supportive of both consumption and real estate refinancing in the medium term.

INVESTMENT OVERVIEW

Investment activity in Q3 2025 totaled 2.41 €Bn, representing a 31% decline compared to the same period in 2024 but remaining broadly in line with the five-year average of 2.38 €Bn, indicating a stable medium-term trend.

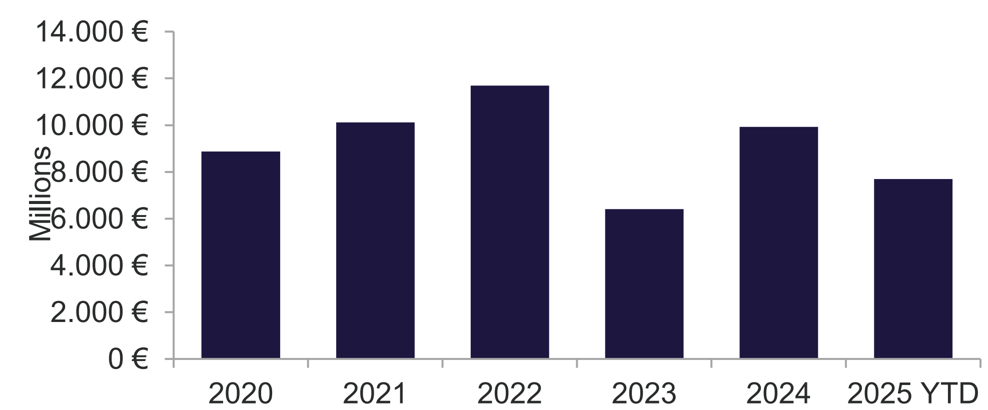
The Retail sector led performance, accounting for 45% of total investment volume, followed by Industrial & Logistics with 17% and Office assets with 12%.

Market activity was driven by two landmark retail transactions exceeding 400 €Mn each and two additional deals above 100€Mn, in the logistics and retail sectors, highlighting sustained investor demand for prime retail assets.

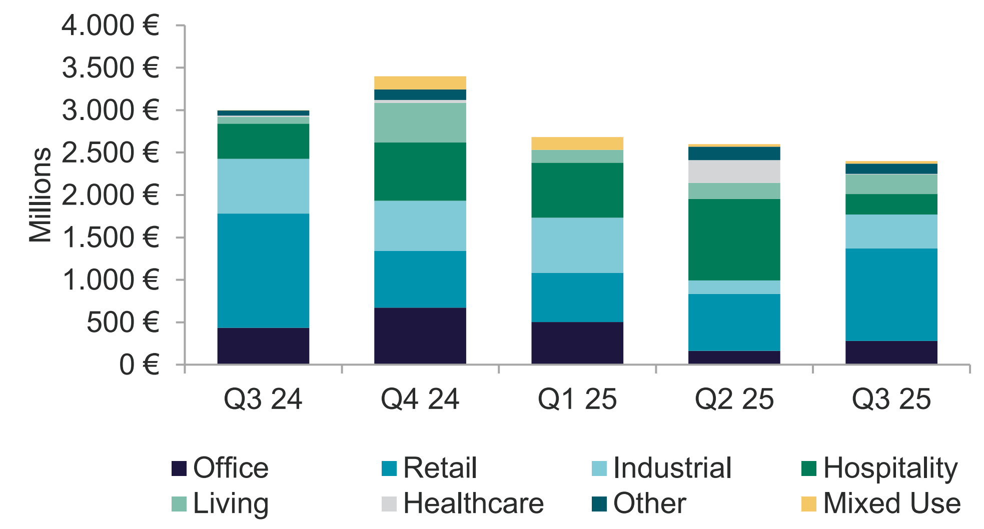
Year-to-date, total investment volume reached 7.7 €Bn, marking a 20% increase from the same period in 2024. Single-asset deals continued to dominate, representing 70% of Q3 volume and 71% year-to-date.

Foreign investors remained highly active, accounting for 53% of total Q3 investment, with capital flows primarily directed toward the Retail and Industrial sectors.

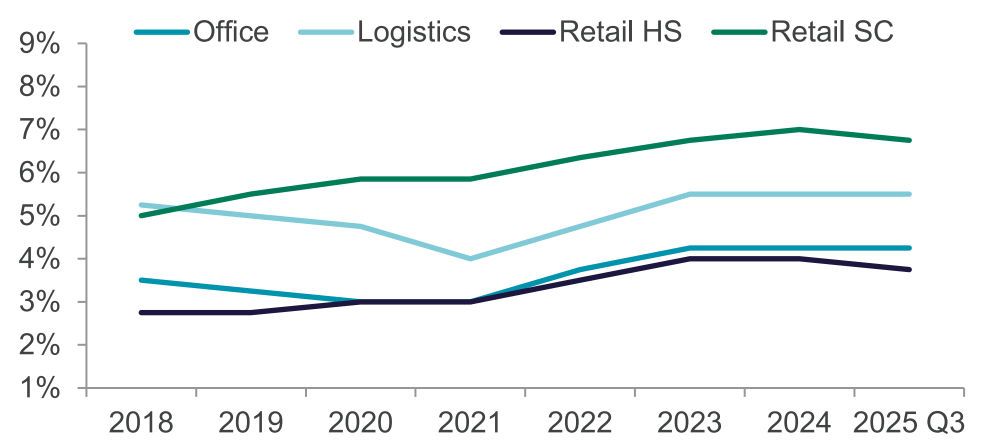
INVESTMENT SALES VOLUME



INVESTMENT SALES VOLUME BY SECTOR

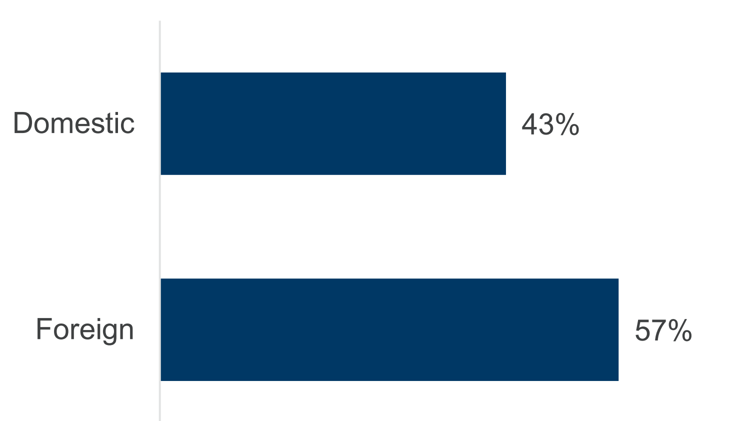


PRIME YIELD (NET)



(*) 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



Retail investment activity surged in Q3 2025 to almost 1.1€Bn, —up 64% from Q2 and well above the five-year average of €725 million, though still 20% below the same period in 2024. Key deals included a prime northern Italy shopping center and a portfolio of outlets sold to a market specialist. Investors continue to prioritize prime, experience-driven properties with solid fundamentals and resilient catchment areas. Year-to-date volumes hit 2.3 €Bn, just 4% shy of the full-year total of 2024, reaffirming retail's growing role in the broader commercial real estate recovery.

The **Industrial & Logistics** sector also performed well in Q3, with volumes reaching 400€Mn, marking a rebound from the Q2 slowdown. Noteworthy deals included the sale of a Vercelli asset leased to Amazon and a three-property portfolio in Tortona. Year-to-date investment totals 1.2€Bn , in line with the same period of 2024, reflecting sustained interest in prime, long-leased assets. While core capital is gradually returning, value-add and core+ strategies remain dominant, targeting assets with repositioning or reversionary potential and benefiting from attractive yield spreads in the current market.

Office investment rose to 280€Mn in Q3, improving on Q2 but still 37% below 2024 levels and well under the five-year average (751 €Mn). Activity again was concentrated in Milan and Rome which accounted for 49% and 42% of national quarterly volumes, respectively. Domestic capital led the market, with private investors particularly active in smaller and emotion-driven transactions. Year-to-date volume reached €940 €Mn, down 27% year-on-year and 50% below the five-year average. Investor focus remains where possible on Core and value-add opportunities, especially those offering conversion or repositioning potential to safeguard long-term value.

After a strong first half, **hospitality** investment activity slowed in Q3, reflecting the absence of large-scale transactions seen earlier in the year. Domestic capital remained dominant, accounting for 53% of quarterly volumes. Year-to-date investment reached 1.93€Bn, exceeding both the five-year average and the same period in 2024. Since the beginning of the year activity continued to focus on primary cities, with Rome leading at 26% of total volume, a consistent share over the past three years and largely driven by value-add opportunities. Resorts also maintained strong appeal, representing 32% of Q3 2025 volumes (around 40% on a three-year average), particularly within the luxury and ultra-luxury segments.

In the Alternative segment, the **Living** sector attracted 230€Mn in Q3, thanks also to a forward purchase of a PBSA in Milan; Residential investments were almost all centered in Milan.

OUTLOOK

- Investor confidence in the retail sector remains strong, with growing appetite projected as the market heads into 2026.
- The office investment market remains very selective, as investors concentrate on prime locations and assets offering conversion potential — key drivers shaping sentiment towards the end of the year.
- Investor appetite for industrial and logistics assets remains solid. The stabilization of yields is restoring confidence among core investors and could trigger a boost in market activity in the last part of the year.

SIGNIFICANT SALES YTD

QUARTER	PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQM	PURCHASE PRICE	MARKET
3	Orio Shopping Centre	Retail	Generali SGR/ Percassi	Commerzreal	105,000	470 €Mn	North
3	3 Shopping Villages	Retail	Frey/Cale Street	Blackstone	90,000	410 €Mn	Various
1	The Mall Luxury Outlets	Retail	Simon Premium Outlets	Kering	-	350 €Mn	Various
2	Cordusio 2.0	Retail	Private Investor	Hines	12,300	325 €Mn	North
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
3	Amazon Vercelli	Industrial & Logistics	DEKA	AEW Europe	150,000	135 €Mn	North

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