

## Q4 MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
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**4.63 €Bn**



Total Volume

**700 €Mn**



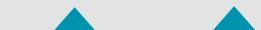
Office

**1.20 €Bn**



Retail

**960 €Mn**



Industrial & Logistics

**530 €Mn**



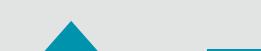
Hospitality

**430 €Mn**



Living

**320 €Mn**



Healthcare

**270 €Mn**



Mixed Use

**220 €Mn**



Other

## ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
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**+0.5%**



GDP Growth

**3.5%**



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

By the end of 2025, Italy's economy showed weak but resilient growth, with GDP broadly flat across quarters and full-year growth around 0.5-0.6%. Inflation eased further toward year-end (around 1.1-1.2% in Nov-Dec), improving real purchasing power, while the labor market remained solid, supporting household consumption. Financial conditions gradually improved as the tightening cycle ended and credit conditions began to normalize, creating a more supportive backdrop for investment.

## INVESTMENT OVERVIEW

Investment activity accelerated strongly toward the end of the year, with fourth-quarter volumes reaching 4.6€Bn, a 31% year-on-year increase. As typically observed, the final quarter is usually the most active, historically accounting for circa 40% of the year's take up. Retail emerged as the leading sector, accounting for 25% of total volumes invested, followed by Industrial & Logistics with 21% and Offices with 15%.

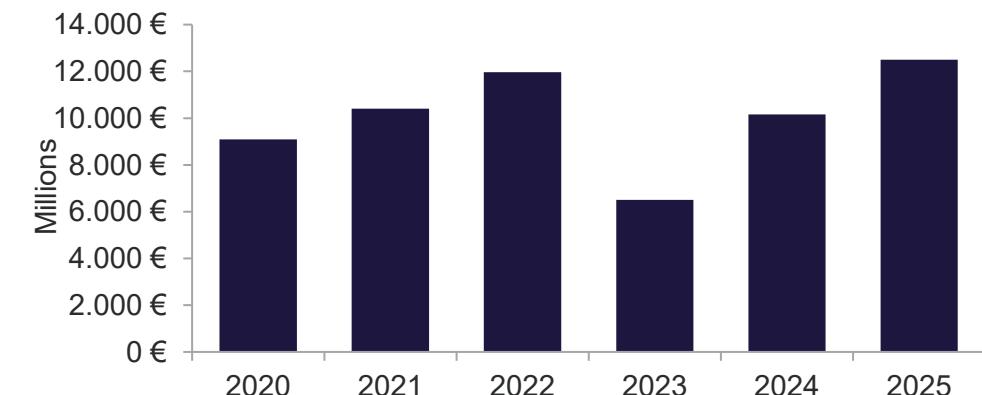
Market activity was driven by several large transactions, including a landmark retail deal exceeding 400€Mn and two additional transactions above 200€Mn in the Healthcare and Office sectors. Single-asset transactions continued to dominate investor strategies, representing 66% of Q4 volumes and 69% on a year-to-date basis.

Foreign investors remained active, contributing 58% of total capital, with a clear preference for I&L, Retail and Hospitality assets.

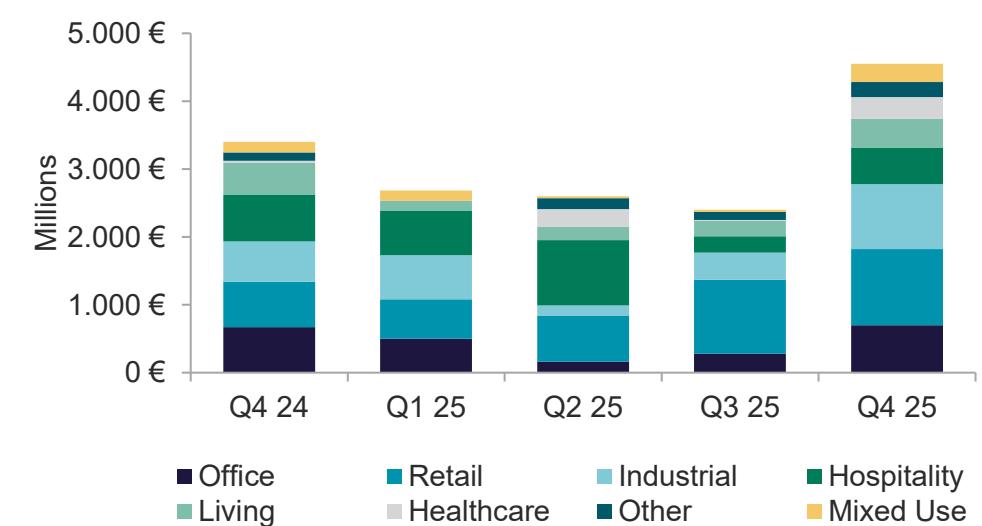
Overall, 2025 confirmed a re-rating of the Italian real estate investment market. Total volumes reached 12.5€Bn, marking a 23% year-on-year increase and signaling a clear recovery in transaction activity. Retail was the top-performing sector with a 28% market share, followed by Hospitality (20%) and I&L (18%). Office investment remained subdued, reflecting continued repricing dynamics and persistent structural caution among investors.

Retail investment activity maintained strong momentum into Q4, with volumes reaching 1.2€Bn during the quarter, underscoring deeper market liquidity and continued improvement in price discovery.

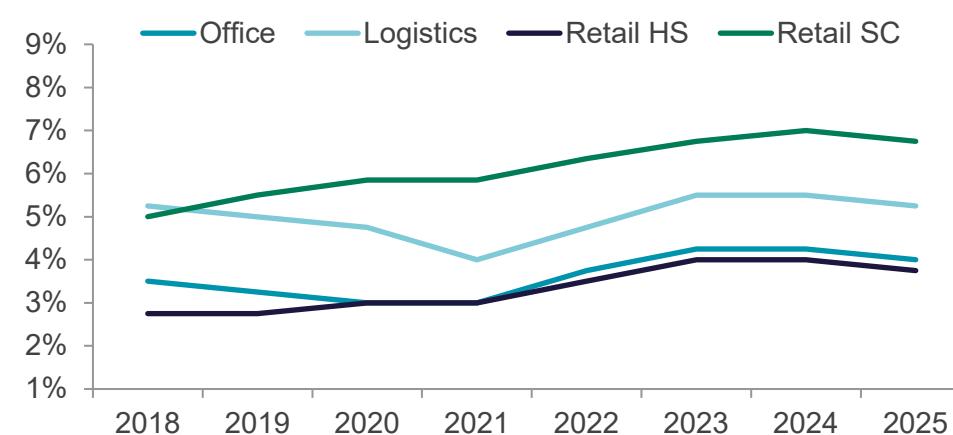
## INVESTMENT SALES VOLUME



## INVESTMENT SALES VOLUME BY SECTOR

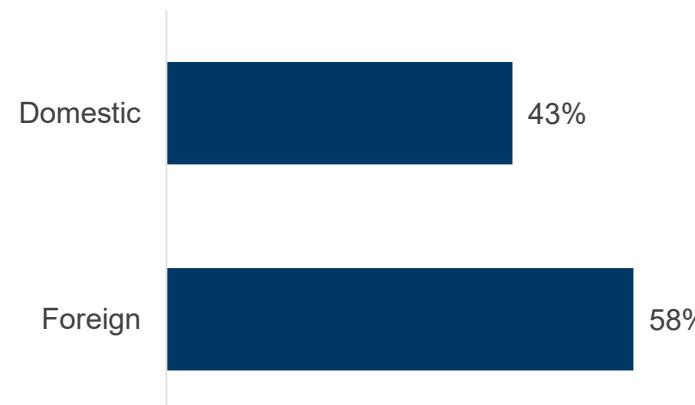


## PRIME YIELD (NET)



(\*) 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



Major transactions included the acquisition of an M&A supermarket portfolio for over 400€Mn by a private investor and the sale of a shopping centre in Bari for over 100€Mn. Full-year 2025 retail investment volumes totaled 3.5€Bn. Overall, the year confirmed an evolution in capital allocation strategies, with increasing emphasis on retail and operational assets, where pricing adjustments and more favorable financing conditions have restored competitive risk-adjusted returns.

The fourth quarter recorded a marked acceleration in **Industrial & Logistics** investment activity, with volumes reaching approximately 960€Mn. Key transactions included the sale of a five-asset portfolio for 110€Mn. Year-to-date investment volumes totaled 2.17€Bn, supported by solid activity in both Q1 and Q4, representing a 21% increase compared with 2024. While Value-add and Core+ strategies continue to dominate the risk/return landscape, core capital is gradually re-entering the market, underpinned by improved pricing visibility and more stable yield dynamics.

Investment activity in the **Hospitality** sector rebounded in Q4, with volumes reaching 530€Mn, although still 37% lower than in Q4 2024. Capital sources were evenly split during the quarter, with foreign investors accounting for 51% of transactions, while on a full-year basis cross-border capital represented 54% of total volumes. Value-add strategies dominated market activity. Total volumes for the year reached 2.5€Bn, making 2025 the second strongest year on record and the best performance in the post-pandemic period. Activity remained concentrated in primary markets, led by Rome with a 23% share of transactions.

**Office** investment picked up sharply in Q4, with volumes reaching around 700 €Mn —well above Q3 levels and 4% higher than Q4 2024—driven largely by a landmark 200€Mn deal in Milan. Activity remained centered in Milan and Rome, while foreign investors accounted for 57% of quarterly volumes, signaling renewed cross-border interest in prime Italian offices. Despite the late-year rebound, full-year investment totaled 1.63 €Bn, down 17% year-on-year and 41% below the five-year average, highlighting the sector's ongoing structural adjustment.

In the Alternative segment, the **Living** recorded solid investment activity, attracting 430€Mn in Q4 and totaling 1.07€Bn over the full year, supported in part by a further forward purchase of a PBSA scheme in Milan. Student accommodation remained the dominant sub-sector, accounting for 72% of quarterly volumes and 48% of annual investment. The **Healthcare** sector also delivered a strong performance, with two portfolio transactions driving Q4 volumes to 320€Mn. Portfolio deals similarly underpinned full-year activity, with total healthcare investment reaching 590€Mn.

## OUTLOOK

- **Core capital returning:** Retail remains a high-conviction sector, with core investors expected to re-enter the market in 2026, supported by resilient income and clearer pricing.
- **Office recovery gaining traction:** Investor confidence in offices is strengthening, with capital focused on prime, ESG-compliant assets as yields stabilize and occupier demand concentrates on quality.
- **Improving financing backdrop:** Expected rate cuts are restoring positive leverage, encouraging global investors to increase allocations to Italy for portfolio rebalancing and diversification.

## 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
4	Carrefour Portfolio	Retail	New Princes	Carrefour	-	420 €Mn	Various
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
4	Moncler HQ	Office	The Valesco Group	Covivio	38,000	200 €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
4	Casamassima Shopping Centre	Retail	Klepierre	Citrus	100,000	165 €Mn	South
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

## GWENDOLYN FAIS

Senior Research Consultant  
Tel: +39 06 42007925  
[Gwendolyn.fais@cushwake.com](mailto:Gwendolyn.fais@cushwake.com)

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## CARLO VANINI

MRICS International Partner, Head of  
Capital Markets Italy  
Tel: +39 02 63799302  
[carlo.vanini@cushwake.com](mailto:carlo.vanini@cushwake.com)

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