MARKETBEAT
MILAN
OFFICE Q4 2025

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
10.8% Vacancy Rate	▲	▼
118,000 Q Absorption, SQM	▲	▬
€800 Prime Rent, SQM/YR	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
+0.1% Milan GDP Growth	▲	▲
3.6% Milan Unemployment Rate	▼	▲
3.5% 10-Yr Treasury Yield	▬	▼

Source: Moody's Italy, January 12th update (GDP Growth estimate Q4 2025 on Q4 2024; Unemployment Rate Q4 2025; 10-Yr Gov Bond at Q4 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.

OCCUPIER

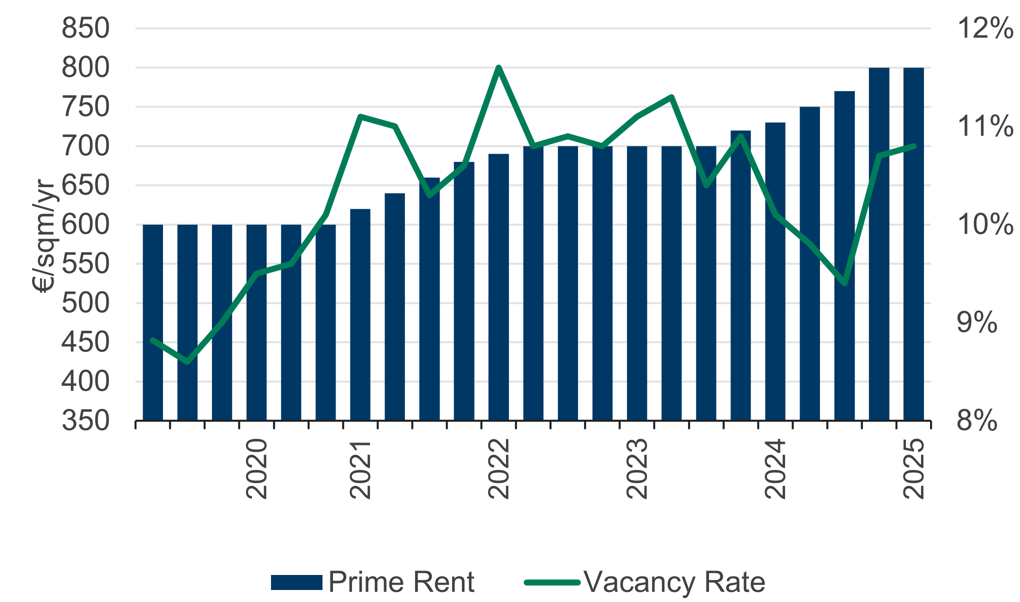
In Q4 2025, the Milan office market recorded a take-up of approximately 118,000 sqm, representing a +5% increase compared to Q4 2024 (112,000 sqm). Leasing activity stood above both the five-year Q4 average (+5%) and the five-year quarterly average (+20%).

Over the Q1–Q4 2025 period, total take-up reached approximately 376,000 sqm, broadly in line with the same period of the previous year (373,000 sqm) and consistent with the five-year annual average (379,000 sqm), confirming a solid year-end performance and aligning with the consistently positive and resilient market dynamics observed over recent years, despite a still selective occupier environment.

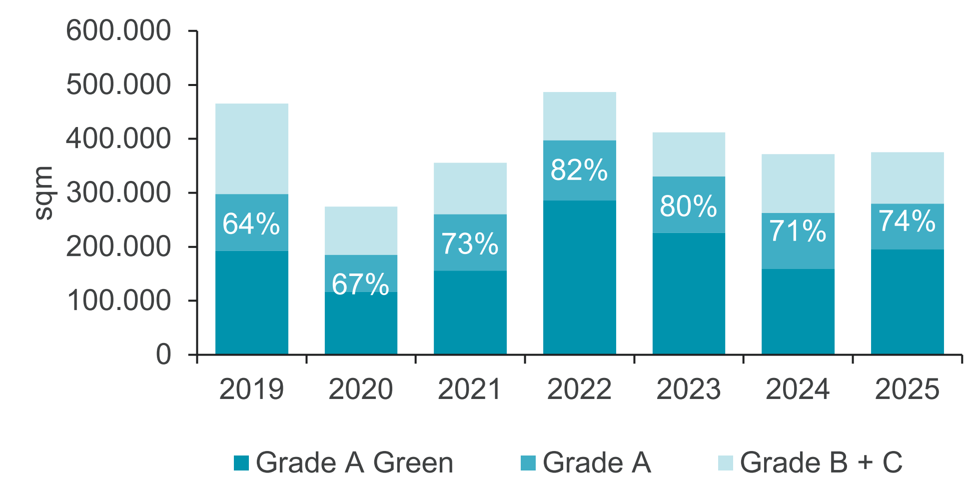
Alongside direct leasing activity, the sub-lease market remained limited but active, with a year-to-date total volume to around 13,500 sqm. This figure is broadly in line with 2024 levels (15,000 sqm), confirming that sub-leasing continues to represent a marginal but structurally present component of the Milan office market.

The market continues to be characterized by a predominance of small-sized transactions, although some larger deals have re-emerged. In Q4 2025, three transactions exceeded 10,000 sqm, two of which were attributable to the Public sector. All remaining number of transactions involved units below 6,000 sqm, with around 72% of deals below 1,000 sqm. Reflecting this partial return of larger occupier requirements, the average transaction size in Q4 2025 increased to approximately 1,500 sqm, above both the average recorded in the first three quarters of the

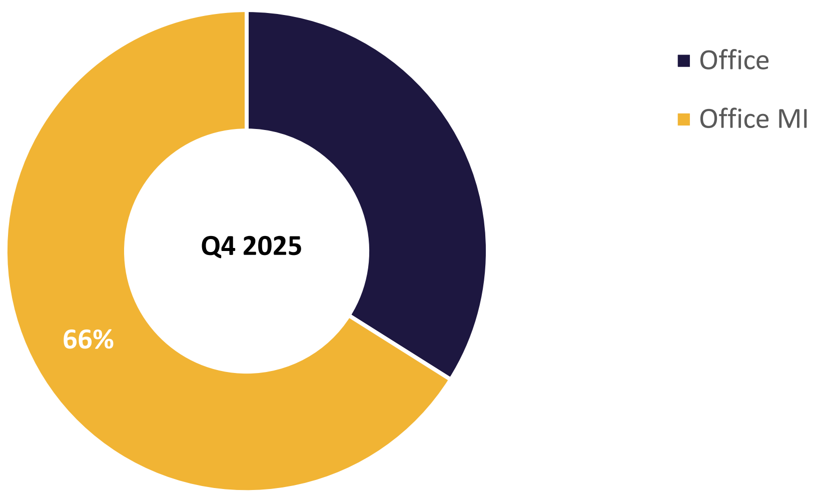
OVERALL VACANCY & PRIME RENT



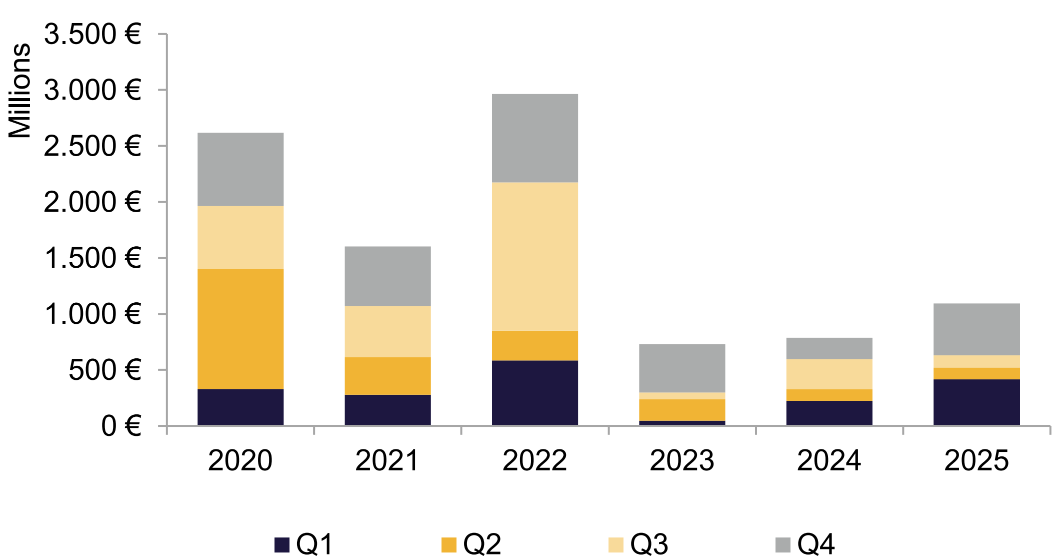
TAKE UP BY GRADE



MILAN vs. ITALY OFFICE INVESTMENT VOLUME



MILAN OFFICE INVESTMENT VOLUME



year (1,180 sqm) and the 2024 quarterly average (1,200 sqm). Occupiers continue to favor high-quality, well-connected office spaces, sustaining strong demand, particularly in Milan's prime clusters: CBD, Centro, and Semi-Centro. In 2025, approximately 60% of leasing activity in Milan was concentrated in these prime areas. Within these clusters, vacancy rates have reached historic lows, with Grade A availability falling below 2% in the CBD and Centro, and around 2.1% in the Semi-Centro, reinforcing a structural scarcity of high-quality stock. Peripheral markets currently show limited growth prospects, except in select areas where high-quality, accessible office space drives stronger demand.

INVESTMENT

The dynamics of the leasing market are mirrored in investment activity. Milan accounted for approximately 66% of national office investment volumes for both the quarter and the full year. In Q4 2025, investment in the city reached around 465 €Mn, with the acquisition of Moncler's headquarters standing out as the largest transaction. This brought the total year-end volume to approximately 1.1 €Bn. Although overall volumes remained below the five-year average, the market showed signs of renewed investor confidence heading into 2026.

Investors remained highly selective, focusing on central locations and Value-Add or Core-Plus assets. Domestic capital, which dominated the first three quarters of the year, accounting for around 60% of year-to-date investment volumes, saw a rebalancing in Q4, with foreign capital increasing its share to 50% of the quarter's volume. This shift highlights renewed confidence from international investors in a market supported by rising rents and solid economic fundamentals.

PRICING

Competition for high-quality office space, combined with the ongoing scarcity of prime supply in central Milan, has continued to support rental growth throughout the year. During the quarter, in central areas, prime rents increased by approximately 3% in Centre and 6% in Semi-Centre, while the CBD has remained stable at around €800/sqm/year following the strong growth recorded earlier in the year. On the investment side, sustained focus on rental performance and capital values has continued to compress prime yields for assets with upside potential, with the CBD prime yield compressing to 4.00%.

OUTLOOK

- With the supply pipeline expected to contract beyond 2026, the limited availability of new office space is set to remain the primary constraint on absorption growth, supporting further rental growth in central sub-markets
- Peripheral and suburban markets show limited growth prospects, except in select locations where top-quality, highly accessible offices drive stronger demand.
- Trends in the occupier market are also reflected in investment activity, which is showing signs of renewed confidence expected to strengthen further in 2026

MARKET STATISTICS

SUBMARKET	OVERALL VACANCY RATE	CURRENT QTR OVERALL ABSORPTION (SQM)	YR TO DATE OVERALL ABSORPTION (SQM)	UNDER CNSTR (SQM)	PRIME RENT (€/SQM/YR)	PRIME YIELD (NET**)
CBD	4.2%	35,000	137,000	66,000	800	4.00 %
Centre	7.8%	3,000	18,000	9,000	600	4.75 %
Semi Centre	4.9%	12,000	58,000	96,000	550	5.50 %
Periphery	16.4%	51,000	119,000	41,000	340	7.00 %
Hinterland	15.0%	17,000	44,000	54,000	250	7.50 %
TOTALS	**10.8%**	**118,000**	**376,000**	**266,000**	**800**	**4.25 %**

(*) Prime Rent for the peripheral office market in Milan has been revised following a redefinition of the southern boundaries between the semi-central and peripheral areas. This adjustment reflects a major urban redevelopment project which is taking place on the site of a former railway yard that previously separated the district from the semi-central area.
(**) 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	PROPERTY	SUBMARKET	TENANT SECTOR	SQM	TYPE
4	Lorenteggio Village Bld B	Periphery	Public	19,900	Lease
1	Corso di Porta Nuova 19	CBD	Legal services	14,500	Pre-Lease
4	Tocqueville 13	CBD	IT	10,000	Pre-Lease
2	Vespucci 2	CBD	IT\E-commerce	10,000	Pre-Lease
1	Gioia20 West	CBD	IT\Communications	8,500	Pre-Lease
4	Via Andrea Solari 33	Semi-centre	Consulting	6,000	Lease
3	Regina Giovanna 29	Semi-centre	Engineering	5,610	Lease
2	Borromei 5	CBD	Legal services	5,300	Lease
4	Via Carlo de Angeli 2	Semi-centre	Fashion	5,275	Pre-Lease

KEY SALES TRANSACTIONS YTD

QUARTER	PROPERTY	SUBMARKET	SELLER/BUYER	SQM	PRICE / € MN
4	Moncler HQ - Symbiosis	Semi-centre	Covivio / Valesco group		200
1	Via Principe Amedeo 5	CBD	Kryalos Sgr / Fabrica	10,000	Over 100
1	Via Durini 16-18	CBD	Prelios Sgr / Investire	5,700	68
1	Lybra Building - Via Confalonieri 29	CBD	TPG / Patrizia	8,400	54
1	Mediaset Cologno Monzese	Hinterland	Generali RE Sgr / Private	46,000	52
2	Palazzo del Toro – Piazza San Babila 1	CBD	ARECneprix / FASC immobiliare srl	4,000	51
4	Via Paleocapa 7	Centre	Zurich Insurance Europe / COIMA	9,900	In the region of 50
1	Via Rizzoli 2-4-6	Periphery	Prelios Sgr / REIM	31,000	48
3	Piazza Velasca 2	CBD	Fabrica Immobiliare Sgr / Itay	7,000	46

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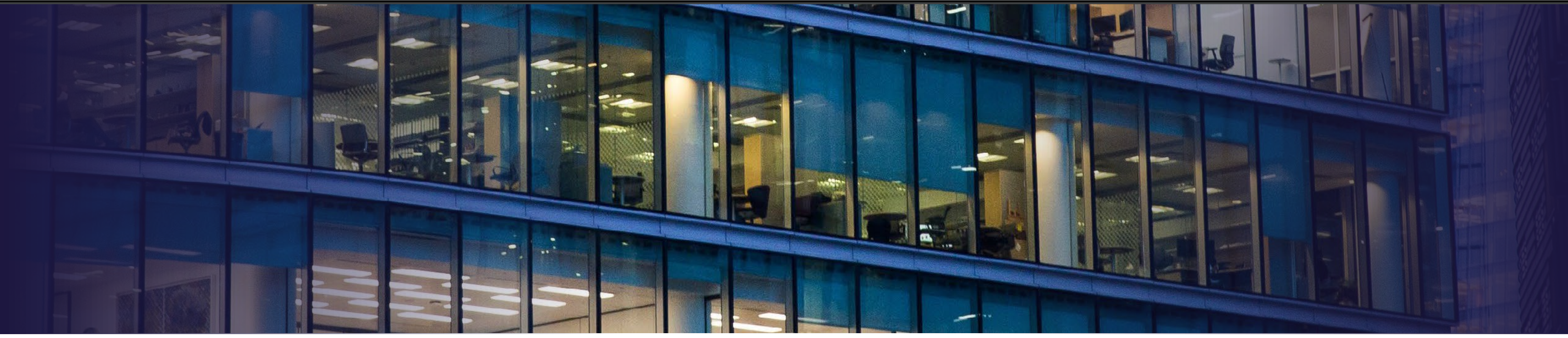
MARKETBEAT

ROME

OFFICE Q4 2025



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
6.6% Vacancy Rate	▼	▼
52,100 Q Absorption, SQM	▼	–
€600 Prime Rent, SQM/YR *(Overall, All Property Classes)*	–	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
+0.63% Rome GDP Growth	▲	▲
5.1% Rome Unemployment Rate	▼	▲
3.53% 10-Yr Treasury Yield	▼	▲

Source: Moody's Italy, September 30th update (GDP Growth estimate Q3 2025 on Q3 2024; Unemployment Rate Q3 2025; 10-Yr Gov Bond at Q3 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.

OCCUPIER

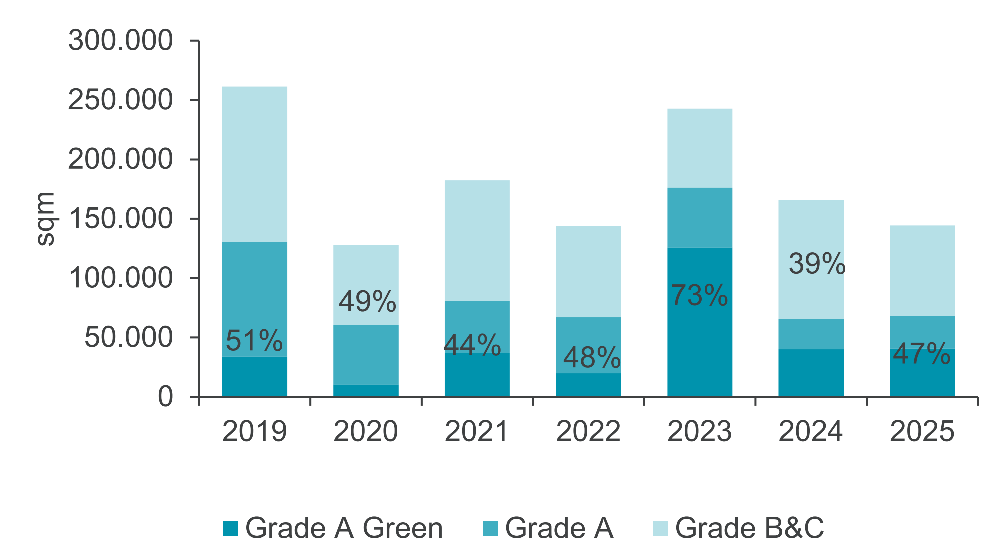
Quarterly take-up in the Rome office market reached 52,100 sqm, slightly above both the 10 and 5-year averages for this quarter (48,700 sqm). Grade A/A Green space accounted for 47% of total take-up, underscoring occupiers' strong preference for high-quality, sustainable buildings. The most sought-after location was Greater EUR, driven by another large-scale transaction of just under 30,000 sqm, which represented the majority of quarterly take-up.

From the beginning of the year, total take-up reached 144,500 sqm, with 62% concentrated in Greater EUR and a further 20% in the CBD and Central submarkets. This compares with a 10-year annual average of circa 180,000 sqm.

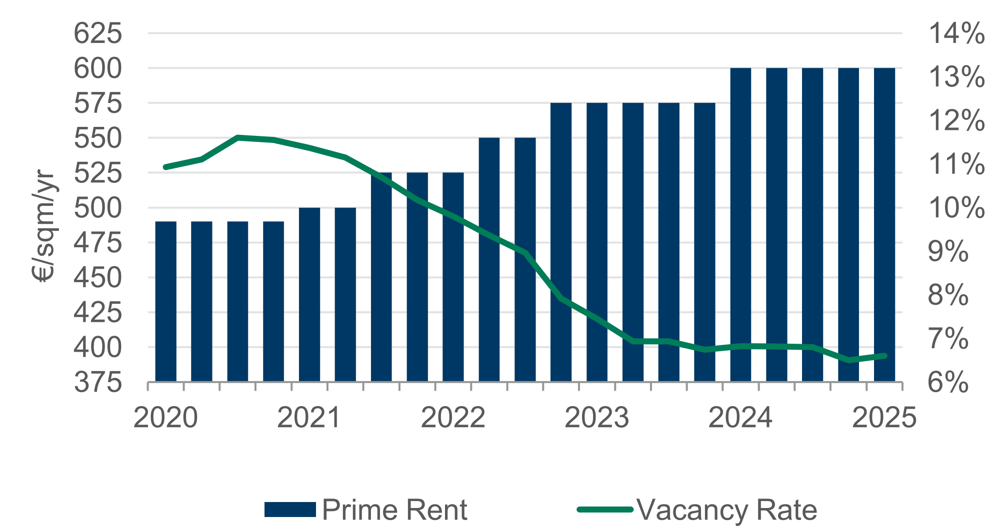
In terms of occupier profile, the most active sectors year-to-date have been Engineering (20% of take-up across 4 transactions) and Consulting (16% across 6 transactions). The IT sector has also been highly active in terms of deal count, recording 17 transactions, although these accounted for a more modest 8% of annual take-up, reflecting smaller average deal sizes.

Overall leasing activity continues to be influenced by structural changes in asset use and evolving occupier demand, with a significant number of office-to-hospitality conversions underway.

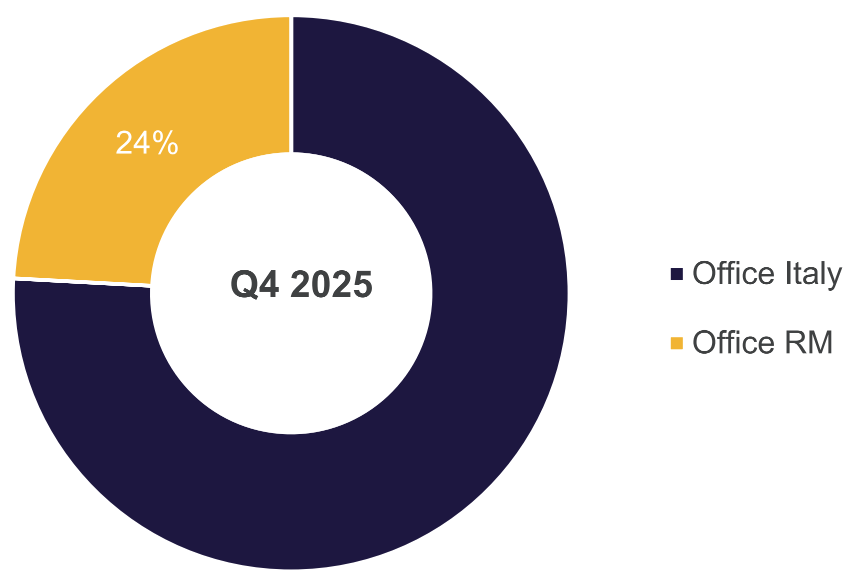
TAKE UP BY GRADE



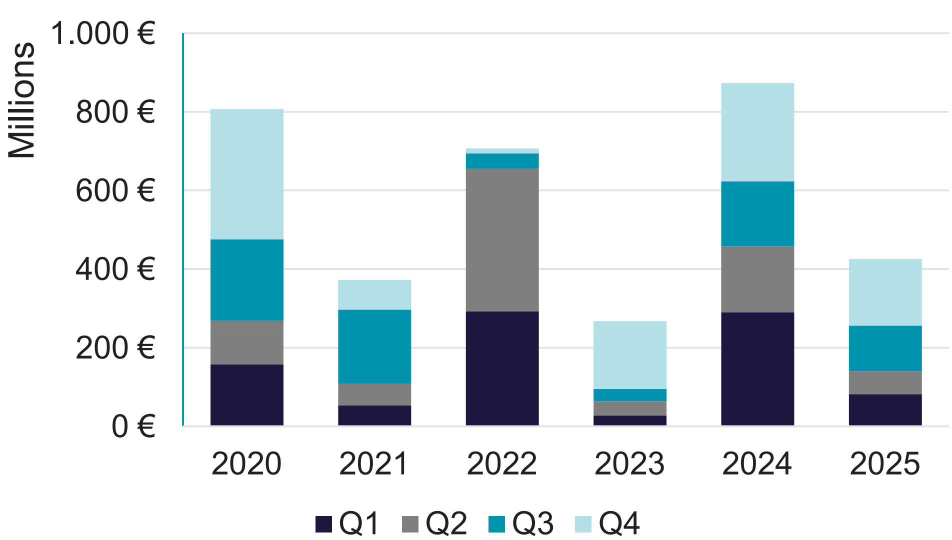
OVERALL VACANCY & PRIME RENT



ROME vs. ITALY OFFICE INVESTMENT VOLUME



ROME OFFICE INVESTMENT VOLUME



Sector-wise, flexible workspace operators, remain very active, securing a substantial volume of space and there is growing momentum from the defence and IT industries. In parallel, the public sector is showing increasing interest, although most requirements are expected to materialise over the medium term rather than immediately. Central submarkets confirm their role as a spillover destination, capturing demand that cannot be accommodated within the CBD.

INVESTMENT

Office investment activity in Rome continued to strengthened during the last quarter of the year, with total volumes reaching c.a 170 €Mn across 8 transactions. Of these, three were for owner occupation and two involved repositioning for alternative use; the majority of investments were funded by foreign capital.

Overall, office investment in Italy for the quarter reached 700 €Mn, with Milan and Rome maintaining their positions as the primary markets, accounting for 66% and 24% of total volumes, respectively. Year-to-date, Rome has attracted 425 €Mn in office investments (26%), with the whole Italian market totaling 1,630€Bn throughout the year.

Despite this more positive end of year trend, investment activity has remained subdued – recording a 51% decrease year-on-year - with several assets brought to the market struggling to transact. Investor demand remains highly selective.

With little prime product available, secondary assets in the CBD and central areas continue to attract interest as investors see opportunities to generate attractive returns through active asset management and repositioning.

PRICING

Prime rents remained stable across all markets during the fourth quarter with low availability driving rents. Scarcity of top quality stand alone assets above 5,000 sqm both in the CBD and Greater Eur continues to put upward pressure on prime rents in these markets.
On the investment side prime yields decreased by 25 bp in the CBD but increased in both the Greater Eur and Periphery. Here activity is primarily driven by end users or conversion-led strategies, with little to no institutional presence.

OUTLOOK

- Further rental growth expected as readily available assets continue to be scarce.
- Tenant re-location towards central areas could support future investment activity.
- The ability to unlock a “second life” for assets remains the defining factor for investor strategies

MARKET STATISTICS

SUBMARKET	OVERALL VACANCY RATE	CURRENT QTR ABSORPTION (SQM)	YTD OVERALL ABSORPTION (SQM)	UNDER CNSTR/REF (SQM)	PRIME RENT (€/SQM/YR)	PRIME YIELD (NET*)
CBD	2,0%	4,200	11,700	28,000	600	4.50 %
Centre		8,100	17,200	55,200	410	5.00 %
Semi Centre	6,9%	500	5,800	500	300	6.75 %
Great Eur	5,4%	34,200	89,700	86,400	400	6.25 %
Periphery	14,7%	5,100	20,100	62,500	150	9.75 %
TOTALS	6.6%	**52,100**	**144,500**	**232,600**	**600**	**4.50 %**

(Overall, All Property Classes)
(*) 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	PROPERTY	SUBMARKET	TENANT SECTOR	SQM	TYPE
4	Viale Tupini 180	Greater Eur	Engineering	27,400	Pre-Lease
3	Piazzale Kennedy 20	Greater Eur	Consulting	20,100	Pre-Lease
1	Via della Maglianella 65	Periphery	Education	5,000	Lease
4	Via Lovanio 10	Centre	Public Sector	3,500	lease
1	Via Amsterdam 147	Greater Eur	Other	2,500	Lease
1	Via dei Due Macelli 66	CBD	Fashion	2,200	Expansion
2	Via Casilina 110b	Semi Centre	Education	1,800	Pre-Lease
4	Via XX Settembre 5	CBD	Fashion	1,800	Lease

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS YTD

QUARTER	PROPERTY	SUBMARKET	SELLER/BUYER	SQM	PRICE / € MN
4	Via del Quirinale 21/Via Quattro Fontane 147	CBD	Kryalos Sgr/ Swiss Life	13,500	74
4	Via Cavour 5	CBD	Castello Sgr/ Castello Sgr	16,600	46,6
3	Via di San Basilio 72-74	CBD	Torre Sgr/ Private Investor	4,800	37
2	Via Carcani 61	Semi-Centre	Kervis Sgr/ COIMA SGR	20,500	c.a. 35
3	Piazza di San Bernardo 101	CBD	Private Investor/ Private Investor	4,900	30
2	HQ Q8 - Viale dell'Oceano Indiano 13	Greater Eur	Generali Sgr/ Private Investor	13,200	26,5

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