

Q1 MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
3.05 €Bn Total Volume	▲	▲
550 €Mn Office	▲	▲
1.00 €Bn Retail	▲	▲
410 €Mn Industrial & Logistics	▼	▲
540 €Mn Hospitality	▼	▲
210 €Mn Living	▲	▲
200 €Mn Healthcare	▲	▬
40 €Mn Mixed Use	▲	▬
100 €Mn Other	▲	▬

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
+0.5% GDP Growth	▲	▲
3.5% 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

The macroeconomic outlook for Italy has shifted since the start of 2026, with the Middle East conflict acting as the primary disruptive force, though its full impact has yet to be reflected in the hard data. GDP growth held pace in Q1, but the 2026 outlook has been revised down to 0.5%. Consumer confidence, recovering through 2025, weakened after late February as energy costs began squeezing households. Inflation, down to 1.0% in January, is now projected at approximately 2% for the full year. Interest rates on new loans face renewed upward pressure as financial conditions tighten.

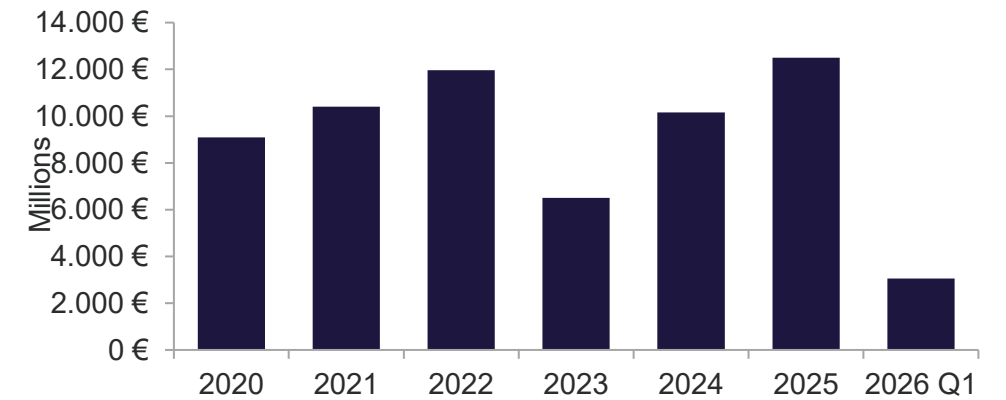
INVESTMENT OVERVIEW

Investment activity started 2026 on a solid footing, with total volumes reaching 3.05€Bn in Q1, +13% on the same period of 2025, supported by improving market confidence despite a more uncertain macro backdrop. Retail again was the stand out performer, accounting for 33% of total volumes invested, followed by Office and Hospitality both with 18%.

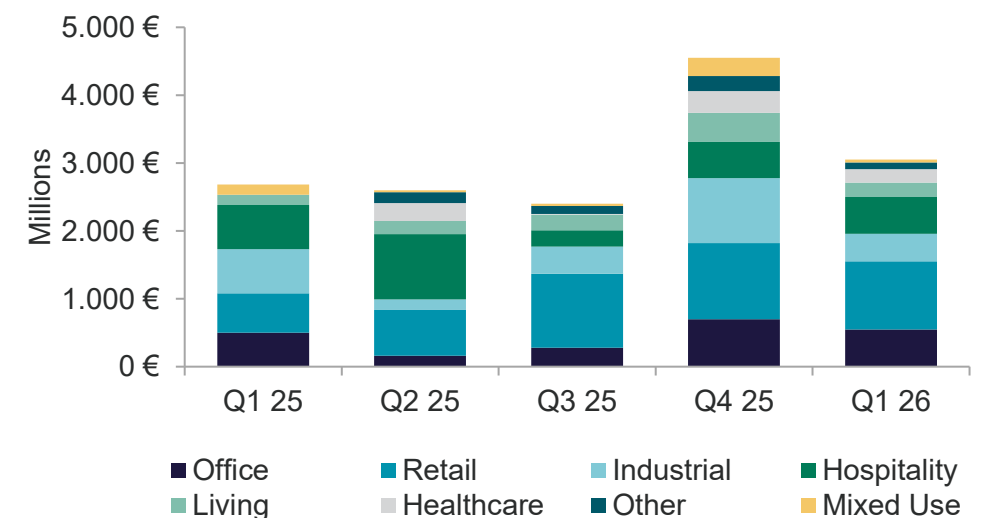
Market activity was driven by several large transactions, two in the Retail sector - one of which exceeding 400€Mn - and one for circa 200€Mn in Office sector. International capital accounted for circa 65% of volume particularly active in Retail, I&L and Hospitality: domestic capital remained strategically important, providing depth and liquidity across Office, Living and Healthcare, especially in repositioning-driven and more complex transactions.

Conversion-driven investments represented a limited but structurally relevant share of Q1 activity, remaining below historical peak levels observed in the immediate post-pandemic period. The majority of conversion-related deals involved office assets targeted for residential, hospitality or mixed-use repositioning, a consequence of a very selective office market. Conversion activity remains a key investment theme, particularly as regulatory clarity improves and pricing expectations realign between buyers and sellers over the course of the cycle.

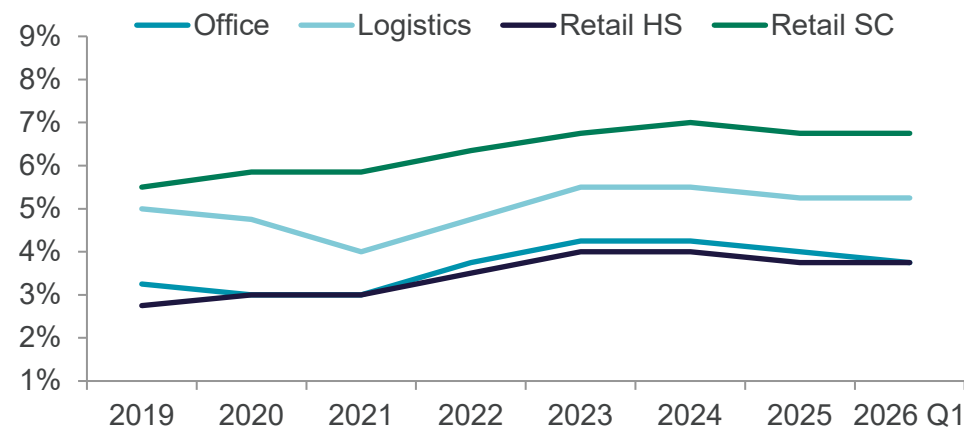
INVESTMENT SALES VOLUME



INVESTMENT SALES VOLUME BY SECTOR

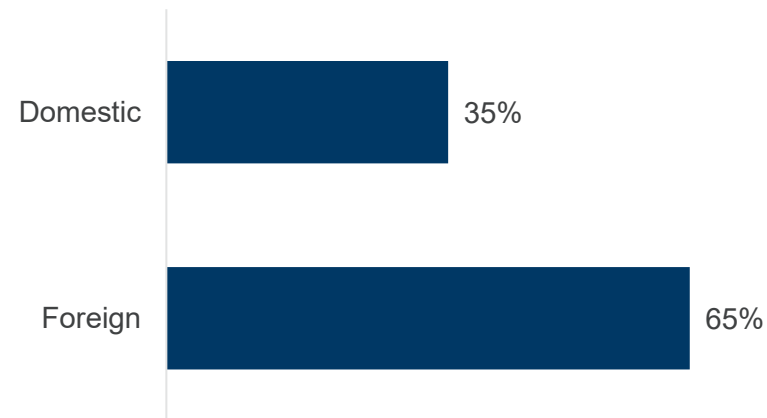


PRIME YIELD (NET)



(* 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



With circa 1€Bn transacted and a 75% increase YOY, Retail investment was broad-based and diversified, underpinned by confirmed interest in outlet centres, selective acquisitions of shopping centres requiring repositioning, and leisure-driven assets. The quarter also saw the entry of new international investors, reinforcing confidence in the sector’s recovery and its ability to generate resilient income in a more uncertain macroeconomic environment.

Office investment remained selective, with volumes of circa 550€Mn, concentrated in the cities of Milan and Rome - where the third largest transaction of the quarter was carried out. Overall liquidity continues to be uneven, with capital focused on prime, centrally located, ESG-compliant assets, while secondary stock and non-core locations face more limited investor interest. In both Milan and Rome, early signs suggest a cautious return of institutional capital alongside traditional value-add investors, provided assets meet strict quality, location and specification criteria.

Though below the same period of 2025 (-17%) Hospitality confirmed its appeal, with investment volumes of around 540€Mn, supported by continued interest in resort assets and value-add strategies. Investor focus remains concentrated on primary destinations and assets offering repositioning potential aligned with evolving tourism demand.

Industrial & Logistics investment volumes reached around 410€Mn, below both Q1 2025 and the five-year quarterly average. The slowdown reflects limited availability of core product, continued pricing discipline, and a tendency among owners to defer disposals or pursue refinancing strategies. Despite the softer quarterly outcome, investor appetite remains solid, supported by strong occupier fundamentals, sustained demand for modern logistics space. Capital remains concentrated on high-quality single assets, while Core+ and value-add strategies continue to dominate, particularly where reversion potential can be unlocked.

In the Alternative segment, Living and Healthcare continued to attract investor attention, with Living volumes around 210€Mn and Healthcare reaching approximately 200€Mn, the latter benefiting from renewed portfolio activity and defensive income characteristics.

OUTLOOK

- RETAIL CONTINUES AS A HIGH-CONVICTION SECTOR, SUPPORTED BY RESILIENT INCOME, STRONG OUTLET DEMAND AND IMPROVING PRICING VISIBILITY.
- GRADUAL RECOVERY FOR I&L SECTOR PARTICULARLY IN THE MID-MARKET FOR ASSETS WITH REVERSIONARY UPSIDE
- OFFICE MARKETS REMAIN SELECTIVE, WITH CAPITAL FOCUSED ON QUALITY
- STABILISING FINANCING IS ENABLING A CAUTIOUS RETURN OF INSTITUTIONAL CAPITAL, WITH CORE+ AND VALUE-ADD STRATEGIES CONTINUING TO DOMINATE.

SIGNIFICANT SALES YTD

QUARTER	PROPERTY NAME	TYPE	BUYER	SELLER	PURCHASE PRICE	MARKET
1	Pan Eu portfolio - Italy assets	Retail	Aware Super	Pimco	400 €Mn	Various
1	Scalo Milano Outlet & More	Retail	VIA Outlet	Gruppo Lonati	220 €Mn	North
1	Palazzo Esedra - Piazza della Repubblica 80% Shares	Office	PIMCO, Unicredit	Famiglia Feltrinelli	200 €Mn	Centre
1	Aedifica 80% Cofinimmo	Healthcare	Aedifica	COFinimmo	172 €Mn	North
1	Waterfront - Gallery	Retail	Foreign Investor	Undisclosed	Over 100 €Mn	North
1	Amazon Distribution Portfolio	Industrial	REALTY INCOME CORPORATION	SEGRO	105 €Mn	Various
1	Portafoglio Regione Sicilia	Office	Regione Sicilia	Fondo Immobiliare Pubblico Regione Siciliana	105 €Mn	South
1	Gran Palladium Sicilia Resort and SPA	Hospitality	Palladium Group Hotel	Azora Capital	100 €Mn	South
1	Via Dante 17	Office	Monge	ITAY	100 €Mn	North
1	Villa La Cassinella	Hospitality	Private Investor	Private Investor	90 €Mn	North
1	ForumNet Portfolio	Retail	LIVE NATION	Private Investor	90 €Mn	North

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