MARKETBEAT

ITALY

INVESTMENT Q2 2026

CUSHMAN & WAKEFIELD

Q2 MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
4.45 €Bn Total Volume	▲	▲
230 €Mn Office	▲	▲
1.55 €Bn Retail	▲	▲
740 €Mn Industrial & Logistics	▼	▲
770 €Mn Hospitality	▼	▲
400 €Mn Living	▲	▲
10 €Mn Healthcare	▼	–
190 €Mn Mixed Use	▲	–
560* €Mn Other	▲	–

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
+0.8% GDP Growth	▲	▲
3.8% 10-Yr Treasury Yield	▲	–

Source: Moody's Italy, June 8th update (GDP Growth estimate Q2 26 on Q2 25; 10-Yr Gov Bond at Q2 2026).

ECONOMY

The macroeconomic outlook for Italy has continued to evolve through H1 2026, with the Middle East conflict acting as the primary disruptive force, its effects now visible in prices and sentiment though real activity has held up. GDP rose 0.3% in Q1, and the Bank of Italy confirms 2026 growth at 0.5%. Consumer confidence, recovering through 2025, fell to 92.4 in June as energy costs squeeze households. Inflation, at 1.0% in January, reached 3.0% in June- energy-driven, with core inflation at just 1.6%-and is projected at around 3% for the full year. The labour market remains a source of resilience: unemployment fell to 5.0% in May, near historic lows. Financing costs face renewed upward pressure following the ECB's June hike to 2.25%. For commercial real estate, this translates into a more selective environment: occupier demand for prime assets remains resilient, favouring quality locations and income stability, while business confidence signals an economy adjusting rather than retrenching.

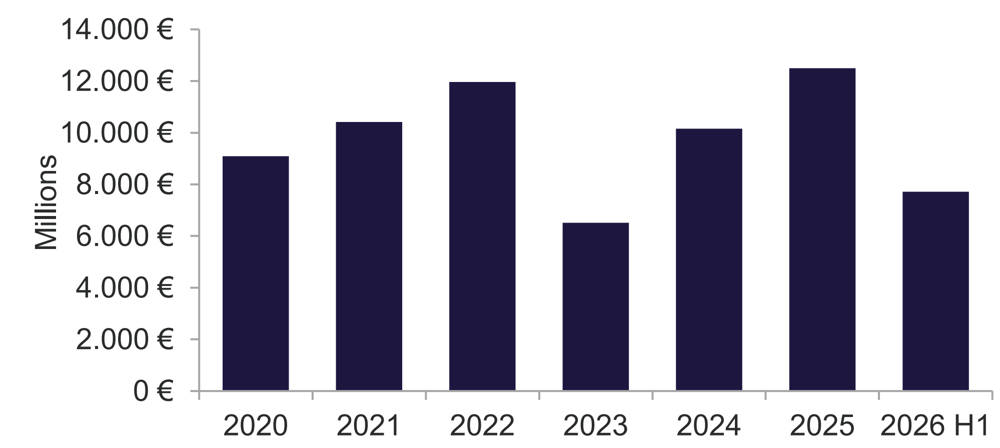
INVESTMENT OVERVIEW

Following a strong start to the year, investment activity accelerated further in Q2 2026, with total volumes reaching 4.42€Bn, representing a 66% year-on-year increase. This robust performance reflects continued investor confidence and strong market liquidity. The Retail sector led activity, accounting for 35% of total investment volume, while the Industrial & Logistics (I&L) and Hospitality sectors each attracted approximately 740€Mn, corresponding to a 17% market share respectively.

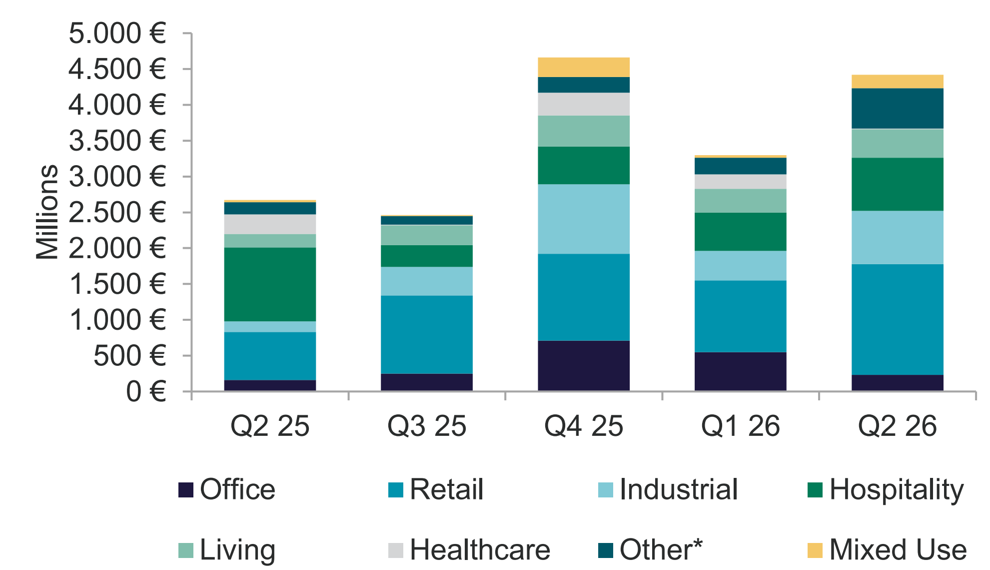
Several large-scale transactions characterized the quarter, most notably a landmark 1.1€Bn Retail transaction in Milan, which significantly boosted overall volumes. By the mid-year mark, total investment volumes reached 7.72€Bn, representing a 44% increase compared with H1 2025 and standing well above the five-year H1 average of 4.10€Bn.

Single-asset transactions continued to dominate market activity, accounting for 73% of Q2 investment volume and 68% of total H1 transactions. Foreign capital remained a key market driver, contributing 77% of quarterly investment volumes, with particularly strong participation in the Retail and Industrial sectors. Nevertheless, domestic investors continued to increase their presence, supporting broad-based market momentum across asset classes.

INVESTMENT SALES VOLUME

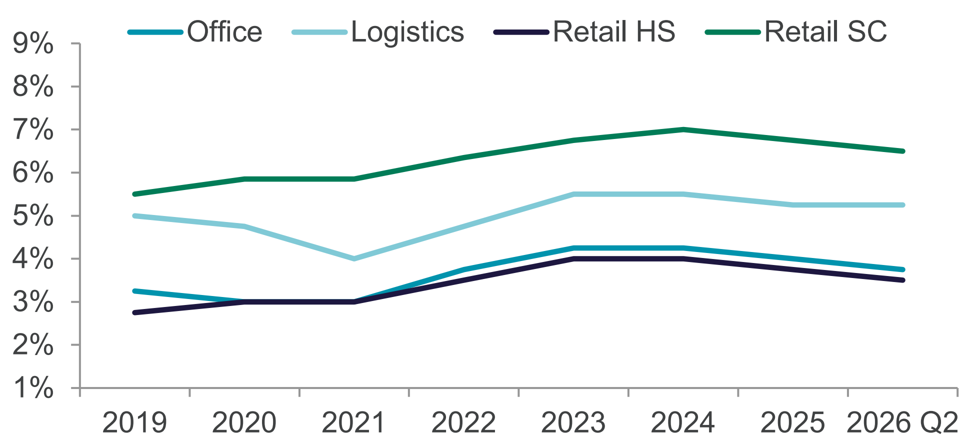


INVESTMENT SALES VOLUME BY SECTOR



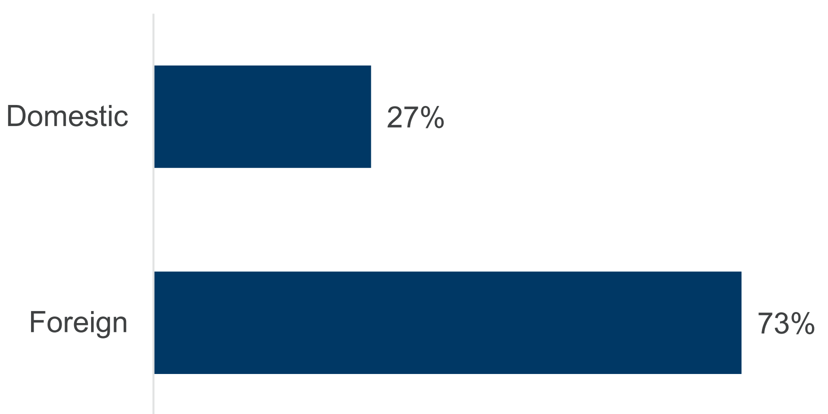
*includes Data Centres

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 a 56% increase on Q1 figures and 1,55€Bn invested in Q2, Retail extended its positive trajectory, taking H1 2026 volumes to 2.55€Bn. Although the headline result was largely driven by the sale of an 80% stake in Via Montenapoleone 8 in Milan, investment activity was otherwise diversified, with shopping centre portfolios attracting significant interest. Foreign capital continued to dominate the market, confirming the sector's appeal among foreign investors.

Despite remaining 28% below the level recorded in the same period of 2025, the **Hospitality** sector gained momentum in Q2, with volumes reaching 770€Mn. Transaction activity shifted towards the 20–50€Mn range, compared with Q1, when deals were predominantly below 20€Mn. Value-add strategies continued to dominate investor activity, reflecting strong interest in assets with repositioning potential, bringing H1 2026 volumes to 1.3€Bn.

Industrial & Logistics investment saw a sharp acceleration in Q2, reaching 740€Mn—significantly above figures for Q2 2025 (149€Mn) and +68% on the five-year average (440€M). The resurgence of portfolio transactions has restored liquidity for larger lot sizes after several quarters dominated by single-asset deals. Market fundamentals remain robust, underpinned by resilient occupier demand, while investor interest is increasingly supported by international institutional capital and domestic platforms expanding their logistics exposure. As a result, H1 2026 investment volumes reached 1.15€Bn, +44% year-on-year.

Despite the YoY improvement, **Office** investment slowed during Q2 reaching 230€Mn (+44% YoY) reflecting continued investor caution. Activity remained heavily concentrated in the country's two core markets, with Milan accounting 60% of national volume and Rome for 37%. Capital continues to target high-quality, income-resilient assets and value-add opportunities with repositioning or conversion potential, while traditional office assets in decentralised locations face weaker liquidity. At mid year investments in the sector reached 780€Mn, +16% yoy.

In the **Alternative** segment, **Data Centres,** following the global trends, saw a good performance with roughly 650€Mn invested in the first half of the year and **Living** improved on its Q1 performance adding a further 400€Mn during the quarter; H1 figures for this segment reached 730€Mn, double the figure for the same period of 2025.

OUTLOOK

- **POSITIVE H2 OUTLOOK FOR I&L, WITH ITALY EXPECTED TO MAINTAIN ITS POSITION WITHIN THE EUROPEAN MARKET.**
- **FOCUS IN THE OFFICE SECTOR REMAINS ON HIGH-QUALITY, RESILIENT ASSETS, WITH REPOSITIONING AND CONVERSION OPPORTUNITIES EXPECTED TO DRIVE MARKET ACTIVITY.**

SIGNIFICANT SALES YTD

QUARTER	PROPERTY NAME	TYPE	BUYER	SELLER	PURCHASE PRICE	MARKET
2	Montenapoleone 8 (80% Share)	Retail	COIMA Sgr	Kering	1,1€Bn	North
1	Pan Eu portfolio - Italy assets Aware Super	Retail	Aware Super	Pimco	400 €Mn	Various
2	Project RUN – Logistics Portfolio	I&L	CBRE IM	BGO	360 €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
2	Covivio Hotel Portfolio MI	Hospitality	COVIVIO	Invest Hospitality	c.a. 170 €Mn	North
2	Milano Santa Giulia Nord	Mixed use	Bizzi & Partners	LENDLEASE	154 €Mn	North
2	Project Dome	I&L	Ares Management	Kryalos Sgr	130 €Mn	North
1	Waterfront - Gallery	Retail	Foreign Investor	Undisclosed	Over 100 €Mn	North
2	Tristan SC Portfolio	Retail	Pradera	Tristan Capital Partners	115 €Mn	Various
1	Portafoglio Regione Sicilia	Office	Regione Sicilia	Fondo Immobiliare Pubblico Regione Siciliana	105 €Mn	South

GWENDOLYN FAIS
Senior Research Consultant
Tel: +39 06 42007925
Gwendolyn.fais@cushwake.com

CARLO VANINI
MRICS International Partner, Head of Capital Markets Italy
Tel: +39 02 63799302
carlo.vanini@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for occupiers and investors with approximately 53,000 employees in over 350 offices and nearly 60 countries. In 2025, the firm reported revenue of $10.3 billion across its core service lines of Services, Leasing, Capital markets, and Valuation and other. Built around the belief that Better never settles, the firm receives numerous industry and business accolades for its award-winning culture. For additional information, visit www.cushmanwakefield.com.