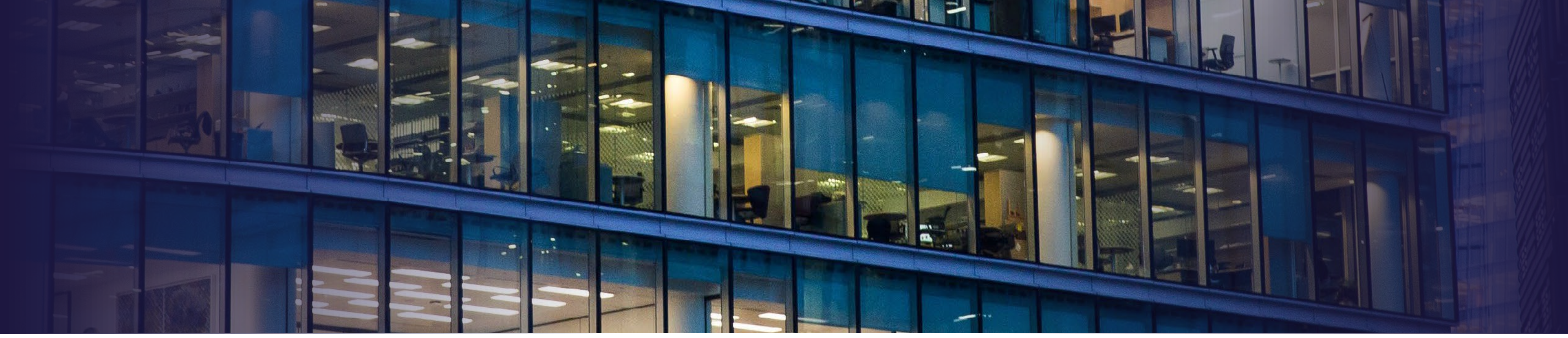
MARKETBEAT
MILAN
OFFICE Q2 2026



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
11,1 % Vacancy Rate	▼	▼
67,000 Q Absorption, SQM	▼	▼
€850 Prime Rent, SQM/YR	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
+0.7% Milan GDP Growth	▲	▲
2.9% Milan Unemployment Rate	▼	▲
3.8% 10-Yr Treasury Yield	▲	▬

Source: Moody's Italy, June 28th update (GDP Growth estimate Q2 2026 on Q2 2025; Unemployment Rate Q2 2026; 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%.

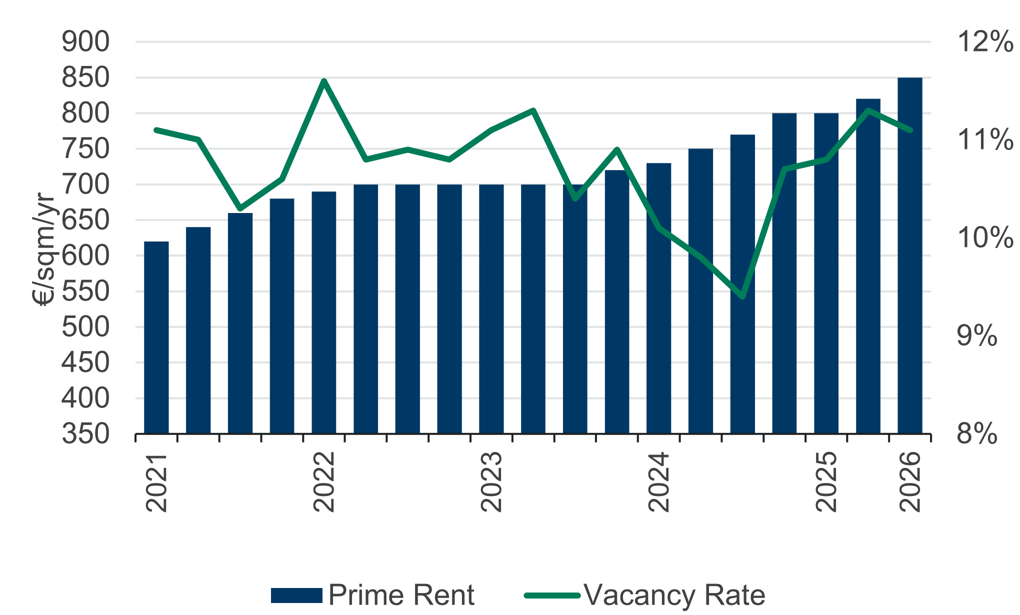
OCCUPIER

The Milan office market continues to be characterized by constrained supply and sustained pressure on prime rents in central areas of the city, where the majority of demand is concentrated. Following a particularly weak start to the year, leasing activity showed a partial recovery in Q2 2026, with take-up reaching approximately 66,500 sqm, up 16% on the previous quarter but still 24% below Q2 2025 (circa 88,000 sqm) and 34% below the 5-year Q2 average (circa 101,000 sqm). This brought total take-up for H1 2026 to circa 124,000 sqm, down 35% on H1 2025 and 36% below the 5-year H1 average, marking the weakest first-half performance of the past decade.

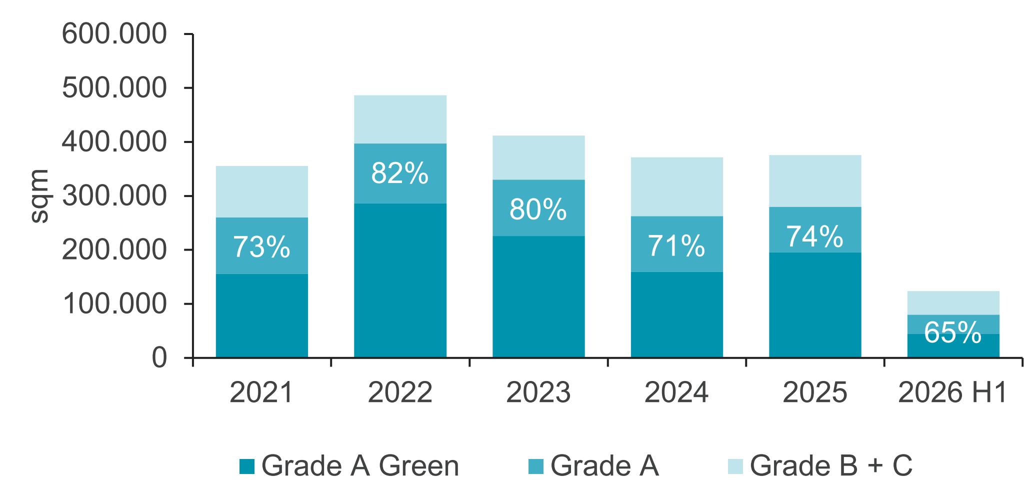
Notably, the contraction in volumes has not been matched by a comparable decline in the number of transactions, which remained broadly stable (76 deals in Q2 2026, compared with 79 in Q2 2025). The slowdown in activity is therefore largely attributable to a structural reduction in average deal size: only one transaction above 5,000 sqm was completed during the quarter, while deals below 1,000 sqm accounted for 68% of the number of transactions and 39% of take-up volume. As a result, the average transaction size declined to 876 sqm, around 30% below the 2025 quarterly average (1,260 sqm) and the lowest quarterly level of the past five years.

The composition of demand confirms an increasingly two-tier market. Grade A space accounted for 56% of Q2 volumes against 44% for Grade B, on a broadly equal number of transactions, but with sharply diverging geographies. In the CBD, Centre and Semi Centre, prime product absorbed between 68% and 72% of volumes, driven by luxury, finance and professional services occupiers targeting small to mid-sized units — a share replicated in the Hinterland, where

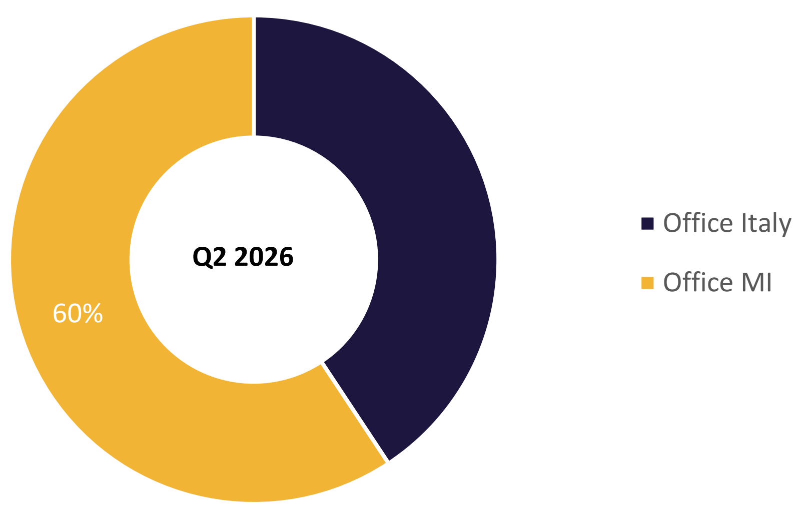
OVERALL VACANCY & PRIME RENT



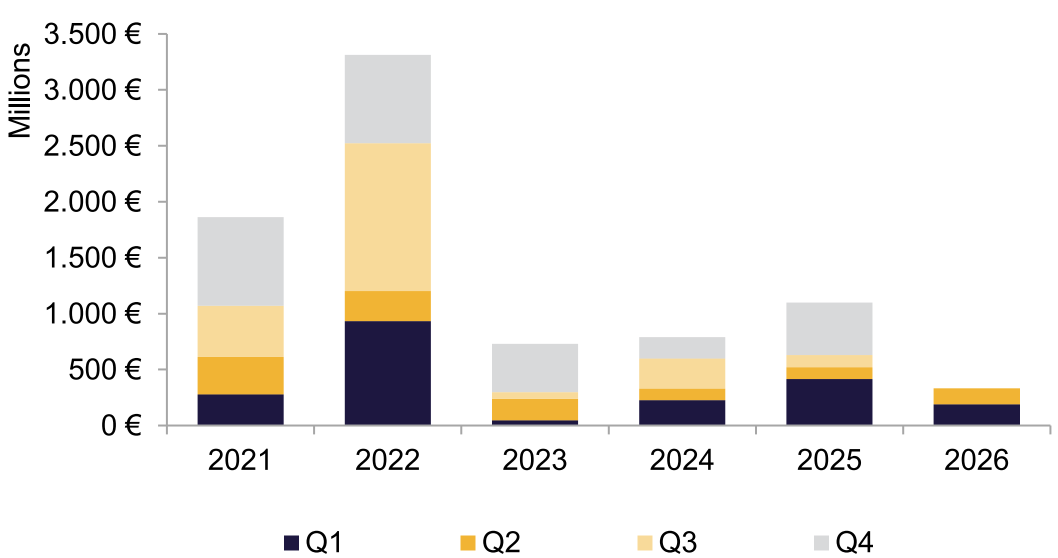
TAKE UP BY GRADE



MILAN vs. ITALY OFFICE INVESTMENT VOLUME



MILAN OFFICE INVESTMENT VOLUME



established business parks offering modern, green-certified space continue to attract quality-driven occupiers as a competitive alternative to semi-central supply. Grade B demand remains concentrated in the Periphery, where cost-driven occupiers — including public sector bodies, insurance and IT companies — accounted for the largest transactions of the period. Mid-to-large corporate relocations onto Grade A product, historically the main driver of Milan take-up, were largely absent. This polarised demand profile underpins the resilience of prime rents despite subdued overall volumes, reflecting occupier strategies driven primarily by quality or cost considerations rather than expansion.

INVESTMENT

The second quarter of 2026 confirmed a still subdued investment environment, with both the number of transactions and overall volumes remaining limited, and activity largely driven by private and domestic capital rather than institutional and foreign. Against a national office volume of approximately 240€Mn, Milan accounted for around 140€Mn — close to 60% of the total — across seven transactions, none exceeding 35€Mn, with activity concentrated in the 15–35€Mn bracket and foreign capital limited to a single acquisition in the south-western periphery. Investors remain increasingly selective and, with rates still elevated, more sensitive to the cost of debt. Debt capital continues to support the market, despite a more cautious stance following the Middle East geopolitical shock: the principal constraint on deal flow is not debt availability, but the persistent gap between buyer and seller pricing expectations, particularly for large lot sizes and locations outside the CBD. Looking ahead, investor focus will remain anchored to income resilience, asset quality and disciplined capital deployment, with conversion and repositioning strategies set to play an increasingly central role in the next phase of the cycle.

PRICING

Competition for high-quality office space, combined with the ongoing scarcity of prime supply in central Milan, has continued to support strong rental growth. During the quarter, CBD prime rents rose by approximately 4% quarter-on-quarter to around 850€/sqm/year, marking a 10% increase year-on-year. On the investment side, prime yields remained stable at 3.75%, reflecting a market where sustained rental growth and resilient occupier fundamentals continue to support pricing for prime, well-located assets.

OUTLOOK

- The development pipeline is expected to tighten further beyond 2026, especially in central submarkets, keeping new high-quality supply structurally scarce and sustaining upward pressure on prime rents. For occupiers, this is narrowing the available options to three: renew the existing lease, pre-let one of the few pipeline schemes, or compromise on quality or location.
- The Milan prime office market remains characterised by limited supply, rising rents, and sustained cost inflation in construction and fit-out, driven by geopolitical tensions, higher material and energy costs, and supply chain disruption — pressures that continue to weigh on Capex and constrain new development
- Looking ahead, AI-driven business formation and demand for high-quality, technology-enabled space could help underpin occupier appetite even as development economics remain challenging. However, this upside is likely to materialise selectively, reinforcing — rather than reversing — the current bias toward prime, well-located stock.

MARKET STATISTICS

SUBMARKET	OVERALL VACANCY RATE	CURRENT QTR ABSORPTION (SQM)	YTD OVERALL ABSORPTION (SQM)	UNDER CNSTR (SQM)	PRIME RENT (€/SQM/YR)	PRIME YIELD (NET**)
CBD	4.7%	16,000	32,000	60,000	850	3.75 %
Centre	7.1%	4,000	10,000	9,000	620	4.75 %
Semi Centre	5.6%	13,000	30,000	96,000	580	5.50 %
Periphery	16.6%	23,000	38,000	23,000	350	7.00 %
Hinterland	15.4%	11,000	14,000	54,000	250	7.50 %
TOTALS	**11.1%**	**67,000**	**124,000**	**242,000**	**850**	**3.75 %**

(*) 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
2	Via Valassina 22	Periphery	Public Sector	5,500	New Lease
1	Park West Milano	Periphery	IT\Communications	4,600	New Lease
1	Bassi Business Park	Semi Centre	Manufacturing Industries	4,260	New Lease
1	Symbiosis - Bld.Vitae	Semi Centre	IT\Communications	4,110	Expansion
1	Via Filippo Turati 12	CBD	Finance	3,530	New Lease
1	Corso Venezia 48	Centre	Banking & Finance	2,680	New Lease
2	Bassi Business Park	Semi Centre	Automotive	2,570	New Lease

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS YTD

QUARTER	PROPERTY	SUBMARKET	SELLER/BUYER	SQM	PRICE / € MN
1	Via Dante 17	CBD	ITAY/Private	5,500	100
1	Via Turati 32	CBD	Savills Sgr/Private	6,400	60
2	Via San Vigilio 1	Periphery	Castello Sgr/WILLE	11,000	33
2	Piazza Missori 2 (portion)	Centre	Private Investor/Banca Finnat	4,000	33
2	Via Flavio Gioia 8	Semi Centre	Kryalos Sgr/Carlo Maresca Real Estate	6,000	26
2	Bastioni di Porta Nuova 19	CBD	Investire Sgr/Caltagirone	3,450	26

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MARKETBEAT
ROME
OFFICE Q2 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
6.0% Vacancy Rate	▼	▼
23,700 Q Absorption, SQM	▲	–
€620 Prime Rent, SQM/YR	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
+0.89% Rome GDP Growth	▲	▲
4.38% Rome Unemployment Rate	▼	▲
3.80% 10-Yr Treasury Yield	▲	–

Source: Moody's Italy, June 25th update (GDP Growth estimate Q2 2026 on Q2 2025; Unemployment Rate Q2 2026; 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: national 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.

OCCUPIER

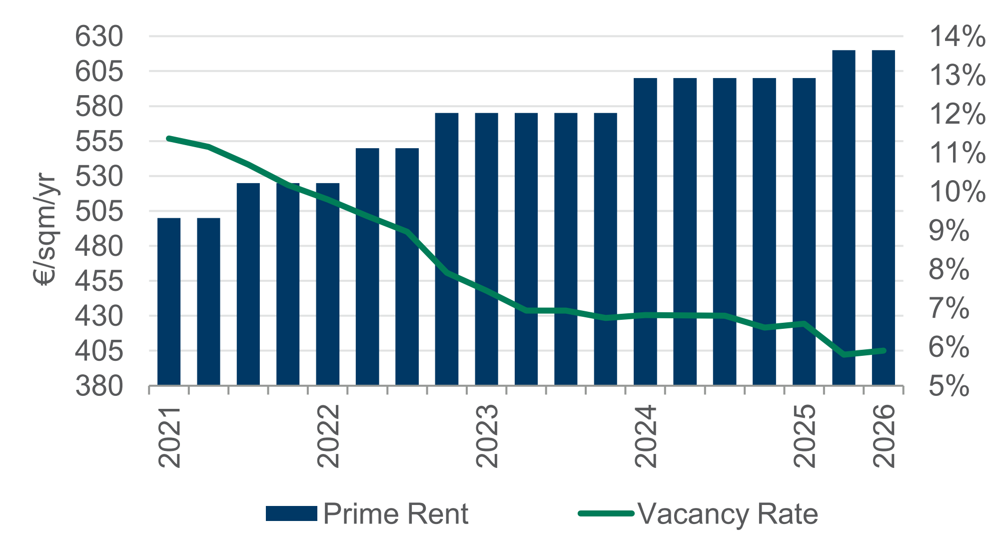
Rome's office market recorded a modest improvement in leasing activity during Q2, with take-up reaching 23,700 sqm, up 27% year-on-year from 18,500 sqm in Q2 2025. H1 2026 take-up totaled just under 60,000 sqm, a 22% increase from H1 2025 (48,200 sqm). Despite the improvement, activity remained below long-term averages, with the 5-year benchmark standing at 36,900 sqm for Q2 and 86,900 sqm for H1, reflecting a limited number of large transactions.

Demand in fact remains largely concentrated on small and medium-sized deals, with an average transaction size of circa 840 sqm during the quarter. Grade A and Grade A Green space continued to attract occupiers seeking high-quality accommodation, accounting for 32% of Q2 transactions and 36% of H1 take-up.

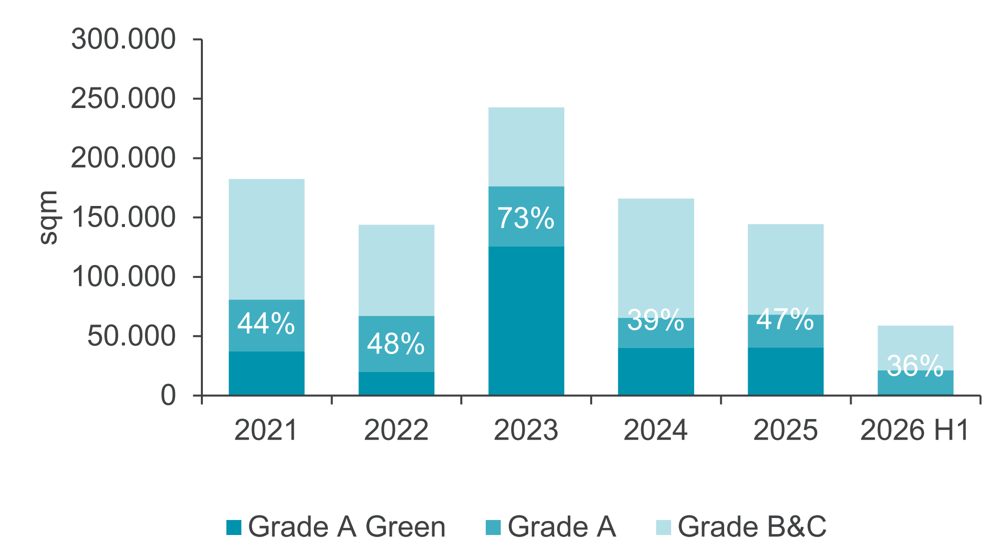
Activity was primarily focused on the most established office locations of the Centre and Greater Eur which accounted for 34% and 30% of transacted space, during the quarter. On a year-to-date basis, the Greater EUR remained the leading submarket with 30% of take-up, ahead of the Centre (26%) and the CBD (20%). The public sector continued to drive demand, representing 28% of Q2 activity and 34% of H1 take-up, while Legal Services and Fashion accounted for 15% and 10% of H1 volume respectively.

Sublease availability continued to rise as occupiers reassessed their real estate footprints and pursued greater efficiency through consolidation and space optimisation. While still representing a relatively small share of total availability, secondary space is becoming an increasingly prominent feature of the market. Its growing presence is having a moderating effect on primary leasing demand, as occupiers are increasingly attracted to the flexibility, shorter commitments, and

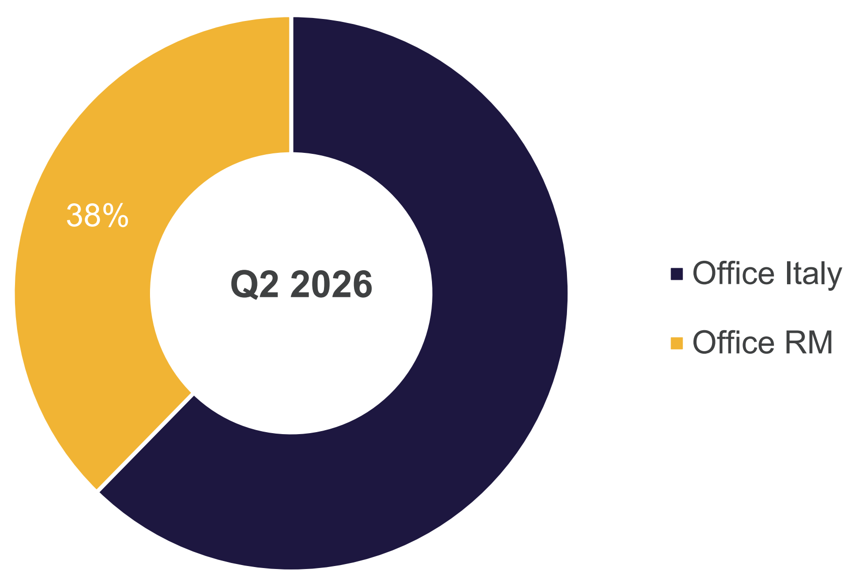
OVERALL VACANCY & PRIME RENT



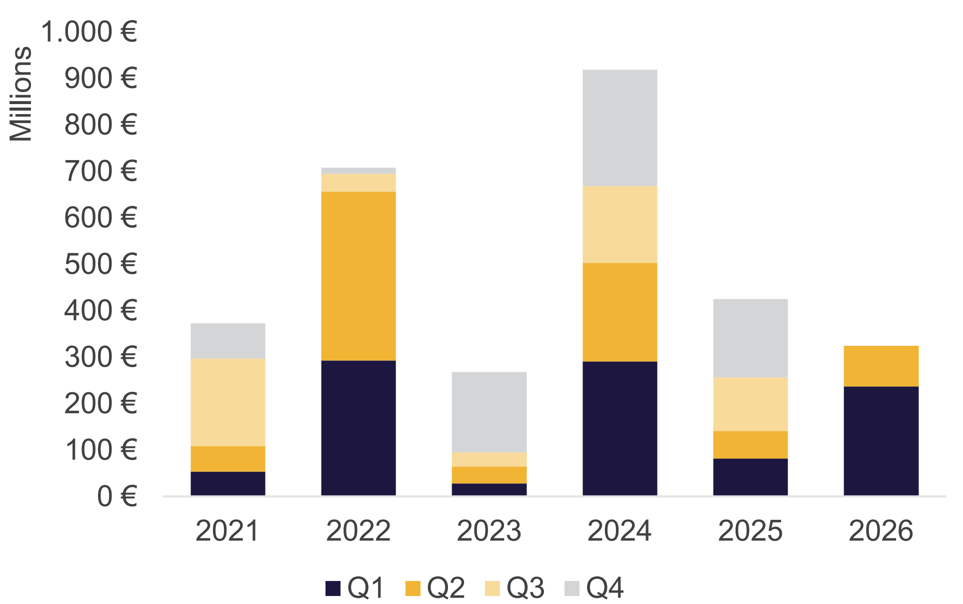
TAKE UP BY GRADE



ROME vs. ITALY OFFICE INVESTMENT VOLUME



ROME OFFICE INVESTMENT VOLUME



potentially more competitive terms, exerting a moderating effect on primary leasing demand and increasing competition across available space options.

At the same time, the market is seeing the emergence of new categories of office users. Healthcare operators, diagnostic centres and providers of light medical services are increasingly considering traditional office buildings as a suitable solution, creating a new source of demand at a time when conventional corporate expansion remains limited. This diversification of occupier profiles is helping to support absorption and may become an increasingly important driver of leasing activity going forward.

INVESTMENT

Investment volume reached almost 90€Mn in Q2 2026, bringing H1 2026 activity to 325€Mn, a significant improvement on figure recorded in both Q2 2025 (60€Mn) and H1 2025 (140€Mn). The Italian office investment market remained highly concentrated in its two core markets, with Rome accounting for 38% of national office investment volume and Milan for 61%.

The stronger year-on-year performance highlights a gradual recovery in investor activity, although overall volumes remain relatively modest and pricing discovery continues to be constrained by limited market evidence. Investors continue to adopt a highly selective approach, focusing on value-add opportunities, assets with alternative-use potential, and properties offering future repositioning or conversion strategies. Pure office assets, particularly in decentralized locations, continued to face challenges in attracting institutional capital.

Foreign investors returned to the market in Q2 2026, accounting for 63% of quarterly volume. This rebalanced the market following an unusually domestic-led Q1 driven by a single large transaction. As a result, domestic capital represented 83% of total investment volume in H1 2026. Nevertheless, investor caution remains evident, with limited appetite for assets perceived as offering yields that are too compressed relative to risk. Liquidity also remained below expectations for assets with strong covenants, long leases, and established locations.

PRICING

Occupier market conditions remained broadly stable during Q2, with no quarter-on-quarter changes recorded in prime headline rents across Rome's main office submarkets although selected submarkets are showing early signs of positive pressure. Incentives are becoming increasingly relevant as landlords seek to sustain elevated headline rents through more competitive leasing packages. This is particularly evident in peripheral locations, where negotiations have included longer incentive periods than previously recorded. Even in the CBD, the use of incentives may become more important in supporting prime rent levels.

On the investment side, no meaningful adjustment to yields during the quarter was recorded, however, investor sentiment continues to point towards potential future outward yield movement in non-central locations and for purely office assets, reflecting ongoing selectivity and a continued focus on risk-adjusted pricing.

OUTLOOK

- Demand is expected to remain highly selective, with moderate leasing activity continuing
- Continued attention to cost could drive tenant movement towards secondary locations
- Prime rents to remain broadly stable with a potential upward pressure in selected submarkets
- Investment activity recovery linked to buyer-seller price alignment; liquidity is likely to remain limited and concentrated on assets offering particularly attractive risk-return profiles

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	1,8%	3.400	11.600	34.500	620	4.50 %
Centre	1,5%	8.000	15.300	25.800	420	5.00 %
Semi Centre	3,5%	3.100	4.300	500	300	6.75 %
Great Eur	6,7%	7.200	17.600	94.900	400	6.25 %
Periphery	11,3%	2.000	10.000	58.600	150	9.75 %
TOTAL	6,0%	**23.700**	**58.900**	**214.300**	**620**	**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

QUARTER	PROPERTY	SUBMARKET	TENANT SECTOR	SQM	TYPE
1	Via Laurentina 865	Greater Eur	Public Sector	8,500	Owner Occupier
1	Via Flaminia 968	Periphery	Fashion	5,600	Lease
1	Via Pastrengo 18-22	Centre	Legal services	5,500	Lease
2	Viale Castro Pretorio 122-124	Centre	Public Sector	5,400	Lease
1	Via Piemonte 60	CBD	Public Sector	5.000	Lease
2	Via Achille Campanile 73-85	Greater Eur	Services	3,200	Lease
1	Via Stanislao Cannizzaro 83	Periphery	Manufacturing Industries	2,450	Lease
1	Piazzale dell'Industria 40-46	Greater Eur	IT\Communications	2,000	Lease

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS

QUARTER	PROPERTY	SUBMARKET	SELLER/BUYER	SQM	PRICE / € MN
1	Palazzo Esedra - Piazza della Repubblica – 80% share	CBD	Famiglia Feltrinelli/ PIMCO, Unicredit	35,300	200
2	Via Severo 246	Greater Eur	Savills IM SGR/ Corum Origin SCPI	12,500	41
2	Via Mazzola 66	Greater Eur	Investire Sgr/ Private Investor	20,000	24
1	Viale di Porta Ardeatina 129	Semi Centre	Investitori Sgr/ ACEA	6,700	17
1	Viale Castello della Magliana 68	Periphery	Technip/ ANAV	33,000	12
2	Via Nomentana 146	Semi Centre	Compass Banca/ Private Investor	1,700	9,8

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