MARKETBEAT
MILAN
OFFICE Q3 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
11,7 % Vacancy Rate	▲	▼
60,500 Q Absorption, SQM	▼	▼
€850 Prime Rent, SQM/YR *(Overall, All Property Classes)*	▲	▲

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
+0.7% Milan GDP Growth	▲	—
3.2% Milan Unemployment Rate	▲	▼
4.15% 10-Yr Treasury Yield	▲	—

Source: Moody's Italy, October update (GDP Growth estimate Q3 2026 on Q3 2025; Unemployment Rate Q3 2026; 10-Yr Gov Bond at Q3 2026).

ECONOMY

Milan's economy held steady in Q3 2026, with GVA up 0.8% YOY, in line with national GDP growth but flat on the previous quarter. Employment rose 1.4% YOY to 2.20 million, outpacing Italy's 1.0%. Unemployment remained low at 3.2%, against 6.0% nationally, despite a 0.5 pp annual increase. Inflation picked up to 3.5%, and the 10-year BTP yield averaged 4.15% (+61 bps YOY), pushing financing costs higher. Business confidence improved to 96.2, while consumer confidence, at 93.3, remains below last year's level. A resilient labor market continues to support office demand. However, costlier capital and mixed sentiment should keep occupiers focused on high-quality, well-located space.

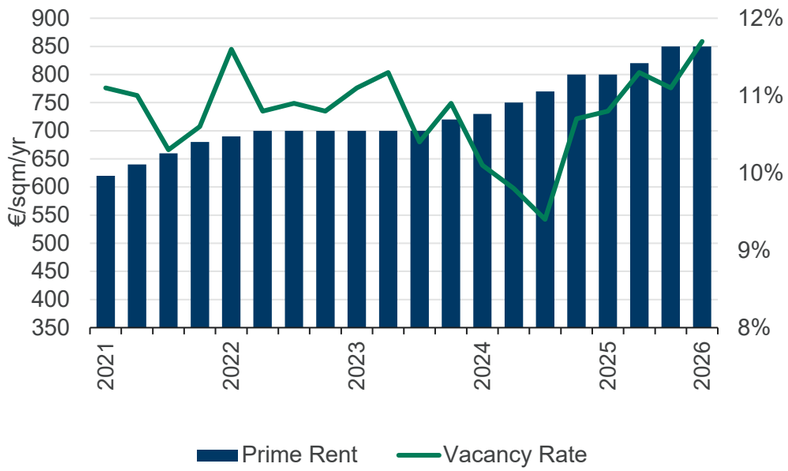
OCCUPIER

Leasing activity remained moderate in Q3 2026, with take-up totalling approximately 60,500 sqm across 54 transactions. Volumes were down by 11% compared with Q3 2025 and 32% below the five-year Q3 average, confirming activity broadly in line with the subdued levels recorded during the first half of the year. Total take-up for the first nine months of 2026 reached approximately 185,000 sqm, , down 29% on the same period of 2025 (c. 258,000 sqm) and marking the weakest first-nine-month performance of the past decade.

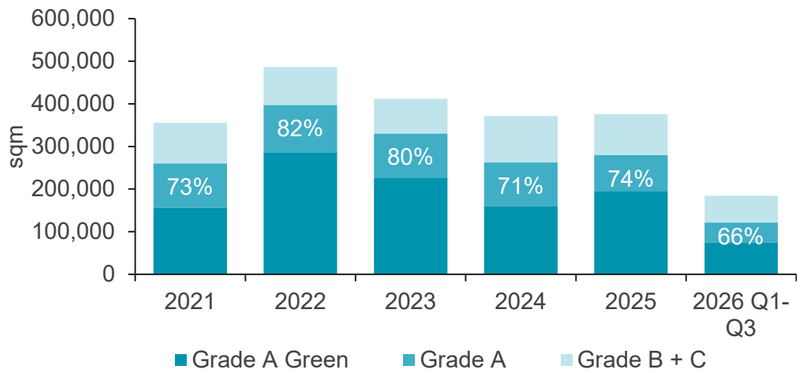
Despite the moderate overall result, Q3 recorded a broader range of medium-to-large requirements than the previous 2026 quarters. The main transactions included Via Varesina 184, pre-let by Maire Tecnimont for approximately 9,000 sqm and Finomnia's 5,435 sqm lease at BIM Bicocca. These operations provided greater depth to demand, although larger corporate requirements remained selective rather than widespread. The average deal size rose to circa 1,120 sqm, up from 876 sqm in Q2 and moving closer to the 2025 quarterly average (1,260 sqm). Smaller transactions continue to account for a significant share of activity: deals below 500 sqm represented 44% of transactions, while the 1,000–3,000 sqm range was the largest contributor by volume, at 36% of take-up.

An important feature of the quarter was the growing polarisation in occupier preferences. Across the Semi Centre, Periphery and Hinterland, Grade A and A Green buildings accounted for approximately 76% of take-up, highlighting sustained demand for modern, efficient and high-quality space beyond the city's traditional core. In contrast, Grade B stock dominated activity in the most

OVERALL VACANCY & PRIME RENT



TAKE UP BY GRADE



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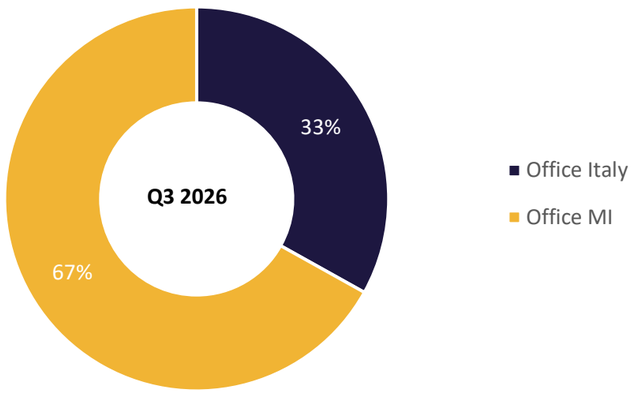
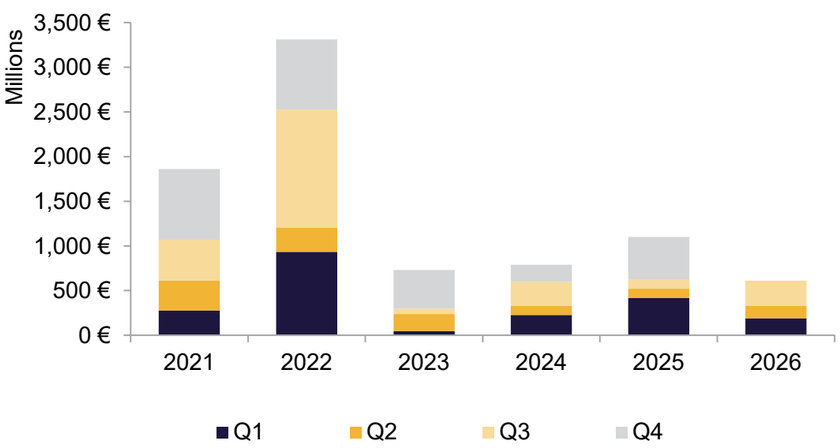
MILAN vs. ITALY OFFICE INVESTMENT VOLUME



MILAN OFFICE INVESTMENT VOLUME



central submarkets, where the availability of high-quality product remains limited, representing 52% of take-up in the CBD and 100% of the volume recorded in the Centre. Overall, Grade A and A Green offices accounted for approximately 66% of quarterly take-up, confirming that occupiers continue to prioritise quality whenever suitable supply is available.

From a sector perspective, IT and communications occupiers generated the largest share of take-up, supported by transactions involving Finomnia, ABB and DXC Technology. Manufacturing, consulting and business services also remained active, confirming a relatively diversified demand base. Activity from flexible office operators during the quarter further underlined the growing role of flexible and ready-to-occupy workspace solutions. This reflects a broader trend towards greater flexibility in occupier strategies, particularly in supply-constrained markets characterised by limited Grade A availability and rising fit-out costs. Looking ahead, the continued growth of AI and innovation-led businesses could provide additional momentum for the sector, with flexible office space increasingly serving as a launchpad for fast-growing companies before they transition into larger, conventional office premises.

INVESTMENT

The Milan office investment market recorded approximately 280€ Mn of activity across four transactions in Q3 2026, reaffirming the city's position as the dominant office investment destination in Italy. The quarter was largely driven by the 211 €Mn Torre Diamante transaction, which reflected a change in the ownership structure of the underlying vehicle rather than a conventional open-market investment acquisition. Nevertheless, the transaction remains indicative of continued capital interest in Milan's prime office market, underlining the strategic appeal and long-term value of high-quality, well-located assets with strong income characteristics. Investment activity remained concentrated in a limited number of assets. Excluding Torre Diamante, the remaining three transactions accounted for circa 68 €Mn and were largely driven by domestic capital, highlighting a market where investors remain highly selective and focused on prime locations and assets offering clear repositioning or value-creation potential. Looking ahead, conversion and repositioning strategies are expected to remain a key investment theme, particularly for secondary assets facing increasing competitive pressure from modern Grade A stock.

PRICING

Competition for high-quality, well-located office space, combined with the continued scarcity of prime supply in central Milan, supported prime rental levels during the quarter. CBD prime rents remained at approximately 850 €/sqm/year, following the strong growth recorded in the first half of the year (6%). 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 office market is expected to become increasingly polarized: as rental differentials between prime and secondary stock widen, high-quality Grade A buildings are likely to strengthen their competitive position, while older assets may require significant refurbishment or repositioning to remain attractive.
- Occupier priorities are increasingly shifting towards quality, flexibility and speed-to-occupancy rather than pure cost considerations. In this environment, fully fitted solutions and flexible office formats are expected to capture a growing share of demand, particularly in central and innovation-driven locations.
- The expansion of AI and technology businesses could provide an additional source of demand for the market. Flexible and scalable workspace solutions are increasingly being used as a launchpad for fast-growing companies before they transition into larger and more conventional office premises.

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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	5.3%	9,800	42,000	60,000	850	3.75 %
Centre	6.4%	2,700	13,000	9,000	620	4.75 %
Semi Centre	5.8%	14,000	44,000	83,000	600	5.50 %
Periphery	17.3%	26,000	64,000	23,000	350	7.00 %
Hinterland	16.5%	7,000	22,000	54,000	250	8.00 %
TOTALS	**11.7%**	**60,500**	**185,000**	**229,000**	**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
3	Via Varesina 184	Periphery	Manufacturing	9,000	Pre-lease
2	Via Valassina 22	Periphery	Public Sector	5,500	New Lease
3	BIM – Innovazione	Periphery	IT\Communications	5,435	New Lease
3	Via Sacchetti 20	Hinterland	IT\Communications	4,860	New Lease
1	Park West Milano	Periphery	IT\Communications	4,600	New Lease
1	Bassi Business Park	Semi Centre	Manufacturing	4,260	New Lease
1	Symbiosis - Bld.Vitae	Semi Centre	IT\Communications	4,110	Expansion

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS YTD

QUARTER	PROPERTY	SUBMARKET	SELLER/BUYER	SQM	PRICE / € MN
3	Torre Diamante	CBD	COIMA SGR / BNP Paribas SGR	30,000	211
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

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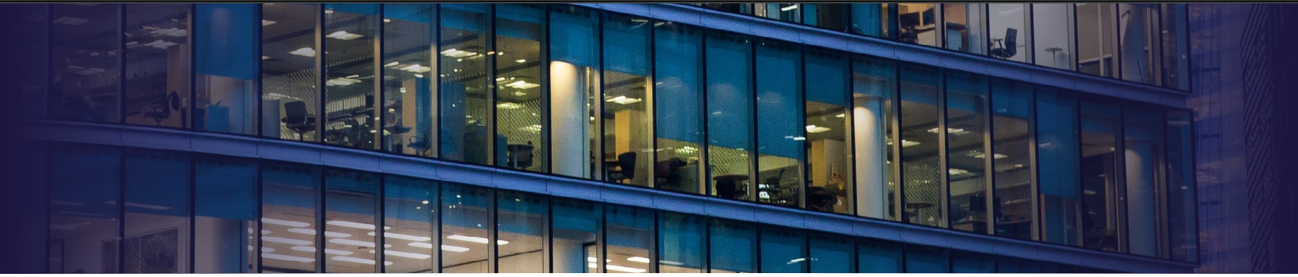
MARKETBEAT
ROME
OFFICE Q3 2026



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
6.0% Vacancy Rate	▼	▼
40,400 Q Absorption, SQM	▲	—
€620 Prime Rent, SQM/YR	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
+1.2% Rome GDP Growth	▲	—
4.8% Rome Unemployment Rate	▲	▲
4.15% 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

Rome's economy outpaced the national average in the third quarter 2026, albeit modestly. Estimated gross value added rose 1.2% year-over-year, compared with 0.8% growth for Italy's GDP, but was essentially flat from the second quarter. Employment reached 2.30 million, up 1.2% (about 26,000 jobs) from a year earlier, slightly above the national 1.0% increase. The unemployment rate was 4.8%, below Italy's 6.0% yet higher than Milan's 3.2% and up from 4.6% a year ago. Nationally, inflation rose to 3.5% from 3.0% in the second quarter, eroding real incomes, while the 10-year BTP yield averaged 4.15%, 61 basis points above the year-ago level. Business confidence across industries improved to 96.2 from 95.0 in the second quarter, but consumer confidence of 93.3 remains below last year's 96.7. Steady employment growth should sustain occupier demand in Rome's office market, although higher borrowing costs and cautious sentiment are likely to keep decision-making deliberate and favor prime, well-connected buildings over secondary stock.

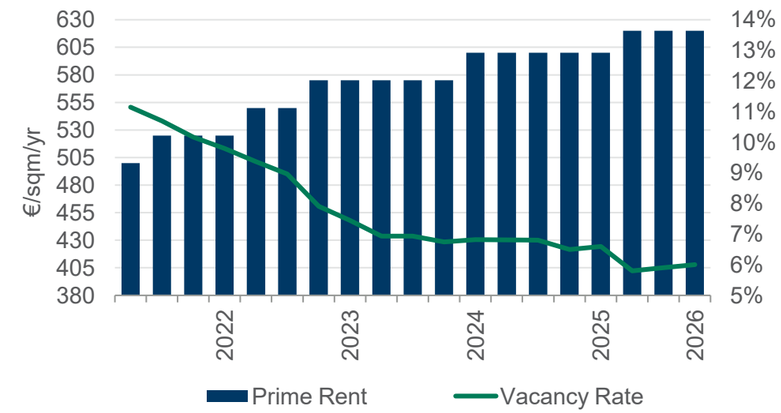
OCCUPIER

Rome's office market regained momentum in Q3, with take-up reaching 40,400 sqm across 26 transactions, representing a solid increase compared with the previous quarter. However, activity remained 8% below Q3 2025 levels and 7% below the five-year average; year-to-date take-up was just below 100,000 sqm, up 8% year-on-year. Demand continued to be driven primarily by small and medium-sized transactions, with nearly 70% of deals involving spaces below 1,000 sqm. However, a limited number of large-scale lettings made a significant contribution to quarterly volumes, highlighting demand across a broad range of occupier requirements.

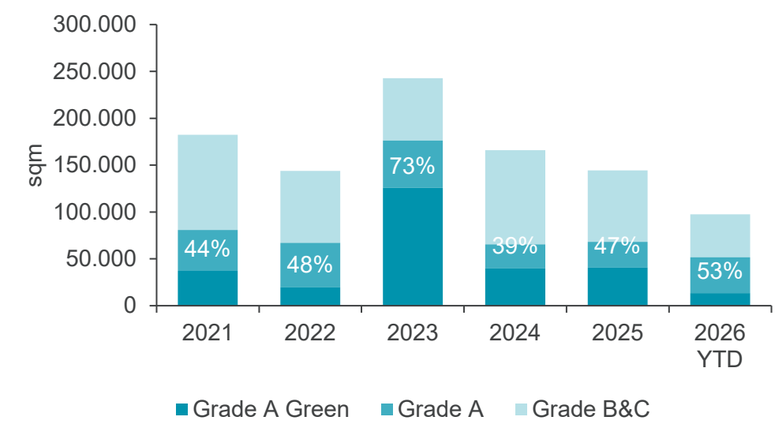
Activity during the quarter was heavily concentrated in Greater EUR, accounting for 56% of total take-up. The area benefited from several large transactions, including two lettings above 5,000 sqm and one exceeding 8,000 sqm, across a total of ten deals. The Periphery ranked second with a 20% market share, although activity was concentrated in just three transactions, reflecting a more opportunistic demand profile.

Demand continued to be driven primarily by law firms, public sector occupiers and corporate users, while growing interest was also observed from professional and healthcare service providers seeking greater workplace flexibility. At the same time, a number of occupiers continued to pursue space rationalisation strategies aimed at improving efficiency through consolidation and downsizing initiatives.

OVERALL VACANCY & PRIME RENT



TAKE UP BY GRADE



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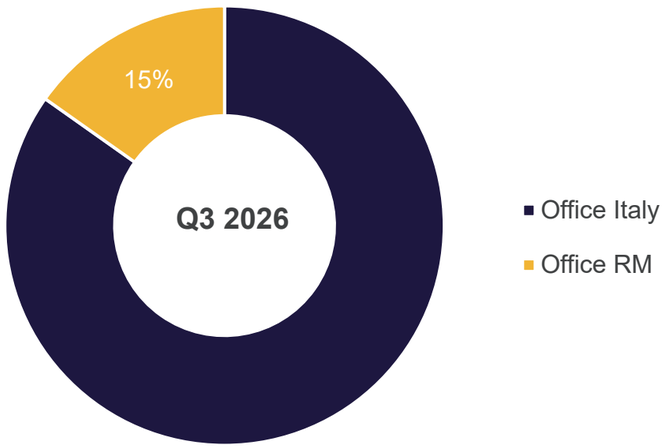
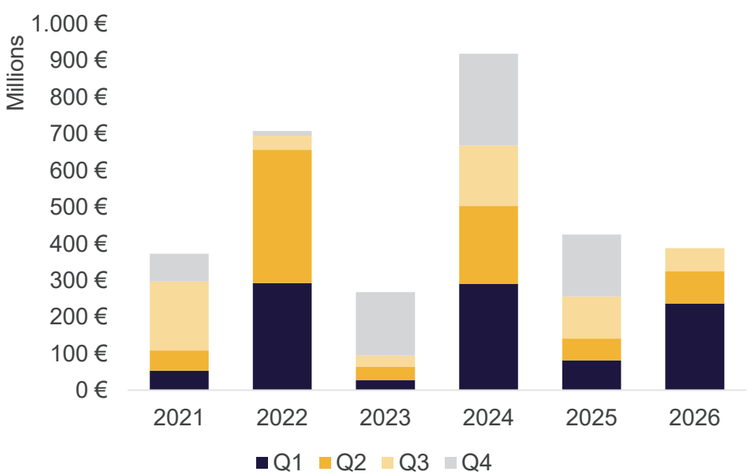
ROME vs. ITALY OFFICE INVESTMENT VOLUME



ROME OFFICE INVESTMENT VOLUME



The increasing adoption of artificial intelligence, particularly within professional services and legal sectors, is also beginning to influence workplace requirements, supporting more flexible space models. Despite these efficiency-driven trends, selective expansion activity remains evident. Notable occupiers continue to target high-quality office space in strategic locations, as illustrated by several ongoing expansion projects.

INVESTMENT

Considering the seasonal slowdown over the summer period, investment activity remained subdued in Q3, with volumes reaching 60€Mn , 45% below Q3 2025. Year-to-date investment volumes totaled around 400€Mn, broadly in line with the five-year average and 51% higher than in the same period of 2025.

Market liquidity remained constrained, particularly in Rome's CBD, where major transactions were limited. Investor demand continued to focus on well-located assets across the city's main office districts, with particular interest in properties offering resilient rental income streams or opportunities for refurbishment, repositioning and value creation. Domestic capital continued to underpin investment activity, accounting for 65% of Q3 volumes and 80% of the year-to-date total.

Within the broader national investment landscape, in Q3 the office sector accounted for 15% of total investment volumes, with activity remaining heavily concentrated in Italy's two main office markets; Milan represented 67% of national office investment volumes, while Rome accounted for 15%. However, Milan's performance was largely driven by the Torre Diamante transaction (over 200€Mn), which reflected a change in the ownership structure of the underlying investment vehicle rather than a conventional open-market acquisition. Excluding this deal, Rome and Milan recorded broadly comparable investment volumes during the quarter.

PRICING

Prime rents remained stable quarter-on-quarter at historically elevated levels, with the only increase recorded in the Centre, where rents rose by 7%, supported by the limited availability of high-quality office space. At the same time, an increase in tenant incentives was recorded, to preserve headline rental levels while attracting and retaining high-profile occupiers.

On the investment side, yields remained stable in central markets, while the Greater Eur and Peripheral submarkets recorded a 25 bps increase, reflecting continued investor selectivity and a focus on risk-adjusted pricing.

OUTLOOK

- Prime rental growth to remain focused on the CBD and Historic Centre, supported by limited Grade A supply.
- Market will continue remain polarized between the Centre and Greater Eur submarkets
- Demand to remain selective but supportive, sustaining prime rents despite continued cost-control and space optimisation strategies.

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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	2,2%	5.000	14.500	33.200	620	4.50 %
Centre	1,6%	3.000	20.300	30.800	450	5.00 %
Semi Centre	4,3%	2.000	7.800	7.800	300	6.75 %
Great Eur	6,9%	22.500	38.700	85.500	400	6.50 %
Periphery	10,8%	7.900	18.000	58.600	150	10.00 %
TOTAL	6,0%	**40.400**	**99.300**	**215.900**	**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 YTD

QUARTER	PROPERTY	SUBMARKET	TENANT SECTOR	SQM	TYPE
1	Via Laurentina 865	Greater Eur	Public Sector	8,500	Owner Occupier
3	Piazzale dell'Agricoltura 24	Greater Eur	IT\Communications	8,000	Lease
3	Via Paolo di Dono 3A	Greater Eur	IT\Communications	6,900	Lease
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
3	Da Vinci Sustainable Building - Viale Alexandre Gustave Eiffel 13	Periphery	Automotive	5,000	Lease
1	Via Piemonte 60	CBD	Public Sector	5,000	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
3	Via Torino 38	CBD	Private Investor/ ENAC	5,600	33
2	Via Mazzola 66	Greater Eur	Investire Sgr/ Private Investor	20,000	24
3	Via dell'Arte 68	Greater Eur	KRYALOS SGR/ CORUM AM	9,000	22,3
1	Viale di Porta Ardeatina 129	Semi Centre	Investitori Sgr/ ACEA	6,700	17

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