

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
€20,000 Milan Prime Rent/sqm/yr		
€16,000 Rome Prime Rent/sqm/yr		
€1,200 Prime Shopping Center Rent/sqm/yr		

ITALIAN ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
+0.8% GDP Growth		
6% Unemployment Rate		
4.15% 10-Yr BTP Yield		

Source: Moody's Analytics, Sep 8th update (GDP growth: Q3 2026 estimate on Q3 2025; unemployment rate and 10-yr BTP yield: Q3 2026 estimates). Prime rent tiles: Cushman & Wakefield Research, Q3 2026.

ECONOMY

Italy's economy grew an estimated 0.8% YOY in Q3 2026, though GDP was flat on the previous quarter. Employment rose 1.0% to 27.1 million, while unemployment edged up to 6.0% from 5.7% in Q2. Inflation accelerated to 3.5%, adding to operating and input costs for shippers and logistics operators. Financing conditions tightened further. The 10-year BTP yield averaged 4.15% (+61 bps YOY), and three-month EURIBOR rose to 2.52% from 2.25%. Business confidence improved to 96.2, above last year's 93.7, while consumer confidence, at 93.3, remains below its year-ago level. For retail real estate, this points to resilient but selective occupier demand, favoring prime locations and secure income.

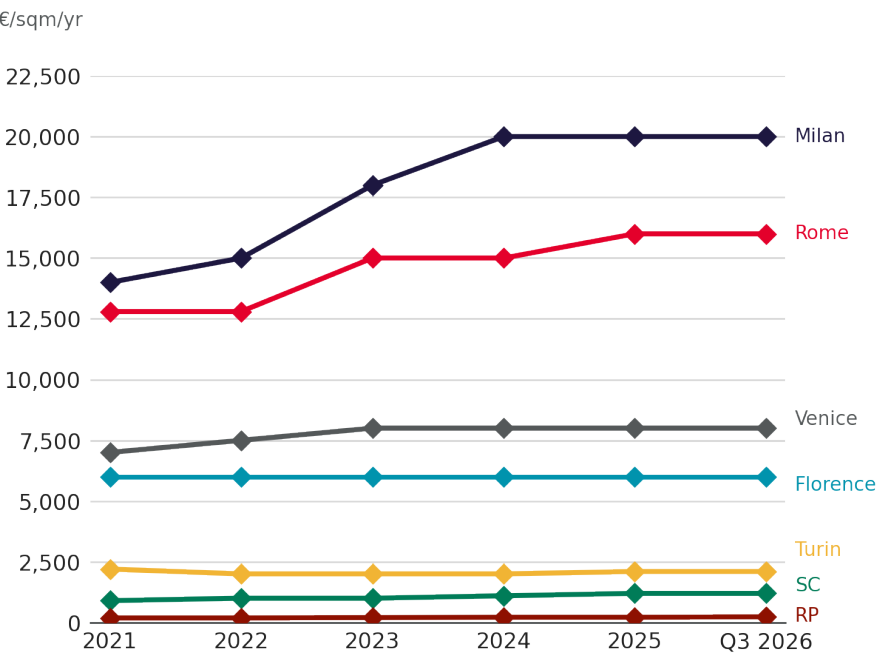
OCCUPIER

Prime rents across the major high streets were broadly stable in Q3 2026, with Via Montenapoleone in Milan at €20,000 per sqm per year and Via Condotti in Rome at €16,000. Demand remains selective: retailers target only the best-performing locations, and cautious decision-making has lowered the conversion rate from negotiations to signed deals.

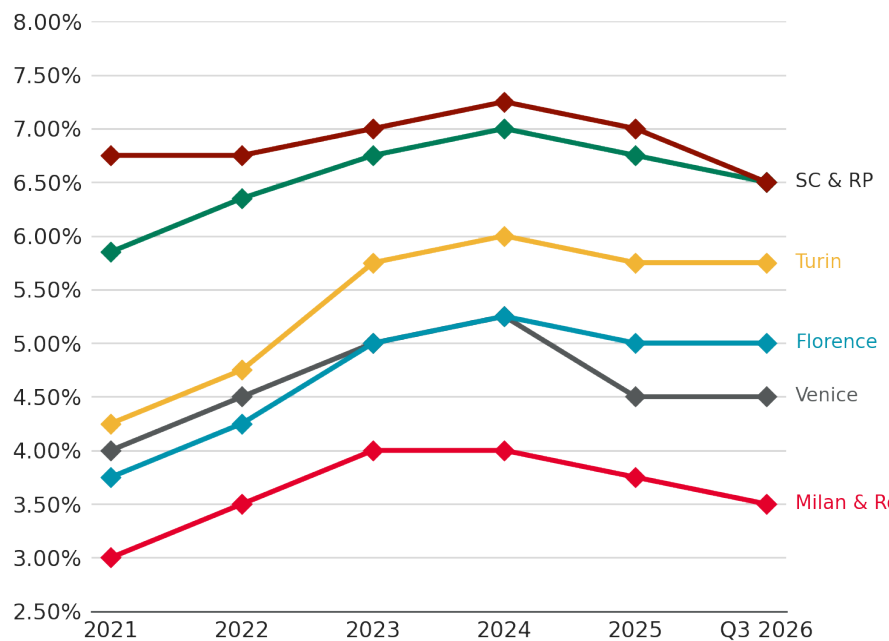
The luxury retail market remained broadly unchanged, with no significant shifts in rents or occupier dynamics. Retailer demand continues to concentrate on prime locations, while flagship formats increasingly incorporate hospitality, food and wellness components to enhance the customer experience. Demand is extending to tourism-led destinations, with leases signed in Forte dei Marmi, Capri and Taormina this quarter. The strongest rental growth is in tourism destinations: Rome's Via Condotti is 6.7% above its end-2024 level and Naples' Via Toledo 9.1% above end-2025.

Retail parks remain the strongest-performing out-of-town format, with low vacancy and strong occupier demand; prime rents rose 4.5% YOY to €230 per sqm per year. Shopping centre prime rents were stable at €1,200.

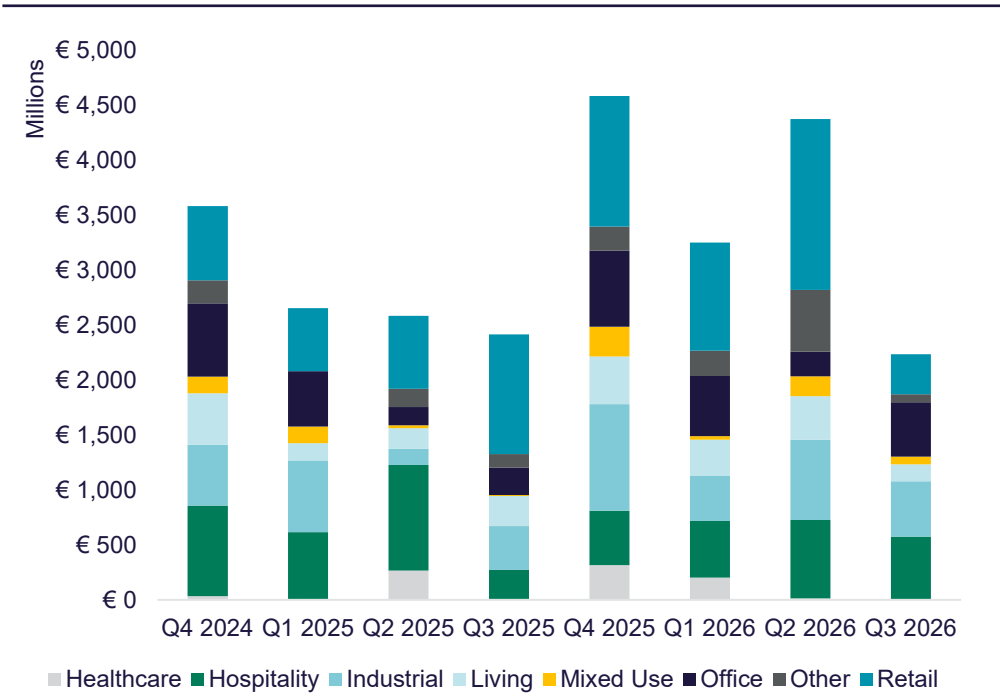
PRIME RENTS



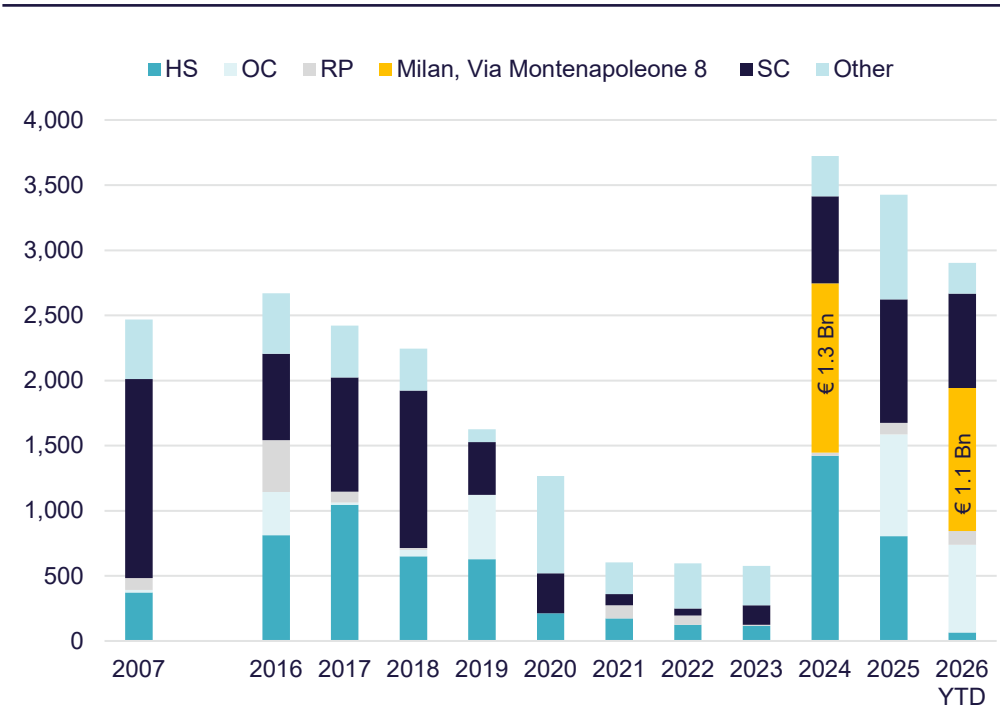
PRIME YIELDS



ITALY INVESTMENT VOLUME BY SECTOR



RETAIL INVESTMENT VOLUME BY TYPOLOGY



INVESTMENT

Retail confirms its position as the strongest-performing asset per year-to-date investment volumes, accounting for c. 29% of the total investment market volume, with a total of approx. € 3.0 B (+29% compared to the Q1-Q3 2025), of which c. € 460 M recorded in Q3.

Shopping centres were the main driver of investment activity in Q3, accounting for approximately 67% of total volumes, including M Core’s entry into the Italian market through the acquisition of a three-asset portfolio (Etnapolis, Grande Sud and Grande Cuneo) from Morgan Stanley for c.€270 million, alongside Supernova’s acquisition of Le Vele Shopping Centre from KKR, marking its sixth acquisition in Italy since entering the market in Q3 2025.

PRICING

Prime pricing remains resilient. Net prime yields for Milan Via Montenapoleone and Rome Via Condotti were unchanged at 3.50% in Q3, 25 bps below a year earlier, while Venice, Florence and Turin held at 4.50%, 4.50% and 5.75%. Prime yields stand at 6.50% for shopping centres (25 bps lower YOY) and 6.50% for retail parks (50 bps lower YOY).

On the rental side, retail parks recorded the only YOY increase among the benchmark markets (+4.50% to €230 per sqm per year), while high street and shopping centre prime rents were flat.

The Italian retail market remains fundamentally resilient. Occupier demand continues to concentrate on prime high streets, luxury destinations and high-performing retail parks, while transaction activity reflects a more selective approach from retailers. Tourism remains a key driver of rental performance, supporting growth in destinations such as Rome and Naples.

OUTLOOK

LOOKING AHEAD, RENTAL GROWTH IN ITALY IS EXPECTED TO REMAIN CONCENTRATED IN SUPPLY-CONSTRAINED PRIME LOCATIONS, WHILE RETAIL PARKS SHOULD CONTINUE TO OUTPERFORM, SUPPORTED BY STRONG RETAILER DEMAND AND FAVOURABLE OPERATING FUNDAMENTALS. INVESTMENT ACTIVITY IS EXPECTED TO STRENGTHEN IN THE FINAL QUARTER OF THE YEAR, BUILDING ON THE MARKET’S POSITIVE MOMENTUM.

MARKET STATISTICS

SUBMARKET	PRIME RENT	1 YEAR GROWTH	5 YEARS CAGR	PRIME YIELD (NET*)	1 YEAR GROWTH	5 YEARS CAGR
Milan	€20,000	0.00%	7.40%	3.50%	-6.70%	3.10%
Rome	€16,000	0.00%	4.60%	3.50%	-6.70%	3.10%
Venice	€8,000	0.00%	2.70%	4.50%	0.00%	2.40%
Florence	€6,000	0.00%	0.00%	5.00%	0.00%	5.90%
Turin	€2,100	0.00%	-0.90%	5.75%	0.00%	6.20%
Shopping Centres	€1,200	0.00%	5.90%	6.50%	-3.70%	2.10%
Retail Parks	€230	4.50%	3.90%	6.50%	-7.10%	-0.80%

NOTES:
Renewals not included in leasing statistics
*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.
Yields may be based either on estimations or market sentiment, depending on the number of transactions occurred in the selected submarkets.

KEY LEASE TRANSACTIONS 2026

QUARTER	PROPERTY	SUBMARKET	TENANT	TYPE
3	Piazza San Babila	Milan	Legami	New lease
3	Calle Larga XXII Marzo	Venice	Alo Yoga	New lease
3	Corso Garibaldi	Milan	Vans	New lease
3	Via del Corso	Rome	Crocs	New lease
3	Via Toledo	Naples	Pandora	New lease
2	Via Bagutta	Milan	Golden Goose	New lease
1	Piazza San Babila	Milan	Pandora	New lease
1	Via Ugo Foscolo	Milan	Alo Yoga	New lease

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KEY SALES TRANSACTIONS 2026

QUARTER	PROPERTY	SUBMARKET	PROPERTY TYPE	SELLER / BUYER	PRICE
2	80% of Via Montenapoleone 8	Milan	High Street	Kering / COIMA SGR	c. 1.1€Bn
1	Pan-EU portfolio (Italy)	Multi-city	Factory Outlet	Pimco / Aware Super	c. 403€Mn
3	MS portfolio - 3 centres	Multi-city	Shopping Centre	Morgan Stanley / M Core	c. 270€Mn
1	Scalo Milano Outlet & More	Milan	Factory Outlet	Gruppo Lonati / VIA Outlets	c. 220€Mn
1	Waterfront Gallery	Genoa	Shopping Centre	Orion, CDS Holding / Ceetrus JV Runca	c. 140€Mn
3	Le Vele Shopping Centre	Desenzano	Shopping Centre	COIMA SGR / Supernova Group	c. 37€Mn

NEW OPENINGS AND KEY PIPELINES 2026

PROPERTY	SUBMARKET	OWNER/DEVELOPER	OPENING
Waterfront Mall	Genoa	Orion / CDS	Q1 2026
Fass Shopping Center	Cagliari	Villa del Mas	Q2 2026
Novara Retail Park	Novara	Ream SGR	Q3 2026
Roma Outlet Village	Roma	Arcus Real Estate	Q4 2026

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