

REVIEW

CAPITAL MARKETS

ITALY Q3 2025

RESEARCH & INSIGHTS



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Q3 2025

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KEY FIGURES

€7.45 bn +13% y/y
Investment volume Q1-3 2025

€6.28 bn
Average investment volume Q1-3 2016-2025

Prime net yields in select segments have experienced some y/y compression in prime Milan Office and High Street Retail locations.

The 10Y Italian Government Bond yield stood at 3.5% at end-Q2 2025 following a -9% quarterly contraction despite Y-o-Y stability.

The Purchasing Manager's Indices (PMIs) – closely followed by decision makers and investors – continued gradual expansion in Q3 2025, with Services remaining above 50 and Manufacturing falling just below.



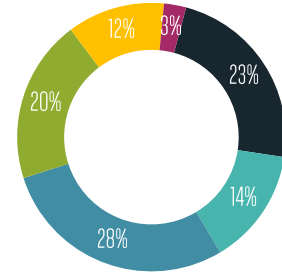
MARKET OVERVIEW

The total investment volume at end-Q3 2025 stood at €7.45 bn which represented +13% growth y/y and +19% on a 12-month rolling basis, suggesting sustained and ongoing growth, across the Italian institutional real estate market.

On a quarterly basis, €2.05 bn were invested in Q3 2025, down by -33% compared to Q3 2024.

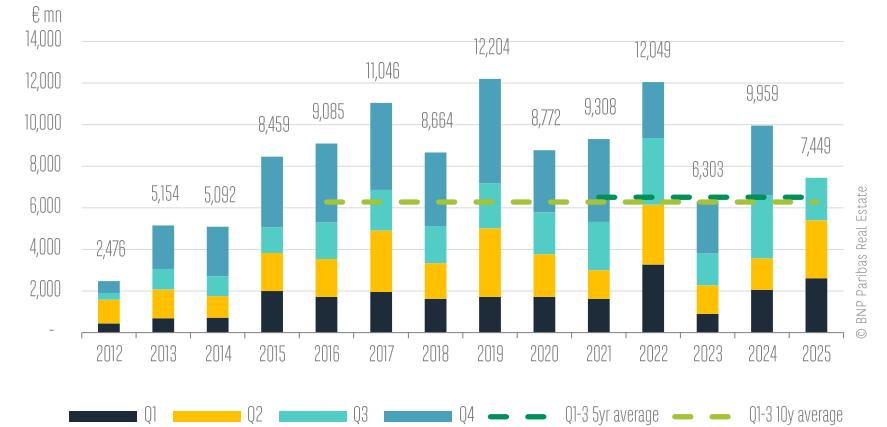
In the first 9 months of 2025 the three sectors of greatest interest were Retail, Office, and Hospitality (28%, 23% and 20% weighting respectively). The 14% weighting of the Industrial & Logistics asset class exceeded the Alternatives sector (12% weighting) which includes a range of emerging asset classes attracting a growing amount of interest.

Changes of use are not taken into account in our investment volume calculations but would have pushed Hospitality and Alternatives into second and third places (23% and 17% respectively) after Retail (29%), followed by Office (15%) then Industrial & Logistics (12%).



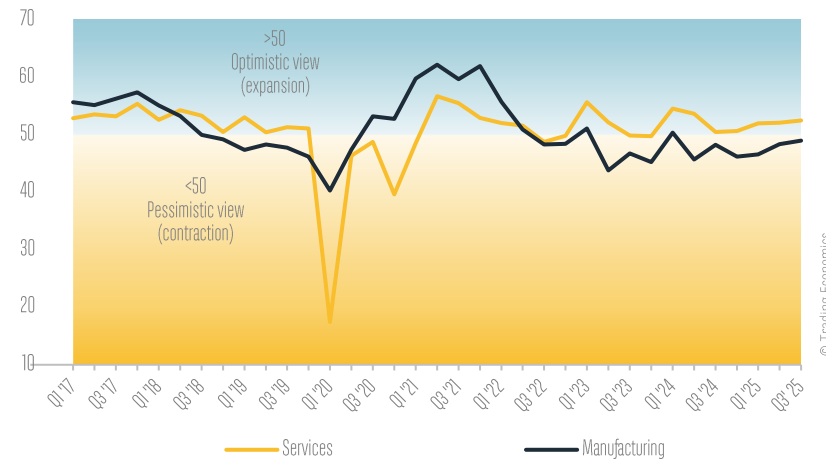
■ Office
■ Retail
■ Industrial & Logistics
■ Alternatives
■ Hospitality
■ Mixed

Total investment volume



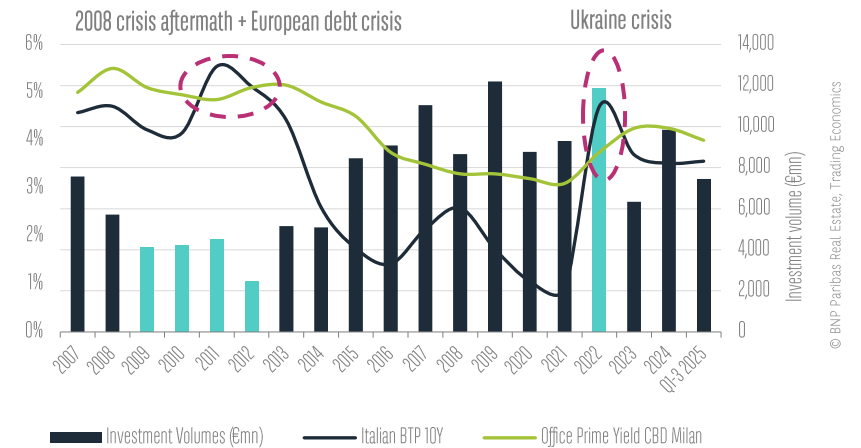
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Italian composite PMI signals modest growth



© Trading Economics

Prime yield CBD > 10y government bond, benefitting Real Estate investment



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* With reference to those deals where the origin of the capital is known



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KEY FIGURES

€1.73 bn  +14% y/y
Office investment volume Q1-3 2025

€2.08 bn
Office average investment volume Q1-3 2016-2025

Prime office yields in Milan's CBD Duomo submarket remained stable on a quarterly basis in Q3 2025, after contracting to 4.00% in the first half of the year.

The CBD Porta Nuova prime yield contracted to 4.50% in Q3 2025 and the city's remaining submarkets featured yield stability.

Rome's Office yields had expanded in the first half of the year but remained stable in Q3 2025.



OFFICE

Accounting for 23% of Italian investment volume in the period, the Office asset class held second place in terms of investment volume weighting in the first 9 months of 2025, in line with 2024.

The €1.73 bn invested in this asset class in Q3 represented a +14% increase y/y, illustrating **sustained interest** in this type of property, despite a negative y/y trend. However, **changes of use** are a trend of increasing significance and an analysis of these would reduce Office investment to 15% of Q1-3 total.

In terms of **marketplaces**, Milan accounted for 55% of the Q1-3 national Office investment volume, and the Rome weighting stood at 31%. The remaining 14% relating to assets outside these two main markets.

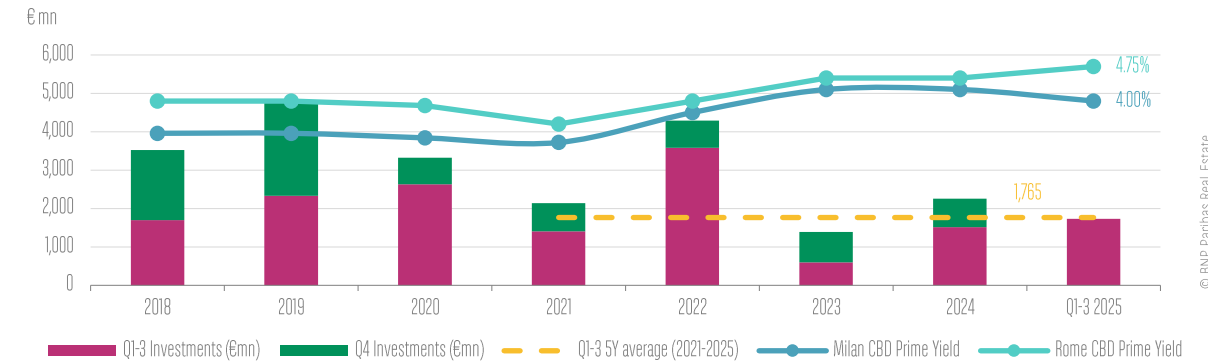
Key Office deals in Q1-3 2025

ASSET	LOCATION	DISTRICT	INVESTMENT PROFILE	VOLUME (M€ ca)
Piazza Cordusio, 2 - Uniqlo (Office part)	Milan	CBD Duomo	Core	130
Via delle Vergini, 18 (conversion to Hotel)	Rome	Centre	Value Add	130
Via Principe Amedeo, 5	Milan	CBD Porta Nuova	Core	110

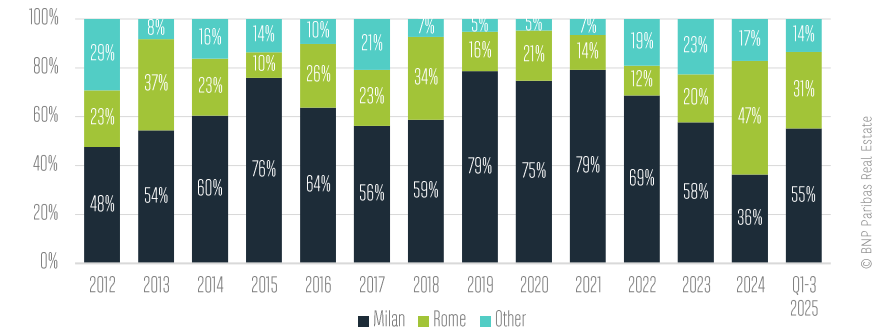
Office investments in Q1-3 2025



Office investments volume and CBD prime yields



Investor focus returns to Milan office market



Prime yields Q3 2025



* Research BNPPRE analyses take into consideration the original destination

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KEY FIGURES

€1.05 bn
Logistics investment volume Q1-3 2025

▼ -23% y/y

€1.02 bn
Logistics average investment volume Q1-3 2016-2025

Underpinned by an active occupier market, throughout the first half of 2025 prime yields for logistics assets in Milan and Rome have remained stable, with reference to newly constructed properties in strategic locations exceeding 5,000 sqm.

Meanwhile, lower prime yields remain a feature of urban and last-mile logistics, which have also remained consistent since the second half of 2023.

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LOGISTICS

The investment volume attributable to Industrial & Logistics assets reached €1.05 bn in Q1-3 2025 after a -23% contraction compared to the previous year.

The **weighting** of the Logistics asset class remained at fourth placed however, at 14% of the total investment volume over the period.

Portfolios play a significant role, now representing over half of total Industrial & Logistics investment (54%).

Reflecting this, the majority of **deal locations** fell within the 'Mixed' location category. After this, Lombardy continues to lead in terms of the regional distribution of total volumes (21%), followed at some distance by Veneto (19%), followed at some distance by Veneto and Emilia-Romagna (5% and 2% respectively).

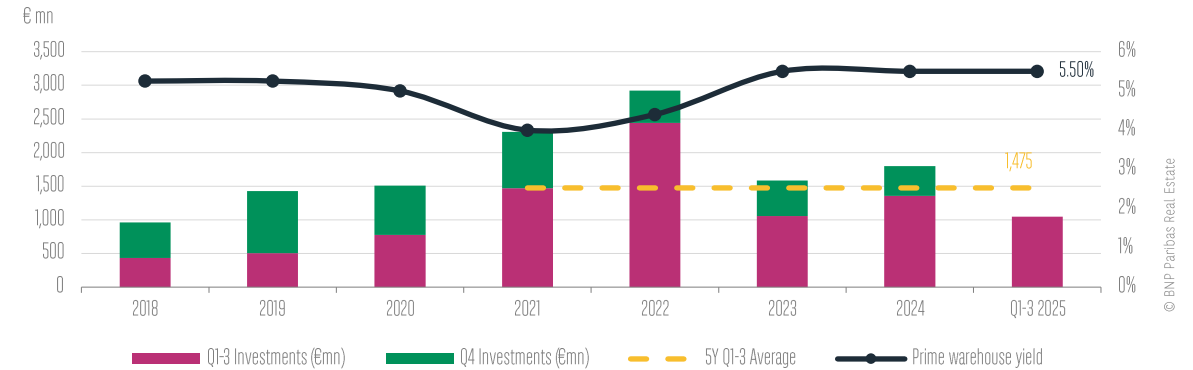
Key Logistics deals in Q1-3 2025

ASSET	LOCATION	REGION	VOLUME (M€ ca)
Techbau Portfolio (4 assets)	North	Mixed	260
Project Zephyr (12 assets)	North-East	Mixed	200
Amazon MXP3	Vercelli	Piedmont	125

Logistics investments in Q1-3 2025

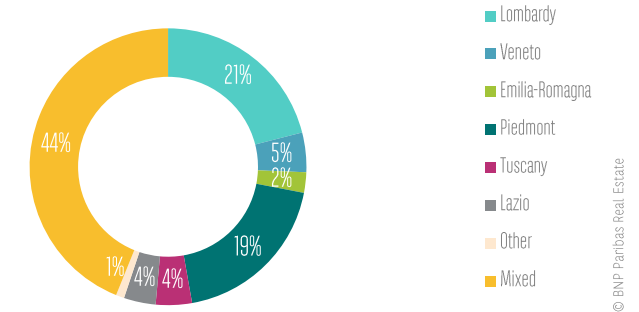


Logistics investment volume and prime yields



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Portfolios in mixed regions contribute to total volumes



Prime yields Q3 2025

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KEY FIGURES

€2.13 bn

▲
+16% y/y

Retail investment volume Q1-3 2025

€1.24 bn

Retail average investment volume Q1-3 2016-2025

Retail High Street prime yields remained stable in Q3 2025 after contracting in Milan and Rome in the first half of the year. Prime Shopping Centre yields were also stable.

Compression in both Milan and Rome's High Street prime yields had already commenced at the end of 2024.



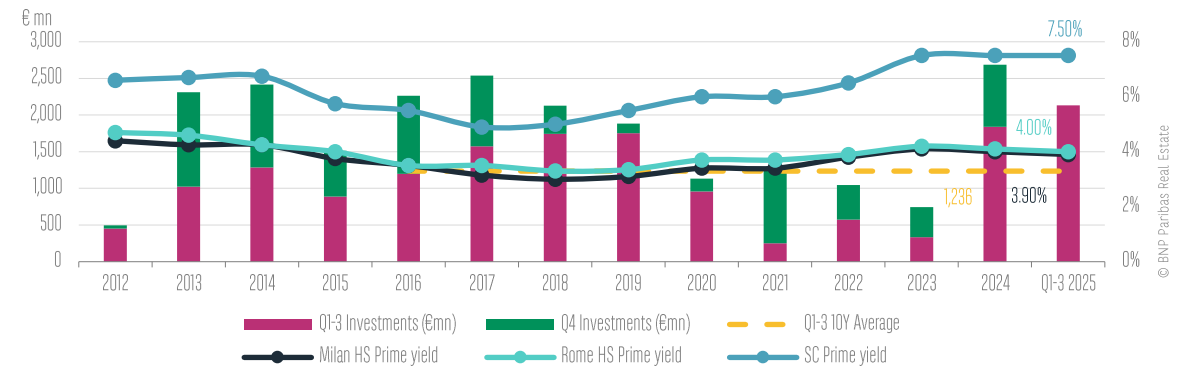
RETAIL

Strong interest in the Retail sector was confirmed as investment volumes grew by a remarkable +16% Y-o-Y.

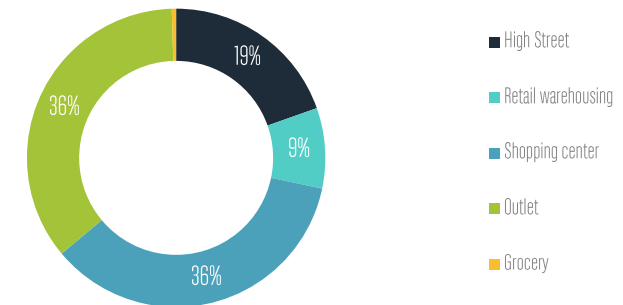
The asset class is enjoying renewed investor interest, after a number of years of reduced investment volumes. The sector is now perceived as offering opportunities to invest in an established asset class at relatively attractive yield levels.

Of the top five largest deals in the Retail sector, four involved out of town assets, including two portfolio deals.

Retail investment volume and prime yields



Retail investments by product



Key Retail deals in Q1-3 2025

ASSET	LOCATION	TYPE	VOLUME (M€ ca)
Oriocenter	Orio al Serio (BG)	Shopping Center	450
Blackstone Portfolio (3 assets)	Mixed	Outlet	410
The Mall Luxury Outlets (2 assets)	Sanremo (IM) Florence (FI)	Outlet	350

Retail investments in Q1-3 2025



Prime yields Q3 2025

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KEY FIGURES

€1.47 bn  +91% y/y

Hospitality investment volume Q1-3 2025

€960 mn

Hospitality average investment volume Q1-3 2016-2025

Hospitality continues to benefit from an active tourism sector and investor interest confirms this.

Having experienced growing interest from domestic investors in recent years, international and domestic capital contributed equal amounts in 9- the monthly investment volume for 2025.



HOSPITALITY

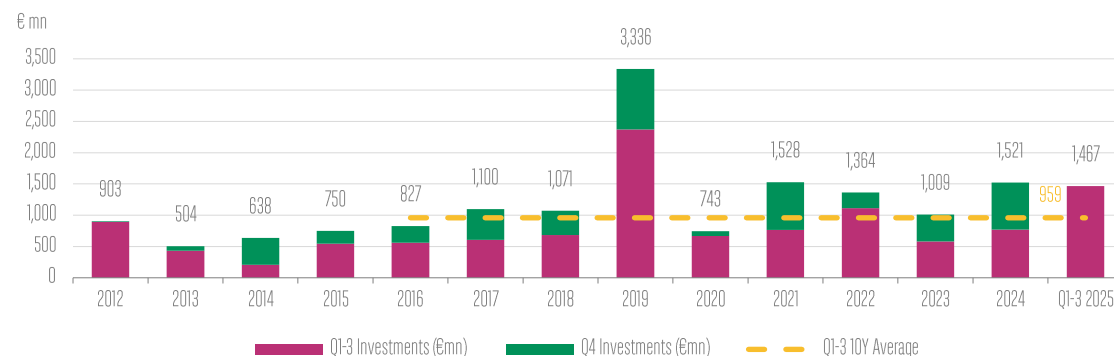
The resilience of Hospitality is supporting optimism from investors with investment activity involving both existing Hospitality assets and properties for conversion.

Hospitality accounted for 20% of Q1-3 total investment, the largest weighting for this sector in over 5 years.

Not only does this weighting bring the asset class to third place, Hospitality has also experienced the highest y/y growth in investment volumes of any sector, +91%, in the year's first nine months.

Changes of use are not taken into account in these numbers, but if they were the weighting of the Hospitality sector would grow to 23%.

Hospitality investment volume



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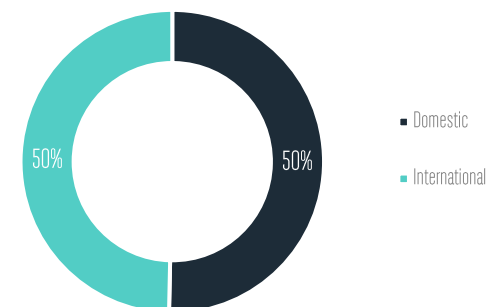
Key Hospitality deals in Q1-3 2025

ASSET	LOCATION	NO. ROOMS	VOLUME (M€ ca)
10 Villini Sallustiani - Mandarin Oriental	Rome	108	170
Hotel Caesar Augustus	Anacapri (NA)	56	160
JW Marriott	Venice	266	140

Hospitality investments in Q1-3 2025



Hospitality investments by source of capital



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€875 mn  +69% y/y

Alternatives investment volume Q1-3 2025

€740 mn

Alternatives average investment volume Q1-3 2016-2025

RESIDENTIAL FOCUS

In Q2 25 the growth in housing transactions that began in the second quarter of 2024 continues, albeit at a slower pace now. At the national level, over 201,000 houses were sold in this quarter (+8.1% vs H1 24).

The growth in housing volumes is widespread across all geographic areas, with major cities recording an increase of +7.2% and smaller municipalities slightly higher at +8.4%. The rise in housing purchases is more pronounced in the north-west (+9.2%) and north-east (+8.5%) of the country.

Housing purchases in all eight main Italian cities recorded an increase in the first semester of 2025 (+7.3% on average), except for Florence which remained virtually stable compared to last year.

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ALTERNATIVES

The Alternatives asset class includes a number of emerging sectors, including for example Living as well as Leisure, Healthcare and Data Centres. The Living and Healthcare sub-sectors accounted for the majority of Alternatives investment (48% and 30% respectively).

In Q1-3 2025 Alternatives accounted for 12% of Italy's total investment volumes in H1 2025, after a strong +69% growth Y-o-Y.

Furthermore, should changes of use be taken into account, these would lead to a further increase in the transacted volumes for this asset class raising the weighting to 17%.

Number of residential transactions

CITY	2024	H1 2025	H1 2024	VAR% H1
Rome	35,073	18,367	17,159	+7.0%
Milan	23,986	11,996	11,228	+6.8%
Turin	15,119	7,908	7,079	+11.7%
Naples	7,768	4,128	4,022	+2.6%
Genoa	8,770	4,621	4,233	+9.2%
Palermo	6,502	3,539	3,234	+9.4%
Bologna	5,782	2,953	2,745	+7.6%
Florence	4,824	2,340	2,362	-0.9%
Total 8 cities	107,824	55,852	52,062	+7.3%
Italy	719,576	373,392	341,094	+9.5%

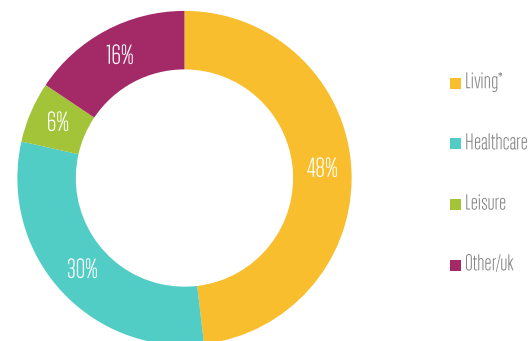
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*NNT (Normalised Number of Transactions)

Key Alternatives deals in Q1-3 2025

ASSET	CITY	REGION	VOLUME (M€ ca)
Healthcare portfolio (11 assets)	Mixed	Mixed	180
Forward PurchaseUnioneZero (Student Housing)	Sesto San Giovanni (MI)	Lombardy	90
Beyoo Laude Living (Student Housing)	Bologna	Emilia-Romagna	75

Alternatives investments by product



*Living includes Residential, BTR/Co-Living, Senior Housing, Student Housing

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