

REVIEW

CAPITAL MARKETS

ITALY Q4 2025

RESEARCH & INSIGHTS



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Q4 2025

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KEY FIGURES

€11.56 bn  **+12% y/y**
Investment volume 2025

€10.01 bn
Average investment volume 2016-2025

Prime net yields in selected segments recorded moderate year-on-year compression, specifically in prime Milan office, high street retail and out-of-town locations.

The 10Y Italian Government Bond yield stood at around 3.5% at year-end 2025, broadly stable on an annual basis despite short-term volatility during the year.

Purchasing Managers' Indices (PMIs) pointed to a gradual expansionary trend over 2025, with Services remaining above the 50 threshold, while Manufacturing hovered around the neutral level toward the end of the year.



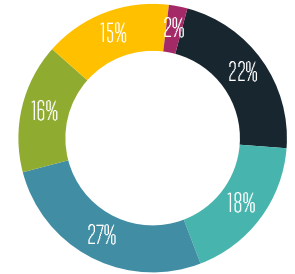
MARKET OVERVIEW

The total investment volume at end-2025 reached €11.56 bn, marking a +12% y/y increase and confirming a solid expansion of the Italian institutional real estate market. Growth remained broadly diversified across the main asset classes, with selective yet sustained investor appetite and a gradual normalization of deal activity.

In the year's fourth quarter alone, over €4.10 bn were invested (+20% vs Q4 2024), accounting for more than one-third of the year's total volumes (35%).

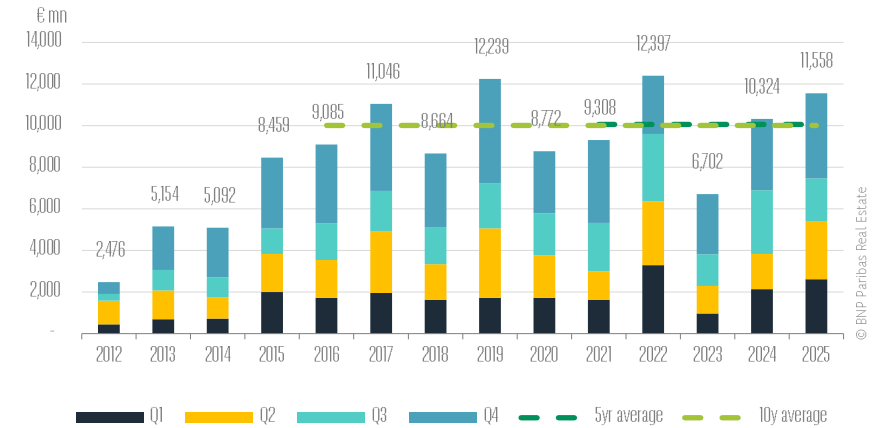
On a full-year basis, investments were broadly distributed across sectors: Office reached €2.55 bn (+12% y/y), Retail €3.09 bn (+14% y/y) and Industrial & Logistics €2.08 bn (+15% y/y), confirming the central role of these established asset classes in driving activity.

Hospitality closed the year at €1.81 bn, substantially stable y/y (-2%), while Alternatives accelerated sharply to €1.78 bn (+91% y/y). However including change-of-use transactions would significantly increase the weighting of both the Hospitality and Alternatives asset classes, reflecting the growing relevance of conversion and living-led regeneration projects.



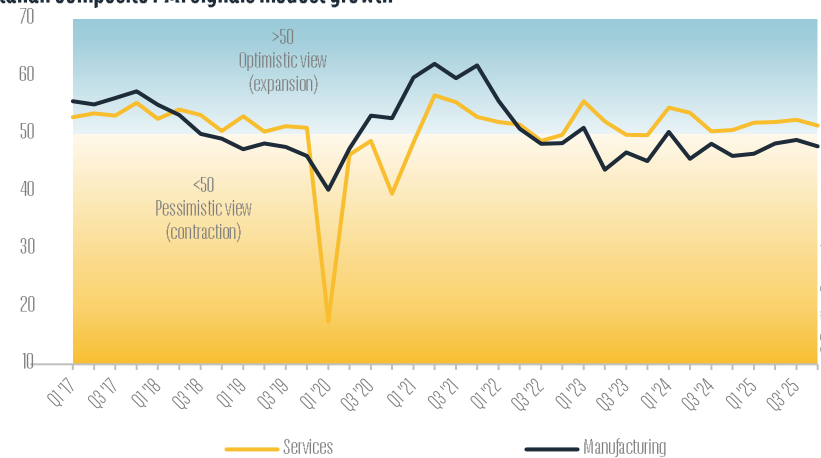
■ Office
■ Retail
■ Industrial & Logistics
■ Hospitality
■ Alternatives
■ Mixed

Total investment volume

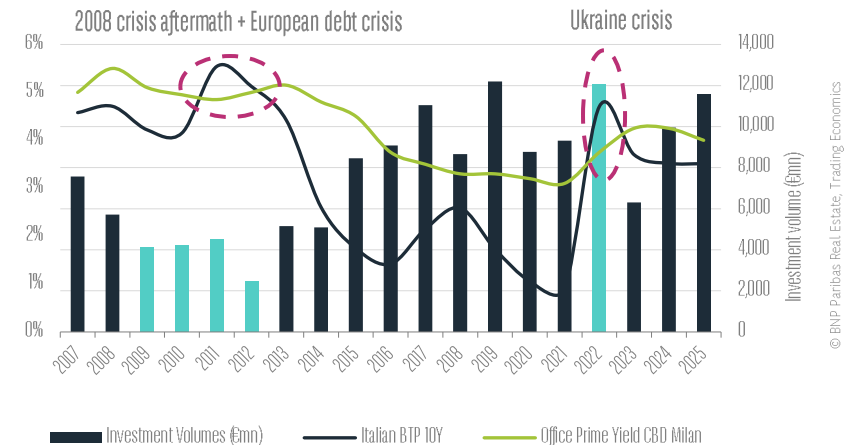


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Italian composite PMI signals modest growth



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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€2.55 bn  +12% y/y
Office investment volume 2025

€3.22 bn
Office average investment volume 2016-2025

Prime office yields in Milan's CBD Duomo submarket remained stable in Q4 2025, holding at 4.00% after the contraction recorded earlier in the year.

The CBD Porta Nuova prime yield also stabilized at 4.50% in Q4, following the compression observed the previous quarter, while prime yields in all other Milan submarkets maintained unchanged throughout the year.

In Rome, the prime office yield had expanded in the first quarter of 2025 but remained stable for the remainder of the year. Further decompression was seen in some of the city's other submarkets.



OFFICE

Accounting for 22% of the 2025 Italian investment volume, the Office sector confirmed its position as one of the main asset classes, supported by a gradual stabilization of investor sentiment and a continued focus on prime, grade-A assets in core locations.

Full-year national investment activity reached €2.55 bn (+12% y/y), reflecting a selective but resilient market, in line with broader trends observed across the main European office hubs. It is worth noting however that a portion of this total relates to Office assets due for a change of use post-sale.

Milan retained its position as primary marketplace, attracting the majority of capital thanks to its consolidated CBDs and strong occupier dynamics with sustained take-up and rising prime rents. Rome followed, supported by renewed interest in quality stock within the EUR and CBD areas. Activity in the remaining regional markets was more limited but still present, driven by targeted opportunities in established business districts of cities such as Turin, Bologna and Florence.

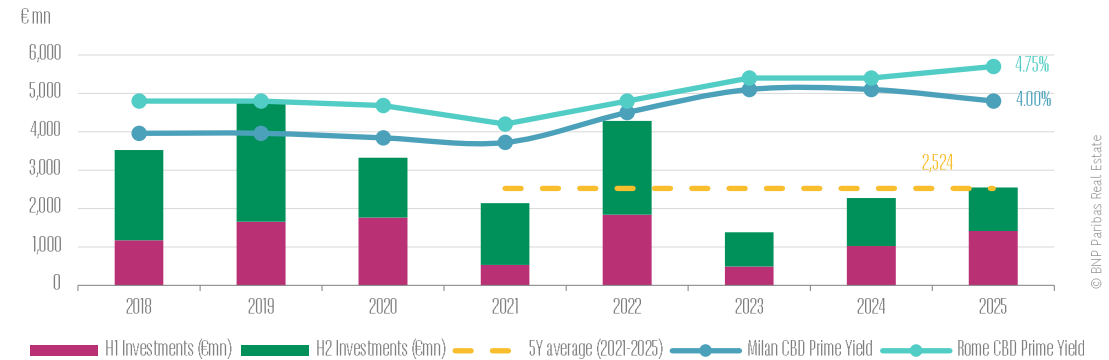
Key Office deals in 2025*

ASSET	LOCATION	DISTRICT	INVESTMENT PROFILE	VOLUME (M€ ca)
Symbiosis G+H (Moncler HQ)	Milan	Semicentre	Core	200
Piazza Cordusio, 2 - Uniqlo (Office portion)	Milan	CBD Duomo	Core	130
Via delle Vergini 18 (conversion to Hotel)	Rome	Centre	Value Add	130

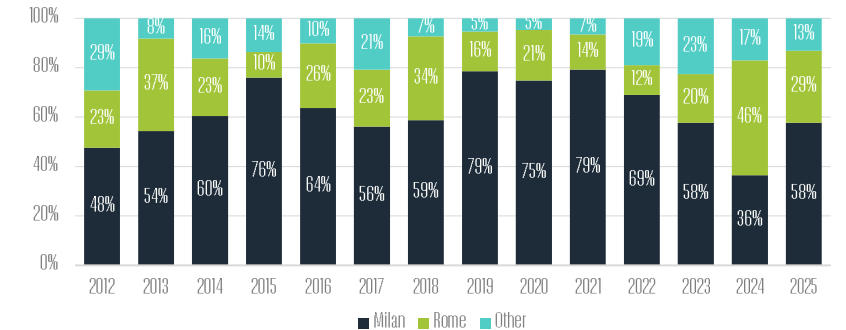
Office investments in 2025



Office investments volume and CBD prime yields



Investor focus returns to Milan office market



Prime yields Q4 2025



* Note: Research BNPPRE analyses take into consideration the original destination

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KEY FIGURES

€2.08 bn

+15% y/y

Logistics investment volume 2025

€1.66 bn

Logistics average investment volume 2016-2025

Supported by sustained occupier activity, **prime yields for Grade-A logistics warehouses** in Milan and Rome remained broadly stable throughout 2025, holding at 5.50% for more than two years before edging down to **5.40%** in Q4.

Urban and last-mile logistics continued to outperform in pricing terms, with prime yields unchanged at **5.10%** over the entire period, reflecting strong demand for well-located, modern units and structurally limited availability in core metropolitan areas.



LOGISTICS

Industrial & Logistics investment volumes reached €2.08 bn in 2025 (+15% y/y), with the sector maintaining third place at 18% of total volumes. Portfolio transactions remained dominant, highlighting renewed appetite for large-scale platform deals.

Stabilized, income-producing assets with strong covenants and long leases continued to attract solid investor interest. The focus on Core assets also contributed to the predominance of portfolio deals, reflecting investors' preference for scale, tenant diversification and operational stability.

This resulted in a significant share of activity being concentrated on high-quality Grade-A warehouses—particularly those offering modern specifications, ESG-compliant features and strategic positioning within established logistics corridors.

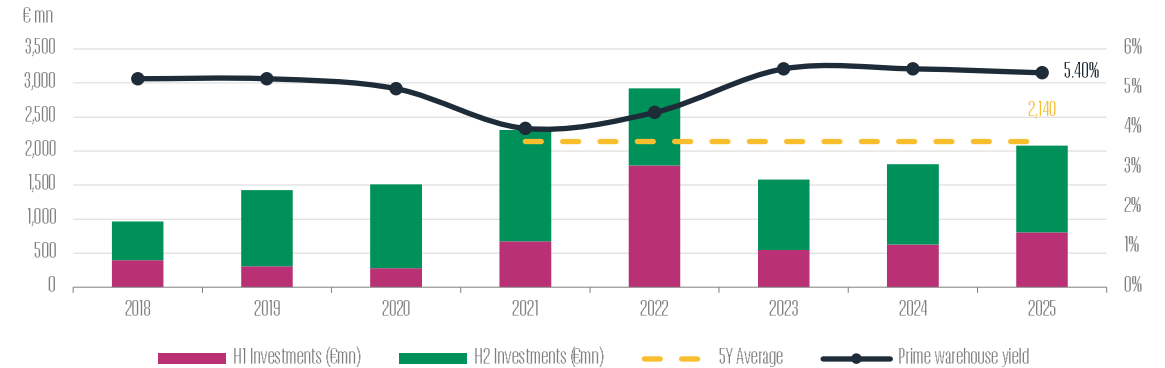
Key Logistics deals in 2025

ASSET	LOCATION	REGION	VOLUME (M€ ca)
Techbau Portfolio (4 assets)	North	Mixed	260
Project Zephyr (12 assets)	North-East	Mixed	200
Logiman Portfolio (13 assets)	North	Mixed	130

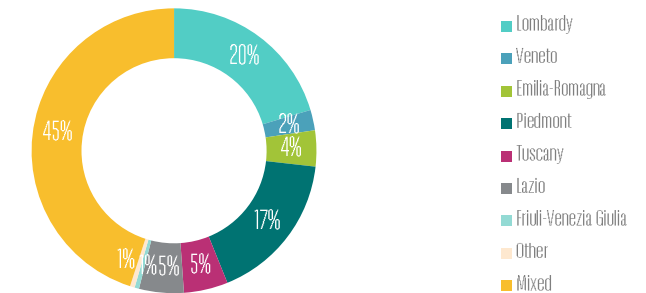
Logistics investments in 2025



Logistics investment volume and prime yields



Portfolios in mixed regions contribute to total volumes



Prime yields 2025



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KEY FIGURES

€3.09 bn  **+14% y/y**
Retail investment volume 2025

€1.89 bn
Retail average investment volume 2016-2025

Retail High Street prime yields remained stable quarter-on-quarter at 3.90%, consolidating the compression seen over the earlier part of the year.

Prime Shopping Centre yields, by contrast, edged down by 25 bps to 7.25% in the latest quarter after a long stabilization period, signaling a continued recalibration of pricing within this segment and a broadly steady environment across the main retail formats.



RETAIL

Retail was the strongest-performing asset class in 2025, surpassing the €3bn threshold and recording a **+14% annual increase**. This marks a clear consolidation of the sector's recovery and reinforces its role as one of the most dynamic components of the Italian investment landscape.

Out-of-town formats dominated activity in 2025, with Shopping Centres and Retail Warehousing more than doubling 2024 levels, while Outlets reached an exceptional year-end total, driven by landmark platform deals. Together, these segments accounted for 72% of Retail investment, confirming investors' preference for large, experience-driven assets with resilient footfall.

In contrast, Grocery retail experienced a marked slowdown, with volumes dropping sharply. Due to a base effect and the absence of one-off mega-deals such as the Via Montenapoleone transaction, High Street retail closed the year below the exceptional 2024 levels despite a higher number of transactions.

Key Retail deals in 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 2025


€0.74 bn  **-49 % y/y**
Milan

€0.11 bn  **-55 % y/y**
Rome

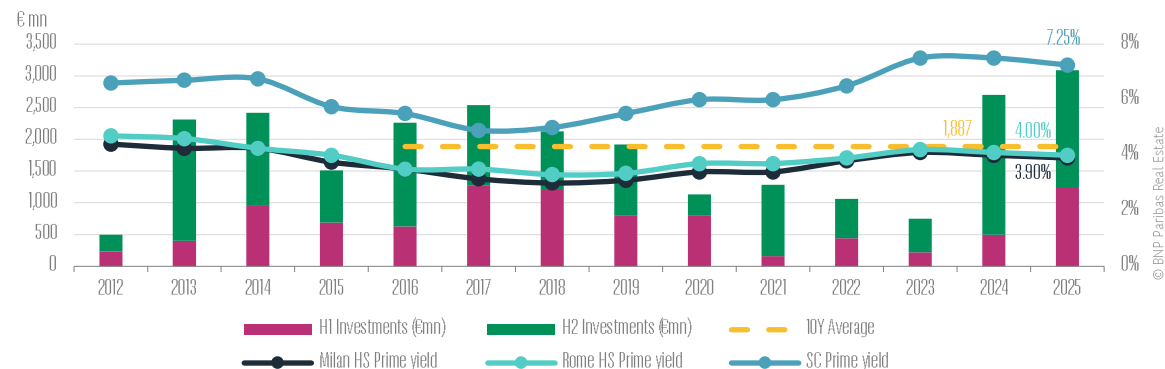
€2.24 bn  **+121 % y/y**
Other

3.90%  **-10 bp y/y**
Milan High Street

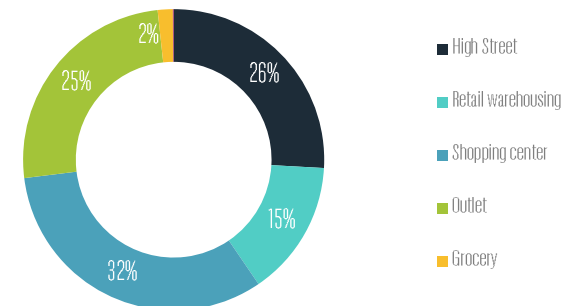
4.00%  **-10 bp y/y**
Rome High Street

7.25%  **-25 bp y/y**
Shopping Centres

Retail investment volume and prime yields



Retail investments by product



Prime yields Q4 2025



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KEY FIGURES

€1.81 bn

▼
-2% y/y

Hospitality investment volume 2025

€1.53 bn

Hospitality average investment volume 2016-2025

The hotel sector continued to perform strongly in 2025, supported by a **vibrant tourism landscape** and consistently high operating metrics across Italy's main destinations. **International demand** remained a key driver, with spending by foreign travelers rising and contributing to another year of robust occupancy levels and rate growth.

Premium and luxury hotels performed particularly well, with revenue levels exceeding those of recent years and many properties benefiting from sustained pricing power and strengthened brand positioning.



HOSPITALITY

The Hospitality sector continued to demonstrate strong resilience in 2025, sustaining investor confidence across both traditional hotel assets and properties acquired for conversion.

When considering only **pure hotel transactions**, investment activity remained broadly stable compared with last year, positioning Hospitality as the fourth-largest asset class in Italy.

Including conversion-led acquisitions, the sector would gain a further **€350 million** and move into third place in terms of weighting, reflecting the strategic appeal of hotel-driven conversion and redevelopment projects, supported by robust tourism trends, strong revenue performance in upper-upscale and luxury segments, and the ongoing expansion of operators.

Overall, the sector remains among the most dynamic in the Italian market, balancing steady core investment with **solid momentum in value-add and repositioning opportunities**.

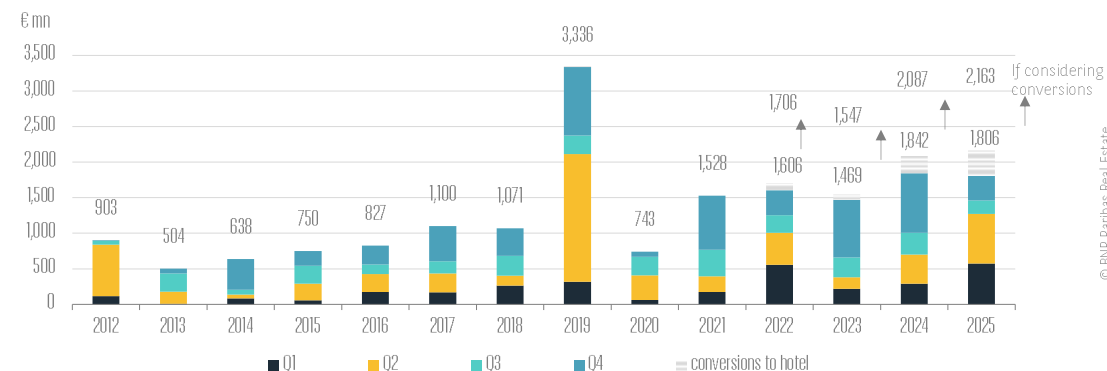
Key Hospitality deals in 2025

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 2025

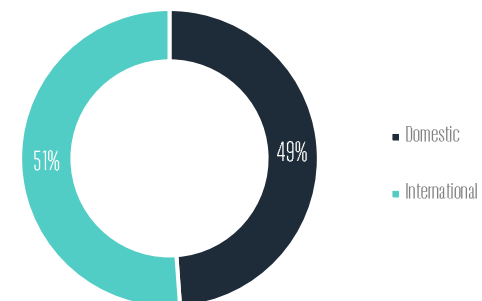


Hospitality investment volume



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Hospitality investments by source of capital



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€1.78 bn  +91% y/y

Alternatives investment volume 2025

€1.20 bn

Alternatives average investment volume 2016-2025

RESIDENTIAL FOCUS*

In Q3 25 the growth in housing transactions that began in the second quarter of 2024 continues. At the national level, nearly 175 thousand houses were sold in this quarter, about 14,000 more than in the same period in 2024 (+8.5% YoY).

The growth in housing volumes were widespread across all geographical areas of the country, with a slight difference between provincial and smaller municipalities. The former showed an increase of +7.3%, while the latter reached +9.0%. The rise in housing purchases was more pronounced in the north-west of the country and the islands, both at +9.5%. In the north-east and centre house sales increased by +8.5% and +8.3% respectively, while in the south growth stopped at +6.3%.

The floor areas showed an increase slightly higher than that observed for volumes (+9.1%). The rise affects all size categories and becomes more significant as dwelling sizes increases.

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ALTERNATIVES

The Alternatives sector continued to build momentum in 2025, confirming its growing role within the Italian investment landscape. The asset class benefited from increasingly diversified demand, with investors showing great interest in operational and service-oriented segments such as Living, Healthcare and Leisure.

In 2025 Alternatives recorded significantly higher activity y/y, with investment volumes rising by around **+91% and the asset class representing approximately 15% of total national volumes**. This growth was driven primarily by Living and Healthcare, which together accounted for the majority of transactions and continued to attract stable, long-term capital thanks to resilient fundamentals and strong demand visibility.

The sector's relevance would increase further when including assets acquired for future conversion, which remain a meaningful component of market activity.

Number of residential transactions

CITY	2024	Q1-3 2025	Q1-3 2024	VAR% Q1-3
Rome	35,073	26,694	24,984	+6.8%
Milan	23,986	17,658	16,294	+8.4%
Turin	15,119	11,585	10,531	+10.0%
Naples	7,768	5,850	5,647	+3.6%
Genoa	8,770	6,677	6,286	+6.2%
Palermo	6,502	5,141	4,711	+9.1%
Bologna	5,782	4,278	4,095	+4.5%
Florence	4,824	3,342	3,415	-2.1%
Total 8 cities	107,824	81,225	75,963	+6.9%
Italy	719,576	548,284	502,299	+9.2%

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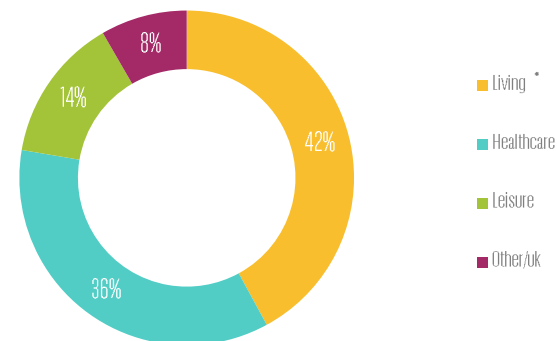
* Available data updated to Q3

*NNT (Normalised Number of Transactions)

Key Alternatives deals in 2025

ASSET	CITY	REGION	VOLUME (M€ ca)
Vita Portfolio (23 assets)	Mixed	Mixed	220
San Siro stadium	Milan	Lombardy	200
Healthcare portfolio (11 assets)	Mixed	Mixed	180

Alternatives investments by product



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

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