

REVIEW

RETAIL MARKETS

ITALY 2025

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RESEARCH & INSIGHTS



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REAL ESTATE**

Real Estate for a changing world



2025

RETAIL MARKETS
ITALY

Throughout 2025, the Italian Retail real estate investment market showed clear signs of stabilisation, with renewed investor interest in repriced and high-quality assets.

Activity involved both High Street and Out-of-Town segments, with strategies increasingly driven by location fundamentals, asset quality and the ability to enhance the consumer experience.

KEY FIGURES



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OVERVIEW

In 2025, Italy's economic environment was characterized by moderate growth and easing inflationary pressures, supporting a gradual recovery in consumer confidence. Despite a still-fragile macroeconomic backdrop, the stabilisation of key indicators provided a more predictable framework for occupiers and investors.

The repricing process observed in previous years continued to unfold over 2025, progressively restoring alignment between pricing expectations and market fundamentals. As a result and supported by stable or moderately compressing prime real estate yields, Retail investment activity continued to expand, contributing to restoring relative value and underpinning renewed investor confidence. Investor appetite expressed renewed interest in prime locations, while investor appetite remained selective for secondary stock.

Prime High Street locations confirmed their resilience throughout 2025, supported by strong footfall, international tourism and limited availability of high-quality units. Out-of-Town assets recorded stable performance, especially for dominant and well-managed schemes, with ESG criteria and sustainability features playing an increasingly relevant role in investment decisions.

Retail occupier demand remained resilient supported by stable employment levels and positive Retail sales growth. Expansion strategies focus on prime and proven location, with retailers increasingly prioritising flagship formats, store efficiency and omnichannel integration over rapid network expansion.

Key Italy Indicators

0.8%Real GDP Growth
(Forecast for 2026)

(ISTAT)

62.6%Employment Rate
(Nov 25)

(ISTAT)

1.2%Annual Inflation Rate
Y-o-Y (Dec 25)

(ISTAT)

Value 1.3% | Volume 0.5%**RETAIL SALES GROWTH**Index 2021 = 100
Y-o-Y (Nov 25)

(ISTAT)

*expressed in chained values with the reference year 2020, adjusted for calendar effects and seasonally adjusted



2025

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Italian Inflation

+1.2%

December 2025

(ISTAT)

Consumer Confidence

+0.3%

Dec 25 vs Dec 24

(ISTAT)

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MACRO-ECONOMIC SCENARIO

10Y government bond contracts

At the end of 2025, the 10Y Italian Government Bond yield stood at around 3.5%, broadly stable on a year-on-year basis despite episodes of short-term volatility during the year.

Consumer Prices

In December 2025 the Italian consumer price index for the whole nation (NIC) increased by 0.2% on a monthly basis and by +1.2% on an annual basis (from +1.1% in November), confirming the flash estimate.

The increase in growth on annual basis was mainly due to the prices of Services related to transport (from +0.9% to +2.6%), of Unprocessed food (from +1.1% to +2.3%) and of Services miscellaneous (from +2.0% to +2.2%)

In 2025, core inflation excluding energy and unprocessed food was +1.9% (from +2.0% in 2024) and inflation excluding energy was +2.0% (+2.1% in 2024).

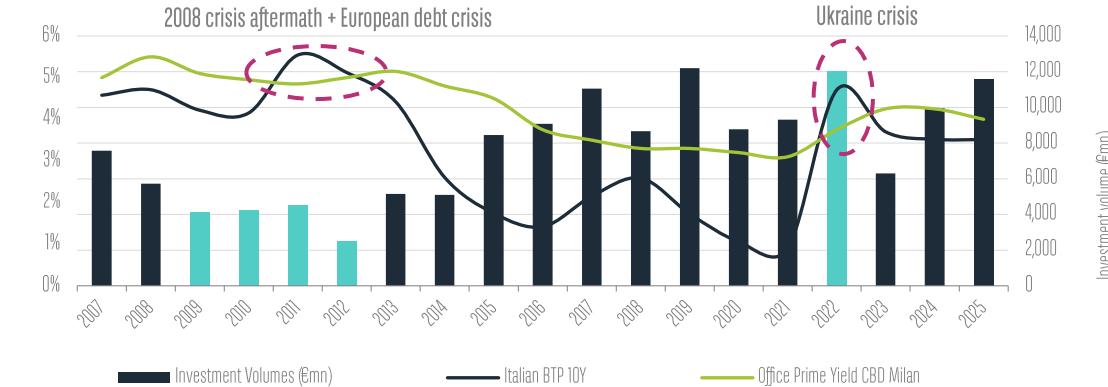
Consumer Confidence

In December 2025, consumer confidence improved, supported by gains across all components, particularly the current and personal climate. Business confidence also edged up slightly, driven by a marked improvement in market services.

By contrast, confidence weakened in manufacturing and construction, reflecting softer order books and more cautious employment expectations. Retail trade sentiment remained broadly stable, with mixed signals: weaker assessments of current conditions but improving expectations for future sales and leaner inventories.

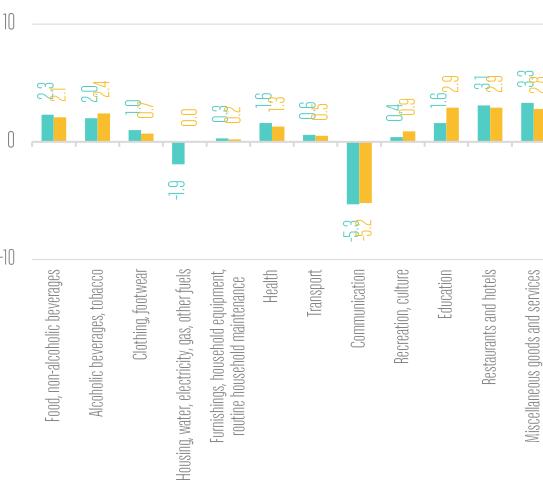
* Harmonised Index of Consumer Prices

Key Capital Markets Indicators



Consumer Prices indices by sector

Month on same month a year ago percentage changes (index, 2015=100) ■ 25-Dec ■ Dec-24



Consumer Confidence (index, 2021=100)

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Retail Spending
+1.2%

Dec 25 vs Dec 24

(ISTAT)

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RETAIL TRADE

Retail Spending

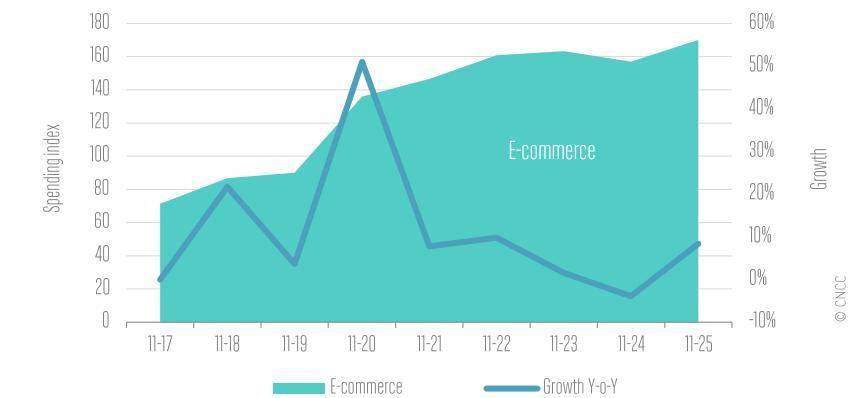
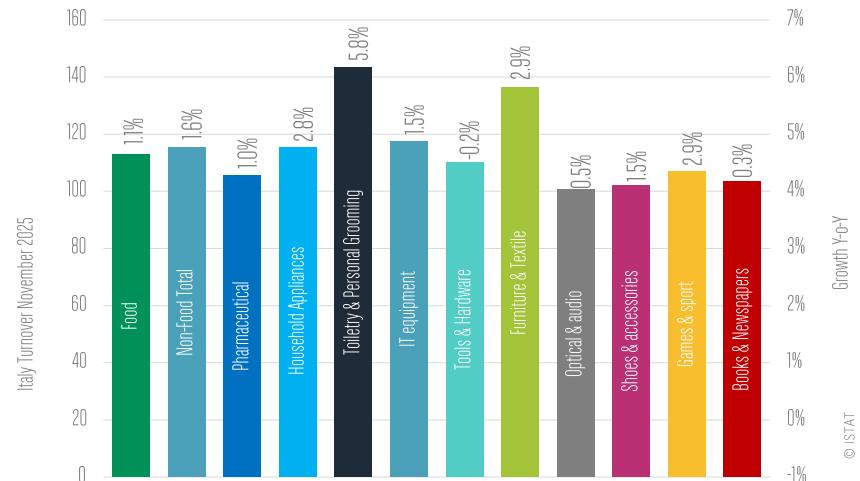
Inflation in Italy remained moderate at the end of 2025, with consumer prices rising by 1.2% y/y in December and averaging 1.5% over the year. Core inflation stayed broadly stable, confirming a contained price environment and the absence of significant inflationary pressures on household spending.

Late-year dynamics showed some acceleration in service-related components, particularly transport and selected consumer services, while energy

prices continued to act as a dampening factor. Overall, inflation trends remain supportive of consumer confidence and discretionary spending.

This macro backdrop continues to underpin High Street Retail performance in major urban markets, especially in Milan and Rome, where tourism flows, resilient demand for services and stable purchasing power support footfall and occupier activity along prime retail locations.

Online Retail Spending





2025

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Retail investments in 2025 experienced historical highs, led by Out-of-Town formats, such as major Outlet portfolios and a landmark Shopping Centre transaction. While High Street Retail remained active, Retail Warehousing and Supermarkets continued to attract capital.

Prime High Street Retail yields in Milan and Rome stabilized in the latter part of 2025 after a slight contraction at the beginning of the year.

Prime Shopping Centre yields contracted by -25 bps in the year's final quarter.

INVESTMENT VOLUMES 2025

€0.74 bn
Milan Retail

€0.11 bn
Rome Retail

€3.09 bn
2025
+14 y/y

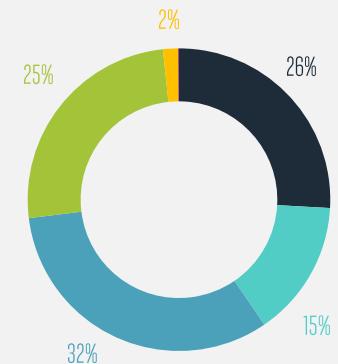
€1.89 bn
2016-2025

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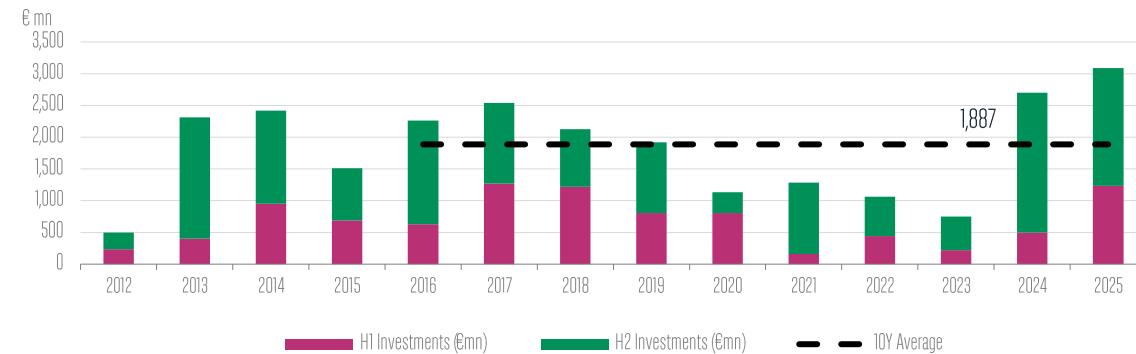


RETAIL INVESTMENTS

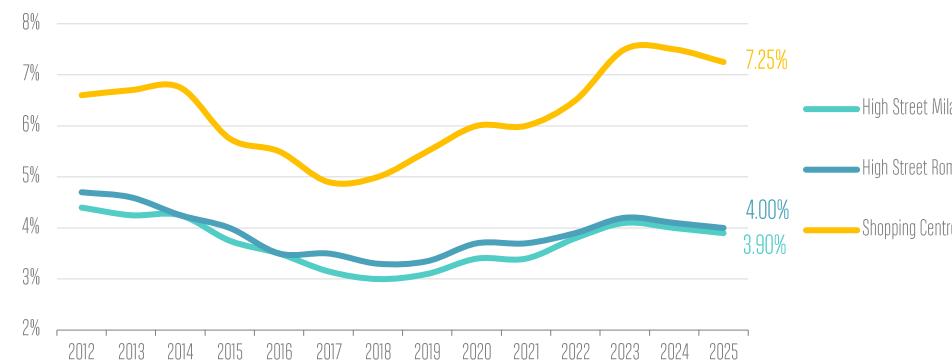
2025 Retail Investments by Product



Retail investments



Retail prime yields



Key Retail investments deals

ASSET	LOCATION	TYPE	VOLUME (M€)
Oricenter	Oro al Serio (BG)	Shopping Centre	450
Blackstone Portfolio (3 assets)	Mixed	Outlet	410
The Mall Luxury Outlets (2 assets)	Sanremo (IM) Florence	Outlet	350

Source: BNP PRE Research



2025

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Italy's prime High Street locations continue to benefit from strong pedestrian flows and structurally limited supply, particularly for prime, high-visibility units. This imbalance supports rental growth, with increasing selectivity by occupiers and greater differentiation across micro-locations and asset quality.

Milan retains its role as a leading international shopping hub and a key entry market for global brands, while Rome continues to benefit from its capital city status and resilient tourist flows, underpinning demand along its prime retail streets.

MILAN and ROME Key High Street Occupier Transactions, 2025

STREET	LOCATION	AREA (sqm)	BRAND
Via Manzoni, 37	Milan	421	Polène
Via Torino, 23	Milan	1,266	Normal
Via del Corso, 374	Rome	780	Zara Man
Via del Corso, 511	Rome	600	Pop Mart

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HIGH STREET RETAIL

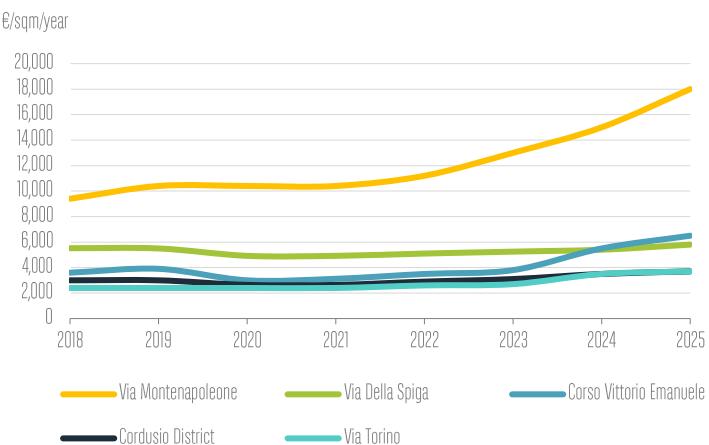
MILAN High Street Prime Rents and Footfall



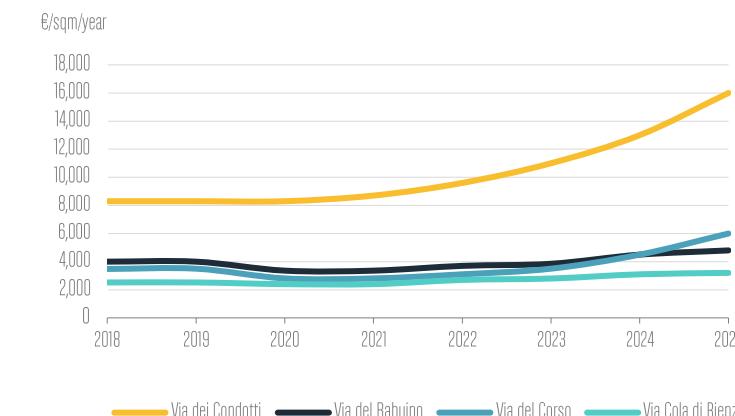
ROME High Street Prime Rents and Footfall



MILAN High Street Prime Rents



ROME High Street Prime Rents



Source: BNPPRE Research

* Average rents for a small size shop excluding key money. Please note that rents could greatly vary for every single asset according to the position on the street, the sidewalk, cadastral use of the premises, size of the shop, layout features, number of levels and number of shop windows.



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Shopping Centre footfall in 2025 was uneven versus 2024, with a softer start to the year followed by a recovery through late spring and summer. After a marked dip in September, visits rebounded in November, while year-end performance remained slightly below the previous year.

In terms of turnover, categories linked to Personal Care & Health continued to outperform, confirming the strongest year-on-year growth profile across the merchandising mix.

SHOPPING CENTRE PIPELINE

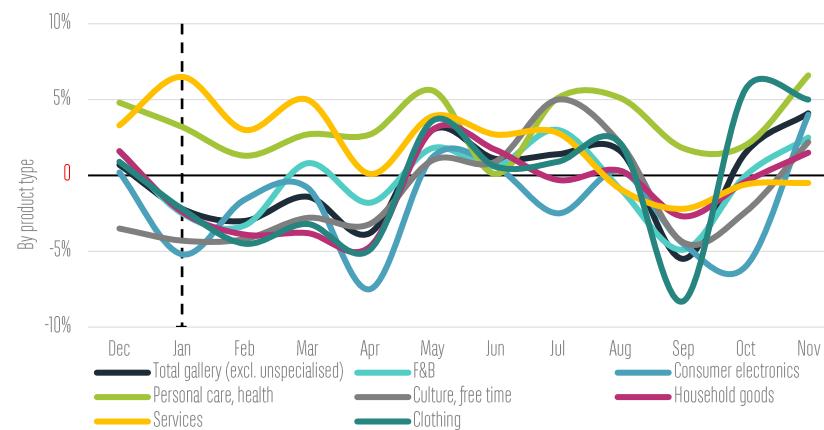
ASSET	LOCATION	AREA (SQM)	COMPLETION
Fass Shopping Centre	Elmas (CA)	67,000	April 2026
Nuovo Distretto Tematico	Genoa	28,000	End-2026
City Mall	Gallarate (VA)	16,000	End-2026
Galleria Porta Vittoria	Milan	139,000	End-2026

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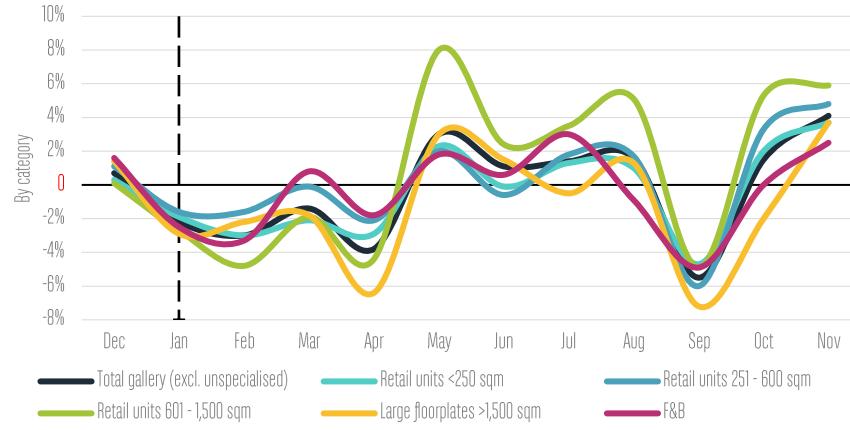


OUT OF TOWN RETAIL

Shopping Centres Turnover by Product Type



Shopping Centres Turnover by Unit Size and Type



Consumer Visits





2025

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