

REVIEW

CAPITAL MARKETS

ITALY Q1 2026

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RESEARCH & INSIGHTS



**BNP PARIBAS
REAL ESTATE**

Real Estate for a changing world



Q1 2026

CAPITAL MARKETS ITALY

KEY FIGURES

€2.99 bn ▲ +14% y/y
Investment volume Q1 2026

€2.07 bn
Average Q1 investment volume 2017-2026

Prime real estate yields across the main segments remained stable quarter-on-quarter in Q1 2026, confirming current pricing stability following the adjustments observed over the past two years.

In a context of continued geopolitical uncertainty, the alignment between prime real estate yields and the Italian 10Y Government Bond yield reinforces the defensive positioning of core assets and supports investor confidence.

Purchasing Managers' Indices (PMIs) inverted trend, with Services going under the 50 threshold, while Manufacturing shows signs of mild improvement.

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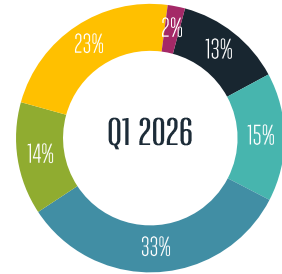


MARKET OVERVIEW

Investment activity in Italy started 2026 on a solid footing, with total volumes reaching €2.99 bn in Q1, marking a +14% y/y increase and confirming the resilience of the institutional real estate market despite a persistently uncertain global environment.

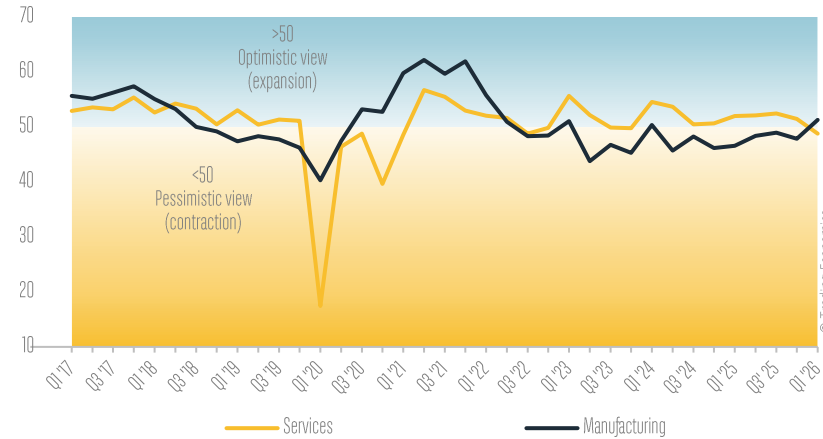
Activity remained selective but diversified across asset classes, with Retail and Alternatives accounting for a significant share of volumes (together, 56% of the market) supported by large transactions and continued interest in operational and living-related assets.

While deal flow is still influenced by pricing expectations and financing conditions, Q1 results do signal a greater degree of market confidence and a progressive normalization of investment activity compared to the previous year. Notably, this was the third consecutive first quarter of growth.



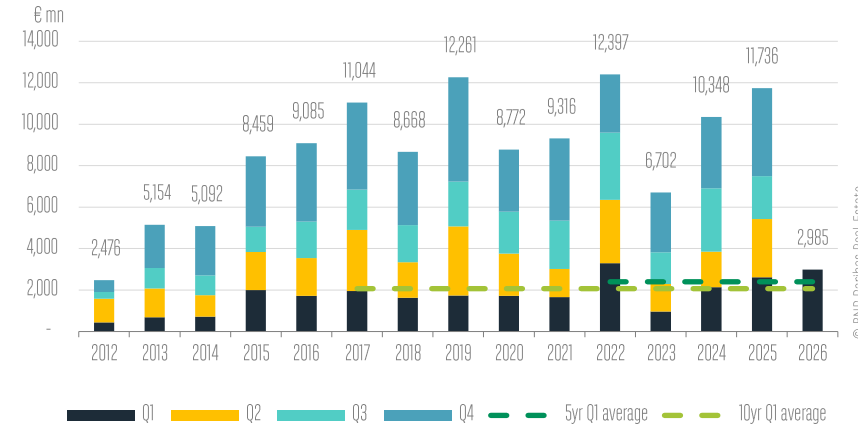
- Office
- Retail
- Alternatives
- Industrial & Logistics
- Hospitality
- Mixed

Italian Services PMI slipped under Manufacturing for the first time since mid-2022



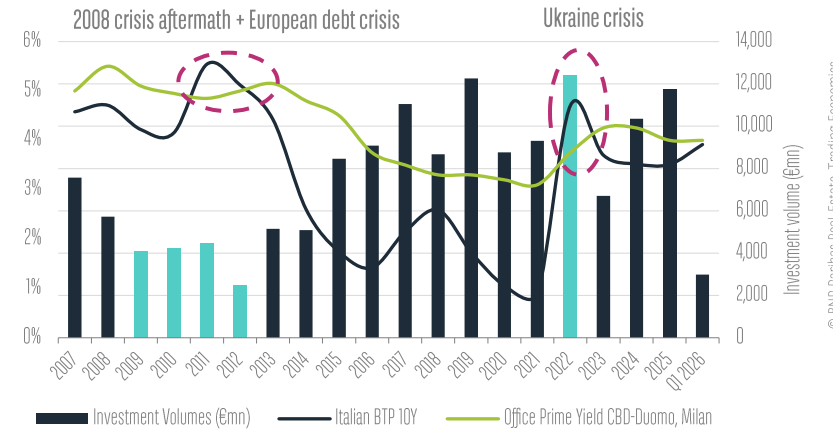
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Total investment volume



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Prime office yields and Italian government bonds back in line



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Q1 2026

CAPITAL MARKETS ITALY

KEY FIGURES

€390 mn ▼ -40% y/y
Office investment volume Q1 2026

€610 mn
Office average Q1 investment volume 2017-2026

Prime office yields in both Milan and Rome remained unchanged quarter-on-quarter in Q1 2026, respectively at 4.00% and 4.75%, confirming a phase of pricing stability after the repricing observed in previous periods.

This yield stability reflects a market environment which is characterised by limited transaction volumes and disciplined pricing. Investors continuing to favour prime assets with strong income visibility and long-term fundamentals.



OFFICE

The Office sector recorded €390 mn of investments in Q1 2026, representing the sharpest year-on-year decline among the main asset classes and confirming a persistently challenging environment for large-scale office transactions.

Rome emerged as the leading office market in the quarter, almost entirely driven by a single mixed-use office/retail transaction, which significantly influenced the geographic distribution of volumes.

Milan, despite maintaining its role as the country's primary office market in structural terms, was characterized by a scarcity of sizeable transactions, with investment activity mainly concentrated on smaller, highly selective deals. Overall, the quarter confirmed a market still constrained by cautious investor positioning, particularly for large-ticket assets, resulting in limited deal flow.

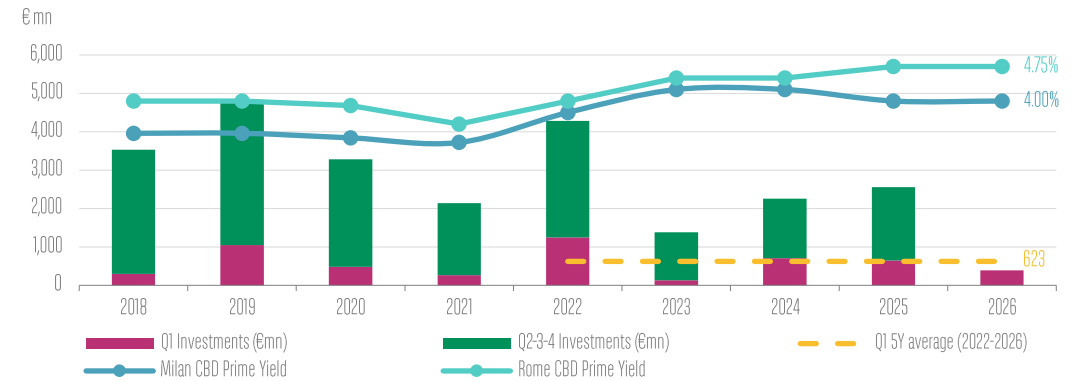
Key Office deals in Q1 2026*

ASSET	LOCATION	DISTRICT	INVESTMENT PROFILE	VOLUME (M€ ca)
Palazzo Esedra - P.za della Repubblica (Office portion)	Rome	CBD	Core Plus	150
Via Dante, 17 (Office portion)	Milan	CBD Duomo	Core	Portion of 100
Share of a 30-asset portfolio	Sicily	Mixed	Owner Occupier	70

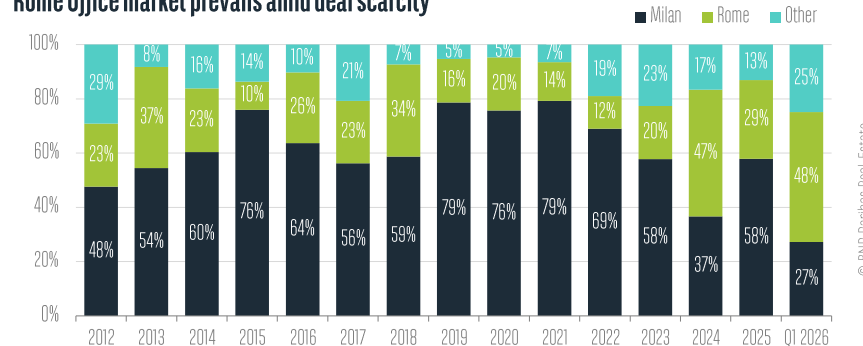
Office investments in Q1 2026



Office investments volume and CBD prime yields



Rome Office market prevails amid deal scarcity



Prime yields Q1 2026



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



Q1 2026

CAPITAL MARKETS ITALY

KEY FIGURES

€460 mn ▼ -29% y/y
Logistics investment volume Q1 2026

€370 mn
Logistics average Q1 investment volume 2017-2026

Prime logistics yields remained unchanged quarter-on-quarter in Q1 2026, reflecting sustained occupier demand for modern, well-located facilities and a structurally limited supply of high-quality stock. **Grade-A warehouse yields held at 5.40%, while last-mile logistics assets remained at 5.10%.**

Yield stability is consistent with a market environment characterised by selective investment activity and disciplined pricing, where investors continue to prioritise income visibility and asset quality over yield compression.



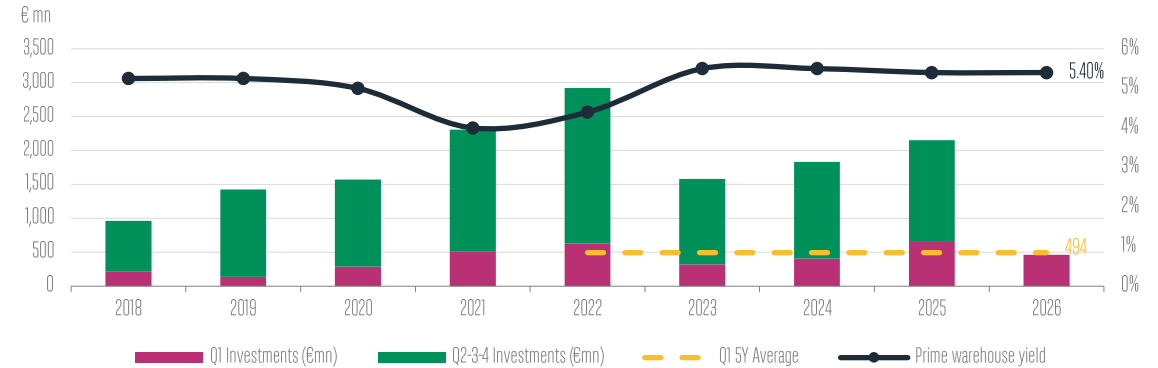
LOGISTICS

Investment activity in the Industrial & Logistics sector reached €460 mn in Q1 2026, reflecting a year-on-year decline but remaining above the Q1 10-year quarterly average, confirming the structural depth of the market despite a more moderate pace of activity.

Core logistics investments were entirely concentrated in Northern Italy, specifically across Lombardy, Veneto and Emilia-Romagna, reinforcing the role of established logistics corridors for stabilised, income-producing assets.

By contrast, development-led transactions and land acquisitions were more geographically diversified, with sites located near Rome (two transactions), Padua, Lecco, Naples and Bologna, highlighting investors' focus on pipeline creation beyond traditional core markets.

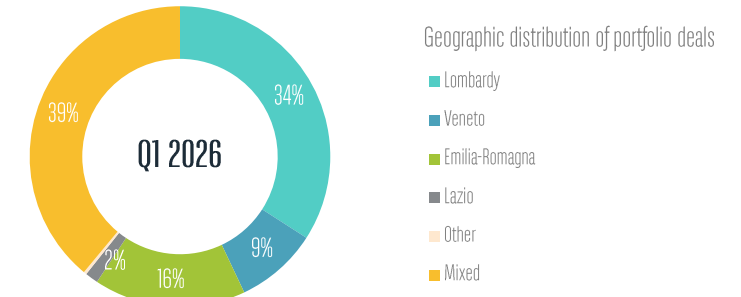
Logistics investment volume and prime yields



Key Logistics deals in Q1 2026 *

ASSET	LOCATION	REGION	VOLUME (M€ ca)
BGO Portfolio (4 assets)	Northern Italy	Mixed	100
Casaforte self storage share deal	Mixed	Mixed	80
Logistics asset in Pavia	Northern Italy	Lombardy	65

Portfolios in mixed regions contribute to total volumes



Logistics investments in Q1 2026



Prime yields Q1 2026



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

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Q1 2026

CAPITAL MARKETS ITALY

KEY FIGURES

€990 mn **+76% y/y**
Retail investment volume Q1 2026

€400 mn
Retail average Q1 investment volume 2017-2026

Prime retail yields remained stable quarter-on-quarter in Q1 2026 across the main formats, reflecting a selective but resilient pricing environment.

High Street prime yields in Milan and Rome held steady at 3.90% and 4.00% respectively, supported by sustained interest in prime locations despite smaller average ticket sizes.

Prime shopping centre yields edged down on a yearly basis to 7.25%, signalling a gradual repricing in favour of dominant, well-performing assets and reinforcing investors' focus on scale and income quality.



RETAIL

The Retail sector recorded €990 mn of investments in Q1 2026, emerging as the most active asset class of the quarter, largely driven by out-of-town transactions.

Investment volumes were predominantly supported by a limited number of large Outlet deals, confirming investors' strong appetite for destination-led formats characterised by resilient footfall and consolidated tenant mixes.

High Street retail, by contrast, recorded a high number of transactions but with relatively small ticket sizes, resulting in a more fragmented contribution to overall volumes. Activity remained concentrated on prime locations, while other retail formats played a secondary role during the quarter.

Overall, Q1 results highlight a deal-driven Retail market, where selective capital deployment continues to favour large, well-performing assets resulting in broader investment momentum.

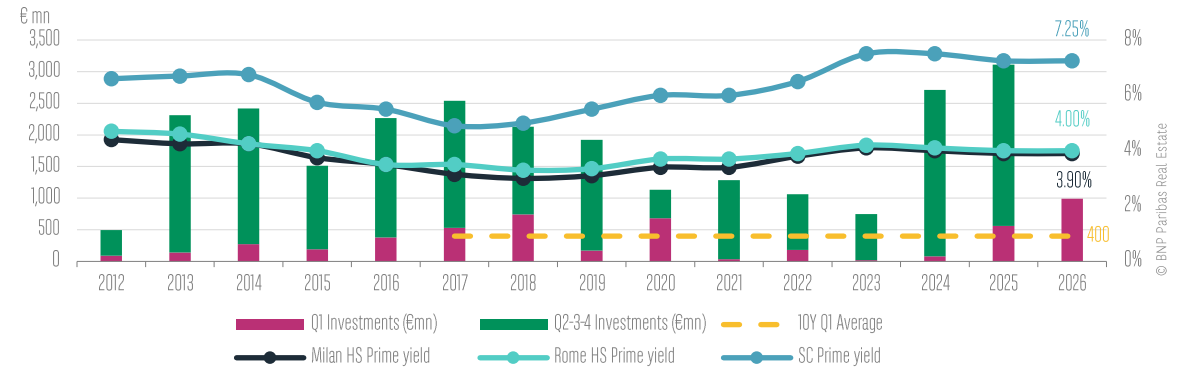
Key Retail deals in Q1 2026 *

ASSET	LOCATION	TYPE	VOLUME (M€ ca)
Part of a pan-European portfolio: - Serravalle Designer Outlet - Castel Romano Designer Outlet	Mixed	Outlet	410
Scalo Romano Outlet & More	Milan	Outlet	200
Waterfront Mall (gallery)	Genoa	Shopping Centre	140

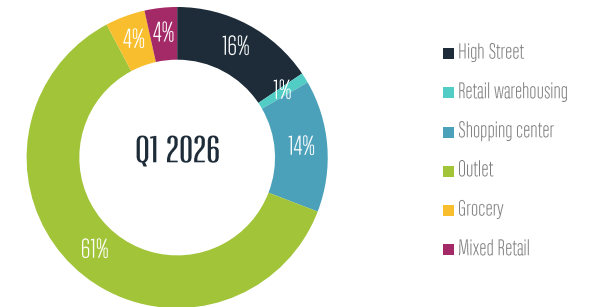
Retail investments in Q1 2026



Retail investment volume and prime yields



Retail investments by product



Prime yields Q1 2026



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



Q1 2026

CAPITAL MARKETS ITALY

KEY FIGURES

€410 mn ▼ **-30% y/y**

Hospitality investment volume Q1 2026

€310 mn

Hospitality average Q1 investment volume 2017-2026

Hospitality investment activity in Q1 2026 continued to be driven by **asset quality and positioning**, with investors favouring well-located properties and assets supported by solid operating performance.

Market evidence points to **stable pricing expectations**, particularly for upper-upscale and leisure-oriented assets, while secondary properties and non-core locations remain subject to greater selectivity and wider bid-ask spreads.



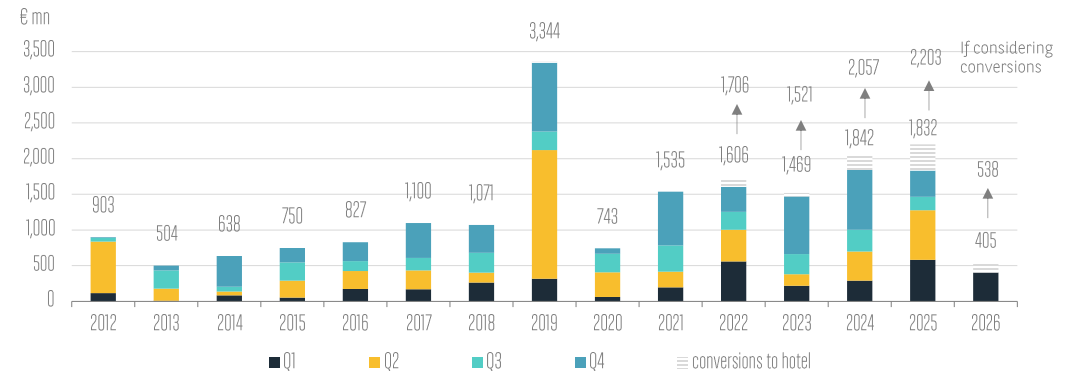
HOSPITALITY

Investment activity in the Hospitality sector reached **€410 mn in Q1 2026**, recording a **decline year-on-year** as the result of a base effect after the strong performance observed in previous periods.

Activity was mainly supported by **single-asset transactions**, with capital directed towards **leisure-oriented destinations and high-quality urban locations**, confirming investors' continued interest in assets backed by solid operating fundamentals.

Hospitality volumes would significantly increase further if **conversion-led transactions** were also considered, highlighting the strategic relevance of hotel-driven repositioning and redevelopment projects within the current market environment. As a result, Hospitality remained among the most active segments overall within the Italian investment market.

Hospitality investment volume



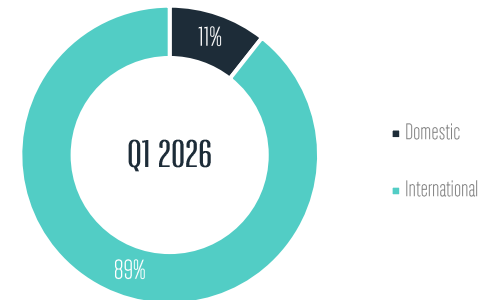
Key Hospitality deals in Q1 2026*

ASSET	LOCATION	NO. ROOMS	VOLUME (M€ ca)
Grand Palladium Sicilia resort & Spa	Palermo	469	100
Villa La Cassinella	Como	7	90
Club del Sole Sale & Leaseback (5-asset portfolio)	Mixed	2,800 apt.	80

Hospitality investments in Q1 2026



Hospitality investments by source of capital



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

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Q1 2026

CAPITAL MARKETS ITALY

KEY FIGURES

€680 mn **+303% y/y**

Alternatives investment volume Q1 2026

€260 mn

Alternatives average Q1 investment volume 2017-2026

RESIDENTIAL FOCUS**

Recent data points to a **broadly stable residential market**, with housing transactions at a national level showing **limited but positive year-on-year growth**, supported by activity in non-central locations and secondary urban areas.

The **rental market continues to display solid fundamentals**, with the number of new residential leases increasing on an annual basis and **total rental values growing by around 5% y/y**, reflecting sustained demand and a structurally constrained housing supply.

This persistent imbalance between demand and available stock remains particularly evident in major urban areas, where affordability pressures and limited new supply continue to shape market dynamics. In this context, the growing relevance of professionally managed Living formats reflects a structural evolution of the residential market rather than a purely cyclical trend.

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ALTERNATIVES

The Alternatives sector recorded **€680 bn of investments in Q1 2026**, marking a **sharp year-on-year increase** and confirming its growing relevance within the Italian investment landscape.

Market activity was primarily driven by **Living and Healthcare assets**, reflecting investors' strong appetite for operational and service-oriented segments supported by resilient demand fundamentals. Within Living, capital deployment focused mainly on **Residential-led strategies**, including BTR, student housing and senior-oriented formats, while Healthcare continued to attract interest thanks to its defensive characteristics and cash-flow visibility.

The sector would gain further weight when including assets acquired for **future conversion**, confirming Alternatives as one of the most structurally dynamic components of the Italian investment market.

Number of residential transactions

CITY	2025	Q4 2025	Q4 2024	VAR% 25/24
Rome	37,293	10,599	10,089	+6.3%
Milan	25,173	7,515	7,692	+4.9%
Turin	16,151	4,566	4,588	+6.8%
Naples	8,031	2,181	2,121	+3.4%
Genoa	9,273	2,586	2,484	+5.7%
Palermo	7,141	2,000	1,791	+9.8%
Bologna	6,090	1,812	1,687	+5.3%
Florence	4,644	1,302	1,409	-3.7%
Total 8 cities	113,796	32,571	31,861	+5.5%
Italy	766,753	218,469	217,277	+6.6%

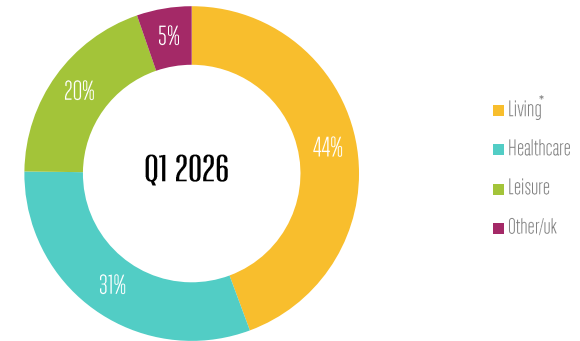
** Available data updated to Q4 2025

*NNT (Normalised Number of Transactions)

Key Alternatives deals in Q1 2026

ASSET	CITY	REGION	VOLUME (M€ ca)
Cofinimmo Healthcare Portfolio (8 assets)	Mixed	Mixed	170
ForumNet Group acquisition	Milan	Lombardy	90
Palazzo Taverna Medici del Vascello - Via Bigli 9 (conversion to Hotel)	Milan	Lombardy	55

Alternatives investments by product



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

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