REVIEW

CAPITAL MARKETS

ITALY H1 2026

RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

H1 2026

CAPITAL MARKETS
ITALY

KEY FIGURES

€7.06 bn +28% y/y
Investment volume H1 2026

€4.52 bn
Average H1 investment volume 2017-2026

Prime real estate yields in the main asset classes remained stable quarter-on-quarter in Q2 2026, confirming current pricing stability following the adjustments observed over the past two years.

In a context of continued geopolitical uncertainty, the spread between prime real estate yields and the Italian 10Y Government Bond yield is narrowing, reinforcing the defensive positioning of core assets and supporting stronger investor confidence.

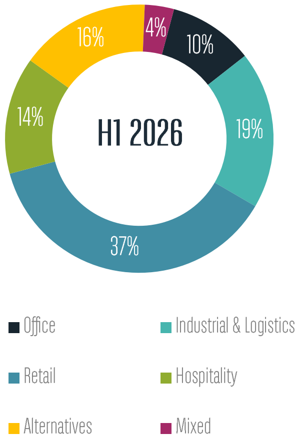
Purchasing Managers' Indices (PMIs) inverted their trend, with Services bouncing back above the 50 threshold, while Manufacturing follows a stable rate of improvement.

MARKET OVERVIEW

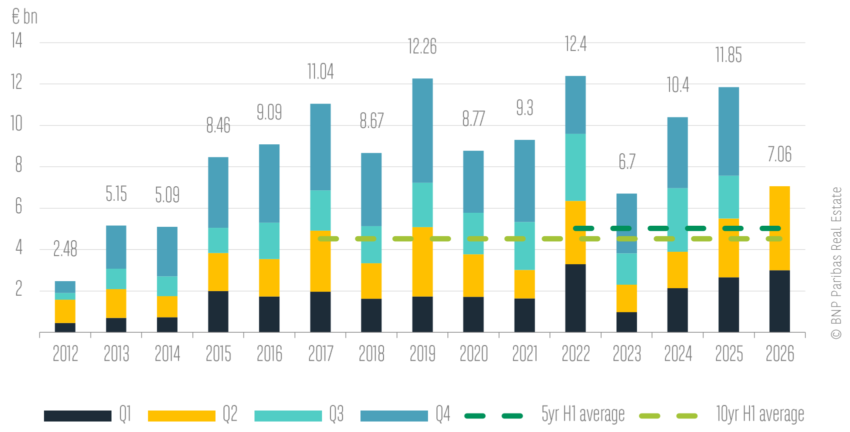
Investment activity in Italy confirmed its solid footing through H1 2026, with total volumes reaching €7.06 bn, marking a +28% y/y increase and confirming the resilience of the institutional real estate market despite a persistently uncertain global environment.

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

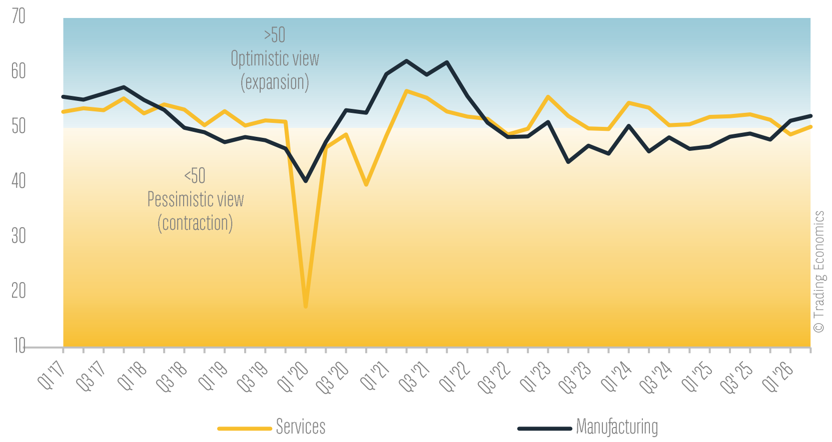
Deal flow across the period continued to be shaped by pricing expectations and financing conditions. Even so, H1 2026 results indicate strengthening market confidence and stronger investment activity compared to the previous year, with volumes well above the 10-year average figure, further extending the recovery in place since the start of the year.



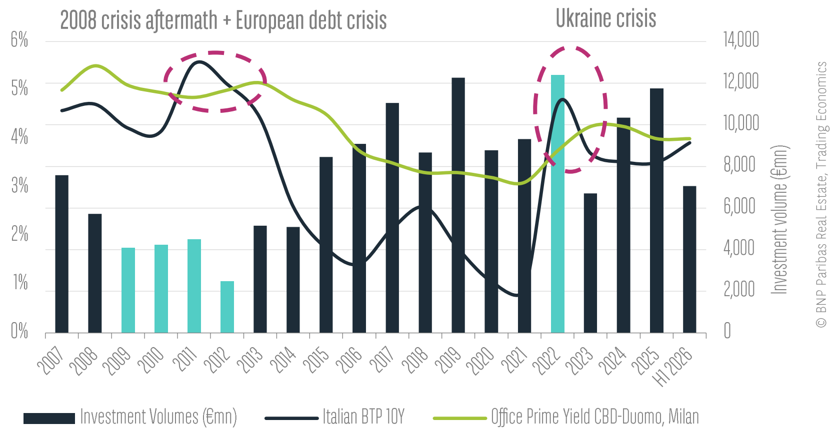
Total investment volume



Italian Services PMI remained below Manufacturing for a second consecutive quarter



Prime office yields and Italian government bonds back in line



H1 2026

CAPITAL MARKETS ITALY

KEY FIGURES

€720 mn -49% y/y

Office investment volume H1 2026

€1.27 bn

Office average H1 investment volume 2017-2026

Prime office yields in both Milan and Rome remained unchanged quarter-on-quarter in Q2 2026, respectively at 4.00% and 4.75%, confirming the current phase of pricing stability after the repricing observed in previous periods.

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

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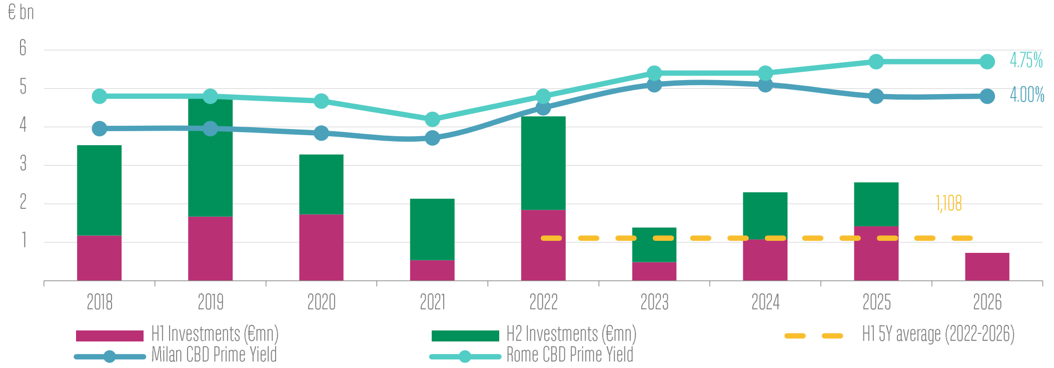
OFFICE

The Office sector recorded €720 mn of investments in H1 2026, representing the sharpest year-on-year contraction of the various asset classes tracked and confirming a persistently challenging environment for large-scale office transactions.

Milan qualified as the leading office market in H1 2026 by volume, despite a sharp annual decline (-59% Y-o-Y) and a market characterized by a scarcity of sizeable transactions and investment activity focused on smaller and selective deals.

Despite Rome losing first place in Q2, in term of the Office investment volume and declining in volumes compared to the previous year (-34% Y-o-Y), the city's office market still offered a solid contribution to the overall office figures. The second quarter confirms a market with limited deal flow, still constrained by cautious investor positioning, particularly for large-ticket assets.

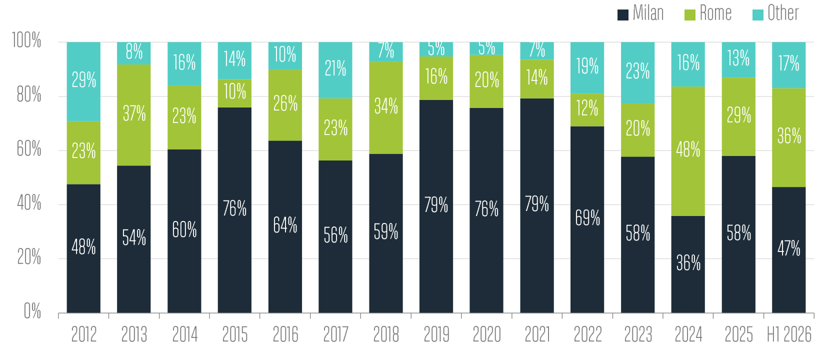
Office investments volume and CBD prime yields



Key Office deals in H1 2026*

ASSET	LOCATION	DISTRICT	INVESTMENT PROFILE	VOLUME (M€ ca)
Palazzo Esedra - P.za della Repubblica, 185 (Office portion)	Rome	CBD	Core Plus	150
Share of a 30-asset portfolio	Sicily	Mixed	Owner Occupier	70
Ex Enel HQ - Via Cesare Beruto, 18	Milan	Periphery	Value Add	65

Milan Office market retains majority share amid deal scarcity



Office investments in H1 2026

€340 mn -59 % y/y

Milan

€260 mn -34 % y/y

Rome

€120 mn -38 % y/y

Others

Prime yields H1 2026

4.00% +0 bp y/y

Milan CBD

4.75% +0 bp y/y

Rome CBD

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

KEY FIGURES

€2.64 bn +113% y/y
Retail investment volume H1 2026

€930 mn
Retail average H1 investment volume 2017-2026

Prime retail yields remained stable on a quarterly basis in Q2 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.

Prime shopping centre yields contracted on a yearly basis by 25 bps, reaching 7.25%, with demand favouring of dominant, well-performing assets and confirming investors' focus on scale and income quality.

RETAIL

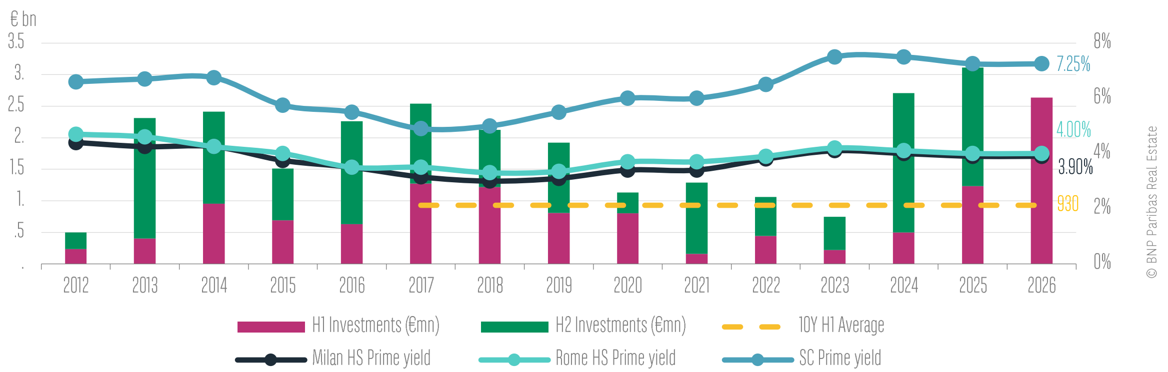
The Retail sector recorded €2.64 bn of investments in H1 2026, emerging as the most active asset class ytd, boosted by the transaction of a major High Street trophy asset in the heart of Milan.

Investment volumes were further 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, excluding the major deal in CBD Duomo, recorded a high number of transactions with relatively small ticket sizes, resulting in a more fragmented contribution to overall volumes. Activity remained concentrated in prime locations. Other retail formats played a secondary role during Q2.

Overall, H1 results highlight a deal-driven Retail market with broader investment momentum, where selective capital deployment continues to favour large, well-performing assets.

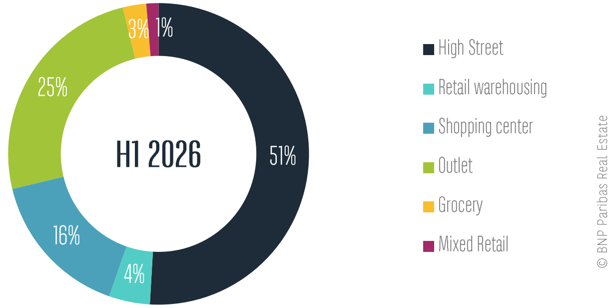
Retail investment volume and prime yields



Key Retail deals in H1 2026 *

ASSET	LOCATION	TYPE	VOLUME (M€ ca)
Via Monte Napoleone, 8 (80% of the total asset)	Milan	High Street	1160
Part of a pan-European portfolio: - Serravalle Designer Outlet - Castel Romano Designer Outlet	Mixed	Outlet	410
Scalo Romano Outlet & More	Milan	Outlet	200

Retail investments by product



Retail investments in H1 2026

€1.45 bn	+287 % y/y	Milan
€74 mn	+113 % y/y	Rome
€1.11 bn	+35 % y/y	Other

Prime yields H1 2026

3.90%	+0 bp y/y	Milan High Street
4.00%	+0 bp y/y	Rome High Street
7.25%	-25 bp y/y	Shopping Centres

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

KEY FIGURES

€1.34 bn +66% y/y
Logistics investment volume H1 2026

€700 mn
Logistics average H1 investment volume 2017-2026

Prime logistics yields remained unchanged quarter-on-quarter in Q2 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%, representing a slightly contraction on yearly basis, while last-mile logistics assets remained steady y/y at 5.10%.**

Yield stability is consistent with a market environment characterised by selective investment activity, where investors continue to prioritise cash-flow predictability and asset quality over yield compression.

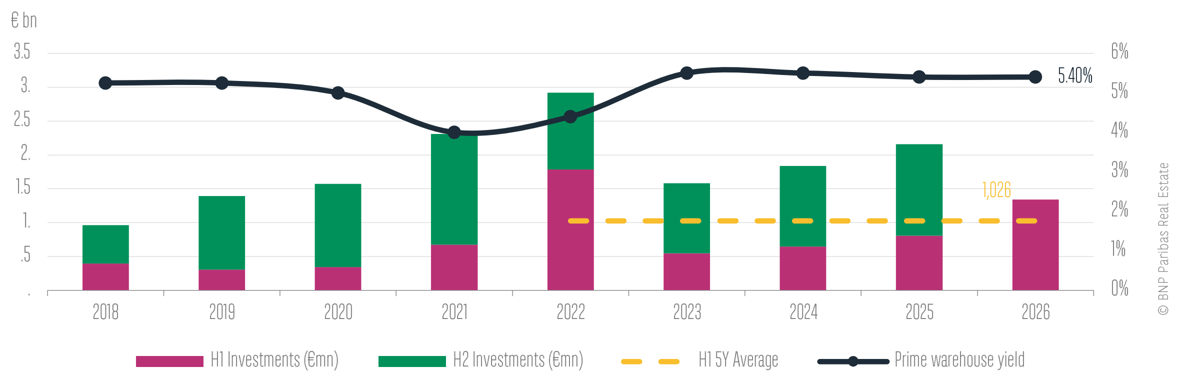
LOGISTICS

Investment activity in the Industrial & Logistics sector reached €1.34 bn in H1 2026, reflecting particularly positive performance year-on-year and remaining well above the H1 10-year average, confirming the of the market. The volumes were indeed driven by large-scale portfolios transacted in the second quarter of the year.

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, Brindisi and Bologna highlighting investors' focus on pipeline creation beyond traditional core and prime markets.

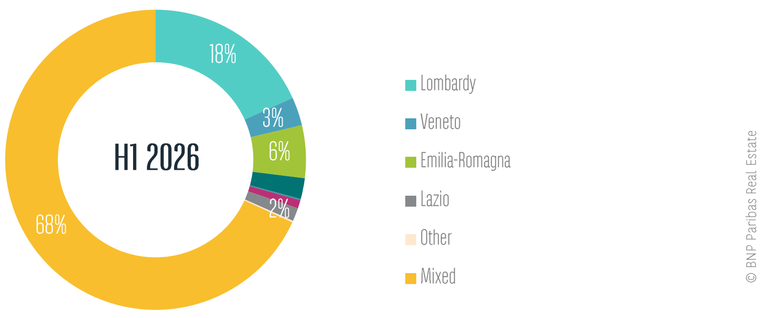
Logistics investment volume and prime yields



Key Logistics deals in H1 2026 *

ASSET	LOCATION	REGION	VOLUME (M€ ca)
Project Run Portfolio (8 assets)	Mixed	Mixed	360
Northern Italy Portfolio (8 assets)	Northern Italy	Mixed	126
BGO Portfolio (4 assets)	Northern Italy	Mixed	100

Geographic distribution of portfolio deals



Logistics investments in H1 2026

€240 mn +33 % y/y	€75 mn +204 % y/y	€780 mn +70 % y/y
Lombardy	Emilia-Romagna	Others

Prime yields H1 2026

5.40% -10 bp y/y	5.10% +0 bp y/y
Warehouses	Last-mile

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

KEY FIGURES

€1.00 bn -24% y/y
Hospitality investment volume H1 2026

€820 mn
Hospitality average H1 investment volume 2017-2026

Hospitality investment activity in H1 2026 remained focused on **high-quality** and **well-positioned** assets, with investors prioritising properties backed by strong operating fundamentals.

Market evidence indicates **stability** within **pricing expectations**, particularly for upper-upscale and leisure-oriented assets, while secondary properties and non-core locations continue to experience greater investor selectivity and wider bid-ask spreads.

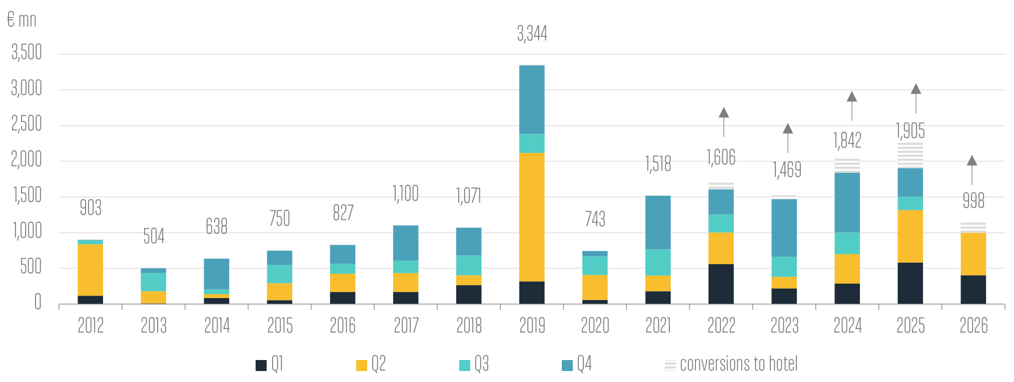
HOSPITALITY

Investment activity in the Hospitality sector reached **€1 bn in H1 2026**, recording a **decline year-on-year** as the result of a base effect after the strong performance observed in previous periods.

Even though the largest transaction year-to-date revolves around a portfolio of four assets, 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 further increase by +16% if **conversion-led transactions** were also considered, highlighting the strategic relevance of hotel-driven repositioning and redevelopment projects within the current market environment.

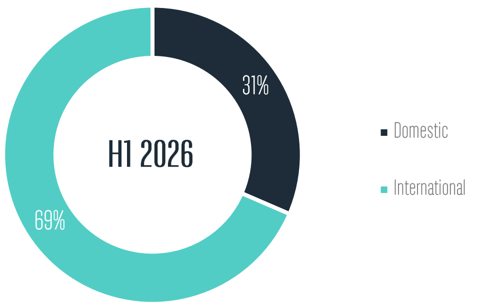
Hospitality investment volume



Key Hospitality deals in H1 2026 *

ASSET	LOCATION	NO. ROOMS	VOLUME (M€ ca)
Milan Portfolio (4 assets)	Milan	900	217
Via del Corso, 232	Rome	-	100
Grand Palladium Sicilia resort & Spa	Palermo	469	100

Hospitality investments by source of capital



Hospitality investments in H1 2026

€276 mn +69 % y/y	€207 mn +6 % y/y	€435 mn -54 % y/y
Milan	Rome	Other

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

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KEY FIGURES

€1.11 bn +83% y/y
Alternatives investment volume H1 2026

€590 mn
Alternatives average H1 investment volume 2017-2026

RESIDENTIAL FOCUS

Recent data points to an **extremely active residential market**, with housing transactions at a national level showing **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 4% on a yearly basis**, reflecting sustained demand and a structurally constrained housing supply.

The supply-demand imbalance remains most pronounced across major urban markets, where affordability constraints and limited new development continue to support rental growth. In this environment, the expansion of professionally managed Living assets reflects a long-term shift in the residential sector.

ALTERNATIVES

The Alternatives sector recorded **€1.11 bn of investments in H1 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 respectively, reflecting investors' strong appetite for operational and service-oriented segments supported by resilient demand fundamentals. Within Living, capital deployment focused mainly on **Student Housing and Residential-led strategies**, including BTS formats. Healthcare continued to attract interest thanks to its defensive characteristics and cash-flow visibility.

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

Number of residential transactions

CITY	2025	Q1 2026	Q1 2025	VAR% Q1 26/Q1 25
Rome	37,293	8,961	8,528	+5.1%
Milan	25,173	5,896	5,505	+7.1%
Turin	16,151	3,913	3,583	+9.2%
Naples	8,031	2,087	1,982	+5.3%
Genoa	9,273	2,344	2,155	+8.8%
Palermo	7,141	1,748	1,640	+6.6%
Bologna	6,090	1,403	1,357	+3.4%
Florence	4,644	1,035	1,067	-3.0%
Total 8 cities	113,796	27,387	25,817	+6.1%
Italy	766,753	179,654	172,048	+4.4%

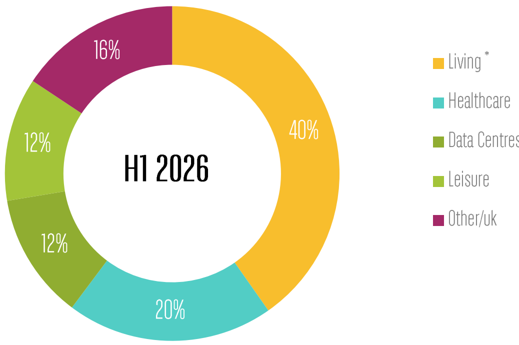
** Available data updated to Q2 2026

*NNT (Normalised Number of Transactions)

Key Alternatives deals in H1 2026

ASSET	CITY	REGION	VOLUME (M€ ca)
Cofinimmo Healthcare Portfolio (8 assets)	Mixed	Mixed	167
ForumNet Group acquisition	Milan	Lombardy	90
Data Centre Bollate Development Site	Milan	Lombardy	80

Alternatives investments by product



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

CONTACTS

RESEARCH

Susan Amanda TREVOR-BRISCOE
Head of Research, Corporate Marketing & Communication
Cell: (+39) 335 171 8200
susan.trevor-briscoe@realestate.bnpparibas

CAPITAL MARKETS

Mark ROBERTS
Head of Capital Markets
Cell: (+39) 347 217 3074
mark.roberts@realestate.bnpparibas

Oriana BEZZE
Head of Retail Capital Markets
Cell: (+39) 375 870 4229
oriana.bezze@realestate.bnpparibas

Alessandro BELLI
Head of Hotel & Hospitality
Cell: (+39) 335 753 8523
alessandro.belli@realestate.bnpparibas

Ugolino BOURBON
Head of Rome Office
Cell: (+39) 340 280 0289
ugolino.bourbon@realestate.bnpparibas

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BNP PARIBAS REAL ESTATE

Piazza Lina Bo Bardi, 3 – 20124 – Milan
Phone: +39 02 58 33 141

Via Salandra, 13 – 00187 – Rome
Phone: +39 06 98 26 2112

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