REVIEW

RETAIL MARKETS

ITALY H1 2026

RESEARCH & INSIGHTS

BNP PARIBAS
REAL ESTATE

Real Estate for a changing world

Throughout the first half of 2026, the Italian Retail real estate investment market showed clear and positive signs of strong activity, with renewed investor interest in repriced and high-quality assets.

Investments 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

€7.06 bn +28% y/y
Italy investment volume H1 2026

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

3.90% stable y/y
Prime net High Street yield

7.25% -25 bps y/y
Prime net Shopping Centre yield

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OVERVIEW

Throughout H1 2026, Italy's economic environment was marked by moderate growth and easing inflationary pressure, with real GDP forecast at 0.7% for the year, supporting a gradual recovery in consumer confidence. Despite a still fragile macroeconomic backdrop, the stabilisation of key indicators, including a resilient 63.0% employment rate, gave occupiers and investors a more predictable framework to operate in.

The repricing process seen in previous years has progressively realigning pricing expectations with market fundamentals in H1 2026. Supported by stable prime real estate yields, Retail investment activity continues to expand, restoring value and reinforcing investor confidence. In particular the appetite grew for prime locations, while demand for secondary stock remained selective.

Prime High Street locations confirmed their resilience in H1 2026, supported by strong footfall, international tourism and limited availability of high-quality units. Out-of-Town assets delivered stable performance, especially for dominant and well-managed schemes, with ESG criteria and sustainability features playing an increasingly important role in investment decisions.

Retail occupier demand stayed resilient, underpinned by growing employment and retail sales growth. Expansion strategies remain focused on prime, strategic locations, with retailers increasingly prioritising flagship formats, store efficiency and omnichannel integration over rapid network growth.

Key Italy Indicators

0.7%
Real GDP Growth (Forecast for 2026)
(ISTAT)

63.0%
Employment Rate (May 26)
(ISTAT)

3.0%
Annual Inflation Rate Y-o-Y (Jun 26)
(ISTAT)

Value 2.2% | Volume 0.4%
RETAIL SALES GROWTH
Index 2021 = 100
Y-o-Y (May 26)
(ISTAT)

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

Italian Inflation

+3.0%

June 2026

(ISTAT)

Consumer Confidence

-3.7%

Jun 26 vs Jun 25

(ISTAT)

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MACRO-ECONOMIC SCENARIO

10Y government bond contracts

In the first half of 2026, the 10Y Italian Government Bond yield stood at around 3.9%, increasing on a year-on-year basis with episodes of short-term volatility during the year.

Consumer Prices

In June 2026 the Italian consumer price index for the whole nation (NIC) was stable on a monthly basis and increased by +3.0% on an annual basis (from +3.2% in May), confirming the flash estimate.

The increase in growth on an annual basis was mainly due to the prices of unregulated Energy products (from +9.6% to +12.5%), of regulated Energy products (from +5.3% to +5.6%) and of Services related to transport (from +0.6% to +1.7%)

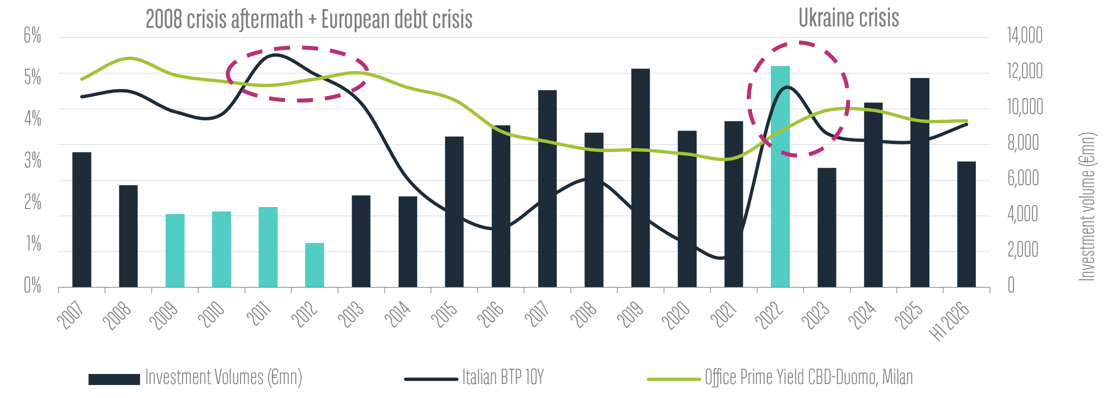
In May 2026, core inflation excluding energy and unprocessed food was +1.7% (from +1.6% in April) and inflation excluding energy was +2.1% (+1.9% in April).

Consumer Confidence

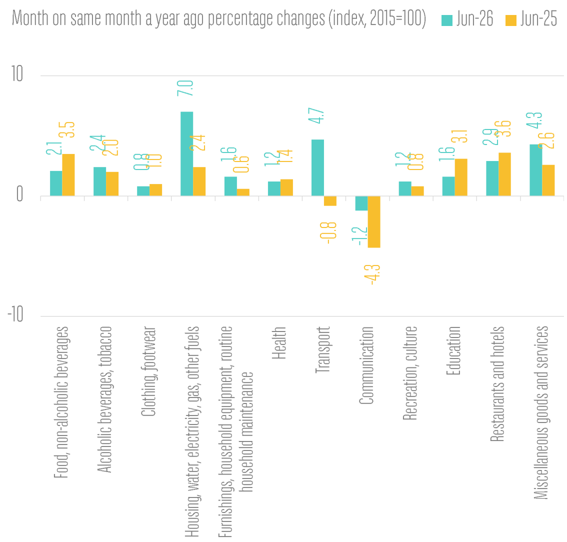
In June 2026, consumer confidence weakened, even though a further breakdown reveals a mixed picture: while both the current and future economic climate indexes showed signs of improvement, the personal and current climate ones worsened.

Furthermore, confidence improved in manufacturing and construction, reflecting stronger employment expectations. Balances regarding assessments on order books decreased. Retail trade sentiment surged significantly, following a greater satisfaction with the volume of current business activity which provided more optimism in regard of future sales.

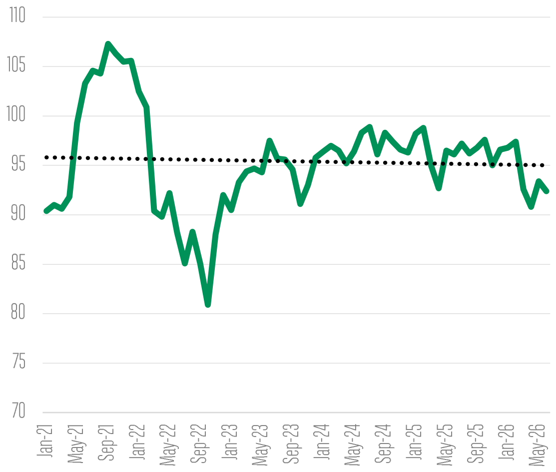
Key Capital Markets Indicators



Consumer Prices indices by sector



Consumer Confidence (index, 2021 = 100)



* Harmonised Index of Consumer Prices

RETAIL TRADE

Retail Spending

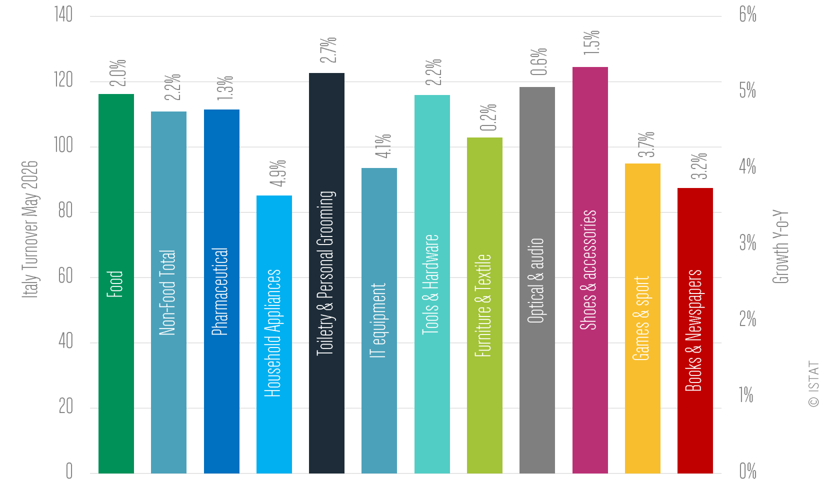
Inflation in Italy remained moderate at the end of 2025, with consumer prices rising by 3.0% y/y in June and retail spending experiencing the same trend on a yearly basis, increasing by +2.2%. Core inflation held steady, pointing to a still contained pricing environment with no material build-up of pressure on household budgets.

Service-related components showed renewed momentum, particularly transport, leisure, and personal services, reflecting resilient domestic demand and recovery in mobility-driven consumption.

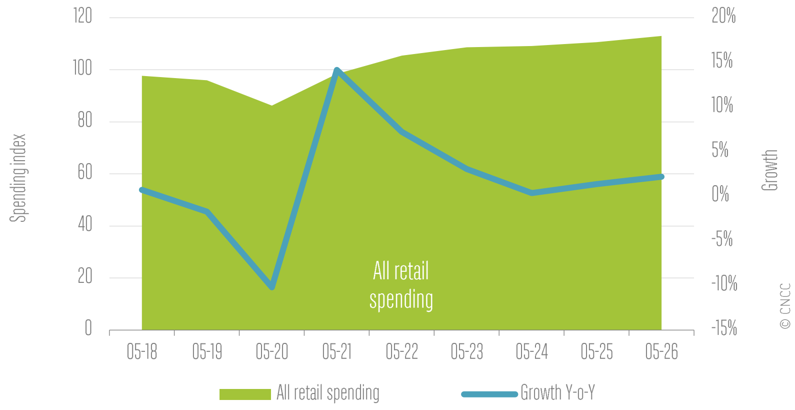
Food inflation remained low, while non-food retail segments experienced selective price adjustments linked to supply-chain normalization and improved inventory management.

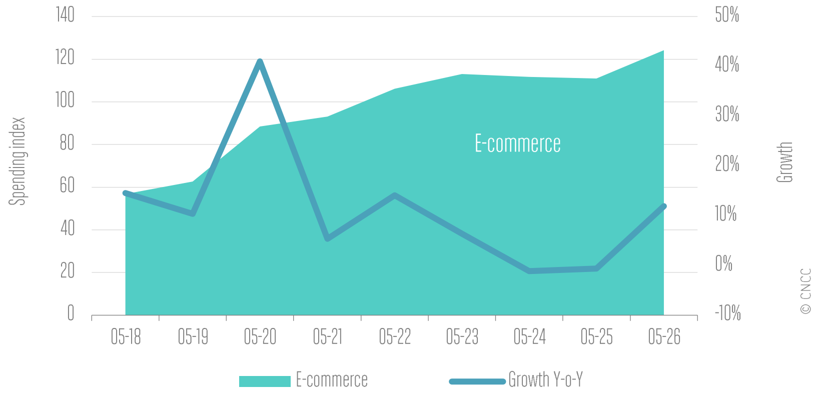
Prime High Street locations in major urban markets, especially Milan, Rome and Florence, continued to outperform, supported by solid tourism flows, stable local demand and sustained footfall along key retail corridors. However, secondary locations still face pressures from shifting consumer preferences and rising operating costs.

Retail Trade Sales



Online Retail Spending





H1 2026 RETAIL MARKETS ITALY

RETAIL INVESTMENTS

Retail investments in H1 2026 experienced historical highs, led by High Street formats, such as the major Via Monte Napoleone transaction in Milan. Outlet portfolios and Shopping Centres remained active, and Retail Warehousing and Supermarkets continued to attract capital.

Both Prime High Street Retail and Shopping Centre yields have remained stable throughout 2026 after some contractions in the first half of 2025.

INVESTMENT VOLUMES H1 2026

€1.45 bn +287% y/y
Milan Retail

€75 mn +113% y/y
Rome Retail

€2.64 bn +113 y/y
laly

€930 mn
H1 10-year average

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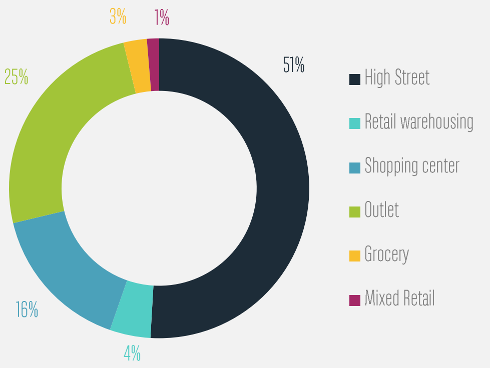
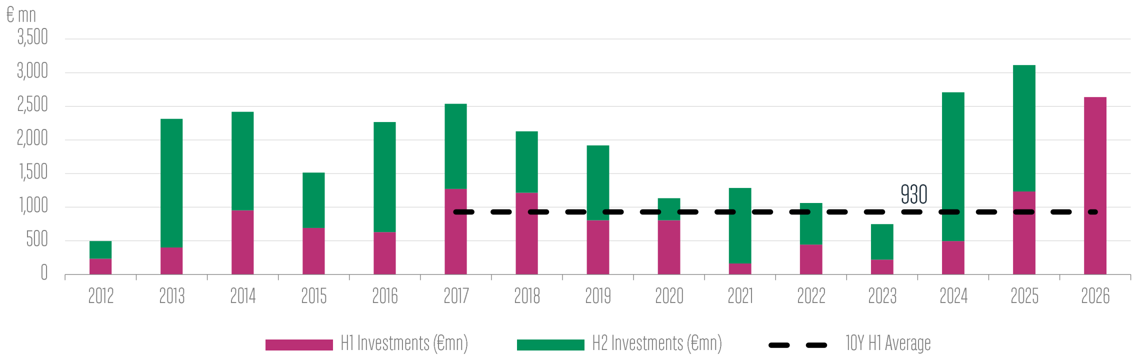
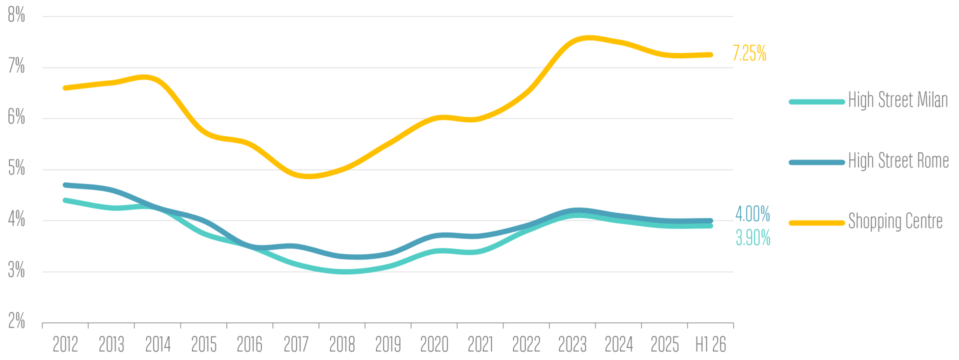
H1 2026 Retail Investments by Product



Retail investments



Retail prime yields



Key Retail investments deals

ASSET	LOCATION	TYPE	VOLUME (M€)
Via Monte Napoleone, 8	Milan (MI)	Street Retail	1,160
European Outlet Mall Venture (Part of Pan European portfolio)	Mixed: Rome (RM), Alessandria (AL)	Outlet	410
Scalo Milano Outlet	Milan (MI)	Outlet	200

Source: BNPPRE Research

HIGH STREET RETAIL

Italy's Prime High Street locations continue to benefit from robust footfall and a structurally constrained supply of prime and high-visibility units. This imbalance is driving sustained rental growth, as occupiers become increasingly selective and differentiation widens across micro-locations.

Milan continues to reinforce its position as a leading international shopping destination and a primary entry market for global brands, while Rome benefits from its status as capital city, supported by resilient tourist flows that continue to underpin demand along its prime retail streets.

MILAN and ROME Key High Street Occupier Transactions, H1 2026

STREET	LOCATION	AREA (sqm)	BRAND
Corso Vittorio Emanuele, 24	Milan	1,300	Miniso
Corso Buenos Aires, 36	Milan	2,072	Normal
Piazza del Duomo, 1 - Ugo Foscolo, 1	Milan	2,026	Alo Yoga
Via del Corso, 82/83	Rome	82	Crocs
Via Frattina, 136/137	Rome	660	Arket
Via Frattina, 101	Rome	100	Nude Project

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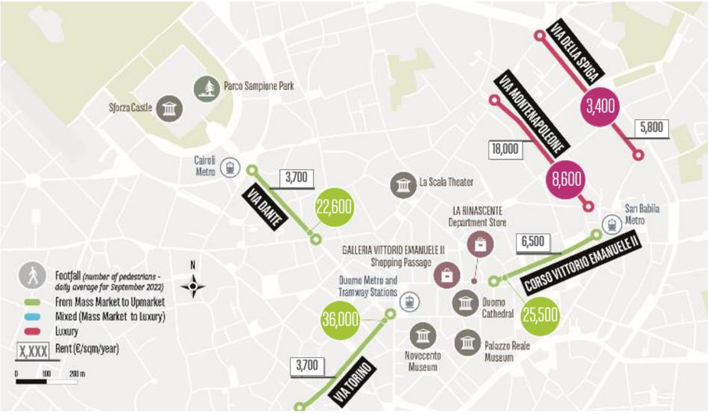
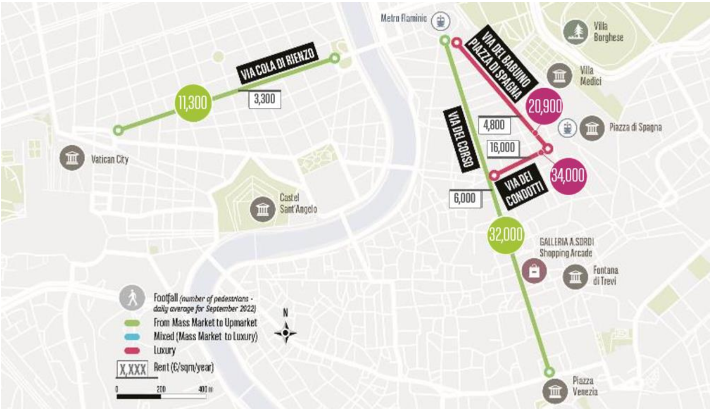
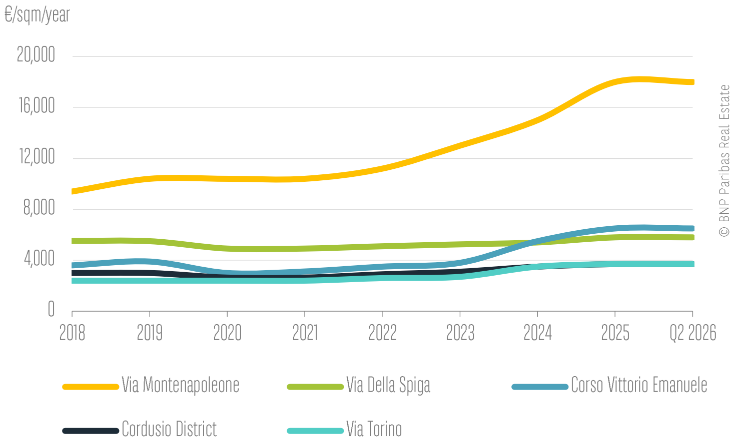
MILAN High Street Prime Rents and Footfall



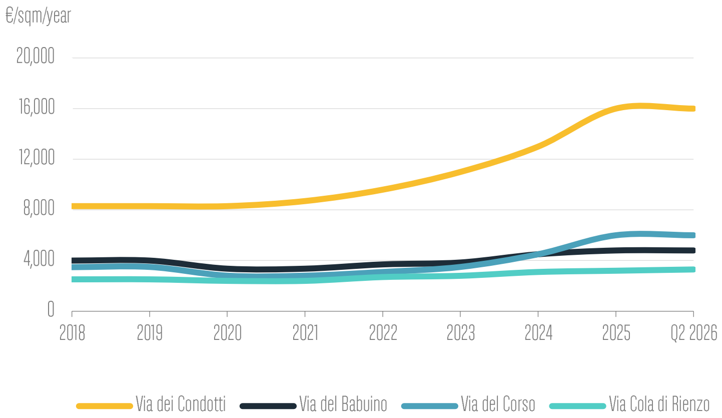
ROME High Street Prime Rents and Footfall



MILAN High Street Prime Rents



ROME High Street Prime Rents



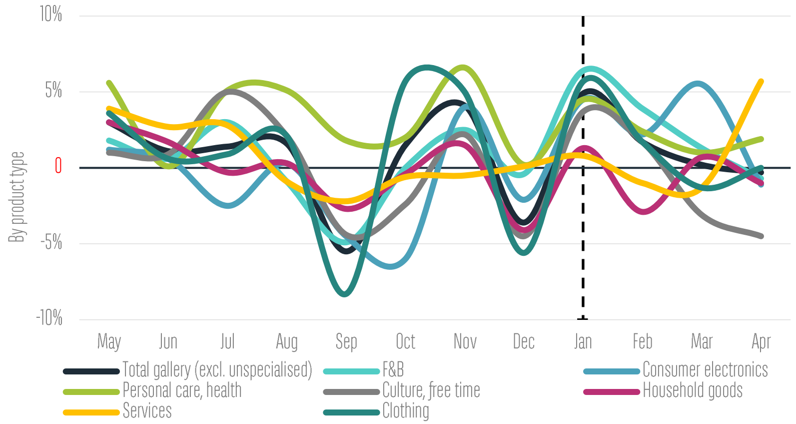
Source: BNPPRE Research
* Average rents for a small size shop excluding key money. Please note that rents could greatly vary for every single asset according to the position on the street, the sidewalk, cadastral use of the premises, size of the shop, layout features, number of levels and number of shop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

OUT OF TOWN RETAIL

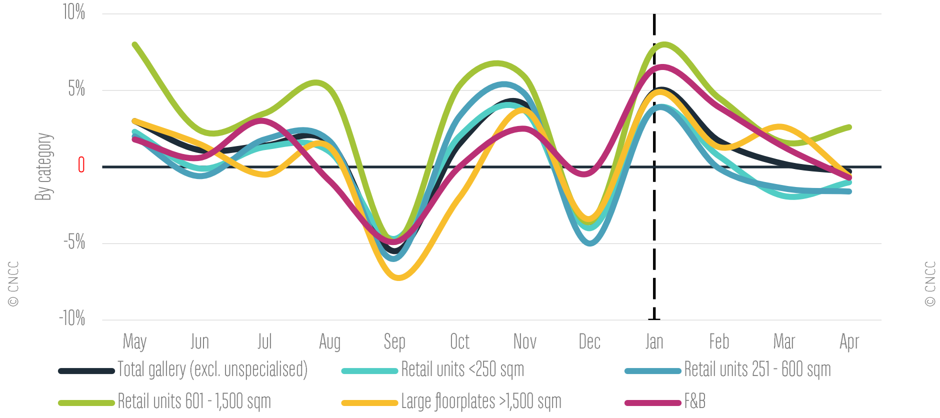
Shopping Centre footfall in H1 2026 showed a similar uneven pattern to the prior year, when visits dipped sharply through the summer months before recovering towards the end of the year. The positive momentum lasted throughout 2026, closing H1 with clear, positive growth in place by June after a slight dip in April.

In terms of turnover, categories linked to Personal Care & Health continued to show the most resilient performance, reinforcing the strongest year-on-year growth profile across the merchandising mix.

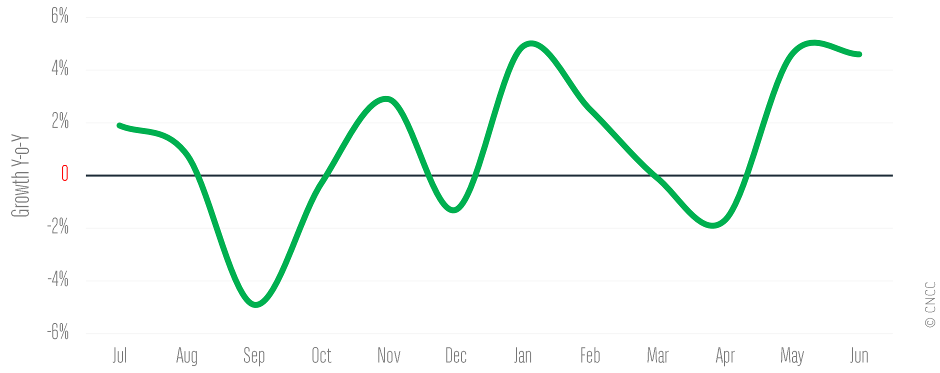
Shopping Centres Turnover by Product Type



Shopping Centres Turnover by Unit Size and Type



Consumer Visits



OUT-OF-TOWN PIPELINE

ASSET	LOCATION	AREA (SQM)	COMPLETION
City Mall Gallarate	Gallarate (MI)	15,000	End-2026
Roma Outlet Village	Sant'Oreste (RM)	32,000	End-2026
Centro Commerciale Zafferia	Messina (ME)	34,000	End-2028
Milanord 2	Cinisello Balsamo (MI)	170,000	End-2028

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: (+34) 347 217 3074
mark.roberts@realestate.bnpparibas

Oriana BEZZE
Head of Retail Capital Markets
Cell: (+34) 3758704229
oriana.bezze@realestate.bnpparibas

TRANSACTION

Carlo Maria PAOLILLO
Head of Commercial letting & Sales
Cell: (+39) 335 770 2905
carlo.paolillo@realestate.bnpparibas

Giulia CASCELLA
Head of High Street Retail
Cell: (+39) 335 600 8818
giulia.cascella@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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