

REVIEW

CAPITAL MARKETS

ITALY Q3 2026

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RESEARCH & INSIGHTS

BNP PARIBAS REAL ESTATE

Real Estate for a changing world

Q3 2026 CAPITAL MARKETS ITALY

KEY FIGURES

€9.83 bn +30% y/y
Investment volume Q1-3 2026

€6.81 bn
Average Q1-3 investment volume 2017-2026

Prime real estate yields in the main asset classes sent mixed signals in Q3 2026, following the adjustments and repricing phase observed over the past two years.

Amid ongoing geopolitical uncertainty, the Italian 10Y Government Bond yield has now risen above prime real estate yields, turning the spread negative and putting pressure on the relative appeal of core assets, while making pricing discipline increasingly central to investor decisions.

Purchasing Managers' Indices (PMIs) in Italy reversed the previous trend, with Services holding steady above 51 and Manufacturing now edging slightly over the 50 threshold.

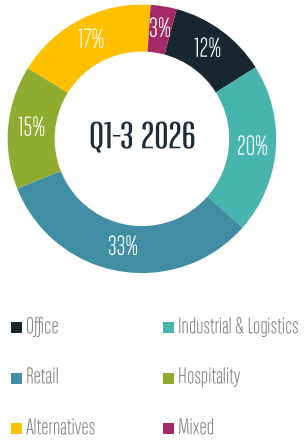
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MARKET OVERVIEW

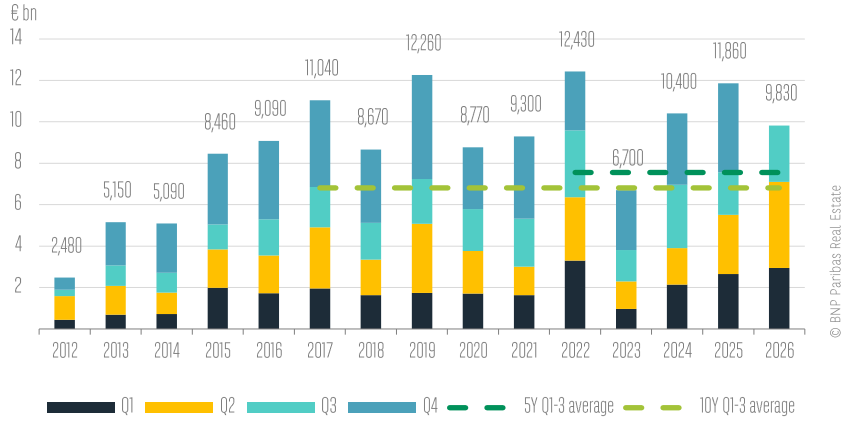
Investment activity in Italy confirmed its positive momentum through Q1-3 2026, with total volumes reaching €9.83 bn, marking a sharp +30% increase on a yearly basis and confirming the resilience of the institutional real estate market, despite a persistently uncertain global environment.

Investor appetite stayed selective yet spread across a broad range of asset classes. Retail and Industrial & Logistics led the way, together capturing 53% of total volumes, driven by a number of sizeable deals and sustained demand for operational assets.

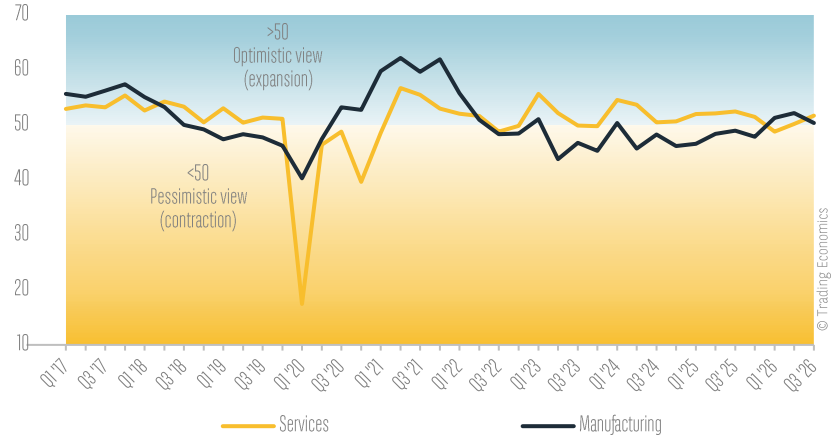
Pricing expectations and financing conditions continued to influence deal-making throughout the period. Nonetheless, Q1-3 2026 figures point to growing market confidence and a clear step up in investment activity versus last year, with volumes comfortably exceeding both the 5-year and 10-year averages and further supporting the recovery that has been underway since the beginning of the year.



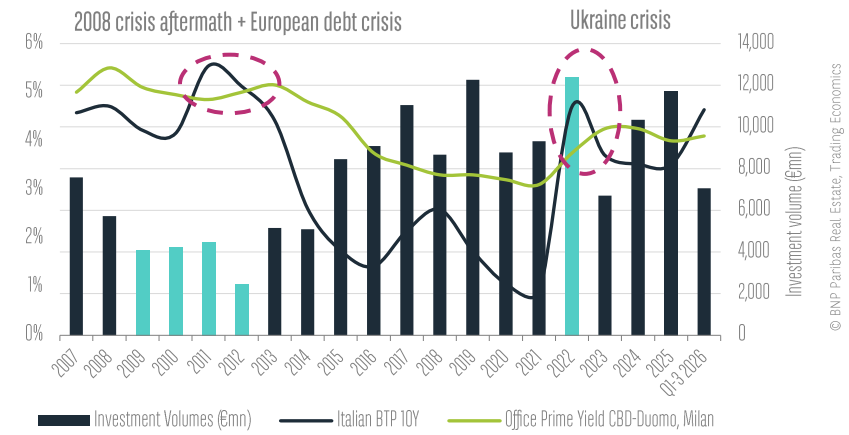
Total investment volume



Italian Services PMI bouncing back above Manufacturing for the first time in 2026



Italian government bonds move above prime office yields



Q3 2026 CAPITAL MARKETS ITALY

KEY FIGURES

€1.17 bn -32% y/y
Office investment volume Q1-3 2026

€1.94 bn
Office average Q1-3 investment volume 2017-2026

In Q3 2026, prime office yield movement diverged between Italy's two main markets. In Milan, the prime yield reached 4.10% after decompression was recorded across almost all submarkets, while Rome remained stable at 4.75%, though a widening gap between core and non-core submarkets.

These movements reflect a market shaped by limited transaction volumes, with investors concentrating on prime assets offering strong income visibility and long-term fundamentals.

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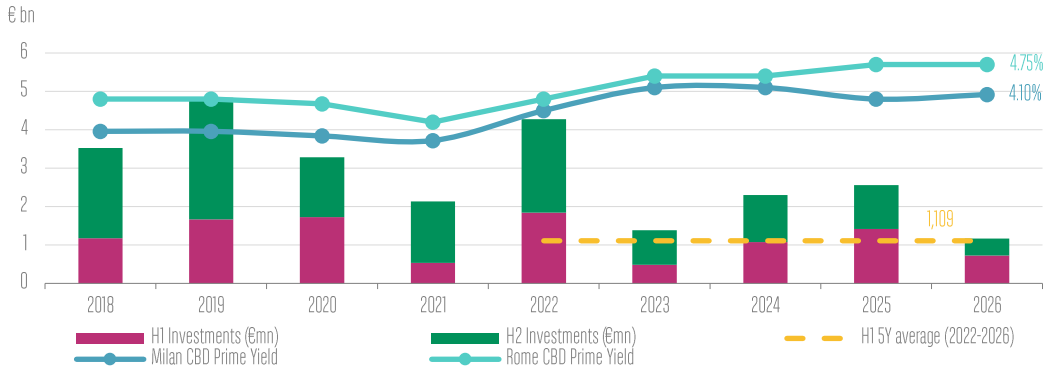
OFFICE

The Office sector recorded €1.17 bn of investments in Q1-3 2026, following a year-on-year contraction for the third consecutive year, the sharpest among all tracked asset classes and a sign that conditions for large-scale office deals are still challenging.

In a market shaped by a shortage of large deals and a focus on smaller and more selective transactions, Milan remained the first office market by volume in Q1-3 2026, despite a marked -33% contraction year-on-year.

Although Rome lost its primary role in the previous quarter, and saw volumes fall by -41% in Q3 2026 on a yearly basis, its office market continued to make a contribution to the sector's overall performance. Quarterly volumes continued to fall since the start of the year and The third quarter confirms a market with limited deal flow which is still held back by investor caution, especially on large-ticket deals.

Office investments volume and CBD prime yields

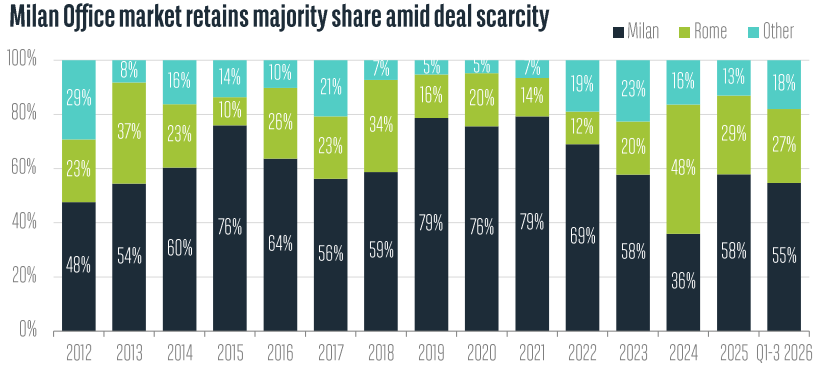


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Key Office deals in Q1-3 2026*

ASSET	LOCATION	DISTRICT	INVESTMENT PROFILE	VOLUME (M€ ca)
Torre Diamante – BNP Paribas HQ P.za Lina Bo Bardi, 3 (51% share)	Milan	CBD Porta Nuova	Owner Occupier	212
Palazzo Esedra - P.za della Repubblica, 185 (Office portion)	Rome	CBD	Core Plus	150
Share of a 30-asset portfolio	Sicily	Mixed	Owner Occupier	69

Milan Office market retains majority share amid deal scarcity



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Office investments in Q1-3 2026

- **€640 mn** -33 % y/y — Milan
- **€320 mn** -41 % y/y — Rome
- **€210 mn** -10 % y/y — Others

Prime yields Q3 2026

- **4.10%** +10 bp y/y — Milan CBD
- **4.75%** +0 bp y/y — Rome CBD

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

Q3 2026 CAPITAL MARKETS ITALY

KEY FIGURES

€3.19 bn +47% y/y
Retail investment volume Q1-3 2026

€1.44 bn
Retail average Q1-3 investment volume 2017-2026

In Q3 2026, prime retail yields were broadly stable on a quarterly basis across most formats, with High Street being the only segment to record a decompression compared to the previous quarter.

High Street prime yields in Milan and Rome stood at 4.00% and 4.10% respectively, though investor interest in prime locations remains solid.

Prime shopping centre yields have now held steady at 7.25% for four consecutive quarters. Demand continues to favour dominant, well-performing assets with scale and strong income quality.

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RETAIL

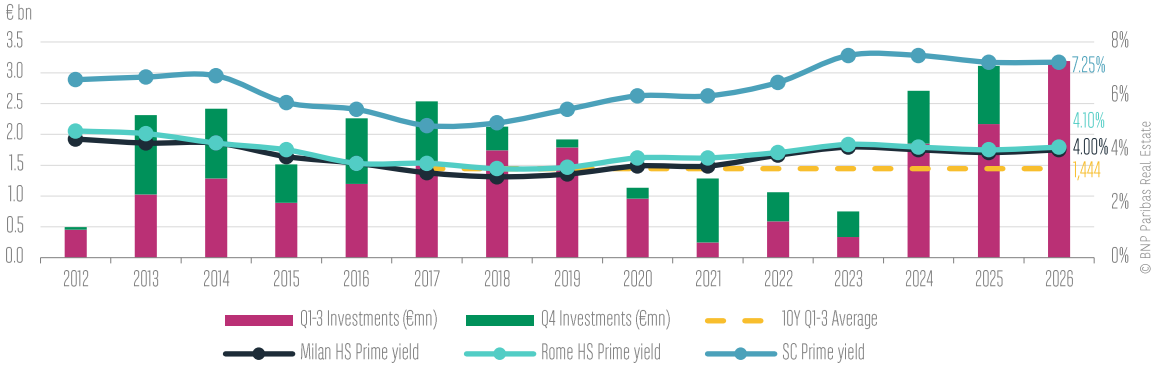
Retail investments reached €3.19 bn in Q1-3 2026, making it the most active asset class year-to-date, largely driven by the sale of a landmark High Street trophy asset in the heart of Milan.

Volumes were further boosted by a handful of large out-of-town transactions, underlining strong investor demand for destination formats with resilient footfall and well-established tenant mixes.

Excluding the aforementioned CBD Duomo deal, High Street retail saw a large number of transactions of smaller ticket sizes giving a more fragmented contribution to total volumes. Activity stayed focused on prime locations. Other retail formats played a more marginal role in Q3.

Overall, Q1-3 results point to a deal-driven market, combining a few landmark transactions with wider investment momentum, as selective capital continues to target large and well-performing assets.

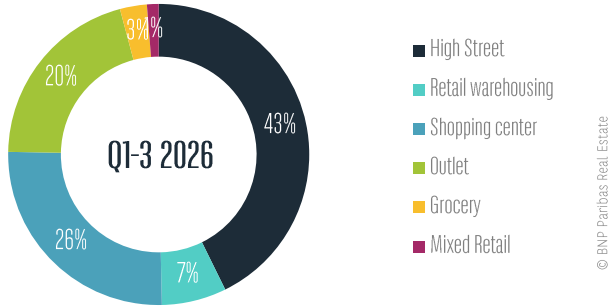
Retail investment volume and prime yields



Key Retail deals in Q1-3 2026 *

ASSET	LOCATION	TYPE	VOLUME (M€ ca)
Via Monte Napoleone, 8 - Milan (80% of the total asset)	Milan	High Street	1,161
M Core Portfolio (3 assets)	Mixed	Shopping Centre	300
Esperia Portfolio (3 assets)	Mixed	Shopping Centre	115

Retail investments by product



Retail investments in Q1-3 2026

€1.49 bn +296 % y/y	€99 mn +32 % y/y	€1.61 bn -6 % y/y
Milan	Rome	Other

Prime yields Q3 2026

4.00% +10 bp y/y	4.10% +10 bp y/y	7.25% -25 bp y/y
Milan High Street	Rome High Street	Shopping Centres

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

Q3 2026 CAPITAL MARKETS ITALY

KEY FIGURES

€2.00 bn +92% y/y
Logistics investment volume Q1-3 2026

€1.21 bn
Logistics average Q1-3 investment volume 2017-2026

In Q3 2026, prime logistics yields edged down on a quarterly basis, supported by steady occupier demand for modern and well-located assets and a structurally tight supply of high-quality stock. **Grade-A warehouse yields compressed by 10 bps to 5.30%, a slight decrease both year-on-year and on a quarterly basis, while last-mile logistics yields were stable at 5.10%.**

This environment reflects a selective investment market, where investors keep placing cash-flow visibility and asset quality ahead of further yield compression.

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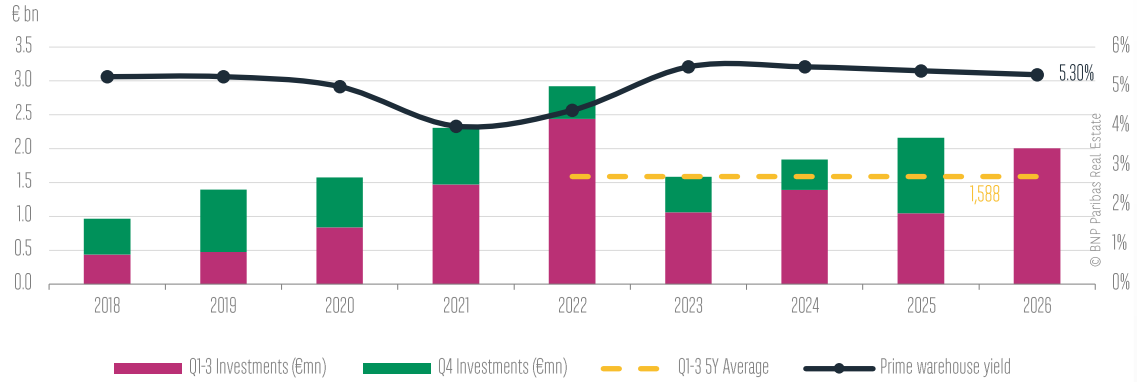
LOGISTICS

The Industrial & Logistics sector attracted €2.00 bn of investment in Q1-3 2026, a strong year-on-year performance that keeps volumes comfortably above both the 5-year and 10-year average figures, underlining the market's structural depth. Activity was largely driven by large-scale portfolio deals, with international investors accounting for most of the capital deployed.

Core logistics investment were focused exclusively on Northern Italy, strengthening the position of established logistics corridors for stabilised, income-generating assets.

Development-led deals and land acquisitions on the other hand, showed a wider geographical spread, with sites in Lombardy, Veneto, Emilia-Romagna, Campania and Puglia, reflecting investors' focus on building pipelines beyond the traditional core and prime markets.

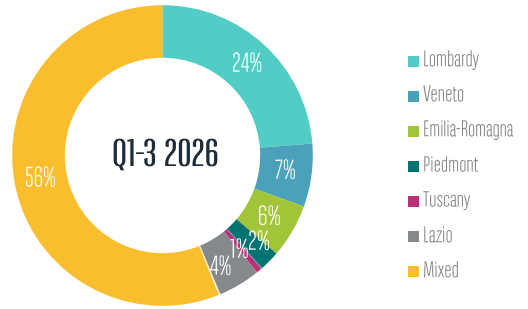
Logistics investment volume and prime yields



Key Logistics deals in Q1-3 2026 *

ASSET	LOCATION	REGION	VOLUME (M€ ca)
Project Run Portfolio (8 assets)	Mixed	Mixed	360
Northern Italy Portfolio (8 assets)	Northern Italy	Mixed	126
Project Golden Portfolio	Northern Italy	Mixed	121

Geographic distribution of portfolio deals



Logistics investments in Q1-3 2026

€476 mn +176 % y/y
Lombardy

€116 mn +365 % y/y
Emilia-Romagna

€1.41 bn +77 % y/y
Others

Prime yields Q3 2026

5.30% -20 bp y/y
Warehouses

5.10% +0 bp y/y
Last-mile

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

Q3 2026 CAPITAL MARKETS ITALY

KEY FIGURES

€1.46 bn -3% y/y
Hospitality investment volume Q1-3 2026

€1.10 bn
Hospitality average Q1-3 investment volume 2017-2026

In Q1-3 2026, Hospitality investors stayed focused on high-quality, well-positioned assets, favouring properties in strategic locations with strong operating fundamentals.

Pricing expectations appear stable, especially for upper-upscale and leisure-oriented assets, while secondary properties and non-core locations continue to face more selective investor demand and wider bid-ask spreads.

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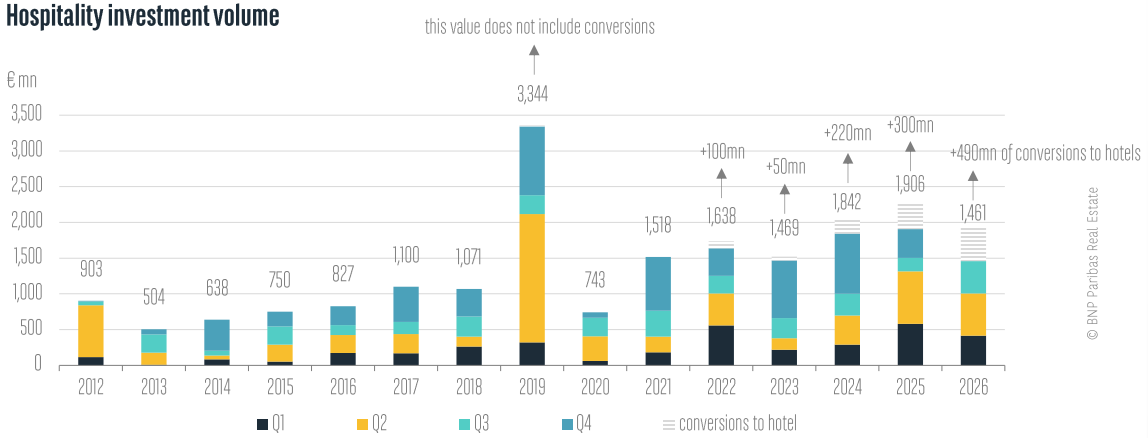
HOSPITALITY

Hospitality investments totaled **€1.46 bn in Q1-3 2026**, a marginal -3% decrease year-on-year, mainly due to a **base effect** following the strong results recorded in previous periods.

Activity was largely driven by **single-asset transactions**, including the largest Hospitality deal year-to-date, while a four-asset portfolio ranked as the second-largest transactions. Capital continued to flow towards **leisure-oriented destinations** within **high-quality urban locations**, underlining investors' ongoing appetite for assets with solid operating fundamentals.

Including **conversion-led transactions** would raise Hospitality volumes by a further +33%, showing the strategic importance of hotel-led repositioning and redevelopment projects in the current market.

Hospitality investment volume

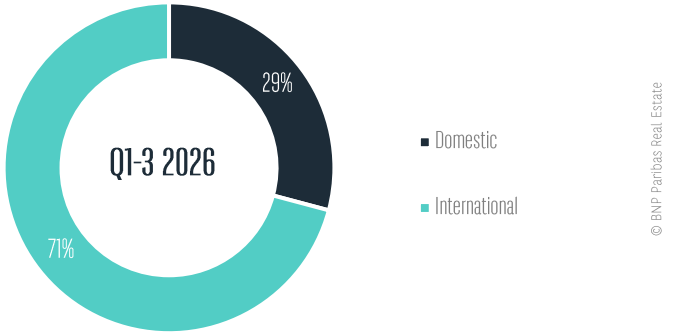


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Key Hospitality deals in Q1-3 2026 *

ASSET	LOCATION	NO. ROOMS	VOLUME (M€ ca)
The Lake Como Edition	Cadenabbia (Como)	148	230
4 assets portfolio	Milan	900	217
Via del Corso, 232	Rome	-	100

Hospitality investments by source of capital



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Hospitality investments in Q1-3 2026

Milan	Rome	Other
€282 mn +38 % y/y	€255 mn +11 % y/y	€819 mn -22 % y/y

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

Q3 2026 CAPITAL MARKETS ITALY

KEY FIGURES

€1.69 bn +82% y/y
Alternatives investment volume Q1-3 2026

€590 mn
Alternatives average Q1-3 investment volume 2017-2026

RESIDENTIAL FOCUS

The latest data confirms an **active residential market**. National housing transactions were **broadly stable**, driven by activity in non-central locations and secondary urban areas.

The **rental market remains fundamentally solid**, with new residential leases rising year-on-year and **total rental values growing by around 6.3% annually**, supported by steady demand and a structurally limited housing supply.

The gap between supply and demand is widest in the main urban markets, where affordability pressures and scarce new development keep driving rental growth. Against this backdrop, the growth of professionally managed Living assets is pointing to a long-term transformation of the residential sector.

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ALTERNATIVES

Alternatives attracted **€1.69 bn of investments in Q1-3 2026**, a **strong year-on-year rise** that further strengthens the sector's role within the Italian investment market.

Activity was led by **Living**, which made up half of total volumes, followed by **Healthcare**, reflecting strong investor appetite for operational and service-based segments backed by resilient demand. Within Living, capital was mostly directed towards **Student Housing** and **Residential-led strategies**, including **BTS** formats, while Healthcare continued to draw interest in its defensive profile.

Furthermore if assets acquired for future conversion were to be included, the sector's weighting would expand, confirming Alternatives as one of the most structurally dynamic parts of the Italian investment market.

The two largest deals this year-to-date were the sale of Villa Certosa in Porto Rotondo (Sardinia) and the acquisition of an 80% stake in a portfolio of care homes across Northern Italy, highlighting the breadth of strategies within the sector.

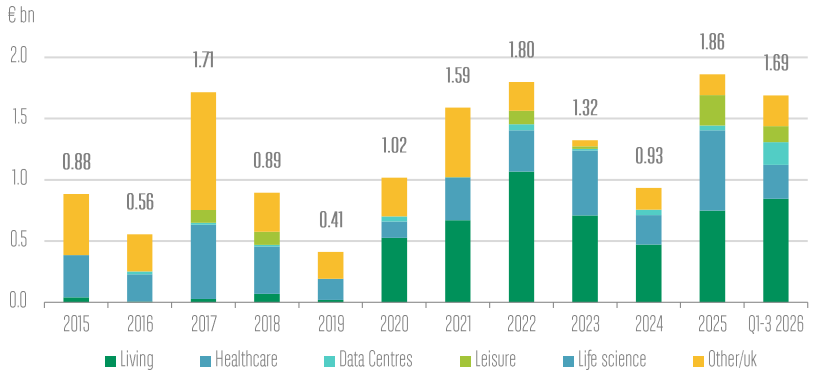
Number of residential transactions

CITY	2025	Q2 2026	Q2 2025	VAR% Q2 26/Q2 25
Rome	37,293	9,883	9,839	0.4%
Milan	25,173	6,492	6,491	0.0%
Turin	16,151	4,352	4,325	0.6%
Naples	8,031	2,236	2,146	4.2%
Genoa	9,273	2,538	2,466	2.9%
Palermo	7,141	1,849	1,899	-2.6%
Bologna	6,090	1,614	1,596	1.1%
Florence	4,644	1,168	1,273	-8.2%
Total 8 cities	113,796	30,132	25,817	+0.3%
Italy	766,753	201,596	172,048	+0.1%

** Available data updated to Q3 2026

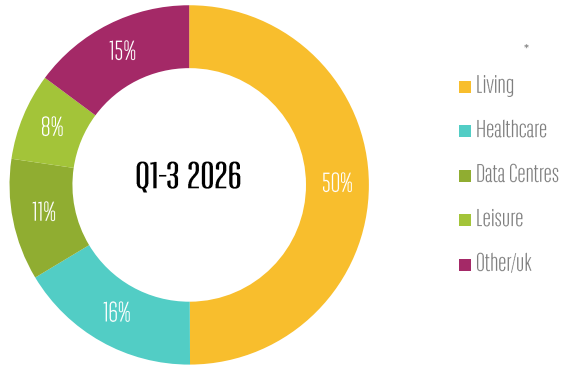
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Evolution of Investment in the Alternatives asset class



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Alternatives investments by product



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

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*NNT (Normalised Number of Transactions)

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