



**CITY NEWS  
ROME  
Q1 2021**

**ROME  
COMMERCIAL REAL ESTATE INVESTMENT  
MARKET AND OFFICE LEASING**

**In Rome decreasing performance for the Office leasing market in Q1 2021 vs. Q1 2020. Positive trend for the commercial real estate investment market**

**THE OFFICE LEASING MARKET**

In Q1 2021, the Rome Office leasing market recorded a take-up for around 25,900 sqm, down by about 10% compared to Q1 2020 and the Q1 average of the last 10 years, and about 40% lower than the Q1 average of the last 5 years. There was also a significant decrease in deals closed: 20 deals were concluded in Q1 2021, compared to 35 in Q1 2020 and 30 on average in Q1 over the last 5 years.

Moving on to the analysis of the sub-markets, it should be noted that approximately 35% of take-up in Q1 2021 was concentrated in the CBD sub-market with around 9,400 sqm (for 7 deals), with a three-digit increase compared to Q1 2020. This result was impacted by the closing in the quarter of a relevant owner occupier deal with a tenant from the banking/finance sector for approximately 4,100 sqm.

The Greater EUR sub-market followed, accounting for about 30% of quarterly take-up, with approximately 7,600 sqm (for 4 deals), up by around 40% compared to Q1 2020.

The Periphery & Out of GRA and the Centre recorded a take-up of about 4,800 sqm (including a relevant deal for about 4,000 sqm closed by a tenant operating in the

service sector) and 4,000 sqm respectively, down by around 40% and 60% compared to Q1 2020. No deals were recorded in the Semicentre in Q1 2021.

With regard to the quality of the assets leased during the quarter, approximately 53% of take-up related to spaces of grade A (totalling approximately 14,000 sqm).

Rome confirms to be a city characterised by small-size deals: in Q1 2021, 60% of the closed deals referred to a sizes below 1,000 sqm. It should be noted that no deals of a size greater than 6,000 sqm were closed during the quarter.

In terms of rents, Q1 2021 data show that deals for rents amounting to 250-375 €/sqm/year prevailed (accounting for about 55% of total deals in the quarter with known rents).

As regards Office prime rents, all the sub-markets in the city recorded q-o-q stability compared to the previous quarter. In particular, the CBD remains at 450 €/sqm/year for the eighth consecutive quarter.

An analysis of the Office supply in Rome shows a total of about 873,500 sqm of vacant space in Q1 2021, slightly down on the previous quarter figure. The aggregate va-

cancy rate in the city fell to 8.90% in Q1 2021 (from 9.10% in Q4 2020). In the central sub-markets, vacancy rates are much lower (between 3.5% and 4.5%).

With regard to the quality of vacant spaces, in Rome only around 22% of total availability (of a known grade) is of grade A: this involves about 177,000 sqm, of which about 43,000 sqm are located between the CBD and the Centre. Conversely, most of the space currently available in the city is of lower quality and located mainly in the Greater EUR and in the Periphery & Out of GRA. In particular, in these two sub-markets, about 78% of the currently vacant space (of a known grade) are grade B and C.

**Take away Q1 2021**

- Office take-up decrease compared to Q1 2020
- Approximately 50% of the quarterly take-up in the CBD and Centre sub-markets
- Office prime rents stability q-o-q in all sub-markets

## THE INVESTMENT MARKET

### Take away Q1 2021

**Investments increase with respect to Q1 2020**

**Volumes Q1 2021 attributable to only Offices and Logistics. No deals recorded in the other asset classes**

**Prime net yields stability q-o-q for all the asset classes**

In Q1 2021, investments in the commercial real estate market in Rome, amounting to approximately €130 million, were up by around 17% on Q1 2020. However, this figure is lower than the Q1 average of the last 5 and 10 years (by about -35% and -40%, respectively).

The volumes recorded in the city during the quarter are attributable to only two types of asset classes: Offices and Logistics.

With regard to Office, investments totalled approximately €70 million (about 55% of the city's total for the quarter) in line with Q1 2020 but down compared to the Q1 average of the last 5 and 10 years (by around -40% and -45%). The locations of the 3 deals closed in Q1 2021 in the Office sector (all relating to single assets) were as follows: one in the CBD sub-market with a value of approximately €46 million and two in the Centre sub-market with a total value of approximately €24 million. All these deals involved domestic capital. As regards Office prime net yields, in Q1 2021 q-o-q

stability was recorded in all the sub-markets. In particular, the CBD and the Centre remain at 3.90% (for the second consecutive quarter) and 5.00% (for the ninth consecutive quarter) respectively.

The other investment sector in the city in Q1 2021 was Logistics, which recorded volumes of approximately €58 million (about 45% of the quarterly total). No deals were recorded for this asset class in Q1 2020. The figure for Q1 2021 is also up three-digits compared to the Q1 average of the last 5 and 10 years. More specifically, the Logistics volumes refer to two acquisitions within a larger portfolio deal that also included locations in Northern Italy and was funded by Asian capital. In terms of Logistics prime net yields in Rome in Q1 2021, figures remained stable at 5.25% (for the third consecutive quarter).

Finally, in Q1 2021 no deals were recorded in Rome in the Mixed Products, Alternative Products, Hotel and Retail sectors. With regard to this latter sector, q-o-q stability was recorded in the High Street segment, with prime net yields at 3.70% (for the third consecutive quarter).

Of the capital invested in the city in Q1 2021, 55% was domestic capital and it was fully allocated to the Office product, as mentioned above. The remainder was from Asia and allocated to the Logistics sector in its entirety.



### ROME Q1 2021 €128 M

**11% of Italy total**  
**+17% vs. Q1 2020**



#### OFFICE

**€70 M** - Q1 2020

**55% of Rome total**

*Prime net yield Q1 2021*

**3.90% Stable**



#### LOGISTICS

**€58 M** vs. €0 in Q1 2020

**45% of Rome total**

*Prime net yield Q1 2021*

**5.25% Stable**

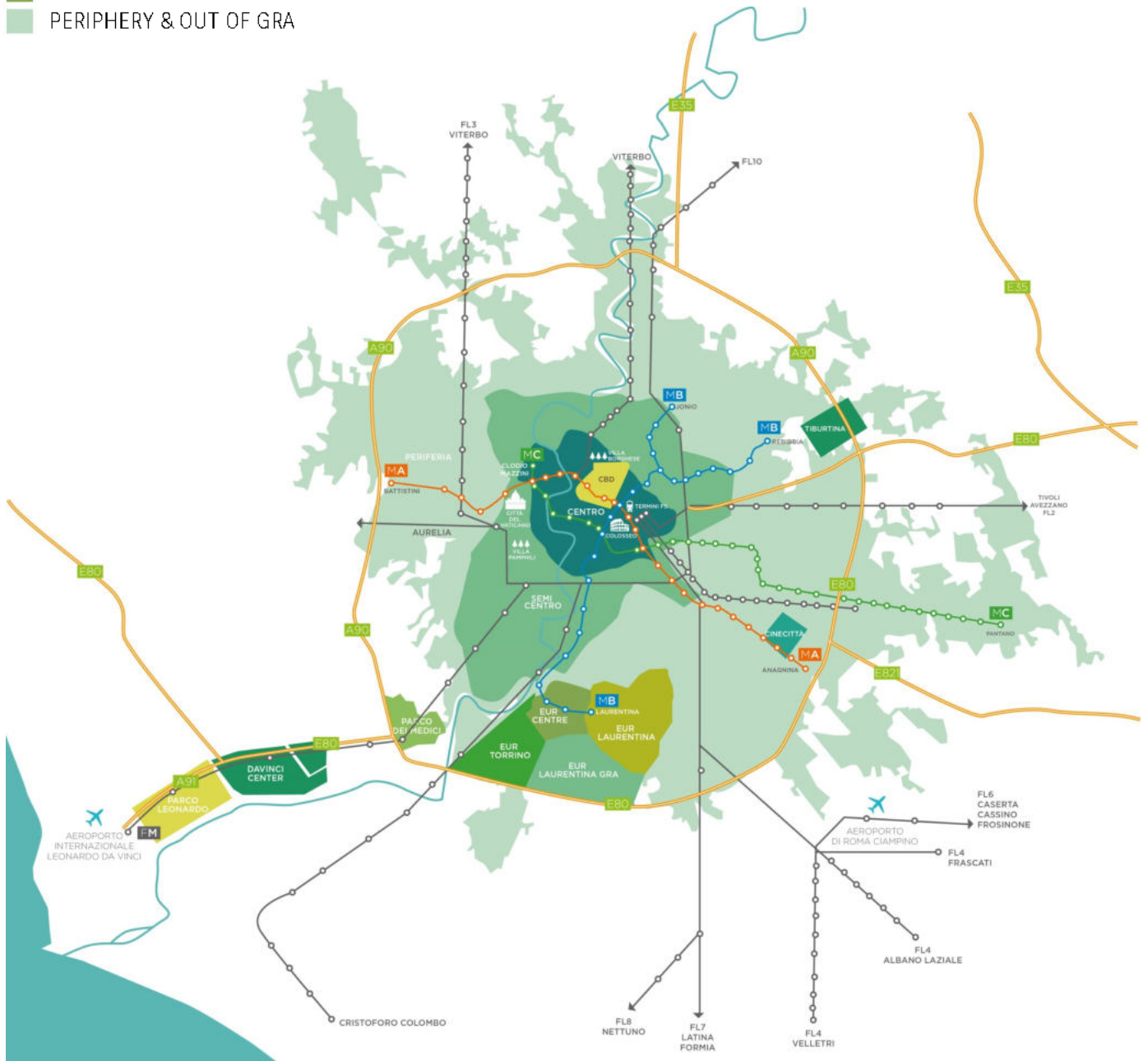
*Mixed Products €0 vs. €29 M in Q1 2020, Alternative Products €0 vs. €4 M in Q1 2020, Hotel €0 = Q1 2020, Retail €0 = Q1 2020.*

**BNP Paribas Real Estate Research Italy**

*Prime net yields have to be read as an indication of market trends. The levels are established as a mix between market sentiment and values of deals actually closed during the reference period.*

# OFFICE MARKET MAP—ROME

- CBD
- CENTRE
- SEMICENTRE
- EUR CENTRE/EUR CORE
- PERIPHERY & OUT OF GRA



# 6 BUSINESS LINES in Europe A 360° vision

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