



**INVESTMENTS  
AT A GLANCE  
Q4 2021**

# ITALY - INVESTMENTS IN COMMERCIAL REAL ESTATE MARKET

**2021: POSITIVE PERFORMANCE — LOGISTICS DOMINATES**

**Italy, 2021 ended with about €9.2bn in investments in the RE market: +5% compared to 2020**

In Italy, 2021 ended with investments of about €9.2bn in the commercial real estate market. The volumes of the year just ended were up by about 5% compared to 2020 and to the annual average of the last 10 years (around +16%) but down compared to the annual average of the last 5 years (around -8%).

In particular, Q4 2021 contributed almost €3.9bn in investments, up compared to Q4 2020 and to the average of Q4 in the last 10 years (+30% and +23%, respectively) and in line with the average of the Q4 in the last five years. The high number of transactions closed compared to the previous year is significant: about 266 transactions in 2021 (of which almost 100 closed in Q4) compared to 197 in 2020.

Foreign buyers' interest in Italy was confirmed in 2021: about 77% of the volumes recorded during the year were of foreign origin (compared to around 56% recorded in 2020). In particular, the largest foreign contributors were the Americans (around €2.7bn), the British (about €1.1bn) and the Asians (about €700m). Domestic capital contributed about €2.1bn (23% of the total for 2021, representing the lowest value recorded in the last 5 years).

As regards the geographical areas, Milan continued to be the most liquid market in 2021 with a concentration of investments of about 44% of the total volumes recorded in Italy during the year (equal to about €4bn). The result for 2021 is in line with that of 2020 and the annual five-year average but up (around +30%) compared to the ten-year annual average. The good result in the city was achieved thanks to the business properties where investments amounted to about €1.7bn: 42% of the total in Milan and almost 79% of the total Offices in Italy in 2021.

Undersized performance in the year just ended for the Rome market with investments of about €820m, down compared to 2020 and to the five-year and ten-year average (around -20%, -40% and -32%).

In terms of contribution to volumes, in Rome in 2021 the investments in the Hotel sector took the lead: about €310 million, half of which was made in Q4 (for 2 transactions).

Investments in other Locations contributed to the year's result with around €4.3bn (47% of Italy's total), of which about €1.8bn invested in Q4. In particu-

lar, in 2021 investments in secondary Locations were influenced by some portfolio transactions involving the Logistics product (with a portfolio deal of around €530m finalised by Asian capital, two significant portfolio deals to be noted) and the Hotel product (the portfolio deal of about €238 million finalised by Spanish capital is also noteworthy).

## Take away Q4 2021

**Total investments of €3.9bn: around +30% compared to Q4 2020**

**Retail drives volumes for the quarter with about €1 billion. Logistics follows with about €830 million and Offices with about €730 million**

**Prime net yields in q-o-q compression for Offices and Logistics in Milan. Stability for Retail, Offices and Logistic in Rome**

## PRODUCTS PURCHASED DURING THE YEAR: LOGISTICS DOMINATES

By analysing the various asset classes, the Logistics sector drives the investments of the year for the first time, thus confirming the growing structural trend of this asset class in the Italian commercial real estate market. In 2021, Logistics reached about €2.3bn in investments (25% of the Italian total in 2021), up compared to 2020, to the annual five-year and ten-year reference average (about +51%, +53% and +150%). 2021 saw investments of €825 million (+12% compared to Q4 2020) in this asset class. In 2021, the main players in Logistics volumes were Singaporean capitals for almost 40% of the total recorded, followed by the Americans who allocated 27% of the total to this asset class. In Q4 2021, the prime net yield of Logistics in Milan fell from 4.50% to 4%. Stability instead in Rome at 5% level.

The business property confirms its importance in terms of investments (23% of the total in Italy) with about €2.1bn. However, this value is down compared to both 2020 (-35%) and the medium and long-term annual averages (respectively about -40% and about -25%): this is the worst figure for the Offices product over the last 5 years. In 2021, Italian investors made a significant contribution to the total volume of investments with about €1bn in this asset class.

It should be noted that Q4 2021 contributed about €730 million to Offices volumes of the year (around +7% on Q4 2020). As regards the prime net yields of

Offices, in Q4 2021 a compression was recorded in Milan at 3.10% (from 3.20% to Q3), while q-o-q stability was confirmed at 3.50% in Rome.

Investments in the Alternative Products sector amounted to about €1.6bn in 2021 (about +57% compared to 2020). In detail, about €450m is attributable to Data-centers, about €350m to care homes, €300m to institutional Residential and €215m to sites under development. Investments in this sector were driven by players from the USA (about €435 million), the UK (about €230 million) and Belgium (about €190 million). Domestic investors allocated about €285m.

The Hotel sector recorded around €1.4bn in 2021 (around +91% compared to 2020). Q4 2021 recorded about €660 million investments (a three-digit increase compared to Q4 2020) and includes a significant portfolio transaction comprising assets located in mixed locations and finalised by Spanish investors. The transactions of the year in this sector were about 30 and are located mainly in Northern Italy.

This is followed, in terms of volumes, by the Retail sector, which reached a total of about €1.3bn in 2021, up by 13% on 2020 but down substantially compared to the annual average values of the last 5 and 10 years (around -30%).

The breakdown of the Retail product sub-segments in 2021 shows a prevalence of investments in High Street for about €890 million (an exceptional figure

achieved thanks to the closure of a significant mixed portfolio containing a High Street asset located in the CBD Duomo in Milan), followed by Supermarkets and Hypermarkets for around €170 million and by Shopping Centres for around €100 million. In 2021 US investors were the largest foreign contributors to Retail investments in Italy (allocating about €783 million). Conversely, domestic investors invested around €210 million during the year, mainly in High Street transactions.

In Q4 2021 oversized y-o-y performance with around €1 billion in volumes (compared to around €176 million in Q4 2020), thanks to the closure, among others, of two portfolios (a mixed portfolio already mentioned above and one of Supermarkets and Hypermarkets containing both assets in various Locations). Regarding the prime net yields of this asset class, Q4 observed a general q-o-q stability. In particular, Shopping Centres remained unchanged at 6.00% for the sixth consecutive quarter, while the values of the High Street in Milan and Rome have remained since Q3 2020 at 3.40% and 3.70%, respectively.

Finally, investments of about €456 million in Mixed Products were recorded in 2021.

### Prime net yields - Q4 2021

#### OFFICES



**Milan 3,10%**  
-10 bps vs Q3 2021

**Rome 3,50%**  
Stable vs Q3 2021

#### RETAIL



**HS Milan 3,40%**  
Stable vs Q3 2021

**HS Rome 3,70%**  
Stable vs Q3 2021

**Shopping Centres 6%**  
Stable vs Q3 2021

#### LOGISTICS



**Milan 4%**  
-50 bps vs Q3 2021

**Rome 5%**  
Stable vs Q3 2021

Prime net yields are to be read as a guide to indicate market trends. The Levels are established as a mix between market sentiment and the values of the transactions effectively closed in the reference period.

# 6 BUSINESS LINES in Europe

## A 360° vision

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