



**CITY NEWS
ROME
Q4 2021**

**ROME
OFFICE RENTAL AND COMMERCIAL
INVESTMENTS REAL ESTATE MARKET**

2021 vs 2020: undersized result for the commercial real estate investment market but good performance for the Offices rental market

THE OFFICES LEASING MARKET

Good performance in 2021 for the Offices Rental market in the city of Rome closing the year with a take-up of about 138,500 sqm: up compared to 2020 (+10%) but down compared to the average of the last 5 and 10 years (around -26% and -5%, respectively). Significant increase in the number of transactions closed in 2021: 124 compared to 100 in 2020.

In detail, Q4 2021 recorded a take-up of about 45,000 sqm in the city, down compared to Q4 2020 (to be noted is that this quarter had recorded a significant transaction in the sub-market of Periphery & Out of GRA for about 30,000 sqm) and compared to the average of Q4 over the last 5 years (about -30% and -22%) but in line compared to the average of Q4 of the last 10 years.

By analysing the different areas of the city, the take-up recorded positive changes in 2021 compared to 2020 in all sub-markets with the exception of the sub-market of the Centre (-40%) and the Periphery & Out of GRA (-30%).

About 34% of the annual take-up in Rome was concentrated in the Greater EUR sub-market which absorbed about 45,800 sqm, up by about 30% to the value recorded in 2020.

This is followed by the CBD, which in 2021 recorded an absorption of about 36,000 sqm (about 26% of the take-up in 2021 in Rome), a three-digit growth compared to what was recorded in 2020. This result was achieved, among others thanks to a significant transaction of about 8,000 sqm closed by a tenant

belonging to the fashion sector.

The sub-markets of the Centre and the Periphery & Out of GRA each absorbed about 18% of the take-up of the year with 22,000 sqm and 29,000 sqm, respectively. The Semi-centre sub-market is in the back, which absorbed around 6,000 sqm in 2021 (4% of the annual take-up), in line with the value recorded in 2020.

In the city in 2021, about 62% of the total absorption involved grade B spaces (for a total of about 86,000 sqm).

The structural data of the Roman rental market is also confirmed in 2021, which is still characterized by small size transactions (less than 1,000 sqm) for about 70% of closed transactions. It is important to note the completion of only two transactions during the year with a floor area greater than 6,000 sqm (executed in Q2 and Q3, respectively).

As to the rental fees, the data observed in 2021 show a prevalence of closures characterized by levels between 125-375 €/sqm/year (for almost 80% of the total number of 2021 deals with known rental fees).

As regards prime Offices rental fees, q-o-q stability was recorded in all Roman sub-markets. In particular, the CBD remains at 470 €/sqm/year while the Greater EUR at 350 €/sqm/year for the third quarter in a row.

The analysis of the offer of Offices in Rome, in Q4 2021 showed that there were a total of about 878,000 sqm of vacant spaces, a slight increase compared to the previous quarter. The aggregate vacancy rate in the city increased slightly in Q4 to 9.0% (from 8.9% in Q3 2021), even though the central sub-markets recorded much lower vacancy levels (around 4%).

As regards the quality of vacant spaces, in Rome only about 21% of the total availability (with known grade) is grade A: that is about 166,000 sqm, of which about 47,000 sqm located between the CBD, Centre and Semi-centre. Conversely, most of the availability is of lower quality and located in the Greater EUR and the Periphery & Out of GRA. In particular, in these two sub-markets the total vacancy is about 624,000 sqm, of which about 80% of grade B and C.

Take away Q4 2021

Offices space absorption slightly down compared to Q4 2020

Positive take-up result in all sub-markets, with the exception of Centre and Periphery & Out of GRA compared to Q4 2020

Stable q-o-q Offices prime rental fees in all submarkets

THE INVESTMENT MARKET

Take away Q4 2021

Investments down compared to Q4 2020

Excellent performance for the Hotel sector. No transactions in Mixed Products

Q-o-q stability for Offices, High Street Retail and Logistics prime net yields

A general undersizing of the capital market is confirmed in Rome. About €821 million were invested in 2021, a decrease both compared to 2020 and to the annual average of the last 5 and 10 years (around -9%, -41% and -32%, respectively).

The last quarter of the year contributed about €402 million, mainly invested in the Hotel and Offices sector. The volumes recorded in Q4 are in line compared to Q4 2020 but down compared to the five-year and ten-year reference average (around -26% and -8%).

In terms of contribution relating to volumes, in Rome in 2021, investments were driven by the Hotel sector where 38% of the total invested in the year is concentrated: about €310 million, registering a three-digit increase compared to 2020, in line with the five-year annual average and up compared to the ten-year annual average (+25 % about). The volumes in the last quarter of the year were about €155 million and refer to two transactions concerning assets located in the Roman CBD and finalised for about €120 million from domestic capital and the remainder from English capital.

This is followed by investments in Offices which in 2021 were about €305 million, lower than both 2020 and the five-year and ten-year annual average (-55%, -60% and -50%, respectively). In detail, in the last quarter of the year this asset class saw investments of about €140 million, a decrease of 55% compared to Q4 2020.

The Q4 2021 volumes refer to seven transactions: one located in the Centre for about €42 million, two in the Greater EUR for €52 million and four for about €44 million located in the Periphery & Out of GRA. More than half of the capital invested in Offices in Rome was of domestic origin. As regards Offices prime net yields, in Q4 2021 q-o-q stability was recorded in all the sub-markets. The Roman CBD and the Centre remained stable at 3.50% and 4.25% for the second quarter in a row, while the Greater EUR at 5.00% for the twelfth quarter in a row. Finally, the Semi-centre and the Periphery & Out of GRA stood at levels of 5.95% and 7.80% respectively for the third consecutive quarter.

This was followed by the Logistics sector with investments of about €85 million, recording a three-digit increase compared to 2020. In Q4 €13 million were invested in this asset class and related to a portfolio deal finalised by US capital. In terms of the prime net yields of Logistics in Rome, levels remain stable at 5%.

Retail volumes in the Capital amounted to about €65 million (about +35% on 2020) in 2021 and correspond to a single transaction closed in Q4 relating to a retail park and finalised by British capital. In Q4 2021, q-o-q stability for High Street prime net yields in Rome at 3.70%.

Alternative Products are in the back which in 2021 recorded volumes of about €56 million, up by 75% compared to 2020. It should be noted that about €31 million refer to two residential transactions aimed at domestic capital, about €21 million to a student residence, about €3 million to a care home and the remaining €1 million to land for development.

In 2021, no transactions relating to Mixed Products were found in Rome.

The players who invested in Rome in 2021 were mainly of domestic origin (for about 70% of the total), allocating in total €490 million mostly in Offices and Hotel.

TOTAL ROME 2021
€821 mln

9% of total Italy (equal to about €9,2 mld)
-9% vs 2020



HOTEL

€310 mln +252% vs 2020
38% of the total city



OFFICES

€305 mln -55% vs 2020
37% of the total city
Prime net yield in Q4 2021
3,50% =



LOGISTICS

€85 mln +286% vs 2020
10% of the total city
Prime net yield in Q4 2021
5% =



RETAIL

€65 mln +35% vs 2020
8% of the total city
Prime net yield in Q4 2021
3,70% =



ALTERNATIVES

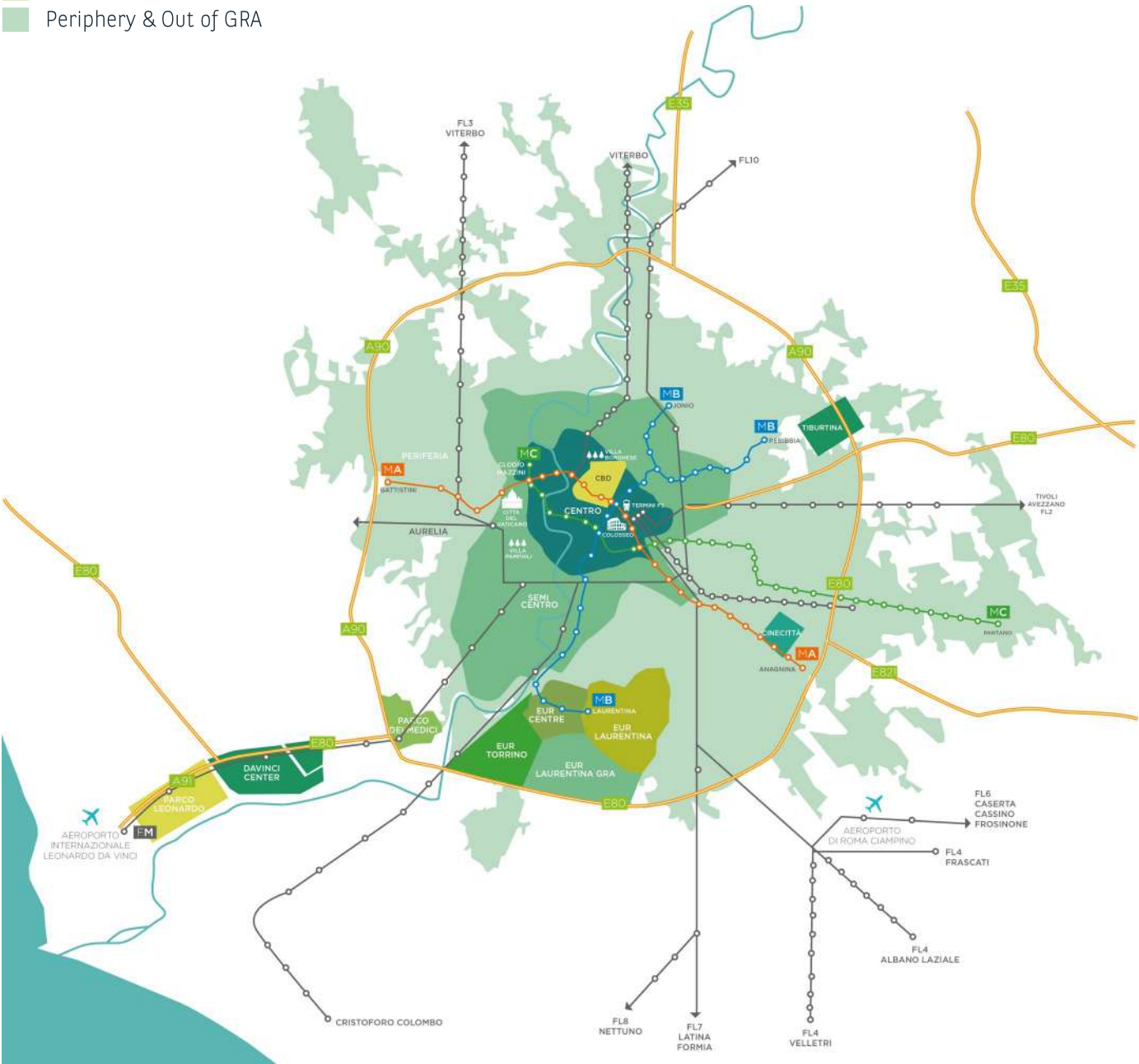
€56 mln +75% nel 2020
7% of the total city

BNP Paribas Real Estate Research Italy

The 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 actually closed in the reference period

OFFICES MARKET MAP - ROME

- CBD
- Centre
- Semi-centre
- Eur Centre/Eur Core
- Periphery & Out of GRA



6 BUSINESS LINES in Europe

A 360° vision

BNP Paribas Real Estate Italy

MILAN

Piazza Lina Bo Bardi, 3
20124 Milano
Tel: +39 02 5833 141

ROME

Via Salandra, 13
00187 Roma
Tel: +39 06 4200 6020

Contacts

STUDY OFFICE

Anthony Aimar
Senior Analyst—Research
Tel: +39 334 6169029
anthony.aimar@realestate.bnpparibas



KEEP UP-TO-DATE WITH
BNP PARIBAS REAL ESTATE'S NEWS,
WHEREVER YOU ARE



www.realestate.bnpparibas.com
#BEYONDBUILDINGS

Disclaimer

This document has been prepared by BNP Paribas Real Estate Italy S.r.l. as part of the activity of the Research Office. The estimates and opinions contained have been prepared by the Research Department of BNP Paribas Real Estate Italy S.r.l. and may be modified, amended or updated without prior notice. This document is for informational purposes only and does not constitute, nor can it be considered, an offer of services of any kind, including, by way of example, those for the subscription or sale of real estate products. The opinions and information contained in the document do not commit either BNP Paribas Real Estate Italy S.r.l. or that of the Research Department.

All rights reserved. No part of the publication may be reproduced, translated, transmitted or recorded on an electronic medium without the written consent of BNP Paribas Real Estate Italy S.r.l.



PROPERTY DEVELOPMENT | TRANSACTION | INVESTMENT MANAGEMENT | PROPERTY MANAGEMENT | VALUATION | CONSULTING



**BNP PARIBAS
REAL ESTATE**

Real Estate
for a changing
world