



MILAN OFFICES

OCCUPIER MARKET

Take-up for Q1 2023 was stable on the 5-year average and down Y-o-Y, despite Q-o-Q growth. The number of transactions was the highest for any first quarter.

The strong occupier focus on quality premises and on compliance with ESG criteria led to the majority of take-up occurring on Grade A space (65%). As a result, prime rental levels grew across Milan's key submarkets, reaching a prime rent of €690 per sqm pa in the CBD Duomo area.

However the increasing gap between

prime rents and the achievable rental levels for secondary properties and locations is evidently impacting the occupier market going forward, in terms of both rents and availability.

In Milan office availability continued contracting, in line with the ongoing trend, reaching an overall vacancy rate of 9.8%. However this hides a growing disparity based on the quality of space and location.

In the CBD Duomo submarket of Milan, the vacancy rate also tightened, to 2.4% at the end of Q1 2023.

RESEARCH



100,900sqm ↗

Take-up
Q1 2023
-11% y-o-y

88 transactions ↗

Take-up
Q1 2023
+14%

9.8% ↘

Vacancy rate
Q1 2023
-70bp

690€/m²/y ↗

Prime rent*
Q1 2023
+10%

INVESTMENT MARKET

The significant contraction in investment volume across Q1 2023 reflected a Y-o-Y fall of -73%. Ongoing yield decompression dominated capital markets, and the downward trend is expected to persist in coming quarters.

The Office asset class accounted for 15% of total quarterly investment volume in Q1 2023. However Logistics dominated the marketplace (33%), followed by Alternatives (26%) which includes Living and Hospitality (14%).

Historically Milan dominates the Office sector and this continued in Q1 2023. However the weighting of other locations also continued to grow, tightly linked to a scarcity of investment-grade product in Milan.

€890mn

Italy total investment volume Q1 2023
-73% y-o-y ↘

41%

of investments concentrated in the Milan province Q1 2023 ↘

Q1 2023 INVESTMENT VOLUMES

BY ASSET CLASS



MILAN

€360mn

Investment volume Q1 2023
-73% y-o-y

OFFICE

€130m Q1 2023

-89% on Q1 2021

ITALY

€58m Q1 2023

-92% on Q1 2021

MILAN

4.0%

Milan prime net yield*

RETAIL

€20m Q1 2023

-90% on Q1 2022

ITALY

€3m Q1 2023

-97% on Q1 2021

MILAN

3.9%

Milan HS prime net yield*

LOGISTICS

€290m Q1 2023

-53% on Q1 2021

ITALY

€38m Q1 2023

-81% on Q1 2021

MILAN

4.8%

Milan prime net yield*

HOSPITALITY

€120m Q1 2023

-77% on Q1 2022

*Prime rents and prime net yields should be read as an indication of market trends. The levels are established taking into consideration market sentiment and deals closed during the reference period.



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