



MILAN OFFICES

OCCUPIER MARKET

Take-up reached a new record total by end 2022, as did Q4 take-up., both exceeding 5- and 10-yearly averages. The 304 transactions closed in 2022 was also the highest total on record.

Prime rental growth has been seen across all prime submarkets in 2022, reflecting strong demand for quality product.

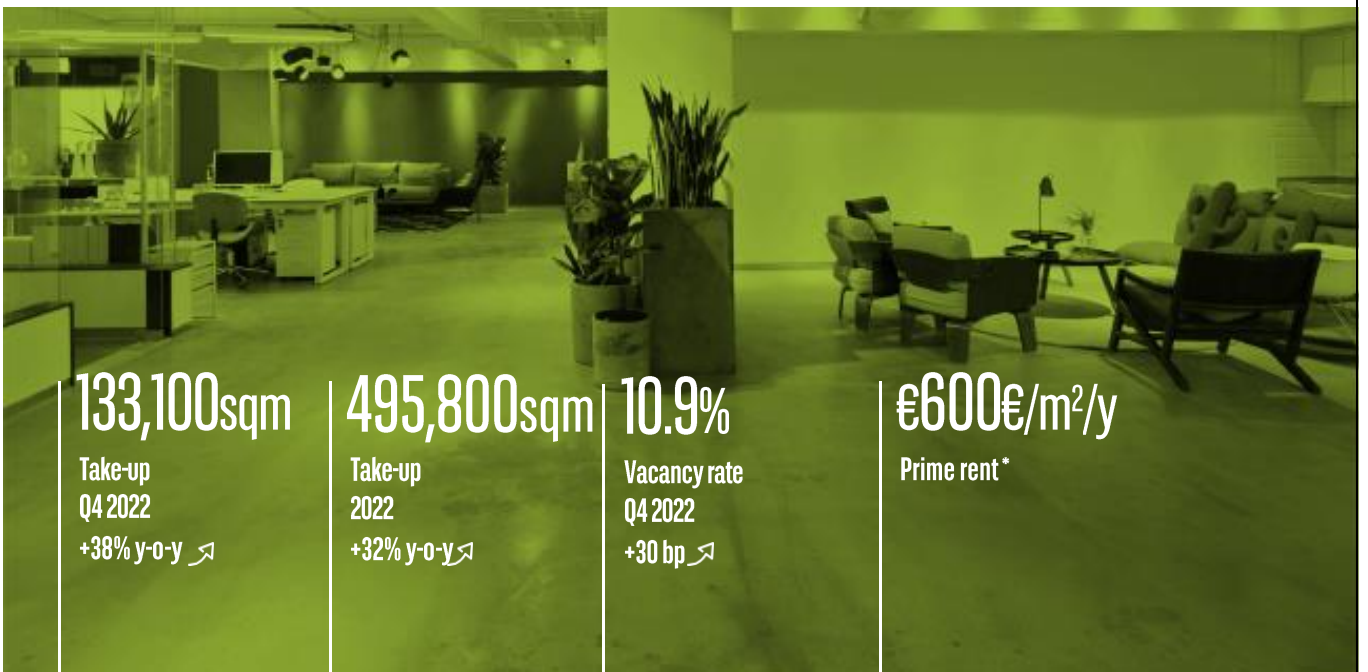
Passing rental increases are also fuelled by inflation-linked rent reviews although the impact of this on market values is expected to be limited

Occupier focus remains firmly on new, efficient and flexible Grade A office premises. The respect of ESG criteria is ever more an underlying requirement.

CBD submarkets remain the city's prime submarkets, where availability is lowest. However renewed interest in less central locations is the result of key urban regeneration schemes.

Secondary locations in the Periphery or surrounding Hinterland still contain the majority of vacancy, much being lower quality and poorly connected.

R E S E A R C H



133,100sqm

Take-up
Q4 2022

+38% y-o-y ↗

495,800sqm

Take-up
2022

+32% y-o-y ↗

10.9%

Vacancy rate
Q4 2022

+30 bp ↗

€600€/m²/y

Prime rent*

INVESTMENT MARKET

Italy investment volume in 2022 grew annually for the second consecutive year and the year-end total was well above the 10-year full year average.

However this concealed a year-end contraction as a result of yield decompression leading to a 'wait and see' attitude in lieu of the repricing now underway.

The Office asset class recovered to dominate investment volumes by year end, though activity has been highly selective and despite Q4 contractions in line with the wider market.

Investor demand reflects office occupier preferences for modern prime space in prime submarkets.

The Milan market continues to dominate the office sector, followed by Rome offices.

€2.6bn

Italy total investment volume Q4 2022
27% y-o-y ↗

€11.8bn

Italy total investment volume 2022
-36% y-o-y ↘

42%

of investments concentrated in the Milan province 2022

2022 INVESTMENT VOLUMES

BY ASSET CLASS



- Office 36%
- Industrial & Logistics 25%
- Retail 8%
- Hospitality 11%
- Other 14%
- Mixed/Unknown 6%

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€1,200mn

Investment volume Q4 2022
% y-o-y

€5,000mn

Investment volume 2022
% y-o-y

OFFICE

€4,320m 2022

+102% on 2021

ITALY

€2,980m 2022

+76% on 2021

MILAN

3.75%

Milan prime net yield*

RETAIL

€910m 2022

-29% on 2021

ITALY

€220m 2022

-75% on 2021

MILAN

3.8%

Milan HS prime net yield*

LOGISTICS

€2,920m 2022

+26% on 2021

ITALY

€510m 2022

+278% on 2021

MILAN

4.4%

Milan prime net yield*

HOSPITALITY

€1,330m 2022

-13% on 2021

ITALY

€90m 2022

-49% on 2021

MILAN

ALTERNATIVES / MIXED

€2,370m 2022

+16% on 2021

ITALY

€1,230m 2022

+26% on 2021

MILAN

*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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