



MILAN OFFICES

OCCUPIER MARKET

Take-up in Milan contracted Y-o-Y in the **first 9 months of 2023**, reflecting the pressure that economic concerns are placing on occupiers and their real estate plans. Despite this, take-up still exceeded the 10-yearly average and stood roughly in line with the 5-yearly average.

The 227 **occupier transactions** closed in Q1-3 2023 was second only to the no. of deals closed in the same period in 2022.

Asset quality and sustainability criteria remain fundamental criteria in today's occupier market. **Grade A/A+** premises accounted for over three quarters of Milan's occupier market ytd (76%), roughly unchanged Y-o-Y.

Polarised demand, focused predominantly on space respecting ESG criteria, has placed further upward pressure on **prime rental values**, as have factors including inflation and a scarcity of high quality product.

Milan's **office vacancy rate** contracted Y-o-Y to 9.8%. However this conceals disparity in terms of space quality and location. Thus, availability is lowest for Grade A/A+ premises which also represent 42% of total Milan availability. In terms of location, the vacancy rate in Milan's prime CBD Duomo and CBD Porta Nuova submarkets stands at just 1.9%.

R E S E A R C H



297,300sqm ↘

Take-up
Q1-3 2023
-19% y-o-y

227 transactions ↘

Take-up
Q1-3 2023
-25%

9.8% ↘

Vacancy rate
Q3 2023
-40bp

690€/m²/y →

Prime rent*
Q3 2023
stable

INVESTMENT MARKET

€3.59bn

Italy total investment volume Q1-3 2023
-61% y-o-y

30%

of investments concentrated in the Milan province Q1-3 2023

Italy's **investment volume** closed Q1-3 at -61% Y-o-Y after contracting across all asset classes since the start of 2023, with the exception of the 'Alternatives'.

Yield levels continued to move upwards in Q3 2023, although the rate of decompression slowed, leading to hopes of more repricing towards year end, in turn improving activity.

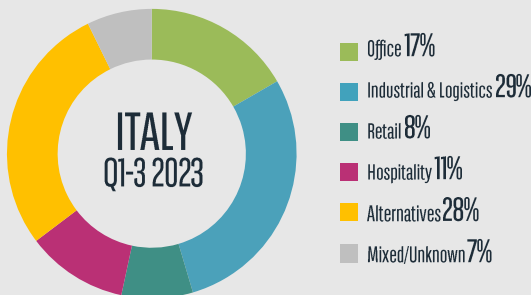
The prevalent **lot size** fell to within the €40-100 mn bracket. Deal sizes exceeding €100 mn were increasingly rare in Q1-3 2023.

During this period **domestic capital** made a greater contribution to total investment volumes, although **foreign investment** did continue to dominate the marketplace.

Q1-3 2023 INVESTMENT

VOLUMES

BY ASSET CLASS



MILAN

€1.09bn

Investment volume Q1-3 2023
-71% y-o-y

OFFICE

€600m Q1-3 2023

-83% on Q1-3 2022

ITALY

€320m Q1-3 2023

-86% on Q1-3 2022

MILAN

4.25%

Milan prime net yield*

RETAIL

€290m Q1-3 2023

-51% on Q1-3 2022

ITALY

€4m Q1-3 2023

-98% on Q1-3 2022

MILAN

4.00%

Milan HS prime net yield*

LOGISTICS

€1.03bn Q1-3 2023

-58% on Q1-3 2022

ITALY

€38m Q1-3 2023

-91% on Q1-3 2022

MILAN

5.50%

Milan prime net yield*

HOSPITALITY

€410m Q1-3 2023

-63% on Q1-3 2022

ITALY

€140m Q1-3 2023

+53% on Q1-3 2022

MILAN

ALTERNATIVES

€1.01bn Q1-3 2023

-18% on Q1-3 2022

ITALY

€360m Q1-3 2023

-38% on Q1-3 2022

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.



SUSAN A. TREVOR-BRISCOE

Head of Market Research & Analysis

Phone: +39 335 1718200

susan.trevor-briscoe@realestate.bnpparibas

BNP Paribas Real Estate Italy

MILAN

Piazza Lina Bo Bardi

3 - 20124 Milan

Phone: +39 02 58 33 141

ROMA

Via Salandra

13 - 00187 Rome

Phone: +39 06 9826 2112

www.realestate.bnpparibas.it

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