

H1 2023 | BNP PARIBAS REAL ESTATE ITALY

# ROME OFFICES

# Occupier Market



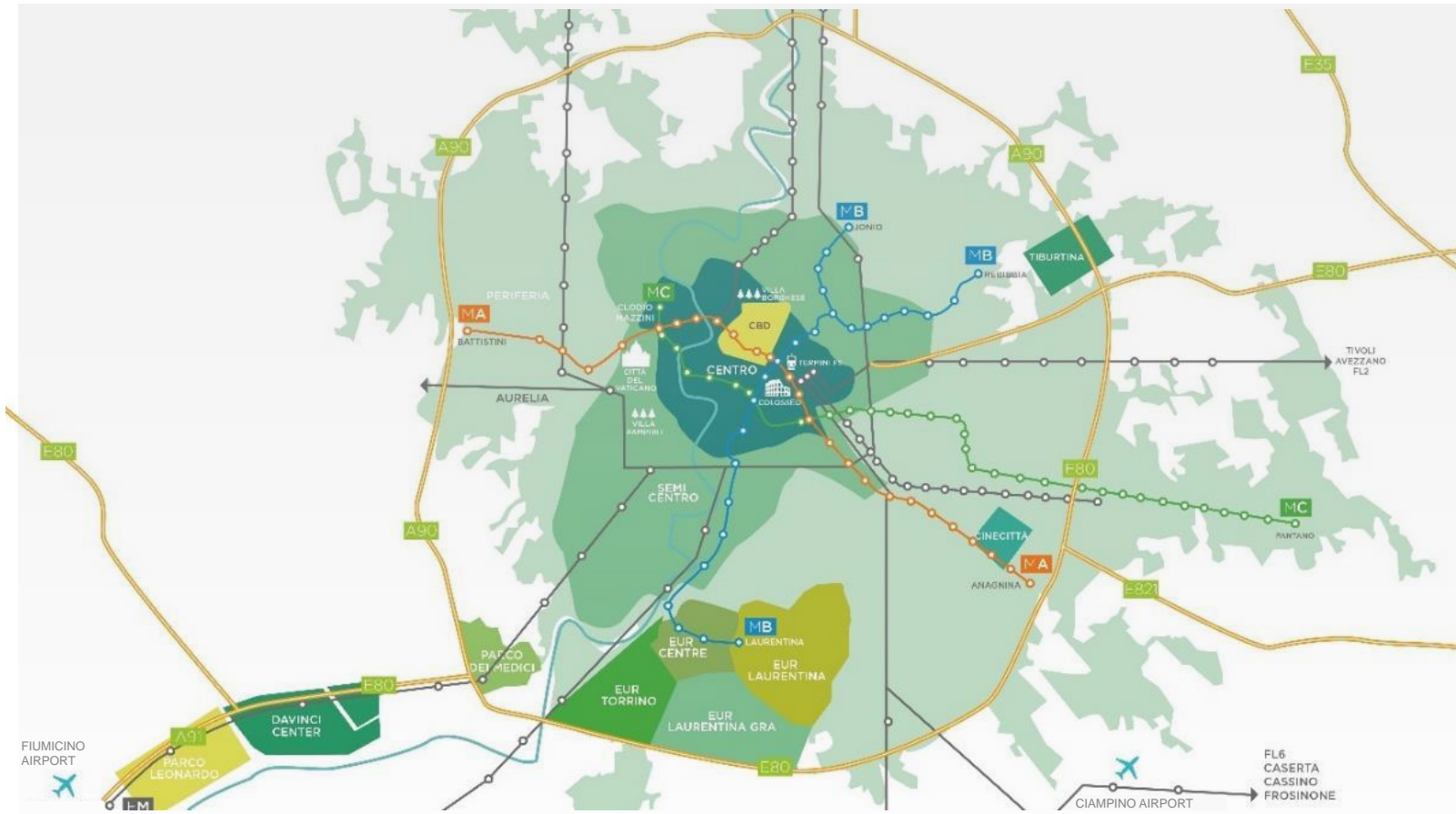
**BNP PARIBAS  
REAL ESTATE**

Real Estate for a changing world

# Key Submarkets and Clusters

## SUBMARKETS

- CBD:**  
510 €/sqm/year
- Centre:**  
430 €/sqm/year
- Semicentre:**  
370 €/sqm/year
- Greater EUR:**  
360 €/sqm/year
- Periphery:**  
200 €/sqm/year



Source: BNP Paribas Real Estate Research Italy

## CLUSTERS

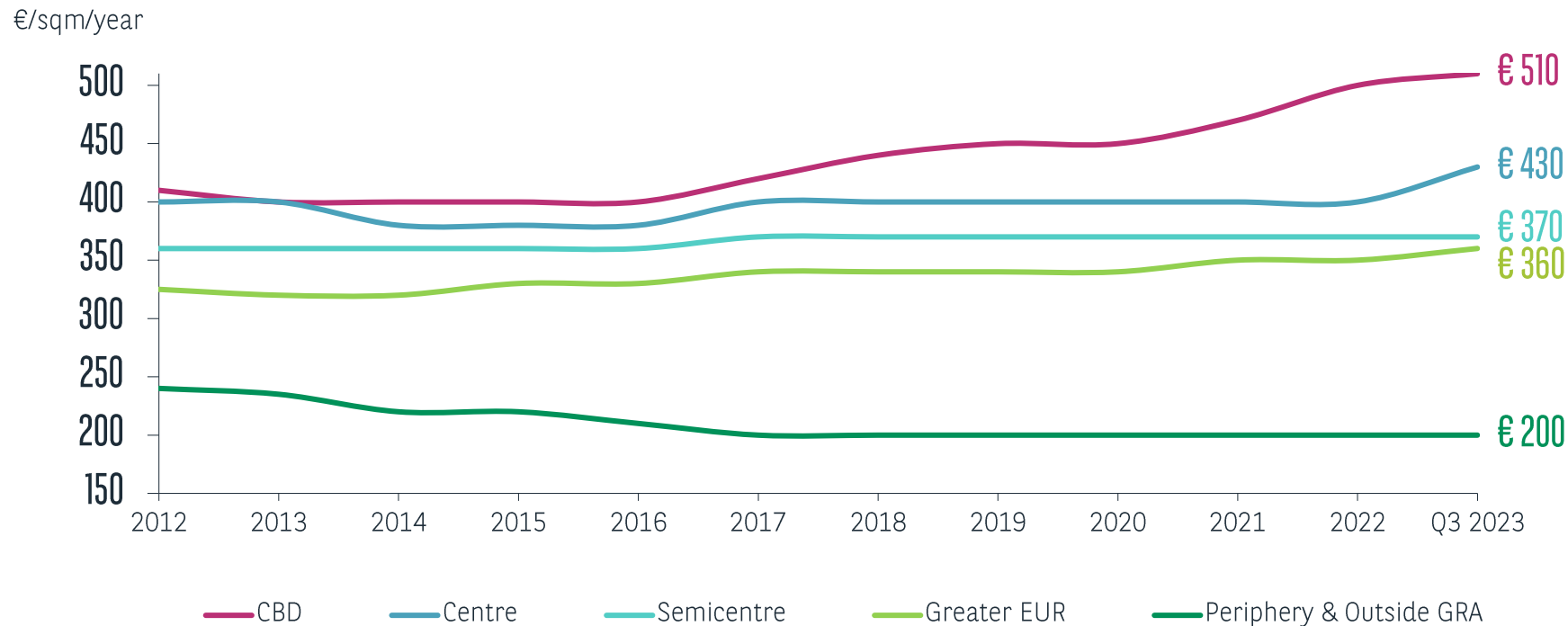
- Cinecittà:**  
200 €/sqm/yr
- Da Vinci Center:**  
180 €/sqm/yr
- EUR Center:**  
360 €/sqm/yr
- EUR Laurentina:**  
300 €/sqm/yr
- EUR Laurentina GRA:**  
200 €/sqm/yr
- EUR Torrino:**  
320 €/sqm/yr
- Parco de Medici:**  
240 €/sqm/yr
- Parco Leonardo:**  
150 €/sqm/yr
- Tiburtina:**  
130 €/sqm/yr

# Prime office rents – limited prime rental growth coupled with stability

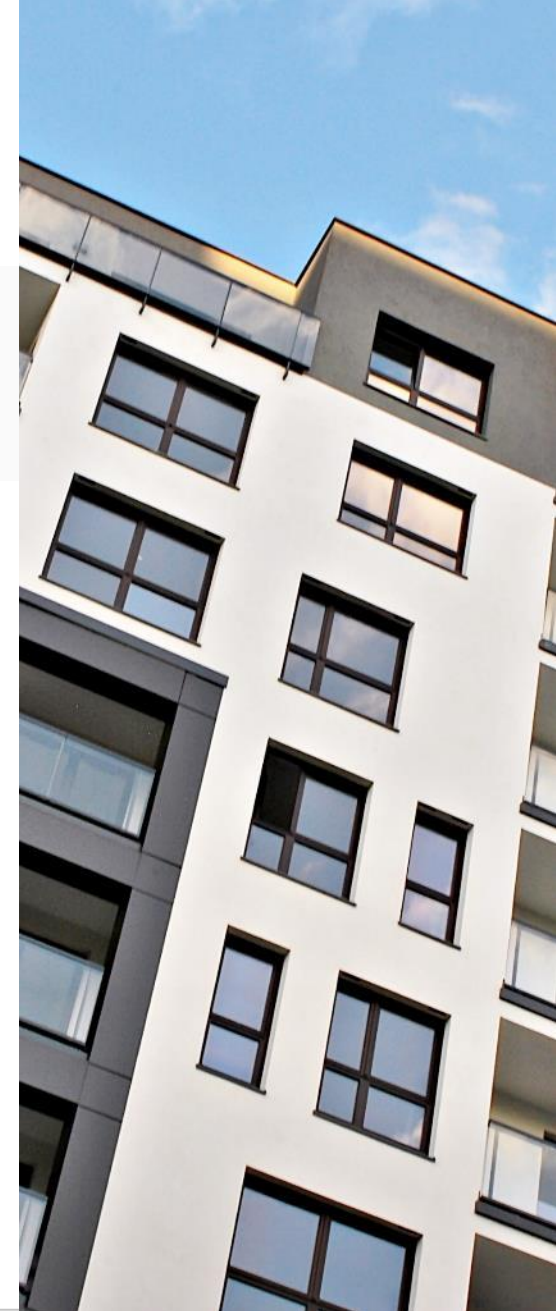
PRIME RENTAL LEVELS were stable in Q3 2023, after growing in Rome's Centre and CBD submarkets in the previous quarter.

Rental levels in Rome's clusters also saw limited rental growth in the first half of the year, but none in 2023.

Stability has been a feature of all Rome's submarkets over the last 5-6 year period. The supply of new or refurbished Grade A premises remains restricted, and it is typically this type of premises which tends to account for any prime rental growth.



Source: BNP Paribas Real Estate Research

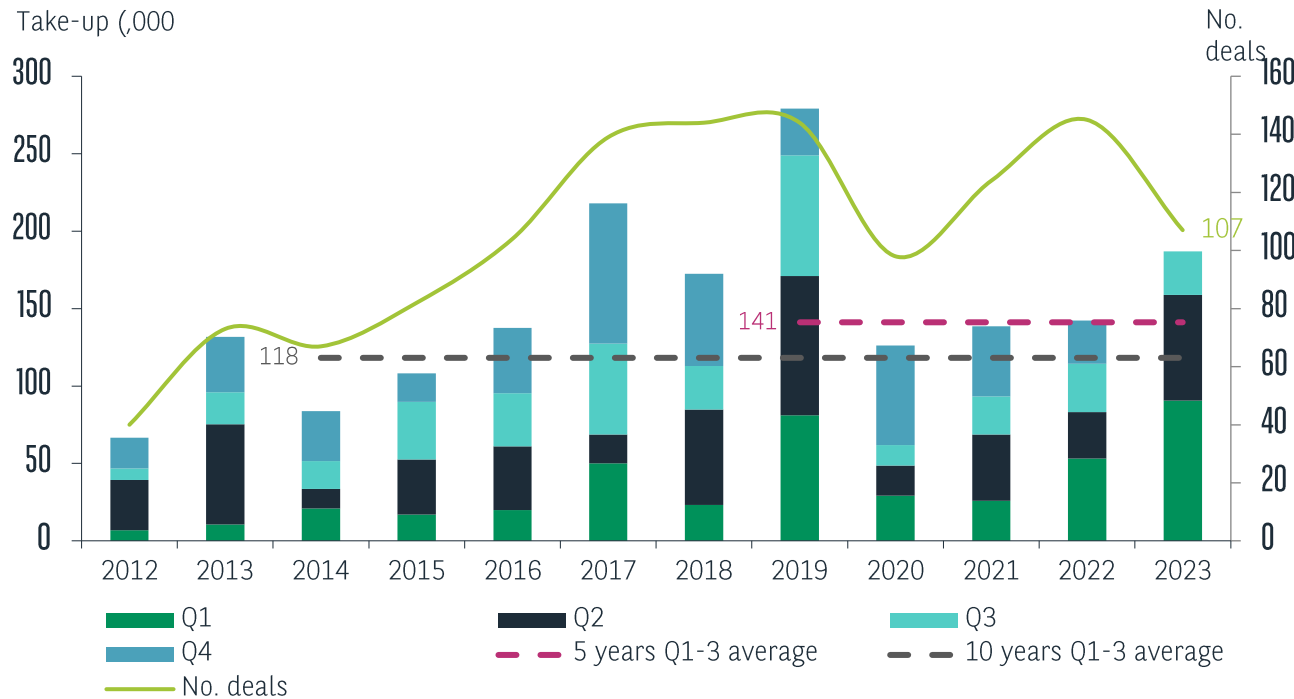


# Office take-up by quarter - strong take-up totals thanks to large transactions at start of year

**115k SQM**  
Q1-3 2022



**187k SQM**  
Q1-3 2023



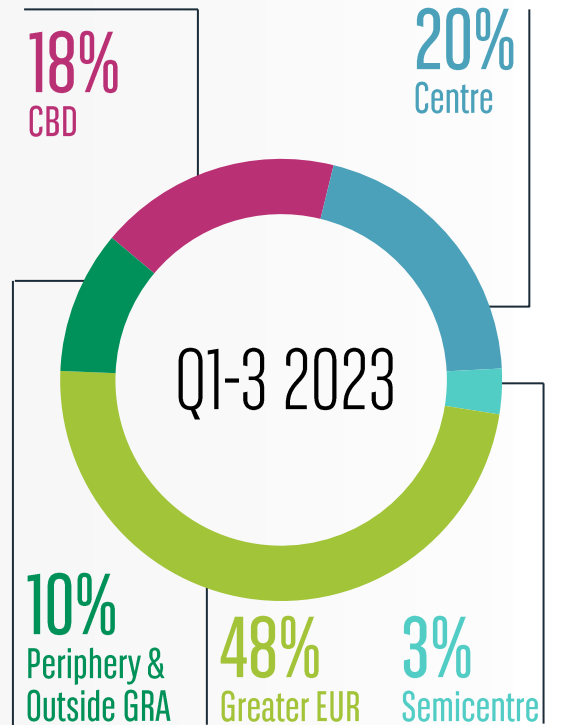
Rome take-up sees 63% Y-o-Y growth, thanks to a small number of large transactions.

The ca 187,000 sqm transacted in Rome in Q1-3 2023 represented +32% on the 5-year H1 average, as well as +63% growth on Q1-3 2022.

Ytd take-up is strong, thanks primarily to a small number of large transactions, specifically in the Greater EUR and Centre submarkets.

The 107 occupier transactions closed in Rome during Q1-3 2023 was stable Y-o-Y.

Occupier interest is heavily focused on Grade A premises, which accounted for 71% of total take-up in Q1-3 2023.



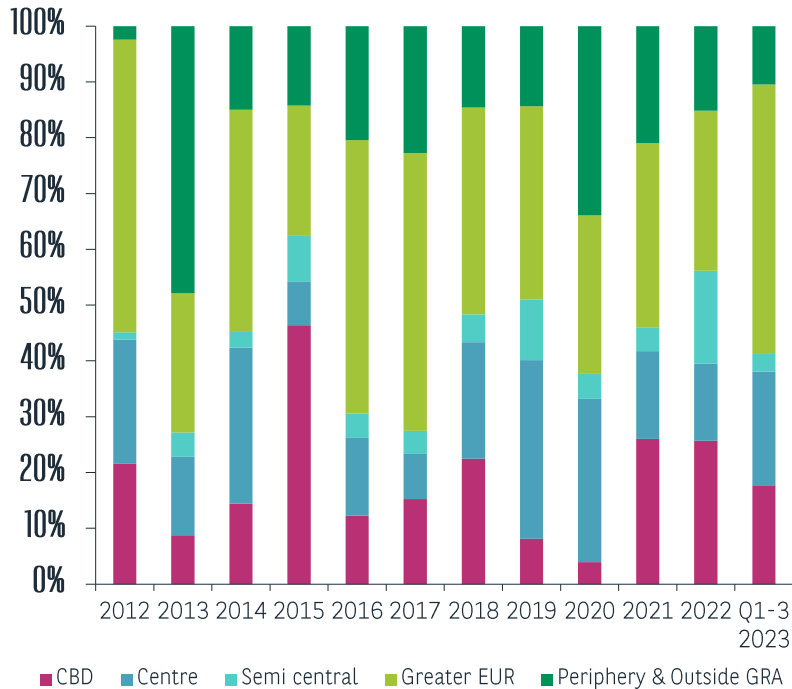
# Office take-up analysis

**THE GREATER EUR CONTINUED TO HOUSE THE MAJORITY OF TAKE-UP** in Q1-3 2023, following completion of two large transactions in the first quarter of the year. The third large transaction over 6,000 sqm was closed in the Centre submarket in the second quarter, which thus held second place.

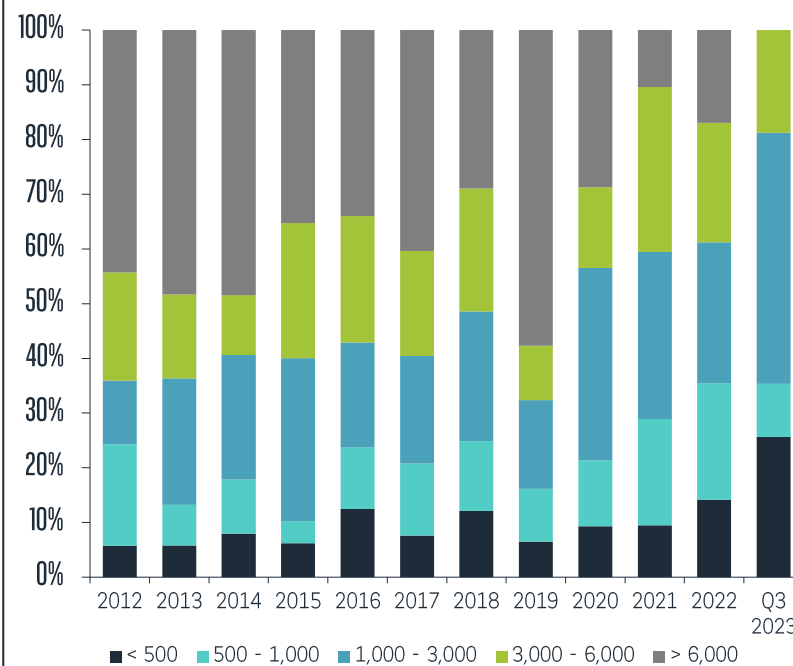
Despite the three **LARGE TRANSACTIONS** contributing significantly to total take-up, the 1,00-3,000 sqm band accounted for most of Q1-3 take-up in 2023, relating to 18% of the total number of deals over the period.

The rental bracket involved in most take-up was €300-375 psm pa, followed by rents exceeding €375 psm pa. Higher rental levels refer to space quality and whilst 71% of Q1-3 take-up related to Grade A space, 29% was closed on Grade B or below.

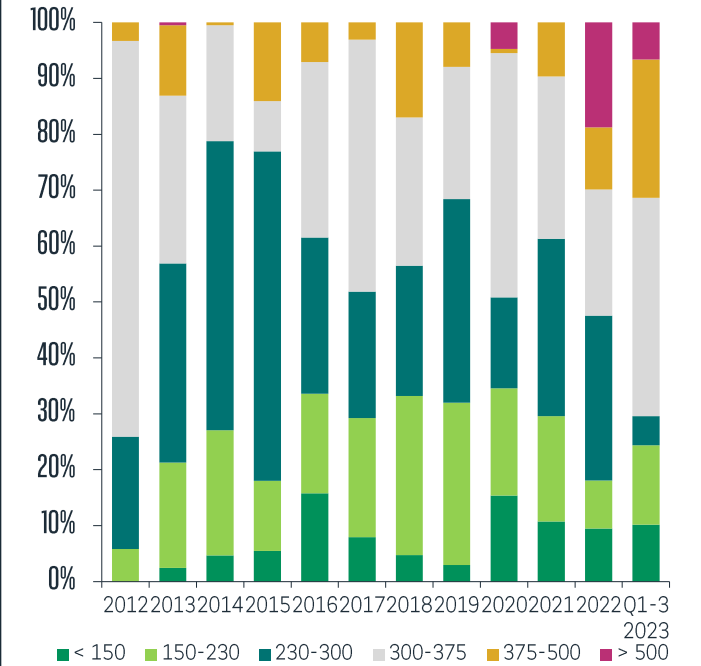
## TAKE-UP BY SUBMARKET



## TAKE-UP BY SIZE



## TAKE-UP BY RENT





# Office vacancy by submarket – rate continues to contract

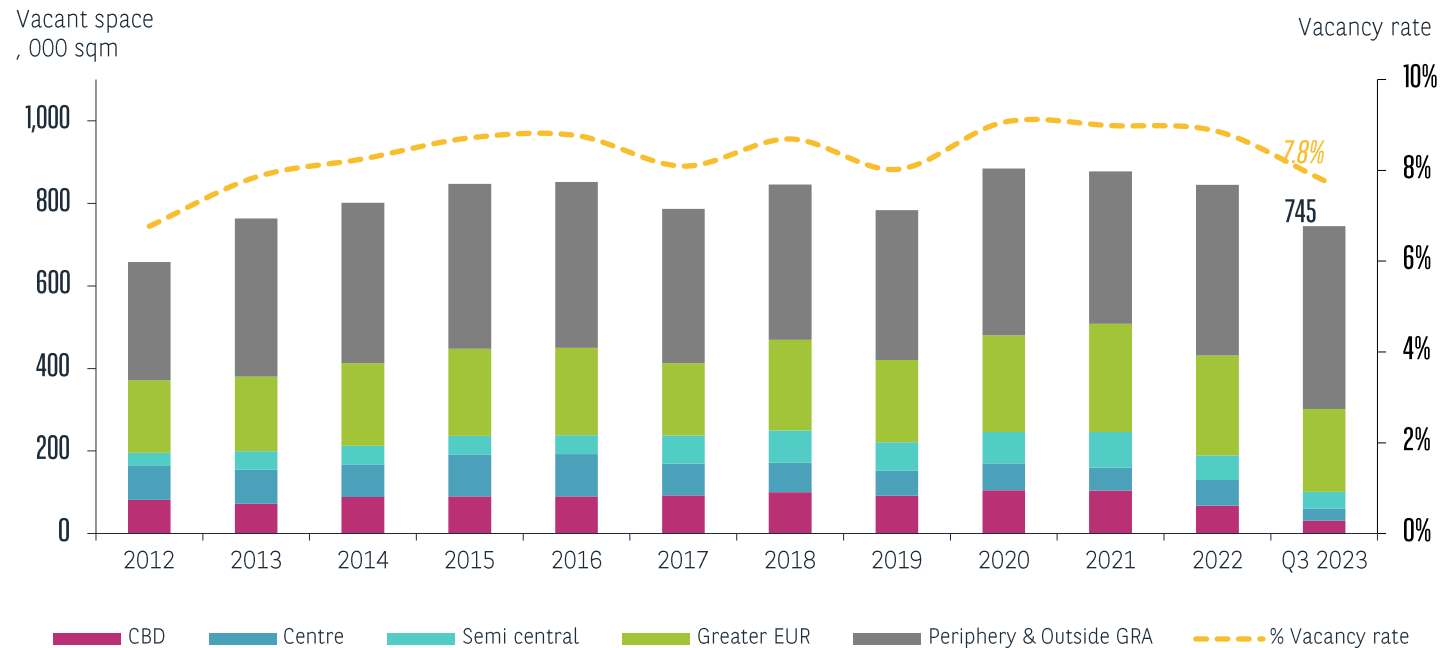
Rome’s overall **vacancy rate remained stable at 7.8%**, after contracting continuously over recent quarters.

**Availability in the Greater EUR**, 27% of the Rome total, tends to feature higher quality space and is therefore also accompanied by stronger demand.

The majority of Rome’s office availability remains in the **‘Periphery & Outside GRA’** submarket (59%), because demand here is limited and stock often of lower quality.

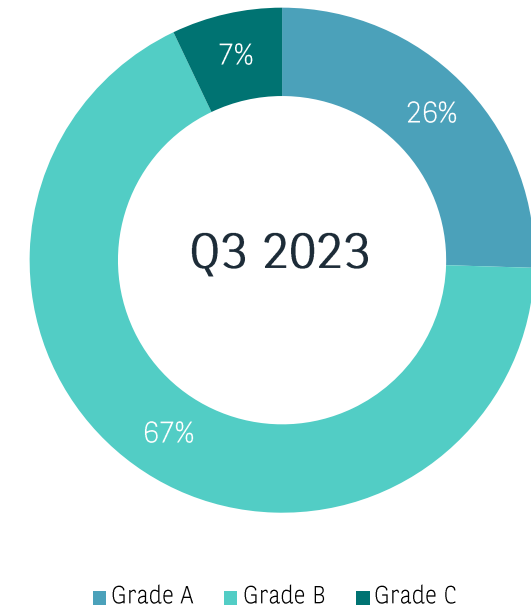
The CBD, Centre and Semicentre each account for a limited amount of **availability** (4%, 4% and 6% of the Rome total). This is directly correlated with restricted supply.

## VACANCY BY SUBMARKET



Source: BNP Paribas Real Estate Research

## VACANCY BY GRADE

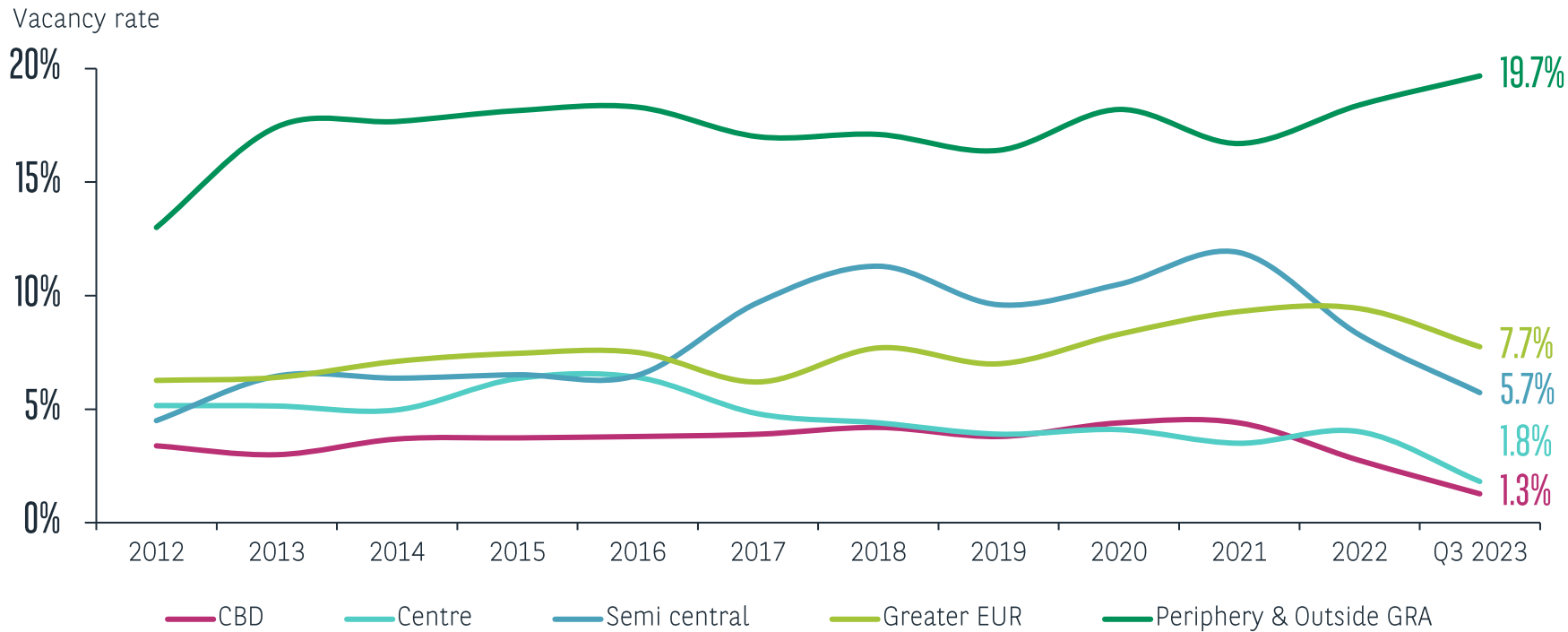


# Rome: vacancy rates by submarket - Vacancy contracts

**VACANCY IN THE CBD SUBMARKET** is tightest, contracting further to 1.3% by the end of Q3 2023. Over the last 10 year period vacancy here has been fundamentally stable and the CBD the submarket with the lowest rate, reflecting very strong demand coupled with scarce supply .

**VACANCY IN THE REMAINING SUBMARKETS** has also been contracting over recent quarters to new lows,

The exception in 2023 has been the **PERIPHERY & AREA OUTSIDE GRA** submarket which continues to experience the slight growth in vacancy seen over in recent years.



Source: BNP Paribas Real Estate Research



# Italian Investment Market

**INVESTMENT VOLUMES CONTINUED CONTRACTING**, down by -61% Y-o-Y in Q1-3 2023, in a trend which commenced in the latter part of 2022.

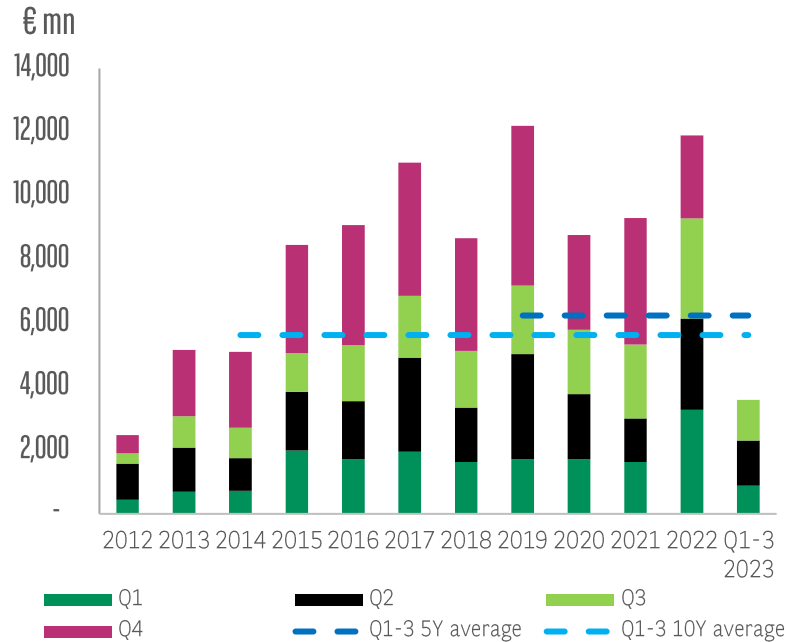
As repricing continues, this fall in volumes was common to all **ASSET CLASSES**, although to varying degrees, with the exception of 'Alternatives' which saw Y-o-Y growth.

**YIELD DECOMPRESSION** slowed in Q3 2023, leading to hopes of a recover in volumes in upcoming quarters.

The weighting of the **OFFICE** asset class contracted to a 17% at end-Q3 2023, from 39% at the same point the previous year.

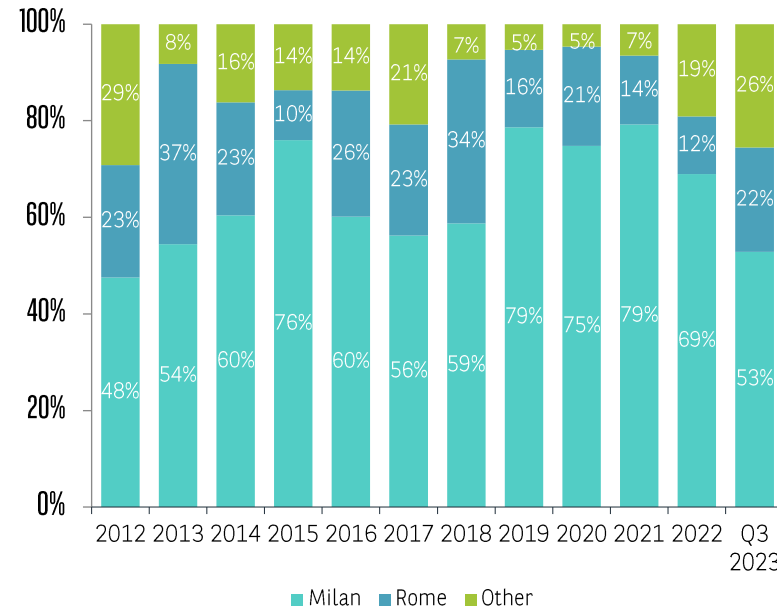
## ITALIAN REAL ESTATE INVESTMENTS

Strong contraction characterises market



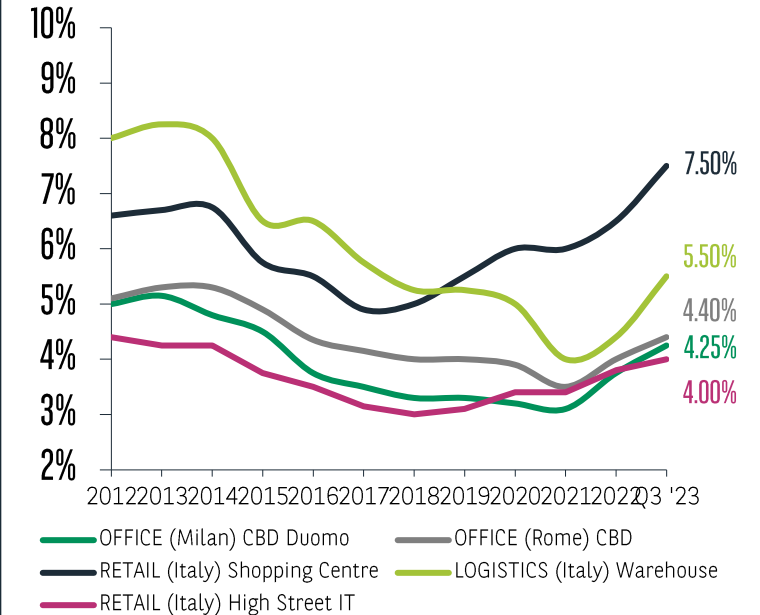
## ITALY OFFICE INVESTMENT VOLUMES

Historical Milan market domination falls



## ITALIAN COMMERCIAL YIELDS

Decompression differentiated by asset classes





# Rome Office Investment Market

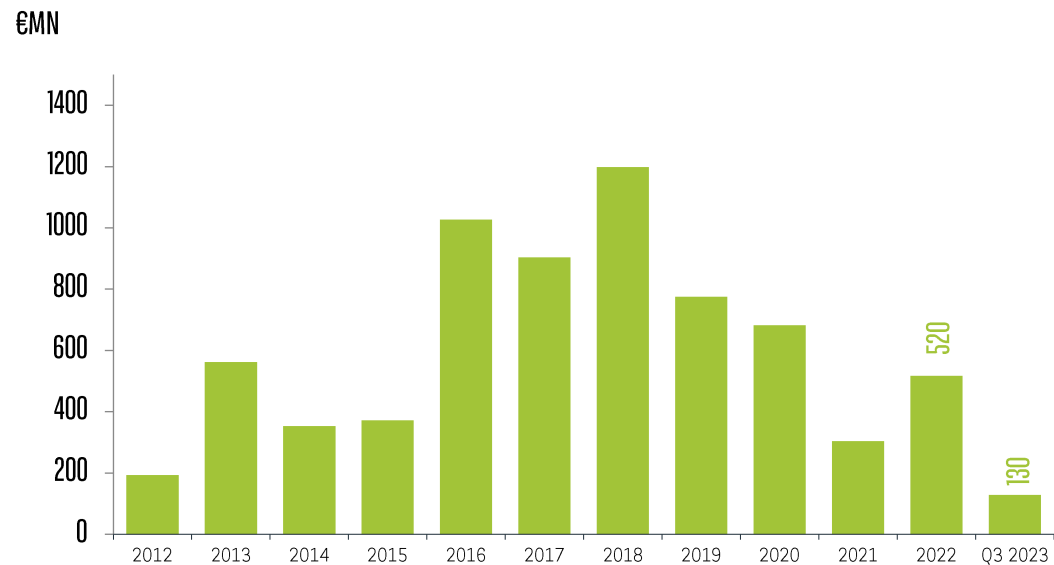
**ROME'S OFFICE MARKET** increasingly attracts interest, despite significant contractions in investment volumes as yields decompress, in line with the wider Capital Markets

**SECONDARY OFFICE MARKETPLACES** can play an important role, offering - otherwise scarce - suitable opportunities. Regardless of location, investor interest remains focused on **ESG COMPLIANT** assets.

For assets where a change of use is not planned, **TRIPPLE A TENANTS** with strong credit ratings are highly sought after in the office sector.

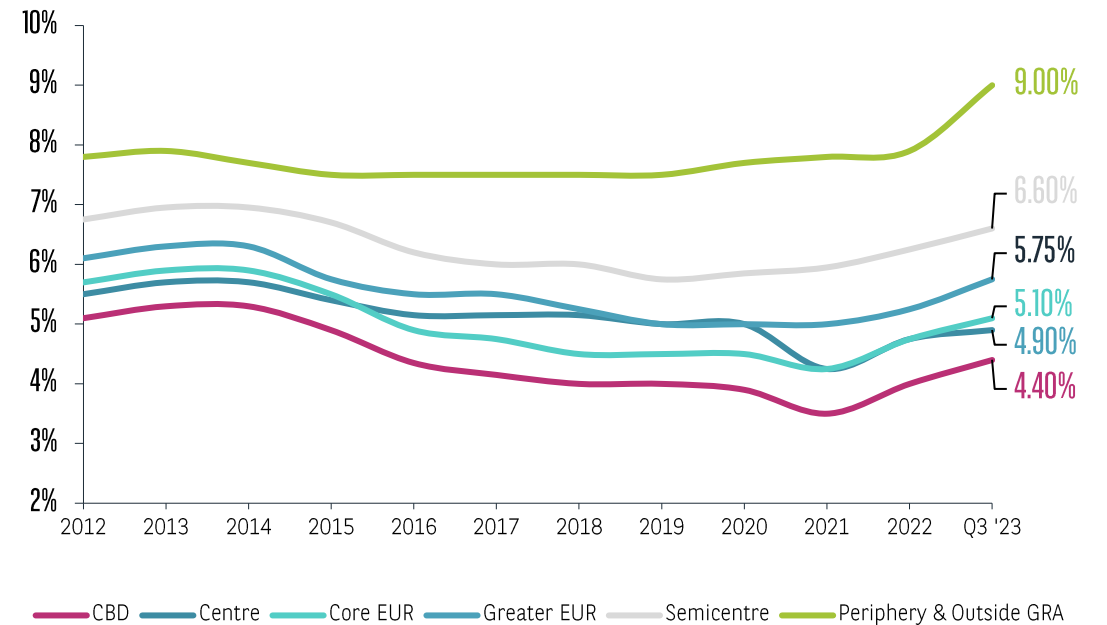
## ROME OFFICE INVESTMENT VOLUMES BY QUARTER

Volumes reduced by -75% on Q1-3 2022



## ROME OFFICE PRIME NET YIELDS BY SUBMARKET

Rome prime net yields continue decompression trend



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