



MILAN OFFICES



OCCUPIER MARKET

In Q1 2024 **Milan take-up** contracted, reflecting the pressure that economic concerns are placing on occupiers and their real estate plans. However, the market is still dynamic and annual take-up exceeded both the 10- and 5-yearly averages.

The **number of occupier transactions** closed in Q1 2024 (76) also exceeded the 5- and 10-year averages, despite representing a Y-o-Y contraction, as the average Q1 deal size grew.

The more efficient nature of the higher quality space most under demand, combined with economic uncertainties, place downward pressure on take-up totals.

The occupier focus on ESG criteria and on quality remains strong and **Grade A/A+** represented 56% of Milan take-up in Q1 2024.

Prime rental growth continues to be fuelled by these dynamics, with reference to prime locations and quality assets.

Milan's office **vacancy rate** grew slightly Y-o-Y to 9.7%, concealing a limited supply contrasted by disparity in asset quality and location.

Availability is lowest in prime submarkets, with 2.1% and 3.6% vacancy rates in the CBD Porta Nuova and CBD Duomo respectively.

R E S E A R C H



92,800sqm ↘

Take-up
Q1 2024
-7% y-o-y

76 transactions ↘

Take-up
Q1 2024
-13%

9.4% ↘

Vacancy rate
Q1 2024
-40bp

700€/m²/y ↗

Prime rent*
Q1 2024
+10€/m²/y

INVESTMENT MARKET

€1.9bn

Italy total investment volume Q1 2024
+113% y-o-y

51%

of Q1 2024 investments concentrated in the Milan macro-area

The year began on a positive note with Italy's **investment volume** up by +113% Y-o-Y thanks to growth in market activity since the end of 2023.

In the first quarter of 2024 prime **yield levels** saw stability with decompression limited to secondary markets, and repricing supporting improved activity levels.

As the number and size of deals exceeding €100m grew over the quarter, the average **lot size** increased.

In the first three months of 2024 **domestic capital** made a greater contribution to total investment volumes (52%), overtaking **foreign investment** for the first time since H1 2020.

Q1 2024 INVESTMENT VOLUMES

BY ASSET CLASS



- Office 34%
- Industrial & Logistics 19%
- Retail 3%
- Hospitality 10%
- Alternatives 7%
- Mixed/Unknown 27%

MILAN

€980 m

Investment volume Q1 2024
+263% y-o-y

OFFICE

€650m Q1 2024
+396% on Q1 2023

ITALY

€265m Q1 2024
+392% on Q1 2023

MILAN

4.25%
Milan prime net yield*

RETAIL

€70m Q1 2024
+264% on Q1 2023

ITALY

€ - Q1 2024
-2.5m on Q1 2023

MILAN

4.10%
Milan HS prime net yield*

LOGISTICS

€370m Q1 2024
+15% on Q1 2023

ITALY

€40m Q1 2024
+11% on Q1 2023

MILAN

5.50%
Milan prime net yield*

HOSPITALITY

€190m Q1 2024
+17% on Q1 2023

ITALY

€60m Q1 2024
+60m on Q1 2023

MILAN

ALTERNATIVES

€130m Q1 2024
-51% on Q1 2023

ITALY

€85m Q1 2024
-53% on Q1 2023

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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