



CITY NEWS

Q 1 2 0 2 4

# MILAN



# **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.

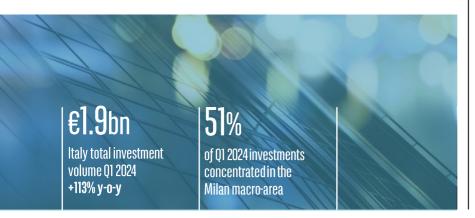
Milan's office **vacancy rate** grew slightly Y-o-Y to 9.7%, concealing a limited supply contrasted by disparity in asset quality and location.

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



# **INVESTMENT**

## MARKET 1



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.

# Q12024 INVESTMENT

**VOLUMES**BY ASSET CLASS



## MILAN

## €980 m

Investment volume Q1 2024

+263% y-o-y

#### **OFFICE**

**€650**m 012024

+396% on 012023

ITALY

€265m 012024

+392% on 01 2023

MILAN

4.25% Milan prime net yield\*

#### **RETAIL**

€70m q<sub>1</sub> 2024

+264% on Q12023

ITALY

€-

Q1 2024

-2.5m on Q12023

MILAN

4.10% Milan HS prime

Milan HS prim net yield \*

#### LOGISTICS

+15% on 01 2023

ITALY

+11% on 01 2023

MILAN

**5.5U%**Milan prime net yield\*

## HOSPITALITY

€190m 012024

+17% on 01 2023

ITALY

**€60**m q1 2024

+60m on Q1 2023

MILAN

## **ALTERNATIVES**

€130m q12024

-51% on 01 2023

ITALY\_

-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.



#### SUSAN A. TREVOR-BRISCOE

Head of Research, Corporate Marketing & Communication

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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