

REVIEW

OFFICE MARKETS

MILAN Q1 2025

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RESEARCH & INSIGHTS



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Q1 2025

OFFICE MARKETS Milan

Office demand remains polarised, in line with the trend at a European level.

In the Milan, market activity levels improved in Q1 2025, experiencing Y-o-Y growth for the first time since 2023.

104,750 sqm
TAKE-UP Q1 2025



+13% y/y

88%
GRADE A TAKE-UP Q1 2025

Significant deals

QUARTER	COMPANY	LOCATION	SQM
Q1	Bonelli Erede	Corso di Porta Nuova, 19	14,500
Q1	Iliad	Via M. Gioia, 20 - I Portali, West	8,500
Q1	Confidential (fashion)	Via Carlo de Angeli, 2 - The Spot	5,750
Q1	Alfasigma	Via Giovanni Battista Pirelli, 35	4,850
Q1	Confidential	Via Bassano Porrone, 6	4,200

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TAKE-UP

After a year characterised by contracting **take-up** volumes, the first quarter of 2025 saw Y-o-Y growth in occupier activity in terms both of sqm and the number of transactions.

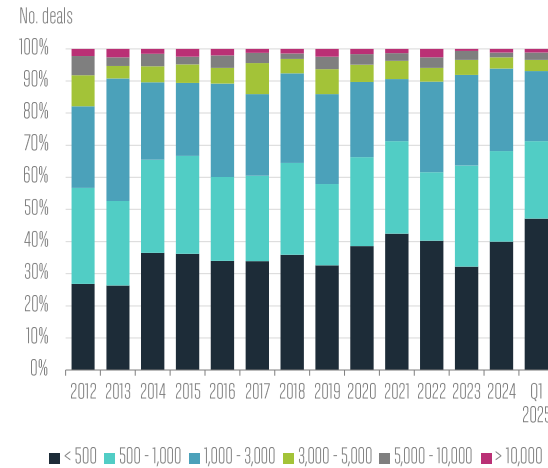
Thus, take-up reached 104,750 sqm in Q1 2025, up 13% compared to the same period in 2024. This represented a significant improvement on both the 5-and 10- year averages (+8% and +11% respectively).

Market dynamism was further reflected in the **number of transactions**, which reached the peak for Q1 also seen two years previously (87),

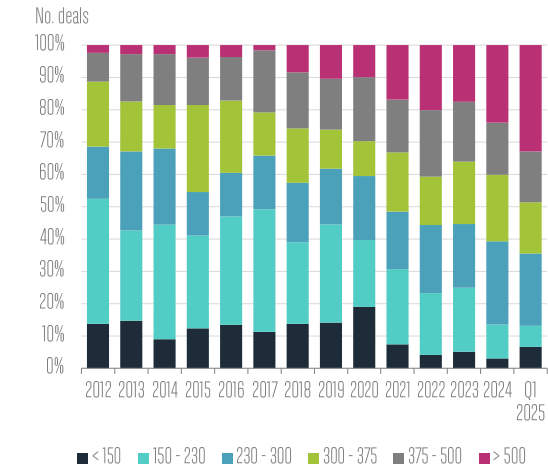
Space efficiency and ESG criteria remain a key consideration and the weighting of **Grade A/A+** premises hit a historic high of 88% of total Milan take-up in Q1 2025.

The occupier focus remains on efficient, flexible spaces in line with an **evolving workplace**. However, whereas this led to contractions in the average deal size in recent quarters, Q1 2025 saw renewed interest in larger units. The average floor plate was broadly stable Y-o-Y.

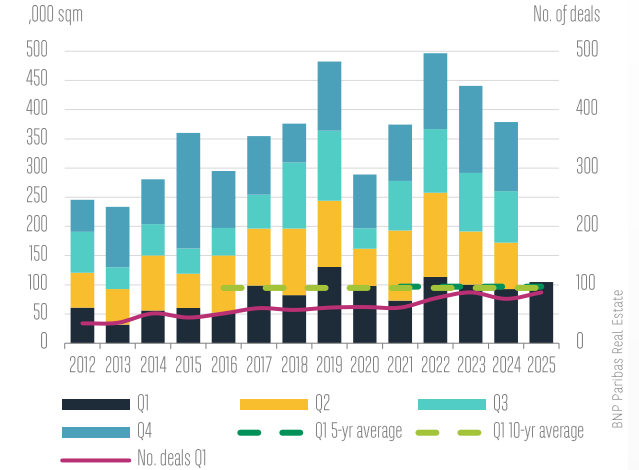
Office take-up by size



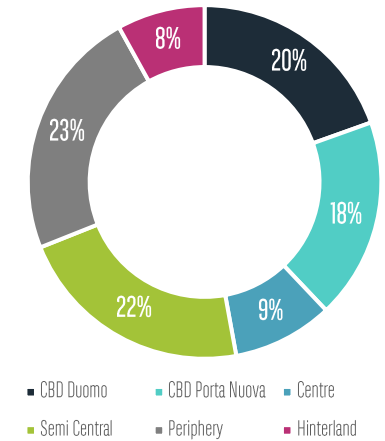
Office take-up by rent



Office take-up by quarter



Office take-up by submarket



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Q1 2025

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KEY FIGURES

€750

PRIME OFFICE RENT

+7% vs Q1 2024

MILAN PRIME RENT

€380

NET EFFECTIVE AVERAGE RENT

+9% vs Q1 2024

MILAN AVERAGE RENTS

The gap between prime and average rents is increasingly evident reflecting the dichotomy of office markets.

High demand for top space coupled with relatively tight supply drives continuous prime rental growth.

Average rental levels suffer from weaker secondary demand.



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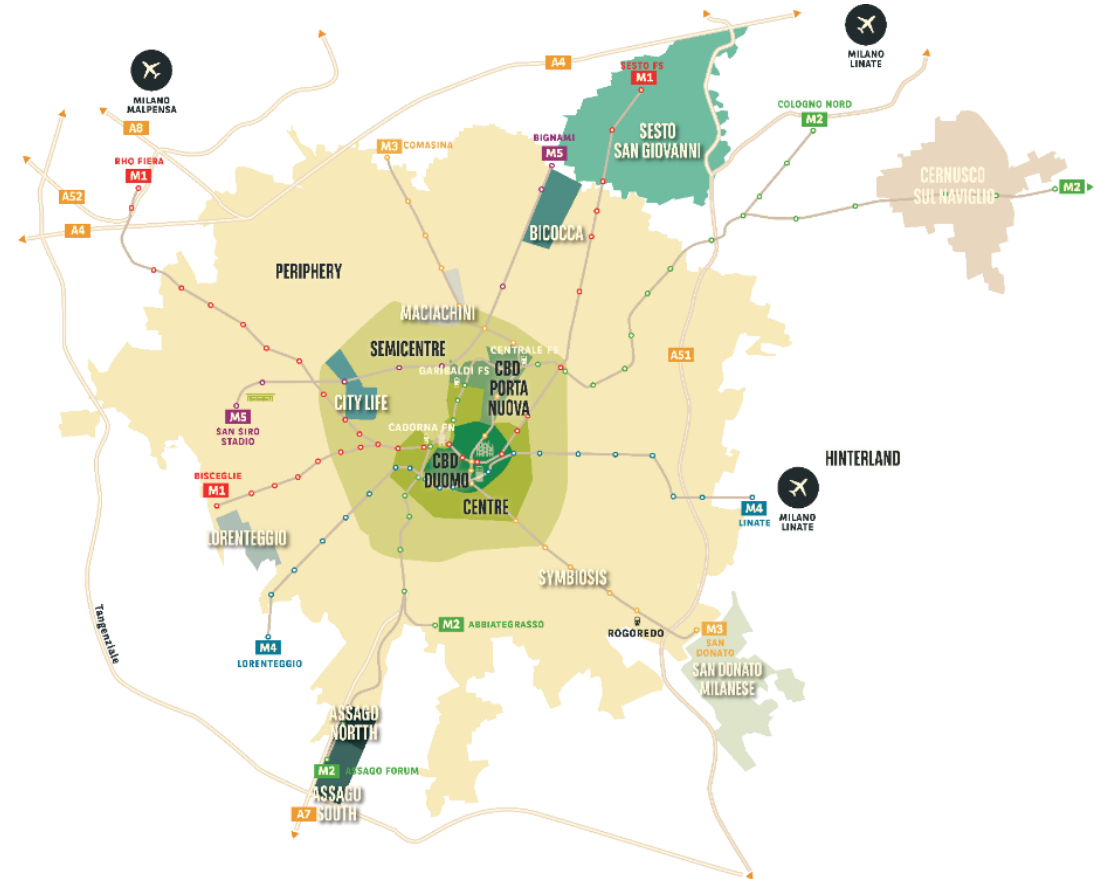
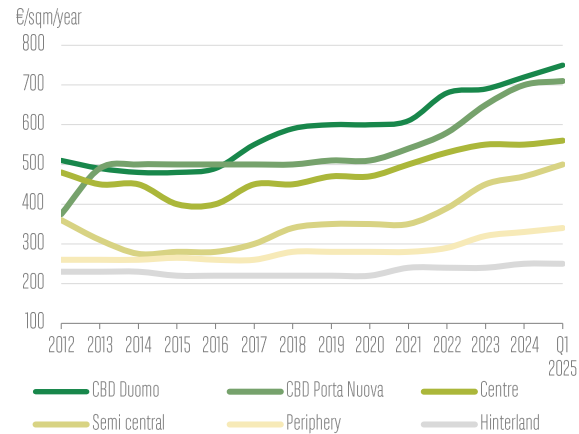


RENTS

Prime rental levels saw sustained growth in Q1 2025 both on a quarterly and on an annual basis, reaching the historical high of €750 psm pa, a level which may even also be exceeded in terms of asking rents and in some certain locations and for new, certified assets.

Limited **supply** couples with focused **demand** to sustain rental levels for key submarkets. The Hinterland submarket and Milan's secondary clusters have experienced stability.

Polarisation continues to characterise the market. Outside the prime locations and assets which are not Grade A/A+, slower occupier activity fails to drive rental growth and takes a toll on average rents.



CBD Duomo
750 €/sqm/yr

CBD Porta Nuova
710 €/sqm/yr

Centre
560 €/sqm/yr

Semicentre
500 €/sqm/yr

Periphery
340 €/sqm/yr

Hinterland
250 €/sqm/yr

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Q1 2025

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Milan

Low availability prevails in central submarkets, particularly for new buildings that secure demand.

Vacancy rates are significantly higher in poorly connected office districts and for second-hand and lower grade space.

9.5%
VACANCY RATE



-20 bps y/y

3.5%
CBD AVERAGE VACANCY RATE

11.4%
NON-CBD AVERAGE VACANCY RATE

50%
GRADE A VACANCY WEIGHTING ON THE TOTAL



VACANCY

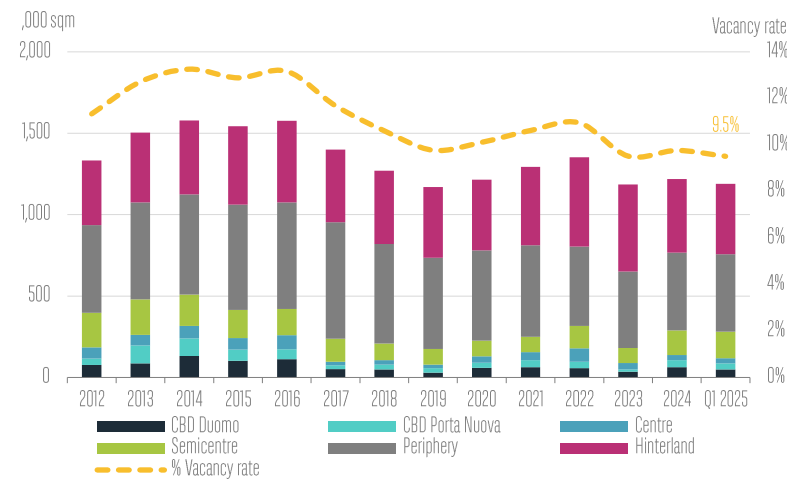
Milan's overall office **vacancy rate** increased slightly in Q1 2025 to 9.5% but has been broadly stable over recent quarters.

Office availability is lowest in Milan's **prime locations**, in particular in the city's two CBDs, the CBD Porta Nuova and CBD Duomo submarkets, where it fell further in Q1 2025 to 2.6% and 3.5% respectively.

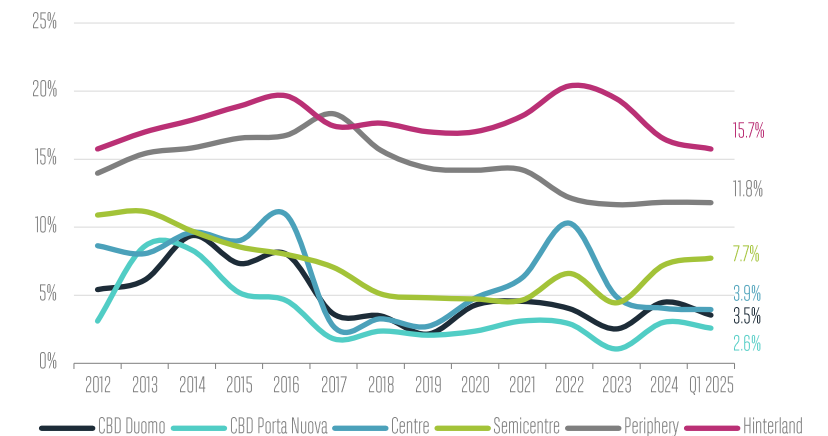
Vacancy tightens even further for the **highest quality** and in particular **certified** premises.



Vacant space



Vacancy rate





Q1 2025

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Milan



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