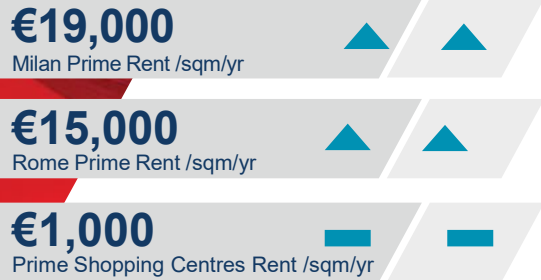


YoY Chg 12-Mo. Forecast



ITALIAN ECONOMIC INDICATORS Q1 2024



Source: Moody's Italy (GDP Growth estimate Q1 2024 on Q1 2023; Unemployment Rate Q1 2024; Retail and consumer confidence) and ISTAT (HICP Italian harmonized index year 2024 march).

ECONOMY OVERVIEW

Economic activity in Italy grew modestly in the first quarter of 2024, still held back by weak manufacturing, while services regained ground. Sluggish consumption, which is expected to recover only partially from the decline at the end of last year, appears to have been accompanied by a slight increase in private investment, supported by internal funding. After rising strongly at the end of last year - especially in services and construction - employment remained stable in the first two months of 2024, though permanent employment continued to grow. The unemployment rate remains at historically low levels. In the first quarter, consumer price inflation remained subdued; core inflation declined further, owing to the sharp slowdown in goods prices and a milder deceleration in services. Firms and households revised their short- and medium-term inflation expectations downwards. In April, the European Central Bank (ECB) kept key interest rates steady, anticipating their prolonged maintenance to contribute to achieving the 2% inflation target. GDP is expected to grow by 0.6% in 2024, 1.0% in 2025 and 1.2% in 2026, benefiting from the recovery in real wages and foreign demand. Inflation is projected to fall to 1.3% this year, mainly reflecting the negative contribution of the energy component, and to rise up to 1.7% over 2025 and in 2026. Core inflation, buoyed by unit labour cost dynamics, will stand at 2% on average this year and decline to 1.7% over the next two years.

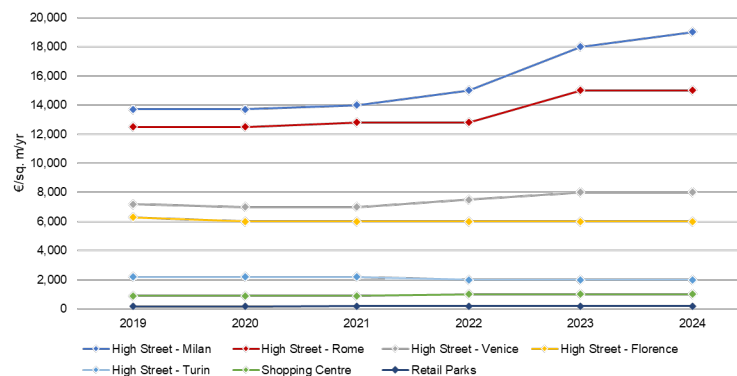
OCCUPIERS & INVESTMENT FOCUS

The first quarter of 2024 confirmed the favourable outlook in the wake of the last part of 2023. In general, improvement in tourist volumes and easing of inflation contributed to positive growth in retailers' activity, even though the wider situation is still uncertain and there are challenges. On the **high street** side rental values were mostly stable, with some cities registering slight increases in the order of 10% YoY. Extraordinary performance for Via Montenapoleone, where prime rents reached €19,000/sqm (+27% on Q1 2023) reflecting the upward pressure on values due to lack of availability. On the **shopping centers** side prime rents remained stable; fundamentals further improved, food&beverage and cosmetics sectors enhanced their performance, while fashion and electronics suffered. Still **modest retail investment volumes** at circa 60€Mn, although in growth in comparison to Q1 2023. Active investors currently are sale-and-lease back specialists, targeting retail warehouses portfolios, and value-add investors looking at secondary shopping centers attracted by double-digit returns. Limited availability of financing remains a constraint in this environment.

OUTLOOK

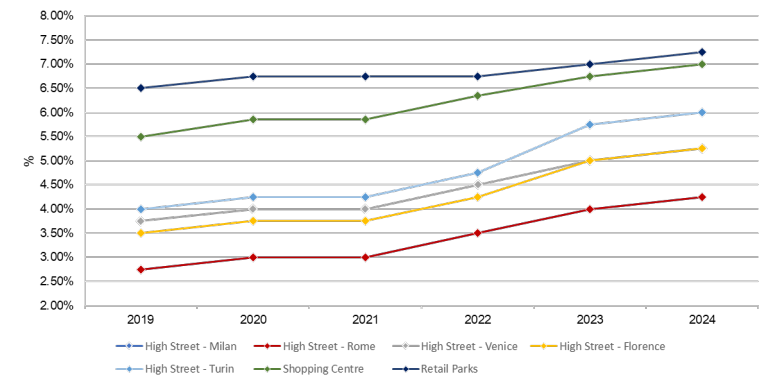
Landlords and retailers will continue to unify efforts to make the most from their assets, in particular driving footfall, omnichannel fulfillment and adopting innovative retail strategies. Interest in retail investments is expected to increase driven by attractive returns and by the prospect of more moderate interest rates.

PRIME RENTS



PRIME YIELDS

* NOTE: Milan and Rome yields coincide and are both represented by the red line



MARKET STATISTICS (*)

SUBMARKET	PRIME RENT	1 YEAR GROWTH	5 YEARS CAGR	PRIME YIELD (NET*)	1 YEAR GROWTH	5 YEARS CAGR
Milan	€ 19,000	26.70%	7.10%	4.25%	13.30%	9.10%
Rome	€ 15,000	17.20%	3.70%	4.25%	13.30%	9.10%
Venice	€ 8,000	2.60%	4.20%	5.25%	10.50%	7.00%
Florence	€ 6,000	0.00%	0.00%	5.25%	16.70%	8.40%
Turin	€ 2,000	0.00%	-1.00%	6.00%	20.00%	8.40%
Shopping Centres	€ 1,000	0.00%	2.10%	7.00%	7.70%	6.30%

KEY LEASE TRANSACTIONS

PROPERTY	SUBMARKET	TENANT
Corso Vittorio Emanuele II	Milan	On Running (next opening)
Piazza Cordusio, The Medelan	Milan	Kave Home
Via Manzoni	Milan	Elisabetta Franchi (next opening)
Via del Babuino	Rome	Kave Home (next opening)
Calle Vallarosso	Venice	Zimmermann (next opening)

KEY SALES TRANSACTIONS

PROPERTY	SUBMARKET	PROPERTY TYPE	SELLER	BUYER
Portfolio Tecnomat	Multi-city	Portfolio – Big Boxes	Tecnomat	Polis Fondi SGR
Spazio Conad Superstore	Cagliari	Single Asset – Hypermarket	Hines	End user
Esselunga	Pisa	Single Asset - Supermarket	Hines	End user

NEW OPENING AND KEY PIPELINES 2024-25

PROPERTY	SUBMARKET	OWNER / DEVELOPER	YEAR
To Dream (extension)	Genoa	Nhood	2024
Maximall Pompei	Naples	Irgen RE	2024
Chorus Life	Bergamo	Costim	2024
Waltherpark	Bolzano	Hager	2025
Waterfront Mall	Genoa	CDS	2025
Scalo Milano (extension)	Milan	Private	2025

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Notes:

Renewals not included in leasing statistics

*Yields are calculated on a net basis as Net Yield = NOI (1) / PP (2)

1. Net Operating Income - after deducting all non-recoverable expenditure

2. Purchasing Price – excluding transfer costs, tax and legal fees.

With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

Yields may be based either on estimations or market sentiment, depending on the number of transactions occurred in the selected submarkets.

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