

Italy

- In 2024, investments in Italy's real estate market amounted to approximately EUR 10.2 Bn, +70% YoY, including developments and share deals, with international capital contributing 65%. Q4 recorded a total of around EUR 3.5 billion in investments, making it the most active quarter of the year.
- The office and the retail sectors were the top performers in terms of deal flow, followed by the logistics and hotel sectors. The living market recorded a recovery in Q4, after a less dynamic first part of the year.
- Prime yields remained stable in Q4 2024: Prime Office yields are 4.5% in Milan and 4.75% in Rome; 5.5% net-on-net for logistics; 6.5% for shopping centres, and 4.25% for high street retail; 5% for multifamily and 6% for healthcare.

Recovery in Italy's real estate investment market was led by the retail and offices sectors, each accounting for almost 25% of total investment volumes. EUR 2.6 billion worth of investments were registered in the offices market, with significant transactions closing on assets in central locations in both Rome and Milan. While the focus continues to be on core products, some value-add properties undergoing renovation and use conversion also traded.

Investments in the retail sector also reached EUR 2.6 billion in 2024, over 3.5 times the amount transacted in 2023. Despite the one high-street deal in Milan worth EUR 1.1 billion transacted in Q3, transactions point to a strong interest in shopping centres in town peripheries.

EUR 2 billion of transactions occurred in the hotels and hospitality market, including assets converted to hotels. The high number of transactions recorded across various cities underscores the strong appeal of Italy's main tourist destinations, both urban and resort areas. An additional EUR 1.7 billion was transacted in the industrial

and logistics sector. The volumes in Q4 were bolstered by a significant transaction involving a pan-European portfolio.

Meanwhile investments in the living and healthcare sectors amounted to EUR 700 million. Q4 showed a recovery, particularly due to the transaction of a substantial portfolio in Milan, as well as two purpose-built student accommodation (PBSA) transactions.

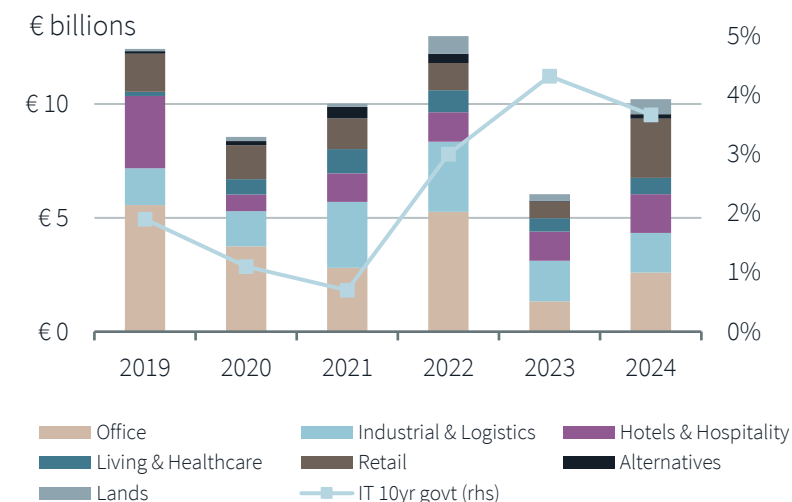
Outlook

We expect the investment market to continue its positive activity in 2025, with increased interest from international investors. Traditional asset classes like offices and retail will likely continue to lead activity, with growing interest in other value-add sectors. The market is also likely to see a higher share of private capital transact across sectors.

Fundamentals	Forecast	
Investment volume 2024	€ 10.2 Bn	↑
Investment volumes YoY	+70%	↑
ECB rate (Dec. 2024)	3.15%	↓
Inflation Forecast 2025	1.7%	→
GDP 2025F	0.8%	→

Source: JLL Research; Consensus;

Historical investment trends



Source: JLL Research, transactions > \$5m, includes direct, entity and development.

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