

Italy

- In 2024, the office sector emerged as the leader in investment volume, with EUR 2.6 billion invested—nearly double the amount from 2023. The fundamentals of the sector in Italy remain robust, particularly considering the favorable leasing performance.
- Milan and Rome have solidified their positions as the most sought-after cities for office investments, with Milan attracting EUR 1.2 billion and Rome nearing EUR 1 billion in investments in 2024.
- Core capital investments constituted 50% of the total volume, while value-added deals accounted for over 60% of the total number of transactions.

The office sector saw EUR 2.6 billion worth of investments in 2024, representing around 25% of all deal flow. The fourth quarter was the most active, with over EUR 900 million transactions recorded, driven by five owner-occupier deals. The most significant of these was executed by a public sector entity in Rome. Also notably, several deals in Q4 involved assets being converted from offices to other uses, primarily residential.

Milan reaffirmed its status as a key destination for investments. Q4 saw 2 transactions in the Central Business District (CBD), in addition to value-add opportunities from investors looking to renovate or convert redundant spaces. Rome also saw an increase in its share of total office investments in 2024, supported by large 'trophy' transactions and conversions in both central and semi-central areas of the city.

In terms number of transactions, ticket sizes below EUR 25 million accounted for around 60% of the total office deals in 2024, although almost half of the invested volume was attributable to just 7 big deals above EUR 100 million.

Prime yields remained stable in Q4 2024 compared to the previous quarter, standing at 4.5% in Milan and 4.75% in Rome, with expectations of downward movements in yields occurring during 2025.

Outlook

The results of 2024 confirm a recovery in the office sector. With a more favorable economic outlook, influenced by multiple interest rate cuts in recent months and inflation near the ECB target, we anticipate a positive impact on investments.

In terms of office capital value, after a decline of 19% between 2021 and 2024, Milan is expected to recover by up to 25% over the next five years, driven by exchange rate effects and rental growth.

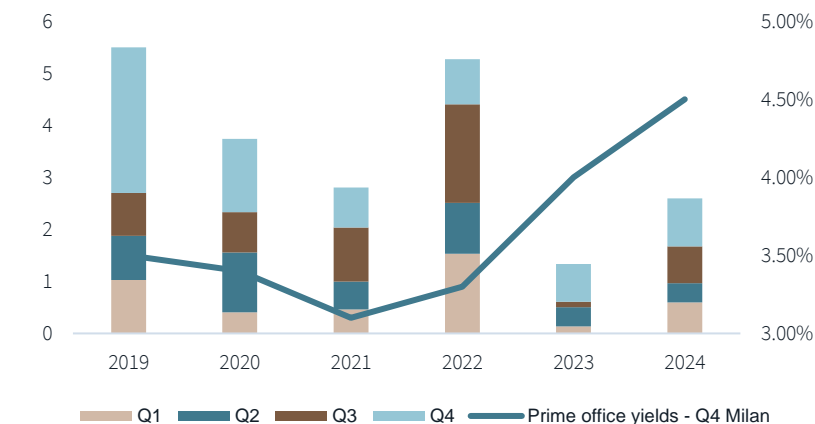
Investors are reconsidering their office strategies due to the continuing imbalance between supply and demand in CBD locations. Looking ahead, we expect a growing proportion of value-added transactions involving offices assets, particularly in non-CBD locations, which are likely to be converted to other uses.

Fundamentals	Forecast	
Investment volumes 2024	€2.6bn	↑
Investment volumes y-o-y	+95%	↑
Prime rent Milan (€/sq.m./pa)	730	↑
Prime rent Rome (€/sq.m./pa)	550	↑
Prime yields Milan	4.50%	→
Prime yields Rome	4.75%	→

Source: JLL Research

Historical investment trends

EUR billions



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

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