



# Italy

- In 2024, retail emerged as a top investment sector in Italy alongside offices. With EUR 2.6 billion invested, 3.5 times more than in 2023, it accounted for 25% of the total annual investment volume, marking it as a leading performer in the Italian real estate market.
- Investors continue to favour out-of-town locations, showing particular interest in the shopping centre sector.
- In 2024, prime retail locations in major cities experienced robust leasing momentum. This concentrated demand for prime shopping districts significantly reduced vacancy rates and drove rents up, reshaping the urban retail landscape.

In the fourth quarter of 2024, the retail sector recorded investments of more than EUR 0.9 billion, closing the year at EUR 2.6 billion; a significant increase compared to 2023. This made retail, together with office, the largest sector in terms of investment volume in 2024, accounting for almost 25% of the total. Investments in Q4 were mainly driven by two major transactions: a grocery portfolio and a shopping centre in southern Italy, confirming the sector's attractiveness and geographical diversification. 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 peripheries.

The investments made in the fourth quarter confirm the appetite of international players for the Italian retail market, now representing around 84% of the total capital invested in 2024. The remaining 16% is represented mainly by private domestic players. In terms of the number of deals, transactions with ticket sizes below EUR 25 million accounted for 50% of the total in 2024, while transactions above EUR 100 million increased to 21%. Prime yields remained stable in Q4 2024 compared to the previous quarter, standing at

4.25% for high street properties and 6.50% for shopping centres. However, market evidence shows that the most common risk profile continues to be value-added and opportunistic with predominantly double-digit returns.

On the leasing side, retailers are prioritizing prime locations in major Italian cities, particularly Milan and Rome, focusing on high streets and popular tourist areas. This concentrated demand for prime shopping districts has significantly reduced vacancy rates and driven up rents in both cities. Additionally, they're showing strong interest in leading shopping centres and retail parks.

## Outlook

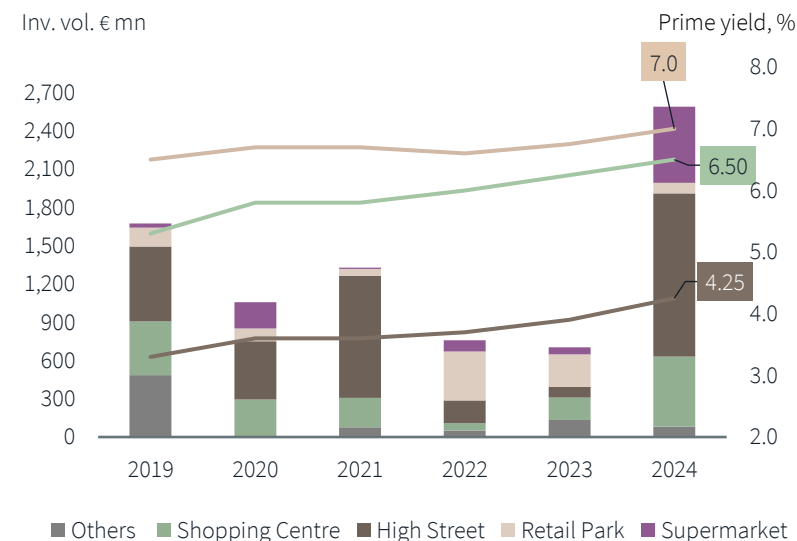
With a more favourable economic environment and the ECB planning to continue its policy of interest rate cuts in 2025, we expect a positive impact on Italian retail investment in the coming months. Leasing trends show international brands gravitating towards Milan and Rome, while national retailers also seek prime retail spaces in regional Italian cities. Both groups are also targeting top-tier shopping centres and retail parks across the country.

## Fundamentals

<b>Total stock*</b>	20,300,000 sq.m.
<b>Development pipeline* (2025-'28)</b>	770,000 sq.m.
<b>Mainstream prime rent Milan (€/sq. m./p.a)</b>	8,000
<b>Shopping Centre prime rent (€/sq. m./p.a)</b>	1,150
<b>Investment volumes 2024</b>	€ 2.6 Bn
<b>Prime Shopping Centre yield</b>	6.50%
<b>Prime High Street yield</b>	4.25%

\*Includes retail parks, Factory outlet Centres, Commercial Gallery, Entertainment Centre, Leisure Centre & Lifestyle Centre, Shopping & Lifestyle Centre and Mixed use

## Historical Retail Investment prospects





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