



# Milan

- Milan's office market showed resilience in 2024, with about 370,000 sq.m. of space absorbed, and an additional 17,000 sq.m. in subleases. Nearly half of take-up occurred in the Centre and CBD areas.
- Grade A assets dominated the market, accounting for about 70% of total take-up and reflecting a strong preference for high-quality spaces. This trend is further evidenced in Q4 by the low level of grade A vacancy rate of 2.5% and increasing prime rents at €730 sq.m. per annum.
- Milan remains Italy's primary office investment market, attracting EUR 1.2 billion in 2024. Investors preferred single assets in central locations, focusing on core products. There was also renewed interest in value-add properties for office use and potential conversions.

In Milan, office take-up for 2024 reached approximately 370,000 sq.m., with Q4 contributing over 100,000 sq.m. Despite a 14% decrease y-o-y, the market maintains solid fundamentals. This resilience is underscored by occupiers' persistent focus on high-quality properties. However, the market currently faces a challenge in the form of limited Grade A supply, particularly in central areas, resulting in a notable mismatch between supply and demand. Prime rents rose in the CBD to € 730 sq.m. per annum, reflecting this trend.

The 2024 market was characterised by medium and small-sized transactions, with 70% of space in Grade A properties. While Banking & Finance, Services, and Manufacturing sectors maintained their dominance, 2024 saw notable growth in occupancy levels from alternative sectors, particularly Education, Social Services, and Healthcare.

Milan's office pipeline includes over 500,000 sq.m. under construction set for completion by 2027. 50% consists of speculative projects, with half of these strategically located in central areas. Pre-let developments account for 40% of the pipeline, while the remaining 10% comprises owner-occupied projects.

In terms of investments, EUR 1.2 billion of investments were made in Milan in 2024. Two major transactions in the CBD were recorded in Q4 2024, confirming investors' appetite for assets in central locations, primarily focused on core products. Some value-add transactions for office refurbishment and conversions were recorded.

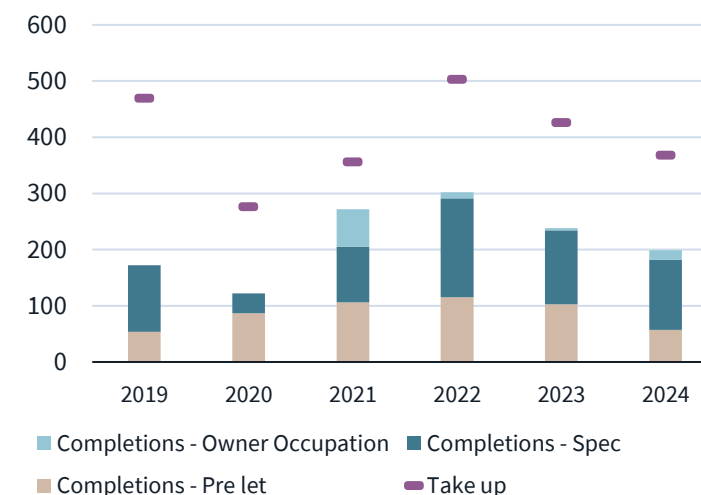
## Outlook

Milan's office market continues to show strong fundamentals with persistent occupier demand. However, the scarcity of space meeting high occupier standards may impact take-up levels in 2025.

The improving economic outlook, primarily due to recent interest rate cuts, is expected to positively impact office investments in Milan. Prime yields, at 4.5% in Q4, are expected to compress further in 2025.

Fundamentals	Forecast	
<b>2024 take-up</b>	368,000 sq.m.	→
<b>YTD subleases</b>	17,000 sq.m.	→
<b>Vacancy rate – Grade A</b>	2.5%	→
<b>Prime rent (€/sq. m./pa)</b>	EUR 730	↑
<b>YTD new completions</b>	200,000 sq.m.	→
<b>YTD investment volumes</b>	EUR 1.2 Bn	↑
<b>Prime yields</b>	4.5%	→

## New supply and take up – historical trends sq.m. (thousands)





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