

SOUTHERN EUROPE INVESTMENT

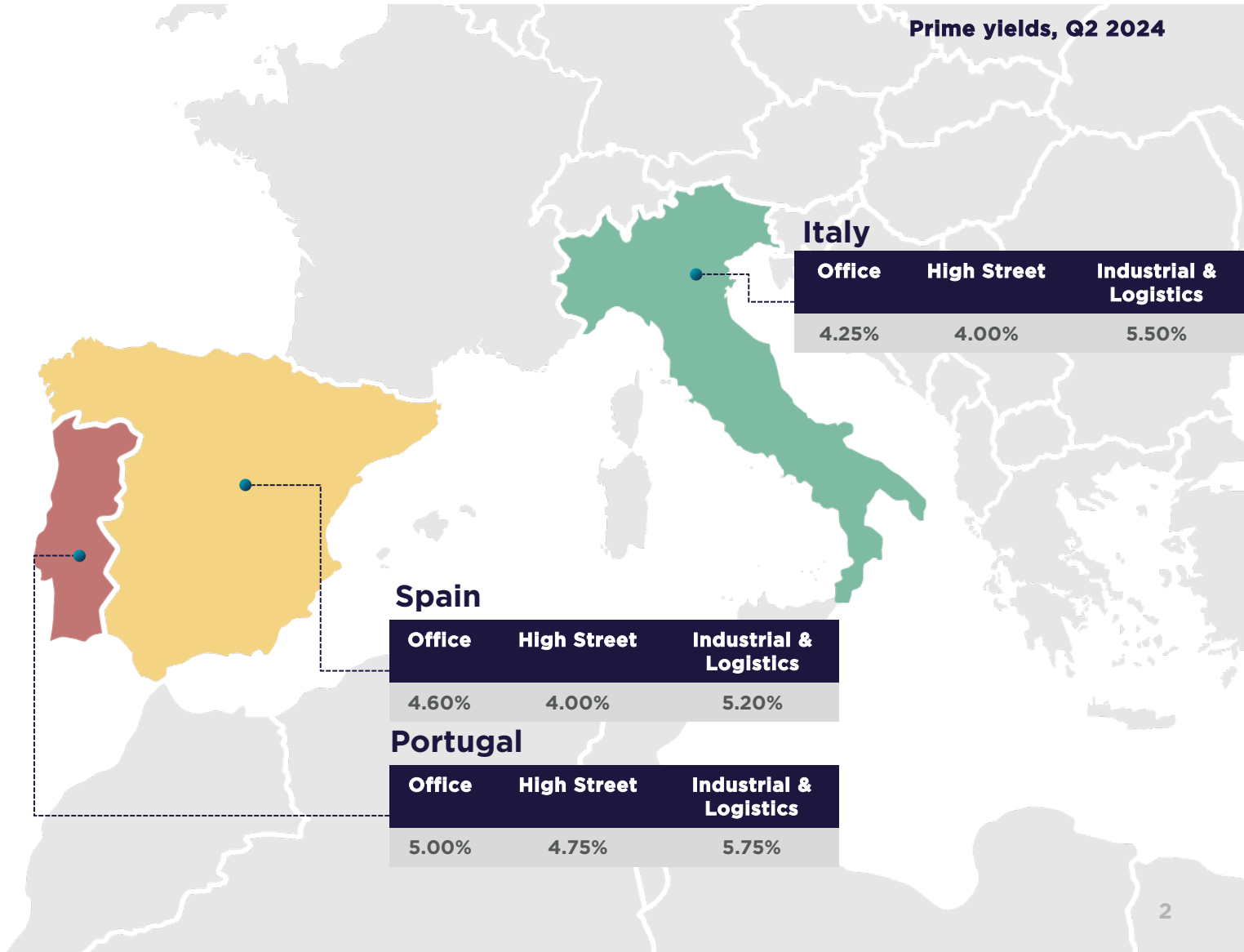
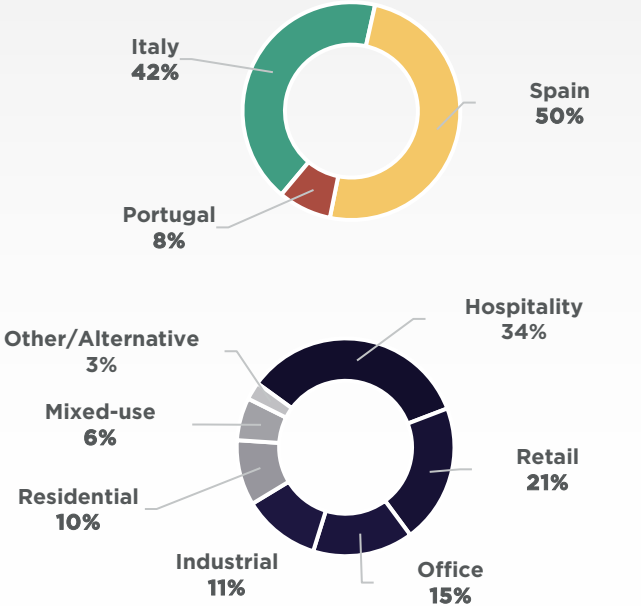
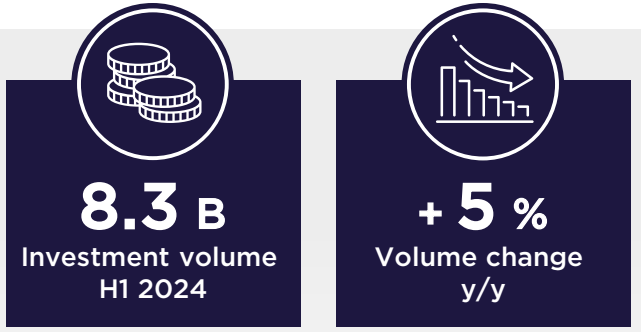
MARKET OVERVIEW

JULY 2024

Better never settles

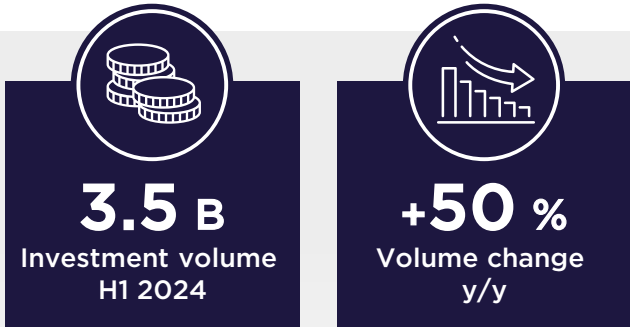
SOUTHERN EUROPE REGIONS

Investment Market H1 2024



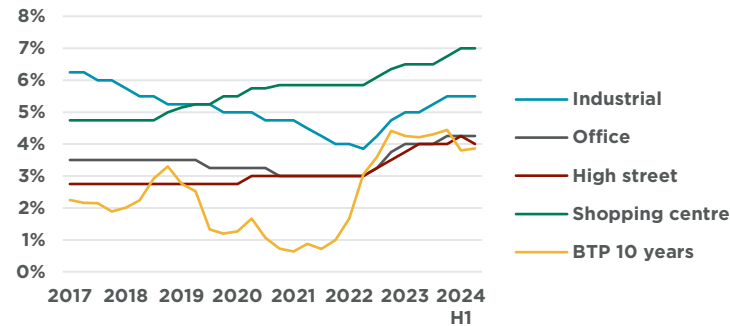
ITALY

Investment Market H1 2024

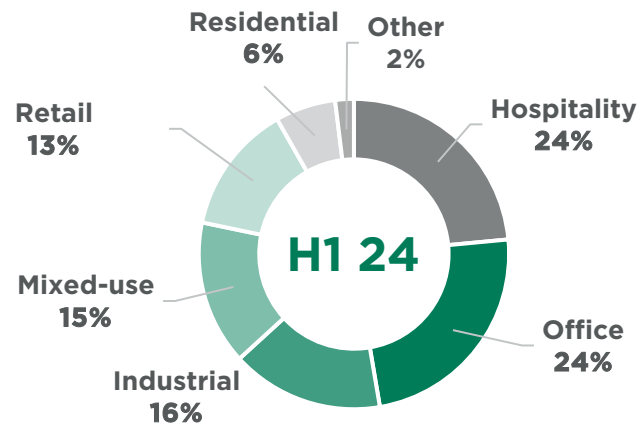


With a total of 3.5€Bn invested, the first half of 2024 confirms a moderate recovery in CRE investments (+50% compared to H1 2023 volume, the lowest in the last 10 years), alongside a trend towards diversifying investments across various asset classes. In this context the Hospitality sector confirmed its attractiveness leading the scene with the office sector which, despite the decrease Q - on - Q, reached above 800€Mn confirming the investors' selective interest towards this asset class, which keeps solid and positive occupier fundamentals. Strong interest in logistics and living sectors, however, in these markets, the supply of products that meet institutional investors' expectations remains limited, and the gap between buyer and seller expectations is still significant. Continued interest in asset alternatives and value-add opportunities is expected to support investments in the second half of 2024 and into 2025.

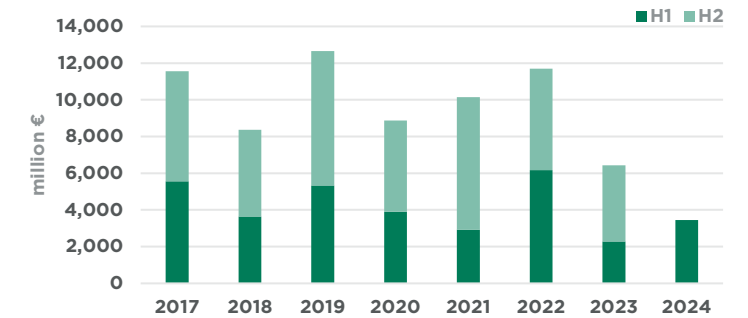
Prime Yields



Key Investment



Investment Volumes



Economic Forecast

Economic Indicator	2022	2023	2024	2025
GDP growth	4.1%	1.0%	0.8%	0.9%
Inflation	8.7%	5.9%	1.7%	2.0%
Unemployment rate	8.1%	7.7%	6.9%	7.1%

Source: Moody's Analytics - July 9th, 2024

SPAIN

Investment Market H1 2024



4.1 B

Investment volume
H1 2024



-15 %

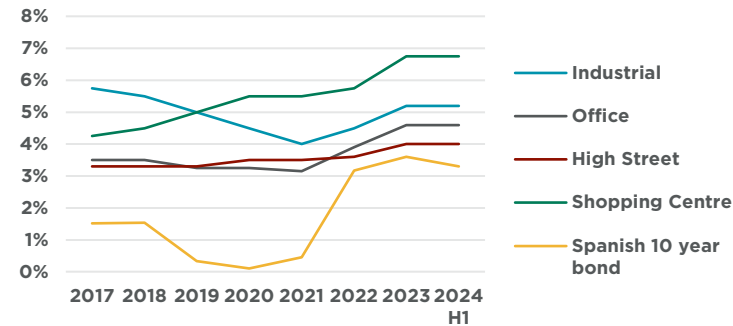
Volume change
y/y

Investment in Spain closed the first half of 2024 with a total volume above 4€Bn. This figure is at similar levels to the same period last year - only 15% lower, largely due to the first quarter of 2023, when interest rates had not yet reached such high levels.

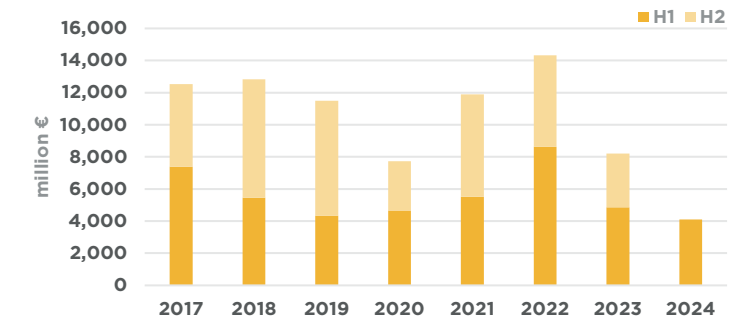
The hospitality (1.7€Bn) and retail sectors (1.1€Bn) are driving investment in Spain, with record numbers thanks to the strength of their fundamentals. The living sector continues at a good pace and the logistics and office sector are struggling despite healthy fundamentals.

Specially in Madrid (300€Mn), important capital movements are being carried out towards changes of use of obsolete office buildings to be transformed into Living/Hotel.

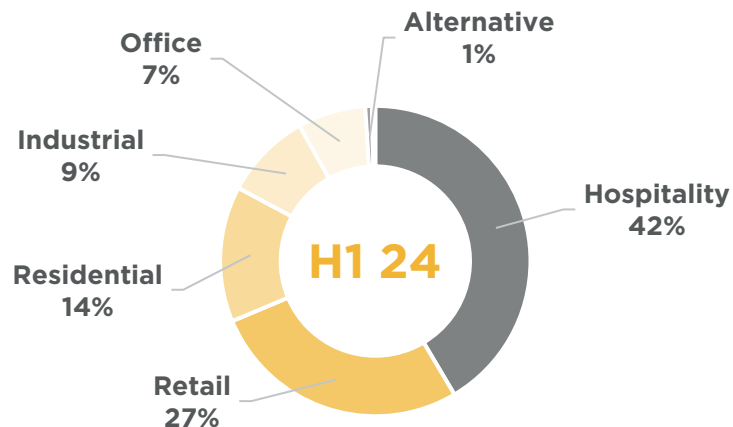
Prime Yields



Investment Volumes



Key Investment



Economic Forecast

Economic Indicator	2022	2023	2024	2025
GDP growth	5.8%	2.4%	1.2%	1.8%
Inflation	8.4%	3.6%	2.2%	1.8%
Unemployment rate	12.9%	12.1%	11.8%	11.4%

Source: Moody's Analytics - July 9th, 2024

PORTUGAL

Investment Market H1 2024



0.7 B

Investment volume
H1 2024



-9 %

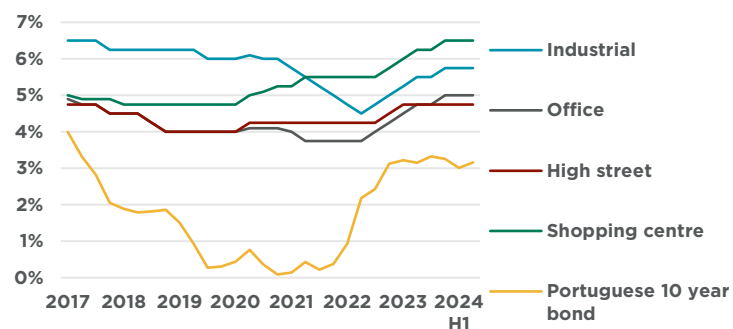
Volume change
y/y

In the first half of 2024, a total investment volume of 670€Mn confirmed expectations of lower activity in CRE (-9% YoY), as the gap in price expectations between sellers and buyers slowly narrows.

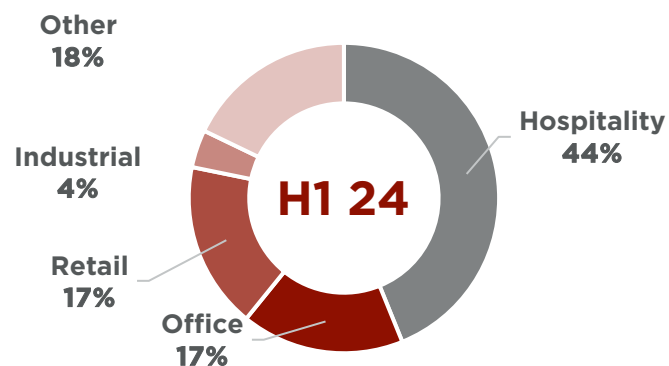
Capital allocation by sector reflected the increased interest in Hospitality, while Retail accounted for the highest number of deals, with several more currently under negotiation. There is also a significant interest in the Purpose-Built Student Accommodation (PBSA) segment (which contributed to its significant share within the Other sector), as well as in Industrial & Logistics, were the lack of quality assets available for sale continues to hinder transaction volumes.

Recovery remains in sight for the second half of the year, driven by strong economic fundamentals and occupational activity.

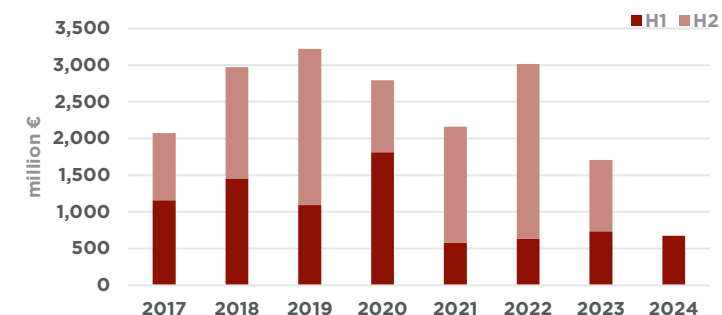
Prime Yields



Key Investment



Investment Volumes



Economic Forecast

Economic Indicator	2022	2023	2024	2025
GDP growth	6.8%	2.3%	1.9%	1.9%
Inflation	7.8%	4.3%	2.3%	1.4%
Unemployment rate	6.1%	6.5%	6.3%	5.6%

Source: Moody's Analytics - July 9th, 2024



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