

YoY Chg      12-Mo. Forecast

**5.70 €Bn**  
Total Volume



**2.59 €Bn**  
Office Volume



**1.06 €Bn**  
Retail Volume



**900 €Mn**  
Industrial Volume



**720 €Mn**  
Hospitality Volume



**435 €Mn**  
Other Volume



### ECONOMY

As the second wave of Covid-19 contagions hits Europe, the recovery phase that began in early Q3 appears to be slowing down - even if the situation is currently less worrying than in other European countries. Overall, GDP is expected to contract by 9.8% in 2020. However, being one of the worst-hit economies in the eurozone, Italy will benefit from the Recovery Fund, that may provide additional resources and support. The labor market seems to be performing better than expected, but estimations may be 3-5% lower than real figures due to furlough schemes and underemployment. Meanwhile, forecasts see consumer prices converge towards zero over the next few months. As Italy's industrial production grew more than expected, nearly reaching last year's level and outperforming other major eurozone economies, signals are favorable. While construction business confidence decreased on a YoY basis (-6%), growth has been considerable with respect to Q2 (+15%). As the whole economy relies on the containment of the virus outbreak, the next months will be crucial in determining the national and global evolution.

### INVESTMENT OVERVIEW

Total investment volumes recorded a decrease of 24% on 2019 figures (the best year on record), but remain still above the 10 year average (4.2€Bn for Q1/Q3) as well as 2018 figures. In contrast to the beginning of the year, foreign capital has surpassed domestic investment and now accounts for 60% of volume transacted. However the majority of transactions closed during the third quarter began before the pandemic; without the accrual of deals which should have been initiated during the months of lockdown, Q4, typically a very active quarter, is expected to be rather slow.

In this setting the sector which performed better was **Office**, accounting for 45% of overall volume invested since the beginning of the year, with large core transactions over 200€Ml being concluded in both Milan and Rome.

Demand for **Industrial & Logistic** investments has increased even above pre-Covid levels, thanks to tenant expansion (especially e-commerce) as well as investors looking to diversify their portfolios. In fact volume invested increased by 70% compared to 2019 figures, reaching just below 900€Ml, the third quarter accounting for the majority of volume with two transactions above 100€Ml. Overall there has been no evidence of repricing and yields have contracted on prime opportunities.

The sectors most affected by the pandemic remain **Retail** and **Hospitality**; for the former volumes reached just over 1€Bn since the beginning of the year (-30% on 2019) and investments continue to be very selective with a number of deals negotiated in previous quarters still on hold and waiting for the situation to improve and become clearer. For the latter, although overall figures are above the 10 year average (690€Ml for Q1/Q3), they are traceable to two large transactions above 200€Ml.

**Residential & Living** has begun to appear on investors radar (representing about the 70% of the "Other" segment) with great attention to development and redevelopment projects from both institutional investors starting to approach the Italian market and local developers.

### OUTLOOK

With the Covid-19 pandemic accelerating changes already taking place, investors are expected to continue with more defensive investment strategies with a particular focus to ESG investments which could become one of the keys of the future investment requirements.

### ITALIAN ECONOMIC INDICATORS Q3 2020

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**-8.8%**  
GDP Growth



**9.7%**  
Unemployment Rate



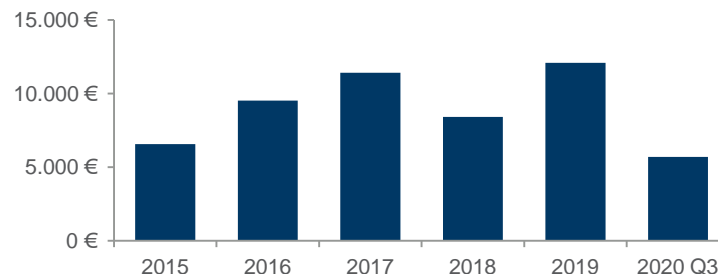
**0.9%**  
10-Yr Treasury Yield



Sources: ISTAT, Oxford Economics, Ministry of Economy and Finance.

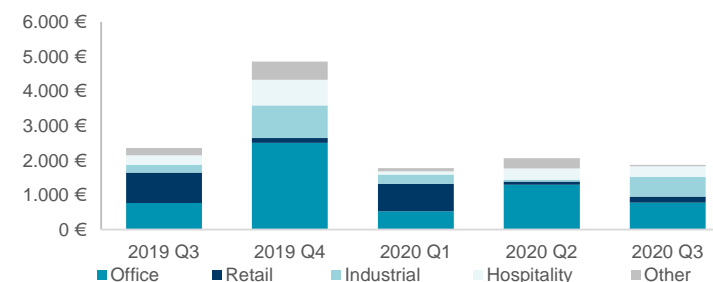
Note: GDP Data refers to Q2 2020 variations with respect to the previous year

### INVESTMENT SALES VOLUME



Source: Cushman & Wakefield Research

### INVESTMENT SALES VOLUME BY SECTOR



### SIGNIFICANT SALES 2020

PROPERTY NAME	TYPE	BUYER	SELLER	PURCHASE PRICE	MARKET
Gioia 22	Office	UBI Banca	COIMA SGR OBO ADIA	Confidential	Milan
ESSELUNGA Portfolio	Retail	Unicredit	Esselunga	432€MI	Multi-City
Portafoglio UBI	Office	COIMA SGR	UBI Banca	Confidential	Milan
Pan European Portfolio VARDE	Hospitality	COVIVIO	VARDE PARTNERS	est 260€MI	Multi-City
Hotel Bauer San Marco	Hospitality	Signa	Elliot JV Blue Skye	250€MI	Venezia
Bodio Center	Office	BNP Paribas Sgr	AXA IM OBO PSP Investments	223€MI	Milan
Via Orefici 13/ Via Cantù	Office/Retail	DEKA	Hines UK	210€MI	Milan
Via dell'Arte 25	Office	Allianz RE	DeA Capital Sgr	200€MI	Rome
Trecate Warehouses	Industrial	DWS	LCP	c.a. 200€MI	Novara
Le Due Torri - Stezzano La Corte Lombarda - MI	Retail	Credit Agricole	Altearea Cogedim	est 180€MI	Multi-City

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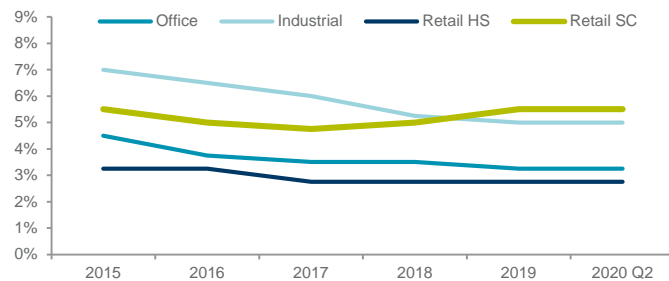
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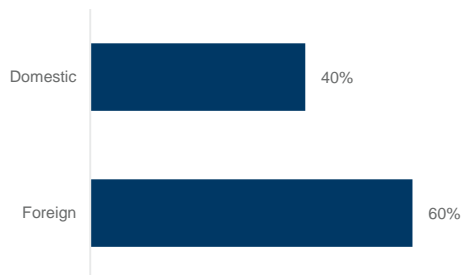
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### PRIME YIELD TREND



### TOTAL VOLUME INVESTED



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