

YoY Chg 12-Mo. Forecast

8.870 €Bn
Total Volume



3.9 €Bn
Office Volume



1.24 €Bn
Retail Volume



1.6 €Bn
Industrial Volume



900 €Mn
Hospitality Volume



1.23 €Bn
Other Volume



ECONOMY

After a sharp recovery in Q3 (15.9% against Q2), the new containment measures lead to a slowdown in economic activity in Q4. GDP for the entire year is expected to decrease by 8.8% in 2020 and to grow by around 5.2% in 2021. A full recovery to pre-Covid levels is expected in late 2022 or beginning of 2023 with a slight delay compared to the EU average. Fiscal policy has been very supportive to the GDP and further expansionary stimulus should come from the Next Generation EU program. As it happened in Q3, GDP growth estimated for next year will differentiate between its components; investments are projected to pick up at a rapid pace and exports should record a significant recovery too. Private consumption is instead expected to recover more gradually, with an only a partial inversion of the strong increase in household savings observed since March. The outlook is strongly related to the evolution of the pandemic and the successful roll-out of the vaccine campaign; any delay in resolving the health emergency will impact the pace of the economic recovery.

INVESTMENT OVERVIEW

At year-end total volumes invested in Italy recorded a decrease of 28% on 2019 but show an increase of 7% on 2018 figures. Capital invested during the second part of the year amounted to circa 5€Bn (above the 10-year average) showing a renewed confidence in the Italian market. Domestic investors sustained the market during the pandemic increasing the market share at circa 40% of volumes transacted (against 20% of 2019). Overall, the Covid-19 pandemic has accelerated ongoing processes, with institutional investors looking with even more interest at asset classes that experienced significant growth in terms of economic turnover (**Industrial & Logistics**) or alternative more resilient assets (**Residential & Living**).

Industrial & Logistics recorded a 7% increase on 2019 volumes, with strong demand from both specialized investors as well as investors usually active in other sectors. Moreover, there was an increase in interest for cross-dock/last mile buildings as well as an appetite for sale & lease-back operations with strong fundamentals, and from a geographical point of view there was an increase in approach to opportunities in the central and southern part of the country as well.

The **Residential & Living** sector increased fourfold on 2019 figures, with a high demand not currently matched by an adequate supply in terms of both size and underlying real estate characteristics. Foreign capital accounted for the majority of investment in main Italian cities (Milan, Rome, Florence) while domestic and local institutional focused also on secondary cities.

With tourism continuing to be affected by local lockdowns, investments in the **Hospitality** sector reduced by 70% on 2019 (one of the best years on record); nonetheless there is still strong long-term confidence and desire by hoteliers to continue their expansion into the Italian market.

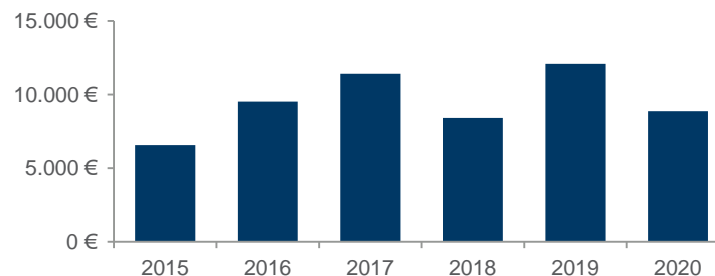
Following 4 years of waning investment volumes, **Retail** in 2020 amounted to 1,24 €Mn due mostly to 3 "GDO" portfolio transactions. However, urban supermarkets and DIY assets are expected to be an attractive target for retail investors because of the resilience demonstrated during the lockdown.

The **Office** sector remained the asset class of choice totaling almost 4€Bn throughout the year. If Milan remains a magnet for investors attracting over 2,5 €Bn, the Rome market, with 0.8 €Bn, after a difficult initial part of the year, saw a revival of interest, with figures doubling during the second half of the year.

OUTLOOK

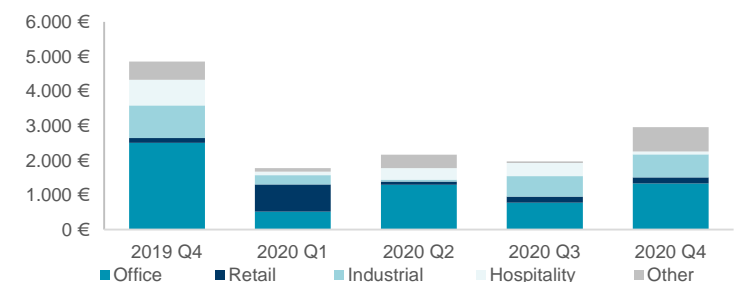
High amount of equity on the market, with investors actively looking for opportunities. For the coming year focus should remain on the **Office** sector, expected to perform better in the second half of 2021, while an increase in investment is expected for both the **Industrial & Logistic** and **Residential** sectors. A more prudent approach should continue for **Retail** although opportunistic deals for assets with good fundamentals as well as urban supermarkets and DIY with a "safer" core view, will attract interest. Hospitality will maintain its attractiveness among investors with a value add / opportunistic approach.

INVESTMENT SALES VOLUME



Source: Cushman & Wakefield Research

INVESTMENT SALES VOLUME BY SECTOR



ITALIAN ECONOMIC INDICATORS Q4 2020

-8.8%
GDP Growth



9.1%
Unemployment Rate



0.7%
10-Yr Treasury Yield



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

SIGNIFICANT SALES 2020

PROPERTY NAME	TYPE	BUYER	SELLER	PURCHASE PRICE	MARKET
Gioia 22	Office	UBI Banca	COIMA SGR	Confidential	Milan
ESSELUNGA Portfolio	Retail	Unicredit	Esselunga	432€MI	Multi-City
MPS Portfolio	Office	Ardian JV DeA Capital Sgr	MPS	337€MI	Multi-City
UBI Portfolio	Office	COIMA SGR	UBI Banca	Confidential	Milan
Pan European Portfolio VARDE	Hospitality	COVIVIO	VARDE PARTNERS	est 260€MI	Multi-City
Carlyle Portfolio	Industrial	AXA REIM Sgr	The Carlyle Group	270€MI	Multi-City
Hotel Bauer San Marco	Hospitality	Signa	Elliot JV Blue Skye	250€MI	Venezia
Fondo Dante	Mixed Use	Poste Vita	INVIMIT Srg	250€MI	Multi-City
Via Cordusio 3	Office	Mediobanca	Kryalos Sgr	246,7€MI	Milan
Bodio Center	Office	BNP Paribas Sgr	AXA IM	223€MI	Milan

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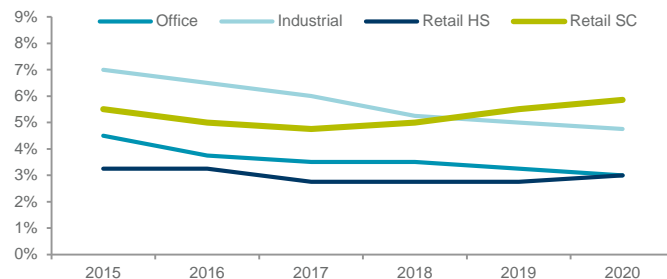
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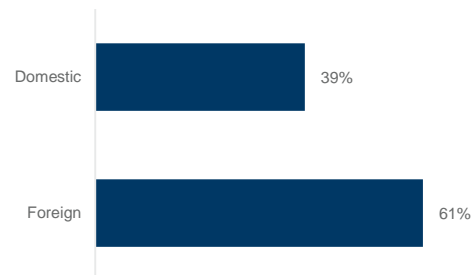
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PRIME YIELD TREND



TOTAL VOLUME INVESTED



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