

YoY Chg 12-Mo. Forecast

9.67 €Bn
Total Volume



2.00 €Bn
Office Volume



600 €Mn
Retail Volume



2.80 €Bn
Industrial Volume



1.33 €Bn
Hospitality Volume



440 €Mn
Living Volume



2.50 €Bn
Other Volume



ECONOMY OVERVIEW

GDP growth accelerated in the second part of 2021 and is now expected to grow by 5.9% in Q4 and 6.2% for the full year, considerably higher than previous forecasts. Italy's GDP is expected to reach its pre-pandemic level by mid-2022, slightly later than European pairs. Inflation is rising, but seems in hand, since it is lower than other countries and mainly dependent on energetic goods. While the vaccination campaign is slowing, government is trying to keep the pace through 3rd dose introduction, new rules to persuade the undecided and extending inoculations to younger population. Although the Pandemic Emergency Purchase Program, of which Italy is a key beneficiary, will expire in March, the ECB will likely expand total purchases, if necessary, in order to reassure financial markets and hold back the spread between German and Italian 10 years bond yields. The unexpected and rapid recovery of GDP in 2021, together with the good results in curbing the still-raging pandemic, has promoted a fresh trust by investors and foreign institutions, as confirmed by The Economist which selected Italy as Country of the year.

INVESTMENT OVERVIEW

At year end the Italian investment market saw an overall increase of 8% on 2020 figures and circa 20% above the 10-year average. The 2021 market was characterized by large portfolio transactions (47% of volume invested), the largest was a mixed use portfolio (recorded under 'Other' in the sector breakdown) acquired by Blackstone from Reale Compagnia for circa 1.3 €Bn; market rumors allocate the value among the different uses as 60% retail and the remaining equally split between office and residential. The best performing asset class was by far **Industrial & Logistics** which registered the best year ever with a record 2.8 €Bn invested, with the second largest transactions across all sectors – a portfolio for circa 260€Mn. The majority of activity is still concentrated in the norther part of the peninsula.

Investors also showed particular confidence in the **Hospitality** sector which totaled circa 1.30 €Bn invested, + 31% on 2020. The largest transactions were for a portfolio of resorts and hotels (above 200€Mn) and two historic hotels in the key cities of Rome and Venice.

In the **Office** sector Milan still attracts the majority of investor interest accounting for 76% of volume. With numbers down by almost 50% on 2020 due to a still cautious approach on non-core deals, Core and Core+ opportunities sustained the market throughout the year.

Retail saw a two-level market: on one hand core investors active either on prime high street locations rarely put on the market or super/hypermarkets and retail parks because of the resilience shown during lockdown. On the other hand, opportunistic investors looking for double digit returns in out-of-town shopping galleries. Despite the low total level of investments in pure retail (which excludes the Reale Compagnia deal), it is important to highlight that new foreign investors (i.e. ICG, Crestline) have come to Italy for the first time this year buying retail.

Alternative and **Living** sectors are still in a budding phase and although this still isn't reflected in the volumes, there is a lot of activity around assets to be repositioned, land and forward purchases as well as large development projects, especially in Milan.

OUTLOOK

Capital flows for real estate are still robust and Italy is well positioned to attract them, with 2022 expected to perform well. Opportunities will continue to be driven by the increasing demand for ESG focused investments which are reshaping the portfolio sector allocation for institutional investors: retrofitting obsolete office buildings, repurposing existing assets according to the new urban trends, addressing the living sector comprising all its nuances, tackling niche investment sectors such as life-science and healthcare.

ITALIAN ECONOMIC INDICATORS Q4 2021

+5.9%

GDP Growth



9.5%

Unemployment Rate



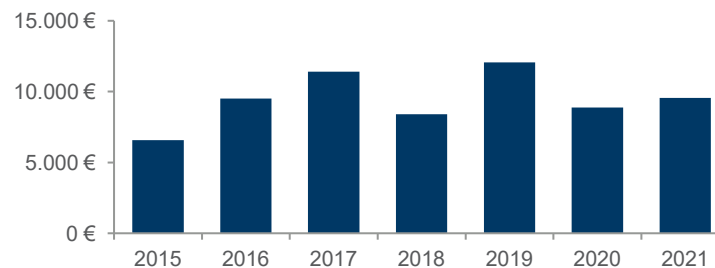
1.0%

10-Yr Treasury Yield



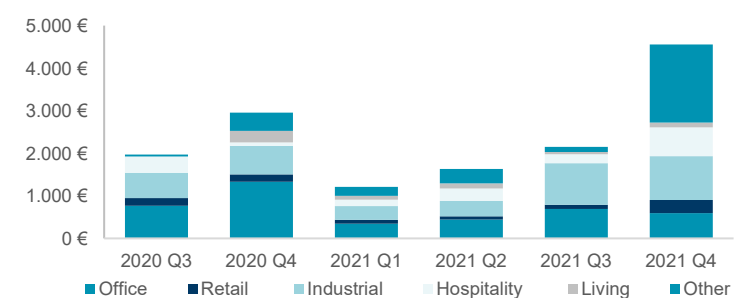
Sources: ISTAT, Moody's, Ministry of Economy and Finance.

INVESTMENT SALES VOLUME



Source: Cushman & Wakefield Research

INVESTMENT SALES VOLUME BY SECTOR



SIGNIFICANT SALES 2021

PROPERTY NAME	TYPE	BUYER	SELLER	PURCHASE PRICE	MARKET
Reale portfolio	Mixed Use	Blackstone	Reale Compagnia Immobili	1,3€Bn	Multi-City
Century portfolio	Industrial	Kryalos Sgr OBO GLP	Kryalos Sgr OBO Blackstone	260 €MI	North
Bluserena Portfolio	Hospitality	Bluserena	Azora	Over 200 €MI	Multi-City
Amazon Civate al Piano	Logistic	LCP	Midas International AM & Hana FI	190€MI	North
RSA portfolio	Other	Cofinimmo	Gruppo Batipart	190 €MI	North
Torre Libeskind	Office	ENPAIA	Generali	160 €MI	Milan
Celio portfolio	Logistic	GLP	BNP OBO Tristan Capital Partners	Confidential	Multi-City
Monselice	Logistic	Starwood	Vibroemento	c.a.150 €MI	North
Coop portfolio	Retail	Savills IM Sgr OBO ICG and IGD	IGD SIIQ	140 €MI	Multi-City
Star portfolio	Logistic	Starwood	COIMA Sgr	c.a. 130€MI	Multi-City

GWENDOLYN FAIS

Research Consultant

+39 06 4200791

gwendolyn.fais@cushwake.com

CARLO VANINI

MRICS International Partner

Head of Capital Markets Italy

+39 02 63799302

carlo.vanini@cushwake.com

cushmanwakefield.com

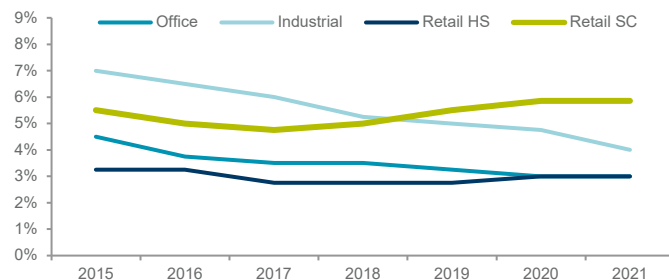
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PRIME YIELD TREND



TOTAL VOLUME INVESTED

