

| | YoY Chg | 12-Mo. Forecast |
|--------------------------------------|---------|-----------------|
| 3.20 €Bn Total Volume | ▲ | ▲ |
| 1.30 €Bn Office Volume | ▲ | ▬ |
| 150 €Mn Retail Volume | ▲ | ▼ |
| 670 €Mn Industrial Volume | ▲ | ▲ |
| 445 €Mn Hospitality Volume | ▲ | ▲ |
| 435 €Mn Living Volume | ▲ | ▲ |
| 95 €Mn Healthcare Volume | ▲ | ▲ |
| 100 €Mn Mixed Use Volume | ▲ | ▬ |
| 45 €Mn Other Volume | ▼ | ▲ |

ITALIAN ECONOMIC INDICATORS Q1 2022

| | | |
|-------------------------------------|---|---|
| +5.3% GDP Growth | ▲ | ▲ |
| 8.5% Unemployment Rate | ▼ | ▬ |
| 1.7% 10-Yr Treasury Yield | ▲ | ▲ |

ECONOMY OVERVIEW

At the beginning of 2022 the Italian economy was recovering from the impact of the latest omicron variant, the outlook was positive thanks to a mitigation of the sanitary crisis. At the end of February, a new wave of uncertainty started with the war in Ukraine exacerbating tensions in the commodities market. While growing in the year over year comparison, GDP is forecasted to slightly decrease with respect to the previous quarter. The exceptional increase of natural gas prices has accelerated the rise of CPI, that has reached the highest values for more than 20 years. Nevertheless, the forecasts are for an inflation rate below the 2% for 2023. After the end of the Pandemic Emergency Purchase Program, of which Italy has been a key beneficiary, the European Central Bank should avert a spike in government bond spreads through the traditional Asset Purchase Program. The outlook in the medium-long term effects is still hard to predict and will depend on the length of the conflict and the possibility to escalate beyond Ukraine.

INVESTMENT OVERVIEW

The first quarter of 2022 upheld the expectations in the real estate investment market, and with 3.2 €Bn invested confirmed the positive trend that emerged in 2021. Once more, a single transaction – a mixed asset portfolio sold by ENPAM – for over 800€Bn contributed significantly to the result. The trend of diversifying investments across various asset classes continues, with the **Living** sector increasing its share.

Offices returned to being the primary target for investors thanks to renewed confidence in employment and greater certainty on the format: a hybrid model where WFH and in-office work will be intermixed. As a result of large regeneration projects underway, Milan continues to be at the centre of investor interest while a healthy pipeline in Rome confirms a new confidence in the 'Eternal City'.

Figures for the **Industrial & Logistics** sectors were strong, doubling their year-on-year performance, with interest from all investment profiles confirmed.

A limited number of heterogeneous **Retail** transactions was carried out in Q1 2022. The impact of the pandemic still affects investors' decisions, with ca. 150 € Mn invested in the Q1 2022. The investment activity in retail remains low, even if the first quarter closed at almost double the amount reached in Q1 2021.

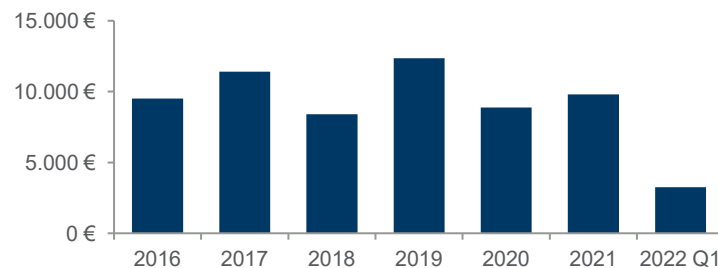
Volumes for the **Hospitality** sector were boosted by a large transaction (est.300 €Mn) for a holiday resort in the Tuscan countryside; however, discounting this transaction quarterly figures were in line with the 10-year average for the period. The tail end of the pandemic together with the geopolitical unrest may affect tourism numbers but it is still unclear on which scale.

Interest in the **Living** sector continues to be high with a particular focus on new residential projects in Milan as well as the development of Student housing. The rising cost of raw materials could lead to further selection by investors.

OUTLOOK

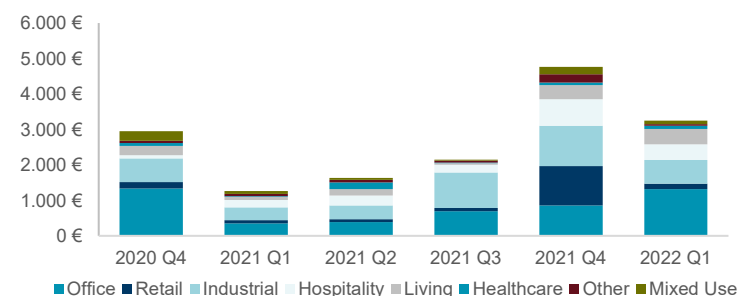
The outlook turned gloomy since the beginning of April, with the worsening expectations toward the end of the war. Central banks will speed up the tightening of the monetary policy with further hikes in the interest rate to fight inflation. This could pose a risk for investors leveraging capital for their investments.

INVESTMENT SALES VOLUME



Source: Cushman & Wakefield Research

INVESTMENT SALES VOLUME BY SECTOR



SIGNIFICANT SALES

| PROPERTY NAME | TYPE | BUYER | SELLER | PURCHASE PRICE | MARKET |
|---|-------------|-------------------|--------------------|----------------|------------|
| ENPAM portfolio | Mixed Use | Apollo | ENPAM | Over 800€Mn | Multi-City |
| Rosewood Castiglion del Bosco | Hospitality | Undisclosed Buyer | Ferragamo Group | Est. 300€Mn | Centre |
| 3 Asset Portfolio | Office | Henderson Park | A2A | Over 200 €Mn | North |
| Residential Development Navigli | Living | Savills Sgr | Undisclosed Vendor | 140€Mn | North |
| Via P. di Dono 44 | Office | Castello Sgr | Prelios Sgr | c.a.130 €Mn | Centre |
| Zalando Nogarole Rocca | Logistic | La Salle | DeA Capital Sgr | c.a. 120€Mn | North |
| GLP Nogarole Rocca | Logistic | Kryalos Sgr | Morgan Stanely | c.a. 80€Mn | North |
| CC Terminal Nord | Retail | ImmoFinanz | Benson Elliot | Over 70€Mn | North |
| HQ 2 – Viale Piero e Alberto Pirelli 25 | Office | Antirion Sgr | Savills IM | c.a. 70€Mn | North |
| Fondo Antares | Mixed Use | Kervis Sgr | Allianz | c.a. 70€Mn | North |

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

(* NOTES:

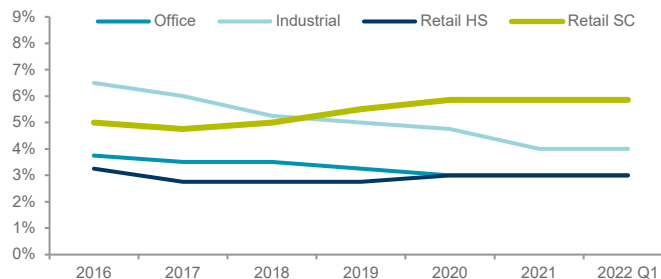
Yields are calculated on a net basis as reported below:
Net Yield = NOI (1) / PP (2)

1. Net Operating Income - after deducting all non-recoverable expenditure

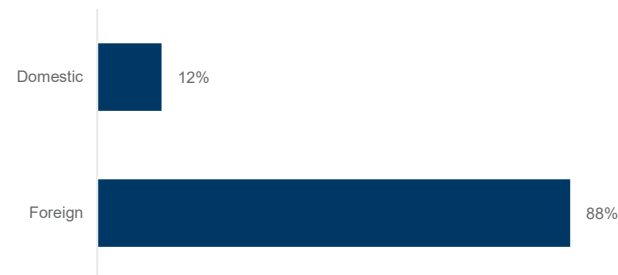
2. Purchasing Price – excluding transfer costs, tax and legal fees

With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

PRIME YIELD TREND



TOTAL VOLUME INVESTED



cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 53,000 employees in 400 offices and 60 countries. In 2019, the firm had revenue of \$8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.