

	YoY Chg	12-Mo. Forecast
745,000 Italy Take-Upsqm	▲	▲
€58 Prime Rent €/sqm/yr, Milan	▲	■
€58 Prime Rent €/sqm/yr, Rome	▲	■

ITALIAN ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
+5.3% GDP Growth		▲
8.5% Unemployment Rate	▼	■
1.0% E-Commerce Sales Growth		
6.4% Retail Sales Growth		

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. Inflation has accelerated even further due to the recent geopolitical crisis, this will certainly have an impact on consumer spending, especially on non-food goods. Sales for Q1 2022 compare with the unusual data of 2021, when strong restrictions were still in place. The growth of e-commerce has decelerated, but it is consolidating to new levels, unthinkable in pre-pandemic time. Traditional retail is still growing at strong rates since it compares with a period when people mobility was strongly limited.

OCCUPIER AND INVESTMENT FOCUS

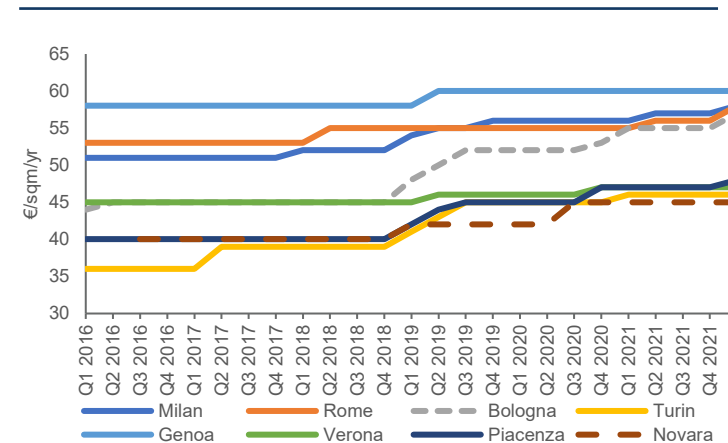
The Logistic market continues its positive trend and continuous growth with a take-up over 700,000sqm (+19% vs Q1 2021). During the quarter, Milan (Lombardy) and Piacenza (Emilia Romagna) have registered a high activity, covering the 38% of the quarterly absorption but the biggest transaction (a 60,000sqm BTS) has been closed in Rieti (Lazio). As well as in other sectors, also in the logistic market we see an increasing attention to the quality of the assets and to sustainability standards, in line with ESG criteria. The strong demand and the aim for quality products helped maintaining the logistic warehouse construction sector very dynamic: speculative developments continue to rise, almost 2 Mln sq m of logistic floorspace is currently under construction and some 54% has been pre-leased. All new developments are designed to achieve a green certification, mainly BREEAM and LEED. Prime rents for large modern spaces increased in all major markets.

Within the Investment market, the Industrial & Logistic sector is still one of the best performing and attractive asset class, with a quarterly invested volume of circa €670 Mln (+82% compared to Q1 2020). Single Assets deals covered the 67% of the total volume of the sector, Veneto has been the most active region registering the biggest transaction in the metropolitan city of Nogarole Rocca (Verona), the hub achieved a DGNB Platinum level certification, which recognises the environmental, economic, sociocultural, functional and technical quality of assets. Moreover, Investors are more flexible in considering re-development opportunities in top locations.

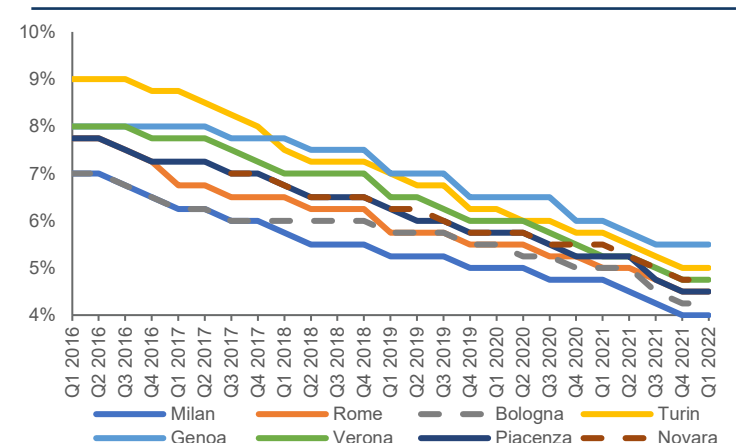
OUTLOOK

All indicators suggest that both the leasing and investment market will maintain a good level of activity. The high demand for grade A spaces will bring an increase in the absorption of speculative projects, even if delivery times may be delayed as a consequence of the increase in construction costs due to the limited supply of raw materials. We expect a compression in yields values due to the strong interest in the investment market. We also expect a feeling of uncertainty due to the impact of the war in Ukraine and of the rising inflation on the economy and businesses which will reflect on the RE market.

PRIME RENTS



PRIME YIELDS



Sources: ISTAT, Moody's
 Note: with the exception for Unemployment Rate (percentage of unemployed persons in relation to the corresponding labour force), data refers to Q1 2022 variations with respect to the previous year.

MARKET VALUES (*)

SUBMARKET	PRIME RENT €/Sqm/Yr	Q/Q	Y/Y	PRIME YIELD (NET*)	Q/Q	Y/Y
Milan	58	↑	↑	4.00 %	→	↓
Rome	58	↑	↑	4.50 %	→	↓
Bologna	57	↑	↑	4.25 %	→	↓
Turin	46	→	→	5.00 %	→	↓
Genoa	60	→	→	5.50 %	→	↓
Verona	47	→	→	4.75 %	→	↓
Piacenza	48	↑	↑	4.50 %	→	↓
Novara	45	→	→	4.75%	→	↓

KEY LEASE TRANSACTIONS

REGION	CITY (PROVINCE)	TENANT SECTOR	AREA (SQM)	TYPE
Lazio	Rieti	Retailer	60,000	Lease
Veneto	Treviso	3PL	40,000	Owner occupier (BTO)
Emilia Romagna	Piacenza	3PL	37,000	Pre-Lease (BTS)
Piemonte	Torino	E-Commerce	35,000	Pre-Lease (BTS)
Emilia Romagna	Piacenza	Retailer	31,100	Pre-Lease (BTS)

KEY SALES TRANSACTIONS

PROPERTY	REGION	CITY (PROVINCE)	SELLER / BUYER	AREA (SQM)
Zalando Nogarole Rocca Asset	Veneto	Nogarole Rocca (VR)	DeA Capital Sgr / La Salle	126,000
GLP Nogarole Rocca Portfolio	Veneto	Nogarole Rocca (VR)	Morgan Stanely / Kryalos Sgr	76,000
K+N- Movilog - Casorate Primo Asset	Lombardia	Casorate Primo	Savills / Patrizia AG	31,000
Eurospin Passo Corese Asset	Lazio	Rieti	Techbau / DEA Capital Sgr	60,000
Logistics Montelupo Fiorentino Asset	Toscana	Montelupo Fiorentino	VGO / Mileway	44,000

ANNA STRAZZA

Senior Consultant, Research
+39 02 63799278

anna.strazza@cushwake.com

CARLO VANINI

MRICS International Partner
Head of Capital Markets Italy
+39 02 63799302

carlo.vanini@cushwake.com

MARZIO GRANATA & ALESSANDRO MANCINI

Partner, Head of Industrial & Logistics Italy
Logistics, Development & Data Centre Advisory

marzio.granata@cushwake.com

alessandro.mancini@cushwake.com

(*) NOTES:

(1) Prime Rent and Yield figures illustrated in the table above refer to logistics properties. Prime rents for freight warehouses tend to be significantly higher.

(*) 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.

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.