

<b>612,000</b> Italy Take-Ups <sub>sqm</sub>	▼	■
<b>€62</b> Prime Rent €/sqm/yr, Milan	▲	▲
<b>€62</b> Prime Rent €/sqm/yr, Rome	▲	▲

### ITALIAN ECONOMIC INDICATORS Q1 2023

<b>+1.4%</b> GDP Growth	▲	▼
<b>8.0%</b> Unemployment Rate	▼	■
<b>3.2%</b> E-Commerce Sales Growth	▲	
<b>3.1%</b> Retail Sales Growth	▼	

Source: Moody's (GDP growth Q1 23 on Q1 22, retail sales and online sales growth Q4 22 on Q4 21); ISTAT: Unemployment rate (February 23 preliminary)

### ECONOMY OVERVIEW

The longstanding geopolitical uncertainty, persistently high inflation and some tensions affecting the banking sector marked the first quarter of the year. Despite this, the economic outlook was better than expected in the last autumn, with GDP slowing down but still avoiding a recession. After stagnating in Q4 22, GDP in Italy appears to have rebounded in Q1 23 thanks to the easing of bottlenecks in the supply chain and fall in energy prices which favored the manufacturing sector. Year-end expectation for GDP growth are still in the range of 0.8%. Inflation slowed down in Q1 23 (8.2% in March) but the still high core inflation (and the food component) is negatively affecting household spending. Employment continues to improve as labor demand grew again in the early months of this year. Wage growth remains moderate. Monetary tightening continues: the ECB further increased its key interest rates by 50 bp at both its February and March meetings, bringing the reference rate to 3.0%.

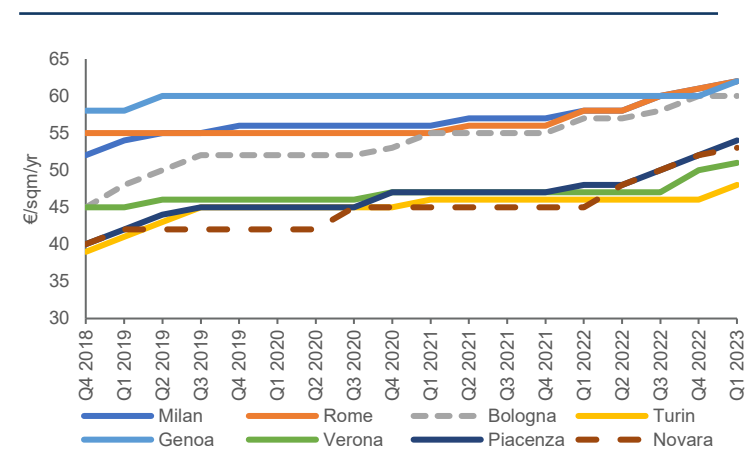
### OCCUPIER AND INVESTMENT FOCUS

In the first quarter the occupier market has been active, with an **absorption of circa 612,000 sqm**, well above the quarterly average of the last 5 years but slightly lower (-18%) than the same period of last year, which was in any case a record value. The demand is still driven by 3PLs, which represent 51% of volume. Moreover, there is a **return of large-size transactions (>50,000sqm)**, which represent almost 50% of the total absorbed volume with 5 transactions. As expected, higher construction costs and the uncertainty around new developments, have caused further reduction in the pipeline of speculative developments (-28%) which have been turned into potential developments subject to the identification of a tenant for a BTS project. Prime rents have continued to grow in almost every market, in particular Milan and Rome where we have registered a 2% increase Q/Q for standard logistics assets (62€/sqm/yr in both cities) and a 5% increase for last mile / courier products (105€/sqm/yr in both cities). On the **Investment** side, despite the slowdown recorded during the quarter (-51% compared to Q1 2022), the logistics sector was the best performing asset class, accounting for 23% of the overall investment market. Single asset deals dominated the market, representing 92% of the quarterly volume. Prime yield values in Milan and Rome reflect market repricing, increasing by approx. 25bps in all major hubs and currently standing at 5.00%.

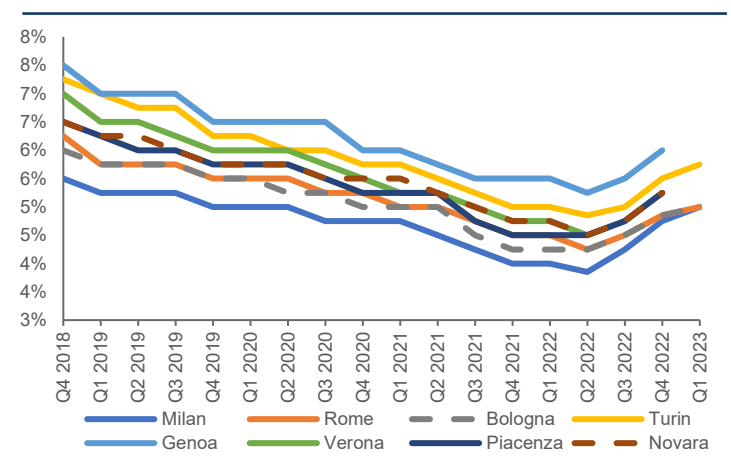
### OUTLOOK

The investment market is expected to grow in the second half of the year, sustained by the strength of the leasing market which should continue on a positive trend with companies choosing spaces in line with ESG criteria: good energy performance and efficiency are becoming key themes for this asset class. More and more attention is given to a green and sustainable Logistic, which represents a great opportunity as well as a responsibility for companies that are required to change their approach on the whole production process to meet the target of "Net Zero by 2050" required by the Paris Agreement.

### PRIME RENTS



### PRIME YIELDS



### MARKET VALUES (\*)

SUBMARKET	PRIME RENT €/Sqm/Yr						PRIME YIELD (NET)			
	LOGISTICS WAREHOUSE			LAST MILE/CROSS DOCK			LOGISTICS WAREHOUSE & CROSS DOCK			
	€/Sqm/Yr	Q/Q	Y/Y	€/Sqm/Yr	Q/Q	Y/Y	%	Q/Q	Y/Y	
Milan	62	↑	↑	105	↑	↑	5.00	↑	↑	
Rome	62	↑	↑	105	↑	↑	5.00	↑	↑	
Bologna	60	→	↑	90	→	↑	5.00	↑	↑	
Turin	48	↑	↑	75	→	↑	5.75	↑	↑	
Genoa	62	↑	↑	100	↑	↑	6.00	→	↑	
Verona	51	↑	↑	90	→	↑	5.25	→	↑	
Piacenza	54	↑	↑	75	→	↑	5.25	→	↑	
Novara	53	↑	↑	75	→	↑	5.25	→	↑	

### KEY LEASE TRANSACTIONS

REGION	CITY (PROVINCE)	TENANT SECTOR	AREA (SQM)	TYPE
Piemonte	Cameri (NO)	GDO	70,000	Pre-lease
Lombardia	Verdellino (BG)	3PL	55,000	Lease
Emilia-Romagna	Monticelli D'Ongina (PC)	3PL	55,000	Pre-lease
Marche	Jesi (AN)	E-commerce	50,000	Pre-lease
Lombardia	Mantova (MN)	3PL	31,000	Lease

### KEY SALES TRANSACTIONS

PROPERTY	REGION	CITY (PROVINCE)	SELLER / BUYER	AREA (SQM)
Logistics Verdellino	Lombardia	Verdellino(BG)	AF Logistics/Unipol	56,000
Mantova	Lombardia	Mantova (MN)	Ecodem/Barings	63,000
Vigasio (Part 2)	Veneto	Vigasio (VR)	Prelios Sgr/BNP Paribas Sgr	90,000
Capriata d'Orba	Piemonte	Capriata d'Orba (AL)	FM Logistics Saiwa/Alderan	40,000

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#### (\*) NOTES:

(1) Prime Rent and Yield figures illustrated in the table above refer to: Logistics properties (for space >10,000sqm) and Cross Dock (for space between 5,000-20,000sqm). 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.

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