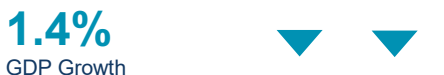




MILAN PROVINCE ECONOMIC INDICATORS Q1 2023



Sources: Moody's (Q1 2023 on Q1 2022 change and Q1 2023 data for employment and unemployment rate).

Note: *compared to previous market beat, unemployment rate is no further referred to the municipality but to the Metropolitan area.

ECONOMY OVERVIEW

Milan's economy improved in 2022, +3.6% GDP yearly growth, and slowed down in the last part of last year and in the first quarter 2023: rising prices, a decline in sentiment, and the ECB's tightening have dragged on economic performance. Year-end GDP growth is expected to be in the range of 1%. However, labour market is confirmed robust and dynamic: it has absorbed new or returning workers, and the unemployment rate has declined to less than 6%, one of the lowest rates among cities in southern Europe. A sustained influx of skilled workers from the rest of Italy counteracts human capital flight to other European cities and guarantees a supply of labour for companies. Retail sales are still downward as a return to service spending dampened demand for goods. Milanese consumers are exposed to a shock to their purchasing power with rising core prices and tightening credit standards, though above-average incomes compared with other major southern European cities will cushion the effect of the squeeze on spending. Milan's economy is projected to stagnate this year. Above-average disposable incomes will support the economy and protect it against rising prices and tightening credit standards. Longer term, Milan's growth will be supported by favorable demographic trends, a skilled workforce, and robust tourism.

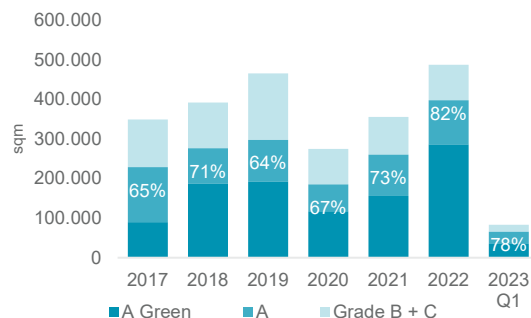
OCCUPIER AND INVESTMENT FOCUS

In the first quarter, the Milan occupier market has registered **an absorption of 81,000 sqm**, in line with the quarterly average of last 3 years but slightly lower than the same period last year. The total volume of leased space increase by 17% considering sub-lease contracts as well (14,000sqm); it has become more common for companies to release part of their spaces, often recently leased and with high quality finishes, offering them as "plug & play" solutions. The **quality** of the spaces is now a primary element of talent attraction and retention strategies; **accessibility and services and infrastructures**, especially in decentralized areas, remain essential. The demand for prime spaces in the CBD remains high, companies tend to lease smaller spaces but of higher quality and in more central locations and since the availability is more limited, the competition fuels the growth of prime rents. Nowadays, decarbonization and energy optimization are central for the real estate sector: an increasing number of landlords is aligning to the target of "Net Zero by 2050" required by the Paris Agreement and are therefore carrying out a due diligence of their assets to estimate the capex needed to renew them. Many companies have also put lot of effort into "data monitoring" (i.e. collecting and analysing consumptions) to manage resources more efficiently. On the **Investment** side, a "wait and see" attitude – in particular by foreign investors - influenced volumes (50€Mn), but the interest in the Milan market remains high. Quarterly yields grew by 25 bps Q/Q, standing at 4.00% for prime office space in the CBD, reflecting the macroeconomic conditions and the general uncertainty and instability of the markets (mainly due to the cost of money).

OUTLOOK

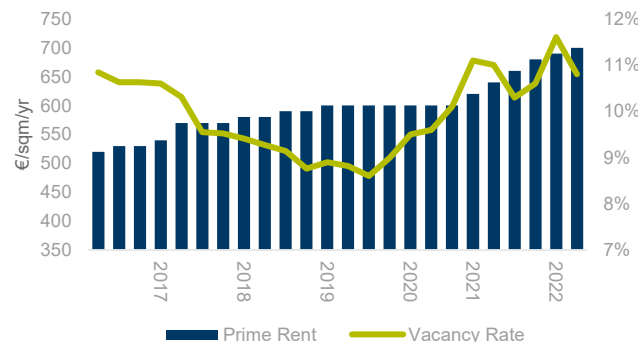
The investment market is expected to grow in the second half of the year, sustained by the strength of the leasing market which should continue on a positive trend with companies choosing spaces in line with ESG criteria (good energy performance and efficiency). ESG elements are now very important also for the investment market. Prime office assets in Milan will continue to be attractive, but the gap between central and peripheral locations will increase further.

TAKE UP BY GRADE



Note: Percentages refer to the share of grade A-A Green take up on total take up.

OVERALL VACANCY & PRIME RENT





MARKET STATISTICS (*)

SUBMARKET	OVERALL VACANCY RATE (Grade A,B&C)	YTD OVERALL TAKE-UP(SQM)	UNDER CNSTR (SQM)	PRIME RENT €/sqm/yr	PRIME YIELD (NET*)
CBD	5.1 %	25,000	262,000	700	4.00 %
Centre	9.5 %	3,000	55,000	530	4.50 %
Semi Centre	4.6 %	9,000	139,000	460	5.00 %
Periphery	16.0 %	30,000	354,000	300	6.00 %
Hinterland	14.8 %	14,000	185,000	250	6.50 %
TOTALS	10.8 %	81,000	995,000	700	4.00 %

KEY LEASE TRANSACTIONS

PROPERTY	SUBMARKET	TENANT SECTOR	AREA(SQM)	TYPE
Via Vittor Pisani 19	CBD	Services	6.500	New Lease
Via Arbe 49	Periphery	Insurance Agents, Brokers & Service	4.900	New Lease
Via Luisa Battistotti Sassi 11	Periphery	Gas\Energy	4.600	Pre-lease
Via Nervesa 21	Periphery	Other	3.840	Pre-lease
Via Achille Grandi 8 / Cernusco sul Naviglio	Hinterland	Transportation Services	3.700	New Lease

KEY SALES TRANSACTIONS

PROPERTY	SUBMARKET	SELLER / BUYER	AREA (SQM)	PRICE/€ MN
Via Ripamonti 99	Periphery	Private / Domo Media	4,800	18,5
Piazzale Marengo	Centre	COVIVIO / Private	2,500	15,0
Via Bensi 8	Periphery	Private / Private	5,200	12,5

ANNA STRAZZA

Senior Consultant, Research
+39 02 63799278
anna.strazza@cushwake.com

ALESSANDRO SERENA

Partner, Head of Office Agency Italy
Landlord Advisory Group
+39 02 63799265
alessandro.serena@cushwake.com

CARLO VANINI

MRICS International Partner
Head of Capital Markets Italy
+39 02 63799302
carlo.vanini@cushwake.com

(*) NOTES:

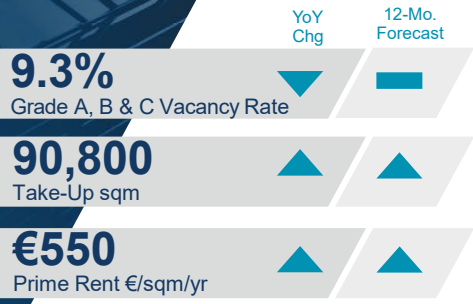
Yields are calculated on a net basis as reported below:
Net Yield = NOI (1) / PP (2)

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.

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C&W (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. C&W is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and approximately 60 countries. In 2021, the firm had revenue of \$9.4 billion across core services of property, facilities and project management.



ROME PROVINCE ECONOMIC INDICATORS Q1 2023



Sources: Moody's, Rome Metropolitan Area (GDP Growth estimate Q1 2023 on Q1 2022)

ECONOMY

Rome's economy expanded over 2022, + 4.1% year on year, with output still higher than the pre-pandemic peak. Since Q4 2022 growth slowed and is expected to fall slightly above 1% this year. Nonetheless, unemployment rate improved last year, moving towards the lows experienced before the Great Financial Crisis (7.5%). Large institutions in the private and public sectors will continue to be stable sources of employment, especially in the context of a tight labour market, though rigidity in salaries will mean that many workers see their real disposable incomes suffer. Rome has an abundance of skilled workers, although emigration to other European and Italian cities will come as a drag on its labor supply in the long run, and young talent will be harder to find. Record-low consumer sentiment has given way to a more optimistic outlook for consumers' willingness to spend, though tighter credit conditions will restrict spending capacity to a certain degree. The return of more international spenders has helped tourism-reliant businesses make up pandemic-related losses. Rome's economy will stagnate in the coming quarters as squeezed consumers and restrictive lending rates slow growth. Longer term, population growth that exceeds the euro zone average, a large office-based sector, and strong tourism will drive employment growth, which will rank among the highest of European cities.

OCCUPIER AND INVESTMENT FOCUS

Thanks to a large pre-let for roughly 50,000 sqm in the Core of the Greater Eur, the Rome office market recorded circa **90,000 sqm** of **take up** during the first quarter; disregarding this transaction, figures are slightly below those recorded for Q1 22 and 19% above the 10-year average for first quarters. In general, trends remained unaltered: readily available quality product continues to be low - leading to a rise in prime rents in the CBD - stock in strategic locations is decreasing due to conversion (hospitality or residential) and serviced offices are increasing their footprint.

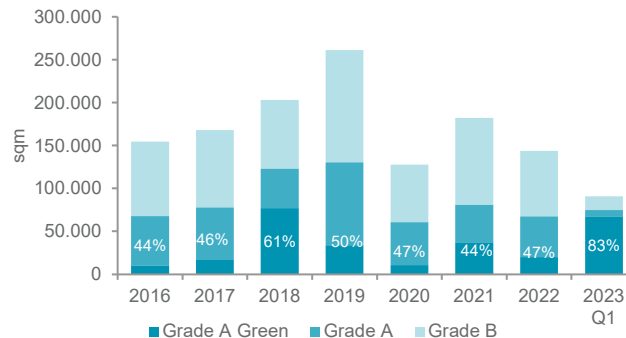
Location, building quality and sustainability & efficiency continue to be the main drivers of tenant demand: among the most active sectors are IT and Energy, with several transactions and requests underway since the end of last year. With the end of the pandemic and the strengthening of hybrid working strategies by most companies, there has been an increase in the number of spaces available for sublet.

The rise in market fundamentals was not reflected in **investment** volumes; with only two transactions concluded during the quarter, one for owner occupation, investors continue to monitor the market, waiting to see where prices land.

OUTLOOK

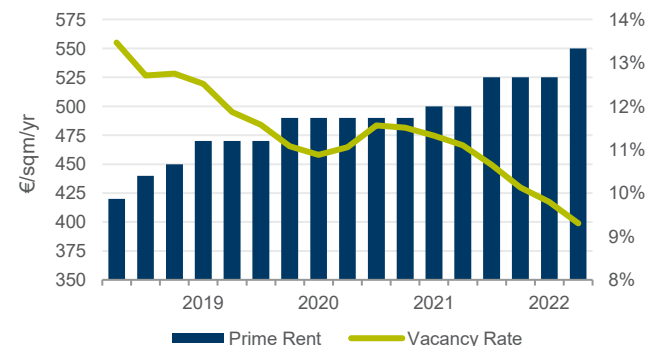
On the occupational side prime rents will raise further still – at least in the short term - and take up figures are expected to be 10% above the 10-year average. For investments, the first part of the year is expected to bear the brunt of investor selectiveness, while a more positive outlook for H2 is expected.

TAKE UP BY GRADE



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OVERALL VACANCY & PRIME RENT





MARKET STATISTICS (*)

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CBD		10,000	0	550	4.25 %
Centre	4.00%	5,600	0	380	4.75 %
Semi Centre	8.10%	4,300	0	280	6.25 %
Greater Eur	8.60%	65,200	0	360	5.00 %
Periphery	18.20%	5,700	0	150	9.00 %
TOTAL	9.30%	90,800	0		

KEY LEASE TRANSACTIONS

PROPERTY	SUBMARKET	TENANT SECTOR	AREA (SQM)	TYPE
Torri EUR Viale Europa 242	GREATER EUR	Transportation Services	47,000	Pre-let
Green Island Viale Oceano Pacifico 171-173	GREATER EUR	Services	13,600	New Lease
WOLIBA - Via Laurentina 449	GREATER EUR	IT/Communications	4,000	Expansion
Palazzo Marignoli Piazza San Silvestro 13	CBD	Banking & Finance	2,200	New Lease

KEY SALES TRANSACTIONS

PROPERTY	SUBMARKET	SELLER / BUYER	AREA(SQM)	PRICE/€ MN
Via della Camilluccia 589 A	SEMI CENTRE	Private Italian/ Sports Association	4,000	18-20
Villino Almerici Via Piemonte 62	CBD	Finint Investment Sgr/ Blue Sgr	c.a. 1,000	8,5

GWENDOLYN FAIS

Research Consultant

+39 06 4200791

gwendolyn.fais@cushwake.com

MANFREDI MORGANTI

MRICS, Partner

Head of Office Agency Rome

+39 06 42007955

manfredi.morganti@cushwake.com

VERONICA NILSSON

Architetto MRICS Partner

Capital Markets

+39 06 42007923

veronica.nilsson@cushwake.com

(*) NOTES:

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