



# MILAN OFFICES



## OCCUPIER MARKET

Take-up in Milan contracted Y-o-Y but still exceeded the 10-yearly H1 average, despite falling just short of the 5-yearly average. The 156 **occupier transactions** in H1 2023 was second only to the number for H1 2022.

The growing occupier focus on **quality premises** which meet ESG-criteria, regardless of location, led to the majority of H1 2023 take-up involving **Grade A** space (74%).

The supply of such stock remains limited and can be tight, especially in prime submarkets. This can negatively impact take-up levels.

Milan's **office vacancy** contracted Y-o-Y to 10.2%. This also conceals disparity in terms of space quality and location. Thus, availability of Grade A/A+ space is most limited (44%), compared to Grade B and below (56%). In terms of location, the **vacancy rate** in Milan's prime CBD Duomo submarket was down to just 3.0%.

Milan's **prime rental levels** remained stable across Q2 2023. However the market is becoming increasingly polarized, with prime rents for ESG compliant assets at one end and secondary properties and locations at the other.

R E S E A R C H



192,200sqm ↘

Take-up  
H1 2023  
-25% y-o-y

156 transactions ↘

Take-up  
H1 2023  
-5%

10.2% ↘

Vacancy rate  
H1 2023  
+20bp

690€/m<sup>2</sup>/y ↗

Prime rent\*  
H1 2023  
+40€

# INVESTMENT MARKET

€2,240bn

Italy total investment volume H1 2023  
-63% y-o-y ↘

38%

of investments concentrated in the Milan province H1 2023 ↗

Investment volumes continued contracting in H1 2023, down by -63% Y-o-Y, and this downward trend is expected to persist in coming quarters. Ongoing yield decompression dominates capital markets, alongside uncertainty, increased construction costs, and financing issues.

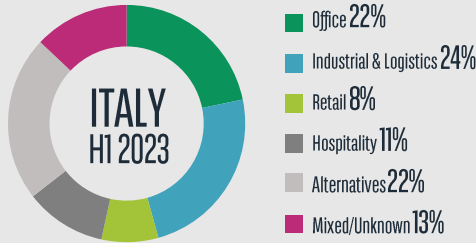
The Office asset class accounted for 22% of total investment volume in the semester, second only to Logistics (24%) and in line with Alternatives (also 22%) which includes Living.

Historically Milan dominates the Office sector and this continued across H1 2023. However the weighting of other locations also grew, as investors seek more acceptable yields.

## H1 2023 INVESTMENT

### VOLUMES

BY ASSET CLASS



### MILAN

€860mn

Investment volume H1 2023  
-59% y-o-y

#### OFFICE

€490m H1 2023

-74% on H1 2022

ITALY

€255m H1 2023

-74% on H1 2022

MILAN

4.25%

Milan prime net yield\*

#### RETAIL

€175m H1 2023

-59% on H1 2022

ITALY

€4m H1 2023

-95% on H1 2022

MILAN

4.00%

Milan HS prime net yield\*

#### LOGISTICS

€540m H1 2023

-70% on H1 2022

ITALY

€38m H1 2023

-92% on H1 2022

MILAN

5.25%

Milan prime net yield\*

#### HOSPITALITY

€250m H1 2023

-72% on H1 2022

ITALY

€91m H1 2023

+18% on H1 2022

MILAN

#### ALTERNATIVES

€500m H1 2023

-40% on H1 2022

ITALY

€203m H1 2023

-49% on H1 2022

MILAN

\*Prime rents and prime net yields should be read as an indication of market trends. The levels are established taking into consideration market sentiment and deals closed during the reference period.



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