

REVIEW

# CAPITAL MARKETS

ITALY Q4 2024

RESEARCH & INSIGHTS



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# Q4 2024

## CAPITAL MARKETS ITALY

### KEY FIGURES

**€9.85 bn** **+56% y/y**  
Investment volume 2024

**€9.55 bn**  
Average investment volume 2015-2024

Prime net yields predominantly saw Q-o-Q stability throughout 2024, accompanied by a repricing which has benefitted investment activity. Mainly concerning secondary markets some Y-o-Y expansion is seen.

The 10Y Italian Government Bond yield stood at 3.6% at the end-2024, after peaking in 2022.

The Purchasing Manager's Indices (PMIs) – closely followed by decision makers and investors – had expanded slightly by the end of the year. Private sector expansion was contrasted by contraction in the manufacturing sector and stability in the services sector.

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### MARKET OVERVIEW

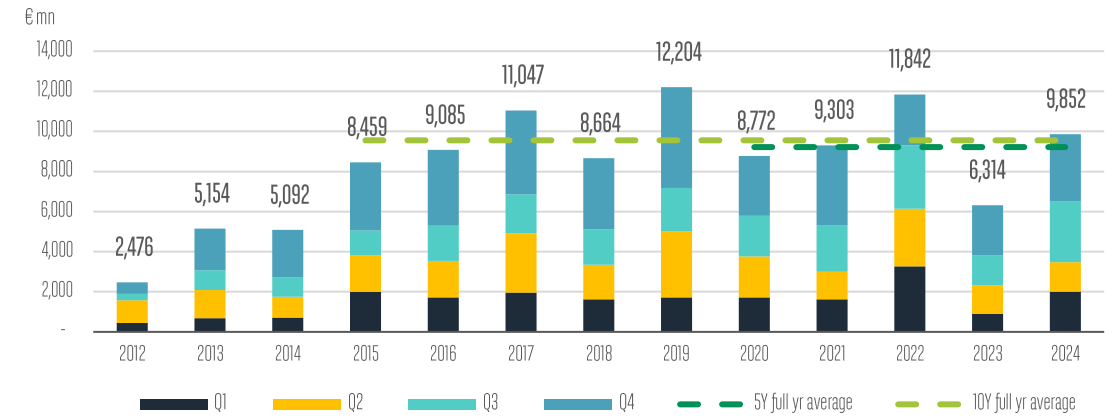
Italy's investment volume attained levels in 2024 which represented **+56% annual growth overall**.

The second half of the year gave a critical boost, as H2 accounted for 65% of the yearly volume. Retail significantly contributed to this result thanks to closure in this sector of the largest single asset deal ever recorded. Office and Logistics also preserved their status as key components of the institutional investment market.

Hospitality remains an asset class of strong interest, while Alternatives is the only asset class featuring more limited activity.

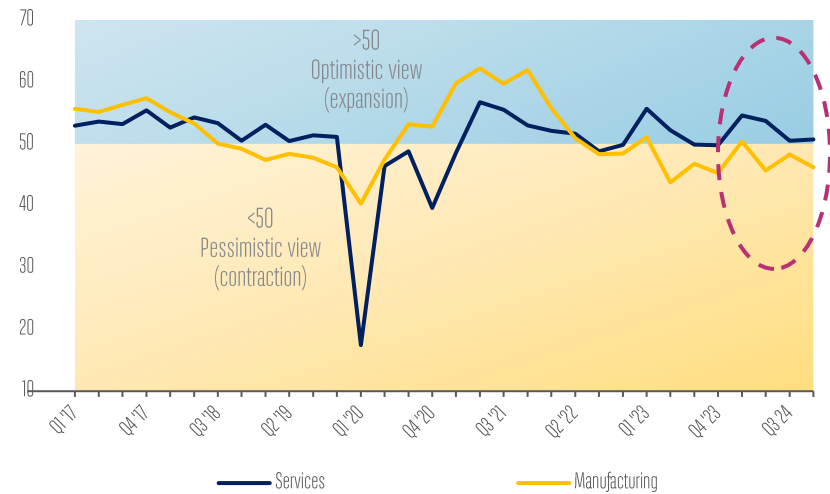
International investor interest in the Italian marketplace was evident in 67% of total volume being attributable to non-domestic capital, with reference to those deals where the origin of the capital is known.

### Total investment volume



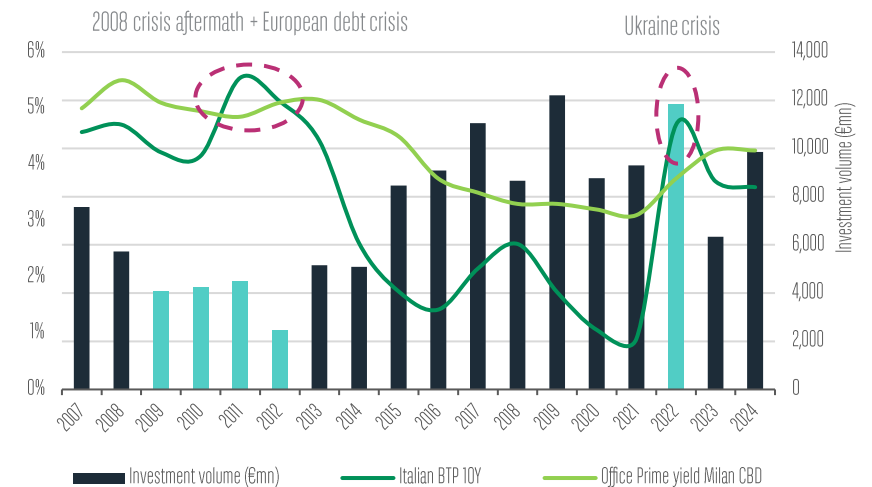
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### Italian PMI composite growth slows



© Trading Economics

### 10y government bond > prime yield CBD, halting decompression



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# Q4 2024

## CAPITAL MARKETS ITALY

### KEY FIGURES

**€2.22 bn** **+60% y/y**  
Office investment volume 2024

**€3.32 bn**  
Office average investment volume 2015-2024

Prime office yields in both Milan and Rome's CBD districts were stable throughout 2024, despite some Y-o-Y decompression in certain secondary submarkets.

The investor focus remains firmly on quality of product, reflected in sustainability criteria. ESG certification has become a fundamental requirement. However suitable product remains limited, continuing to restrict investment volumes whilst polarizing the sector.

In a broader context, investors active at an international level continue to express concerns regarding negative Office occupier dynamics in other locations globally.

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### OFFICE

In 2024 the Office asset class accounted for 23% of Italian investment volume, in line with the weighting of the previous year, but at €2.22bn represented a 60% increase Y-o-Y. Despite this the annual total falls below the historical average reflecting concerns regarding the outlook for the Office sector at a global level rather than specifically for the local market.

The Change of Use theme remains significant and a number of deals were closed on office assets for subsequent conversion to other uses. The weighting of Italy's Office asset class would thus fall if such changes of use were taken into account.

The Rome marketplace held an important role throughout all the quarters of the year, accounting for almost half (46%) of the national Office year-end investment volume, housing two of the top three largest office deals.

The Milan market volume grew by +3% on an annual basis, although its weighting recorded a historical low in 2024 (37%).

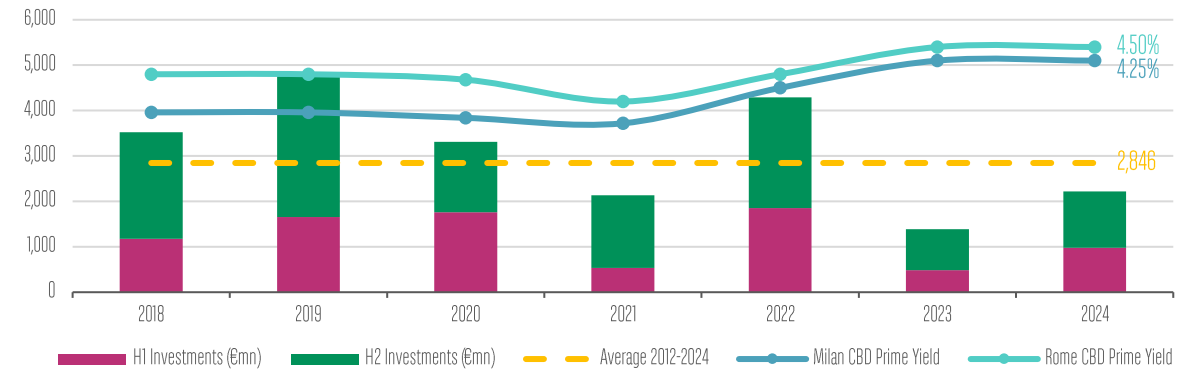
### Key office deals in 2024

ASSET	LOCATION	DISTRICT	INVESTMENT PROFILE	VOLUME (M€ ca)
Deloitte HQ - Via Vittorio Veneto, 89	Rome	CBD	Core	275
Palazzo Marini, 1/2 (Via Poli, 14/20)	Rome	Centre	[Conf.]	145
Corso Italia, 41	Rome	CBD	[Conf.]	125

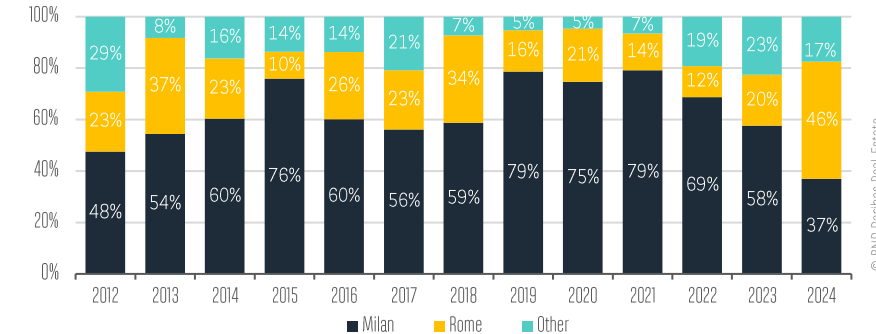
### Office investments in 2024



### Office investments volume and CBD prime yields



### Investor focus in Rome increases, closely followed by Milan



### Prime yields Q4 2024





# Q4 2024

## CAPITAL MARKETS ITALY

### KEY FIGURES

**€1.72 bn** +9% y/y  
Logistics investment volume 2024

**€1.48 bn**  
Logistics average investment volume 2015-2024

The prime Logistics yield has been stable at 5.50% for Milan and 5.70% for Rome since the latter half of 2023, after previously seeing decompression in line with the wider marketplace throughout last year. This refers to newly developed and well-located assets of 5,000 sqm or above.

Prime yields Milan's for urban logistics market also remained unchanged at 5.10% at end-2024.

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### LOGISTICS

The Industrial & Logistics asset class enjoyed positive performance in 2024, totalling a year-end investment volume of €1.72bn (+9% vs 2023) standing slightly below the 5-year average.

By the end of the year, Logistics held third place in terms of total investment volumes, with a 17% weighting. Strong occupier dynamics continue to sustain the sector.

In line with the wider real estate marketplace, the focus on asset quality remains. However whilst ESG criteria remain important to attract the majority of interest, supply constraints also fuel interest in existing assets.

Portfolios acted as a key market element in 2024 accounting for the largest deals in this asset class.

Lombardy continues to lead the sector in terms of total volumes, followed by Emilia-Romagna and by other regions.

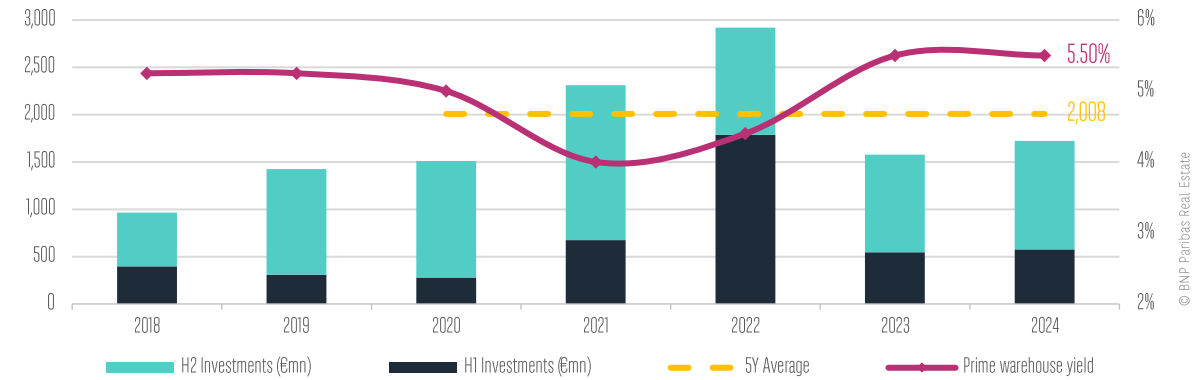
#### Key Logistics deals in 2024

ASSET	LOCATION	REGION	VOLUME (M€ ca)
Segro IT industrial portfolio	Mixed	Mixed	330
Part of a Pan-European logistics portfolio	Mixed	Mixed	190
Project Tag - 2nd Tranche	Mixed	Mixed	135

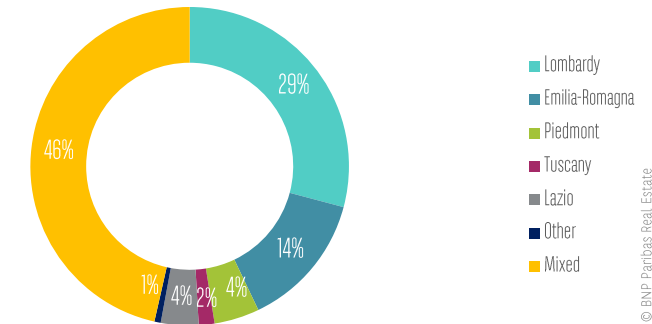
#### Logistics investments in 2024



#### Logistics investment volume and prime yields



#### Portfolios in mixed regions gain market share



#### Prime yields Q4 2024





# Q4 2024

## CAPITAL MARKETS ITALY

### KEY FIGURES

**€2.75 bn**  **+298% y/y**  
Retail investment volume 2024

**€1.72 bn**  
Retail average investment volume 2015-2024

High Street Retail yields stand out thanks to the contraction experienced in 2024, according to which they fell by -10 bps in the final quarter of the year, reaching 4.00% in Milan and 4.10% in Rome.

Shopping Centre prime yields remained stable however at 7.50% for prime assets and at 10.50% for secondary stock.

The Retail asset class is viewed with increasing interest and has begun to be regarded as a sector potentially offering opportunities for investment.



### RETAIL

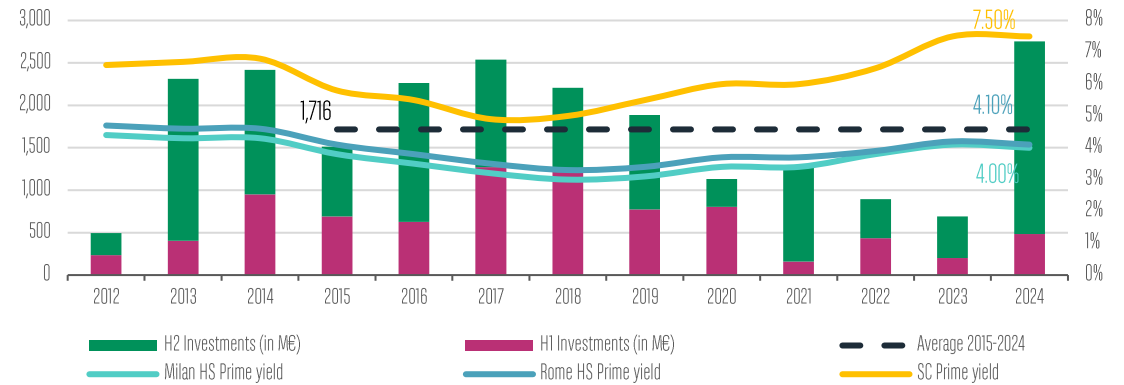
Retail is undoubtedly the first asset class of 2024 by investment volume, with +298% Y-o-Y growth which allowed it to rank in first place.

This outstanding performance, was boosted by the closure of the largest single asset deal on a mainly Retail property in central Milan, purchased by a large French luxury retailer in an owner occupier transaction formalized in Q3 2024.

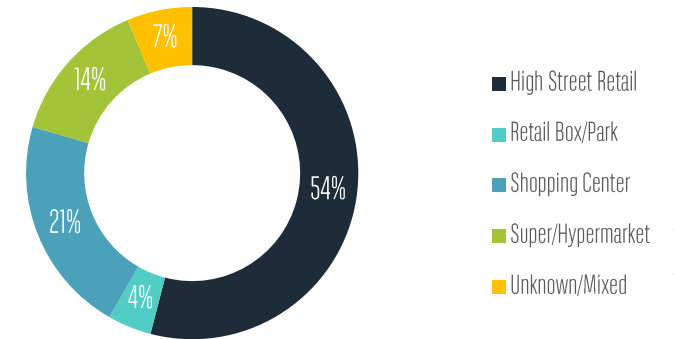
Excluding this deal the Retail volume would still have been impressive, and the total volume would have more than doubled Y-o-Y.

Large store Retail also achieved an excellent outcome. Shopping Centre investment grew +189% Y-o-Y, and thanks to a Q4 portfolio deal the Super/Hypermarket segment recorded +571% growth.

### Retail investment volume and prime yields



### Retail investments by product



### Key Retail deals in 2024

ASSET	LOCATION	TYPE	VOLUME (M€ ca)
Via Montenapoleone, 8	Milan	High Street	1,300
Portfolio of Supermarkets	Mixed	Supermarket	350
Roma Est shopping centre	Rome	Shopping Centre	225

### Retail investments in 2024



### Prime yields Q4 2024



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# Q4 2024

## CAPITAL MARKETS ITALY

### KEY FIGURES

**€0.92 bn** -34% y/y  
Alternatives investment volume 2024

**€1.09 bn**  
Alternatives average investment volume 2015-2024

### RESIDENTIAL FOCUS

Activity in this market remained strong and over 500,000 transactions\* were closed in the first nine months of 2024 (-1.1% Y-o-Y) albeit with some disparities across key cities. The slight decrease is due primarily to a slow start to the year, whereas both Q2 and Q3 experienced some recovery (+1.2% and +2.7% vs respective 2023 quarters).

Milan saw the greatest fall in the number of transactions\* considering both the accumulated value since the beginning of the year (-8.5% vs Q1-3 2023) and the Y-o-Y variation on Q3 (-4.8% vs Q3 2023).

Among the 8 biggest Italian cities only Genoa and Palermo show a positive trend, displaying modest +1.5% and +0.4% increases.



### ALTERNATIVES

In 2024 the Alternatives asset class stood at a limited 9% weighting in terms of total annual investment volumes, after contracting by -34% over the course of the year. This negative movement is primarily due to opportunities and investment product in this sector being particularly limited.

However, if changes of use following sale from other sectors to Alternatives were taken into account, the sector would account for an 12% weighting.

Among the uses included in the Alternatives asset class, Living stands out by contributing most to volume, with a 54% weighting, although the segment did see some contraction in 2024 compared to previous years.

Healthcare and Data Centres remain noteworthy emerging components of the Alternatives sector with increasing investment interest.

### Number of residential transactions

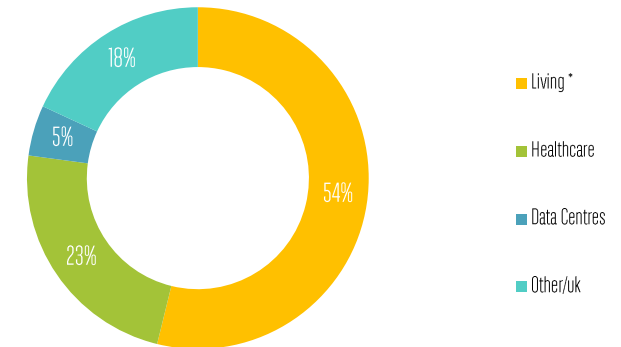
CITY	2023	Q3 2023	Q3 2024	VAR% Q3
Rome	34,342	7,739	7,825	11%
Milan	24,832	5,323	5,066	-4.8%
Turin	14,882	3,149	3,452	9.6%
Naples	7,962	1,685	1,625	-3.6%
Genoa	8,468	1,910	2,053	7.5%
Palermo	6,441	1,380	1,477	7.0%
Bologna	5,700	1,338	1,350	0.9%
Florence	4,850	991	1,053	6.3%
<b>Total 8 cities</b>	<b>107,477</b>	<b>23,515</b>	<b>23,901</b>	<b>1.6%</b>
<b>Italy</b>	<b>709,591</b>	<b>157,024</b>	<b>161,205</b>	<b>2.7%</b>

\*NTN (Normalised no. of transactions)

### Key Alternatives deals in 2024

ASSET	CITY	REGION	VOLUME (M€ ca)
«Spazio Blu» Senior Housing	Rome	Lazio	100
Majesty Portfolio	Milan	Lombardy	92
Student Housing Novate	Novate Milanese (MI)	Lombardy	70

### Alternatives investments by product



\*Living includes Residential, BTR/Co-Living, Senior Housing, Student Housing





2024

CAPITAL MARKETS ITALY



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