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SPOTLIGHT

ITALIAN INVESTMENT MARKET

RESEARCH - ITALY- YTD Q3 2026



RESEARCH

In YTDQ3 2026, Italian CRE at record levels: retail leads, logistics accelerates

MACRO-ECONOMIC OUTLOOK

The global scenario is dominated by asting uncertainty, and global economy continues to struggle with an energy price shock. In the medium term, the EA is in a phase characterised by high inflation and slowing economic growth, but the Area continues to show resilience. Inflation in the EA is above the target, driven by surging energy prices, and will probably remain high for the next 12 months; the latest rate raise happened in September 2026, and the ECB is expected to raise rates by 25 bps by year end. The Italian economy performed well in the last 18 months, supported by investment, consumption and export; the labour market continues to be buoyant supporting household income but purchasing power is slowing. In September, consumer confidence returned to decrease, as expectations regarding the general economic situation, intention to purchase durable goods and savings are deteriorating.

In September 2026, inflation increased at +4.2%, reaching the peak of the last two years; energy product prices drove the increase. Core inflation increased to +1.6%, while 'shopping trolley' inflation returned close to 2% (+1.5%), following the trend of food product prices. Inflation is forecasted to pick up at 4.6% in the last quarter of the year, affecting consumer confidence and consumption.

The propensity towards savings remained below the last 10-year average (6.7% in Q2 2026); the increase in income didn't result in an increase in household purchasing power (-0.4% YoY in Q2 2026), due to rising inflation.

According to Oxford Economics, the Italian GDP is expected to grow by 0.9% in 2026, in line with the Euro Area average. In 2026, Italian economy proved to be more resilient than expected, despite global uncertainty. In 2027, growth is expected to slow down on the back of lower private spending and the end of the PNRR's boost.



HIGHLIGHTS

01
YTDQ3 2026 confirms the expansionary phase of the Italian CRE market, reaching record investment volumes

02
The growth in international capital demonstrates the strength of the Italian market's fundamentals

03
Development projects, redevelopments and changes of use involved around 23% of volumes

04
The retail sector continued to lead the way in terms of investment volumes in YTDQ3 2026, mainly thanks to the out-of-town sub-sectors

05
I&L was the fastest-growing sector, reaching record volumes in both investment and take-up

06
Hospitality confirmed to be the most dynamic asset class by number of deals with investors targeting a wide range of locations and asset types

07
The office sector is consolidating thanks to some big deals, but investors and tenants are increasingly selective

08
The positive trend in the living sector continued to be supported by development activity in residential and PBSA sub-sectors

09
Milan retained its status as the preferred destination, but Rome saw a consolidation of its market share thanks to office and hospitality

10
A yield compression is unlikely by the end of the year, even for prime assets

ITALIAN INVESTMENT MARKET

YTDQ3 2026 KPIs

INVESTMENT

€ 9.9 bn
TOTAL VOLUMES
+26% YoY

241
N° OF DEALS
+12 YoY

74%
INTERNATIONAL SOURCE OF CAPITAL

36% Milan
GEOGRAPHIES

PRIME NET YIELDS (Q3 2026)

4.00%
OFFICE
-25 bps YoY

5.20%
LOGISTICS
-5 bps YoY

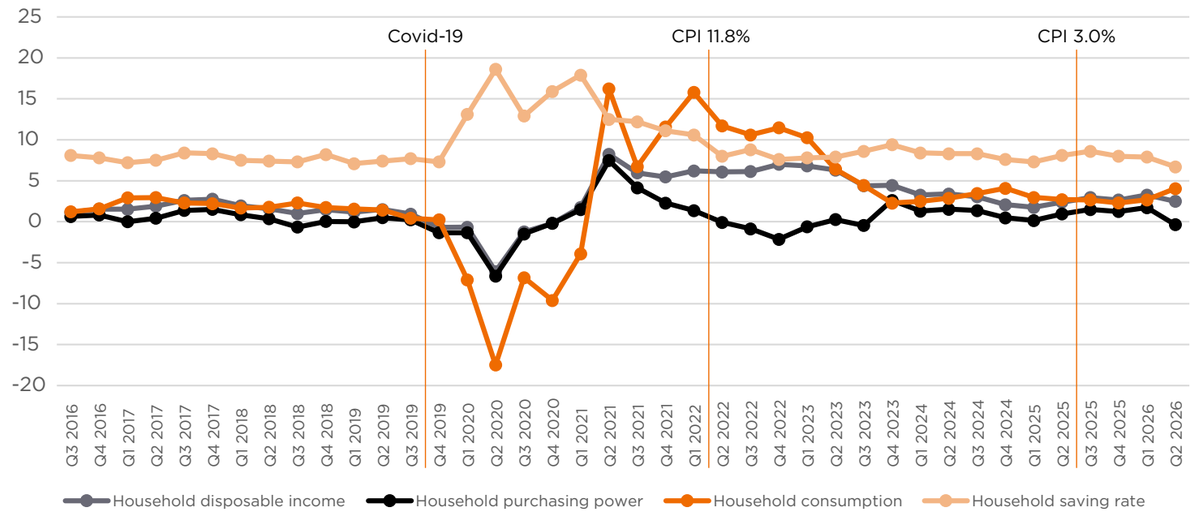
3.75%
HIGH STREET
STABLE YoY

6.90%
SHOPPING CENTRE
-35 bps YoY

GDP	UNEMPLOYMENT RATE	CPI	GOVERNMENT BOND YIELDS 10-YEAR
+1.0% YoY	**6.2% (+41 bps YoY)**	**+4.2% YoY**	**4.4% (+80 bps YoY)**
(Q2 2026)	(August 2026*)	(September 2026)	(September 2026)

* Provisional

HOUSEHOLDS ECONOMIC CONDITIONS (% CHANGE YOY)



Source: Savills Research on ISTAT data



Commercial Real Estate Investment Market

In YTDQ3 2026, around €9.9 bn was invested in the Italian CRE market, registering a strong increase (+26% YoY) and confirming the positive trend that started back in H2 2023. Retail remained the largest sector by investment volume, while I&L recorded the strongest growth and a high number of deals. Hospitality remained the most dynamic sector. All the sectors recorded a positive trend; the Italian market proved to be competitive and international investors' interest remain strong. Development projects, redevelopments of large areas and changes of use involved around 23% of volumes.

Considering the number of deals, the market remained dynamic with 241 deals closed, against a five-year average of 211. The market continues to be characterised by a predominance of deals below €50 million, accounting for approximately 76% of the total number of deals. The retail sector had the highest average ticket size (€55 mln). Meanwhile, the 10 largest transactions of the period by value represented around 34% of the total volume.

Despite increasing caution linked to the complex international geopolitical situation and monetary policy, which could slow down investment strategies, international capital continued to play a significant role (74%), further confirming the competitiveness of the Italian market.

In terms of geographies, Milan retained its status as the preferred destination, collecting 36% of volumes, followed by Rome (9%) that saw a consolidation of its market share thanks to office and hospitality. Other geographies share registered a slight slowdown compared to 2025.

YTDQ3 2026 INVESTMENT VOLUMES

€ 2,400 mln
RETAIL
+10% YoY

€ 2,000 mln
INDUSTRIAL & LOGISTICS
+66% YoY

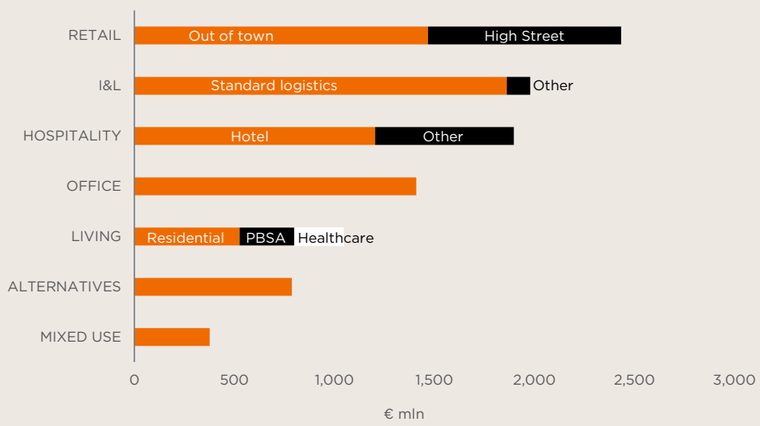
€ 1,900 mln
HOSPITALITY
+14% YoY

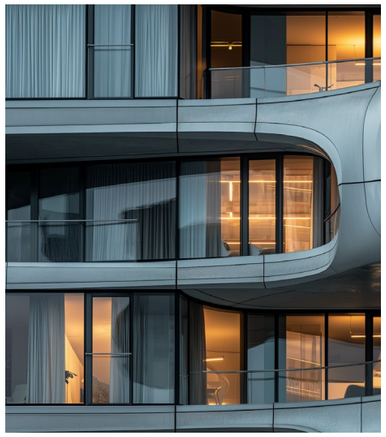
€ 1,400 mln
OFFICE
+16% YoY

€ 1,100 mln
LIVING
+6% YoY

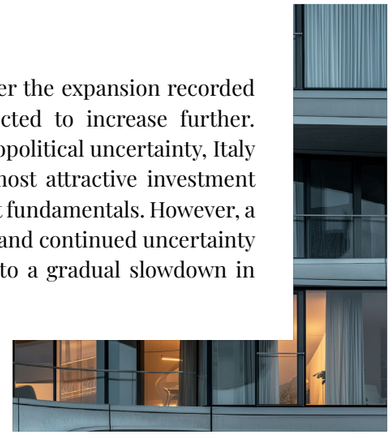
€ 1,100 mln
MIXED & OTHER
+102% YoY

TOTAL INVESTMENT VOLUME BY SUB-SECTOR (YTDQ3 2026; € MLN)





> Year-end prospects remain positive. After the expansion recorded in 2025, investment volumes are expected to increase further. Despite ongoing macroeconomic and geopolitical uncertainty, Italy continues to stand out as one of the most attractive investment destinations, supported by strong market fundamentals. However, a more restrictive monetary environment and continued uncertainty across the global landscape could lead to a gradual slowdown in market activity during 2027.



Market Outlook

Following the upward trend of 2024 and 2025, the first 9 months of 2026 registered a progression of the positive investment market with record volume above the last 10-year average and 2025 figures. The consolidation of investment activity is partly due to some large-scale transactions (> €100 mln) across all asset classes, but particularly in retail, logistics and hospitality sectors, which confirmed their relevance in the Italian market. We expect a positive trend over the coming months. Borrowing costs are expected to rise, and ongoing uncertainty is extending transaction timelines rather than depressing deal volumes. Investors will align their strategy with long lasting demand, while opportunities will be more granular and selective. Value-add and opportunistic investors will predominate.

The upward trend in inflation is accelerating, and the ECB is expected to further tighten interest rates by 25 bps by the end of the year, to slow down inflation and prevent other second-round effects on prices. Market remains strongly polarised and a yield compression is unlikely by the end of the year, even for prime assets. Today and in the coming months, price correction will continue to affect secondary assets, contributing to deepen the polarisation between prime and potentially stranded assets. Rental growth will continue in sectors characterised by demand constraints.

The living sector will continue to attract institutional capital, drawn by strong market fundamentals and opportunities for portfolio diversification. Logistics will consolidate its relevance in the Italian panorama, thanks to growing demand. In the office sector, investors and tenants will remain selective. The hospitality sector retains its strategic importance, supported by prime assets, solid secondary markets, and expanding asset-type diversification. The out-of-town retail will drive the activity thanks to resilient KPIs and good returns; the high street segment will continue to attract institutional and private investors on selected opportunities.



Office



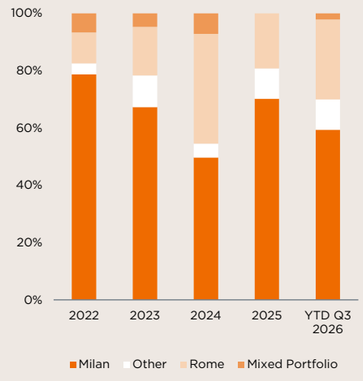
Office volumes continue to recover, recording at the end of the third quarter approx. €1.4 bn of volumes, a figure up YoY (+16%) but still below the last 5 years average (-18%). Investments were driven by the closing of some large transactions: two in Milan (Via Montenapoleone 8 and Diamante tower) and one in Rome (Palazzo Esedra), which together accounted for half of the yearly activity. A total of 37 transactions have been recorded in the nine-months period, characterised by an increasing average size and a growing presence of private and owner occupier investors.

Milan still represents the first destination, characterising 59% of investment volumes through 14 transactions, with activity mainly concentrated in the two CBDs. Rome covered 28% of period volumes, with 12 transactions for a total of ~€400 mln (+59% up YoY), with interest spread throughout the city.

On the leasing side, the number of transactions contracted more moderately (-10% YoYTD) to 236 deals, 65 of which were signed in Q3 2026: after several years of rising deal volumes, 2026 marks the first clear break in this upward trend. Take-up fell more sharply to 214,000 sqm (-23% YoYTD), although Q3 was the strongest quarter of the year at around 84,000 sqm (+17% on Q3 2025). The slowdown reflects the combined pressure of rising rental values and the persistently tight availability of Grade A space in core locations.

On the pricing side, prime rents advanced to 830 €/sqm/year in CBD Historic Centre (+11% YoY). Quality preferences remained firmly in place, with Grade A space accounting for 75% of total take-up.

INVESTMENT VOLUMES BY GEOGRAPHY



Industrial & Logistics

In the first three quarters of the year, the logistics sector further consolidated its position as Italy's second largest asset class by investment volume, accounting for 20% of total activity. The sector collected approx. €2.0 bln, a figure up both YoY (+66%) and compared to the last 5 years YTD Q3 average (+35%). Portfolio transactions characterized most of the activity, accounting for 57% of total investments. The five largest deals of the year were big portfolio acquisitions (> €100 mln), representing 40% of overall volumes. International capitals remain the most active.

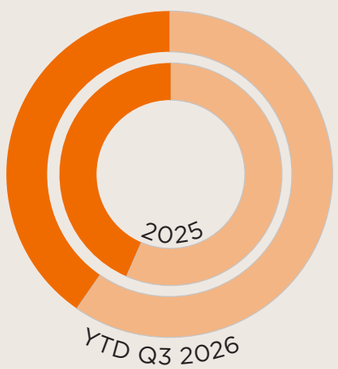
The northern Italy continues to generate most of the interest, with Milan, Pavia-Piacenza and Verona clusters attracting most of the interest.

Prime net yields remained stable over the last quarter, standing at 5.20% in Milan and 5.50% in all other primary geographies of Rome, Bologna, Bergamo-Brescia and Pavia-Piacenza. A decompression of yields is expected in the next months due to macroeconomic conditions.

The logistics leasing market continues to show positive momentum, with 2.4 million sqm of take-up, matching the total volume registered in the previous year and marking the highest YTD Q3 figure ever recorded. The market has once again proven to be resilient and dynamic, with 103 transactions recorded (+22 YoY); more than half of which were medium in size (between 10,000 and 30,000 sqm).



INVESTMENT VOLUMES BY DEAL TYPE



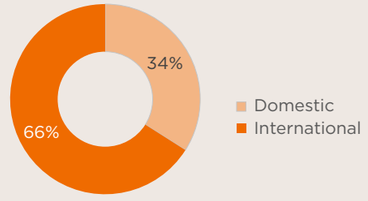
Hospitality

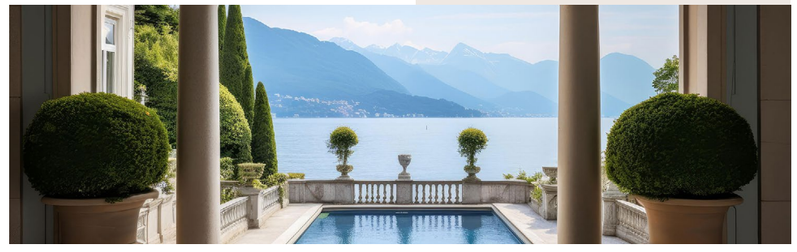
Hospitality continued to record a positive trend in investment volume, remaining well above the average of the last five years and confirming the sector's positive trend. Hospitality was the most dynamic sector in the Italian RE market with 55 deals closed for a total of €1.9 bn.

Horizons are broadening in the hospitality sector: investors are targeting a wide range of geographies and asset types, with demand for prime assets in key destinations such as Milan, Rome and Lake Como remaining strong, whilst interesting resort destinations, including mountain locations, are growing. Over the past nine months, investors have focused on both 5/4-star resorts and hotels as well as hostels and camping, confirming that interest is spreading across a wide range of property types.

Many deals involved value-add strategies, however, the gap with core transactions has narrowed, with family office, developer and institutional investors in the forefront. International capitals were dominant during the quarter. France, Thailand and Spain capital were the main contributors.

INVESTMENT VOLUME BY SOURCE OF CAPITAL (YTD Q3 2026)





Retail

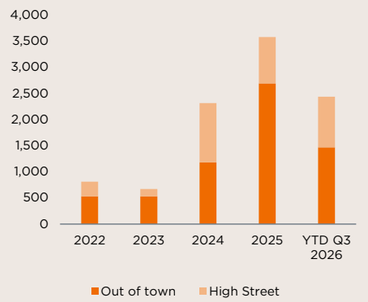
The retail remains the top leading sector in the Italian real estate market year to date, collecting 25% of total investment volumes, with €2.4 bn recorded, a figure 87% up compared to the last 10 years average. Number of transactions is also increasing, with 44 deals recorded over the last three quarters.

Activity during the period was driven primarily by out-of-town assets, which accounted for 60% of total volumes. Shopping centres took the largest share, with six transactions completed for a total of €600 mln.

Investment volumes were supported by the closing of two large portfolio deals (>€100 mln), including assets located in Southern Italy. Factory outlets followed, attracting approximately €400 mln across three transactions, matching the number of deals recorded in the retail park segment.

On the other side, high street collected around €1 bn, with activity still concentrated in the city of Milan (89%), thanks primarily to the Montenapoleone transaction which boosted volumes.

INVESTMENT VOLUMES BY SUB-SECTOR (€ MLN)







Living & Healthcare

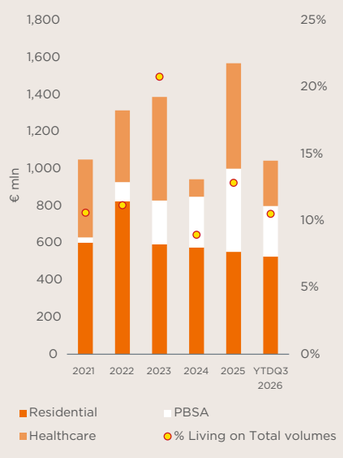
After the slowdown of 2024, the sector returned in positive territory, recording a consolidation in market share (11% in YTD Q3 2026). A total of €1.1 bn investment volume has been recorded, 6% up YoY. Both domestic and international (53%) operators were active, eager to expand their activity in the sector. Development activity continues to be the focus in the sector (64%). The lack of up-and-running transactions persists in residential segments, where most of the deals were development projects, while we are starting to register transactions of operational PBSA assets. The consolidation in the healthcare segment is continuing.

Residential and PBSA subsectors contributed to the good period result. Healthcare collected 23% of volumes, thanks to the closing of seven deals.

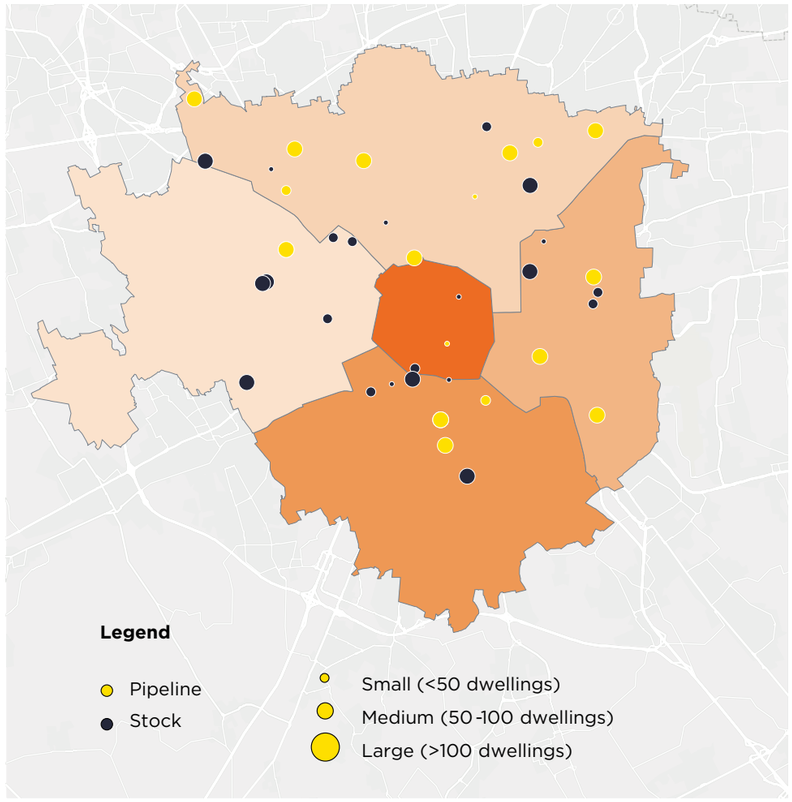
The residential subsector reached €530 mln across 23 transactions, primarily located in Milan, but also Firenze, Rome and Bologna attracted good interest. 42% of volume refers to reconversions of assets into build-to-sell dwellings in Milan.

The persistent shortage of student accommodation continues to attract investor interest, as reflected in the substantial development pipeline. By 2029, 93 projects are scheduled for completion, which will bring an additional 31,000 beds to the market. The six investment deals for the period involve the creation of more than 2,300 beds, located in Milan and other major Italian university cities such as Rome, Padova and Firenze.

LIVING INVESTMENT VOLUMES AND % ON TOTAL



MILAN, MULTIFAMILY SECTOR: MAIN BTR PROJECTS (COMPLETION BY 2029)



The multifamily segment has progressively gained traction within the Italian residential market, emerging as a new asset class and attracting increasing interest from both domestic and international investors. Despite the still limited availability of operational schemes, the development pipeline is substantial, supported by a growing number of projects currently under construction or planned for the coming years. The competitiveness of multifamily lies in the quality, size and diversification of the services offered, which are continuously refined to align with evolving tenant expectations. Milan stands out as the most advanced location and opportunity-rich market, where most of the pipeline is located.

There are 23 projects in pipeline expected to be completed by 2029, adding 4,200 dwellings to the current offer. Most projects are large in dimension (> 100 dwellings) and represent a part of larger regeneration schemes which can be mixed with build to sell, student housing, hospitality, retail and office uses. International investors are the main promoters of these projects, managing more than 70% of the apartments that will be developed.



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