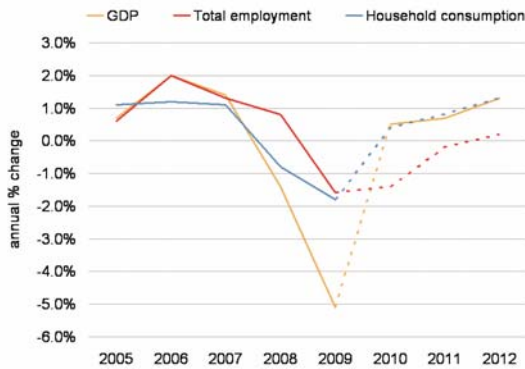


# Quarterly data bulletin

## Milan office market

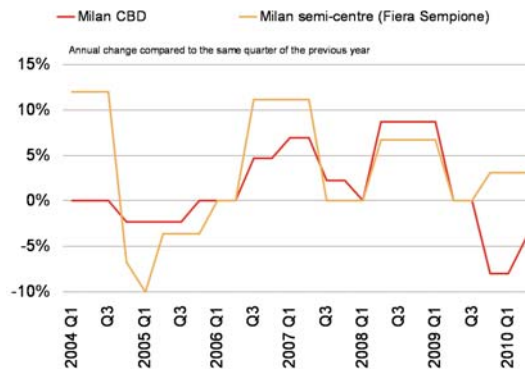
### Q2 2010

#### National economic background and forecast



Source: Oxford economics

#### Annual rental growth



Source: Savills Research

**“Healthy market indicators for Q2 2010, especially for the prime sector, confirm the constant need in Milan for high quality premises. Although a positive trend cannot be confirmed we expect occupier and developer activity to continue in this segment of the market”.**

Susan Trevor-Briscoe - Italy Research



- In the short-term, the indicators for Q2 2010 have been relatively positive, with a growth in take-up on a quarterly and annual basis, coupled with a slight edging-upwards of prime rents and contraction of prime yields. There is, however, no concrete indication as yet that these movements form part of a similar medium-to-long term trend.
- The second quarter of 2010 saw a significant growth in total occupier activity (lettings and owner-occupier deals). Whilst economic factors remain of prime importance, in terms of both rental levels and operational expenses, occupiers are turning to the completed and pipeline schemes to potentially satisfy their space requirements. The focus is thus on Grade A new or refurbished premises, which are becoming increasingly less of an exception in the local marketplace.
- For the first time in 2 years, prime rents in Milan’s CBD showed some signs of rental growth. Other sectors maintained rental stability, on a quarterly basis. We forecast prime rents to remain constant to year end.
- New development completions were ongoing in Q2 2010 and pipeline projects ensure a flow of new, prime, Grade A space onto the market. Whilst rental levels are expected to be maintained for such premises, the gap is expected to grow between Grade A and Grade B (or below) properties. The focus remains, therefore, on quality of property and location.
- Although yields remain fundamentally stable, a slight downward movement was seen in the second quarter of 2010, bringing prime CBD gross yields to 6.0% (from 6.25% in Q1 2010).

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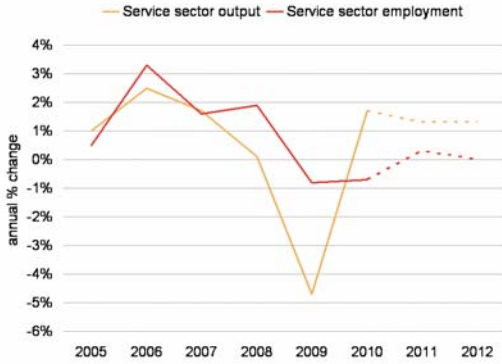
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# Quarterly data bulletin

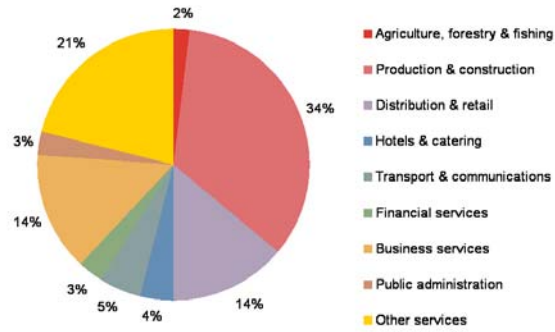
## Milan office market

### Lombardy region service sector indicators



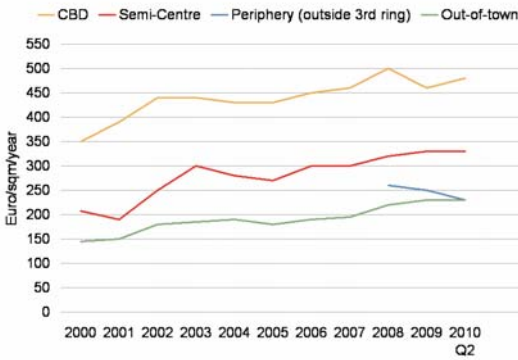
Source: Oxford Economics

### Lombardy region employment by sector



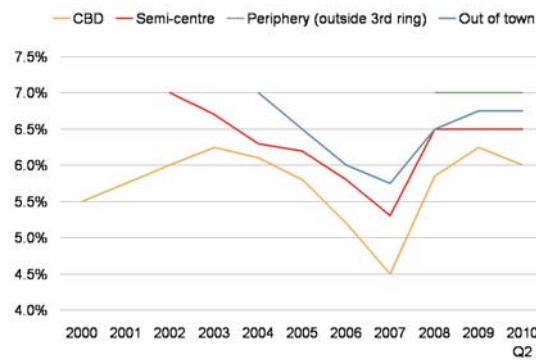
Source: Oxford Economics

### Milan prime rents



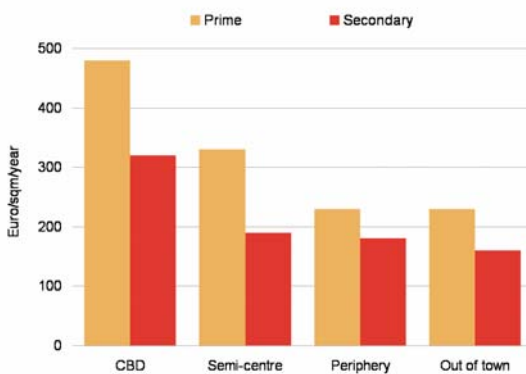
Source: Savills Research

### Milan prime yields



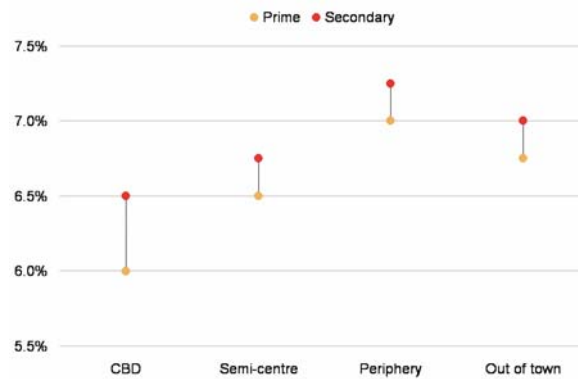
Source: Savills Research

### Rental values per submarket



Source: Savills Research

### Yields per submarket

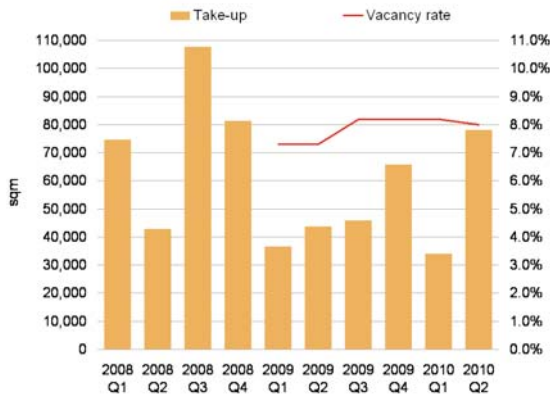


Source: Savills Research

# Quarterly data bulletin

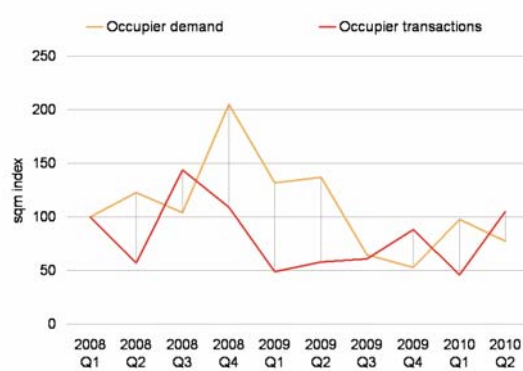
## Milan office market

### Milan take-up and vacancy rate



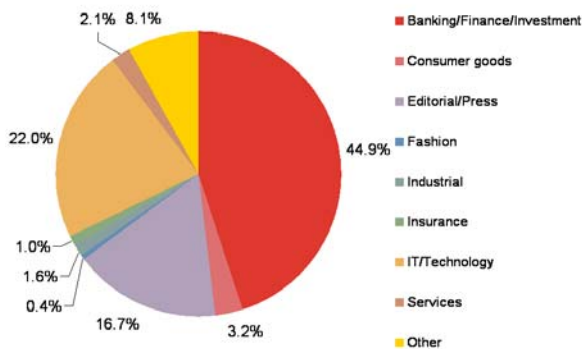
Source: Savills Research

### Demand index (volume)



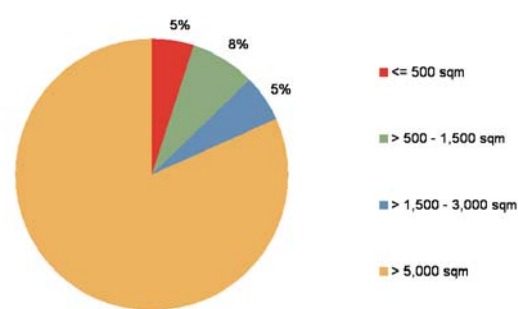
Source: Savills Research

### Take-up by sector (volume)



Source: Savills Research

### Take-up by size segment



Source: Savills Research

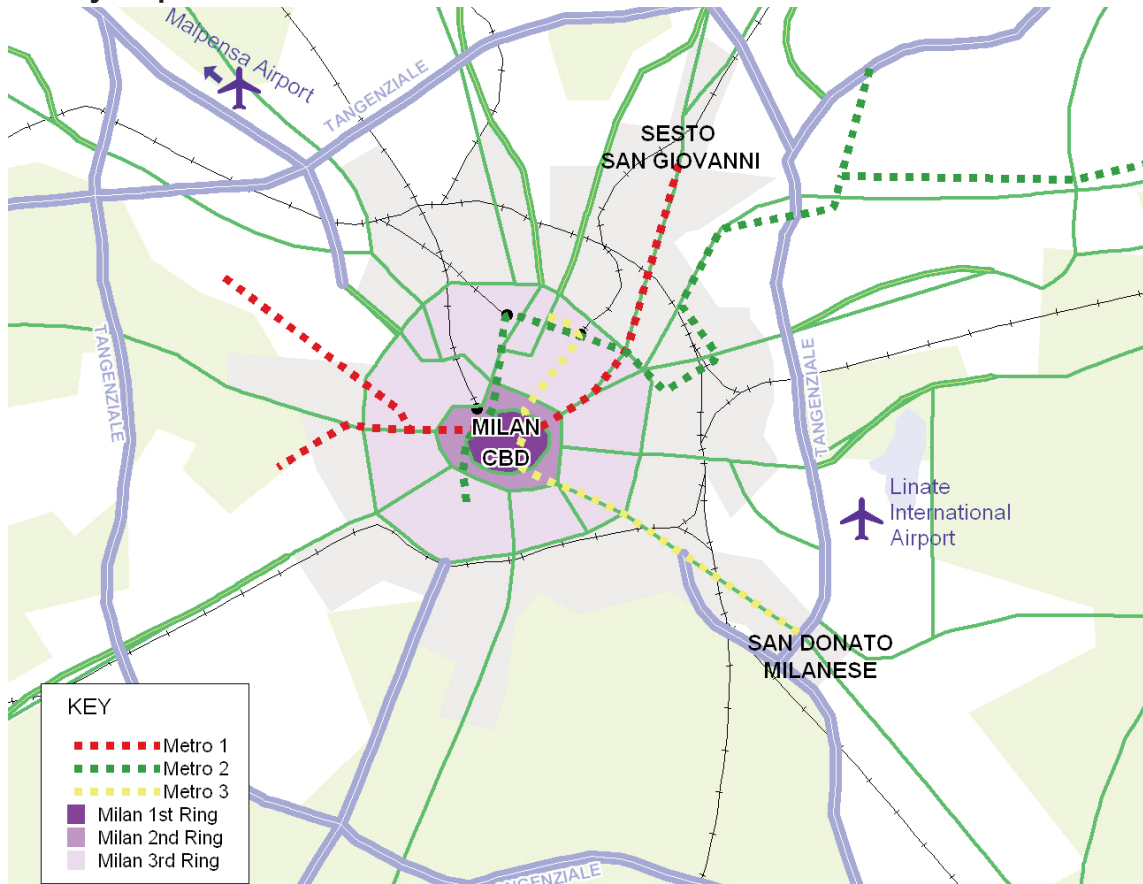
### Major development completions in Q2

Building	Address	Submarket	Area in sqm
Giò Center	Via Gonin	Milan - Periphery	ca 16,000 sqm
Light Building	Via Scarsellini	Milan - Periphery	ca 20,000 sqm
Malaspina Project	Peschiera Borromeo	Milan - Out-of-town	ca 11,000 sqm

Source: Savills Research

# Quarterly data bulletin Milan office market

## Survey map



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