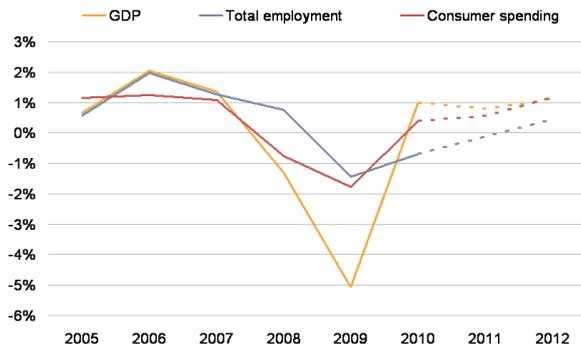


# Quarterly data bulletin

## Milan office market

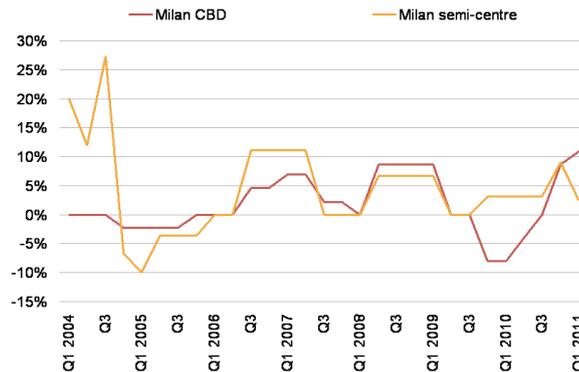
### Q1 2011

#### Economic background and forecast



Source: Oxford economics

#### Annual rental growth



Source: Savills Research

**“As the ongoing stream of new development completions meets letting demand, occupiers are committing to high standard space. Take-up in the first quarter was significantly more than double last year’s and prime rental levels have edged upwards in several submarkets.”**

Susan Trevor-Briscoe - Italy Research



- Prime CBD rental levels have edged up slightly in the first quarter of 2011, rising to €510/sqm/year, from €500 at the end of 2010. The market signals received from other submarkets are also positive, with prime rental levels rising or stable.
- Take-up levels also increased to ca 80,000 sqm, up by 24% qoq and by 135% yoy. Over a third of the total take-up was made up by one 10,000 sqm owner-occupier deal plus another four transactions, which were a mix of prelets, lettings and owner occupation purchases.
- Once again, occupier take-up in the city centre was particularly high, equal to ca 50% of the total. Ca 30% of take-up was located in the semi-centre and the remaining 20% was spread between the periphery and out-of-town locations.
- With new development completions being fed onto the marketplace on an ongoing basis, overall vacancy shifted up slightly by 0.5% on a quarterly basis, despite increased take-up.
- Office stock grew by about ca 50,000 sqm thanks to the emission of new developments onto the Milan marketplace in the first quarter of 2011, which included some redevelopments or refurbishments of schemes.
- Occupier demand is focusing on properties in the 500-1,500 sqm and 3,000-5,000 sqm brackets, with a relative absence of demand for larger size units over 5,000 sqm at the moment.

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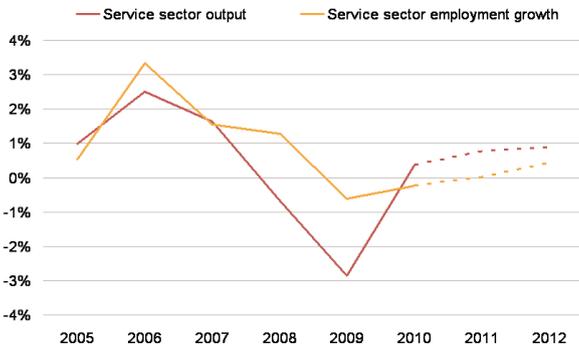
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# Quarterly data bulletin

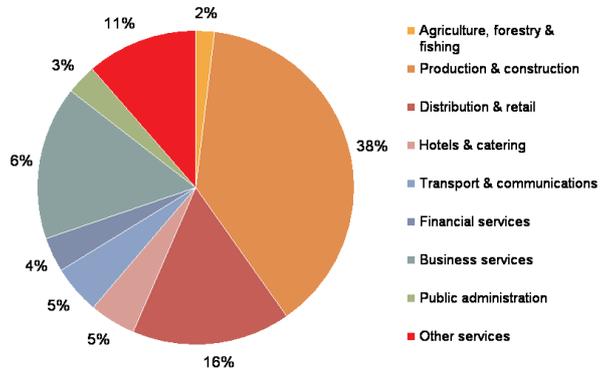
## Milan office market

### Milan region service sector indicators



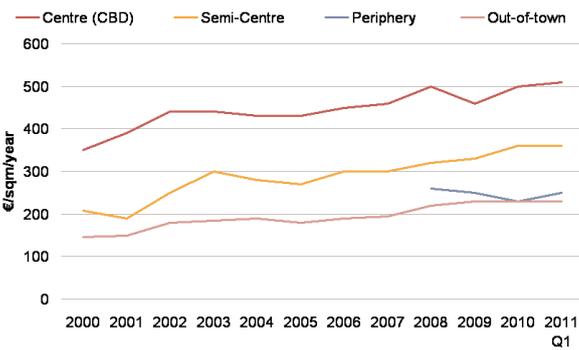
Source: Oxford Economics

### Milan region employment by sector



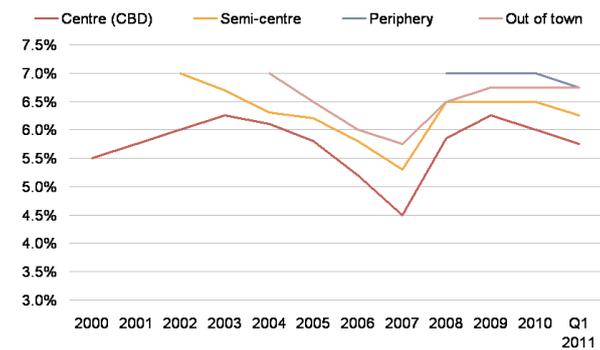
Source: Oxford Economics

### Milan prime rents



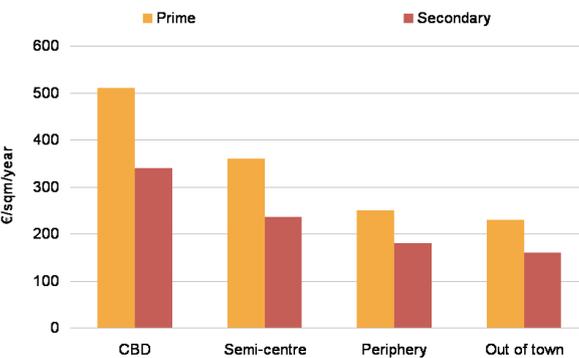
Source: Savills Research

### Milan prime yields



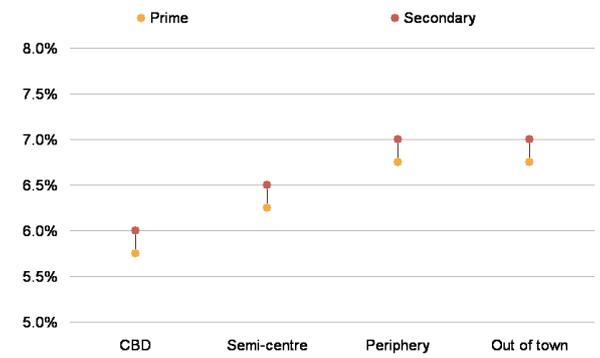
Source: Savills Research

### Rental values per submarket



Source: Savills Research

### Yields per submarket

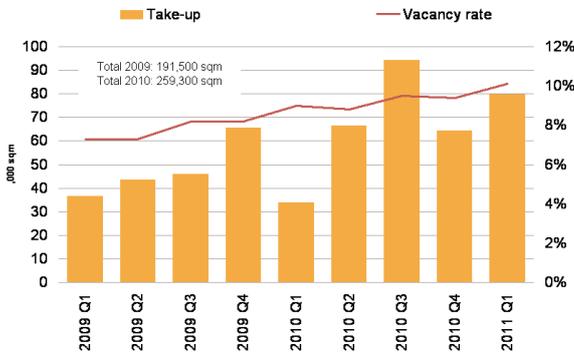


Source: Savills Research

# Quarterly data bulletin

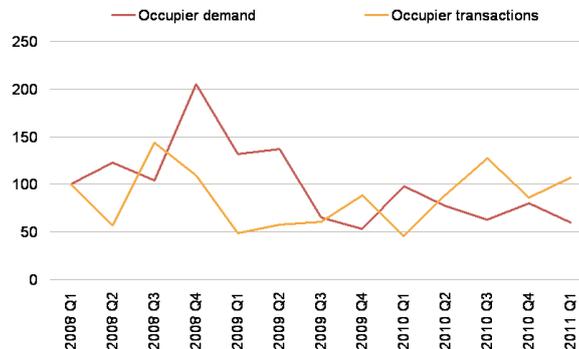
## Milan office market

### Milan take-up and vacancy rate



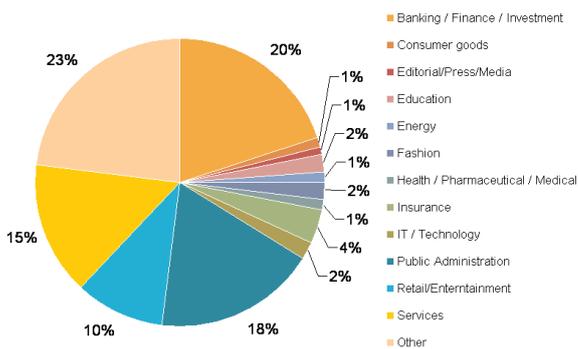
Source: Savills Research

### Demand index (volume in sqm)



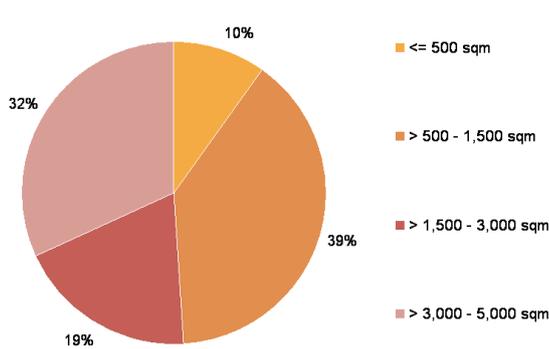
Source: Savills Research

### Take-up by sector (volume)



Source: Savills Research

### Take-up by size segment



Source: Savills Research

### New Metro Line extensions

#### Metro line extensions are changing Milan's public transport map

Following the opening of five new underground Metro stations in the beginning of 2011, the map of Milan's public transport system has taken a turn. The new stations are Assago Milanofiori Nord and Milanofiori Forum along Line 2 and Dergano, Affori Centro, Affori Nord and Comasina along Line 3.

By directly linking the new Milanofiori Nord mixed use development, the existing Milanofiori Nord office centre and the nearby Forum of Assago, what was previously an independent satellite location has become an integral part of the city of Milan. Similarly, the area North of the city, which is located along the 'Strada Statale dei Giovi' state road was once separated from the centre of Milan by a partially degraded area, which was poorly served by public transport. Following completion of the underground stations, a new market has been generated, giving increased significance to the new office and residential developments recently carried out along the very same axis.

The ambitious goal of Expo 2015 will also give a great impetus to public transport. Not only will the brand new underground Line 5 be completed, linking West to North whilst passing through Garibaldi train station, but by 2015 at least the first stage (from San Cristoforo to the Policlinico hospital) of the new underground Line 4, crossing the city from west to east, is due to be completed as well.

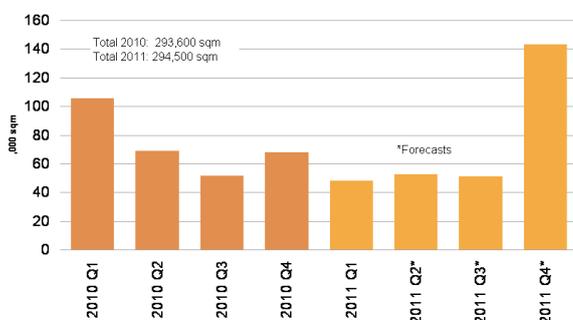
# Quarterly data bulletin

## Milan office market

### Major development completions Q1 2011

Building	Address	Submarket	Area (sqm)
Building U15, Milanofiori Nord	Assago (Milan)	Out-of-town	10,000
Building E, SeGreen Business Park	Via San Bovio 3, San Felice - Segrate (Milan)	Out-of-town	8,000
Via Podgora 2	Via Podgora 2, Milan	Semi-centre	4,200
Palazzo Aporti (Blocks A,B and C)	Via Ferrante Aporti, Milan	Semi-centre	26,000

### New office development completions



Source: Savills Research

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