

The Savills logo, consisting of the word "savills" in a lowercase, sans-serif font, is positioned within a solid yellow square at the top center of the page. The background of the entire page is a blurred cityscape at night, with lights from buildings and streets visible through a window. A large, semi-transparent dark rectangle is centered over the image, containing the main title and subtitle. Yellow geometric lines, including a thick L-shaped border and a thin vertical line, frame the central content area. In the bottom right corner, the word "RESEARCH" is written in white, uppercase letters inside a yellow rectangle.

savills

SPOTLIGHT

ITALIAN OFFICE MARKET

OFFICE - ITALY - YTD Q3 2026

RESEARCH



TOP TAKEAWAYS

- 01

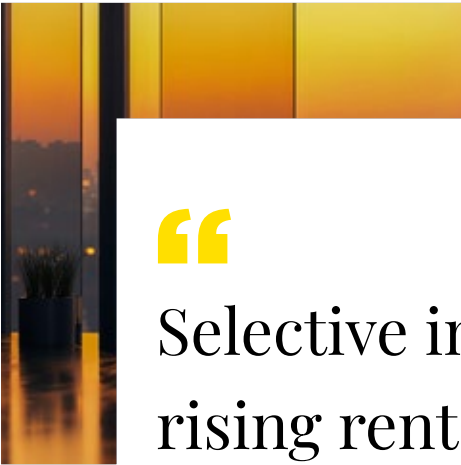
Volumes returned to grow year to date
- 02

Milan remains the leading destination, but the Rome market share is increasing
- 03

CBD prime net yields remained stable over the last quarter
- 04

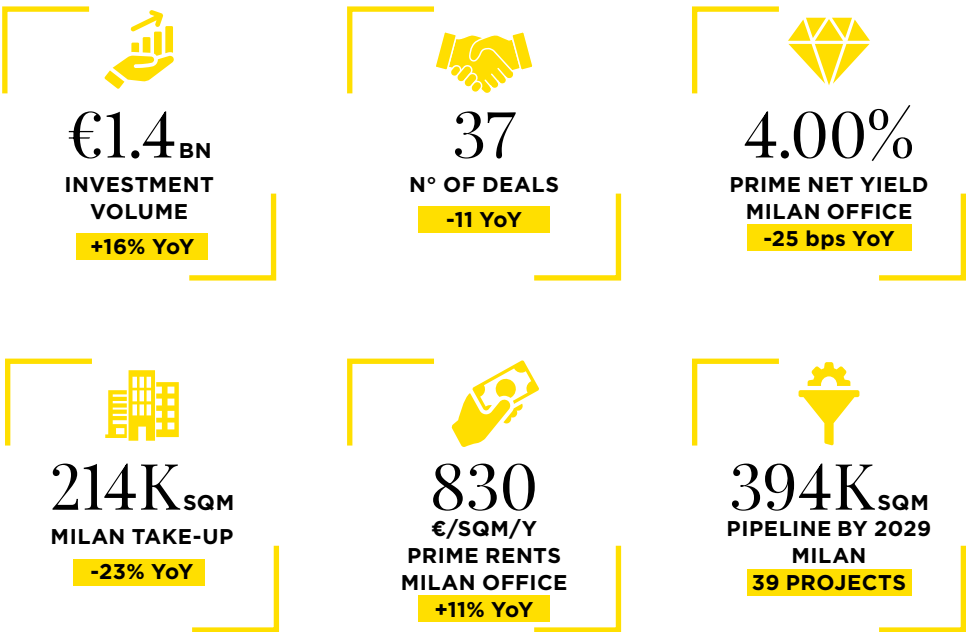
Leasing activity remains subdued in Q1-Q3 2026, where tight availability and high prime rents limit take-up to 214,000 sqm
- 05

Prime rent climbed to 830 €/sqm/y in Milan CBD Historic Centre, +11% on the previous year



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Selective investments,
rising rents

YTD Q3 2026 KPIs



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The office investment market is showing signs of stabilisation, with demand remaining concentrated on prime, ESG-compliant assets in core locations, while secondary stock continues to face challenges. Occupier demand remains selective, with quality, flexibility and sustainability continuing to influence real estate strategies.



Office Investment Market

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 Monte Napoleone 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 (YTD Q3 2026: €38 mln; YTD Q3 2025: €25 mln) and a growing presence of private and owner occupier investors.

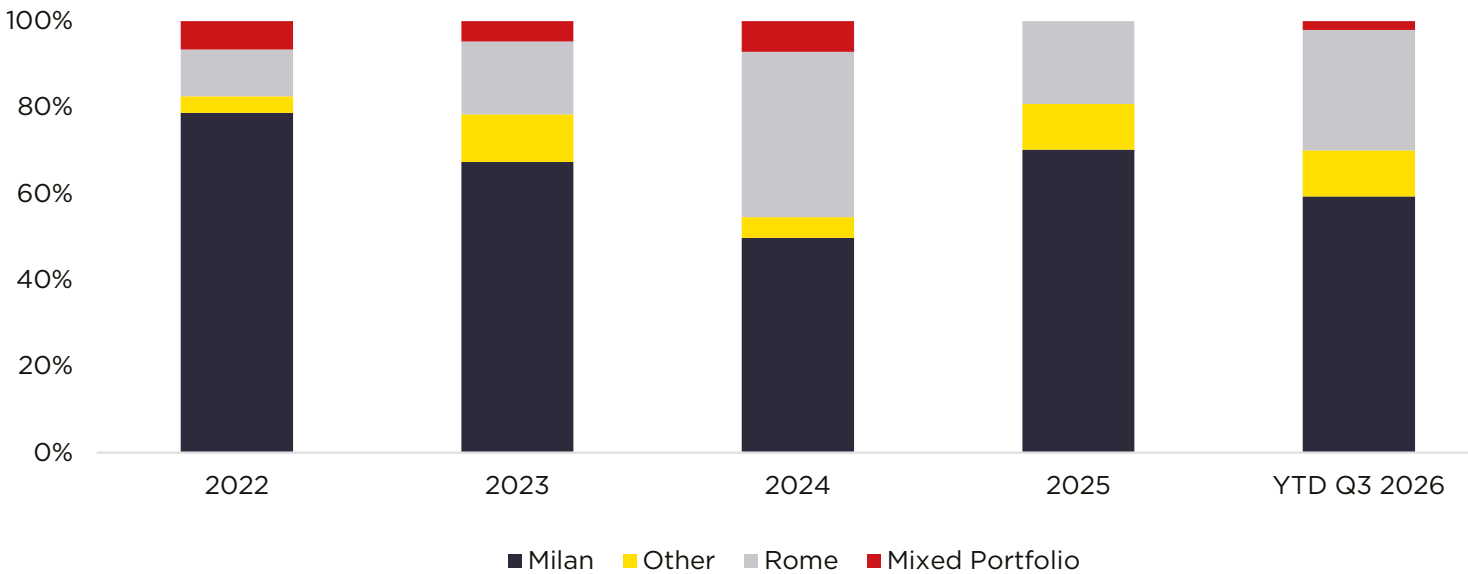
Milan still represents the first destination, characterising 59% of investment volumes through 14 transactions, with activity mainly concentrated in the two CBDs.

Rome covered 28% of period volumes, with 12 transactions for a total of €350 mln (+59% up YoY), with interest spread throughout the city.

Regional markets accounted for 13% of total volumes, supported by 11 transactions recorded during the period and mainly concentrated in the cities of Firenze, Venezia and Torino.

Prime net yields remained stable over the last three months, standing at 4.00% in Milan CBD Historic centre and 4.50% in Rome CBD, while peripheral locations are starting to decompress, confirming the market polarization and the growing selectivity of investors.

INVESTMENT VOLUME BY GEOGRAPHY (%)



Milan Office Letting Market

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.

The multi-year shift toward smaller footprints remained a defining feature of the market. Deals below 600 sqm reached 62% of all transactions, the highest share since 2022 (53% in 2025). More than three out of four deals (76%) involved spaces below 1,000 sqm, and only four transactions exceeded 5,000 sqm. Average leased size stood at 910 sqm in YTD Q3 2026, some 14% below the same period of 2025, falling to 555 sqm in CBD Historic Centre. Occupiers continued to favour compact, high-quality space over large-scale commitments.

By sector, services and consulting firms remained the most active source of demand, accounting for around 28% of take-up; energy followed (13%), being the only sector to increase its activity year-on-year-to-date. Banking, finance and fintech occupiers came next (13%).

All other sectors recorded lower activity than in the same period of 2025.

Geographically, Semicentre was the only submarket to see an increased activity (+12% YoYTD). By number of deals, CBD Historic Centre led with 53 transactions (22% of the total), followed by Semicentre (20%) and Periphery (19%), while CBD Porta Nuova recorded 37 deals.

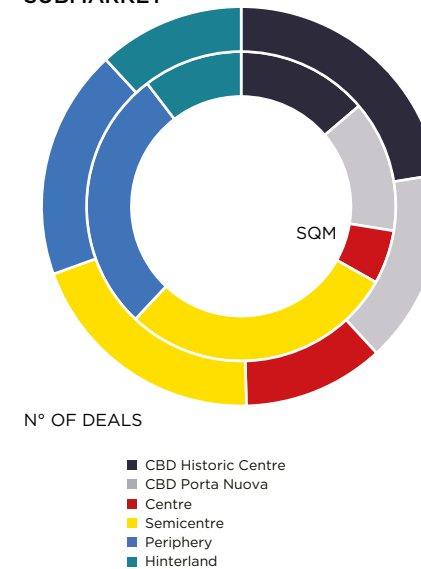
On the pricing side, prime rents advanced to 830 €/sqm/year in CBD Historic Centre (+11% YoY), while all other markets remained stable. Higher rents are further polarising the market: some 29% of deals were signed above 500 €/sqm/year. Quality preferences remained firmly in place, with Grade A space accounting for 75% of total take-up.

Looking ahead, approximately 394,000 sqm across 39 development projects is expected to be delivered by 2029, offering gradual relief on the supply side. Of this pipeline, 63% is speculative, 23% is available for pre-let and 14% is committed to owner-occupation; 32% is located in the two CBDs. Completions totalled almost 90,000 sqm in Q1-Q3 2026, of which 79% was already let at delivery and 58% consisted of new buildings.

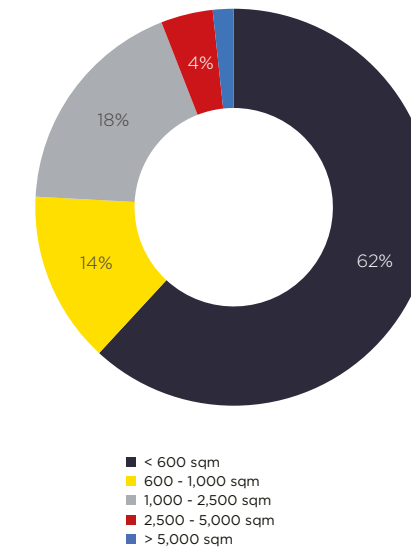
Current availability in the Milan office market stands at 934,000 sqm, with a further 245,000 sqm of future availability, for an overall 1.18 mln sqm. The overall vacancy rate edged down to 9.0%. Grade A vacancy rose to 4.0% (from 3.6% in Q2) but remains tight in core locations: 1.9% in CBD Historic Centre, 1.2% in CBD Porta Nuova and 0.1% in Centre.



YTD Q3 2026 TAKE-UP BY SUBMARKET

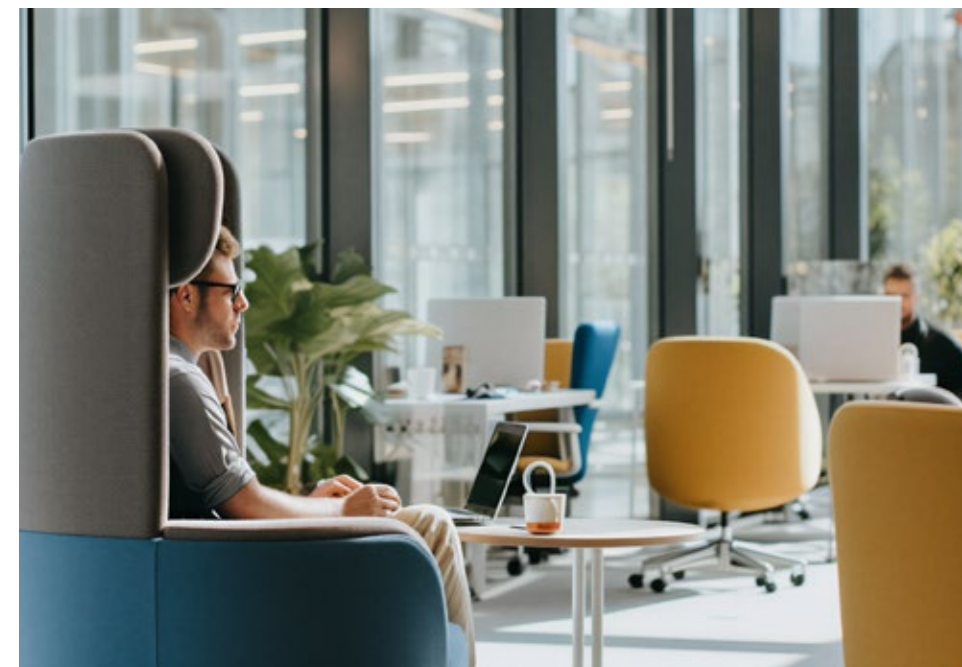


YTD Q3 2026 TAKE-UP BY DEAL SIZE



OFFICE KEY FACTS

- Evolving demographics and technology are shaping the future of economy and work
- Workplace is evolving prioritising experience, flexibility and high-performance environments
- The speculative nature of most upcoming completions limits short-term relief on pent-up demand
- Milan's CBDs are in a competitive position within European mature gateway cities
- The mismatch between demand and the right product is driving up rents
- Selectivity and polarisation continue to characterise the market





Savills Research

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