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SPOTLIGHT

ITALIAN OFFICE MARKET

Q1 2026

RESEARCH



TOP TAKEAWAYS

01

Office investment volume registered a slowdown in the first quarter of 2026

02

Rome returned to growth, collecting more than half of quarterly investment activity

03

Prime net yields remained stable

04

A slow start of the year for leasing activity, where tight availability and high prime rents limit take-up to 64,000 sqm

05

Prime rent climbed to 800 €/sqm/y in CBD Historic Centre, +7% on the previous year

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2026 starts subdued by increasing selectivity and tight product availability

Q1 2026 KPIs



€400_{MLN}
INVESTMENT
VOLUME
-35% YoY



11
N° OF DEALS
-9 YoY



64K_{SQM}
MILAN TAKE-UP
-42% YoY



4.25%
PRIME NET YIELD
MILAN OFFICE
STABLE YOY



800
€/SQM/Y
PRIME RENTS
MILAN OFFICE
+7% YoY



420K_{SQM}
PIPELINE BY 2028
MILAN
40 PROJECTS



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The interest from investors will remain selective, with more liquidity characterising the year ahead. With polarisation expected to continue and set to increase, a yield compression is likely to materialise later in 2026, supported by rental growth, tight availability and a promising deals' pipeline



Office Investment Market

In Q1 2026, office investment volumes slowdown, as investors remain selective. Total quarterly activity reached around €400 mln, a figure 35% down YoY.

Rome took the lion's share, emerging as the top destination for the quarter and accounting for more than half of the quarterly volume, with a total value of approximately €200 mln. Five transactions were closed, two of which were in the CBD, driving the activity.

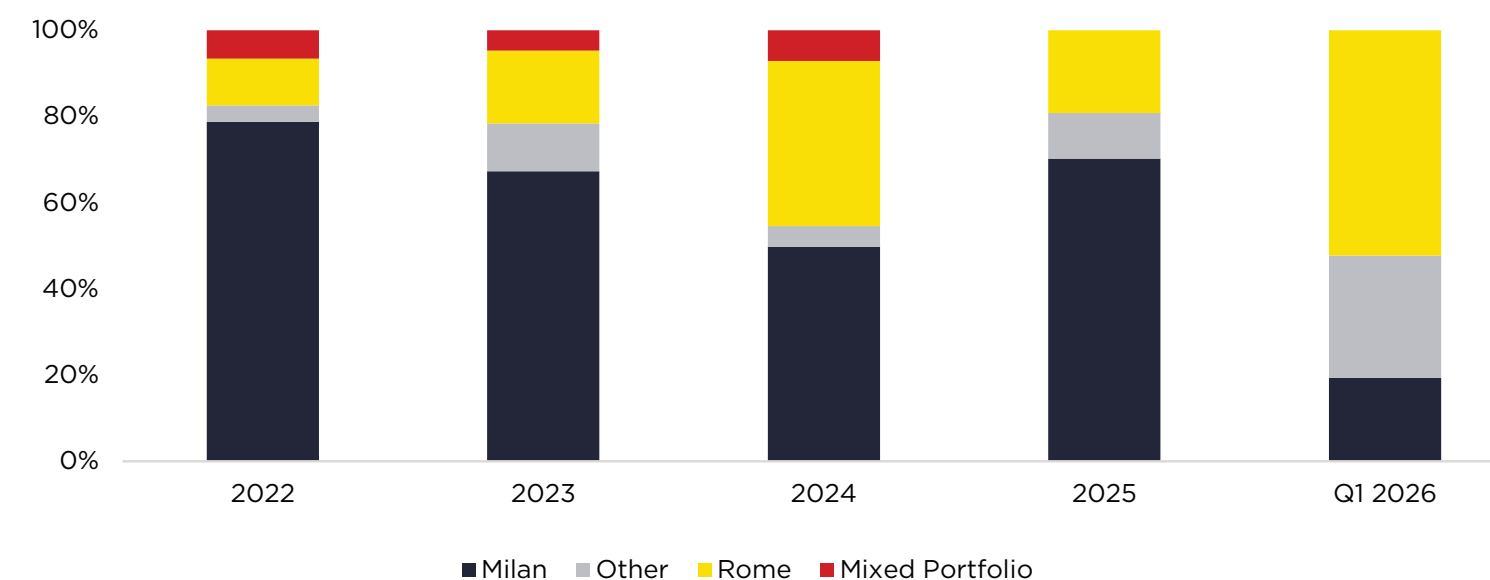
On the other side, Milan saw its market share decrease to 19% of period volumes, recording a total of €80 mln across 3 transactions related to assets in CBD and periphery areas.

The average deal size returned to increase compared to the previous year, standing at €37 mln from the €32 mln of Q1 2025. Domestic investors had the upper hand this year, accounting for 61% of volumes.

Prime net yields remained stable both in Milan and Rome, continuing the trend started at the beginning of 2024, but a compression could occur by the end of this year.



INVESTMENT VOLUME BY GEOGRAPHY (€ MLN)



Source: Savills Research

Milan Office Letting Market

Leasing activity started dull in Q1 2026: total take-up reached 64,000 sqm, 42% down compared with the same period in 2025. The number of transactions showed contraction as well, although more moderate (-8% YoY), signalling a change in the trend that started in 2021, materialising the impact that rising rental values and tight availability of grade A spaces are having on the market.

Tenant's preference for smaller spaces is even more evident this quarter, where 78% of closed contracts were on spaces below 1,000 sqm, the highest share of total take-up recorded so far. This was coupled with another record, making Q1 the first quarter where no transaction above 5,000 sqm was recorded. Average leased size has in fact decreased to 740 sqm, 38% down compared to Q1 2025 and -42% on the five years quarterly average, while CBD Historic Centre average reached 460 sqm (-44% YoY). In terms of occupier sectors, services and consulting firms remain the most active, along with banking/finance/fintech firms; recent global surge in layoffs in the IT sector didn't affect the sector's expansion, which ranks as the sector which increased its leasing activity more. Conversely, fashion/Luxury and Pharma's activity came to a halt this quarter.

Geographically, CBD Historic Centre led in terms of the number of deals, accounting for 28% of the total, followed by CBD Porta Nuova and Semicentre, both at 17%. CBD Historic Centre, Centre and Semicentre recorded significant year-on-year growth in activity, with increases of 50%, 10% and 15%, respectively. Periphery saw a sizeable decline in activity, with transaction volumes down 41% compared to Q1 2025.

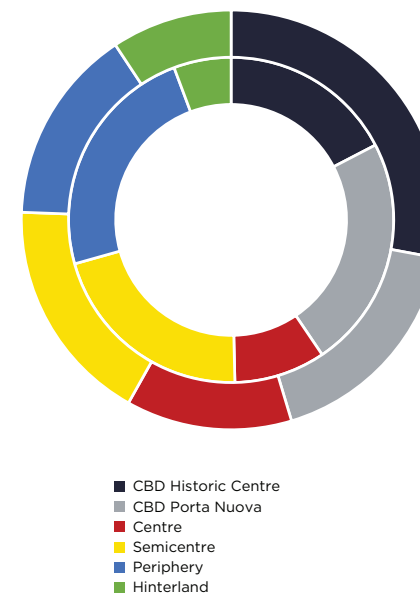
Prime rents now stand at 800 €/sqm/year, backed by sustained demand for high-quality space and one of the lowest availability values recorded. Tight availability in key locations such as CBD Historic Centre and CBD Porta Nuova is still a challenge for occupiers, making it harder to secure suitable premises at enticing terms. Although completions of new space are offering some relief, constraints remain. Nonetheless, Grade A take-up accounted for 73% of activity in Q1 2026.

Looking ahead, approximately 420,000 sqm across 40 development projects is expected to be delivered by 2028, helping to ease pressure on supply. Of this future pipeline, 80% is speculative, with just 8% committed to owner-occupation. Completions totalled around 45,000 sqm in Q1 2026, with 49% already let at the point of delivery.

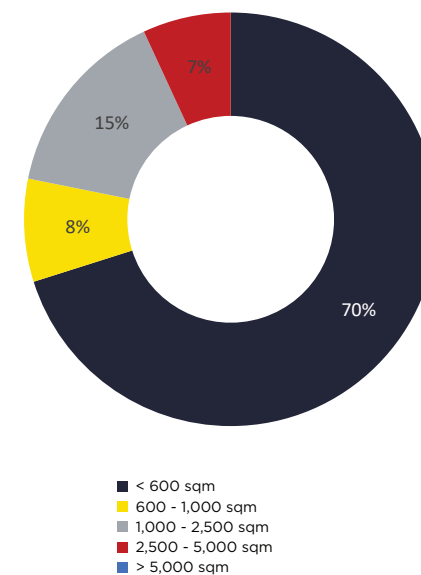
Current availability in the Milan office market stands at 837,500 sqm, with further 371,000 sqm in the development pipeline. The overall vacancy rate is 9.2%, while Grade A vacancy remains particularly tight at 3.7%, reaching 0.7% in CBD Porta Nuova and 1.1% in CBD Historic Centre.



Q1 2026 TAKE-UP BY SUBMARKET



Q1 2026 TAKE-UP BY DEAL SIZE



OFFICE KEY FACTS

- Sustained scarcity of prime space and increases in prime rents are straining the market
- Assets that meet ESG criteria and offer energy cost savings will be in sharp focus in coming months
- The mismatch between demand and the right product is slowing leasing activity
- The speculative nature of most upcoming completions limits short-term relief on pent-up demand
- Rome is gradually emerging as a concrete destination for diversification are increasingly in investors' sights
- Improving employees' wellbeing, sustainability and energy efficiency of buildings will be a priority





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