

Italian Retail Market



High street segment again leads the retail investment volumes

Highlights

The recovery of tourists in our Country sustain the high street segment, favouring an increase of prime rents

Luxury beach, lake and ski destinations are becoming increasingly attractive destinations for the high street sector

Footfalls are recovering, increasing by 1.4% YoY in Q1-Q3 2024 (CNCC data)

New openings in shopping centres* focused on large size structures; clothing and culture, leisure, gift represented the most dynamic categories

Investment volumes recovered, thanks to Via Montenapoleone deal

Prime net yields stabilization is expected to continue in the next quarters

YTD Q3 2024 KPIs



MILAN HIGH STREET | PRIME RENTS
15,000 €/sqm/y
+7% YoY



FIRENZE HISTORIC CENTRE NEW OPENINGS
4
Over the last 9 months



SHOPPING CENTRES | PRIME RENTS
975 €/sqm/y
+3% YoY



NEW OPENINGS IN SHOPPING CENTRES*
60



INVESTMENT VOLUME
€ 1,450 mln
+481% YoY



N° OF DEALS
20
-1 YoY

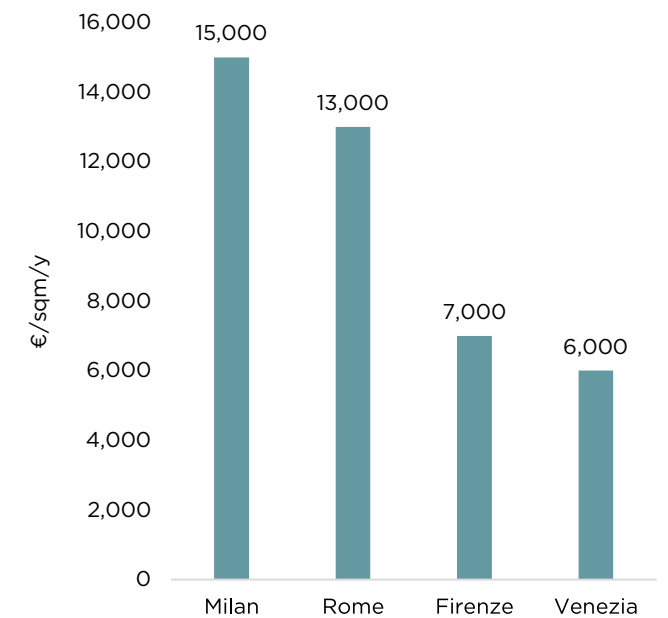
* Shopping centres managed by Savills

High Street leasing market

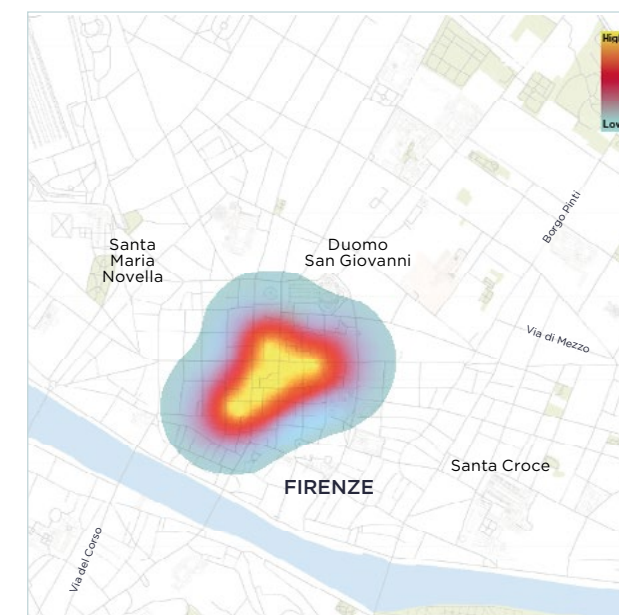
The high interest for the Italian high street market can be noted in the continuous new store openings, newcomers willing to expand their presence in our Country and innovative store formats inaugurations which continue to characterize the market. This, sustained by the tourists' return, is supporting the activity not just in the main cities of Milan, Rome, Firenze, Venezia but also in sea, luxury beach, lake and ski destinations.

Firenze is one of the best destinations in Italy where to do luxury shopping, buy unique pieces and discover between the iconic Pitti editions and regeneration projects all the fashion trends; the city boasts boutiques, jewellery stores, antiques, artisan stores and leather workshops. The city is one of the most visited in Italy and is not surprising that tenants are eager to be present here: in recent times there have been several new openings, not only in the historic center, but also in major railway stations and urban regeneration projects such as Manifattura Tabacchi. The main high streets wind through the city center along Via de' Tornabuoni, Via Calimala, Via degli Speziali, Via degli Strozzi, Via dei Calzaiuoli and Via Roma. Here, the highest prime rents have been recorded, in particular in via de' Tornabuoni, the third most expensive Italian street where values can reach 7,000 €/sqm/pa. The vivacity of this area is confirmed also by 4 new openings recorded since the beginning of the year.

High street prime rents, Q3 2024



Firenze*, 2024 new openings heat map



STORES
170+



INTERNATIONALS
29%



CHAINS
74%



VACANCY RATE
5%



NEW OPENINGS
4



CLOTHING AND ACCESSORIES
66%



VIA DE' TORNABUONI
PRIME RENT
7,000 €/sqm/y

* Via Calimala, Via de' Tornabuoni, Via degli Speziali, Via degli Strozzi, Via dei Calzaiuoli, Via Roma

Out of town leasing market

Shopping centres have proven their resilience, showing good performances and some dynamism in terms of new openings within existing facilities. Since the beginning of the year, a total of 60 new openings* have been in fact inaugurated spread over more than 16,000 sqm. The most attractive shopping centres continue to remain those of large dimensions, while the most active categories return to be clothing as well as the culture, leisure, gift and personal care sectors.

The increased propensity toward the personal care sector is consolidating with the inclusion of more and more operators, particularly in urban facilities. Even in terms of revenue growth, this sector recorded the largest increases during 2024 along with the services category.

Food category, after the significant growth in sales recorded in recent years, is now consolidated, even though leisure support in larger facilities is still not fully sufficient. Movie theatres represent the most popular anchor in shopping malls; according to CINETEL data, ticket sales increased by 58% YoY in 2023, but this figure is still below the 2017-2019 average.

Generally, openings of new schemes continue to remain limited, bringing a strong retailer focus on facilities with an established track record. However, in the first nine months of 2024, footfalls improved YoY according to CNCC data, while turnover* decreased but only slightly (food anchor stores excluded).



FOOTFALLS

+1.4%

YTD Q3 2024 vs YTD Q3 2023, CNCC data



TURNOVER* OF SHOPPING CENTRES

-0.5%

YTD Q3 2024 vs YTD Q3 2023

Northern shopping centres

-0.5%

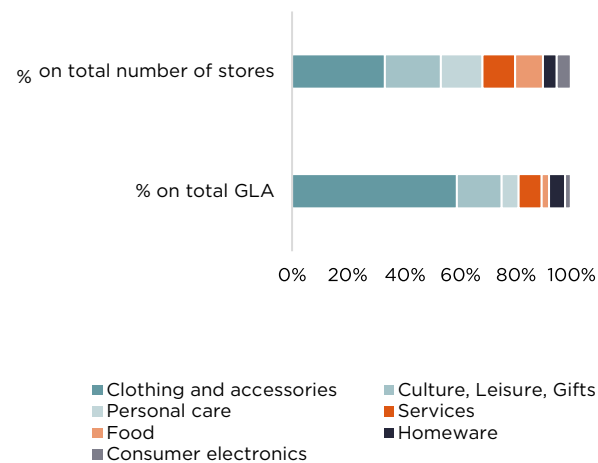
Centre shopping centres

-0.7%

Southern shopping centres

-0.4%

New openings* by category, YTD Q3 2024



New openings* by shopping centre size, YTD Q3 2024



* Data refer to shopping centres managed by Savills. Food anchor stores are excluded from the turnover analysis

Retail investment market

Retail experienced a significant upsurge in volumes in the third quarter of the year, thanks to the high street portion of via Montenapoleone 8 acquired by Kering. This represents one of the largest transactions in the past decade for the Italian market. Total retail volumes in the year amounted to around €1.45 bln, a figure 5 times greater than the same period of 2023 and doubled compared to the YTD Q3 average of the last 5 years.

High street represented the main subsector, covering 65% of the volumes across 4 deals, two of which located in the city of Milan. This confirms that tourist and luxury destinations remain a key focus for both investors and retailers strategies and will continue to attract strong interest.

Out of town segments also performed well, recording 17 deals for around €520 mln: this represents the highest value for a YTD Q3 since 2020. Shopping centres drove the activity thanks to the closing of 4 operations, one of which of above €200 mln located in Rome. The interest in supermarkets continues as confirmed by the acquisition of 16 assets for approximately €180 mln.

The market was dominated by foreign capitals, covering 95% of total activity. Prime net yields, which increased from a year ago, were stable in the last quarter compared to the previous one and are expected to remain unchanged in the coming months.

Prime net yields, Q3 2024



HIGH STREET

3.75%

+25 bps YoY



SHOPPING CENTRE

7.25%

+50 bps YoY



RETAIL PARK

7.75%

+25 bps YoY

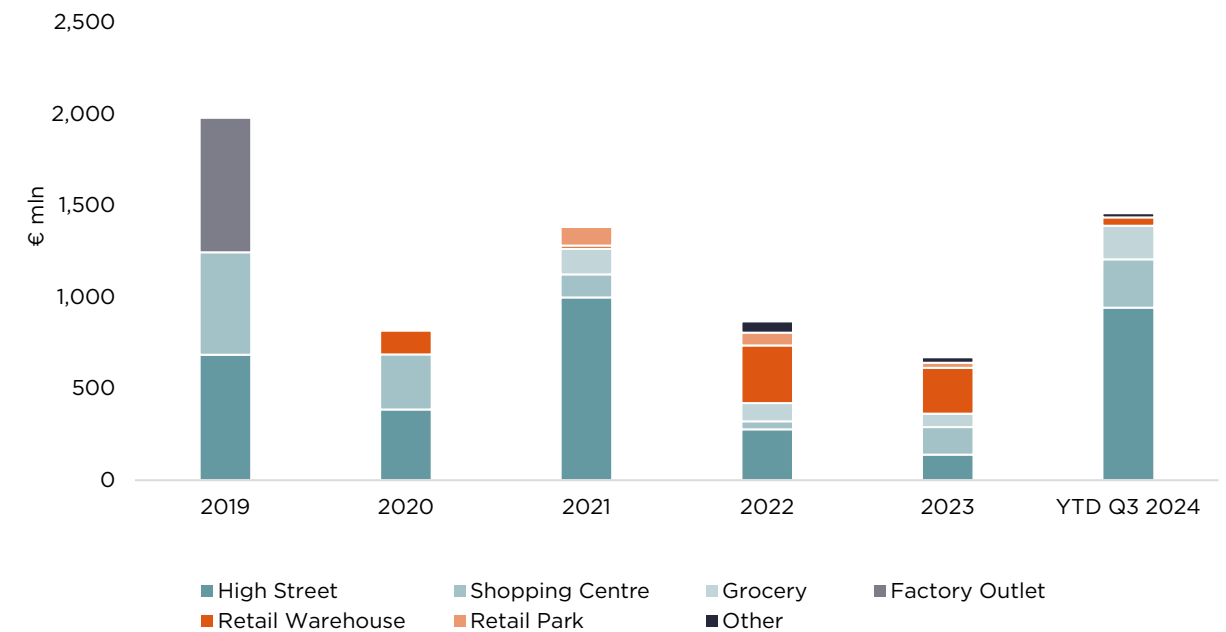


RETAIL WAREHOUSE

8.00%

+25 bps YoY

Investment volume by subsector



Retail key facts



Footfall recovery



One-stop shopping experience: 24-hour shopping, couriers, intelligent trolleys



Limited number of new developments and openings



Technology and data analysis to create engaging and interactive shopping experiences



Prime net yields stabilization



ESG factors matter: S from nice-to-have to necessary



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