

SPOTLIGHT
Savills Research

Italian Report 2023

Italian Food & Beverage

savills



F&B is becoming a destination

Highlights

- In the last 2 years, there has been a rapid recovery of all service-related activities, especially food services
- After 2020, the turnover in food companies is finally recovering; the main typology in the market is represented by restaurants (58%)
- Food courts in shopping centres contribute to higher turnover, attractiveness, sales and appeal for the asset. Their main purpose is to extend the time clients spend in SCs
- High street offer is diverse
- In consolidated food districts vacancy is close to zero
- F&B industry supports consumers new needs focusing on wellbeing and values. Technology will shape the future of the sector

Key Figures

Retail sales accommodation and food services (% YoY; Q2 2023)
+19.3%

Food Companies (2022)
335,800
-3% YoY

Shopping centre food courts
~130

Milan food districts
~20

Consumers

In the last 2 years, the end of the restrictions related to the Covid-19 pandemic led to a rapid recovery of all service-related activities and especially food-related activities, thanks to the strong desire of consumers to return to social activities and entertainment and the growing propensity to eat out especially in metropolitan areas. The pandemic demonstrated the resilience of the grocery sector, whereas food services sales have been severely affected, as a result of higher levels of work from home and the closing of restaurants and take-away venues.

In Q2 2023, the trade volume in accommodation and food service activities grew by 19.3% YoY, outperforming the growth of the service sector (+3.4%).

In the last 2 years, despite a sticky inflation and the resulting loss of purchasing power by households, consumption in food services increased faster than overall and service consumption. The final consumption expenditure in F&B amounted to € 84 bln in 2022 (real: +22% YoY; -10% vs 2019) but remained still below pre-covid level in both real and current prices, mainly since tourism has not yet returned to pre-covid levels.

Considering the household average consumption, restaurants, cafés and other similar activities absorbed 66% of total consumption followed by fast food and take-away services (30%) and canteens (4%). Compared to 2019, fast food and take-away services are the only activities showing growth in household spending (+24%).

Until the pandemic, e-commerce food & grocery struggled to grow as consumers were reluctant buying fresh goods online. In the last two years, the share of e-commerce food & grocery sales on total market increased from 1% of 2019 to 3% in 2021 and 2022, confirming as the most dynamic e-commerce sector. Of the total € 4.7 bln moved by this subsector, 89% is related to food products; of these, 19% related to food and wine, 37% to grocery and the remaining 44% to food delivery, amounting to approximately € 1.8 bln.

Household disposable income (% YoY; Q2 2023)
Gross **+5.1%**
Real **-1.7%**

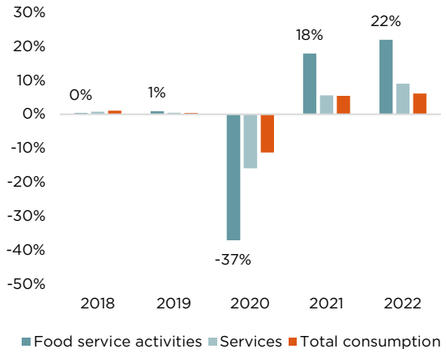
CPI (last 12 months average)
Total **+7.6%**
Food service **+6.4%**

Household consumption (% YoY; 2022; real)
Services **+9.0%**
Food services **+22.0%**

Retail sales (% YoY; Q2 2023)
Services **+3.4%**
Accomodation and food services **+19.3%**

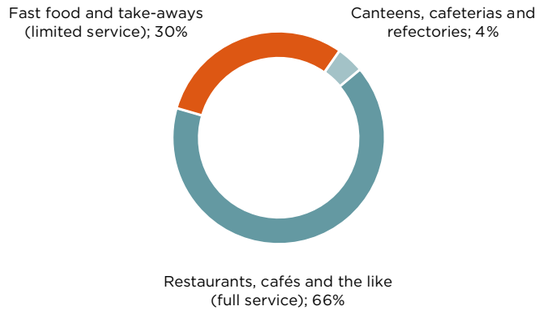
Source: Savills Research on ISTAT and Eurostat data

Household consumption index (% YoY, real)



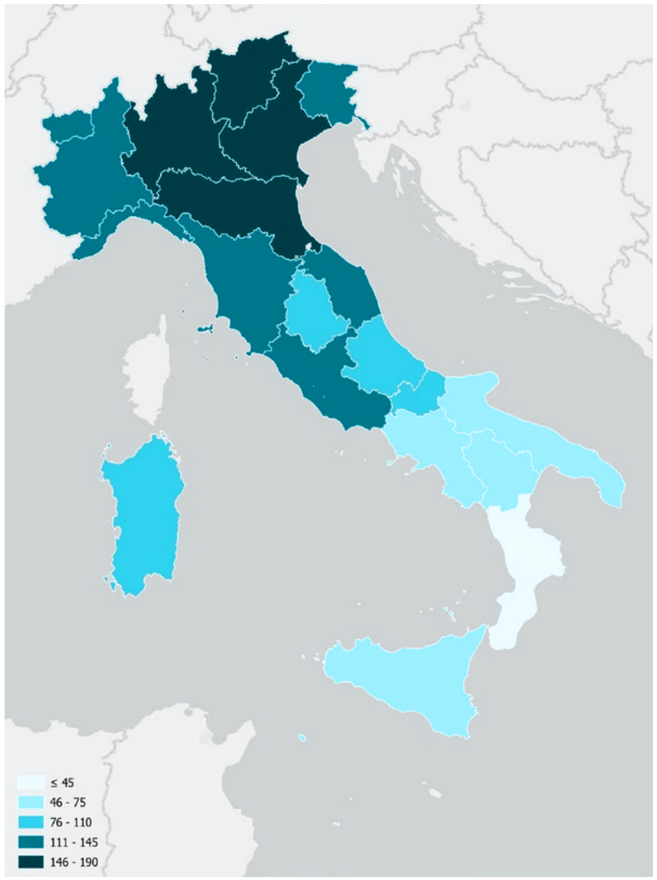
Source: Savills Research on ISTAT data

Average household consumption: food services by typology (%; 2022)



Source: Savills Research on ISTAT data





Average household monthly consumption: food services (2022; €/monthly)

Italy € **117**
(+30% vs 2021; +2% vs 2019)

Metropolitan area – centre € **154**
(+31% vs 2021; +9% vs 2019)

Metropolitan area - suburbs and other municipalities with more than 50,000 inhab.
€ **122** (+33% vs 2021; +4% vs 2019)

Other municipalities until 50,000 inhab.
€ **103** (+28% vs 2021; -2% vs 2019)

Source: Savills Research on ISTAT data

Stock and Operators

Italy has 335,800 food service companies (Infocamere data, 2022). During the last year, around 9,600 new enterprises started their activities, while more than 20,000 closed down. Generally speaking, four out of ten companies cease their activity five years after opening. For individual enterprises, the most common model (48%), this weights even more.

More than 1.2 million people are employed in food services, equal to 7% of total Italian workers.

Companies are mainly located in Lombardia (15%), Lazio (11%) and Campania (10%).

The second quarter of 2023 continues the recovery started after the Covid restrictions were lifted, with the turnover of food chains recorded an upsurge, representing 10% of total turnover in 2022 (7% in 2019).

Restaurants are the most active typology, making up more than half of the market both in terms of companies and number of employees and turnover.

Food Companies (2022)
335,800
-3% YoY

Full-service Restaurants (2022)
58%

Number of employees (2021)
~1.2 mln
+2% YoY

Turnover (2021)
~50 bln €
+25% YoY

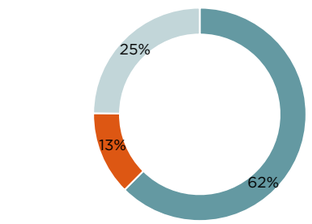
Source: Savills Research on Infocamere and Istat data

Top 5 food chains by number of stores

	N° of stores	Planned new openings per year	Type	Origin
McDonald's	670	50	Quick service	International
Autogrill	390	n.a.	Quick service	National
La Piadineria	350	50	Quick service	National
Burger King	255	20	Quick service	International
Old Wild West	252	20	Quick service	National

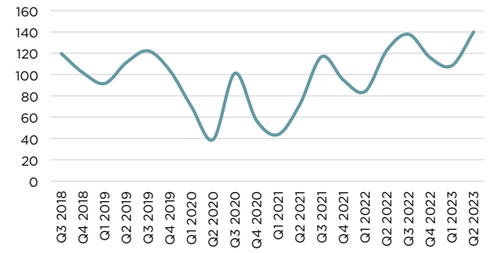
Source: Savills Research on various sources, November 2023

Food service revenues by typology



Source: Savills Research on ISTAT data

Turnover in food service activities index (baseline 2015=100)



Source: Savills Research on ISTAT data

Real Estate market

Out of Town

The offer of catering services is very diverse depending on where it is located.

In shopping centres, the main offer consists in the so-called food court, a dedicated area in which there are at least five units for national, international and local brands. More than 130 food courts have been identified in Italy, with more than 1,200 units (Osservatorio Nazionale delle Food Court). The presence of this solution is strategic and contributes to major footfalls, sales and attractiveness for the asset. On average, a centre has 9 shops, but this figure can go up to 10 in large assets (above 40,000 sqm). Food brands are consolidating and expanding their presence in out-of-town centres, especially under the franchising model: new openings in 2023 amount to an average of around 3 stores per brand, which could go up to 4 in 2024 forecasts. Quick-service formats have withstood the impact of the crisis through scalability and food delivery services; they have grown and expanded by attracting investment funds.

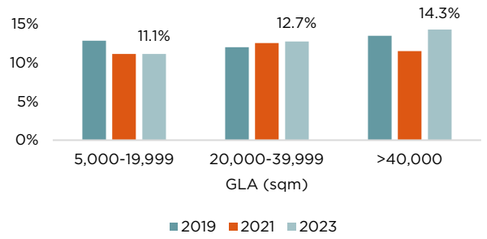
The average expenditure in the food courts of shopping centres is around € 10-20 euro.

Looking at the share of food service activities on total shops in the last years, while it decreased in small shopping centres only (GLA 5,000-19,999 sqm), it increased for medium (GLA 20,000-39,999 sqm) and large centres (GLA >40,000 sqm).

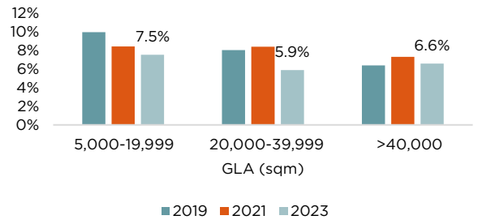
In terms of GLA, the situation changes substantially: small centres are recording a constant decline in GLA occupied by food services while medium and large centres, after an increase in 2021, are now seeing a loss. This is mainly related to the rapidly changing offer in primary centres. In modern food courts, restaurants occupy fewer square metres than in the recent past, although the offer has increased in terms of number of shops, as seats are in the food court.

Medium and large shopping centres see a higher turnover per visitor which, compared to the pre-covid period, grew by more than 25%.

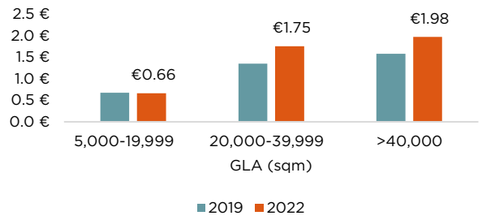
Shopping centres: % food on total number of shops



Shopping centres: % food on total GLA



Shopping centres: Turnover per visitor



Shopping centres

FOOD COURTS
~130

FOOD UNITS
~1,200

PRIME RENTS
Café (< 100 sqm) **930** €/sqm/year
Restaurants (> 250 sqm) **450** €/sqm/year

High Street

High Street offer is heterogeneous and can be mainly distinguished by usage time across the day. Taking the city of Milan as an example, the daytime offer is addressed to office employees, students and tourists. This typology is mainly found in the centre of the city, locations such as Duomo and Turati, or business districts (Porta Nuova, Maciachini, Santa Giulia). The typical offer consists in quick-service restaurants and chains where prices are affordable.

The evening typology is more frequently found in locations more accessible outside the city centre. Here typical formats are more assorted: we can find independent restaurants, dinner shows, smaller franchising brands. Average prices for the evening proposal are higher than the morning one for the quality offered.

Regardless of the typology, what these two types have in common is a close to zero availability: the number of vacant units in the heart of the food districts is so low that existing restaurants are often offered a key money to leave a space.

Milan High street

FOOD DISTRICTS
~20

FOOD UNITS
~1,800

PRIME RENTS
Daytime **1,200-1,400** €/sqm/year
Evening service **600-800** €/sqm/year



Trends

Services

including not only F&B, but also
- Sociality & experience
- Customisation
- Flexible spaces

Sustainability

topic makes consumers more and more aware
- Social responsibility
- Local and sustainable foods
- Supply chain transparency

Technology

is becoming an essential element
- Self-digital payments
- Empowered consumers
- Smart devices and wearable trackers

New formats

adapt to new consumer behaviour
- Hybridisation
- Architecture and design
- Fast & slow gourmet

Delivery

has become an established habit
- Third party operators
- Growing competition
- Artificial Intelligence

Tourism

is recovering, especially regarding internationals
- Tourist cities
- Food hotel experience
- Premium experience

Inflation

is slowing down but is still high
- Personal spending review
- Market polarization
- Strategies to mitigate impacts on consumers

New food

anticipate culinary innovations towards wellness and sustainability
- Healthy diet
- Plant-based diet
- Novel food

Work from home

has changed consumer habits
- Delivery
- Evening outings
- Focus on the weekend





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