



Italy Spotlight - Q1 2025

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SPOTLIGHT
Savills Research

Italian Logistics Market



Strong investment activity is driving the sector

Highlights

Investments are growing, mainly thanks to the closing of two large portfolio deals

In the last quarter, prime net yields remained stable, but a further compression is expected going forward

Take-up activity faced a slowdown in 2024 and in Q1 2025. End users characterised the activity of the period

Prime rents have consolidated during 2024 and in Q1 2025, and are expected to stabilise in the next months

Well accessible secondary assets are increasingly sought after

New opportunities are still available in secondary locations, contributing to the stabilisation of rents

Q1 2025 KPIs



INVESTMENT VOLUMES
640 mln €
+95% YoY



NUMBER OF DEALS
10
-1 YoY



TAKE-UP
500,000 sqm
-9% YoY



PRIME NET YIELD GRADE A LOGISTICS
5.25%
-25 bps YoY
Stable QoQ



PRIME RENTS GRADE A MILAN
70 €/sqm/y
+3% YoY



DEVELOPMENT UNDER CONSTRUCTION BY 2026
-2,200,000 sqm



Logistics and Industrial Investment Market

In Q1 2025, logistics was the most requested sector, collecting 24% of total Italian investment volumes, for a total of around € 640 mln (+95% YoY).

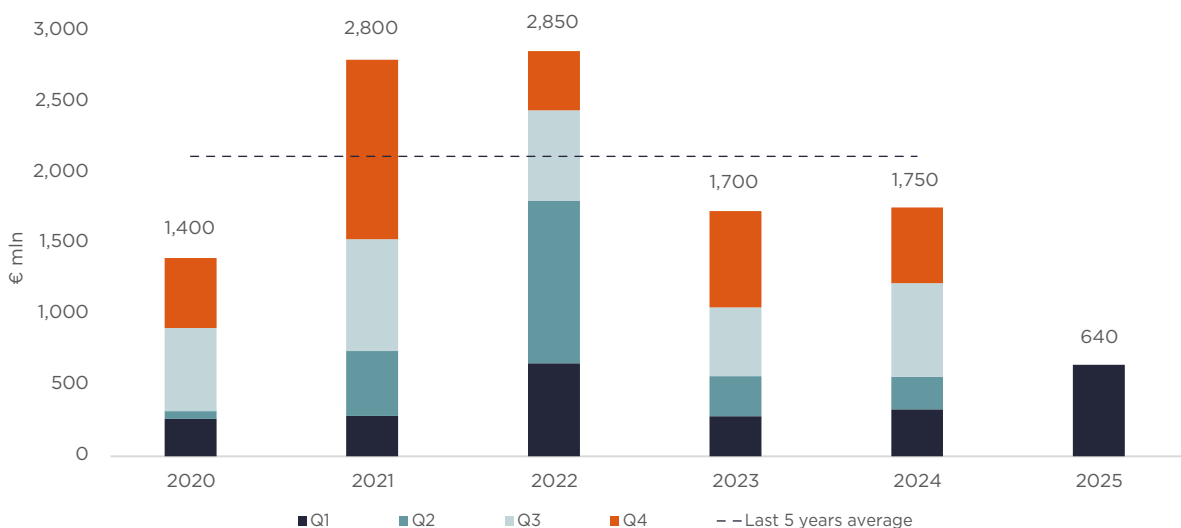
After a 2024 characterised by some industrial and light industrial deals, traditional logistics confirmed its relevance in the sector absorbing the entire volume. Volumes were driven by the closing of two large standard logistics portfolios (> €200 mln), covering together 72% of quarterly volumes. Value add and core plus capitals are leading the market, with a potential return of core capitals in the next months.

Conversely, the number of deals decreased. A total of 10 operations was recorded, mainly of small-medium size (< €50 mln: 80% of the total). The market remains driven by international capital, making up for the whole amount of yearly volumes.

After months of decompression, prime net yields decreased by 25 bps in the Milan cluster in Q4 2024, while remaining stable in all other primary geographies. In Q1 2025, prime net yields remained stable in all clusters, standing at 5.25% in Milan and at 5.50% in Rome, Bologna, Bergamo-Brescia and Pavia-Piacenza clusters. In the coming months, a yield compression is likely, following more favourable financing conditions and a great appetite for the sector.

Investments in the industrial & logistics sector are growing, bringing the sector back to the forefront of investors' choices. Good fundamentals in primary clusters and a slowly expanding economic situation should continue to support the market in the next months. On the occupier side, market is slowing down despite buoyant demand.

Investment volume by quarter



Logistics occupiers Market

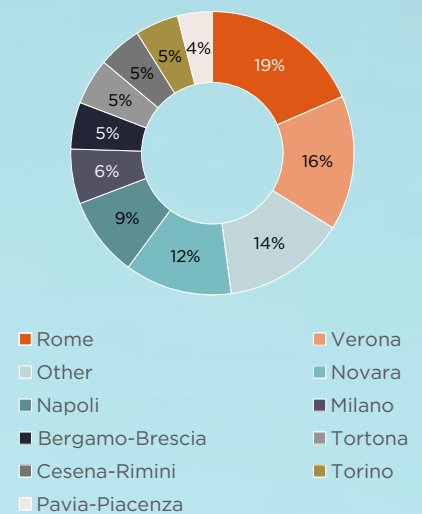
After two years of record levels, take-up activity faced a slowdown in 2024, and Q1 2025 is continuing the trend. A total of 500 k sqm were taken, a figure down both YoY (-9%) and compared to the last 5-years average (-16%). This has been accompanied by a slight decrease in the number of transactions: 25 deals have been recorded, most of which were medium in size (>10,000 and <30,000 sqm). On the other hand, three operators secured more than 40,000 sqm each, mainly in northern Italy, which remains the most sought-after area. Lazio, Lombardy and Piedmont were the most valued regions, with the cluster of Rome recording a good activity and ranking first in terms of square meters leased in Q1 2025. The attractiveness of emerging clusters continued and was driven by the Tortona and Cesena-Rimini areas.

The quarterly leasing activity has been characterised by the high number of transactions related to existing assets,

covering 45% of absorption, followed by build to suit and owner occupier. Take-up of speculative projects and existing assets is increasing. With respect to operators, end user represented the main operators, covering more than half of the activity; 3PLs, manufacturers and retailers were the most active in Q1 2025.

Despite the vivid development activity in general, the availability of new spaces remains low in top locations where new developments are difficult due to zoning restrictions. In other locations new opportunities are still available and this is contributing to stabilize rents. In some locations, such as Novara, Verona and secondary markets, vacancy is increasing. Rents reached 70 €/sqm/y in Milan (+3% YoY).

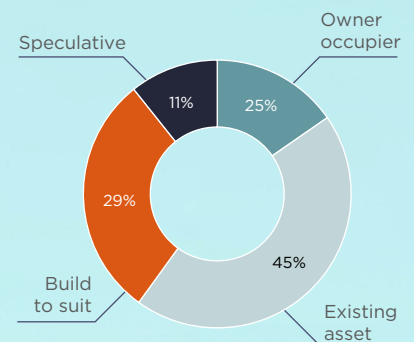
Q1 2025 Take-up by cluster (on total sqm)



Logistics key facts

-  I&L sector is a top pick in many markets for investment strategies
-  Well-located, long-income assets, underwritten by strong tenant covenants, are garnering significant interest
-  I&L assets that offer strong energy infrastructure and excellent ESG credentials are likely to outperform
-  End users drive the demand for spaces
-  Secondary assets are favoured, as tenants remain focused on cost-saving strategies
-  Rents are expected to stabilise

Q1 2025 Take-up by transaction profile





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