

Italy

- In H1 2024, Capital Markets investments in Italy amounted to approximately EUR 3.5 bn, +66% YoY, including developments and share deals, with International capital contributing to 55%.
- The office sector was the highest in terms of volume, but the greatest growth was in hotels and retail. In terms of location, Rome experienced significant increase, balancing out with Milan.
- Prime yields have reached an equilibrium at the top of their cycle with downward movements in yields likely to begin to emerge next year. Prime yields are 4.5% in Milan and 4.75% in Rome for offices; 5.5% net-on-net for Logistics; 6.5% for Shopping Centres and 4.25% for high street retail; 5% for Multifamily and 6% for Healthcare.

Although a challenging macroeconomic and geopolitical environment persists, the first half of 2024 confirms the signs of recovery already evident towards the end of 2023. This growth materialised on the investment side in both the first two quarters of the year. In particular, the second quarter saw a significant boost in the hospitality and retail sectors, which took the lead in terms of volume.

The office sector ranked first, with EUR 960 m invested, representing around 27% of the market total; the fundamentals of the sector remain strong, due to the continuous mismatch between supply and demand caused by the lack of raw material.

The hotels & hospitality segment saw a significant increase with a total volume of approximately EUR 800 million, of which more than EUR 500 million was recorded in Q2, almost double the volume of the same period in 2023.

Retail recorded approximately EUR 480 m of investments in H1 2024,

confirming signs of a recovery that had already started at the end of 2023. The focus is mainly on out-of-town, with a strong interest in the supermarket segment.

As far as industrial & logistics is concerned, H1 2024 closed with approximately EUR 500 m of investments, although volumes have shown a decline since 2023, the sector currently remains one of the main investment targets.

Investments in living & healthcare amounted to EUR 170 m, taking into account current use. Although volumes are shrinking, the interest in living is demonstrated by the trend of conversions from other use classes to residential.

Outlook

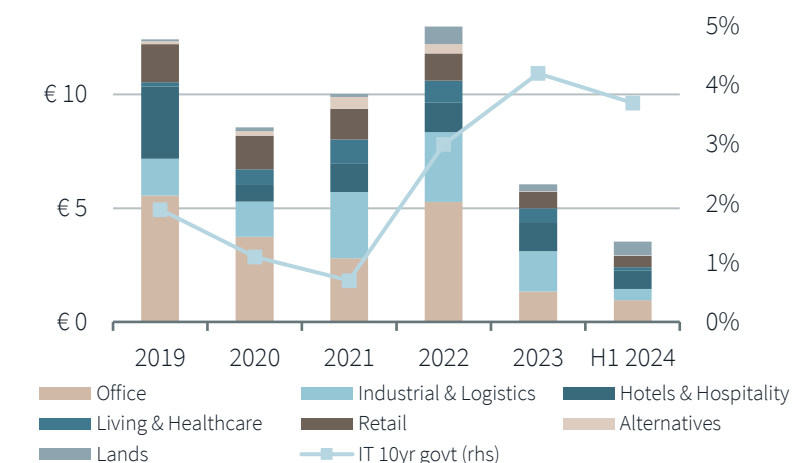
Against a macroeconomic and geopolitical backdrop that continues to lead to some caution in investment, the ECB's recent rate cut is estimated to positively affect transactional activity in the coming months for Italian capital markets.

Fundamentals	Forecast	
Investment volume H1 2024	€ 3.5 Bn	↑
Investment volumes YoY	+66%	↑
ECB rate (June 2024)	4.25%	→
Inflation (June 2024)	0.8%	→
GDP 2024F	0.8%	→

Source: JLL Research; Istat; Oxfordeconomics

Historical investment trends

€ billions



Source: JLL Research, transactions > \$5m, includes direct, entity and development

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