



PRESS RELEASE

**Corporate property investments in Italy worth 11.7 billion Euro in 2019**

- **Corporate investments on the Italian market amounted to 11.7 billion Euro in 2019 (+40.6% from 2018), beating the 2017 record high of 11.1 billion**
- **The office market was the asset class where investor demand was highest, at 5 billion Euro**
- **Investments in the hospitality sector totaled 2.9 billion Euro, 4 times the transaction volume in 2018**
- **Record investments in Milan for 4.3 billion Euro (+51.7% on 2018) driven largely by the office sector, where investments totaled 3.5 billion, the highest level of the last 8 years**
- **Growth on the Rome market with transactions worth 1.8 billion Euro overall, led by the office, retail and hospitality sectors**

*Milan, January 16, 2020* – **Corporate real estate investments (non-residential) amounted to 11.7 billion Euro in 2019, rising 40.6%** from 8.3 billion Euro in 2018 and beating the record high of 2017.

As reported in the latest **Prelios Group Market Research**, the **office sector** continued to lead corporate investor preferences, with transactions totaling **5 billion Euro**, or 42.6% of the national total, an **increase of 57.5%** from 2018 transaction volumes.

2019 will, however, be the year of the **hospitality sector**, where overall investments rose to **2.9 billion Euro**, 4 times the total transacted in 2018, reflecting the impact of important transactions in North East Italy and Rome and the disposal of hotel portfolios by large international corporations.

Meanwhile, the **retail sector** experienced a slowdown, with transactions worth **1.6 billion Euro**, **down 29.4%** from 2018. Progress was nonetheless achieved by the outlet and high street segments, with the latter reporting investments in the main shopping streets in Milan, Florence, Bologna and Trieste.

The **logistics sector** also performed well with transactions for **1.4 billion Euro** (+44.8% from 2018).

The macro region of North West Italy had transactions amounting to 5 billion Euro, followed by Central Italy, where investments totaled 2.5 billion, driven by the cities of Rome and Florence. In the North East, transactions were 1.1 billion Euro as a result of important investments in Venice; in Southern Italy, the investment volume was 300 million. The difference is attributable to properties sold on a "portfolio" basis.

**Capital invested** in Italy continued to come mainly from foreign investors, who accounted for **78%**, or **9.1 billion Euro**, of which one third from American property companies and private equity funds. In Europe, the largest investment flows came from France, Germany, the UK and Switzerland, while Singapore and South Korea were the most significant Asian investors. Domestic investors accounted for 22% of the total, and were led by Italian property funds.



The **Milan** property market continued to be the key driver for national investments. Transactions in Milan in 2019 totaled **4.3 billion Euro**, a sharp increase on volumes in 2018 (+51.7%) fueled by the office sector with investments for 3.5 billion Euro, the highest amount of the last 8 years.

The retail sector was worth 300 million Euro, a downturn of 43.4%, while there was significant growth in the hospitality and logistics sectors, which each reported transactions amounting to approximately 200 million Euro.

In the fourth quarter, sales of a number of iconic office buildings in central Milan took the prime net yield to 3.15% (-0.35% from Q3 2019), the lowest level ever recorded. The office rental market exceeded the record level of 400,000 sq m, bolstered by take-up in the Milanese hinterland, suburbs and center; in the center, the prime rent reached €600/sq m/year, underpinned by an increasingly selective demand focused on trophy assets.

International investors accounted for 75.2% of the total (3.3 billion) with capital coming in mainly from the USA, Asia and Continental Europe.

In **Rome**, 2019 was a year of positive change for the property market. Investments totaled **1.8 billion Euro**, led by the hospitality sector with transactions for more than 400 million as a result of a series of deals completed in the fourth quarter.

The retail market was particularly dynamic, especially in the shopping center segment, while the office market reported transactions for 900 million, notably in the city center and the EUR district. The take-up of office space was 270,000 sq m, the highest volume of the last 8 years, driven by rentals in the center and the EUR district; the prime rent was €450/sq m/year in the Central Business District and €350/sq m/year in the EUR district, for annual growth of 4.7% and 2.9% respectively.

Of the total, domestic capital accounted for 53.4% of investment flows, or approximately 900 million Euro, and came from property funds and private investors. The remaining capital came from the USA, the UK and Switzerland.

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