

MILAN

Key Investment Trends

Approximately €1 bn in transaction volumes was recorded in Milan in the first half of 2018, of which more than half (about €557 mn) pertained the office sector. Milan is once again the main destination for office investment, attracting 64% of all transactions involving office properties in Italy (around €870 mn).

Transactions are almost equally distributed throughout the different zones of the city, with the CBD Duomo and Periphery standing out, together accounting for nearly 50% of the volume for the half-year.

Thanks to the dynamism of the leasehold market, the investment market continues to record transactions involving vacant properties and, therefore, to be redeveloped, accounting for one-quarter of the transactions.

Market Position – Ranked by Yield

EMEA Rank	City	All sector Yield (%)	12 mth basis point change
12	Dublin	4.05	-21
13	Oslo	4.06	-16
14	Stockholm	4.16	5
15	Copenhagen	4.18	-14
16	Cologne	4.22	-42
17	Milan	4.26	0
18	Rome	4.42	0
19	Utrecht	4.55	-35
20	Barcelona	4.58	-8
21	Brussels	4.61	57

Note: Lowest scoring yield ranks highest.

Yield Outlook

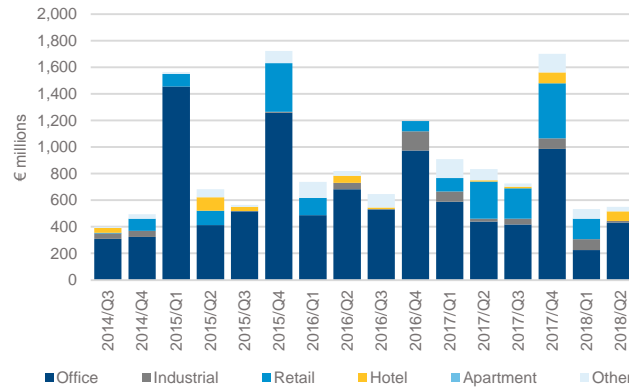


Sectors to watch out for in the next 12M

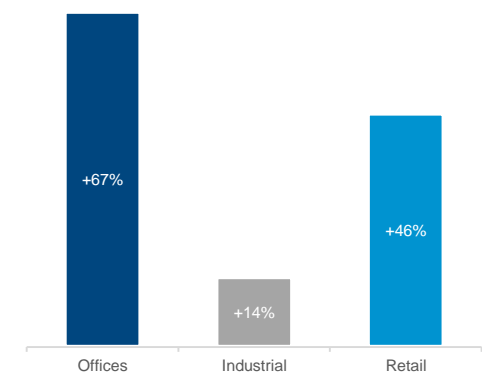


Source: Colliers International, Oxford Economics.

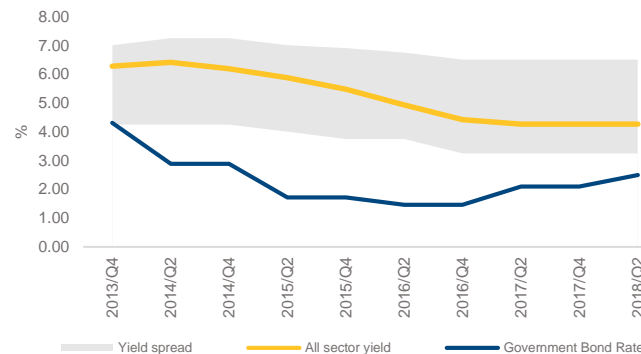
Quarterly investment volumes by sector (City & catchment)



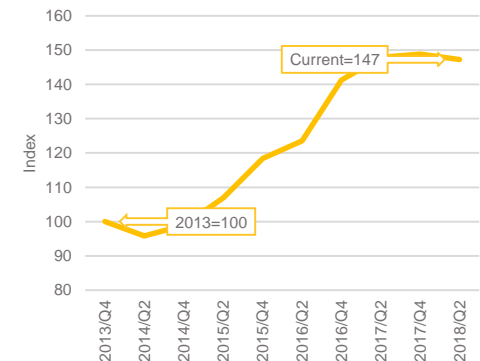
5yr cap. value growth – by sector



All sector yields vs. bond rates



All sector cap. value index

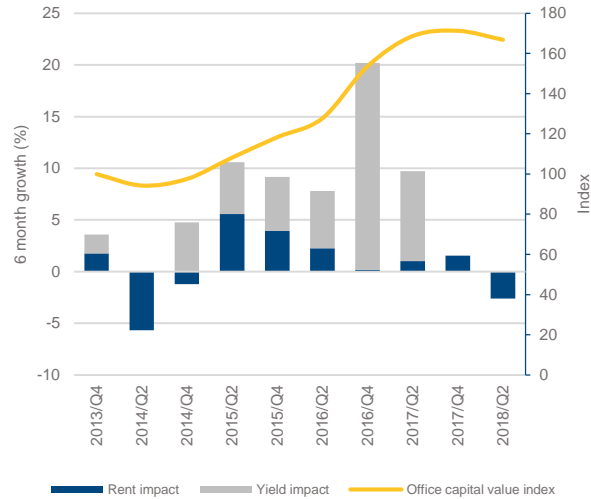


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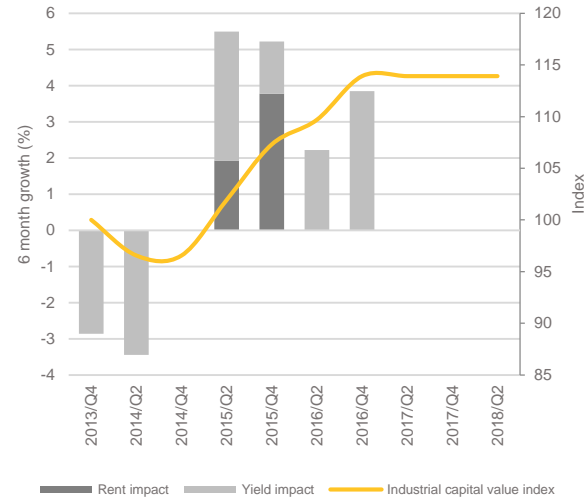
“The 2017 results created the illusion that the Italian real estate market was more active, approaching the levels of other mature European markets. In reality, the volume in the first half of the year brought the market to levels lower than in 2017 but in line with the average of 2013-2016. The main reason is the lack of product, especially the core one, and realising value-added transactions is requiring a greater amount of time. Some buildings transacted as value-added several years ago are expected to be introduced into the market, as their redevelopment is being completed, while other empty assets could arrive into the market.”

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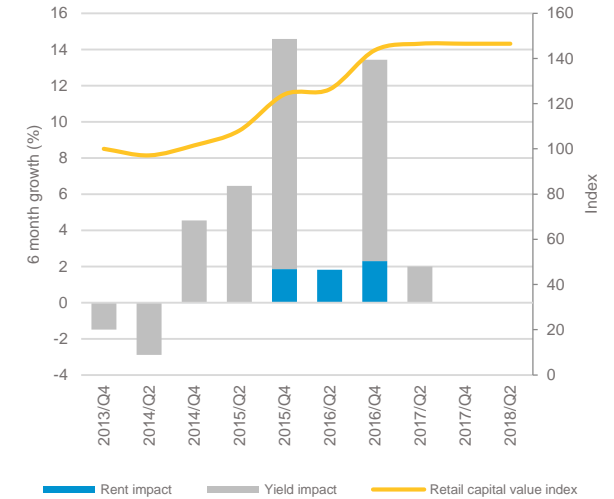
Cap. value index - rent/yield impact: Office



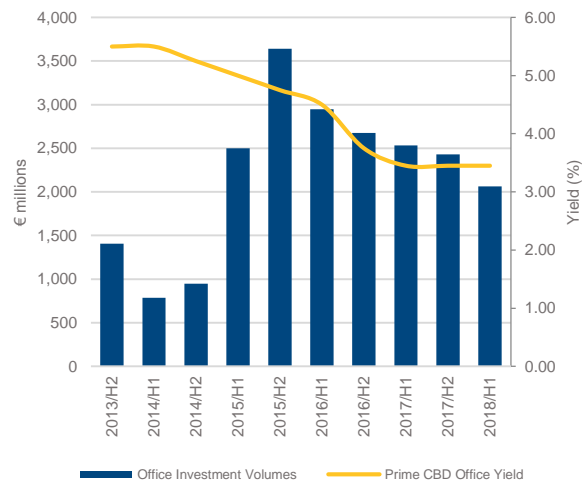
Cap. value index - rent/yield impact: Industrial



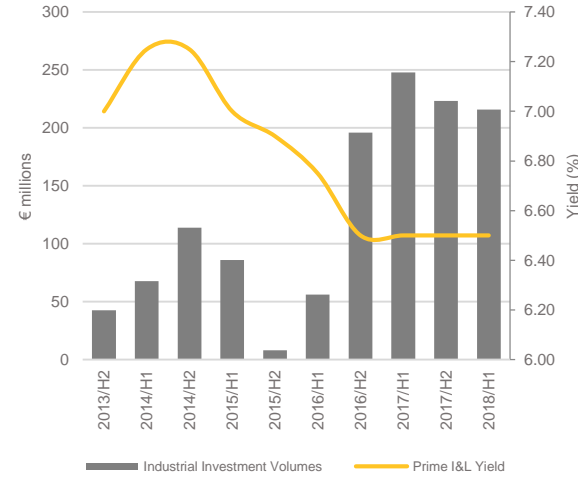
Cap. value index - rent/yield impact: Retail



Yields and 12M rolling investment volumes: Office



Yields and 12M rolling investment volumes: Industrial



Yields and 12M rolling investment volumes: Retail

