



Q4 2019

# OFFICE MARKET OVERVIEW

MILAN AND ROME



**Gabetti**  
PROPERTY SOLUTIONS

# INDEX

<b>HIGHLIGHTS</b>	4
<b>SUMMARY REPORT</b>	5
<b>MILAN</b>	6
TREND IN TRANSACTIONS	6
RENTS	7
YIELDS	7
TAKE UP	7
VACANCY	8
TAKE-UP BY MACROZONE	8
MAP OF PROPERTIES LET	9
<b>ROME</b>	10
TREND IN TRANSACTIONS	10
RENTS	11
YIELDS	11
TAKE UP	12
TAKE-UP BY MACROZONE	12
MAP OF PROPERTIES LET	13

# HIGHLIGHTS

The office market in Milan and Rome showed an increase of 32% in take-up during the last 12 months (Q1 2019-Q4 2019) compared to the previous 12-month period (Q1 2018-

Q4 2018). A focus on the two main Italian markets is provided below, with regard to NTN (Normalised Number of Transactions), rents, yields, take up and vacancy.

## MILAN

**TAKE UP** Q4 2019

**487,700** SQM



Up compared to Q1 - Q4 2018

**PRIME RENT** CBD

**580** € SQM/YEAR



Up compared to the corresponding quarter of 2018, equal to 570 €/sqm/year.

## ROME

**TAKE UP** Q4 2019

**271,500** SQM



Up compared to Q1 - Q4 2018

**PRIME RENT** CBD-CENTRO

**450** € SQM/YEAR



Up compared to the corresponding quarter of 2018 (420€/sqm/year).

## SUMMARY REPORT

The **positive trend in Milan's office market** continued in 2019, with estimated **take-up of approximately 487.700 sqm**, up compared to the same period of 2018.

In terms of area let, the most active markets during 2019 were the Periphery, with 26% of the total area, and the Hinterland, with 24%. There was a slight increase in prime rents in the CBD, to around **580 €/sqm/year** compared to the same period of 2018 and remained stable compared to the previous quarter.

Moving on to the **Capital**, the **take-up of office space amounted to approximately 271.500 sqm**. Rents showed a slight increase, with prime rent in the more central zones of the city amounting to **450€/sqm/year**. The EUR is the preferred macro-zone, accounting for 36% of total take-up.



*2019 achieved the best result in the office market for both the city of Milan and the city of Rome, showing a take-up of 25% and 47% respectively, compared to the same period of 2018.*

*Rome has recorded an increase in prime rent in the more central zones of the city, at approximately 450 €/sqm per year.*



**Luca Blasi Toccacelli**  
General Manager, Agency Division  
Gabetti Group

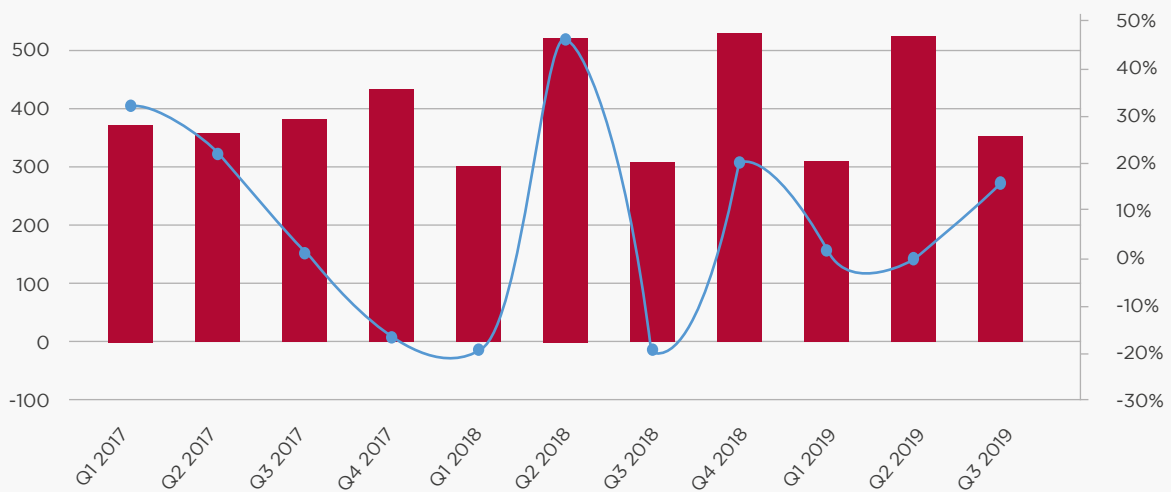


## TREND IN TRANSACTIONS

In 2018, a total of **1,645 transactions** involving office properties were recorded, **+6.8%** compared to 2017.

Furthermore, a total of **1,179 transactions** were registered in the first nine months, **up by 5.3% compared to the same period in 2018**. More specifically, 307 transactions were completed in the first quarter (+2.7%), as well as 520 in the second one (+0.9%) and a total of 352 in Q3, up by 15.3%.


QUARTELY TREND IN THE NUMBER OF TRANSACTIONS AND ANNUAL VARIATIONS  
MILAN AND PROVINCE, Q1 2017 - Q3 2019



## RENTS


An analysis of lease agreements and the experience acquired by Gabetti agents provides some significant data with regard to average and prime rents, divided by zone.

**Prime rent** recorded in **Q4 2019** was **580 €/sqm/year**, higher than the figure recorded in the same quarter of 2018, equal to 570 €/sqm/year. Note that prime rents undergo decreases based on any incentives offered (such as free rent, step-up etc.).

 <b>CBD</b>	<b>RENT €/sqm/yr - Q4 2019</b>	
	<b>AVERAGE RENT</b>	<b>PRIME RENT</b>
<b>CBD</b>	485	580
<b>PN BD</b>	450	510
<b>Centre</b>	400	470
<b>Semicentre</b>	310	400
<b>Periphery</b>	220	300
<b>Hinterland</b>	150	210

## YIELDS

Compared to the prior quarter, gross yields have remained essentially stable, with **Prime Yield** in the Centre of Milan at around **4.50%**.

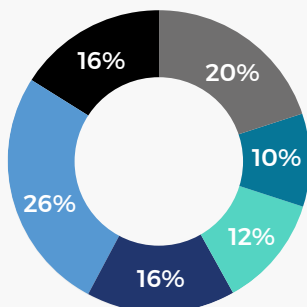
 <b>CBD-Centre</b>	<b>YIELDS (%) Q4 2019</b>
	<b>PRIME</b>
<b>CBD-Centre</b>	4.50%
<b>Semicentre</b>	6.00%
<b>Periphery</b>	7.00%
<b>Hinterland</b>	7.50%

## TAKE UP

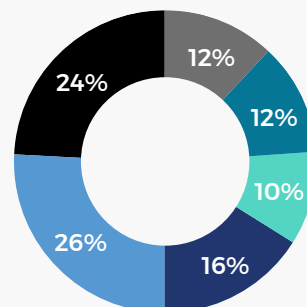
Estimated **take-up** during **2019** was **approximately 487,700 sqm** (considering the leading operators and a fragmented portion of smaller operators), up by 25% compared to the same period in 2018. In terms of **number of contracts** stipulated, the majority were recorded in the **Periphery (26%)**, followed by the **CBD (20%)**, the **Hinterland** and the **Semicentre (16%)**.

In terms of size, the Periphery accounted for the highest proportions (26%), followed by the Hinterland (24%) and the Semicentre (16%).

**DISTRIBUTION OF LEASED UNITS  
MILAN Q1-Q4 2019**



**DISTRIBUTION OF LEASED AREA  
MILAN Q1-Q4 2019**

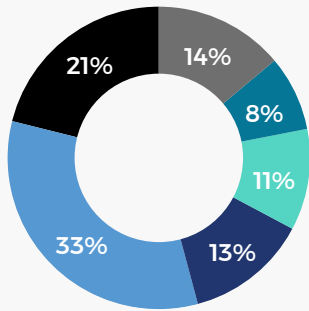


Hinterland
  CBD
  Porta Nuova B. D.
  Periphery
  Semicentre
  Centre

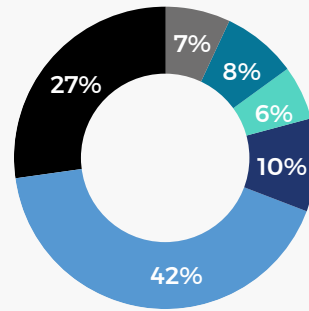
# VACANCY

The estimated **overall vacancy** in the Milanese area as of Q4 2019 is approximately **1.47 million sqm**. In terms of surface, the unbundled analysis of the territory shows a prevalence of **vacant spaces** in the **peripheral area** of the city, with 42%, followed by the **Hinterland**, with 27% of the total vacancy.

DISTRIBUTION OF VACANT UNITS  
MILAN Q1-Q4 2019



DISTRIBUTION OF VACANT AREA  
MILAN Q1-Q4 2019

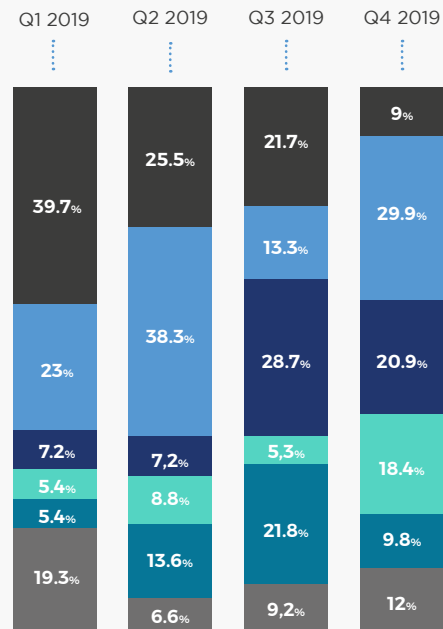


# TAKE UP BY MACROZONE

The graph illustrates the historical series of take-ups by macrozone for the last 12 months.

The analysis of the **last quarter** shows that, **29.9%** of take-up was recorded in the **Periphery**, **20.9%** in the **Semicentre** and **18.4%** in the **Centre**, followed by the **CBD** with **12%**, the **Porta Nuova Business District** with **9.8%** and the **Hinterland** with **9%**.

QUARTERLY DISTRIBUTION OF THE TAKE UP  
MILAN Q1 2019 - Q4 2019



Hinterland
  CBD
  Porta Nuova B. D.
  Periphery
  Semicentre
  Centre



# MAP OF PROPERTIES LET

This thematic map was created based on some of the main lease agreements stipulated over the last 12 months in city of Milan and towns in the hinterland. The map distinguishes the zones based on average rent.

ZONE	DATA	TOTAL
<b>CBD</b>	Number of contracts	62
	Leased area (sq.m)	57,968
	Average leased area (sq.m)	935
	Average rent (€/sq.m/year)	417
<b>PN BD</b>	Number of contracts	30
	Leased area (sq.m)	60,959
	Average leased area (sq.m)	2,032
	Average rent (€/sq.m/year)	380
<b>Centre</b>	Number of contracts	38
	Leased area (sq.m)	46,904
	Average leased area (sq.m)	1,234
	Average rent (€/sq.m/year)	369
<b>Semicentre</b>	Number of contracts	51
	Leased area (sq.m)	78,307
	Average leased area (sq.m)	1,535
	Average rent (€/sq.m/year)	271
<b>Periphery</b>	Number of contracts	79
	Leased area (sq.m)	127,351
	Average leased area (sq.m)	1,612
	Average rent (€/sq.m/year)	185
<b>Hinterland</b>	Number of contracts	49
	Leased area (sq.m)	116,265
	Average leased area (sq.m)	2,373
	Average rent (€/sq.m/year)	153
<b>Total number of contracts</b>		<b>309</b>
<b>Total leased area (sq.m)</b>		<b>487,754</b>
<b>Average leased area (sq.m)</b>		<b>1,578</b>
<b>Average rent (€/sq.m/year)</b>		<b>272</b>



400 a 600 300 a 399 250 a 299 200 a 249 150 a 199 100 a 149

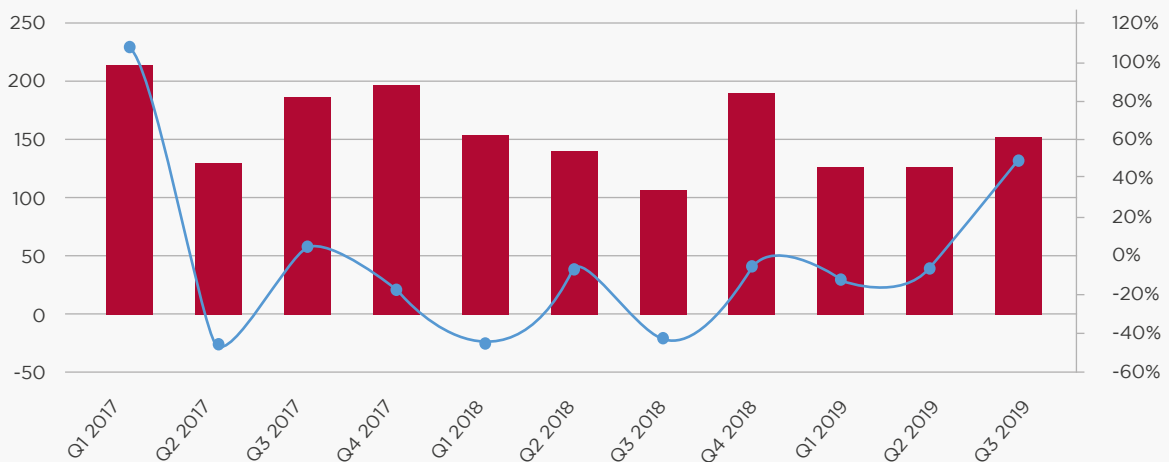


## TREND IN TRANSACTIONS

In **2018**, a total of **583 transactions** were recorded. During the first nine months of 2019, **406 transactions** were registered (+ 2.3%) compared to the same period of 2018.

More specifically during the **first and the second quarter** a total of **126 transactions** occurred, a downward trend compared to 2018. The **third quarter**, instead, registered an **outstanding growth**, with **153 transactions**.

QUARTELY TREND IN THE NUMBER OF TRANSACTIONS AND ANNUAL VARIATIONS  
ROME AND PROVINCE, Q1 2017 - Q3 2019



## RENTS

An analysis of lease agreements and the experience acquired by Gabetti agents provides some significant data with regard to average and prime rents, divided by zone. In particular, given the distribution of office properties in the city of Rome, 4 macro-areas were identified - the centre, the semicentre, EUR and Periphery, which also includes the sub-markets of Nuova Fiera di Roma, East Inner Gra and South-East Inner Gra.

**Prime rent** for lettings in Q4 2019 was **450 €/sqm/year**, higher compared to the figure recorded in the same quarter of 2018 (420 €/sqm/year).



### RENT €/sqm/year - Q4 2019

	AVERAGE RENT	PRIME RENT
<b>CBD*</b>	390	450
<b>Centre*</b>	275	350
<b>Semicentre</b>	260	300
<b>Eur</b>	270	350
<b>Periphery</b>	140	210

*Note that prime rents undergo decreases based on any incentives offered (such as free rent, step-up, etc.).  
\*Also note a redefinition of the zones CBD and Centre, with a consequent impact on the average and prime figures of the two zones.*

## YIELDS

Prime yields values (gross) compared to the prior quarter are essentially stable, with **prime yield** in the centre of Rome at around **5.00%**.



### YIELDS (%) Q4 2019

	PRIME
<b>CBD-Centre</b>	5.00%
<b>Semicentre</b>	6.50%
<b>Eur</b>	6.50%
<b>Periphery</b>	7.80%

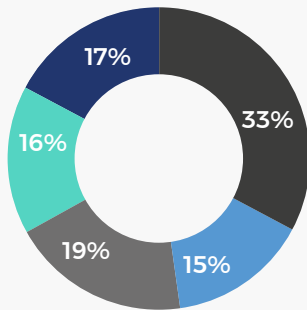


# TAKE UP

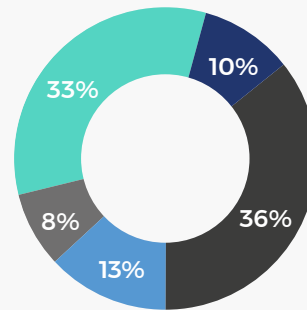
**Estimated take-up in 2019** was approximately **271,500 sqm** (considering the leading operators and a fragmented portion of smaller operators), +47% compared to 2018. However, it is necessary to point out that for the city of Rome, the market share attributed to non-institutional operators is higher than in Milan.

In terms of number of contracts stipulated, the highest amount was recorded in the EUR (33%), followed by the **CBD** (19%), while the **EUR** heads the ranking in terms of area, accounting for **36%**, followed by the **Centre** with **33%** of the total area let.

**DISTRIBUTION OF LEASED UNITS  
ROME Q1-Q4 2019**



**DISTRIBUTION OF LEASED AREA  
ROME Q1-Q4 2019**

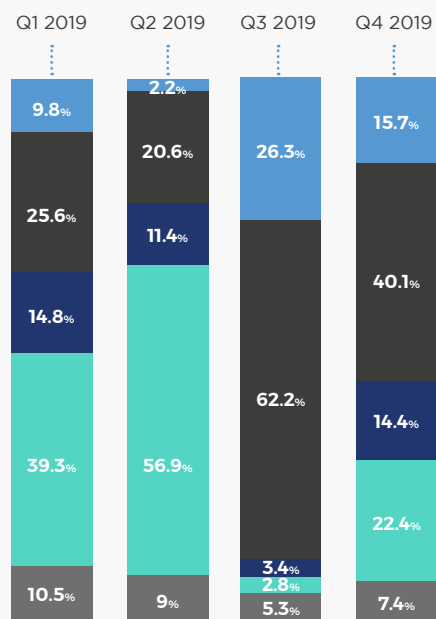


## TAKE UP BY MACROZONE

The figure shows the historical series for the last 12 months with regard to take-up by macrozone.

During the **last quarter** under analysis, the preferred macrozone was **EUR**, with **40.1%** of total take-up. This was followed by the **Centre** with **22.4%**, the **Periphery** (which includes the zones of Nuova Fiera di Roma, East Inner Gra and South-East Inner Gra) with **15.7%**, the **Semicentre** with **14.4%** and lastly the **CBD** with **7.4%**.

**QUARTERLY DISTRIBUTION OF THE TAKE UP,  
ROME Q1 2019 - Q4 2019**



■ Semicentre ■ EUR ■ Periphery ■ CBD ■ Centre

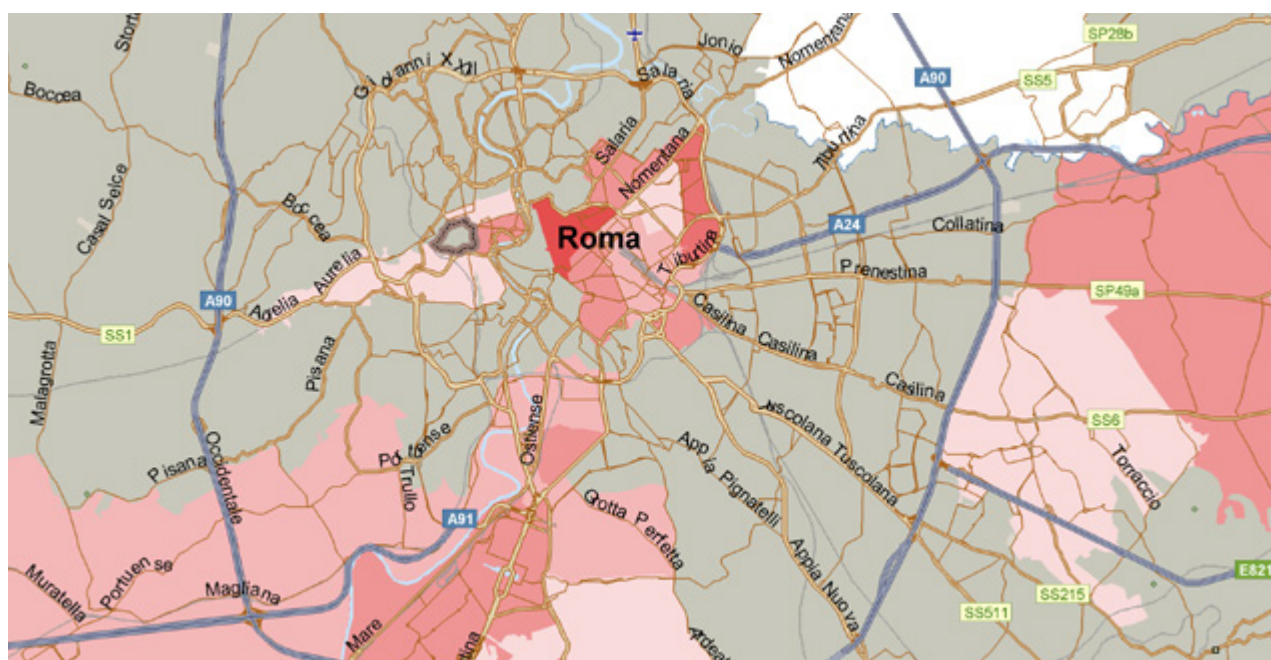
# MAP OF PROPERTIES LET

This thematic map was created based on some of the main lease agreements stipulated over the last 12 months in the city of Rome. The map distinguishes the zones based on average rent.

ZONE	DATA	TOTAL
<b>CBD</b>	Number of contracts	28
	Leased area (sq.m)	22,359
	Average leased area (sq.m)	799
	Average rent (€/sq.m/year)	380
<b>Centre</b>	Number of contracts	24
	Leased area (sq.m)	90,273
	Average leased area (sq.m)	3,761
	Average rent (€/sq.m/year)	257
<b>Semicentre</b>	Number of contracts	25
	Leased area (sq.m)	28,188
	Average leased area (sq.m)	1,128
	Average rent (€/sq.m/year)	254
<b>EUR</b>	Number of contracts	50
	Leased area (sq.m)	96,759
	Average leased area (sq.m)	1,935
	Average rent (€/sq.m/year)	240
<b>Periphery</b>	Number of contracts	10
	Leased area (sq.m)	10,148
	Average leased area (sq.m)	1,015
	Average rent (€/sq.m/year)	143
<b>East Inner Gra</b>	Number of contracts	5
	Leased area (sq.m)	4,769
	Average leased area (sq.m)	954
	Average rent (€/sq.m/year)	135
<b>Nuova Fiera di Roma</b>	Number of contracts	7
	Leased area (sq.m)	18,978
	Average leased area (sq.m)	2,711
	Average rent (€/sq.m/year)	213
<b>Total number of contracts</b>		<b>149</b>
<b>Total leased area (sq.m)</b>		<b>271,474</b>
<b>Average leased area (sq.m)</b>		<b>1,822</b>
<b>Average rent (€/sq.m/year)</b>		<b>261</b>

\* Note that the average rents shown in the table above solely refer to the contracts analysed and do not necessarily represent the average rents of the zone.

N.B.: Quarterly take-up may undergo slight fluctuations during the course of the quarters and up to year-end, due to assignment of the transactions to the various quarters.



■ 350 a 450 ■ 300 a 349 ■ 250 a 299 ■ 200 a 249 ■ 150 a 199 ■ 100 a 149

## OUR REPORTS:



Residential Overview



Leasehold Market



The Prestigious Homes Market



Investment Overview



Office Market Overview



Office Quality Focus



Hotels



Find all our reports on [gabettigroup.com](https://gabettigroup.com) in the Studies department



Stay updated on upcoming releases by following our [page linkedin](#)

*This report must not constitute the basis for negotiations or transactions without specific and qualified professional assistance. Although we have examined the facts and data contained in this report, Gabetti Property Solutions S.p.A. does not in any way guarantee their accuracy and truthfulness and declines any and all responsibility with regard to any damage, direct or indirect, of any nature, suffered by third parties in relation to the contents of this report. The information and data contained in the report may be published, provided that the source is stated. Apart from the above, they may not be reproduced, wholly or partially, nor may any reference be made to them without prior authorisation by Gabetti Property Solutions S.p.A. - © Gabetti Property Solutions S.p.A. 2020*



**Research Department**

**Francesca Fantuzzi**

*Supervisor*

ffantuzzi@gabetti.it

**Roberta Giusto**

*Junior Analyst*

rgiusto@gabetti.it



**Luca Blasi Toccacelli**

*General Manager*

**Lelio Manna**

*Strategic Advisor Office Milan*

LManna@gabetti.it

