



Q2 2021

# OFFICE MARKET OVERVIEW

## MILAN AND ROME



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## HIGHLIGHTS

The office market in Milan and Rome reported a recovery in take-up during the first 6 months of 2021 compared to the same period of 2020, which was significantly impacted by the Covid-19 health emergency. Specifically, Rome recorded a change of 50% and Milan 15%, indicating significant growth, although

absolute volumes are still below those recorded in 2019.

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 H1 2021

# 190,100

 SQM


Up 15% against H1 2020.

### PRIME RENT CBD

# 600

 € SQM/YEAR


Stable against the prior quarter.

## ROME

### TAKE UP H1 2021

# 67,600

 SQM


Up 50% against H1 2020.

### PRIME RENT CBD-CENTRE

# 440

 € SQM/YEAR


Stable against the prior quarter.

# SUMMARY REPORT

The office market closed the **first half of 2021** with take-up of **190,100 sqm in Milan** and **67,600 sqm in Rome**.

This result shows an increase if compared to the same period in 2020, year which was sharply impacted by the Covid-19 health emergency.

In terms of area let, the most active markets in Milan were the Periphery, accounting for 26% of the total area, with a transaction involving an entire building of approximately 20,000 sqm recorded in Q2 2021, followed by the Centre, which accounted for 23% of the total thanks to a pre-let deal of around 35,000 sqm.

Prime rents in the CBD are stable at approximately **600 €/sqm/year** compared to the prior quarter.

Moving on to the **Capital**, the Periphery is the preferred macrozone, accounting for 29% of total take-up. Rents are stable compared to the prior quarter, with prime rent in the more central zones of the city at **440 €/sqm/year**.



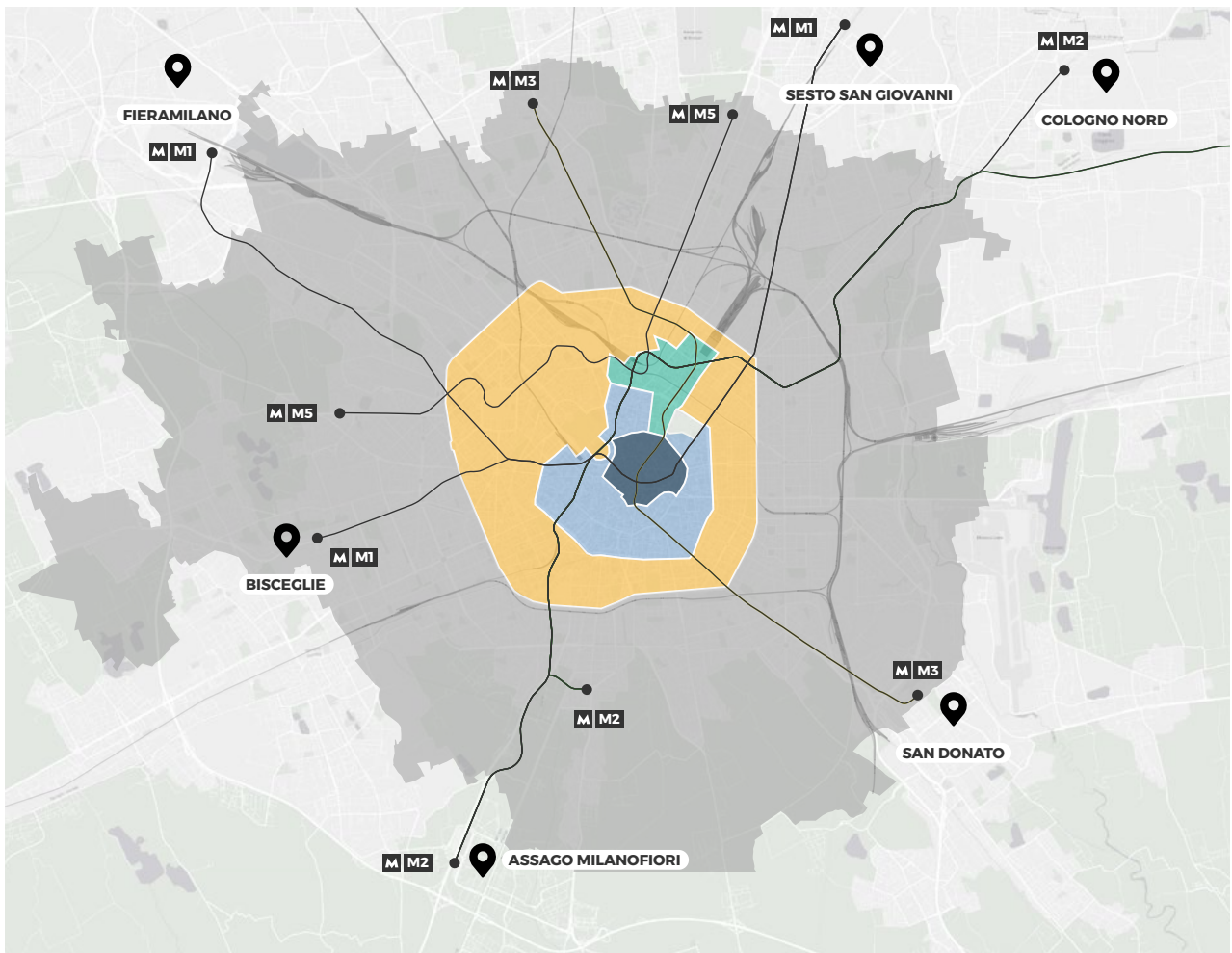
*Thanks to a vaccination campaign which is at an advanced stage in our country, new operating methods for offices are being designed and implemented, able to better reconcile the on-site presence and remote working. As a result, those seeking space are looking for new or renovated buildings, which are more suitable to accommodate these new requirements.*

*If all goes well, the office market may perform even better in the second half of 2021 than in the first.*



**Luca Blasi Toccacelli**

General Manager, Agency Division  
Gabetti Group



□ Hinterland

■ CBD

■ Porta Nuova B. D.

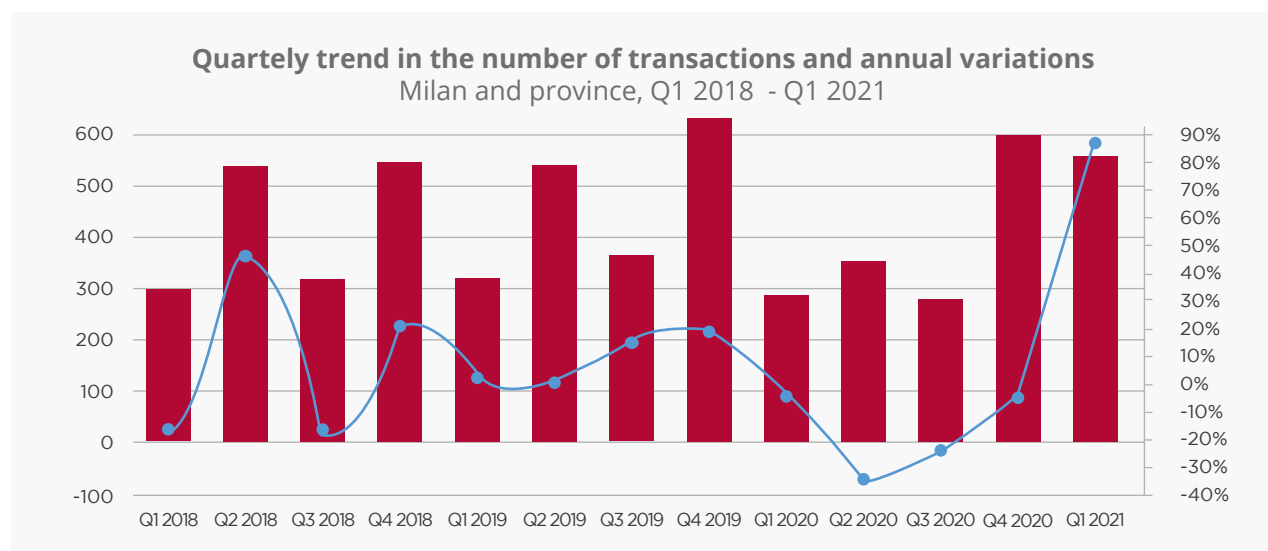
■ Periphery

■ Semicentre

■ Centre

## TREND IN TRANSACTIONS

A total of **545 transactions** were recorded in **Q1 2021**, nearly double the figure of the same period in 2020 (**287**). Overall, the year **2020** was impacted by the health emergency in terms of normalised transactions, closing with a total of **1,494 transactions**, **-17.1% compared to 2019**. In detail, 287 transactions were recorded in **Q1 2020**, down 6.4% against Q1 2019; the total in **Q2 2020** was 339 transactions, -34.8% compared to Q2 2019, while transactions in **Q3 2020** amounted to 266 (-24.4% compared to Q3 2019) and transactions in **Q4 2020**, amounted to **602 (-3.5%)**.



Gabetti Research Department analysis of Agenzia delle Entrate data

## RENTS

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

**Prime rent** recorded in Q2 2021 was **600 €/sqm/year**, stable with respect to the figure recorded in the prior quarter.

Note that prime rents undergo decreases based on any incentives offered (such as free rent, step-up, etc.).

	RENT €/sqm/year - Q2 2021	
	AVERAGE RENT	PRIME RENT
<b>CBD</b>	490	600
<b>PN BD</b>	460	520
<b>Centre</b>	405	480
<b>Semicentre</b>	330	430
<b>Periphery</b>	220	300
<b>Hinterland</b>	160	230

## YIELDS

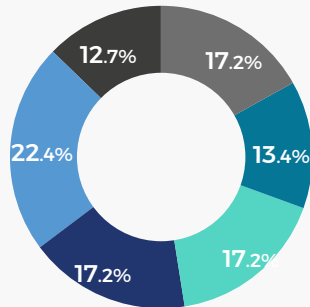
Compared to the prior quarter, gross yields are stable, with **Prime Yield** in the centre of Milan at around **4.25%**.

	YIELDS (%) Q2 2021	
	PRIME	
<b>CBD-Centre</b>	4.25%	
<b>Semicentre</b>	6.00%	
<b>Periphery</b>	7.00%	
<b>Hinterland</b>	7.50%	

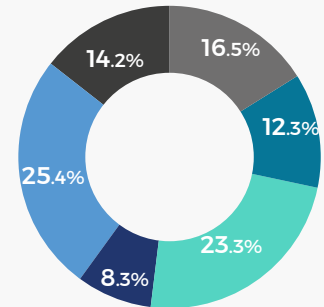
## TAKE UP

Estimated **take-up in H1 2021** was approximately **190,100 sqm** (considering the leading operators and a fragmented portion of smaller operators), up 14.5% compared to H1 2020. In terms of number of contracts stipulated, the majority were recorded in the **Periphery (22%)**, followed by the CBD, Centre and Semicentre (each with 17%). In terms of **area let**, the **Periphery** is again the **biggest market (26%)**, following a self-contained building transaction of approximately 20,000 sqm recorded in Q2 2021; it is followed by the Centre with 23% of the total, thanks to a pre-let of approximately 35,000 sqm, and the CBD with 17%.

**Distribution of leased units**  
Milan  
H1 2021



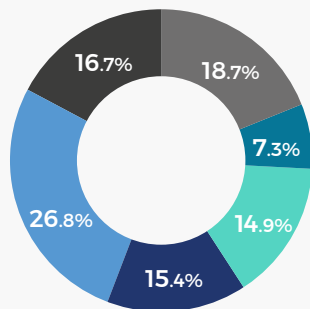
**Distribution of leased area**  
Milan  
H1 2021



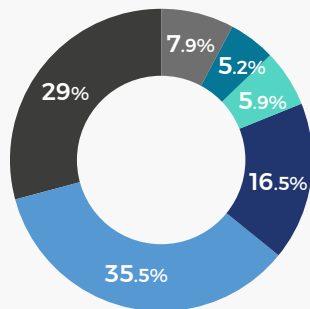
## VACANCY

The estimated overall vacancy in the Milanese area in **Q2 2021** was approximately **1.4 million sqm**. With regard to breakdown, the predominance of vacant space in terms of area is in the city's peripheral zone, at 35%, followed by the Hinterland, which accounts for 29% of total vacancy.

**Distribution of vacant units**  
Milan  
Q2 2021



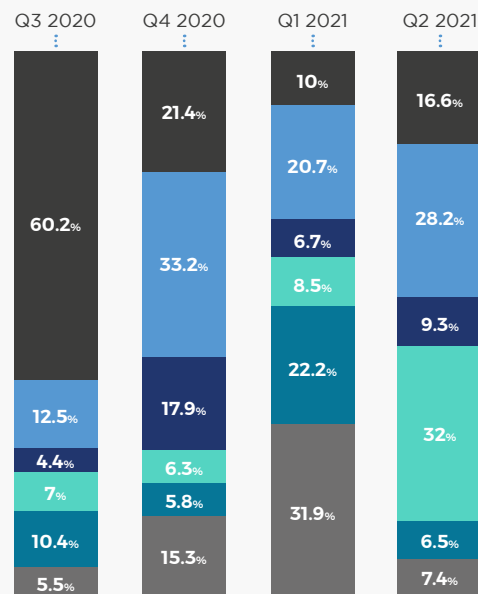
**Distribution of vacant area**  
Milan  
Q2 2021



## TAKE UP BY MACROZONE

The graph shows the historical series for the last 12 months with regard to **take-up** by macrozone. During the last quarter under analysis, **32%** of take-up was recorded in the **Centre** and **28%** in the **Periphery**.

**Quarterly distribution of the take up**  
Milan Q3 2020 - Q2 2021

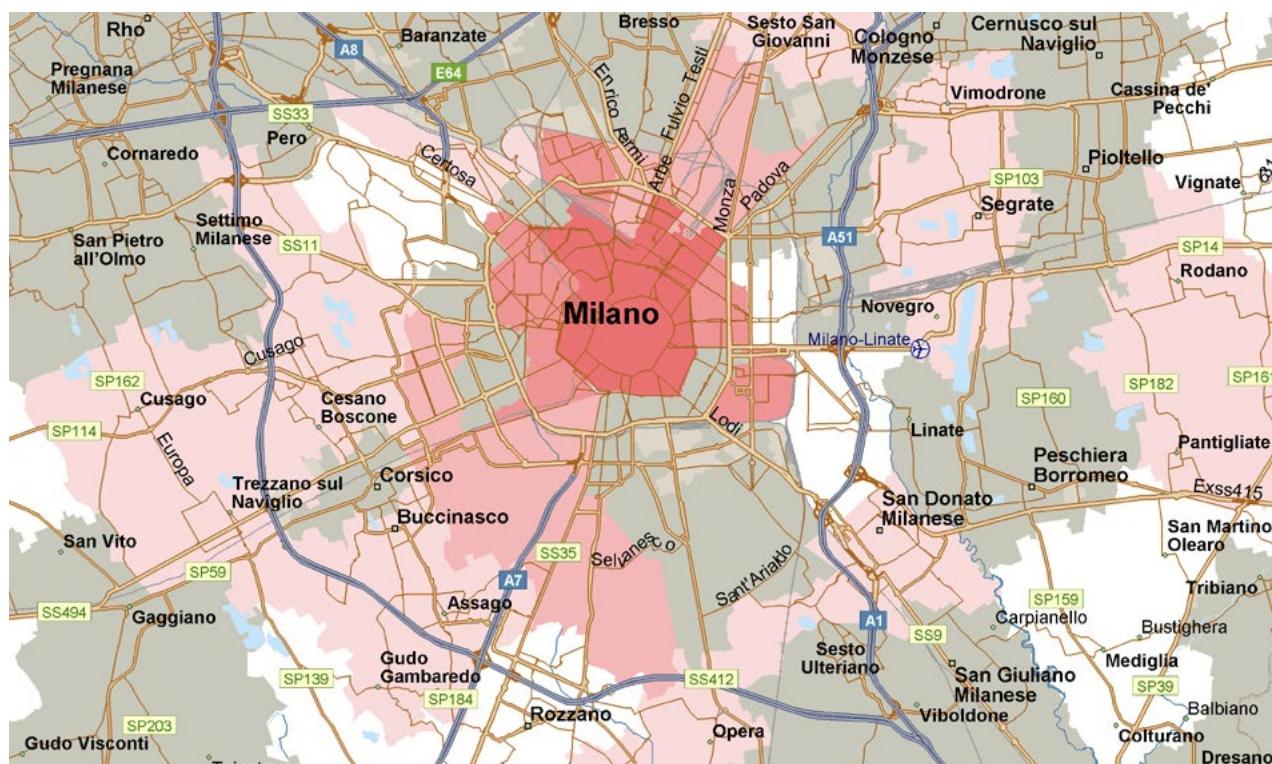




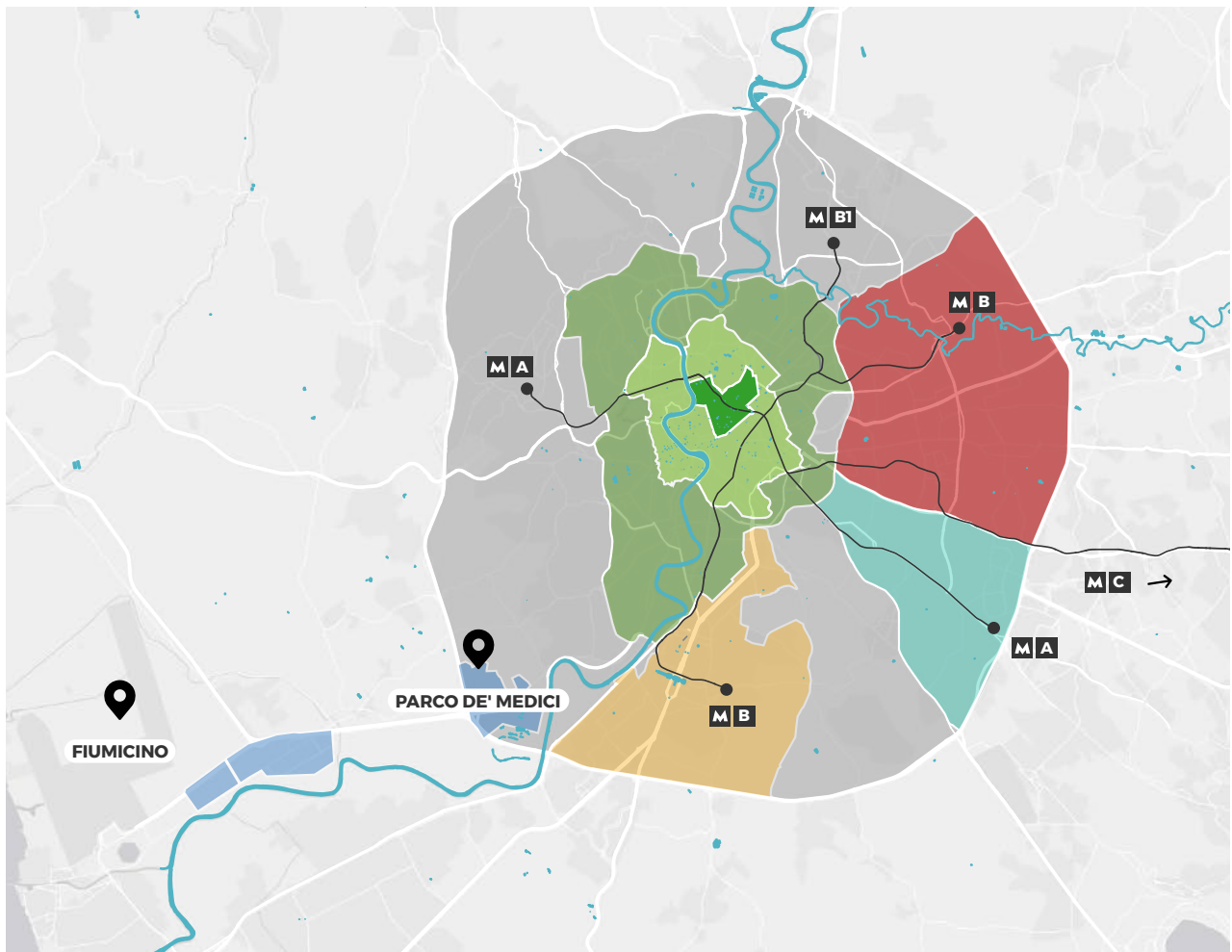
# MAP OF PROPERTIES LET

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

ZONE	DATA	TOTAL
<b>CBD</b>	Number of contracts	43
	Leased Area (sq.m)	47,332
	Average leased Area (sq.m)	1,101
	Average rent (€/sq.m/year)	433
<b>PN BD</b>	Number of contracts	34
	Leased Area (sq.m)	32,691
	Average leased Area (sq.m)	962
	Average rent (€/sq.m/year)	411
<b>Centre</b>	Number of contracts	37
	Leased Area (sq.m)	52,837
	Average leased Area (sq.m)	1,428
	Average rent (€/sq.m/year)	362
<b>Semicentre</b>	Number of contracts	37
	Leased Area (sq.m)	33,835
	Average leased Area (sq.m)	914
	Average rent (€/sq.m/year)	278
<b>Periphery</b>	Number of contracts	53
	Leased Area (sq.m)	83,442
	Average leased Area (sq.m)	1,574
	Average rent (€/sq.m/year)	188
<b>Hinterland</b>	Number of contracts	36
	Leased Area (sq.m)	69,531
	Average leased Area (sq.m)	1,931
	Average rent (€/sq.m/year)	164
Total number of contracts		240
Total leased area (sq.m)		319,668
Average leased area (sq.m)		1,332
Average rent (€/sq.m/year)		288



450 a 600 300 a 449 250 a 299 200 a 249 150 a 199 100 a 149

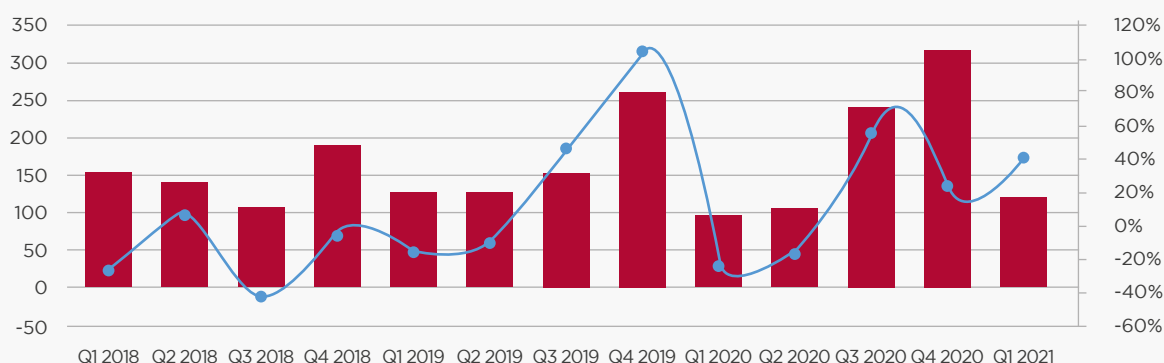


- EUR    ■ Periphery (included ■ East and ■ South-East Inner G.R.A. ■ Axis Rome-Fiumicino
- CBD    ■ Semicentre    ■ Centre

## TREND IN TRANSACTIONS

In **Q1 2021**, a total of **135 transactions** were recorded **in the province of Rome**, up compared to the same period of 2020 (95). In **2020**, a total of **762 office transactions** were recorded, **+14.3% compared to 2019**. Specifically, **95 transactions** were recorded in **Q1 2020**, down compared to the same period in 2019 (-24.7%). The total in **Q2 2020** was 105 transactions (-16.9%), while in **Q3 2020** total transactions amounted to 238 (+55.4% compared to Q3 2019). Lastly, a total of 323 transactions were recorded in Q4 2020 (+24.1% compared to Q4 2019).

Quarterly NTN performance and change compared to same quarter of the prior year  
Rome and province, Q1 2018 - Q1 2021



Gabetti Research Department analysis of Agenzia delle Entrate data

## RENTS

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

In particular, given the distribution of office properties in the city of Rome, 4 macro-areas were identified - the centre, semicentre, EUR and periphery, which also includes the sub-markets of Nuova Fiera di Roma, East Inner Gra, South-East Inner Gra and the Fiumicino corridor).

**Prime rent** for properties let in Q2 2021 was **440 €/sqm/year**, stable compared to the same figure of the prior quarter.



RENT €/sqm/year - Q2 2021

	AVERAGE RENT	PRIME RENT
<b>CBD*</b>	350	440
<b>Centre*</b>	290	370
<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 yield values (gross) compared to the prior quarter are stable, with **prime yield** in the centre of Rome at around **4.75%**.



YIELDS (%) Q2 2021

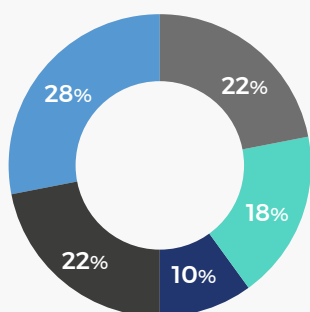
	PRIME
<b>CBD-Centre</b>	4.75%
<b>Semicentre</b>	6.50%
<b>Eur</b>	6.50%
<b>Periphery</b>	7.80%

## TAKE UP

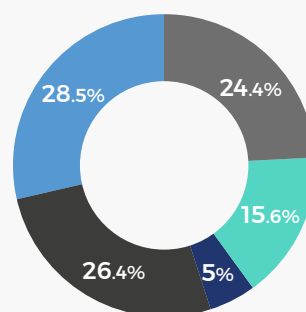
Take-up in **H1 2021** was approximately **67,600 sqm** (considering the leading operators and a fragmented portion of smaller operators), up compared to the first half of 2020. However, we should point out that for the city of Rome, the market share attributed to non-institutional operators is higher than in Milan.

In terms of number of contracts stipulated, the highest amount was recorded in the Periphery (28%), followed by the CBD and EUR (each at 22%). In terms of area, the Periphery still heads the ranking, accounting for 29% of the total area let, followed by the EUR with 26%.

**Distribution of leased units**  
Rome H1 2021



**Distribution of leased area**  
Rome H1 2021



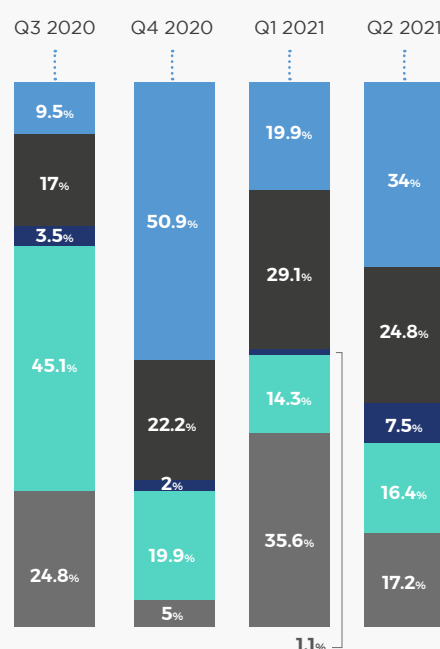
## TAKE-UP BY MACROZONE

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 Periphery was the preferred macrozone, accounting for 34% of total take-up, followed by the EUR with 25% and the CBD with 17%.

■ Semicentre ■ EUR ■ Periphery ■ CBD ■ Centre

**Quarterly distribution of the take up**  
Rome Q3 2020 - Q2 2021





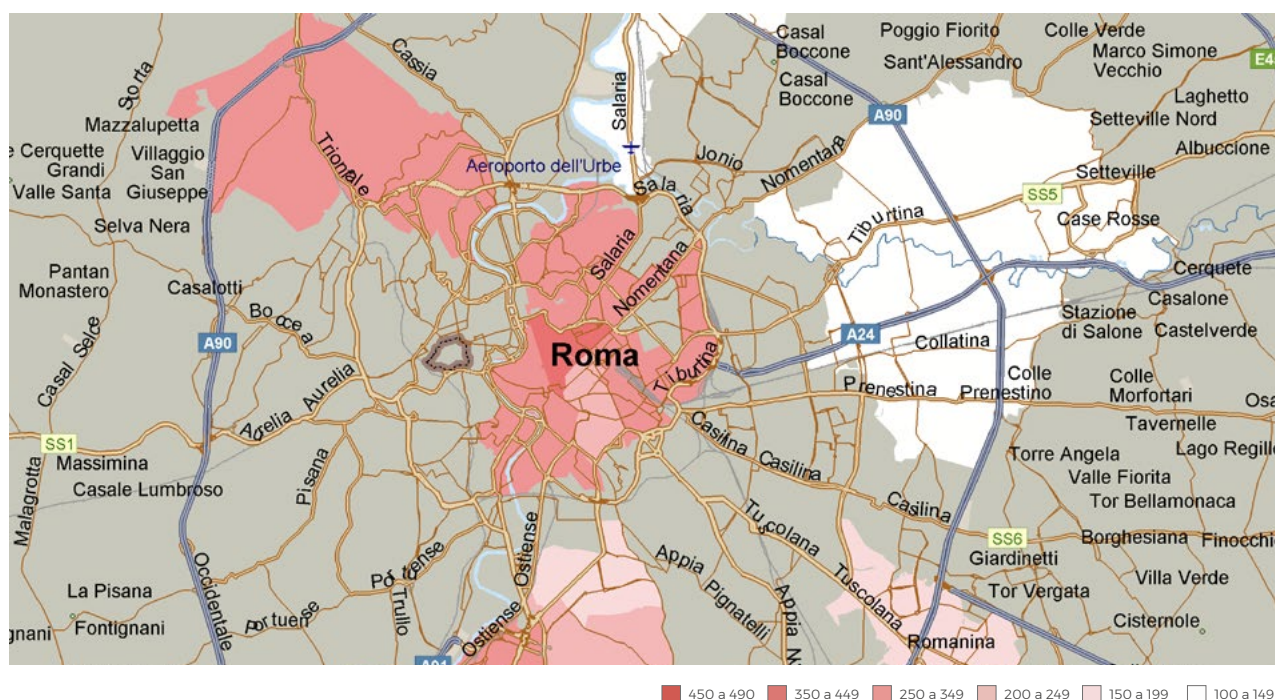
# MAP OF PROPERTIES LET

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	16
	Leased area (sq.m)	22,757
	Average leased area (sq.m)	1,422
	Average rent (€/sq.m/year)	391
<b>Centre</b>	Number of contracts	21
	Leased area (sq.m)	28,660
	Average leased area (sq.m)	1,365
	Average rent (€/sq.m/year)	328
<b>Semicentre</b>	Number of contracts	9
	Leased area (sq.m)	5,197
	Average leased area (sq.m)	577
	Average rent (€/sq.m/year)	258
<b>EUR</b>	Number of contracts	29
	Leased area (sq.m)	34,231
	Average leased area (sq.m)	1,180
	Average rent (€/sq.m/year)	235
<b>Periphery</b>	Number of contracts	10
	Leased area (sq.m)	39,761
	Average leased area (sq.m)	3,976
	Average rent (€/sq.m/year)	154
<b>East Inner Gra</b>	Number of contracts	9
	Leased area (sq.m)	10,205
	Average leased area (sq.m)	1,134
	Average rent (€/sq.m/year)	127
<b>Nuova Fiera di Roma</b>	Number of contracts	2
	Leased area (sq.m)	2,085
	Average leased area (sq.m)	1,043
	Average rent (€/sq.m/year)	n.a.
Total number of contracts		96
Total leased area (sq.m)		142,896
Average leased area (sq.m)		1,489
Average rent (€/sq.m/year)		259

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.



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