



Q4 2021

# OFFICE MARKET OVERVIEW

## MILAN E ROME



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## HIGHLIGHTS

The office market in Milan and Rome showed a recovery in take-up in 2021 compared to 2020, which was significantly impacted by the Covid-19 health emergency. In particular, Rome recorded a variation of +15% and Milan +27%, both showing substantial growth,

although at the absolute level, 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 Q1-Q4 2021

**376,300** SQM



Figure up by +27% compared to 2020

PRIME RENT CBD

**610** € SQM/YEAR



Figure up against the prior quarter

## ROME

TAKE UP Q1-Q4 2021

**138,400** SQM



Figure up by +15% compared to 2020

PRIME RENT CBD-CENTRE

**450** € SQM/YEAR



Figure up against the prior quarter

## REPORT SUMMARY

The office market closed **2021** with take-up of **376,300 sqm in Milan** and **approximately 138,400 sqm in Rome**.

This is a positive result if compared to 2020, year that was significantly impacted by the Covid-19 emergency, indicating a gradual recovery of the market, although volumes remain below those of 2019.

In terms of area let in **Milan**, the most active markets were the Periphery, accounting for 27% of the total area, with a self-contained property of approximately 20,000 sqm transacted in Q2 2021, followed by the Semicentre with 19% of the total, thanks to a pre-let deal of around 12,000 sqm. An increase against the pre-Covid period was also observed in terms of transactions completed, for a total of just over 300 transactions in 2021.

Compared to the prior quarter, there was a slight increase in prime rents in the CBD, currently at approximately **610 €/sqm/year**.

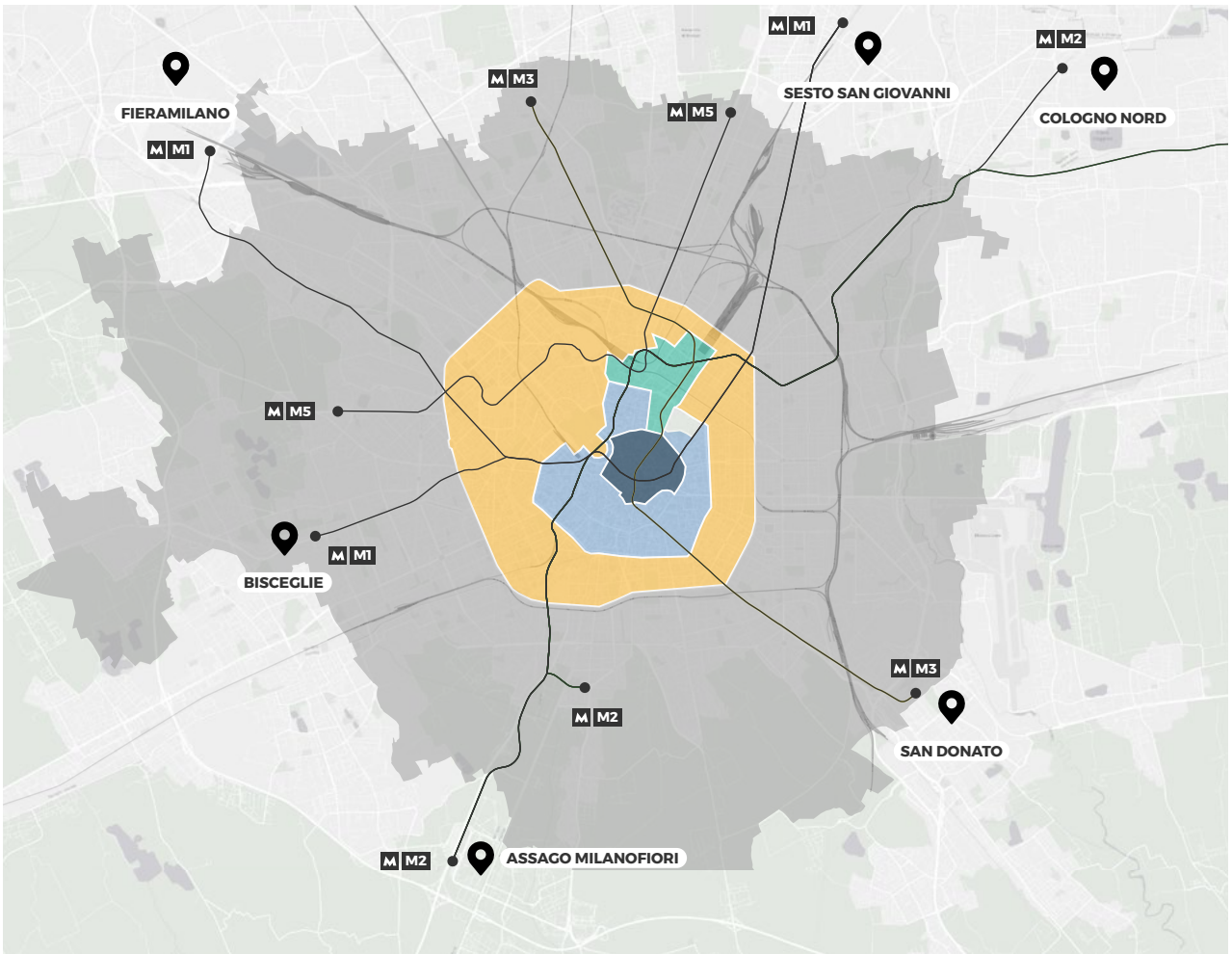
Moving on to the **Capital**, the EUR is the preferred macro-zone, accounting for 33% of total take-up. Rents are up slightly compared to the prior quarter, with prime rent in the more central zones of the city at **450 €/sqm/year**.



*As expected, the 2021 year-end figures provide a snapshot of a recovering office market. Growing results that highlight and confirm the strong interest in offices as a reference place for work*



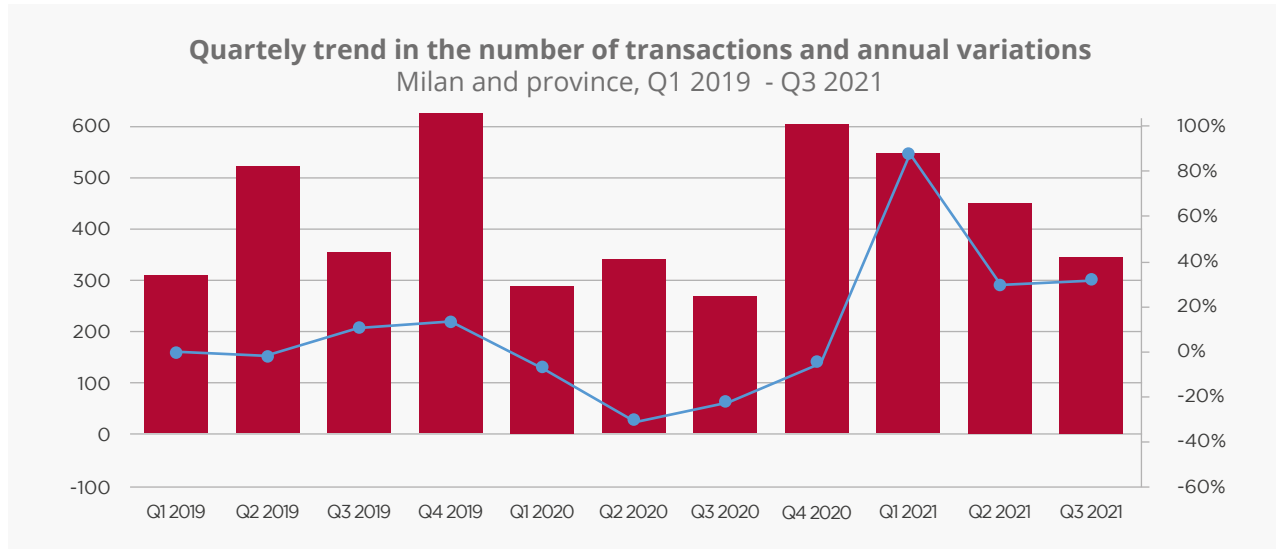
**Luca Blasi Toccacelli**  
General Manager, Agency Division  
Gruppo Gabetti



□ Hinterland   ■ CBD   ■ Porta Nuova B. D.   ■ Periphery   ■ Semicentre   ■ Centre

## TREND IN TRANSACTIONS

In the first nine months of 2021, a total of **1,349 transactions** were recorded (+51% compared to the same period in 2020). In detail, there were **545 transactions in Q1 2021, 449 in Q2 and 355 transactions in Q3**. Overall, **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**. A total of 287 transactions were recorded in **Q1 2020**, down 6.4% compared to Q1 2019; the total in Q2 2020 was 339 transactions, -34.8% compared to **Q2 2019**, while 266 transactions were completed in **Q3 2020** (-24.4% compared to Q3 2019) and **602 transactions in Q4 2020** (-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 Q4 2021 was **610 €/sqm/year**, up compared 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 - Q4 2021

	AVERAGE RENT	PRIME RENT
<b>CBD</b>	490	610
<b>PN BD</b>	470	550
<b>Centre</b>	405	480
<b>Semicentre</b>	330	430
<b>Periphery</b>	220	310
<b>Hinterland</b>	170	230

## YIELDS

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

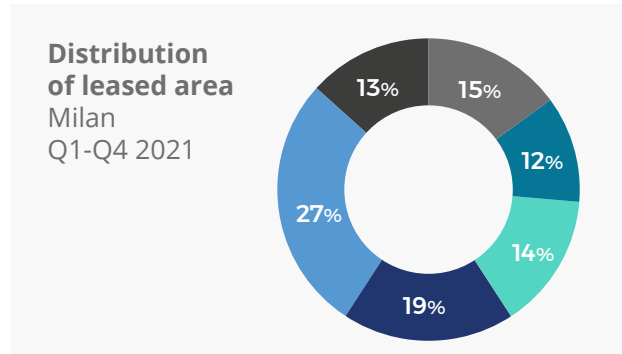
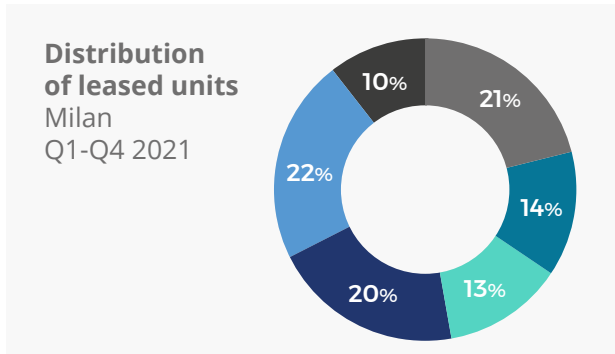


### YIELDS (%) Q4 2021

	PRIME
<b>CBD-Centre</b>	4.25%
<b>Semicentre</b>	6.00%
<b>Periphery</b>	7.00%
<b>Hinterland</b>	7.50%

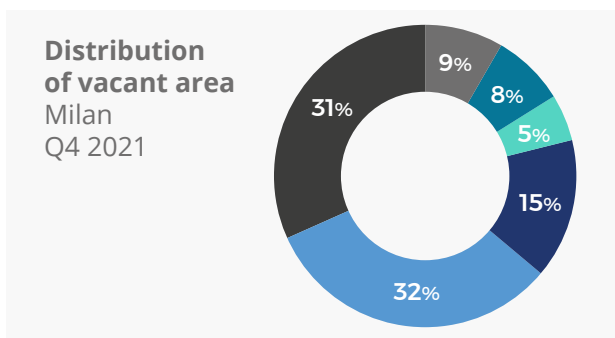
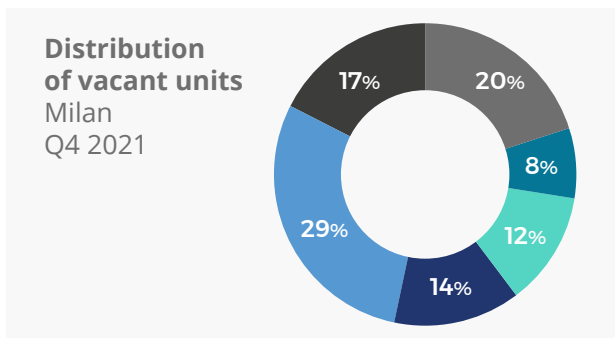
# TAKE UP

Estimated **take-up** during the period **Q1-Q4 2021** was approximately **376,300 sqm** (considering the leading operators and a fragmented portion of smaller operators), up by +27% compared to 2020. In terms of number of contracts stipulated, the majority were recorded in the **Periphery (22%)**, followed by the CBD (21%) and the Semicentre (20%). In terms of **area let**, the **Periphery** still accounts for the **biggest portion (27%)**, with a self-contained property of approximately 20,000 sqm transacted in Q2 2021; it is followed by the Centre with 19% of the total, due to a pre-let transaction of approximately 12,000 sqm, and the CBD with 15%.



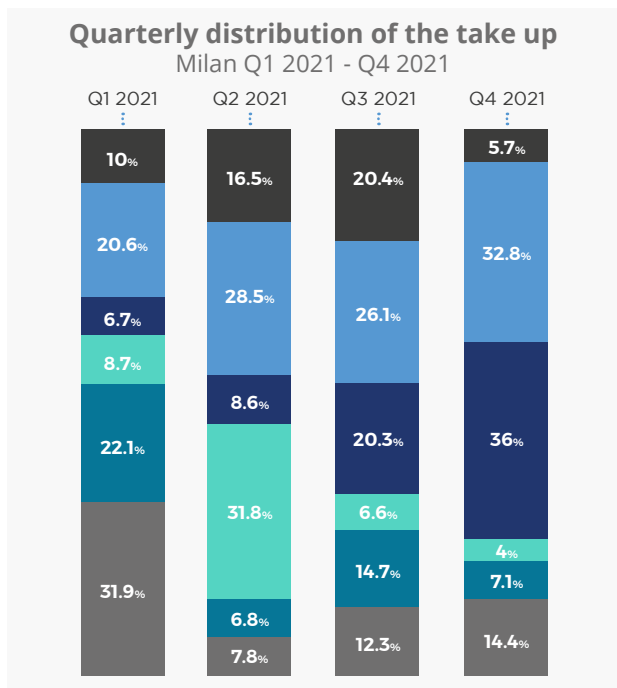
# VACANCY

The estimated **overall vacancy** in the Milanese area in **Q4 2021** was approximately **1.38 million sqm**. With regard to breakdown, the predominance of vacant space in terms of area is in Milan's periphery, with 32%, followed by the hinterland, which accounts for 31% of total vacancy.



# 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, **36%** of take-up was recorded in the **Semicentre** and **33%** in the **Periphery**.



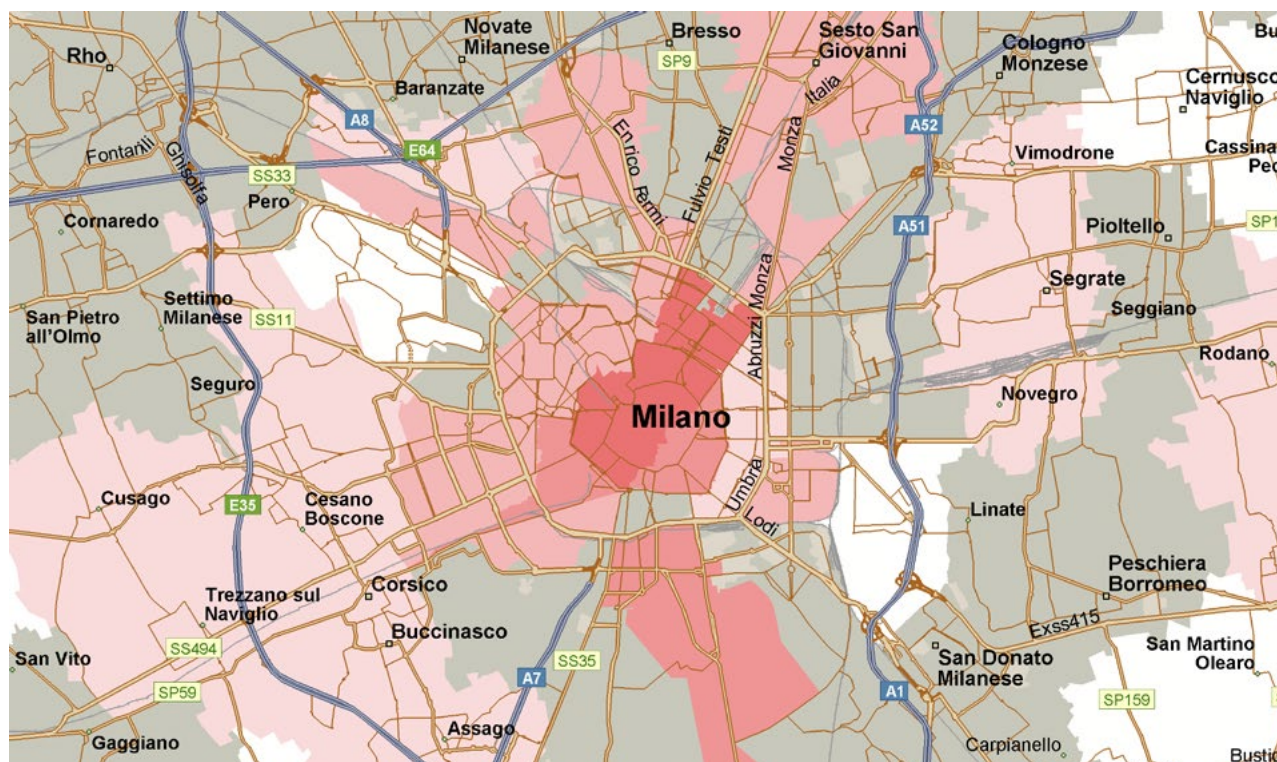
■ Hinterland ■ CBD ■ Porta Nuova B. D. ■ Periphery ■ Semicentre ■ Centre

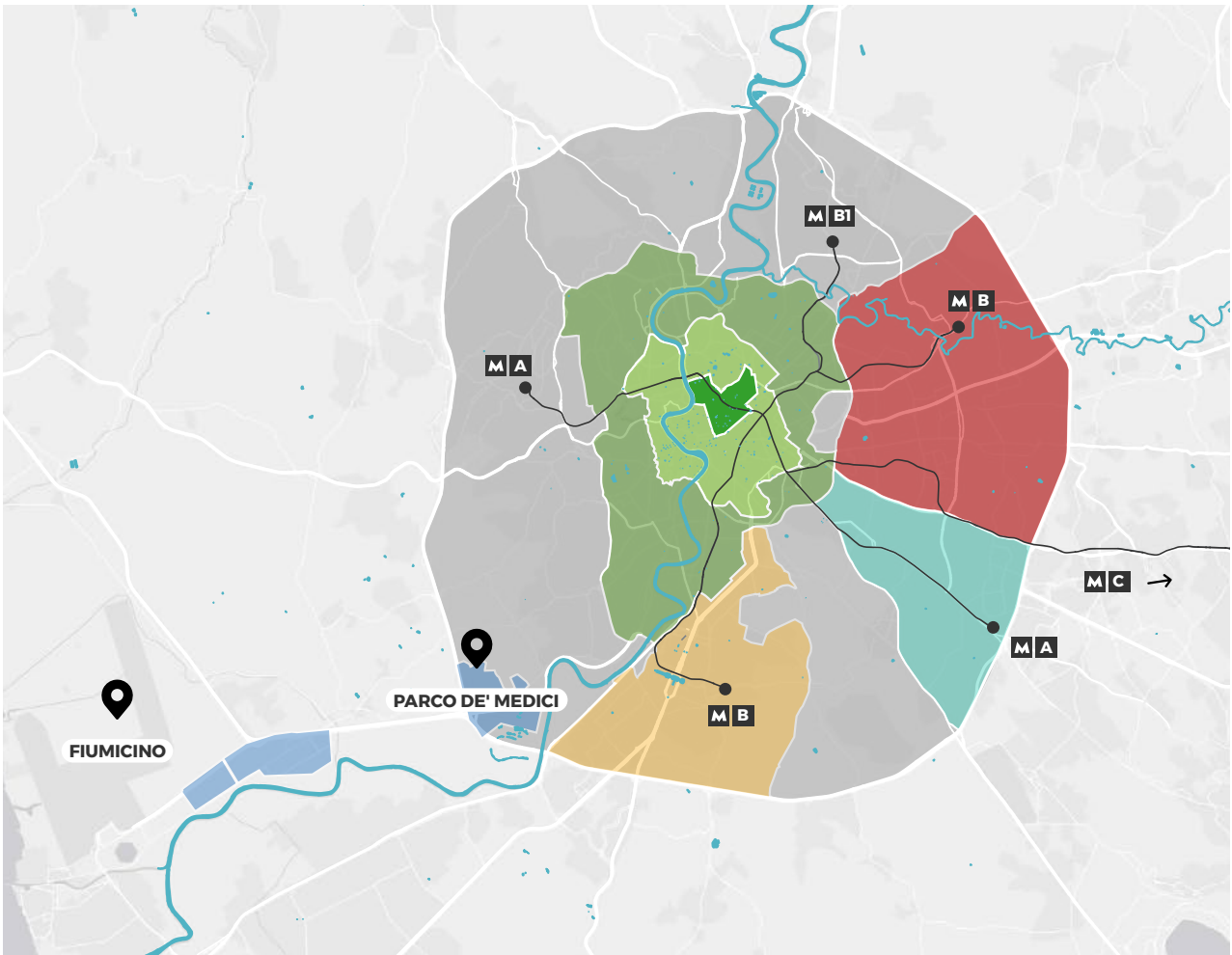


# MAP OF PROPERTIES LET

This thematic map was created based on some of the main lease agreements stipulated over the last 12 months in 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	66
	Leased Area (sq.m)	56,694
	Average leased Area (sq.m)	859
	Average rent (€/sq.m/year)	478
<b>PN BD</b>	Number of contracts	42
	Leased Area (sq.m)	43,367
	Average leased Area (sq.m)	1,033
	Average rent (€/sq.m/year)	445
<b>Centre</b>	Number of contracts	40
	Leased Area (sq.m)	54,181
	Average leased Area (sq.m)	1,355
	Average rent (€/sq.m/year)	347
<b>Semicentre</b>	Number of contracts	63
	Leased Area (sq.m)	69,337
	Average leased Area (sq.m)	1,101
	Average rent (€/sq.m/year)	267
<b>Periphery</b>	Number of contracts	69
	Leased Area (sq.m)	102,658
	Average leased Area (sq.m)	1,488
	Average rent (€/sq.m/year)	213
<b>Hinterland</b>	Number of contracts	32
	Leased Area (sq.m)	50,047
	Average leased Area (sq.m)	1,564
	Average rent (€/sq.m/year)	171
<b>Total number of contracts</b>		<b>312</b>
<b>Total leased area (sq.m)</b>		<b>376,284</b>
<b>Average leased area (sq.m)</b>		<b>1,206</b>
<b>Average rent (€/sq.m/year)</b>		<b>315</b>

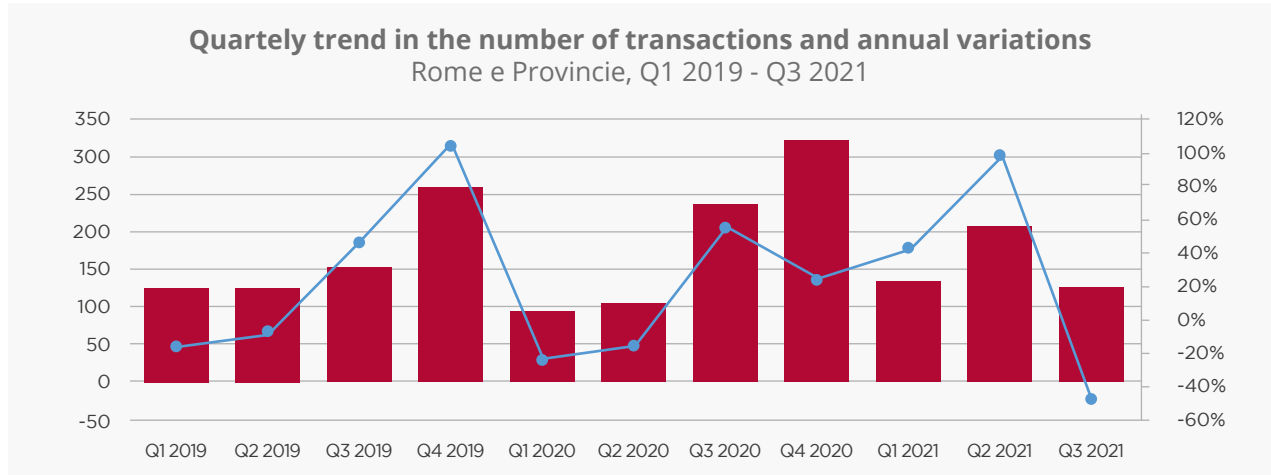




- EUR
- Periphery (included
- East and
- South-East Inner G.R.A.
- Axis Rome-Fiumicino
- CBD
- Semicentre
- Centre

## TREND IN TRANSACTIONS

In the **first nine months of 2021**, a total of **468** transactions were recorded in the province of Rome, **+7%** compared to the same period in 2020. In detail, there were **135** transactions in Q1, **208** in Q2 and **125** transactions in Q3. In **2020**, a total of **762 transactions involving office properties were recorded, +14.3% compared to 2019**. Specifically, in **Q1 2020, 95 transactions** were recorded, down compared to the same period in 2019 (-24.7%). The total in **Q2 2020** was 105 transactions (-16.9%); in **Q3 2020** total transactions amounted to 238 (+55.4% compared to Q3 2019) and in Q4 2020 a total of 323 transactions were recorded (+24.1% compared to Q4 2019).



*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, 5 macro-areas were identified - the CBD, 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 **Q4 2021** was **450 €/sqm/year**, up compared to the same figure of the prior quarter.

	RENT €/sqm/year - Q4 2021	
	AVERAGE RENT	PRIME RENT
<b>CBD</b>	350	450
<b>Centre</b>	310	390
<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.).*

## YIELDS

**Prime yield** values (gross) compared to the prior quarter are stable, at around **4.75%** in the centre of Rome.

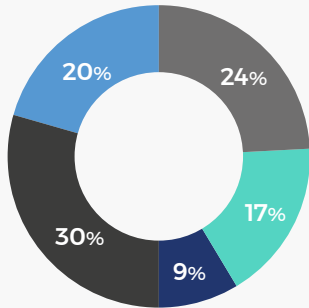
	YIELDS (%) Q4 2021
	PRIME
<b>CBD-Centre</b>	4.75%
<b>Semicentre</b>	6.50%
<b>Eur</b>	6.50%
<b>Periphery</b>	7.80%

# TAKE UP

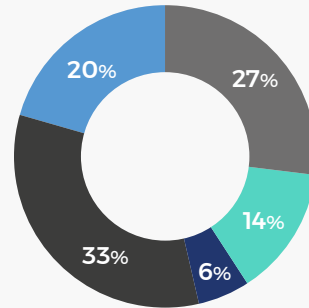
Take-up during the period **Q1-Q4 2021** was just under **138,400 sqm** (considering the leading operators and a fragmented portion of smaller operators), up by +15% compared to 2020. However, it is important to note that for the city of Rome, the market share attributed to non-institutional operators is higher than in Milan.

In terms of number of contracts stipulated, the highest amount was recorded in the EUR zone (30%), followed by the CBD (24%) and the Periphery (20%). In terms of area, the EUR again heads the ranking, accounting for 33% of the total area let, followed by the CBD with 27%.

**Distribution of leased units**  
Rome Q1-Q4 2021



**Distribution of leased area**  
Rome Q1-Q4 2021



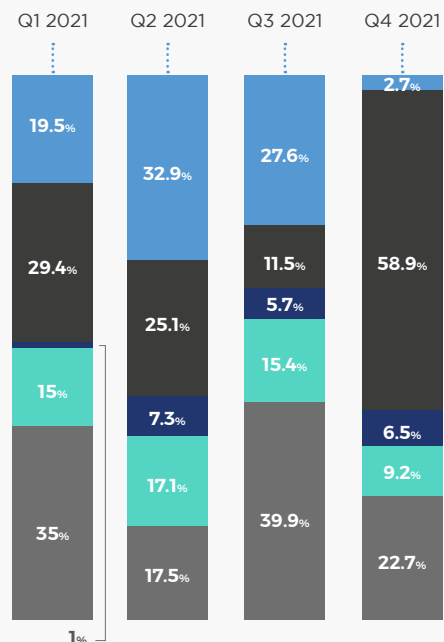
## TAKE-UP BY MACROZONE

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 **EUR** was the preferred macro-zone, accounting for **60%** of total **take-up**, recording 6 transactions of over 1,000 sqm each, followed by the **CBD** with **23%**.

■ Semicentre ■ EUR ■ Periphery ■ CBD ■ Centre

**Quarterly distribution of the take up**  
Rome Q1 2021 - Q4 2021

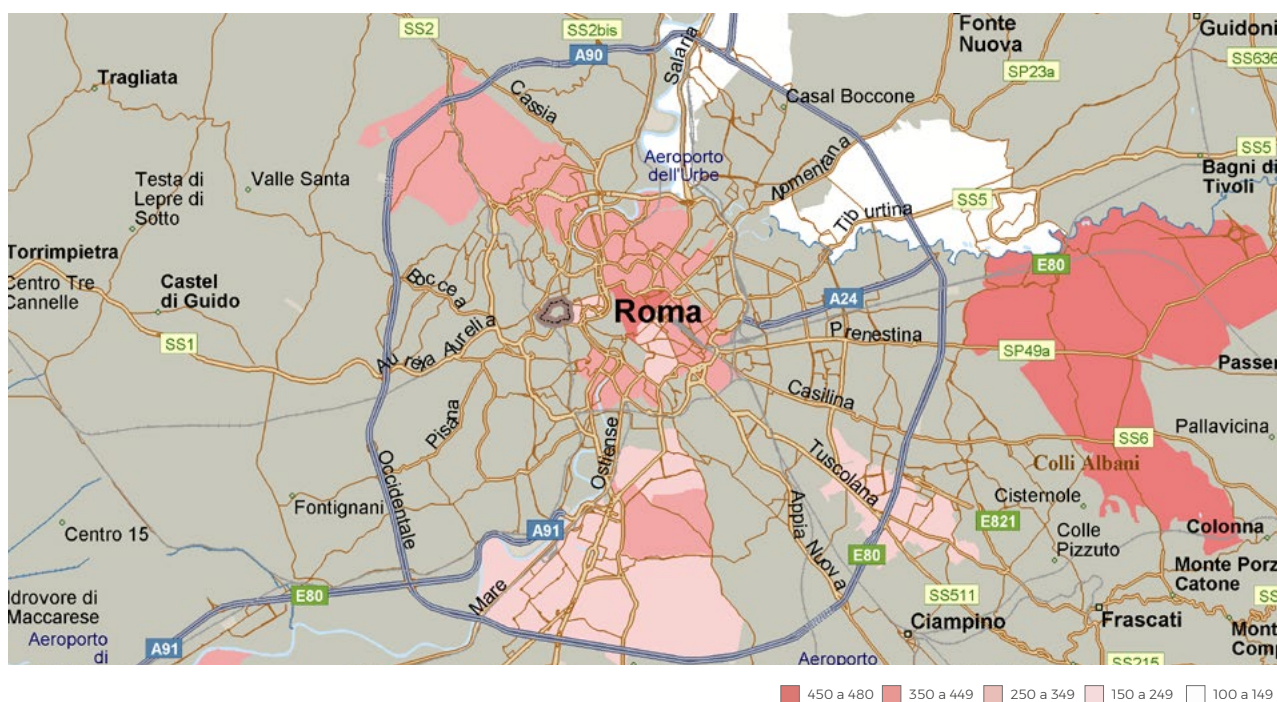


# MAP OF PROPERTIES LET

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	31
	Leased area (sq.m)	37,447
	Average leased area (sq.m)	1,208
	Average rent (€/sq.m/year)	347
<b>Centre</b>	Number of contracts	22
	Leased area (sq.m)	19,428
	Average leased area (sq.m)	883
	Average rent (€/sq.m/year)	292
<b>Semicentre</b>	Number of contracts	11
	Leased area (sq.m)	7,634
	Average leased area (sq.m)	694
	Average rent (€/sq.m/year)	251
<b>EUR</b>	Number of contracts	38
	Leased area (sq.m)	45,544
	Average leased area (sq.m)	1,199
	Average rent (€/sq.m/year)	243
<b>Periphery</b>	Number of contracts	15
	Leased area (sq.m)	13,848
	Average leased area (sq.m)	923
	Average rent (€/sq.m/year)	156
<b>East Inner Cra</b>	Number of contracts	9
	Leased area (sq.m)	12,375
	Average leased area (sq.m)	1,375
	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.d.
<b>Total number of contracts</b>		<b>128</b>
<b>Total leased area (sq.m)</b>		<b>138,361</b>
<b>Average leased area (sq.m)</b>		<b>1,081</b>
<b>Average rent (€/sq.m/year)</b>		<b>258</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.



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