

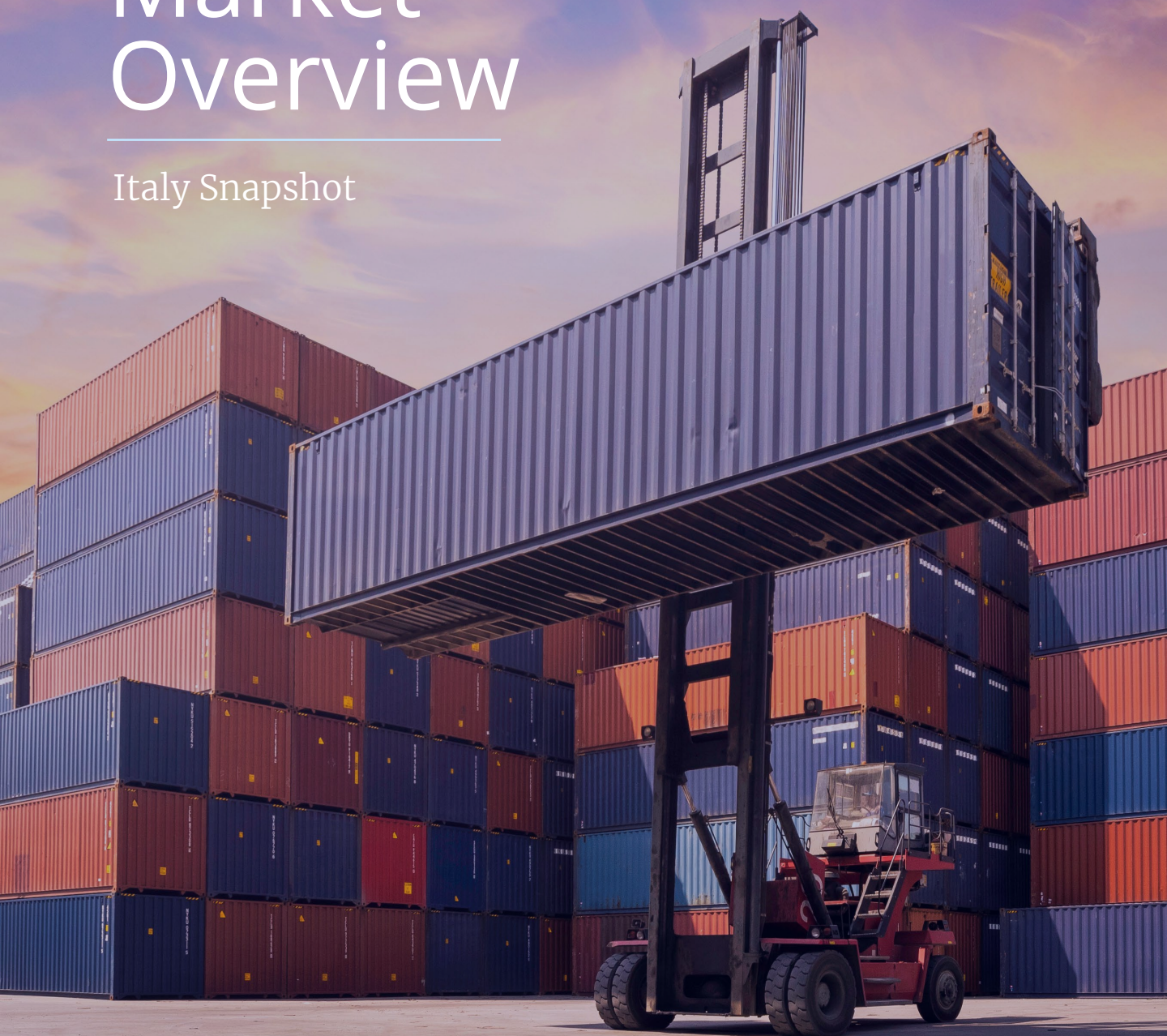


Colliers

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Logistics Market Overview

Italy Snapshot



Q3 2025

Rearming Europe: Defence Growth and Its Impact on the Industrial & Logistics Market

A transformation reshaping Europe's security landscape and unlocking new opportunities across the industrial and logistics real estate market.

After decades of underinvestment following the end of the Cold War, Europe is entering a new era of defence renewal. Russia's annexation of Crimea in 2014—and its full-scale invasion of Ukraine in 2022—have exposed structural weaknesses in Europe's security and industrial capacity, triggering a wave of public and private rearmament initiatives. Since 2023, the EU and its member states have launched a series of landmark programmes to strengthen the continent's defence autonomy. Among them, the **Act in Support of Ammunition Production (ASAP)** mobilised over **€1.5 billion** (including industry co-funding) to boost missile and ammunition manufacturing capacity across 15 countries.

In March 2025, the **ReArm Europe / Readiness Action Plan** unlocked **€800 billion** for long-term strategic readiness and industrial scaling, marking the most ambitious defence investment in recent European history. At the same time, **NATO's revised benchmark of 5% of GDP** for defence spending—3.5% for core military needs and 1.5% for infrastructure and industry—has redefined the framework for member states' commitments. The European Commission is allocating a further **€1.5 billion** from the Defence Fund to support joint procurement and accelerate production within Europe's fragmented industrial landscape.

This surge in funding is mirrored by investor enthusiasm: since 2022, European defence tech firms have raised over €2.4 billion, a dramatic leap from just €30 million in 2020. The momentum reflects a broader structural shift—defence is becoming a growth engine not only for technology and manufacturing, but also for the **industrial and logistics (I&L)** property market. Defence production facilities share many of the same fundamentals as modern logistics hubs: ceiling height, floor loading, power capacity, ESG compliance, automation readiness, and access to skilled labour. Yet they also require enhanced security, resilience against attack, and specialised infrastructure for sensitive materials.

These overlapping needs are fuelling demand for **adaptable industrial assets and strategically located developments** near existing military or manufacturing clusters. For investors, the implications are significant. With Europe targeting **€500 billion in additional defence investment by 2035**, equivalent to the entire annual EMEA I&L investment volume, the sector stands on the verge of transformation.

Defence-driven industrial growth could generate long-term, stable returns in assets aligned with national and European security priorities—offering a new strategic avenue for capital seeking resilience and real-world impact.



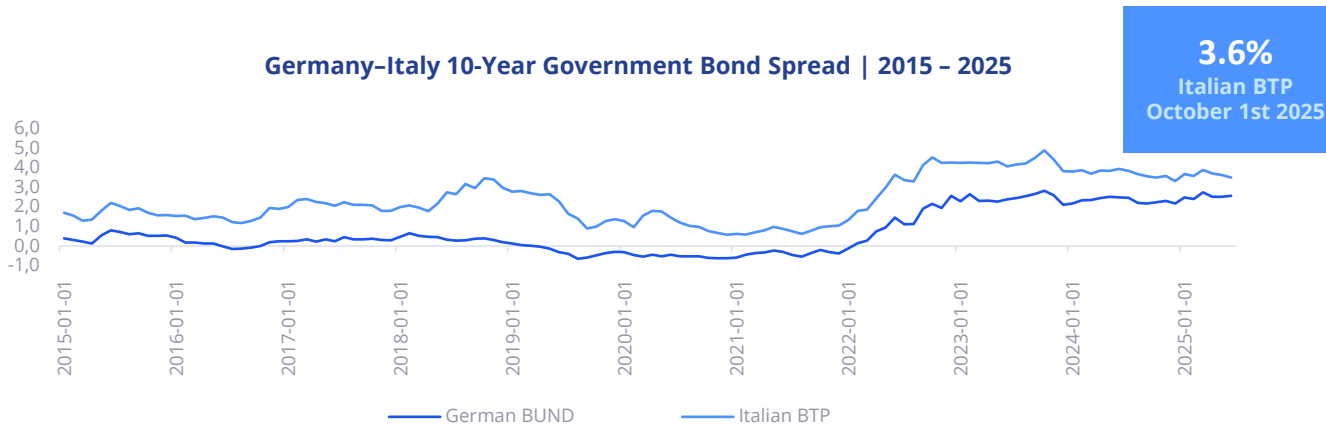
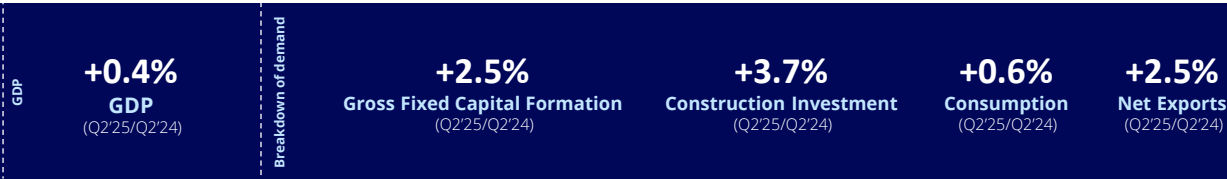
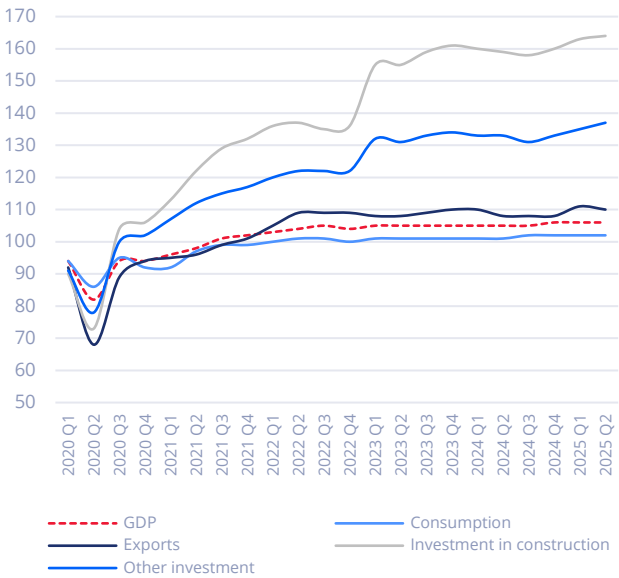
Macro-Economic Context | Italy

In the second quarter of 2025, the GDP decreased by 0.1% compared to the previous quarter, while it increased by 0.4% compared to the second quarter of 2024.

The confirmed growth for 2025 stands at 0.5%, with year-end estimates ranging between 0.6% and 0.7%. On the demand side, exports of goods and services decreased year-on-year by 0.3%, while gross fixed capital formation increased by 2.5%. Final national consumption increased by 0.6%, and imports grew by 2.5%. The overall growth in investment was driven by expenditure on plants, machinery, and weapon systems, which increased by 2.1%, with a notable 2.5% increase in the transport equipment component.

Spending on residential buildings, non-residential buildings, and other structures also contributed, rising by 0.6% and 0.7%, respectively.

GDP Italy and components | Q1 2020 - Q2 2025
Index (100)



Inflation
1.6%
Stable (YoY)
September 2025

ECB Interest Rates
2.15%
Seven cuts from
June 2024

Euribor
2.08%
Stable

The **spread** between Italian 10-year government bonds (BTP, 3.6%) and German Bunds (2.72%) fell below the 100 bps, **reaching 88 bps**, indicating a growing level of confidence in Italy from international markets. **Inflation** has now stabilized below 2% (1.6%), remaining under the European average, while **ECB interest** rates, following seven consecutive cuts, have settled at 2.15%, with the Euribor showing a similar stabilization

Investment Key Data | Italy

Investment Trends

Given the ECB's flexible monetary policy, with the Euribor dropping by **125 basis points** from **September 2024 to September 2025**, the market has become more attractive to investors. The stabilization of **10-year BTP yields at 3.6%** in October 2025 offers higher returns and portfolio diversification opportunities. With substantial capital ready to be deployed, investors are eager to capitalize on these favorable conditions. However, geopolitical uncertainties, including ongoing wars and trade disputes, pose risks that could impact market stability and investor confidence.

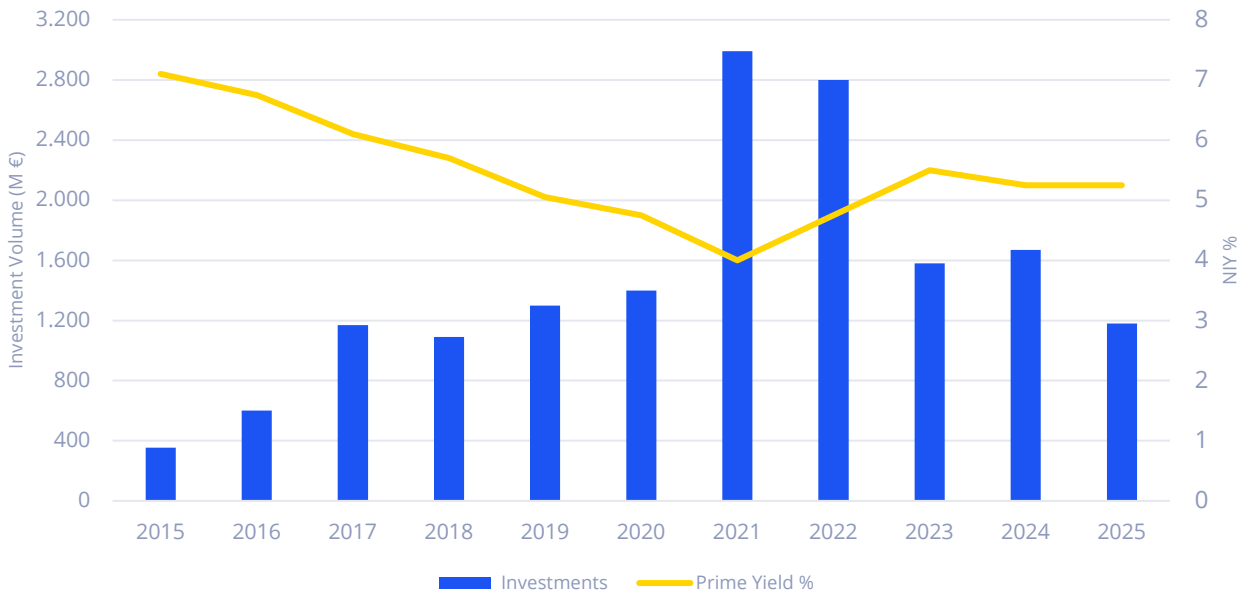
In Q3 2025, performance was below expectations, with **€396 million** in transactions, reflecting a 37% year-over-year drop. This figure is less significant given the numerous transactions nearing completion

and the **additional €1 billion** in logistics platforms **currently on the market** and in the bidding phase.

The last months showed a **gradual resurgence** of Core buyers who have renewed confidence in market fundamentals and growth prospects. This resurgence has led to enhanced liquidity for high-quality, strategically located assets, which is starting to drive yields downward. However, investors **continue to favor value-add or core+ investments**, particularly those assets with **strong rent reversion potential and solid covenants**.

Recent closed and ongoing transactions indicate a slight **downward trend** in the Italian prime yield, which, after stabilizing, has **gradually decreased by 25 basis points to 5.25% NIY**.

Logistics Investments Evolution in Italy
(Investment Volume between 2015 and Q3 2025)



€396m

Investments
in Q3 2025

-37% & -1%

Investment Trend YoY
Q3 2025 on Q3 2024 vs 4
quarters yearly rolling data

23%

Portfolio Deals

€1.73b

Cumulative
Investments 4 quarters

5,25%

Prime Yield (NIY)*

Steady (-25bps)

Yield Trend
(YoY & QoQ)

94%

Proportion of ESG compliant*
assets leased

550.000 sqm

Take-Up Q3 2025

52% | 32%

3PL Absorption
BTO Absorption

+4% | -6%

Take Up Evolution YoY
(Q3 2025 on Q3 2024 vs 4
quarters yearly rolling data)

Take Up & Key Statistics | Italy

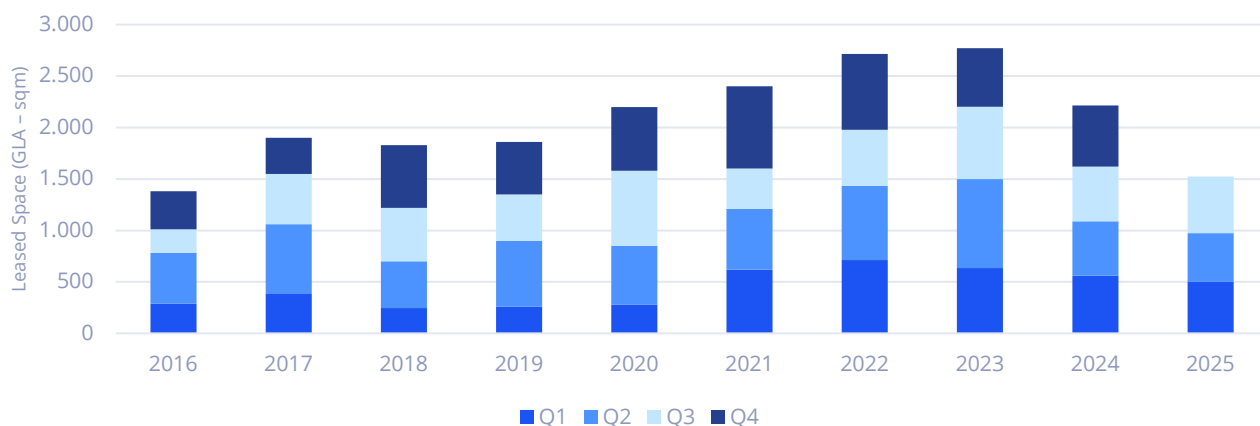
Italian logistics sector remains resilient showing a slight drop in absorption volumes, -6% YtD (25' on 24') while showing a steady outcome on a quarter-on-quarter basis +4% .

Demand is driven by **Grade A and ESG-compliant** warehouses, which accounted for 94% of Q3 2025 take-up. **ESG compliance** continues to be a key factor fuelling demand, supporting both higher rental rates and sustained expansion of the logistics asset class. Limited supply, rising land prices, and increasing construction and financing costs have driven a consistent rise in ERVs across key markets, with a **3-year CAGR of 8.2%** and **prime rents** for standard logistics now **exceeding €70/sqm/year**.

Third-party logistics providers (**3PLs**) lead demand, representing 52% of the market, followed closely **by retailers at 25%**. Built-to-Own (**BTO**) projects account for roughly **32% of total demand**. These include corporates in sectors like E-commerce, Cold Storage, and other end-users that view real estate as a core asset and increasingly pursue self-development opportunities.

Built-to-suit deals surged this quarter (**up 40%**), driven by institutional investors seeking to secure leases ahead of construction, reflecting a more conservative market outlook. Around **28% of market absorption** is concentrated in **Existing (19%, of which 13% newly built)** and **Speculative properties (10%)**. Recently, **vacancy rates** have slightly increased due to **prolonged tenant** negotiations that brought to slightly higher void especially not in prime locations.

Take UP Evolution
(2016 – Q3 2025. Thousands Sqm Leased)



Prime Rents (€/sqm/y)	Milan	Rome	Turin	Verona	Bologna	Piacenza
Q3 2025	70	70	52	58	67	60
3y CAGR	7.1%	7.1%	5.2%	11.8%	7.5%	10.7%

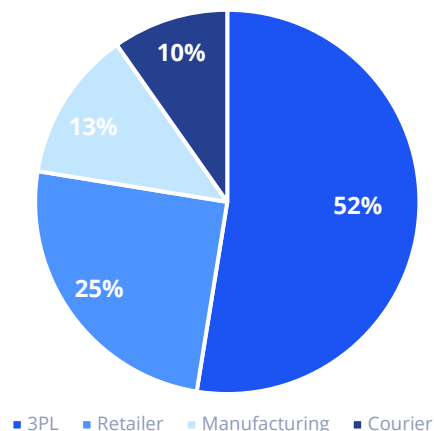
* ESG Compliant asset obtained at least the Leed Gold or Breeam Very Good certificate

Take-Up & Key Statistics

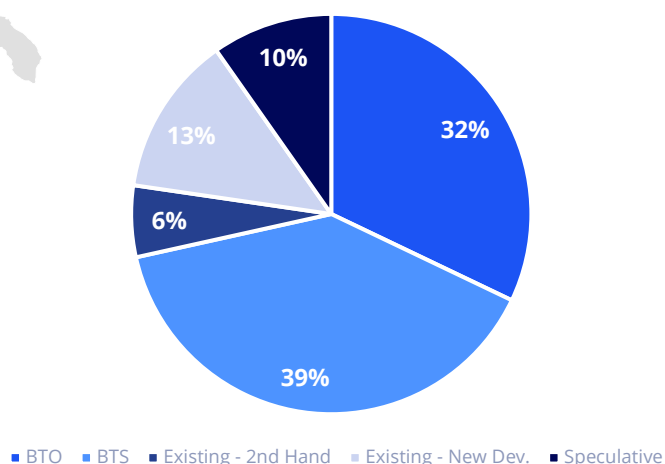
Take Up Distribution By Region



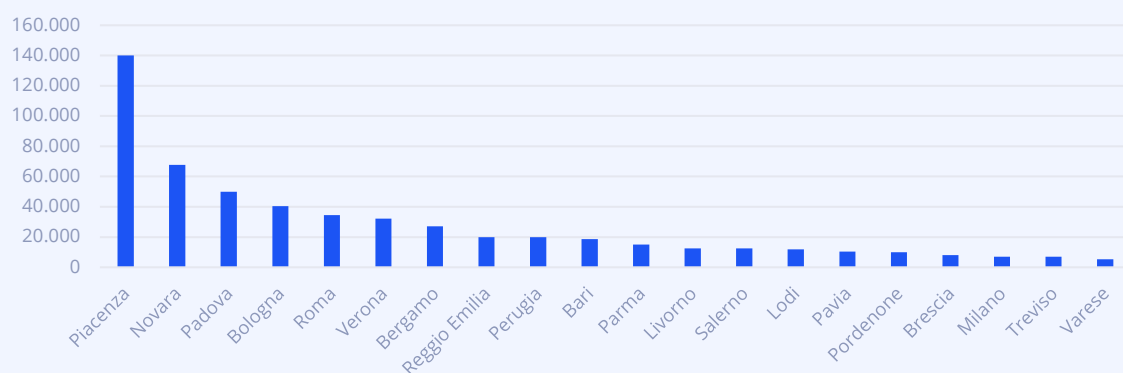
Take Up By Tenant Type



Take Up by Asset Type e Drivers



Take Up Distribution By Province (GLA in sqm)



Existing (Second-Hand): New leases on assets that have previously had at least one lease agreement.

Existing – New Development: New leases on vacant assets that have been unoccupied for more than three months.

Speculative: New leases on developments started without a pre-commitment, where the lease was signed before completion (with less than three months of vacancy).

Potential Pipeline | 2025 - 2027

Macro Trends

The “reshoring” trend is challenging global supply chains. Firms, also in Italy, start to prefer sourcing products —such as clothes and computer chips — closer to home, turning away from manufacturing powerhouses like China. Investors are looking to invest into industrial assets as a way to diversify their portfolios (currently mainly made by logistic assets). Thus, **BtO or BtS development**, customized for the specific companies need, **are rising in numbers and volumes**.

The demand for **ESG-compliant assets** is driving firms to seek new facilities, resulting in high absorption rates for new developments, with many projects being leased before completion. However, **high financing and construction costs**, along with challenges in obtaining building permits, have caused some projects to be **delayed or canceled**, leading to increased asking rents.

Italy is emerging as a **key player** in the EMEA industrial and logistics sector, supported by a **lower e-commerce penetration rate** and a significant demand for new grade A logistics buildings, with **per capita grade A space ratio** being **half the European average**.

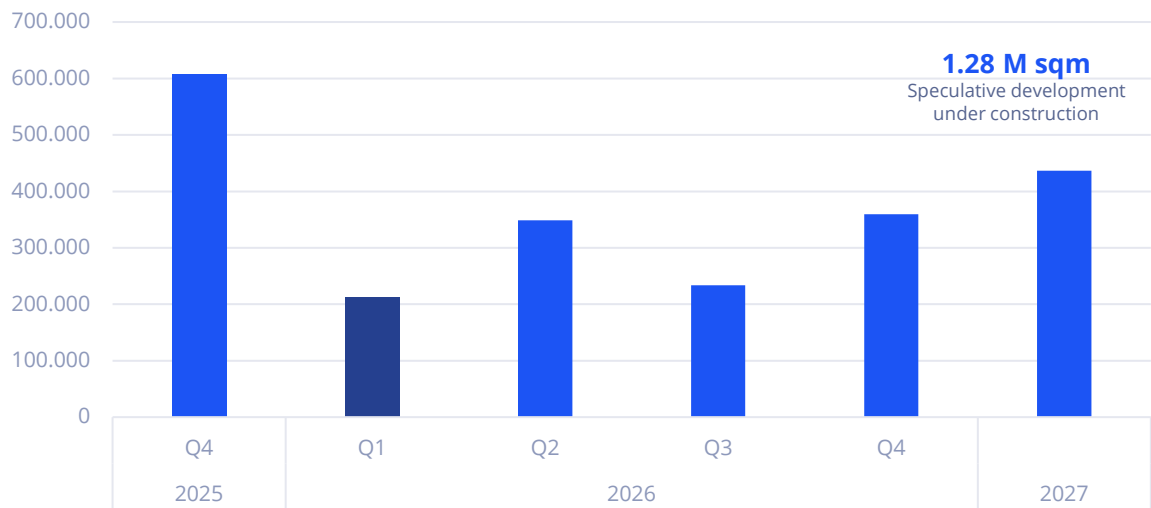
Considerations

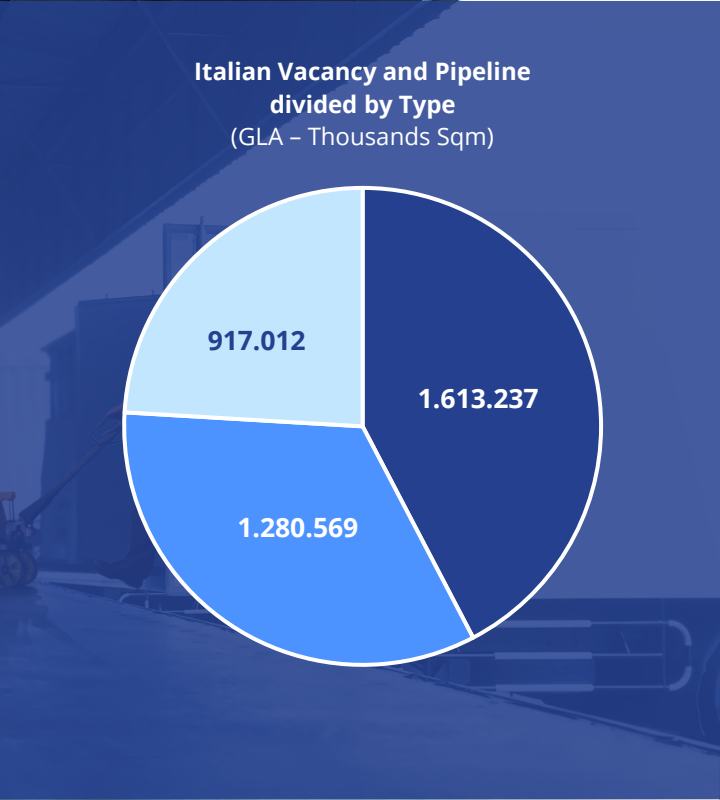
By EoY 2027, **2.2 million sqm** of speculative developments might enter the market, with **1.28 million sqm currently** under construction.

The **vacancy rate** remains **steady and slightly below EU average at around 4,34%** nationwide, with some sub-markets nearing zero.

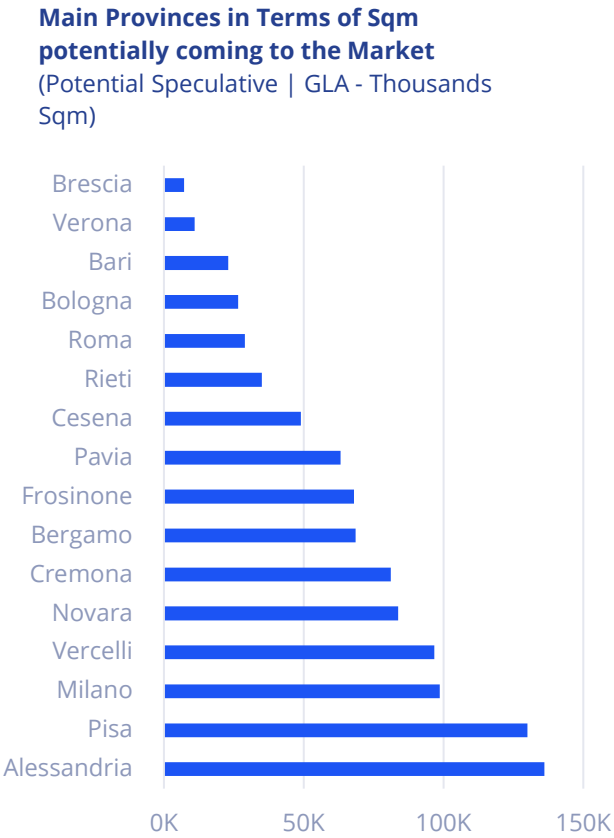
Letting negotiations are prolonged due to recent significant rental increases and a slowdown in GDP growth across EMEA. The slight decline in take-up has prompted several projects to **shift strategies**, moving from **speculative to Build-to-Suit developments**, starting construction only after securing a tenant.

Under Construction Projects & Planned Potential
Speculative Developments in the coming years
(GLA in sqm)

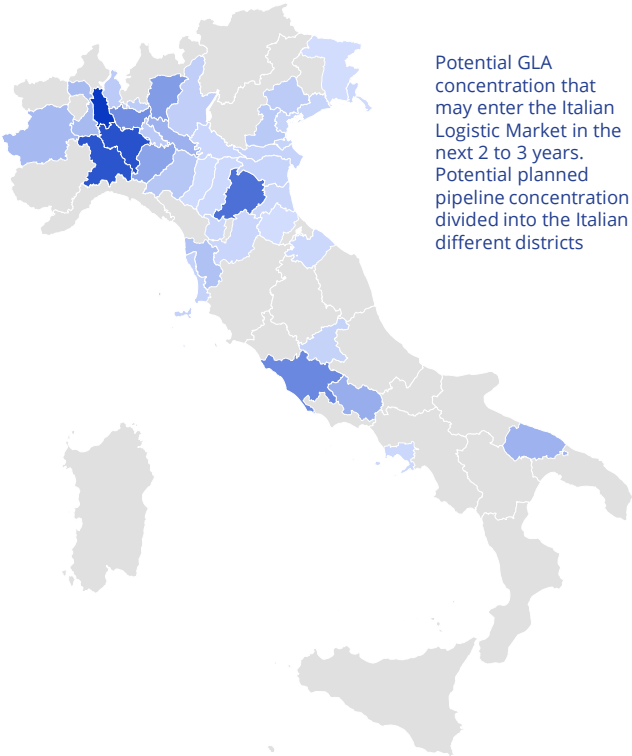




Main Provinces in Terms of Sqm potentially coming to the Market
(Potential Speculative | GLA - Thousands Sqm)



■ Existing ■ Under Construction ■ Pot. Speculative



Potential Speculative: This term refers to territories that are under the management of institutional investors, which are at a mature stage in terms of urban development and planning. These, have proclaimed their plans to commence speculative construction on these lands.



Vacancy Analysis | Italy

Vacancy Distribution by Region
(GLA in sqm at Q3 2025)



Vacancy Ratio: This is determined based on the total inventory of Grade A and B logistics warehouses, which is approximately 37.2 million square meters, as recorded by Colliers. Our analysis excludes Urban Logistics and Light Industrial. For vacant spaces, we included all unoccupied buildings or portions thereof, except for Grade C assets.
Stock Ratio: considering the vacancy as per above (per region) on the recorded stock for Standard WH Grade A/B assets

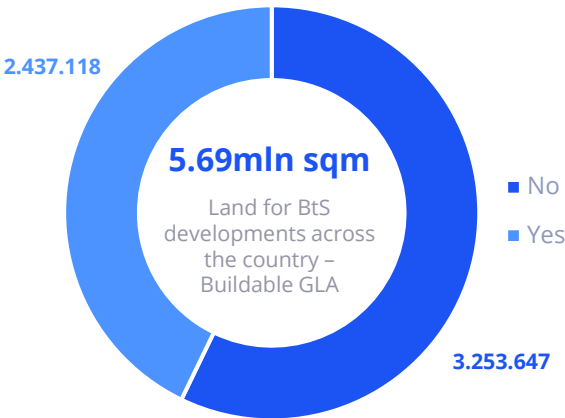


Vacancy & Land for BTS | Italy

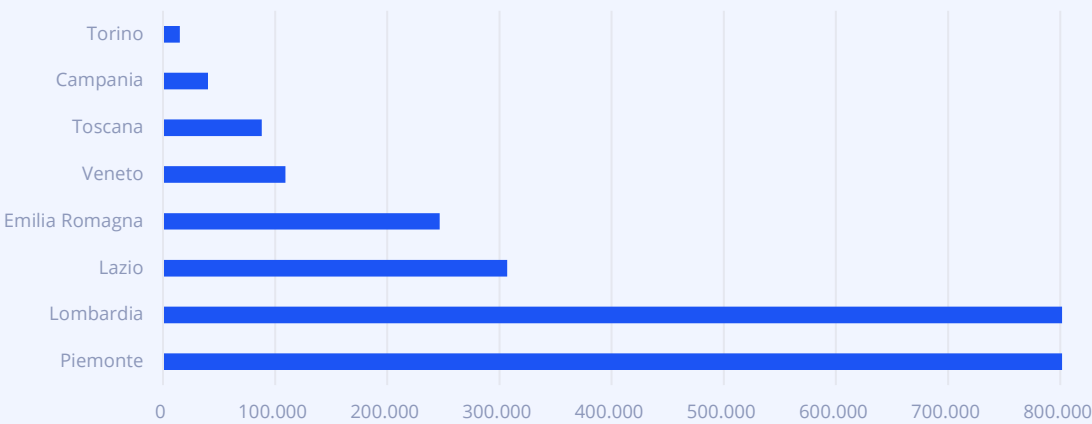
BUILD-TO-SUIT DEVELOPMENTS

Properties overseen by institutional organizations, each at distinct stages of urban planning. Construction initiatives will only be launched upon finalizing a lease contract with a tenant. Build-to-Suit sites that have secured building permits may be ready for use within 15 months or less. In contrast, sites lacking permits are subject to more unpredictability and typically require extended timelines before a potential completion

Land controlled by institutional players
for BtS Development
(Urbanistic Status Differentiation –
Building Permit Obtained)



Land for BtS developments distribution with building permits (GLA in sqm at Q3 2025)



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