

CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



## Economy and Logistics Sustain Positive Trajectory

Italy

Q4 2024

### Market Outlook

Italy's GDP continues to see modest growth, increasing by 0.2% q-o-q and 0.6% y-o-y in Q2, fueled by robust private and public consumption along with positive changes in inventory. The labor market has shown steady expansion, with unemployment down to 6.4% in July. Inflation holds at 1.3%, while core inflation has eased to 1.9%. The robust service sector has helped offset sluggish industrial production, remaining the main growth driver. GDP growth is forecast at 0.6%–0.9% for 2024, rising to 0.9%–1.1% in 2025. This acceleration is supported by an anticipated resurgence in exports and rebounding investment, bolstered by lower interest rates and the implementation of EU funds.

The Italian logistics market continued to demonstrate steady growth in Q2, with gross take-up reaching 550,000 sqm, matching Q1 levels and bringing the 2024 H1 total to 1.1 million sqm. Supply constraints persist, with the national vacancy rate remaining tight at 3% and several areas approaching full occupancy. Logistics investments held steady at €550 million in H1 2024, matching 2023 H1 levels and accounting for 17% of total CRE volume, reinforcing its position as a key asset class. Prime rents stabilized in Q2 after rapid growth in previous years, with gradual increases expected ahead. The market outlook remains optimistic, supported by recovering demand against limited supply. Investment activity is projected to strengthen alongside improving financial conditions and economic recovery. Long-term trends such as e-commerce expansion and reshoring are poised to further stimulate market growth in the coming years...

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