

CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



## Economy and Logistics Stay on a Firm Growth Path

Italy

Q1 2025

### Market Outlook

Italy's GDP continues to experience modest growth, with an increase of 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 continues to recover, with gross take-up increasing by 3% q-o-q to 568,000 sqm, bringing the total volume to 1.6 million sqm during Q1-Q3 2024. The vacancy rate held steady below the 5% threshold at 3.8%, with several areas recording zero vacant space. Logistics investments showed remarkable growth, with Q3 volume surging by 45% y-o-y to €645 million, cumulating to €1.2 billion by the end of Q3 2024 and surpassing the total volume achieved in the full year 2023. The logistics sector remains the key asset class, accounting for 18% of total Italian investment. Prime rents held steady across most submarkets, with emerging submarkets showing modest growth. Looking ahead, bolstered by ongoing trends such as e-commerce and nearshoring, along with limited supply and robust market fundamentals, demand in the logistics sector is poised for sustained growth. Investment activity is projected to accelerate, supported by improving financial conditions and economic recovery...

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