



CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



## Solid Fundamentals Drive Growth in Economy and Logistics

Italy

Q2 2025

### Market Outlook

Italy's economy returned to modest growth in Q4 2024, rising 0.1% q-o-q and 0.6% y-o-y, with full-year GDP up 0.73%, supported by resilient domestic demand and recovering investment. Private consumption accelerated to 1.6% y-o-y, driven by easing inflation and solid wage growth, while investment rebounded 1.6% q-o-q after three quarters of decline. The labor market remained strong, with unemployment down to 5.9% by February 2025. Inflation averaged 1.0% in 2024, the lowest in the EU, though energy prices may push it slightly higher in 2025. Growth in services and construction helped offset ongoing weakness in manufacturing. GDP is forecast to rise 0.6%–0.8% in 2025, led by consumption and supported by EU funds, with further acceleration expected in 2026 as exports and private investment recover.

Italy's logistics market demonstrated sustained strength in 2024, underpinned by solid fundamentals including stable take-up, tight vacancy, and renewed investment momentum. Leasing activity reached 600,000 sqm in Q4, bringing annual volumes to 2.26 million sqm. Vacancy remained low at 4.3% by year-end, while rents remained flat quarter-on-quarter (q-o-q) and rose by 3% to 5% year-on-year (y-o-y). Investment surged 11% y-o-y, with logistics accounting for 17% of total commercial real estate volume, reaffirming its status as a core asset class. Looking ahead, the sector is well positioned to gain traction, supported by e-commerce expansion, nearshoring, improved monetary conditions, and a broader economic recovery...

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