

CGL IM Financial Management Limited

Integrity, Collaboration and Commitment



## Economy Firms as Logistics Accelerates

Italy

Q2 2026

### Market Outlook

Italy's economy stayed on a gradual recovery path in late 2025, with GDP rising 0.3% q-o-q and 0.8% y-o-y in Q4, bringing full-year growth to 0.5%. Domestic demand remained at the core of the expansion, with investment as the main catalyst. Investment rose 5.1% y-o-y in Q4, supported by NRRP-funded public investment and housing renovation ahead of the Superbonus expiry. Household consumption increased 0.8% y-o-y, lifted by a firm labour market, record-low unemployment and steady wage growth. Inflation averaged 1.6% in 2025, restoring real purchasing power, though the Middle East-driven energy shock may trigger a brief uptick in prices in early 2026. Net exports remained a drag in 2025, as import growth outpaced the export recovery. GDP is projected to rise by 0.4% to 0.8% in 2026, with investment and consumption as the main growth pillars.

Italy's logistics market delivered a strong finish to 2025, with occupier and capital-market activity both accelerating in Q4. Leasing activity reached 876,000 sqm in Q4, up 34% q-o-q and 46% y-o-y, lifting full-year take-up to 2.51 million sqm, 19% above the 10-year average. Availability stayed tight as recovering demand absorbed much of the new supply, with vacancy falling to 4.25% and total stock rising to 37.94 million sqm after 2.5 million sqm of new completions. Prime rents stabilised, led by Milan and Rome at €70/sqm/year in Q4. Logistics investment rose to €960 million in Q4 and €2.1 billion for 2025, up 22% y-o-y and equal to around 21% of Italian CRE volume. Looking ahead, leasing and investment activity are expected to strengthen further, while rents are set to edge higher, backed by a disciplined pipeline and structural tailwinds from improved financing conditions, e-commerce expansion and reshoring...

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