THE ITALIAN REAL ESTATE MARKET:
2025 REVIEW AND 2026 OUTLOOK

The year 2025 confirmed the strong recovery of real estate activity in Italy: the overall volume reached €13.5 billion, an increase of 36% compared to 2024 and a new all-time high, exceeding the previous record set in 2019 (€12.6 billion).
According to the Assoimmobiliare observatory, the retail industry has regained the top position in terms of investment volumes, followed by hospitality and logistics. The hotel sector benefits from the structural solidity of international tourism and the growing attractiveness of prime and leisure destinations. Logistics consolidates robust fundamentals, with low vacancy and demand focused on ESG-compliant assets and strategic infrastructural locations.
In 2025, the living sector sustained growth has been driven by student housing.
However, the overall share of income-generating residential properties in the Italian market remains significantly lower compared to the european context, accounting for less than 10%. A difference which, according to the industrial association, should be understood in light of the established presence of institutional multifamily housing in Europe, supported by markets that favor the stability of residential income investments.

Large events constitute a leverage for attractiveness and territorial legacy that is not only symbolic but structural. After the Jubilee in Rome and the Milan-Cortina 2026 Winter Olympics, the national calendar will continue with the Mediterranean Games in Taranto and the America's Cup in Naples. Events that can contribute to redefining the geography of international interest, strengthening the competitive positioning of the italian southern regions as well. In this scenario, the **ZES Unica** still represents a structural tool for the revival of the south of Italy (and, since late 2025, it has also been extended to Marche and Umbria): the innovation consists in a digital Single Authorization that can be completed in approximately thirty days, replacing up to 35 enableing titles and also serving as an urban planning variant. The model has already proven effective: over 900 authorizations issued, approximately 32 billion euros of investments activated, and more than 40,000 new jobs created.

INVESTMENTS IN ITALY

In the context of the strong expansion recorded by the Italian real estate market in 2025, a key element is the dynamic of regional markets, which have grown by 81% compared to 2024, reaching 8.7 billion euros. This reveals **a picture where Italy is no longer limited to few "prime" cities but is structured as a system of diversified markets, capable of offering alternative strategies, particularly for value-add and repositioning operations**. (Report GAD – CBRE)

The recovery is part of a broader framework of strengthening investments, both domestic and foreign. Also thanks to the progress of projects linked to the PNRR (National Recovery and Resilience Plan), in 2024, the share of investments in GDP reached 22.2%, surpassing France, Germany, and Spain for the first time in forty years. Over a ten-year span, this figure grew by 5.1 percentage points, exceeding Spain by 1.9 points, Germany by 1.7, and France by 0.1 points. (TEHA - World Bank)

STABLE AND POSITIVE ITALIAN ECONOMIC SCENARIO

The macroeconomic outlook for the 2025-2026 period outlines a stabilizing scenario, characterized by moderate growth and decreasing inflation. In 2025, Italy's GDP grew by 0.7% in real terms, a figure higher than the predicted 0.5% (Istat – Eurostat). Among major economies, Italy grew by 0.3%, France by 0.2%, and Germany by 0.3%. Forecasts for 2026 indicate growth of 0.8%, with internal demand expected to increase by 1.1%.

Private consumption records a growth of 0.8% in 2025 and 0.9% in 2026, while investments show a positive trend (+2.8% in 2025 and +2.7% in 2026), supported by the implementation of the PNRR. From the labor market, additional confirmations: employment is estimated to increase by 1.3% in 2025 and 0.9% in 2026; the unemployment rate drops to 6.2% in 2025 and 6.1% in 2026; gross wages grow by 2.9% in 2025 and 2.4% in 2026 (GAD – Istat).
Promising indicators of a potential rebound in consumption. Inflation remains stable and aligned with the price stability target set by the European Central Bank (EY Italian Macroeconomic Bulletin). **This allowed the ECB to continue its strategy of interest rate reduction, helping to contain debt costs and strengthen market attractiveness. However, the situation remains influenced by the evolving international geopolitical context and the new U.S. economic policies, factors that will continue to guide operators' decisions in the coming months**. (Kroll)

After three years of surging inflation, the construction cost dynamics are easing: between January 2023 and December 2025, the increase is limited to 1.6%. However, this slowdown does not bring costs back to previous levels: compared to 2019, costs remain 21.7% higher (January 2019-December 2025). The sector is thus entering a phase of stabilization at a new structural threshold. (Istat and Eurostat, 2026)

RESIDENTIAL MARKET SNAPSHOT

Residential sales reached approximately 770,000 units in 2025 (+6.9% on an annual basis), with growth projected to reach 800,000 in 2026. Prices also maintain a positive dynamic: +3.1% in 2025, with a possible increase of over 4% in 2026 across most markets. (European outlook 2026 – Forum Scenari Immobiliari)

The residential sector confirms itself as a driver of the industry, with approximately 134 billion euros of real estate investments in 2025. In terms of values, Milan retains its leadership: +4.5% in 2025 and a forecast exceeding +7.3% in 2026, supported by demand in central and semi-central areas. Rome shows a more moderate but consistent growth (+2.5% in 2025 and +6.8% expected i n 2026). (European outlook 2026 – Forum Scenari Immobiliari)

NEW CONSTRUCTION AND REDEVELOPMENT

The theme of new construction in Italy shows a structural tension: on one hand, new developments

guarantee higher margins and greater design freedom; on the other hand, the potential volume remains limited and cannot constitute a strategic system by itself. **Data on the building stock are indicative: 38% of buildings were constructed before 1969, 21.5% before 1945**, and only 11% after 2011. (TEHA; European Commission; ENEA)
Between 2018 and 2024, price growth has been contained overall (+18.7 points at current prices) but strongly polarized on new-built housing (+30%), nearly three times higher than the existing stock, which is more exposed to devaluation dynamics. Despite this, in 2024, new builds represented only 18% of transactions, while 82% concerned existing properties. What emerges is the **centrality of redevelopment as a scalable leverage for modernizing and preserving the overall value of the real estate stock**. (TEHA - Istat)

HIGH-ATTRACTIVENESS REAL ESTATE SECTORS

The PNRR continues to be a significant driver for the 2025-2026 period, with resources allocated for approximately 130 billion euros, mostly directed toward energy transition, sustainable mobility, education, research, and healthcare technologies. (Kroll)

Hospitality maintains favorable prospects for 2026, with a growing hotel market supported by private capital, institutional investors, and strategies from major national and international chains. In 2025, investments in the sector reach 2.26 billion euros, the second-best result ever (+7% compared to 2024). There is growing attention to mid-to-high income structures in secondary cities, supported by positive prospects for tourist flows, but still without large-scale solutions. (Kroll; GAD)

Healthcare sector is also seen with growing interest due to the stability of demand and the social relevance of interventions, especially when integrated with welfare and proximity models, although it still represents a limited share of the market. (Kroll)

Retail sector shows positive expectations for 2026, driven by the return of institutional investors, the performance of high streets, and the resilience of shopping centers.
In 2025, a record volume of 4 billion euros was invested (+49% compared to 2024). (CBRE)

Operator sentiment is widely favorable: 94% express a positive or neutral outlook for the next 12 months, and 97% are satisfied with 2025 performance (compared to 80% in 2024).
Half of the investors expect investments exceeding 100 million euros in 2026, and 32% expect over 200 million. (EY Retail Property Investments Barometer 2025)

Student housing is at the center of a transformation phase, despite Italy being among the European countries with the least availability of student accommodations. Within the MIPIM showcase, The Agenzia del Demanio, proposes an initiative for student housing in Monza, and Emilia-Romagna is also seeking players to develop a new project in the Reggiane area.
At the beginning of 2026, CDP Real Asset published a call for student housing (60,000 places) within the framework of the PNRR, funded by the European Union with 599 million euros.

For logistics, the 2026 prospects are favorable, with signals of growth consolidation and increased market attractiveness. In 2025, the Industrial & Logistics sector closed with 2.13 billion euros of investments (+30% compared to 2024).
(Kroll; GAD)
In the office sector, after a 2025 volume of 1.7 billion euros (-18% compared to 2024), there is an acceleration in the last quarter, with a growth of 13% compared to the same period the previous year. The recovery is supported by the return of institutional capital (50% of quarterly volumes) and the presence of family offices and private investors. (GAD)

The reading by asset class maintains its own analytical utility, but in the current market, a "**district-based" vision is progressively emerging, where real estate value is generated through the integration of functional mix, enabling infrastructure, and urban identity**.
In continuity with themes highlighted at the 2025 MIPIM in Cannes, led by ITA-Italian Trade Agency, and awaiting the reform of the port system announced by the Italian government, the Italian coastline remains a key area of interest. **In a context of growing competition between territories to attract investment, water becomes a strategic element in urban regeneration**, representing a multifunctional city-water platform where infrastructure, mobility, tourism, hospitality, urban development, and real estate intersect. The data indicates that 36 Italian ports (58% of the total) have already been involved in waterfront regeneration processes; 4 (6%) are currently under construction or design phase; and about 22 (35%) have not yet benefited from significant operations. (TEHA; Port Authorities, Nautica Report, DPSS)

LIVING AS A SOCIAL INFRASTRUCTURE

The housing issue is a European emergency and a national priority, and it's a strategic leverage capable of integrating urban regeneration, redevelopment, and public asset enhancement.
The European Affordable Housing Plan estimates a need for approximately 650,000 homes annually over the next decade, with an investment volume of 150 billion euros per year.
At the national level, the Housing Plan targets 100,000 affordable rental homes over ten years.
The strategy aims to activate private capital through dedicated financial instruments, including models that are still not widespread in Italy, such as build-to-rent. Estimates suggest that 1.5 billion euros in national resources could generate up to 9 billion euros in total investments, benefiting approximately 3.5 million people. (TEHA; OECD data; Eurostat 2026)

FOCUS ON PUBLIC ASSETS

Considering the necessary patient economies, finding a balance between housing demand and supply becomes crucial, and the enhancement of public assets plays a key role.
This is the subject of a steering committee at the Ministry of Economy and Finance (MEF), chaired by Honorable Lucia Albano, who will lead the Italian conference at MIPIM Cannes.
According to MEF data, Public Administrations possess about 53,000 unused properties, covering over 9 million square meters potentially suitable for residential use.

Between 2014 and 2023, the nominal value of properties owned and accounted for by Public Administrations grew by 3%; however, at constant prices, there was a real reduction of 13%.

During the same period, the contribution of properties to total public assets decreased by 2.4 percentage points, reaching 21.3% in 2023 (compared to 23.7% in 2014). Simultaneously, the net wealth of Public Administrations decreased by 39%, from -1,030 billion to -1,432 billion. **Therefore, the enhancement of the real estate assets is essential to counteract the loss of value, improve efficiency, and support public policies, including housing policies**. (TEHA; Istat; Banca d'Italia)

In this context, it is of particular relevance the invitation of ITA-Italian Trade Agency, accepted by INPS (National Social Security Institute), the Agenzia del Demanio, and CDP Real Asset, to join in the 'Italian System' showcase at MIPIM 2026, focusing on enhancing the public value and territorial impacts of public assets.

TOWARDS A COUNTRY SYSTEM

In conclusion, the current emerging outlook reveals a market that can no longer be viewed solely through the traditional primacy of Rome and Milan. Italy in 2026 requires a broader view: a country system rich in opportunities, complex to summarize in a snapshot, with economic and financial solutions to be redefined to consider public value and the impacts of private-led operations. This is the objective of the Italian conference title: "**Italy 2026: Cities as Platforms for Investment and Innovation – Urban infrastructure, services, and real estate shaping an integrated ecosystem for long-term value**." The trajectory suggests a paradigm shift: from the attractiveness of individual metropolises to the idea of cities and territories as platforms, where investments, infrastructure, services, and real estate contribute to generating long-term values in an integrated ecosystem.

SOURCES

Assoimmobiliare
Banca d'Italia
CBRE
European Commission
DPSS
ENEA
Eurostat
EY
GAD
ISTAT
Kroll
MEF
Nautica Report
Real Estate Scenarios
TEHA
World Bank

March 2026
Texts edited by PPAN