

LUXURY RESIDENTIAL MARKET INSIGHT

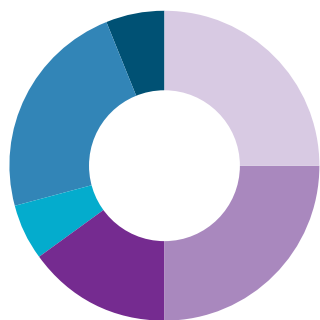
ITALY

Knight Frank



“Italy is still widely considered to be a strong, established, core market, but values are unlikely to fully recover over the next few years.”

Where do buyers in Italy come from?



UK	25%
Italy	25%
Russia and CIS	15%
US	6%
Rest of Europe	23%
Rest of world	6%

Source: Knight Frank Residential Research

Market overview

The global downturn led to a renewed interest in core markets like Italy with international buyers returning from their searches in less established locations. And with prices having fallen across the regions, now is an opportune time for those seeking the dream property and lifestyle that only Italy can provide.

Italy's most desirable regions continue to attract international lifestyle buyers searching for their dream holiday home. Buyers primarily come from the UK, Italy, Scandinavia, Germany, Russia and Benelux countries. US buyers have returned to the market but only tentatively due to their unfavourable exchange rate.

Although the global economic downturn saw prices in parts of the country fall by around 20%, there have been few forced sales, and where vendors have been realistic in setting prices, properties are selling in reasonable timeframes. The top end of the market (€5m-plus) has been slow in comparison, with buyers in this range being more cautious than others on price.

Italy is still widely considered to be a strong, established, core market, but values are unlikely to fully recover over the next few years. Not all vendors have reduced their asking prices in line with market sentiment and market-savvy property hunters simply will not view properties they consider to be overpriced. This does little to persuade those owners who are happy to sit tight and play the waiting game.

As well as attracting international interest, Rome also benefits from an active local market where buyers are either investing or moving for work reasons. The capital's most sought-after properties

are its apartments with terraces in the Centro Storico. Prices here range from €8,000 to €20,000 per m². In the scenic northern lakes region, demand centres on waterfront villas and apartments in the Lake Como area. Villa prices in this region have only fallen by around 10% due to limited supply. In Venice, the most significant price falls were experienced in the lower end of the market. Apartments in the city's prime locations such as the iconic Grand Canal command between €10,000 and €15,000 per m².

The first half of 2011 is likely to see relative price stability across the regions with the potential for a slight decline. The only vendors to experience significant price falls will be those who have not yet reduced their asking prices.

Although values are unlikely to increase in 2011, the volume of sales should improve due to increased buyer confidence. Those in search of a prime Italian home have ample opportunity in the current market. As well as the fact that prices have fallen significantly in some places, there is also a good selection of properties available, from farmhouses and villas to city apartments and restoration projects.

For vendors, the potential for further price falls in 2011 makes now an opportune time for those willing to be realistic on price.

[Also available: Tuscany and Umbria Market Insight](#)



Rupert Fawcett
Head of the Italian Desk
Knight Frank

Expert insight

Italy is a myriad of destinations, each with their own unique charm and character. Buyers are predominantly driven by their desired lifestyle – they seek the long-term enjoyment of a second home rather than a short-term investment opportunity.

For them, the importance lies in the architecture, the climate, the al fresco culture, the food and wine, the bustling cities and wonderful vistas. The country also represents a safe and trusted destination with good transport links and a solid infrastructure.

Buyer interest was reinvigorated on the back of the global recession, as those searching in less established locations turned to what are seen as the trusted core markets, such as Italy. Transaction volumes increased in 2010 as buyer confidence returned. Buyers do however remain price-sensitive as a result of the large number of properties available in most areas.

Many vendors now understand the need to be realistic on price. But buyers should not expect to find many 'fire sales', merely pricing that reflects the current market.

LUXURY RESIDENTIAL MARKET INSIGHT ITALY

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PRIME PROPERTIES



SAN MARCO, VENICE

Asking price of €1,500,000



VIA CARLO FEA, ROME

Asking price of €1,850,000



CERNOBBIO, LAKE COMO

Price on application



VILLA FAVOLA, SICILY

Asking price of €2,200,000

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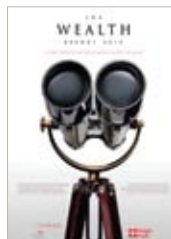
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