

RESIDENTIAL RESEARCH



ITALY INSIGHT 2017

ANALYSIS OF ITALY'S PRIME
RESIDENTIAL MARKET

NEW ITALIAN PRIME
RESIDENTIAL INDEX

KEY OPPORTUNITIES

OUTLOOK

Land of Opportunity

Italy's economy has endured a rocky ride since 2008 but its prime property market is at, or close to, the bottom of its cycle sparking the interest of Euro-denominated buyers

By Kate Everett-Allen

Transparency, or the lack of it in Italy's property market, has long been a major hurdle for investors, owners and buyers when trying to gauge price performance and obtain accurate valuations.

Unlike in the UK, where the Land Registry publishes transactional data for the entire housing market, sales data is not freely available. This void means vendors' pricing can be unrealistic and buyers' offers overly optimistic, resulting in protracted negotiations.

To address this knowledge gap, we are pleased to announce Knight Frank's new Italian Prime Residential Index. Mirroring the same repeat-valuation methodology adopted in our other global markets, we have produced a valuable and unrivalled tool enabling, for the first time, the tracking of prime residential prices across 15 of Italy's top second-home destinations.

The results of our inaugural index underline the extent to which significant regional variations persist. The price of a prime property in Italy declined by 5.5% on average in 2016 but more than 14 percentage points separate the strongest and weakest-performing Italian market.

Lake Como leads the rankings, with prices rising 1.2% year-on-year. Good accessibility via Milan, its proximity to the Swiss border, and the Lake's popularity with both Italians and overseas buyer has shored up prices.

The overall narrative is one of an improving market. The country's major cities – Rome, Milan, Florence and Venice, all sit within the

top half of the rankings and all have seen their rate of decline slow significantly in the last two years.

Forte dei Marmi, located in the province of Lucca, recorded the weakest growth with prices slipping 13% in the year to December. A niche market, the town saw a surge in Russian buyers prior to the financial crisis but high stock levels and softening demand has seen values fall.

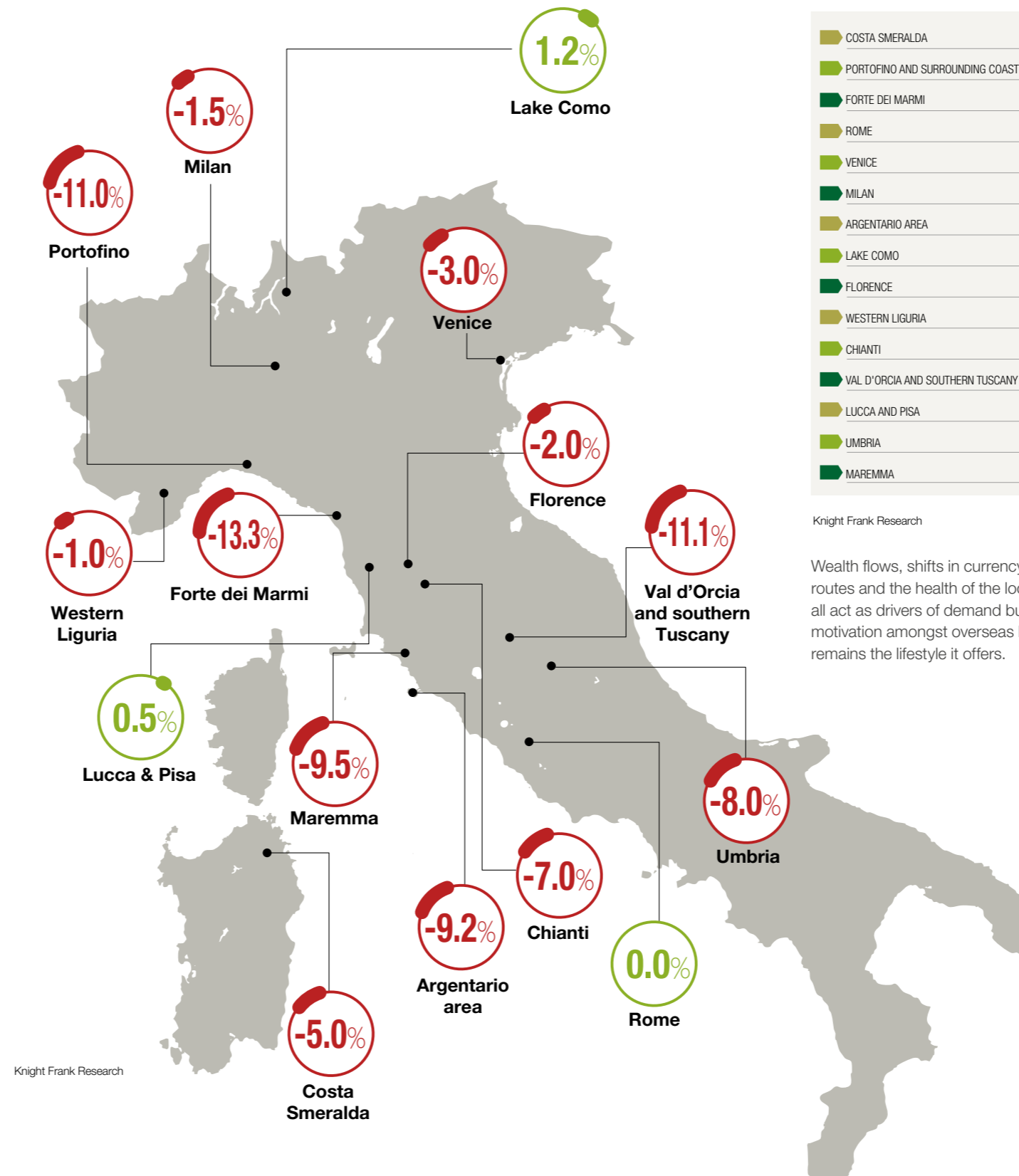
A number of markets are playing catch up. Vendors have been slow to adjust their prices but in some markets high stock levels have forced them to accept the market reality. We are seeing a return to long-term trusted markets. Having dipped their toe in peripheral areas, buyers have retreated back to Italy's core locations.

Seeking value?

As we have seen from the results of our index price performance across Italy varied significantly in 2016, but our research shows actual prime prices are equally wide-ranging. Sardinia's Costa Smeralda commands the highest values, meaning a million euros buys 50 sq m.

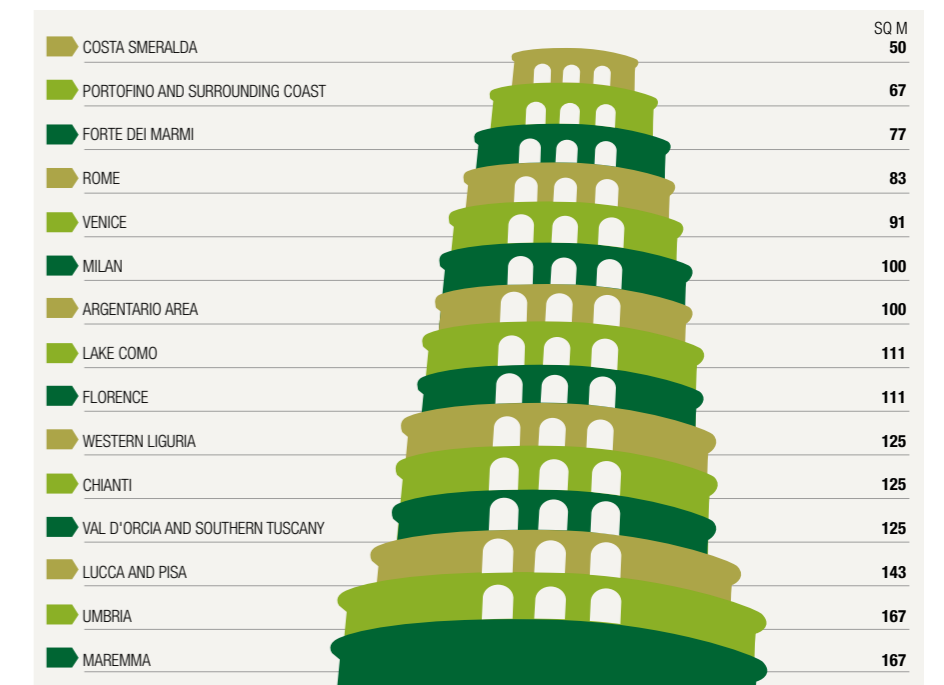
Portofino, perched on the cliffs of the Italian Riviera sits in second place (67 sq m) but compare this to Maremma and Umbria where prime prices are close to €6,000 per sq m, and a million euros buys around 167 sq m of floorspace. A million euros in Rome, Italy's most expensive city, buys 83 sq m but Venice and Milan are not far behind with 91 sq m and 100 sq m respectively.

Italian Prime Residential Index 2016
Annual % change to Q4 2016



Knight Frank Research

The number of square metres €1m buys
Based on prime residential prices as at Dec 2016



Knight Frank Research

Wealth flows, shifts in currency, new flight routes and the health of the local economy all act as drivers of demand but the key motivation amongst overseas buyers in Italy remains the lifestyle it offers.

Although British buyers are finding Italy and the wider Eurozone more expensive, Euro-denominated buyers are hunting for, and in some cases finding, good value. US buyers have yet to pick up in large numbers, despite the favourable USD/EUR exchange rate, but we expect enquiries to strengthen during 2017.

Unlike France, the UK, Australia and Canada, Italian policymakers are showing little appetite to increase taxes or deter foreign investment. On the contrary, Italy's new non-dom tax incentive, will mean UHNWIs opting to become Italian residents will be subject to a flat rate of tax for all foreign-sourced income.

2016 proved a turbulent year, but that's nothing unusual in Italian politics, and although both the domestic and global economy are facing their own respective headwinds, we expect prices will stay largely static, we don't see immediate rises or substantial declines on the horizon.



**KNIGHT FRANK
INTELLIGENCE**
For the latest news, views and analysis
on the world of prime property, visit
KnightFrank.com/blog

RESIDENTIAL SALES

Rupert Fawcett

Head of Italian Desk

+44 20 7861 1058

rupert.fawcett@knightfrank.com

Amy Redfern

Senior Negotiator

+44 20 7861 1057

amy.redfern@knightfrank.com

RESIDENTIAL RESEARCH

Liam Bailey

Global Head of Research

+44 20 7861 5133

liam.bailey@knightfrank.com

Kate Everett-Allen

International Research

+44 20 7167 2497

kate.everett-allen@knightfrank.com

PRESS OFFICE

Astrid Eтчells

International PR

+44 20 7861 1182

astrid.etchells@knightfrank.com

MARKETING PUBLICATIONS



[Italian View 2016-17](#)



[Italy Inside View 2017](#)

The Research data provided in this report was originally published within **France: Inside View**

RESEARCH PUBLICATIONS



[The Wealth Report 2016](#)



[Ski Property Report 2016](#)



[Caribbean Insight 2016](#)



[New York Insight 2017](#)

Knight Frank Research Reports are available at KnightFrank.com/Research

Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs.



Important Notice

© **Knight Frank LLP 2017** – This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.