

TUSCANY INSIGHT

2019

AMY REDFERN-WOODS OF KNIGHT FRANK'S ITALIAN DESK SHARES HER INSIGHTS ON TUSCANY'S PRIME RESIDENTIAL MARKET.

HOW IS THE TUSCAN RESIDENTIAL MARKET PERFORMING?

Unlike the mainstream residential market, the prime segment is on a firmer footing. Over the last decade, prices declined 40% in peak-to-trough terms but we are now seeing prices stabilise with Florence and Lucca both recording 1% growth in 2018.

Tuscany is responsible for the majority of enquiries received by Knight Frank's Italian team. The latest data for the year to March 2019 shows the region generated 62% of our applicant numbers for Italy.

WHAT'S INFLUENCING DEMAND?

International enquiries rather than domestic demand is behind the recent resurgence. Buyers pay little attention to the political and economic landscape focussing instead on the unrivalled lifestyle on offer. For Italy, banking and governmental crises are nothing new.

For the wealthy, the €100,000 flat tax introduced in 2017 is acting as a key draw. According to the Minister for the Economy and Finance, Fabrizio Pagani, 150 UHNWIs applied for residency through the scheme in 2018.

Under the initiative, individuals who take up Italian residency benefit from a flat tax on all global income of €100,000. In addition, eligible family members benefit from a flat tax of €25,000.

Linked to this, we have seen a detachment of the super-prime market over the last year with enquiries for properties €10 million or above strengthening. Some of these high net worth individuals already own an Italian home and following the advice of their family office, are keen to expand their footprint in the country, often seeking multiple homes across a range of locations – city, coastal or in The Alps.

WHICH NATIONALITIES ARE MOST ACTIVE?

In 2018, Middle Eastern, US, UK, Benelux and Indian buyers were most active in Tuscany.

While most are looking to acquire a holiday home, an increasing number are seeking a permanent base.

The number of overseas residents in Tuscan cities continues to climb. Almost 100,000 foreign residents now live in Florence, Lucca and Pisa according to Italy's Statistics Office; Istat (figure 1).

Florence witnessed the largest increase of the three cities between 2012 and 2018, with the number of overseas residents rising by 38.5%

WHAT ARE BUYERS SEEKING?

The one trend that stands out this year is that our applicants are time-poor and it influences their search in several ways. Firstly, most want a renovated project, not one that requires any work.

Secondly, buyers want to be within an hour of an airport enabling them to make use of the property four or five times a year for mini-breaks and minimise travel – the days of visiting for a whole month in the summer are largely gone. Finally, most intend to own their home for upwards of five years, often renting it out to cover costs, so a low-maintenance property is preferred.

Buyers continue to seek value and with prices in Lucca 20% to 25% lower than in Florence the city is firmly in the spotlight. Lucca is also easily accessible via Pisa Airport, it is located within a 30-minute drive of the Mediterranean and hosts a world-renowned Summer Music Festival.



AMY REDFERN-WOODS

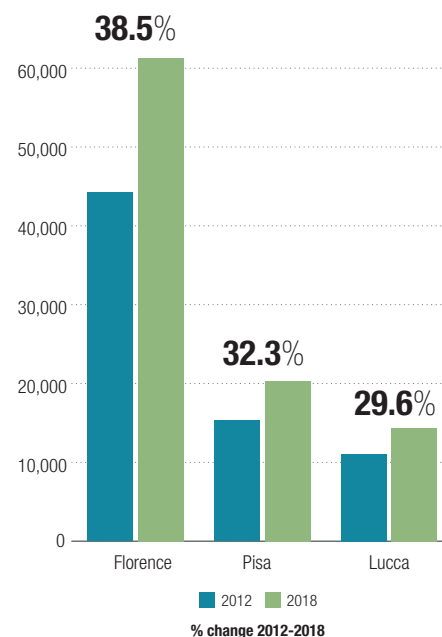
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“ITALY'S €100,000 FLAT TAX IS ACTING AS A KEY DRIVER OF DEMAND.”

FIGURE 1
RISING NUMBER OF FOREIGN RESIDENTS IN TUSCANY



Source: Knight Frank Research, Istat

MARKET INTELLIGENCE

Knight Frank's Research team take the pulse of Tuscany's residential market by handpicking the latest data, indicators and trends to help buyers and vendors gauge current market conditions.

FIGURE 2
ITALY'S GDP GROWTH TO REMAIN IN POSITIVE TERRITORY TO 2023

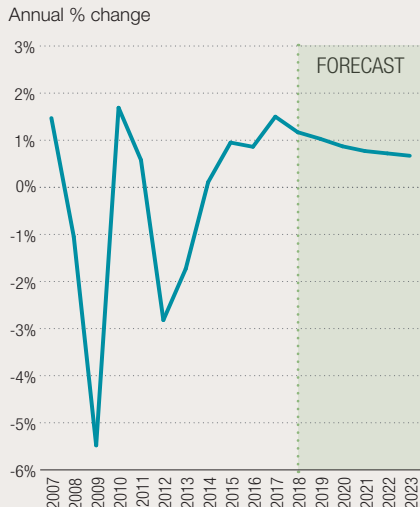


FIGURE 3
PRIME PRICES STABILISING

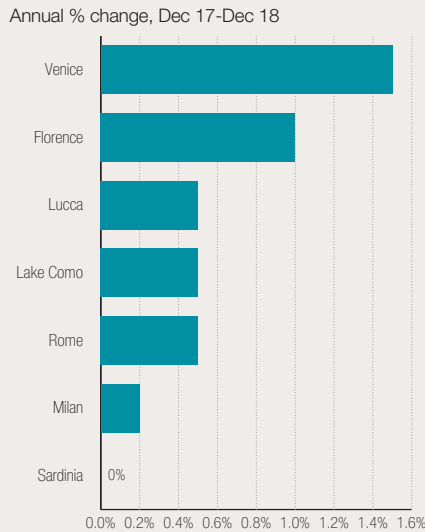


FIGURE 4
RESIDENTIAL SALES UP 35% SINCE 2013

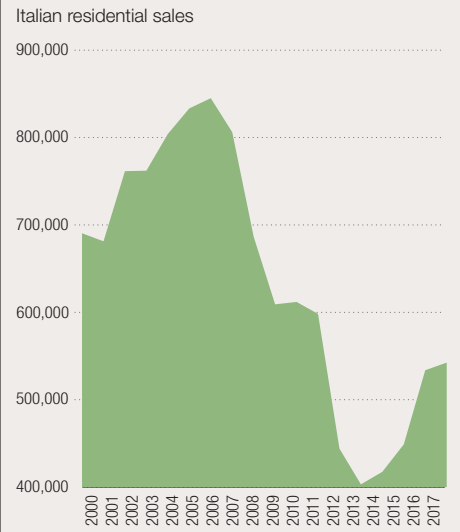


FIGURE 5
TUSCANY LEADS ENQUIRY NUMBERS

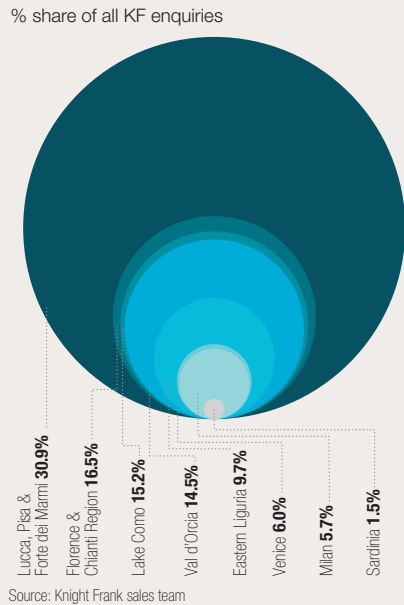


FIGURE 6
PRIORITISING PROXIMITY

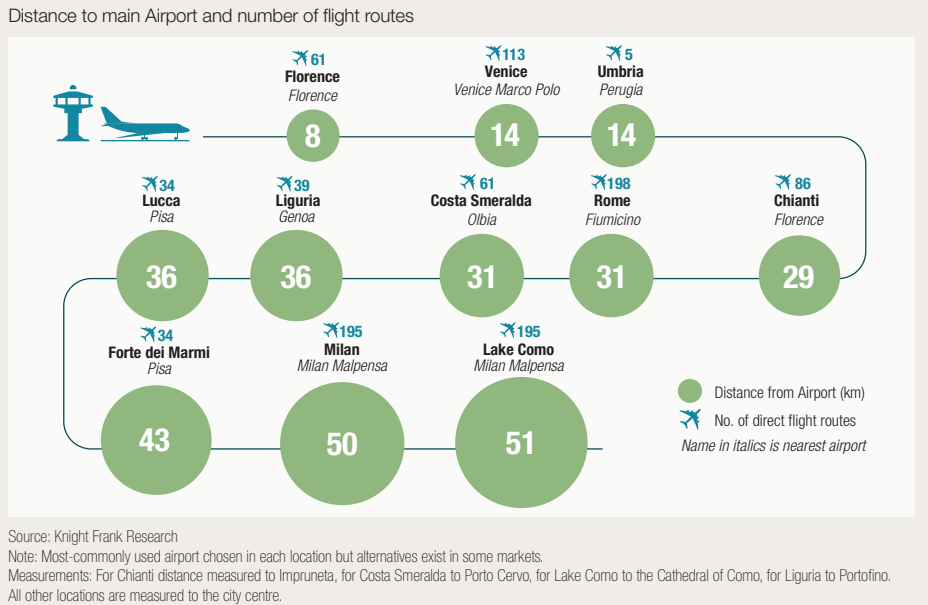


FIGURE 7
THREE THINGS TO CONSIDER

- The Florence to Viareggio trainline which runs through Lucca is being upgraded. Works due for completion in 2020 will put Lucca within a 45-minute train journey of Florence.
- The €100,000 flat tax rate introduced in 2017 is reported to have attracted over 150 UHNWIs to the country in 2018.
- A new 5.3km tram line now provides a direct link from Florence city centre to the Airport. The new T2 line has reduced travel times to 21 minutes.



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