

RESIDENTIAL RESEARCH

VENICE RESIDENTIAL INSIGHT

Knight Frank



Claire Hazle, from Knight Frank's Italian Department, offers her insight into Venice's exclusive property market and discusses how prices are faring, who's buying and where

How did the price of Venice's luxury homes fare in 2011?

Overall, the market in Venice's city centre remained relatively stable throughout 2011. Prices in Italy's cities have seen growth of 72% since 2000* and despite the recent global economic malaise prices in the mainstream Italian property market have fallen by only 8% since their peak in Q2 2008. The luxury homes market has performed well with increased buyer activity due to a slight decrease in prices toward the end of the year.

What are prices doing in 2012?

A typical prime property in a central location will now achieve from €6,000 to €9,000 per sq m. The higher end of the market, consisting of the more desirable homes in the very best locations, such as the Grand Canal or within a trophy building, currently command prices in the region of €10,000 to €12,000 per sq m.

Who's buying in Venice?

Foreign demand now accounts for around 65% of total luxury sales in the city, a figure which has remained largely unchanged in the last decade. Buyers are predominantly lifestyle-driven as opposed to short-term speculative investors. Activity remains among UK buyers, but purchasers from France continue to feature most prominently. There has been a reduction in the number of USA purchasers, and an increase from Eastern European and Middle Eastern domiciles. In addition, Belgian, Swiss and Dutch buyers are active, and interest from the Russian market has grown in recent years.

Where are the hot spots?

Of the 6 sestieri of Cannaregio, San Polo, Dorsoduro, Santa Croce, San Marco and Castello, luxury properties located within the San Marco area close to the Piazza can be a rare find and achieve the highest prices. While Castello, San Polo and Santa Croce offer slightly more property for your Euro, the Dorsoduro area is increasingly desirable, as is the Arsenale where you can watch incredible yachts mooring nearby.

Giudecca island has a trendy status and provides a typical Venetian way of life, where reasonably priced restaurants, beautiful walks and convenient boat moorings are easy to find.

The 11km long Lido Island with its famous golden beach has plans for substantial regeneration to bring a new lease of life to the area. Construction of a 900-berth super yacht marina and the restoration of the Grand Hotel des Bains are already underway.

What type of property is in greatest demand?

A Grand Canal location is most coveted, as well as property within buildings of great historic significance. Special Venetian houses with gardens, boat mooring or a terrace, or a house which was lived in by a famous poet, playwright or artist are also desirable. A good condition first floor apartment, or one on a higher floor with a lift, and with a minimum of two bedrooms and two bathrooms is a perennial favourite. Budgets for properties of this specification tend to range from €800,000 to €2m.

What's your outlook for the market in 2012?

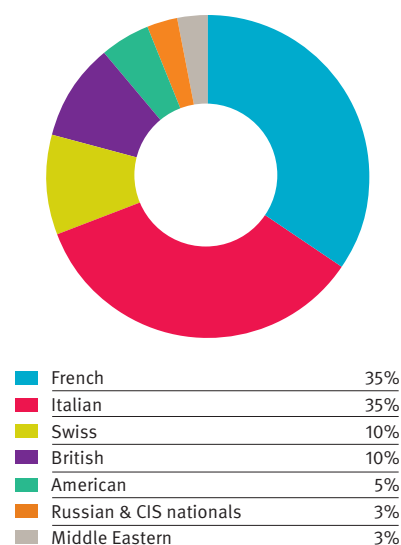
An increase in activity in the second half of 2011 signalled growing confidence in the market and this has continued into 2012. There are now a number of good quality new instructions in what is historically a very undersupplied market. Local residents and international owners alike are realising they are sitting on a sought-after investment. In my view the Venetian market now represents competitive market value compared to many other European cities.

In short, Venice ticks all the boxes for property ownership: a fashionable city boasting unrivalled architecture, iconic history, and a year-long calendar of social and cultural events. It remains a firm favourite for buyers seeking an opportunity for solid long term capital appreciation, rental income potential and a stunning romantic setting in which to live.



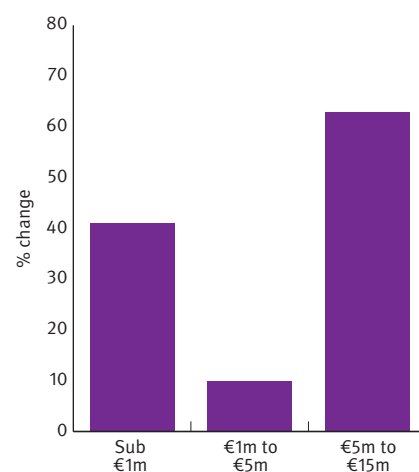
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Figure 1
Who is buying prime property in Venice?



Figures may not add up to 100% due to rounding
Source: Knight Frank Venice

Figure 2
Searches by price bracket
Percentage change in searches by price bracket, 2010 vs 2011



Source: Knight Frank Global Property Search Website

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Knight Frank's Global Property Search website receives 600,000 hits per month making it a unique barometer of the demand for prime international property. The following charts highlight some of the trends in the Venice market.

Nationality

Demand for luxury homes in Venice comes predominantly from northern Europeans with UK, French, Belgian and Dutch buyers particularly active in the €1m+ market. In 2011 32% of searches undertaken by Dutch residents related to properties priced above €5m, the highest proportion of all nationalities.

Figure 3

Average price searched by selected nationalities

Searches in the three months to Jan 2012 (€)

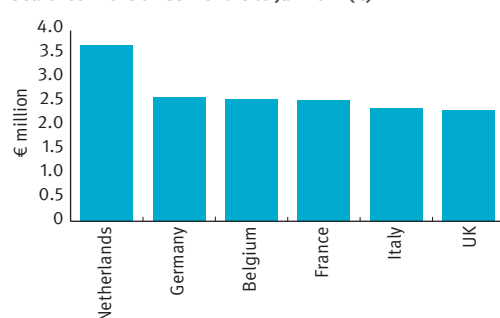
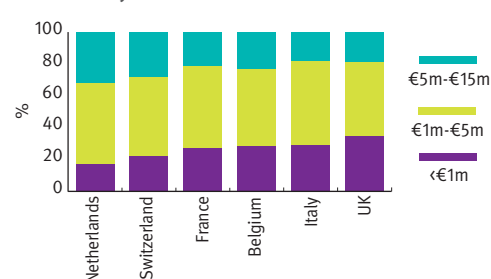


Figure 4

Nationality and price bracket

Proportion of searches by price band and nationality, 12 months to Jan 2012



Search volumes

In Venice property searches peak between April and July while for the rest of Italy activity peaks later in the year (figure 5). According to Knight Frank's Global Property Search Website Venice saw a marked increase in property searches in 2011 compared to a year earlier with the period from June to December 2011 generating strong online activity (figure 6).

Figure 5

On-trend?

Search activity compared to the monthly average for each location

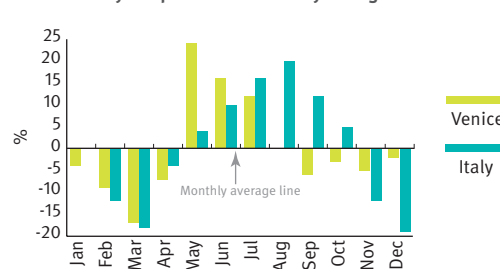
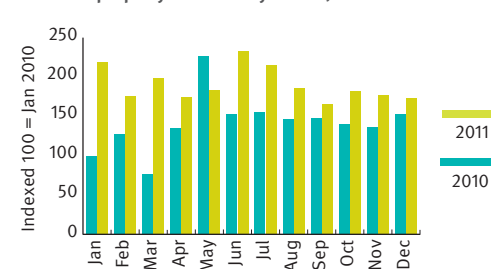


Figure 6

Monthly activity

Volume of property searches by month, 2010 vs. 2011



Source: Knight Frank Global Property Search Website

What can you buy on the Lido?

VENICE LIDO

Sumptuous private residences in a historic building

Prices on request

1-3



What can you buy in central Venice?

SAN MARCO

Beautifully-restored luxury apartment

Asking price €1.85m

5



For more details please click on the images above...

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