

Milan, March 2020

Milan, luxury homes: new ones sold out, and the top ones too.

Tirelli & Partners today published its **Luxury Real Estate Report** with the data for H2 2019. The report analyses the top segment in the city of Milan's real estate market.

Luxury residences refer to homes located in these zones:

- Quadrilatero
- Historic Centre
- Brera – Garibaldi
- Magenta
- Venezia – Manin – Giardini – Duse
- Residual Zone (homes that correspond to the above parameters but which are not located in the aforementioned areas)

that satisfy one of the following requirements:

- price per sqm of over €7,000 or total value exceeding €1 million
- rent of over €200/sqm per annum or total annual rent exceeding €40,000

Luxury homes, Milan market on the rise. Top quality and new properties prevail.

The second half of 2019 confirms the particularly brilliant phase in Milan with regard to demand for exclusive homes: the average **take-up rate**, namely the proportion of homes sold compared to those available, is at 22%. In H1 2013, this rate was at 2.8%. *“While 6 and a half years ago, fewer than 3 homes over 100 present on the market were sold, now we are seeing almost 8 times as many”* states Gabriele Torchiani.

There is an increase in the number of buyers who, unable to find a home in the classic areas of Brera, Magenta or the Quadrilatero fashion district, decide to purchase in **central or semi-central zones** traditionally considered less prestigious, attracted by the positive features of the apartment, building or neighbourhood in question.

While on the one hand, **high-quality** properties boast high demand willing to pay premium prices, on the other, existing medium and medium/low- quality properties struggle to find purchasers. Indeed, the **average time on the market**, up to 23 months, indicates that homes that are not sold right away are often not sold at all. This last category also includes homes for which contracts are stipulated with several intermediaries, which often confuses potential clients with frequently contradictory figures and encourages them to negotiate for lower prices.

Conversely, **new homes** generate enormous success. The majority of new projects are sold out long before construction actually ends.

Prices up

Rising trend in prices, up by an average of 2.9% compared to the prior period.

Average discounts during the second half of 2019 are down to **6%**.

Also down are the **average sales times**, amounting to **less than 7 months**. The most popular homes are often sold very quickly, frequently without ever being put on the market, even when handled by authorised brokers.

“Minimal discounts and quickly declining average sales prices are unequivocal signs that we are in what the Anglo-Saxons call a ‘seller’s market’, namely a market in which sellers set the rules” says Marco E. Tirelli.

Most expensive homes: prices and zones

The biggest sales transaction during the half-year was recorded in one of the most exclusive streets of the Quadrilatero, for **€20,000** per sqm, net of the price of the garages.

Features of the homes with the highest overall value transacted in Milan (H2 2019)

Zona urbana	Prezzo complessivo (€)	Superficie (mq)	Prezzo al mq (€)	Condizione d'uso	Tipologia abitativa	Attributi pertinenti
Quadrilatero	€ 77.500.000	360	€ 215.278	Medio	Appartamento	4° piano con terrazzo
Centro Storico	€ 75.750.000	450	€ 168.333	Medio	Appartamento	3° piano
Centro Storico	€ 72.800.000	400	€ 182.000	Da ristrutturare	Appartamento	4° piano

Leasehold market: high energy

The leasehold market recorded a very positive trend in the second half of the year as well, with all indicators highly positive:

- the take-up rate is over 30% for the first time in 10 years;
- the average discount has fallen to below 6% for the first time;
- the average lease time approaches 6 months (compared to nearly 8 months in the first half of the year).

“These are the fruits that owners may now reap thanks to their investment in refurbishment and basic furnishing” says Torchiani.

Outlook

“The Milanese market had solid bases due to the scarcity of supply of quality product, as well as varied demand no longer limited solely to the Milanese” says Tirelli. “It is clear that we are undergoing a very difficult moment, and in the upcoming months we expect a significant impact on the market in terms of a slowdown in sales and lettings. However, we are convinced that the prospects are good and that the market will recover serenity and confidence over the second half of the year”.

Tirelli & Partners srl Società Benefit

Tirelli & Partners SB is an atelier dedicated to luxury residential properties and a cutting edge real estate consulting company.

Founded in 1987 as a boutique for landlords, purchasers and tenants of exclusive homes in Italy and around the world, the company stands out for the quality of its service – residential or commercial – and its dedication to clients.

Since 2003, it has published the Luxury Real Estate Report on a half-yearly basis.

In 2020, Tirelli & Partners became Società Benefit and the first Italian real estate company to obtain B Corp® certification.