

Rassegna Stampa

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>> FEATURE *The Mediterranean's Luxury Real-Estate Jewel: Italy*



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Stunning view from the  
docks from the  
Portofino, Italy

# Italy: The Mediterranean's Luxury Real-Estate Jewel

**W**ITH MORE THAN 50 MILLION FOREIGN VISITORS IN 2015, Italy is the fifth most visited country in the world. According to the latest Bloomberg Global Health Index, Italy is ranked as the healthiest country on Earth—proof of the exceptional quality of life that it can offer. Italy is also a country with an extraordinarily diverse landscape. Almost 7,500 kilometres of coastline, the highest mountains in Europe, more than 1,200 rivers, more than 500 lakes, hills, plains, innumerable ancient villages and art cities. This immense wealth of landscapes is matched by a terrific variety of types of real estate,



reflecting an incredible architectural-cultural heritage built up and preserved over a thousand and more years.

Approximately 40,000 villas, castles, buildings and palazzos have listed status as being of exceptional architectural or historic interest. To fully appreciate how unequalled this number is worldwide, suffice it to say that there are more castles in Sicily alone (one of the 20 Italian regions with a surface area of less than 26,000 square kilometres) than in the whole of France (over 675,000 square kilometres—26 times as big!!), which has made tours of the Loire Valley castles

one of the world's most famous tourist attractions.

**Restrictions on buying in Italy**

Italy places no restrictions on foreign citizens purchasing property, regardless of their country of provenance.

*Italy, a place to live and get tax benefits*

The new Italian Budget Law approved last December provided for a tax package tailored to attract wealthy individuals and their families by granting them a flat tax on all their foreign-source incomes and gains. By becoming a “newly resident” in Italy, indi-

viduals will pay a fixed amount of €100,000 for each tax year. The new tax regime can be extended to family members, who will be subjected to an additional substitute tax of €25,000 per person. The substitute-tax regime applies on an optional basis for a maximum period of 15 years. It is revocable at any time by the taxpayer.

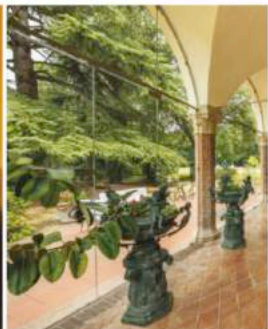
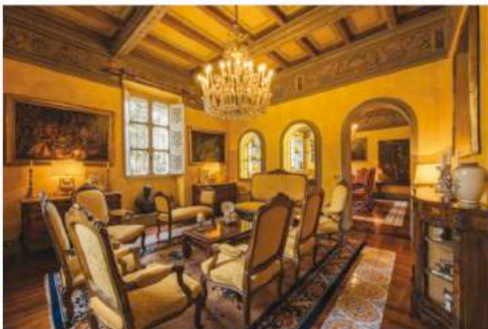
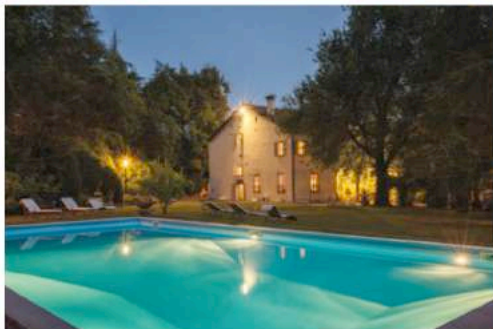
**Italian residential market: an overview**

The Italian residential market felt the effects of the financial crisis starting in 2011. In view of the high home ownership rate of more than 80 percent, the low level of in-

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*The Villa Talon  
Sampieri, Bologna, Italy*



debtedness to mortgage lenders and the reduced level of new-home building, the biggest effect of the crisis was a fall in the number of completed sales, which fell from the 600,000 plus in the 2009-2011 period to 406,000 in 2013. Overall, the drop in prices was less drastic than in many other countries in Europe and further afield. Since the second half of 2015, the market has been showing signs of improvement (445,000 transactions), which accelerated strongly in 2016 (529,000 transactions).

**Italian luxury-residential market  
Rome and Milan**

Since 2003, Tirelli & Partners has published a twice-yearly Luxury Residential Report for the cities of Rome and Milan: the po-

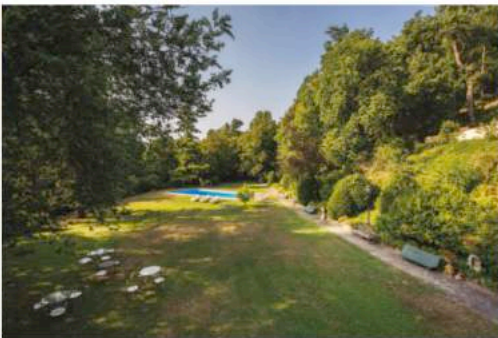
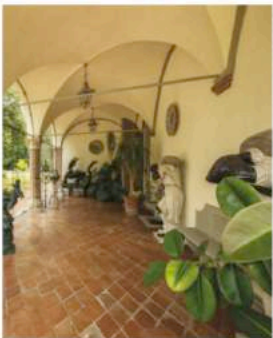
litical and financial capitals of Italy. The niche luxury-residences market was also hit by the crisis in terms of both a fall in transactions and in prices. The sales-absorption rate decreased from 28.3 percent in 2010 to 4.3 percent in 2013. Over the same period, prices also decreased by around 20 percent, due partly to a lowering of the asking price on the part of owners, and partly ascribable to an increase in the level of discounts, which went from less than 5 percent to almost 15 percent.

The market recovery that began in the first half of 2015 was confirmed and accelerated in 2016. All indices have improved (value of transactions +30 percent, average sales closing times +37 percent, absorption rate

+14.4 percent, selling prices +1.6 percent). The combined effect of an improvement in general economic conditions, the consequences of the United Kingdom's referendum on leaving the EU, and the fiscal-benefits package for "newly residents" have generated a further upturn in 2017.

**Holiday residences**

The luxury holiday-homes market also suffered a major downturn in the financial crisis. In addition to general economic difficulties, this segment was also affected by new models of tourism generated by increased air travel and the international mobility of people who prefer the temporary use of homes rather than permanent, repeated use. So while the luxury vacation



rentals segment has grown significantly, sales of seaside, lakeside or mountain villas and luxury residences have struggled to take off again.

It is clear, however, that there are favoured locations such as Portofino, Capri, Bellagio, Cortina d'Ampezzo and many other world-wide-known destinations in which demand permanently outstrips supply, and where, in a worst-case scenario, the crisis has merely caused decisions to buy or sell to be temporarily postponed.

#### *Opportunities and forecasts*

At the moment, the luxury-residences segment in Italy offers very good opportunities, first and foremost for the scant amount

of real estate available. In a country made up of art cities and protected historic old towns, it is difficult to build new developments that significantly increase the available stock of homes in the most sought-after locations. Sales prices are a reflection of the scarcity value.

Sales prices have not yet returned to pre-crisis levels, but could see increases as a result of renewed interest on the part of domestic demand, but also due to the effects of an increase in qualified demand generated by Brexit and the significant fiscal-benefits package passed by the government in favour of HNWI's (high-net-worth individuals). Average sales prices for sought-after locations in cities such as Milan and Rome

stand at between 8 and 12 thousand euro per square metre, with top prices around €15,000. These are significantly lower levels than those in competitor European cities—and competition in the third millennium is not just between countries, but also between cities.

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#### **ABOUT TIRELLI & PARTNERS - LUXURY HOMES | FAIR SERVICE**

Established in 1987 as a boutique real-estate firm to provide personalized service to buyers and sellers of luxury properties, Tirelli & Partners is recognized as a top luxury real-estate firm in Italy and a cutting-edge real-estate consultant.