

REAL ESTATE

Prime Italian real estate prices dropped 5.5pc in 2016: Knight Frank

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Lake Como villa for sale through Knight Frank

By STAFF REPORTS

Lake Como saw the greatest real estate price increases of Italy's property markets, according to a new report.

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Knight Frank's first Italian Prime Residential Index found mixed results, with the difference between the strongest and worst performing real estate markets in Italy varying by more than 14 percentage points. Despite geopolitical upheaval, including Brexit and the Italian prime minister stepping down in December, Italian real estate generally saw improvement last year, but 2017 may hold more challenges for the market.

Mixed results

Sales data has typically been unavailable for Italy, making the market less transparent for buyers and sellers. Knight Frank is aiming to make prices more apparent through its index.

Italy's real estate market attracts international investors who are looking for a vacation home, as buyers seek the country's lifestyle.

With the fall of the pound sterling, buyers from the United Kingdom are more hesitant to purchase where the exchange rate is not as favorable. Meanwhile, a closer exchange between the dollar and the euro is drawing increased interest from Americans, with Knight Frank predicting a greater uptick in U.S. buyers this year.

While Italy has not been as active in courting or dissuading foreign buyers, a new tax incentive may make international consumers look there. A non-dom tax status introduced in January means that all foreign-sourced income is taxed at a flat rate.



Florence villa for sale through Knight Frank

Italy was one of the top vacation destinations for this year, according to a survey by Travel Leaders Group ([see story](#)).

When it comes to comparative prices, Costa Smeralda commands the greatest amount per square meter, with each 1 million euro, or about \$1.06 million, only buying 50 square meters, or about 540 square feet. This area is seeing a renewed interest, particularly among investors from the Middle East and northern Europe.

Rome is the country's most expensive city, with 1 million euro only buying about 900 square feet. This city, along with Venice, Florence and Milan, have seen their declining prices slow over the past two years.

"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," writes Kate Everett-Allen, one of the report's authors.

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