

NEWS

Prime property sales rise in Italy with prices up in areas popular with overseas buyers

Wednesday, 24 February 2016



The prime residential property market in Italy has turned a corner with viewings and sales increasing in 2015, new research shows.

The weak euro and a growing realisation that prices are at, or close to, their floor has boosted buyer confidence, according to a new analysis from international real estate firm Knight Frank.

Across key second home destinations price performance has converged with annual growth ranging from 2.1% in Venice) to a fall of 3% in Sardinia in 2015.

The report says that market confidence is strengthening and residential sales increased by 7% in 2015 and the outlook is helped by the fact that Italy's consumer confidence index is up 39% since its low in 2012.

In 2015 the number of enquiries from buyers looking for an Italian property jumped 57% year on year and Tuscany continues to generate the most interest but Liguria and the Italian Lakes from Como to Maggiore are increasingly on buyers' radar.

The report also points out that in the last two years, the Euro has slipped from 0.83 to 0.73 against the pound and from 1.38 to 1.09 against the dollar providing British and US buyers with a strong buying incentive in Italy.

A breakdown of the figures shows that in Venice prime property prices increased by 2.1% in 2015 and Dutch, Italian and French buyers are most numerous there, preferring waterside apartments.

In Florence, another popular destination for overseas buyers, prices increased by 2% last year and the bulk of buyers are from the UK, Belgium and Canada while prices are also up, by 1.5%, in Liguria which is popular with buyers from Italy, Switzerland and Sweden.

Prices increased by 0.2% in the Italian Lakes where all types of properties are sought after by buyers from Italy, the UK and Russia. Prices also increased by 0.3% in Rome with buyers from Italy, Germany and Russia.

Elsewhere in places popular with overseas buyers prices fell in 2015, led by a decline of 3% in Sardinia with most buyers coming from Germany, Italy and the UK. They fell by 2% in Umbria which is popular with buyers from the United States, Germany and the UK.

Prices fell by 1.9% in Milan where buyers from Italy, China and Egypt opt for apartments. Prices also fell by 1% in Tuscany with buyers from the UK, Germany and the Netherlands also looking for rustic renovations projects as well as apartments and houses.

Looking ahead the firm expects prices to stay level. 'We don't see immediate rises or substantial drops on the horizon. What we are seeing is a return to the long term trusted locations,' said Rupert Fawcett, head of Knight Frank's Italian Department.

He explained that at the market's peak, buyers looked to regions such as Le Marche, and Abruzzo for greater value for money. With prices having dropped across the board since 2009 and now resting at about 30% below their peak, Chianti is back in favour, along with Lucca and Pisa and the hilltop villages of Montepulciano, Cortona and the Val d'Orcia. In Umbria, the Niccone valley, Perugia and, to the south, Todi and Orvieto remain the more requested locations.

'We find buyers are either a Tuscany type, drawn by its rolling hills and Renaissance architecture, or they love Umbria for its rugged Etruscan landscapes; they rarely search in both. But the price gap between the two is narrowing,' he pointed out.

'Where Tuscany's rise to fame in the 1970s means many of its properties are now in need of a new bout of modernisation, and priced accordingly. Umbria joined the picture later and its properties tend to have been more recently renovated,' said Fawcett.

'For opportunities beyond the big two, Liguria, a long a holiday home destination for Italian buyers, is regaining its appeal with British, American and Northern European buyers. The Western side in particular, easily accessible from Nice airport, offers far greater value for money than the Cote d'Azur and its coastal towns such as San Remo and Bordighera are seeing a resurgence in popularity,' he pointed out.

'Lifestyle will always be the primary reason for people to invest in Italy, but the purchase needs to make commercial sense too. Increasingly, that means buyers are looking at rental potential to cover their outgoings. They also want something that is ready to go, with no major work needed, whether urban or rural,' he added.

Fawcett also explained that high quality new build projects are still scarce in Italy, but the firm is seeing growing demand for lock up and leave apartments in Florence, Rome, Milan and Venice. Owners can reasonably expect a 22 to 25 week rental season for a recently renovated, well-located property.

However, those searching for a rural property tend to have a more extensive wish list and Fawcett believes that they need to keep in mind the need to compromise. 'The dream country home is detached and well-renovated with a hilltop location to offer panoramic views but close to the amenities of a village,' he said.

'Should you find all that in one property, our advice is to act quickly. Buyers may feel they can take their time due to the amount of stock on the market, but a property that ticks everyone's boxes won't stay around for long,' he added.