

Italy Luxury Residential Real Estate Market - Growths , Trends , Covid-19 Impact , and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 70 pages | Mordor Intelligence

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Report description:

The Luxury Residential Real Estate Market in the Italy is expected to register a CAGR of more than 5% during the forecast period.

COVID-19 impact was severe on the market. The house prices in the Mediterranean country were decrease by 2.6 percent mentioning a potential decrease of up to four percent. Despite the pandemic crisis the luxury residential real estate in the country is in recovery phase, as the sales in the country were quickly bounced back to pre-pandemic levels.

Study by Italian magazines reveals that demand for luxury residential real estate has increased by almost 50 % since 2019. Luxury Residential spaces to meet new living desires is seem to be one of the COVID-19's many legacies. The Italian real estate market noticed the trend of renewed focus on luxury living spaces , witnessing changes in the public's buying interests and choices in the last couple of years.

With over 50 percent of all transactions in 2020, the residential is the largest sector in the italian real estate market. Since an overwhelming majority of Italians live in an owner-occupied home and houses or flats are considered an important and safe investment, it should come as no surprise that the luxury residential market is quite dynamic.

Q1 2022 marked the start of the biggest urban regeneration project in Italy. It will host over 50,000 people every day including residents, city users and visitors which will boost the luxury residential real estate market in the region. Also , Rome is back on the arena and quarterly investment stood at 13% on the total, higher than 8% of the whole 2021 .

Italy Luxury Residential Real Estate Market Trends

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Increase in Residential Properties across the Italy due to Less Mortgage Rates

The lending mortgage rates also affect the luxury residential real estate market through the cost of financing a home purchase. Most Italian take out a mortgage to purchase a home, and mortgage debt accounts for about 70% of all household debts. The Federal Reserve's aggressive interest rate reduction and quantitative easing drove down treasury yields, lowering mortgage rates. Industry experts claim the current residential boom emerged from a mix of low-interest rates, booming demand, and supply bottlenecks. It is a situation that many are feeling acutely about with no single policy to blame and no easy fix.

Mortgage interest rates in Italy decreased substantially between the first quarter of 2018 and the second quarter of 2021. Low interest rates, especially when compared to other European countries, and decreasing house prices led to a renewed interest in the real estate market in Italy. Despite not reaching the pre-crisis levels, an increase in the number of transactions in the luxury residential real estate market as well as the volume of mortgages stipulated for house purchase indicate a positive trend for the sector in Italy.

In recent years more than in the past, Milan was able to attract human capital and investments, both domestic and foreign due to its role as a capital of business and finance as well as an innovation hub. This ability to grow and innovate was also reflected in the luxury residential real estate market, which was the most dynamic in the country. Transactions in the luxury residential real estate increased steadily since 2012 and so did prices, some areas of the city are among the most expensive in the country to buy a property.

Demand For Housing Market To Remain Elevated

The luxury residential real estate has hard hit by the pandemic, despite this disruption the housing market is resilient with increasing home ownerships in this sector. Most of the demand in this sector is obtained from condominiums and apartments. Apartments are likely to dominate the sector when compared to condominiums. Because 64,000 apartment units are completed in Q2 2021, which is more than condominiums.

The Homeownership Rate in Italy was high since 2008 above about 70 %. In fourth quarter of 2021 more than 140,000 housing units were available to meet the consumer demand, in which more than 89% housing units were occupied by owners and renters. In addition, most of the sales in the sector are contributed by middle aged and aged citizens in the country. For instance, people aged from 45 to 65 years accounts for more than 70% homeownership rates in the country in four quarters of 2021. In addition, the growth rate of homeownerships in 2021 remained resilient, despite the slight decline from previous year due to changes in consumer behaviour during the pandemic. In 2019, approximately 72.4 percent of Italians lived in an owner-occupied household.

Italy Luxury Residential Real Estate Market Competitor Analysis

The Italy Luxury Residential Real Estate Market is competitive with presence of local and international players in the market. The Italy Luxury Residential Real Estate Market can be defined as a semi-consolidated market. Some of the top players in this market are Christie's International Real Estate, Immobilieninvest Real Estate, Sotheby's International Realty, Chianti Estates SRL, Carratelli Real Estate. The growing presence of international funds and foreign capital is increasingly attracting domestic developers to have joint ventures as a way of gaining a foothold in the country and enhancing their financial strength and management expertise.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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