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Venice market dominated by international investors

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The historic city of Venice has long attracted international tourists and its property market is also a major draw with a high proportion of sales going to global property investors.

The real estate sector is dominated by international real estate investors, who make up 70% of property buyers and are helping to boost values, says top agency, Engel & Völkers.

A plan to reduce tourist congestion in the most popular city attractions could have a knock-on effect in ensuring prices rise further, says Giacomo Argenio, Office Manager Engel & Völkers in Venice.

"Prices have risen continuously over the last 20 years and have remained relatively constant – even after the financial crisis. This stable to upward price trend is due to the high level of international demand. "The prices will remain stable; by the end of the 2016 they will have a few percentage point increase."

"The high level of interest from private buyers and capital investors abroad means that prices for residential real estate in Venice will continue to rise in future. The number of top properties on offer in good and very good locations is only limited. In addition to a large excess demand, the low interest rates in Europe and the recovering Italian economy will be contributing factors in price rises over the coming years.

A quarter of foreign investors in Venice are British citizens, followed by the French (20%) and Germans (10%). A further 15% involve buyers resident in the Netherlands, Argentina, the USA, Thailand and Switzerland.

Even though a high percentage of buyers are from the UK, any decision to exit the European Union in the forthcoming vote is unlikely to deter buyers, says Giacomo Argenio. "The Pound would obtain more value and the investments in Euro Countries would increase."

Most buyers acquire real estate as a capital investment and often generate income through tourist rentals. The market is dominated by investors, with only a quarter of buyers acquiring residential property in Venice for their own private usage.

The majority of Venice's land mass spans 118 islands in the Venetian Lagoon, while the rest is found on the adjoining mainland.

The most desirable residential addresses are located on the islands – with Venezia being most popular amongst buyers. San Marco, Castello and the artist's quarter Dorsoduro are the most sought-after districts for residential property.

The top addresses are along the Grand Canal, the largest of the canals, which forms the main waterway meandering its way through Venezia.

Apartments on the upper levels of buildings lining the Grand Canal, with views both of the waterfront and famous historic buildings, command the highest prices. For example, for apartments on the Grand Canal, top prices from €8,000 to €20,000 per square metre of living space are currently being fetched.

Apartments with views over Rialto Bridge or in immediate proximity to the famous St. Mark's Square also command top prices and addresses along the Lido di Venezia, which separates the lagoon from the open Mediterranean Sea, are also in high demand.

On Venice's mainland (Mestre) the price level for residential properties is more moderate. One exception is the Riviera del Brenta, along the shore of the Brenta Canal several kilometres east of Venice's mainland. There is a high density here of Palladian-style villas and palaces originally owned by merchants as summer residences.

In 2011, around 30 million people visited Venice – three times as many as Rome. But while Rome (approximately 2million inhabitants) is a major city, only around 30,000 people actually live in the centre of Venice. Tourism, which has grown in recent decades, has led to a rise in property prices and the cost of living.

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The main picture, taken by Constantin Hudici, is from Freelimages.com.