

European Residential Signals

Q2 2026

A snapshot of prime residential market trends in Europe

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► Mobile wealth targets key European hubs

European relocations spurred by global uncertainty and tax moves

The *Knight Frank Wealth Report 2026* confirms a substantial uptick in the global mobility of wealthy residents as economic, geopolitical and tax risks mount. In the UK, the abolition of the non-dom regime has reshaped how London is used by the internationally mobile, driving more short-term residences and to a rise in moves away from the city. Similar shifts are unfolding across Europe as countries including Portugal, Belgium, Spain and France consider moves on wealth taxes or tightening residency schemes, while conflict in the Middle East has displaced some demand, pushing buyers towards European hubs.

From enquiries to relocations

We have taken the pulse from key European markets to assess how wealth is moving and can confirm that exploratory enquiries from wealthy residents are translating into relocation decisions. These include a recent €17 million residential purchase in Madrid by a family relocating due to current geopolitical uncertainty.

Knight Frank is also seeing some early displacement of demand, with buyers who had planned a move to the Middle East now turning their attention to Europe. This includes one client who has signed a lease in Monaco, a standard step ahead of purchasing. All prospective buyers must hold a permanent Monaco address before residency is approved, either through a rental contract of at least 12 months or by purchasing a property.

Tax remains a critical driver

The UK abolished the non-dom regime in April 2025, replacing it with a residence-based system under which most UK residents are now taxed on worldwide income and gains, with a limited four-year foreign income exemption available only to new arrivals.

“The non-dom changes in the UK have had a noticeable and ongoing effect,” said Knight Frank partner Alex Koch de Gooreynd.

“Demand started to pick up last year, and this year it’s accelerated further. There’s more hunger in the market.”

Switzerland, Monaco and Italy lead demand

Push factors including geopolitical and European taxation pressures are favouring Switzerland, Monaco and Italy at the luxury end of the market.

Switzerland offers qualifying wealthy arrivals a lump-sum tax regime, where tax is based on living expenses rather than worldwide income or assets. Monaco levies no personal income, capital gains or wealth tax for most residents, while Italy allows new residents to cap tax on foreign income at a flat €300,000 per year for up to 15 years, making all three attractive bases or second-home locations for internationally mobile wealth.

In Switzerland, Knight Frank agreed the sale of a €10 million-plus property this year in Verbier to a British buyer seeking a second home within a matter of hours, reflecting strong demand.

“UK tax reforms, particularly the abolition of the non-dom regime, have changed how London is used by the internationally mobile.”

Fig 1. What does €1m buy you?

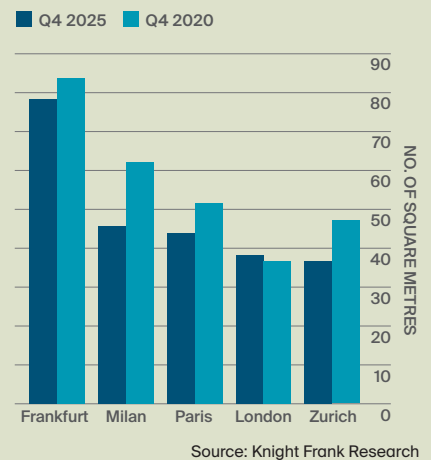
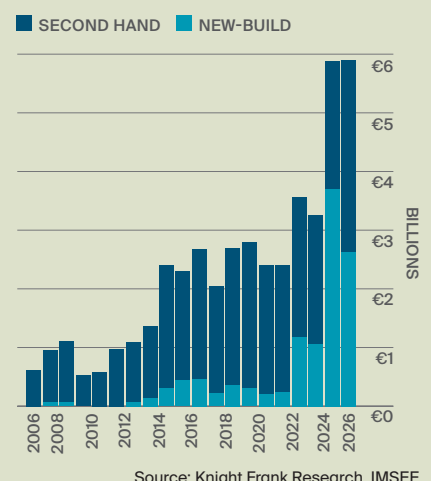


Fig 2. Total transaction volumes in Monaco remain at record highs



Italy has emerged as another primary beneficiary of shifting international demand, with Milan, Rome and spillover locations such as Lake Como seeing the strongest buyer interest.

One recently agreed transaction involved a buyer committing approximately €4 million to a permanent move to Tuscany, citing frustration with the UK’s fiscal environment. The property had originally been intended as a second home.

Monaco also continues to attract global wealth, with €5.9 billion in residential sales and resales recorded last year, remaining stable at the record level reached the previous year (see Fig 2 chart on previous page).

Relative performance

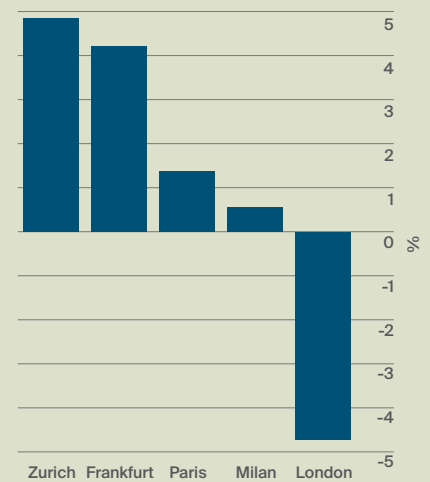
Top-end London house price growth remains subdued, reflecting softer demand conditions and changing tax dynamics.

Last year, average London prime residential prices fell 4.7%, while Europe’s key financial centres such as Zurich, Frankfurt, Paris and Milan all recorded price growth (see chart Fig 3).

Despite tax pressures the UK’s ultra-high-net-worth population has grown over the past five years. According to Knight Frank’s Wealth Sizing Model, numbers of individuals with a net worth of \$30 million or more rose by 12%, from 24,871 in 2021 to 27,876 last year. However this rate of growth contrasts with much stronger growth across Europe’s tax-friendly markets over the same period, including Monaco (32%), Italy (23%) and Switzerland (39%).

Fig 3. Europe’s financial capitals diverge

Annual % change (2025)



Source: Knight Frank Research

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Residential Research
 Anna Ward, Associate
 07971 014769
anna.ward@knightfrank.com



Residential Sales
 Mark Harvey
 +44 207 861 5034
mark.harvey@knightfrank.com



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