

European Residential Signals

September
2026

A snapshot of prime residential market trends in Europe

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- Italy's prime residential market is entering a new phase of growth, with transaction volumes more than doubling as international buyers look to increase their presence in Italy

Knight Frank has already surpassed its full-year 2025 prime residential transaction total in Italy. Completed transactions have more than doubled in the first eight months of 2026 versus the same period of 2025, an increase of approximately 140%.

Part of this growth reflects a shift in how international buyers are engaging with Italy. Industry estimates suggest participation in Italy's flat-tax regime has risen from around 3,000 individuals two years ago to approximately 5,000 today. At the same time, an increasing number of buyers are viewing Italy as a longer-term base rather than simply a holiday-home destination, while agents report a growing trend among existing owners expanding their Italian footprint beyond a single home, combining city, coastal, lake and mountain lifestyles (for more on these trends, see our Q&A with Withers' Roberta Crivellaro below).

Recent examples with Knight Frank include a long-standing Sardinia owner formalising Italian residency while adding an Alpine property in Cortina, a buyer combining Turin and Lake Como, and internationally mobile clients using an initial rental or city purchase as a stepping stone to further acquisitions elsewhere in the country.

The geographic distribution of deals has also broadened. In 2025, around 80% of completed prime residential transactions with Knight Frank were concentrated across Tuscany, including Lucca and Chianti, and the Lakes. In contrast, 2026 has seen greater activity in Rome and Milan, alongside completed transactions across Tuscany, Lucca, Liguria and Venice. The forward pipeline extends into Sardinia and Lake Como, as well as Alpine locations.

The buyer mix has evolved as well. UK buyers accounted for roughly half of 2025's unique completed transactions, with other buyers coming from Australia, Italy, Turkey and the UAE. This year, British buyers remain active, while US purchasers have become a more notable source of demand, particularly in Rome and Milan. The completed-deal data for 2026 so far also records buyers from Switzerland, France, India, and the Netherlands.

Multiple prospective buyers are scheduled for viewings over the Autumn period. Approximately one-third of this pipeline is linked to tax-related relocations. Beyond this group, agents report demand from European second-home buyers, alongside international owners seeking to expand their existing Italian property holdings across additional destinations.

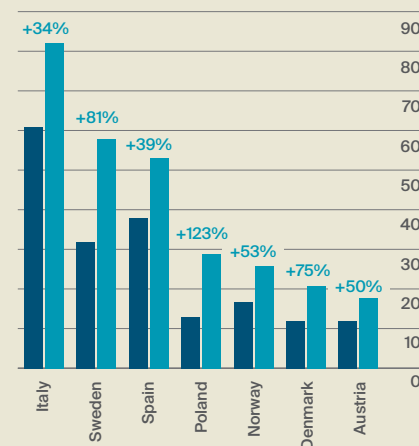
Italy's flat tax regime, recently increased to €300,000, continues to attract globally mobile wealth, with over 60% of prime international enquiries through Knight Frank now driven primarily by tax considerations. This reflects a broader evolution in demand, from the introduction of the flat tax, through post-Covid lifestyle shifts, to the removal of favourable tax regimes elsewhere such as in the UK.

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Fig 1. Italy leads Europe's emerging billionaire growth markets

Billionaire growth

■ 2026 ■ 2031



Source: Knight Frank Research

Italy's investor appeal grows

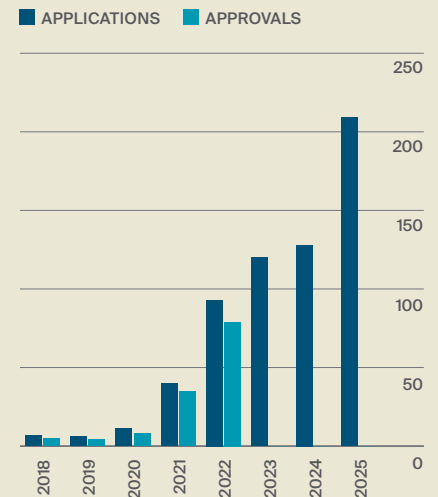
As Roberta Crivellaro notes, many non-EU individuals relocating to Italy under the flat-tax regime also require visa arrangements, with relocation often going hand in hand with property acquisition and broader investment activity. For some of these buyers, Italy's Investor Visa has emerged as a natural complement to the flat tax.

Launched in 2017, the programme is open to non-EU citizens investing in Italian businesses, innovative start-ups, government bonds or philanthropic initiatives. Entry thresholds start at €250,000 for an innovative start-up, rising to €500,000 for an Italian company, €2 million in government bonds or a €1 million charitable donation. The visa carries no minimum stay requirement, with investment only required after an application has been approved.

The programme has gained momentum in recent years. By December 2025, applications had reached 209, representing a compound annual growth rate of 62.6% since 2018. Italy's appeal has also been reinforced by changes elsewhere in Europe. Spain stopped accepting new Golden Visa applications in April 2025, Portugal's investor residency programme now centres on a €500,000 investment fund route, and Greece has raised minimum investment thresholds to €800,000 in some of its most sought-after locations. As a result, Italy now offers one of the most accessible investment migration pathways among major Western European markets.

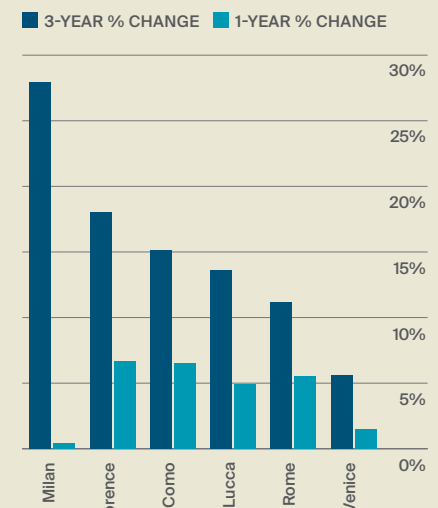
Fig 2. Italy investor visa applications and approvals

Main applicants only*



*As of December 1st, 2025. No approval data available after 2022
Source: Knight Frank Research, Ministry of Enterprise and Made in Italy

Fig 3. Milan, Florence and Lake Como lead 3-year growth
PIRI 100 index



Source: Knight Frank Research

MARKET VIEW

Expert Insight

Roberta Crivellaro, Managing Partner and Roberto Bonomi, partner Private Client & Tax of Withers in Italy, discuss the evolution of Italy's flat-tax regime, changing applicant profiles, and the country's growing appeal among internationally mobile wealth.

HOW MANY INDIVIDUALS HAVE JOINED ITALY'S FLAT-TAX REGIME SINCE ITS LAUNCH IN 2017, AND HOW HAS PARTICIPATION EVOLVED?

We do not have visibility over the total number of participants in the regime, only the cases we have personally advised on. What is clear is that participation has increased significantly in recent years.

Two years ago, estimates were closer to 3,000 participants, whereas today the figure is closer to 5,000. The regime started relatively quietly in Italy, but uptake has accelerated over the last few years.

However, we would not necessarily expect the same pace of growth to continue indefinitely. In our view, total participation is likely to remain below 10,000 individuals over the next couple of years.

SINCE THE UK ABOLISHED ITS NON-DOM REGIME IN APRIL 2025, HAVE YOU SEEN AN INCREASE IN ENQUIRIES FROM UK-BASED HNW AND UHNW INDIVIDUALS?

Yes. Interest is being driven by a combination of factors, including quality of life, political stability, broader geopolitical risks and changes to competing tax regimes, particularly the reform of the UK's non-dom regime.

While tax remains important, lifestyle considerations are often equally significant in relocation decisions. The UK reforms have undoubtedly become part of the conversation for many prospective applicants considering Italy.

HAS THE REGIME DELIVERED THE ECONOMIC BENEFITS POLICYMAKERS HOPED FOR?

Generally speaking, the regime has been positive for Italy. For many non-EU individuals, relocating to Italy requires both a visa and a real estate acquisition, with property purchases often accompanied by renovation projects, construction activity and wider spending in the local economy.

Many individuals who initially relocate under the regime go on to make further investments in Italy, including setting up new Italian businesses and hiring employees. While these investments span a range of sectors, hospitality has emerged as a notable area of interest among international buyers.

The trend is also becoming evident in the residential market. Affluent buyers who have already established themselves in one part of Italy are increasingly considering additional acquisitions

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elsewhere in the country. Mountain destinations, including the Dolomites, are attracting growing interest as second-home locations among international residents who have already made Italy their primary base.

HAS THE PROFILE OF APPLICANTS CHANGED SINCE 2017?

The applicant base continues to be international, but there have been some shifts over time. We continue to see interest from many of the traditional source markets identified in earlier years, including the UK, Monaco, Switzerland and France.

New trends have emerged as well. Interest from Latin American buyers has increased, and we have also seen a rise in enquiries on acquisition of properties from US citizens, notwithstanding the fact that the Italian flat-tax regime does not offer the same benefits to US taxpayers because of their worldwide tax obligations based on their US citizenship.

More broadly, we are seeing growing interest from international buyers whose motivations extend beyond tax planning and include lifestyle, family and long-term residency considerations.

HAS THE REGIME REMAINED COMPETITIVE FOLLOWING SUCCESSIVE INCREASES IN THE ANNUAL FLAT TAX?

Demand has remained broadly stable despite the increases. One of the strengths of the regime is that it has been largely consistent since it was introduced

nine years ago, providing a degree of predictability and certainty that internationally mobile individuals value.

Although the annual charge has increased, we have not seen a drop-off in interest.

HOW CONFIDENT ARE PROSPECTIVE APPLICANTS THAT THE REGIME WILL REMAIN IN PLACE OVER THE LONG TERM?

Overall, there is reasonable confidence in the regime's longevity. Italy has seen governments from across the political spectrum since the regime was introduced, and it has remained in place throughout.

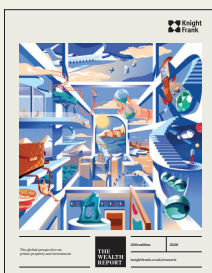
WHAT PROPORTION OF BUYERS ARE TAX-DRIVEN VERSUS LIFESTYLE-DRIVEN?

The second-home market remains very active. A significant proportion of buyers coming to Italy are not motivated primarily by tax considerations. Many American buyers are simply attracted by Italy as a lifestyle destination and are looking to acquire a second home for personal use.

As a broad observation, around 30% to 35% of the market may be represented by buyers seeking a second home in Italy mainly for lifestyle reasons, while the remaining 65 to 70% are more closely linked to relocation considerations, including tax planning opportunities, employment or business-related factors and family circumstances.

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