

# Rome



The national picture • The prime residential market • Second homes



In 2018 San Saba (+7%), Borgo (+3%) and Ludovisi (+2%) saw the largest growth in mainstream prices over the year

**Introduction**

As Italy's leading tourist destination, few cities globally match Rome's historical, cultural and culinary appeal. Buyer demand comes from both investors and those who want to relocate permanently.

Despite the country's economic and political challenges, there is evidence of signs of stability in Rome's housing market. Residential transactions are rising and there is positive price growth in a number of central areas. The prime residential market offers good value on a global stage with prices significantly lower than London and Paris.

Rome has lacked a good supply of high-quality, contemporary, serviced residences for a long time. A small number of new developments are starting to appear around the city in order to meet the demand for new-build residences. Such schemes have seen high levels of interest from international buyers, particularly those in proximity to famous landmarks.



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# Signs of recovery

After a sustained period of price falls, recovery is evident in Rome's historic centre

Despite positive GDP growth from 2015 to mid- 2018, Italy's economy has been burdened by high levels of debt and unemployment and slipped into technical recession in the second half of 2018. Average household income has fallen 12% over the past decade.

In the face of these challenges, house prices in Italy have been gradually decreasing. Prices for second hand / re-sale properties have fallen 11.3% over the past five years and continue to show small falls of 1.3% over the year to Q3 2018. New build property prices have fared slightly better with prices falling just 3.6% over the past five years.

**Mainstream market**

Similar to the national picture, prices in Rome have also experienced steady falls over the past decade. However, there are signs prices have bottomed out.

Recently, the residential market in Rome has split into two markets: the central areas, which are showing signs of recovery, compared to the outer suburbs where prices are still falling. The central areas which saw the largest growth in mainstream prices over 2018 are San Saba (+7%), Borgo (+3%) and Ludovisi (+2%).

Although prices were falling, transactions in Rome have been increasing since 2013, indicating

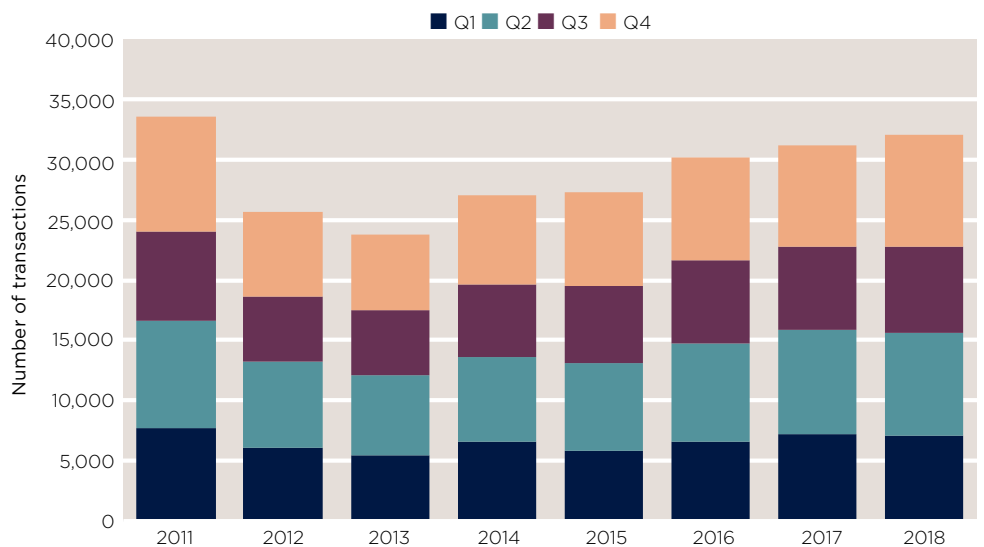
an active market. In 2018, just over 32,000 transactions were completed in the city of Rome, an increase of 3% from 2017.

The residential market in Rome remains predominately period property. Despite a small increase in the number of new developments, volumes in the city will continue to be driven by sales of existing dwellings. Due to the scarcity, new build residential units often command a premium over the local area average.

**The prime market**

Rome's residential market is largely domestic. However, there is international interest at the

**Residential transactions in Rome**



Source Savills Research using Agenzia delle Entrate Number of Normalised Transactions for residential property in Rome capital city



Rome's prime market appears good value when compared to other world cities

top end. International buyers typically seek trophy assets, often buying as an investment or purchasing an additional home in the city centre, typically in historical buildings. New-build residential units in Rome are also of interest to international buyers, but these remain limited in supply.

### in a global context

Prime properties in Rome have an average price of €10,000 psm. In some cases, prices can reach as high as €15,000 psm for properties which offer exceptional terraces and views in sought after locations.

On a global stage, Rome's prime market appears good value when compared to other world cities. On a price per square metre basis, Rome is around a quarter of the price of Hong Kong, the most expensive city in the world for prime residential property.

Comparing Rome to other European cities, the Italian capital is 45% cheaper than London and 30% cheaper than Paris. Prime prices are slightly above Lisbon and higher than both Berlin and Madrid, by 19% and 43% respectively.

### Prime locations

The highest house prices in Rome are found in the city's historic centre. The most expensive locations are the Tridente, Corso Vittorio (Parione), and Sant'Angelo-Campitelli where mainstream prices average over €7,000 psm but can often exceed €8,000 psm. In the Trindete, the most expensive area in Rome, mainstream prices can reach up to €8,700 psm. Prices of a high end property\* in these areas, on average, reach up to approximately €9,500 psm.

Price growth has started to return to a few of the city's most expensive areas. The Tridente

and Corso Vittorio (Parione), the highest value neighbourhoods, saw modest but positive price growth of 1.8% and 0.6% respectively over 2018 for high-end homes.

However, Borgo witnessed a larger increase over the year, with values rising 3.1%. Borgo is located within walking distance to both the Vatican and the Tiber River, which makes it attractive to buyers seeking a home close to famous sites.

Meanwhile, the less expensive neighbourhood of San Saba experienced the strongest growth, increasing 8.3% over the year to reach €5,900 psm on average for a high-end property.

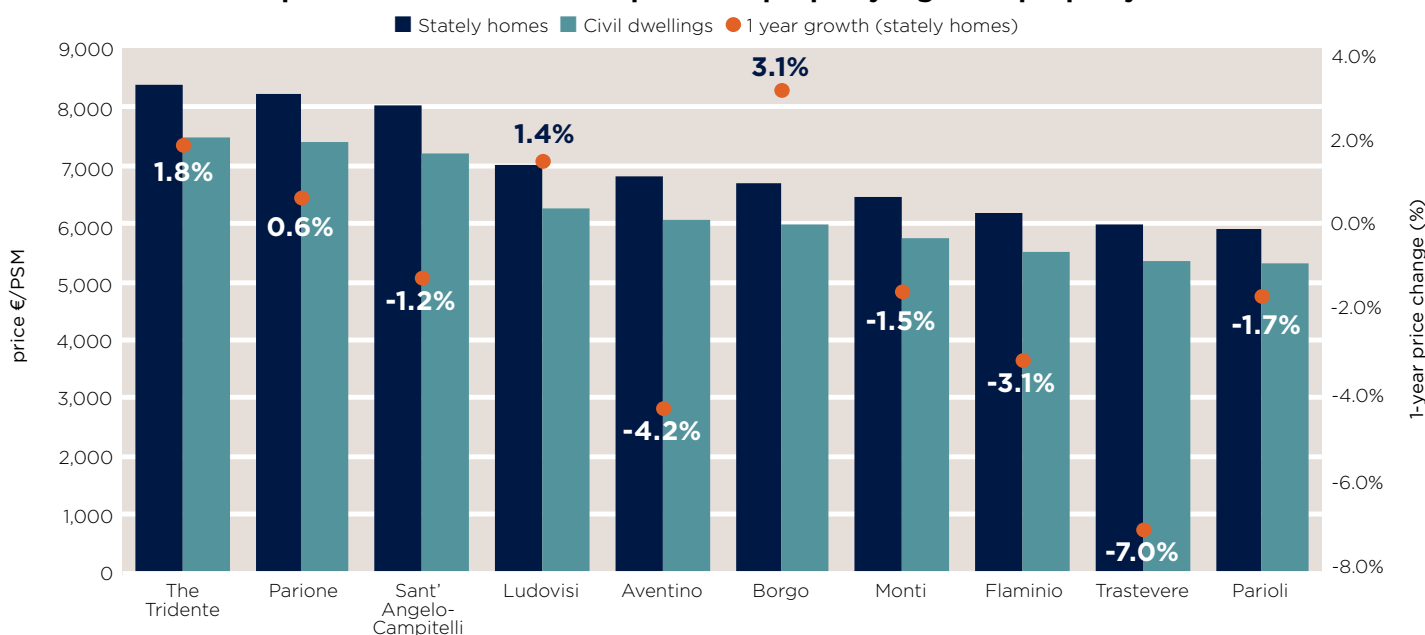
Aventino and Trastevere both experienced price falls of around 4% and 7% respectively. The neighbouring areas located further south on opposite sides of the Tiber River and are less popular among buyers seeking trophy assets in the city's historic centre.

### Average prime property price per sqm



Source Savills Research

### The most expensive areas in Rome to purchase property high end property\*



\*Based on data for a 'Stately Home', which is defined as a unit located in a prestigious area, with finishing characteristics of a higher level than that of a normal residential dwelling. Definition of prime property: This market consists of the most desirable and aspirational property by location, aesthetics, standards of accommodation and value. Typically, it comprises properties in the top 5% of the market by house price. Source Savills Research using Agenzia delle Entrate. Prices as of H2 2018





Italy's most visited tourist destination, with 27 million overnight stays in 2017

# Second homes

Rome's popularity as a tourist destination, along with the rise of short-let rentals, provides opportunity for home owners

Rome is a popular tourist destination for both Italian and international travellers and is Italy's most visited tourist destination, with 27 million overnight stays in 2017. This is greater than Lisbon and Madrid with 17 million and 24 million overnight stays respectively for the same year. This high level of tourism creates high demand for rental properties, particularly apartments in the city centre.

A joint Savills and HomeAway survey found that Rome was the most popular destination to own a

second home in Italy. One advantage of owning a property in the capital is the broad rental demand base. Rome attracts cultural and sun-seeking tourists almost year round and consequently there is less variation between high and low season rents. Peak season rents are on average 48% higher than off season, compared to 68% for the whole of Italy.

Investors in Rome are increasingly taking advantage of this rental demand. Just 39% of owners intended to rent out their property when they initially made their purchase but

now 86% rent them out. The rapid expansion of short-let rental services is partly responsible as they provide more opportunities to rent out a property and can help boost profits.

When purchasing a second home, Roman owners consider balconies and terraces, and proximity to historical and cultural attractions as the two most important characteristics for a property, with 83% of respondents citing these as important. This highlights the benefits of Rome's climate with warm weather from March until

October and the city's appeal as a sight-seeing destination, emphasising that a property located close to the city's attractions will be in high demand.

Rome's central location is also important, as it allows visitors and residents alike to travel across Italy with ease. The train to Florence takes just 1 hour and 15 minutes, Milan is less than three hours, and you can reach Venice in under four hours. Naples is just two and a half hours away by car, while you can be in Tuscany in two hours.

## Outlook

**Stability:** Prices are beginning to show signs of recovery in Rome's centre, although it may take time for this to ripple out to the city's periphery. Transactions are also on a gradual upward path. Prices are expected to continue to stabilise in the next year and increase in some locations, dependent on any political or economic shocks.

**Uncertainty:** Recession, high levels of national debt and external headwinds within Europe all create heightened uncertainty in the economy. But, spending measures implemented by the national government are likely to provide stimulus to the economy in the near future.

**Short-let opportunity:** Rome remains the most popular tourist destination in Italy. Properties in the city offer great potential as short-let rentals with less seasonal income than other locations throughout Italy.

**New-build supply:** Although residential development activity is increasing in Rome, prime new-build properties remain in short supply and are still able to command a premium. Transaction volumes will continue to be dominated by second hand stock in the near future.

**Note** In February and March 2018, Savills World Research surveyed 4,300 property owners who let their properties on HomeAway in seven markets: US, UK, France, Spain, Italy, Netherlands and Portugal. A second survey was carried out of 7,700 renters planning their next trip on HomeAway, from the same seven countries.



### Savills World Research

We monitor global real estate markets and the forces that shape them. Working with our teams across the globe, and drawing on market intelligence and published data, we produce a range of market-leading publications, as well as providing bespoke research to our clients.

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