

Tuscany Residential Market Insight



2025

Knight Frank's assessment of current market conditions across Tuscany's prime residential markets

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Appetite for Tuscany strengthens



“According to Istat, the number of foreign residents living in Tuscany has increased 11.2% in the last decade.”

Why Tuscany?

Access to the Mediterranean

Attractive flat tax regime for UHNWIs

Excellent international schools

Two international airports

Renowned for food and wine

Top venue for art and music events

Cultural cities and Tuscan Hills

Strong prime rental demand

Source: Knight Frank Research

AT A GLANCE

More value hunters due to economic uncertainty

Lucca records 27% price growth over last five years

Siena and Val d'Orcia attract interest due to value

WHAT'S THE MACRO PICTURE?
Italy is now home to 40,010 individuals with over US\$10 million in net assets and over 573 billionaires according to *The Wealth Report 2025*. A global trade war, geopolitical tensions and major tax and policy changes in key G7 nations are driving ultra-high-net-worth individuals (UHNWIs) to re-evaluate their location.

Tuscany continues to rank highly with foreign buyers. According to Istat, the number of foreign residents living in Tuscany has increased 11.2% in the last decade. Lucca outperformed over the last decade but with 4.3% annual growth, Florence recorded the strongest increase in the 12 months to January 2025.

While Italy's flat tax is estimated to have attracted some 5,000 applicants to date (see box), the numbers remain relatively low compared to the 70,000 UK based non-doms, many of whom are reviewing their domicile following the regime's abolition in April 2025.

WHAT IMPACT WILL ECONOMIC UNCERTAINTY HAVE ON THE MARKET?
Global wealth is increasingly mobile. While Italy ranks highly on UHNWIs shortlists due to its lifestyle, accessibility and education we are entering a period where people's horizons will be shorter, and budgets reduced as they try to adapt to the uncertainty.

Many individuals may choose to hold onto more cash to remain agile in case they spot opportunities. Alternatively, they might invest smaller amounts in lower value properties to test different markets before committing larger budgets once they've decided on a final destination.

WHAT TAX AND POLICY CHANGES HAVE BEEN MADE?
Firstly, since 2023, it pays for foreigners to name their property in Italy as their primary residence as it will incur a 2% registration fee rather than 9% for second homes.

“Italy's ‘Return of the Brains’ programme offers a 70% tax exemption for highly skilled foreign workers and expatriates.”

Secondly, as of March 2025, Italy has also changed its citizenship rules. The new decree restricts eligibility to individuals with at least one parent or grandparent born in Italy. An Italian passport currently ranks third in the world for visa-free or visa-on-arrival travel according to the Henley Passport Index.

Finally, Italy's “Return of the Brains” programme offers a 70% tax exemption for highly skilled foreign workers and expatriates, reducing taxable income to 30% for five years, extendable under certain conditions.

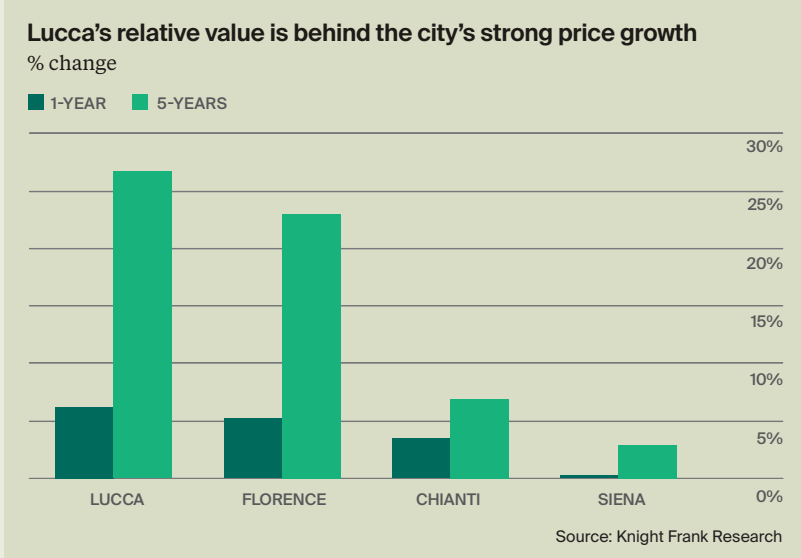
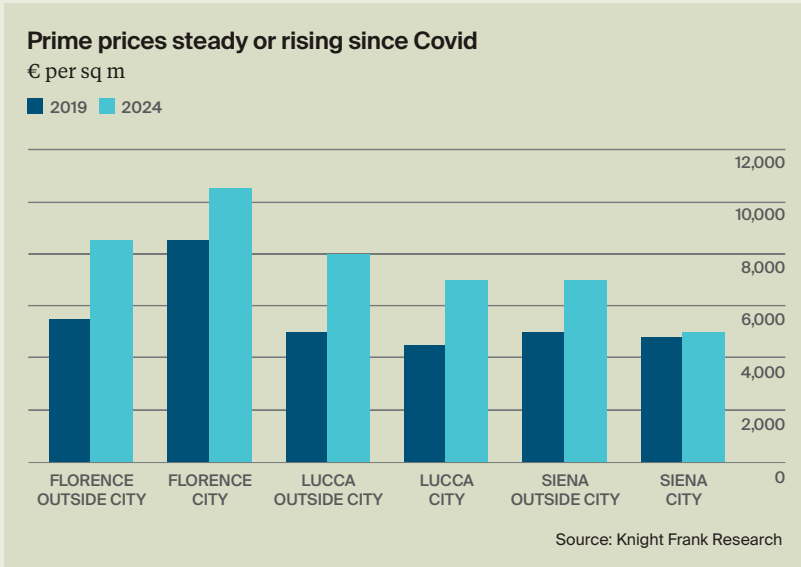
EDUCATION A KEY DRAW
For families considering a move, Tuscany's schools and universities are exemplary. The world-renowned International School of Florence (ISF) is currently full with a waiting list in operation, whilst in Lucca, the Gruppo Esedra owned schools, as well as the International School in Siena (IS), are top choices.

NEW FLIGHT ROUTES
Pisa and Florence Airports offer flights to 118+ destinations with new routes opening this summer: Florence to Nice and Belgrade; Pisa to Sofia, Warsaw and London Southend. Plus, there will be increased services to London, Copenhagen, Munich, Frankfurt as well as new year-round flights to Dubai.

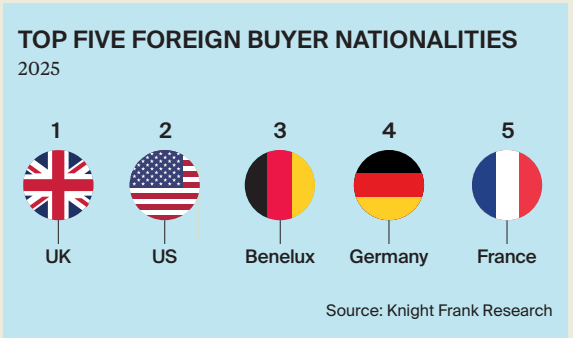
AREAS TO INVEST
Siena and the Val d'Orcia region, with prime property prices around €5,000 per sq m – almost half those in central Tuscany – are generating interest. Buyers are increasingly seeking a ‘podere’ – a hilltop villa with panoramic views of the Tuscan countryside.

Italy's Flat Tax

- A fixed annual tax of €200,000 on worldwide income regardless of the actual amount of income earned.
- Family Members:** Additional family members can also benefit from the regime for an extra €25,000 per person annually.
- Duration:** This regime can be applied for up to 15 years.



40,080
The number of Italian residents with US\$10 million+ in 2024



Expert Insight

Andrew Blandford-Newson (ABN) from Knight Frank and Alessandro Deghè (AD) of Serimm Real Estate, Knight Frank's partner in Lucca, delve into the current market conditions and offer their perspectives on the future of the Tuscan region

HOW WOULD YOU DESCRIBE CURRENT MARKET CONDITIONS?

ABN: Tuscany has shown resilience despite global uncertainties. Demand remains steady, influenced by the flat tax in higher price brackets, while supply is slightly tighter than last year.

AD: Despite a slight drop in stock levels, Lucca remains a buyer's market. With mortgage rates expected to fall further, this trend will likely continue. Prices increased by 6% last year.

HOW DO YOU SEE DEMAND FOR LUXURY PROPERTIES EVOLVING?

ABN: There is growing demand from French, US, and Northern European buyers. Many are willing to travel further from international airports and major towns to get better value for their money.

AD: Buyers now prefer turnkey properties or new developments over full renovation projects due to high construction costs and the desire for a liquid asset they can sell easily.

WHAT NEW TRENDS ARE YOU SEEING?

ABN: The region's top international schools, such as those in Florence, Lucca, and Siena are acting as a key draw.

AD: Younger buyers are more focused on energy efficiency, driven by ethical considerations rather than economic ones.

WHAT IS YOUR OUTLOOK FOR THE TUSCAN MARKET?

ABN: Tuscany's landscape, security, good schools, and accessibility make it attractive for relocation or second homes. The region is also drawing new visitors due to its expanding number of music and art festivals.

AD: The market in Lucca and the wider Northwestern area of Tuscany is set to grow. Knight Frank's Prime International Residential Index shows Lucca has seen the highest price growth in the past five years compared to other Italian markets.

WHAT DO PROSPECTIVE BUYERS NEED TO KNOW?

ABN: Buyers should know two key points about purchasing property in Italy: there is no Capital Gains Tax after five years, which is advantageous compared to other European countries, and the bureaucratic buying process can be challenging, making it crucial to rely on a trusted agency for assistance.

AD: Purchase costs in Tuscany are around 10-12% of the purchase price, including property taxes, notary and agency fees. Pre-emption rights – where individuals or public entities are granted priority in purchasing certain types of real estate, particularly agricultural land or listed properties. For listed properties, the Ministry of Cultural Heritage holds the first right of refusal, potentially delaying completion by up to 90 days. For agricultural properties, if the neighbouring landowner is a registered farmer, they have the first right of refusal, which could delay completion by up to 30 days.

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